CASE 6819: V-F PETROLEUM, INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

ALCONTRACTOR

Case NO. 6819

Application Transcripts Small Exhibits



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR LARRY KEHDE SECRETARY

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POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

May 29, 1980

Mr. W. Thomas Kellahin Box 1769 Santa Fe, New Mexico

Dear Mr, Kellahin:

As requested in your letter of May 26, 1980, the effective date for commencing the first well authorized by Order No. R-6292 is extended from July 15, 1980 to August 15, 1980.

The request for extension was necessitated by a shortage of available drilling rigs.

Yours very truly,

JOE D. RAMEY Director

JDR/fd

KELLAHIN and KELLAHIN Allorneys at Law 00 Den Gaspar Avenue Jason Kellahin flice Box 1769 W. Thomas Kellahin He, New Mexico 87501 Karen Aubrey VATION TR May 26, 1980 SIC.N SANTA FE

Telephone 982-4285 Aren Code 505

Mr. Joe Ramey 0il Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

re: V-F Petroleum, Inc. Oil Conservation Division Case #6819 File ---> (Order No. R-6292) + response

Dear Mr. Ramey:

Our firm represented V-F Petroleum, Inc. in the referenced compulsory pooling case. The Division's Order No. R-6292 entered March 25, 1980 provides that the Operator shall commence the first well on or before July 15, 1980.

V-F Petroleum's contract with Verna Drilling Company of Odessa, Texas for the drilling of a 7400-foot Devonian test in the SE/4 of Section 21 T23S, R37E provides that the drilling contractor shall make its best efforts to commence the well on or before August 1, 1980, or sooner if the subject rig should become available.

The industry is experiencing delays concerning rig availability. We hope this rig will be available before July 15, 1980, but feel it necessary at this time to request an extension of the referenced order until August 15, 1980 in anticipation of possible delays.

Accordingly, we would appreciate your consideration of an extension of the commencement date of the first well from July 15, 1980 to August 15, 1980.

Verv trul Thomas Keplanin

cc: Mr. Thomas R. Barr

WTK:msf



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR LARRY KEHOE BEOPETARY POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

April 1, 1980

Mr. Thomas Kellahin Kellahin & Kellahin Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico Re: CASE NO. 6819 ORDER NO. R-6292

Applicant:

V-F Petroleum, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Pours very truly, JOE D. RAMEY Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	x
Artesia OCD	x
Aztec OCD	

Other

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. 6819 Order No. R-6292

APPLICATION OF V-F PETROLEUM, INC. 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 March 12, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>25th</u> day of March, 1980, 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, V-F Petroleum, Inc., seeks an order pooling all mineral interests in the McKee or Devonian formations, or both, underlying four 40-acre units, being the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 23 South, Range 37 East, NMPM, North Teague Field, Lea County, New Mexico, each to be dedicated to a well to be drilled at a standard location thereon.

(3) That the applicant has the right to drill and proposes to drill a well on each of the aforesaid four 40-acre proration units.

(4) That there are interest owners in the proposed proration units 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 units the opportunity to recover or receive -2-Case No. 6919 Order NO. R-6292

without unnecessary expense his just and fair share of the oil and gas in the subject formations, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(6) That the applicant should be designated the operator of the subject wells and units.

(7) That any non-consenting working interest owner in each of the four subject proration units should be afforded the opportunity to pay his share of estimated well c sts for that unit to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner in each of said units 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 unit 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 that 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 \$2000.00 per month while drilling and \$200.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates) for each of the subject wells; that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest in the well, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating each of the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from each of the subject wells 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. -3-Case No. 6819 Order No. R-6292

(13) That the operator of the above described pooled units should commence the drilling of the first unit's well on or before July 15, 1980, and should continue the drilling of said well with due diligence to a depth sufficient to test the McKee formation or the Devonian formation; that, within 120 days following completion of the first well; the operator should commence the drilling of the three remaining unit wells, one at a time, allowing no more than 120 days to elapse between the completion of one well and the commencement of the next; and that the drilling of each of said wells should be continued with due diligence to a depth sufficient to test the McKee or Devonian formation.

(14) That upon the failure of the operator to commence the drilling of the first unit well authorized hereunder on or before July 15, 1980, this order should become null and void and of no effect whatsoever; that upon the failure of the operator to continue the drilling of the three remaining unit wells in accordance with the time schedule described in Finding No. (13) above, this order should become null and void and of no effect whatsoever except as to such well(s) and unit(s) already drilled and developed in compliance herewith.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the McKee or Devorian formations, or both, underlying four 40-acre units, being the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 23 South, Range 37 East, NMPM, North Teague Field, Lea County, New Mexico, are hereby pooled to form four standard 40-acre gas spacing and proration units, each to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, the operator of the above-described pooled units shall commence the drilling of the first unit's well on or before July 15, 1980, and shall continue the drilling of said well with due diligence to a depth sufficient to test the McKee formation or the Devonian formation; that, within 120 days following completion of the first well, the operator shall commence the drilling of the three remaining unit wells, one at a time, allowing no more than 120 days to elapse between the completion of one well and the commencement of the next; and that the drilling of each of said wells shall be continued with due diligence to a depth sufficient to test the McKee or Devonian formation; and -4-Case No. 6819 Order No. R-6292

PROVIDED FURTHER, that upon the failure of the operator to commence the drilling of the first unit well authorized hereunder on or before July 15, 1980, this order shall become null and void and of no effect whatsoever; that upon the failure of the operator to continue the drilling of the three remaining unit wells in accordance with the time schedule described in the above paragraph, this order shall become null and void and of no effect whatsoever except as to such well(s) and unit(s) already drilled and developed in compliance herewith.

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

(2) That V-F Petroleum, Inc. is nereby designated the operator of the four subject wells and units.

(3) That after the effective date of this order and within 90 days prior to commencing each of said wells, 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 in that well 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 for each well 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 that has paid his share of estimated costs in advance as provided -5-Case No. 6819 Order No. R-6292

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 the production of each of the subject wells:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner in the well 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 in the well 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 \$2000.00 per month while drilling and \$200.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates) for each of the subject wells; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest in the well, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the 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 (7/3) working interest and a one-eighth (1/3)royalty interest for the purpose of allocating costs and charges under the terms of this order. -6-Case No. 6819 Order No. R-6292

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

(12) That all proceeds from production from any of the subject wells 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

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1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. 3 SANTA FE, NEW MEXICO 12 March 1980 EXAMINER HEARING 5 6 -) IN THE MATTER OF: 7 Application of V-F Petroleu, Inc., for) CASE 8 compulsory pooling, Lea County, New 6819) Mexico.) ŷ) 10 BEFORE: Daniel S. Nutter 11 12 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 16 For the Oil Conservation Ernest L. Padilla, Esq. 17 Division: Legal Counsel to the Division State Land Office Bldg. 18 Santa Fe, New Mexico 87501 19 For the Applicant: W. Thomas Kellahin, Esq. 20 KELLAHIN & KELLAHIN 500 Don Gaspar 21 Santa Fe, New Mexico 87501 22 23 24 25

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 435-7409

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INDEX THOMAS R. BARR Direct Examination by Mr. Kellahin Cross Examination by Mr. Nutter EXHIBITS Applicant Exhibit One, Plat Applicant Exhibit Two, Affidavit Applicant Exhibit Three, Tabulation Applicant Exhibit Four, Letters Applicant Exhibit Five, Type Ownership Applicant Exhibit Six, AFE 19 Applicant Exhibit Seven, Structure map Applicant Exhibit Eight, Structure Map

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (305) 455-7409

	Page 3
1	MR. NUTTER: We'll call next Case Number
2	6819.
3	MR. PADILLA: Application of V-F Petro-
4	leum, Inc., for compulsory pooling, Lea County, New Mexico.
5	MR. KELLAHIN: Tom Kellahin of Santa Fe,
6	New Mexico, appearing on behalf of V-F Petroleum, Inc., and
7	I have one witness to be sworn.
8	
9	(Witness sworn.)
10	
11	THOMAS R. BARR
12	being called as a witness and having been duly sworn upon
13	his oath, testified as follows, to-wit:
14	
15	DIRECT EXAMINATION
16	BY MR. KELLAHIN:
17	Q. Would you please state your name and occu-
18	pation?
19	A. Thomas R. Barr, Land and Administrative
20	Manager of V-F Petroleum.
21	Q. Mr. Barr, have you previously testified
22	before the Oil Conservation Division?
23	A. Yes.
24	Q. And in what capacity?
25	A. As landman for Atlantic Richfield Company.
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and the state of t	Page4
1	Q. What are your general duties for V-F
2	Petroleum, Inc.?
3	A. I'm responsible for all land activities
4	and the financial activities of the company.
5	\mathfrak{g} In accordance with your duties as a land
6	man and as a financial advisor to the company, have you made
7	a study of the particular area involved in this application?
8	A. Yes, I have.
9	And what is V-F Petroleum, Inc. seeking
10	to accomplish?
11	A. V-F Petroleum, Inc., desires to drill a
12	9600-foot Devonian and McKee test in the southeast quarter
13	of Section 21, Township 23 South, Range 37 East, for the
14	purpose of drilling four 40-acre units, and we desire com-
15	pulsory pooling for those non-committed owners.
16	MR. KELLAHIN: We tender MR. Barr as an
17	expert landman.
18	MR. NUTTER: Mr. Barr is qualified. I
19	would say Mr. Barr is real well qualified if he can figure
20	out what the interest of these people is. They've got
21	62/2,000,000ths of a part in the well here.
22	A. And there's 52 others, too, so these are
23	just
24	Q. If you'll turn to what we've marked as
25	Applicant Exhibit Number One, and first of all, if you'll

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Pace ĩ identify for us the ownership involved generally in the south-2 east guarter of Section 21, how are those -- I assume that 3 there are two leases involved in that quarter section? There are a multitude of leases involved Α. 5 in the quarter section, as many as 60 leases in that area. 6 It should be recognized that this plat 7 indicates the ownership from the surface down to the base of 8 the Drinkard formation. We have acquired the rights from 9 below the base of the Drinkard on down, and this map indi-10 cates the ownership in the Drinkard formation to the surface, 11 and it indicates ownership surrounding the subject southeast 12 quarter. 13 It's your desire to test both the McKee Q. 14 and the Devonian formations? 15 A. Yes. 16 And it will be necessary for the compul-Q. 17 sory pooling order to cover those two formations. 18 Yes. A. 19 Shallower horizons are already subject Q. 20 to dedication to existing producing wells? 21 A. Yes. 22 In determining the ownership within, Ú. 23 first of all, the north half and the south half of the 160 24 acres, you have made a tabulation of the leases in the north 25 half of that quarter section?

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Yes. A. 2 And you subsequently made a tabulation of Q. 3 the south half of that quarter section? A. Yes. 5 Okay. A proration unit for a Devonian-0. 6 McKee test would consist of 40 acres, would it not? 7 Yes. A. 8 Is it the applicant's desire to force Q. 9 pool the entire southeast quarter of the section to be dedi-10 cated to the drilling of not more than four wells. In any 11 particular order? 12 Α. Yes. 13 All right. Would you describe for the Q. 14 Examiner what your proposed first location would be and what 15 acreage to be dedicated to that well? îô The proposed first location is the south-A. 17 east southeast southeast, which is, of course, in the south-18 east corner 330 feet from each line. 19 The second location probably would be in 20 the north half of the southeast quarter. 21 Do you have a recommendation to the a 22 Examiner as to what period of time it will take you to com-Ž3 mence drilling a well once the Division enters a compulsory 24 pooling order? 25 We would request 120 days, which is Α.

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due to rig availability in the area. We have recently exa
mined it last week and we feel 120 days would be appropriate,
and we would request 120 days between wells. This is also
due to rig availability, as well as commitments we have made
to the owners in the various leases.

Q. If you'll turn your attention to what we've marked as Exhibit Number Two, I'll ask you to identify the documents contained in that exhibit.

A. Exhibit Number Two is an affidavit prepared by yourself, indicating the ownership of those parties who have not committed to us as of the previous requested hearing date of February 21st, and it is also an affidavit that you made efforts to contact them by registered mail.

Q. Let me turn to the tabulation of nonconsenting ownership attached to that affidavit and have you explain briefly how that tabulation is compiled.

A. It is compiled by virtue of, frankly, our best efforts on our part through the title examination we have conducted. There has been production. There are four Blinebry wells in this area that are currently being produced and operated, the north half southeast by Petro Lewis, and the south half southeast by Damson Oil. The oil is currently being purchased by Shell so one of the largest assistance we've had in this to get the Shell Division order and Division Order Department to help us with that determin-

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1 ation of ownership. 2 In addition to that, and to be understood, 3 is that several of the leases that were acquired for the pur-4 pose of drilling these Blinebry wells were depth limitation 5 leases, so we've had to do extensive title examination and 6 between that examination and in the combination of the Shell 7 Oil Company Division Orders is where this tabulation has come 8 from. 9 The names and addresses on the tabulation Q. SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409 10 filed with the application represents to the best of your 11 knowledge the current names and addresses of all those indi-12 viduals? 13 A. That is true. 14 Let me have you turn to what we've marked Q. 15 as Exhibit Number Three and have you identify that tabulation 16 Exhibit Number Three is the, as of today, A. 17 tabulation of those parties who have not committed to us in 18 joining in the well. 19 You will note that beginning with Mr. 20 Chudy, down to Andrew Taylor, those parties have not an-21 swered us at all. We've had no response from them. 22 Below that, Mrs. Cone and Mrs. -- Miss 23 Auvenshine and Miss Kyte, each of those parties have com-24 mitted to joining us verbally and we expect their agreements 25 in the mail just in the next five to ten days.

1 Would you turn to what we've marked as Q 2 Exhibit Number Four and identify those documents? 3 Α. This represents the letters that we have 4 written and the best efforts we have made to contact all 5 those uncommitted owners. 6 Am I correct in assuming that all those 0. 7 individuals that currently have not committed themselves in 8 writing to joining in the drilling of this well have been 9 notified of the hearing to date; in addition you have sent 10 correspondence at earlier dates to all those individuals re-11 questing that they join you in the drilling of the well in 12 some fashion? 13 A. That is true. 14 Would you go to Exhibit Number Five and Q. 15 identify that? 10 For the purpose of the Commission, we A. 17 established the types of ownership that we have in each of 18 the respective 80-acre areas. It identifies that in the 19 north half southeast we have particular percentages divided 20 between that is leased to be, that is farmed out to be, that 21 that is joined, and that that we have verbal commitment. 22 You will note that in the north half Z3 southeast we are uncommitted owners of less than 1/10th of 24 1 percent, and in the south half southeast the same, less 25 than 1/10th of 1 percent, have we not been able to get re-

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a bir nagar ya	Page10
1	sponse from.
2	Q. Is V-F Petroleum, Inc., requesting to
3	be designated operator of each of these four 40-acre tracts?
4	A. Yes.
5	Q And pursuant to that request, have you
6	had prepared an estimated costs for drilling this well?
7	A. Yes, we have, Exhibit Number Six is an
8	AFE prepared by the petroleum engineer of our company, and
9	also the president.
10	Q. With regards to your duties as a finan-
11	cial advisor to the corporation, have you had occasion to
12	review and approve and make recommendations concerning the
13	estimated well costs for drilling of test wells for the
14	corporation?
15	A Yes, I have.
16	Q. And have you reviewed this particular
17	AFE for this Devonian-McKee test?
18	A. Yes, I have.
19	Q. To the best of your knowledge, informa-
20	tion, and belief are the projected estimated costs for the
21 22	drilling of this well reasonable costs in terms of this area
23	for this particular depth?
24	A. Yes, they are.
25	Q. Now, would you turn to what we've marked
	as Exhibit Number Seven and identify that document for us?

