

P 550 613 075

RECEIPT FOR CERTIFIED MAIL

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

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

PS Form 3800, June 1985

Sent to Southland Royalty Co.,	
Street and No. P.O. Box 4289 c/o Meridian Oil Inc.	
P.O. State and ZIP Code Farmington, New Mexico 87499	
Postage	\$ 25
Certified Fee	87
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	90
Return Receipt showing to whom, Date, and Address	
TOTAL Postage and Fees	\$ 200
Postmark Date	DEVER CO ST. I. NO. 1 MAR 1988

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

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

3. Article Addressed to:  Southland Royalty Company c/o Meridian Oil, Inc. P.O. Box 4289 Farmington, New Mexico 87499  ATTN: Allan Alexander	4. Article Number P 550 613 075  Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise  Always obtain signature of addressee or agent and <b>DATE DELIVERED.</b>
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>John Alexander</i>	
7. Date of Delivery 3/15/90	

**JAMES B. FULLERTON**

PETROLEUM LANDMAN

NATURAL GAS CONSULTANT

P. O. Box 2368

DENVER, COLORADO 80201

PHONE: 303-534-4502

March 13, 1990

Southland Royalty Company  
c/o Meridian Oil, Inc.  
P.O. Box 4289  
Farmington, New Mexico 87499

CERTIFIED: RETURN RECEIPT REQUESTED

Attn: Allan Alexander

Re: Proposed Fruitland Formation Test Well  
Carnes 11 #1 Well  
Richmond Petroleum, Inc.- Operator  
Township 32 North, Range 6 West  
Section 11: South  $\frac{1}{2}$   
San Juan & Rio Arriba Cos., New Mexico

Dear Allan:

This letter is in regard to the proposed Fruitland Formation Test Well to be drilled by Richmond Petroleum, Inc. covering the above described drilling and spacing unit.

Richmond Petroleum, Inc., as Operator, is preparing to drill the referenced well at a location 1,800 FSL and 230 FWL (SW $\frac{1}{4}$ ) of Section 11. Upon review of the Drilling Title Opinion, it was noted that Southland Royalty Company owns a fractional mineral interest within the proposed drilling and spacing unit. The Opinion reflects that Southland owns 10 net mineral acres under the following described lands:

Township 32 North, Range 6 West  
Section 11: SW $\frac{1}{4}$ SW $\frac{1}{4}$

Richmond Petroleum, Inc., under a Farmout from T.H. McElvain Jr., owns a majority of the remaining leasehold interest under the proposed 320 acre drilling and spacing unit (South  $\frac{1}{2}$  Section 11). Because of certain requirements associated with the referenced Farmout, Richmond is proposing to begin drilling operations on or before May 1, 1990. In addition, because certain of the numerous fractional mineral interest owners have not yet been located or have thus far refused to participate in the proposed operations, Richmond Petroleum, Inc. has scheduled a hearing with the New Mexico Oil Conservation Division on April 4th, 1990 to request a Compulsory Pooling Order and approval of a non-standard location due to the proximity of the lands to the Navajo Lake.

Southland's working interest within the 320 acre drilling and spacing unit would be 3.125%. The cost of drilling and completing the subject well will be approximately \$360,000.00. An AFE and Operating Agreement is

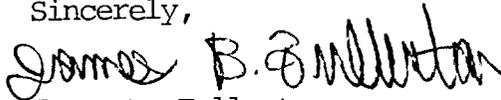
currently being prepared and will be forwarded to you soon.

Please advise us if Southland Royalty Company would want to participate in the costs of drilling the referenced well for their proportionate working interest. If Southland does not wish to participate, Richmond Petroleum, Inc. and T.H. McElvain Jr. would offer to lease your mineral interest under the following terms and conditions:

- 1) One Year Primary Term lease.
- 2) \$25.00/acre lease bonus consideration.
- 3) 1/6th Royalty provision.

