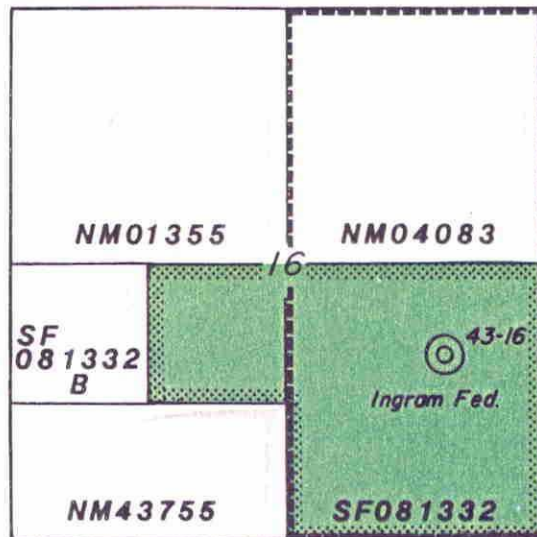


R 2 W



T
25
N

LEASEHOLD OWNERSHIP SEC. 16-25N-2W

43-16 Ingram Federal

NM04083

A.G Hill 100%

SF081332

R & B 33.33334
Hooper 33.33333
Ibex 15.60873
PC 15.60873
WC Tr. .81380
Test. Tr. .42724
Oatman .87483

100.00000%

SF081332B

Mtn. States Nat. Gas Corp. 50.
R.Gilliland Est. 25.
D. Wagner, Jr. 23.25
D. Wagner, III 1.75
100.00 %

NM01355 & NM43755

Mesa Grande Ltd. 95.
Rio Arriba, Ltd. 5.
100. %

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

GAVILAN AREA
RIO ARRIBA CO., NEW MEXICO
LAND MAP

LANDMAN: E.G. Koelling

SCALE: 1"=2000'

DATE: 27 JULY'87

READING+
DATES

EXHIBIT NO. 1

CASE NO. 9183

AUTHORITY FOR EXPENDITURE

NO. 87728

COMPANY Reading & Bates Petroleum Co.

AMOUNT REQUESTED, Company Share Only \$ 85,994

Requested By T. Bruce Pettit Location NW Division - Tulsa

Lease No. _____ Lease Ingram Federal Well No. 34-16

Field Gavilan Mancos County Rio Arriba State New Mexico

REASON FOR EXPENDITURE: To drill and complete an 8200' Gallup well in the
(Include basis for payout. Use attachment for supporting data if necessary.) NE SE Sec. 16, T25N, R2W, Rio Arriba County, NM.

Estimated Primary Formation & Top Mancos @ 5796' (+1451')
Estimated Secondary Formation & Top Dakota @ 7849' (-602')

COST ESTIMATE:

Dry Hole Cost
Completion Cost

Total	Tangible	Intangible
\$	\$	\$
190,005	6,175	183,830
325,950	164,700	161,250
\$ 515,955	\$ 170,875	\$ 345,080

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
~~READING~~
RATES EXHIBIT NO. 2
CASE NO. 9183

ESTIMATED DATE OF EXPENDITURE:

Month June Year 1987

Contingencies
Less Salvage Credit
Project Total

()
\$ 515,955

Salvage credit to be taken only if equipment is sold from the project.

APPROVED: [Signature]
Name
Senior V.P., Expl. 19 May 87
Title Date
L. H. Ramsey
Name
Vice-President, Opns. 5/26/87
Title Date

PARTNERS APPROVAL ACCEPTED:

Company
Name
Title Date

Working Interest Participation:

Company	%	Share
Reading & Bates	40.6667	209,822
New Mexico & Arizona Land Co.	38.0000	\$ 196,063
Hooper, Kimball & Williams Inc.	4.6666	24,078
Ibex Partnership	7.8044	40,267
PC, LTD	7.8044	40,267
Warren Clark Trust	0.4069	2,099
Testamentary Trust Under the		
Will of Warren Clark	0.4374	1,102
Carolyn Clark Oatman	0.4374	2,257
Total	1.00	\$ 515,955

WELL COST ESTIMATE

COMPANY Reading & Bates Petroleum Co.

