



**RIVERHILL ENERGY**  
CORPORATION

July 2, 1999

New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: East Shugart (Delaware) Unit  
St. Mary Land & Exploration Company, Operator  
Lea & Eddy Counties, New Mexico

Gentlemen:

Riverhill Energy Corporation ("Riverhill") would like to go on record as being in support of the participation formula proposed by St. Mary Land & Exploration Company ("St. Mary") for the East Shugart (Delaware) Unit. This formula is fair to all owners and properly represents and weights the available technical data.

It is our view that waterflood reserves and success are predicted by both the oil available, as indicated by original oil in place (OOIP), and by a particular reservoir's primary performance, as indicated by the primary production. The proposed formula is well balanced between volumetric parameters, OOIP and acreage, at 45% and primary performance, cumulative production and remaining primary, at 30%. The remaining parameter, present oil rate, is primarily a present cash flow indicator and is not indicative of waterflood performance except as it bears on remaining primary.

Estimating all future variables is somewhat uncertain and we recognize uncertainty in both OOIP estimates and in remaining primary estimates. However, the use of modern simulation and history match techniques is an excellent way to reduce the uncertainty in the OOIP estimate. This has been done for this project. Thus, the participation formula can very reasonably include both primary production factors and OOIP factors.

Again, Riverhill wishes to voice its satisfaction with the participation formula as proposed by St. Mary. Your consideration on this matter is greatly appreciated.

Sincerely,

RIVERHILL ENERGY CORPORATION

  
J. W. Ramsey  
Vice President - Exploitation

NEW MEXICO  
OIL CONSERVATION DIVISION  
*St. Mary* EXHIBIT 15  
CASE NO. 12207/12208

**NORTEX CORPORATION**  
OIL & GAS PRODUCTION & EXPLORATION

**A. W. Dugan**  
President

**Robert W. Kent**  
Vice President  
Land & Acquisition

**Patrick W. Dugan**  
Vice President &  
General Counsel

June 25, 1999

New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Reference: East Shugart (Delaware) Unit  
Eddy and Lea Counties, NM

Dear Sir/Madam:

Nortex Corporation is an experienced and knowledgeable working interest participant in 1500 oil and gas properties in Texas, New Mexico, Oklahoma and Louisiana. We own interests in over 50 waterfloods several in New Mexico.

We have expressed our support for the East Shugart (Delaware) Unit by ratifying the Unit Agreement and Unit Operator's Agreement as proposed. This letter is to show our further support for the current formulae of ownership which has been put forth by St. Mary Land & Exploration Company.

Very truly yours,



Robert W. Kent,  
Vice President  
Land and Acquisitions

RWK/bt

July 2, 1999

New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

RE: East Shugart (Delaware) Unit  
Eddy & Lea Counties, N.M.

To Members of the NMOC Div.;

In reference to the above captioned unit in which I have a small working interest, I wish to go on record as being in complete agreement with the participation formula as proposed by St. Mary Land & Exploration Company. As a petroleum geologist with 44 years of experience in exploration and development of oil & gas reservoirs in the Permian Basin (mostly in New Mexico), I am aware of the parameters the industry has had to establish based on the best information available but not always as finite as we would like. However, based on my own observations over many years and from communications with many other professionals in the industry, I believe the proposed OOIP factor and the remaining reserves factor is the most accurate and equitable method of determining the unit percentages for each participant. It is doubtful in my opinion, whether or not the existence of core data in this fine-grained sand reservoir would change the formula proposed by St. Mary. It has been my experience in working with Upper Permian sand reservoirs that any sand recovery from cores is very limited and the data is unreliable. Conventional electrical logs and mud logs are the only tools we have at our disposal at this time.

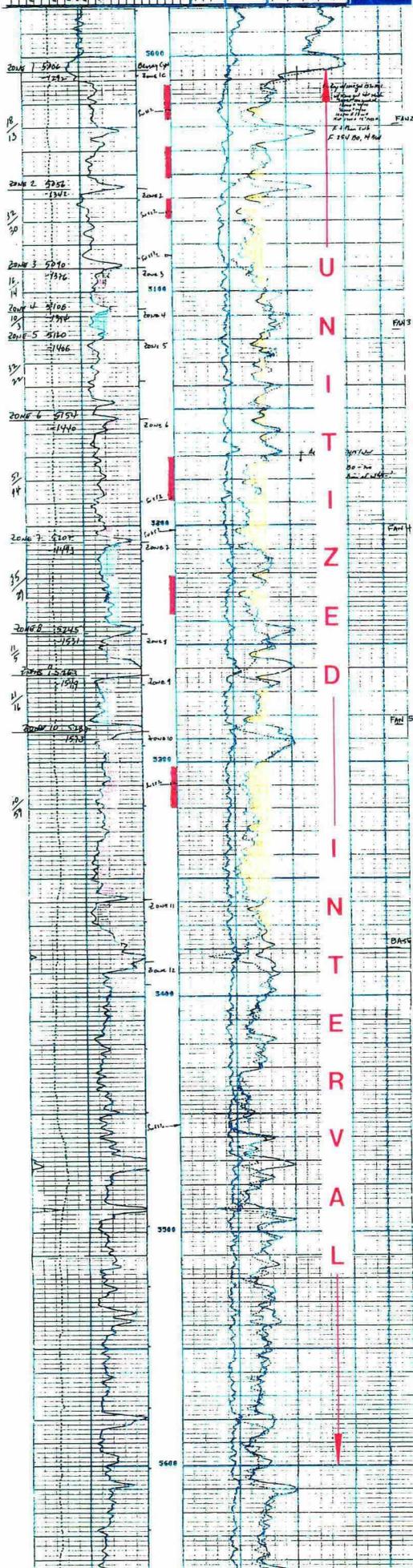
Respectfully submitted,

*Norman K. Barker*

Norman K. Barker  
Geologist

# GERONIMO #3

<b>MARKED SCHUMBERGER COMPENSATED NEUTRON LOG DENSITY</b>	
COMPANY: <b>SUN OIL AND GAS CORPORATION</b> WELL: <b>GERONIMO THERMAL A-3</b> FIELD: <b>THRU A-3</b> COUNTY: <b>LEWIS</b> STATE: <b>OKLAHOMA</b> DATE: <b>APR 23 1954</b>	LOG NO.: <b>100-1111</b> LOG DATE: <b>APR 23 1954</b> LOG TIME: <b>10:00 AM</b> LOG TYPE: <b>LOG</b> LOG BY: <b>W. J. BROWN</b> LOG CHECKED BY: <b>W. J. BROWN</b>
DEPTH (FEET): <b>0-1000</b> DEPTH (METERS): <b>0-304.8</b> LOG INTERVAL: <b>10'</b> LOG TYPE: <b>LOG</b> LOG BY: <b>W. J. BROWN</b> LOG CHECKED BY: <b>W. J. BROWN</b>	LOG NO.: <b>100-1111</b> LOG DATE: <b>APR 23 1954</b> LOG TIME: <b>10:00 AM</b> LOG TYPE: <b>LOG</b> LOG BY: <b>W. J. BROWN</b> LOG CHECKED BY: <b>W. J. BROWN</b>



REMANENT  
CLOSURE/AL. CLOSURE

EXHIBIT **1b**

CASE NO.