

#### BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Case No. <u>11442</u> Exhibit No. <u>1</u>

Submitted by: ARCO Permian a unit of Atlantic Richfield

Hearing Date: January 11, 1996

a Unit	ARCO Permian  of Atlantic Richfield Company							
EMPIRE ABO Eddy County, New M	AREA							
Lease Ownership DANCER PROSPECT T 17 S R 28 E								
Section 32, E/2 ( wells shown are M	ORROW penetrations )							
By: Lee Scarborough	Drown By: KAM Dote: 12-20-95							
Dote: 12-20-95	Revised By: KAM Dote: 1-9-96							
Dept: Land Admin.	Dwg No .: EMPRTXT nm mops							

		From 3500' below Top of	From 3500' below Top of
	32	From S500 below top of Son Andres Down to the Base OF Pennsylvanian Amoco-66.666% Dreyfus-10.6382% Marathon-10.6481% Yates Pet-12.0371% Below the Base OF Pennsylvanian ARCO-50.0000% Yates Pet18.0556% Dreyfus-15.9722% Marathon-15.9722%	San Andres Down to the Base OF Pennsylvanian Amoco-50.0000% ARCO-25.0000% Yates-9.0278% Dreyfus-7.9861% Marathon-7.9861%
		Below the Base OF Pennsylvanian ARCO-50.0000% Yates-18.0556% Dreyfus-15.9722% Marathon-15.9722%	All further in thur 4 Chure trut Dancer "32" State Com. #1
		Below Base Of Abo Amoco-75.0000% SP Yates-9.4908% Sharbro Oil-3.0093% R.Martin Yates-2.3726% Peyton Yates-2.3726% Marico Expl-2.3726% Yates Trust-2.3726% Heyco-1.7989% Yates Energy8410% Cibola Energy3696%	Below Base Of Abo Amoco-50.0000% ARCO-25.0000% SP Yates-9.4908% Sharbro Oil-3.0093% Heyco-2.69397% Rich M. Yates-2.3727% Peyton Yates-2.3727%
		Conoco-50.0000% Fino-50.0000%	Marico Expl-2.3727% Yates Trust-2.3727% Cibola Energy3696%
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6	BEFORE THE		a Unit of Atlantic Richfield Company

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Case No. <u>11442</u> Exhibit No. <u>2</u>

Submitted by: ARCO Permian a unit of Atlantic Richfield

Hearing Date: January 11, 1996

a Unit	of Atlantic Richfield	
EMPIRE ABC	AREA	
Lease Owners DANCER PRO T 17 S R 28 Section 32, E/2	SPECT	
By: Lee Scarborough	Drown By: KAM	Dote: 12-20-95
Dote: 12-20-95	Revised By:	Dote:
Dept: Land Admin.	Dwg No .: EMPRTX	T nm\mops

# EMPIRE ABO AREA

# Dancer 32 State COM #1 E/2, 32-T17S-R28E 1728' FNL/916' FEL

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1 = redunder agreement

Submitted by: <u>ARCO Permian a unit of Atlantic Richfield</u>

Hearing Date: January 11, 1996

Case No. 11442 Exhibit No. 3

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

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### EXHIBIT 5

# Letters Reflecting Attempts To Obtain Voluntary Joinder

DANCER "32" STATE COM WELL NO. 1

**BEFORE THE OIL CONSERVATION DIVISION** Santa Fe, New Mexico

Case No. <u>11442</u> Exhibit No. <u>4</u>

Submitted by: <u>ARCO Permian a unit of Atlantic Richfield</u>

Hearing Date: January 11, 1996

ARCO Permian 600 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

December 14, 1995

Yates Petroleum Corporation 105 South 4th Street Artesia, New Mexico 88210

Attention: Mr. Robert H. Bullock

Re: Original Drilling Title Opinion Dancer Prospect E/2 Section 32, T17S, R28E Eddy County, New Mexico

Dear Sir:

As discussed by phone today, enclosed is a copy of the referenced opinion. Please contact me at (915) 688-5270 should anything further be necessary.

Very truly yours,

Lee M. Scarborough

LMS/sb

Enclosure

December 13, 1995



ARCO Permian P. O. Box 1610 Midland, Texas 79702

Attention: Mr. Lee M. Scarborough

Re: Dancer 32 State Com. No. 1 Well T-17-S, R-28-E, Sec. 8 Eddy County, New Mexico Lease Nos. 09NM002743

Gentlemen:

Pursuant to the letter dated November 2, 1995 from Mr. John E. Lodge proposing the drilling of the captioned well, please be advised that Fina is currently reviewing the geology of the area. As per our telephone conversations regarding this, please advise when we can get together and review the geologic information that ARCO is basing it's proposal on.

Upon our review of this data, Fina will make a decision whether or not to participate in the drilling of this well. If we need to have terms agreed to prior to viewing your geology, please advise.

Thank you for your consideration given this matter, and should you have any further questions, please advise.

Yours Very Truly,

Eric K. Hanson, CPL/ESA Contract Landman



ARCO Permian 500 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

December 7, 1995

Harvey E. Yates Company P. O. Box 1933 Roswell, New Mexico 88202-1933

Attention: Melissa Randle

Re: Original Drilling Title Opinion
 Dancer 32 State Com #1
 E/2 Section 32, Township 17 South, Range 28 East
 Eddy County, New Mexico

Dear Ms. Randle:

As discussed by phone today, enclosed is our title opinion on the Dancer Prospect. Please contact me at (915) 688-5270 should any questions arise.

Very truly yours,

X- Alter

Lee M. Scarborough Senior Landman

LMS/sb

Enclosure



ARCO Permian 600 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 14, 1995

Working Interest Owners

Re: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4 NE/4 Eddy County, New Mexico

Ladies and Gentlemen:

Reference is hereby made to my prior letter dated November 2, 1995, addressed to each of you separately, wherein ARCO Permian, a unit of Atlantic Richfield Company proposed the drilling of the captioned well at a location approximately 1700' FNL and 1000' FEL of the above described Section 32. Please be advised that the second sentence of the first paragraph of said letter contained a typographical error that incorrectly set forth the drilling and proration unit for this well as the W/2 of the above described Section 32. The purpose of this letter is to advise you that the anticipated proration unit for this well is the E/2 of said Section 32 rather than the W/2 as originally set forth in my above described letter dated November 2, 1995.

Should you have any questions or problems concerning this matter, please do not hesitate in contacting me by telephone at (915) 688-5237.

Very truly yours,

AdmE. La

John E. Lodge Land Director

JEL/sb

PS Form 3877, Sept. 1986

FOR REGISTERED, INSURED, C.O.D., CERTIFIED, AND EXPRESS MAIL

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#### **CERTIFIED MAIL** Return Receipt Requested

Working Interest Owners Identified Below

Re: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4 NE/4 Eddy County, New Mexico

Fina Oil and Chemical Company Attention: Ms. Kitty Chalfant P. O. Box 299 Midland, Texas 79702

Sharbro Oil Ltd. Co. a New Mexico Limited Liability Company Box 840 Artesia, New Mexico 88210

Yates Energy Corporation Box 2323 Roswell, New Mexico 88201

Marico Exploration, Inc. 207 South 4th Artesia, New Mexico 88210

Yates Petroleum Corporation 105 South 4th Artesia, New Mexico 88210

Louis Dreyfus Gas Holdings, Inc. Attention: Ms. Carol Myers 14000 Quail Springs Parkway, #600 Oklahoma City, Oklahoma 73134

St. Clair Peyton Yates, Jr. & A. J. Losee, Trustees of The S. P. and Estelle H. Yates 1976 Trust for Jennifer Shannon Yates, The S. P. and Estelle H. Yates 1976 Trust for Mary Beth Yates and the S. P. and Estelle H. Yates 1976 Trust for Peyton William Yates Davis 110 South 4th Artesia, New Mexico 88210 Conoco Inc. Attention: Mr. Warren Richardson 10 Desta Drive West Midland, Texas 79705

Coronado Exploration Corporation c/o Cibola Energy Corporation 1005 Marquette Ave. NW Albuquerque, New Mexico 87102-1937

St. Clair Peyton Yates, Jr. 110 South 4th Artesia, New Mexico 88210

Richard Martin Yates 105 South 4th Artesia, New Mexico 88210

Harvey E. Yates Company Box 1933 Roswell, New Mexico 88201

Marathon Oil Company Attention: Mr. Randal Wilson P. O. Box 552 Midland, Texas 79702-0552

S. P. Yates 105 South 4th Artesia, New Mexico 88210 ARCO Permian 600 North Marienfeld Midlano TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Louis Dreyfus Gas Holdings, Inc. 14000 Quail Springs Parkway, #600 Oklahoma City, Oklahoma 73134

Attention: Ms. Carol Myers

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Louis Dreyfus Gas Holdings, Inc. <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Louis Dreyfus Gas Holdings, Inc. <u>does not desire to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Louis Dreyfus Gas Holdings, Inc. <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Louis Dreyfus Gas Holdings, Inc. November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Louis Dreyfus Gas Holdings, Inc. shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Louis Dreyfus Gas Holdings, Inc. will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

ARCO Permian

John E. Lody

John E. Lodge Land Director

JEL:pc Enclosure Louis Dreyfus Gas Holdings, Inc. November 2,1995 Page 3

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Louis Dreyfus Natural Gas Corp.

**Louis Dreyfus Gas Holdings, Inc.** hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

-Louis Dreyfus Gas Holdings, Inc.

Louis Dreyfus Natural Gas Corp.

٥ Richard E. Bross.

Executive Vice President

Date: 12/6/95

Louis Dreyfus Gas Holdings, Inc. hereby elects <u>NOT\_TO</u> participate in the drilling of the\_Dancer 32 State Com. No. 1 Well

Louis Dreyfus Gas Holdings, Inc.

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Louis Dreyfus Gas Holdings, Inc. hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Louis Dreyfus Gas Holdings, Inc.

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

ARCO Permian 600 North Marienfeld 1.1idland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 1, 1995

#### CERTIFIED MAIL

Amoco Production Company 501 WestLake Park Boulevard Houston, Texas 77253

Attention: Mr. Jerry West

#### RE: <u>Empire Area</u>: Area of Mutual Interest Agreement; Dancer Prospect; Dancer 32 State Com. No. 1 Well Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico AR-105149

Dear Mr. West:

Reference is hereby made to that certain Area of Mutual Interest Agreement dated effective September 1, 1994 by and between Atlantic Richfield Company ("ARCO") and Amoco Production Company ("AMOCO") concerning the captioned area. Pursuant to the terms and provisions of Article IV of said agreement, please be advised that ARCO hereby proposes the drilling of a 10,550' Morrow well to be located approximately 1700' FNL and 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. Said test well shall be construed for all purposes under said agreement as the initial well on the Dancer Prospect. Consequently, enclosed herewith for your perusal you will find the following information :

- 1. One (1) copy of our current Geological /Geophysical Interpretation of the Dancer Prospect;
- 2. One (1) copy of a Drilling Cost Estimate;
- 3. One (1) copy of an Authority For Expenditure;
- 4. One (1) copy of the land ownership information for the Dancer Prospect.

Please be advised that I am currently in the process of having a Drillsite Title Opinion prepared covering the E/2 of the above described Section 32, which would be the anticipated spacing and proration unit for said initial well. Upon receipt of such opinion,

Amoco Production Company November 1, 1995 Page 2

I will forward a copy of same to your attention for review. As of this date, ARCO currently owns or controls approximately 206.67 net leasehold acres within the E/2 of said Section 32. Consequently, if all parties who own leasehold acreage within the anticipated spacing and proration unit elect to participate in the drilling of this well, ARCO and AMOCO would each have an approximate 32.29% working interest. However, the final interests of the participating parties will not be determined until a formal well proposal has been submitted to all parties. In addition, we are currently in the process of getting the proposed location surveyed, which may result in minor changes based upon surface conditions and tying same to our seismic grid.

Please indicate AMOCO's election below in the space provided, of either to participate or not to participate in the drilling of the captioned well and return one (1) copy of this letter to the undersigned within thirty (30) days from your receipt of same. I will formally propose the drilling of this well to all parties who own leasehold acreage within the anticipated spacing and proration unit and will advise you of any additional interest that we may possibly acquire. Upon finalization of the working interest in this well, I will prepare an original Operating Agreement, with the surveyed location indicated therein, and an Authority For Expenditure for your signature, should you elect to participate. As previously discussed, ARCO would like to commence the drilling of this well this year. However, inasmuch as our proposed location is an unorthodox location, we may be delayed if required to conduct an NMOCD hearing.

Should you have any questions or problems concerning this matter, please do not hesitate in contacting me.

Sincerely,

**ARCO Permian** 

John E. Lodge Land Director

JEL:pc enclosures

cc: Mr. Dave Cole - Amoco

Amoco Production Company November 1, 1995 Page 3

ELECT TO PARTICIPATE IN THE DRILLING OF THE DANCER 36 STATE COM. NO.1 WELL THIS 30th DAY OF November, 1995.

AMOCO PRODUCTION COMPANY

By: <u>W. R. Dukes</u> Title: <u>LAND MANAGER</u>

ELECT NOT TO PARTICIPATE IN THE DRILLING OF THE DANCER 36 STATE COM. NO.1 WELL THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1995.

AMOCO PRODUCTION COMPANY

By:\_\_\_\_\_

Title:



ARCO Permian 500 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Yates Energy Corporation Box 2323 Roswell, New Mexico 88210

#### Certified Mail - Return Receipt Requested

- 1

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#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

#### Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

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1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Yates Energy Corporation November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Yates Energy Corporation shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Yates Energy Corporation will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO Permian** 

Les e Kom E.Z

John E. Lodge Land Director

JEL:pc Enclosure Yates Energy Corporation November 2,1995 Page 3

Yates Energy Corporation hereby elects TO participate in the drilling of the Dancer 32 State Com. No. 1 Well

**Yates Energy Corporation** 

By: fred G. Yates, President Date: 11-20-95

Yates Energy Corporation hereby elects NOT\_TO participate in the drilling of the Dancer 32 State Com. No. 1 Well

**Yates Energy Corporation** 

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Yates Energy Corporation hereby elects to Farmout its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

**Yates Energy Corporation** 

Ву:\_\_\_\_\_

Date:



ARCO Permian 600 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 21, 1995

Jalapeno Corporation Box 1608 Albuquerque, New Mexico 87103-1608

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the E/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Jalapeno Corporation <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Jalapeno Corporation <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Jalapeno Corporation November 21,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Jalapeno Corporation shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Jalapeno Corporation will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5270.

Sincerely,

**ARCO** Permian

Lee M. Scarborough

Lee M. Scarborougr Land Director

LMS:sb Enclosure Jalapeno Corporation November 21,1995 Page 3

Jalapeno Corporation hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

**Jalapeno Corporation** 

Ву:\_\_\_\_\_

-

Date:\_\_\_\_\_

•

Jalapeno Corporation Hereby elects <u>NOT TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

Jalapeno Corporation

Ву:	
-----	--

Date:\_\_\_\_\_

Jalapeno Corporation hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Jalapeno Corporation

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

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		any Drill	ing Cost E
	ient	x Orlginal	TD
Dancer 32 State Cor	n #1		10.5
SE/4 NE/4, Section 32, T-17-S, R-28-E, Edd	ty County New	Mexico	
atter			Reid
SE New Mexico Asset Area			Emi
bjective @	10150	Ft.	Ø
Geni			ning information
x     Development     9171     x     Single       Excloratory     9172     Dual       Workover/     9171     Multiple       Recomplication     Image: Single Sin			ing 1=Or 2=Re
anaible Costs - SUB 500 and 550			<u> </u>
		aluation Completion	Eem
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3. Tubing Accessones 4. Antificial Lift Accessones	<u>}</u> }	4,001	5 0 6
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7. Addittional Ballis (Sub 550)	1		
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TOTAL TANGIBLES	37.0001	0 124,000	
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12. Diese ruei			2 4 2
13. Natura Gas			2 4 3
14. Water	10.0001	5.000	
15. Property and Equipment Rentas	4,000	2.000	
16. Security, Safety, and Firefighting	2,000		2 5 0
17. Tubular festing, and inspection	2,000	3.000	the second s
18. Trucking Tubulars 19. Casing Accessones	2.000	<u>4,000</u> 5,000	
20. Site Preparation and Maintenance	20,0001	5,000	the second s
21, Permits, insurance, and Damanges	3,000		5 1 5
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			5 2 1
23. Shoreboses			5 2 21
23. Shorebase 24. Camp Housekeeping			
	2.000	2.000	5 2 5
24. Camp Housekeeping	2,000		

# ARCO Permian a unit of Atlantic Richfield Company

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## Drilling Cost Estimate - Pe

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		Original					
- Dancer 32 State Com #1		Supplemen		Orlginal/Revision indic			
		AP	CNO				1=Originat
Eddy County, New Mexico							
Ishict				ļ			
		L					
SE New Mexico Asset Area							
ntangible Costs (Cont'd) - SUB 600	Dr <b>tilinc;</b>	Evaluation			len	<u> </u>	Tolta Gross D
8. Contract Footage Drilling							
0 ft. 6 \$ 0.00 per foot					3		
19. Contract Drilling Daywork							
Dritting <u>36</u> days @ : <u>4,500.00</u> per day	162.000			5	3	3	
0. Mobilization. Demobilization & Ria Mod.	30.000	1 1		5	3	4	
11. Roads and Airstrips				5	3	6	1
32. Completion/Workover Daywork							ા માટે છે. આ ગામના આવેલી જે છે છે.
10 davs @ : 1,000.00 per aav			10.000	5	4	2	
33. Drill String & BHA Rentat	1		1.000	5	4	3	
34. Well Control Eautoment			1.000	5	4	7	
35. Bits. Undersamers. & Hole Openers					ngter og		
··						****	an a
	50.000		1.000	- M66	4	8	Carl Control Control Management
36. Drilling Mud and Transportation	30,000	·	,	5	5	_	· · · · ·
37. Drilling Mud Equipment and Services	5.00			5	5	÷	
S. Completion Fulds		<u> </u>	2.000		5	_	
S. Oben Hole Salveys	2000		2000		-	7	
40. Wireline Work				1.	5		
41. Formation Monitoring	8.00		·	5		-	
42. Cased Hole Surveys and perf. Fees			8.000		6		
43. Surface Well Test Equipment			1.000	1	6	_	
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45. Drill Stem Test Equipment	5.00	<u></u>		5	-	_	
				+			
46. Fracturing, Acidizing, and Gravel Pack				5	7	_	+
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48. Fishing Tool Rentat				+	_	3 0	
49. Directional Dritting Tool Rental	25.00		<u> </u>	1		<u> </u>	
50. Telecommunications & Navigational Needs			<u></u>	5	_	_	
51. Material Losses					-	3 8	
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<u>13 3/8</u> · OD <u>400</u> Sacks	4.00		<u> </u>		_	_	3
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					ادر میں ا		_ <u>_</u>
TOTAL INTANGIBLES	459.80		93,00				
TOTAL COST (Tangibles & intangibles)	496.8		0 217.00	0			
				_	_		



ARCO Permian 300 North Marienteid Midiano TX 79701-4373 PO Box 1510 Midiano TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Marathon Oil Company P. O. Box 552 Midland, Texas 79702-0552

Attention: Mr. Randal Wilson

#### Certified Mail - Return Receipt Requested

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#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Marathon Oil Company <u>desires to participate</u> in the drilling of this well, 1 will be happy to submit an Operating Agreement to you for your review. In the event that Marathon Oil Company <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Marathon Oil Company November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Marathon Oil Company shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Marathon Oil Company will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO** Permian

Im E.

John E. Lodge Land Director

JEL:pc Enclosure Marathon Oil Company November 2,1995 Page 3

Marathon Oil Company hereby elects TO participate in the drilling of the Dancer 32 State Com. No. 1 Well

Marathon Oil Company

By:<u></u>

Date Accenter 72, 895

Marathon Oil Company hereby elects NOT TO participate in the drilling of the Dancer 32 State Com. No. 1 Well

Marathon Oil Company Date: By:\_\_\_

Marathon Oil Company hereby elects to Farmout its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Marathon Oil Company

By:\_\_\_\_\_

Date:\_

December 20, 1995

Marathon Oil Company P.O. Box 552 Midland, Texas 79702-0552

Attention: Mr. Randal P. Wilson

#### Re: Dancer 32 State Com #1 Well 1728' FNL & 916' FEL, Section 32 Township 17 South, Range 28 East Eddy County, New Mexico

Gentlemen:

Reference is hereby made to our prior telephone discussions and that certain letter dated November 2, 1995 from ARCO Permian, a unit of Atlantic Richfield Company ("ARCO"), and Marathon Oil Company ("Marathon"), whereby ARCO proposed to drill a 10,550' Morrow test well ("test well") at an unorthodox location approximately 1728' FNL and 916' FEL of the above described Section 32. The purpose of this letter is to confirm the commitment of MARATHON to ARCO of either to *i*) farmout its leasehold interest in the hereinafter described lands to ARCO for the drilling of said test well, or *ii*) participate with a working interest in the drilling of said test well, on the following basis:

- 1. ARCO agrees to make a geological presentation of the referenced area to MARATHON on December 21, 1995 to assist MARATHON in determining if it desires to participate in the drilling of said above mentioned test well.
- 2. Within seven (7) days after ARCO makes the above mentioned geological presentation to MARATHON, MARATHON shall provide written notice to ARCO of its desire to either participate in the drilling of said test well or to farmout its leasehold interest to ARCO as hereinafter provided.

- 3. In the event that MARATHON elects to participate in the drilling of the test well, it shall do so to the full extent of its leasehold contribution to the spacing unit allocated to such well, which would be the E/2 of the above described Section 32. A mutually acceptable Operating Agreement will be entered by ARCO and MARATHON, with ARCO designated as operator, to govern this operation prior to the drilling of this well.
- 4. In the event that MARATHON elects not to participate in the drilling of the test well, MARATHON will farmout all of its leasehold interest to ARCO in the NE/4 of said Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico on the following basis:
  - A. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at approximately the above referenced location. Thereafter, said well shall be drilled to a depth of 10,550' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.
  - B. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all MARATHON's leasehold interest in the NE/4 of said Section 32, insofar and only insofar as same is included with the geographic boundary of the proration unit for said well, from below the base of the ABO formation down to a depth of 100' below the total depth drilled. MARATHON shall retain an overriding royalty interest in an amount being equal to the difference between all existing leasehold burdens and twenty-five percent (25%).
  - C. Any overriding royalty interest retained by MARATHON will be subject to proportionate reduction.
  - D. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Marathon Oil Company December 20, 1995 Page 3

If you are in agreement with all of the above terms, please so indicate by signing below in the space so indicated and return one (1) copy of this letter to the undersigned.

