

BEST AVAILABLE COPY

can't in mind to
201122 BOPD
now producing about 100 BOPD
has just less than 2012 BOPD
will cut has gone down 10% to 50%
NET MAILED

8/16/82 (Carr mailed
pooler)

R. B. B. B.
comb. first run:
2701/day only
494 day prod
Risk factor segmented:
200%

CASE NO.

7641

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
18 August 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Reading & Bates CASE
Petroleum Co. for compulsory pooling, 7641
Lea County, New Mexico.

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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For the Applicant:

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A P P E A R A N C E S

For Avanti Energy Corp.: W. Thomas Kellahin, Esq.
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1
2 MR. NUTTER: We'll call next Case Number
3 7641.

4 MR. PEARCE: That is on the application
5 of Reading and Bates Petroleum Company for compulsory pooling,
6 Lea County, New Mexico.

7 MR. BLUEHER: May it please the Examiner,
8 I am Tom Blueher from Campbell, Byrd, and Black, appearing
9 for Reading and Bates Petroleum Company.

10 We have two witnesses today.

11 MR. KELLAHIN: If the Examiner please,
12 I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf
13 of Avanti Energy Corporation.

14 MR. PEARCE: Do you have any witnesses,
15 Mr. Kellahin?

16 MR. KELLAHIN: No, sir.

17
18 (Witnesses sworn.)
19

20 MR. NUTTER: What's your company's name
21 again, Tom?

22 MR. KELLAHIN: Avanti Energy Corporation.

23 MR. NUTTER: How is it spelled again?

24 MR. KELLAHIN: A-V-A-N-T-I.

25 MR. NUTTER: Energy Corporation?

MR. KELLAHIN: Yes, sir.

MR. NUTTER: Thank you. Go ahead.

BRIAN LINDSAY

being called as a witness and being duly sworn upon his oath,
testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. BLUEHER:

Q Will you please state your name and residence?

A Brian Lindsay, Tulsa, Oklahoma.

Q By whom are you employed and in what capacity?

A I'm employed by Reading and Bates Petroleum Company as a landman.

Q Have you previously testified?

A No, I have not.

Q Would you please summarize your educational background and work experience?

A Yes. I attended the University of Oklahoma, majoring in petroleum land management. Upon my graduation in 1979 I was employed by Sun Oil Company, whom I worked for for a period of two years, working mainly the west central

1
2 and west Texas areas.

3 I've been employed as a petroleum landman
4 by Reading and Bates for one year; as a petroleum landman
5 working in southeastern New Mexico and western Oklahoma.

6 Q Are you familiar with the subject matter
7 of this case?

8 A Yes, I am.

9 MR. BLUEHER: Are the witness' qualifica-
10 tions acceptable?

11 MR. NUTTER: They are.

12 Q Could you please summarize what Reading
13 and Bates Petroleum Company seeks in this case?

14 A Yes. Reading and Bates seeks the compul-
15 sory pooling for the northwest quarter of the southeast quarter
16 of Section 33, in Township 14 South, Range 38 East, in Lea
17 County, New Mexico.

18 Q At this time would you please refer to
19 what's marked as Exhibit One and identify it for the Examiner?

20 A Yes. Exhibit One is the acreage plat
21 showing Reading and Bates' prospect area and some of the sur-
22 rounding sections. It details the 40-acre proration unit
23 outlined in the hatched lines with the proposed location.

24 It also shows Reading and Bates No. 1-33
25 Bickenson Cattle Company Well, which is a Wolfcamp well and

1
2 the Reading and Bates No. 2-33 Dickinson Cattle Company well,
3 which was a dry hole in the Wolfcamp.

4 Q What acreage is dedicated to this unit?

5 A The 40-acre proration unit.

6 Q Is this a standard unit?

7 A Yes, it is.

8 Q And what is the proposed location, or is
9 it a standard location?

10 A Yes, it is a standard location, also.

11 Q And what is the status of the acreage you
12 propose to dedicate to this well?

13 A It is fee acreage.

14 Q Would you please refer to what's marked
15 as Exhibit Number Two and identify it for Mr. Nutter?

16 A Yes. Exhibit Two is the Reading and
17 Bates AFE, which details the costs, reflecting dry hole costs
18 of \$607,600 and completed well costs of \$898,100 for our pro-
19 posed Wolfcamp well. These costs are in line with our pre-
20 viously drilled No. 1 and No. 2 Wells.

21 Q Are you prepared to make a recommendation
22 to the Examiner concerning the charges for overhead and ad-
23 ministrative costs while drilling and producing the well?

24 A Yes, I am.

25 We are recommending our charges be incor-

porated as in our operating agreements in the area, which show a drilling well rate of \$2,701 per day, a producing well rate of \$494 per day.

Q Do you recommend these figures be incorporated into any order which results from this hearing?

A Yes, I do.

Q And are these figures in line with what is being charged by other operators in the area?

A Yes.

Q Would you please refer to what's marked as Exhibit Three and review it for Mr. Nutter?

A Yes, the Exhibit Three is a breakdown of the acreage ownership as to the working interest, showing the acres -- net acres contained in the 40-acre unit belonging to each party and the respective working interest that represents.

Q Could you please review -- or refer to what we have marked as Exhibit Number Four and identify it for Mr. Nutter?

A Yes. Exhibit Number Four are our original title opinion and our first supplemental title opinion covering the -- the original title opinion covering the southwest quarter of Section 32, the southwest quarter and the east half of Section 33, and our supplemental title opinion covering

1
2 the northwest quarter of the southeast quarter of Section 33
3 only.

4 Q What interests have been committed to the
5 unit?

6 A At this point the Reading and Bates inter-
7 est is the only interest committed to the unit.

8 Q Would you please refer to Exhibit Five
9 and review that for the examiner?

10 MR. NUTTER: Mr. Blueher, may I ask the
11 witness one question?

12 MR. BLUEHER: Yes, sir.

13 MR. NUTTER: Okay, Reading and Bates has
14 75 percent of 30 net acres in the 40-acre tract. Is this an
15 undivided interest throughout?

16 A Yes, sir.

17 MR. NUTTER: So all of these parties own
18 an undivided interest in the --

19 A Right.

20 MR. NUTTER: -- entire 40.

21 A Yes.

22 MR. NUTTER: Okay, go ahead.

23 Q Mr. Lindsay, let me ask a different ques-
24 tion. What efforts have been made to secure voluntary join-
25 der in this well?

1
2 A We first proposed the well in a letter
3 dated July 2nd, wherein we submitted our AFE to the other
4 working interest owners as an AFE to participate in the drilling
5 or negotiate a farmout under terms that are detailed in our
6 proposal letter.

7 Q And is that Exhibit Number Five?

8 A Yes.

9 Q Please refer to Exhibit Six and explain
10 or review that for the Examiner?

11 A Exhibit Six would be our follow-up pro-
12 posal, again requesting that the parties make an election
13 as to whether they would be willing to participate in the well
14 or farmout.

15 Q Have you given notice to those interests
16 being pooled?

17 A Yes, we have.

18 Q Would you refer to Exhibit Seven and
19 identify that for the Examiner?

20 A Yes, Exhibit Seven is the notice of the
21 pooling letter to all parties.

22 Q Does Reading and Bates request to be de-
23 signated operator of the proposed well?

24 A Yes, we do.

25 Q In your opinion will granting this appli-

1
2 cation be in the best interest of conservation, the prevention
3 of waste and protection of correlative rights?

4 A Yes, we feel it will.

5 Q Were Exhibits One through Seven prepared
6 by you or under your direction and supervision?

7 A They were prepared indirectly under my
8 supervision and to the best of my knowledge they are accurate
9 and correct.

10 MR. BLUEHER: Mr. Nutter, we'd like at
11 this time to offer Exhibits One through Seven into the record.

12 MR. NUTTER: Exhibits One through Seven
13 will be admitted in evidence.

14 MR. BLUEHER: And that completes our
15 direct questioning.

16
17 CROSS EXAMINATION

18 BY MR. NUTTER:

19 Q Mr. Lindsay, I note in these mail-o-grams,
20 which are part of Exhibit even, I believe -- well, no, Exhibit
21 Five -- all right, the original letter was sent out July the
22 2nd --

23 A Yes, sir.

24 Q -- to the various parties, in which you
25 offered them the opportunity to join in the drilling of the

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well, and you sent them an AFE.

A Right, yes, sir.

Q All right, is that the same AFE that is Exhibit Number Two?

A Yes, it is.

Q Okay. Then the mail-o-grams are the follow-up and they -- they were sent out at what time?

A They were sent out July 19th.

Q Okay, and they were sent to the various parties that are listed on your Exhibit Number Three, I guess.

A Yes, sir, to all of the working interest owners listed.

Q Okay, but in that sentence down towards the end they say, "In the event you do not wish to participate you ask that you farmout your 25 percent interest.

A Yes, that is the letter to Avanti, which represents the entire 25 percent interest covered by all of the other parties, other than Reading and Bates.

Q Does Avanti represent all of those other parties?

A Indirectly, yes. They are all assignees of Avanti. In other words, they -- Reading and Bates initial assignment of interest was to Avanti, who has subsequently assigned interest to the other parties listed.

1
2 Q But actually when you sent it to Bert
3 Holmes and Mack Chestnut, and Oxley, and these various other
4 parties, they can't farmout 25 percent, can they?

5 A No, they would be farming out --

6 Q They don't own 25 percent.

7 A -- their proportionate part of the 25 per-
8 cent.

9 Q But really you're asking them to farmout
10 their share of the 25 percent?

11 A Yes, sir.

12 Q Okay. Now what is this stamped up here
13 at the top mean, received Reading and Bates, July 7th, Land
14 Department?

15 A That is the copy of the mail-o-gram. That
16 is typed by Western Union and they mail it to the telegraphing
17 party as a confirmation copy. In other words, that's when we
18 received a copy Western Union sent to us confirming that the
19 telegram was sent to the other parties.

20 Q I thought you said it was sent on July
21 the 19th?

22 A Yes, it was sent. It took one day for the
23 copy to get from Western Union to us.

24 Q But it says July 7th it was received by
25 you.

1

2

A I'm sorry, I --

3

Q And it looks like Western Union mailed

4

it out on July the 6th, up there at the -- right at the very
5 top.

6

A Oh, okay, we -- apparently we -- I'm --

7

I was looking at the follow-up proposal, excuse me, sir.

8

Q Okay, then the second letter --

9

A Yes, the second letter was sent out the

10

19th. I'm sorry, the first letter was sent out July 6th.

11

Q So on July the 19th you sent them a mes-

12

sage saying you were withdrawing your offer to farmout.

13

A Right. We --

14

Q So you have three correspondences, first

15

an offer to join --

16

A Yes.

17

Q -- on July the 2nd. Then on July the 6th

18

you said if you don't want to join, farm out to us.

19

A Yes.

20

Q And then on July the 19th you said we're

21

not going to farm out; instead we're going to force pool.

22

A Yes, sir.

23

Q Okay.

24

MR. NUTTER: Are there any further ques-

25

tions of Mr. Lindsay?

MR. KELLAHIN: Yes, Mr. Nutter.

CROSS EXAMINATION

BY MR. KELLAHIN:

Q Mr. Lindsay, the docket for the Commission Hearing today shows that you're requesting a pooling order from the surface to the Devonian for this 40-acre tract. I notice the AFE refers to Wolfcamp. Is this to be a Wolfcamp oil well?

A Yes, it is a proposed Wolfcamp test.

Q Not a Wolfcamp gas well. It's --

A No, sir.

Q -- an oil test?

A Yes, it is an oil test.

Q Is this in a designated oil pool? Is there a particular name assigned to this pool?

A I am not sure, other than just the Wolfcamp Oil Pool.

MR. KELLAHIN: Thank you. I have nothing else.

RECROSS EXAMINATION

BY MR. NUTTER:

Q Well, why did you ask for pooling of the

Devonian if you're only proposing to go to the Wolfcamp?

A Originally our prospect area was proposed as a Devonian test and we were just pooling down to the Devonian as a means of pooling those rights, also.

Q Now that No. 1 Well that is a Wolfcamp well went to the Devonian, did it not?

A No, sir, it did not. It was proposed as a Devonian test but it was TD'ed early in the Wolfcamp.

Q Well, your Exhibit One shows it has a total depth of 13,360, that wouldn't be Wolfcamp.

A Well, it was a Devonian test. I'm sorry, sir.

Q And then the No. 2 Well was only a Devonian -- a Wolfcamp test and --

A Yes, sir, it was --

Q -- it was a dry hole.

A Yes, yes, it was a dry hole in the Wolfcamp.

Q Where is the No. 3 Well?

A The No. 3 Well is staked but we felt the No. 4 Well was a better location.

Q So No. 3 never was drilled?

A No, No. 3 has not been drilled. It is only a staked location.

1

2

Q Do you know where it is?

3

A It is in the southwest quarter of Section

4

33. I'm sorry, the southeast quarter of Section 33.

5

Q What part of the southeast?

6

A I'm not sure which quarter quarter section.

7

It is the -- it's the southwest quarter of the southeast

8

quarter, which would be immediately south of our proposed

9

No. 4 Well.

10

Q I suppose your other witness is going to

11

testify as to risk factor and productivity of this other well.

12

MR. BLUEHER: Yes, sir.

13

MR. NUTTER: Okay, are there any further

14

questions of Mr. Lindsay? He may be -- do you have any more,

15

Mr. Kellahin?

16

MR. KELLAHIN: No, sir.

17

MR. NUTTER: He may be excused.

18

19

GARY ROWELL

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being called as a witness and being duly sworn upon his oath,

21

testified as follows, to-wit:

22

23

DIRECT EXAMINATION

24

BY MR. BLUEHER:

25

Q

Will you please state your name and resi-

1
2 dence for the Examiner?

3 A My name is Gary Rowell. I'm from Tulsa,
4 Oklahoma.

5 Q Mr. Rowell, by whom are you employed and
6 in what capacity?

7 A I'm employed by Reading and Bates Petro-
8 leum Company as a geologist.

9 Q Have you previously testified before an
10 Examiner or this Commission?

11 A No, sir, I haven't.

12 Q Would you please summarize your educational
13 background and work experience?

14 A I received my degree in geology from the
15 University of Oklahoma in 1978 at which time I was employed
16 by Reading and Bates, and I've been employed by them since
17 that time, working in western Oklahoma, but principally
18 southeastern New Mexico.

19 Q Are you familiar with the application of
20 Reading and Bates Petroleum Company in this case?

21 A Yes, I am.

22 MR. BLUEHER: Mr. Nutter, are the witness'
23 qualifications acceptable?

24 MR. NUTTER: Yes, they are.

25 Q Have you studied the area which is the

1
2 subject of this case and have you prepared certain exhibits
3 for introduction in this case?

4 A Yes, I have.

5 Q Would you please refer to Exhibit Eight
6 and identify and review it for the Examiner?

7 A Yes, I will. Exhibit Eight is a structure
8 map contoured on the top of the Wolfcamp. Additionally, this
9 map shows the surrounding sections. It shows our proposed
10 location, northwest of the southeast of 33, outlines the
11 Reading and Bates interest acreage. It shows the location
12 and status of all tests in the -- in the application area, as
13 well as showing the location of all shot point lines of
14 seismic surveys, which we have access to at this time.

15 Q Would you at this time please refer to
16 Exhibit Nine and review it for the Examiner?

17 A Yes, I will. Exhibit Nine is a structural
18 cross section. Line of section is shown both on the structure
19 map, Exhibit Eight, as well as the inset on the structural
20 cross section itself. The line of section runs from the
21 Brown No. 1 Mitchell in Section 5 into the Reading and Bates
22 No. 2 Dickinson Cattle Company, over to the No. 1, up to the
23 proposed location in the northwest of the southeast, over to
24 the Greathouse No. 1 Barnes in Section 34.

25 This cross section shows the general re-

1
2 relationship between these wells with a datum of -5000 feet.
3 The top of the Abo is indicated, as well as the top of the
4 Wolfcamp, and all tests, drill stem tests and perforations
5 are indicated on these sections, as well as test results, IP's
6 and so forth.