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ĩ Exhibit Number Seven was prepared at my À. request by our in-house geologist, E. A. Wagner, and it is 2 3 a structure map of the McKee formation prepared by him. It 4 indicates various McKee wells that have been drilled in the 5 area. 6 In addition to the map, it should be noted 7 that there are no current McKee production in the southeast 8 quarter of Section 21 and there is -- there has been McKee 9 production over the years but primarily it is currently 10 plugged out. 11 It is felt that the McKee is at 9600 12 feet and the Devonian is at 7600. The desire on our part 13 is that we feel it's appropriate at this time to go down 14 and test the McKee, but it has been depleted. There has been 15 192,000 barrels produced out of the south, that Drinkard Well 16 No. 1 -- excuse me, in the southeast southeast you'll note 17 the well that now says Drinkard. That well produced 192,000 18 The well we propose drilling would be an offset. barrels. 19 MR. NUTTER: From the McKee? 20 A. Yes, sir. 21 MR. NUTTER: It produced --22 192,000 barrels. A. 2ŝ MR. NUTTER: And then it was plugged 24 back to the Drinkard? 2E That's right, and it is currently not A.

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1	yes, sir, that's right, and it is currently not producing in
2	the McKee at all.
3	So there has been substantial reserves
4	produced from that area.
5	MR. NUTTER: And you're going to drill
6	your well more or less 330 feet southeast of that?
7	A. Yes, sir.
8	Q. Do you have any further information from
9	the records you maintain at V-F Petroleum, Inc., concerning
10	the information contained on this exhibit?
11	A Nothing that needs to be submitted with
12	the exception of the production on each well, if you'd like
13	me to go through that.
14	Q. Why don't you give it? If the production
15	information is not on Exhibit Seven, why don't you give that
16	for us?
17	A. The well in the northeast quarter of the
18	southeast quarter, which is directly north of that previously
19	mentioned well, produced a total of 36,967 barrels.
20	MR. NUTTER: From what formation?
21	A. From the McKee. This is strictly McKee
23	I'm talking of.
23	The well in the southwest quarter of the
24	southwest quarter of Section 22, you'll note the well says
	7-D? That well produced 544,000 barrels out of the McKee.

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1	The well in Section 27 in the northwest
2	quarter of the northwest quarter that you'll note says Well
3	No. 9 McKee, that well produced 229,000 barrels.
4	And the well in the northeast quarter
5	northeast quarter of Section 28, which you'll note is Well
6	No. 6 McKee, produced 352,000 barrels.
7	Substantial reservoir depletion has ob-
8	viously occurred.
9	Q All right, sir, would you turn to Exhibit
10	Number Eight and identify that plat for us?
11	A. Exhibit Number Eight, as Exhibit Number
12	Seven, is a structure map prepared by our in-house geologist,
13	indicating the Devonian formation. It indicates the current
14	wells, the wells that were drilled in the area to the Devonia
15	formation and either produced or tested the Devonian.
16	Q. Based upon your experience, Mr. Barr, in
17	putting together these drilling units for McKee and Devonian
18	tests, what is the custom and practice within the industry
19	concerning the charges made for overhead while drilling and
20	after completion of these wells?
21	A. We have included in the joint operating
22	agreements by those parties that have joined us \$2000 as a
23	drilling well rate, and a monthly overhead rate of \$200.
24	Q. Is it your recommendation to the Examiner
25	that those charges while drilling and after drilling be

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	1	assessed against any nonconsenting interest in this area?
	2	A. Yes, that is our request.
	3	Q. What is the custom and practice of the
	4	industry, to the best of your knowledge, with regards to the
	5	negotiation of a risk factor to be assessed against noncon-
	6	senting parties for the drilling of a McKee or a Devonian
	7	test?
	8	A. The provisions of the operating agreement
	9	either directly of those parties who are joining or those
	10	parties who have farmed out and attached, are a 300 percent
60+/-CC+	11	nonconsent penalty.
100-1-00+ (coc) 31011	12	Q. Are you familiar with the statutory pro-
	13	visions of the compulsory pooling risk factors in New Mexico?
	14	A. Yes, I am.
	15	Q. And how do those risk factors relate to
	16	the agreed risk factor of 300 percent?
	17	A. The compulsory pooling risk factors would
	18	be 200 percent in those terms.
	19	Q. Now based upon your knowledge of those
	20	agreements and the custom and practice within this particular
	21	area, in your opinion is a risk factor of 200 percent a
	22	reasonable one to be assessed against a nonconsenting party?
	23	A. Yes, it is.
	24	Q Were Exhibits One through Eight compiled
	25	under your supervision and direction or compiled directly by

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		Page15
	1	you?
	2	A. Yes, they were.
	3	Q. In your opinion, Mr. Barr, will approval
	4	of this application be in the best interests of conservation,
	5	the prevention of waste, and the protection of correlative
	6	rights?
	7	A. It certainly will, yes, sir.
	8	MR. KELLAHIN: We move the introduction
	Ô	of Exhibits One through Eight.
	10	MR. NUTTER: Exhibits One through Eight
	11	will be admitted.
	12	
2	13	CROSS EXAMINATION
	14	BY MR. NUTTER:
	15	Q. Now, Mr. Barr, you mentioned the cumu-
	16	lative production from these various wells from the McKee
	17	formation.
	18	A. Yes, sir.
	19 20	Q. Some of them have been recompleted out
	20	of the McKee but apparently some are still producing from
	22	it. Do you have the current rate of production from these
	23 I	wells?
	24	A. No, sir, I don't. I do not have it. I
	25	do have the current production out of the Devonian, if you'd
		like to know that.

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		Page 16
1	Ω.	Okay. I want the cumulative out of the
2	Devonian.	
3	А.	All right, I have those numbers.
4	Q.	Okay.
5	А.	Beginning at Well No. 49, which is the
6	most recent well, the	nis well is in the
7	Q.	I've got it.
8	Α.	All right. That well was drilled in
9	October excuse me	e, in 8-79, which would make it August.
10	It has currently pro	oduced a total of 2,229, as of public
11	record. It could have	ave produced more than that. It was IP'd
12	at 172 barrels of o	il and 3 barrels of water.
13		Well No. 47 was drilled in May of '79
14	and has currently a	cumulative of 28,000 barrels.
15	Q.	What, May of '79?
16	А.	Yes, sir. Well No. 46, following on
17	down the contour, h	as produced a total of 6,631 and it is
18	not producing in the	e Devonian.
19	Q.	Just a minute, you got ahead of me there.
20	А,	All right.
21	Ç.	Repeat that one.
22	А.	Well No. 46, it's in the east half
23	Q.	Ckay, got it.
24	А.	All right, produced 6,631 barrels, and
25	it is not producing	from the Devonian.

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		Page 17
1	Ç	It had depleted with the 6631?
2	A.	They have just recompleted the well in
3	another zone.	
٨	Q.	Okay.
5	А.	Moving to the left, Well No. 10 has pro-
6	duced 28,000 barrel	s and its daily rate is 8.6 barrels, the
7	average daily rate.	
8	Q	When was it completed?
9	А.	I don't know, sir. I don't know, except
10	that these wells	there is a sequential order between 8
11	all the way through	49, so it could be several years old.
12	Q.	Okay.
13	А.	There were operated by Gulf Oil.
14		Well No. 7 in the southwest southwest
15	has produced a tota	l of 65,000 barrels; a 32-barrel a day
15	average.	
17		Moving to the east, Well No. 8 has pro-
10	duced 120,000 barre	ls; and a 30-barrel a day average.
19	Q.	Okay.
20	A.	Moving to the north half of 27, Well No.
21	45 has produced 12,	327 barrels. It would be of the same
22	relative age as the	Wells 46, 47, and 48, which I think it
23	was drilled in eith	er late '78 or early '79.
24		Well No. 11, moving directly east
25	Q.	Do you have its current production?

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		Page13
	1	A. No, I don't. I'm sorry.
	2	Directly east, the well has been recom-
	3	pleted as a gas well. It produced a total of 12,479 barrels
	4	from the Devonian.
	5	Q. Okay.
	6	A. Well No. 48 was drilled to the Devonian.
	7	It was not successful and we think it's producing now from
	8	the Wichita-Albany.
	9	Q. Okay.
C.S.R.	10	A. Well No. 16 has produced a total of
SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409	11	7,894 barrels. Its daily rate is 10,000 excuse me, 10.6
W. BC Rt. 1 Box Fe, New 1 ont (505)	12	barrels.
	13	Q. Okay.
S	14	A. Well No. 13 produced a total of 9,349
	15	and its average is 10 barrels a day.
	16	Q. Okay.
	17	A. Finally, Well No. 12 has produced a total
	18	of 84,328, and its average is 15,000 barrels a day.
	19	Q. 15,000 a day?
	20	A. Yes, sir. Excuse me, 1500 15. 15.
	21	Q. Current?
	22	A. Yes, and that is all the production in-
	25	formation I have.
	24 25	MR. NUTTER: Mr. Kellahin, we don't have
	ω	some of the data on the key wells so we'll take administra-

1 tive notice of our files. 2 MR. KELLAHIN: I'd appreciate that. In the alternative we'd be happy to submit it to you by letter. 3 Now, Mr. Barr, in the very opening com-4 0. 5 ments that you made, and possibly Mr. Kellahin also, you were 6 talking about force pooling the entire southeast quarter of 7 Section 21. You are aware that we can force pool a proration 8 unit. 9 Right. A. 10 So what we would be doing is pooling four Q 11 40's, the northeast quarter southeast, the northwest south-12 east, the southwest southeast, and the southeast southeast, 13 and each of those would stand on its own. 14 A. Right. 15 And the interest owners under those Q. 16 various tracts would be -- and in proportion to what is shown 17 on Exhibit Number whatever. 18 A. Right. 19 MR. KELLAHIN: Let me ask Mr. Barr one 20 further question. 21 MR. NUTTER: Okay. 22 MR. KELLAHIN: When we look at the tabu- \mathfrak{Z} lation of the fractional interests in the north half and if 24 the Commission approves a 40-acre tract in the northeast 25 quarter of the southeast quarter and approves one in the

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	Page 20
1	northwest quarter of the southeast quarter, would tabulation
2	of fractions or percentages change?
3	A. No. The north half is one ownership and
4	the south half southeast is a different ownership.
5	Q Yeah. Now you've got two 40's there
6	that are identical with each other.
7	A. Yes.
8	Q And then two other 40's identical with
9	each other.
10	A. Exactly.
11	MR. KELLAHIN: I just wanted to make
12	that clear.
13	MR. NUTTER: All right.
14	MR. KELLAHIN: Thank you. We have
15	nothing else and we'd move the introduction of Exhibits One
16	through Eight.
17	MR. NUTTER: Exhibits One through Eight
18	will be admitted in evidence.
19	Do you have anything further, Mr. Kellahin?
20	MR. KELLAHIN: No, sir.
21	MR. NUTTER: Does anyone have anything
22 23	they wish to offer in Case Number 6819?
	We'll take the case under advisement and
24 25	the hearing is adjourned.
r.J	(Hearing concluded.)

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REPORTER'S CERTIFICATE

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.

Seely W. Boyd C.S.R.

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THOMAS D. CARP.

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direct instance by dr. Butter 15

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EXEIBITS

Applicant Exhibit	One, Plat	4
Applicant Exhibit	Two, Affidavit	7
Applicant Exhibit	Three, Tabulation	8
Applicant Exhibit	Four, Letters	9
Applicant Exhibit	Five, Type Ownership	9
Applicant Exhibit	Six, AFE	10
Applicant Exhibit	Seven, Structure map	10
Applicant Exhibit	Eight, Structure Map	13

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law, the for	monent of Lindian, All Forsty, dev Mexic
	MP, HUJJAHN, Nor Sellahin of Santa
New Mexico, appe	earing on bohais of V-P Detroleum, Inc., a
I have one with	ess to be uwern.
	(Fitness suorn.)
	THOMAS R. BARR
being called as	
	a witness and having been duly sworn upon fied as follows, to-wit:
	a witness and having been duly sworn upon
	a witness and having been duly sworn upon
	a witness and having been duly sworn upon fied as follows, to-wit: DIRECT EXAMINATION
his oath, testi:	a witness and having been duly sworn upon fied as follows, to-wit: DIRECT EXAMINATION :
his oath, testi: BY MR. KELLAHIN	a witness and having been duly sworn upon fied as follows, to-wit: DIRECT EXAMINATION
his oath, testi: BY MR. XELLAHIN Q	a witness and having been duly sworn upon fied as follows, to-wit: DIRECT EXAMINATION : Would you please state your name and
his oath, testi: BY MR. XELLAHIN Q pation? A	a witness and having been duly sworn upon fied as follows, to-wit: DIRECT EXAMINATION : Nould you please state your name and Thomas R. Barr, Land and Administrati
his oath, testi BY MR. XELLAHIN Q pation?	a witness and having been duly sworn upon fied as follows, to-wit: DIRECT EXAMINATION : Would you please state your name and Thomas R. Barr, Land and Administrati Petroleum.
his oath, testi BY MR. XELLAHIN Q pation? A Manager of V-F : Q	a witness and having been duly sworn upon fied as follows, to-wit: DIRECT EXAMINATION : Would you please state your name and Thomas R. Barr, Land and Administrati Petroleum.
his oath, testi BY MR. XELLAHIN Q pation? A Manager of V-F : Q	a witness and having been duly sworn upon fied as follows, to-wit: DIRECT EXAMINATION : Would you please state your name and Thomas R. Barr, Land and Administrati Petroleum. Mr. Barr, have you previously testifi
his oath, testi BY MR. XELLAHIN Q pation? A Manager of V-F Q before the Oil	a witness and having been duly sworn upon fied as follows, to-wit: DIBECT DNAMINATION : Would you please state your name and Thomas R. Barr, Land and Administrati Petroleum. Mr. Barr, have you previously testific Conservation Division?

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (305) 455-7409

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ungen die eine gegendense.	
4	e e contento in pour autors as a la
Ran and so a club	eeks merskees of the sorgesty, have you ma
a study of the pa	rticulas area Savolved in this application
: N e	Matry W. Basses.
<u>0</u>	And whet he ToD Potrolean, Inc. seeki
to accomplish?	
Ŀ	1-1 Petrolama, Inc., desires to drill
9600-foot Devonia:	n and McKee test in the southeast quarte
of Section 21, To	wnship 23 Couth, Range 37 East, for the
purpose of drilli:	ng four 40-acro units, and we desire com
pulsory pooling f	or these converted owners.
	MR. KULLAHIN: We tender MR. Barr as
expert landman.	
	MR. HUFTER: Mr. Barr is qualified.
would say Mr. Bar	r is real well qualified if he can figur
out what the inte	rest of these people is. They've got
62/2,000,000ths o	f a part in the well here.
Σ.	And there's 52 others, too, so these
just	

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1	densify for us the cost of the solution that the cost	h-
2	aschemator of Section is tan Control I assume that	
3	tions are the loases in the thet werter section?	
4	beviova t roasof feedaaleta ees erent	
5	is the quarter section, and globel? Lages in that area.	
6	The she the proceeding that this plat	
7	indicates the ownership from the surface down to the base of	
8	the Drinkard formation. In have acquired the rights from	
9	below the base of the Drinburd on down, and this map indi-	
10	cates the ownership in the Delakard formation to the surface	,
11	and it indicates ownership currounding the subject southeast	
12	quarter.	
13	9 It's your desire to test both the McKee	
14	and the Devonian formations?	
15	A. Ves.	
16	0 And it will be necessary for the compul-	
17	sory pooling order to cover those two formations.	
18	A. Yes,	
19	G Shallower horizons are already subject	
20	to dedication to existing producing wells?	
21	A. Yes,	
22	0. In determining the ownership within,	
23	first of all, the north half and the south half of the 160	
24 25	acres, you have made a tabulation of the leases in the north	
2	half of that quarter section?	