Very truly yours, ARCO Permian

Lee M. Scarborough Land Director

#### ACCEPTED AND AGREED TO THIS <u>*-*</u> DAY OF DECEMBER 1995.

Marathon Oil Company

By:

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ARCO Permian 600 North Marienfeid Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Fina Oil and Chemical Company P. O. Box 299 Midland, Texas 79702

Attention: Ms. Kitty Chalfant

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Fina Oil and Chemical Company <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Fina Oil and Chemical Company <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Fina Oil and Chemical Company November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Fina Oil and Chemical Company shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Fina Oil and Chemical Company will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO** Permian

John E. Lety

John E. Lodge Land Director

JEL:pc Enclosure Fina Oil and Chemical Company November 2,1995 Page 3

Fina Oil and Chemical Company hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

Fina Oil and Chemical Company

By:\_\_\_\_\_

Date:\_\_\_\_

Fina Oil and Chemical Company hereby elects <u>NOT TO</u> participate in the drilling of the\_Dancer 32 State Com. No. 1 Well

Fina Oil and Chemical Company

By:\_\_\_\_\_

Date:\_\_\_\_\_

Fina Oil and Chemical Company hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Fina Oil and Chemical Company

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

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ARCO Perm	n <b>an</b> a				<u> </u>		mg (	JUST	Estimate - Page 1
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85/8 • OD from		<u>0</u> ft. to	2600	21,000			5 8	5	21.0
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27/8 • OD from		0 ff. to	10,000			50,000	5 2	-7-	<u> </u>
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Casinghead, Tubinghead Tubing Accessories	5,000		8,000		4	13.0			
Artificial Lift Accessories				5 0	7	40			
Well Protective Structure				5 0	8				
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Additional Basis (Sub 550 Casinghead, Tubinghead									
Tubing Accessories		3 1199					5 0 5 0	4	
Artificial Lift Accessories	÷						5 0	7	
Well Protective Structures							50	8	
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ntangible Costs - SUB	600								
Contract Engineering Te	chnical			16,000		4,000		3	20,0
. Boat Operations 0. Minor Supplies							05	3	
1. Electric Power and Light	•				L	<u> </u>	07	1	
2. Diesei Fuel	·						2 4	2	
3. Natural Gas							24	3	
4. Water	+ De-+			10,000		5.000		6	15.0
<ol> <li>5. Property and Equipmen</li> <li>6. Security, Safety, and Fire</li> </ol>	4,000		2,000		8	6.0 4.0			
<ol> <li>Security, satery, and the</li> <li>Tubular Testing, and insp</li> </ol>				2,000		3,000		3	40 50
8. Trucking Tubulars	2,000		4,000	5 0	9	۵,۵			
9. Casing Accessories	5,000		5.000		2	100			
0. Site Preparation and Mo 1. Permits, insurance, and	20,000		5,000	5 1 5 1	4	25.0 3.0			
2. Rig Moving Expense						<u> </u>	5 1	7	
3. Shorebases							5 2	1	
4. Camp Housekeeping							5 2		
5. Reclamation 6. Air Freight and Transpor				2.000		2.000	5 2 5 2	5	4,0
7. Disposat and Cleanup				5.000		2.000		_	7.0
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# ARCO Permian a unit of Atlantic Richfield Company

## Drilling Cost Estimate - Page 2

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Dancer 32 State Com #1		Suppleme	nt			Original/Revision indicator
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Eddy County, New Mexico						2=Revision
District						
SE New Mexico Asset Area						
					lem	Total Gross Dollars
Intangible Costs (Cont'd) - SUB 600	Dri <b>tling</b>	Evaluation	Completion			
28. Contract Footage Drilling		LYCIOCHON	Completion			
<u>0</u> ff. @ \$ 0.00 per foot				5		2
29. Contract Drilling Daywork						
Drilling <u>36</u> days @ : <u>4,500.00</u> per day	162.000			5		3 162,0001
30. Mobilization. Demobilization & Rig Mod.	30,000			5		4 30,0001
31. Roads and Airstrips				5	_	6 01
32. Completion/Workover Daywork					an e con	
<u>10</u> davs @ : <u>1.000.00</u> per dav			10,000	5	4	2 10,000:
33. Drill String & BHA Rental			1,000	5	4	3 1,000
34. Well Control Equipment			1.000	5	4	7 1,000
35. Bits, Underreamers, & Hole Openers						
;;;;;;	50,000		1.000	5	4	8 51,000
36. Drilling Mud and Transportation	30,000			5	5	1 30,000
37. Drilling Mud Equipment and Services	5.000			5	5	2 5,000
38. Completion Fluids	ļ		2.000	5	5	3 2.000
39. Open Hole Surveys	20,000			5	5	7 20.000
40. Wireline Work				8	5	•0
41. Formation Monitoring	8.000		<u> </u>	5	6	0 8,000
42. Cased Hole Surveys and perf. Fees			8,000	5	6	1 8,000
43. Surface Well Test Equipment			1,000	5	6	3 1,000
44. Coring and Analysis				5	6	8 C
45. Drill Stem Test Equipment	5,000			5	7	2 5,000
46. Fracturing, Acidizing, and Gravel Pack				5	7	7 0
47. Divers	+			5	7	8 0
48. Fishing Tool Rentat	25.000			5		0 0
49. Directional Drilling Tool Rental	25.000	<b></b>	<u> </u>	5	8	1 25,000
50. Telecommunications & Navigational Needs			<u> </u>	5	8	2 0 8 0
51. Material Losses	36,800		16.000	5	8	
52. Capitalized Overhead 53. Cement Running Fees for Casing & Tubing	30,80		16,000		0	
13 3/8 ' OD400 Sacks	4.000			6		3 4,000
85/8 ' OD 1000 Sacks	8.000	1	<u> </u>	6	_	5 8,000
5 1/2 • OD 1000 Sacks		<u></u>	17,000	+		
				Ť		
54. Cementing - Squeezes & Plugs				6	9	<b>9</b>
55. Unclassified	5.000		2.000	+	0	0 7,000
				Ť		C
				Τ		C
TOTAL INTANGIBLES	459,800	) (	93.000	2		552,800
TOTAL COST (Tangibles & intangibles)	496,800			1		713.800
EVALUATED COST	496,800					
COMPLETED WELL COST	713.800					

ARCO Permian 300 North Marienteid Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Coronado Exploration Corporation c/o Cibola Energy Corporation 1005 Marquette Ave. NW Albuquerque, New Mexico 87102-1937

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Coronado Exploration Corporation <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Coronado Exploration Corporation <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Coronado Exploration Corporation November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Coronado Exploration Corporation shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Coronado Exploration Corporation will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO** Permian

Sm E. Leon

John E. Lodge Land Director

Coronado Exploration Corporation November 2,1995 Page 3

Coronado Exploration Corporation hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

**Coronado Exploration Corporation** 

By:\_\_\_\_\_

Date:	<u> </u>
-------	----------

Coronado Exploration Corporation hereby elects <u>NOT TO</u> participate in the drilling of the\_Dancer 32 State Com. No. 1 Well

Coronado Exploration Corporation

By:\_\_\_\_\_

Date:\_\_\_\_\_

Coronado Exploration Corporation hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Coronado Exploration Corporation

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

· .

ARCO Pern	<b>nian</b> a	i unit of A	Atlantic R	ichfield Cor	npany	Dril	lin	g C	0	st Estimate - Page 1
			Supplem	nent	X	Original				
Weilname								īD		
	Danc	er 32 Si	tate Cor	n #1						10,550
Location							1			
SE/4 NE/4, Sec	tion 32.	T-17-S. R	-28-E, Edd	tv County, N	New Mexic	0				
District					Area or Group		Ī	Field		
SE New Mexico	S Asset /	Area								Empire
Objective				<b>h</b>				_		
Morroy	N		@	10150	Ft.			(	<b>a</b>	
G	en i					Data Proce	ssin	g inio	m	
X Development 91	71 🔽	Si <b>ngle</b> ,				C No.				Orlginal/Revision Indicator
		D <b>ua</b> l								2=Revision
Workover/ 91		Multiple								
Recompletion										
Tangible Costs - SUB	500 and	550			-					
1. Tubular gooas 133/8 * OD from		0 ft. to	500	Drilling	Evaluation	Completion	5	Elem	3	Total Gross Dollars
85/8 • OD from		0 ft. to	2600	21,000			5	8	5	21.00
• OD from		ft. to								
5 1/2 • OD from 2 7/8 • OD from		0 ft. to 0 ft. to	10550			0.000 50.000	5	5	5	60,00
- <u>2778</u> OD from		ft. to					9	۲.	/	50,00
• OD from		ft. to								
Carlochan This star				5,000		0.000		-	_	
2. Casinghead, Tubinghea 3. Tubing Accessories	ia, Crinsim			5.00		8,000	-	0	4	13,00
4. Artificial Lift Accessories			·····				5	0	7	
5. Well Protective Structure	85						5	0	8	
6. Unclassified 7. Additional Basis (Sub 55				1,000		2.000	0	0	0	3,00
Casinghead, Tubinghea		z īree					5	0	4	
Tubing Accessories							5	0	6	
Artificial Lift Accessories Well Protective Structure	<u> </u>						5	0	7 8	
TOTAL TANGIBLES				37,000	0	124,000			<u> </u>	161,00
Intanaible Costs - SU		·		107,000	· · · · · · · · · · · · · · · · · · ·	1	1			
8. Contract Engineering T				1 16,000	J	4,000	10	1	3	20.00
9. Boat Operations							0	5	3	
10. Minor Supplies							0	7	8	
11. Electric Power and Lig 12. Diesei Fuel							2	4	1 2	
13. Natural Gas							2	4	3	and the second
14. Water		·		10,000	1	5.000		4	6	15,00
15. Property and Equipme 16. Security, Safety, and Fi				4,000		2.000		4	8	6.00
17. Tubular Testing, and in				2,000	I	3.000		0	3	
18. Trucking Tubulars		· · ·		2.000		4,000	-	0	9	6.00
19. Casing Accessories 20. Site Preparation and N	Acipteococ	<u> </u>		5,000		5.000		1	2	
21. Permits, insurance, and				3,000			5	1	5	
22. Rig Moving Expense							5	1	7	
23. Shorebases 24. Camp Housekeeping				1		<u> </u>	5	2	1	
24. Camp Housekeeping 25. Reclamation				2,000	<u> </u>	2.000	1	2	5	and the second
26. Air Freight and Transpo							5	2	8	
27. Disposal and Cleanup	I			5,000	<b> </b>	2.000	5	3	1	7,00
					<u> </u>	<u> </u>	<u> </u>			
		•				<u> </u>	<u> </u>			
<u> </u>		•••••• <u>•</u> ••••	<u> </u>				┝	_		
1						1				•

## Drilling Cost Estimate - Page 2

Well name	X	Originai				
Dancer 32 State Com #1		Suppleme	Original/Revision Indicator			
Location		A				
Eddy County, New Mexico						
District						
SE New Mexico Asset Area	l					
				E	iem .	Total Gross Dollars
Intangible Costs (Cont'd) - SUB 600	Dri <b>lling</b>	Evaluation	Completion			
28. Contract Footage Drilling					n sin taa	
0 ft. @ \$ 0.00 per foot				5	3 2	
29. Contract Drilling Daywork					an a star an a star a star A star a	
Drilling <u>36</u> davs @ : <u>4.500.00</u> per aav	162.000			5	3 3	162.00
30. Mobilization. Demobilization & Rig Mod.	30,000			5	34	30,00
31. Roads and Airstrips		·		5	36	
32. Completion/Workover Daywork				1 .		
<u>10</u> davs @ : <u>1.000.00</u> per dav			10,000	5	4 2	10,00
33. Drill String & BHA Rental			1,000	5	4 3	1,00
34. Well Control Equipment			1.000	5	4 7	1.00
35. Bits, Underreamers, & Hole Openers						an a
	50,000		1,000	5	4 8	51,00
36. Drilling Mud and Transportation	30,000		1,000	5	5 1	30.00
37. Drilling Mud Equipment and Services	5,000			5	5 2	
38. Completion Fluids			2,000	1	5 3	2.00
39. Open Hole Surveys	20,000		2,500	5	5 7	
40. Wireline Work				5	5 9	
41. Formation Monitoring	8.000		· · ·	5	6 0	
42. Cased Hole Surveys and perf. Fees			8,000	<u> </u>	6 1	
43. Surface Well Test Eaulpment			1,000		6 3	
44. Coring and Analysis				5	6 8	······································
45. Drill Stem Test Equipment	5,000			5	7 2	5,00
46. Fracturing, Acidizing, and Gravel Pack				5	77	
47. Divers				5	78	
48. Fishing Tool Rental				5	8 0	
49. Directional Drilling Tool Rental	25,000			5	8 1	25.00
50. Telecommunications & Navigational Needs				5	82	
51. Material Losses				5	8 8	
52. Capitalized Overhead	36,800		16,000	6	0 4	52.80
53. Cement Running Fees for Casing & Tubing						<ul> <li>aving the state state state state</li> </ul>
<u>13 3/8</u> · OD <u>400</u> Sacies	4.000			6	1 3	
8 5/8 ° OD1000 Sacks	8.000		<u> </u>	6		
<u>51/2</u> · OD <u>1000</u> Sacks			17,000	6	5 5	5 <u>17.0</u> 0
54. Cementing - Squeezes & Plugs				6	9 9	
55. Unclassified	5.000		2.000			
			2.00	0	0 0	////
	1		1	+	· ••	
TOTAL INTANGIBLES	459,800		93.000			552,80
TOTAL COST (Tangibles & Intangibles)	496,800	(				713,80
EVALUATED COST	496,800	*				
COMPLETED WELL COST	712 200		Terror			

ARCO Permian 500 North Marienfeid Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Conoco, Inc. 10 Desta Drive West Midland, Texas 79705

Attention: Mr. Warren Richardson

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Conoco, Inc. <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Conoco, Inc. <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Conoco, Inc. November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Conoco, Inc. shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Conoco, Inc. will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO** Permian

Am E. O

John E. Lodge Land Director

Conoco, Inc. November 2,1995 Page 3

Conoco, Inc. hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

Conoco, Inc.

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Conoco, Inc. hereby elects <u>NOT TO</u> participate in the drilling of the\_Dancer 32 State Com. No. 1 Well

Conoco, Inc.

By:\_\_\_\_\_

Date:\_\_\_\_\_

Conoco, Inc. hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Conoco, Inc.

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

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	•	47 C	
	_	-	•

ARCO P	ermi	<b>an</b> a	unit of A	Atlantic Ri	chfield Cor	npany	Dril	ilin	g C	20	st Estimate - Page 1
				Supplem	ient	X	Original				
Weitname	C	anc	<u>er 32 St</u>	ate Cor	<u>n #1</u>		<u>.</u>		D		10,550
SE/4 NE/4,	- Sectio	n 32 -	T-17-S D	 28_E Eda		Now Movie	~~				- · ·
District	Secilo	<u>n 52,</u>	<u>1-17-3, k</u> -	20-E, EUC		Area or Group			Field		
SE New Me	exico A	sset A	Vied								Empire
Objective			<u></u>		L						
Mo	von			@	1 <b>0150</b>	Ft.				@	
	Gen		Hu I =				Data Proce	HSIN	g into	m	
X Development	9171		Single .				FC No.				Original/Revision indicator
	9172		Dual								
											1=Original 1 2=Revision
Workover/	9171		Muitiple		<b>1</b>				l		
Recompletion			<u></u>								
Tangible Costs -	SUB 50	Jana	220		Drillina	Evaluation	Completion		Eem		Total Gross Dollars
<u>13 3/8</u> • OD	from		<u>0</u> ft. to	500	10.000		Generation	5		3	
85/8 · OD			0 ft. to	2600	21,000			5	8	5	21,000
5 1/2 · OD			ft. to	10550			60,000	5	5	5	00.00
27/8 · OD			0 ft. to	10,000			50,000		Ž	7	50,00
			ft. to								
	Irom		ft. to								<u> </u>
2. Casinghead. Tubl	nghead,	Christme	ee1ī 20		5,000		8.000	5	0	4	13,00
3. Tubing Accessorie							4,000	·	0	6	4.00
4. Artificial Lift Acces 5. Well Protective Str							<u> </u>	5	0	7	<u> </u>
6. Unciassified					1,000		2.000		0	0	3,00
7. Additional Basis (S							<u> </u>			_	
Casinghead. Tubin Tubing Accessories		Christma	s iree				·····	5	0	4 6	<u> </u>
Artificial Lift Access			·····	·				5	0	7	
Well Protective Stru							ļ	5	Û	8	
TOTAL TANGIBL					37,000	l(	124,000	1			161,00
Intangible Costs					16 000		1 000				
8. Contract Enginee 9. Boat Operations	ning lect	nical		<u></u>	16,000	·	4.000	0	1 5	3 3	the second se
10. Minor Supplies								ō	7	8	
11. Electric Power an	nd Light							2	4	1	
12. Diesei Fuei 13. Natura Gas							<u>+</u>	2	4	2	the state of the s
14. Water					10,000		5,000	_	4	6	
15. Property and Eau					4,000		2.000	_	4	8	
16. Security, Safety, o 17. Tubular Testing, o					2.000		2,000	-	5	0	the second se
18. Trucking Tubulars					2,000		4,000		Ō	9	6,0
19. Casing Accessor					5,000		5.000		1	2	
20. Site Preparation of 21. Permits, insurance				_ · ·	3,000		5,000	5	<u> </u> 1		
22. Rig Moving Expe								5	1	7	
23. Shorebases 24. Camp Housekee				<u> </u>	<u> </u>		<u> </u>	5	2	1	
25. Reclamation					2,000		2.000		2	5	
26. Air Freight and Tr		tion						5	2	8	
27. Disposat and Cle	anup	;-			5,000	<u> </u>	2.000	5	3	1	7,0
							<u> </u>	+			<b></b>
							<u> </u>	+			<u></u>
<u> </u>							<u> </u>	+			+

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## Drilling Cost Estimate - Page 2

Wellname		Originai					
Dancer 32 State Com #1		Suppleme		Original/Revision Indicator			
		A	FC No.			1=Oriç	
Eddy County, New Mexico						2=Rev	
District				j			
SE Now Maving Areat Area			<u></u>				
SE New Mexico Asset Area							Total Gross Dollars
Intangible Costs (Cont'd) - SUB 600	Dri <b>lling</b>	Evaluation	Completion		-	<u> </u>	Total Gross Dollars
28. Contract Footage Drilling		Craidanon			and the first	io (ata	
<u>0</u> ft. @ \$ <u>0.00</u> per foot				5		2	A CONTRACTOR OF A CONTRACT OF
29. Contract Drilling Daywork							
Dritting <u>36</u> days @ : <u>4,500.00</u> per day	162,000			5	3	3	162.000
30. Mobilization, Demobilization & Rig Mod.	30,000			5	3	4	30,000
31. Roads and Airstrics				5	3	6	(
32. Campletion/Workover Daywork				4 ĝ.:-	· ·	1. <sup>11</sup> 2	
<u>10</u> davs @ : <u>1.000.00</u> per dav			10,000	5	4	2	10.000
33. Drill String & BHA Rental			1.000	5	4	3	1.00
34. Well Control Equipment			1,000	5	4	7	1,00
35. Bits, Underreamers, & Hole Openers							
·'''							
<u></u>	50,000		1.000	5	4	8	51,000
36. Drilling Mud and Transportation	30,000			5	5	1	30,00
37. Drilling Mud Equipment and Services	5,000			5	5	2	5.00
38. Completion Fluids			2.000	5	5	3	2.00
39. Open Hole Surveys	20,000	<u> </u>		5	5	7	
40. Wireline Work			<u> </u>	5	5	9	1
41. Formation Monitoring	000.8		· · ·	5	6	<u> </u>	8,00
42. Cased Hole Surveys and perf. Fees	_	ļ	8.000	5	6	1	8,00
43. Surface Well Test Equipment		ļ	1,000	5	6	3	1.00
44. Coring and Analysis		ļ		5	6	8	
45. Drill Stem Test Equipment	5,000			5	7	2	5,00
46. Fracturing, Acidizing, and Gravel Pack				5		7	
47. Divers				5	7	8	, ····=
48. Fishing Tool Rentat				5		0	
49. Directional Drilling Tool Rental	25,000	1	<u> </u>	5	8	1	25,00
50. Telecommunications & Navigational Needs		1		5	8		
51. Material Lossen	24.000	<u></u>	1/ 000	5		<u>.</u>	
52. Capitalized Overhead	36,800	1	16,000	+	0	4	52.80
53. Cement Running Fees for Casing & Tubing 13 3/8 ' OD 400 Sacks	4,000			6	-	3	4,00
13 3/8 ' OD 400 Sacks 8 5/8 ' OD 1000 Sacks	8.000			6		5	8,00
51/2 · OD 1000 Socies	0.00	1	17.000	-		5	17.00
			1	1	<u> </u>		
54. Cementing - Squeezes & Plugs			· · · · · · · · · · · · · · · · · · ·		9	•	
55. Unclassified	5.000	2	2.000	-	0		7,00
		1	1	1	-		
				1			
TOTAL INTANGIBLES	459,800		0 93.000				552,80
TOTAL COST (Tangibles & Intangibles)	496.800	1	0 217.000	1			713,80
EVALUATED COST	496,800					I.	
	713.800						



ARCO Permian 600 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Marico Exploration, Inc. 207 South 4th Aratesia, New Mexico 88210

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

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Marico Exploration, Inc. November 2,1995 Page 2

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Sincerely,

**ARCO** Permian

dm C.

John E. Lodge Land Director

Marico Exploration, Inc. November 2,1995 Page 3

Marico Exploration, Inc. hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

Marico Exploration, Inc.

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Marico Exploration, Inc. hereby elects <u>NOT TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

Marico Exploration, Inc.

By:\_\_\_\_\_

Date:\_\_\_\_\_

Marico Exploration, Inc. hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Marico Exploration, Inc.

Ву:\_\_\_\_\_\_

Date:\_\_\_\_\_

- .

ARCO P	ermi	<b>an</b> a	unit of A	Atlantic R	ichfield Cor	npany	Dri	llin	g(	20	st Estimate - Page 1
Veil name				Supplem	nent		Original				
veincme		anc	er 32 SI	ate Cor	n#1				TD		10,550'
ocation	_										
SE/4 NE/4, S	Sectio	n 32, 1	<u> </u>	-28-E, Edd	ly County, N	New Mexic Area or Group	0		Field		
SE New Me	vice A	Sect A	Vrog								<b>Francisco</b>
OLINEW IVIE		13361 /								_	Empire
Mc	orrow			@	10150	Ft.				@	
	Gen	1					Data Proce		a int	_	ation
X Development	9171		Single				FC No.	_	Í		
	9172					and the first of the second second second		ersandi:			Original/Revision Indicator
			Duci								1=Originat 2=Revision
Workover/	9171		Multiple								
Recompletion							,				
Tangible Costs - 3	SU <b>B 50</b>	0 and 4	550		Drilling	G (olumbia)	Completion				
133/8 * OD:	from		0 ft. to	500	Drilling 10,0001	Evaluation	Completion	5	Bem	<u>-</u> 3	Total Gross Dollars
85/8 · OD			0 ft. to	2600	21,000			_5	8	5	10,0
5 1/2 · OD				10550			40,000		-		
27/8 00			0 ff. to	10,000			50,000 50,000	5	<u>5</u> 2	-5	<u> </u>
			_ft. to						. –		
	from		ft. to								
2. Casingnead, Tubir	nghead,	Christmo	is liee		5,000		8.000	5	0	4	13.0
3. Tubing Accessories							4,000	5	0	6	
<ol> <li>Artificial Lift Access</li> <li>Well Protective Structure</li> </ol>								5	0	7	
6. Unclassified					1,000		2,000		0	8 0	3.0
7. Additional Basis (Su											
Casinghead, Tubing Tubing Accessories	ghead, C	hristma	i îr <b>ee</b>				·····	5	0	4	÷
Artificial Lift Accesso	01186							5	0	7	· · · · · · · · · · · · · · · · · · ·
Well Protective Stru							ļ	5	Û	8	
TOTAL TANGIBL	ES				37,000	(	124,000	1			161,0
Intangible Costs					1.000	<u></u>					
<ol> <li>Contract Engineer</li> <li>Boat Operations</li> </ol>	ring lech	nicai			16,000		4,000	0	1 5	3	
10. Minor Supplies								Ō	7	8	
11. Electric Power an	d Light							2	4	1	
12. Diesei Fuei 13. Natura Gas						<u> </u>		2	4	2	
14. Water					10,000		5,000	-	4	6	
15. Property and Equ					4,000		2.000		4	8	ቢ
16. Security, Safety, a 17. Tubular Testing, a			<b></b> .		2,000		2,000		5	0	
18. Trucking Tubulans					2,000		4,000		0	9	
19. Casing Accessorie					5,000		5.000		1	2	
20. Site Preparation of 21. Permits, insurance					3,000		5,000	5	$\frac{1}{1}$	4	
22. Rig Moving Exper		~						5	1	7	
23. Shorebases 24. Camp Housekeer	oina						<u> </u>	5	2	1	
25. Reclamation					2,000		2.000	5	2	2	
26. Air Freight and Tro		tion						5	2	8	
27. Disposat and Clea	anup				5,000		2,000	5	3	1	7.0
							<u> </u>	┨──			<u> </u>
							<u> </u>				<u> </u>
								_			<u></u>