DATE 11-4-86

WELL INGRAM FEDERAL #34-16

LOCATION NE SE Sec.16,T25N,R2W, Rio Arriba County, NM

PROPOSED TD 8200' Dakota EST. DRILLING DAYS 15 days to drill.
12 days to complete

Tangible Wel Costs

Well Costs	Producer	Dry Hole
Well Pipe	\$	\$
500' of 9-5/8", 36# @ \$ 8.35 /ft.		
5600' of 5 1/2", 15.5# @ \$ 4.00 /ft.		
2600' of 5 1/2", 17# @ \$ 4.75 /ft.		
5800' of 2-7/8", J55 @ \$ 2.25 /ft.		
	51,975	4,175
Wellhead Assembly	3,900	2,000
Subsurface Equip. - packer, rods, pumps, etc.	19,000	
Separation Facilities, Installed	13,000	
Tanks and Shipping Facilities, Installed	18,000	
Flow Lines, Pipe & Electric Lines, Installed	25,000	
Other Equipment - Pumping Unit, Misc.	40,000	
Total Tangibles	\$ 170,875	\$ 6,175

Intangible Well Costs

Permits, Surveys, Foundations	\$ 1,600	\$ 1,600
Location, Roads & Damages	16,000	12,500
Contract Drilling	79,480	79,480
8,200 ft. @ \$ 8.90 /ft.		
2 days @ \$ 3,250 /day		
days @ \$ /day		
Compl. Unit 12 days @ \$ 1800 /day	21,600	
Cement and Cement Service	23,500	3,500
Drilling Fluid Materials	30,000	30,000
Fuel, Water & Power	7,500	5,000
Supplies	5,000	2,500
Drill Stem Testing _____ @ _____		
Coring and Analysis		
Wireline Service		
Logging 12,500		
Perforating 5,000		
Other CBL 3,500	21,000	12,500
Formation Treating	60,000	
Transportation and Hauling	10,000	5,000
Rentals, Contract Labor, Misc.	12,500	5,000
Engineering Supervision	10,800	6,000
Geological Supervision	5,000	5,000
Overhead	5,000	2,500
Contingencies 7.5%	36,100	13,250

Total Intangibles

TOTAL

Prepared By:

T. Bruce Petitt

RB

READING & BATES PETROLEUM CO.

3200 Mid-Continent Tower
Tulsa, Oklahoma 74103
918 583-8180

July 24, 1987

Mountain States Natural Gas Corporation
P. O. Box 35426
Tulsa, Oklahoma 74135

RE: Ingram Federal #43-16 Well
NE/4 SE/4 Section 16-25N-2W
Rio Arriba County, New Mexico

Gentlemen:

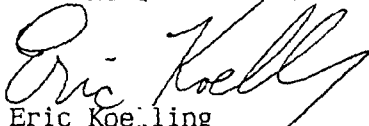
Due to the recent Oil Conservation Division Order changing spacing in Gavilan, Mesa Grande Resources has proposed creating a 640 acre unit for the referenced well, being all of Section 16. As a result, we are enclosing an Operating Agreement and AFE for the subject well and unit for your execution.

Please execute and return the Operating Agreement and AFE to the undersigned at your earliest opportunity.

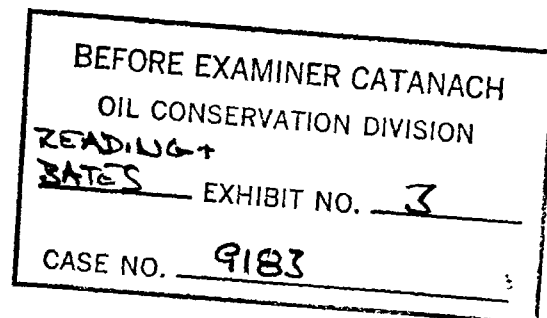
We would also appreciate your share of dry hole costs at this time.

Very truly yours,

READING & BATES PETROLEUM CO.


Eric Koelling
Assistant Land Manager

EK/sf
Enclosures





READING & BATES PETROLEUM CO.

July 13, 1987

3200 Mid-Continent Tower
Tulsa, Oklahoma 74103
918 583-8180

Arriba Company Ltd
1200 Philtower Building
Tulsa, Oklahoma 74103

Ralph Gilliland Estate
Attn: Anne St Clair
7420 Caruth
Dallas, Texas 75225

Duer Wagner Jr.
1420 Contirental Plaza
777 Main Street
Fort Worth, Texas 75102

Duer Wagner III
1420 Continental Plaza
777 Main Street
Fort Worth, Texas 75102

Mountain States Natural Gas Corporation
P. O. Box 35426
Tulsa, Oklahoma 74135

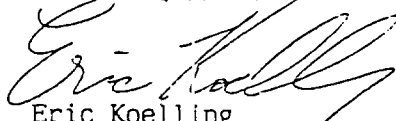
RE: Ingram Federal #34-16
Section 16-25N-2W
Rio Arriba County, New Mexico

Gentlemen:

As you have been advised by Mesa Grande Resources, pursuant to a recent New Mexico Oil Conservation Division Order we are forming a 640 acre unit for the Ingram Federal well rather than the 320 acre unit for the Phantom well which was previously proposed. As a result, I am enclosing invoices for your share of dry hole costs under the 640 acre unit. Since the well is currently drilling, we would appreciate your earliest attention to the invoice and return to the undersigned with payment.

Very truly yours,

READING & BATES PETROLEUM CO.