7 Q Mr. Rowell, could you please explain to
8 the -- or review to the Examiner the productivity of your NO.
9 1 Well?

10 A The No. 1 Well was completed for a little
11 over 1100 barrels a day. The allowable for this zone was, I
12 believe, 275 barrels a day, so the well was choked back, pro-
13 ducing the allowable for the initial several weeks.

14 Since then water has -- the water cut on
15 the test has increased and the choke size was then kept at
16 the original 9/64 inch point to prevent any further water en-
17 croachment of that -- of that well. We're probably producing
18 in the neighborhood of 100 barrels a day of oil.

19 Q Have you reached any conclusion on the
20 potential commercial success of the proposed well?

21 A We hope to get high to the No. 1 Well,
22 thereby reducing the water problems that we anticipate in the
23 No. 1, and we did see in our attempted confirmation test in
24 the No. 2 to the immediate west.

25 Q Would you please review for the Examiner

1
2 your thoughts on the risk of this particular well? For the
3 proposed well?

4 A I'd like to refer back to Exhibit Eight
5 on the structure map on the top of the Wolfcamp. This map
6 was generated from control provided by subsurface points from
7 tests drilled, as well as seismic control that's indicated by
8 these shot points that run -- there's a couple north/south
9 lines and a diagonal line that are indicated by the small
10 circles.

11 The bulk of our control is based on our
12 seismic control is based upon our seismic control. This is
13 a point of -- of concern with us as far as our confidence in
14 the seismic. At best seismic usually will put you plus or
15 minus 25 feet or so, resolution of seismic if you have a good
16 event to work with.

17 The event that we attribute to the Wolf-
18 camp is a very poor, at best, event that we can correlate to,
19 which leaves us in a position of resolution of that Wolfcamp,
20 probably plus or minus 100 feet.

21 I'd like to point out the No. 1 and No. 2
22 Wells that Reading and Bates has drilled. The No. 1 was our
23 initial test, which was successful in the Wolfcamp. Or at-
24 tempted confirmation due west of it in the No. 2 was 25 feet
25 lower and was non-commercial. It tested a large amount of

1
2 water so obviously we are -- are very near the oil/water con-
3 tact in our No. 1.

4 We don't feel that the accuracy, the re-
5 solution accuracy of our seismic, provides us with -- with
6 control, or confidence, that we can -- can say absolutely
7 that our proposed location will put us high. We hope, we
8 feel like from the point that we are contouring with that
9 seismic that we have an excellent chance of doing that, but
10 the risk is very real and we found that out in the No. 2, that
11 we don't have a lot of room to play with here structurally.

12 MR. NUTTER: The nearest actual control
13 on a well is about a mile and a half northeast, then, isn't
14 it?

15 A Well, sir, from the No. 1 test that Reading
16 and Bates drilled earlier this year, that the No. 2 is due
17 west of it.

18 MR. NUTTER: I mean this -- the nearest
19 control that's in the direct that you're moving would be --

20 A Right, sir.

21 MR. NUTTER: -- this dry hole that's up
22 here in the northeast of 34 --

23 A Yes, sir.

24 MR. NUTTER: -- a mile and a half away.

25 A Yes, sir.

1
2 MR. NUTTER: And it's low, also, appar-
3 ently.

4 A We feel here again that we'll probably --
5 yes, sir, it would be low, probably up on another structural
6 feature. We feel the risk is very real and would ask for the
7 200 percent.

8 Q In your opinion, will granting this ap-
9 plication be in the best interests of conservation, the pre-
10 vention of waste, and the protection of correlative rights?

11 A Yes, I do.

12 Q Were Exhibits Eight and Nine prepared by
13 you or under your direction or supervision?

14 A Yes, they were.

15 MR. BLUEHER: At this time we'd like to
16 offer Exhibits Eight and Nine into the record.

17 MR. NUTTER: Exhibits Eight and Nine will
18 be admitted in evidence.

19 MR. BLUEHER: That concludes our direct
20 examination.

21
22 CROSS EXAMINATION

23 BY MR. NUTTER:

24 Q Mr. Rowell, this well, the No. 1, was
25 completed when, about March of this year, or what?

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A Yes, sir.

Q Okay, and it IP'ed for about 1128 barrels a day, and you said it's producing now about 100 barrels a day.

A Right.

Q What is the cumulated production on the well, do you know?

A It's less than 20,000 barrels. I don't remember the exact amount.

Q Okay, has the water production on the well gone up?

A Yes, sir. We were initially -- had about 10 percent water and it's gone up in the neighborhood of 50 percent water now.

Q So you think you are close to an oil/water contact in that?

A That's what we think in that No. 1.

MR. NUTTER: Okay. Are there any further questions of this witness?

MR. KELLAHIN: Yes, Mr. Nutter.

CROSS EXAMINATION

BY MR. KELLAHIN:

Mr. Rowell, tell me something about the

1
2 first well on your cross section. That's the Robert Brown
3 1-5 Mitchell?

4 A Yes, sir.

5 Q Is that a well that Reading and Bates
6 operates?

7 A No, sir, it was a well drilled about 1968
8 and completed in the -- it was a Devonian test, as was our
9 No. 1, and it was unsuccessful in the Devonian and was com-
10 pleted in the -- in a Wolfcamp zone.

11 Q This is not the same Wolfcamp zone as the
12 one you propose to complete the subject well in, is it?

13 A No, sir, it is not. They're separated by
14 about 100 feet, or so.

15 Q Was the proposed location in the north-
16 west of the southeast quarter of 33 based upon your recom-
17 mendation, Mr. Rowell?

18 A Yes, it was.

19 Q Did you give any consideration to drilling
20 the well in the 40-acre tract immediately to the north of the
21 No. 1 Well, at a place in the northeast quarter of the south-
22 west quarter? Would there be any advantage to doing that as
23 opposed to the subject location?

24 A The principal reason for our northeasterly
25 direction, a recommended location there, in addition to the

1
2 structure map, our geophysicists, who have also mapped basing
3 it on this seismic control, feel that the trend is to the
4 north/northeast, which provides support to -- to our location.

5 Q Did your geophysicists provide you with
6 a map based upon these seismic lines?

7 A I have seen this map. I don't have one
8 with me.

9 Q Did you prepare your map independent of --

10 A Yes, I did.

11 Q -- that map?

12 A Sure did.

13 Q And what did you use to prepare your
14 structure map?

15 A A combination of the subsurface control
16 provided by the wells that are shown on this plat, as well as
17 the seismic control, indicated by the shot points.

18 Q What seismic data did you specifically
19 use in preparing your structure map?

20 A If you'll notice over in Section 33 of
21 14 South, 38 East, and 15 South -- Section 4 of 15 South, 38
22 East, there's a north/south line that trends through those
23 sections.

24 There's a diagonal line that initiates in
25 Section 26 of 14 South, 38 East, and trends to a southwesterly

1
2 direction to Section 7, 15 South, 38 East, and I used that
3 line.

4 And additionally there's an east/west
5 line that runs on the section line between Sections 6 and 7;
6 5 and 8; and 4 and 9, et cetera, in 15 South, 38 East, which
7 was used in interpretation, which are probably the three best
8 lines for incorporating into this -- this map.

9 Q What, if any, of your information have
10 you made available to Avanti Energy Corporation?

11 A Avanti has access to everything we have.

12 Q That would include the seismic work?

13 A Yes. All lines that I mentioned, they've
14 had.

15 Q That's not proprietary information solely
16 for Reading and Bates?

17 A No, sir. As part of our arrangement with
18 them, they were provided with the seismic lines.

19 MR. KELLAHIN: All right, sir, thank you.

20 MR. NUTTER: Now, Mr. Rowell, did Avanti
21 group participate in the other two wells?

22 A Yes, they did.

23 MR. NUTTER: Are there any further ques-
24 tions of Mr. Rowell?

25 MR. BLUEHER: I'd like to ask one more

question.

REDIRECT EXAMINATION

BY MR. BLUEHER:

Q Mr. Rowell, on -- does R & B seek to be designated operator of the proposed well?

A We do, yes.

Q Thank you.

MR. NUTTER: Are there any other questions?

The witness may be excused.

Do you have anything further, Mr. Blueher?

MR. BLUEHER: I have nothing further, sir.

MR. NUTTER: Did you propose to put a witness on, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7641?

We'll take the case under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing Before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7441 heard by me on 8/18 1982.

[Signature], Examiner
Oil Conservation Division

DALL. BOYD, C.S.R.

Box 197-B

Sanita Fe, New Mexico 87501

Phone (505) 453-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

21

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7641
Order No. R-7119

APPLICATION OF READING & BATES
PETROLEUM CO. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of October, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Reading & Bates Petroleum Co., originally requested an order pooling all mineral interests in all formations from the surface down through the Devonian formation underlying the NW/4 SE/4 of Section 33, Township 14 South, Range 38 East, NMPM, Lea County, New Mexico. but at the hearing the application was modified to provide for drilling through the Wolfcamp formation only.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and gas underlying the proposed spacing and proration unit, the

subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$2701.00 per month while drilling and \$494.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before January 1, 1983, the order pooling said unit should become null and void and of no effect whatsoever.

-3-

Case No. 7641

Order No. R-7119

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in all formations from the surface down through the Wolfcamp formation underlying the NW/4 SE/4 of Section 33, Township 14 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of January, 1983, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Wolfcamp formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of January, 1983, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Reading & Bates Petroleum Co. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days

-4-

Case No. 7641
Order No. R-7119

following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$2701.00 per month while drilling and \$494.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-5-

Case No. 7641

Order No. R-7119

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

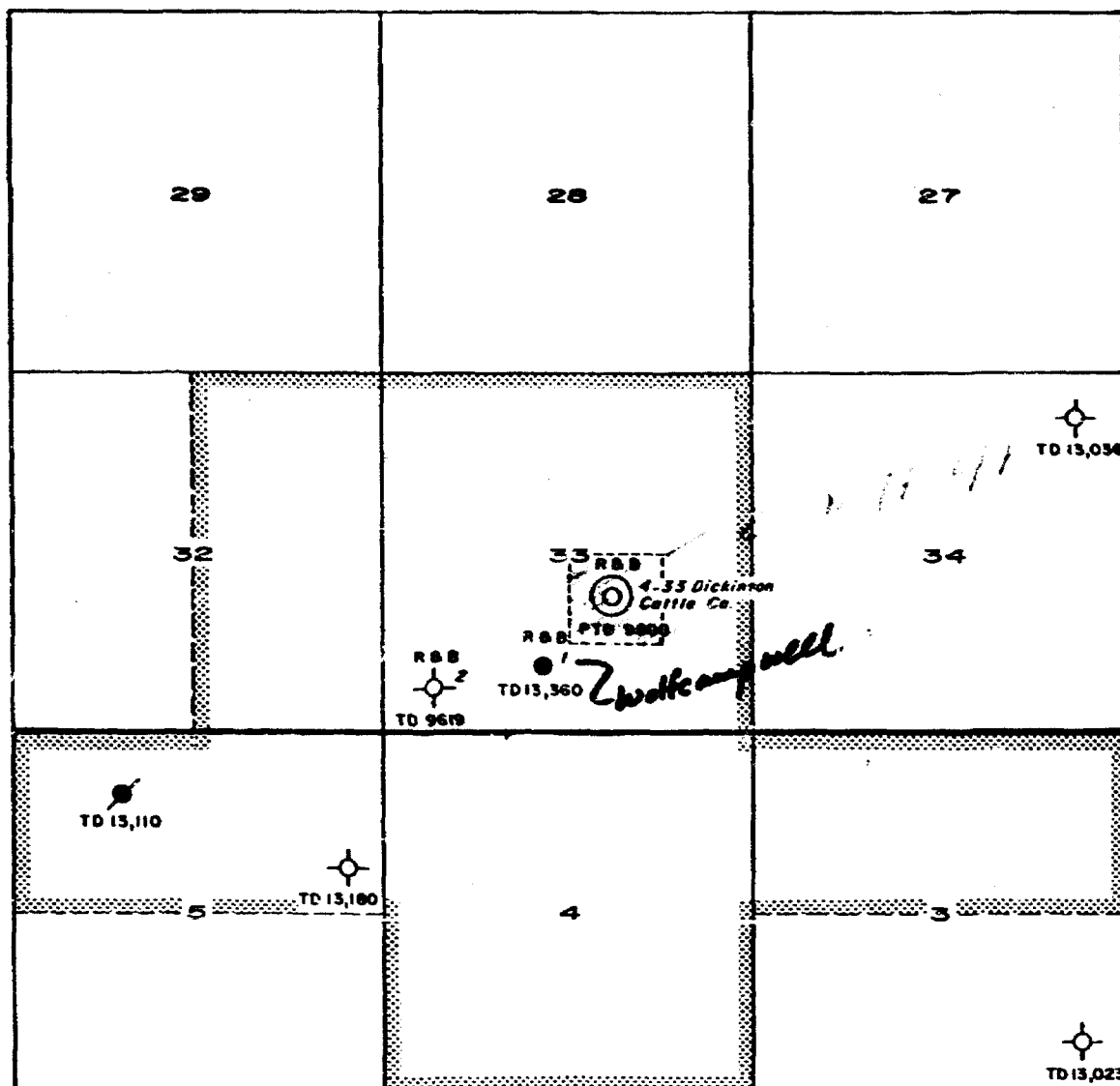
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

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BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
APPLICANTS EXHIBIT NO. 1
CASE NO. 7641



R & B Acreage



Acreage Being Pooled (40 A. Tr.)
(NW/4 SE/4, Sec. 33-14S-38E)



MID-CONTINENT DIVISION
READING & BATES PETROLEUM CO.

EAST DENTON PROSPECT
Lea County, New Mexico

SCALE: 2" = 1 Mile

DATE: 8/13/62

-NOL

AUTHORITY FOR EXPENDITURE

NO. 82430

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COMPANY Reading & Bates Petroleum Co.

AMOUNT REQUESTED, Company Share Only \$ 673,575

Requested By Howard E. Gray Location Mid-Continent Division
Tulsa Office

Lease No. _____ Lease Dickinson Cattle Co. Well No. 4-33

Field East Denton County Lea State New Mexico

REASON FOR EXPENDITURE: The #4-33 Dickinson Cattle Co. will be a NE offset to the #1-33 Dickinson Cattle Co. The #1-33 is currently flowing approximately 200 bbls. oil per day and 20%
(Include basis for payout. Use attachment for supporting data if necessary.)

Top of the Wolfcamp is estimated at 9364' (- 5575')

COST ESTIMATE:

Drill, complete and equip for production

Total	Tangible	Intangible
\$ 828,100	\$ 361,300	\$ 466,800
\$ 828,100	\$ 361,300	\$ 466,800

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

APPLICANTS EXHIBIT NO. 2

CASE NO. 7641

ESTIMATED DATE OF
EXPENDITURE:

Month July Year 1982

Contingencies 70,000
Less Salvage Credit ()
Project Total \$ 898,100

Salvage credit to be taken only if equipment is sold from the project.

APPROVED:

Howard E. Gray Name
Hqr. Mid-Continent Div. 7/1/82 Date
B.B. Campbell Name
Sr. V-P, Operations 2 July 82 Date

PARTNERS APPROVAL
ACCEPTED:

Company _____
Name _____
Title _____ Date _____

Working Interest Participation:

Company	%	Share
Reading & Bates Petroleum	75.000	\$ 673,575
Avanti Energy Corp.	11.57618	103,966
Quintana Partners, Ltd.	1.60547	14,419
Wilmoth Interests, Inc.	2.34375	21,049
John C. Oxley	4.81640	43,256
Bert B. Holmes	1.20410	10,814
Mac Chestnut	.60205	5,407
Kent Bogart	.60205	5,407
Vale & Company	2.25000	20,207
Total	100	\$ 898,100

WELL COST ESTIMATECOMPANY Reading & Bates Petroleum Co.DATE 6-30-82WELL #4-33 Dickinson Cattle Co.

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LOCATION C NW/4 SE/4 Sec. 33-14S-38E, Lea County, NMPROPOSED TD 9700' Wolfcamp EST. DRILLING DAYS 45Tangible Well CostsWell Pipe

550'	of	13-3/8"	@ \$	27.00	/ft.
5000'	of	8-5/8"	@ \$	19.00	/ft.
9700'	of	5-1/2"	@ \$	11.00	/ft.
9700'	of	2-7/8"	@ \$	4.00	/ft.

