

# READ & STEVENS INC.

NMOCD CASE # 11514

ESTIMATED ULTIMATE RECOVERY  
& DRAINAGE AREAS DEPICTED

LOWER PENNSYLVANIAN CLASTICS

NET SAND ISOPACH MAP

8% POROSITY CUTOFF

T15S-R27E

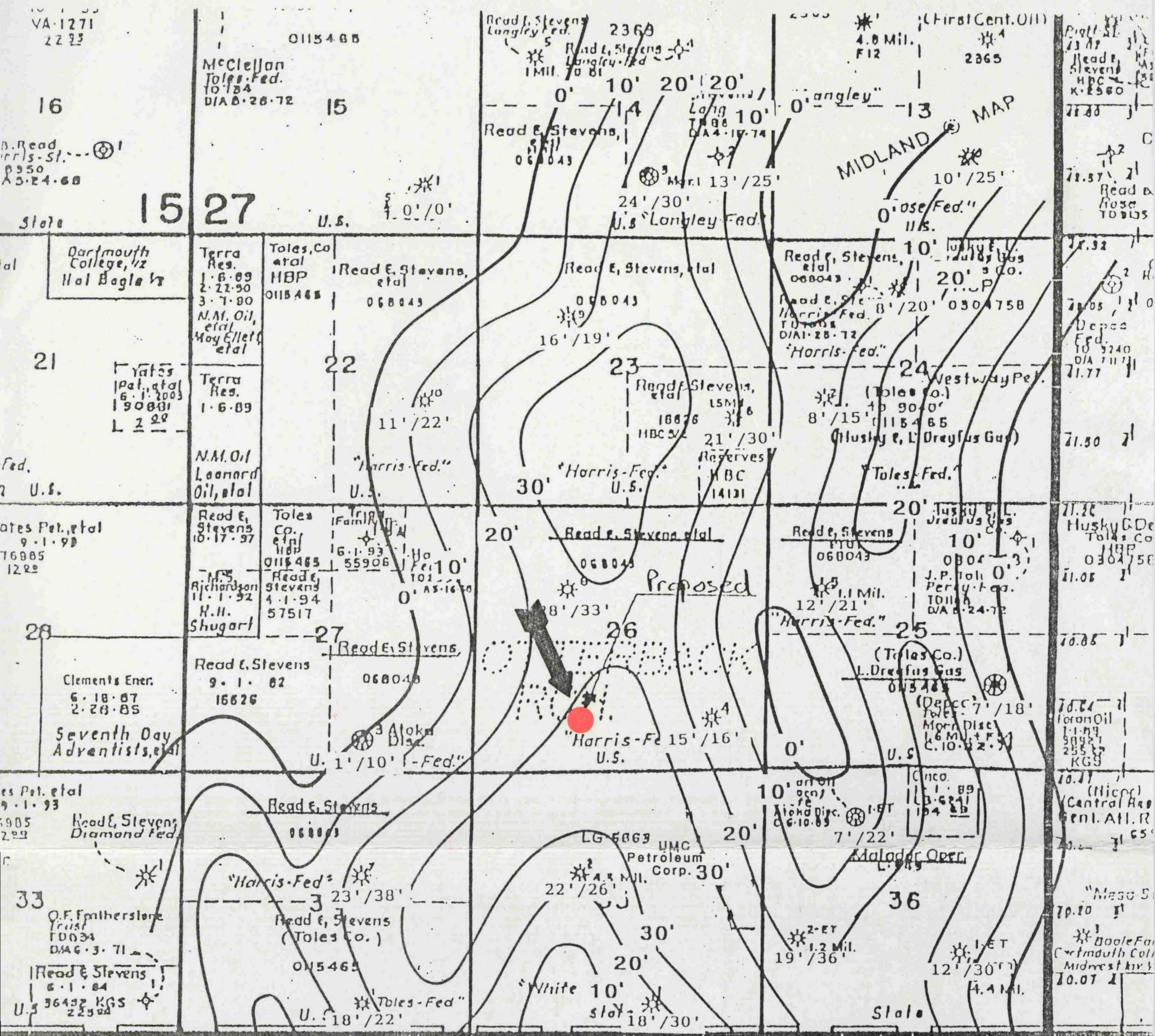
CHAVES COUNTY, NEW MEXICO

BEFORE THE OIL