In as much as Richmond Petroleum, Inc. has scheduled the mentioned hearing with the New Mexico Oil Conservation Division for April 4th, 1990, your early attention to this matter would be greatly appreciated. Please feel free to call me at 303-534-4502 if you should have any questions or wish to discuss our plans in more detail.

Sincerely,



James B. Fullerton  
Richmond Petroleum, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RICHMOND PETROLEUM )  
INC. FOR COMPULSORY POOLING, A )  
NON-STANDARD SPACING AND PRORATION )  
UNIT, AND AN UNORTHODOX GAS WELL )  
LOCATION, SAN JUAN COUNTY AND RIO )  
ARRIBA COUNTIES, NEW MEXICO. )

Case No. \_\_\_\_\_

**RECEIVED**

FEB 27 1990

APPLICATION

OIL CONSERVATION DIV.  
SANTA FE

Richmond Petroleum, Inc. hereby makes application for an order pooling all interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 11, Township 32 North, Range 6 West, N.M.P.M., San Juan and Rio Arriba Counties, New Mexico, and for an unorthodox gas well location, and in support thereof would show:

1. Applicant has the right and proposes to drill its Carnes 11 No. 1 in the S/2 of Section 11 to a depth sufficient to test the Basin-Fruitland Coal Gas Pool, and seeks to dedicate the S/2 of Section 11 to the well.

2. Applicant has in good faith sought to join all other mineral interest owners in the S/2 of Section 11 for the purposes set forth herein.

3. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners cannot be located or have refused to join in dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral interest owners in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 11, pursuant to N.M.

Stat. Ann. § 70-2-17 (1987 Repl.).

4. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

5. Rule 7 of Order R-8768, regarding the subject pool, requires the first well in each section to be completed in the NE/4 or SW/4 of each section. Although Applicant plans to drill a coal gas well in the SW/4 of Section 11, with the S/2 of Section 11 dedicated to the well, due to topographical conditions (the presence of Navajo Lake covering a major portion of Section 11), Applicant cannot drill at a standard location in the SW/4 of Section 11 and requests permission to drill and complete a well for the S/2 unit at a non-standard location 1,800 feet FSL and 230 FWL.

6. The pooling of all interests underlying the S/2 of Section 11, as described above, and approval of an unorthodox well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the March 21, 1990 Examiner hearing.

**WHEREFORE**, Applicant requests that the Division grant the relief requested above.

HINKLE, COX, EATON, COFFIELD  
& HENSLEY



Owen M. Lopez  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068  
(505) 982-4554

Attorneys for Applicant Richmond  
Petroleum, Inc.

JAMES B. FULLERTON

PETROLEUM LANDMAN

NATURAL GAS CONSULTANT

P O. Box 2368  
DENVER, COLORADO 80201

PHONE: 303-534-4502

March 7, 1990

Amoco Production Company  
P.O. Box 800  
Denver, Colo. 80201

Certified: Return Receipt Requested

Attn: Michael Cuba

Re: Proposed Fruitland Formation Test Well  
Richmond Petroleum, Inc.  
Township 32 North, Range 6 West  
Section 11: South  $\frac{1}{2}$   
San Juan County, New Mexico  
(Carnes 11 #1 Well)

Dear Michael:

This letter is in regard to the proposed Fruitland Formation test well to be drilled by Richmond Petroleum, Inc., under Farmout from T.H. McElvain Jr., covering the above described drilling and spacing unit.