Wellhead Assembly

Subsurface Equip. - packer, rods, pumps, etc.

Separation Facilities, Installed

Tanks and Shipping Facilities, Installed

Flow Lines, Pipe & Electric Lines, Installed

Other Equipment - Pumping Unit, Misc.

<u>Producer</u>	<u>Dry Hole</u>
\$	\$
255,300	109,800
25,000	15,000
15,000	---
10,000	---
6,000	---
5,000	---
45,000	---
\$ 361,300	\$ 124,800

Total TangiblesIntangible Well Costs

Permits, Surveys, Foundations

Location, Roads & Damages

Contract Drilling

9700 ft. @ \$ 15 /ft. days @ \$ /day7 days @ \$ 4250 /dayCompl. Unit 4 days @ \$ 2000 /day

Cement and Cement Service

Drilling Fluid Materials

Fuel, Water & Power

Supplies

Drill Stem Testing 2 @ 4000

Coring and Analysis Mud Logger

Wireline Service

Logging 35,000Perforating 8,000Other 5,000

Formation Treating

Transportation and Hauling

Rentals, Contract Labor, Misc.

Engineering Supervision

Geological Supervision

Overhead

Contingencies

\$ 1,000	\$ 1,000
37,000	37,000
183,300	175,300
45,000	29,000
47,000	47,000
10,000	10,000
15,000	15,000
8,000	8,000
14,000	14,000
48,000	35,000
10,000	---
15,000	15,000
20,000	20,000
5,000	5,000
4,500	4,500
4,000	4,000
70,000	63,000
\$ 536,800	\$ 482,800

Total IntangiblesTOTAL\$ 898,100 \$ 607,600

Prepared By:

Doug Keathley

COMPANY Reading & Bates Petroleum Co.

AMOUNT REQUESTED, Company Share Only \$ 673,575

Requested By Howard E. Gray Location Mid-Continent Division
Tulsa Office

Lease No. Lease Dickinson Cattle Co. Well No. 4-33

Field East Denton County Lea State New Mexico

REASON FOR EXPENDITURE: The #4-33 Dickinson Cattle Co. will be a NE offset to the #1-33 Dickinson Cattle Co. The #1-33 is currently flowing approximately 200 bbls. oil per day and 20%
(Include basis for payment. Use attachment for supporting data if necessary.)

Top of the Wolfcamp is estimated at 9364' (- 5575')

COST ESTIMATE:

Drill, complete and equip for production

Total	Tangible	Intangible
\$	\$	\$
828,100	361,300	466,800
\$ 828,100	\$ 361,300	\$ 466,800

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ESTIMATED DATE OF EXPENDITURE:

Month July Year 1982

Contingencies 70,000
Less Salvage Credit ()
Project Total \$ 898,100

Salvage credit to be taken only if equipment is sold from the project.

APPROVED:

Howard E. Gray Name

Mgr. Mid-Continent Div. Title

E.G. Campbell Name

Sr. V-P, Operations Title

PARTNERS APPROVAL

ACCEPTED:

Wilmoth Interests, Inc. Name

Treasurer

7-13-82 Date

Working Interest Participation:

Company	%	Share
Reading & Bates Petroleum	75.000	\$ 673,575
Avanti Energy Corp.	11.57618	103,966
Quintana Partners, Ltd.	1.60547	14,419
Wilmoth Interests, Inc.	2.34375	21,049
John C. Oxley	4.81640	43,256
Bert B. Holmes	1.20410	10,814
Mac Chestnut	.60205	5,407
Kent Bogart	.60205	5,407
Vale & Company	2.25000	20,207
Total	100	\$ 898,100

ORIG to Kum 7-16-82

COMPANY Reading & Bates Petroleum Co.

AMOUNT REQUESTED, Company Share Only \$ 673,575

Requested By: Howard E. Gray Location Mid-Continent Division
Tulsa Office

Lease No. Lease Dickinson Cattle Co. Well No. 4-33

Field East Denton County Lea State New Mexico

REASON FOR EXPENDITURE: The #4-33 Dickinson Cattle Co. will be a NE offset to the #1-33 Dickinson Cattle Co. The #1-33 is currently flowing approximately 200 bbls. oil per day and 20%
(Include basis for payment. Use attachment for supporting data if necessary.)

Top of the Wolfcamp is estimated at 9364' (- 5575')

COST ESTIMATE:

Drill, complete and equip for production

Total	Tangible	Intangible
\$	\$	\$
828,100	361,300	466,800
\$ 828,100	\$ 361,300	\$ 466,800

ESTIMATED DATE OF EXPENDITURE:

Month July Year 1982

Contingencies

70,000

Less Salvage Credit

()

Project Total

\$ 898,100

Salvage credit to be taken only if equipment is sold from the project.

APPROVED:

Howard E. Gray Name

Mgr. Mid-Continent Div. Title

E. G. Campbell Name

Sr. V-P, Operations Title

PARTNERS APPROVAL ACCEPTED:

Wilmoth Interests, Inc. Name

Treasurer

7-13-82 Date

Working Interest Participation:

Company

%

Share

Reading & Bates Petroleum 75.000 \$ 673,575

Avanti Energy Corp. 11.57618 103,966

Quintana Partners, Ltd. 1.60547 14,419

Wilmoth Interests, Inc. 2.34375 21,049

John C. Oxley 4.81640 43,256

Bert B. Holmes 1.20410 10,814

Mac Chestnut .60205 5,407

Kent Bogart .60205 5,407

Vale & Company 2.25000 20,207

Total

1.00

\$ 898,100

ORIG: to Kum 7-16-82

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STATUS OF ACREAGE

NW/4 SE/4 Section 33-14S-38E
Lea County, New Mexico

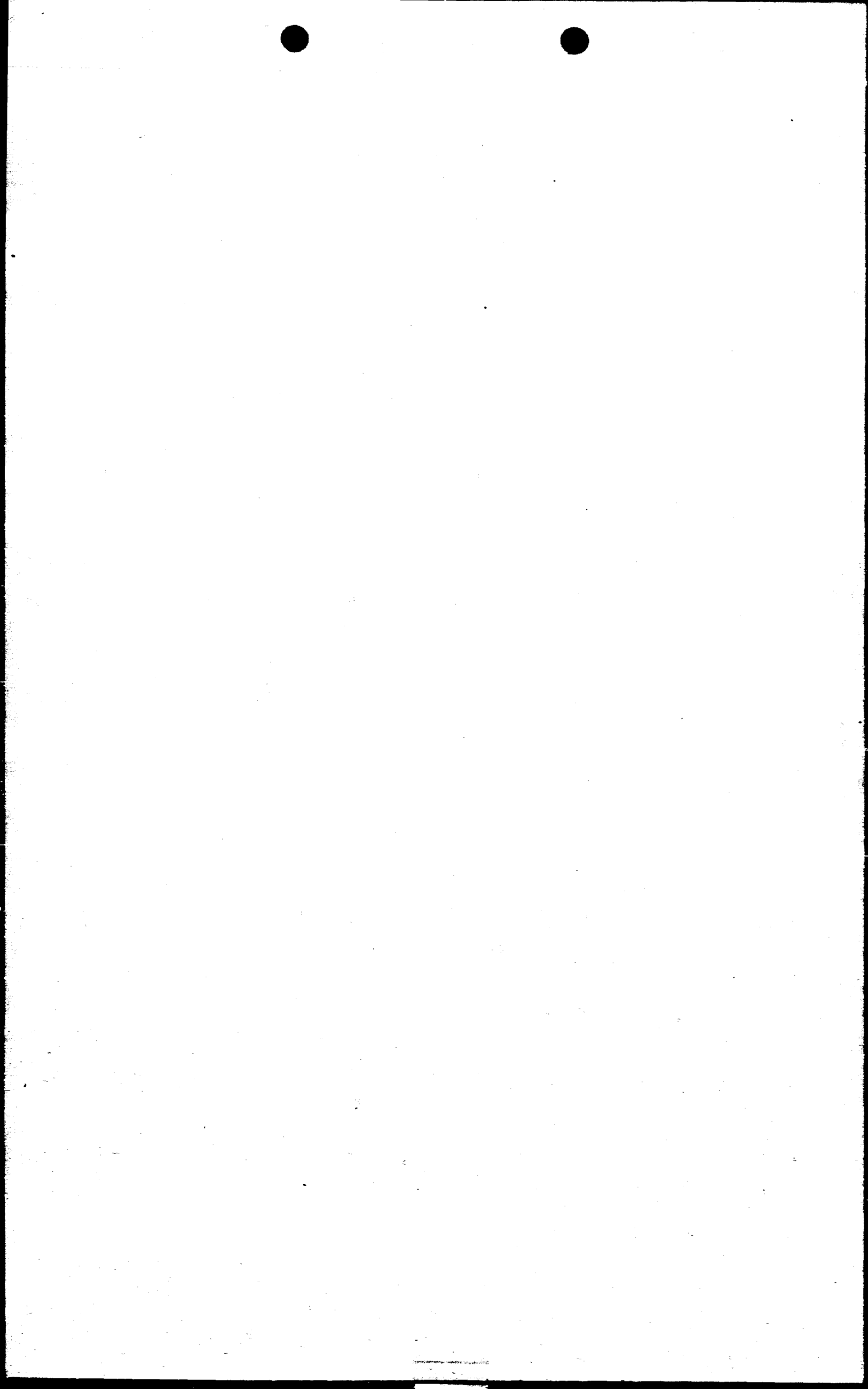
The Acreage underlying the NW/4 SE/4 Section 33-14S-38E, Lea County, New Mexico is held as follows:

	<u>Net Acres</u>	<u>Working Interest</u>
Reading & Bates Petroleum Co. 1100 Mid Continent Building 409 South Boston Avenue Tulsa, OK 74103	30.000000	75.00000%
Avanti Energy Corporation 111 West Fifth Street Suite 900 Tulsa, OK 74103	4.630472	11.57618%
Quintana Partners, Ltd. 3744 Mount Diablo Road Suite 210 Lafayette, CA 94549	.642188	1.60547%
Wilmoth Interests, Inc. P. O. Box 203 Marion Center, PA 15759	.9375	2.34375%
John C. Oxley 1230 Amoco Building Tulsa, OK 74103	1.92656	4.81640%
Burt B. Holmes P. O. Box 35287 Tulsa, OK 74135	.48164	1.20410%
Mac Chestnut P. O. Box 35287 Tulsa, OK 74135	.24082	.60205%
Kent Bogart P. O. Box 35287 Tulsa, OK 74135	.24082	.60205%
Vale & Company Six East 43rd Street New York, NY 10017	.900	2.25000%
	<u>40.00</u>	<u>100.00000%</u>

Title Opinions covering the above tract is attached.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
APPROPRIATE EXHIBIT NO. 3
CASE NO. 7641

66.9 acreage (incl in Ex 5)
X = following telegram (incl in Ex 6)
✓ = sent copy to docket (incl in Ex 7)



DOERNER, STUART, SAUNDERS, DANIEL & ANDERSON

ATTORNEYS

200 ATLAS LIFE BUILDING

TULSA, OKLAHOMA 74103

2121 582-1211

E. J. DOERNER
1987 WFO
HAROLD C. STUART
DICKSON M. SAUNDERS
SAM P. DANIEL, JR.
WILLIAM C. ANDERSON
ROBERT F. BOLDWIN
R. THOMAS SEYMOUR
VARLEY H. TAYLOR, JR.
G. MICHAEL LEWIS
WILLIAM B. MORGAN
LAWRENCE T. CHAMBERS, JR.
DALLAS E. FERGUSON
WILLIAM H. HINKLE
SAM G. BRATTON II
GARY M. McDONALD

JOHN B. TURNER
WILLIAM F. HUGHES
H. WAYNE COOPER
KEVIN C. COUTANT
KATHLEEN REINHOLD
RICHARD P. HIX
CYNTHIA S. GROSSE
WILLIAM F. RIGGS
RICHARD D. MARRS
LEWIS N. CARTER
DAN W. ERNST
LINDA C. KELL

April 27, 1981

OF COUNSEL
EVERETT L. CUNNINGHAM

Reading & Bates Petroleum Co.
Mid-Continent Building
Tulsa, Oklahoma 74103

Attention: Mr. Mark E. Meador

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
APPENDIX	EXHIBIT NO. <u>4</u>
CASE NO. <u>7641</u>	

Re: PRELIMINARY TITLE OPINION - DICKINSON LEASES - SW/4 of Section 32, Township 14 South, Range 38 East, and the SW/4 and the E/2 of Section 33, Township 14 South, Range 38 East, and all of Section 4 and all of Section 5, both in Township 15 South, Range 38 East of the New Mexico Prime Meridian, LEA COUNTY, NEW MEXICO

Gentlemen:

ABSTRACTS AND DOCUMENTS EXAMINED

1. Base Abstract No. 22716, consisting of 92 pages, covering the SE/4 of Section 22 and the SW/4 of Section 33-14S-38E, certified from beginning to September 16, 1954 at 7:00 A.M. by Lea County Abstract Company, with the notation that there were excepted therefrom proceedings in Probate Court Cause No. 555, other than as shown in the abstract, and that there were excepted therefrom all proceedings in Probate Court Causes Nos. 932 and 627, and District Court Causes Nos. 5936, 5323, 8032, 8654, 8443, 12102 and also excepted therefrom certified copy of Probate proceedings in the Estate of W. K. Dickinson, Deceased, recorded in Book 11 at Page 329 in the Miscellaneous records of Lea County, New Mexico.

2. Supplemental Abstract No. 22544, consisting of 21 pages, covering the SE/4 of Section 32 and the SW/4 of Section 33-14S-38E, from September 16, 1954 at 7:00 A.M. to March 6, 1957 at 7:00 A.M. by Lea County Abstract Company, with the notation that proceedings in District Court Cause No. 8443, other than as shown in such Supplemental Abstract, are omitted.

3. Supplemental Abstract No. 18372, consisting of 16 pages, covering the SE/4 of Section 32 and the SW/4 of Section 33-14S-38E, certified from May 24, 1945 at 7:00 A.M. to September 16, 1954 at 7:00 A.M. by Lea County Abstract Company, except that all proceedings in District Court Probate Causes No. DC 5936, Estate of W. Gordon Dickinson

April 27, 1981

II, Probate Cause No. 627 (probably Guardianship proceedings) and District Court Cause No. 8443, Estate of W. Gordon Dickinson II, et al, (probably Guardianship proceedings) Probate Cause No. 932 and District Court Cause No. 8032, District Court Cause No. 8654, Estate of Ollibel C. Card, and District Court Cause No. 12102, Estate of W. Gordon Dickinson II, (probably Guardianship proceedings) are omitted therefrom.

4. Abstract No. 28977, in three parts, consisting of 555 pages, covering the SE/4 of Section 32, the E/2 and the SW/4 of Section 33-14S-38E, and all of Section 4, the S/2 of Section 5-15S-38E, and portions of Sections 6, 7, 8, 9, 17 and 18, all in 15S-38E, prepared by Elliott & Waldron Abstract Company, Inc., under date of September 15, 1961 at 7:00 A.M., and stated to be a complete abstract when used in connection with Abstracts Nos. 18372, 22544 and 22716, compiled by Lea County Abstract Company.

5. Supplemental Abstract No. 29081, consisting of eight pages, covering the same properties as in Abstract No. 28977, certified from September 15, 1961 at 7:00 A.M. to November 15, 1961 at 7:00 A.M. by Elliott & Waldron Abstract Company, Inc.

6. Supplemental Abstract No. 31028, consisting of 58 pages, covering the E/2 of Section 33-14S-38E, prepared by Elliott & Waldron Abstract Company, Inc. and certified from November 15, 1961 at 7:00 A.M. to June 14, 1967 at 7:00 A.M.

7. Supplemental Abstract No. 8-1067, consisting of 68 pages, covering the SE/4 of Section 32-14S-38E, all of Section 5 and a portion of Section 6-15S-38E, prepared by Lovington Abstract Company, certified from November 15, 1961 at 7:00 A.M. to August 10, 1967 at 8:00 A.M.