CONSERVATION DIVISION

R+Sinc EXHIBIT NO. 4

CASE NO. 11514



# READ & STEVENS INC.

NMOCD CASE # 11514

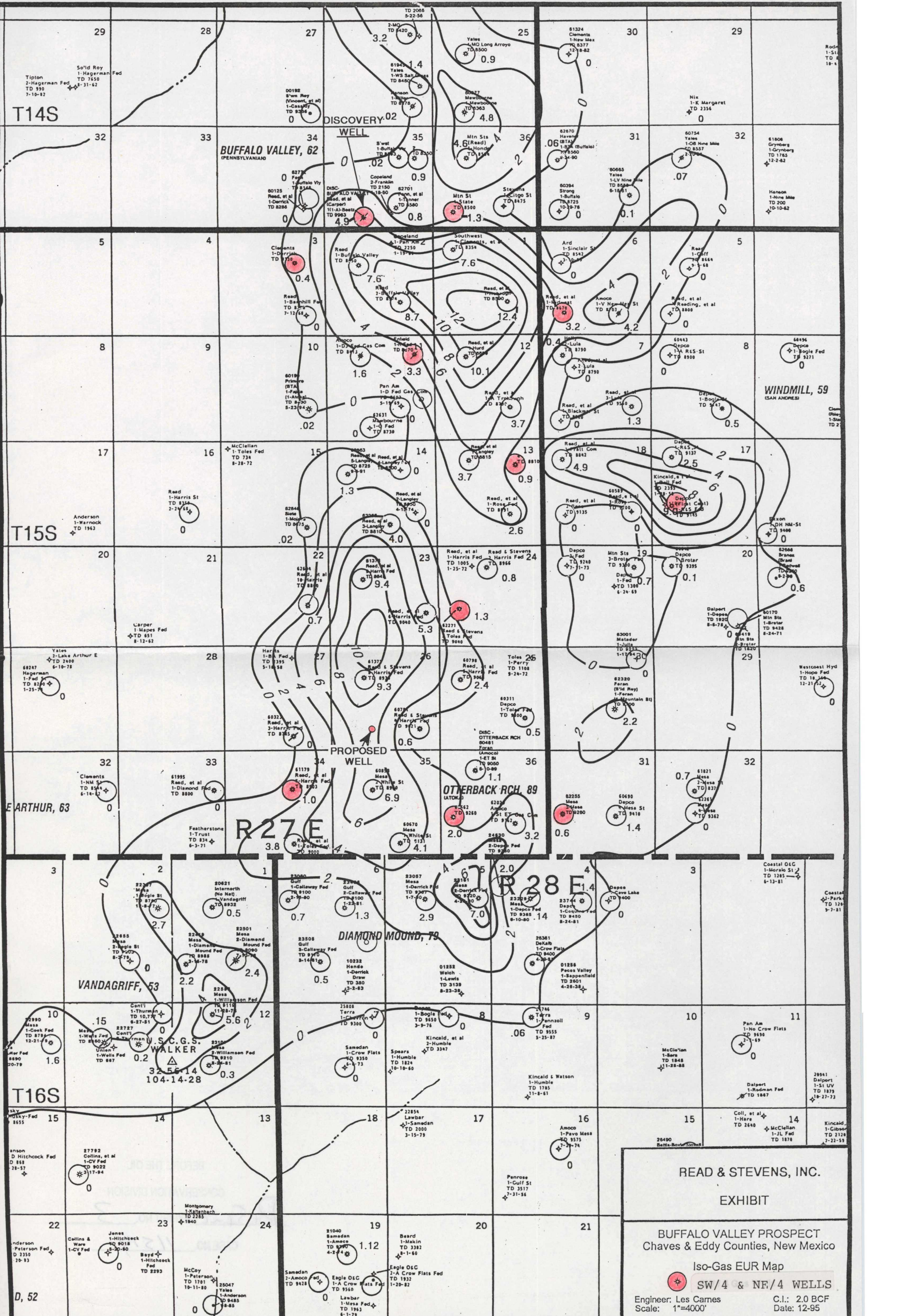
LOWER PENNSYLVANIAN CLASTICS  
 NET SAND ISOPACH MAP  
 8% POROSITY CUTOFF  
 T15S-R27E  
 CHAVES COUNTY, NEW MEXICO