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1 2 Subjects of services to make a tabulation of the sector till of the 3 C. Strate Barris St. 4 5 diev - A geoencles unit for a Devonian-Į. 6 McKee test would construct of 10 trees, would it not? 7 705. \hat{D}_{i} 8 Id it the applicant's desire to force 0 9 pool the entire southeast guarter of the section to be dedi-SAI.LY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87301 Phone (505) 455-7409 10 cated to the drilling of not more than four wells. In any 11 particular order? 12 Yes. A 13 0 All right. Would you describe for the 14 Examiner what your proposed first location would be and what 15 acreage to be dedicated to that well? 16 The proposed first location is the south- \tilde{e}_{i} 17 east southeast southeast, which is, of course, in the south-18 east corner 330 feet from each line. 19 The second location probably would be in 20 the north half of the southeast quarter. 21 Do you have a recommendation to the Q. 22 Examiner as to what period of time it will take you to com-22 mence drilling a well once the Division enters a compulsory 24 pooling order? 25 We would request 120 days, which is A.

1 due to the systable The here reactly ana-2 A and the second April Months to morriate, 3 المراجع ويراف This is also Sugar Beach 4 due to the available or conternets de inversale 5 60 00 cours in th

a Signative por attention to what
verve marked as Tabilit Under two, Till ask you to identify
the documents contained is that exhibit.

J. Subilit Number Two is an affidavit prepared by yourself, indicating the ownership of those parties who have not committed to us as of the previous requested hearing date of February 21st, and it is also an affidavit that you made efforts to contact them by registered mail.

A Let me turn to the tabulation of nonconsenting ownership attached to that affidavit and have you explain briefly how that tabulation is compiled.

A It is compiled by virtue of, frankly, our best efforts on our part through the title examination we have conducted. There has been production. There are four Blinebry wells in this area that are currently being produced and operated, the north half southeast by Petro Lewis, and the south half southeast by Damson Oil. The oil is currently being purchased by Shell so one of the largest assistance we've had in this to get the Shell Division order and Division Order Department to help us with that determin-

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1	ation of emersion.					
2	a second close of the second to be understood,					
3	is the second of the class line control for the pur-					
4	pose of Ar Direction Direct value of water arth functation					
5	leasen, to volve has to constructive ditle emanination and					
6	between their evening the contraction of the Shell					
7	Oil Corpany Division Orders is where this tabulation has come					
8	from.					
9	() The names and addresses on the tabulation					
10	filed with the application represents to the best of your					
E 11 21 21 21 21 21 21 21 21 21 21 21 21	knowledge the current names and addresses of all those indi-					
(S) 12	viduals?					
별 ^년 13	A. That is true.					
14	0. Let me have you turn to what we've marked					
15	as Exhibit Number Three and have you identify that tabulation.					
16	A. Exhibit Humber Three is the, as of today,					
17	tabulation of those parties who have not committed to us in					
18	joining in the well.					
1 9	You will note that beginning with Mr.					
20	Chudy, down to Andrew Taylor, those parties have not an					
21	swered us at all. We've had no response from them.					
22	Below that, Mrs. Cone and Mrs Miss					
23	Auvenshine and Miss Kyte, each of those parties have $\circ \circ m^+$					
24	mitted to joining us verbally and we expect their agreements					
25	in the mail just in the next five to ten days.					

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SALLY W. BOYD, C.S.R.

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1 and the council and the president was 2 rodarle foundary Mour Net of Margin Goracents? 3 pustent on the Mars that we have Ą written and the base $\Delta A = 0$ contact all 5 those uncommitteet de seen. 6 the control in a subley that all those 7 individuals that our cutly have not cormitted themselves in 8 writing to joining in the dvilling of this well have been 9 notified of the hearing to date; is possible, you have sent 10 correspondence at earlier dates to all these individuals re-11 questing that they join you in the drilling of the well in 12 some fashion? 13 That is true. Д. 14 Mould you go to Exhibit Number Five and 0. 15 identify that? 16 A. For the purpose of the Commission, we 17 established the types of ownership that we have in each of 18 the respective 80-acro preas. It identifies that in the 19 north half southeast we have particular percentages divided 20 between that is leased to be, that is farmed out to be, that 21 that is joined, and that that we have verbal commitment. 22 You will note that in the north half 23 southeast we are uncommitted owners of less than 1/10th of 24 1 percent, and in the south half southeast the same, less 25 than 1/10th of 1 percent, have we not been able to get re-

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	1	ta jaka na kata					
	2	the transformers requesting to					
	3	be designated of mat in the the later discount racts?					
	4						
	5	Q and annual to the request, have you					
	6	had prepared as eacharced topic for a USDay this well?					
	7	A les, we have, Exhibit Umber Six is an					
	3	AFD prepared by the patroleum engineer of our company, and					
- •	9	also the president.					
C.S.R. 87501 09	10	ρ . With regards to your duties as a finan-					
* ~ ~ *	11	cial advisor to the corporation, have you had occasion to					
SALLY W. BOYD Rt. 1 Box 193-1 Santa Fe, New Mexico Phone (505) 455-7	12	review and approve and make recommendations concerning the					
SALL' Sante	13	estimated well costs for drilling of test wells for the					
	14	corporation?					
	15	A. Yes, I have.					
	16 17	And have you reviewed this particular					
	18	AFE for this Devonian-Monee test?					
	19	A. Yes, I have.					
	20	Q To the best of your knowledge, informa-					
	21	tion, and belief are the projected estimated costs for the					
	22	drilling of this well reasonable costs in terms of this area					
	22	for this particular depth?					
	24	A Yes, they are.					
	25	 Now, would you turn to what we've marked 					
		as Exhibit Number Seven and identify that document for us?					

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aren.		
		Find Private the cost of should be n
that	blore are no	guards) inter evolution in the southeas
quart	er of Sectio	n 21 and the real to there has been McKee
produ	ction over t	he years but primarily it is currently
plugg	ad out.	
		It is folt that the McKee is at 9600
fect	and the Devo	nian is at 7600. The desire on our part
is th	at we feel i	t's appropriate at this time to go down
and to	ast the McKe	e, but it has been depleted. There has b
192,0	00 barrels p	roduced out of the south, that Drinkard W
No. 1	excuse m	e, in the southeast southeast you'll note
the w	ell that now	says Drinkard. That well produced 192,0
barre	ls. The wel	1 we propose drilling would be an offset.
		MR. MUSTER: From the McKee?
	Å	Yes, sir.
		MR. NUTTER: It produced
	, <i>5</i> ,	192,000 barrels.
		MR. NUTTER: And then it was plugged
back	to the Drink	ard?

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1 yes, they light of a aan si ta ot preducing in 2 Serve is all. 3 in the set of the set 4 produced from Mat. 5 a tradition and yearse going to drill 6 your well nore or less General associations and the Contract 7 they star. \hat{P}_{\bullet} 8 to yes have any further information from Ú, 9 the records you maintain as V / Petroleus, Inc., concorning 10 the information contained on this exhibit? 11 Nothing that needs to be submitted with 1. 12 the exception of the production on each well, if you'd like 13 me to go through that. 14 Why don't you give it? If the production ę. 15 information is not on Exhibit Coven, why don't you give that 16 for us? 17 The well in the northeast quarter of the З, 18 southeast guarter, which is directly north of that previously 19 mentioned well, produced a total of 38,967 barrels. 20 UR. NUTEER: From what formation? 21 From the McKee. This is strictly McKee Ξ. 22 I'm talking of. 23 Why well in the southwest quarter of the 24 southwest quarter of Section 22, you'll note the well says 25 7-D? That well produced 544,000 barrels out of the McKee.

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fc, New Mexico 87501 Prone (505) 455-7409

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with the continue 27 to the northwest

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2 guartor of the porth. wowill note cays Zall 254.00 3 Mo. 9 Maker. 3- 1-1 ⁺ Same and 4 iying ti u combinationanter 5 northeast quarter of 33, which would note is Hell Company and the second 6 No. 6 McKee, produced 001 577 - 13 T 7 Substitutial reservoir deplotion has ob-8 viously occurred. 9 All might, sin, would you turn to Exhibit \cap_{i} 10 Number Hight and identify that plat for us? 11 Turbibit Number Eight, as Exhibit Number A. 12 Seven, is a structure map prevared by our in-house geologist, 13 indicating the Devonian formation. It indicates the current 14 wells, the wells that were drilled in the area to the Devonian 15 formation and either produced or tested the Devonian. 16 Based upon your experience, Mr. Barr, in 2 17 putting together these drilling units for McKee and Devonian 18 tests, what is the custom and practice within the industry 19 concerning the charges made for overhead while drilling and 20 after completion of these wells?

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N We have included in the joint operating agreements by those parties that have joined us \$2000 as a drilling well rate, and a monthly overhead rate of \$200.

Q Is it your recommendation to the Examiner that those charges while drilling and after drilling be

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87301 Phone (305) 455-7409

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1 · · · · · · · ~ r 1 • • 2 3 12.4 month to of the 4 Englanden in the second momends to the 5 بالغافي وتوريع le us coust against honcen-6 والمستجر والم eres a Mother of a Poyonian Arris 1 Day 7 testa the receiving of the operating agreements 8 9 either directly of these partice the are joining or these 10 parties who have favore out and attached, are a 300 percent 11 nonconsent penalty. 12 Are you familiar with the statutory pro-0 13 visions of the compulsory cooling risk factors in New Mexico? 14 3, Nes, I am. 15 And how do those wish factors relate to Ω 16 the agreed risk factor of 200 percent? 17 2 The compleory pooling risk factors would 18 be 200 percent in these terms. 19 New based upon your 'mowledge of those 20 agreements and the custom and practice within this particular 21 area, in your opinion is a risk factor of 200 percent a 22 reasonable one to be assessed against a nonconsenting party? 22 Δ. Yes, it is. 24 Ware Exhibits One through Eight compiled C 25 under your supervision and direction or compiled directly by

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87301 Phone (505) 455-7409

Į 9022 2 3 norranish, en burg, uill approval 4 5 the prevention of trains, and the production of correlative 6 rights? 7 ٦. to pustnistly will, yes, sir. 8 IR. UNAPATH: Ma move the introduction 9 of Exhibits One through dight. 10 MR. NUTTON: Unhibits One through Eight 11 will be admitted. 12 13 CROSS DEAMINATION 14 BY MR. HUTTER: 15 Now, Mc. Darr, you mentioned the cumu-<u>n</u> 16 lative production from these various wells from the McKee 17 formation. 18 3 Yes, sir. 19 Some of them have been recompleted out <u>Q</u>. 20 of the McKee but apparently some are still producing from 21 it. Do you have the current rate of production from these 22 wells? 23 No, sir, I don't. I do not have it. I E. <u>24</u> do have the current production out of the Devonian, if you'd 25 like to know that.

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fc, New Mexico 87501 Phone (505) 455-7409

1 contative at of the poveriap. 2 3 The live the sectors. يريح والانت 4 6 2 2 32 5 technic, st Weil Co. 49, which is the 6 rost recent well, this well is in the 7 Tive cet it. **(**. 8 All right. That well was drilled in 7 9 October -- excuse me, in 0-75, which would make it August. 10 It has currently produced a total of 0,009, as of public 11 record. It could have produced more than that. It was IP'd 12 at 172 barrels of oil and 3 barrels of water. 13 Well No. 47 was drilled in May of '79 14 and has currently a cumulative of 28,000 barrels. 15 Ç. What, May of 179? 18 \tilde{P}_{i} Yes, sir. Well No. 46, following on 17 down the contour, has produced a total of 6,631 and it is 18 not producing in the Devonian. 19 Sust a minute, you got ahead of me there. Q. 20 \tilde{F}_{2} All right. 21 0 Repeat that one. 22 Well No. 46, it's in the east half --7. 23 Okay, got it. Q. 24 All right, produced 6,631 barrels, and Ζ. 25 it is not producing from the Devonian.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B Santa Fe, New Mexico 872 Phone (505) 455-7409

1 A 447 Y 194 94 91 9 . . 2 respond and the mall in another 3 4 5 1., 1. 10 an pro-6 Auged 19,000 Correl als, the 7 avorage daily rate. 8 Chen was its compl 1. 1. 1. 7**.**9 9 Telopin Locard Tim T Con't know, except 10 that these wells -- Shore is a sequencial order between 8 11 all the way through 42, so it could be several years old. 12 0 Ohav. 13 ٦. There were operated by Gulf Oil. 14 Mell No. 7 in the southwest southwest 15 has produced a total of 65,000 horrels; a 32-barrel a day 16 average. 17 Moving to the east, Well No. 8 has pro-18 duced 120,000 barrels: and a 30-barrel a day average. 19 Glany , Ω. 20 "oving to the north half of 27, Well No. **P**. 21 45 has produced 12,327 barrels. It would be of the same 22 relative age as the Wolls 46, 47, and 48, which I think it 23 was drilled in either late '78 or early '79. 24 Well No. 11, moving directly east --25 Do you have its current production? Q.

SALLY W. BOYD, C.S.R. Rt. I Box 193-B Santa Fc, New Mexico 87501 Phone (505) 435-7409

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From the Dex		
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		Toll Net 20 that 2 1272 S the the Devon
		l and we thigh it's producing now fm
the Wichitr-	-Albany.	
Ċ,	1	himy.
P .,		Coll No. 18 bas pressned a total of
,894 barrel	ls. Its	Caily rate is 10,000 excuse me, 1
arrels.		
Ċ.		Okay.
Г.		Well No. 13 produced a total of 9,34
and its ave:		A barrels a day.
ç		Okay.
		-
<i>P</i>		Finally, Well No. 12 has produced a
		verage is 15,000 barrels a day.
Ç.		15,000 e Cay?
Ê÷		Yes, sin. Excuse re, 1500 15. 1
Ċ.		Current?
		Yes, and that is all the production
Ĕ.		
formation I	have.	

٠ . SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87301 Phone (305) 455-7409

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	٦	tive notice of our files
	2	The second second spectrum that. In
	3	the eltern tite wets in the concerning in the yearby letter.
	4	have been been and a com-
	5	man that you ask, so the big for table datalso, you were
	6	talking about force such a to make multiplet guarter of
	7	Section 21. You are same that so was force pool a promation
	8	unit,
	9	
C.S.R. ⁸⁷⁵⁰¹ ⁰⁹	10	A for what we would be doing is pooling four
LLY W. BOYD, C Rt. I Box 193-B Santa Fe, New Merico 87 Phone (503) 455-7409	11	49's, the northeast quarter southeast, the northwest south-
V. BC (t. 1 Box (c. New h ine (503)	12	east, the southwest southeast, and the southeast southeast,
SALLY W. Rt. 1 Santa Fe, N Phone ((13	and each of those would stand on its own.
の	14	a. Right.
	15	Q Ind the interest owners under those
	16	various tracts would be and in proportion to what is shown
	17	on Exhibit Number whatever.
	18	A. Right.
	19	MR. MPLLAHIN: Let me ask Mr. Barr one
	20	further question.
	21	MR. NUCTER: Chay.
	22	MR. KELLAHIN: When we look at the tabu-
	23	lation of the fractional interests in the north half and if
	24	the Commission approves a 40-acre tract in the northeast
	25	quarter of the southeast quarter and approves one in the

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1 tabitahan stilla enjen or i · · · · a low, state most reion 2 of fractions or nore 3 Bee still seen and and Ą the second second second ÷ 1. . 238.11.J. 5 and han fits duere . . . 6 Lact of Schemelers and the second 7 ۰. 8 ad the reportion for identical with 1 9 each other. 10 · ... Alexandria de la competencia de la comp 11 th. Automatic I just wanted to make 12 that cloar, 13 R. HULDERS All right. 14 MR. MALLAHIM: Thank you. We have 15 nothing else and we'l move the Entroduction of Exhibits One 16 through Eight. 17 UR. MURLER: Emhibits One through Eight 18 will be admitted in ovidence. 19 Do you have anything further, Mr. Kellahin? 20 MR. KELLAMEL: No, sir. 21 MR. HUTTER: Does anyone have anything 22 they wish to offer in Case Number 6819? 23 No'll take the case under advisement and 24 the hearing is adjourned. 25 (Mearing concluded.)

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fc. New Mexico 87301 Phone (303) 435-7409

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· Construction Proves

1, NALLY 2, DOYD, C.S.S., OD BLUGBY CORVERV that the foregoing Transcript of hearing before the Oil Conservation Division was reported by mer that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of republicy.

