

W/2 SECTION 32
T-12-S, R-36-E
Lea County, New Mexico

1.- Status of mineral interests under subject acreage is as follows:

a.- 460/480 (95.833333%) mineral interest under lease to Ray H. Haskins, P. O. Box 2582, Midland, Texas, 79702, or under lease to various companies (Adobe, Amax, Ladd, & Yates) with subsequent farmout agreements to Haskins. First lease expires February 19, 1984.

b.- 20/480 (4.166667%) mineral interest owned by Thomas Max Nygaard, Daisy Keith, Alice Nygaard, and Shirley Nygaard, P. O. Box 238, Dallas, Texas, 75221, all unleased.

2.- In Mid-September, 1983, Mr. Robert D. Keegan, landman for Haskins, contacted Daisy Keith by telephone, who informed him that Mr. Nygaard was the spokesman for the family group. Mr. Nygaard was contacted by telephone, and was asked for a short term, 1/4-royalty lease for the purpose of drilling a 10,500' Wolfcamp test.

3.- Although Mr. Nygaard professed cordial cooperation, all attempts to obtain anything from him during September, October, November, and December, 1983, met with complete and utter failure. (See attached copies of correspondence, and copy of telephone bills.) He never answered a telephone call, he never answered a letter. Mr. Keegan made two personal trips by appointment to Dallas, to speak with him personally. Both trips proved negative.

4.- In November, 1983, Mr. Nygaard informed Haskins that he never leased his minerals, but sometimes joined in the drilling of a well. His requests for geological information were complied with insofar as possible by Haskins.

5.- Mr. Nygaard was repeatedly given the opportunity to either lease, or to join in the drilling of a well. His final position, as stated over the telephone to both Haskins and Keegan, was that he would do nothing.

6.- Consequently, on December 20, 1983, compulsory pooling proceedings were initiated, and Mr. Nygaard was so advised (see attached letter). To date he has not replied.

7.- Attached hereto is a brief report with maps, describing the geology of the Tatum (Wolfcamp) pool.

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<u>HASKINS</u>	EXHIBIT NO. <u>B</u>
CASE NO. <u>8047</u>	

Ray H. Haskins

Ray H. Haskins
January 17, 1984

Exhibit "B"

ROBERT D. KEEGAN

P.O. Box 2965

Midland, Texas 79702

SEPTEMBER 26, 1983

Thomas Max Nygaard
P.O. Box 238
Dallas, Texas 75221

Re: Walter Keith estate
Daisy Keith et al
N/2, SW/4, Section 32, T-12S, R-36E
Lea County, New Mexico

Dear Mr. Nygaard

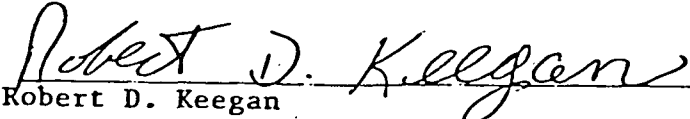
A check of the records of Lea County, New Mexico, indicates that the heirs of Walter Keith own an undivided 1/24 (20 net mineral acres) mineral interest in the captioned acreage.

Ray Haskins and I have obtained farmouts or leases from the other interest owners in this acreage on the following terms; a well to be spudded within six months, 75% net revenue interest. We are requesting that you and your family lease your interest to us on similar terms, i.e. a six month lease with a 1/4 royalty. This will give us a 100% working interest. Our plans are to drill a Wolfcamp test, which should be in the neighborhood of 10,250 feet. I am including a plat of this acreage for your files.

Would you kindly contact me at the above address or at (915) 694-3706 with your response to this proposal

Thank you for your attention to this request.

Sincerely


Robert D. Keegan

RDK/jcs

RAY H. HASKINS

(915) 682-0054

P.O. BOX 2582

FIRST CITY CENTER ONE, SUITE 1195

MIDLAND, TEXAS 79702

October 14, 1983

Mr. Phil Porter
P. O. Box 238
Dallas, Texas 75221

Re: N/2 & SW/4 Sec. 32
T-12-S, R-36-E
Lea County, New Mexico

Dear Mr. Porter:

At Mr. Nygaard's request I am writing to furnish you with a land plat and geological information on the Tatum (Wolfcamp) Pool, especially as it relates to a 20/480 mineral interest he owns under the above captioned acreage.