Richmond Petroleum, Inc., as Operator, is preparing to drill the referenced well at a location 1,800 FSL and 230 FWL (SW $\frac{1}{4}$ ) of Section 11. Upon review of the Drilling Title Opinion, it has come to our attention that Amoco owns a fractional unleased mineral interest within the drilling and spacing unit. The Opinion reflects that Amoco owns 8.1989844 net mineral acres under the following described lands:

Township 32 North, Range 6 West

Section 11: NE $\frac{1}{4}$ SW $\frac{1}{4}$ , South 10 acres of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ , East 10 acres of the SW $\frac{1}{4}$ SW $\frac{1}{4}$

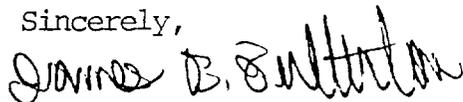
In addition, the Opinion reflects that Brookhaven Oil Company also owns 3.28124995 net mineral acres under the referenced lands. Although the interest of Brookhaven is still listed in the San Juan County records as Brookhaven Oil Company, I believe that Amoco may have purchased all of Brookhaven's interest many years ago.

Richmond Petroleum, Inc., under a Farmout from T.H. McElvain Jr., owns a majority of the remaining leasehold interest within the South  $\frac{1}{2}$  of Section 11. Because of certain requirements under this Agreement, Richmond is proposing to drill the subject well on or before May 1, 1990. Because of the numerous parties that own fractional mineral interests within the spacing unit and who have not yet been located, Richmond has scheduled a hearing with the New Mexico Oil Conservation Division on April 4th to request a Compulsory Pooling Order and request for a non-standard location due to the proximity of the lands to the Navajo Lake.

Amoco's working interest within the drilling and spacing unit, assuming that the interest of Brookhaven Oil Company is now owned by Amoco, would be 3.5875732%. An AFE and Operating Agreement is currently being prepared and will be forwarded to you soon. Please advise me if Amoco would want to participate for their proportionate working interest. If not, please advise me of terms Amoco would propose for an Oil & Gas Lease to Richmond covering the unleased mineral interest. You may also want to review your records regarding the Brookhaven Oil Company interest.

In as much as Richmond has scheduled the mentioned hearing with the New Mexico Oil Conservation Division for April 4th, your early attention to this matter would be greatly appreciated. Please feel free to call me at 534-4502 if you should have any questions.

Sincerely,

A handwritten signature in black ink that reads "James B. Fullerton". The signature is written in a cursive style with a large, prominent initial "J".

James B. Fullerton

on behalf of Richmond Petroleum, Inc.

P 550 613 086

RECEIPT FOR CERTIFIED MAIL

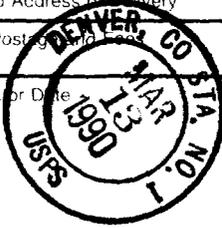
NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

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

PS Form 3800, June 1985

Sent to Minatome Corp. ATT: Gene	
Street and No Anderson 909 Fannin, Suite 2000	
P.O., State and ZIP Code Houston, Texas 77010	
Postage	\$ 25
Certified Fee	85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date	



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

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

3. Article Addressed to:  Total Minatome Corp. 909 Fannin, Suite 2000 Houston, Texas 77010  ATTN: Gene Anderson	4. Article Number P 550 613 086  Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
5. Signature - Address * <i>[Signature]</i>	Always obtain signature of addressee or agent and <b>DATE DELIVERED</b> .
6. Signature - Agent X	8. Addressee's Address (ONLY if requested and fee paid)
7. Date of Delivery	

PS Form 3811, Mar. 1988

\* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

**JAMES B. FULLERTON**

PETROLEUM LANDMAN

NATURAL GAS CONSULTANT

P. O. Box 2368  
DENVER, COLORADO 80201

PHONE: 303-534-4502

March 13, 1990

Total Minatome Corporation  
909 Fannin, Suite 2000  
Houston, Texas 77010

CERTIFIED: RETURN RECEIPT REQUESTED

Attn: Gene Anderson

Re: Proposed Fruitland Formation Test Well  
Carnes 11 #1 Well  
Richmond Petroleum, Inc.- Operator  
Township 32 North, Range 6 West  
Section 11: South  $\frac{1}{2}$   
San Juan & Rio Arriba Cos., New Mexico

Gentlemen:

This letter is in regard to the proposed Fruitland Formation Test Well to be drilled by Richmond Petroleum, Inc. covering the above described drilling and spacing unit.