1 do bord 6819 o ⊂ ಗ⊴ು 3/12 madaar he. Sit Conterva

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409 1

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Rt. I Santa Fe, N Phone (;



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BEFORE THE

NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF	§
THE APPLICATION OF	
V-F PETROLEUM, INC.	Ş
FOR COMPULSORY POOLING,	
LEA COUNTY, NEW MEXICO	Ş

Case No. 6819

AFFIDAVIT

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, W. THOMAS KELLAHIN, being duly sworn, state under oath that as attorney for V-F PETROLEUM CORPORATION, on February 21, 1980, I caused to be mailed by certified mail, return receipt, postage paid, copies of the attached letter and Oil Conservation Division Docket No. 5-80 to the individuals and companies listed on the attached list.

VLAHIN

SWORN TO AND SUBSCRIBED before me on this 12th day of March, 1980.

Marilyn Forgest, Notary Public

(seal)

My commission expires:

October 13, 1980

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
V-F RETRICEXHIBIT NO. 2
CASE NO. 6819

العبر ومناجع

Jason Kellahin W. Thomas Kellahin Karen Aubrey KELLAHIN and KELLAHIN *Attensive at Lat.* See Don Gaspar Avenue Post Office Box 1769 Santa Fe, New Mexico 87801 February 20, 1980

Telephone 982-4285 Area Code 505

TK: Today I sent one of these letters, with an inside address and salutation, to each individual named on Exhibit "A" of the Application, with the single exception of Hylah G. Sallivan, for whom we have no address.

Marilyn Forrest 2/20/80

re: V-F Petroleum

Our firm represents V-F Petroleum, Inc. who has filed a case before the New Mexico Oil Conservation Division, Santa Fe, New Mexico.

That case involves the compulsory pooling of all mineral interests in the acreage described in Case 6819 on the enclosed Oil Conservation Division Docket. Our records show that you may have some interest in the oil and gas minerals to be pooled.

It is in your best interest to contact the following individual concerning your rights in this matter:

Mr. Thomas R. Barr V-F Petroleum Suite 580, One Maricufeld Place Midland, Texas Phone: (915) 683-3344

Very truly yours,

W. Thomas Kellahin

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encl. cc: Mr. Thomas R. Barr

CERTIFIED MAIL: RETURN RECEIPT REQUESTED

WTK:msf

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Deckets News, Company and Port and tentatively set for Monor 1 confide, 10 for Lepinertuans for hearing rest Be filed at least 22 days in a wank of Portion a ten

DO REAL ANYMEN PROBADING DECLINE AND ARTHR

Solatis, on Consistential Clarator (computation), State (America) - Bertholds, David (F. Schröder)

The following cases will be assisted as hard he breache, the same for the of S. Sotter, Alternate Remainer:

CASE 6757: (Continued from February 14, 1990, Examiner Rearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard protation units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard protation units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the atoresaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 40, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

- CASE 6811: Application of Laguna Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SE/4 NE/4 of Section 13, Township & South, Range 32 East, to be dedicated to a cell 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6812: Application of Maralo Inc. to amend Order No. R-5816, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-5816 to permit the seven waterflued injection wells authorized to be drilled at unorthodox locations by said order to be produced until May 1, 1980, or until depleted, prior to being placed on water injection.
- CASE 6813: Application of Petroleum Development Corporation to amend Order No. R-5196, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Eusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Nange 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and 660 feet from the West line of said Section 13.
- CASE 6814: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Betenbough Unit Area, comprising 1921 acres, more or less, of State and fee lands in Tewnship 13 South, Range 36 East.
- CASE 6797: (Continued from January 30, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, sucks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 28, Township 18 South, Range 29 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 6815: Application of Florida Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ross Draw Unit Well No. 8, a Wolfcamp gas well 1550 fect from the North and East lines of Section 27, Township 26 South, Range 30 East, the N/2 of said Section 27 being dedicated to the well.
- CASE 6816: Application of Hanson Oil Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Penrose Grayburg formation in the perforated interval from 3404 feet to 3633 feet in its Creek Well No. 1 located in Unit G of Section 35, Township 18 South, Range 30 East, Shugart Pool.
- CASE 6817: Application of Mewbourne Oil Company to amend Order No. R-6100, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6100 whereby the unorthodox Morrow location approved by said order would instead be applicable to the Molfcamp and Done Spring, formations.
- CASE 6818: Application of Tenneco Oil Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East.

Teague North Prospect SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

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Hurred		
Name & Address	N/2 SE/4	s/2 se/4
Mr. R. B. Mitchell First City National Bank Building Austin, Texas 77002	5295/2,062,656	1059/343,776
Mr. Walsh B. Trammell 601 Southern National Bank Building Houston, Texas 77002	1940/2,062,656	388/343,776
Mr. Max Chudy 119 Rohr Avenue Buffalo, New York	500/2.062,656	100/343,776
Sheridan Family Trust 3686 Collins Street Saratoga, Florida 33580	390/2,062,656	78/343,776
Rose P. Feltman 61-20 Grand Parkway, Spt. 602-C Forest Hills, New York 11375	390/2,062,656	78/343,776
Flora G. Sarkisian, Executrix of the Estate of Dickram M. Sarkisian, deceased 35 West 44th Street New York, New York 10018	240/2,062,656	48/343,776
Harry L. Jones & Isabel Jones as Joint Tenants with Right of Survivorship 108 S. Court Street Orlando, Florida 32801	200/2,062,656	40/343,776
E. M. Edwards Company 1500 Walnut Street, Room 1608 Philadelphia, PA 19102	160/2,062,655	32/343,776
Hylah G. Sullivan	135/2,062,656	27/343,776
Mrs. Rose Lancaster Rural Route 4 Darlington, Wisconsin 53530	62.5/2,062,656	12.5/343,776
Mrs. Anna Ross Gebhardt 1732 Dobson Street Evanston, Illinois 60202	62.5/2,062,656	12.5/343,775
Edward Mitchell Edwards ✔ 1500 Walnut Street, Room 708 Philadelphia, PA 19102	125/2,062,656	25/343,776
Franklin J. Zouch 8114 North 9th <mark>Avenue</mark> Phoenix, Arizona 85021	80/2,062,656	16/343,776
Robert Bradshaw Delphi, Indiana 46923	80/2,062,656	16/343,776
✓ Delia B. Edwards 1500 Walnut Street, Room 1608 Philadelphia PA 19102	75/2,062,656	15/343,776

Teague North Prospect Lea County, New Mexico

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Page 2

✓ Gorden G. Berg 7030 Chappel Avenue Chicago, Illinois 60649	50/2,062,656	10/343,776
Miss Ida Miller 1500 Walnut Street, Room 708 Philadelphia, PA 19102	25/2,062,656	5/343,776
Elmer G. Johnson 8364 Bennett Avenue Fontana, Calif. 92335	25/2,062,656	5/343,776
Charles T. Gallaher, II 1216 Sixth Street Moundsville, West Virginia 26041	25/2,062,656	5/343,776
Andrew M. Taylor 7415 E. Lincoln Drive Scottsdale, Arizona 85251	-0-	10/34 3,776
Mrs. Kathleen Cone P. O. Drawer 1509 Lovington, New Mexico 88260	50/602% of 1/48	50.602% of 1/32
Douglas L. Cone, M.D. P. O. Box 6217 Lubbock, Texas 79413	9.8796% of 1/48	9.8796% of 1/32
Clifford Cone P. O. Box 6010 Lubbock, Texas 79413	9.8796% of 1/48	9.8796% of 1/32
Thomas R. Cone P. O. Box 126 Southwest City, Missouri 64843	9.8796% of 1/48	9.8796% of 1/32
Kenneth G. Cone P. O. Drawer 1509 Lovington, New Mexico 88260	9.8796% of 1/48	9.8796% of 1/32
Cathie Cone A <mark>uvenshi</mark> ne Route 6, Box 79N Austin, Texas 78737	9.8796% of 1/48	9.8796% of 1/32
June Speight Suite 900 500 Bookfellor Blanc		
500 Rockfeller Plaza New York, New York 10020	12.5%	12.5%

Teague North Prospect SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico	CIL COMPENSATION DIVISION V-F CFR EXHIBIT NO. 3 DASE NO. 6819		Comments
	N/2 SE/4	S/2 SE/4	LUMENUS
Name & Address			
Mr. Max Chudy 119 Rohr Avenue Buffalo, New York 14211	500/2,062,656	100/343,776	No answer
Flora G. Sarkisian, Executrix of the Est. of Dickram M. Sarkisian, deceased 35 West 44th Street New York, NY 10018	240/2,962,656	48/343,776	No answer
E. M. Edwards Company 1500 Walnut Street, Room 1608 Philadelphia, PA 19102	160/2,062,656	32/343,776	No answer
Hylah G. Sullivan	135/2,062,656	27/343,776	Unable to locate
Mrs. Rose Lancaster Rural Route 4 Darlington, Wisconsin 53530	62.5/2,062,656	12.5/343,776	No answer
Mrs. Anna Ross Gebhardt 1732 Dodson Street Evanston, Illinois 60202	62.5/2,062,656	12.5/343,776	No answer
Edward Mitchell Edwards 1500 Walnut Street, Room 708 Philadelphia, PA 19102	125/2,062,656	25/343,776	No answer
Franklin J. Zouch 8114 North 9th Avenue Phoenix, Arizona 85021	80/2,062,656	16/343,776	No answer
Delia B. Edwards 1500 Walnut Street, Room 1608 Philadelphia, PA 19102	75/2,062,656	15/343,776	No answer
Gorden S. Berg 7030 Chappel Avenue Chicago, Illinois 60649	50/2,062,656	10/343,776	No answer
Miss Ida Miller 1500 Walnut Street, Room 708 Philadelphia, PA 19102	25/2,062,656	5/343,776	No answer
Elmer G. Johnson 8364 Bennett Avenue Fontana, CA 92335	25/2,062,656	5/343,776	No answer
Andrew M. Taylor 7415 E. Lincoln Drive Scottsdale, Arizona 85251	-0-	10/343,776	No answer
Mrs. Kathleen Cone P. O. Drawer 1509 Lovington, NM 88260	1.04167	1.56250 ۲۴	in fore start
Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737	.20833	.31250	in the port of the second
David Bond Kyte c/o Priscilla Kyte 802 Alameda Padre Serra Santa Barbara, CA 93101	-0-	.78125%	·
Sunda Sarsara, en 35101	1.32%	2.75%	

V-L. Pour Mounne Lune.

suite-530

one marienfeld place

midland, texas 79701

915 683-3344

October 10, 1979

Mr. Max R. Chudy 119 Rohr Ave. Buffalo, New York 14240

> Mineral Ownership SE/4 Section 21 **T-23-S**, **R-37-E** Lea County, New Mexico

Dear Mr. Chudy:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 500/2062656 interest in the N/2 SE/4 of Section 21, and a 100/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

Thomas R. Barr Land Manager

Enclosures				
	BEFORE EXAM	INER MUTTER		
	CIL CONSERVA	HUN DIVISION		
	V-F Vel. EXHIB			
	CASE NO. 62	819		
Midland	d, Texas	October 10	, 19 ⁷⁹ NO	
15	PLACE	DATE		
15 DAYS AF	Receipt		AND SUBJECT	TO APPROVAL OF TITLE
PAY TO THE	ORDER OFM	lax R. Chudy		
_		-		0.0
			<u> </u>	00
Filtya-	-No/100			Dollars
FOR In co		WITH EXCHANGE		
FOR In co	nsideration for	the execution of	an Oil & Gas Lease d	lescribed
as the SE/	4 of Section 21,	T-23-S, R-37-E,	Lea County, New Mexi	CO
ToThoma	s R. Barr		NOTICE	
			DO NOT HANDLE AS A CAS	HITEM
V-F P	etroleum Inc.			$\sum_{i=1}^{n}$
One E	arie: 1.13 Place,	, DUII:		The.

THE FRET NATIONAL BANK COUNTISY OF

VIE Peter Marine Vince.

suite 580

one marienfeld place midland, texas 79701

915 683-3344

October 10, 1979

Mrs. Flora G. Sarkisian, Executrix of the Estate of Dickram M. Sarkisian, dec. 35 West 44th Street New York, New York 10018

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Sarkisian:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 240/2062656 interest in the N/2 SE/4 of Section 21, and a 48/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

man

Thomas R. Barr Land Manager

Enclosures

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	Midland, Texas	October 10 DATE	, 19_79_	NO
NNK	15 DAYS AFTER Receipt			AND SUBJECT TO APPROVAL OF TITLE
B	PAY TO THE ORDER OFF1	<u>ora G. Sarkisian,</u>	Executrix of	the Estate of
VAL.	Dickram M. Sarkisian, dec.			<u>\$ 50.00</u>
	Fifty&No/100			Dollars
	FOR In consideration for	the execution of	an Oil & Gas	Lease described
A TR	as the SE/4 of Section 21,			
FlRST or M	To Thomas R. Barr		N O	TICE
311	V-P Petroleum Inc. Die Miria Inc.	Saite Fran	DO NOT HANEL	

V-IF L'etirelleunim Lanc.

suite 580

one marienfeld place

midland, texas 79701 915 683-3344

October 10, 1979

E. M. Edwards Company 1500 Walnut Street, Room 1608 Philadelphia, Pennsylvania 19102

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Gentlemen:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 160/2062656 interest in the N/2 SE/4 of Section 21, and a 32/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

Thomas R. Barr Land Manager

Enclosures

] ; 0

COURTESY

	Midland, Texas	October 10	, 19 ^{_79} NO
ВЛИК	15 Days After Receipt	DATE	AND SUBJECT TO APPROVAL OF TITLE
	PAY TO THE ORDER OF	E. M. Edwards Company	
V A L KAB			\$ 50.00
ATION, and. Texa	Fifty&No/100	WITH CACHANNES	Dollars
NAID	FOR In consideration fo	r the execution of an Oi	1 & Gas Lease described
TS N N	as the SE/4 of Section	21, T-23-S, R-37-E, Lea	County, New Mexico
CHRST N. North Manager	To Thomas R. Barr		NOTICE
au.i.	V-F Petroleum Inc.	······································	DO NOT HANDLE AS A CASH HTEM

V-L. L'ETL'CALGUNIEN I MUC.

suite 580 one marienfeld place midland, texas 79701

915 683-3344

October 10, 1979

Mrs. Rose Lancaster Rural Route 4 Darlington, Wisconsin 53530

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Lancaster:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 62.5/2062656 interest in the N/2 SE/4 of Section 21, and a 12.5/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

m.R.V.San

Thomas R. Barr Land Manager

Enclosures

Midland, Texas	October 10	, 19 <u>79</u> NO
PLACE	DATE	
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PAY TO THE ORDER OF	Rose Lancaster	
		S 50.00
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FOR In consideration for th	e execution of an Oi	l & Gas Lease described
as the SE/A of Section 21	T-23-S, R-37-E, Lea	a County, New Mexico
as the SD/4 Of Section 21,		
TO Thomas R. Barr		NOTICE

NUMER IL COURT DE COURTER A TECO.

suite 589 one mananfeld place midland, texas 79701 9

October 10 1070

915 683-3344

October 10, 1979

Mrs. Anna Ross Gebhardt 1732 Dodson Street Evanston, Illinois 60202

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Gebhardt:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 62.5/2062656 interest in the N/2 SE/4 of Section 21, and a 12.5/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of 50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

Than R. Ban

Thomas R. Barr Land Manager

Enclosures

	Mid	land, Texas	October	10, 19 _79_	NO
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TSH'		iomas R. Barr			TICE
	: • • • • •	f Petroleum Inc		Do NOT HANE	DE AS A CASH ITEM

Wels L'OLL'GLOUITER L'LIC.

suite see one marienfeld place

midland, texas 79701

915 683-3344

October 10, 1979

Mr. Edward Mitchell Edwards Room 708, 1500 Walnut Street Philadelphia, Pennsylvania 19104

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mr. Edwards:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 125/2062656 interest in the N/2 SE/4 of Section 21, and a 25/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours, Jan

Thomas R. Barr Land Manager

Enclosures

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	Midland, Texas	October 10	. 19 <u>79</u> NO
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J-LF LF CEL DE COURTER A LE CA

suite 580

one marienfeld place midland texas 24-3

915 683 3344

March 4, 1980

First National Bank of Midland P. O. Box 1599 Midland, Texas 79702

> Draft 018979 First National Bank of Arizona J. Franklin Zouck

Attention: Barbara Tynes

Dear Barbara:

I spoke with the collections department of the First National Bank of Arizona this afternoon and told them we had never received the lease which should have accompanied the attached draft. They asked me to return the draft to my bank and have it forwarded to Nat'l Bank of Arizona with a request that the lease be attached.