8. Supplemental Abstract No. 32205, consisting of 296 pages, prepared by Lea County Abstract Company, covering the E/2 and the SW/4 of Section 33, and the SE/4 of Section 32-14S-38E, all of Section 4 and all of Section 5-15S-38E, covering the mineral estate only, from November 15, 1961 at 7:00 A.M. as to the E/2 and the SW/4 of 33-14S-38E, and all of Section 4-15S-38E, and from August 10, 1967 at 8:00 A.M. as to the SE/4 of 32-14S-38E, and all of Section 5-15S-38E, to March 4, 1981 at 7:00 A.M.

9. Supplemental Abstract No. 32247, consisting of 88 pages, covering the N/2 of Section 5-15S-38E, prepared by Lea County Abstract Company and covering the mineral estate only from inception of records to November 15, 1961 at 7:00 A.M.

April 27, 1981

10. Additional submitted Abstracts numbered 283, 103129, 4608, 1198, 15900, 2613, 5237, 19261, 22044 and 26643, described in your transmittal Memorandum, and duplicative, in some respects, of the abstracts described in detail hereinabove.

11 Copy of executed but unrecorded Oil and Gas Lease dated March 12, 1981 from Walter E. Dickinson, W. Gordon Dickinson II and Candace Watson, "each dealing in his/her sole and separate property", lessors, to Reading & Bates Petroleum Co., covering all of the SW/4 of Section 33 and all of the SE/4 of Section 32-14S-38E, for a primary term of four years.

12. Copy of executed but unrecorded Oil and Gas Lease dated March 12, 1981 from Walter E. Dickinson, W. Gordon Dickinson II, and Candace Watson "each dealing in his/her sole and separate property", lessors, to Reading & Bates Petroleum Co., covering all of the N/2 of 4-15S-38E for a primary term of four years.

13. Copy of executed but unrecorded Oil and Gas Lease dated March 12, 1981 from Walter E. Dickinson, W. Gordon Dickinson II and Candace Watson "each dealing in his/her sole and separate property", lessors, to Reading & Bates Petroleum Co., covering all of the S/2 of 4-15S-38E for a primary term of four years.

14. Copy of executed by unrecorded Oil and Gas Lease dated March 12, 1981 from Walter E. Dickinson, W. Gordon Dickinson II and Candace Watson, "each dealing in his/her sole and separate property", lessors, to Reading & Bates Petroleum Co., covering all of the E/2 of 33-14S-38E for a primary term of four years.

FEE TITLE

SURFACE

Because several of the abstracts are not certified as to surface ownership and rights therein, but are limited solely to minerals and mineral rights, we offer no opinion with respect to the surface ownership of the captioned premises.

MINERALS AND ROYALTY

SE/4 of 32-14S-38E and SW/4 of 33-14S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Walter E. Dickinson	1/3	1/3 x 3/16	I
W. Gordon Dickinson, II	1/3	1/3 x 3/16	I

April 27, 1981

Candace Watson	1/3	1/3 x 3/16	I
----------------	-----	------------	---

N/2 of 4-15S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Walter E. Dickinson	1/3	1/3 x 3/16	II
W. Gordon Dickinson, II	1/3	1/3 x 3/16	II
Candace Watson	1/3	1/3 x 3/16	II

S/2 of 4-15S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Walter E. Dickinson	1/3	1/3 x 3/16	III
W. Gordon Dickinson, II	1/3	1/3 x 3/16	III
Candace Watson	1/3	1/3 x 3/16	III

E/2 of 33-14S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Walter E. Dickinson	1/3	1/3 x 3/16	IV
W. Gordon Dickinson, II	1/3	1/3 x 3/16	IV
Candace Watson	1/3	1/3 x 3/16	IV

S/2 of 5-15S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Bernice Dickinson	All	N/A	Unleased

N/2 of 5-15S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Virginia Griffin	1/2	N/A	Unleased
Robert L. Mitchell	1/4	N/A	Unleased

Alfred W. Mitchell	1/4	N/A	Unleased
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WORKING INTEREST

All of the captioned premises except 5-15S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Reading & Bates Petroleum Co.	All	13/16	I, II, III & IV

S/2 of 5-15S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Bernice Dickinson	All	N/A	Unleased

N/2 of 5-15S-38E

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Virginia Griffin	1/2	N/A	Unleased
Robert L. Mitchell	1/4	N/A	Unleased
Alfred W. Mitchell	1/4	N/A	Unleased

BASIC LEASES

I	Dated	3/12/81
	Recording Data	Not filed
	Lessors	Walter E. Dickinson, W. Gordon Dickinson, II and Candace Watson
	Lessee	Reading & Bates Petroleum Co.
	Description	All of the SW/4 of Section 33 and all of the SE/4 of Section 32-14S-38E, Lea County, New Mexico, containing 320 acres, more or less
	Primary Term	4 years
	Royalty	3/16
	Gas Shut-In Royalty	Yes
	Delay Rental	\$1 per acre per year
	Depository	Tascosa National Bank, Amarillo, Texas

April 27, 1981

	Warranty	Yes
	Governmental Clause	Yes
	Pooling	Yes
II	Dated	3/12/81
	Recording Data	Not filed
	Lessors	Walter E. Dickinson, W. Gordon Dickinson, II and Candace Watson Reading & Bates Petroleum Co.
	Lessee	All of the N/2 of 4-15S-38E, Lea County, New Mexico, con- taining 320 acres, more or less
	Description	
	Primary Term	4 years
	Royalty	3/16
	Gas Shut-In Royalty	Yes
	Delay Rental	\$1 per acre per year
	Depository	Tascosa National Bank, Amarillo, Texas
	Warranty	Yes
	Governmental Clause	Yes
	Pooling	Yes
III	Dated	3/12/81
	Recording Data	Not filed
	Lessors	Walter E. Dickinson, W. Gordon Dickinson, II and Candace Watson Reading & Bates Petroleum Co.
	Lessee	All of the S/2 of 4-15S-38E, Lea County, New Mexico, con- taining 320 acres, more or less
	Description	
	Primary Term	4 years
	Royalty	3/16
	Gas Shut-In Royalty	Yes
	Delay Rental	\$1 per acre per year
	Depository	Tascosa National Bank, Amarillo, Texas
	Warranty	Yes
	Governmental Clause	Yes
	Pooling	Yes
IV	Dated	3/12/81
	Recording Data	Not filed
	Lessors	Walter E. Dickinson, W. Gordon Dickinson, II and Candace Watson Reading & Bates Petroleum Co.
	Lessee	All of the E/2 of 33-14S-38E, Lea County, New Mexico, con- taining 320 acres, more or less
	Description	

April 27, 1981

Primary Term	4 years
Royalty	3/16
Gas Shut-In Royalty	Yes
Delay Rental	\$1 per acre per year
Depository	Tascosa National Bank, Amarillo, Texas
Warranty	Yes
Governmental Clause	Yes
Pooling	Yes

COMMENTS AND REQUIREMENTS

1. At page 3 of Supplemental Abstract No. 31028 is shown a Warranty Deed dated July 14, 1913, filed January 2, 1962 in Book 261 at Page 162 of the records of Lea County, New Mexico, from Samuel D. Pollack and Pearl Pollack, his wife, to the County Judge of Chaves County, New Mexico, and his successors, covering a tract of land which is virtually illegible in such handwritten deed, but which appears to have been type-written and is shown at page 7 of Abstract No. 28977, Part I, showing date of July 14, 1913, filed August 8, 1913 in Book C Tr. Wd. Page 434 of Lea County, New Mexico, indicating to be a tract of land containing 2.08 acres described as beginning, 1151 feet South of the Northwest Corner of the NE/4 of 33-14S-38E, thence South 275 feet, thence West 327 feet, thence North 275 feet to the place of beginning, and indicated to be in Chaves County, New Mexico. *is for Cemetery purposes*

First of all, the description does not close, in that there is a call to go South 275 feet, thence to go West 327 feet, thence North 275 feet, but it would be necessary to go East in order to form a rectangle. Secondly, the property is described as being located in Chaves County, New Mexico, but is abstracted in Lea County.

REQUIREMENT - It is required that you ascertain the true location of the above and foregoing cemetery deed, and as to whether or not minerals and mineral rights were included in the conveyance thereof, and we suggest that a Quit Claim Deed be secured from the County Judge of Chaves County, or his successors, whether it be persons or parties in Lea County, New Mexico, with respect to the minerals, or, in the alternative, a lease be secured in favor of Reading & Bates Petroleum Co. with respect thereto.

2. At page 360 of Abstract No. 28977, Part II, is shown a Warranty Deed dated May 3, 1937, filed May 11, 1937 in Book 45 at Page 554 from W. Gordon Dickinson and wife, Ollibel Dickinson, to Antioch Baptist Church of Enterprise Community, Lea County, New Mexico, covering the surface rights to a tract of land described as follows, to-wit:

County Commissioner of Lea Co. - from file: - Court House
Tom A. Rutledge - District Attorney - Chaves Co. - 505 885-8622
Foswell 505 622-4121

April 27, 1981

Beginning at the Northwest Corner of the NE/4 of 33-14S-38E, thence South 327 feet to a point; thence East 327 feet to a point; thence North 327 feet to a point; thence West 327 feet to the beginning point.

The Deed specifically excluded the minerals and mineral rights as being reserved, together with the rights of ingress and egress and the right to explore, mine and drill for any minerals thereunder.

REQUIREMENT - None, advisory only.

3. Please note that we are not opining as to the surface ownership of any of the captioned premises, in view of the lack of full certification as to surface ownership and rights with respect to all of the abstracts.

REQUIREMENT - None, advisory only, other than you should determine the rights of persons in possession.

4. There are a number of unreleased Oil and Gas Leases covering the captioned premises and other premises, not all of which will be set forth herein, but your attention is directed to the following unreleased Oil and Gas Leases:

(a) Page 7 of Abstract No. 22716, dated July 3, 1928, filed July 25, 1928 in Book 11 at Page 570 from W. K. Dickinson, Sr. and wife B. G. Dickinson, lessors, to Gypsy Oil Company, lessee, covering the SW/4 of Section 33-14S-38E and the NW/4 of 24-15S-37E, Lea County, New Mexico, containing 320 acres, more or less, for a primary term of 10 years.

(b) Page 188 of Part I of Abstract No. 28977, dated May 21, 1945, filed October 17, 1945 in Book 53 at Page 559 from Ollibel C. Dickinson, a widow, lessor, to J. E. Simmons, lessee, covering the SE/4 of Section 17-15S-38E, Lea County, New Mexico, containing 160 acres, more or less, for a primary term of 10 years.

(c) Page 195 of Part I of Abstract No. 28977, dated August 21, 1945, filed September 22, 1945 in Book 53 at Page 543 from Ollibel C. Dickinson, a widow, lessor, to J. E. Simmons, lessee, covering the S/2 NE/4, the SE/4 NW/4 and the NE/4 SW/4 of Section 17-15S-38E, Lea County, New Mexico, containing 160 acres, more or less, for a primary term of 10 years.

(d) Page 506 of Part III of Abstract No. 28977, dated July 13, 1957, filed July 19, 1957 in Book 156 at Page 182 from Lester Alston, Guardian of the Estates of Candace Dickinson Watson, Walter Esmond

April 27, 1981

Dickinson and W. Gordon Dickinson II, Minors, lessor, to Gulf Oil Corporation, lessee, covering the SE/4 of Section 32 and the SW/4 of Section 33-14S-38E, Lea County, New Mexico, containing 320 acres, more or less, for a primary term of 5 years.

REQUIREMENT - It is required that such Leases be released, the Releases be filed for record and shown in the abstract; or in the alternative, you should receive satisfactory proof that such Leases have lapsed for failure of production and continuous development, according to their terms.

5. The following rights-of-way appear to affect portions of the captioned premises, to-wit:

(a) Page 43 of Part I of Abstract No. 28977, Patent from the United States of America to Benjamin Walter Fort, dated April 18, 1913, filed November 13, 1915 in Book 2 at Page 327, covering Lots 1, 2, 3 and 4 and the S/2 N/2 of Section 4-15S-38E, containing 322.96 acres, according to the official Plat of the Survey of said land, SUBJECT to any vested and accrued water rights for mining, agricultural, manufacturing or other rights as may be recognized and acknowledged by the local customs, laws and decisions of courts, and there is reserved from the lands thereby granted a right-of-way thereon for ditches or canals constructed by the authority of the United States. This is apparently a perpetual easement.

(b) Page 548 of Part III of Abstract No. 28977, dated August 11, 1951, filed August 22, 1951 in Book 142 at Page 477 from Mary Clayton, Administratrix for the Estate of Ollibel Dickinson Card, Deceased and Guardian for Candace Dickinson, Walter Dickinson and Gordon Dickinson II, all three minors, grantor, to Phillips Petroleum Company, grantee, granting the right to lay, maintain, inspect, erect, operate and remove a pipe line or pipe lines and appurtenances and accompanying telephone and telegraph lines and appurtenances over, through, upon, under and across all of Section 12-15S-37E, the N/2 and the SW/4 of Section 7-15S-38E, the N/2 and SE/4 SW/4 and all of the NW/4 and the SE/4 of Section 8-15S-38E, Lea County, New Mexico.

REQUIREMENT - It is required that you ascertain the location of such rights-of-way and any improvements installed in or used in connection therewith so that you may govern your use of the surface accordingly.

6. For your information, Robert L. Mitchell and Alfred W. Mitchell acquired their respective interests in the N/2 of 5-15S-38E by Mineral Deed shown at page 295 of Supplemental Abstract No. 32205, dated

April 27, 1981

January 15, 1981, filed January 16, 1981 in Book 386 at Page 581, the grantor therein being Kathryn Mitchell, a married woman dealing in her separate property.

REQUIREMENT - None, advisory only.

7. The abstractor's last tax certificate, taken in conjunction with earlier tax certificates, indicates general taxes to be paid or otherwise satisfied through 1980, and that there are no special assessments indexed against the property.

REQUIREMENT - None, advisory only.

8. The following general requirements apply:

(a) Ascertain what rights and under whom such rights are claimed by persons in possession, in connection with which you should be furnished a possessory affidavit.

(b) Secure proof that there are no unpaid bills for improvements which might constitute the basis for mechanic's or materialmen's liens against the premises.

Satisfy yourself that there are no pooling or unitization orders affecting the captioned premises pursuant to any regulatory authority and that there are no voluntary tract agreements affecting the captioned premises.

Respectfully submitted,



Dickson M. Saunders of

DOERNER, STUART, SAUNDERS, DANIEL & ANDERSON

DMS/mld

DOERNER, STUART, SAUNDERS, DANIEL & ANDERSON

ATTORNEYS

1000 ATLAS LIFE BUILDING

TULSA, OKLAHOMA 74103

(918) 582-1211

E. J. DOERNER

1937-1980

HAROLD C. STUART

DICKSON M. SAUNDERS

SAM P. DANIEL, JR.

WILLIAM C. ANDERSON

ROBERT F. BLOCHINI

WARLEY H. TAYLOR, JR.

G. MICHAEL LEWIS

WILLIAM B. MORGAN

LAWRENCE T. CHAMBERS, JR.

DALLAS E. FERGUSON

WILLIAM M. MINKLE

SAM G. BRATTON II

GARY M. McDONALD

JOHN B. TURNER

WILLIAM E. H. HES

H. WAYNE COOPER

KEVIN C. COUTANT

KATHLEEN REINHOLT

RICHARD P. HIR

CYNTHIA S. GROSSE

WILLIAM F. RIGGS

RICHARD D. HARRIS

LEWIS H. CARTER

LINDA C. MARTIN

SVEN ERIC HOLMES

JAMES P. MCCANN

MICHAEL R. HUGGINS

ALBERT J. GIVRAY

August 5, 1982

OF COUNSEL

EVERETT L. CUNNINGHAM

Reading & Bates Petroleum Co.
Mid-Continent Building
Tulsa, Oklahoma 74103

Attention: Mr. Mark E. Meador

Re: FIRST SUPPLEMENTAL TITLE OPINION - DICKINSON LEASES -
NW/4 SE/4 of Section 33, Township 14 South, Range 38
East of the New Mexico Prime Meridian, LEA COUNTY, NEW
MEXICO, containing 40 acres, more or less

Gentlemen:

ABSTRACTS AND DOCUMENTS EXAMINED

1. Our Preliminary Title Opinion dated April 27, 1981 covering the SW/4 of 32-14S-38E, and the SW/4 and the E/2 of 33-14S-38E, and all of Section 4 and all of Section 5, both in 15S-38E, Lea County, New Mexico, based on abstracts last certified to March 4, 1981 at 7:00 A.M.