Richmond Petroleum, Inc. as Operator, is preparing to drill the referenced well at a location 1,800 FSL and 230 FWL (SW $\frac{1}{4}$ ) of Section 11. Upon review of the Drilling Title Opinion, it has come to our attention that Minatome Corp. owns a fractional mineral interest within the proposed drilling and spacing unit. The Opinion reflects that Minatome owns 5.97748237 net mineral acres under the following described lands:

Township 32 North, Range 6 West

Section 11: NE $\frac{1}{4}$ SW $\frac{1}{4}$ , South 10 acres of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ , East 10 acres of the SW $\frac{1}{4}$ SW $\frac{1}{4}$

In addition, the Opinion reflects that Brookhaven Oil Company also owns 3.2814995 net mineral acres under the referenced lands. Although the interest of Brookhaven is still listed in the San Juan County records as Brookhaven Oil Company, I believe that Total Minatome Corp. may have purchased all of this interest previously owned by Brookhaven.

Richmond Petroleum, Inc., under a Farmout from T.H. McElvain Jr., owns a majority of the remaining leasehold interest under the proposed 320 acre drilling and spacing unit (South  $\frac{1}{2}$  Section 11). Because of certain requirements associated with the referenced Farmout, Richmond is proposing to begin drilling operations on or before May 1, 1990. In addition because certain of the numerous fractional mineral interest owners have not yet been located or have thus far refused to participate in the proposed operations, Richmond Petroleum, Inc. has scheduled a hearing with the New Mexico Oil Conservation Division on April 4th, 1990 to request

a Compulsory Pooling Order and approval of a non-standard location due to the proximity of the lands to the Navajo Lake.

Assuming that Total Minatome Corp. is the current owner of the interest previously credited to Brookhaven Oil Company, your working interest within the 320 acre drilling and spacing unit would be 2.8933538%. The cost of drilling and completing the subject well will be approximately \$360,000.00. An AFE and Operating Agreement is currently being prepared and will be forwarded to you soon.

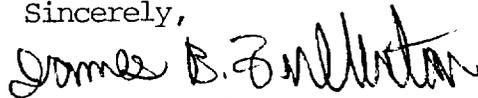
Please advise us if Minatome Corproation would want to participate in the costs of drilling the referenced well for their proportionate working interest. If Minatome does not wish to participate, Richmond Petroleum, Inc. and T.H. McElvain Jr. would offer to lease your mineral interest under the following terms and conditions:

- 1) One Year Primary Term lease.
- 2) \$25.00/acre lease bonus consideration.
- 3) 1/6th Royalty provision.

In as much as Richmond Petroleum, Inc. has scheduled the mentioned hearing with the New Mexico Oil Conservation Division for April 4th, 1990, your early attention to this matter would be greatly appreciated. I am handling the land matters related to this proposed operation for Richmond. My telephone number is 303-534-4502.

Thank you very much.

Sincerely,



James B. Fullerton  
Richmond Petroleum, Inc.