## Drilling Cost Estimate - Page 2

Weilname	X	Original					
Dancer 32 State Com #1		Suppleme	ent		Original/Revision Indicator		
Location		A					
Eddy County, New Mexico	- · ·						
District							
SE New Mexico Asset Area			,,				
		_		Bem	Total Gross Dollars		
Intangible Costs (Cont'd) - SUB 600	Dritting	Evaluation	Completion		and a second second second		
28. Contract Footage Drilling							
<u>0</u> ft, @ \$ <u>0.00</u> per foot				<b>6</b> 3	2		
29. Contract Drilling Daywork	140 000						
Dritting <u>36</u> days @ : <u>4.500.00</u> per day	30,000			5 3		162.00	
30. Mobilization, Demobilization & Rig Mod.	30.000			5 3		30.00	
31. Roads and Airstrips				53	6	ating to a	
32. Completion/Workover Daywork			10,000				
<u>10 davs @: 1.000.00 per dav</u>			10,000			10,00	
33. Drill String & BHA Rental			1,000		3	1,00	
34. Well Control Equipment			1.000		7	1.00	
35. Bits. Underreamers. & Hole Openers							
```	50 mm		1 ~~~			it for the state of the state o	
	50,000		1,000		8	51.00	
36. Drilling Mud and Transportation	30,000			5 5	1	30.00	
37. Drilling Mud Eaupment and Services	5.000			5 5	2	5.00	
			2,000		3	2.00	
39. Open Hole Surveys	20,000			5 5	7	20.00	
40. Wireline Work				<b>\$</b> 5	9		
41. Formation Monitoring	8.000			5 6	0	8,00	
42. Cased Hole Surveys and perf. Fees			8.000		1	8.00	
43. Surface Well Test Equipment			1,000		3	1.00	
44. Coring and Analysis				5 6	8		
45. Drill Stem Test Equipment	5.000			5 7	2	<u>50</u>	
46. Fracturing, Acidizing, and Gravel Pack				5 7	7		
				5 7	8		
48. Fishing Tool Rental	05 000			58			
49. Directional Drilling Tool Rental	25.000		<u> </u>		1	<u>25 A</u>	
50. Telecommunications & Navigational Needs				5 8	2		
51. Material Losses		·		58	8		
52. Capitalized Overhead	36,800		16,000		4	<u>52.8</u>	
53. Cement Running Feet for Casing & Tubing	1000		1			_	
133/8 OD 400 Sacks	4.000	1		6 1	3	4.0	
85/8 · OD 1000 Sacks	8.000		17.000	68	5	0.8	
<u>51/2</u> · OD <u>1000</u> Sacks			17,000	65	5	17.0	
54. Cementing - Squeezes & Plugs	5 000	<u> </u>		6 9	9		
55. Unclassified	5,000		2,000	0 0	0	7.0	
				<u> </u>			
	459,800	1	93.000	t		552.E	
TOTAL COST (Tangibles & Intangibles)	496,800		217.000		na ang ang ang ang ang ang ang ang ang a	713,8	
EVALUATED COST	496,800						
COMPLETED WELL COST	713 800	l					



ARCO Permian 600 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

St. Clair Peyton Yates, Jr. & A. J. Losee, Trustees of the S. P. and Estelle H. Yates 1976 Trust for Jennifer Shannon Yates, The S. P. and Estelle H. Yates 1976 Trust for Mary Beth Yates and the S. P. and Estelle H. Yates 1976 Trust for Peyton William Yates Davis

110 South 4th Artesia, New Mexico 88210

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that you <u>desire to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that you <u>do not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a

November 2,1995 Page 2

depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. You shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by you will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

• • .

Sincerely,

**ARCO** Permian

Holm E. Looks

John E. Lodge Land Director

November 2,1995 Page 3

Hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

St. Clair Peyton Yates, Jr. & A. J. Losee, Trustees of the S. P. and Estelle H. Yates 1976 Trust for Jennifer Shannon Yates, The S. P. and Estelle H. Yates 1976 Trust for Mary Beth Yates and the S. P. and Estelle H. Yates 1976 Trust for Peyton William Yates Davis

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Hereby elects <u>NOT TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

St. Clair Peyton Yates, Jr. & A. J. Losee, Trustees of the S. P. and Estelle H. Yates 1976 Trust for Jennifer Shannon Yates, The S. P. and Estelle H. Yates 1976 Trust for Mary Beth Yates and the S. P. and Estelle H. Yates 1976 Trust for Peyton William Yates Davis

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

St. Clair Peyton Yates, Jr. & A. J. Losee, Trustees of the S. P. and Estelle H. Yates 1976 Trust for Jennifer Shannon Yates, The S. P. and Estelle H. Yates 1976 Trust for Mary Beth Yates and the S. P. and Estelle H. Yates 1976 Trust for Peyton William Yates Davis

By:			

Date:\_\_\_\_\_

• .

• • .

ARCO Permian a unit	of Atlantic R	ichfield Cor	mpany	Dri	lling (	Cost I	Estimate - Page 1
	Suppien	nent	x	Original	·····		
Wetname Dancer 3	2 State Co	m #1			D	٥	.550'
Location							
SE/4 NE/4, Section 32, T-17-	S, R-28-E, Edd			0	Field		·
SE New Mexico Asset Area						En	npire
Objective							
Morrow	@	10150	Ft.			@	
Gen				Data Proce		ormation	1
	gie .			CNom		Orig	ginal/Revision indicator
Exploratory 9172 Du	a						Driginal 1
Workover/ 9171 Mu	littple					2=	Revision L
Tangible Costs - SUB 500 and 550           1. Tubular goods	<u> </u>	Dri <b>lling</b>	Evaluation	Completion	Eem	<u> </u>	Total Gross Dollars
13 3/8 * OD from 0 ft.	to 500	10,000		Combielion	5 1	-31	Total Gross Dollars
85/8 OD from 0 ft.		21.000			58	5	21.0
OD fromft. 51/2 OD from0 tt.				60,000	5 5		(0.0
$\frac{31/2}{27/8} \cdot OD \text{ from } 0 \text{ ft.}$				50,000		5	<u> </u>
• OD fromft.							
• OD from ft.	to						
2. Casinghead, Tubinghead, Christmas Tree		5.000		8.000	5 0	4	13,0
3. Tubing Accessories	· · · · · · · · · · · · · · · · · · ·			4.000		6	4.0
4. Artificial Lift Accessories					5 0	7	
5. Weil Protective Structures 6. Unclassified	· · · · · · · · · · · · · · · · · · ·	1,000		2.000	5 0 0 0	8	3.0
7. Additional Basis (Sub 550)	· · · ·				_		
Casinghead, Tubinghead, Christmas Tree					50	4	
Tubing Accessories Artificial Lift Accessories		· · · · · · · · · · · · · · · · · · ·			5 0 5 0	6	
Well Protective Structures	·				5 0	8	
TOTAL TANGIBLES		37,000	0	124,000			161,0
Intangible Costs - SUB 600							
8. Contract Engineering Technical	<u></u>	16.000	1	4,000		3	20.0
9. Boat Operations 10. Minor Supplies			<u> </u>		05	3	
11. Electric Power and Light		+		<u> </u>	2 4		
12. Diesei Fuel					24	2	
13. Natural Gas 14. Water		10,000		5,000	2 4	3	15.0
15. Property and Equipment Rentats	· · ·	4,000	1	2.000		8	6.0
16. Security, Safety, and Firefighting		2,000		2,000	2 5	0	4,0
17. Tubular Testing, and Inspection 18. Trucking Tubulars		2,000		3,000	1	3	5.0
19. Casing Accessories		5,000		5,000		9	0.6 0.01
20. Site Preparation and Maintenance		20,000		5,000		4	25.0
21. Permits, Insurance, and Damanges		3,000			5 1	5	3,0
22. Rig Moving Expense 23. Shorebases			+	<u> </u>	5 1	7	
24. Camp Housekeeping					52	2	
25. Reciamation		2,000		2.000	<u> </u>	5	4.0
26. Air Freight and Transportation 27. Dispasal and Cleanup		5,000		2,000	5 2 5 3	8	7.0
				1			
					1		
					l		

## Drilling Cost Estimate - Page 2

				_	_			
Welname	X	Orlginai						
Dancer 32 State Com #1		Supplemen	ntt	Original/Revision indicator				
Location		AF	CNO			1=Originat		
Eddy County, New Mexico						2=Revision		
District								
SE Now Maying Agent Area								
SE New Mexico Asset Area	·····	r		·				
Intangible Costs (Cont'd) - SUB 600	Drilling	Evaluation	Completion	E	lem	Total Gross Dollars		
28. Contract Footage Drilling		Lydiddiloit						
<u>0</u> ft. @ \$ <u>0.00</u> per foot					32			
29. Contract Drilling Daywork								
Dritting <u>36</u> days @ : <u>4.500.00</u> per day	162.000				3 3	162.00		
30. Mobilization, Demobilization & Rig Mod.	30.000				3 4	30,00		
31. Roads and Airstrips				5	3 6			
32. Completion/Workover Daywork					se pr			
<u>10</u> davs @ : <u>1.000.00</u> per dav			10. <b>000</b>	5	4 2	10,0		
33. Drill String & BHA Rentat			1,000	5	4 3	1.00		
34. Well Control Equipment			1,000	5	4 7	1,00		
35. Bits, Underreamers, & Hole Openers								
··								
;;;;;;;			1.000	5	4 8	51,00		
36. Drilling Mud and Transportation	30,000			5	5 1	30,00		
37. Drilling Mud Equipment and Services	5.000			5	52	5,00		
38. Completion Fluids			2.000	5	5 3	2.00		
39. Open Hole Surveys	20,000		_	5	5 7	20,0		
40. Wireline Work				5	5 9			
41. Formation Monitoring	8,000		<u> </u>	5	6 0	28		
42. Cased Hole Surveys and perf. Fees			8,000	5	6 1	0,8		
43. Surface Well Test Equipment			1,000	5	6 3	1,00		
44. Coring and Analysis				5	68			
45. Drill Stem Test Equipment	5,000			5	72	5.0		
46. Fracturing, Acidizing, and Gravel Pack			·	5	77			
47. Divers				5	78			
48. Fishing Tool Rentat				5	8 0			
49. Directional Drilling Tool Rentat	25.000			5	8 1	25,0		
50. Telecommunications & Navigational Needs				5	8 2			
51. Material Losses				5	8 8			
52. Capitalized Overhead	36,800		16,000	A	0 4	52,8		
53. Cement Running Fees for Casing & Tubing 13 3/8 ° OD 400 Sacks	4.000							
8 5/8 · OD 1000 Socia	4.000	·		6	<u>13</u> 85			
51/2 • OD 1000 Socks	8,000		17 000	6	<u>85</u> 55			
			17.000	6	<u> </u>	17.00		
54. Cementing - Squeezes & Plugs								
55. Unclassified	5.000		2,000	6	9 9 0 0	7,0		
			200	<u>  "</u>	0 0	///		
······								
TOTAL INTANGIBLES	459.800	0	93,000			552.8		
TOTAL COST (Tangibles & Intangibles)	496,800	i		t –				
	496,800		217,000	1		713,8		
	712 200			Sister and Andre Sister Andre Sister	alara sa sa sa San sa			



ARCO Permian 600 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Sharbro Oil Ltd. Co., a New Mexico limited Liability Company Box 840 Artesia, New Mexico 88210

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

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Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Sharbro Oil Ltd. Co. <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Sharbro Oil Ltd. Co. <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Sharbro Oil Ltd. Co. November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Sharbro Oil Ltd. Co. shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Sharbro Oil Ltd. Co. will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO** Permian

John E. Look

John E. Lodge Land Director

Sharbro Oil Ltd. Co. November 2,1995 Page 3

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Sharbro Oil Ltd. Co. hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

Sharbro Oil Ltd. Co.

Ву:\_\_\_\_\_

, •

Date:\_\_\_\_\_

Sharbro Oil Ltd. Co. hereby elects <u>NOT TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

Sharbro Oil Ltd. Co.

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Sharbro Oil Ltd. Co. hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Sharbro Oil Ltd. Co.

By:\_\_\_\_\_

Date:\_\_\_\_\_

· .

· ·	

ARCO P	ermi	<b>an</b> a	unit of A	Atlantic R	ichfield Con	npany		nn	g	-09	st Estimate - Page 1
				Supplem	nent	X	Orlginal			<del>.</del>	
Weilname									D		
		)anc	<b>er</b> 32 St	ate Cor	n #1				-	_	10,550
Location	-										· · · · · · · · · · · · · · · · · · ·
	Sectio	n 32,1	<u>T-17-S, R-</u>	28-E, Edc	ty County, N	lew Mexi	<u>co</u>			_	
District						Area or Group			Field		
SE New Me	xico A	Asset A	Area								Empire
Objective											
Mo	won			@	10150	Ft.				@	
· · · · · · · · · · · · ·	Gen						Data Proc	HELIN	g inf	ormo	
X Development	9171		Single	:			PC Noz				Original/Revision indicator
			-		l I						
	9172		Duai								1=Original 1 2=Revision
Workover/	9171		Multiple								
Recompletion											
Tangible Costs -	SUB 50	0 and	550								
1. Tubular goods					Drilling	Evaluation	Completion	<b>—</b> ,	Bem	_	Total Gross Dollars
<u>133/8</u> OD 85/8 OD			0 ft. to 0 ft. to	<u> </u>	21,000			5	। 	$\frac{3}{5}$	
<u></u>			tt. to	2000	21,000				0		<u>21.0</u>
51/2 · OD			0 ft. to	10550			60.000	5	5	5	30.06
27/8 · OD			0 ft. to	10,000			50,000	5	2	/	50.0
			ft. to ft. to				+	<b> -</b>			
	1011	<u> </u>									
2. Casinghead, Tubir	nghead.	Christme	<b>ee</b> 17		5,000		8.000	5	0	4	13.0
3. Tubing Accessorie							4,000	<u> </u>	0	6	4.0
4. Artificial Lift Acces 5. Weil Protective Str							+	5	0	7	<u> </u>
5. Well Protective Str 6. Unclassified	UCTUTES				1,000		2,000	_	0	8	3.0
7. Additional Basis (S	ub 550)					· · · · · · · · ·		Ť			
Casinghead, Tubin	ghead, (	Christma	s Tree					5	0	4	
Tubing Accessories					<b></b>		+	5	0	6	<u> </u>
Artificial Lift Access Well Protective Stru			<del>.</del>					5	0	7	
TOTAL TANGIBL			<u>-</u>	<u> </u>	37,000		0 124,000	+			161.0
Intangible Costs		600	··					1			·
8. Contract Enginee					16,000		4,000	Γο	1	3	20,0
9. Boat Operations								0	5	3	
10. Minor Supplies								0	7	8	
11. Electric Power an 12. Diesel Fuel	id Light				<u> </u>	<u> </u>	+	2	4	1	<u> </u>
13. Natural Gas							+	2		3	
14. Water					10,000		5,000	2	4	6	
15. Property and Eau					4,000		2,000		4	8	<u> 36</u>
16. Security, Safety, o 17. Tubular Testing, a			·····		2,000		2,000		5	0	6£ 4£ 5£ 6£ 10£
18. Trucking Tubulars					2,000		4,000		0	9	<u>10</u>
19. Casing Accessor	85				5.000		5,000		1	2	10,
20. Site Preparation of					20,000		5,000		1	4	a second and the seco
21. Permits, insurance 22. Rig Moving Expe		anange	<del>م</del>		3,000	<u> </u>		5	$\frac{1}{1}$	5	
23. Shorebases					<u> </u>			5	2		
24. Camp Housekee	ping							5	2	_	
25. Reclamation					2,000		2,000	5	2		
26. Air Freight and Tr 27. Disposat and Cle					5,000		2.000		3	 1	
			<b>.</b>		1	1		Ť			
						i	1				<u> </u>
					1	i	1	1			<u>†</u>
					1		1	$\mathbf{t}$			<u> </u>
1					1			3			

## Drilling Cost Estimate - Page 2

Wellname	x	Original				
Dancer 32 State Com #1		Suppleme				
Location	╡└┙╻	AP	Original/Revision Indicator			
Eddy County, New Mexico			0.110.10			2=Revision
	-					
SE New Mexico Asset Area						
Intangible Costs (Cont'd) - SUB 600	Dritting	Evaluation	Completion	۵	em	Total Gross Dollars
28. Contract Footage Drilling						an a
0 ft. @ \$ 0.00 per foot					3 2	
29. Contract Drilling Daywork	1					
Dritting <u>36</u> davs @ : <u>4.500.00</u> per dav	162.000			5	3 3	162.00
30. Mobilization, Demobilization & Rig Mod.	30,000			5	3 4	
31. Roads and Airstrips					3 6	
32. Completion/Workover Daywork						
<u>10</u> davs @ : <u>1.000.00</u> per dav			10,000	5	4 2	10,00
33. Drill String & BHA Rental			1,000	5	4 3	1,00
34. Well Control Equipment			1,000	5	4 7	1,00
35. Bits, Underreamers, & Hole Openers						
·''''						
·····	50,000		1,000	5	4 8	51.C
36. Drilling Mud and Transportation	30.000			5	5 1	30,00
37. Drilling Mud Equipment and Services	5.000			5	5 2	5.0
38. Completion Fluids			2.000	5	5 3	2.0
39. Open Hole Surveys	20.000			5	5 7	20,0
40. Wireline Work				5	5 9	
41. Formation Monitoring	8.000			5	60	0,8
42. Cased Hole Surveys and perf. Fees			8,000	<u> </u>	6 1	8,0
43. Surface Well Test Equipment	<u> </u>		1,000	5	6 3	1,00
44. Coring and Analysis	<u> </u>			5	68	
45. Drill Stem Test Equipment	5,000			5	72	5.0
46. Fracturing, Acidizing, and Gravel Pack					77	
47. Divers	<u> </u>			5	78	
48. Fishing Tool Rental				5	8 0	
49. Directional Dritting Tool Rental	25,000			5	8 1	25.0
50. Telecommunications & Navigational Needs	<u> </u>			5	8 2	
51. Material Losses				5	8 8	
52. Capitalized Overhead	36,800		16,000		0 4	52,8
53. Cement Running Fees for Casing & Tubing				-		a a la companya <b>a sa sa</b>
<u>133/8</u> ' OD <u>400</u> Sacks	4,000			6	1 3	
85/8 · OD 1000 Sacks	8,000			6	8 5	
<u>51/2</u> • OD <u>1000</u> Sacks			17,000	6	55	17.0
54. Cementing - Squeezes & Plugs				6	9 9	
55. Unclassified	5,000		2,000	-	0 0	7.0
	1		~~~	Ť		¦
	1		·	1-		
TOTAL INTANGIBLES	459,800	0	93.000			5 <b>52</b> .£
TOTAL COST (Tangibles & Intangibles)	496,800			1		713,£
EVALUATED COST	496,800	_				
COMPLETED WELL COST	713.800					



ARCO Permian 600 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Yates Petroleum Corporation 105 South 4th Aratesia, New Mexico 88210

Attention: Mr. Randy Patterson

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Yates Petroleum Corporation <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Yates Petroleum Corporation <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Yates Petroleum Corporation November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Yates Petroleum Corporation shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Yates Petroleum Corporation will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO Permian** 

John E. Lody

John E. Lodge Land Director

Yates Petroleum Corporation November 2,1995 Page 3

Yates Petroleum Corporation hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

Yates Petroleum Corporation

By:\_\_\_\_\_

Date:\_\_\_\_\_

Yates Petroleum Corporation hereby elects <u>NOT TO</u> participate in the drilling of the\_Dancer 32 State Com. No. 1 Well

Yates Petroleum Corporation

By:\_\_\_\_\_

Date:\_\_\_\_\_

Yates Petroleum Corporation hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Yates Petroleum Corporation

By:\_\_\_\_

Date:\_\_\_\_\_

## ARCO Permian a unit of Atlantic Richfield Company Drilling Cost Estimate - Page 1

	Supplen	nent	X	Original		-		
Weiliname					TD			
Dancer 32		10,550'						
		-t O						
SE/4 NE/4, Section 32, T-17-S, District	R-28-E, EQ		NEW MEXIC Area or Group	0	Feld	4	······································	
						J	<b>–</b> .	
SE New Mexico Asset Area							Empire	
	0	10150				•		
Morrow	@	10150	Ft.			@		Ft.
Gen		1	÷	Data Proce	ing in	lomo	ztion	
🗶 Development 9171 🗶 Single			A	FC No.	And age		Orlginal/Revision Indicator	
Exploratory 9172 Duai							1=Originai	
Workover/ 9171 Multin	le						2=Revision	
Tangible Costs - SUB 500 and 550	<u> </u>	<u> </u>						
1. Tubular goods		Drilling	Evaluation		Eler	'n	Total Grass Dollars	<b>_</b>
13 3/8 "OD from 0 ft. to		10,000		Jon Distort	5	3		
85/8 OD from 0 ft. to	2600	21,000			5 8	_		
• OD fromft. to							0	
51/2 OD from 0 ft. to				60,000 50,000				
<u>2 7/8</u> OD from <u>0</u> ft. to OD from ft. to				50,000	5 2		50,000	
OD from ft. to								
								_
2. Casingnead, Tubinghead, Christmas Tree		5.000		8,000			13,000	_
Tubing Accessories     Artificial Lift Accessories				4,000			4,000	+
4. Artificial Lift Accessories 5. Well Protective Structures					5 0 5 0			-
6. Unclassified		1,000	<u> </u>	2.000			3,000	_
7. Additional Basis (Sub 550)								+
Casinghead, Tubinghead, Christmas Tree				,	50	4	C	
Tubing Accessories				Į	5 0		C	-
Artificial Lift Accessories					5 0	-	L (C	÷
		17.000	<u> </u>	104000	5 0	8		+ · · ·
TOTAL TANGIBLES		37.000	0	124,000			161,000	' <u> </u>
Intangible Costs - SUB 600			<u>.</u>	·				
8. Contract Engineering Technical		16,000		4,000	_	3		
9. Boat Operations 10. Minor Supplies				<u> </u>	05			
11. Electric Power and Light	• • • • • • • • • •	- <u> </u>			2 4	-		
12. Diesel Fuel				<u> </u>	2 4	_		
13. Natural Gas					24	_		
14. Water		10,000		5.000		_		
15. Property and Equipment Rentals           16. Security, Safety, and Firefighting		4,000		2,000				
16. Security, Safety, and Hrefighting 17. Tubular Testing, and Inspection	<u> </u>	2,000		3,000				
18. Trucking Tubulars		2,000		4,000		-		
19. Casing Accessories	5,000	İ	5,000	5 1		10,000		
20. Site Preparation and Maintenance	20,000		5,000		4	25.000		
21. Permits, Insurance, and Damanges	3,000		ļ	5 1	5			
22. Rig Moving Expense 23. Shorebases			ļ		5 1 5 2			<u>) </u>
23. Shorebases 24. Camp Housekeeping		+			5 2	_		
25. Reclamation		2,000	1	2,000				
26. Air Freight and Transportation					5 2	_		)
27. Disposal and Cleanup		5,000		2.000	53	1	7.000	2
			l	T	1			T

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## Drilling Cost Estimate - Page 2

Weilname		Original						
Dancer 32 State Com #1		Suppleme	nt	Orlginai/Revision Indicator				
Location			C No.					
Eddy County, New Mexico	-							
	L							
SE New Mexico Asset Area								
Intangible Costs (Cont'd) - SUB 600	Drilling	Evaluation	Completion	Ele	m	Total Gross Dollars	┝	
28. Contract Footage Drilling		EVALUTION	Completion				┢──	
<u>0</u> ft. @ \$ <u>0.00</u> per foot				5 3	2	0	-	
29. Contract Drilling Daywork					5. A (\$4)		⊢	
Drilling <u>36</u> days @ : <u>4,500.00</u> per day	162,000			5 3		162,000		
30. Mobilization, Demobilization & Rig Mod.	30,000			5 3		30,000	+	
31. Roads and Airstrips					3 6		†—	
32. Completion/Workover Daywork	-					ter in a state of the second state of the seco	t	
<u>10</u> days @ : <u>1.000.00</u> per day			10,000	5 4	1 2	10,000	<u>†</u>	
