

LARGE FORMAT
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Dalen Resources

Murchison State 2 #1

RFLM 05026

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISIONEXHIBIT NO. 6CASE NO. 11280**SUMMARY OF PVT DATA****Reported Reservoir Conditions**

| | | |
|-------------------------------------|------|------|
| Average Reservoir Pressure | 2453 | psig |
| Average Reservoir Temperature | 100 | °F |

Pressure-Volume Relations

| | | |
|--|---------|-----------------------------------|
| Saturation Pressure | 2453 | psig |
| Avg Single-Phase Compressibility | 12.10 | E-6 v/v/psi (5000 to 2453 psig) |
| Thermal Exp @ 5000 psig | 1.02672 | V at 100 °F / V at 60 °F |

Differential Vaporization Data

(at 2453 psig and 100 °F)

| | | |
|----------------------------------|--------|------------------------------------|
| Solution Gas/Oil Ratio | 1,061 | scf / bbl of residual oil at 60 °F |
| Relative Oil Volume | 1.510 | bbl / bbl of residual oil at 60 °F |
| Density of Reservoir Fluid | 0.6689 | gm/cc |

Reservoir Fluid Viscosity

0.365 cp at 2453 psig and 100 °F

Separator Test Results

| Separator Conditions | | Formation Volume Factor (A) | Total Solution Gas/Oil Ratio (B) | Tank Oil Gravity (°API at 60 °F) |
|----------------------|----|-----------------------------------|--|---------------------------------------|
| psig | °F | | | |
| 250 | 70 | 1.499 | 1,051 | 45.5 <i>Black Oil</i> |

(A) Barrels of saturated oil per barrel of stock tank oil at 60 °F.

(B) Total standard cubic feet of gas per barrel of stock tank oil at 60 °F.

Dalen Resources
Murchison State 2 #1
RFLM 95026

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. # 7

CASE NO. 11280

COMPOSITION OF PRIMARY STAGE SEPARATOR GAS
(by Programmed-Temperature, Capillary Chromatography)

| Component | Mol % | Plant Products (GPM) | Liquid Density (gm/cc) | MW |
|------------------|--------|----------------------|------------------------|--------|
| Hydrogen Sulfide | 0.00 | | | |
| Carbon Dioxide | 0.30 | | 0.8172 | 44.010 |
| Nitrogen | 3.38 | | 0.8086 | 28.013 |
| Methane | 77.79 | | 0.2997 | 16.043 |
| Ethane | 9.87 | 2.690 | 0.3582 | 30.070 |
| Propane | 4.44 | 1.247 | 0.5070 | 44.097 |
| Iso-Butane | 0.74 | 0.247 | 0.5629 | 58.123 |
| n-Butane | 1.52 | 0.488 | 0.5840 | 58.123 |
| Iso-Pentane | 0.70 | 0.261 | 0.6244 | 72.150 |
| n-Pentane | 0.72 | 0.266 | 0.6311 | 72.150 |
| Hexanes | 0.34 | 0.135 | 0.6850 | 84.0 |
| Heptanes | 0.16 | 0.069 | 0.7220 | 96.0 |
| Octanes | 0.01 | 0.005 | 0.7450 | 107 |
| Nonanes | 0.03 | 0.015 | 0.7640 | 121 |
| Totals | 100.00 | 5.423 | | |

SAMPLING CONDITIONS

260 psig
65 °F

Average Sample Properties

Critical Pressure, psia 657.0
Critical Temperature, °R 393.3

Average Molecular Weight 21.31
Calculated Gas Gravity (air = 1.000) 0.736

at 15.025 psia and 60 °F

Properties of Plus Fractions

| Component | Mol % | Liquid Density (gm/cc) | Liquid API Gravity | MW |
|---------------|-------|------------------------|--------------------|-------|
| Heptanes plus | 0.20 | 0.7305 | 62.0 | 100.3 |

Heating Value, Btu/acf dry gas*
Gross 1229
Net 1114

Heating Value, Btu/Cubic Feet wet gas*
Gross 1208
Net 1094

Wobbe Index, Btu/Cubic Feet dry gas
Gross 1433

*more indicator
gas removed gas*

Note: Component properties assigned from literature.

* ref: Gas Producers & Suppliers Association (GPSA) Engineering Data Book

EXHIBIT

PRODUCED GAS ANALYSES COMPARISON

| Operator Lease Field | Ray Westall Santa Fe Fed. No. 1 E. Herradura | DALEN Resources Murchison St. 2 No. 1 White City | Bird Creek Resources RGA No. 1 E. Loving | Ray Westall Myrtle Myra No. 2 LaHuerta |
|----------------------------|--|--|--|--|
| Heating Value BTU/MCF | 1,167 | 1,208 | 1,571 | 1,431 |
| Liquid Content-GPM | | | | |
| Ethane | 2.636 | 2.69 | 7.098 | 4.985 |
| Propane | 1.375 | 1.247 | 4.388 | 3.069 |
| ISO Butane | 0.177 | 0.247 | 0.461 | 0.485 |
| Normal Butane | 0.436 | 0.488 | 0.981 | 1.019 |
| ISO Pentane | 0.384 | 0.261 | 0.18 | 0.346 |
| Normal Pentane | --- | 0.266 | 0.172 | 0.335 |
| Hexanes Plus | --- | 0.224 | 0.176 | 0.398 |
| | 5.008 | 5.423 | 13.456 | 10.637 |

BEFORE EXAMINER CATANACH
CONSERVATION DIVISION

EXHIBIT NO. 8

NO. 08211

*Exhibit
Santa Fe Federal Lease - 8 Wells*

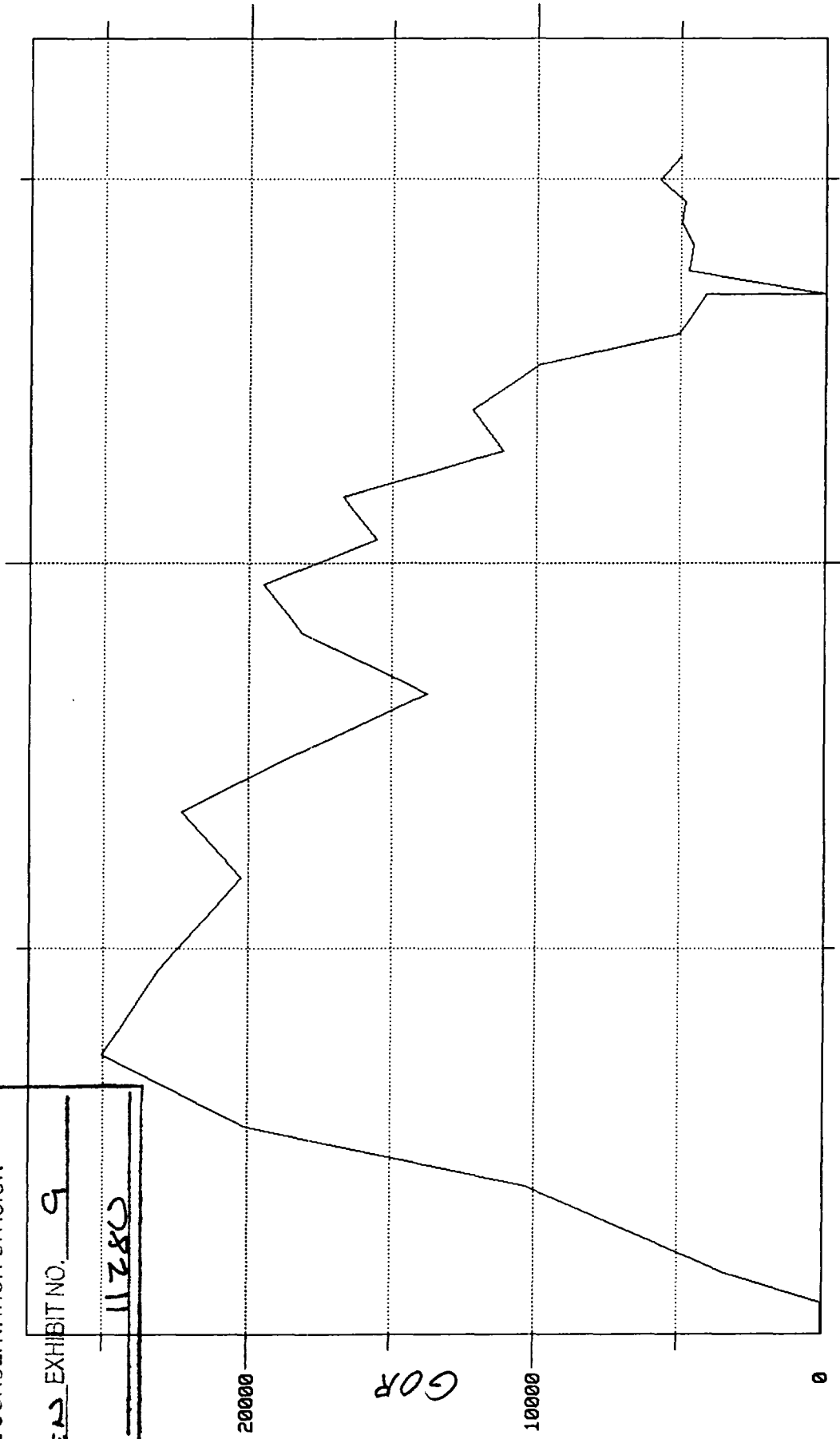
Calculated
Oil
Gas
Water

TEMP
GOR vs Oil Cumulative
Cf/Bbl vs Bbls
TEMP.raw!!!
For the Period 00/0000 to 00/0000

Production
Oil
Gas
Water

Herradura Bend, E. Brushy Canyon Field

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
DALE EXHIBIT NO. 9
CASE NO. 11780



Reported Oil Production = 152928 Bbls
Reported Gas Production = 2225621 Mcf
Reported Water Production = 386424 Bbls

Exhibit Santa Fe Federal Lease - 8 Wells

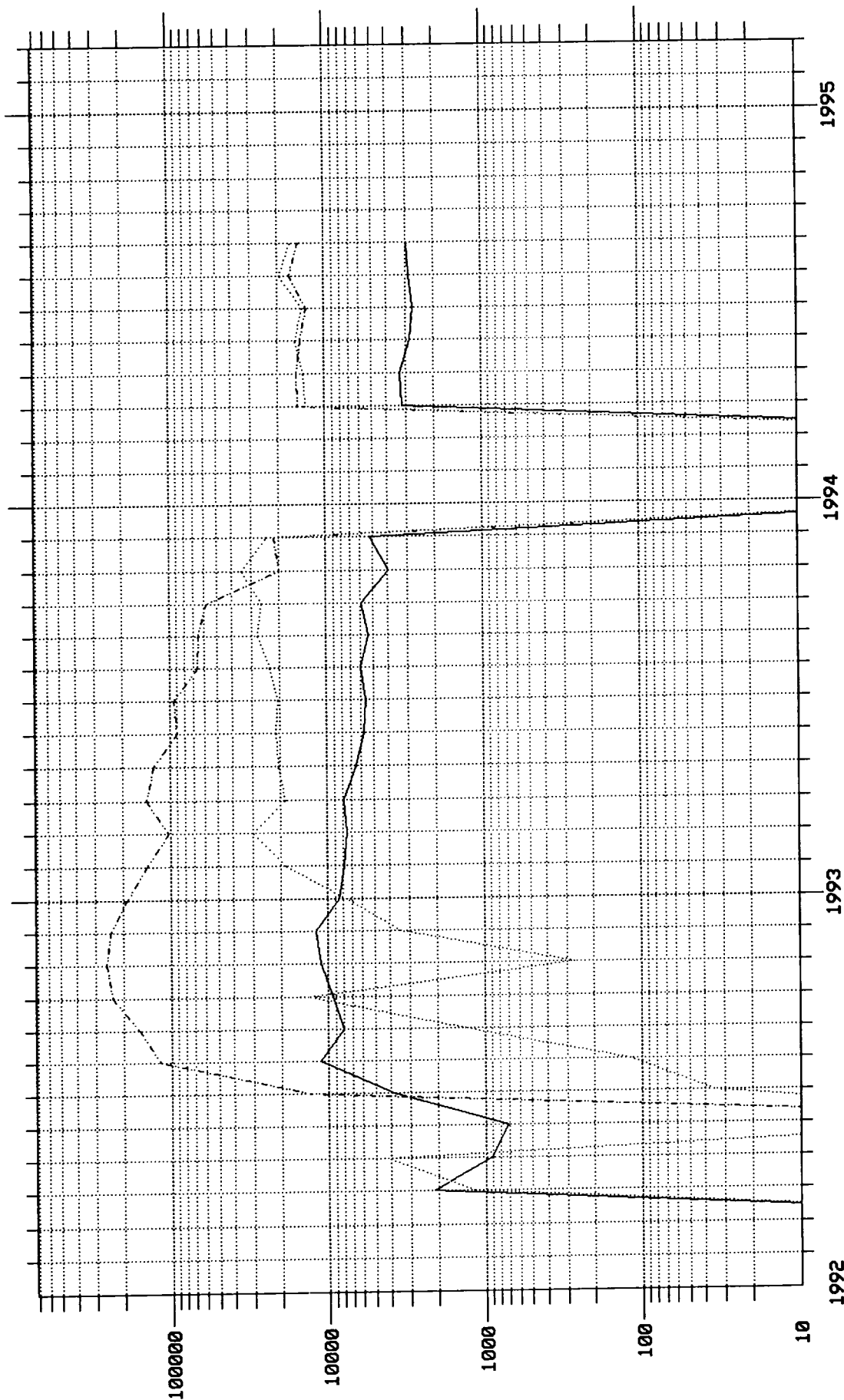
Calculated
Oil
Gas
Water

TEMP
Production Rate vs Time
Bbl/Mo or Mcf/Mo vs Months
TEMP.raw11

For the Period 00/0000 to 00/0000

Herradura Bend, E. Brushy Canyon Field

Production
Oil
Gas
Water



Reported Oil Production = 152928 Bbls
Reported Gas Production = 2225621 Mcf
Reported Water Production = 386424 Bbls

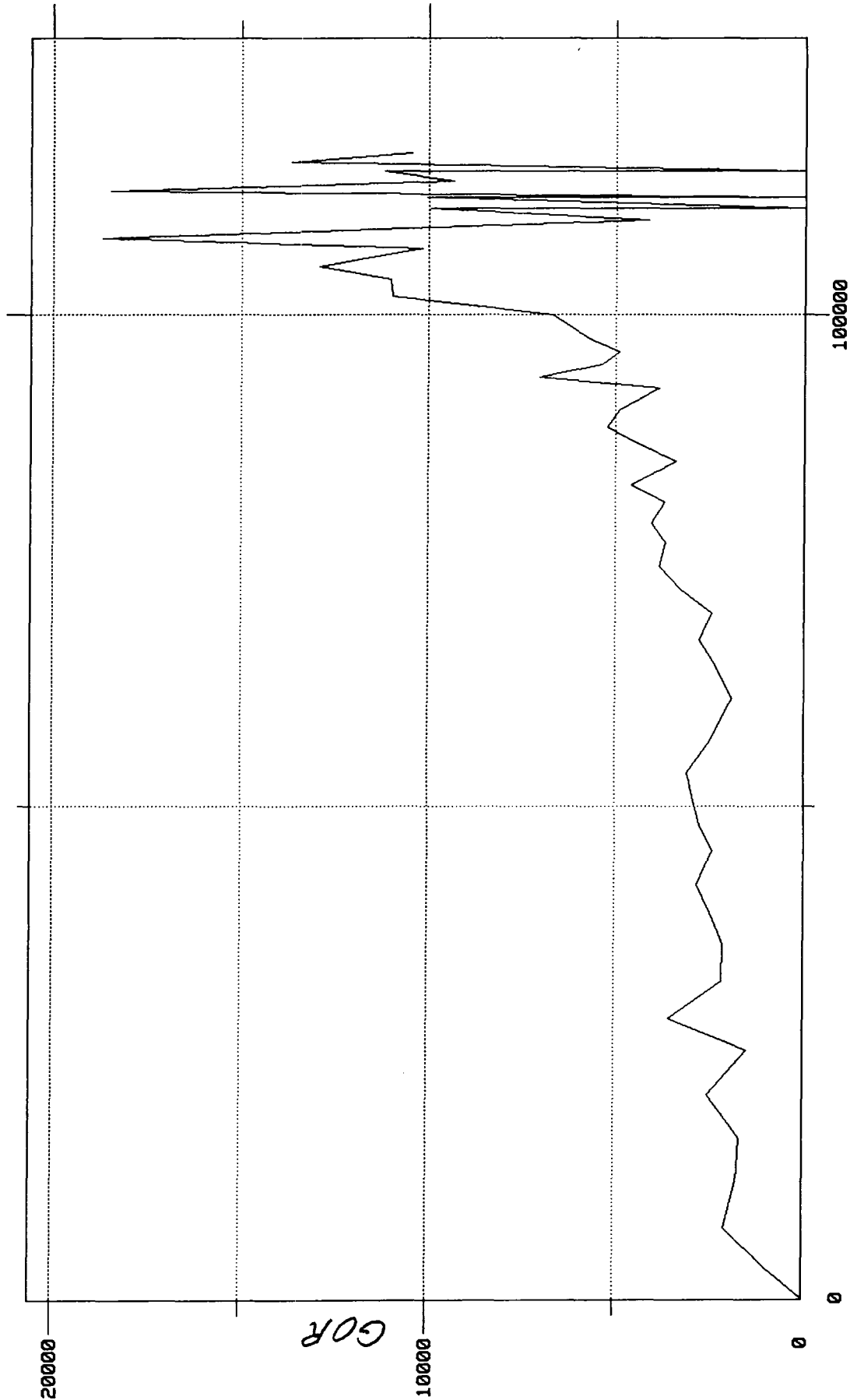
Exhibit

Calculated
Oil
Gas
Water

TEMP
GOR vs Oil Cumulative
Cf/BB1 vs BB1s
CULEBRA BLUFF UNIT (SOI2IRB OPERATING COMP
For the Period 08/1990 to 11/1994

Loving Brushy Canyon Field

Production
Oil
Gas
Water



Reported Oil Production = 116433 Bbl's
Reported Gas Production = 471892 Mcf
Reported Water Production = 44155 Bbl's