Will you please do this for us? Perhaps the Arizona bank will be successful in explaining to Mr. Zouck that the draft with lease attached should be presented to his bank.

Very truly yours,

Mickey German Secretary

Enclosure

suite_580

Vili Peth Cloum Inte. one marienfeld place midland, texas 79701

915 683 33.14

January 29, 1980

Mr. J. Franklin Zouck 6139 North 13th Place Phoenix, Arizona 85014

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mr. Zouck:

Enclosed are 2 copies of an oil and gas lease and a letter setting forth our offer to lease which were mailed to you in October, 1979. We did not have your correct address and we feel that this offer failed to reach you.

We appreciate your consideration of of our proposal and will look forward to hearing from you. If you have any questions or comments please feel free to call me at the above number.

Very truly yours,

Thomas R. Barr Land Manager

Enclosures

Midland, Texas	January 29	
PLACE	DATE	, xo xo
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PAY TO THE ORDER OF	J. Franklin Zouck	
		\$ 50.00
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	the execution of an Oil	& Gas Lease described
FOR In consideration for	the execution of an Oil	& Gas Lease described

V-L' L'OULCELOUIER L'ERC.

suite 580 one marienfeld place

midland, texas 79701

915 683-3344

October 10, 1979

Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mr. Zouck:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 80/2,062,656 interest in the N/2 SE/4 of Section 21, and a 16/343,776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

mk

Thomas R. Barr Land Manager

Enclosures

VII L'ettrade and a de.

suite 580

one marienfeld place

midland, texas 79701

915 683-3344

October 10, 1979

Ms. Delia B. Edwards Room 1608, 1500 Walnut Street Philadelphia, Pennsylvania 19118

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Ms. Edwards:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 75/2062656 interest in the N/2 SE/4 of Section 21, and a 15/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

Thomas R. Barr

Land Manager

Enc'sures

Midland, Texas	October 10	, 19_79 NO
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FOR In consideration for	r_the execution of an Oil	l & Gas Lease described
as the SE/4 of Section :	21, T-23-S, R-37-E, Lea (County, New Mexico
ToThomas_R. Barr		NOTICE
<u>V-F Pctalleur Inc</u>	ice, Suite 190	DO NOT HANDLE AS A CASH ITEM



suite 580

one marienfeld place midland, texas 79701

915 683-3344

312

October 26, 1979

Continental Illinois Bank Chicago, Illinois 60693

Attention: Mr. L. G. Kern

Gordon G. Berg Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Gentlemen:

We are writing to set forth our request concerning the mineral interest in trust to you on the subject acreage. According to our mineral take-off we believe that Gordon G. Berg owned 50/2062656 interest in the N/2 of the SE/4 of Section 21, and 10/343776 interest in the S/2 of the SE/4 of Section 21. The records reflect the mineral interest appears to be unleased, at least as to the deep rights below 3500 feet. V-F has been in contact with Shell Oil Company, the crude oil purchaser in the area and has determined that Mr. Byrd's interest is now in your care.

We are enclosing a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term. If acceptable, the lease should be signed by you, the depository bank entered in paragraph 4, and your signature notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

Thomas R. Barr

Land Manager

TRB:mg

Enclosures

	Midland, Texas	October 10	. 19 79	NO
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				<u>\$ 50.00</u>
	Fifty&No/100			Dollars
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			DO NOT HANDI	LE AS A CASH ITEM
	V-F Petroleum Inc.			
		A. CHICE TON		



suite 580

one marienfeld place

midland, texas 79701

915 683-3344

October 10, 1979

Mr. Gordon G. Berg 7030 Chappel Avenue Chicago, Illinois 60649

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mr. Berg:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 50/2062656 interest in the N/2 SE/4 of Section 21, and a 10/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

Ima R. V San

Thomas R. Barr Land Manager

Enclosures

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	Midland, Texas	October 10	, 19 ⁷⁹ NO
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PAY I	O THE ORDER OF	Gordon G. Berg	
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FOR_	In consideration for		Oil & Gas Lease described
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	Thomas R. Barr		NOTICE
To	Inomas R. Dari		NUTICE
A L'ECTORETINA FINC.

suite 580 one

one marienfeld place midla

midland, texas 79701

915 683-3344

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October 10, 1979

Miss Ida Miller Room 708, 1500 Walnut Street Philadelphia, Pennsylvania 19102

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Miss Miller:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 25/2062656 interest in the N/2 SE/4 of Section 21, and a 5/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours, m an

Thomas R. Barr Land Manager

Enclosures

	Midland, Texas	October 10	, 19 ^{_79}	NO
15	PLACE DAYS AFTER Receipt	DATE		AND SUBJECT TO APPROVAL OF TITLE
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				<u>\$ 50.00</u>
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as	the SE/4 of Section 21	, T-23-S, R-37-E, Lea	County, 1	New Mexico
To_	Thomas R. Barr		N O	TICE
	V-F Petroleum Inc. One Mariania - lar , a		DO NOT HAND	LE AS A CASH ITEM

J-LF POULOLOUITLE MAIC.

suite 580

one marienfeld place

midland, texas 79701

October 10, 1979

Mr. Elmer G. Johnson 8364 Bennett Avenue Fontana, California 92335

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mr. Johnson:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 25/2062656 interest in the N/2 SE/4 of Section 21, and a 5/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

Thomas R. Barr Land Manager

Enclosures

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	Midland, Texas	October 10	, 19 <u>79</u> NO
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			\$_50.00
Fif	ty&Nc/100		Dollars
FOR	In consideration	for the execution of an O	il & Gas Lease described
as	the SE/4 of Sectio	n 21, T-23-S, R-37-E, Lea	County, New Mexico
То	Thomas R. Barr		NOTICE
	M-F Petroleum Inc One Maria III I PI		DO NOT HANDLE AS A CASH ITEM

NALF BOAR ABOUTEL LARC.

suite 580 one marienfeld place midland, texas 79701

915 683-3344

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October 10, 1979

Mr. Andrew M. Taylor 7415 E. Lincoln Drive Scottsdale, Arizona 88251

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mr. Taylor:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off we believe you own a 0/0 interest in the N/2 SE/4 of Section 21, and a 10/343776 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the total bonus consideration offered. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term.

If acceptable, the lease should be signed by you and your spouse, if applicable, the depository bank entered in paragraph 4, and your signatures notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft and lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours an

Thomas R. Barr Land Manager

Enclosures

	Midland, Texas	October 10	. 19 ⁷⁹ NO.
BANK	PLACE 15 DAYS AFTER Receipt	DATE	AND SUBJECT TO APPROVAL OF TITLE
, BA	PAY TO THE ORDER OF	Andrew M. Taylor	
L V V			\$_50.00
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	<u>V-F Petroleum Iro.</u> Tri		DO NOT HANDLE AS A CASH FROM

V-F Petrolenin Line.

one marienfeld place suite 580

midland, texas 79701

February 4, 1980

Mrs. Kathleen Cone P. O. Drawer 1509 Lovington, New Mexico 88260

> Proposed McKee Well North Teague Prospect SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Cone:

Reference is made to our previous correspondence in which we requested that you lease your interest to V-F Petroleum Inc. below the depth of 6500 feet in the subject acreage. We have talked with Clifford Cone who has requested that we forward an AFE and Operating Agreement for your review.

If acceptable, please execute and return one copy of both the Operating Agreement and AFE to this office. We expect to commence the well in the SE/4 SE/4 of Section 21 in the second quarter of this year.

If you should decide to lease to V-F Petroleum Inc. rather than join please advise.

We appreciate very much your consideration of our proposal and look forward to hearing from you.

Very truly yours,

an u

Thomas R. Barr Land Manager

TRB:mg

Enclosures

V-F Fetroleum Inc.

suite 580

one marienfeld place midland, texas 79701

915 683-3344

December 27, 1979

Mrs. Kathleen Cone P. O. Drawer 1509 Lovington, New Mexico 88260

> Oil & Gas Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Cone:

This letter is written to follow up my correspondence of October 10, 1979. In that letter we requested that you lease your mineral interest under the subject tract below the depth of 6500'. Since our letter we have succeeded in acquiring a substantial amount of the leasehold interest and hope to drill a well in the first half of next year.

If you have any questions or comments concerning our proposal please contact me. We look forward to hearing from you at your earliest convenience.

Very truly yours,

Fullinwider Vice President

JMF:mg

V-E L'ourolemm luc.

suite 580

one marienfeld place

midland, texas 79701

915 683-3344

October 10, 1979

Mrs. Kathleen Cone P. O. Drawer 1509 Lovington, New Mexico 88260

> Oil & Gas Mineral Ownership SE/4 Section 21, T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Cone:

According to our review of the county records, we believe you own a mineral interest under this land as shown on the attached schedule. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 6500'. We have been acquiring leases on the deep rights and would like to consider the drilling of a deep test well located on this tract prior to the end of this year.

We have been paying \$50.00 per acre cash benus and 3/16 royalty for a 3-year term lease. Hoping you will agree to this trade we are enclosing a draft in the amount of \$105.42 which reflects this bonus consideration of \$50.00 per acre. Also enclosed is a standard form oil and gas lease carrying a 3/16 royalty, for a 3-year term.

If acceptable, the lease should be executed by you, the depository bank entered in paragraph 4, and your signature notarized on the back of the lease form. Please present the draft and the lease to your bank for collection. The original lease should be attached to the draft - the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

J. M. Fullinwider7 Vice President

Enclosures

Midland, Texas	October 10	, 19 ^{_79} NO	
PLACE	DATE		
15 DAYS AFTER Receipt		AND SUBJECT TO APPROVAL O	-
PAY TO THE ORDER OF	Kathleen Cone		
		<u>\$ 105.42</u>	
One Hundred Five&42/1	00	Doll	ARS
FOR In consideration for		an Oil & Gas Lease describe	d
as the SE/4 of Section 21,	T-23-S, R-37-E, Le	ea County, New Mexico	
TO Thomas R. Barr		NOTICE	•
V-F Petroleum Inc. Suite 580, One Marier	nield Flace	DO NOT HANDLE AS A CASH ITEM	

V-IF Fetroletture Line.

suite, 580 one marienfeld place midland, texas 79701

915 683-3344

February 4, 1980

Mrs. Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737

> Proposed McKee Well North Teague Prospect SE/4 Section 21 T-23-5, R-37-E Lea County, New Mexico

Dear Mrs. Auvenshine:

Reference is made to our previous correspondence in which we requested that you lease your interest to V-F Petroleum Inc. below the depth of 6500 feet in the subject acreage. We have talked with Clifford Cone who has requested that we forward an AFE and Operating Agreement for your review.

If acceptable, please execute and return one copy of both the Operating Agreement and AFE to this office. We expect to commence the well in the SE/4 SE/4 of Section 21 in the second quarter of this year.

If you should decide to lease to V-F Petroleum Inc. rather than join please advise.

We appreciate very much your consideration of our proposal and look forward to hearing from you.

Very truly yours, Thirle Ban

Thomas R. Barr Land Manager

TRB:mg

Enclosures

(312) 258/0357 (512) 444-0266 office

. **F**.

Cathie Cone Auvenshine Route 6. Box 79N Austin Texas 78737 November 9, 1979

V-F Petroleum Inc. One Marienfeld Place Suite 580 Midland, Texas 79701

Attention: Mr. J. M. Fullinwider Vice President

> Re: Oil & Gas Mineral Ownership T23S-R37E: Sec. 21: SE¹/₄ Lea County, New Mexico

Dear Mr. Fullinwider:

Thank you for your lease offer on the above-captioned lease. Because I am not interested in leasing, I am returning the Oil and Gas Lease and the accompanying draft.

I am willing to join the drilling of a well on the above-captioned tract, subject to an agreeable operating agreement.

Sincerely,

Cathie auvershire Cathie Auvenshine

CA/sh

Enclosures

ALE STROLFUM INC



(512) 288/0357 (512) 444-0266 office

. . .

Cathie Cone Auvenshine Route 6. Box 79N Austin. Texas 78737 October 29, 1979 MAJ League

114

V-F Petroleum Inc. Suite 580 One Marienfeld Place Midland, Texas 79701

Attention: Mr. J. M. Fullinwider Vice President

> Re: T23S-R37E: Sec. 21: SE¹/₄ Lea County, New Mexico Sec. 21: N¹/₂SE¹/₄: 1/48 MI Sec. 21: S¹/₂SE¹/₄: 1/32 MI

Dear Mr. Fullinwider:

Mrs. Auvenshine is in receipt of your letter dated October 10, 1979 in which you wish to acquire an Oil & Gas Lease on the above-captioned mineral interests.

Mrs. Auvenshine is currently considering your offer of \$50.00 per acre cash bonus and 3/16 royalty for a 3 year term lease. She will be in contact with you at a later date, when she has reached her decision.

Thank you for your interest in acquiring an Oil and Gas Lease on the abovecaptioned mineral interests.

Sincerely,

-Sanka Huks

Sandra Hicks, Secretary to CATHIE AUVENSHINE

/sh

1



October 10, 1979

Mrs. Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737

> Oil & Gas Mineral Ownership SE/4 Section 21, T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Auvenshine:

According to our review of the county records, we believe you own a mineral interest under this land as shown on the attached schedule. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 6500'. We have been acquiring leases on the deep rights and would like to consider the drilling of a deep test well located on this tract prior to the end of this year.

We have been paying \$50.00 per acre cash bonus and 3/16 royalty for a 3-year term lease. Hoping you will agree to this trade we are enclosing a draft in the amount of \$50.00 which reflects this bonus consideration of \$50.00 per acre. Also enclosed is a standard form oil and gas lease carrying a 3/16 royalty, for a 3-year term.

If acceptable, the lease should be executed by you, the depository bank entered in paragraph 4, and your signature notarized on the back of the lease form. Please present the draft and the lease to your bank for collection. The original lease should be attached to the draft - the copy is for your file.

We appreciate very much the opportunity to discuss this proposal with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

J. M. Fullinwider Vice President

Enclosures

	Midland, Texas	October 10	, 19 <u>79</u> NO
T	15Receipt	DATE	AND SUBJECT TO APPROVAL OF TIT
BA	PAY TO THE ORDER OF	Cathie Cone Auvenshine	
			\$ 50.00
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ST Nur		21, T-23-S, R-37-E, Lea Cou	
COLLE ME FIRS	To Thomas R. Barr V-D I troleum Inc.	co	NOTICE

suite seo

THE LOUDEL CLARE THE

one mariented place mid

midland, texas 29201

915 683-3344

February 15, 1980

Mr. David Bond Kyte c/o Priscilla Kyte 802 Alameda Padre Serra Santa Barbara, California 93101

> Compulsory Pooling V-F Petroleum Inc. SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Kyte:

Reference is made to our various telephone conversations concerning Mr. Kyte's mineral interest under the S/2 SE/4 of Section 21, T-23-S, R-37-E, Lea County, New Mexico. In those conversations we have advised that V-F Petroleum Inc. has made application for compulsory pooling of all uncommitted interests and the hearing is to be held February 27, 1980 in Santa Fe, New Mexico.

We look forward to the receipt of your lease which you have advised is in the mail to us at this time.