33. Drill String & BHA Rental			1,000		4 3	1,000	-	
34. Well Control Equipment			1.000		4 7	1.000	-	
35. Bits, Underreamers, & Hole Openers							t	
·······							F	
	50.000		1,000	5	4 8	51,000	t	
36. Drilling Mud and Transportation	30,000			5 :	5 1	30,000	1-	
37. Drilling Mud Equipment and Services	5,000			5 .	52	5.000	T	
38. Completion Fluids			2.000	5	53	2,000	T	
39. Open Hole Surveys	20,000			5 :	57	20,000	Ī	
40. Wireline Work				5 :	59	C	Į	
41. Formation Monitoring	8,000			5	60	8,000		
42. Cased Hole Surveys and perf. Fees			8,000	5	6 1	8,000	,	
43. Surface Well Test Equipment			1,000	5	63	1,000	1	
44. Coring and Analysis		·		5	6 8	c		
45. Drill Stem Test Equipment	5,000			5	72	5,000	1	
46. Fracturing, Acidizing, and Gravel Pack				5	7 7		)	
47. Divers				5	7 8		1	
48. Fishing Tool Rental				5	8 0		1	
49. Directional Drilling Tool Rental	25,000			5	8 1	25,000	1	
50. Telecommunications & Navigational Needs				5	8 2		1	
51. Materiai Losses				5	8 8		4	
52. Capitalized Overhead			16.000	· · · · · · · · · · · · · · · · · · ·	0 4	52,800		
53. Cement Running Fees for Casing & Tubing			1	-			+	
<u>13 3/8</u> · OD <u>400</u> Socks	4,000		ļ		1 3			
85/8 · OD 1000 Sacks	8,000			<u> </u>	8 5		-	
<u>51/2</u> · OD <u>1000</u> Sacks			17,000	6	55			
54 Compating - Sauce & Diver			<u> </u>	+			<u>)</u>	
54. Cementing - Squeezes & Plugs	5,000				<u>99</u>			
55. Unclassified			2,000	0	00		<u>"</u>	
				+				
TOTAL INTANGIBLES	459,800		93.000			552,800		
			1					
TOTAL COST (Tangibles & Intangibles)	496,800 496,800	A			194 <b>(</b> 44) (	713,800	<u>リ</u> 8966	
EVALUATED COST	713,800					and a second		
COMPLETED WELL COST	1 /13.000						. S.	

**`\_\_** .



ARCO Permian 600 North Marienfeid Midlang TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

S. P. Yates 105 South 4th Aratesia, New Mexico 88210

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

1

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Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that S. P. Yates <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that S. P. Yates <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

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S. P. Yates November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. S. P. Yates shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by S. P. Yates will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO** Permian

adm E. J

John E. Lodge Land Director

S. P. Yates November 2,1995 Page 3

S. P. Yates hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

S. P. Yates

By:\_\_\_\_\_

Date:\_\_\_\_\_

S. P. Yates hereby elects <u>NOT TO</u> participate in the drilling of the\_Dancer 32 State Com. No. 1 Well

S. P. Yates

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

S. P. Yates hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

S. P. Yates

By:\_\_\_\_\_

Date:\_\_\_\_\_

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ARCO Pe	ermio	<b>an</b> a i	unit of A			mpany	Dril	lin	g(	Cos	st Estimate - Page 1
				Supplem	ent	x	Original				······
<b>i name</b>									TD		
	ance	r 32 Sl	n #1						10,550'		
ation											
SE/4 NE/4, S		- 37 T-		-28-E Edo		New Maxia					-
$\frac{1}{10}$		102,1-	17- <b>3</b> , K	- <u>20-L, L</u> uc	and the second	Area or Group	.0		Field		· _ · _ · _ · _ · _ · _ · _ · _ · _ · _
											<b>F</b>
SE New Mex	XICO A	sset Ar	ea							_	Empire
				-							
<u>Mo</u>	rrow			@	10150	Ft.				@	
	Gen						Data Proce	ssin	g inf	orma	tion
Development	9171		Single			A	C No.				Original/Revision Indicator
	9172		-								
Exploratory			Dual								1=Originat
Workover/	9171		Muitiple								
Recompletion					•				•		
ngible Costs - S	SUB 500	) and 5!	50								
Tubular goods					Drilling	Evaluation	Completion		Eem		Total Gross Dollars
133/8 ODf			ft. to	500	10,000			5	1	3	10,000
85/8 OD f		C	ft. to	2600	21,000			5	8	5	21,000
			ft. to							_	
<u>51/2</u> OD f			)ft.to )ft.to	10550			60,000	5	<u>-5</u> -2	_5	60.00
-27/8 001			ft. to	10,000			50,000	3			50,00
			ft. to								
			-							-	
Casinghead, Tubin		Christmas	Iree		5,000		8,000	_	0	4	13,00
Tubing Accessories			<u></u>				4,000	_	0	6	4.00
Artificial Lift Access Well Protective Stru								5	0	7	
Unclassified					1,000		2.000	5	0	8	3,00
Additional Basis (Su	ub 550)			·				Ē		-	
Casinghead, Tubing	head, C	hristmas ī	iree 🗌					5	0	4	
Tubing Accessories								5	0	6	
Artificial Lift Accesso								5	0	7	(
Well Protective Struc				<u></u>				5	0	8	(
<u> DTAL TANGIBLI</u>	<u>t5</u>				37,000	0	124,000				161,000
tangible Costs	- SUB 6	00									
Contract Engineer	ing lech	nical			16,000		4,000	0	1	3	20,00
Boat Operations								0	5	3	
. Minor Supplies . Electric Power and	light							0	7	8	
. Diesel Fuel								2	4	2	
. Natural Gas						[		2	4	3	
. Water					10,000		5,000	2	4	6	15,00
15. Property and Equipment Rentals				4,000		2,000		4	8	6,00	
Security, Safety, a		<u> </u>			2,000		2,000		5	0	4,00
17. Tubular Testing, and Inspection 18. Trucking Tubulars			2,000		4,000		0	3	<u> </u>		
. Casing Accessorie	*				5,000		5,000		1	2	10,00
Site Preparation a	nd Maint				20,000		5,000		1	4	25.00
. Permits, Insurance		imanges			3,000			5	1	5	3,00
. Rig Moving Expen	68				<u> </u>			5	1	7	·
Shorebases								5	2	1	
. Camp Housekeer	ang				2.000		2,000	5	2	2	4,00
. Air Freight and Tra	Insportati	ion						5	2	_	4.00
. Disposal and Clea					5,000		2,000		3	1	7.00

## Drilling Cost Estimate - Page 2

Weilname		Original		<del>.</del>	
Dancer 32 State Com #1		Suppleme	nt		Orlginal/Revision Indicator
Location			FC No.		
Eddy County, New Mexico					
District	$\neg$				
SE New Mexico Asset Area			· · · · · · · · · · · · · · · · · · ·		
				Eem	Total Gross Dollars
Intangible Costs (Cont'd) - SUB 600	Drilling	Evaluation	Completion		
28. Contract Footage Drilling					and the second
<u>0</u> ft. @ \$ 0.00 per foot	_			532	
29. Contract Drilling Daywork					A 17 COLORED A SERVICE SAME A DE CAS
Drilling <u>36</u> days @ : <u>4.500.00</u> per day	162,000			5 3 3	
30. Mobilization, Demobilization & Rig Mod.	30.000		<u> </u>	5 3 4	30,000
31. Roads and Airstrips	_			5 3 6	0
32. Completion/Workover Daywork			10.000		
10 days @ : 1.000.00 per day			10,000		
33. Drill String & BHA Rental			1,000		1,000
34. Well Control Equipment 35. Bits, Underreamers, & Hole Openers			1,000	547	1,000
	50,000		1.000	5 4 8	
36. Drilling Mud and Transportation	30,000		1,000		51,000
37. Drilling Mud Equipment and Services	5,000			5 5 1 5 5 2	30,000
38. Completion Fluids	0,000		2,000		2,000
39. Open Hole Surveys	20,000		2,000	553	
40. Wireline Work	20,000			5 5 9	20.00
41. Formation Monitoring	8.000		<u> </u>	5 6 0	8,000
42. Cased Hole Surveys and perf. Fees		··	8.000		8,000
43. Surface Well Test Equipment			1,000		1,000
44. Coring and Analysis				5 6 8	0
45. Drill Stem Test Equipment	5,000			572	5,000
46. Fracturing, Acidizing, and Gravel Pack				5 7 7	0
47. Divers				5 7 8	0
48. Fishing Tool Rental				5 8 0	0
49. Directional Drilling Tool Rental	25,000			5 8 1	25,000
50. Telecommunications & Navigational Needs				582	
51. Material Losses				5 8 8	0
52. Capitalized Overhead	36,800	İ	16,000		52,800
53. Cement Running Fees for Casing & Tubing					
13.3/8 ' OD 400 Sacks	4.000			613	4,000
8 5/8 ' OD 1000 Sacks	8.000			685	5 8,000
<u>51/2</u> 'OD <u>1000</u> Sacks			17.000	655	5 17,000
					0
54. Cementing - Squeezes & Plugs				699	0
55. Unclassified	5,000		2.000	0 0 0	7.000
					0
				ļ	00
TOTAL INTANGIBLES	459,800	c	93.000		552.800
TOTAL COST (Tangibles & Intangibles)	496,800	c			713,800
EVALUATED COST	496,800				
COMPLETED WELL COST	713,800				



ARCO Permian 500 North Marienteig Midlang TX 79701-4373 PO Box 1610 Midlang TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Richard Martin Yates 105 South 4th Aratesia, New Mexico 88210

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

Gentlemen:

Please be advised that ARCO Permian, a unit of Atlantic Richfield Company, hereinafter referred to as "ARCO", hereby proposes the drilling of an 10,550' Morrow test well at a location approximately 1700' FNL & 1000' FEL of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico. It is currently anticipated that the drilling and proration unit for this well would be the W/2 of said Section 32. Attached hereto for your perusal, you will find a copy of our drilling cost estimate for this well which indicates a dry hole cost of \$496,800 and total completed well cost of \$713,800.

Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that Richard Martin Yates <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that Richard Martin Yates <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

1. Within 180 days of the execution of a formal Farmout Agreement, ARCO will commence or cause to be commenced the drilling of an initial test well at the above referenced location. Thereafter, said well shall be drilled to a depth of 11,100' or to a depth sufficient to adequately test the Morrow formation, whichever is the lesser depth.

Richard Martin Yates November 2,1995 Page 2

2. Upon completion of a well capable of producing in paying quantities, ARCO shall earn an assignment of all your leasehold interest in the E/2 of said Section 32, insofar as same is included with the proration unit for said well, from the base of the ABO formation down to a depth of 100' below the total depth drilled. Richard Martin Yates shall retain an overriding royalty interest in an amount being equal to the difference between all existing burdens and twenty percent (20%).

3. Any overriding royalty interest retained by Richard Martin Yates will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO** Permian

Im E.

John E. Lodge Land Director

Richard Martin Yates November 2,1995 Page 3

Richard Martin Yates hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

**Richard Martin Yates** 

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Richard Martin Yates hereby elects <u>NOT TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

**Richard Martin Yates** 

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Richard Martin Yates hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

**Richard Martin Yates** 

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

· .

ARCO Perm	<b>Ian</b> a unit	t of A	tlantic Ri	ichfield Cor	npany	Dn	IIN	gc	-05	si Estimate - Page I
			Supplem	nent	x	Original				
Wellname							1	D		
	Dancer 3	32 Sto	ate Cor	n #1						10,550'
Location			_					_		
SE/4 NE/4, Section	on 32, T-17	-S, R-2	28-E, Edo	lv County, N	New Mexic	0				
District			- <u>nii</u>		Area or Group			Field		
SE New Mexico	Asset Arec	r								Empire
Objective								-		
Morrow			@	10150	Ft.				@	
Ger					. <u></u>	Data Proce	ssing			ition
X Development 9171	i 🔀 Sin	ngle								Original/Revision Indicator
				2						
		IDI								1=Original 2=Revision
Workover/ 9171	<u> </u> Мі	ultiple				_				
Recompletion	<u> </u>							_		
Tangible Costs - SUB 50	30 and 550									
1. Tubular goods 13.3/8 * OD from	0 ft.	to	500	Dri <b>lling</b>	Evaluation	Completion	5		3	Total Gross Dollars
85/8 • OD from	0///.		2600	21,000			5	- 8	5	10,000
* OD from		to								0
51/2 OD from	<u> </u>		10550			60,000	5	5	4 C	60,000
27/8 • OD from • OD from	ft.	. to . to	10,000			50,000	5	2		50,000
• OD from	the second second second second second second second second second second second second second second second s	to to								0
										0
2. Casinghead, Tubinghead	i, Christmas Tree	0		5,000		8,000		0	4	13,000
3. Tubing Accessories 4. Artificial Lift Accessories						4,000	5	0	7	4,000
5. Well Protective Structures							5	0	8	0
6. Unclassified			·····	1,000		2,000	0	0	0	3,000
7. Additional Basis (Sub 550) Casinghead, Tubinghead,		)					5	0	4	0
Tubing Accessories							5	0	6	0
Artificial Lift Accessories							5	0	7	0
Well Protective Structures				17.000		104.000	5	0	8	0
TOTAL TANGIBLES		·		37,000	0	124,000	L			161,000
Intangible Costs - SUB				1.000			<b>-</b>			
8. Contract Engineering Tec 9. Boat Operations	nnicai			16,000		4,000	0	<u>-1</u> 5	3	20,000
10. Minor Supplies							Ō	7	8	0
11. Electric Power and Light							2	4	1	0
12. Diesel Fuel							2	4	2	0
14. Water	·····			10,000		5,000		4	6	15,000
15. Property and Equipment				4,000		2,000		4	8	000,6
16. Security, Satety, and Fire 17. Tubular Testing, and Insp				2,000		2,000		5	0	4,000
18. Trucking Tubulars				2,000		4,000		0	9	000.6
19. Casing Accessories				5,000		5,000		١	2	
20. Site Preparation and Ma				20,000		5,000	5	1	4	25,000
21. Permits, Insurance, and [ 22. Rig Moving Expense	Jamanges			3,000			5	1	7	
23. Shorebases							5	2	1	0
24. Camp Housekeeping				0.000		0.000	5	2	2	
25. Reclamation 26. Air Freight and Transport	ation			2.000		2,000	5	2	5	4,000
27. Disposal and Cleanup				5.000		2.000		3	1	7,000

# ARCO Permian a unit of Atlantic Richfield Company

#### Drilling Cost Estimate - Page 2

Well name		Original			
Dancer 32 State Com #1		Suppleme	nt		Orlginal/Revision Indicator
Location		A	FC No.	- 1 - P	1=Original
Eddy County, New Mexico					2=Revision
District	-				
SE New Mexico Asset Area		·			<u> </u>
Intangible Costs (Cont'd) - SUB 600	Drilling	Evaluation	Completion	Elem	Total Gross Dollars
28. Contract Footage Drilling					and the second second second second second second second second second second second second second second second
0 ft. @ \$ 0.00 per foot				5 3 2	0
29. Contract Drilling Daywork					
Drilling <u>36</u> days @ : <u>4.500.00</u> per day	162,000			5 3 3	162,000
30. Mobilization. Demobilization & Rig Mod.	30,000			5 3 4	30,000
31. Roads and Airstrips				536	0
32. Completion/Workover Daywork					
<u>10</u> davs @ : <u>1.000.00</u> per dav			10,000	542	10,000
33. Drill String & BHA Rental			1,000	5 4 3	1,000
34. Well Control Equipment			1,000	547	1,000
35. Bits, Underreamers, & Hole Openers					
	50,000		1,000	548	51,000
36. Drilling Mud and Transportation	30,000			5 5 1	30,000
37. Drilling Mud Equipment and Services	5,000			5 5 2	5,000
38. Completion Fluids			2.000	<u>1</u>	2,000
	20,000		2.000	5 5 7	20,000
39. Open Hole Surveys	20,000			5 5 9	0
40. Wireline Work 41. Formation Monitoring	8,000		<u>+</u>	5 6 0	8,000
41. Formation Moliticating 42. Cased Hole Surveys and perf. Fees			8,000	· · · · · · · · · · · · · · · · · · ·	8,000
43. Surface Well Test Equipment		<u> </u>	1.000	t	1,000
			1	5 6 8	
Coring and Analysis     Stem Test Equipment	5.000			5 7 2	5,000
46. Fracturing, Acidizing, and Gravel Pack	0.000			577	
				5 7 8	0
	<u> </u>		+	1	
48. Fishing Tool Rentat	25.000		+	5 8 0	
49. Directional Drilling Tool Rental	25,000		+	5 8 1	25,000
50. Telecommunications & Navigational Needs				582	
51. Material Losses		<u>}</u>	1.000	5 8 8	
52. Capitalized Overhead			16,000		52,800
53. Cement Running Fees for Casing & Tubing	4.000		]		
13 3/8 · OD 400 Socks	4,000		<u> </u>	6 1 3	
85/8 OD 1000 Socks	8,000	· · · · · · · · · · · · · · · · · · ·	17.00		
<u>5 1/2</u> • OD <u>1000</u> Sacks			17,000	655	
			+		0
54. Cementing - Squeezes & Plugs		<u> </u>		6 9 9	
55. Unclassified	5,000	1	2.000		
			+		0
	459.800	<u> </u>	93,000	<u> </u>	0
				1	
TOTAL COST (Tangibles & Intangibles)	496,800	······	0 217.00		713,800
EVALUATED COST	496,800				a an an an an an an an an an an an an an
COMPLETED WELL COST	713,800	)			



ARCO Permian 500 North Marienfeld Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

St. Clair Peyton Yates, Jr. 110 South 4th Artesia, New Mexico 88210

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

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Please indicate your election below of either to participate or not to participate in the drilling of this well and return one (1) copy of this letter to the undersigned. In the event that St. Clair Peyton Yates, Jr. <u>desires to participate</u> in the drilling of this well, I will be happy to submit an Operating Agreement to you for your review. In the event that St. Clair Peyton Yates, Jr. <u>does not desire to participate</u> in the drilling of this well, then ARCO hereby requests a Farmout of your leasehold interest in the E/2 of Section 32, Township17 South, Range 28 East, Eddy County, New Mexico on the following basis:

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St. Clair Peyton Yates, Jr. November 2,1995 Page 2

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3. Any overriding royalty interest retained by St. Clair Peyton Yates, Jr. will be subject to proportionate reduction.

4. Any acreage not previously earned by drilling the initial well, could be earned by the drilling of subsequent wells by not allowing more than 180 days to elapse between the completion of one well and the commencement of the next well.

5. The only penalty for failure to commence the drilling of said initial well, would be the termination of said Farmout Agreement.

Should you have any questions or problems concerning this matter, please do not hesitate to contact me by telephone at (915) 688-5237.

Sincerely,

**ARCO** Permian

John E. Lader

John E. Lodge Land Director

JEL:pc Enclosure St. Clair Peyton Yates, Jr. November 2,1995 Page 3

St. Clair Peyton Yates, Jr. hereby elects <u>TO</u> participate in the drilling of the Dancer 32 State Com. No. 1 Well

St. Clair Peyton Yates, Jr.

By:\_\_\_\_\_

Date:\_\_\_\_\_

St. Clair Peyton Yates, Jr. hereby elects <u>NOT TO</u> participate in the drilling of the\_Dancer 32 State Com. No. 1 Well

St. Clair Peyton Yates, Jr.

Ву:\_\_\_\_

Date:\_\_\_\_\_

St. Clair Peyton Yates, Jr. hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

St. Clair Peyton Yates, Jr.

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

- .

ARCO Permia	<b>n</b> a unit of	Atlantic Richfield	Company
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Drilling Cost Estimate - Page 1

				Supplem	nent		Original				
Well name								I	D		
		an-	or 20 6	tate Coi	m #1						
			er 32 3		11 #1						10,550'
Location	-			-							
SE/4 NE/4, S	Sectior	<u>n 32, '</u>	<u>T-17-S, R</u> -	- <u>28-E, E</u> do	ly County, I	New Mexic	0				
District						Area or Group		T	ield		
SE New Me		sset A	Area								Empire
Objective	<u> </u>				l		<u> </u>		_		
				<b>A</b>	10150					0	_
	won			@	10150	Ft.				@	F <sup>,</sup>
	Gen				1	ور بعد اور بعن الله و	Data Proce	essing	y inic	omo	ation
X Development	9171		Single			A A	FC No:	- 1			Orlginal/Revision Indicator
	9172		Duml								
			Duai								
Workover/	9171		Muitiple								2=Revision
Recompletion					•						
Tangible Costs - S			550							_	
1. Tubular goods	500 500				Drilling	Fugluation	Completion		1		Total Creek Dollars
1. 100000000000000000000000000000000000	from		0 ft. to	500	10,000	Evaluation	Completion	5		3	Total Gross Dollars
85/8 · OD 1			0 ff. to	2600	21,000			5	8	5	
- <u></u> .op			ft. to		21,000			۲,			
51/2 · OD 1			0 ft. to	10550	<u> </u>		60,000	5	5	5	00
27/8 · OD			0 ft. to	10,000			50,000	· · ·	Ť	7	50,000
• OD 1			ft. to					Ť			
			ft. to								0
2. Casinghead, Tubin	ighead. (	Christme	as īree		5,000	(	8,000	5	0	4	13,000
3. Tubing Accessories							4,000		0	6	4.000
4. Artificial Lift Access	ories					i —————		5	0	7	0
5. Well Protective Str.	uctures							5	0	8	0
6. Unclassified					1,000		2,000	0	0	0	3,000
7. Additional trasis (Su	ub 550)										0
Casingheaa. :ubing	phead, C	hr <del>istma</del>	s īree					5	0	4	0
Tubing Accessories								5	0	6	0
Artificial Lift Accesso	zries							5	Ő	7	0
Well Protective Struc	ctures				<u> </u>			5	0	8	0
TOTAL TANGIBL	ES				37,000	0	124,000				161,000
Internetible Costs		00			•	•		·	_	_	
Intangible Costs					16.000		4 000		<u> </u>		
8. Contract Engineer	ing rech	nical			10.00	}	4,000	0	<u> </u>	3	20,000
9. Boat Operations 10. Minor Supplies					·	<u> </u>	<u> </u>	0	5	3	0
11. Electric Power and	dlight				<u> </u>	<u>}</u>	<u> </u>	2	4	1	
12. Diesel Fuel						<u>+</u>		2	4	2	0
13. Natural Gas					<u> </u>	<u> </u>	<b>├─</b> ───	2	4	3	