BEFORE THE OIL

CONSERVATION DIVISION

*R+S Inc* EXHIBIT NO. 2

CASE NO. 11514



READ & STEVENS, INC.  
 EXHIBIT  
 BUFFALO VALLEY PROSPECT  
 Chaves & Eddy Counties, New Mexico  
 Iso-Gas EUR Map  
 SW/4 & NE/4 WELLS  
 Engineer: Les Carnes  
 Scale: 1"=4000'  
 C.I.: 2.0 BCF  
 Date: 12-95

T14S

T15S

E ARTHUR, 63

T16S

D, 52

BUFFALO VALLEY, 62  
 PENNSYLVANIA

DISCOVERY 02  
 WELL

PROPOSED  
 WELL

OTTERBACK RCH, 89  
 (ATOK)

R27E

DIAMOND MOUND, 79

R38E

VANDAGRIFF, 53

U.S.C.G.S.  
 WALKER

32-56-14  
 104-14-28

READ & STEVENS, INC.  
 EXHIBIT  
 BUFFALO VALLEY PROSPECT  
 Chaves & Eddy Counties, New Mexico  
 Iso-Gas EUR Map  
 SW/4 & NE/4 WELLS  
 Engineer: Les Carnes  
 Scale: 1"=4000'  
 C.I.: 2.0 BCF  
 Date: 12-95

BEFORE THE OIL  
CONSERVATION DIVISION

Rt Stac EXHIBIT NO. 3

CASE NO. 11514

## Drilling/Recomplete AFE

<b>Well Name: Harris Federal #11</b> <b>R &amp; S Well #: 9741</b> <b>Date Prepared: 3/13/96</b> <b>Prospect: Buffalo Valley</b> <b>Begin Date: 5/1/96</b> <b>Purpose: Drill &amp; Complete Morrow/Atoka</b>	<b>Well Type: Gas</b> <b>Location: S/2 Sec 26 15S 27E</b> <b>Co/St: Chaves, NM</b> <b>TD: 8,800'</b> <b>Prepared By: JCM</b>
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<i>Intangibles</i>	<i>Code</i>	<i>Drill</i>	<i>Code</i>	<i>Comp</i>	<i>Total</i>
Loc Prep & Dmge	203	\$15,000	303	\$1,000	\$16,000
Drig Footage	206	\$140,800	306		\$140,800
Drig Day	209	\$9,800	309	\$4,900	\$14,700
Bits/Reamers	212		312	\$500	\$500
Mud/Chem	215	\$15,200	315		\$15,200
Water (including transportation)	218	\$10,000	318	\$2,500	\$12,500
Eq Rentals (surface & downhole)	221	\$2,500	321	\$5,500	\$8,000
Elec Logs/Wireline	224	\$25,000	324	\$3,500	\$28,500
Core/Test	227		327		
Mud Log	230	\$6,000	330		\$6,000
Haul/Freight	233		333		
Supervision (25/10)	236	\$8,800	336	\$3,500	\$12,300
Cmt & Serv (includes cent, DV, ECP, etc)	239	\$12,000	339	\$15,000	\$27,000
Perforate	242		342	\$3,500	\$3,500
Acidize	245		345	\$9,000	\$9,000
Frac	269		369		
Completion Unit	248		348	\$7,000	\$7,000
Contract Serv (inspection, battery install, etc)	251	\$5,200	351	\$10,000	\$15,200
Overhead	257	\$5,000	357	\$1,300	\$6,300
Contingency	263		363		

<b>Total Intangibles</b>		<b>\$255,300</b>		<b>\$67,200</b>	<b>\$322,500</b>
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<i>Tangibles</i>	<i>Code</i>	<i>Drill</i>	<i>Code</i>	<i>Comp</i>	<i>Total</i>
Casing:					
Surf	403	\$6,900			\$6,900
Prot	406	\$16,200			\$16,200
Prod			503	\$52,800	\$52,800
Liner	416				
Tubing			509	\$21,000	\$21,000
Rods			512		
Wellhead	415	\$5,000	515	\$5,000	\$10,000
Subsurf Eq	418		518	\$6,500	\$6,500
Surf Eq	421		521	\$3,500	\$3,500
Flowline			524	\$20,000	\$20,000
Pump Eq			527		
Tankage			530	\$7,500	\$7,500
Separator			533	\$5,200	\$5,200
Dehydrator			536		
Heater-treater			539		
Misc Fittings			540		
Compressor			541		
Other Tang	442		542		
Contingency			563		