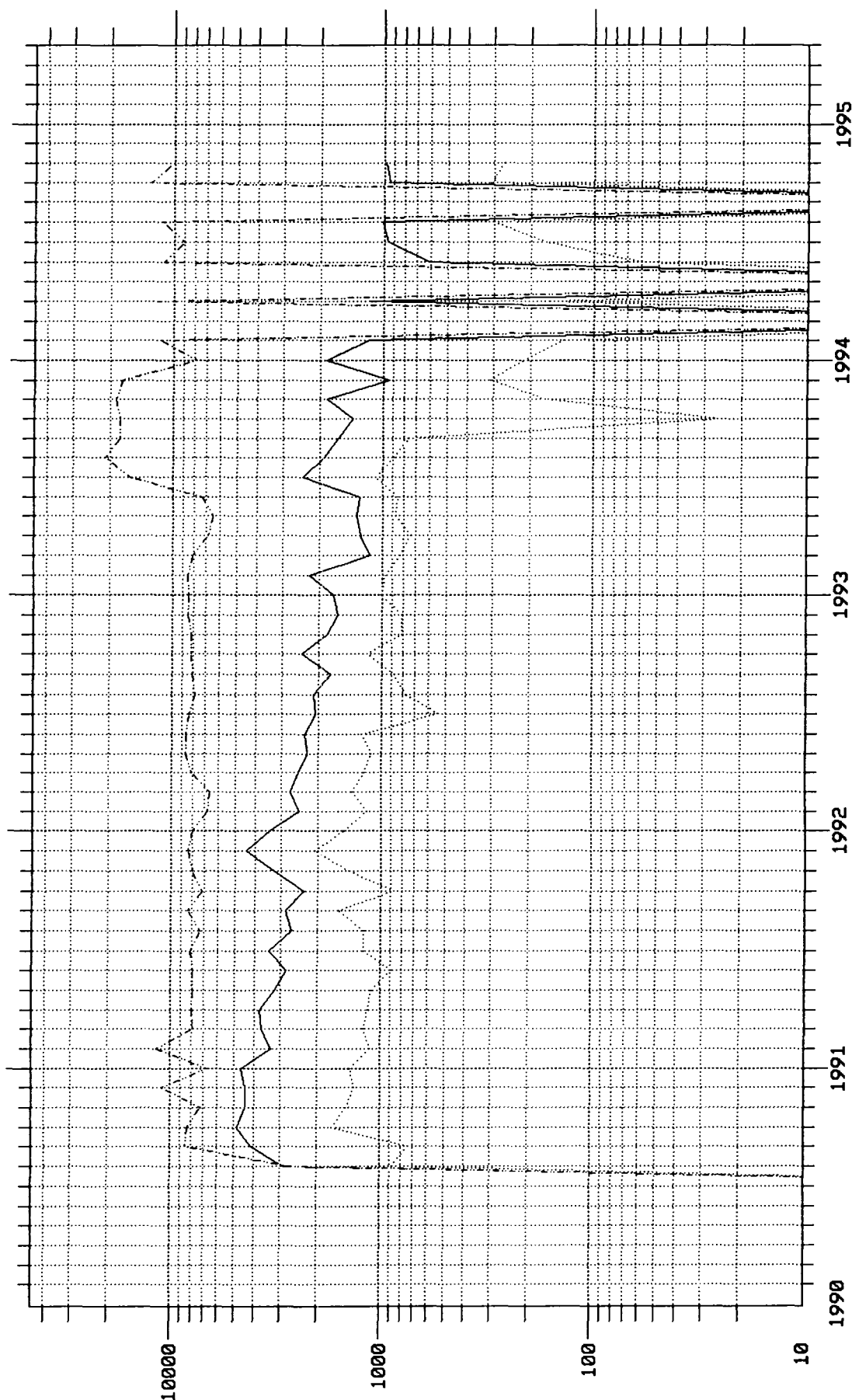
Calculated
Oil
Gas
Water

TEMP

Production Rate vs Time
Bbl/Mo or Mcf/Mo vs Months
CULEBRA BLUFF UNIT (SOI2IRB OPERATING COMP
For the Period 08/1990 to 11/1994

Loving Brushy Canyon Field

Production
Oil
Gas
Water



Reported Oil Production = 116433 Bbls
Reported Gas Production = 471892 Mcf
Reported Water Production = 44155 Bbls

Exhibit 10
Eddy County Brushy Canyon Fields
GOR Performance Comparison

| | <u>Loving</u> | <u>Nash Draw</u> | <u>Herradura Bend, E.</u> |
|---------------------------|---------------|------------------|---------------------------|
| First Production | 1990 | 1993 | 1992 |
| Cumulative GOR, Scf/Bbl. | 4525 | 2980 | 7870 |
| 1994 Annual GOR, Scf/Bbl. | 10925 | 3940 | 5600 |

Handwritten notes:
 - Above 10925: *1994 Annual GOR*
 - Above 3940: *1994 Annual GOR*
 - Above 5600: *1994 Annual GOR*
 - To the right of the table: *Col. of 1994 Annual GOR*

Ex # 10

| MURCHISON NO. 1: INITIAL PRODUCTION | | | | | | | |
|-------------------------------------|--------------|----------------|--------------|-----------------|---------------|-------|-----------------|
| DATE | OIL (BBL) | WATER (BBL) | GAS (MCF) | GOR (SCF/BO) | FTP (PSIG) | HOURS | CHOKE (/64) |
| 3/17/95 | | | | | | | |
| 3/18/95 | 150 | 0 | 360 | 2,400 | 1,250 | 17 | 17 |
| 3/19/95 | 98 | 52 | 625 | 6,378 | 1,200 | 24 | 18 |
| 3/20/95 | 253 | 250 | 625 | 2,470 | 1,200 | 24 | 18 |
| 3/21/95 | 254 | 264 | 1,250 | 4,921 | 1,150 | 24 | 18 |
| 3/22/95 | 99 | 8 | 541 | 5,465 | 1,375 | 23 | 14 |
| 3/23/95 | 73 | 3 | 498 | 6,822 | 1,325 | 24 | 14 |
| 3/24/95 | 129 | 101 | 640 | 4,961 | 1,140 | 24 | 15 |
| 3/25/95 | 114 | 80 | 526 | 4,614 | 1,500 | 24 | 14 |
| 3/26/95 | 101 | 73 | 526 | 5,208 | 1,500 | 24 | 14 |
| 3/27/95 | 120 | 93 | 623 | 5,192 | 1,400 | 24 | 15 |
| 3/28/95 | 172 | 201 | 985 | 5,727 | 1,185 | 24 | 16 |
| 3/29/95 | 115 | 70 | 645 | 5,609 | 1,350 | 24 | 16 |
| 3/30/95 | 101 | 67 | 526 | 5,208 | 1,425 | 24 | 15 |
| 3/31/95 | 98 | 75 | 645 | 6,582 | 1,340 | 24 | 15 |
| 4/1/95 | 65 | 84 | 666 | 10,246 | 1,320 | 24 | 15 |
| 4/2/95 | 101 | 61 | 623 | 6,168 | 1,310 | 24 | 15 |
| 4/3/95 | 103 | 103 | 686 | 6,660 | 1,340 | 24 | 15 |
| 4/4/95 | 61 | 62 | 111 | 1,820 | | | |
| 4/5/95 | | | | | | | |
| 4/6/95 | | | | | | | |
| 4/7/95 | | | | | | | |
| 4/8/95 | | | | | | | |
| 4/9/95 | | | | | | | |
| 4/10/95 | | | | | | | |
| 4/11/95 | | | | | | | |
| 4/12/95 | | | | | | | |
| 4/13/95 | | | | | | | |
| 4/14/95 | 69 | 200 | 750 | 10,870 | 1,400 | 16 | 14 |
| 4/15/95 | 165 | 268 | 1,057 | 6,406 | 1,150 | 24 | 16 |
| 4/16/95 | 135 | 140 | 1,026 | 7,600 | 1,026 | 24 | 16 |
| 4/17/95 | 107 | 101 | 840 | 7,850 | 1,260 | 24 | 17 |
| 4/18/95 | 179 | 267 | 1,307 | 7,302 | 1,225 | 24 | 17 |
| 4/19/95 | 191 | 306 | 1,503 | 7,869 | 1,150 | 24 | 17 |
| 4/20/95 | 154 | 197 | 1,341 | 8,708 | 1,110 | 24 | 17 |
| 4/21/95 | 137 | 215 | 1,335 | 9,745 | 1,110 | 24 | 17 |
| 4/22/95 | 154 | 220 | 1,370 | 8,896 | 1,125 | 24 | 17 |
| 4/23/95 | 140 | 186 | 1,338 | 9,557 | 1,125 | 24 | 17 |
| 4/24/95 | 141 | 193 | 1,368 | 9,702 | 1,125 | 24 | 17 |
| 4/25/95 | 142 | 207 | 1,412 | 9,944 | 1,120 | 24 | 17 |
| 4/26/95 | 6 | 6 | 203 | 33,833 | 1,660 | 24 | 8 |
| 4/27/95 | 0 | 0 | 213 | | 1,700 | 24 | 9 |
| 4/28/95 | 109 | 98 | 1,114 | 10,220 | 1,200 | 24 | 15 |
| 4/29/95 | 187 | 372 | 1,458 | 7,797 | 980 | 24 | 16 |
| 4/30/95 | 215 | 490 | 1,816 | 8,447 | 800 | 24 | 16 |
| 5/1/95 | | | | | | | |

| | |
|----------------------|-------|
| EXAMINER CATANACH | |
| OBSERVATION DIVISION | |
| EXHIBIT NO. | 11 |
| CASE NO. | 11280 |

Exhibit

**White City (Brushy Canyon) Field
Comparative Drilling Economics**

| | <u>Case 1</u> | <u>Case 2</u> | <u>Case 3*</u> |
|---------------------|---------------|---------------|----------------|
| Oil Allowable, BOPD | 107 | 107 | 250 |
| Oil Rate, BOPD | 3 | 107 | 250 |
| GOR Limit, Scf/Bbl. | 2,000 | 10,000 | 10,000 |
| Well Payout, Mos. | 72 | 10 | 7 |
| Well Life, Yrs. | 21 | 5 | 9 |
| Oil Reserves, MBbls | 80 | 80 | 175 |

*Note: Additional pay sands perfered to prevent drainage from
offset operator wells.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 12

CASE NO. _____

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS


IN THE MATTER OF THE APPLICATION OF
DALEN RESOURCES OIL & GAS COMPANY FOR
POOL CREATION AND SPECIAL POOL RULES
EDDY COUNTY, NEW MEXICO

CASE NO. 11280

AFFIDAVIT

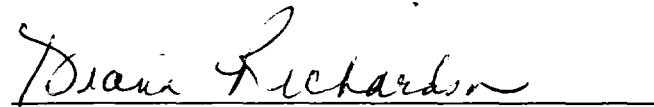
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

J. SCOTT HALL, attorney in fact and authorized representative of Dalen Resources Oil and Gas Company, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith, diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given by certified mail at the correct addresses provided by such rule.



J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 4th day of May, 1995, by J. Scott Hall.



Notary Public

My Commission Expires:

Oct 28, 1997

EXHIBIT NO. 13

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
KENDALL O. SCHLENKER
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
MARGO J. MCCORMICK
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
MICHAEL H. HOSES
JAMES B. COLLINS
TIMOTHY R. BRIGGS
WALTER R. PARR
RUDOLPH LUCERO
DANIEL E. RAMCZYK
DEAN G. CONSTANTINE
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE

SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
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J. SCOTT HALL
THOMAS R. MACK
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DENISE BARELA SHEPHERD
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THOMAS M. DOMME
DAVID H. THOMAS III
C. BRIAN CHARLTON
MATTHEW URREA
KAREN L. ACOSTA
JEFFREY E. JONES
MANUEL I. ARRIETA
*LEONARD D. SANCHEZ
ROBIN A. GOBLE
*ADMITTED IN CALIFORNIA ONLY

ALBUQUERQUE, N.M.

500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, N.M. 87125
TELEPHONE: (505) 842-1950
FAX: (505) 243-4408

LAS CRUCES, N.M.

277 EAST AMADOR
POST OFFICE BOX 1209
LAS CRUCES, N.M. 88004
TELEPHONE: (505) 523-2481
FAX: (505) 526-2215

FARMINGTON, N.M.

300 WEST ARRINGTON
POST OFFICE BOX 869
FARMINGTON, N.M. 87499
TELEPHONE: (505) 326-4521
FAX: (505) 325-5474

SANTA FE, N.M.

125 LINCOLN AVE., SUITE 221
POST OFFICE BOX 1986
SANTA FE, N.M. 87504-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Unit Production Company
7130 Lewis
1000 Galleria Tower
Tulsa, Oklahoma 74136

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCDD is enclosed.

This application has been set for hearing before a Division Examiner on May 4, 1995 at the New Mexico Oil Conservation Division in Santa Fe. You are not required to attend this hearing, but as an operator of a well or owner of an unleased mineral interest within the pool, or as an operator of a well within one mile of the boundaries of the above-referenced lands, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

| | |
|--|---|
| 3. Article Addressed to: Unit Production Co. 7130 Lewis, 100 Galleria Tower Tulsa, Oklahoma 74136 <i>J. Kitchen</i> | 4. Article Number P 561 862 195 |
| Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise | |
| Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> . | |
| 5. Signature — Addressee X | 8. Addressee's Address (ONLY if requested and fee paid) |
| 6. Signature — Agent X | |
| 7. Date of Delivery 4-6-95 | |

PS Form 3811, Apr. 1989

★ U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985

★ U.S.G.P.O. 1989-234-555

| | |
|---|--------------------------------|
| Sept 10 th | Unit Production Co. |
| Street and No. | 100 Galleria Tower, 7130 Lewis |
| P.O. State and ZIP Code | Tulsa, Oklahoma 74136 |
| Postage | \$.32 |
| Certified Fee | 1.10 |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | 1.10 |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | 2.52 |
| Postmark or Date | |

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

P 561 862 195

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
LAW OFFICES

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FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Murchison Oil & Gas Company
1445 Ross Avenue, Suite 5300, LB 152
Dallas, Texas 75202-2883

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

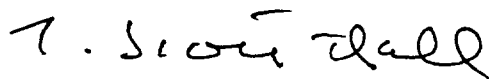
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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

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1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)
2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Murchison Oil & Gas Co.
1445 Ross Avenue, Suite
5300, LB 152
Dallas, Texas 75202-2883

4. Article Number
P561 862 192

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Addressee
X

6. Signature — Agent
X

7. Date of Delivery
APR 5 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

| | |
|---|---------|
| Sent to Murchison Oil & Gas Co. | |
| Street and No. 1445 Ross Ave, Suite 5300 LB 152 | |
| P.O. Stop and ZIP Code Dallas, Texas 75202-2883 | |
| Postage | \$.32 |
| Certified Fee | 1.10 |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | 1.10 |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ 2.52 |
| Postmark or Date | |

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NOT FOR INTERNATIONAL MAIL

(See Reverse)

P 561 862 192

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ALBUQUERQUE, N.M.
500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, N.M. 87125
TELEPHONE: (505) 842-1950
FAX: (505) 243-4408

LAS CRUCES, N.M.
277 EAST AMADOR
POST OFFICE BOX 1209
LAS CRUCES, N.M. 88004
TELEPHONE: (505) 523-2481
FAX: (505) 526-2215

FARMINGTON, N.M.
300 WEST ARRINGTON
POST OFFICE BOX 869
FARMINGTON, N.M. 87499
TELEPHONE: (505) 326-4521
FAX: (505) 325-5474

SANTA FE, N.M.
125 LINCOLN AVE., SUITE 221
POST OFFICE BOX 1986
SANTA FE, N.M. 87504-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Matador Petroleum Corporation
415 W. Wall, Suite 1101
Midland, Texas 79701-4410

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

This application has been set for hearing before a Division Examiner on May 4, 1995 at the New Mexico Oil Conservation Division in Santa Fe. You are not required to attend this hearing, but as an operator of a well or owner of an unleased mineral interest within the pool, or as an operator of a well within one mile of the boundaries of the above-referenced lands, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

J. Scott Hall

J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and date of delivery. For additional fees the following services are available. Consult postmaster for fees.

Check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Matador Petroleum Corp.
415 W. Wall, Suite 1101
Midland, Texas 79701-4410

4. Article Number
P561 862 190

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Addressee
X

6. Signature — Agent
X Coleen Catalano

7. Date of Delivery
4-5-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 ★ U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

P 561 862 190

Sent to
Matador Petroleum Corp.
415 W. Wall, Suite 1101
Midland, Texas 79701-4410

P.O. Stop and ZIP Code
Midland, Texas 79701-4410

| | |
|---|---------|
| Postage | \$ 32 |
| Certified Fee | 1.10 |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ 2.52 |
| Postmark or Date | |

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FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Honorable Ray Powell, Jr.
Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87504

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

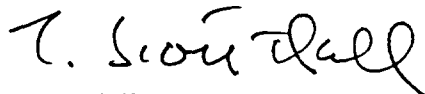
Dear Mr. Powell:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

This application has been set for hearing before a Division Examiner on May 4, 1995 at the New Mexico Oil Conservation Division in Santa Fe. You are not required to attend this hearing, but as an operator of a well or owner of an unleased mineral interest within the pool, or as an operator of a well within one mile of the boundaries of the above-referenced lands, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees.

☐ Check box(es) for additional service(s) requested.

☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

| | |
|--|---|
| 3. Article Addressed to: <i>Honorable Ray Powell, Jr. Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504</i> | 4. Article Number <i>P 561 862 196</i> |
| Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise | |
| Always obtain signature of addressee or agent and DATE DELIVERED. | |
| 5. Signature — Addressee <i>X</i> | 8. Addressee's Address (ONLY if requested and fee paid) <i>APR 4 1985 NM</i> |
| 6. Signature — Agent <i>X</i> | |
| 7. Date of Delivery | |

PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 * U.S.G.P.O. 1989-234-555

P 561 862 196

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | |
|--|--|
| Sent to <i>Hon. Ray Powell, Jr.</i> | |
| Street and No. <i>P.O. Box 1148</i> | |
| P.O. State and ZIP Code <i>Santa Fe, NM 87504</i> | |
| Postage <i>.32</i> | |
| Certified Fee <i>1.10</i> | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered <i>1.10</i> | |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees <i>2.52</i> | |
| Postmark or Date <i>4/3/95</i> | |

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125 LINCOLN AVE., SUITE 221
POST OFFICE BOX 1986
SANTA FE, N.M. 87504-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

M.W. Petroleum
a/k/a Apache Corporation
200 Post Oak Blvd., Suite 100
Houston, Texas 77056-4403

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico


Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

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1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
*M.W. Petroleum
 a/k/a Apache Corporation
 200 East Oak Blvd, Suite 100
 Houston, Texas 77056-4403*

4. Article Number
P561862189

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature — Addressee
X

6. Signature — Agent
X

7. Date of Delivery
05 MARCH 95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 *U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL
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P 561 862 189

| | |
|--|---------------------------------------|
| Sent to Street and No. <i>M.W. Petroleum 200 East Oak Blvd, Suite 100 Houston, TX 77056-4403</i> | P.O. State and ZIP Code <i>109</i> |
| Postage <i>0.32</i> | |
| Certified Fee <i>1.10</i> | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered <i>1.10</i> | |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees <i>2.52</i> | |
| Postmark or Date <i>4/3/95</i> | |

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LAW OFFICES

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FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Chevron USA, Inc.
Post Office Box 1150
Midland, Texas 79701

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

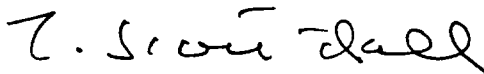
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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

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1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79701

4. Article Number
P561 862 187

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Addressee
X

6. Signature — Agent
X *Don Delly*

7. Date of Delivery
APR - 5 1989

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 *U.S.G.P.O. 1989-234-555

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| Sent to <i>Chevron USA, Inc.</i> | Street and No. <i>P.O. Box 1150</i> | State and ZIP Code <i>Midland, TX 79701</i> |
| Postage | \$.32 | |
| Certified Fee | 1.10 | |
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| Postmark or Date <i>4/3/95</i> | | |

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125 LINCOLN AVE., SUITE 221
POST OFFICE BOX 1986
SANTA FE, N.M. 87504-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Texaco Exploration & Production, Inc.
Post Office Box 3109
Midland, Texas 79702

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCDD is enclosed.