Very truly yours, Than R. Ban

Thomas R. Barr Land Manager

Suite 550 — one manenfeld place — midland, texas 79701 — 95-653-3344

November 12, 1979

Mr. David Bond Kyte c/o Mrs. Priscilla Kyte 802 Alameda Padre Serra Santa Barbara, California 93101

> Mineral Ownership S/2 SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mrs. Kyte:

As per our telephone conversation I am writing to set forth our request concerning the mineral interest owned by Mr. Kyte in the subject acreage.

According to our mineral take-off, we believe that you own an undivided 1/128 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased, at least as to the deep rights below 6500'.

Enclosed is a draft in the amount of \$50.00 which reflects the bonus consideration for your approximately .625 acres. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3-year term. For your information, the Bank of California has executed the Oil and gas lease for the interest of the Betty Kyte Dreesseen Trust.

If acceptable, the lease should be signed by you, the depository bank entered in paragraph 4, and your signature notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft with the lease to your bank for payment. The original lease should be attached to the draft the copy is for your file.

We appreciate very much the opportunity to discuss this prospect with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

David Bond Kyte

57 ÷

Enclosures

Thomas R. Barr

Thomas R. Ba: Land Manager lien upon said land, and in the event leaser does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without in:pairment of leasers rights under the warranty, if this lease covers a less interest in the oil or gas in all or any and other payments, if any, accruing from any part as to which thus lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, overed by this lease, lease to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as less of association of the same state is a to which thus lease covers less than auch full interest, shall be paid only in the proportion which the leasors fail to execute this lease, it shall nevertheres be binding upon the party or parties executing the same. 11. Leaver, is/his ascressors, here and assetts, shall have the right at any time to surrender this lease, in whole or in part, to leasor has heirs, succes-thereupor leaver shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Extra ted the day and year first above writter,

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V-13 Potroleunne Line.

suite 530

one manenteld place mi

midland, texas 79701

October 10, 1977

Mr. David Bond Kyte c/o Mrs. Betty Kyte Dreesseen 27447 Edgerton Road Los Altos, California 94022

> Mineral Ownership SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

Dear Mr. Kyte:

We are writing to set forth our request concerning the mineral interest owned by you in the subject acreage.

According to our mineral interest take-off, we believe that you own an undivided 1/128 interest in the S/2 SE/4 of Section 21. The records reflect that the mineral interest appears to be unleased at least as to the deep rights below 3500'.

Enclosed is a draft in the amount of \$50.00 which reflects the bonus consideration for your approximately .625 acres. Also enclosed is a standard oil and gas lease with a 3/16 royalty and a 3 year term. For your information, I have also requested a lease of the 3/128 interest subject to the Betty Kyte Dreesseen Trust, Bank of California.

If acceptable, the lease should be signed by you and your wife, if applicable, the depository bank entered in paragraph 4, and your signature(s) notarized on the back of the lease form. Please initial the changes to the basic contract and present the draft with the lease to your bank for payment. The original lease should be attached to the draft, the copy is for your file.

We appreciate very much the opportunity to discuss this prospect with you and will look forward to hearing from you at your earliest convenience.

Very truly yours,

mulc. an Thomas R. Ball

Land Manager

Enclosures

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	Midland, Texas	October 10	. 19 ⁷⁹	NO
3	PLACE	DATE	,	
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Г.(О] р. Те	Fifty&No/100	WITH EXCHANGE		Dollars
NA.	POR In consideration for		an Oil & Gas	Lease described
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51 B.	V-F Patro and Inc.	n na server a server	ED NOT HAND	LA LA CAST TEM

NORTH TEAGUE PROSPECT BELOW 6500'

Type of Committment	N/2 SE/4	<u>S/2 SE/4</u>
Leased to V-F Petroleum Inc.	10.36%	27.25%
Farmed out to V-F	62.49	30.63
Joined in well with V-F	25.83	39.37
Verbal committment to join or to lease to V-F	1.25	2.66
Uncommitted	.07	.09
	100.00%	100.00%

BEFORE EXAMINER MUTTER CIL CONSERVATION DIVISION U-F EVEXHIBIT NO. 5 CASE NO. 6819

: VELL CONTRATE

Drilling & Testing

Area NORTH TEAGUE FIELD County LEA State N.M. Projected Depth 9.600' Objective Devonian & McKneExpl. Devel. X W.O. SE SE Section 21, T-23-S, R-37-E ESTIFATED ACTUAL INTANGIBLE DRILLING COSTS ESTIFATED ACTUAL Location: Survey & Stake \$ 400 Roads, Pad & Clearing 12,000 Day Mork W/Pipe 4 Days @ \$ 4,500 Gay Day Work W/Dipe 4 Days @ \$ 4,500 Gay Cementing Services: 700 Intermediate Casing 1,000 Cementing Services: 700 Intermediate Casing 1,000 Mad and Chamicals [Salt Gel] 220,000 16,000 Edetrical Surveys Genosering India for an 'to ' 10,000 Edetrical Surveys' Electrical Surveys' Yuel Lat. to TD 3000' - Edition Geological Days @ \$ 275 Jay (plus expenses) 3,500 Engineering Days @ \$ 275 Jay (plus expenses) 3,500 Engineering Days @ \$ 11.3/4" @ \$ 15.00 15.000 Interrediate Casing 250 'of 11.3/4" @ \$ 15.00 12,400 <th>Operator</th> <th>V-F PETROLEUM INC. Well Name TR/</th> <th>AVIS</th> <th>No. 1</th>	Operator	V-F PETROLEUM INC. Well Name TR/	AVIS	No. 1
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Miscellaneous & Contengencies 15,000 Water - Fresh & Brine 15,000 TOTAL INTANGIBLE DRILLING COSTS \$ 337,500 Surface Casing 350 'of 11-3/4" @ \$ 15.00 /ft \$ 5,300 Intermediate Casing 2950 'of 8-5/8" @ \$ 11.00 /ft \$ 32,400 Weil Head 9,000 9,000 9,000 9,000 Miscellaneous 3,000 3,000 9,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 9,000 TOTAL TANGIBLE DRILLING COSTS \$ 1000 9,000 TOTAL TANGIBLE DRILLING COSTS \$ 1,000 \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 1,000 Cement for Plugging \$ 1,000 Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APFROVED: EBEFORM EXAMINER NUTTER COMPANY OIL COMPANY W. F. VASICEK Municel By UF FR EXAMINER NUTTER <tr< td=""><td></td><td></td><td></td><td></td></tr<>				
Water - Fresh & Brine 15,000 TOTAL INTANGIBLE DRILLING COSTS \$ 337,500 TANGIBLE DRILLING COSTS \$ 337,500 Surface Casing 350 'of Intermediate Casing 2950 'of Miscellaneous 3,000 Miscellaneous 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 Miscellaneous 3,000 TOTAL DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 1,000 Cement for Plugging \$ 1,000 Cement for Plugging \$ 1,000 Company TOTAL INTANGIBLE ABANDONMENT COSTS TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 395,200 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY QUE COMPANY V. F. VASICEK Willingen By V. F. VASICEK WILLING COSE By UE FRR	Hauling			
TOTAL INTANGIBLE DRILLING COSTS \$ 337,500 TANGIBLE DRILLING COSTS Surface Casing 350 'of 11-3/4" @ \$ 15.00 /ft \$ 5,300 Intermediate Casing 2950 'of 8-5/8 " @ \$ 11.00 /ft 32,400 Well Head 9,000 Miscellaneous 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 1,000 Cement for Plugging \$ 1,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 Company V-F PETROLEUM INC. Company BEFOLT EXALINER NUTTER OIL CLEVATION DIVISION By V. F. VASICEK Minicel By W. F. VASICEK Minicel By UF FR EXALINER NUTTER	Miscellane			
TANGIBLE DRILLING COSTS Surface Casing 350 'of 11-3/4" @ \$ 15.00 /ft \$ 5,300 Intermediate Casing 2950 'of 8-5/8 " @ \$ 11.00 /ft 32,400 Well Head 9,000 Miscellaneous 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 1,000 Cement for Plugging \$ 1,000 Cement for Plugging \$ 1,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 Company V.F. PETROLEUM INC. COMPANY OIL COST \$ 395,200 APPROVED: COMPANY OIL COST AND DIVISION By V. F. VASICEK Whited By UF FR EXAMINER NUTTER CASE NO CASE NO		Water - Fresh & Brine	15,000	
Surface Casing 350 'of 11-3/4" @ \$ 15.00 /ft \$ 5,300 Intermediate Casing 2950 'of 8-5/8" @ \$ 11.00 /ft 32,400 Well Head 9,000 9,000 9,000 9,000 Miscellaneous 3,000 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 Cement for Plugging \$ 1,000 Cement for Plugging \$ 1,000 Company \$ 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY OIL COMPANY V-F PETROLEUM INC. COMPANY By V. F. VASICEK By UF FRE EXHIBIT NC COSE FOR APPROVED: COSE FOR COMPANY OIL DIA COSE \$ 290	· 1	TOTAL INTANGIBLE DRILLING COSTS	\$ 337,500	
Surface Casing 350 'of 11-3/4" @ \$ 15.00 /ft \$ 5,300 Intermediate Casing 2950 'of 8-5/8" @ \$ 11.00 /ft 32,400 Well Head 9,000 9,000 9,000 9,000 Miscellaneous 3,000 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 Cement for Plugging \$ 1,000 Cement for Plugging \$ 1,000 Company \$ 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY OIL COMPANY V-F PETROLEUM INC. COMPANY By V. F. VASICEK By UF FRE EXHIBIT NC COSE FOR APPROVED: COSE FOR COMPANY OIL DIA COSE \$ 290				
Intermediate Casing 2950 'of 8-5/8 " @ \$ 11.00 /ft 32,400 Well Head 9,000 Miscellaneous 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 Cement for Plugging \$ 1,000 Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY V-F PETROLEUM INC. COMPANY OIL CUSTATION DIVISION By V. F. VASICEK White By UF FR EXHIBIT NC 6 10 000 UF FR EXHIBIT NC 6 1000	TANGIBLE DRI			
Well Head 9,000 Miscellaneous 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 1,000 Cement for Plugging \$ 1,000 Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: Safe Company COMPANY V-F PETROLEUM INC. By V. F. VASICEK Withingel By UF FRE EXHIBIT NC CASE FOR A 829	Surface Ca	asing 350 'of 11-3/4" @ \$ 15.00 /ft		
Miscellaneous 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 Cement for Plugging \$ 1,000 Cementing Service 8 Rigtime Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY COMPANY V-F PETROLEUM INC. By V. F. VASICEK J. 02.00 CASE NUM DIFERENTION \$ 824.9	Intermedia	ate Casing 2950 'of 8-5/8 " @ \$ 11.00 /ft	32,400	
Miscellaneous 3,000 TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 Cement for Plugging \$ 1,000 Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY COMPANY V-F PETROLEUM INC. By V. F. VASICEK J. 02.00 COSE NU APPROVED: COMPANY OU C COMPANY OU C COMPANY				
TOTAL TANGIBLE DRILLING COSTS \$ 49,700 TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 387,200 Cement for Plugging \$ 1,000 Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY V-F PETROLEUM INC. COMPANY By V. F. VASICEK W. F. VASICEK Whitele By UF FRE EXAMINER NUTTER OIL COLEMATION DIVISION By	Miscellane	eous		
TOTAL DRILLING COSTS \$ 387,200 INTANGIBLE ABANDONMENT COSTS \$ 1,000 Cement for Plugging \$ 1,000 Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY V-F PETROLEUM INC. COMPANY By V. F. VASICEK J. 02.00 CASE NO.	I	TOTAL TANGIBLE DRILLING COSTS		
INTANGIBLE ABANDONMENT COSTS \$ 1,000 Cement for Plugging \$ 1,000 Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: COMPANY V-F PETROLEUM INC. COMPANY By V. F. VASICEK UF F.R EXHIBIT NC 6 8/ 9]	
Cement for Plugging \$ 1,000 Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: Substrain the second substraint of the second		TOTAL DRILLING COSTS	\$ 387,200	
Cementing Service & Rigtime 6,000 Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: BEFORT EXAMINER NUTTER COMPANY V-F PETROLEUM INC. By V. F. VASICEK V. F. VASICEK Uniced By V. F. VASICEK	INTANGIBLE A	BANDONMENT COSTS		
Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: \$ 395,200 COMPANY V-F PETROLEUM INC. By V. F. VASICEK V. F. VASICEK J. J. DO. 00 LOD 00 COSE HT	Cement for	Plugging	\$ 1,000	
Location Clean-Up and Fence Work 1,000 TOTAL INTANGIBLE ABANDONMENT COSTS \$ 8,000 TOTAL DRY-HOLE COST \$ 395,200 APPROVED: \$ 395,200 COMPANY V-F PETROLEUM INC. By V. F. VASICEK V. F. VASICEK J. J. DO. 00 LOD 00 COSE HT	Cementing	Service & Rigtime	6,000	
APPROVED: \$ 395,200 APPROVED: BEFORT EXAMINER NUTTER COMPANY V-F PETROLEUM INC. By V. F. VASICEK V. F. VASICEK V. F. VASICEK V. F. VASICEK V. F. VASICEK			1,000	
APPROVED: \$ 395,200 APPROVED: BEFORT EXAMINER NUTTER COMPANY V-F PETROLEUM INC. By V. F. VASICEK V. F. VASICEK V. F. VASICEK V. F. VASICEK V. F. VASICEK	т	OTAL INTANGIBLE ABANDONMENT COSTS	\$ 8,000	
APPROVED: BEFORT EXAMINER NUTTER COMPANY V-F PETROLEUM INC. By V. F. VASICEK V. F. VASICEK V. F. VASICEK By V. F. VASICEK V. F. VASICEK V. F. VASICEK By V. F. VASICEK COMPANY V. F. VASICEK COMPANY V. F. VASICEK COMPANY V. F. VASICEK	TOTAL DRY-	HOLE COST	\$ 395,200	
COMPANY V-F PETROLEUM INC. COMPANY OIL COMPANY By V. F. VASICEK Image: Company OIL COMPANY Company OIL COMPANY OIL COMPANY By V. F. VASICEK Image: Company Company OIL COMPANY OIL COMPANY By VER Exhibit NC Company OIL COMPANY OIL COMPANY				
ByV.F. VASICEK //////////ByByUF PER EXHIBITING_6	COMPANY	V-F PETROLEUM INC. COMPANY OH		
CASE MA 6819	Ву	V. F. VASICEK 1. Illance By UF		
	Dato	L DD DD CASE I		

Date

1-23-80 Date_

WELL COST ESTIMATE

Completion & Equipment

Operator V-C	PETROLEUM INC.	Well	Name	IRAVIS	No]
Area NOR	TH TEAGUE FIELD	County	LEA	State	N.M
Projected Dept	h <u>9,600</u> Obje	ctive Devonian	& McKee Expl	Devel	<u>w.o.</u>
SE SE SE Sect	ion 21, T-23-S, R	-37-E		ESTIMATED	ACTUAL
INTANGIBLE COM	PLETION COSTS				
Rotary Day	Work]	davs @ \$ 5.00	0 / dav	\$ 5,000	
	t Day Work 8			8,800	
Cement DV To	101			8,000	
Cementing So	ervices DV Tool			1,800	
Electrical S	Surveys			2,000	
Perforating	reatment: Acid			3,000	
Formation T	reatment: Acio	d		6,000	
	Fra	c			
Testing				2,000	
Hauling	· · · · · · · · · · · · · · · · · · ·			2,000	·
	<u>10</u> days @ \$_2		s expenses)		- <u></u>
Miscellaneou	us & Contengenci	es & Taxes		10,000	
TOTAL	INTANGIBLE COM	PLETION COSTS		\$ 52,100	
TANGIBLE COMPLE					
Production C	Casing 9,600	of <u>5-1/2</u> 0 9	<u>5_7.30</u> /ft	\$ 70,000	
Production C	Casing	' of"@ 9 ' of"@ 9	2/ft		
Liner Tubing	0.000		/it	20.700	i
Sucker Rods	9,600	of <u>2-3/8</u> " @ 5 of <u>3/4-7/8</u> @ 5	$\frac{3.40}{11}$	32,700	
Xmas Tree	9,600	· 01 <u>3/4-7/</u> 8 e s	<u>-1.50</u> /11	15.000	·
Pumping Unit	w/baso			4,000	
. .	& Controls_[]	ectrical lines		5,000	
SANAXXXXXXXX	Subsurface Pump &	Accessories		2,000	· · · ·
Heater/Treat				6,000	
Flow Lines		······································		1,000	
Tank Battery	/ & Connections			10,000	
Installation				5,000	
Miscellaneou	is & Contengencies	- Taxes		15,000	
TOTAL 1	ANGIBLE COMPLE	TION COSTS		\$ 205,700	
	TOTAL COMPLE	TION COSTS		\$ 257,800	
TOTAL COMPLE	TED WELL COSTS	5		\$ 645,000	
APPROVED :					