14. Water				······································	10,000	<u>†</u>	5.000	-	4	6	15.000
15. Property and Equi	ipment R	entais			4,000		2.000		4	8	000.6
16. Security, Safety, a					2,000		2.000		5	Ō	4,000
17. Tubular Testing, ar					2,000	1	3.000		0	3	5.000
18. Trucking Tubulars					2,000		4,000		0	9	6.000
19. Casing Accessorie					5,000		5,000		1	2	10,000
20. Site Preparation a	ind Maint	tenanc	e		20,000		5.000	5	1	4	25,000
21. Permits, Insurance		mange	×		3,000			5	1	5	
22. Rig Moving Expen	68					ļ		5	1	7	
23. Shorebases								5	2	1	0
24. Camp Housekeer	oing					ļ	L	5	2	2	
25. Reclamation					2,000	·	2.000	÷	2	5	
26. Air Freight and Tro		ion						5	2	8	
27. Disposal and Clea	anup				5,000	·	2.000	5	3	1	7,000
						1					
						1	1				
					1	†	<u> </u>	1			<u> </u>
	<u> </u>	÷			<u> </u>		<u>+</u>	┼──			
L				<u> </u>	1 <u></u>	L	L	L			

# ARCO Permian a unit of Atlantic Richfield Company

# Drilling Cost Estimate - Page 2

Weiliname		Original			
Dancer 32 State Com #1		Suppleme	nt		Orlginal/Revision indicator
Location			C No.		1=Original
Eddy County, New Mexico	-			-	
District					
SE New Mexico Asset Area				·	
				Elem	Total Gross Dollars
Intangible Costs (Cont'd) - SUB 600	Drilling	Evaluation	Completion		
28. Contract Footage Drilling					e de la deservición de la deservición de la deservición de la deservición de la deservición de la deservición d
<u>0</u> ft. @ \$ <u>0.00</u> per foot				532	0
29. Contract Drilling Daywork	1/0 000				1997
Drilling <u>36 davs @ : 4.500.00</u> per dav	162,000	<u> </u>		5 3 3	162,000
30. Mobilization, Demobilization & Rig Mod.	30,000			5 3 4	30,000
31. Roads and Airstrips				536	0
32. Completion/Workover Daywork			10.000	ļ	
<u>10 davs @ : 1.000.00</u> per dav			10,000	+	10.000
33. Drill String & BHA Rental			1,000		
34. Well Control Equipment			1,000	547	1,000
35. Bits, Underreamers, & Hole Openers					-
·					
	50,000		1,000		51.000
36. Drilling Mud and Transportation	30,000			5 5 1	30,000
37. Drilling Mud Equipment and Services	5,000			5 5 2	
38. Completion Fluids			2,000	i	
39. Open Hote Surveys	20,000		<u> </u>	<b>5</b> 5 7	
40. Wireline Work				5 5 9	+
41. Formation Monitoring	8,000		· · ·	5 6 0	8.000
42. Cased Hole Surveys and perf. Fees			8,000	t	
43. Surface Well Test Equipment			1,000		
44. Coring and Analysis		<u>_</u>		5 6 8	┥╍┉ <del>╴╴</del>
45. Drill Stem Test Equipment	5,000		<u> </u>	572	
46. Fracturing, Acidizing, and Gravel Pack		<u> </u>		577	
47. Divers			<u> </u>	578	0
48. Fishing Tool Rentat				5 8 0	·/
49. Directional Drilling Tool Rental	25.000			5 8 1	25.000
50. Telecommunications & Navigational Needs			ļ	582	00
51. Material Losses	······		<u> </u>	5 8 8	
52. Capitalized Overhead			16,000		
53. Cement Running Fees for Casing & Tubing					
133/8 · OD 400 Sacks	4,000			613	المتريب أخصي مستحد المراجع المتحال المتحال المتحال المتحال المتحد والمتحال المتحد والمحال المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحاج المحا
85/8 · OD 1000 Sacks	8,000			685	
OD Sacks			17,000	65	
			<u> </u>	ļ	0
54. Cementing - Squeezes & Plugs		<u> </u>		6 9 9	
55. Unclassified	5.000		2.000	0 0 0	
			<u> </u>	<u> </u>	0
			<u> </u>	┼────	00
	459,800	······			552,800
TOTAL COST (Tangibles & Intangibles)	496,800	<u> </u>		the second second second second second second second second second second second second second second second s	713,800
EVALUATED COST	496,800				
COMPLETED WELL COST	713,800				



ARCO Permian 600 North Marienfeid Midland TX 79701-4373 PO Box 1610 Midland TX 79702-1610 Telephone 915 688 5200

November 2, 1995

Harvey E. Yates Company Box 1933 Roswell, New Mexico 88201

Attention: Ms. Shari A, Darr

#### Certified Mail - Return Receipt Requested

#### RE: <u>Dancer 32 State Com. No. 1 Well</u> Township 17 South, Range 28 East Section 32: SE/4NE/4 Eddy County, New Mexico

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Harvey E. Yates Company November 2,1995 Page 2

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**ARCO** Permian

John E. Lody

John E. Lodge Land Director

JEL:pc Enclosure Harvey E. Yates Company November 2,1995 Page 3

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Harvey E. Yates Company

By:\_\_\_\_\_

Date:\_\_\_\_\_

Harvey E. Yates Company hereby elects <u>NOT\_TO</u> participate in the drilling of the\_Dancer 32 State Com. No. 1 Well

Harvey E. Yates Company

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

Harvey E. Yates Company hereby elects to <u>Farmout</u> its leasehold interest to ARCO as described above for the drilling of the Dancer 32 State Com. No. 1 Well

Harvey E. Yates Company

Ву:\_\_\_\_\_

Date:\_\_\_\_\_

<b>ARCO Permian</b> a u	unit of ,	Atlantic Richfiel	d Compan	,	Drilling Cost Estimate - Page 1	
		Supplement	Г	x	Original	

Welliname									ĪD		
	D	anc	er 32 St	ate Cor	n #1						10,550'
Location				_							
SE/4 NE/4, S	Section	n 32.1	T-17-S.R-	28-E. Edd	v County.	New Mexic	20				
District	<u></u>					Area or Group			Field		
SE New Me		cot 4	liea								Empiro
Objective		<u></u>		·			·				Empire
				<b>a</b>	10150	<b>5</b> 4				~	-
	WOII			@	10150	Ft.				@	F
	Gen						Data Proce	essin	g inf I	omic	ation
X Development	9171		Single			A	FC No.	:			Original/Revision Indicator
Exploratory	9172		Dual								1=Orlginat
Workover/	9171		Multimo								2=Revision
	91/1		Multiple								
Recompletion	l						···				
Tangible Costs - S	SUB 500	) and	550								
1. Tubular goods			0 # +-	500	Drilling 0,000	Evaluation	Completion	1	Eem	_	Total Gross Dollars
<u>13 3/8</u> OD f 85/8 OD f			0 ft. to 0 ft. to	2600	21,000		<u> </u>	5		3	10.000
100 · 00 f			ft. to		21,000			- Ŭ	<u> </u>		
51/2 OD f			0 ft. to	10550			60,000	5	5	5	60,000
27/8 °OD f			0 ft. to	10,000			50,000	5	2	7	50.000
			ft. to	·							0
opt	rom		ft. to					<u> </u>			
2. Casinghead, Tubin	ahead, (	Christmo	us īree		5.000		8,000	5	0	4	13,000
3. Tubing Accessories							4,000		0	6	4.000
4. Artificial Lift Access								5	0	7	0
5. Well Protective Str.	ictures				1.000		0.000	5	0	8	0
6. Unclassified 7. Additional Basis (Su	ib 550)				1,000		2,000	0	0	0	3.000
Casinghead, Tubing		hristma	s īree					5	0	4	
Tubing Accessories							·	5	0	6	0
Artificial Lift Accesso								5	0	7	0
Well Protective Struc								5	0	8	0
TOTAL TANGIBLE	ES				37,000	0	124,000				161,000
Intangible Costs	- SUB 6	00									
8. Contract Engineer	ing Tech	nical			16,000		4,000	0	1	3	20,000
9. Boat Operations								0	5	3	0
10. Minor Supplies	+ Light							0	7	8	
12. Diesel Fuel								2	4	2	0
13. Natural Gas			·				†	2	4	3	0
14. Water					10,000		5,000		4	6	15.000
15. Property and Equi					4,000		2,000		4	8	6,000
16. Security, Safety, a 17. Tubular Testing, ar					2,000		2,000		5	0	4,000
18. Trucking Tubulars					2,000		4,000		0	- 9	0.000
19. Casing Accessorie					5,000		5,000		1	2	10,000
20. Site Preparation a					20,000		5,000	-	1	4	25,000
21. Permits, Insurance		mange	\$		3,000		ļ	5	1	5	3,000
22. Rig Moving Expension 23. Shorebases	50							5	1	7	
24. Camp Housekeer	ping				†		<u> </u>	5	2	2	
25. Reclamation					2,000	1	2.000	_	2	5	4,000
26. Air Freight and Tra		lon						5	2	8	0
27. Disposal and Clea	nup				5,000		2.000	5	3	1	7.000
					ļ	ļ	ļ	L			ļ
	<u></u>				L						
			······································		ļ			<u> </u>			ļ
						1					

# ARCO Permian a unit of Atlantic Richfield Company

# Drilling Cost Estimate - Page 2

Wellincme		Original			~	
Dancer 32 State Com #1		Original Suppleme	n+			
						Orlginal/Revision Indicator
<u> </u>	_	AF	C No.	_		1=Original 2=Revision
Eddy County, New Mexico	_					
District		_				
SE New Mexico Asset Area						
				E		Total Gross Dollars
Intangible Costs (Cont'd) - SUB 600	Drilling	Evaluation	Completion			
28. Contract Footage Drilling				1.16		and the second second second second second second second second second second second second second second second
0 ft. @ \$ 0.00 per foot				5	32	0
29. Contract Drilling Daywork					n n	
Drilling <u>36</u> days @ : <u>4.500.00</u> per day	162.000			5	3 3	162,000
30. Mobilization, Demobilization & Rig Mod.	30.000			5	3 4	30,000
31. Roads and Airstrips				5	3 6	0
32. Completion/Workover Daywork						
<u>10</u> davs @ : <u>1.000.00</u> per dav			10, <b>000</b>	5	42	10.0001
33. Drill String & BHA Rental			1,000	5	4 3	1,0001
34. Well Control Equipment			1,000	5	47	1.000
35. Bits, Underreamers, & Hole Openers					- adada	
·'·''						
	50,000		1,000	5	4 8	51,000
36. Drilling Mud and Transportation	30,000			5	5 1	30,000
37. Drilling Mud Equipment and Services	5,000			5	52	5.000
38. Completion Fluids			2,000	5	53	2.000
39. Open Hole Surveys	20,000			5	57	20,000
40. Wireline Work				5	59	0
41. Formation Monitoring	8.000			5	60	8.000
42. Cased Hole Surveys and perf. Fees			8,000	5	6 1	8,000
43. Surface Well Test Equipment			1,000	5	63	1,000
44. Coring and Analysis				5	6 8	0
45. Drill Stern Test Equipment	5,000			5	72	5.000
46. Fracturing, Acidizing, and Gravel Pack				5	77	0
47. Divers		l		5	78	0
48. Fishing Tool Rental				5	8 0	0
49. Directional Dritting Tool Rental	25,000			5	8 1	25,000
50, Telecommunications & Navigational Needs				5	82	0
51. Material Losses				5	8 8	0
52. Capitalzed Overhead			16,000		04	
53. Cement Running Fees for Casing & Tubing						
13 3/8 · OD 400 Sacks	4,000			6	1 3	
8 5/8 • OD1000 Sacks	8,000				8 5	
<u>51/2</u> · OD <u>1000</u> Sacks		ļ	17,000	6	55	17,000
						0
54. Cementing - Squeezes & Plugs		<u> </u>		1	99	
55. Unclassified	5,000	l <u> </u>	2,000	0	0 0	7.000
		ļ		<u> </u>		0
				ļ		0
	459,800	0	93,000	1		552,800
TOTAL COST (Tangibles & Intangibles)	496.800	0				713,800
EVALUATED COST	496,800					
COMPLETED WELL COST	713,800					

214-715-8371 14-715-8371 214-715-8371 reviewing-like it-budget? 214-715-8371 want to completely sell out-make offer 713-366-3588 talking to Momt	6 P. E	1	Fred Winter LM 214 Randal Wilson 915
-687-8476 -715-8371 -366-3588	•		
-715-8371 -366-3588	11		
-366-3588	117	1	ΓW
		713	
915-687-8476 no decision-won't take us to force pool	<b>~</b>		c
214-715-8371	• • •		Z
214-715-8371		214-	
713-366-3588 verbal OK		713-	
214-715-8371 did he get offer?		Ì	Inter LM
405-749-5282 can they look @	1.71	а Қ	
405-749-5282 no on 3D look		<del>8</del> 7	ø
713-366-3588 update on progress		713-	Jerry West 713-
915-688-0646 wants geol presentation		915-	
505-623-6601 requested cc of T/O-sent		505-	Melissa Randal 505-
214-715-8371			Fred Winter LM 214-
505-748-1471 requested cc of T/O-sent		505-	Robt Bullock 505-
915-688-0646 set up show		915-	Eric Hanson 915-
214-715-8371 no answer fr Mgmt-cb 12/27-may be other bidder	11 T I	214-	
214-715-8371 can we bld loc? response-no	1.7	214-	Fred Winter 214-
405-749-5282 mgmt meets in PM-wcb	12.2	405	Rusty Waters 405-
915-687-8476 wants geol presentation	Y	915	
5-687-8476 scheduling probs	Ψ	915	9
915-688-0646 scheduling probs	$\Psi$	915	
915-687-8476 show & tell	<b>Ψ</b>	915	
915-688-0646 sent letter for commitment	Ψ	915	Eric Hanson 915
915-638-0646 xld show & tel	۳	915	
214-715-8371 bid situation w/ Logro	171	214	
713-366-3588 reviewed situation w/ Oryx	11	713	
915-687-8476 will participate in both wells	Ψ	915	Randal Wilson 915
214-715-8371 no answer	171	214	   
505-748-1471 w/o mgmt-expect to participate	171	202	
214-715-8379 Mgmt decision this PM-sec 36 only-Forrester wcb	17	214	Roy Wolin 214
214-715-8371 wild like to part-want to sell both 40's-geol show?	17	214	Fred Winter 214
915-688-0646 change geol show to 1/4/96-9:30am	Ψ	915	Eric Hanson 915
915-686-5400	ıΨI		Warren Richardson LM 915-
214-715-8371 no decision-rquested cc Marathon commit letter	17.	214	Fred Winter 214
405-749-5268 what are spud dates? w/o your commitment!	17	<b>4</b> 65	John Lennin 405
214-508-3744 responding to loc notice - send T/O	121	214	Jerry Bridgens 214
915-638-0646 confirmed geol show for 1/4	Ψ	915	
214-715-8379 Oryx will not be pushed/know rts under pooling	171	24	
214-715-8371 w/o mgmt	11	214	Fred Winter 214

Dancer	both	Dancer	Dorothy	Dancer	Dorothy	tion Dancer	Dorothy	Dancer	Dancer	Dorothy	Dorothy	Dancer	Dorothy	Dorothy	Dancer	Dancer
w/o mgmt	update	915-688-0640 geol presentation	214-715-4000 req that mgr hlp expediate decision		214-715-8371 will sell-bidding open til 5pm 1/8/96	915-638-0646 Mgmt will review 1/8/96-local rec. participation	214-715-4243 details on delays		915-638-0646 Mgmt will review 1/8/96	405-749-5282 his geol has questions	bid faxed in	915-686-5400 will show to mgmt	505-748-1471 agreed to participate	405-748-2746 discussed reserves-decision soon	915-688-0643 discussed reserves-will join	505-623-6601  processing-w/o mamt
505-623-6601 w/o mgmt	713-366-3588 update	915-688-0640	214-715-4000	505-623-6601	214-715-8371	915-638-0646	214-715-4243	405-749-5282	915-688-0646	405-749-5282	214-715-8379 bid faxed in	915-686-5400	505-748-1471	405-748-2746	915-688-0643	505-623-6601
			L	Z	Z	Ę	R	R								
Melissa Randal	Jerry West	Kitty Chalfant, et al	Jerry Box	LS L	rs L	SI	Tommy Drescher	rs	Eric Hanson	Rusty Waters	Fred Winter	Warren Richardson	Ray Beck	Wayne Roberts	Robert Martin	Melissa Randal
НЕУСО	Amoco	Fina	Oryx	НЕУСО	Oryx	Fina	Oryx	Dreyfus	Fina	Dreyfus	oryx	Conoco	Yates Pet	Dreyfus	Fina	HEYCO
rs	L.S	LS.	DP	Melissa Randel	Fred Winter	Eric Hanson	PP	Rusty Waters	SJ	LS L	LS	LS	ЪР	ЪР	ЧO	S
1/3/96	1/4/96	1/4/96	1/4/96	1/5/96	1/5/96	1/5/96	1/5/96	1/5/96	1/8/96	1/8/96	1/8/96	1/8/96	1/8/96	1/8/96	1/9/96	1/9/96

# BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Case No. <u>11442</u> Exhibit No. <u>5</u>

Submitted by: ARCO Permian a unit of Atlantic Richfield

Hearing Date: January 11, 1996

Page 2

#### BEFORE THE

#### OIL CONSERVATION DIVISION

#### NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF ARCO PERMIAN, A UNIT OF ATLANTIC RICHFIELD, FOR COMPULSORY POOLING AND AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.

CASE NO. 11442

#### <u>AFFIDAVIT</u>

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

William F. Carr, authorized representative of ARCO Permian, a unit of Atlantic Richfield, the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.

William E Chrr

SUBSCRIBED AND SWORN to before me this  $\frac{1}{100}$  day of January, 1996.

	N. Williams	
	Notary Public	
	- · · ·	
My Commission Expires:		

#### EXHIBIT A

Fina Oil and Chemical Company Attn: Ms. Kitty Chalfant Post Office Box 299 Midland, TX 79702

Sharbro Oil Ltd. Co. a New Mexico Ltd. Liability Co. Box 840 Artesia, NM 88210

Yates Energy Corporation Box 2323 Roswell, NM 88201

Marico Exploration, Inc. 207 South Fourth Street Artesia, NM 88210

Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

Louis Dreyfus Gas Holdings, Inc. 14000 Quail Springs Parkway Suite 600 Oklahoma City, OK 73134 Attn: Ms Carol Myers

AFFIDAVIT, Page 2 St. Clair Peyton Yates, Jr., and A. J. Losee, Trustees of the S.P. and Estelle H. Yates 1976 Trust for Jennifer Shannon Yates, The S.P. and Estelle H. Yates 1976 Trust for Mary Beth Yates and The S.P. and Estelle H. Yates 1976 Trust for Peyton William Yates Davis 110 South Fourth Street Artesia, NM 88210

Conoco Inc. Attn: Mr. Warren Richardson 10 Desta Drive West Midland, TX 79705

Cibola Energy Corporation Post Office Box 1668 Albuquerque, NM 87103-1668

St. Clair Peyton Yates, Jr. 110 South Fourth Street Artesia, NM 88210

Richard Martin Yates 105 South Fourth Street Artesia, NM 88210

Harvey E. Yates Company Box 1933 Roswell, NM 88201

Marathon Oil Company Attn: Mr. Randal Wilson Post Office Box 552 Midland, TX 79702-0552 S. P. Yates 105 South Fourth Street Artesia, NM 88210

Sunwest Bank of Albuquerque, N.A. Agent for the Aston Partnership Post Office Box 26900 Albuquerque, NM 87125-6900

Rogers Aston & The First National Bank in Dallas, Co-Trustee of the "C" Trusts under the Will of Bert Aston, deceased Post Office Box 1090 Roswell, NM 88202

Rogers Aston & The First National Bank in Dallas, Co-Trustee of the "C" Trusts under the Will of Bert Aston,dec. Post Office Box 1090 Roswell, NM 88202

Lincoln Aston 2939 Vallejo Street San Francisco, CA 94123

Rogers Aston Post Office Box 1090 Roswell, NM 88202

Earl R. Bruno, Jr. Post Office Box 590 Midland, TX 79702

Bulldog Energy Corporation Post Office Box 668 Artesia, NM 88210

AFFIDAVIT, Page 3 Canyon Investments, Inc. Post Office Box 1999 Midland, TX 79702

Cheedle Caviness & Elizabeth Caviness 7505 Dedrickson Avenue, NE Albuquerque, NM 87131

Ruth Caviness Hatch Charitable Tr. Sunwest Bank of Albuquerque, N.A. Post Office Box 26900 Albuquerque, NM 87125-6900

Cerro Corporation aka Consolidated Coppermines Corp. C. a Delaware corporation c/o Eugene Nearburg 3404 Stratford Ave. Dallas, TX 75205

The First National Bank of Artesia as Trustee for Jean Coleman under the Jean Coleman Trust 303 West Main Street Artesia, NM 88210-2133

Jeannie H. Collins 3500 D Enfield Austin, TX 78703

Conoco, Inc. Attn: Mr. Warren Richardson 10 Desta Drive West, Suite 100W Midland, TX 79705

Ben A. Copass, Jr. Post Office Box 1377 Alpine, TX 79831 Cibola Energy Corporation Post Office Box 1668 Albuquerque, NM 87103-1668

H.M. Drake Post Office Box 65204 Lubbock, TX 79464

Louis Dreyfus Gas Holdings, Inc. 14000 Quail Springs Parkway, #600 Oklahoma City, OK 73134

EM Nominee Partnership Co. a Colorado general partnership Stanford Place III 4582 South Ulster St. Pkw., Suite 1700 Denver, CO 80237

Exxon Company USA Post Office Box 1600 Midland, TX 79702

Fina Oil & Chemical Company Post Office Box 2990 Midland, TX 79702

Walter Grandberry, Jr. 4811 14th Street Lubbock, TX 79416

Judy B. Gurley Oil & Gas Account 2005 Hemlock St. Borger, TX 79007

Hallwood Consolidated Partners, L.P. a Colorado limited Partnership, formerly (Quinoco Consolidated Partners, L.P.) 4582 South Ulster St. Pkw., Suite 1700 Denver, CO 80237

AFFIDAVIT, Page 4 Regents of the University of NM, Carl A. Hatch Professorship of Law & Public Administration Fund 227 Scholes Hall, University, NE Albuquerque, NM 87131

Carl F. Hatch 1616 South Monroe San Angelo, TX 76901

Frank Hatch 5011 F Street Sacramento, CA 95819

Ryan P. Hatch 14140 Saddle River Drive Gaithersburg, MD 20878

Carla Leet-Assaf 3224 Timmons Lane, #168 Houston, TX 77027

Frederika A. Leet 2 Briar Oak Drive Weston, CT 06883

Glen F. Leet, Jr. 2 Briar Oak Drive Weston, CT 06883

Marianne Solt Lewis 31 E. Jackson Rd. Artesia, NM 88210

Marathon Oil Company Post Office Box 552 Midland, TX 79702 Marico Exploration, Inc. 207 South Fourth Street Artesia, NM 88210

Robert A. Marshall Post Office Box 1422 Midland, TX 79702

Mewbourne Oil Company 500 West Texas Avenue Suite 1020 Midland, TX 75111

Nations Bank of Dallas formerly Republic Bank Dallas, N.A. Trustee Under the 1/10/78 Trust Agr. for the Jim & Rose Miller Trust Post Office Box 830270 Dallas, TX 75283-0270

Eugene Nearburg and Gretchen B. Nearburg c/o Nearburg Producing Co. 3300 North A Street, Bldg. 8, #100 Midland, TX 79705

Sharon A. Olsen, Trustee under Declaration of Trust Created by Sharon Aston Olsen dated 7/31/81 Post Office Box 283 South Laguna, CA 92677-0283

Oxy USA, Inc. Post Office Box 50250 Midland, TX 79710 Victoria Hatch Pereira Rua Mauro D'Araujo Ribeiro 485 Jaragua Cibade Abril 05182 Sao Paula, S.P. Brasil

Petco, Inc. c/o Breck Operating Corporation Post Office Box 911 Breckridge, TX 76024-0911

Read & Stevens, Inc. Post Office Box 1518 Roswell, NM 88202

T. T. Sanders, Jr. Post Office Box 550 Roswell, NM 88202

Carlsbad National Bank, Trustee of the Nelle Scheurich Trust 1509 West Pierce Street Carlsbad, NM 88220-4021

Sharbro Oil Ltd., Co. a New Mexico Ltd. Liability Co. Post Office Box 840 Artesia, NM 88210

Henry Shaw Post Office Box 2723 Midland, TX 79702

Walter Solt and Bernice Solt c/o Marianne Solt Lewis 31 E. Jackson Road Artesia, NM 88210

AFFIDAVIT, Page 5 Southland Royalty Company c/o Meridian Oil, Inc. 3300 N. A Street, Bldg. 6 Midland, TX 79705

Sun Operating Ltd. Partnership a Delaware Corp. c/o Oryx Energy Company 13155 Noel Road Dallas, TX 75240-5067

Harriet Hatch Trapani 42 Nubbard Avenue Cambridge, MA 02140