This application has been set for hearing before a Division Examiner on May 4, 1995 at the New Mexico Oil Conservation Division in Santa Fe. You are not required to attend this hearing, but as an operator of a well or owner of an unleased mineral interest within the pool, or as an operator of a well within one mile of the boundaries of the above-referenced lands, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

SENDER Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card being returned to you. The return receipt fee will provide you the name of the person delivered to and date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

| | |
|--|---|
| 3. Article Addressed to: Texaco Exp & Production P.O. Box 3109 Midland, Texas 79702 | 4. Article Number P561 862 193 |
| Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise | |
| Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> . | |
| 5. Signature — Addressee X | 8. Addressee's Address (ONLY if requested and fee paid) |
| 6. Signature — Agent X <i>Herby Hingor</i> | |
| 7. Date of Delivery APR - 5 1995 | |

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 *U.S.G.P.O. 1989-234-555-

| | |
|--|------------------|
| Sender Texaco Exp & Prod | Postmark or Date |
| Street and No. P.O. Box 3109 | |
| P.O. State and ZIP Code Midland, Texas 79702 | |
| Postage \$.32 | |
| Certified Fee \$ 1.10 | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered \$ 1.10 | |
| Return Receipt showing to whom Date, and Address of Delivery | |
| TOTAL Postage and Fees \$ 2.52 | |

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

P 561 862 193

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
KENDALL O. SCHLENKER
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
MARGO J. MCCORMICK
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
MICHAEL H. HOSES
JAMES B. COLLINS
TIMOTHY R. BRIGGS
WALTER R. PARR
RUDOLPH LUCERO
DANIEL E. RAMCZYK
DEAN G. CONSTANTINE
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE

SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
JOHN R. FUNK
J. SCOTT HALL
THOMAS R. MACK
MICHAEL J. HAPPE
DENISE BARELA SHEPHERD
JILL BURTRAM
TERRI L. SAUER
JOEL T. NEWTON
JUDITH K. NAKAMURA
THOMAS M. DOMME
DAVID H. THOMAS III
C. BRIAN CHARLTON
MATTHEW URREA
KAREN L. ACOSTA
JEFFREY E. JONES
MANUEL I. ARRIETA
*LEONARD D. SANCHEZ
ROBIN A. GOBLE
*ADMITTED IN CALIFORNIA ONLY

ALBUQUERQUE, N.M.
500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, N.M. 87125
TELEPHONE: (505) 842-1950
FAX: (505) 243-4408

LAS CRUCES, N.M.
277 EAST AMADOR
POST OFFICE BOX 1209
LAS CRUCES, N.M. 88004
TELEPHONE: (505) 523-2481
FAX: (505) 526-2215

FARMINGTON, N.M.
300 WEST ARRINGTON
POST OFFICE BOX 869
FARMINGTON, N.M. 87499
TELEPHONE: (505) 326-4521
FAX: (505) 325-5474

SANTA FE, N.M.
125 LINCOLN AVE., SUITE 221
POST OFFICE BOX 1986
SANTA FE, N.M. 87504-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Redstone Oil & Gas Company
8235 Douglas Avenue, Suite 1050
Dallas, Texas 75225

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

This application has been set for hearing before a Division Examiner on May 4, 1995 at the New Mexico Oil Conservation Division in Santa Fe. You are not required to attend this hearing, but as an operator of a well or owner of an unleased mineral interest within the pool, or as an operator of a well within one mile of the boundaries of the above-referenced lands, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

T. Scott Hall

J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
 Redstone Oil & Gas Co
 8235 Douglas Ave Suite 1050
 Dallas, Texas 75225

4. Article Number
 P561 862 194

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X *John Ryan*

6. Signature - Agent
 X

7. Date of Delivery
 4-6-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989

U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

| | |
|---|------------------------------|
| Steel and No. | 8235 Douglas Ave, Suite 1050 |
| P.O. State and Zip Code | Dallas Texas 75225 |
| Postage | \$.32 |
| Certified Fee | 1.10 |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | 1.10 |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ 2.52 |
| Postmark or Date | |

P 561 862 194

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Dalen Resources

Murchison State 2 #1

RFLM 05026

DE CORE EXAMINER CATANACH
OIL CONSERVATION DIVISIONEXHIBIT NO. 6CASE NO. 11280**SUMMARY OF PVT DATA****Reported Reservoir Conditions**

| | | |
|-------------------------------------|------|------|
| Average Reservoir Pressure | 2453 | psig |
| Average Reservoir Temperature | 100 | °F |

Pressure-Volume Relations

| | | |
|--|---------|----------------------------------|
| Saturation Pressure | 2453 | psig |
| Avg Single-Phase Compressibility | 12.10 | E-6 vW/psi (5000 to 2453 psig) |
| Thermal Exp @ 5000 psig | 1.02672 | V at 100 °F / V at 60 °F |

Differential Vaporization Data

(at 2453 psig and 100 °F)

| | | |
|----------------------------------|--------|------------------------------------|
| Solution Gas/Oil Ratio | 1,061 | scf / bbl of residual oil at 60 °F |
| Relative Oil Volume | 1.510 | bbl / bbl of residual oil at 60 °F |
| Density of Reservoir Fluid | 0.6689 | gn/cc |

Reservoir Fluid Viscosity

0.365 cp at 2453 psig and 100 °F

Separator Test Results

| Separator Conditions | | Formation Volume Factor (A) | Total Solution Gas/Oil Ratio (B) | Tank Oil Gravity (°API at 60 °F) |
|----------------------|----|-----------------------------------|--|---------------------------------------|
| psig | °F | | | |
| 250 | 70 | 1.499 | 1,051 | 45.5 |

(A) Barrels of saturated oil per barrel of stock tank oil at 60 °F.

(B) Total standard cubic feet of gas per barrel of stock tank oil at 60 °F.

Dalen Resources
Murchison State 2 #1
RFLM 95026

EXAMINER CATANACH
LABORATORY DIVISION

EXHIBIT NO. 7

CASE NO. 11280

COMPOSITION OF PRIMARY STAGE SEPARATOR GAS

(by Programmed-Temperature, Capillary Chromatography)

| Component | Mol % | Plant Products (GPM) | Liquid Density (gm/cc) | MW |
|------------------|--------|----------------------|------------------------|--------|
| Hydrogen Sulfide | 0.00 | | | |
| Carbon Dioxide | 0.30 | | 0.8172 | 44.010 |
| Nitrogen | 3.38 | | 0.8086 | 28.013 |
| Methane | 77.79 | | 0.2997 | 16.043 |
| Ethane | 9.87 | 2.690 | 0.3582 | 30.070 |
| Propane | 4.44 | 1.247 | 0.5070 | 44.097 |
| Iso-Butane | 0.74 | 0.247 | 0.5629 | 58.123 |
| n-Butane | 1.52 | 0.488 | 0.5840 | 58.123 |
| Iso-Pentane | 0.70 | 0.261 | 0.6244 | 72.150 |
| n-Pentane | 0.72 | 0.266 | 0.6311 | 72.150 |
| Hexanes | 0.34 | 0.135 | 0.6850 | 84.0 |
| Heptanes | 0.16 | 0.069 | 0.7220 | 96.0 |
| Octanes | 0.01 | 0.005 | 0.7450 | 107 |
| Nonanes | 0.03 | 0.015 | 0.7640 | 121 |
| Totals | 100.00 | 5.423 | | |

SAMPLING CONDITIONS

250 psig
65 °F

Average Sample Properties

Critical Pressure, psia 657.0
Critical Temperature, °R 393.3

Average Molecular Weight 21.31
Calculated Gas Gravity (air = 1.000) 0.736

at 15.025 psia and 60 °F

Properties of Plus Fractions

| Component | Mol % | Liquid Density (gm/cc) | Liquid API Gravity | MW |
|---------------|-------|------------------------|--------------------|-------|
| Heptanes plus | 0.20 | 0.7305 | 62.0 | 100.3 |

Heating Value, Btu/scf dry gas*
Gross 1229
Net 1114

Heating Value, Btu/Cubic Feet wet gas*
Gross 1208
Net 1094

Wobbe Index, Btu/Cubic Feet dry gas
Gross 1433

Note: Component properties assigned from literature.

* ref: Gas Producers & Suppliers Association (GPSA) Engineering Data Book

EXHIBIT

PRODUCED GAS ANALYSES COMPARISON

| Operator Lease Field | Ray Westall Santa Fe Fed. No. 1 E. Herradura | DALEN Resources Murchison St. 2 No. 1 White City | Bird Creek Resources RGA No. 1 E. Loving | Ray Westall Myrtle Myra No. 2 LaHuerta |
|----------------------------|--|--|--|--|
| Heating Value BTU/MCF | 1,167 | 1,208 | 1,571 | 1,431 |
| Liquid Content.GPM | | | | |
| Ethane | 2.636 | 2.69 | 7.098 | 4.985 |
| Propane | 1.375 | 1.247 | 4.388 | 3.069 |
| ISO Butane | 0.177 | 0.247 | 0.461 | 0.485 |
| Normal Butane | 0.436 | 0.488 | 0.981 | 1.019 |
| ISO Pentane | 0.384 | 0.261 | 0.18 | 0.346 |
| Normal Pentane | -- | 0.266 | 0.172 | 0.335 |
| Hexanes Plus | -- | 0.224 | 0.176 | 0.398 |
| | 5.008 | 5.423 | 13.456 | 10.637 |

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 8

CASE NO. 11280

Exhibit Santa Fe Federal Lease - 8 Wells

Calculated
Oil

PAUL CATTANACH
OIL & GAS
SERVATION DIVISION

PAUL CATTANACH EXHIBIT NO. 9

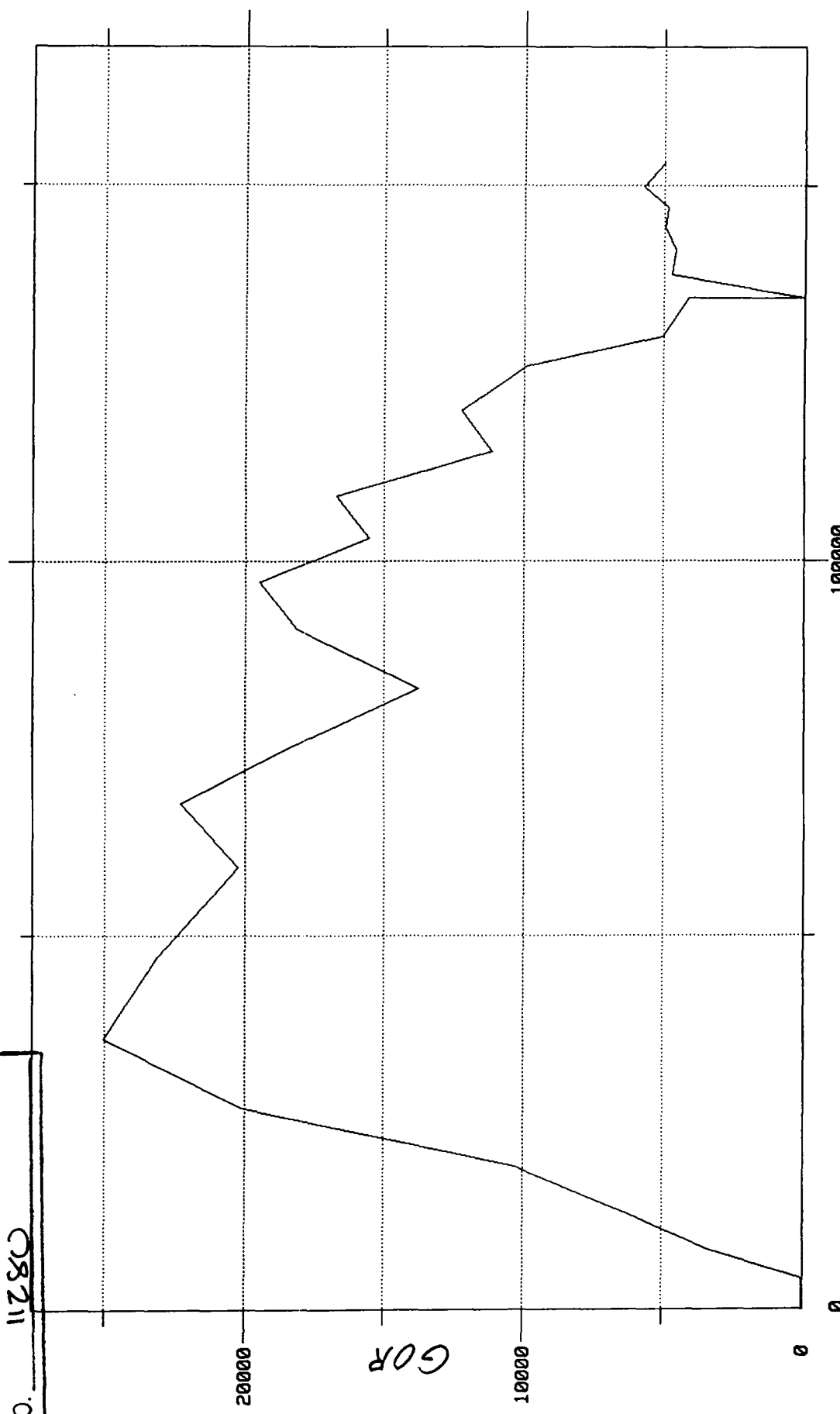
CASE NO. 11280

GOR vs Oil Cumulative
Cf/Bbl vs Bbls

TEMP
For the Period 00/0000 to 00/0000

Herradura Bend, E. Brushy Canyon Field

Production
Oil
Gas
Water



Reported Oil Production = 152928 Bbls
Reported Gas Production = 2225621 Mcf
Reported Water Production = 386424 Bbls

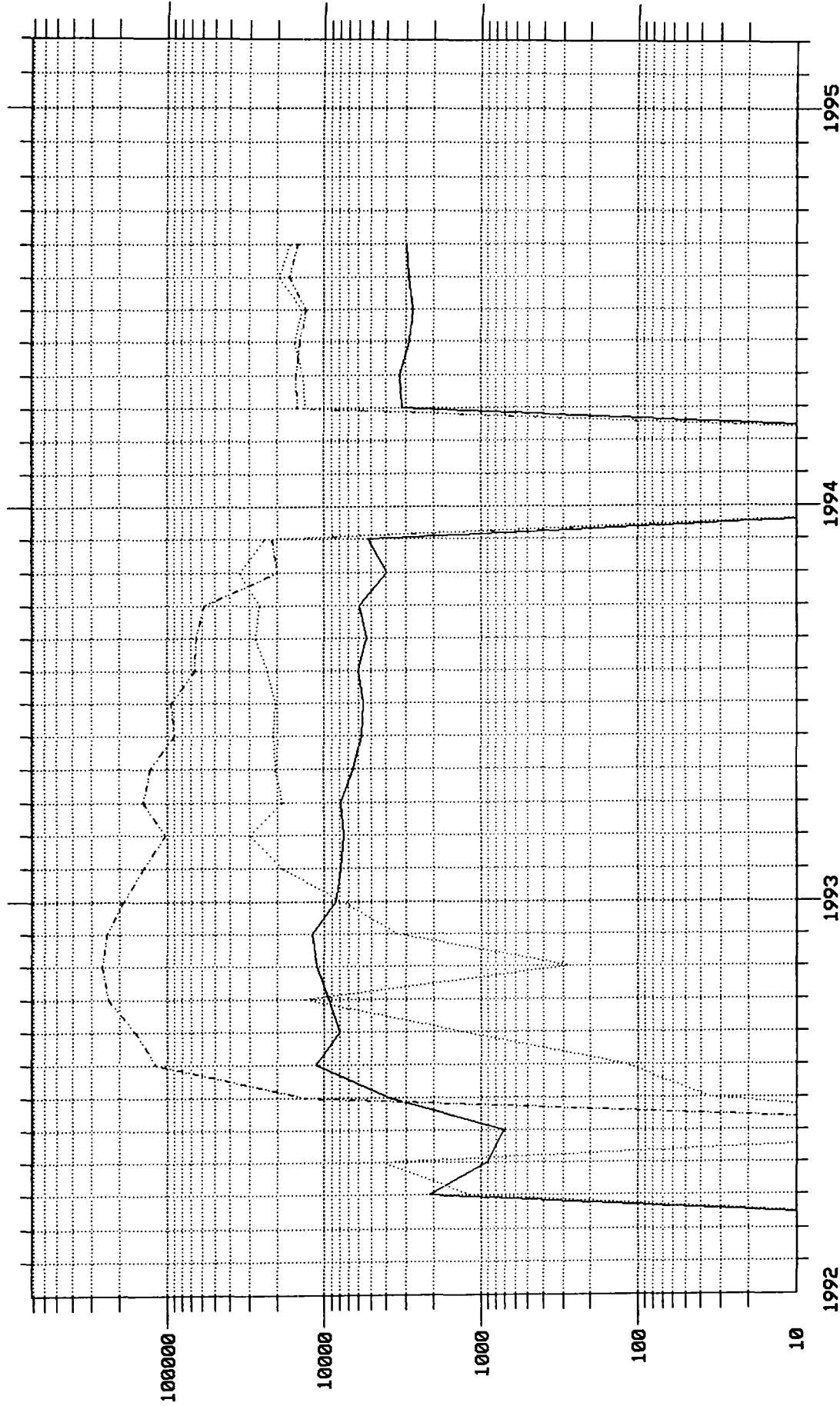
Exhibit Santa Fe Federal Lease - 8 Wells

Calculated
Oil
Gas
Water ----

TEMP
Production Rate vs Time
Bbl/Mo or Mcf/Mo vs Months
TEMP.raw11
For the Period 00/0000 to 00/0000

Production
Oil
Gas
Water ----

Herradura Bend, E. Brushy Canyon Field



Reported Oil Production = 152928 Bbls
Reported Gas Production = 2225621 Mcf
Reported Water Production = 386424 Bbls