2. Supplemental Abstract No. 82-409, consisting of 22 numbered pages and one unnumbered Certificate page, certified from March 4, 1981 at 8:00 A.M. to July 28, 1982 at 7:00 A.M. by Elliott & Waldron Title and Abstract Co., Inc., covering only the captioned 40 acres.

3. Documents transmitted to us by your Memorandum dated August 2, 1982.

FEE TITLE

SURFACE

Because several of the abstracts were not certified as to surface ownership and rights therein, but were limited solely to minerals and mineral rights, we offer no opinion with respect to the surface ownership of the captioned premises.

MINERALS AND ROYALTY

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Walter E. Dickinson	1/3	1/3 x 3/16	I
W. Gordon Dickinson, II	1/3	1/3 x 3/16	I
Candace Watson	1/3	1/3 x 3/16	I

WORKING INTEREST

<u>Name</u>	<u>Interest</u>	<u>NRI</u>	<u>Lease</u>
Reading & Bates Petroleum Co.	3/4	3/4 x 13/16	I
Avanti Energy Corporation	1/4	1/4 x 13/16*	I

*Subject to prorata parts of the following overriding royalty interests:

<u>Name</u>	<u>Interest</u>
Wayne E. Woodworth	1.0%
Deborah M. Crissup	1.0%
Dennis M. Blakemore	0.5%
Patrick J. Curth	1.0%

BASIC LEASE

I	Dated	3/12/81
	Recording Data	4/27/81, B. 336, P. 399
	Lessors	Walter E. Dickinson; W. Gordon Dickinson, II; Candace Watson
	Lessee	Reading & Bates Petroleum Co.
	Description	E/2 of Section 33-14S-38E, Lea County, New Mexico, containing 320 acres, more or less
	Primary Term	4 years
	Royalty	3/16
	Gas Shut-In Royalty	Yes
	Delay Rental	\$1 per acre per year
	Depository	Tascosa National Bank, Amarillo, Texas

Warranty	Yes
Governmental Clause	Yes
Pooling	Yes

ASSIGNMENTS OF BASIC LEASE

I	Dated	12/28/81
	Recording Data	2/15/81, B. 346, P. 378
	Assignor	Reading & Bates Petroleum Co.
	Assignees	Avanti Energy Corporation - 50%; Carson Petroleum Corporation - 50%
	Interest Assigned	Foregoing percentage interests of assignee's interest in Basic Lease I and other leases
II	Dated	2/23/82
	Recording Data	6/10/82, B. 350, P. 477
	Assignor	Carson Petroleum Corporation
	Assignee	Reading & Bates Petroleum Co.
	Interest Assigned	All interest of assignor in Basic Lease I and other Leases

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

I	Dated	4/23/82
	Recording Data	5/3/82, B. 400, P. 273
	Assignor	Avanti Energy Corporation
	Assignees	Wayne E. Woodworth - 1.0% Jack R. Crissup - 1.0% Dennis M. Blakemore - 0.5% Patrick J. Curth - 1.0%
	Interest Assigned	Foregoing interests of assignor's interest in Basic Lease I, aggre- gating a total of 3.5% of over- riding royalty interest with respect to assignor's interest in Basic Lease I
II	Dated	6/10/82
	Recording Data	6/21/82, B. 402, P. 524
	Assignor	Jack R. Crissup
	Assignee	Deborah M. Crissup
	Interest Assigned	All of assignor's overriding royalty interest in Basic Lease I and other leases

COMMENTS AND REQUIREMENTS

1. Please note that we are not opining as to the surface ownership of the captioned premises, in view of the lack of full certification as to surface ownership and rights with respect to all of the abstracts.

REQUIREMENT - None, advisory only, other than you should determine the rights of persons in possession.

2. Please note the 7:00 A.M. certification date of the abstract examined for our Preliminary Title Opinion and the 8:00 A.M. commencing date, March 4, 1981, of Supplemental Abstract No. 82-409.

REQUIREMENT - Secure re-certification of Supplemental Abstract No. 82-409 to the 7:00 A.M. closing date of the Base Abstract.

3. The abstracter's last tax certificate, taken in conjunction with earlier tax certificates, indicates general taxes to be paid or otherwise satisfied through 1981, and that there are no special assessments indexed against the property.

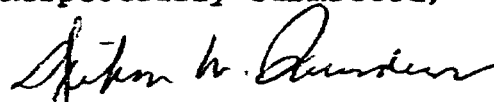
REQUIREMENT - Secure proof that there are no unpaid taxes or assessments for 1982 which would constitute a lien against the captioned premises.

4. The following general requirements apply:

(a) Secure proof that there are no unpaid bills for improvements which might constitute the basis for mechanic's or materialmen's liens against the premises.

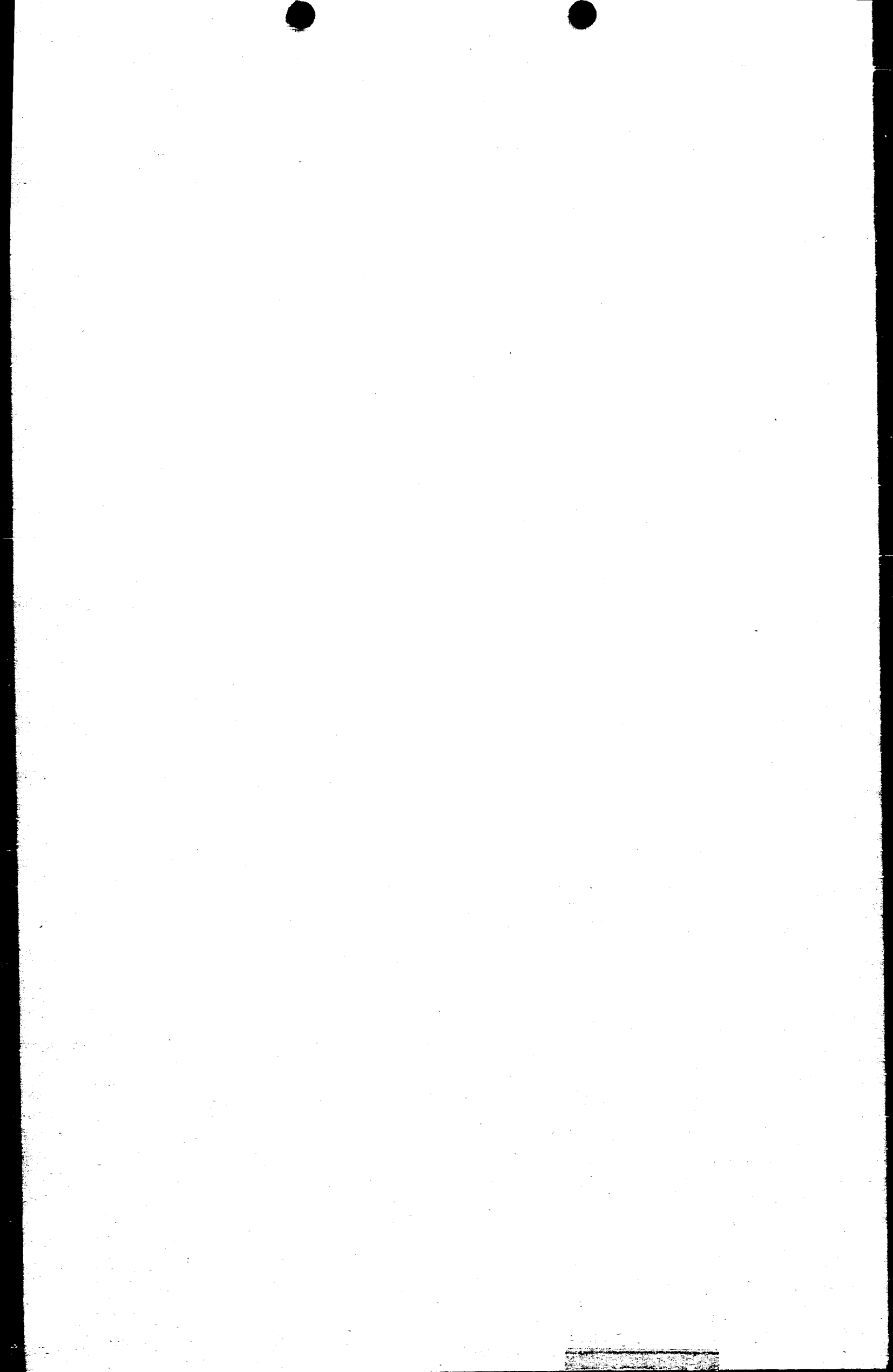
(b) Satisfy yourself that there are no pooling or unitization orders affecting the captioned premises pursuant to any regulatory authority and that there are no voluntary tract agreements affecting the captioned premises.

Respectfully submitted,



Dickson M. Saunders of
DOERNER, STUART, SAUNDERS, DANIEL & ANDERSON

DMS/mla



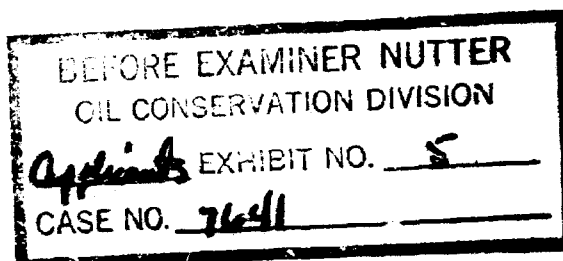
READING & BATES PETROLEUM CO.

1100 Mid Continent Building
409 S. Boston Avenue
Tulsa, Oklahoma 74103
918 583-8180

July 2, 1982

Avanti Energy Corporation
111 West 5th, Suite 900
Tulsa, Oklahoma 74103

Attention: Mr. Jack Crissup



Re: Dickinson Cattle Co. #4-33
Section 33-14S-38E
Lea County, New Mexico
East Denton Prospect

Gentlemen:

Reading & Bates Petroleum Co. hereby proposes to drill the referenced well to a depth of 9700', or to a depth sufficient to test the producing Wolfcamp interval as found in the Robert G. Brown/Aikman Brothers #1 Mitchell well located in the NW/4 of Section 5-15S-38E, whichever is the lesser depth. Our proposed test will be located in the C NW/4 SE/4 of Section 33-14S-38E, Lea County, New Mexico.

We enclose our AFE detailing the anticipated costs of drilling the proposed well, and we respectfully ask that you review same and advise whether you desire to participate in this well as soon as possible. We have a rig contracted to drill the well, and we must be prepared to utilize it promptly.

In the event you do not wish to participate, we ask that you farmout your 25% interest in the 40 acre unit (NW/4 SE/4) to Reading & Bates delivering a 75.00% net revenue interest.

Please advise your decision in this matter at your earliest possible convenience.

Very truly yours,

Dixie Dobbs Miller
Dixie Dobbs Miller
Division Landman

DDM/nel

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA, 22645

MAILGRAM

4-032158SI87002 07/06/82 ICS IPMENGZ CSP TULD
1 9185838180 MGM TDBN TULSA OK 07-06 0125P EST

RECEIVED
READING & BATES

'JUL 7 1982'

LAND DEPT. - MC

▶ READING AND BATES PETROLEUM CO NL
409 SOUTH BOSTON AVE
TULSA OK 74103

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185838180 TDBN TULSA OK 200 07-06 0125P EST
FON 4152833665
QUINTANA PARTNERS LTD RPT DLY MGM COPY MESSAGE
3744 MT DIABLO RD SUITE 210
LAFAYETTE CA 94549

IN REGARDS TO THE DICKINSON CATTLE COMPANY NUMBER 4-33 SECTION 33
14S-38E LEA COUNTY NEW MEXICO
READING AND BATES PETROLEUM COMPANY HEREBY PROPOSES TO DRILL THE
REFERENCED WELL TO A DEPTH OF 9700 FEET, OR TO A DEPTH SUFFICIENT TO
TEST THE PRODUCING WOLFCAMP INTERVAL AS FOUND IN THE ROBERT G
BROWN/AIKMAN BROTHERS NUMBER 1 MITCHELL WELL LOCATED IN THE NORTHWEST
QUARTER OF SECTION 5 15S-38E, WHICHEVER IS THE LESSER DEPTH. OUR
PROPOSED TEST WILL BE LOCATED IN THE CENTER OF THE NORTHWEST QUARTER
SOUTHEAST QUARTER OF SECTION 33 14S-38E, LEA COUNTY, NEW MEXICO. WE
ENCLOSE OUR AFE DETAILING THE ANTICIPATED COSTS OF DRILLING THE
PROPOSED WELL, AND WE RESPECTFULLY ASK THAT YOU REVIEW SAME AND
ADVISE WHETHER YOU DESIRE TO PARTICIPATE IN THIS WELL AS SOON AS
POSSIBLE. WE HAVE A RIG CONTRACTED TO DRILL THE WELL, AND WE MUST BE
PREPARED TO UTILIZE IT PROMPTLY. IN THE EVENT YOU DO NOT WISH TO
PARTICIPATE, WE ASK THAT YOU FARMOUT YOUR 25 PERCENT INTEREST IN THE
40 ACRE UNIT (NORTHWEST QUARTER SOUTHEAST QUARTER) TO READING AND
BATES DELIVERING A 75 PERCENT NET REVENUE INTEREST. PLEASE ADVISE
YOUR DECISION IN THIS MATTER AT YOUR EARLIEST POSSIBLE CONVENIENCE.
VERY TRULY YOURS

DIXIE DOBB MILLER, DIVISION LANDMAN
409 SOUTH BOSTON AVE
TULSA OK 74103

1330 EST

MGMCOMP MGM

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645

MAILGRAM

4-032441S187002 07/06/82 ICS IPM3NGZ CSP TULD
1 9185838180 MGM TDSN TULSA OK 07-06 0127P EST

RECEIVED
READING & BATES

READING AND BATES PETROLEUM CO ML
409 SOUTH BOSTON AVE
TULSA OK 74103

JUN 7 1982

LAND DEPT.-MC

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185838180 TDSN TULSA OK 200 07-06 0127P EST
FOM 9186275150
BURT B HOLMES RPT DLY MGM COPY MESSAGE
PO BOX 35287
TULSA OK 74135

IN REGARDS TO THE DICKINSON CATTLE COMPANY NUMBER 4-33 SECTION 33
14S-38E LEA COUNTY NEW MEXICO
READING AND BATES PETROLEUM COMPANY HEREBY PROPOSES TO DRILL THE
REFERENCED WELL TO A DEPTH OF 9700 FEET, OR TO A DEPTH SUFFICIENT TO
TEST THE PRODUCING WOLFCAMP INTERVAL AS FOUND IN THE ROBERT G
BROWN/AIKMAN BROTHERS NUMBER 1 MITCHELL WELL LOCATED IN THE NORTHWEST
QUARTER OF SECTION 5 15S-38E, WHICHEVER IS THE LESSER DEPTH. OUR
PROPOSED TEST WILL BE LOCATED IN THE CENTER OF THE NORTHWEST QUARTER
SOUTHEAST QUARTER OF SECTION 33 14S-38E, LEA COUNTY, NEW MEXICO. WE
ENCLOSE OUR AFE DETAILING THE ANTICIPATED COSTS OF DRILLING THE
PROPOSED WELL, AND WE RESPECTFULLY ASK THAT YOU REVIEW SAME AND
ADVISE WHETHER YOU DESIRE TO PARTICIPATE IN THIS WELL AS SOON AS
POSSIBLE. WE HAVE A RIG CONTRACTED TO DRILL THE WELL, AND WE MUST BE
PREPARED TO UTILIZE IT PROMPTLY. IN THE EVENT YOU DO NOT WISH TO
PARTICIPATE, WE ASK THAT YOU FARMOUT YOUR 25 PERCENT INTEREST IN THE
40 ACRE UNIT (NORTHWEST QUARTER SOUTHEAST QUARTER) TO READING AND
BATES DELIVERING A 75 PERCENT NET REVENUE INTEREST. PLEASE ADVISE
YOUR DECISION IN THIS MATTER AT YOUR EARLIEST POSSIBLE CONVENIENCE.
VERY TRULY YOURS