Triple J & B Enterprises 3922 Bach Blvd. Carrolton, TX 75005

Joe A. Warren Estate c/o Eugene E. Nearburg 1608 Lakeway Blvd. Austin, TX 78734

Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

Harvey E. Yates Company Post Office Box 1933 Roswell, NM 88201

Richard Martin Yates c/o Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

AFFIDAVIT, Page 6 S. P. Yates c/o Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

St. Clair Peyton Yates 110 South Fourth Street Artesia, NM 88210

#### CAMPBELL, CARR & BERGE, P.A.

LAWYERS

MICHAEL B CAMPBELL WILLIAM F CARR BRADFORD C. BERGE

MICHAEL H. FELDEWERT TANNIS L. FOX TANYA M. TRUJILO PAUL R. OWEN

> JACK M. CAMPBELL OF COUNSEL

JEFFERSON PLACE SUITE I - 110 NORTH GUADALUPE POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87504-2208 TELEPHONE: (505) 988-4421 TELECOPIER: (505) 983-6043

December 21, 1995

#### CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of ARCO Permian, a unit of Atlantic Richfield, for Compulsory Pooling and an Unorthodox Well Location, Eddy County, New Mexico

Gentlemen:

This letter is to advise you that ARCO Permian, a unit of Atlantic Richfield has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in the E/2 of Section 32, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. ARCO proposes to dedicate the referenced pooled unit to its Dancer 32 State Com #1 Well to be drilled to the Morrow formation at an unorthodox location 1728 feet from the North line and 916 feet from the East line of said Section 32.

This application has been set for hearing before a Division Examiner on January 11, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, 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.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

illian

WILLIAM F. CARR ATTORNEY FOR ARCO PERMIAN, A UNIT OF ATLANTIC RICHFIELD WFC:mlh Enc.

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ł

US Postal Service **Receipt for Certified Mail** Fina Oil and Chemical Company Attn: Ms. Kitty Chalfant Post Office Box 299 Midland, TX 79702

	Fostage	\$
	Certified Fee	
	Special Delivery Fee	
10	Restricted Delivery Fee	
1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom, Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
PS Form 3800, April 1995	Postmark or Date DEC 21 1	995

224

1	s your j	RETU	<u>AN AD</u>	DRE	ESS	co	mp	plete	ed e	on ti	he r	eve	rse	side?
PS Form 3811, December 1994	6. Signature: (Addressee or Agent)	5. Received By: (Print Name)		Midland, TX 79702	Post Office Box 299 $U$		Attn: Mc Kitty Chalfant	Fina Oil and Chemical Company	3. Article Addressed to:	delivered.	■Write "Return Receipt Requested" on the mailpiece below the article number. ■Write "Return Receipt will show to whom the article was delivered and the date	Attach this form to the front of the mailpiece, or on the back if space does not nermit	<ul> <li>Print your name and address on the reverse of this form so that we can return this card to your</li> </ul>	SENDER: Complete items 1 and/or 2 for additional services.
Domestic Return Receipt		8. Addressee's Address (Only if requested and fee is paid)	7. Date of Delivery	archandise 🗌 COD	Express Mail     Insured	Registered Certified	4b. Service Type	7326 431 200 m	{	Consult postmaster for fee.	d the date 2. Restricted Delivery <b>9</b>	1. 🗖 Addressee's Address	extra fee):	I also wish to receive the

US Pound Garvice Receipt for Certified Mail Sharbro Oil Ltd. Co. a New Mexico Ltd. Liability Co. Box 840 Artesia, NM 88210

	l				
	Postage	S			
	Certified Fee				
	Special Delivery Fee				
April 1995	Restricted Delivery Fae				
	Return Receipt Showing to Whom & Date Delivered				
	Return Receipt Showing to Whorn, Date, & Abdressee's Address				
800	TOTAL Postage & Fees	\$			
PS Form 3800	Postmark or Date DEC 21 1995				

ls your <u>RETURN</u>	I ADDRESS comp	eted on the	reverse side?
5. Signature (Addressee) 6. Signature (Agent) 7. Add Control (Agent) 9. Form 3817, December (J991 *u.s. GPO: 1983-352-	a New Mexico Ltd. Liability Co. Box 840 Artesia, NM 88210	Write "Return Receipt Requested" on the mailpiece below the article number     The Return Receipt will show to whom the article was delivered and the date     delivered.     Article Addressed to:     Article Addressed to:     Article Addressed to:	<ul> <li>SENDER:</li> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, and 4a &amp; b.</li> <li>Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>Attach this form to the front of the mailpiece, or on the back if space</li> </ul>
<ul> <li>Addressee's Address (Only if requested k and fee is paid)</li> <li>DOMESTIC RETURN RECEIPT</li> </ul>	for	2. Consult postmaster for fee.	I also wish to receive the following services (for an extra fee): 1.

#### US Postal Service Receipt for Certified Mail

Yates Energy Corporation Box 2323 Roswell, NM 88201

	Postage	\$
PS Form 3800, April 1995	Certified Fee	+ <u></u>
	Special Delivery Fee	
	Restricted Delivery Fee	
	Return Receipt Showing to Whom & Date Delivered	
	Return Receipt Showing to Whom, Date, & Addressec's Address	
	TOTAL Postage & Fees	S
	Postmark or Date DEC 21	1995

ls your	RETURN	ADDRESS	comple	ted	on the reverse side?
6. Signature: (Addressee or Agent) XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	5. Received By: (Print Name)	Box 2525 Roswell, NM 88201	Yates Energy Corporation	3. Article Addressed to:	<ul> <li>SENDER:</li> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, 4a, and 4b.</li> <li>Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>Card to you.</li> <li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>
88202 Domestic Return Receipt	8. Addresse S Address ONU ir requested and fee is paid)	Express Mail     Return Receipt of Wardshadjee, D COD     T. Date of Devery DEC 3	tified	4a. Article Number	I also wish to receive the following services (for an extra fee):         ue can return this         extra fee):         uce does not         1. □         Addressee's Address         cle number.         2. □         Restricted Delivery         Consult postmaster for fee.

#### P 325 931 836 US Postal Service Receipt for Certified Mail

## Marico Exploration, Inc. 207 South Fourth Street Artesia, NM 88210

	Postage	\$				
	Cenified Fee					
	Special Delivery Fee					
	Restricted Delivery Fee					
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Apri	Return Receipt Showing to Whom Date, & Addressee's Accress					
300,	TOTAL Postage & Fees	S				
PE Foirn 3800, April 1995	Postmark of Date DEC 2.1 1995					

2.  Consult postme Consult postme DQC 03 DQC 03 e Type ered ss Mail Receipt for Merchandi	and the date 2. Brestricted Delivery differed at arrited Number Consult postmaster for fee. 4a. Article Number Q3   836 4b. Service Type Centrifier Begistered Express Mail Express Mail Beturn Receipt for Merchandise D COD 7. Date of Delivery 7. Date of Delivery 7. Date of and fee is paid)
3. Article Addressed to:       4a. Article Number         3. Article Addressed to:       4a. Article Number         P 3 0       4b. Service Type         10. 207 South Fourth Street       12. Registered         207 South Fourth Street       12. Return Receipt for         Artesia, NM 88210       7. Date of Delivery	tion, Inc. th Street 3210 3210 eor Agent)
<b>.</b>	Marico Exploration, Inc. 207 South Fourth Street Artesia, NM 88210 6. Feceived By: (Print Name) 6. Signature: (Addressee or Agent)
T. Date of D	207 South Fourth Surce Artesia, NM 88210 6. Feceived By: (Print Name) 6. Signature: (Addressee or Agent)
7. Date of De	6. Pecejved By: (Point Name) 6. Signature: (Addressee or Agent)
	6. Signature: (Addressee or Agent) 6. Signature: (Addressee or Agent)

#### P 326 931 846 US Postal Service Receipt for Certified Mail

r

### Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

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PS Form <b>3800</b> , April 1995	Cartified Fee					
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6. Signature: (Addressee X 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	5. Beceived By: (Print Name)	Artesia, NM 88210	105 South Fourth Street	Vates Petroleum Corporation	Addressed to:	<ul> <li>Write neuron necesity will show to whom the article was delivered and the date a The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>	Anach uns with to the mailpiece below the article number.	card to you.	<ul> <li>Complete items 3, 4a, and 4b.</li> <li>Complete items 3, 4a, and 4b.</li> <li>Complete items 3, 4d, address on the reverse of this form so that we can return this</li> </ul>	SENDER:
Domestic Return Receipt	8. Addressee's Address (Uniy it requested and fee is paid)	25, 2 7 1995	Express Mail     Insured     Insured		4a. Article Number P326931846	Consult postmaster for fee.	2. Restricted Delivery	1.  Addressee's Address	extra fee):	I also wish to receive the following services (for an

# P 336 431 856

US Postal Service **Receipt for Certified Mail** Louis Dreyfus Gas Holdings, Inc. 14000 Quail Springs Parkway Suite 600 Oklahoma City, OK 73134 Attn: Ms Carol Myers

		· · · · · · · · · · · · · · · · · · ·				
	Postage	\$				
	Cartified Fee					
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u.	Restricted Delivery Fee					
Form 3800, April 1995	Return Receipt Showing to Whom & Date Delivered					
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	TOTAL Postage & Fees	\$				
E	Postmark or Date					
PS For	DEC 2 1 7995					
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#### 5. Received By: (Print Name) 3. Article Addressed to: PS Form 3811, December 1994 Suite 600 permit. ■Write '*Return Receipt Requested' on the m*alipiece below the article number. ■The Return Receipt will show to whom the article was delivered and the date Oklahoma City, OK 73134 Louis Dreyfus Gas Holdings, Inc. Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailplece, or on the back if space does not Attn: Ms Carol Myers ENDER: 14000 Quail Springs Parkway delivered. essee or Agent, くでで、 8. Addressee's Address (Only if requested Return Receipt for Merchandise COD 4a, Date of Delivery Express Mail Registered 4b. Service Type 1. Article Number and fee is paid) Domestic Return Receipt Consult postmaster for fee. extra fee) I also wish to receive the following services (for an 2. Restricted Delivery 1. 🛛 Addressee's Address くう ۵ 856 Certified Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

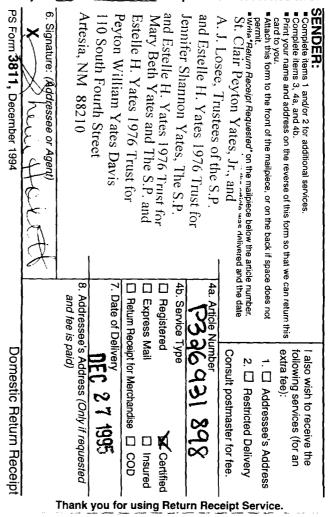
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US Postal Service

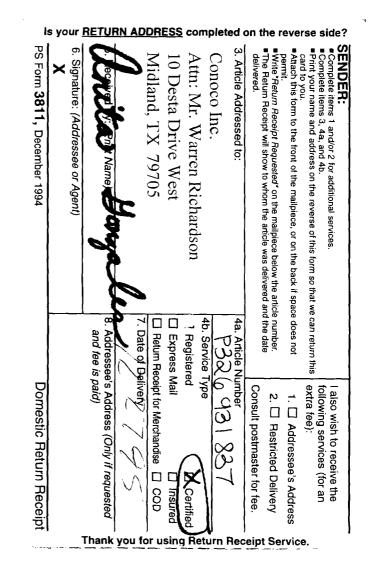
St. Clair Peyton Yates, Jr., and A. J. Losee, Trustees of the S.P. and Estelle H. Yates 1976 Trust for Jennifer Shannon Yates, The S.P. and Estelle H. Yates 1976 Trust for Mary Beth Yates and The S.P. and Estelle H. Yates 1976 Trust for Peyton William Yates Davis 110 South Fourth Street Artesia, NM 88210

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P 326 931 837 US Postal Service **Receipt for Certified Mail** Conoco Inc. Attn: Mr. Warren Richardson 10 Desta Drive West Midland, TX 79705

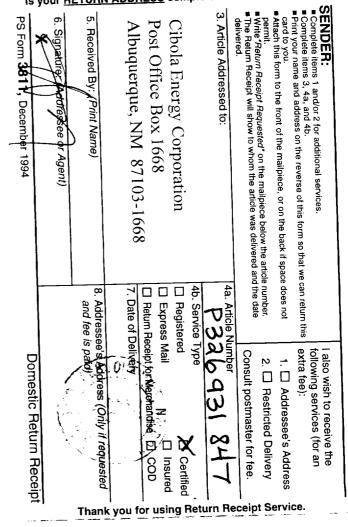
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#### P 326 931 847 US Postal Service Receipt for Certified Mail

#### Cibola Energy Corporation Post Office Box 1668 Albuquerque, NM 87103-1668

		-				
	Postage	\$				
	Certified Fee					
	Special Delivery Fee					
	Restricted Delivery Fee					
1995	Return Receipt Showing to Whom & Date Delivered					
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800,	TOTAL Postage & Fees	\$				
3	Postmark or Date					
PS Form 3800, April 1995	DEC 21 1995					



# Is your <u>RETURN ADDRESS</u> completed on the reverse side?

US Postal Service Receipt for Certified Mail

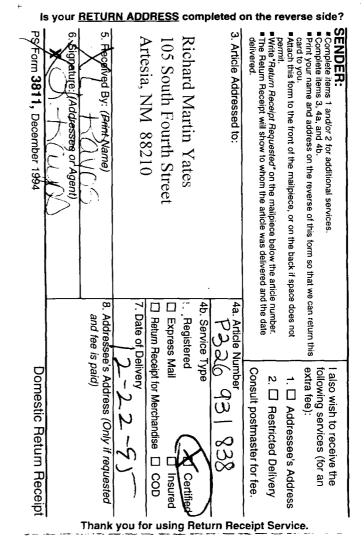
#### St. Clair Peyton Yates, Jr. 110 South Fourth Street Artesia, NM 88210

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#### St. Clair Peyton Yates, Jr. PS Form 3811, December 1994 5. Received By: (Print Name) SENDER: Artesia, NM 88210 110 South Fourth Street 3. Article Addressed to: ●permit. ●Write *Heturn Receipt Requested"* on the mailpiece below the article number. ●The Return Receipt will show to whom the article was delivered and the date card to you. •Attach this form to the front of the mailpiece, or on the back if space does not Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this Signature: Addressee or Agen 244 B. Addressee's Address (Only if requested Registered Korrel Certified Express Mail Insured Return Receipt for Merchandise COD 4a. Article Number アンスト タン 7. Date of Delivery 4b. Service Type and fee is paid) Domestic Return Receipt extra fee): Consult postmaster for fee. I also wish to receive the following services (for an 2. C Restricted Delivery 1. 🔲 Addressee's Address 2 7 1995 857 Thank you for using Return Receipt Service.

#### Is your <u>RETURN ADDRESS</u> completed on the reverse side?



#### 868 16P 326 9



Richard Martin Yates 105 South Fourth Street Artesia, NM 88210

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PS Form 3800, April 1995	DEC 21 1995					
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# US Postal Service Receipt for Certified Mail

Harvey E. Yates Company Box 1933 Roswell, NM 88201

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can return this a does not number. 1 the date 4a. Article N 4b. Service □ Registere □ Express □ Return Re 7. Date of Du / 2 8. Addresse and fee is	I also wish to receive the following services (for an extra fee):         a does not         a number.         a does not         1. <ul> <li>Addressee's Address</li> <li>Consult postmaster for fee.</li> </ul> 4a. Article Number       P3a6 931 848         4b. Service Type       Acrister of the extra feel of Delivery         4b. Service Type       Acrister of the extra feel of Delivery         7. Date of Delivery       I Insured         1.         Addressee's Address (Only if requested and fee is paid)         Domestic Return Receipt       Domestic Return Receipt	6. Signature (Addressee or Agent) X PS Form <b>3811,</b> December 1994	5. Received By: (Print Name)	Koswell, Ntvl 88201	Box 1933	Harvey E. ¥ates Company		3. Article Addressed to:	■Write "Herum Heceipt Heculosited" on the malipiece below the article number. ■ The Retum Receipt will show to whom the article was delivered and the date delivered.	Attach this form to the front of the mailpiece, or on the back if space does not permit.	SENDER: •Complete items 1 and/or 2 for additional services. •Complete items 3, 4a, and 4b. • Print your name and address on the reverse of this form so that we can return this card to you.
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# Is your <u>RETURN ADDRESS</u> completed on the reverse side?

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US Postal Service Receipt for Certified Mail Marathon Oil Company Attn: Mr. Randal Wilson Post Office Box 552 Midland, TX 79702-0552

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April 1995	Return Receipt Showing to Whom & Date Delivered							
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	TOTAL Postage & Fees	\$						
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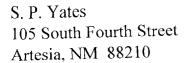
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e does not e does not a number, d the date 4a. Article N P 4b. Service T 4b. Service T 4b. Service T 4 D. Serv	icle Nu vice N	6. Signature: (Addressee or Agent) X PS Form <b>3811</b> , December 1994	5. Received By: (Print Name)		Midland. TX 79702-0552	Attn: Mr. Randal Wilson	3. Article Addressed to: Marathon Oil Company	<ul> <li>Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>	<ul> <li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> </ul>	SENDER: -Complete items 1 and/or 2 for additional services. -Complete items 3, 4a, and 4b. - Print your name and address on the reverse of this form so that we can return this card to your
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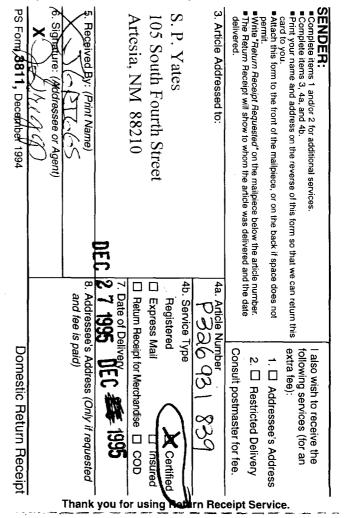
Is your <u>RETURN ADDRESS</u> completed on the reverse side?

#### Is your **RETURN ADDRESS** completed on the reverse side?

#### US Postal Service Receipt for Certified Mail



	Postage	\$
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom. Date, & Addressee's Address	
300,	TOTAL Postage & Fees	\$
PS Form <b>3800</b> , April 1995	Postmark or Date DEC Z 1	1995



# US Postal Service Receipt for Certified Mail

Sunwest Bank of Albuquerque, N.A. Agent for the Aston Partnership Post Office Box 26900 Albuquerque, NM 87125-6900

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Certified Fee	
Special Delivery Fee	
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Raturn Receipt Showing to Whom & Date Delivered	
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ls	your <u>RETU</u>		RESS (	comp	leted	on the r	eve	rse side?
PS Form <b>3811</b> , December 1994	5. Received By: ( <i>Print Name</i> ) 6. Signature: ( <i>Addressee or Agent</i> )	Albuquerque, NM 87125-6900	Agent for the Aston Partnership Post Office Box 26900	Sunwest Bank of Albuquerque, N.A.	3. Article Addressed to:	<ul> <li>Write "<i>Fleturn Receipt Requested</i>" on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>	Attach this form to the front of the mailpiece, or on the back if space does not nermit	SENDER: • Complete items 1 and/or 2 for additional services. • Complete items 3, 4a, and 4b. • Print your name and address on the reverse of this form so that we can return this card to you.
Domestic Return Receipt	8. Addressee's Address (Only if requested and fee is paid)		ail Insured	4b. Service Type	AA. Article Number P3a6931849	a number. 2.  Pestricted Delivery & dihe date Consult postmaster for fee.	1. 🔲 Addressee's Address	I also wish to receive the following services (for an extra fee):

## PPB 16P 35E 9

#### US Postal Service Receipt for Certified Mail

Rogers Aston & The First National Bank in Dallas, Co-Trustee of the "C" Trusts under the Will of Bert Aston,dec. Post Office Box 1090 Roswell, NM 88202

	Postage	s
	Certified Fee	
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, Apri	Return Receipt Showing to Whom Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
ິລິ	Postmark or Date	
PS Form 3800, April 1995	DEC 21	1995
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<b>X</b> <i>U. J. v. Letters 1994</i> PS Form <b>3811</b> , <i>D</i> ecember 1994	6. Signatuxe: (Addressee or Agent)	5. Received By: (Print Name)	AUSWEII, INIVI 00202	Description Box 1090	Dort Office Devi 1000	Trusts under the Will of Deat Aster Jac	Bank in Dallae Co-Trustae of the "O"	Rogers Aston & The First National	3. Article Addressed to:	delivered.	■Write "Return Receipt Requested" on the mailpiece below the article number. ■Write "Return Receipt Requested" on the article was delivered and the date	<ul> <li>Attach this form to the front of the mailpiece, or on the back if space does not nermit</li> </ul>	<ul> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, 4a, and 4b.</li> <li>Print your name and address on the reverse of this form so that we can return this card to you</li> </ul>	SENDER:
Domestic Return Receipt		8. Addressee's Address (Only if requested and fee is paid)	7. Date of Delivery	Return Receipt for Merchandise     COD	Express Mail Insured	Registered Certified Cart	4b. Service Type	P326 931 899		Consult postmaster for fee.	2.  Restricted Delivery	1. 🗆 Addressee's Address	following services (for an extra fee):	I also wish to receive the

Is your <u>RETURN ADDRESS</u> completed on the reverse side?

# 7 P 3 2 6 7 3 1 6 7 7

Rogers Aston & The First National Bank in Dallas, Co-Trustee of the "C" Trusts under the Will of Bert Aston, deceased Post Office Box 1090 Roswell, NM 88202

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ł.	Restricted Delivery Fee	1	-