The Tatum pool was discovered in 1957 by Union, when they drilled a 14,500' Devonian test in the SE/4 SE/4 Section 6. Production is from the Wolfcamp "B" Limestone around 10,300', which is a vuggy limestone with somewhat erratic porosity. To my knowledge it does not produce elsewhere. The Bough "C" is a known producer to the north, but only one well in this pool produces from the "C", all others finding it to be tight or wet. A total of 9 wells have been drilled in the field, with a cumulative production of 630,000 BO, an average of 70,000 BO per well. Two wells are currently producing at the rate of 5 BOPD.

The structure is a low relief Devonian high (see enclosed GeoMap); there were no Devonian shows due to insufficient closure. The Wolfcamp structure (see enclosed map) shows a broad, low relief feature draped over the deep structure. Porosity is erratic, difficult to predict, and oil accumulation is largely stratigraphic in nature. The dry hole in the NW/4 SW/4 Section 5, for example, was high enough to produce, but was tight. The dry hole in the NW/4 NE/4 Section 6 had porosity, but tested water with no shows.

It is my plan to drill a 10,500' Wolfcamp test, trying to get high enough to stay out of water, with good enough porosity to produce, and hoping that 25 years of production in the section to the south has not drained the reservoir. Adobe, Amax, Ladd and Yates hold 3/16 royalty leases, they have farmed out to me retaining a 1/16 ORRI, no back-in. There are 150 mineral acres unleased, I have obtained 6-months, 1/4 royalty leases from all the other mineral owners, Mr. Nygaard's interest being the only outstanding interest.

Your kind attention to this matter will be greatly appreciated, as I need to get all the interests in hand as soon as possible.

Very truly yours,

Ray H. Haskins
Ray H. Haskins

/av

RAY H. HASKINS

(915) 682-0054

P.O. BOX 2582

FIRST CITY CENTER ONE, SUITE 1195

MIDLAND, TEXAS 79702

November 4, 1983

Mr. Phil Porter
4625 Greenville Avenue, Suite 201
Dallas, Texas 75206

Re: Tatum Area
Lea County, New Mexico

Dear Mr. Porter:

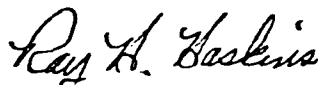
Enclosed is the information I sent you several weeks ago to Mr. Nygaard's address, which you apparently did not receive.

The only thing I can add to it is, the estimated well cost is \$700,000.00 completed to the tanks with pumping unit, as the wells frequently produce a lot of water and do not flow. The operating agreement will call for payment of estimated well costs plus 20% contingencies in advance, with settlement to be made after well is completed. Mr Nygaard's 20/480 interest, therefore, will require him to advance approximately \$35,000.00 as his proportionate share of the estimated well cost.

As I told you on the telephone this morning, I have all of the farmout agreements and leases in hand, other than for Mr. Nygaard's interest, and am proceeding to deliver them all to Great Western Production Company, who will be the operator of the well. I am informing them in my cover letter that there remains a 20/480 interest outstanding, which I have exerted my best interest to lease, but without success to this point, but will continue to try to reach some sort of agreement with Mr. Nygaard at the earliest possible date.

I have not yet informed Great Western of my inability to obtain a lease from Mr. Nygaard, and I hope that this problem does not cause them to decide not to drill the well. I have been in a holding pattern for several weeks, and am at a loss to know what to do next, other than to sincerely thank you for your kind attention and cooperation in helping to resolve the problem at the earliest possible date.

Very truly yours,



Ray H. Haskins

Encl.