COMPANY_	V-F PETROLEUM INC.	COMPANY	· .•.
Ву	V. F. VASICER J. Flanck	Ву	
Date	1-23-80	Date	

-2-



Teague North Prospect SE/4 Section 21 T-23-S, R-37 E Lea County, New Mexico

	_		
	Inte N/2 SE/4	s/2 SE/4	Comments
Name & Address			
Mr. Max Chudy 119 Rohr Avenue Buffalo, New York 14211	500/2,062,656	100/343,776	No answer
Flora G. Sarkisian, Executrix of the Est. of Dickram M. Sarkisian, deceased 35 West 44th Street New York, NY 10018	240/2,062,656	48/343,776	No answer
E. M. Edwards Company 1500 Walnut Street, Room 1608 Philadelphia, PA 19102	160/2,062,656	32/343,776	No answer
Hylah G. Sullivan	135/2,062,656	27/343,776	Unable to locate
Mrs. Rose Lancaster Rural Route 4 Darlington, Wisconsin 53530	62.5/2,062,656	12.5/343,776	No answer
Mrs. Anna Ross Gebhardt 1732 Dodson Street Evanston, Illinois 60202	62.5/2,062,656	12.5/343,776	No answer
Edward Mitchell Edwards 1500 Walnut Street, Room 708 Philadelphia, PA 19102	125/2,062,656	25/343,776	No answer
Franklin J. Zouch 8114 North 9th Avenue Phoenix, Arizona 85021	80/2,062,656	16/343,776	No answer
Delia B. Edwards 1500 Walnut Street, Room 1608 Philadelphia, PA 19102	75/2,062,656	15/343,776	No answer
Gorden S. Berg 7030 Chappel Avenue Chicago, Illinois 60649	50/2,062,656	10/343,776	No answer
Miss Ida Miller 1500 Walnut Street, Room 708 Philadelphia, PA 19102	25/2,062,656	5/343,776	No answer
Elmer G. Johnson 8364 Bennett Avenue Fontana, CA 92335	25/2,062,656	5/343,776	No answer
Andrew M. Taylor 7415 E. Lincoln Drive Scottsdale, Arizona 85251	-0-	10/343,776	No answer
Mrs. Kathleen Cone P. O. Drawer 1509 Lovington, NM 88260	1.04167	1.56250	
Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737	.20833	.31250	
David Bond Kyte c/o Priscilla Kyte 802 Alameda Padre Serra Santa Barbara, CA 93101	-0-	.78125%	Exhibit 3 Case 6819
,	1.32%	2.75%	-

NORTH TEAGUE PROSPECT BELOW 6500'

Type of Committment	N/2 SE/4	<u>S/2 SE/4</u>
Leased to V-F Petroleum Inc.	10.36%	27.25%
Farmed out to V-F	62.49	30.63
Joined in well with V-F	25.83	39.37
Verbal committment to join or to lease to V-F	' 1.25	2.66
Uncommitted	.07	.09
	100.00%	100.00%

Exhibit 5 Case 6819

AFE VELL COST ESTIMATE

Dxilling & Testing

Operator	V-F PETROLEUM INC.	Well Name	TRAVI	<u>S</u>	No. 1
Area	NORTH TEAGUE FIELD Cou	ntyLEA		State	N.M
Projected Da	epth 9,600' Objective	Devonian & McKeel	Expl	Devel	<u>x</u> w.o
SE SE SE SE	ection 21, T-23-S, R-37-E		Γ	ESTIMATED	ACTUAL
INTANGIBLE I	DRILLING COSTS		F		
Location:	Survey & Stake			\$ 400	
	Roads, Pad & Clearing			12,000	
	Surface Damages			2,500	
Drilling:	Footage 9,600 '@\$	<u>20.00</u> /ft		192,000	
	Day Work W/Pipe 4	_Days @ \$_4.500 /	/day_	18,000	
	Day Work W/O Pipe_1	_Days @ \$_4,500	/day_	4,500	
Cement:	Surface Casing			1,500	
	Intermediate Casing			4,500	<u>↓</u>
Cementing	Surface Casing		{	700	
	Intermediate Casing			1,000	
Mud and Ch	memicals (Salt Gel)			· 28,000	
	Lining			1,400	
	DSTs & Rigtime included abo			10,000	
locaing 4	Mud Log from	i to			
wgging.	Electrical Surveys Di				
		ensi-Neut. TD to 300		16,000	
		R Caliper TD - Surfa			j
Geological	Days @ \$ 275 7	and the second secon		3,500	
Engineerir	gDays @ \$75/	day (plus expens	sesit	3,500	
	Rental Csg Csg. Crews		·	5,000	
Hauling				3,000	
	ous & Contengencies			15,000	
	Water - Fresh & Brine	9		15,000	
1	OTAL INTANGIBLE DRILL	ING COSTS	4	337,500	
	TTANC COSTE				
TANGIBLE DRI			10.	5,300	
Surface Ca	te Casing 2950 'of 8-	$\frac{1-3}{4}$ " @ \$ 15.00			
Well Head		<u>-5/8</u> @\$ <u>11.00</u>	-/11-	32,400	
Miscellane				<u>9,000</u>	
PESCEIIane	.ous		<u> </u>	3,000	
I	OTAL TANGIBLE DRILLING	G COSTS		49,700	
	TOTAL DRILLING	G COSTS		387,200	
INTANGIBLE A	BANDONMENT COSTS				
	Plugging		\$		Ì
	Service & Rigtime			6,000	
Location C	lean-Up and Fence Worl	K		1,000	L
I	OTAL INTANGIBLE ABANDO	ONMENT COSTS	\$	8,000	
TOTAL DRY-	HOLE COST		\$	395,200	
APPROVED:				Exh.b.	+ 6
COMPANY	V-F PETROLEUM INC.	COMPANY		Exh.b. case	6819
By	V. F. VASICEK 1. Ilance				
Date	1-23-80	Date			

Date_

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Date

WELL COST ESTIMATE

Completion & Equipment

Operator V-F PETROLEUM INC.	Well Name	TRAVIS	No1
Area NORTH TEAGUE FIELD	CountyLEA	State	N.M.
Projected Depth 9,600 Object	iveDevonian_&_McKee_Exp	olDevel	<u>x</u> w.o
SE SE SE Section 21, T-23-S, R-37	7 – E	ESTIMATED	ACTUAL
INTANGIBLE COMPLETION COSTS		ESTIMATED	ACTUAL
Rotary Day Work	ays \mathscr{C} \$ 5,000 / day	\$ 5,000	
Pulling Unit Day Work 8 d	ays @ \$_1,100 /day	8,800	
Cement DV Tool		8,000	
Cementing Services_DV Tool		1,800	
Electrical Surveys		2,000	
Perforating Formation Treatment: Acid	- <u> </u>	3,000	
		6,000	
Frac_		2,000	
Testing Hauling		2,000	1
Engineering 10 days @ \$ 275	/day (plus emanses		
Miscellaneous & Contengencies		10,000	
Filscerraneous a contengencies	g Taxes	10,000	
TOTAL INTANGIBLE COMPLI	ETION COSTS	\$ 52,100	
		<u> </u>	
TANGIBLE COMPLETION COSTS			
	- F E 1 (21) @ \$ 7 20 / F+	t 70.000	
Production Casing 9,000	$51_{5-1/2} = 5_{1.30}/11_{5-1/2}$	\$ 70,000	
Production Casing <u>9,600</u> ' o Production Casing ' o Liner ' o	$f = \frac{1}{2} \frac{1}{6} \frac{1}{5} $		
	$f_{2-3/8} = 0.5 - 3.40 / ft$	32,700	· · · · · · · · · · · · · · · · · · ·
Tubing 9,600 C Sucker Rods 9,600	$f_{2/4,7/6} = \sqrt{-3.40}/10^{-1}$	15,000	
Xmas Tree		4,000	
Pumping Unit w/base	· · · · · · · · · · · · · · · · · · ·	40,000	
Engine/Motor & Controls Elect	trical lines	5,000	
Step XXXXXXXXX Subsurface Pump & Ac	ccessories	2,000	· ·
Heater/Treater		6,000	
Flow Lines		1,000	
Tank Battery & Connections		10,000	
Installation Labor		5,000	
Miscellaneous & Contengencies -	Taxes	15,000	
TOTAL TANGIBLE COMPLET	ION COSTS	\$ 205,700	
TOTAL COMPLET	ION COSTS	\$ 257,800	
			_
TOTAL COMPLETED WELL COSTS_		\$ 645,000	

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COMPANY_	V-F PETROLEUM INC.	COMPANY	· ···
By	V. F. VASICEK / flauck	Ву	
Date	1-23-80	Date	

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Teague North Prospect SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

	1-4-		
	Inte N/2 St/4	5/2 SE/4	Comments
Name & Address			
Mr. Max Chudy 119 Rohr Avenue Buffalo, New York 14211	500/2,062,656	100/343,776	No answer
Flora G. Sarkisian, Executrix of the Est. of Dickram M. Sarkisian, deceased 35 West 44th Street New York, NY 10018	240/2,062,656	48/343,776	No answer
E. M. Edwards Company 1500 Walnut Street, Room 1608 Philadelphia, PA 19102	160/2,062,656	32/343,776	No answer
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Mrs. Anna Ross Gebhardt 1732 Dodson Street Evanston, Illinois 60202	62.5/2,062,656	12.5/343,776	No answer
Edward Mitchell Edwards 1500 Walnut Street, Room 708 Philadelphia, PA 19102	125/2,062,656	25/343,776	No answer
Franklin J. Zouch 8114 North 9th Avenue Phoenix, Arizona 85021	80/2,062,656	16/343,776	No answer
Delia B. Edwards 1500 Walnut Street, Room 1608 Philadelphia, PA 19102	75/2,062,656	15/343,776	No answer
Gorden S. Berg 7030 Chappel Avenue Chicago, Illinois 60649	50/2,062,656	10/343,776	No answer
Miss Ida Miller 1500 Walnut Street, Room 708 Philadelphia, PA 19102	25/2,062,656	5/343,776	No answer
Elmer G. Johnson 8364 Bennett Avenue Fontana, CA 92335	25/2,062,656	5/343,776	No answer
Andrew M. Taylor 7415 E. Lincoln Drive Scottsdale, Arizona 85251	-0-	10/343,776	No answer
Mrs. Kathleen Cone P. O. Drawer 1509 Lovington, NM 88260	1.04167	1.56250	
Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737	.20833	.31250	
David Bond Kyte c/o Priscilla Kyte 802 Alameda Padre Serra	-0-	.78125%	Exhibits Case 6819
Santa Barbara, CA 93101	1.32%	2.75%	Case 6817

NORTH TEAGUE PROSPECT BELOW 6500'

Type of Committment	N/2 SE/4	<u>\$/2</u> SE/4
Leased to V-F Petroleum Inc.	10.36%	27.25%
Farmed out to V-F	62.49	30.63
Joined in well with V-F	25.83	39.37
Verbal committment to join or to lease to V-F	1.25	2.66
Uncommitted	.07	.09
	100.00%	100.00%

Exhibit 5 Case 6819

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Drilling & Testing

Area NORTH TEAGUE FIELD County LEA State N.K. Projected Depth 9.600' Objective Devonian & McKeeExpl. Devel. X W.O. SI SE SE Section 21, 1-23-5, R-37-E ESTIMATED ACTUAL INTANGIBLE DRILLING COSTS ESTIMATED ACTUAL Location: Survey & Stake \$ 400 Rods, Ped & Clearing 2.500 Drilling: Footage 9.600 * 6 \$ 20.00 /ft Day Work W/Pipe 4 Days 6 \$ 4.500 Cement: Surface Casing 1.300 Interrediate Casing 700 Surface Casing 1.000 Mud and Chemicals (Salt Gel) 28.000 Geological Days @ \$ 275 Mud and Chemicals (Salt Gel) 28.000 Geological Days @ \$ 275 Jag. Charge Proves 3.500 Equipment Rental 59, - Esg. Cress 5.000 Hauling 15.000 Niscellaneous 3.000 Miscellaneous 3.000 Mastare Samp 3.000 Mud and Chemicals 11-3/4" @ \$ 15.00 /ft Equineering	Operator	V-F PETROLEUM INC.	Well Name	TRAVIS	No]
SE SE Section 21, T-23-S, R-37-E INTANCIBLE DRILLING COSTS Location: Survey & Stake Reads, Pad & Clearing Surface Damages Drilling: Pootage 9,600 Drilling: Pootage 9,600 Drilling: Pootage 9,600 Cementing Mud and Chemicals (Salt Gel) Cementing Nut Log from the Intermediate Casing Cement for Piluging Cement for Piluging Costs Surface Casing Surface Casing Cement for Piluging Costs Surface Casing Costs Surface Casing Surface Casing Cement for Piluging Costs Surface Casing Surface Casing Surface Casing Cost Cost Surface Casing Cement for Piluging Costs Surface Casing Costs Surface Casing Cost Cost Surface Casing Cost Cost Cost Cost Surface Casing Cost Cost Cost Cost Cost Cost Cost Cost	Area	NORTH TEAGUE FIELD Cour	tyLEA	State	N.M.
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COMPANY V-F PETROLEUM INC. COMPANY Cuse 68/9 By V. F. VASICEK Infinited By	APPROVED:			Exhibi	<u>+</u> 6
ByV. F. VASICEK]. [16]	COMPANY	V-F PETROLEUM INC.	COMPANY		

WELL COST ESTIMATE

Completion & Equipment

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Page 3 of 3

Examiner Heaving - Wednesday - Harch 12, 1980

CASE 6818: (Continued from February 27, 1980, Examiner Hearing)

Application of Tenneco Oil Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State HL. 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East.

- CASE 6835: Application of Anadarko Production Company for an NGPA decermination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its New Mexico State "AB" Com. Well No. 1 located in Unit H of Section 36, Township 18 South, Range 28 East.
- CASE 6836: Application of Anadarko Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its New Mexico "AA" State Well No. 1 located in Unit F of Section 35, Township 18 South, Range 28 East.
- CASE 6837: Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

HACLA MADE IN COMMENT

CASE 6819: (Continued from February 27, 1980, Examiner Hearing)

Application of V-F Petroleum, Inc. for compulsory pooling, Les County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee or Devonian formations, or both, underlying four 40-acre units, being the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 23 South, Range 37 East, North Teague Field, each to be dedicated to a well to be drilled at a standard location therson. Also to be considered 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. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.



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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409

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	Page2
1	MR. STAMETS: Call next Case 6919. Ap-
2	plication of V-F Petroleum Corporation Inc., rather, for
3	compulsory pooling, Lea County, New Mexico.
4	At the request of the Applicant this cas
5	will be continued to the March 12th Examiner Hearing.
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7	(Hearing concluded.)
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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409

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REORTER'S CERTIFICATE

Page

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.

Silly W. Bayd C.S.E.