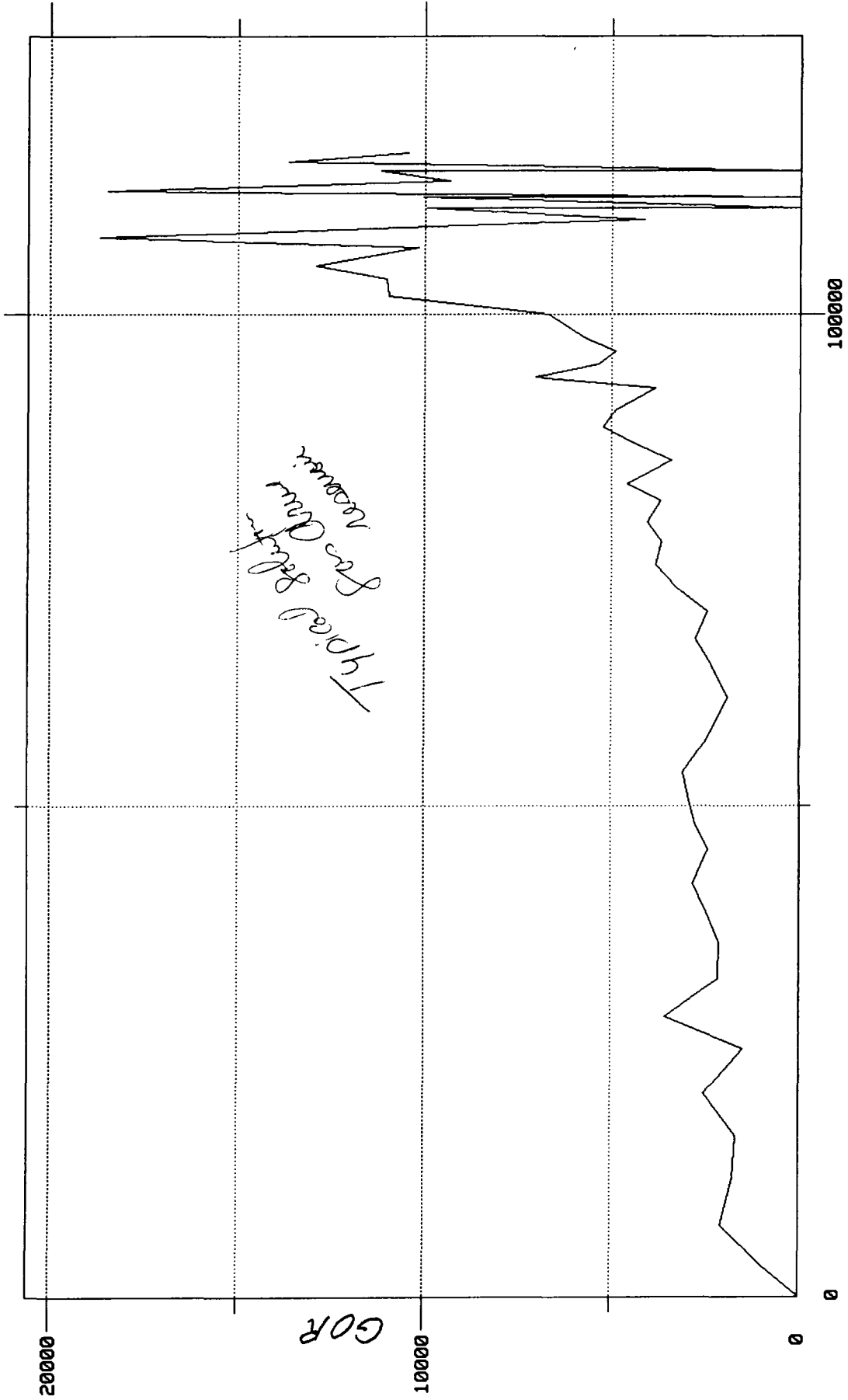
Exhibit

Calculated
Oil
Gas
Water

TEMP
GOR vs Oil Cumulative
Cf/Bbl vs Bbls
CULEBRA BLUFF UNIT (S0121RB OPERATING COMP
For the Period 08/1990 to 11/1994

Production
Oil
Gas
Water

Loving Brushy Canyon Field



Reported Oil Production = 116433 Bbls
Reported Gas Production = 471892 Mcf
Reported Water Production = 44155 Bbls

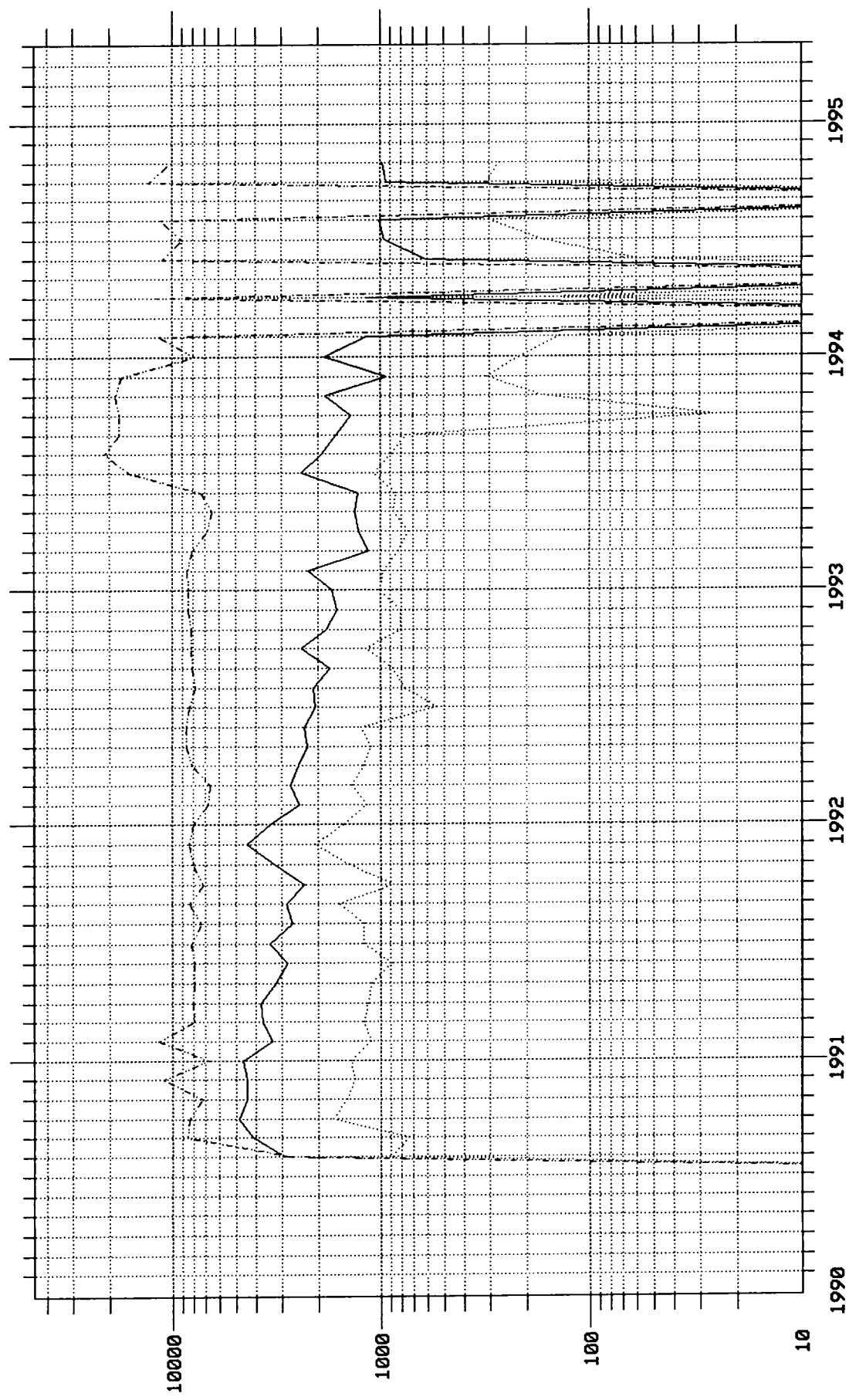
Exhibit

Calculated
Oil -----
Gas -----
Water -----

TEMP
Production Rate vs Time
Bbl/Mo or Mcf/Mo vs Months
CULEBRA BLUFF UNIT (S0121RB OPERATING COMP
For the Period 08/1990 to 11/1994

Production
Oil -----
Gas -----
Water -----

Loving Brushy Canyon Field



Reported Oil Production = 116433 Bbl's
Reported Gas Production = 471892 Mcf
Reported Water Production = 44155 Bbl's

Exhibit
Eddy County Brushy Canyon Fields
GOR Performance Comparison

| | <u>Loving</u> | <u>Nash Draw</u> | <u>Herradura Bend, E.</u> |
|---------------------------|---------------|------------------|---------------------------|
| First Production | 1990 | 1993 | 1992 |
| Cumulative GOR, Scf/Bbl. | 4525 | 2980 | 7870 |
| 1994 Annual GOR, Scf/Bbl. | 10925 | 3940 | 5600 |

| |
|---|
| BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION |
| EXHIBIT NO. <u>10</u> |
| CASE NO. <u>11280</u> |

| MURCHISON NO. 1: INITIAL PRODUCTION | | | | | | | |
|-------------------------------------|--------------|----------------|--------------|-----------------|---------------|-------|-----------------|
| DATE | OIL (BBL) | WATER (BBL) | GAS (MCF) | GOR (SCF/BO) | FTP (PSIG) | HOURS | CHOKE (/64) |
| 3/17/95 | | | | | | | |
| 3/18/95 | 150 | 0 | 360 | 2,400 | 1,250 | 17 | 17 |
| 3/19/95 | 98 | 52 | 625 | 6,378 | 1,200 | 24 | 18 |
| 3/20/95 | 253 | 250 | 625 | 2,470 | 1,200 | 24 | 18 |
| 3/21/95 | 254 | 264 | 1,250 | 4,921 | 1,150 | 24 | 18 |
| 3/22/95 | 99 | 8 | 541 | 5,465 | 1,375 | 23 | 14 |
| 3/23/95 | 73 | 3 | 498 | 6,822 | 1,325 | 24 | 14 |
| 3/24/95 | 129 | 101 | 640 | 4,961 | 1,140 | 24 | 15 |
| 3/25/95 | 114 | 80 | 526 | 4,614 | 1,500 | 24 | 14 |
| 3/26/95 | 101 | 73 | 526 | 5,208 | 1,500 | 24 | 14 |
| 3/27/95 | 120 | 93 | 623 | 5,192 | 1,400 | 24 | 15 |
| 3/28/95 | 172 | 201 | 985 | 5,727 | 1,185 | 24 | 16 |
| 3/29/95 | 115 | 70 | 645 | 5,609 | 1,350 | 24 | 16 |
| 3/30/95 | 101 | 67 | 526 | 5,208 | 1,425 | 24 | 15 |
| 3/31/95 | 98 | 75 | 645 | 6,582 | 1,340 | 24 | 15 |
| 4/1/95 | 65 | 84 | 666 | 10,246 | 1,320 | 24 | 15 |
| 4/2/95 | 101 | 61 | 623 | 6,168 | 1,310 | 24 | 15 |
| 4/3/95 | 103 | 103 | 686 | 6,660 | 1,340 | 24 | 15 |
| 4/4/95 | 61 | 62 | 111 | 1,820 | | | |
| 4/5/95 | | | | | | | |
| 4/6/95 | | | | | | | |
| 4/7/95 | | | | | | | |
| 4/8/95 | | | | | | | |
| 4/9/95 | | | | | | | |
| 4/10/95 | | | | | | | |
| 4/11/95 | | | | | | | |
| 4/12/95 | | | | | | | |
| 4/13/95 | | | | | | | |
| 4/14/95 | 69 | 200 | 750 | 10,870 | 1,400 | 16 | 14 |
| 4/15/95 | 165 | 268 | 1,057 | 6,406 | 1,150 | 24 | 16 |
| 4/16/95 | 135 | 140 | 1,026 | 7,600 | 1,026 | 24 | 16 |
| 4/17/95 | 107 | 101 | 840 | 7,850 | 1,260 | 24 | 17 |
| 4/18/95 | 179 | 267 | 1,307 | 7,302 | 1,225 | 24 | 17 |
| 4/19/95 | 191 | 306 | 1,503 | 7,869 | 1,150 | 24 | 17 |
| 4/20/95 | 154 | 197 | 1,341 | 8,708 | 1,110 | 24 | 17 |
| 4/21/95 | 137 | 215 | 1,335 | 9,745 | 1,110 | 24 | 17 |
| 4/22/95 | 154 | 220 | 1,370 | 8,896 | 1,125 | 24 | 17 |
| 4/23/95 | 140 | 186 | 1,338 | 9,557 | 1,125 | 24 | 17 |
| 4/24/95 | 141 | 193 | 1,368 | 9,702 | 1,125 | 24 | 17 |
| 4/25/95 | 142 | 207 | 1,412 | 9,944 | 1,120 | 24 | 17 |
| 4/26/95 | 6 | 6 | 203 | 33,833 | 1,660 | 24 | 8 |
| 4/27/95 | 0 | 0 | 213 | | 1,700 | 24 | 9 |
| 4/28/95 | 109 | 98 | 1,114 | 10,220 | 1,200 | 24 | 15 |
| 4/29/95 | 187 | 372 | 1,458 | 7,797 | 980 | 24 | 16 |
| 4/30/95 | 215 | 490 | 1,816 | 8,447 | 800 | 24 | 16 |
| 5/1/95 | | | | | | | |

| | |
|---|-------|
| BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION | |
| EXHIBIT NO. | 11 |
| CASE NO. | 11280 |

Exhibit
White City (Brushy Canyon) Field
Comparative Drilling Economics

| | <u>Case 1</u> | <u>Case 2</u> | <u>Case 3*</u> |
|---------------------|---------------|---------------|----------------|
| Oil Allowable, BOPD | 107 | 107 | 250 |
| Oil Rate, BOPD | 3 | 107 | 250 |
| GOR Limit, Scf/Bbl. | 2,000 | 10,000 | 10,000 |
| Well Payout, Mos. | 72 | 10 | 7 |
| Well Life, Yrs. | 21 | 5 | 9 |
| Oil Reserves, MBbls | 80 | 80 | 175 |

*Note: Additional pay sands perfed to prevent drainage from offset operator wells.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 12

CASE NO. 11280

Exhibit
Eddy County Brushy Canyon Fields
GOR Performance Comparison

| | <u>Loving</u> | <u>Nash Draw</u> | <u>Herradura Bend, E.</u> |
|---------------------------|---------------|------------------|---------------------------|
| First Production | 1990 | 1993 | 1992 |
| Cumulative GOR, Scf/Bbl. | 4525 | 2980 | 7870 |
| 1994 Annual GOR, Scf/Bbl. | 10925 | 3940 | 5600 |

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 10

CASE NO. 11280

| MURCHISON NO. 1: INITIAL PRODUCTION | | | | | | | |
|-------------------------------------|--------------|----------------|--------------|-----------------|---------------|-------|-----------------|
| DATE | OIL (BBL) | WATER (BBL) | GAS (MCF) | GOR (SCF/BO) | FTP (PSIG) | HOURS | CHOKE (/64) |
| 3/17/95 | | | | | | | |
| 3/18/95 | 150 | 0 | 360 | 2,400 | 1,250 | 17 | 17 |
| 3/19/95 | 98 | 52 | 625 | 6,378 | 1,200 | 24 | 18 |
| 3/20/95 | 253 | 250 | 625 | 2,470 | 1,200 | 24 | 18 |
| 3/21/95 | 254 | 264 | 1,250 | 4,921 | 1,150 | 24 | 18 |
| 3/22/95 | 99 | 8 | 541 | 5,465 | 1,375 | 23 | 14 |
| 3/23/95 | 73 | 3 | 498 | 6,822 | 1,325 | 24 | 14 |
| 3/24/95 | 129 | 101 | 640 | 4,961 | 1,140 | 24 | 15 |
| 3/25/95 | 114 | 80 | 526 | 4,614 | 1,500 | 24 | 14 |
| 3/26/95 | 101 | 73 | 526 | 5,208 | 1,500 | 24 | 14 |
| 3/27/95 | 120 | 93 | 623 | 5,192 | 1,400 | 24 | 15 |
| 3/28/95 | 172 | 201 | 985 | 5,727 | 1,185 | 24 | 16 |
| 3/29/95 | 115 | 70 | 645 | 5,609 | 1,350 | 24 | 16 |
| 3/30/95 | 101 | 67 | 526 | 5,208 | 1,425 | 24 | 15 |
| 3/31/95 | 98 | 75 | 645 | 6,582 | 1,340 | 24 | 15 |
| 4/1/95 | 65 | 84 | 666 | 10,246 | 1,320 | 24 | 15 |
| 4/2/95 | 101 | 61 | 623 | 6,168 | 1,310 | 24 | 15 |
| 4/3/95 | 103 | 103 | 686 | 6,660 | 1,340 | 24 | 15 |
| 4/4/95 | 61 | 62 | 111 | 1,820 | | | |
| 4/5/95 | | | | | | | |
| 4/6/95 | | | | | | | |
| 4/7/95 | | | | | | | |
| 4/8/95 | | | | | | | |
| 4/9/95 | | | | | | | |
| 4/10/95 | | | | | | | |
| 4/11/95 | | | | | | | |
| 4/12/95 | | | | | | | |
| 4/13/95 | | | | | | | |
| 4/14/95 | 69 | 200 | 750 | 10,870 | 1,400 | 16 | 14 |
| 4/15/95 | 165 | 268 | 1,057 | 6,406 | 1,150 | 24 | 16 |
| 4/16/95 | 135 | 140 | 1,026 | 7,600 | 1,026 | 24 | 16 |
| 4/17/95 | 107 | 101 | 840 | 7,850 | 1,260 | 24 | 17 |
| 4/18/95 | 179 | 267 | 1,307 | 7,302 | 1,225 | 24 | 17 |
| 4/19/95 | 191 | 306 | 1,503 | 7,869 | 1,150 | 24 | 17 |
| 4/20/95 | 154 | 197 | 1,341 | 8,708 | 1,110 | 24 | 17 |
| 4/21/95 | 137 | 215 | 1,335 | 9,745 | 1,110 | 24 | 17 |
| 4/22/95 | 154 | 220 | 1,370 | 8,896 | 1,125 | 24 | 17 |
| 4/23/95 | 140 | 186 | 1,338 | 9,557 | 1,125 | 24 | 17 |
| 4/24/95 | 141 | 193 | 1,368 | 9,702 | 1,125 | 24 | 17 |
| 4/25/95 | 142 | 207 | 1,412 | 9,944 | 1,120 | 24 | 17 |
| 4/26/95 | 6 | 6 | 203 | 33,833 | 1,660 | 24 | 8 |
| 4/27/95 | 0 | 0 | 213 | | 1,700 | 24 | 9 |
| 4/28/95 | 109 | 98 | 1,114 | 10,220 | 1,200 | 24 | 15 |
| 4/29/95 | 187 | 372 | 1,458 | 7,797 | 980 | 24 | 16 |
| 4/30/95 | 215 | 490 | 1,816 | 8,447 | 800 | 24 | 16 |
| 5/1/95 | | | | | | | |

| | |
|---------------------------|----------------|
| BEFORE EXAMINER CATANACH | |
| OIL CONSERVATION DIVISION | |
| DALEN | EXHIBIT NO. 11 |
| CASE NO. | 11280 |

Exhibit
White City (Brushy Canyon) Field
Comparative Drilling Economics

| | <u>Case 1</u> | <u>Case 2</u> | <u>Case 3*</u> |
|---------------------|---------------|---------------|----------------|
| Oil Allowable, BOPD | 107 | 107 | 250 |
| Oil Rate, BOPD | 3 | 107 | 250 |
| GOR Limit, Scf/Bbl. | 2,000 | 10,000 | 10,000 |
| Well Payout, Mos. | 72 | 10 | 7 |
| Well Life, Yrs. | 21 | 5 | 9 |
| Oil Reserves, MBbls | 80 | 80 | 175 |

*Note: Additional pay sands perfed to prevent drainage from offset operator wells.

| |
|--|
| <p style="text-align: center;">BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION</p> <p>DATE EXHIBIT NO. <u>17</u></p> <p>CASE NO. <u>117803</u></p> |
|--|

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS


IN THE MATTER OF THE APPLICATION OF
DALEN RESOURCES OIL & GAS COMPANY FOR
POOL CREATION AND SPECIAL POOL RULES
EDDY COUNTY, NEW MEXICO

CASE NO. 11280

AFFIDAVIT

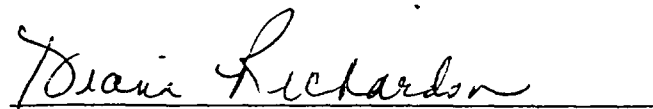
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

J. SCOTT HALL, attorney in fact and authorized representative of Dalen Resources Oil and Gas Company, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith, diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given by certified mail at the correct addresses provided by such rule.