/av

RAY H. HASKINS

(915) 682-0054

P.O. BOX 2582

FIRST CITY CENTER ONE, SUITE 1195

MIDLAND, TEXAS 79702

Dec. 20, 1983

Mr. Thomas Nygaard
P.O. Box 238
Dallas, Texas 75221

Re: N/2 & SW/4 Sec. 32
T-12-S, R-36-E
Lea County, New Mexico

Dear Mr. Nygaard:

Reference is made to the letter sent you on September 26, 1983, by my landman, Mr. Robert Keegan; to my letters to your geologist, Mr. Phil Porter, dated October 14, 1983, and November 4, 1983; to the two trips to Dallas Mr. Keegan has made to talk to you in person; and to the many, many telephone calls made by myself and by Mr. Keegan to you and to Mr. Porter, regarding your unleased minerals in the above captioned area.

I regret to inform you that, in deference to the best interests of all the leasehold, mineral, and royalty owners in this area, as well as to myself and to the other investors involved, your complete lack of consideration and cooperation has left me no choice but to instigate procedures to force-pool your mineral interests under the laws of the state of New Mexico.

There are two options still available to you, which would fore-stall this force-pooling, as follows:

1. Execute and return to me at your earliest convenience the enclosed oil and gas lease dated December 19, 1983, which specifies a 6 months primary term and a one-quarter (1/4) royalty; or,
2. Sign, date and return to me the enclosed Estimated AFE, signifying your agreeing to join in the drilling of the specified well.

Mr. Nygaard, I really would appreciate your cooperation, but with or without it, I must proceed with the plans to drill the well.

Very truly yours,
Ray H. Haskins
Ray H. Haskins

cc/Porter

ESTIMATED A.F.E.

OPERATOR: Ray H. Haskins

LOCATION: Sec 32 T-12-S R-36-E

WELL : Jennings No. 1

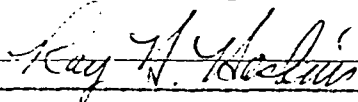
Lea County, New Mexico

	To Casing Point	Flowing Well	Pumping Well
Roads & Location	5000	5000	5000
Damages	5000	5000	5000
Footage: 10,500' @ \$28.00/ft.	294000	294000	294000
Daywork: 4 days @ \$5000/day	20000	20000	20000
Cement & Cementing	24000	40000	40000
Mud & Chemicals	20000	20000	20000
Logging & Testing	50000	50000	50000
Mud Logging	7500	7500	7500
Coring & Core Analysis	0	0	0
Water	12000	12000	12000
Perforating	0	4000	4000
Acidizing & Fracturing	0	10000	10000
Completion Unit	0	10000	10000
Contract Labor	0	11000	16000
Equipment Rental	0	4000	4000
Overhead & Supervision	15000	25000	30000
Miscellaneous	14000	14000	18000
Contingencies	20000	25000	30000
Total Intangibles	486500	556500	575500
Surface Casing	5000	5000	5000
Intermediate Casing	50000	50000	50000
Production Casing	0	60000	60000
Wellhead & Valves	8000	15000	15000
Tubing	0	25000	25000
Sucker Rods	0	0	16000
Bottom Hole Pump	0	0	3000
Pumping Unit	0	0	45000
Base & Installation	0	0	5000
Pump Engine	0	0	3500
Electric Power Equipment	0	0	5000
Chemical Pump	0	0	1000
Tanks	0	10000	10000
Separator & Treater	0	6000	6000
Line Pipe & Connections	0	6000	6000
Miscellaneous	0	18000	22000
Total Equipment	63000	195000	277500

TOTAL COST	549500	751500	853000

Your 20/480 Interest = 35541.95

I agree to join in the drilling of this well, will sign an operating agreement when presented to me, and will pre-pay my proportionate share of drilling and completion costs as estimated above.