DIXIE DOSS MILLER, DIVISION LANDMAN
409 SOUTH BOSTON AVE
TULSA OK 74103

1333 EST

MGMCOMP MGM

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22641

MAILGRAM

4-032626S187002 07/06/82 ICS IPMBNGZ CSP TULA
SUSPECTED DUPLICATE
I 9185838180 MGM TDBN TULSA OK 07-06 0129P EST

RECEIVED
READING & BATES

READING AND BATES PETROLEUM CO NL
409 SOUTH BOSTON AVE
TULSA OK 74103

JUL 7 1982

LAND DEPT.-MC

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185838180 TDBN TULSA OK 200 07-06 0129P EST
FROM 9186275150
MAC CHESTNUT RPT DLY MGM COPY MESSAGE
PO BOX 35267
TULSA OK 74135

REPRODUCIBLE COPY

IN REGARDS TO THE DICKINSON CATTLE COMPANY NUMBER 4-33 SECTION 33
14S-38E LEA COUNTY NEW MEXICO
READING AND BATES PETROLEUM COMPANY HEREBY PROPOSES TO DRILL THE
REFERENCED WELL TO A DEPTH OF 9700 FEET, OR TO A DEPTH SUFFICIENT TO
TEST THE PRODUCING WOLFCAMP INTERVAL AS FOUND IN THE ROBERT G
BROWN/AIKMAN BROTHERS NUMBER 1 MITCHELL WELL LOCATED IN THE NORTHWEST
QUARTER OF SECTION 5 15S-38E, WHICHEVER IS THE LESSER DEPTH. OUR
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SOUTHEAST QUARTER OF SECTION 33 14S-38E, LEA COUNTY, NEW MEXICO. WE
ENCLOSE OUR AFE DETAILING THE ANTICIPATED COSTS OF DRILLING THE
PROPOSED WELL, AND WE RESPECTFULLY ASK THAT YOU REVIEW SAME AND
ADVISE WHETHER YOU DESIRE TO PARTICIPATE IN THIS WELL AS SOON AS
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40 ACRE UNIT (NORTHWEST QUARTER SOUTHEAST QUARTER) TO READING AND
BATES DELIVERING A 75 PERCENT NET REVENUE INTEREST. PLEASE ADVISE
YOUR DECISION IN THIS MATTER AT YOUR EARLIEST POSSIBLE CONVENIENCE.
VERY TRULY YOURS

DIXIE DOBB MILLER, DIVISION LANDMAN
409 SOUTH BOSTON AVE
TULSA OK 74103

1343 EST

MGMCOMP MGM

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 226

MAILGRAM

4-032331S167002 07/06/82 ICS IPMBNGZ CSP TULA
1 9185838180 MGM IDBN TULSA OK 07-06 0127P EST

RECEIVED
READING & BATES

READING AND BATES PETROLEUM CO NL
409 SOUTH BOSTON AVE
TULSA OK 74103

JUL 7 1982

LAND DEPT.-MC

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185838180 IDBN TULSA OK 200 07-06 0127P EST
FOM 9185841421
JOHN C OXLEY RPT DLY MGM COPY MESSAGE
1230 AMOCO BLDG
TULSA OK 74103

TEST AVAILABLE COPY

IN REGARDS TO THE DICKINSON CATTLE COMPANY NUMBER 4-33 SECTION 33
14S-38E LEA COUNTY NEW MEXICO
READING AND BATES PETROLEUM COMPANY HEREBY PROPOSES TO DRILL THE
REFERENCED WELL TO A DEPTH OF 9700 FEET, OR TO A DEPTH SUFFICIENT TO
TEST THE PRODUCING WOLFCAMP INTERVAL AS FOUND IN THE ROBERT G
BROWN/AIKMAN BROTHERS NUMBER 1 MITCHELL WELL LOCATED IN THE NORTHWEST
QUARTER OF SECTION 5 15S-38E, WHICHEVER IS THE LESSER DEPTH. OUR
PROPOSED TEST WILL BE LOCATED IN THE CENTER OF THE NORTHWEST QUARTER
SOUTHEAST QUARTER OF SECTION 33 14S-38E, LEA COUNTY, NEW MEXICO. WE
ENCLOSE OUR AFE DETAILING THE ANTICIPATED COSTS OF DRILLING THE
PROPOSED WELL, AND WE RESPECTFULLY ASK THAT YOU REVIEW SAME AND
ADVISE WHETHER YOU DESIRE TO PARTICIPATE IN THIS WELL AS SOON AS
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PREPARED TO UTILIZE IT PROMPTLY. IN THE EVENT YOU DO NOT WISH TO
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VERY TRULY YOURS

DIXIE DOBB MILLER, DIVISION LANDMAN
409 SOUTH BOSTON AVE
TULSA OK 74103

1332 EST

MGMCOMP MGM

MAILGRAM SERVICE CENTER
MIDDLETON, VA. 22649

MAILGRAM

4-0322455167002 07/06/82 ICS IPMBNGZ CSP TULB
1 9185638180 RGN TDBN TULSA OK 07-06 0126P EST

RECEIVED
READING & BATES

READING AND BATES PETROLEUM CO NL
405 SOUTH BOSTON AVE
TULSA OK 74103

JUL 7 1982

LAND DEPT.-MC

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185638180 TDBN TULSA OK 200 07-06 0126P EST
FOR 4123575558
WILMOTH INTEREST INC RPT DLY RGN COPY MESSAGE
PO BOX 203
KARION CENTER PA 15155

FREE AVAILABLE COPY

IN REGARDS TO THE DICKINSON CATTLE COMPANY NUMBER 4-33 SECTION 33
14S-38E LEA COUNTY NEW MEXICO
READING AND BATES PETROLEUM COMPANY HEREBY PROPOSES TO DRILL THE
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VERY TRULY YOURS

DIXIE DOBB MILLER, DIVISION LANDMAN
405 SOUTH BOSTON AVE
TULSA OK 74103

1331 EST

RGMCOMP RGN

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22646



4-032504S187002 07/06/82 ICS IPMBNGZ CSP TULA
I 9185838180 MGM TDBN TULSA OK 07-06 0128P EST

READING AND BATES PETROLEUM CO NL
409 SOUTH BOSTON AVE
TULSA OK 74103

RECEIVED
READING & BATES

1111 7 1982

LAND DEPT.-MC

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185838180 TDBN TULSA OK 200 07-06 0128P EST
FOM 9186275150
KENT BOGART RPT DLY MGM COPY MESSAGE
PO BOX 35287
TULSA OK 74135

IN REGARDS TO THE DICKINSON CATTLE COMPANY NUMBER 4-33 SECTION 33
14S-38E LEA COUNTY NEW MEXICO
READING AND BATES PETROLEUM COMPANY HEREBY PROPOSES TO DRILL THE
REFERENCED WELL TO A DEPTH OF 9700 FEET, OR TO A DEPTH SUFFICIENT TO
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VERY TRULY YOURS

DIXIE DOBB MILLER, DIVISION LANDMAN
409 SOUTH BOSTON AVE
TULSA OK 74103

1337 EST

MGMCOMP MGM

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645

MAILGRAM
MIDDLETOWN, VA.

MAILGRAM

4-032569SI87002 07/06/82 ICS IPMBNGZ CSP TULD
I 9185838180 MGM TDBN TULSA OK 07-06 0129P EST

RECEIVED
READING & BATES

JUL 7 1982

:- READING AND BATES PETROLEUM CO NL
409 SOUTH BOSTON AVE
TULSA OK 74103

LAND DEPT.-MC

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185838180 TDBN TULSA OK 200 07-06 0129P EST
FON 2125991707
VALE AND COMPANY RPT DLY MGM COPY MESSAGE
6 EAST 43RD ST
NEW YORK NY 10017

IN REGARDS TO THE DICKINSON CATTLE COMPANY NUMBER 4-33 SECTION 33
14S-38E LEA COUNTY NEW MEXICO
READING AND BATES PETROLEUM COMPANY HEREBY PROPOSES TO DRILL THE
REFERENCED WELL TO A DEPTH OF 9700 FEET, OR TO A DEPTH SUFFICIENT TO
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VERY TRULY YOURS

DIXIE DOBB MILLER, DIVISION LANDMAN
409 SOUTH BOSTON AVE
TULSA OK 74103

1338 EST

MGMCOMP MGM

July 6, 1982

CERTIFIED MAIL

SEE ATTACHED MAILING LIST

Re: Dickinson Cattle Co. #4-33
Section 33-14S-38E
Lea County, New Mexico

Gentlemen:

As per our telegram of today, please find enclosed a copy of our AFE for the above captioned test. Should you decide to participate, please execute and return the AFE to this office. If you desire to farmout your interest, please advise of same at your earliest possible convenience. Thank you.

Very truly yours,

Dixie Dobbs Miller
Division Landman

DDM/nel

Enclosure:

Quintana Partners, Ltd.
3744 Mount Diablo Road
Suite 210
Lafayette, CA 94549

Wilmoth Interests, Inc.
P.O. Box 203
Marion Center, PA 15759

John C. Oxley
1230 Amoco Building
Tulsa, OK 74103

Burt B. Holmes
P.O. Box 35287
Tulsa, OK 74135

Mac Chestnut
P.O. Box 35287
Tulsa, OK 74135

Kent Bogart
P.O. Box 35287
Tulsa, OK 74135

Vale & Company
Six East 43rd Street
New York, NY 10017

4-030705-000102 07/19/82 10L IP LAGE CSF TULA
1 9105130180 TULSA OK 07-19 0224P EST

READING AND BATES PETROLEUM COMPANY TO
1100 READ CONTINENT BLDG 400 S BOSTON AVE
TULSA OK 74103

RECEIVED
READING & BATES

JUL 20 1982

LAND DEPT. - MC

UNAVAILABLE COPY

THIS TELEGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9105030180 TULSA OK 180 07-19 0224P EST
FROM 91050301421
JOHN C. GILLEY COPY MESSAGE
1250 W. 1000 BLDG
TULSA OK 74103

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

~~RECEIVED~~ EXHIBIT NO. 6
CASE NO. 7641

REGARDING DICKINSON CATTLE COMPANY NUMBER 4-35
C 44-4 SE/4 SECTION 33-143-38E
LEE COUNTY, NEW MEXICO
GENTLEMEN:

IN ACCORDANCE WITH OUR LETTER AND TELEGRAM OF JULY 6 1982, READING AND
BATES PETROLEUM COMPANY HEREBY FORMALLY WITHDRAW OUR OFFER TO FARM IN
YOUR INTERESTS UNDER THE ABOVE CAPTIONED AREA, AND ALSO WISHES TO
ADVISE YOU THAT WE ARE PROCEEDING WITH OUR PROPOSAL TO DRILL THIS
TEST.

IN AS MUCH AS WE HOPED TO COMMENCE THIS TEST AS SOON AS POSSIBLE, WE
REQUEST THAT YOU CONTACT THIS OFFICE REGARDING YOUR INTENTIONS. WE
HAVE ENCLOSED OUR AFE AND OPERATING AGREEMENT FOR YOUR REVIEW AND
EXECUTION. SHOULD YOU WISH TO PARTICIPATE, WE WOULD APPRECIATE YOUR
IMMEDIATE ATTENTION IN REGARD TO THIS MATTER.
IF YOU HAVE ANY QUESTIONS OR COMMENTS, PLEASE LET US KNOW. VERY TRULY
YOURS

WILLIAM E. READER

1430 EST

MEMOCOMP MSG

RECEIVED
READING & BATES

JUL 20 1982

LAND DEPT.-MC

READING AND LATES PETROLEUM COMPANY IS
1100 MEAD CONTINENT BLDG 409 S TUSTON AVE
TULSA OK 74105

NOT AVAILABLE COPY

THIS AIRGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185888100 TULSA OK 180 07-18 0221P EST
 FOM 9185852940
 AVANTI ENERGY CORPORATION ATTN, JACK R. BRIDGES COPY MESSAGE
 111 W 5 ST SUITE 900
 TULSA OK 74103

REBOARDING DICKINSON CATTLE COMPANY NUMBER 4-33
C 44-4 SE/4 SECTION 33-14S-3BE
LEE COUNTY, NEW MEXICO
GENTLEMEN:

IN ACCORDANCE WITH OUR LETTER AND TELEGRAM OF JULY 6 1952, READING AND BATES PETROLEUM COMPANY HEREBY FORMERLY WITHDRAWN OUR OFFER TO FARM IN YOUR INTERESTS UNDER THE ABOVE CAPTIONED AREA, AND ALSO WISHES TO ADVISE YOU THAT WE ARE PROCEEDING WITH OUR PROPOSAL TO DRILL THIS TEST.

IN AS MUCH AS WE HOPE TO COMMENCE THIS TEST AS SOON AS POSSIBLE, WE REQUEST THAT YOU CONTACT THIS OFFICE REGARDING YOUR INTENTIONS. WE HAVE ENCLOSED OUR AFE AND OPERATING AGREEMENT FOR YOUR REVIEW AND EXECUTION. SHOULD YOU WISH TO PARTICIPATE, WE WOULD APPRECIATE YOUR IMMEDIATE ATTENTION IN REGARD TO THIS MATTER. IF YOU HAVE ANY QUESTIONS OR COMMENTS, PLEASE LET ME KNOW. VERY TRULY YOURS

MARK E. HADDOX

1427 EST

RECAP 2011

4-035075S200002 07/19/82 108 IPHNBZ CSP TULA
1 9125338180 MSG. TDM TULSA OK 07-19 0227P EST

RECEIVED
READING & BATES

JUL 20 1982

READING AND BATES PETROLEUM COMPANY IS
1100 HEAD CONTINENT BLDG 409 S BOSTON AVE
TULSA OK 74103

LAND DEPT.-MC

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9125338180 TDM TULSA OK 130 07-19 0227P EST
FOR 9125275150
BURT S HOLMES, REPORT DELIVER COPY MESSAGE
PO BOX 35287
TULSA OK 74135

REGARDING DICKINSON CATTLE COMPANY NUMBER 4-33
C NW-4 SE/4 SECTION 33-14S-38E
LEE COUNTY, NEW MEXICO
GENTLEMEN:

IN ACCORDANCE WITH OUR LETTER AND TELEGRAM OF JULY 6 1982, READING AND
BATES PETROLEUM COMPANY HEREBY FORMERLY WITHDRAW OUR OFFER TO FARM IN
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IMMEDIATE ATTENTION IN REGARD TO THIS MATTER.