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PS Form 3811, December 1994	6. Signature: (Addressee or Agent) X ' and and a start of the start	5. Received By: (Print Name)	Roswell, NM 88202	Post Office Box 1090	Bert Aston, deceased	Trusts under the Will of	Bank in Dallas, Co-Trustee of the "C"	Rogers Aston & The First National	3. Article Addressed to:	delivered.	■Write " <i>Return Receipt Requested"</i> on the mailpiece below the article number. ■Write "Return Receipt will show to whom the article was delivered and the date	Attach this form to the front of the mailpiece, or on the back if space does not nemit	Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to your	<ul> <li>Complete items 1 and/or 2 for additional services.</li> </ul>	
Domestic Return Receipt		8. Addressee's Address (Only if requested and fee is paid)	7. Date of Delivery for	r Merchandise 🔲 COD	Express Mail Insured is	Registered Certified R	4b. Service Type	P226421847		Consult postmaster for fee.	2.  Restricted Delivery	1. 🖾 Addressee's Address	extra fee):	I also wish to receive the	

### P 336 931 859

US Postal Service Receipt for Certified Mail

## Lincoln Aston 2939 Vallejo Street San Francisco, CA 94123

	Postage	τ. Υ
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
April 1995	Return Pecelot Showing to Whom & Date Delivered	
-	Heturn Receipt Showing to Whom, Date, & Addressee's Address	
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#### US Postal Service Receipt for Certified Mail

Rogers Aston Post Office Box 1090 Roswell, NM 88202

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom. Date, & Addressee's Address	
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PS'Forrfi 3811, December 1994 5. Received By: (Print Name) 3. Article Addressed to: Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date card to you. Attach this form to the front of the mailpiece, or on the back if space does not ENDER: Roswell, NM 88202 Post Office Box 1090 Rogers Aston delivered. Signature: (Addressee or Agent) Print your name and address on the reverse of this form so that we can return this Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. W Lan Express Mai 4b. Service Type 4a. Article Number and fee is they Addresse Registered 88201 693 extra fee): Consult postmaster for fee. I also wish to receive the following services (for an iemestic Return Receipt 2. C Restricted Delivery 1. Addressee's Address D) SSB. andise 840 hly if requested ð Insured Certified Thank you for using Return Receipt Service.

Is your <u>RETURN ADDRESS</u> completed on the reverse side?

# P 326 931 eSO

## US Postal Service Receipt for Certified Mail

Earl R. Bruno, Jr. Post Office Box 590 Midland, TX 79702

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	Special Delivery Fee	
	Restricted Delivery Fee	1
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800	TOTAL Postage & Fees	\$
s.	Postmark or Date	
PS Form 3800,	DEU 211	335
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6. Signature: (Addressee or Agent) X ((),	5. Received By: (Print Name)		Post Ullice Dox Joo	$\mathbf{D}$ and $\mathbf{M}$ . $\mathbf{D}$ and $\mathbf{M}$ .	Earl P Bruno Ir	3. Article Addressed to:	delivered.	Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date	Attach this form to the front of the mailpiece, or on the back if space does not nermit	<ul> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, 4a, and 4b.</li> <li>Print your name and address on the reverse of this form so that we can return this form so that we can return the card to your.</li> </ul>	SENDER:
Domestic Return Receipt	be	7. Data of Delivery	ed	Registered     Registered     Certified     G		4a. Article Number P326 931 850 B	Consult postmaster for fee.	2. C Restricted Delivery	1.  Addressee's Address	following services (for an extra fee):	I also wish to receive the

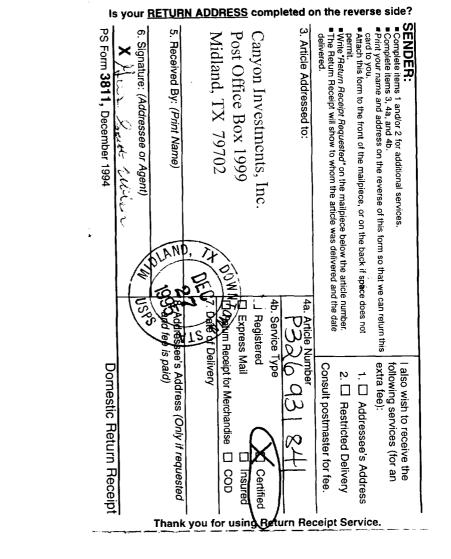
### 048 LEP 45E 9

### US Postal Service Receipt for Certified Mail

## Bulldog Energy Corporation Post Office Box 668 Artesia, NM 88210

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
.0	Restricted Delivery Fee	
1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom, Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
PS Form 3800, April 1995	Postmark or Date	1 395

la vour BF	TURN	ADDRESS completed on the reverse side?	
B PS Form 3811, December 1994	5. Received By: (Print Name)	SENDER:         • Complete items 1 and/or 2 for additional services.         • Complete items 3, 4a, and 4b.         • Complete items and address on the reverse of this form so that we can return this comto your name and address on the mailpiece, or on the back if space does not card to you.         • Print your name and address on the reverse of this form so that we can return this form to the front of the mailpiece, or on the back if space does not card to you.         • Print your name and address on the mailpiece, or on the back if space does not card to you.         • Print your name and address on the mailpiece below the article number.         • Print your name and address on the mailpiece below the article number.         • Print your name and address on the mailpiece below the article number.         • Print your name and address on the mailpiece below the article number.         • Print your name and address on the mailpiece below the article number.         • Print Peturn Receipt Will show to whom the article was delivered and the date delivered.         • The Return Receipt Will show to whom the article was delivered and the date delivered.         • Bulldog Energy Corporation       4a. Article for the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Register of the Re	
Domestic Return Receipt	and fee is paid)	an return this       I also wish to receive the following services (for an extra fee):         does not       1. □         he date       1. □         Addressee's Address         vinumber.       2. □         Restricted Delivery         inhe date       Consult postmaster for fee.         4a. Anticle Number       Address         4b. Service Type       Accentified         □       Registered         □       Insured         □       Return Receipt for Merchandise         □       COD         7. Date of Delivery       -         0       Delivery         0       Return Receipt for Merchandise         0       COD         0       Note of Delivery	



### P 326 931 941 US Postal Service Receipt for Certified Mail

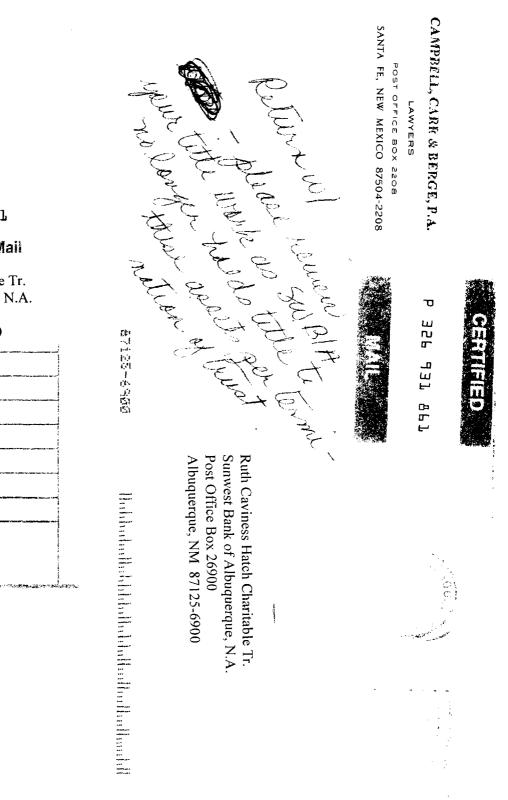
Canyon Investments, Inc. Post Office Box 1999 Midland, TX 79702

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom Date, & Addressee's Address	
800,	TOTAL Postage & Fees	S
PS Form <b>3800</b> , April 1995	Postmark or Date DEC 2.1 19	95

## US Postai Service **Receipt for Certified Mail** Cheedle Caviness & Elizabeth Caviness 7505 Dedrickson Avenue, NE Albuquerque, NM 87131

	Postage	\$
:	Certified Fee	
i	Special Delivery Fee	
	Restricted Delivery Fee	
PS Form 3800, April 1995	Return Receipt Showing to Whom & Date Delivered	
	Return Receipt Showing to Whom. Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
3	Postmark or Date	
PS Form	DEC 21	1995

SENDER:       1 also wish to receive the complete time i and/or 2 for additional services.         • Complete times 3, 4a, and 4b.       • additional services.         • Complete times 3, 4a, and 4b.       • additional services.         • Third your name and address on the reverse of this form so that we can return this form to the form of the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the back if space does not the malpiece, or on the malpiece, or on the back if space does not the date of addressed to:       1 also wish to receive the fortal back of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the date of the d	ervice.	Thank you for using Return Receipt Service.			
<ul> <li>SENDER:</li> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, 4a, and 4b.</li> <li>Print your name and address on the reverse of this form so that we card byou.</li> <li>Attach this form to the front of the malipiece, or on the back if space therm free the malipiece below the article was delivered and delivered.</li> <li>Article Addressed to:</li> <li>Cheedle Caviness &amp; Elizabeth Caviness &amp; Elizabeth Caviness &amp; Flizabeth Caviness &amp; 7505 Dedrickson Avenue, NE Albuquerque, NM 87131</li> <li>Freesived By: (Print Name)</li> <li>Signature: (Addressee or Agent)</li> <li>Signature: (Addressee or Agent)</li> <li>Sterm 3811. December 1994</li> </ul>	<u> </u>	Lumber Type ed Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail Mail	Domestic Return Receipt		
	so that we can return this ck if space does not the article number. livered and the date	4a. Article N 4b. Service Express Date of D 7 Date of D 8. Addresse and fee is			
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#### P 326 931 861 US Postal Service Receipt for Certified Mail

Ruth Caviness Hatch Charitable Tr. Sunwest Bank of Albuquerque, N.A. Post Office Box 26900 Albuquerque, NM 87125-6900

2/2	Postage	\$
	Certified Fes	
	Special Delivery Fee	
	Restricted Delivery Fee	
3693 1093	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom, Date, & Andressee's Address	
300	TOTAL Fostage & Fees	\$
+0 Long 3800	Postmerk of Date	1995

US Postal Service Descript for Cortified Mail Cerro Corporation aka Consolidated Coppermines Corp. C. a Delaware corporation c/o Eugene Nearburg 3404 Stratford Ave. Dallas, TX 75205

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fae	
Form 3800, April 1995	Return Receipt Showing to Whom & Date Delivered	
ÅĻrii	Return Receipt Showing to Whom. Date: & Addressee's Address	
800	TOTAL Postage & Fees	\$
3	Pristmark or Date	
E on	DEC 21	l 19 <b>95</b>
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## 6 356 431 415

The First National Bank of Artesia as Trustee for Jean Coleman under the Jean Coleman Trust 303 West Main Street Artesia, NM 88210-2133

	¤ostage	\$
	Centified Fee	
	Special Delivery Fee	
	Pesincted Delivery Fee	
1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom Date, & Addressee's Address	
00	TOTAL Postage & Fees	\$
ps Form <b>3800</b> , April 1995		1995
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6. Signature: (Addressee or Agent) X //(02 X - X 01/1/) V - L PS Form <b>38/11</b> , December 1994	5. Received By: (Print Name)	Metesia, NM 88210-2133	<b>fhe</b> Jean Coleman Trust 503 West Main Street	3. Anticle Addressed to: The First National Bank of Artesia M Trustee for Jean Coleman under	<ul> <li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>Write '<i>Return Receipt Requested</i>' on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>	SENDER: -Complete items 1 and/or 2 for additional services. -Complete items 3, 44, and 4b. -Print your name and address on the reverse of this form so that we can return this card to you.
Domestic Return Receipt	8. Addressee's Address (Only if requested and fee is paid)	7. Date of Delivery	Registered     Kcertified     Lagress Mail     Insured	4a. Article Numper P3a6931918	te number. 2. Consult postmaster for fee.	e J
•	Thank	you for u		1	 ceipt Servi	ce.

is your <u>RETURN ADDRESS</u> completed on the reverse side?

## P 356 431 855

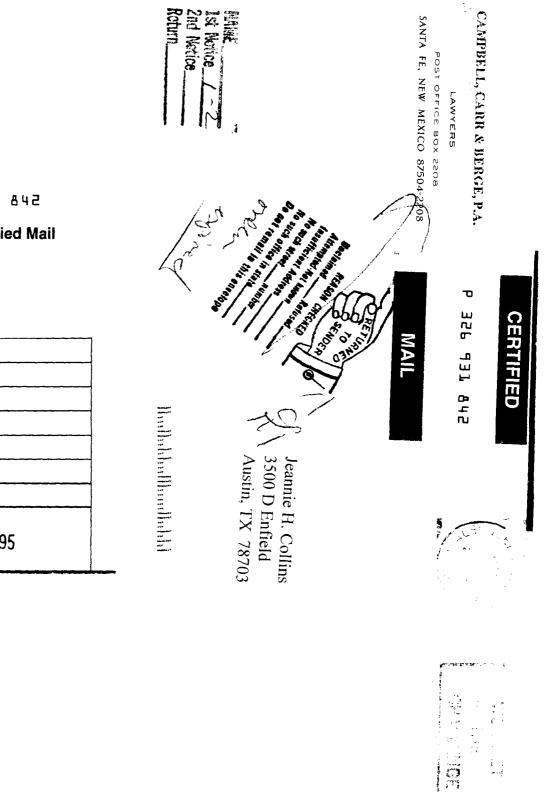
UD Postal Service Receips for Certified Mail

Conoco, Inc.

Attn: Mr. Warren Richardson 10 Desta Drive West, Suite 100W Midland, TX 79705

	Postuge	5
	Contilled Fee	1
	Special Delivery Fee	
10	Restricted Delivery Fee	
April 1995	Return Receipt Showing to Whom & Date Delivered	
. Apri	Return Receipt Showing to Whom, Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
orrn 3	Postmark or Date	
PS Form 3800	DEC 21 199	15

Is your <u>RETURN ADDRESS</u> completed on the reverse side? PS Form 3811, December 1994 6. Signature: (Addressee or Agent, 5. Received By: (Print Name) Article Addressed to: ■Write *'Return Receipt Requested*" on the mailpiece below the article number. ■The Return Receipt will show to whom the article was delivered and the date ENDER: Midland, TX 79705 Attn: Mr. Warren Richardson 10 Desta Drive West, Suite 100W Conoco, Inc. delivered. card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit Print your name and address on the reverse of this form so that we can return this Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. 8. Addressee's Address (Only if requested 4b. Service Type □ Return Receipt for Merchandise □ COD Express Mail Registered 4a. Date of Delivery and fee is paid) P3260 **Domestic Return Receipt** extra fee): Consult postmaster for fee. I also wish to receive the following services (for an 2. C Restricted Delivery 1. 🔲 Addressee's Address as 852 1 Insured Certified Thank you for using Return Receipt Service.



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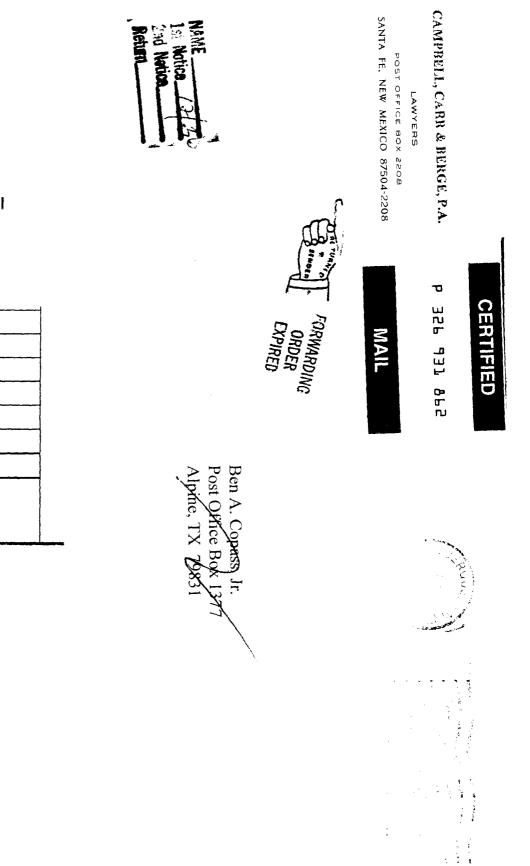
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326 931 842 Ρ US Postal Service Receipt for Certified Mail

Jeannie H. Collins 3500 D Enfield Austin, TX 78703

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
10	Restricted Delivery Fee	
April 1995	Return Receipt Showing to Whom & Date Delivered	
	Return Receipt Showing to Whom, Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
E 3	Postmark or Date	
PS Form <b>3800</b> ,	DEC 21	1995



P 326 931 662 US Postal Service Receipt for Certified Mail

Ben A. Copass, Jr. Post Office Box 1377 Alpine, TX 79831

,	Postage	\$
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom, Date, & Addressee's Address	
800,	TOTAL Postage & Fees	\$
PS Form 3800, April 1995	Postmark or Date DEC 21 1	995

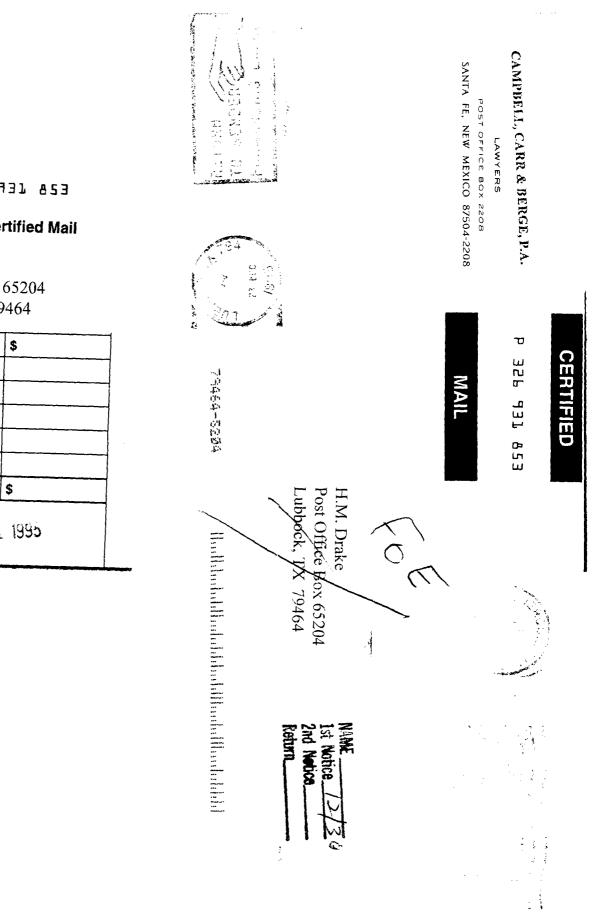
#### Is your **RETURN ADDRESS** completed on the reverse side? PS Form 3811, Degember 1994 5. Received By: (Print Name, 3. Article Addressed to: SENDER: ■ Write *Heturn Receipt Requested*" on the mailpiece below the article number. ■ Write Return Receipt will show to whom the article was delivered and the date Post Office Box 1668 Albuquerque, NM 87103-1668 Attach this form to the front of the mailpiece, or on the back if space does not Print your name and address on the reverse of this form so that we can return this Cibola Energy Corporation delivered. card to you. Complete items 1 and/or 2 for additional services Complete items 3, 4a, and 4b. vor Agent) 8. Addressee's Address (Only if requested and fee is pa(d) Express Mail Return Receipt for Merchandise 4b. Service Type 4a. Article Number P 326 93 7. Date of Delivery [ Registered I also wish to receive the tollowing services (for an extra fee): Domestic Return Receipt Consult postmaster for fee 2. C Restricted Delivery 1. 🔲 Addressee's Address C + 8 $\geq$ X COD Insured Certified Thank you for using Return Receipt Service.

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#### US Postal Service Receipt for Certified Mail

## Cibola Energy Corporation Post Office Box 1668 Albuquerque, NM 87103-1668

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
10	Restricted Delivery Fee	
April 1995	Return Receipt Showing to Whern & Date Delivered	
Aprii	Return Receipt Showing to Whom Date, & Accressee's Address	
Form <b>3800</b> ,	TOTAL Postage & Fees	\$
т 3	Postmark or Date	
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#### ρ 326 931 853

US Postal Service Receipt for Certified Mail

## H.M. Drake Post Office Box 65204 Lubbock, TX 79464

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
ы	Restricted Delivery Fee	
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, Apri	Return Receipt Showing to Whom, Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
PS Form <b>3800</b> ,	Postmark or Date	
PS F	DEC 21	1995

## 648 1EP 45E 9

US Postal Service Receipt for Certified Mail

Louis Dreyfus Gas Holdings, Inc. 14000 Quail Springs Parkway, #600 Oklahoma City, OK 73134

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
April 1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
õ	Postmark or Date	
PS Form 3800	<b>DEC 2</b> 1	1395
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PS Form 3811, December 1994	6. Signatura: (Addressee or Agent) X /// / / / / / / / / / /	5. Received By: (Print Name)			Oklahoma City OK 73134	14000 Ouail Springs Parkway, #600	Louis Drevfus Gas Holdings, Inc.		3. Article Addressed to:		■Write "Return Receipt Requested" on the mailpiece below the article number ■Write Teturn Receipt will show to whom the article was delivered and the date	Attach this form to the front of the mailpiece, or on the back if space does not nermit	<ul> <li>Complete nerves or, eq. and etc.</li> <li>Print your name and address on the reverse of this form so that we can return this card to you</li> </ul>	Complete items 1 and/or 2 for additional services.	SENDER:
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Is your <u>RETURN ADDRESS</u> completed on the reverse side?

## P 326 731 414

## US Postal Service Receipt for Certified Mail

EM Nominee Partnership Co. a Colorado general partnership Stanford Place III 4582 South Ulster St. Pkw., Suite 1700 Denver, CO 80237

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#### PS Form 3811, December 1994 Ģ SENDER: a.Colorado general partnership 4582 South Ulster St. Pkw., Suite 1700 Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered. Denver, CO 80237 Stanford Place III EM Nominee Partnership Co. Attach this form to the front of the mailpiece, or on the back if space does not card to you. Article Addressed to: Derm Print your name and address on the reverse of this form so that we can return this Received By: (Print Name) Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Signature: (Addressee or Agent) 1 4a. Article Number 8. Addressee's Address (Only if requested 7. Date of Darry of Activ Règistered Korres Mail Return Receipt for Merchandise COD 4b. Service Type and fee is paid) **Domestic Return Receipt** extra fee): Consult postmaster for fee. I also wish to receive the following services (for an 2. Restricted Delivery 1. Addressee's Address Ű Ø Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

#### US Postal Service Receipt for Certified Mail

## Exxon Company USA Post Office Box 1600 Midland, TX 79702

	Postage	\$
	Certified Fee	
	Special Delivery Fee	· · ·
10	Restricted Delivery Fee	
1998	Return Receipt Showing to Whom & Date Delivered	
, Apri	Asturn Receipt Showing to Whom, Date & Addressee's Address	
800	TOTAL Postage & Fees	\$
PS Form <b>3800</b> , April 1995	Posimark of Date	995

SENDER: •Complete items 1 and/or 2 for additional services. •Complete items 3, 4a, and 4b. PS Form 3811, December 1994 5. Received By: (Print Name) permit
Write "Return Receipt Requested" on the mailpiece below the article number.
The Return Receipt will show to whom the article was delivered and the date delivered. Article Addressed to: card to you. Attrach this form to the front of the mailpiece, or on the back if space does not Midland, TX 79702 Post Office Box 1600 Exxon Company USA Print your name and address on the reverse of this form so that we can return this Signature: dressee or Agent) 8. Addressee's Address (Only if requested and fee is paid) 7. Date of Delivery Return Receipt for Merchandise 46 Express Mail 4a. Article Number . Service Type Registered PZa Domestic Return Receipt I also wish to receive the following services (for an extra fee): Consult postmaster for fee. 2. C Restricted Delivery 1. 🔲 Addressee's Address 148 7 Certified 00 D Insured Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

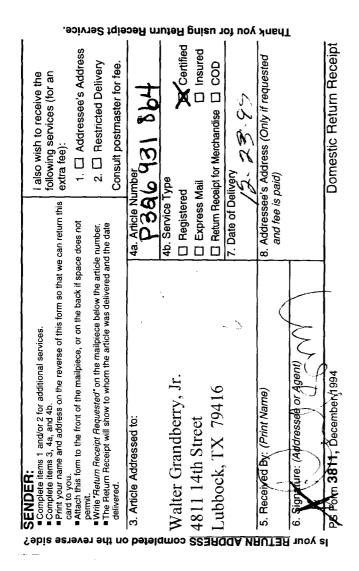
US Postal Service Receipt for Certified Mail

Fina Oil & Chemical Company Post Office Box 2990 Midland, TX 79702

	Postage	\$
	Certified Fea	
	Special Delivery Fee	
10	Bestricted Delivery Fee	
April 1995	Fierum: Heceipt Errowing to Whom & Date Derivered	
April	Poturn Receipt Showing to Whom, Date, & Addressee's Address	