J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 4th day of May, 1995, by J. Scott Hall.



Notary Public

My Commission Expires:

Oct 28, 1997

EXHIBIT NO. 13

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.

LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
KENDALL O. SCHLENKER
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
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MARGO J. MCCORMICK
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*LEONARD D. SANCHEZ
ROBIN A. GOBLE

*ADMITTED IN CALIFORNIA ONLY

ALBUQUERQUE, N.M.

500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, N.M. 87125
TELEPHONE: (505) 842-1950
FAX: (505) 243-4408

LAS CRUCES, N.M.

277 EAST AMADOR
POST OFFICE BOX 1209
LAS CRUCES, N.M. 88004
TELEPHONE: (505) 523-2481
FAX: (505) 526-2215

FARMINGTON, N.M.

300 WEST ARRINGTON
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FARMINGTON, N.M. 87499
TELEPHONE: (505) 326-4521
FAX: (505) 325-5474

SANTA FE, N.M.

125 LINCOLN AVE., SUITE 221
POST OFFICE BOX 1986
SANTA FE, N.M. 87504-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Unit Production Company
7130 Lewis
1000 Galleria Tower
Tulsa, Oklahoma 74136

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

This application has been set for hearing before a Division Examiner on May 4, 1995 at the New Mexico Oil Conservation Division in Santa Fe. You are not required to attend this hearing, but as an operator of a well or owner of an unleased mineral interest within the pool, or as an operator of a well within one mile of the boundaries of the above-referenced lands, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

| | |
|---|---|
| 3. Article Addressed to: Unit Production Co. 7130 Lewis, 100 Galleria Tower Tulsa, Oklahoma 74136 <i>J. Kitchen</i> | 4. Article Number P 561 862 195 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED. |
| 5. Signature — Addressee X | 8. Addressee's Address (ONLY if requested and fee paid) |
| 6. Signature — Agent X | |
| 7. Date of Delivery 4-6-95 | |

PS Form 3811, Apr. 1989 ★ U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 ★ U.S.G.P.O. 1989-234-555

P 561 862 195
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | |
|--|---|--------|
| Sent to: Unit Production Co. | Postage | \$.32 |
| Street and No. 100 Galleria Tower, 7130 Lewis | Certified Fee | 1.10 |
| P.O. State and ZIP Code Tulsa, Oklahoma 74136 | Special Delivery Fee | |
| | Restricted Delivery Fee | |
| | Return Receipt showing to whom and Date Delivered | 1.10 |
| | Return Receipt showing to whom, Date, and Address of Delivery | |
| | TOTAL Postage and Fees | 2.52 |
| | Postmark or Date | |

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
KENDALL O. SCHLENKER
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
MARGO J. MCCORMICK
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TELEPHONE: (505) 842-1950
FAX: (505) 243-4408

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277 EAST AMADOR
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300 WEST ARRINGTON
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125 LINCOLN AVE., SUITE 221
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TELEPHONE: (505) 989-9814
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Murchison Oil & Gas Company
1445 Ross Avenue, Suite 5300, LB 152
Dallas, Texas 75202-2883

VIA CERTIFIED
RETURN RECEIPT REQUESTED

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

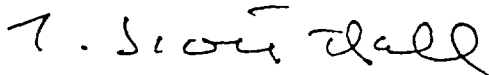
Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

| | | | |
|--|--|--|--|
| 3. Article Addressed to: Murchison Die & Gas Co. 1445 Ross Avenue, Suite 5300, LB 152 Dallas, Texas 75202-2883 | | 4. Article Number P561 862 192 | |
| 5. Signature — Addressee X | | Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise | |
| 6. Signature — Agent X | | Always obtain signature of addressee or agent and DATE DELIVERED. | |
| 7. Date of Delivery APR 5 1995 | | 8. Addressee's Address (ONLY if requested and fee paid) | |

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

| | |
|--|---------|
| Sent to Murchison Die & Gas Co. 1445 Ross Ave, Suite 5300 LB 152 Dallas, Texas 75202-2883 | |
| Postage | \$.32 |
| Certified Fee | 1.10 |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | 1.10 |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ 2.52 |
| Postmark or Date | |

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

P 561 862 192

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
KENDALL O. SCHLENKER
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
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ROBIN A. GOBLE
*ADMITTED IN CALIFORNIA ONLY

ALBUQUERQUE, N.M.
500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, N.M. 87125
TELEPHONE: (505) 842-1950
FAX: (505) 243-4408

LAS CRUCES, N.M.
277 EAST AMADOR
POST OFFICE BOX 1209
LAS CRUCES, N.M. 88004
TELEPHONE: (505) 523-2481
FAX: (505) 526-2215

FARMINGTON, N.M.
300 WEST ARRINGTON
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SANTA FE, N.M.
125 LINCOLN AVE., SUITE 221
POST OFFICE BOX 1986
SANTA FE, N.M. 87504-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-8857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Matador Petroleum Corporation
415 W. Wall, Suite 1101
Midland, Texas 79701-4410

VIA CERTIFIED
RETURN RECEIPT REQUESTED

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCDD is enclosed.

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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

T. Scott Hall

J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and date of delivery. For additional fees the following services are available. Consult postmaster for fees.

Check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)

2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Matador Petroleum Corp.
415 W. Wall, Suite 1101
Midland, Texas 79701-4410

4. Article Number
P561-862-190

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Addressee
X

6. Signature — Agent
X Coleen Catalano

7. Date of Delivery
4-5-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 *U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

P 561 862 190

| | |
|---|---------------------------|
| Sent to | Matador Petroleum Corp. |
| Street and No. | 415 W. Wall, Suite 1101 |
| P.O., S.O.P. and ZIP Code | Midland, Texas 79701-4410 |
| Postage | \$ 32 |
| Certified Fee | 1.10 |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | 1.10 |
| Return Receipt showing to whom, Date, and Address of Delivery | \$ |
| TOTAL Postage and Fees | \$ 2.52 |
| Postmark or Date | |

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
KENDALL O. SCHLENKER
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TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Honorable Ray Powell, Jr.
Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87504

VIA CERTIFIED
RETURN RECEIPT REQUESTED

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

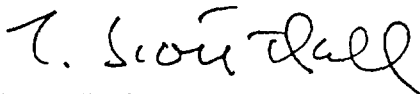
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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

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check box(es) for additional service(s) requested.

☒ Show to whom delivered, date, and addressee's address. ☐ Restricted Delivery (Extra charge)

| | |
|--|--|
| 3. Article Addressed to: <i>Honorable Ray Powell, Jr. Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504</i> | 4. Article Number <i>P 561 862 196</i> |
| 5. Signature — Addressee <i>X</i> | Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise |
| 6. Signature — Agent <i>X</i> | Always obtain signature of addressee or agent and DATE DELIVERED . |
| 7. Date of Delivery | 8. Addressee's Address (ONLY if requested and fee paid) <i>APR 4 1985 NM USPS</i> |

PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815 **DOMESTIC RETURN RECEIPT**

PS Form 3800, June 1985 * U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

P 561 862 196

| | |
|--|--|
| Sent to <i>Hon. Ray Powell, Jr.</i> | Postage <i>.32</i> |
| Street and No. <i>P.O. Box 1148</i> | Certified Fee <i>1.10</i> |
| P.O. State and ZIP Code <i>Santa Fe, NM 87504</i> | Special Delivery Fee |
| | Restricted Delivery Fee |
| | Return Receipt showing to whom and Date Delivered <i>1.10</i> |
| | Return Receipt showing to whom, Date, and Address of Delivery |
| TOTAL Postage and Fees <i>2.52</i> | |
| Postmark or Date <i>4/3/95</i> | |

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FAX: (505) 989-9657

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

M.W. Petroleum
a/k/a Apache Corporation
200 Post Oak Blvd., Suite 100
Houston, Texas 77056-4403

VIA CERTIFIED
RETURN RECEIPT REQUESTED

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

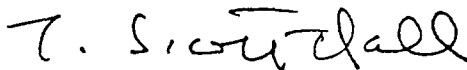
Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

This application has been set for hearing before a Division Examiner on May 4, 1995 at the New Mexico Oil Conservation Division in Santa Fe. You are not required to attend this hearing, but as an operator of a well or owner of an unleased mineral interest within the pool, or as an operator of a well within one mile of the boundaries of the above-referenced lands, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and date of delivery. For additional fees the following services are available. Consult postmaster for fees.
Check box(es) for additional service(s) requested.

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|--|---|
| 3. Article Addressed to: <i>M.W. Petroleum 21K1a Apache Corporation 200 Post Oak Blvd, Suite 100 Houston, Texas 77056-4403</i> | 4. Article Number <i>P561862189</i> |
| Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise | |
| Always obtain signature of addressee or agent and DATE DELIVERED. | |
| 5. Signature — Addressee <i>X</i> | 8. Addressee's Address (ONLY if requested and fee paid) |
| 6. Signature — Agent <i>X</i> | |
| 7. Date of Delivery <i>05 MARCH 95</i> | |

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PS Form 3800, June 1985 *U.S.G.P.O. 1989-234-555

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|---|----------------|
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| Street and No. <i>200 Post Oak Blvd, Suite 100</i> | |
| P.O. State and ZIP Code <i>Houston, TX 77056-4403</i> | |
| Postage | \$ <i>0.32</i> |
| Certified Fee | <i>1.10</i> |
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| Return Receipt showing to whom and Date Delivered | <i>1.10</i> |
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April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Chevron USA, Inc.
Post Office Box 1150
Midland, Texas 79701

VIA CERTIFIED
RETURN RECEIPT REQUESTED

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

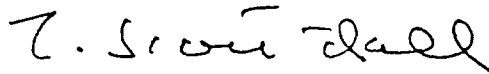
Dear Sir or Madam:

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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

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| 3. Article Addressed to: <i>Chickson USA, Inc. P.O. Box 1150 Midland, TX 79701</i> | 4. Article Number <i>P561 862 187</i> |
| | Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input checked="" type="checkbox"/> Return Receipt for Merchandise |
| 5. Signature — Addressee <i>X</i> | Always obtain signature of addressee or agent and DATE DELIVERED . |
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FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Texaco Exploration & Production, Inc.
Post Office Box 3109
Midland, Texas 79702

VIA CERTIFIED
RETURN RECEIPT REQUESTED

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NM OCD is enclosed.

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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

J. Scott Hall

J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

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| 3. Article Addressed to: <i>Texaco Exp & Production</i> <i>P.O. Box 3109</i> <i>Midland, Texas 79702</i> | 4. Article Number <i>P561 862 193</i> |
| Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise | |
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| 5. Signature — Addressee <i>X</i> | 8. Addressee's Address (ONLY if requested and fee paid) |
| 6. Signature — Agent <i>X</i> <i>Herby Hingor</i> | |
| 7. Date of Delivery <i>APR - 5 1995</i> | |

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| P.O. and ZIP Code <i>Midland, Texas 79702</i> | Special Delivery Fee |
| | Restricted Delivery Fee |
| | Return Receipt showing to whom and Date Delivered <i>1.10</i> |
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| Postmark or Date | |

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FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Redstone Oil & Gas Company
8235 Douglas Avenue, Suite 1050
Dallas, Texas 75225

**VIA CERTIFIED
RETURN RECEIPT REQUESTED**

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules, Eddy County, New Mexico

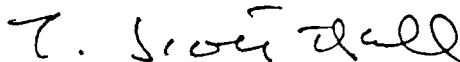
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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.



J. Scott Hall
ATTORNEY FOR DALEN RESOURCES
OIL & GAS COMPANY

JSH/mg

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3. Article Addressed to:
 Redstone Oil & Gas Co
 8235 Douglas Ave Suite 1050
 Dallas, Texas 75225

4. Article Number
 P561 862 194

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X *[Signature]*

6. Signature - Agent
 X

7. Date of Delivery
 4-6-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989

U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

| | |
|---|------------------------------|
| Street and No. | 8235 Douglas Ave, Suite 1050 |
| P.O. State and Zip Code | Dallas Texas 75225 |
| Postage | \$.32 |
| Certified Fee | 1.10 |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | 1.10 |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ 2.52 |
| Postmark or Date | |

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P 561 862 194



May 1, 1995

Chevron U.S.A. Production Company
P. O. Box 1150
Midland, TX 79702

M. K. DeBerry
New Mexico Team Leader
Permian Gas Profit Center
Phone 915 687 7695
Fax 915 687 7905

State Of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
1040 S. Pacheco
Santa Fe, New Mexico 87504

Attn: Mr. W. J. LeMay, Director

RE: Application of Dalen Resources Oil and Gas Company for Pool Creation and Special Pool Rules,
Murchison State 2 #1 well, SE NE of Section 2, T25S-R26E, Eddy Co., N.M.

Gentlemen:

Chevron U.S.A. Production Company, as an offset operator to the captioned well, conditionally supports Dalen Resources' captioned application for pool creation and special pool rules, but only for a temporary six month period. Dalen's application for an allowable of 250 BOPD with a producing GOR of 10,000:1 greatly exceeds NMOCD rules for a discovery allowable. Because only one well has produced from this new pool for a short period of time, little is known regarding the producing characteristics of the pool. Chevron holds the lease directly offsetting the discovery well to the east and plans to drill a well in July, 1995. This is the earliest possible date that Chevron can drill a well due to the lengthy federal permitting process.

Dalen's proposed GOR of 10,000:1 would allow gas production at a rate of 2.5 MMCFD from the Murchison State 2 #1. Gas produced at this rate for an extended period of time could result in an accelerated loss of a substantial amount of reservoir energy and a corresponding loss of reserves if the pool proves to be a solution-gas drive reservoir. A six month temporary allowable period will allow Dalen to fully evaluate the producing characteristics of their well before extensive drainage of offsetting leases occurs. Evaluation of information from additional drilling, such as bottom hole pressures, reservoir permeability, and producing characteristics, should be required prior to adoption of permanent field rules.

In order to prevent the unnecessary waste of reserves and protect the correlative rights of offsetting operators, Chevron proposes that Dalen's application be temporarily approved for a six month period. At the end of said six month period, additional reservoir data pertaining to the proposed spacing or proration units, gas oil ratio and allowable for this new pool should be presented at a hearing to determine whether the temporary rules should be amended or made permanent.

Sincerely,


M. K. DeBerry

cc: William F. Carr



Chevron

May 1, 1995

Chevron U.S.A. Production Company
P. O. Box 1150
Midland, TX 79702

M. K. DeBerry
New Mexico Team Leader
Permian Gas Profit Center
Phone 915 687 7695
Fax 915 687 7905

State Of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
1040 S. Pacheco
Santa Fe, New Mexico 87504

Attn: Mr. W. J. LeMay, Director

RE: Application of Dalen Resources Oil and Gas Company for Pool Creation and Special Pool Rules,
Murchison State 2 #1 well, SE NE of Section 2, T25S-R26E, Eddy Co., N.M.

Gentlemen:

Chevron U.S.A. Production Company, as an offset operator to the captioned well, conditionally supports Dalen Resources' captioned application for pool creation and special pool rules, but only for a temporary six month period. Dalen's application for an allowable of 250 BOPD with a producing GOR of 10,000:1 greatly exceeds NMOCD rules for a discovery allowable. Because only one well has produced from this new pool for a short period of time, little is known regarding the producing characteristics of the pool. Chevron holds the lease directly offsetting the discovery well to the east and plans to drill a well in July, 1995. This is the earliest possible date that Chevron can drill a well due to the lengthy federal permitting process.

Dalen's proposed GOR of 10,000:1 would allow gas production at a rate of 2.5 MMCFD from the Murchison State 2 #1. Gas produced at this rate for an extended period of time could result in an accelerated loss of a substantial amount of reservoir energy and a corresponding loss of reserves if the pool proves to be a solution-gas drive reservoir. A six month temporary allowable period will allow Dalen to fully evaluate the producing characteristics of their well before extensive drainage of offsetting leases occurs. Evaluation of information from additional drilling, such as bottom hole pressures, reservoir permeability, and producing characteristics, should be required prior to adoption of permanent field rules.

In order to prevent the unnecessary waste of reserves and protect the correlative rights of offsetting operators, Chevron proposes that Dalen's application be temporarily approved for a six month period. At the end of said six month period, additional reservoir data pertaining to the proposed spacing or proration units, gas oil ratio and allowable for this new pool should be presented at a hearing to determine whether the temporary rules should be amended or made permanent.

Sincerely,

M. K. DeBerry
M. K. DeBerry

cc: William F. Carr

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

RECEIVED

APR 28 1995

Oil Conservation Division
CASE NO. 11280

IN THE MATTER OF THE APPLICATION OF
DALEN RESOURCES OIL & GAS COMPANY FOR
CREATION OF A NEW POOL INCLUDING A SPECIAL
GAS-OIL RATIO AND SPECIAL OIL ALLOWABLE,
EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MATADOR
PETROLEUM CORPORATION as required by the Oil Conservation
Division.

APPEARANCE OF PARTIES

APPLICANT

ATTORNEY

Dalen Resources Oil & Gas Co.

Scott Hall, Esq.
P. O. Box 1986
Santa Fe, New Mexico 87504

OTHER PARTY

ATTORNEY

Matador Petroleum Corporation
415 W. Wall, Suite 1101
Midland, Texas 79701-4410
Attn: Roger Elliot
(915) 687-5955

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

OTHER PARTY

Matador Petroleum Corporation contends that there is insufficient evidence that the subject well constitutes a new discovery and that it is premature to adopt either a Special Limiting Gas-Oil Ratio of 10,000 cubic feet of gas per barrel of oil or a special allowable of 250 BOPD for Dalen's subject Delaware oil well.

PROPOSED EVIDENCE


OPPOSITION

| WITNESSES | EST. TIME | EXHIBITS |
|---------------------------------|-----------|----------|
| Ken Macko (Petroleum Geologist) | 30 Min. | est. 4 |

PROCEDURAL MATTERS

None

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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KELLAHIN AND KELLAHIN
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(505) 982-4285

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|---------------------------------|-----------|----------|
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KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin

P.O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

RECEIVED

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

APR 28 1995

Oil Conservation Division

CASE NO. 11280

IN THE MATTER OF THE APPLICATION OF
DALEN RESOURCES OIL & GAS COMPANY FOR
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EDDY COUNTY, NEW MEXICO.

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Division.

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APPLICANT

ATTORNEY

Dalen Resources Oil & Gas Co.

Scott Hall, Esq.
P. O. Box 1986
Santa Fe, New Mexico 87504

OTHER PARTY

ATTORNEY

Matador Petroleum Corporation
415 W. Wall, Suite 1101
Midland, Texas 79701-4410
Attn: Roger Elliot
(915) 687-5955

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

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Matador Petroleum Corporation contends that there is insufficient evidence that the subject well constitutes a new discovery and that it is premature to adopt either a Special Limiting Gas-Oil Ratio of 10,000 cubic feet of gas per barrel of oil or a special allowable of 250 BOPD for Dalen's subject Delaware oil well.

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|---------------------------------|-----------|----------|
| Ken Macko (Petroleum Geologist) | 30 Min. | est. 4 |

PROCEDURAL MATTERS

None

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 11280

APPLICATION OF DALEN RESOURCES OIL &
GAS COMPANY FOR CREATION OF A NEW POOL
INCLUDING A SPECIAL GAS OIL RATIO AND
SPECIAL OIL ALLOWABLE, EDDY COUNTY,
NEW MEXICO.