**RICHMOND PETROLEUM INC.**  
**Authority For Expenditure (AFE) Cost Estimates**

Lease Name <b>Carnes 32-6-11</b>		Well No. <b>#1</b>		Field <b>Basin</b>	
Location <b>1800' FSL, 230' FWL, Sec 11, T32N, R6W</b>		County <b>San Juan</b>		State <b>New Mexico</b>	
Formation <b>Fruitland Coal</b>		Est. Total Depth <b>2,800</b>			
		<b>PRODUCING WELL</b>		<b>DRY HOLE</b>	
		Sub.		Total	
<b>TUBULAR GOODS:</b>					
Surface Casing	240 Ft. 8-5/8 Inch 8.00 \$/Ft.	\$ 1,920		\$ 1,920	
Int. Casing	Ft. Inch @ \$/Ft.				
Prod. Casing	2800 Ft. 5-1/2 Inch 6.00 \$/Ft.	16,800		16,800	
	Ft. Inch @ \$/Ft.				
	Ft. Inch @ \$/Ft.				
Tubing	2750 Ft. 2-3/8 Inch 2.50 \$/Ft.	6,875			
	Ft. Inch @ \$/Ft.		\$ 25,595		
<b>WELLHEAD EQUIPMENT:</b> 2000# Independent		3,500	3,500		
<b>OTHER EQUIPMENT:</b> Liner Hangers and Production Packers Production Facilities (PU, Sep, Dehy, Tanks, Etc.)		65,000	65,000		
<b>CONTRACT COSTS:</b>					
Footage	2800 Ft. 12.00 \$/Ft.	33,600		33,600	
Daywork	Ft. \$/Ft.				
Daywork	Ft. \$/Ft.				
Daywork	Ft. \$/Ft.		33,600		
<b>CEMENTING: (Cement and Pump Trucks)</b>					
Surface		5,000		5,000	
Intermediate					
Production		9,000		9,000	
Liner					
Liner					
Sq. Job			14,000		
<b>FORMATION TREATMENT:</b>					
Acidizing					
Fracturing Eqpmnt	30 # XL	70,000		70,000	
Fluid	Gal. Oil				
	73000 Gal. Water				
Sand	312000 Lbs.				
Tank Rental	6 Tanks	2,000	72,000	2,000	
<b>SPECIAL SERVICES: (Surveys and Tests)</b>					
Perforating		7,000		7,000	
Mud Logging		2,000		2,000	
Electric & Radioactive Logging					
Drill Stem Tests					
Cores			9,000		
<b>MATERIALS:</b>					
Drilling Mud and Chemicals		8,000		8,000	
Drilling Gas or Air					
Water		10,000		10,000	
Bits		2,000		2,000	
Fuel		2,000		2,000	
Cement Equipment (shoes, collars, etc.)		1,000		1,000	
Bridge Plugs and Retainers					
Miscellaneous (welding, hauling, rental of tongs, etc.)		8,000	31,000	8,000	
<b>ACCESS AND LOCATION:</b> Roads, Location, Legal (Title, Land)		30,000	30,000	30,000	
Total Direct Cost			283,695	208,320	
Plus 15 % Contingency			42,554	31,248	
<b>ESTIMATED TOTAL COST</b>		\$	\$ 326,249	\$ 239,568	
<b>WORKING INTEREST:</b> Others					
		ESTIMATED COSTS ONLY - Each participating owner to pay proportionate share of actual cost subject to operating agreement.			

**RICHMOND PETROLEUM INC. APPROVAL**

Prepared By: J.L. Adams Date: 3/01/90 Recommended: \_\_\_\_\_ Date: \_\_\_\_\_  
 Approved: James L. Adams Date: 3/01/90 Title: Executive Vice President Signature: James L. Adams

Ameritrust N.A., as trustee of **PARTNER APPROVAL**  
 the Mary Frances Turner, Jr. Trust  
 Company Name: BY: 0.890625%

Authorized By: \_\_\_\_\_ Date: \_\_\_\_\_  
 Title: \_\_\_\_\_ Signature: \_\_\_\_\_



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

May 25, 1990

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Mr. Owen Lopez  
Hinkle, Cox, Eaton,  
Coffield & Hensley  
Attorneys at Law  
Post Office Box 2068  
Santa Fe, New Mexico

Re: CASE NO. 9895  
ORDER NO. R-9179

Applicant:  
Richmond Petroleum Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Division order recently entered in the subject case.

Sincerely,

*Florene Davidson*

FLORENE DAVIDSON  
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD           x            
Artesia OCD           x            
Aztec OCD           x          

Other \_\_\_\_\_  
\_\_\_\_\_