800	TOTAL Postage & Fees	\$
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ls your	RETURN A	DDRESS comp	leted o	on the r	everse side?
6. Signature: (Addressee or Agent) X PS Form <b>3871</b> , December 1994	5. Received By: (Print Name)	Fina Oil & Chemical Company Post Office Box 2990 Midland, TX 79702	3. Article Addressed to:	<ul> <li>Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>	SENDER: -Complete items 1 and/or 2 for additional services. -Complete items 3, 4a, and 4b. - Print your name and address on the reverse of this form so that we can return this card to you. - Attach this form to the front of the mailpiece, or on the back if space does not - armit
Domestic Return Receipt	ss (Only if requested	4b. Service Type       Certified Registered         Registered       Certified Registered         Express Mail       Insured         Return Receipt for Merchandise       COD         7. Date of Delivery C       for the code	42. Article Number 931 854	2.  Restricted Delivery Consult postmaster for fee.	e can return this e toes not 2. does not

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## US Postal Service Receipt for Certified Mail

## Walter Grandberry, Jr. 4811 14th Street Lubbock, TX 79416

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### US Fostal Service Receipt for Certified Mail

Judy B. Gurley Oil & Gas Account 2005 Hemlock St. Borger, TX 79007

	Postage	\$
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
April 1995	Return Receipt Showing to Whom & Date Delivered	
April	Return Receipt Showing to Whom, Date, & Addressee's Address	
300,	TOTAL Postage & Fees	\$
PS Form <b>3800</b> ,	Postmark or Date	1995
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US Postal Service

### **Receipt for Certified Mail**

Hallwood Consolidated Partners, L.P. a Colorado limited Partnership, formerly (Quinoco Consolidated Partners, L.P.) 4582 South Ulster St. Pkw., Suite 1700 Denver, CO 80237

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	Certified Fee							
	Special Delivery Fee							
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### 616 156 931 913

#### US Postal Service

**Receipt for Certified Mail** Regents of the University of NM, Carl A. Hatch Professorship of Law & Public Administration Fund 227 Scholes Hall, University, NE Albuquerque, NM 87131

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800	TOTAL Postage & Fees	\$
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R       5. Signature (Addressee)       8. Addressee's Ad         H       Lutatic (R, Haller)       and fee is paid)         B       Signature (Agent)       9         PS Form 3811, December 1991       xu.s. GPO: 1983-352-714       DOMESTIC	Carl F. Hatch 1616 South Monroe San Angelo, TX 76901	<ul> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, and 4a &amp; b.</li> <li>Print your name and address on the reverse of this form so that we can following</li> <li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date Consult p delivered.</li> <li>Article Addressed to:</li> </ul>
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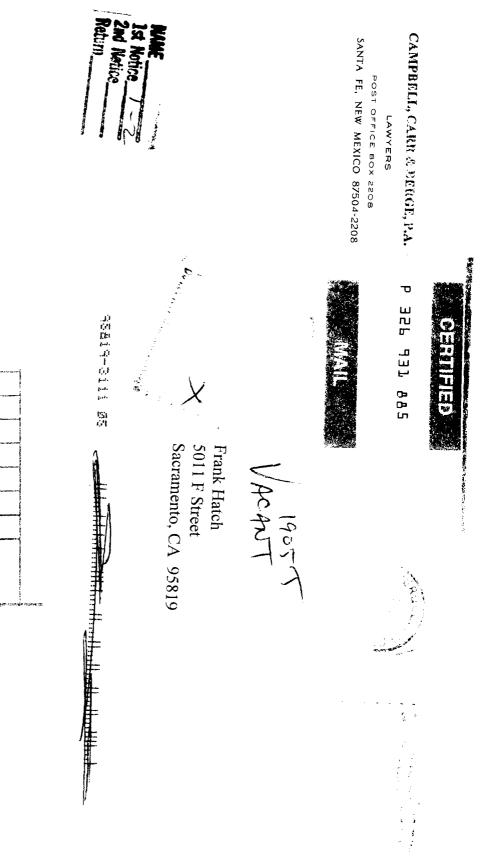
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US Postal Service Receipt for Certified Mail

Carl F. Hatch 1616 South Monroe San Angelo, TX 76901

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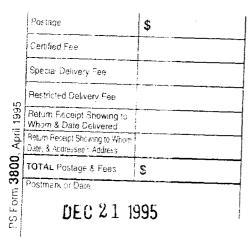
Frank Hatch 5011 F Street Sacramento, CA 95819

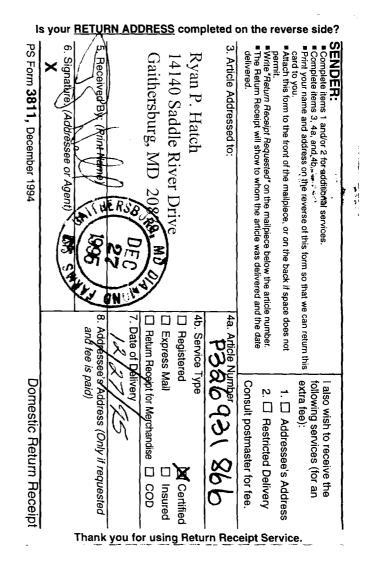
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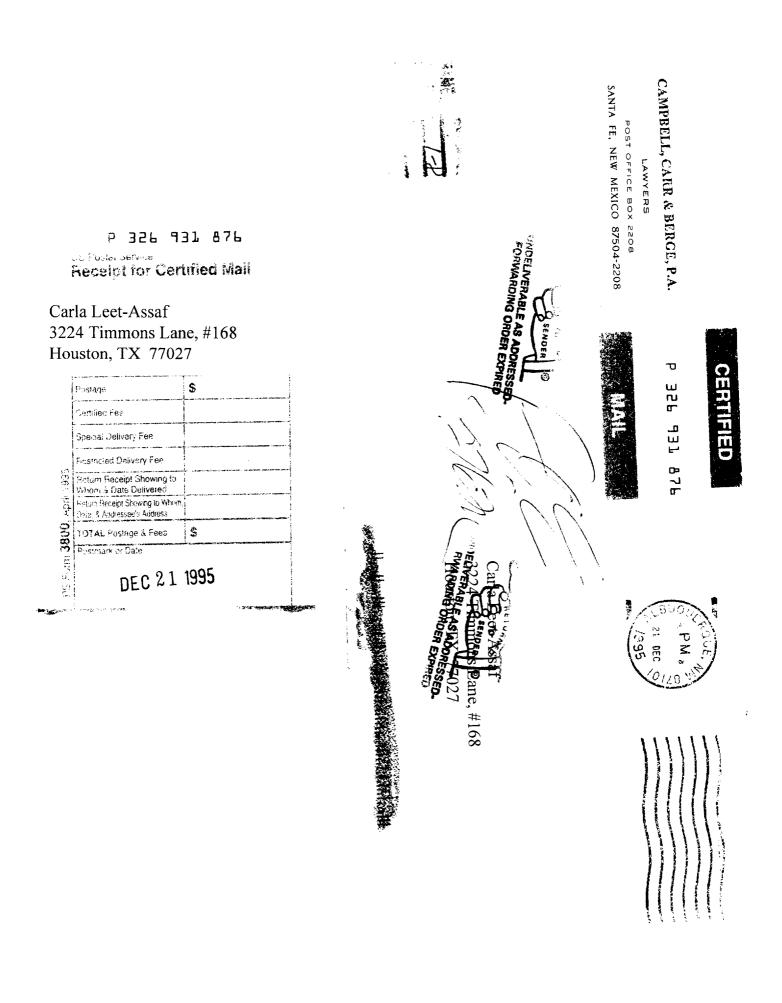
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### P 326 931 866 US Postai Service Receipt for Certified Mail

## Ryan P. Hatch 14140 Saddle River Drive Gaithersburg, MD 20878

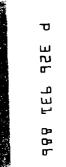






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CAMPBELL, CARR & BERGE, P.A. LAWYERS POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87504-2208



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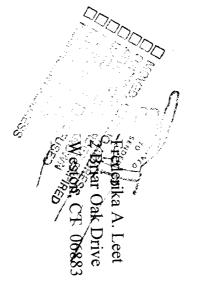
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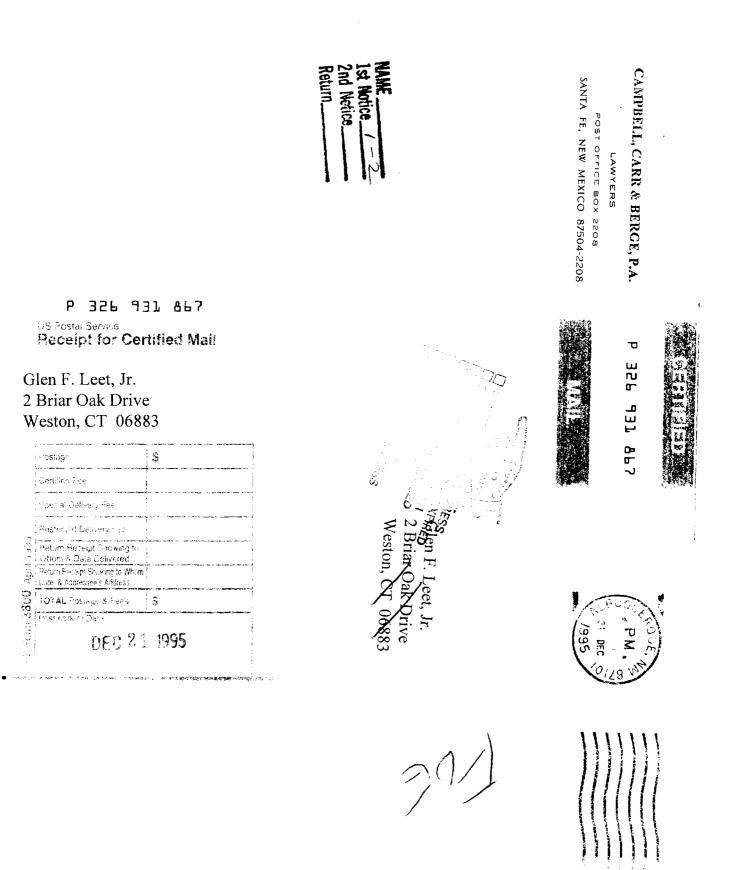
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US Postal Service Receipt for Certified Mail

Marianne Solt Lewis 31 E. Jackson Rd. Artesia, NM 88210

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US Postal Service Receipt for Certified Mail

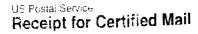
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#### Is your **RETURN ADDRESS** completed on the reverse side? PS Forfo/3811, Decérhijér 1994 SENDER: 3. Article Addressed to: ■Write\**Return Receipt Requested*\* on the mailpiece below the article number. ■The Return Receipt will show to whom the article was delivered and the date Artesia, NM 88210 207 South Fourth Street Marico Exploration, Inc. delivered. card to you Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. permit Attach this form to the front of the mailpiece, or on the back if space does not Print your name and address on the reverse of this form so that we can return this nature Š Print Name) essee or Agent) ) ( 8. Addressee's Address (Only if reque Date of Delivery □ Return Receipt for Merchandise □ COD Registered 4b. Service Type **4**a Express Mail and fee is paid) Article Number P3a6931 EC Domestic Return Receipt extra fee): Consult postmaster for fee. following services (for an also wish to receive the 2. Restricted Delivery 1. 🔲 Addressee's Address 1995 DEC 8981 Certified Thank you for using Return Receipt Service.

## P 326 931 868



Marico Exploration, Inc. 207 South Fourth Street Artesia, NM 88210

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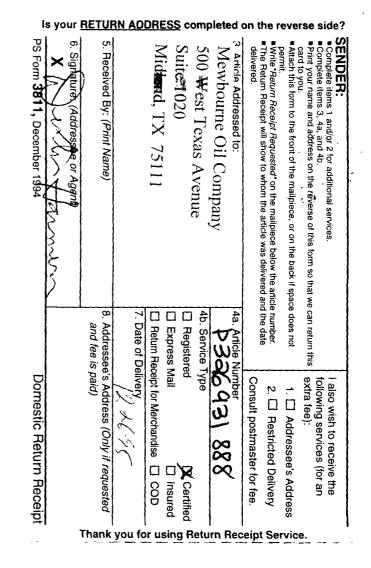
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US Postal Service Receipt for Certified Mail

Robert A. Marshall Post Office Box 1422 Midland, TX 79702

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rs rorm <b>30 i i</b> , December 1994	6. Signature: (Addressee or Agent) X / Con / L & E(	nevelved by: (Print Name)		Midland, TX 79702	Post Uffice Box 1422		Rohert A Manakall	•	പ	The Return Receipt will show to whom the article was delivered and the date delivered.	Permit: A second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second	Event your name and address on the reverse of this form so that we can return this card to you. Affach this form to the fract of the reverse of this form so that we can return this	<ul> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, 4a, and 4b.</li> </ul>	SENDER:
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As Postal Service **Receipt for Certified Mail** Mewbourne Oil Company 500 West Texas Avenue Suite 1020 Midland, TX 75111

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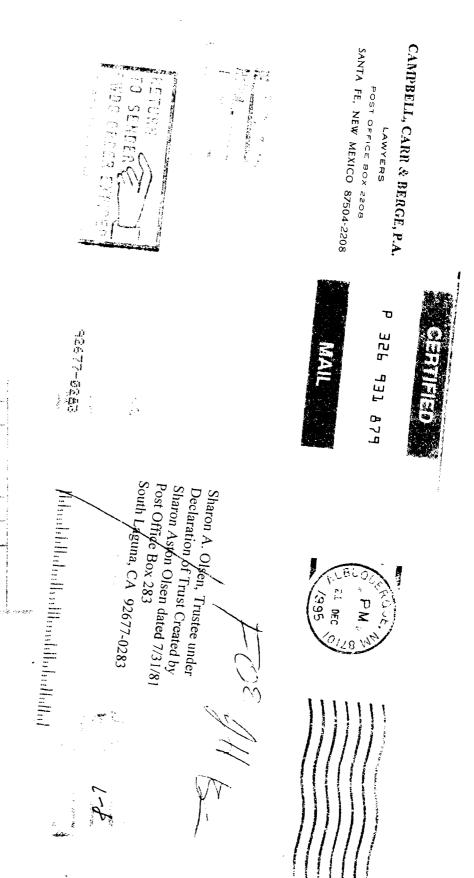
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#### P 326 931 915

US Postal Service Passing for Cartified Mail Nations Bank of Dallas formerly Republic Bank Dallas, N.A. Trustee Under the 1/10/78 Trust Agr. for the Jim & Rose Miller Trust Post Office Box 830270 Dallas, TX 75283-0270

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<ul> <li>B. Signature: (Addressee or Agent)</li> <li>X CHR IS JETER</li> <li>PS Form 3811, December 1994</li> </ul>	5. Received By: (Print Name)	Dallas, TX 75283-0270	for the Jim & Rose Miller Trust Post Office Box 830270	Trustee Under the 1/10/78 Trust Agr.	A Article Addressed to: Nations Bank of Dallas formerly Republic Bank Dallas, N.A.	<ul> <li>SENDER:</li> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3. 4a, and 4b.</li> <li>Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>Write '<i>Heturn Receipt Requested</i>' on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>
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## P 326 931 879

US Podal Service Receipt for Certified Mail Sharon A. Olsen, Trustee under Declaration of Trust Created by Sharon Aston Olsen dated 7/31/81 Post Office Box 283 South Laguna, CA 92677-0283

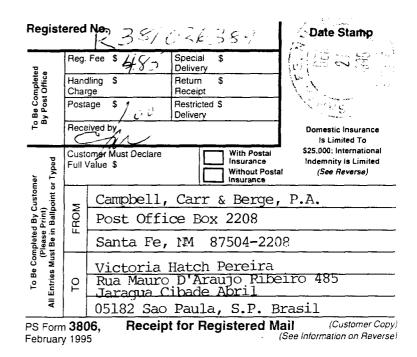
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### P 336 931 889

US Postal Service Receipt for Certified Mail

Oxy USA, Inc. Post Office Box 50250 Midland, TX 79710

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PS Form 3800. April 1995	Postmark of Date DEC 21	1995



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## P 326 931 870

US Postal Service Receipt for Certified Mail

Petco, Inc.

c/o Breck Operating Corporation Post Office Box 911 Breckridge, TX 76024-0911

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00	TOTAL Postage & Fees	\$
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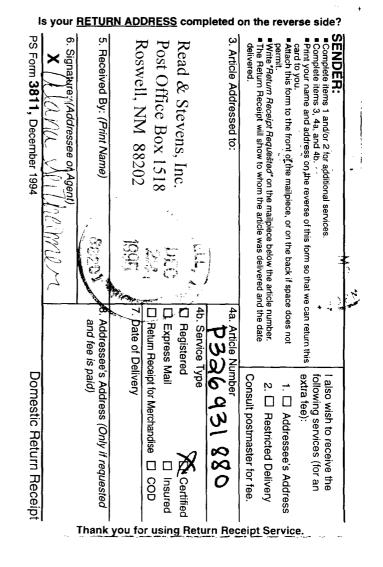
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PS Form <b>3811</b> , December 1994	6. Signature: (Addressee)or Agenti X Hug Why	5. Received By: (Print Name)		Breckridge, TX 76024-0911	Post Office Box 911	VU DIECK Operating Corporation	a/a Dunali Constituti G	Petco, Inc.	3. Article Addressed to:	delivered.	<ul> <li>Write 'Return Receipt Requested' on the mailpiece below the article number.</li> <li>Write 'Return Receipt will show to whom the article was delivered and the date</li> </ul>	Attach this form to the front of the mailpiece, or on the back if space does not normit	Complete items 3, 4a, and 40. Print your name and address on the reverse of this form so that we can return this card to your	•Complete items 1 and/or 2 for additional services.
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#### US Postal Service Receipt for Certified Mail

Read & Stevens, Inc. Post Office Box 1518 Roswell, NM 88202

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# P 326 931 890

## US Postal Service Receipt for Certified Mail

# T. T. Sanders, Jr. Post Office Box 550 Roswell, NM 88202

Ĩ	Postage	\$
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	Restricted Delivery Fee	
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300,	TOTAL Postage & Fees	\$
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6. Signature (Addressee or Agent) X/UUUUUU PS Form 3811, December 1994	5. Received By: (Print Name)	Roswell, NM 88202	Post Office Box 550	T. T. Sanders, Jr.	3. Article Addressed to:	<ul> <li>Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>	Attach this form to the front of the mailpiece, or on the back if space does not permit.	SENDER: •Complete items 1 and/or 2 for additional services. •Complete items 3, 4a, and 4b. •Print your name and address on the reverse of this form so that we can return this card to you.
Domestic Return Receipt	8. Addressee's Address (Only if requested and fee is paid)	7. Date of Delivery	ed	Certified	4a. Article Number P3a6931 890	2.  Consult postmaster for fee.	1.  Addressee's Address	I also wish to receive the following services (for an extra fee):

Is your <u>RETURN ADDRESS</u> completed on the reverse side?

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#### PS Form 3811, December 1994 SENDER: Article Addressed to: Carlsbad National Bank, Trustee of the Nelle Scheurich Trust Carlsbad, NM 88220-402 card to you. Attach this form to the front of the mailpiece, or on the back if space does not **1509 West Pierce Street** Write '*Return Receipt Requested*' on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this delivered. Dermin Signaturex pceived By: (Print Address á 8. Addressee's Address (Only if requested and fee is paid) Express May Registered 4b. 4a. Date of Delivery Return Receipt for Mar Service 1 Domestic Return Receipt extra fee): Consult postmaster for fee. l also wish to receive the following services (for an 2. C Restricted Delivery 1. 🔲 Addressee's Address 1 Insured Certified 00 D Thank you for using Return Receipt Service.

#### P 326 931 671 US Postal Service Receipt for Certified Mail

Carlsbad National Bank, Trustee of the Nelle Scheurich Trust 1509 West Pierce Street Carlsbad, NM 88220-4021

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	Special Delivery Fee	
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Is your RETURN ADDRESS completed on the reverse side?

#### P 326 931 661 US Postal Service Receipt for Certified Mail

Sharbro Oil Ltd., Co. a New Mexico Ltd. Liability Co. Post Office Box 840

Artesia, NM 88210

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PS Form 3800, April 1995	Postmark or Date DEC ん	1 1995

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6. Signature: (Addressee of Agent) X SH & Control of Agent) PS Form <b>3811</b> , December 1994	Post Office Box 2723 Midland, TX 79702 5. Received By: (Print Name)	SENDER: Scomplete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not card to you. Attach this form to the front of the mailpiece below the article number. Permit. Write 'Return Receipt Reguested' on the mailpiece below the article number. Write 'Return Receipt Will show to whom the article was delivered and the date the Return Receipt will show to whom the article was delivered and the date Hentry ShaW
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P 325 431 691 US Postal Service Receipt for Certified Mail

Henry Shaw Post Office Box 2723 Midland, TX 79702

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#### Is your RETURN ADDRESS completed on the reverse side? PS Form 3811, December 1994 ģ 3. Article Addressed to: SENDER: card to you. Attach this form to the front of the mailpiece, or on the back if space does not c/o Marianne Solt Lewis permit. Write "*Heturn Receipt Requested"* on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered. 31 E. Jackson Road Print your name and address on the reverse of this form so that we can return this Artesia, NM 88210 Walter Solt and Bernice Solt Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Received By: (Print Name) Signature: (Addressee or Agent) 1 Ì 4b. Service Type 8 □ Registered ☑ Certified □ Express Mail □ Insured □ Return Receipt for Merchandise □ COD 4a. 7. Date of Delivery Addressee's Address (Only if requested and fee is paid) 2326 93 5 **Domestic Return Receipt** extra fee): I also wish to receive the following services (for an Consult postmaster for fee 2. C Restricted Delivery 1. 🔲 Addressee's Address 700 q Thank you for using Return Receipt Service.

#### 326 431 872 Ρ US Postal Service

**Receipt for Certified Mail** 

Walter Solt and Bernice Solt c/o Marianne Solt Lewis 31 E. Jackson Road Artesia, NM 88210

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PS Form 3811, December 1994	6. Signature: (Addressee or Agenn)	5. Received By: (Print Name)		<u>a</u> .6	c/o Meridian Oil, Inc.	Southland Royalty Company		3. Article Addressed to:	delivered.	perimin ■ Write " <i>Return Receipt Requested"</i> on the mailpiece below the article number. ■ The Beturn Beceint will show to whom the article was delivered and the date	Attach this form to the front of the mailpiece, or on the back if space does not	<ul> <li>COMPLET.</li> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, 4a, and 4b.</li> <li>Print your name and address on the reverse of this form so that we can return this</li> </ul>
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US Postal Service Receipt for Certified Mail

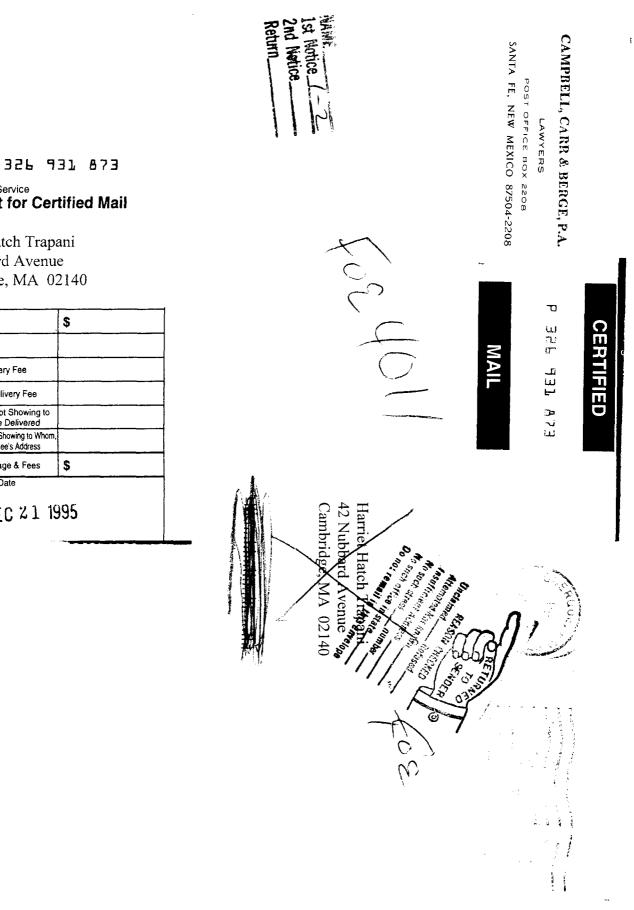
Southland Royalty Company c/o Meridian Oil, Inc. 3300 N. A Street, Bldg. 6 Midland, TX 79705

Postage	\$
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US Postal Service Receipt for Certified Mail

Harriet Hatch Trapani 42 Nubbard Avenue Cambridge, MA 02140

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## US Postal Service Receipt for Certified Mail

Triple J & B Enterprises 3922 Bach Blvd. Carrolton, TX 75005

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## E68 TE6 926 d

US Postal Service Receipt for Certified Mail Joe A. Warren Estate c/o Eugene E. Nearburg 1608 Lakeway Blvd. Austin, TX 78734

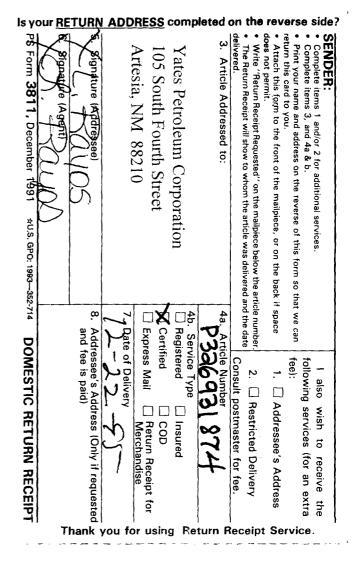
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### US Postal Service Receipt for Certified Mail

Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

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## P 326 931 884

#### US Postal Service Receipt for Certified Mail

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о́ А :	X Cick Vist			1
51	PS Form <b>3811</b> , December 1994	Dor	Domestic Return Receipt	<b></b>

Thank you for using Return Receipt Service.

#### PS Foth **3811**, Dedember 1994 SENDER: c/o Yates Petroleum Corporation Article Addressed to: Artesia, NM 88210 Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date 105 South Fourth Street Richard Martin Yates delivered. Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Deluuac Attach this form to the front of the mailpiece, or on the back if space does not and to Print your name and address on the reverse of this form so that we can return this ed By: (Print Name) tressee or Agent) Ś 1 8. Addressee's Address (Only if requested □ Return Receipt for Merchandise □ COD Express Mail Registered 4b. Service Type 4a. Article Number Date of Delivery and fee is paid) P32693 Domestic Return Receipt extra fee): Consult postmaster for fee. following services (for an also wish to receive the 2. Restricted Delivery 1. Addressee's Address 1 68 Insured Certified 2 3 Thank you for using Return Receipt Service.

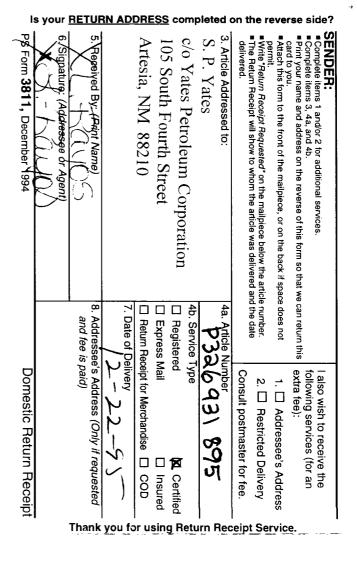
#### 931 894 356 P



**Receipt for Certified Mail Richard Martin Yates** c/o Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

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#### P 326 431 895

US Postai Service **Receipt for Certified Mail** S. P. Yates c/o Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210

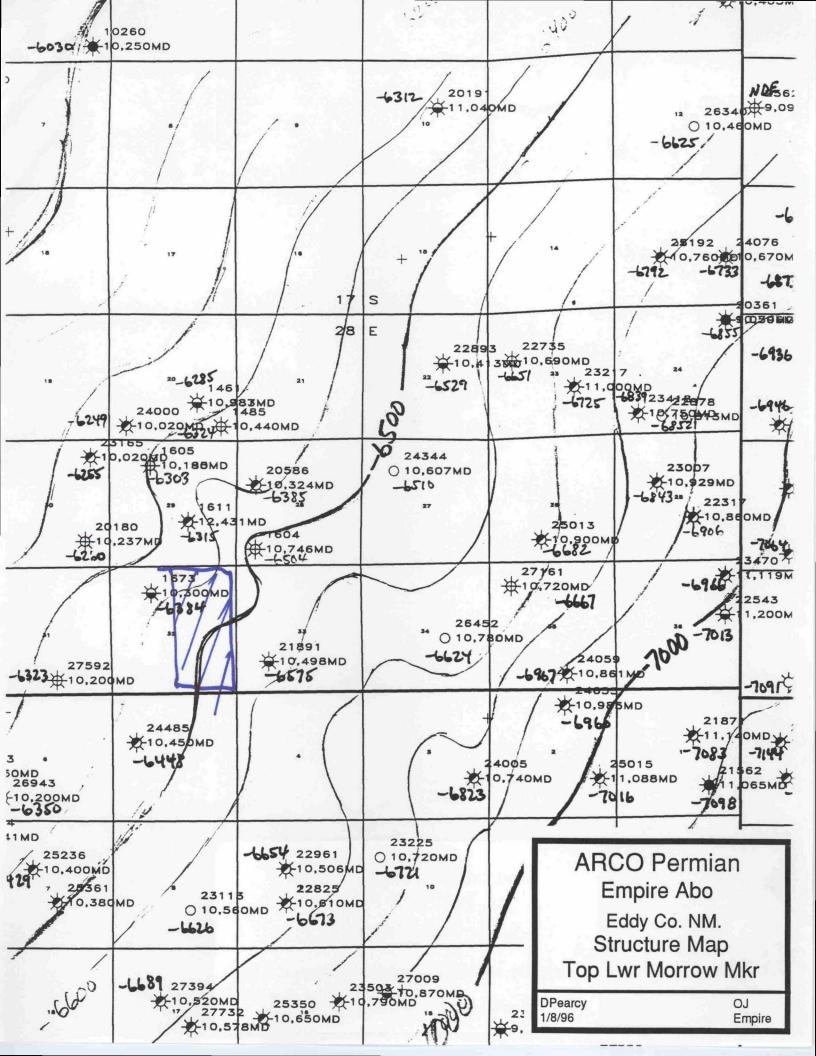
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#### Is your **RETURN ADDRESS** completed on the reverse side? 326 931 896 Ρ PS Form 3811, December 1994 σ Artesia, NM 88210 St. Clair Peyton Yates Received By: (Print Name) permit. Write "*Return Receipt Requested*" on the mailpiece below the article number. \*The Return Receipt will show to whom the article was delivered and the date delivered. 10 South Fourth Street Attach this form to the front of the mailplece, or on the back if space does not Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. card to you Print your name and address on the reverse of this form so that we can return this US Postal Service Signature: Article Addressed to: Receipt for Certified Mail St. Clair Peyton Yates (Addressee or Agent 110 South Fourth Street Artesia, NM 88210 |Postage \$ Centilied Fee Special Delivery Fee Restricted Delivery Fee Return Receipt Showing to Whom & Date Delivered Fieturc Receipt Snowing to Whom 8. Addressee's Address (Only if requested Date. & Addressee's Address Express Mail 4b. Service Type Date of Delivery □ Return Receipt for Merchandise □ COD Registered 4a. P 30 Article Nur and fee is paid) TOTAL Postage & Fees S Postmark of Date DEC 27 Number **Domestic Return Receipt** UCU ZI 1995 6 Consult postmaster for fee. extra fee): t also wish to receive the following services (for an 2. Restricted Delivery 1. 🔲 Addressee's Address р Ф 1995 968 968 Certified

PS Form **3800**, April 1995

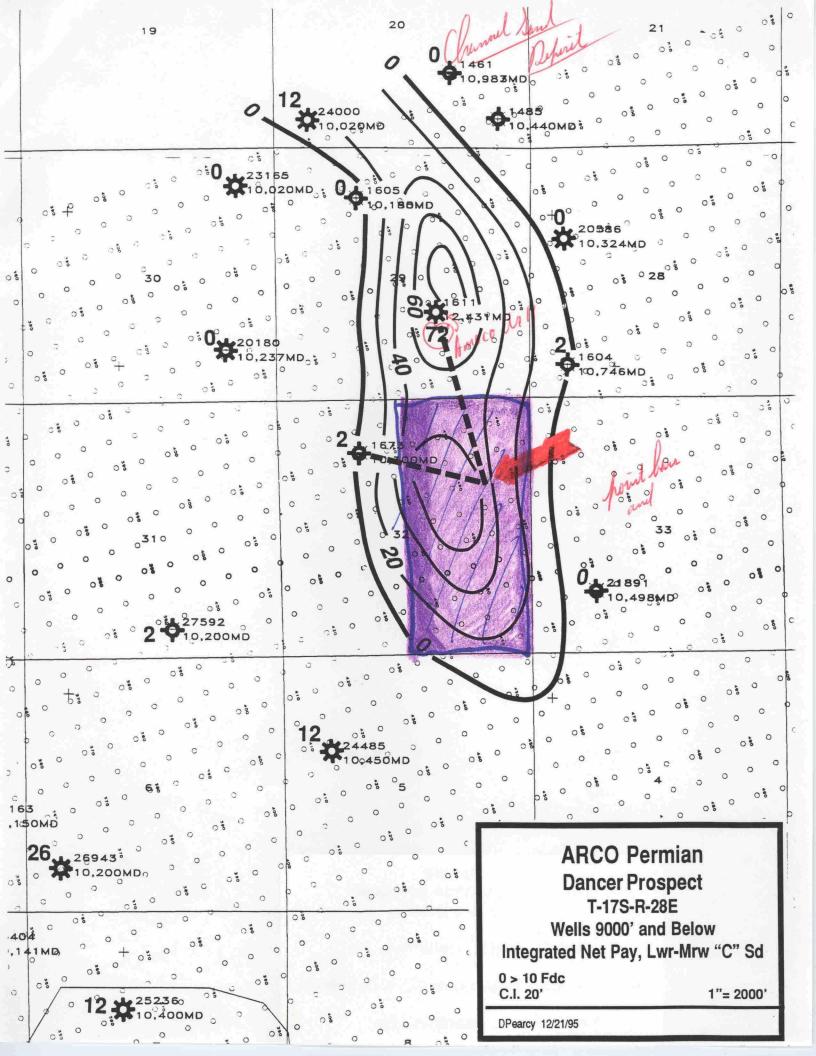
SENDER:

Thank you for using Return Receipt Service.



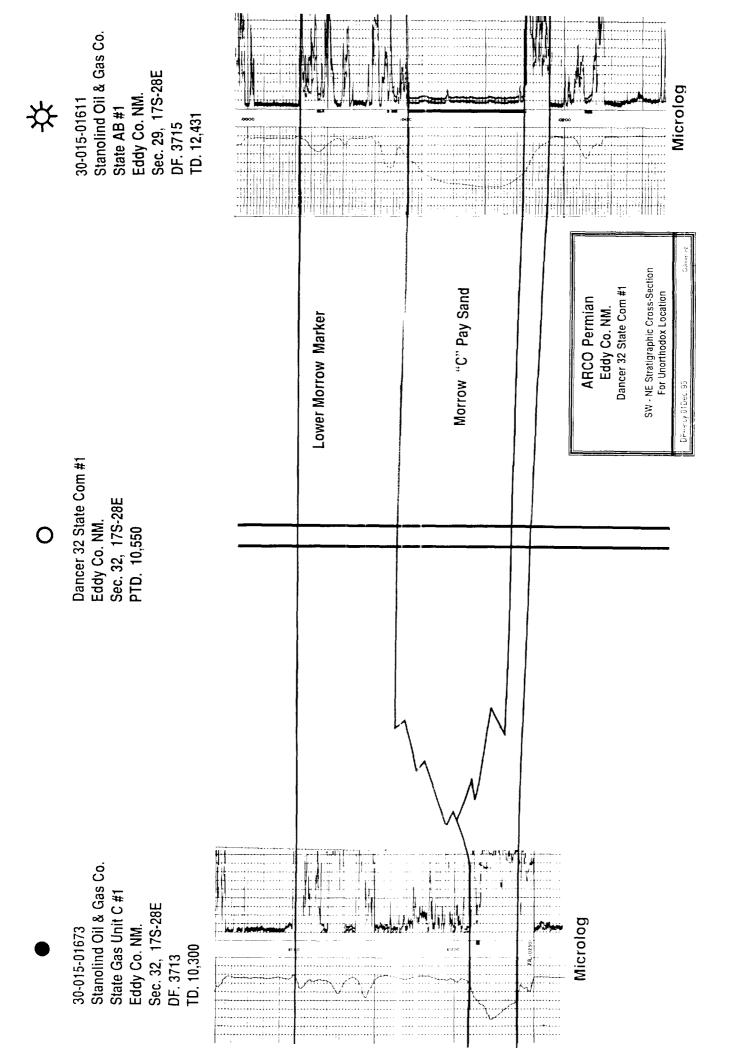
Case No. <u>11442</u> Exhibit No. <u>7</u>

Submitted by: ARCO Permian a unit of Atlantic Richfield



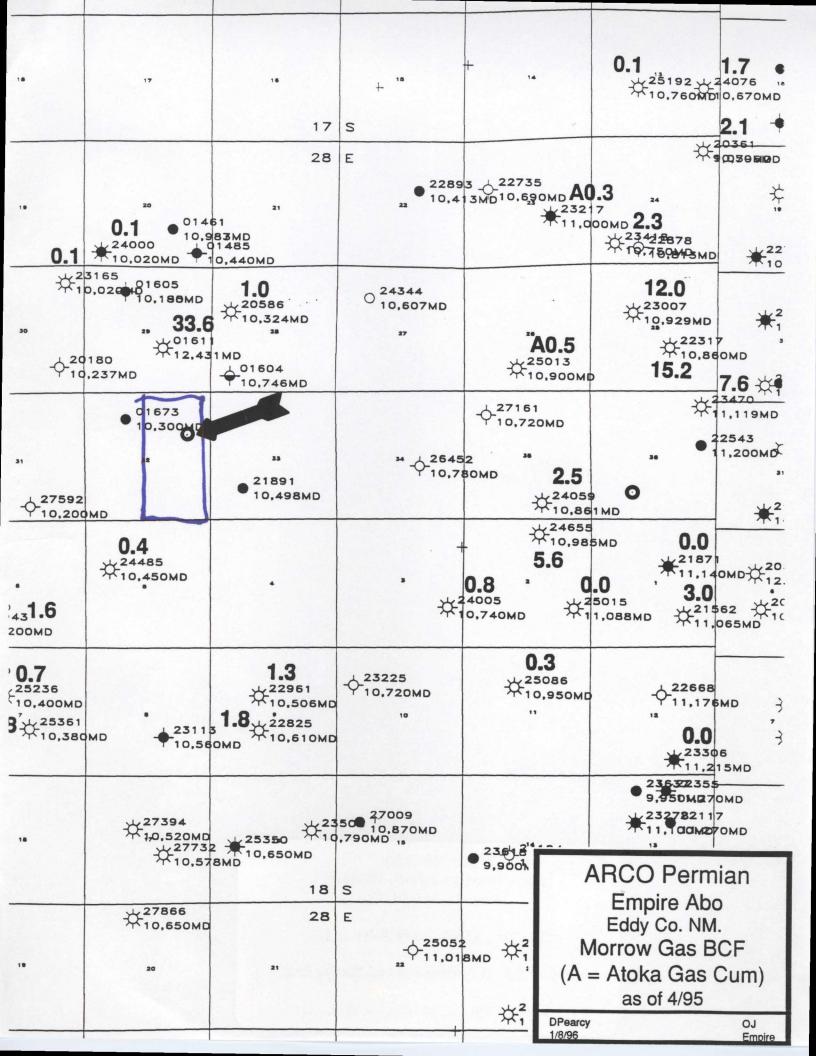
Case No. <u>11442</u> Exhibit No. <u>8</u>

Submitted by: ARCO Permian a unit of Atlantic Richfield



Case No. <u>11442</u> Exhibit No. <u>10</u>

Submitted by: ARCO Permian a unit of Atlantic Richfield



Case No. <u>11442</u> Exhibit No. <u>10</u>

Submitted by: ARCO Permian a unit of Atlantic Richfield