<b>Total Tangibles</b>		<b>\$28,100</b>		<b>\$121,500</b>	<b>\$149,600</b>
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<b>Total AFE</b>		<b>\$283,400</b>		<b>\$188,700</b>	<b>\$472,100</b>
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BEFORE THE

COMMISSIONER OF

R+S Inc. PLATE NO. 5

CASE NO. 11514

AS OF DATE: MAR96

NAME: HARRIS FED NO. 11  
 FIELD: BUFFALO VALLEY PENN  
 LOCATION: SW 26-15-27 CHAVES, NM  
 FORMATION: ATOKA-MORROW (8800')  
 OPERATOR: READ & STEVENS

EVALUATE DRILLING ECONOMICS  
 FLAT PRICES & LOE  
 100 % WI AND 80% NRI  
 EXPECTED CASE

NPV 5.0% 2213.077 BFIT  
 NPV 10.0% 1793.014 BFIT  
 NPV 15.0% 1495.437 BFIT  
 NPV 20.0% 1274.335 BFIT  
 NPV 25.0% 1103.793 BFIT  
 IRR >100% BFIT  
 PAYOUT FEB97 BFIT  
 PI 7.03:1 BFIT

===== INTERESTS AND EFFECTIVE DATE =====					===== PRICES =====			===== GROSS RESERVES =====				
COST	OIL	GAS	COND	PRD	DATE	BEGINING	ENDING	AVERAGE	CUMULATIVE	REMAINING	ULTIMATE	%REMAINING
1.00000	0.80000	0.80000	0.80000	0.80000	MAY96	OIL 0.00	0.00	0.00	0.000	0.000	0.000	0.00 OIL
						GAS 1.80	1.80	1.80	0.000	2647.987	2647.987	100.00 GAS
						COND 18.00	18.00	18.00	0.000	17.738	17.738	100.00 COND
						PRD 0.00	0.00	0.00	0.000	0.000	0.000	0.00 PRD

YEAR	GROSS OIL PRODUCTION ====MGBLS====	GROSS GAS PRODUCTION ====MMSCF====	GROSS COND PRODUCTION ====MGBLS====	NET OIL PRODUCTION ====MGBLS====	NET GAS PRODUCTION ====MMSCF====	NET COND PRODUCTION ====MGBLS====	NET OIL SALES ====M\$====	NET GAS SALES ====M\$====	NET COND SALES ====M\$====	NET TOTAL REVENUE ====M\$====
1996	0.000	294.859	2.893	0.000	235.888	2.314	0.000	424.598	41.655	466.253
1997	0.000	464.837	4.306	0.000	371.870	3.445	0.000	669.365	62.005	731.370
1998	0.000	337.007	2.885	0.000	269.605	2.308	0.000	485.290	41.544	526.833
1999	0.000	247.389	1.949	0.000	197.911	1.560	0.000	356.240	28.072	384.312
2000	0.000	204.290	1.432	0.000	163.452	1.145	0.000	294.178	20.614	314.791
2001	0.000	173.646	1.074	0.000	138.917	0.859	0.000	250.051	15.460	265.511
2002	0.000	147.599	0.805	0.000	118.080	0.644	0.000	212.543	11.595	224.138
2003	0.000	125.460	0.604	0.000	100.368	0.483	0.000	180.662	8.636	189.358
2004	0.000	106.641	0.453	0.000	85.312	0.362	0.000	153.562	6.522	160.085
2005	0.000	90.644	0.340	0.000	72.516	0.272	0.000	130.528	4.892	135.420
2006	0.000	77.048	0.255	0.000	61.638	0.204	0.000	110.949	3.669	114.618
2007	0.000	65.491	0.191	0.000	52.393	0.153	0.000	94.307	2.752	97.059
2008	0.000	55.667	0.143	0.000	44.534	0.115	0.000	80.161	2.064	82.224
2009	0.000	47.317	0.107	0.000	37.854	0.086	0.000	68.136	1.548	69.684
2010	0.000	40.219	0.081	0.000	32.176	0.064	0.000	57.916	1.161	59.077
SUBTOTAL	0.000	2478.114	17.517	0.000	1982.492	14.014	0.000	3568.485	252.248	3820.733
REMAINING	0.000	169.873	0.220	0.000	135.898	0.176	0.000	244.617	3.173	247.790
TOT 23.3Yr	0.000	2647.987	17.738	0.000	2118.390	14.190	0.000	3813.102	255.422	4068.523