IF YOU HAVE ANY QUESTIONS OR COMMENTS, PLEASE LET ME KNOW. VERY TRULY
YOURS

MARK E NEADOR

1433 EST

ABWCOMP MSG

TELETYPE
MAY 1982

RECEIVED
READING & BATES

4-0393410200002 07/19/82 ICC IPNMGZ CSP TULA
1 9185338180 TULSA OK 07-19 0229P EST

JUL 20 1982

LAND DEPT.-MC

READING AND BATES PETROLEUM COMPANY IS
1100 HEAD CONTINENT BLDG 409 S BOSTON AVE
TULSA OK 74103

BEST AVAILABLE COPY

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185338180 TULSA OK 130 07-19 0229P EST
FROM 9186275150
WENT DUGART (REPORT DELIVERY ON ALL TELEGRAMS W/D 7) COPY MESSAGE
PO BOX 35217
TULSA OK 74135

REGARDING DICKINSON CATTLE COMPANY NUMBER 4-33
C NW-4 SE/4 SECTION 33-14S-38E
LEE COUNTY, NEW MEXICO
GENTLEMEN:

IN ACCORDANCE WITH OUR LETTER AND TELEGRAM OF JULY 6 1982, READING AND
BATES PETROLEUM COMPANY HEREBY FORMERLY WITHDRAW OUR OFFER TO FARM IN
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IF YOU HAVE ANY QUESTIONS OR COMMENTS, PLEASE LET ME KNOW. VERY TRULY
YOURS

MARK E READOR

1436 EST

HGMCOMP WGM

TELETYPE SERVICE CENTER
MOBILE, ALA., TEL. 250-250-1000

MAILGRAM
REGISTERED MAIL

MAILGRAM

RECEIVED
READING & BATES

1-035242200000 07/19/82 100 1P12MGT COP TULC
1 0105030100 FOR TDRN TULSA OK 07-10 0223P EST

JUL 20 1982

LAND DEPT. - MC

READING AND BATES PETROLEUM COMPANY IS
1100 WEST CONTINENT BLDG 400 S BOSTON AVE
TULSA OK 74103

BEST AVAILABLE COPY

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

0105030100 100 TULSA OK 130 07-19 0223P EST
FOR 0105070150
AND CHRISTINE GREGORY DELIVER ON ALL WA COPIES TOTAL 7) COPY MESSAGE
PD 00X 010207
TULSA OK 74103

REGARDING DICKINSON CATTLE COMPANY NUMBER 4-33
C W-4 SE/4 SECTION 33-140-38E

LEE COUNTY, NEW MEXICO

CERTIFICATE:

IN ACCORDANCE WITH OUR LETTER AND TELEGRAM OF JULY 6 1982, READING AND
BATES PETROLEUM COMPANY HEREBY FORMERLY WITHDRAW OUR OFFER TO FARM IN
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IF YOU HAVE ANY QUESTIONS OR COMMENTS, PLEASE LET ME KNOW. VERY TRULY
YOURS

MARK E. HEDDER

1433 EST

NO. 00MP 000

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645

MAILGRAM

RECEIVED
READING & BATES

4-038705S200002 07/19/82 ICS IPMBNGZ CSP TULD
1 9185838180 MGM TDBN TULSA OK 07-19 0223P EST

JUL 20 1982

LAND DEPT.-MC

READING AND BATES PETROLEUM COMPANY TS
1100 MEAD CONTINENT BLDG 409 S BOSTON AVE
TULSA OK 74103

CONFIRMATION COPY

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185838180 TDBN TULSA OK 130 07-19 0223P EST
FON 4123975558
WILMOTH INTERESTS, INC COPY MESSAGE
PO BOX 203
MARION CENTER PA 15759

REGARDING DICKINSON CATTLE COMPANY NUMBER 4-33
C NW-4 SE/4 SECTION 33-14S-38E
LEE COUNTY, NEW MEXICO
GENTLEMEN:

IN ACCORDANCE WITH OUR LETTER AND TELEGRAM OF JULY 6 1982, READING AND BATES PETROLEUM COMPANY HEREBY FORMERLY WITHDRAW OUR OFFER TO FARM IN YOUR INTERESTS UNDER THE ABOVE CAPTIONED AREA, AND ALSO WISHES TO ADVISE YOU THAT WE ARE PROCEEDING WITH OUR PROPOSAL TO DRILL THIS TEST.

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MARK E NEADOR

1428 EST

MGMCOMP MGM

MAILGRAM SERVICE CO.
WIDDELOWAY, VA. 229



4-338511800002 07/19/82 105 12PM02 CSP TULC
1 9185838180 MON IDBN TULSA OK 07-19 0223P EST

JUL 20 1982

LAND DEPT.-MC

READING AND BATES PETROLEUM COMPANY IS
1100 HEAD CONTINENT BLDG 409 S BOSTON AVE
TULSA OK 74103

AVAILABLE COPY

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9185838180 IDBN TULSA OK 130 07-19 0223P EST
FOR 4152733605
QUINTANA PARTNERS, LIMITED COPY MESSAGE
3744 MOUNT DIABLO RD SUITE 210
LAFFAYETTE CA 94549

REGARDING DICKINSON CATTLE COMPANY NUMBER 4-33
C 12-4 SE/4 SECTION 33-148-35E
LEE COUNTY, NEW MEXICO
GENTLEMEN:

IN ACCORDANCE WITH OUR LETTER AND TELEGRAM OF JULY 6 1982, READING AND
BATES PETROLEUM COMPANY HEREBY FORMERLY WITHDRAW OUR OFFER TO FARM IN
YOUR INTERESTS UNDER THE ABOVE CAPTIONED AREA, AND ALSO WISHES TO
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IMMEDIATE ATTENTION IN REGARD TO THIS MATTER.
IF YOU HAVE ANY QUESTIONS OR COMMENTS, PLEASE LET ME KNOW. VERY TRULY
YOURS

MARY E LEADER

1421 EST

130000.P MON

MAILGRAM SERVICE CENTER
MIDDELTOWN, VA. 22642

MAILGRAM

4-0395395200002 07/19/82 1CS IPNENGZ CDP TULA
1 9155338180 NGN TULSA OK 07-19 0230P EST

RECEIVED
READING & BATES

JUL 20 1982

READING AND BATES PETROLEUM COMPANY IS
1100 MEAD CONTINENT BLDG 409 S BOSTON AVE
TULSA OK 74103

LAND DEPT.-MC

MAIL COPY

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

9155338180 TULSA OK 130 07-19 0230P EST
FOR 2125991707
VALE AND COMPANY (REPORT DLR ON 7 LAND COPIES) COPY MESSAGE
S E 43 ST
NEW YORK NY 10017

REGARDING DICKINSON CATTLE COMPANY NUMBER 4-33
C NE-4 SE/4 SECTION 33-14S-3EE
LEE COUNTY, NEW MEXICO

GENTLEMEN:

IN ACCORDANCE WITH OUR LETTER AND TELEGRAM OF JULY 6 1982, READING AND
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IF YOU HAVE ANY QUESTIONS OR COMMENTS, PLEASE LET ME KNOW. VERY TRULY
YOURS

MARK E WEAVER

1439 EST

MEMOCLP NGN

READING & BATES PETROLEUM CO.

1100 Mid-Continent Building
409 S. Boston Avenue
Tulsa, Oklahoma 74103
918 583-8180

July 21, 1982

CERTIFIED

(See Enclosed Mailing List)

UNRECORDED COPY

PE: Dickinson Cattle Company #4-33
C NW/4 SE/4, Section 33-14S-38E
Lea County, New Mexico

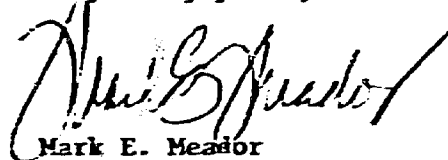
Gentlemen:

In accordance with our previous letter and telegram of July 6, 1982, Reading & Bates formally withdraws our offer to farm-in your interest under the above proposed location and farmout our interest to you under the Avantl proposed location.

In an effort to expedite further development in the East Denton Prospect, we feel it to be the benefit of the joint working interest owners in the Prospect to enter into an Operating Agreement covering the remaining undeveloped acreage. We have enclosed our Operating Agreement for your review. Please note that the penalty provisions have been reduced from our previous Operating Agreement penalties of 100% and 500% to 100% and 300%, which falls in line with our interpretation of the non-consent penalties under New Mexico Corporation Commission Force Pooling Provisions. Please review and execute the enclosed Operating Agreement and return to the undersigned at your earliest convenience.

If you have any questions or comments in regard to this matter, please let me know.

Very truly yours,



Mark E. Meador
Landman

MEM/ts
Enclosures

cc: E. E. Gray
D. D. Miller

MAILING LIST

AVANTI ENERGY CORPORATION
111 West Fifth Street
Suite 900
Tulsa, Oklahoma 74103

Attention: Jack R. Crissup

QUINTANA PARTNERS, LTD.
3744 Mount Diablo Road
Suite 210
Lafayette, CA 94549

JOHN C. OXLEY
1230 Amoco Building
Tulsa, Oklahoma 74103

BURT B. HOLMES
P. O. Box 35287
Tulsa, Oklahoma 74135

MAC CHESTNUT
P. O. Box 35287
Tulsa, Oklahoma 74135

KENT BOGART
P. O. Box 35287
Tulsa, Oklahoma 74135

VALE & COMPANY
Six East 43rd Street
New York, NY 10017

READING & BATES PETROLEUM CO.

1100 Mid-Continent Building
409 S. Boston Avenue
Tulsa, Oklahoma 74103
918 583-8180

July 21, 1982

CERTIFIED

Wilmoth Interests, Inc.
P. O. Box 203
Marion Center, PA 15759

Attention: Mr. Harry Wilmoth

RE: Dickinson Cattle Company #4-33
C NW/4 SE/4, Section 33-14S-38E
Lea County, New Mexico

Dear Mr. Wilmoth:

In accordance with our phone conversation of this date, please be advised that Reading & Bates has received your executed AFE on the Dickinson Cattle Company #4-33 and is proceeding with our proposal to drill this test. We also wish to advise you of our withdrawal of our farmout proposal under the location proposed by Avanti Energy.

In an effort to expedite further development in the East Denton Prospect, we feel it to be the benefit of the joint working interest owners in the Prospect to enter into an Operating Agreement covering the remaining undeveloped acreage. Please note that the penalty provisions have been reduced from our previous Operating Agreement penalties of 100% and 500% to 100% and 300%, which falls in line with our interpretation of the non-consent penalties under New Mexico Corporation Commission Force Pooling Provisions. Please review and execute the enclosed Operating Agreement and return to the undersigned at your earliest convenience.

If you have any questions or comments in regard to this matter, please let me know.

Very truly yours,



Mark E. Meador
Landman

MEM/ts
Enclosure

bcc: E. E. Gray
D. E. Hiller

Dickinson #4-33 Op/Ag

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space below.

1. The following service is requested (check one):
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Vale & Company
 Six East 43rd Street
 New York, NY 10017

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 740462

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
 70mm Rule

4. DATE OF DELIVERY
 30 1982

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO: 1975-308-489

Dickinson #4-33 Op/Ag

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space below.

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☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
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☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Quintana Partners, Ltd.
 3744 Mount Diablo Road
 Suite 210
 Lafayette, CA 94549

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 740467

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
 Dan

4. DATE OF DELIVERY
 7/30/82

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

☆GPO: 1975-308-489

Dickinson #4-33 Op/Ag

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space below.

1. The following service is requested (check one):
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☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Kent Bogart
 P.O. Box 35287
 Tulsa, OK 74135

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 740461

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
 Mary Street

4. DATE OF DELIVERY
 30 1982

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO: 1975-308-489

UNRECEIVED COPY

Dickinson #4-33 Op/Ag

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space below.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Mac Chestnut
 P.O. Box 35287
 Tulsa, OK 74135

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 740463

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE: ☐ Addressee ☐ Authorized agent
 Mary Strait

DATE OF DELIVERY: JUL 30 1982

4. ADDRESS (Complete only if requested)

5. UNABLE TO DELIVER REASON:

CLERK'S INITIALS:

☆DPD: 1070-200-458

Dickinson #4-33 Op/Ag

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space below.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Avanti Energy
 111 W. 5th St., Suite 900
 Tulsa, OK 74103
 Attn: Jack Crissup

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 740466

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE: ☐ Addressee ☐ Authorized agent
 Frances R. Lile

DATE OF DELIVERY: JUL 29 1982

4. ADDRESS (Complete only if requested)

5. UNABLE TO DELIVER REASON:

CLERK'S INITIALS:

☆DPD: 1070-300-458

dickinson #4-33 Op/Ag

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space below.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Wilmoth Interests, Inc.
 P.O. Box 203
 Marion Center, PA 15759

3. ARTICLE DESCRIPTION: Attn: Harry Wilmoth
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 740465

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE: ☐ Addressee ☐ Authorized agent
 Harry C. Wilmoth

DATE OF DELIVERY: 7/31/82

4. ADDRESS (Complete only if requested)

5. UNABLE TO DELIVER REASON:

CLERK'S INITIALS:

☆DPD: 1070-200-458

Dickinson #4-33 Op/Ag

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space below.

1. The following service is requested (check one):
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☒ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Burt B. Holmes
 P.O. Box 35287
 Tulsa, OK 74135

3. ARTICLE DESCRIPTION:
 REG. SERED NO. CERTIFIED NO. INSURED NO.
 17110464

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE: [Addressed] [Authenticated agent]
 Mary Street

DATE OF DELIVERY: JUL 30 1982

5. ADDRESS (Complete only if necessary)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

Dickinson #4-33 Op/Ag

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space below.

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☒ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 John C. Oxley
 1230 Amoco Building
 Tulsa, OK 74103

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 740466

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE: [Addressed] [Authenticated agent]
 [Signature]

DATE OF DELIVERY: JUL 29 1982

5. ADDRESS (Complete only if necessary)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

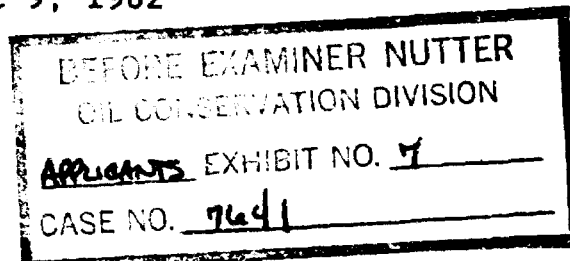
CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY
THOMAS F. BLUEHER

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-8043

August 9, 1982

Avanti Energy Corporation
Suite 900
111 West 5th Street
Tulsa, Oklahoma 74103



Re: New Mexico Oil Conservation Division Case 7641

Gentlemen:

Enclosed is a copy of the docket for the August 18, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT R

1. The following service is requested (check one.) <input checked="" type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. <input type="checkbox"/> Show to whom, date, and address of delivery.		(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: Avanti Energy Corporation Suite 900-111 West 5th Street Tulsa, Oklahoma 74103			
3. ARTICLE DESCRIPTION: REGISTERED NO. <u>P331 613 035</u> CERTIFIED NO. <u>INSURED NO.</u>		4. SIGNATURE: <i>William F. Carr</i> DATE OF DELIVERY: <u>8/12/82</u> POSTMARK: <u>1982</u>	
5. ADDRESSEE'S SIGNATURE: <i>William F. Carr</i> DATE OF DELIVERY: <u>8/12/82</u> POSTMARK: <u>1982</u>		6. UNABLE TO DELIVER BECAUSE: <u>CLERK'S INITIALS</u>	

PS Form 3811, Jan. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

XPFO 11878-300-459

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL E. CAMPBELL
WILLIAM F. CARR
BRADFORD C. SERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY
THOMAS F. BLUEHER

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 9, 1982

Quintana Partners, Ltd.
3744 Mount Diablo Rd.
Suite 210
Lafayette, California 94549

Re: New Mexico Oil Conservation Division Case 7641

Gentlemen:

Enclosed is a copy of the docket for the August 18, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr
William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT R.

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date, and address of delivery..... <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom, date, and address of delivery.....	
(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: Quintana Partners, Ltd. 3744 Mount Diablo Rd., Suite 210 Lafayette, California 94549	
3. ARTICLE DESCRIPTION: REGISTERED NO. P331 613 036 INSURED NO.	(Always obtain signature of addressee or agent) SIGNATURE <i>[Signature]</i> AUTHORIZED AGENT
4. ADDRESS (Complete only if registered) <i>[Address]</i>	
5. ADDRESS (Complete only if registered) <i>[Address]</i>	
6. UNABLE TO DELIVER BECAUSE: <i>[Reason]</i>	

Form 3811, Jan. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

AUG 11 1982

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
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JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 9, 1982

Wilmoth Interest, Inc.
Post Office Box 203
Marion Center, Pennsylvania 15759

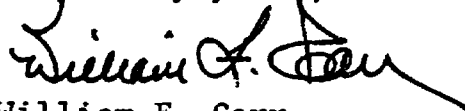
Re: New Mexico Oil Conservation Division Case 7641

Gentlemen:

Enclosed is a copy of the docket for the August 18, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,



William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT R

BEST AVAILABLE COPY

1. SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.		2. ARTICLE ADDRESSED TO: Wilmoth Interest, Inc. P.O. Box 203 Marion Center, Pennsylvania 15759	
3. ARTICLE DESCRIPTION: REGISTERED NO. PB31 613 037 INSURED NO.		4. DATE OF DELIVERY: 8/11/82	
5. ADDRESS (Complete only if requested)		6. UNABLE TO DELIVER REASON:	
7. POSTMARK		8. CLERK'S INITIALS 52	

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL S. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTNEY
THOMAS F. BLUEHER

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 9, 1982

Mr. John C. Oxley
1230 Amoco Building
Tulsa, Oklahoma 74103


Re: New Mexico Oil Conservation Division Case 7641

Dear Mr. Oxley:

Enclosed is a copy of the docket for the August 18, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,



William F. Carr

WFC:jh
w/enc.