8 Examiner onservation

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fc, New Mexico 8756i Phone (505) 455-7409



SALLY W. BOYD, C.S.R. Ru. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409

	Page 2			
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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87301 Phone (305) 433-7409

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fc, New Mexico 87301 Phone (505) 455-7405

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Page 2 of 2 Examiner Hearing - Wednesday - February 27, 1980

CASE 6819: Application of V-F Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee or Devonian formations, or both, underlying four 40-acts units, being the SE/4 SE/4, NE/6 SE/4, NM/6 SE/4, and SM/4 SE/4 of Section 21, Teenship 23 South, Range 37 Fast, North Teague Field, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 6373: (Reopened and Readvertised) (Continued from January 30, 1980, Examiner Hearing)

In the matter of Case 6373 being reacened pursuant to the provisions of Order No. R-5875 which order created the East High Hope-Abo Gas Pool with temporary special rules therefor providing for 320-acre spacing. All interested parties may appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

CASE 6820: Application of Boyd Operating Co. for a dual completion and unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Blakemore Federal Well No. 1 at an unorthodox Wolfcamp location in the center of Unit A of Section 20, Township 9 South, Range 26 East, to produce gas from the Wolfcamp and Abo formations.

CASE 6821: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its Andrews Well No. 1 located in Unit F of Section 14, Township 21 South, Range 37 East.

CASE 6822: Application of Mesa Petroleum Co. for a gas well classification and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the classification of its Jog State Well No. 1 as a retrograde gas condensate well with 320-acre spacing; applicant further seeks approval for the unorthodox location of said well in the center of Unit L of Section 2, Township 24 South, Range 32 East, the S/2 of said Section 2 to be dedicated to the well.

CASE 6767: (Continued from February 13, 1980, Examiner Hearing)

Application of Alpha Twenty-One Production Company for two non-standard gas proration units, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause: seeks approval of a 40-acre non-standard proration unit comprising the NW/4 NW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 2, and also a 200-acre unit comprising the S/2 N/2 and NE/4 NW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 560 feet from the West line of Section 27. Applicant further seeks a finding that the drilling of the latter well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.



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BEFORE THE

NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF V-F PETROLEUM, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

APPLICATION

COMES NOW V-F PETROLEUM, INC., and applies to the Oil Conservation Division, New Mexico Energy and Minerals Department, for compulsory pooling of four 40-acre units for production from the McKee formation, or from the Devonian formation, or both, Lea County, New Mexico, North Teague (Devonian) area, and in support thereof would show the Division:

1. Applicant proposes to drill an initial well, to be located 330 feet from the South line, and 330 feet from the East line, Section 21, Township 23 South, Range 37 East, N.M.P.M., dedicating thereto the SE/4 SE/4 of Section 21. The initial well will be drilled to a depth sufficient to test the McKee at approximately 9,000 feet, and the Devonian at approximately 7,600 feet.

2. In the event the initial well is successfully completed for production from either the McKee or the Devonian, or both, applicant proposes to drill at a standard location in the NE/4 SE/4 of Section 21, and if successful, to then drill the NW/4 SE/4 and the SW/4 SE/4 of the said Section 21.

3. Applicant has obtained the concurrence of all interest owners in the SE/4 of Section 21, with the execption of the owners of 2.55% in the N/2 SE/4, and of 3.82 in the S/2 SE/4, although

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although it has made diligent effort to obtain a lease, farmout, or participation of the non-consenting owners.

4. The ownership, and the interest of each owner to the best of Applicant's information and belief, of those not consenting to the drilling of the proposed wells is shown on Exhibit "A" attached to this Application and made a part hereof.

WHEREFORE, Applicant prays that each of the quarter-quarter sections listed above be compulsorily pooled, that Applicant be designated as the operator of any well to be drilled, and that it be permitted to recover its costs of drilling, completing and equipping any well to be drilled, out of production, and to recover its costs of operation out of production, together with a risk factor for the risk of drilling, completing and equipping the wells, and for such other and further provision as the Division may deem proper.

> Respectfully submitted, V-F PETROLEUM, INC.

ason KIL Thomas lahin

KELLAHIN & KELLAHIN P. O. Box 1769 Santa Fe, New Mexico 87501 Phone: (505) 982-4285 ATTORNEYS FOR APPLICANT

-2-
Teague North Prospect SE/4 Section 21 T-23-S, R-37-E Lea County, New Mexico

	Interest	
Name & Address	N/2 SE/4	S/2 SE/4
Mr. R. B. Mitchell First City National Bank Building Austin, Texas 77002	5295/2,062,656	1059/343,776
Mr. Walsh B. Trammell 601 Southern National Bank Building Houston, Texas 77002	1940/2,062,656	388/343,776
Mr. Max Chudy 119 Rohr Avenue Buffalo, New York	500/2,062,656	100/343,776
Sheridan Family Trust 3686 Collins Street Saratoga, Florida 33580	39C/2,062,656	78/343,776
Rose P. Feltman 61-20 Grand Parkway, Spt. 602-C Forest Hills, New York 11375	390/2,062,656	78/343,776
Flora G. Sarkisian, Executrix of the Estate of Dickram M. Sarkisian, deceased 35 West 44th Street New York, New York 10018	240/2,062,656	48/343,776
Harry L. Jones & Isabel Jones as Joint Tenants with Right of Survivorship 108 S. Court Street Orlando, Florida 32801	200/2,062,656	40/343,776
E. M. Edwards Company 1500 Walnut Street, Room 1608 Philadelphia, PA 19102	160/2,062,656	32/343,776
Hylah G. Sullivan	135/2,062,656	27/343,776
Mrs. Rose Lancaster Rural Route 4 Darlington, Wisconsin 53530	62.5/2,062,656	12.5/343,776
Mrs. Anna Ross Gebhardt 1732 Dobson Street Evanston, Illinois 60202	62.5/2,062,656	12.5/343,776
Edward Mitchell Edwards 1500 Walnut Street, Room 708 Philadelphia, PA 19102	125/2,062,656	25/343,776
Franklin J. Zouch 8114 North 9th Avenue Phoenix, Arizona 85021	80/2,062,656	16/343,776
Robert Bradshaw Delphi, Indiana 46923	80/2,062,656	16/343,776
Delia B. Edwards 1500 Walnut Street, Room 1608 Philadelphia PA 19102	75/2,062,656	15/343,776

Lea County, New Mexico	Page 2	
Gorden G. Berg 7030 Chappel Avenue Chicago, Illinois 60649	50/2,062,656	10/343,776
Miss Ida Miller 1500 Walnut Street, Room 708 Philadelphia, PA 19102	25/2,062,656	5/343,776
Elmer G. Johnson 8364 Bennett Avenue Fontana, Calif. 92335	25/2,062,656	5/343,775
Charles T. Gallaher, II 1216 Sixth Street Moundsville, West Virginia 26041	25/2,062,656	5/343,776
Andrew M. Taylor 7415 E. Lincoln Drive Scottsdale, Arizona 85251	-0-	10/343,776
Mrs. Kathleen Cone P. O. Drawer 1509 Lovington, New Mexico 88260	50/602% of 1/48	50.602% of 1/
Douglas L. Cone, M.D. P. O. Box 6217 Lubbock, Texas 79413	9.8796% of 1/48	9.8796% of 1/
Clifford Cone P. O. Box 6010 Lubbock, Texas 79413	9.8796% of 1/48	9.8796% of 1/
Thomas R. Cone P. O. Box 126 Southwest City, Missouri 64843	9.8796% of 1/48	9.8796% of 1/
Kenneth G. Cone P. O. Drawer 1509 Lovington, New Mexico 88260	9.8796% of 1/48	9.8796% of 1/
Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737	9.8796% of 1/48	9.8796% of 1/
June Speight Suite 900 500 Rockfeller Plaza		
New York, New York 10020	12.5%	12.5%

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BEFORE THE

NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF V-F PETROLEUM, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

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APPLICATION

COMES NOW V-F PETROLEUM, INC., and applies to the Oil Conservation Division, New Mexico Energy and Minerals Department, for compulsory pooling of four 40-acre units for production from the McKee formation, or from the Devonian formation, or both, Lea County, New Mexico, North Teague (Devonian) area, and in support thereof would show the Division:

1. Applicant proposes to drill an initial well, to be located 330 feet from the South line, and 330 feet from the East line, Section 21, Township 23 South, Range 37 East, N.M.P.M., dedicating thereto the SE/4 SE/4 of Section 21. The initial well will be drilled to a depth sufficient to test the McKee at approximately 9,000 feet, and the Devonian at approximately 7,600 feet.

2. In the event the initial well is successfully completed for production from either the McKee or the Devonian, or both, applicant proposes to drill at a standard location in the NE/4 SE/4 of Section 21, and if successful, to then drill the NW/4 SE/4 and the SW/4 SE/4 of the said Section 21.

3. Applicant has obtained the concurrence of all interest owners in the SE/4 of Section 21, with the execption of the owners of 2.55% in the N/2 SE/4, and of 3.82 in the S/2 SE/4, although although it has made diligent effort to obtain a lease, farmout, or participation of the non-consenting owners.

4. The ownership, and the interest of each owner to the best of Applicant's information and belief, of those not consenting to the drilling of the proposed wells is shown on Exhibit "A" attached to this Application and made a part hereof.

WHEREFORE, Applicant prays that each of the quarter-quarter sections listed above be compulsorily pooled, that Applicant be designated as the operator of any well to be drilled, and that it be permitted to recover its costs of drilling, completing and equipping any well to be drilled, out of production, and to recover its costs of operation out of production, together with a risk factor for the risk of drilling, completing and equipping the wells, and for such other and further provision as the Division may deem proper.

> Respectfully submitted, V-F PETROLEUM, INC.

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W. Thomas Kellahin KELLAHIN & KELLAHIN P. O. Box 1769 Santa Fe, New Mexico 87501 Phone: (505) 982-4285 ATTORNEYS FOR APPLICANT

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Teague North Prospect SE/4 Section 20 T-23-S, F-37-5 Lea Souchy, New Merico

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Sheridan Family Trust 3686 Collins Street Saratoga, Florida 33580	390/2 ,062,6 56	78/343,776
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Teague North Prospect Lea County, New Mexico

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Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737	9.8796% of 1/48	9.8796% of 1/32
June Speight Suite 900 500 Rockfeller Plaza		
New York, New York 10020	12.5%	12.5%

BEFORE THE

NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF V-F PETROLEUM, INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

APPLICATION

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COMES NOW V-F PETROLEUM, INC., and applies to the Oil Conservation Division, New Mexico Energy and Minerals Department, for compulsory pooling of four 40-acre units for production from the McKee formation, or from the Devonian formation, or both, Lea County, New Mexico, North Teague (Devonian) area, and in support thereof would show the Division:

1. Applicant proposes to drill an initial well, to be located 330 feet from the South line, and 330 feet from the East line, Section 21, Township 23 South, Range 37 East, N.M.P.M., dedicating thereto the SE/4 SE/4 of Section 21. The initial well will be drilled to a depth sufficient to test the McKee at approximately 9,000 feet, and the Devonian at approximately 7,600 feet.

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> Respectfully submitted, V-F PETROLEUM, INC.

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W. Thomas Kellahin KELLAHIN & KELLAHIN P. O. Box 1769 Santa Fe, New Mexico 87501 Phone: (505) 982-4285 ATTORNEYS FOR APPLICANT

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Teague North Prospect SE/4 Section 21 T 23 S, R-37-E Lea County, New Mexico

	Int	erest
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Delia B. Edwards 1500 Walnut Street, Room 1608 Philadelphia PA 19102	75/2,062,656	15/343,776

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Teague North Prospect Lea County, New Mexico

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June Speight Suite 900 500 Rockfeller Plaza New York, New York 10020	12.5%	12.5%

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STATE OF NEW MEXICO DNERGY 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. 6819

Order No. R- <u>6292</u>

APPLICATION OF V-F PETROLEUM, INC. 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 <u>March 12</u>

19<u>80</u>, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter. NOW, on this day of March , 19 80 , 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, V-F Petroleum, Inc.

Lhe SE/4 SE/4

seeks an order pooling all mineral interests in the McKee or Devonian formations, or both, underlying four 40-acre units, being 4 SE/4, NE/4 SE/4, NW/4 SE/4, UNDERKYKNGXKNE and SW/4 SE/4 of Section 21 . Township 23 South . Range 37 East

of Section 21, Township	, Range	37 East
NMPM, North Teague Field,	Lea	County, New
Mexico., each to be dedicated	d to a well to be drilled	at a standard
location thereon.		

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(3) That the applicant has the right to drill and proposes
to drill a well on cach of the aforcated four 40-acre.
protation units.
(4) That there are interest owners in the proposed protation
units 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 solid units the opportunity to recover or receive without unnecessory expense his just and fair share of the gas The subject of the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(6) That the applicant should be designated the operator of the subject welk and units.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well far that unit 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 that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional <u>consecut</u> 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 that 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.

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(11) That 2200.00 per month should be fixed as & reason-for each of the subject wells; able 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 will will; 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 each of operating the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

per month while producing

(12) That all proceeds from production from the subject wells 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 the operator of The above described sooled units shall commence the drilling the first units were on or before July is, 1980, and should continue the drilling of said WEll with due diligence to a depth sufficient to test the Mckee formation or the Devouian Jormation; that, within 120 days following completion of the first wree, the operator should commence the The three remaining untrastles, one arilling of at a time, allowing no more than 120 days to elapse between the completion of the will and The commencement of the next; that the drilling of sall of said wills should be continued with and diligtuce to a depth sufficient to tes inchee or Devonian Jormation the

(14) That upon the failure of the aperator to commence the drilling of the tist in ar before Will an thousa hereunder on very 15, 1980, This order should become mull and void and of no effect whatsoever; that uppen the failure on the onerator to continue I WElls ng NO. (13) above, This order m tude should become mill and void and of no eff whatever except as to such well(s) and, unit(s)

whatsoever.

IT IS THEREFORE ORDERED:

SW/4 SE/4

(1) That all mineral interests, whatever they may be, or both, in the <u>McKee or Devonian</u> formations underlying the four 0-acre units, being the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and of Section <u>21</u>, Township <u>23 South</u>, Range <u>37 East</u>, NMPM, <u>North Teague Field</u>, <u>Lea</u> County, New Mexico, four are hereby pooled to form & standard <u>40</u> acre gas spacing each and proration units to be dedicated to a well to be drilled <u>A</u> at a standard location thereon.

PROVIDED HOWEVER, the aperator of the above-described pooled units shall commence the drilling of the first units where on or before fully 15, 1980, and shall continue the drilling of said WEll with due diligence to a depth sufficient to test the Nic Kee formation or the Divonian formation, that, within 120 days following completion of the first wree, the operator shall commence the drilling of the three remaining unit wills, one at a time, allowing no more than 120 days to elapse between the Completion of the drilling the commencement of the next; that the drilling of each of said wells shall be continued with due diligence to a depth sufficient to test the Mickee or Devonian formation; and

PROVIDED FURTHER, upon the failure of the aperator to commence the aring of the pisst well authorized hereunder bu ar before uly 15, 1980, this order shall and void and of no effect whatsoever; that upon the failure of the onerator to continue the th the much WElls accord a secribed in the above paragraph, This order shall become mill and void and of no effect whatever except as to such well(s) and, unit(s) and drilled and developed in compliance herein

<u>PROVIDED FURTHER</u>, that should said wells 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 V-F Petroleum, Inc. is hereby designated four the operator of the subject wells and units.

(3) That after the effective date of this order and within each of
 90 days prior to commencing said wells, 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 in that well 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 for each will costs within 90 days following completion of the well; that if a 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 that has paid his share of estimated costs in advance as provided

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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 the following costs and charges from production of each of the subject wells: The pro rata share of reasonable well costs

(A)

attributable to each non-consenting working in the WEll 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 pin of the pro rata share of reasonable well costs attributable

to each non-consenting working interest in the well 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 while drilling and \$200,00 por month the well costs. while producing are

(9) That \$2000.00 per month is hereby fixed as = reasonabl. charge for supervision (combined fixed rates), that the operator is hereby authorized to withhold from production the proportionate share of such supervision chargesattributable to each nonin the wells 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 nonconsenting working interest.

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(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 from that well, interests 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 wellswhich are not disbursed for any reason shall immediately be placed in escrow in <u>Lea</u> 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.