RECEIVED

MAY 1 1995

Oil Conservation Division

PRE-HEARING STATEMENT

This prehearing statement is submitted by Dalen Resources
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Dalen Resources Oil & Gas Co.

J. Scott Hall, Esq.

P.O. Box 1986

Santa Fe, NM 87504

name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

ATTORNEY

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Applicant proposes the creation of a new pool underlying the SE/NE of Sec. 2, T.25.S, R. 26E, NMPM, for Delaware production from its Murchison State 2 No. 1 Well drilled at a standard location in Unit H of Section 2. Applicant seeks the promulgation of special pool rules including a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil and a special depth bracket allowable of 250 barrels of oil per day.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT


| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|--------------------------------------|-----------|-------------------|
| Jerry Anderson, Landman | 15 min. | |
| Ralph Nelson, Geologist | 20 min. | |
| George Vaughn, Reservoir Engineer | 20 min. | |
| | | Eleven (11) total |

OPPOSITION

| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|-----------------------------------|-----------|----------|
|-----------------------------------|-----------|----------|

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)



Signature

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
KENDALL O. SCHLENKER
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
MARGO J. MCCORMICK
LYMAN G. SANDY
STEPHAN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
MICHAEL H. HOSES
JAMES B. COLLINS
TIMOTHY R. BRIGGS
WALTER R. PARR
RUDOLPH LUCERO
DANIEL E. RAMCZYK
DEAN G. CONSTANTINE
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE

SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
JOHN R. FUNK
J. SCOTT HALL
THOMAS R. MACK
MICHAEL J. HAPPE
DENISE BARELA SHEPHERD
JILL BURTRAM
TERRI L. SAUER
JOEL T. NEWTON
JUDITH K. NAKAMURA
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FAX: (505) 325-5474

SANTA FE, N.M.
125 LINCOLN AVE., SUITE 221
POST OFFICE BOX 1986
SANTA FE, N.M. 87504-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

April 3, 1995

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

PLEASE REPLY TO SANTA FE

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and
Special Pool Rules
Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed is the Application of Dalen Resources Oil and Gas Company for Pool
Creation and Special Pool Rules for the SE/NE Sec. 2, T-25-S, R-26-E, NMPM, Eddy
County, New Mexico.

On behalf of the Applicant, Dalen Resources, we ask that this matter be set for
examiner hearing on May 4, 1995.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

T. Sweet Hall

J. Scott Hall

JSH/mg

cc: Jerry Anderson, Dalen Resources

RECEIVED

APR 3 1995

Oil Conservation Division

HAND-DELIVERED

11280

RECEIVED

BEFORE THE

APR 3 1995

OIL CONSERVATION DIVISION

Oil Conservation Division

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
DALEN RESOURCES OIL & GAS COMPANY FOR
POOL CREATION AND SPECIAL POOL RULES
EDDY COUNTY, NEW MEXICO

CASE NO. 11280

APPLICATION

Dalen Resources Oil & Gas Company, by and through its undersigned attorneys, Miller, Stratvert, Torgerson & Schlenker, P.A., hereby makes application to the Oil Conservation Division for an order creating a new pool and for promulgation of special pool rules including (1) 40-acre spacing or proration units on a permanent basis, (2) a provision establishing a limiting gas oil ratio of 10,000 cubic feet of gas per barrel of oil, and (3) a special depth bracket allowable of 250 barrels of oil per day. In support, Applicant would show the Division:

1. The subject pool was discovered by Applicant's Murchison State 2 No. 1 well located in Unit H in Section 2, Township 25 South Range 26 East NMPM, Eddy County, New Mexico and said well is producing from the Delaware formation. The discovery well and subject lands are outside the present boundaries of any existing pool.

2. Applicant believes that the following described lands are reasonably productive of hydrocarbons in paying quantities from the Delaware formation and should be included in the original definition of the new pool to be created because of the production capability of the well on this acreage:

Township 25 South, Range 26 East, NMPM

Section 2: SE 1/4 NE 1/4

3. In order to prevent economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and to otherwise prevent waste and protect correlative rights, Special Pool Rules and Regulations providing for 40-acre spacing units should be promulgated for the new pool.

4. Applicant requests that said Special Pool Rules provide that each well should be located on a standard unit containing 40 acres more or less.

5. Applicant further requests that said Special Pool Rules provide for a special depth bracket allowable for each well on a 40-acre spacing or proration unit of 250 barrels of oil per day; and a limiting gas oil ratio of 10,000 cubic feet of gas for each barrel of oil produced.

6. Authorization of the development of this pool with the limiting gas-oil ratio and special depth bracket requested will increase production from the pool and will result in the recovery of hydrocarbons that will otherwise not be recovered.

7. Granting this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Dalen Resources Oil & Gas Company requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division at its hearing scheduled for May 4, 1995, and that after notice and hearing as required by law, the Division enter its order granting this application and providing such other and further relief as is deemed appropriate.

Respectfully submitted,

MILLER, STRATVERT, TORGERSON &
SCHLENKER

By T. Scott Hall
J. SCOTT HALL

Attorneys for Dalen Resources Oil & Gas
Company

Post Office Box 1986

Santa Fe, New Mexico 87504-1986

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

CONTINUED SULIMAR QUEEN

PAGE 780

| WELL S Y R | JAN | FEB | MAR | APRIL | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | 1993 | PROD | MP | ACCU |
|------------------------------|------------------------|------|------|-------|------|------|------|------|------|------|------|------|-------|------|----|---------|
| 9M1315S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 550 |
| 10N2415S29E OIL | PLUGGING APPROVED 1992 | | | | | | | | | | | | | | | 5520 |
| 11K2415S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 554795 |
| 12C2415S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 16681 |
| 13M2415S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 68364 |
| 14K2415S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 3091 |
| 15N1315S29E OIL | 28 | 25 | 31 | 36 | 28 | 34 | 21 | 25 | 25 | 22 | 22 | 26 | 323P | | | 2121 |
| LEASE TOTAL | 28 | 25 | 31 | 33 | 150 | 90 | 70 | 73 | 143 | 150 | 60 | 145 | 934 | | | 91 |
| SULIMAR QUEEN UNIT TR 2 | | | | 53 | 150 | 90 | 70 | 73 | 143 | 150 | 60 | 145 | 934 | | | 10402 |
| 2M1815S30E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 31872 |
| 301315S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 2533 |
| 4P1315S29E OIL | LAST PROD. DATE 04/86 | | | | | | | | | | | | | S | | 5699 |
| 7D1915S30E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 745612 |
| LEASE TOTAL | | | | | | | | | | | | | | | | 281521 |
| SULIMAR QUEEN UNIT TR 3 | | | | | | | | | | | | | | | | 40011 |
| 1A2415S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 203344 |
| 262415S29E OIL | LAST PROD. DATE 04/86 | | | | | | | | | | | | | S | | 74575 |
| 3M2415S29E OIL | LAST PROD. DATE 04/86 | | | | | | | | | | | | | S | | 847322 |
| 4J2415S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 86899 |
| 602415S29E OIL | LAST PROD. DATE 03/85 | | | | | | | | | | | | | S | | 10595 |
| LEASE TOTAL | | | | | | | | | | | | | | | | 103008 |
| SULIMAR QUEEN UNIT TR 4 | | | | | | | | | | | | | | | | 321696 |
| 1A2615S29E OIL | LAST PROD. DATE 03/85 | | | | | | | | | | | | | S | | 27078 |
| 2B2615S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 691546 |
| LEASE TOTAL | | | | | | | | | | | | | | | | 179353 |
| SULIMAR QUEEN UNIT TR 5 | | | | | | | | | | | | | | | | 21381 |
| 1M2615S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 582696 |
| 262615S29E OIL | LAST PROD. DATE 03/85 | | | | | | | | | | | | | S | | 51323 |
| 3J2615S29E OIL | LAST PROD. DATE 04/86 | | | | | | | | | | | | | S | | 19384 |
| LEASE TOTAL | | | | | | | | | | | | | | | | 19953 |
| SULIMAR QUEEN UNIT TR 6 | | | | | | | | | | | | | | | | 68291 |
| 1D2515S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 452240 |
| 2P2515S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 707594 |
| LEASE TOTAL | | | | | | | | | | | | | | | | 78739 |
| SULIMAR QUEEN UNIT TR 7 | | | | | | | | | | | | | | | | 1849443 |
| 1E2415S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 143620 |
| 2P2515S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 99180 |
| LEASE TOTAL | | | | | | | | | | | | | | | | 408495 |
| SULIMAR QUEEN UNIT TR 8 | | | | | | | | | | | | | | | | 25986 |
| 1E2415S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 6234 |
| 2P2515S29E OIL | INJECTION WELL | | | | | | | | | | | | | I | | 148159 |
| LEASE TOTAL | | | | | | | | | | | | | | | | 125166 |
| COMPANY TOTAL | 28 | 25 | 31 | 36 | 28 | 34 | 21 | 25 | 25 | 22 | 22 | 26 | 323 | | | 414729 |
| STEVENSON & CO., INC. | | | | 53 | 150 | 90 | 70 | 73 | 143 | 150 | 60 | 145 | 934 | | | 2014663 |
| SULIMAR | | | | | | | | | | | | | | | | 719581 |
| 1K2615S29E OIL | 96 | 92 | 115 | 86 | 83 | 72 | 76 | 69 | 80 | 63 | 53 | 75 | 960P | | | 5295848 |
| 2M2615S29E OIL | 310 | 230 | 656 | 526 | 238 | 698 | 546 | 320 | 305 | 310 | 302 | 298 | 4739 | | | 82288 |
| LEASE TOTAL | | | | | | | | | | | | | | | | 35577 |
| COMPANY TOTAL | 96 | 92 | 115 | 86 | 83 | 72 | 76 | 69 | 80 | 63 | 53 | 75 | 960 | | | 66070 |
| FEDERAL OIL | 310 | 230 | 656 | 526 | 238 | 698 | 546 | 320 | 305 | 310 | 302 | 298 | 4739 | | | 63527 |
| YATES PETROLEUM CORPORATION | | | | | | | | | | | | | | | | 3979 |
| 1A3415S29E OIL | 56 | 41 | 52 | 49 | 36 | 42 | 42 | 37 | 40 | 41 | 43 | 9 | 488P | | | 37934 |
| 2P2715S29E OIL | 604 | 527 | 604 | 548 | 584 | 393 | 350 | 315 | 155 | 151 | 144 | 32 | 4387 | | | 145615 |
| 4P2715S29E OIL | 58 | 49 | 58 | 53 | 56 | 38 | 34 | 30 | 13 | 15 | 14 | 3 | 421 | | | 7935 |
| LEASE TOTAL | 268 | 234 | 268 | 244 | 260 | 175 | 156 | 140 | 61 | 68 | 64 | 14 | 1952 | | | 63479 |
| COMPANY TOTAL | 140 | 101 | 130 | 122 | 89 | 103 | 104 | 92 | 100 | 102 | 106 | 22 | 1211 | | | 233P |
| FEDERAL OIL | 930 | 810 | 930 | 845 | 900 | 606 | 540 | 485 | 209 | 234 | 222 | 49 | 6760 | | | 12216 |
| SULIMAR SAN ANDRES | | | | | | | | | | | | | | | | 101979 |
| MCLELLAN OIL CORPORATION | | | | | | | | | | | | | | | | 28931 |
| LISA A FEDERAL | | | | | | | | | | | | | | | | 91960 |
| Y 1K1315S29E OIL | LAST PROD. DATE 07/77 | | | | | | | | | | | | | S | | 1731 |
| LISA B | | | | | | | | | | | | | | | | |
| 101315S29E OIL | LAST PROD. DATE 11/77 | | | | | | | | | | | | | S | | 668 |
| COMPANY TOTAL OIL | | | | | | | | | | | | | | | | 2399 |
| SULPHATE DELAWARE, SOUTHWEST | | | | | | | | | | | | | | | | |
| HANSON OPERATING CO., INC. | | | | | | | | | | | | | | | | |
| GULF FEDERAL | | | | | | | | | | | | | | | | |
| 1M1223S26E OIL | PLUGGING APPROVED 1982 | | | | | | | | | | | | | | | 2147 |
| 2L1223S26E OIL | PLUGGING APPROVED 1982 | | | | | | | | | | | | | | | 24413 |
| COMPANY TOTAL OIL | | | | | | | | | | | | | | | | 1835 |
| MURCHISON OIL & GAS INC. | | | | | | | | | | | | | | | | 41188 |
| WHITE CITY 14 FEDERAL | | | | | | | | | | | | | | | | |
| 2J1423S26E OIL | 107 | 97 | 128 | 113 | 108 | 90 | 116 | 108 | 94 | 60 | 66 | 142 | 1229P | | | 3982 |
| GAS | 140 | 95 | 130 | 150 | 140 | 90 | 120 | 155 | 125 | 85 | 40 | 1365 | | | | 65601 |
| WAT | 1851 | 1699 | 2003 | 1799 | 1733 | 1376 | 1617 | 2152 | 1882 | 1255 | 1377 | 1768 | 20514 | | | |
| BILL & PATSY RICH | | | | | | | | | | | | | | | | |
| FASKEEN FEDERAL | | | | | | | | | | | | | | | | |
| 11125S26E OIL | 61 | 51 | 58 | 52 | 54 | 48 | 50 | 45 | 44 | 58 | 60 | 58 | 639F | | | 23143 |
| WAT | 352 | 207 | 534 | 222 | 325 | 305 | 356 | 275 | 324 | 360 | 360 | 372 | 3992 | | | 206854 |
| H-M FEDERAL | | | | | | | | | | | | | | | | |
| 1A1425S26E OIL | 34 | 28 | 33 | 29 | 37 | 33 | 19 | 28 | 33 | 31 | 30 | 30 | 369P | | | 11921 |
| WAT | 272 | 369 | 430 | 226 | 202 | 227 | 318 | 310 | 300 | 310 | 300 | 230 | 3494 | | | 195910 |

1928-1948 -
2014-2098

1957-2004

1977-2002

1944-1986

EAST HERRADURA BEND-DELAWARE POOL
(Gas-Oil Ratio)
Eddy County, New Mexico

Order No. R-9773, Adopting a Gas-Oil Ratio Rule for the East Herradura Bend-Delaware Pool, Eddy County, New Mexico, November 4, 1992.

Order No. R-9773-A, August 11, 1993, continues in effect the rules adopted in Order No. R-9773 (continued for six months).

Consolidated Application of Bird Creek Resources, Fortson Oil Company and Ray Westall Operating, Inc. for Special Pool Rules, Eddy County, New Mexico.

CASE NO. 10541
Order No. R-9773

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on October 1, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of November, 1992 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) At the time of the hearing, Fortson Oil Company moved to be realigned from an applicant to an interested party in this case and the motion should be granted.

(3) Bird Creek Resources and Ray Westall Operating, Inc. (hereinafter referred to as the "applicants"), seek an order promulgating special pool rules for the East Herradura Bend-Delaware Pool, including a provision for a gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

(4) At the hearing, Fortson Oil Company, Hanley Petroleum, Inc. and Bass Enterprises Production Company, each entered its respective appearance as a party affected by this case.

(5) The East Herradura Bend-Delaware Pool was created and defined by Division Order No. R-8179, as amended, and is currently governed by the Oil Conservation Division's Statewide Rules and Regulations, including a gas-oil ratio of 2,000 cubic feet of gas per barrel of oil and a top oil allowable of 142 barrels per day.

(6) The East Herradura Bend-Delaware Pool is located in portions of Sections 34 and 35, Township 22 South, Range 28 East, and a portion of Section 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

(7) Recently there has been substantial development in the Delaware formation outside the defined boundaries of this pool but within one mile thereof, and new wells are being curtailed due to the statewide gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

(8) In this area, the Brushy Canyon portion of the Delaware includes several hundred feet of shale and sand stringers, and, based upon currently available information, one of which appears to only be productive of natural gas.

(9) The fracture treatments typically used in completing Delaware wells in this area have communicated this gas stringer with the other producing zones in this formation resulting in wells producing at high gas-oil ratios.

(10) If the wells in this pool are produced under the statewide gas-oil ratio limitation of 2,000 to 1, liquids cannot be efficiently produced from the reservoir and substantial volumes of liquids may remain trapped as the reservoir energy is depleted by gas production.

(11) Currently there is no production data, PVT analysis or fluid samples taken exclusively from that sand stringer believed by the applicants to be productive only of gas.

(12) Currently there is no evidence available to demonstrate that a single gas cap was originally present in this reservoir or what ultimate effect this single gas productive stringer may have on ultimate recovery from the reservoir.

(13) Gas produced by the wells in this pool is comprised of solution gas plus free gas from oversaturated crude oil and/or gas from a separate gas zone. While the current gas producing rates for these wells may not be an accurate indication of the actual gas-oil ratios of the hydrocarbons at reservoir conditions or the ultimate appropriate gas-oil ratios at which these wells should be produced, approval of a temporary gas-oil ratio of 10,000 cubic feet of gas per barrel of oil is not expected to excessively dissipate reservoir energy or otherwise cause waste.

(14) Currently available evidence presented at the hearing demonstrated that a temporary gas-oil ratio limit of 10,000 cubic feet of gas per barrel of oil in the East Herradura Bend-Delaware Pool for a period of six months commencing on October 1, 1992 will afford an opportunity for all operators to gather more reservoir data, allow the reservoir in this portion of the Delaware formation to be produced at a faster and more efficient rate without harm to correlative rights and without causing waste and should be approved.

(15) Additional data on the producing characteristics of this reservoir, including the appropriate gas-oil producing rates, are rapidly being acquired due to the development currently underway in this pool and special pool rules and regulations for this pool should be promulgated on a temporary basis and should be reviewed by the Division in six months.

(16) The applicants request that temporary pool rules and regulations for this pool be effective as of October 1, 1992 and this request should be granted.

IT IS THEREFORE ORDERED THAT:

(1) The request of Fortson Oil Company to be dismissed as an applicant in this case is hereby granted.

(2) The application of Bird Creek Resources and Ray Westall Operating, Inc., for special pool rules providing for an increased gas-oil ratio limit for the East Herradura Bend-Delaware Pool, Eddy County, New Mexico, is hereby approved on a temporary basis.

(3) Temporary special pool rules for the East Herradura Bend-Delaware Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS FOR THE
EAST HERRADURA BEND DELAWARE POOL**

Rule 1: The limiting gas-oil ratio for said East Herradura Bend-Delaware Pool shall be 10,000 cubic feet of gas per barrel of oil produced.

IT IS FURTHER ORDERED THAT:

(4) The Special Rules and Regulations for the East Herradura Bend-Delaware Pool shall become effective October 1, 1992.

(5) This case shall be reopened at an Examiner Hearing in May, 1993, at which time the operators in the pool may appear and present evidence and show cause why the foregoing Special Rules and Regulations should remain in effect.

(6) 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.

CLINE-BLINEBRY POOL
Lea County, New Mexico

Order No. R-9859, Adopting Operating Rules for the Cline-Blinbry Pool,
Lea County, New Mexico, April 1, 1993.

Application of Chuza Operating for Pool Creation
and Special Pool Rules, Lea County, New Mexico.