YEAR	GROSS WELLCOUNT ====WELLS====	NET TOTAL LOE ====M\$====	NET TOTAL PRDD TAX ====M\$====	NET TOTAL LOE+TAX ====M\$====	NET LEASE REVENUE ====M\$====	NET TOTAL INVESTMENTS ====M\$====	NET CASHFLOW ====M\$====	CUM CASHFLOW ====M\$====	BFIT CF DISC 10.00% ====M\$====	CUM BFIT CF DISC 10.00% ====M\$====
1996	1.000	6.000	54.284	60.284	405.969	472.100	-66.131	-66.131	-78.211	-78.211
1997	1.000	12.000	85.284	97.284	634.086	0.000	634.086	567.955	557.879	479.669
1998	1.000	12.000	61.558	73.558	453.275	0.000	453.275	1021.230	362.550	842.218
1999	1.000	12.000	44.995	56.995	327.317	0.000	327.317	1348.547	237.991	1080.119
2000	1.000	12.000	36.950	48.950	265.841	0.000	265.841	1614.388	175.511	1255.630
2001	1.000	12.000	31.243	43.243	222.268	0.000	222.268	1836.656	133.404	1389.033
2002	1.000	12.000	26.433	38.433	185.706	0.000	185.706	2022.362	101.327	1490.361
2003	1.000	12.000	22.375	34.375	154.985	0.000	154.985	2177.345	76.877	1567.238
2004	1.000	12.000	18.949	30.949	129.135	0.000	129.135	2306.480	58.233	1625.471
2005	1.000	12.000	16.055	28.055	107.365	0.000	107.365	2413.845	44.016	1669.487
2006	1.000	12.000	13.607	25.607	89.010	0.000	89.010	2502.856	33.174	1702.661
2007	1.000	12.000	11.537	23.537	73.521	0.000	73.521	2576.377	24.911	1727.573
2008	1.000	12.000	9.784	21.784	60.440	0.000	60.440	2636.817	18.618	1746.190
2009	1.000	12.000	8.300	20.300	49.384	0.000	49.384	2686.201	13.830	1760.021
2010	1.000	12.000	7.043	19.043	40.034	0.000	40.034	2726.235	10.193	1770.214
SUBTOTAL	1.000	174.000	448.398	622.398	3198.335	472.100	2726.235	2726.235	1770.214	1770.214
REMAINING	1.000	101.000	29.608	130.608	117.182	0.000	117.182	2843.417	22.800	1793.014
TOT 23.3Yr	1.000	275.000	478.006	753.006	3315.517	472.100	2843.417	2843.417	1793.014	1793.014



3000-1001  
R+S Inc

R+S Inc 6

CASE NO. 11514

RECEIVED MAR 15 1996

UMC Petroleum Corporation

March 13, 1996

VIA FACSIMILE TRANSMISSION 505/827-5741  
and VIA FEDERAL EXPRESS 8991075995

New Mexico Oil Conservation Commission  
2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

Attention: Division Director

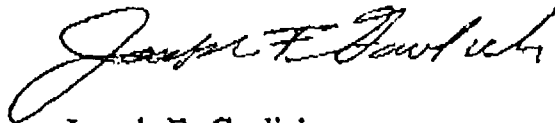
RE: Application for Unorthodox Gas Well Location  
Read & Stevens, Inc.  
990' FSL and 1,980' FWL of Section 26  
Township 15 South, Range 27 East  
Chaves County, New Mexico

Gentlemen:

By letter dated February 23, 1996, Read & Stevens, Inc. advised UMC Petroleum Corporation of the captioned unorthodox well location application. Please be advised that UMC Petroleum Corporation presently operates a Morrow gas well, immediately south of this proposed location, located in the NW¼ of Section 35, Township 15 South, Range 27 East and *hereby objects* to this proposed location by Read & Stevens, Inc.