Prepared by: Ray H. Haskins
Date: December 20, 1983

Accepted by: Thomas Max Nygaard
Date:

AT&T COMPANY

BILLING INQUIRIES CALL 1-951-2501

FREE

NO.	DATE	TIME	PLACE CALLED	AREA	NUMBER ***	MIN	AMOUNT
CALLS FROM 682 1002							
1	10 12 11	05AM	BAMMEL TX	713 580	0341 D	7	2.94
2	10 15 10	04AM	ECUADOR	593 224	0397 D	1	2.77
3	10 15 10	05AM	ECUADOR	593 224	0397 D	7	9.85
4	10 17 2	24PM	DENVER CO	303 934	2211 D	1	.62
5	10 18 9	54AM	DENVER CO	303 935	2211 D	1	.62
6	10 18 9	55AM	DENVER CO	303 934	2211 D	1	.62
7	10 18 10	11AM	DALLAS TX	214 528	4478 D	2	.84
8	10 18 10	13AM	DALLAS TX	214 696	2454 D	2	.84
9	10 18 10	32AM	HOUSTON TX	713 978	7700 D	1	.42
10	10 18 10	41AM	HOUSTON TX	713 978	7700 D	1	.42
11	10 19 2	23PM	HOUSTON TX	713 978	7700 D	2	.84

THANK YOU! IT'S A PLEASURE TO SERVE YOU!

CALL DATE	CALL TIME	NUMBER CALLED	CITY CALLED	PROJ CODE	DURATION MIN:SEC	TOTAL COST	BE CC
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CALLS FOR AUTHORIZATION CODE P. HASKINS

10/18/83	9:23 AM	202-477-4117	WASHINGTON DC		14:00	5.05	6.1	
10/18/83	10:48 AM	713-580-0341	BAMMEL TX		10:00	3.36	4.2	
10/18/83	11:02 AM	713-580-0341	BAMMEL TX		21:00	7.06	8.8	
10/18/83	2:18 PM	713-978-7700	HOUSTON TX		3:00	1.01	1.2	
10/19/83	10:40 AM	713-784-4443	HOUSTON TX		4:00	1.35	1.6	
10/19/83	2:24 PM	303-620-0100	DENVER CO		2:00	.84	1.0	
10/20/83	9:08 PM	305-456-5673	HOLLYWOOD FL		6:00	1.48	1.8	
10/24/83	8:59 AM	214-696-2454	DALLAS TX		4:00	1.35	1.6	
10/24/83	10:49 AM	713-784-4443	HOUSTON TX		2:00	.68	.8	
10/24/83	1:38 PM	214-528-4478	DALLAS TX		1:00	.34	.4	
10/25/83	1:58 PM	214-528-4478	DALLAS TX		2:00	.68	.8	
10/27/83	8:33 AM	713-580-0341	BAMMEL TX		12:00	6.05	7.3	
10/31/83	4:10 PM	505-623-6601	ROSWELL NM		1:00	.47	.5	
11/01/83	9:17 AM	512-398-9387	LOCKHART TX		9:00	3.03	3.7	
11/01/83	10:29 AM	303-620-0100	DENVER CO		3:00	1.19	1.4	
11/04/83	9:15 AM	214-696-2454	DALLAS TX		6:00	2.02	2.3	
11/04/83	9:27 AM	214-528-4478	DALLAS TX		15:00	5.04	6.3	
11/04/83	10:02 AM	501-786-5465	STEPHENS AR		1:00	.50	.6	
11/04/83	2:40 PM	501-786-5465	STEPHENS AR		1:00	.50	.6	
11/07/83	10:01 AM	801-566-3958	MIDVALE UT		2:00	.84	1.0	
11/07/83	10:42 AM	713-978-7700	HOUSTON TX		5:00	1.68	2.1	
11/07/83	12:41 PM	801-566-3958	MIDVALE UT		9:00	3.25	4.0	
11/14/83	9:46 AM	801-566-3958	MIDVALE UT		2:00	.84	1.0	
11/14/83	10:46 AM	505-623-6601	ROSWELL NM		1:00	.47	.5	
11/14/83	11:35 AM	713-482-3413	FRIENDSWOOD TX		1:00	.34	.4	
12/20/83	4:15 PM	214-696-2454	Dallas TX					
25	CALLS FOR P. HASKINS					143:00	49.46	61.1

25 TOTAL CALLS PAY P. HASKINS

143:00 49.46

61.1

OUR SERVICE HAS SAVED YOU \$12.26 THANK YOU FOR YOUR PATRONAGE.
 FOR ASSISTANCE WITH YOUR BILL PLEASE CALL 915-561-0725