CASE NO. 10671
Order No. R-9859

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on February 18 and March 4, 1993, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 17th day of March, 1993 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Chuza Operating ("Chuza"), is the owner and operator of the Gambi Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 12, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, which was plugged back and recompleted in November/December, 1992 from the Cline Drinkard-Abo Pool to the Blinbry formation with perforations from 5,489 feet to 5,705 feet.

(3) The applicant now seeks the creation of a new pool for the production of oil from the Blinbry and Paddock formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 11 and the SW/4 NW/4 of Section 12, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, and the promulgation of special rules therefor including a provision for a gas/oil ratio limitation of 6,000 cubic feet of gas per barrel of oil.

(4) The applicant further requests that the proposed special rules be made effective retroactive to December 14, 1992, which corresponds with the date of first reported Blinbry production from Chuza's Gambi Well No. 1.

(5) At the February 18, 1993 hearing the applicant requested the Paddock formation be dismissed from the vertical limits of the proposed pool and that this application consider only the Blinbry formation.

(6) There are no other Blinbry pools within one mile of the proposed pool Chuza is seeking to create.

(7) It appears the first well or discovery well for the proposed pool was the Kelton Operating Corporation ("Kelton") Lineberry Well No. 1 located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 11, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, which was plugged back and recompleted in October 1992 from the Cline Drinkard-Abo Pool to the Blinbry formation with perforations from 5,342 feet to 5,706 feet. The Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas, for this well on file with the Division in Santa Fe, indicates the completion/ready to produce date was October 20, 1992.

(8) Evidence presented by the applicant at the February 18, 1993 hearing indicates that the newly discovered reservoir is similar in nature to other Blinbry producing oil pools in the general area, being a typical interbedded dolomite with interstitial porosity having a combination structural/stratigraphic trapping mechanism, where the different laminated dolomite sections have either free oil or free gas phases that co-exist together.

(9) Evidence further indicates that such a reservoir can be produced with the higher gas-oil ratio without ultimately affecting overall recovery from the reservoir.

(10) It appears from the evidence presented at the hearing that approval of such higher gas-oil ratio throughout the proposed pool can be made on a permanent basis; however, should the Division deem it necessary to return said pool to the statewide 2000 to 1 ratio limitation in order to prevent waste, protect correlative rights or conserve reservoir energy the Director of the Division may issue such a directive without notice and hearing.

(11) The applicant at said hearing also requested to amend that portion of this application seeking a retroactive effective date of December 14, 1992 for the order issued in this matter to October 14, 1992 which, according to the testimony presented, represents the date the Kelton well discovered the proposed Blinbry pool.

(12) A representative for Kelton entered an appearance at the February 18, 1993 hearing in support of Chuza's application and proposed amendments.

(13) Since this amendment is beyond the scope of this application and its advertised intent, and to assure complete fairness to all concerned that any change in an assigned allowable affecting more than one well in a pool where there is more than one operator, any retroactive approval date for this application should be denied.

(14) The applicant proposed at the February 18, 1993 hearing to designate the above-described pool as the "Cline-Blinbry Pool", after the nearby Cline Drinkard-Abo, Cline-Devonian, and Cline-Tubb Pools.

(15) There was no opposition by any operator or by any interested party to the subject application.

(16) A new pool classified as an oil pool for Blinbry production should be created and designated the Cline-Blinbry Pool, with vertical limits to include the Blinbry formation and the horizontal limits comprising the SE/4 NE/4 and the NE/4 SE/4 of Section 11 and the SW/4 NW/4 of Section 12, both in Township 23 South, Range 37 East, NMPM, Lea County, New Mexico. FURTHER, the proposed pool and affiliated pool rules should be adopted on a permanent basis.

(17) The effective date for this application should be the first day of the next month following the date of this order.

IT IS THEREFORE ORDERED THAT:

(1) A new pool in Lea County, New Mexico, classified as an oil pool for Blinbry production, is hereby created and designated the Cline-Blinbry Pool, with vertical limits comprising the Blinbry formation, and the horizontal limits encompassing the following described area:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 11: SE/4 NE/4 and NE/4 SE/4
Section 12: SW/4 NW/4

(2) Permanent Special Rules for said pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
CLINE-BLINEBRY POOL**

RULE 1. Each well completed or recompleted in the Cline-Blinbry Pool or in the Blinbry formation within one mile thereof, and not nearer to or within the limits of another designated Blinbry pool, shall be produced in accordance with the Special Rules herein set forth.

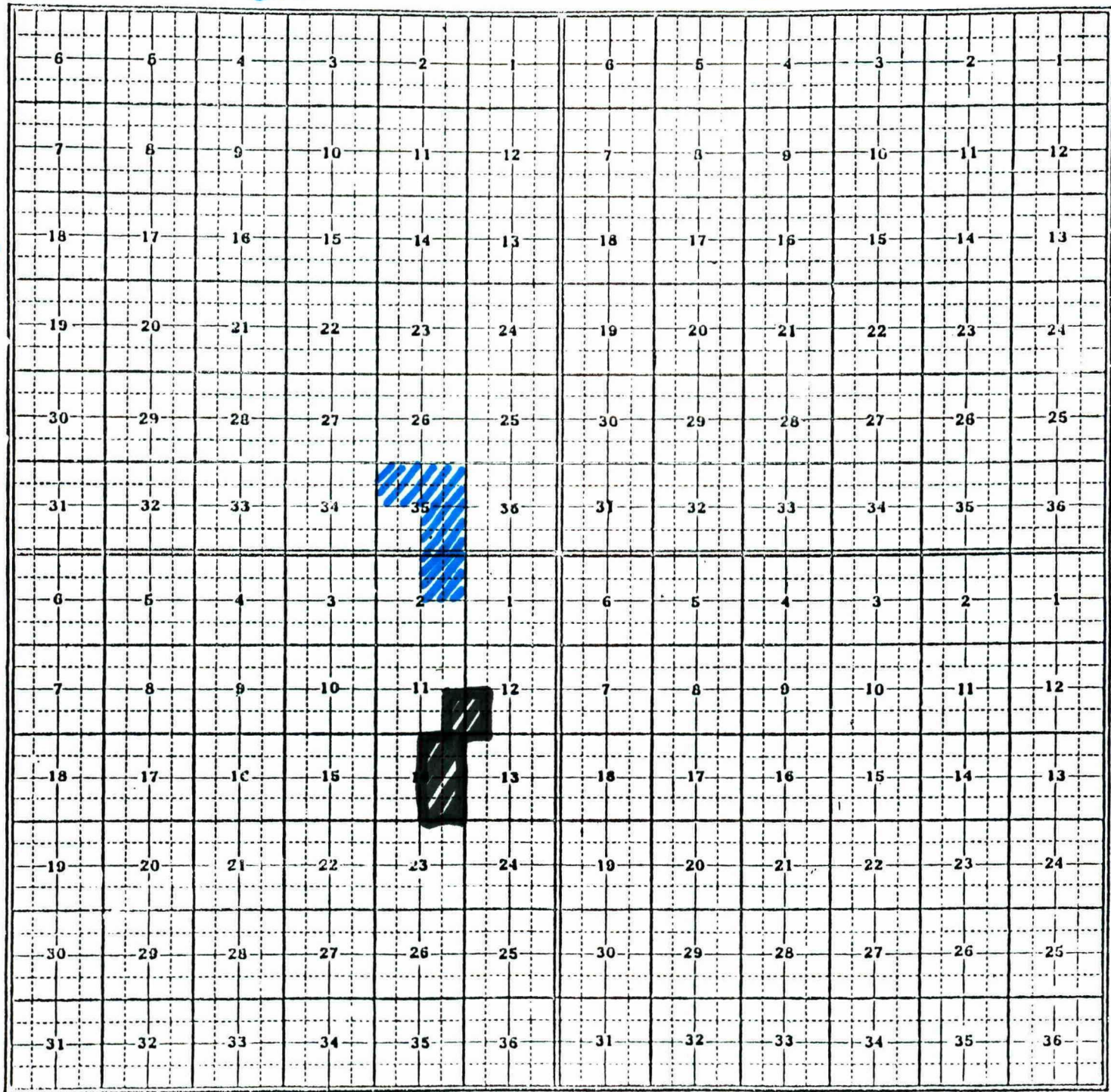
RULE 2. The limiting gas/oil ratio for said Cline-Blinbry Pool shall be 6,000 cubic feet of gas per barrel of oil produced; each production unit in said pool shall produce only that volume of gas equivalent to 6,000 multiplied by the top unit depth bracket allowable set for the pool.

26

27

24

25



/// PJ - Delaware Pool
Southeast Sulphate - Delaware

County Eddy Pool P. J. - Delaware

TOWNSHIP 25 South Range 26 East NMPM

| | | | | | | | |
|----|----|----|----|----|----|--|--|
| | | | | | | | |
| 6 | 5 | 4 | 3 | 2 | 1 | | |
| 7 | 8 | 9 | 10 | 11 | 12 | | |
| 18 | 17 | 16 | 15 | 14 | 13 | | |
| 19 | 20 | 21 | 22 | 23 | 24 | | |
| 30 | 29 | 28 | 27 | 26 | 25 | | |
| 31 | 32 | 33 | 34 | 35 | 36 | | |

Ext: ^{NE} 1/4 Sec. 2 (R-10376, S-24-95)

County Eddy Pool PJ- Delaware

TOWNSHIP 24 South Range 26 East NMPM

| | | | | | | |
|----|----|----|----|----|----|--|
| | | | | | | |
| 6 | 5 | 4 | 3 | 2 | 1 | |
| | | | | | | |
| 7 | 8 | 9 | 10 | 11 | 12 | |
| | | | | | | |
| 18 | 17 | 16 | 15 | 14 | 13 | |
| | | | | | | |
| 19 | 20 | 21 | 22 | 23 | 24 | |
| | | | | | | |
| 30 | 29 | 28 | 27 | 26 | 25 | |
| | | | | | | |
| 31 | 32 | 33 | 34 | 35 | 36 | |
| | | | | | | |

Description: NW 1/4 Sec. 35 (R-7307, 6-14-83) Ext. E 1/2 Sec. 35 (A-10376, 5-24-95)

OIL CONSERVATION DIVISION

311 S. First ARTESIA NM

DISTRICT OFFICE II

January thru June 1995
NO. 2054 I

SUPPLEMENT TO THE OIL PRORATION SCHEDULE

DATE March 1, 1995

PURPOSE ALLOWABLE ASSIGNMENT - TESTING

Effective March 1, 1995 a testing allowable for 1500 barrels of oil is hereby assigned to Dalen Res. Oil & Gas Co., Murchison 2 State #1-H- 2-25-26 in the Wildcat Delaware Pool for the month of March 1995.

TC/am

Dalen Res.

AND

OIL CONSERVATION DIVISION

SUPERVISOR, DISTRICT II

DISTRICT SUPERVISOR

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0049

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410

Submit 3 Copies to

Appropriate District Office

State of New Mexico

Energy, Minerals and Natural Resources Department

RECEIVED**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

MAR 15 1995

NFO Permit No. _____

(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306
DIST. 2 (See Rule 306 and Rule 1129)

- A. Applicant DALEN Resources Oil & Gas Co.
whose address is 6688 N. Central Expwy., Suite 1000, Dallas, TX 75206
hereby requests an exception to Rule 306 for 30 days or until
April 14, 19 95, for the following described tank battery (or LACT):
Name of Lease Murchison 2 State No. 1 Name of Pool Wildcat; Delaware
Location of Battery: Unit Letter H Section 2 Township 25S Range 26E
Number of wells producing into battery 1
- B. Based upon oil production of 134 barrels per day, the estimated * volume
of gas to be flared is 268 MCF; Value \$308.00 ** per day.
** Minus marketing costs
- C. Name and location of nearest gas gathering facility:
NGPL - 1/2 mile El Paso - 1/4 mile
- D. Distance See above Estimated cost of connection Unknown at this time
- E. This exception is requested for the following reasons: Establish the size of the reservoir
and accurately measure the GOR and other fluid properties prior to moving
ahead with our offset plans. Flowing the well prior to pipeline
installation will accelerate the offset drilling.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature

Printed Name

& Title Cindy R. KeisterDate 03/14/95 Telephone No. 214 706-3640**OIL CONSERVATION DIVISION**Approved Until 4/14/95By ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Title _____

Date MAR 8 0 1995

* Gas-Oil ratio test may be required to verify estimated gas volume.

CONFIDENTIAL

District I
PO Box 1900, Hobbs, NM 88240-1900
District II
PO Drawer DD, Artesia, NM 88211-4719
District III
2000 Rio Briscoe Rd., Aztec, NM 87410
District IV
PO Box 1000, Santa Fe, NM 87504-2000

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-104
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
5 Copies

☒ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | |
|--|--|------------------------------|
| Operator name and Address DALEN Resources Oil & Gas Co. 6688 N. Central Expwy., Suite 1000 Dallas, TX 75206 | | OGRID Number 016751 |
| | | Reason for Filing Code NW |
| API Number 30-015-28288 | Pool Name P-3- Wichita; Delaware | Pool Code S0381 06058 |
| Property Code 16422 | Property Name Murchison 2 State | Well Number 1 |

II. Surface Location

| UL or lot no. | Section | Township | Range | Lot Ids | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 2 | 25S | 26E | | 1980 | North | 660 | East | Eddy |

Bottom Hole Location

| UL or lot no. | Section | Township | Range | Lot Ids | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|----------------------------|--------------------------------|---------------------|----------------------------------|-----------------------------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Law Code P | Producing Method Code F | Gas Connection Date 4-14-95 | C-129 Permit Number | C-129 Effective Date 03/17/95 | C-129 Expiration Date 04/14/95 | | | | |

III. Oil and Gas Transporters

| Transporter OGRID | Transporter Name and Address | POB | DWG | POB ULSTR Location and Description |
|-------------------|---|---------|-----|---|
| 138648 | AMOCO PIPELINE ICT Attn: Mike Stansifer 502 N. West Ave. Levelland, TX 79336 | 2814747 | O | Post ID-2 4-21-95 camp + B14 |
| 15629 | NGPL P. O. Box 283 Houston, TX 77001-0283 | 2814748 | G | RECEIVED APR 3 1995 OIL CON. DIV. |

IV. Produced Water

| POB | POB ULSTR Location and Description |
|---------|------------------------------------|
| 2814749 | |

V. Well Completion Data

| Spud Date | Ready Date | TD | FBTD | Perforations |
|-----------|----------------------|-----------|------------------|--------------|
| 01/20/95 | 03/05/95 | 8631' | 5270' | 5,133; - 66' |
| Hole Size | Casing & Tubing Size | Depth Set | Sacks Cement | |
| 17-1/2" | 13-3/8" | 256' | 260sx Class "C" | |
| 12-1/4" | 8-5/8" | 2008' | 500sx Class "C" | |
| 7-7/8" | 5-1/2" | 5520' | 1270sx Class "C" | |

VI. Well Test Data

| Date Near Oil | Gas Delivery Date | Test Date | Test Length | Thy. Pressure | Cag. Pressure |
|---------------|-------------------|-----------|-------------|---------------|---------------|
| 03/17/95 | 4-24-95 | 03/29/95 | 24 | 1350 | |
| Choke Size | Oil | Water | Gas | AOI | Test Method |
| 16/64" | 115 | 70 | 645 | | Flowing |

I hereby certify that the data furnished above have been compiled with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Cindy K. Keister*
Printed name: Cindy K. Keister
Title: Supervisor Regulatory Compliance

Date: 03/31/95 Phone: (214) 750-3800

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Approval Date: APR 10 1995

If this is a change of operator fill in the OGRID number and name of the previous operator

| Previous Operator Signature | Printed Name | Title | Date |
|-----------------------------|--------------|-------|------|
| | | | |

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

811 S. First ARTESIA, NM

DISTRICT OFFICE II

January thru June 1995

NO. 2184 R

SUPPLEMENT TO THE OIL PRORATION SCHEDULE

DATE March 1, 1995

PURPOSE ALLOWABLE ASSIGNMENT - NEW WELL

Effective March 1, 1995 an allowable for a non-marginal (N107) well is hereby assigned to Dallen Resources Oil & Gas Co., Purchison 2 State #1-B-2-5-16 in the P.I Delaware Pool.

L - 1

MP - 1

TG/mc

Dallen Res. Oil & Gas Co.

AMG

NGPI

OIL CONSERVATION DIVISION

SUPERVISOR, DISTRICT II

DISTRICT SUPERVISOR

015F

Serial I
 1 Box 1980, Hobbs, NM 88241-1980
 Serial II
 1 Drawer DD, Artesia, NM 88211-0719
 Serial III
 68 Elm Branch Rd., Aztec, NM 87410
 Serial IV
 1 Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

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MAR 15 1995

Form C-104
 Revised February 10, 1994

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OIL CON. DIV.
 DIST. 2
 AMENDED REPORT

REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | | |
|---|-------------------|--------------|--|
| Operator name and Address | | OGRID Number | |
| DALEN Resources Oil & Gas Co. 6688 N. Central Expwy., Suite 1000 Dallas, TX 75206 | | 016751 | |
| Reason for Filing Code | | RT 1500 bbls | |
| API Number | Pool Name | Pool Code | |
| 30-015-28288 | Wildcat; Delaware | 96038 | |
| Property Code | Property Name | Well Number | |
| 16422 | Murchison 2 State | 1 | |

10 Surface Location

| Well or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
|-----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 2 | 25N | 26E | | 1980 | North | 660 | East | Eddy |

11 Bottom Hole Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| License Code | Producing Method Code | Gas Connection Date | C-129 Permit Number | C-129 Effective Date | C-129 Expiration Date |
|--------------|-----------------------|---------------------|---------------------|----------------------|-----------------------|
| P | F | | | | |

L Oil and Gas Transporters

| Transporter OGRID | Transporter Name and Address | POD | O/G | POD ULSTR Location and Description |
|-------------------|--|-----|-----|------------------------------------|
| 38648 | AMOCO PIPELINE ICT Attn: Mike Stansifer 502 N. West Ave. Loveland, TX 79336 | | O | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

M Produced Water

| POD | POD ULSTR Location and Description |
|-----|------------------------------------|
| | |

N Well Completion Data

| Spud Date | Ready Date | TD | PBTD | Perforations |
|-----------|----------------------|-----------|------------------|--------------|
| 01/20/95 | | 8631' | 5270' | 5,133' - 66' |
| Well Size | Casing & Tubing Size | Depth Set | Sacks Cement | |
| 17-1/2" | 13-3/8" | 256' | 260sx Class "C" | |
| 12-1/4" | 8-5/8" | 2008' | 500sx Class "C" | |
| 7-7/8" | 5-1/2" | 5520' | 1270sx Class "C" | |

O Well Test Data

| | | | | | |
|----------------|---------------------|-------------|---------------|-----------------|-----------------|
| " Date New Oil | " Gas Delivery Date | " Test Date | " Test Length | " Tbg. Pressure | " Csg. Pressure |
| " Choke Size | " Oil | " Water | " Gas | " AOP | " Test Method |

I hereby certify that the rules and regulations of the Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Cindy R. Keister*
 Printed name: **Cindy R. Keister**
 Title: **Supervisor Regulatory Compliance**
 Date: **03/14/95**
 Phone: **(214) 750-3800**

OIL CONSERVATION DIVISION

Approved by: **ORIGINAL SIGNED BY TIM W. GUM**
DISTRICT II SUPERVISOR

Title: _____
 Approval Date: **MAR 30 1995**

If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature

Printed Name

Title

Date

CONFIDENTIAL

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Arcoma, NM 88211-0719
 District III
 1000 Rio Grande Rd., Alamogordo, NM 87110
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-104
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 5 Copies