Sincerely,

UMC PETROLEUM CORPORATION



Joseph F. Gavlick  
Regional Landman

JFG/kv

xc: Read & Stevens, Inc.  
Attention: Mr. John C. Maxey, Jr.  
Post Office Box 1518  
Roswell, New Mexico 88202

BEFORE THE OIL

CONSERVATION DIVISION

R+S Inc EXHIBIT NO. 7

CASE NO. 11514

Is your RETURN ADDRESS completed on the reverse side?

3. Article Addressed to:

UM Petroleum Corporation  
1201 Louisiana, Suite 1400  
Houston, TX 77002-5603

4. Article Number: 024 5 2

5. Signature (Addressee): *[Signature]*

6. Signature (Agent): *[Signature]*

1. I wish to receive the following services for an extra fee:

Registered Delivery

Restricted Delivery

Return Receipt for Merchandise

2. Article Number: 024 5 2

3. Service Type:  Insured,  COE,  Return Receipt for Merchandise

4. Article Number: 024 5 2

5. Signature (Addressee): *[Signature]*

6. Signature (Agent): *[Signature]*

Thank you for using Return Receipt Service.

1-100013  
for Administrative process.

PS Form 3811, December 1991 U.S. GPO: 1993-352-7

DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

3. Article Addressed to:

Louis Dreyfus Natural Gas Corp.  
14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, OK 73134

4. Article Number: 736 08 179

5. Signature (Addressee): *[Signature]*

6. Signature (Agent): *[Signature]*

1. I wish to receive the following services for an extra fee:

Registered Delivery

Restricted Delivery

Return Receipt for Merchandise

2. Article Number: 736 08 179

3. Service Type:  Insured,  COE,  Return Receipt for Merchandise

4. Article Number: 736 08 179

5. Signature (Addressee): *[Signature]*

6. Signature (Agent): *[Signature]*

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 U.S. GPO: 1993-3

DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

3. Article Addressed to:

Matador Petroleum Corporation  
8340 Meadow Road  
Suite 158  
Dallas, TX 75231

4. Article Number: 024 5 0

5. Signature (Addressee): *[Signature]*

6. Signature (Agent): *[Signature]*

1. I wish to receive the following services for an extra fee:

Registered Delivery

Restricted Delivery

Return Receipt for Merchandise

2. Article Number: 024 5 0

3. Service Type:  Insured,  COE,  Return Receipt for Merchandise

4. Article Number: 024 5 0

5. Signature (Addressee): *[Signature]*

6. Signature (Agent): *[Signature]*

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 U.S. GPO: 1993-3

DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

3. Article Addressed to:

Mr. William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87505

4. Article Number: 024 5 8

5. Signature (Addressee): *[Signature]*

6. Signature (Agent): *[Signature]*

1. I wish to receive the following services for an extra fee:

Registered Delivery

Restricted Delivery

Return Receipt for Merchandise

2. Article Number: 024 5 8

3. Service Type:  Insured,  COE,  Return Receipt for Merchandise

4. Article Number: 024 5 8

5. Signature (Addressee): *[Signature]*

6. Signature (Agent): *[Signature]*

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 U.S. GPO: 1993-3

DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- 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 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.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address

2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 UMC Petroleum Corporation  
 Attention: Joseph F. Gavlick  
 410 Building, 410 17th Street  
 Suite 1400  
 Denver, Colorado 80202

4a. Article Number  
 Z 736 024 588

4b. Service Type  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

7. Date of Delivery  
 3/29/96

5. Signature (Addressee)

6. Signature (Agent)

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

PS Form 3811, December 1991 U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

2nd notice  
 notifying offset  
 operators of hearing

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- 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 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.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address

2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 Matador Petroleum Corporation  
 Attention: Land Manager  
 8340 Meadow Road  
 Suite 158  
 Dallas, Texas 75231

4a. Article Number  
 Z 736 024 582

4b. Service Type  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

7. Date of Delivery  
 3/29/96

5. Signature (Addressee)

6. Signature (Agent)

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

PS Form 3811, December 1991 U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- 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 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.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address

2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 Louis Dreyfus Natural Gas Corp  
 Attention: Land Manager  
 14000 Quail Springs Parkway  
 Suite 600  
 Oklahoma City, Oklahoma 73134

4a. Article Number  
 Z 736 024 587

4b. Service Type  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

7. Date of Delivery  
 4-1-96

5. Signature (Addressee)

6. Signature (Agent)

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

PS Form 3811, December 1991 U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.