BEST AVAILABLE COPY

CERTIFIED MAIL
RETURN RECEIPT RE

● SLIP: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date and address of delivery..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom, date, and address of delivery.....	
(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: John C. Oxley 1230 Amoco Building Tulsa, Oklahoma 74103	
3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO.	P331 613 038
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE (Authenticated) DATE OF DELIVERY POSTMARK	
8-11-82	
5. ADDRESS (template only if requested)	
6. UNABLE TO DELIVER BECAUSE:	
CLERK'S INITIALS	

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. SERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY
THOMAS F. BLUEHER

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 982-4421
TELECOPIER: (505) 983-6043

August 9, 1982

Mr. Burt B. Holmes
Post Office Box 35287
Tulsa, Oklahoma 74135

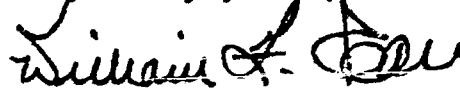
Re: New Mexico Oil Conservation Division Case 7641

Dear Mr. Holmes:

Enclosed is a copy of the docket for the August 18, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.



Very truly yours,



William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. <input type="checkbox"/> Show to whom, date, and address of delivery.	
(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: Burt B. Holmes P.O. Box 35287 Tulsa, Oklahoma 74135	
3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO.	P331 613 039
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE:  AUTHORIZED AGENT	
4. DATE OF DELIVERY: 	
5. ADDRESS (Complete only if requested)	
6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS	

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL S. CAMPBELL
WILLIAM F. CARR
BRADFORD C. SERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY
THOMAS F. BLUEHER

JEFFERSON PLACE
SUITE 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 986-4421
TELECOPIER: (505) 983-8043

August 9, 1982

Mr. Mac Chestnut
Post Office Box 35287
Tulsa, Oklahoma 74135

Re: New Mexico Oil Conservation Division Case 7641

Dear Mr. Chestnut:

Enclosed is a copy of the docket for the August 18, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr
William F. Carr

WEC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following services are requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. <input type="checkbox"/> Show to whom, date, and address of delivery.	
(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: Mac Chestnut P.O. Box 35287 Tulsa, Oklahoma 74135	
REGISTERED NO.	CERTIFIED NO.
131 613 040	INSURED NO.
(Always obtain signature of addressee or agent)	
I have received this article as described above. SIGNATURE: <i>Mac Chestnut</i> DATE OF DELIVERY: <i>Aug 12 1982</i>	
3. ADDRESS (Complete only if registered)	
4. UNABLE TO DELIVER BECAUSE:	
CLERK'S INITIALS	

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. SERGE
WILLIAM G. WARDLE
KEMP W. GORTNEY
THOMAS F. BLUEHER

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 9, 1982

Mr. Kent Bogart
Post Office Box 35287
Tulsa, Oklahoma 74135

Re: New Mexico Oil Conservation Division Case 7641

Dear Mr. Bogart:

Enclosed is a copy of the docket for the August 18, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr
William F. Carr

WFC:jh
w/enc.

POSTMASTER: NO COPY

CERTIFIED MAIL
RETURN RECEIPT R

1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. <input type="checkbox"/> Show to whom, date, and address of delivery.		2. ARTICLE ADDRESS TO: Kent Bogart P.O. Box 35287 Tulsa, Oklahoma 74135	
3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INCURED NO. P 331 613 041		4. DATE OF DELIVERY AUG 12 1982	
5. ADDRESS (Complete only) UNABLE TO DELIVER ELICIT INITIALS		6. SIGNATURE (Always obtain signature of addressee or agent) I have received the article described above. SIGNATURE <i>Kent Bogart</i> AUTHORIZED AGENT	
7. POSTMARK SANTA FE, NM		8. RETURN RECEIPT AUG 12 1982	

Form 3511, Jan. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTNEY
THOMAS F. BLUEMER

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 9, 1982

Vale & Company
6 East 43rd Street
New York, New York 10017

Re: New Mexico Oil Conservation Division Case 7641

Gentlemen:

Enclosed is a copy of the docket for the August 18, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

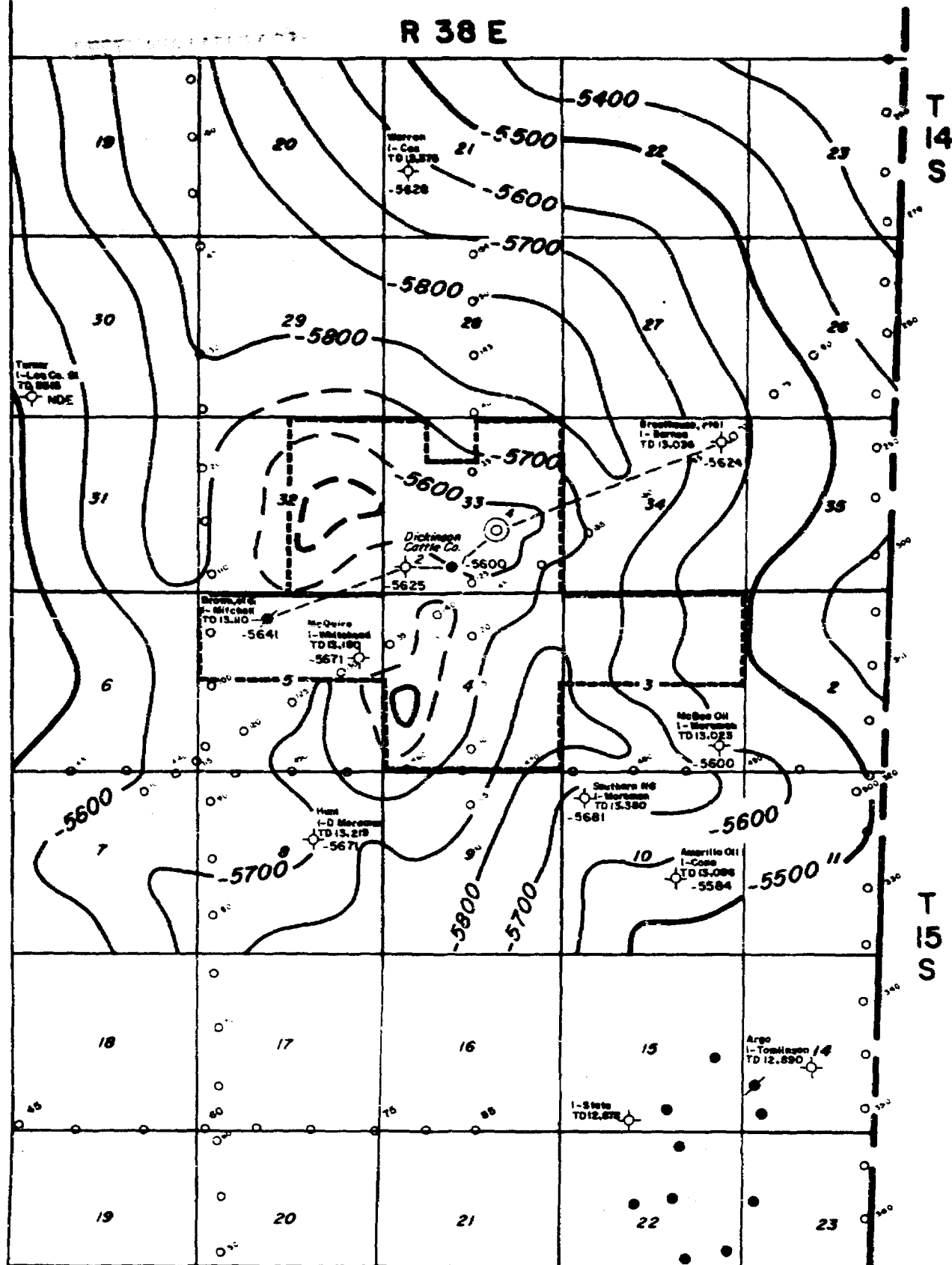
Very truly yours,

William F. Carr
William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT RE

1. The following service is requested (check one.) <input checked="" type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date and address of delivery..... <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom, date, and address of delivery.....		(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: Vale & Company 6 East 43rd Street New York, NY 10017		3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO. P331 613 042	
4. SIGNATURE (Always obtain signature of addressee or agent) I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Designated agent <i>David J. Carr</i>		5. ADDRESS (Complete only if return to sender) NEW YORK, NY 10017	
6. DATE OF DELIVERY AUG 11 1982		7. POSTMARK NEW YORK, NY	
8. ADDRESS COMPLETELY ONLY IF RETURN TO SENDER		9. UNABLE TO DELIVER BECAUSE OF: CLERK'S INITIALS	



R & B ACREAGE

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

APPLICANTS EXHIBIT NO. 8

CASE NO. 7641

RB

READING & BATES PETROLEUM CO.

EAST DENTON PROSPECT
 LEA COUNTY, NEW MEXICO

STRUCTURE : WOLFCAMP

C.I. : 100'

Geologist: G. Rowell

Scale: 1" = 4000'

Rev. 8-15-82
 -KGL

Dockets Nos. 27-82 and 28-82 are tentatively set for September 1 and September 15, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 18, 1982

9 A.M. - OIL CONSERVATION DIVISION - MORGAN HALL,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for September, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for September, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7635: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7637: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R.A.F. Enterprises, Fireman's Fund Insurance Company and all other interested parties to appear and show cause why the Shaw Well No. 1, located in Unit M, Section 18, Township 4 North, Range 8 East, Torrance County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7638: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cibola Energy Corporation, Mid-Continent Casualty Company, and all other interested parties to appear and show cause why the Simms Ranch Well No. 1, located in Unit N, Section 9, the Clyde Berlier Well No. 1, located in Unit K and the Clyde Berlier Well No. 2, located in Unit F, both in Section 21, the Mora Ranch Well No. 3 located in Unit M and the Mora Ranch Well No. 4, located in Unit M, both in Section 5, all in Township 21 North, Range 21 East, Mora County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7639: Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo, Drinkard and Blinberry Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East.

CASE 7640: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7641: Application of Reading & Bates Petroleum Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through the Devonian formation underlying the NW/4 SE/4 of Section 33, Township 14 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7642: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalmat Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a previously approved unorthodox location. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 7643: Application of Texaco, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the W/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7650: Application of Texaco Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the E/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7644: Application of Rault Petroleum Corporation & McKay Petroleum Corporation for compulsory pooling, De Baca County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4 of Section 33, Township 3 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7645: Application of Stevens Operating Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to the base of the Abo formation underlying the NE/4 of Section 29, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7652: Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco formation underlying all of partial Sections 34 and 35, Township 20 1/2 South, Range 23 East, underlying a previously approved 688-acre non-standard proration unit, to be dedicated to a well at a previously approved unorthodox location which is to be re-entered. Also to be considered will be the cost of re-entering said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in re-entering said well.
- CASE 7646: Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well to be drilled 1855 feet from the North line and 660 feet from the East line of Section 25, Township 16 South, Range 33 East, the W/2 of said Section 25 to be dedicated to the well.
- CASE 7651: Application of Mortex Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.
- CASE 7647: Application of Guest Energy Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced spit water into the San Andres formation in the open hole interval from 4150 feet to 5600 feet in its State A Well No. 2, located in Unit L of Section 26, Township 14 South, Range 33 East.
- CASE 7653: Application of Rio Pecos Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chaverlea-North Federal Unit Area, comprising 1,920 acres, more or less, of Federal and Fee lands in Township 8 South, Range 31 East.
- CASE 7648: Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation, underlying the W/2 of Section 35, Township 18 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7654: Application of Rault Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for an undesignated Pennsylvanian gas well to be drilled 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 27 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 7306: (Reopened)

In the matter of Case 7306 being reopened pursuant to the provisions of Order No. R-6769 which promulgated temporary pool rules for Madera-Lower Penn Gas Pool in Lea County, including provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 7655: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 20, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASES 7528 and 7529: (Continued from July 7, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following two cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit N of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7594: (Continued from July 21, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in that portion of the Bone Spring formation described as the Carbonate unit between the first and second Bone Spring Sands underlying the Young Deep Unit, encompassing 560 acres, more or less, of Federal lands underlying portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East.

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
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July 20, 1982



Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy
& Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 7641

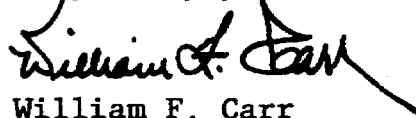
Re: Application of Reading & Bates Petroleum Co. for
Compulsory Pooling, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Reading & Bates Petroleum Co. for compulsory pooling in the above-referenced matter.

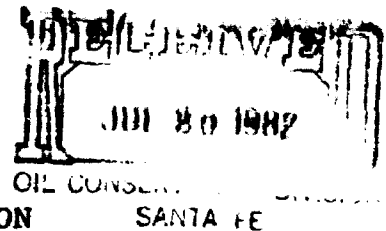
The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on August 18, 1982.

Very truly yours,


William F. Carr

WFC:jh
w/enc.
cc: Dixie Miller

BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF READING & BATES PETROLEUM CO.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE 2641

APPLICATION

Comes now, READING & BATES PETROLEUM CO., by and through its undersigned attorneys and, as provided by Section 70-2-17, New Mexico Statutes Annotated, 1978 Compilation, hereby makes application for an order pooling all of the mineral interests in all formations from the surface down through and including the Devonian formation in and under the NW/4 SE/4 of Section 33, Township 14 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns 75% of the working interest in and under the NW/4 SE/4 of Section 33, and application has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at an orthodox location in the NW/4 SE/4 of said Section 33.
3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the NW/4 SE/4 of Section 33 except the following attached list of names and addresses.
4. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit the applicant to obtain its


just and fair share of the oil and gas underlying the subject lands, the mineral interest should be pooled, and applicant should be designated the operator of the well to be drilled.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law the Division enter its order pooling the lands, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, and its costs of supervision while drilling, and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant
(505) 988-4421

Avani Energy Corporation Suite 900 111 West 5th Street Tulsa, Oklahoma 74103	11.57 % WI
Quintana Partners, Ltd. 3744 Mount Diablo Rd. Suite 210 Lafayette, California 94549	1.61% WI
Wilmoth Interest, Inc. Post Office Box 203 Marion Center, Pennsylvania 15759	2.34% WI
John C. Oxley 1230 Amoco Building Tulsa, Oklahoma 74103	4.82% WI
Burt B. Holmes Post Office Box 35287 Tulsa, Oklahoma 74135	1.20% WI
Mac Chestnut Post Office Box 35287 Tulsa, Oklahoma 74135	.60% WI
Kent Bogart Post Office Box 35287 Tulsa, Oklahoma 74135	.60% WI
Vale & Company 6 East 43rd Street New York, New York 10017	2.25% WI

ORDER 5

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

[Handwritten signature]

CASE NO. 7641

Order No. R-7119

[Handwritten initials]
APPLICATION OF READING & BATES
PETROLEUM CO. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

[Handwritten signature]

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18,
1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this October day of ~~August~~, 1982, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Reading & Bates Petroleum Co., *originally requested* ~~said~~ an order pooling all mineral interests in all formations from the surface down through the Devonian formation underlying the NW/4 SE/4 of Section 33, Township 14 South, Range 38 East, NMPM, Lea County, New Mexico, *but at the hearing the application was modified to provide for drilling through the Wolfcamp formation only.*

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the *oil and* gas *underlying the proposed spacing and proration unit* ~~in said pool~~, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$ 2701.00 per month while drilling and \$ 494.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

DEVONIAN

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before January 1, 1983, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in all formations from the surface down through the ^{Wolfcamp} Devonian formation underlying the NW/4 SE/4 of Section 33, Township 14 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre ^{oil} spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of January, 1983, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the ^{Wolfcamp} Devonian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of January, 1983, Order (1) of this order shall be null and void and of no effect whatsoever, unless said

operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Reading & Bates Petroleum Co. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days

operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Reading & Bates Petroleum Co. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days

following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$ 2701.00 per month while drilling and \$ 494.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to

withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L