☒ AMENDED REPORT**I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT**

| | | |
|---|---|-------------------------------------|
| Operator Name and Address DALEN Resources Oil & Gas Co. 6688 N. Central Expwy., Suite 1000 Dallas, TX 75206 | | OGRID Number 016751 |
| | | Reason for Filing Code CO |
| API Number 30-015-28288 | Pool Name P. J. Delaware | Pool Code 50381 |
| Property Code 16422 | Property Name Murchison 2 State | Well Number 1 |

II. Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
|---------------|----------|------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| H | 2 | 25N | 26E | | 1980' | North | 660' | East | Eddy |

Bottom Hole Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | | | |
|----------------------------|-------------------------------------|---|-----------------------|---|--|
| " License Code P | " Producing Method Code F | " Gas Connection Date 4-25-95 | " C-129 Permit Number | " C-129 Effective Date 03/17/95 | " C-129 Expiration Date 04/14/95 |
|----------------------------|-------------------------------------|---|-----------------------|---|--|

III. Oil and Gas Transporters

| Transporter OGRID | Transporter Name and Address | " POD | " O/G | " POD ULSTR Location and Description |
|-------------------|--|-------|----------|--------------------------------------|
| | Pride Pipeline P. O. Box 3237 Abilene, TX 79604 | | 0 | |
| | | | | |
| | | | | |
| | | | | |

RECEIVED**MAY 30 1995**

IV. Produced Water

| | |
|------------------|--------------------------------------|
| " POD 2814749 | " POD ULSTR Location and Description |
|------------------|--------------------------------------|

V. Well Completion Data

| | | | | |
|-------------|------------------------|-------------|----------------|----------------|
| " Spud Date | " Ready Date | " TD | " FSTD | " Perforations |
| " Hole Size | " Casing & Tubing Size | " Depth Set | " Sacks Cement | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

VI. Well Test Data

| | | | | | |
|---------------|---------------------|-------------|---------------|-----------------|-----------------|
| " Date New OQ | " Gas Delivery Date | " Test Date | " Test Length | " Tbg. Pressure | " Csg. Pressure |
| " Choke Size | " OQ | " Water | " Gas | " AOF | " Test Method |

" I hereby certify that the rules of Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Cindy R. Keister*
Printed name: Cindy R. Keister

Title: Supervisor Regulatory Compliance

Date: 05/25/95 Phone: (214) 750-3800

OIL CONSERVATION DIVISION
ORIGINAL SIGNED BY TIM W. GUN
DISTRICT II SUPERVISOR

Approved by:

Title:

Approval Date:

JUN 2 1995

" If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature

Printed Name

Title

Date

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Benito Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-105
Revised 1-1-89

WELL AP NO.
30-015-28288

5. Indicate Type of Lease
STATE ☒ PER ☐

6. State Oil & Gas Lease No.
L6921

7. Lease Name or Unit Agreement Name
P.J. Delaware
Murchison 2 State

8. Well No.
1

9. Pool name or Wildcat
Wildcat - Orange

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER ☐

1b. Type of Completion:
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DEEP RESER ☐ OTHER ☐

2. Name of Operator
DALEN Resources Oil & Gas Co.

3. Address of Operator
6688 N. Central Expwy., Suite 1000, Dallas, TX 75206

4. Well Location
Unit Letter H : 1980 Feet From The North Line and 660

Section 2 Township 25S Range 26E NMPN APR 3 1995 County

10. Date Spudded 01/20/95 11. Date T.D. Reached 02/08/95 12. Date Compl. (Ready to Prod.) 03/05/95 13. Elevations (DFA, RAB, RT, GR, etc.) 3343' 14. Elev. Casinghead

15. Total Depth 8631' 16. Plug Back T.D. 5270' 17. If Multiple Compl. How Many Zones? 18. Intervals Drilled By: 19. Producing Interval(s), of this completion - Top, Bottom, Net 5,133' - 5,166' Orange Sand 20. Was Directional Survey Made No

21. Type Electric and Other Logs Run DIL/Compensated Neutron/Digital Array Acoustic Gamma Ray 22. Was Well Cased Yes

23. CASING RECORD (Report all strings set in well)

| CASING SIZE | WEIGHT LB/FT. | DEPTH SET | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
|-------------|---------------|-----------|-----------|-----------------------|---------------|
| 13-3/8" | 48 | 256' | 17-1/2" | 260sx Class "C" | 0 |
| 8-5/8" | 24 | 2008' | 12-1/4" | 400sx Pace Lite "C" + | 0 |
| | | | | 100sx Class "C" | |
| 5-1/2" | 17 | 5520' | 7-7/8" | 470sx Super "C" + | 0 |
| | | | | 800sx Super "C" | |

| 24. LINER RECORD | | | | | 25. TUBING RECORD | | |
|------------------|-----|--------|--------------|--------|-------------------|-----------|------------|
| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN | SIZE | DEPTH SET | PACKER SET |
| | | | | | 2-7/8" | 5074' | |

| 26. Perforation record (interval, size, and number) | | | | 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. | |
|---|-------|----------|--|---|-------------------------------|
| 5,133' - 5,166' | 2 SPF | 67 Holes | | DEPTH INTERVAL | AMOUNT AND KIND MATERIAL USED |
| | | | | See Attachment | |

PRODUCTION

| 28. Date First Production 03/17/95 | | Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing | | | | Well Status (Prod. or Shut-in) Prod | |
|------------------------------------|-----------------|---|------------------------|-----------|-------------|-------------------------------------|-----------------|
| Date of Test | Hours Tested | Choke Size | Prod's For Test Period | Oil - Bbl | Gas - MCF | Water - Bbl | Gas - Oil Ratio |
| 03/29/95 | 24 | 16 | | 115 | 645 | 70 | 5607 |
| Flow Tubing From | Casing Pressure | Calculated 24-Hour Rate | Oil - Bbl | Gas - MCF | Water - Bbl | Oil Gravity - API - (Corr.) | |
| 1350 | | | 115 | 645 | 70 | 46.2 | |

29. Disposition of Gas (Sold, used for fuel, vented, etc.) Vented during testing Test Witnessed By

30. See Attachment

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Cindy R. Keister Printed Name Cindy R. Keister Title Supvr. Regulatory Date 03/31/95

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

| | | | |
|--------------------|------------------------|-----------------------|------------------|
| T. Anhy | T. Canyon | T. Ojo Alamo | T. Penn. "B" |
| T. Salt | T. Strawn | T. Kirdland-Fruitland | T. Penn. "C" |
| B. Salt | T. Atoka | T. Pictured Cliffs | T. Penn. "D" |
| T. Yates | T. Miss | T. Cliff House | T. Leadville |
| T. 7 Rivers | T. Devonian | T. Menefee | T. Madison |
| T. Queen | T. Silurian | T. Point Lookout | T. Elbert |
| T. Grayburg | T. Montoya | T. Mancos | T. McCracken |
| T. San Andres | T. Simpson | T. Gallup | T. Ignacio Otzie |
| T. Glorieta | T. McKee | Base Greenhorn | T. Granite |
| T. Paddock | T. Ellenburger | T. Dakota | T. |
| T. Ellinbry | T. Gr. Wash | T. Morrison | T. |
| T. Tubb | T. Delaware Sand 2016' | T. Todillo | T. |
| T. Drinkard | T. Bone Springs 5439' | T. Entrada | T. |
| T. Abo | T. Lamar 1950' | T. Wingate | T. |
| T. Wolfcamp 8518 | T. | T. Chinle | T. |
| T. Perm | T. | T. Permian | T. |
| T. Cisco (Bough C) | T. | T. Perm "A" | T. |

OIL OR GAS SANDS OR ZONES

No. 1, from to
No. 2, from to
No. 3, from to
No. 4, from to

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from to feet
No. 2, from to feet
No. 3, from to feet

LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness in Feet | Lithology | From | To | Thickness in Feet | Lithology |
|-----------------------|----|----------------------|-----------|------|----|----------------------|-----------|
| See attached mud log. | | | | | | | |

Form C-105 Attachment
Murchison 2 State No. 1

No. 27 ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

| <u>Depth Interval</u> | <u>Amount and Kind of Material Used</u> |
|-----------------------|---|
| 8531' - 8631' | 100' cmt plug - 40sx Super "C" cmt - Tagged |
| 6332' - 6432' | 100' cmt plug - 50sx Super "C" cmt - Tagged |
| 5530' - 5730' | 200' cmt plug - 50sx Super "C" cmt - Tagged |
| 5306' - 5316' | 2000 gals NEFE HCl w/60 ball sealers |
| CIPB @5295' | dumped 25' cmt on top |
| 5133' - 5166' | 2000 gals 7-1/2% NEFE HCl with additives + 100 7/8" frac balls Fracture stimulated with 74,000# 16/30 sand in gel |

Dalen Resources
Murchison St. 2 #1
Eddy County, NM

STATE OF NEW MEXICO
DEVIATION REPORT

| | | | |
|-------|-------|-------|-------|
| 257 | 1/2 | 7,500 | 4-1/2 |
| 497 | 1 | 7,532 | 3-3/4 |
| 745 | 1-3/4 | 7,564 | 3-1/2 |
| 931 | 1-1/4 | 7,624 | 2-1/2 |
| 1,178 | 1-1/4 | 7,770 | 2-1/4 |
| 1,394 | 2-1/2 | 7,785 | 2-1/4 |
| 1,457 | 3-1/4 | 7,846 | 2 |
| 1,520 | 3-1/2 | 7,969 | 1-3/4 |
| 1,551 | 3-1/4 | 8,123 | 1-1/4 |
| 1,582 | 2-3/4 | 8,402 | 1/2 |
| 1,613 | 2-3/4 | 8,631 | 1/2 |
| 1,674 | 3 | | |
| 1,706 | 2-3/4 | | |
| 1,768 | 2-3/4 | | |
| 1,799 | 2-1/2 | | |
| 1,829 | 1-3/4 | | |
| 1,860 | 1-1/4 | | |
| 2,008 | 3/4 | | |
| 2,491 | 1/4 | | |
| 2,960 | 1/4 | | |
| 3,458 | 1-1/4 | | |
| 3,706 | 1 | | |
| 4,202 | 1-1/2 | | |
| 4,701 | 3/4 | | |
| 5,201 | 1-1/2 | | |
| 5,367 | 1-1/4 | | |
| 5,852 | 3/4 | | |
| 6,348 | 2-1/2 | | |
| 6,442 | 2-1/2 | | |
| 6,536 | 2 | | |
| 6,628 | 2 | | |
| 6,722 | 1-1/4 | | |
| 7,034 | 1 | | |

Ray Peterson
By: Ray Peterson

STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 13th day of February, 1995, by RAY PETERSON on behalf of PETERSON DRILLING COMPANY.

My Commission Expires: 8/2/96

Alice Keel
Notary Public for Midland
County, Texas



district I
) Box 1980, Hobbs, NM 88241-1980
 district II
) Drawer DD, Artesia, NM 88211-0719
 district III
) 90 Rio Bruma Rd., Amar, NM 87410
 district IV
) Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

RECEIVED

MAR 15 1995

Form C-104
Revised February 10, 1994

Submit to Appropriate District Office
 Instructions on back
 5 Copies

OIL CON. DIV.
 DIST. 2
 AMENDED REPORT

REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | |
|---|-------------------|------------------------|
| Operator name and Address | | OCRID Number |
| DALEN Resources Oil & Gas Co. 6688 N. Central Expwy., Suite 1000 Dallas, TX 75206 | | 016751 |
| | | Reason for Filing Code |
| | | RT 1500 bbls |
| API Number | Pool Name | Pool Code |
| 30-015-28288 | Wildcat; Delaware | 96038 |
| Property Code | Property Name | Well Number |
| 16422 | Murchison 2 State | 1 |

10 Surface Location

| Well or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
|-----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 2 | 25N | 26E | | 1980 | North | 660 | East | Eddy |

11 Bottom Hole Location

| Well or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| Lee Code | Producing Method Code | Gas Connection Date | C-129 Permit Number | C-129 Effective Date | C-129 Expiration Date |
|----------|-----------------------|---------------------|---------------------|----------------------|-----------------------|
| P | F | | | | |

I. Oil and Gas Transporters

| Transporter OCRID | Transporter Name and Address | POD | O/G | POD ULSTR Location and Description |
|----------------------|---|-----|-----|---------------------------------------|
| 38648 | AMOCO PIPELINE ICT Attn: Mike Stansifer 502 N. West Ave. Levelland, TX 79336 | | 0 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

J. Produced Water

| POD | POD ULSTR Location and Description |
|-----|------------------------------------|
| | |

Well Completion Data

| Spud Date | Ready Date | TD | PSTD | Perforations |
|-----------|----------------------|-----------|------------------|--------------|
| 01/20/95 | | 8631' | 5270' | 5,133' - 66' |
| Well Size | Casing & Tubing Size | Depth Set | Sacks Cement | |
| 17-1/2" | 13-3/8" | 256' | 260sx Class "C" | |
| 12-1/4" | 8-5/8" | 2008' | 500sx Class "C" | |
| 7-7/8" | 5-1/2" | 5520' | 1270sx Class "C" | |

I. Well Test Data

| | | | | | |
|----------------|---------------------|-------------|---------------|-----------------|-----------------|
| " Date New Oil | " Gas Delivery Date | " Test Date | " Test Length | " Tbg. Pressure | " Csg. Pressure |
| " Choke Size | " Oil | " Water | " Gas | " AOF | " Test Method |

I hereby certify that the rules and regulations of the Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Cindy R. Keister*
 Printed name: **Cindy R. Keister**
 Title: **Supervisor Regulatory Compliance**
 Date: **03/14/95** Phone: **(214) 750-3800**

OIL CONSERVATION DIVISION

Approved by: **ORIGINAL SIGNED BY TIM W. GUM**
DISTRICT II SUPERVISOR

Title:

Approval Date:

MAR 30 1995

If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature

Printed Name

Title

Date

CONFIDENTIAL

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

RECEIVED

Form C-109
Revised 4-1-91

OIL CONSERVATION DIVISION MAY 11 1995
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Instructions on
Reverse Side

OIL CON. DIV.

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 309.
If discovery is claimed for more than one zone, separate forms must be filed for each.

| | | | |
|---|--------------------------------------|--|---|
| Operator DALEN Resources Oil & Gas Co. | | Address 6688 N. Central Expwy., Suite 1000, Dallas, TX | |
| Lease Name Murchison 2 State | | Well No. 1 | County Eddy |
| Well Location Unit Letter H : 1980 Feet from The north Line and 660 Feet From the east Line of Section 2 , Township 25N , Range 26E , NMPM | | | |
| Suggested Pool Names (List in order of preference) 1. White City 2. Black River, South 3. P. J. South | | | |
| Name of Producing Formation Brushy Canyon | Perforations 5133' - 5166' | Depth of Top Perf from OIL -1790' | Date of Filing Form C-104 03/31/95 |
| Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No | If yes, Give Date of Filing | Date Well was Spudded 01/20/95 | Date Compl. Ready to Prod. 03/05/95 |
| Total Depth 8631' | Plugged Back Depth 5270' | Depth Casing Shoe 5520' | Tubing Depth 5074' |
| Elevation (Gr., DP, RKB, RT, etc.) 3343' GR | | | |
| Oil Well Potential (Test to be taken only after all load oil has been recovered) _____ Bbls. Oil Per Day Based On _____ Bbls In _____ Hours; _____ Bbls Water Per Day Based On _____ Bbls In _____ Hours; Gas Production During Test: _____ MCF; Gas-Oil Ratio _____ Method Of Producing _____ Choke Size _____ | | | |

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

| | | | | |
|--|---|---|---------------------------------|------------------------------------|
| Pool Name White City | Name of Producing Formation Pennsylvanian | Top of Pay 11,049' | Bottom of Pay 11,453' | Currently Producing? Yes |
| Horizontal Distance and Direction from Subject Discovery Well to the Nearest well in this Pool Approx. 1000' WNW | | Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 5883' | | |

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production for this pay or formation only):

| | | | |
|--|----------------------------|-------------------------------|----------------------------------|
| Pool Name P. J. | Top of Pay 4823' | Bottom of Pay 4827' | Currently Producing No |
| Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 1.33 miles NNW | | | |

| | |
|---|--|
| Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? No | If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County |
|---|--|

| | | |
|---|---|----------------------------------|
| Is the Subject Well Multiple Completion? No | Is Discovery Allowable Requested for Other Zone(s)? | If Yes, Name all Such Formations |
|---|---|----------------------------------|

(Continue on reverse side)

Form C-109
Revised 4-1-91

Page 2

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

| NAME | ADDRESS |
|------|---------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Division of such intent in writing within ten days after receiving a copy of this application.

Remarks:

OPERATOR CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Division have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hydrocarbon in commercial quantities has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

Signature

Supvr. Regulatory Compliance

05/01/95

Title

Date

Cindy R. Keister

(214) 750-3800

Printed Name

Telephone No.

INSTRUCTIONS: File two copies of Form C-109 with attachments with appropriate district office and one copy with attachments with the Santa Fe Office.

Attachments: (See Rule 509 for details)

- 1) Map showing all wells within a two-mile radius of discovery well.
- 2) Electrical log with tops and bottoms of producing formations marked.
- 3) A sub-surface structure map if application is based on horizontal separation.
- 4) Geological cross-section.
- 5) Summary of reservoir data.
- 6) Evidence that all operators (listed above) owning leases within one mile of this well have been furnished a copy of this application.

**DALEN Resources
Oil & Gas Co.**

March 13, 1995

RECEIVED

MAR 14 1995

**OIL CON. DIV.
DIST. 2**

Mr. M. B. Williams
State of New Mexico
Oil and Gas Division
Drawer D
Artesia, New Mexico 88210

RE: DALEN Resources Oil & Gas Co.
No. 1 Murchison 2
Eddy Co., New Mexico

Dear Mr. Williams:

DALEN Resources Oil & Gas Co. initiated the drilling of the subject well on January 20, 1995 and released the drilling rig February 12, 1995 after reaching a total depth of 8,631'. Conventional logs, an MRI log, and sidewall cores determined that our lowest zone, the Bone Spring, was too tight to produce economically. Consequently, three open hole plugs were set and casing was run to 5,520'.

After perforating and acidizing, the first Bushy Canyon completion (5,306'-16') tested tight and very wet. The second attempt (5,133' to 66') is more encouraging and was fractured on March 3, 1995. This interval was flowed only to the point of recovering most of the frac fluid. We are currently installing the surface equipment required for sustained production.

DALEN Resources requests permission to flow the well prior the installation of a gas sales pipeline. We need to establish the size of the reservoir and accurately measure the GOR (expected to be around 2,000 SCF/BBL) and other fluid properties prior to moving ahead with our offset plans. Flowing the well prior to pipeline installation will accelerate the offset drilling.

To determine the quality of the reservoir we will need to temporarily flow the well above the 107 BOPD allowable. DALEN Resources also requests to flow above the allowable, but no greater than 500 BOPD. DALEN Resources considers all information about the Murchison well confidential and asks that the State of New Mexico treat this information the same way. We do understand that once a discovery allowable is filed for and a hearing is set that this information will become public. Please feel free to call me with any questions related to our new well.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric F. Hadsell".

Eric F. Hadsell
Senior Petroleum Engineer