Eric Koelling
Assistant Land Manager

sf
Enclosure

RB READING & BATES PETROLEUM CO.

3200 MID-CONTINENT TOWER, TULSA, OKLAHOMA 74103, PHONE 918 583-8180

TO Mountain States Natural Gas Corporation
P. O. Box 35426
Tulsa, OK 74135

DATE 7-13-87

INVOICE NO. AFE-3381

WELL: INGRAM FEDERAL
Section 16-25N-2W
Rio Arriba County, New Mexico

PROPERTY AFE 87728

TOTAL DRY HOLE COST: \$190,005.00

To invoice you for your share of the Dry Hole cost in the subject well
in the amount of:

OWNER NAME	W.I.	AMOUNT
Mountain States Natural Gas Corporation	0.03125	\$5,937.66

Please remit to the attention of Eric Koelling.

AFFIDAVIT

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

Eric Koelling, an employee and authorized representative of Reading & Bates Petroleum Co., the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

Eric Koelling
Eric Koelling

Subscribed and sworn to before me this 28th day of July,
1987 by Eric Koelling.

Annette Byrnes
Notary Public

My Commission Expires:

Jan. 10, 1991

BEFORE EXAMINER CATANACH
Oil Conservation Division
Reading & Bates Petroleum
Co. EXHIBIT NO. 84
CASE NO. 9183

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN M. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

July 7, 1987

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To all affected interest owners:

Re: Application of Reading & Bates Petroleum Company for
Compulsory Pooling, Rio Arriba County, New Mexico

Dear Interest Owner:

This letter is to advise you that Reading and Bates Petroleum Company has filed an application with the New Mexico Oil Conservation Division seeking to pool all unjoined mineral interest for the drilling of a well at a standard location in Section 16, Township 25 North, Range 2 West, Rio Arriba County, New Mexico. Reading & Bates proposes to complete its well in the Gavilan/Mancos Pool.

This application has been set for hearing before a Division Examiner on July 29, 1987. You are not required to attend this hearing, but as an interest owner you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,



J. Scott Hall

JSH/dmg
encl.

P 307 895 298

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
See Reverse

Sent to Mtn. States Natural Gas Corp.	
Street and No. P.O. Box 35426	
P.O. State and ZIP Code Tulsa, OK 84135	
Postage	22
Certified Fee	75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	70
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	1.67
Postmark or Date 7/7/87	

U.S. POST OFFICE

Form 3800, June 1985

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 boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

Mountain States Natural Gas Corp.
P.O. Box 35426
Tulsa, OK 84135

4. Article Number

Type of Service:

☒ Registered
☒ Certified
☐ Insured
☐ Express Mail
☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

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

NOT

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery

JUL 14 1987

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 307 895 299
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Mesa Grande Resources	
Street and No. 1200 Philtower Bldg.	
P.O., State and ZIP Code Mesa, OK 74103	
Postage	\$ 22
Certified Fee	75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	70
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 1.67
Postmark or Date 7/7/87	

PS Form 3800, June 1985 480-794

PS Form 3800, June 1985

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

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

**Mesa Grande Resources
 1200 Philtower Bldg.
 Mesa, OK 74103**

4. Article Number

D307895 299

Type of Service:

☐ Registered
☒ Certified ☐ Insured
☐ Express Mail ☐ COD

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

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

5. Signature — Addressee

X

6. Signature — Agent

X

7. Date of Delivery

7-10-87

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 307 895 300
 RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
 EXCEPT FOR INTERNATIONAL MAIL
 (See Reverse)

Aruba Co. Ltd	
1200 Phil tower Bldg.	
Juls9, OK 74103	
Postage	\$ 22
Certified Fee	75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	70
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	1.67
Postmark or Date 7/7/87	

PS Form 3800, June 1985
 4967-80-794 U.S. POSTAL SERVICE

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

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:
 Aruba Co. Ltd
 1200 Phil tower Bldg
 Julia, OK 74103

4. Article Number
 P307895 300
 Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail
 Always obtain signature of addressee or agent and **DATE DELIVERED.**
 5. Addressee's Address (ONLY if requested and fee paid)
 6. Signature of Addressee
 7. Date of Delivery
 7-10-87

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

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:
Ralph Gilliland Estate
Attn: Anne St. Clair
7420 Caruth
Dallas, TX 75225

4. Article Number
P307895301

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Addressee
X [Signature]

6. Signature — Agent
X

7. Date of Delivery
7-9-87

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

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 307 895 301

RECEIPT FOR CERTIFIED MAIL

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

(See Reverse)

PS Form 3800, June 1985

* U.S.G.P.O. 1985-480-734

Ralph Gilliland Estate
Attn: Anne St. Clair
7420 Caruth
Dallas, TX 75225

Postage	22
Certified Fee	75
Special Delivery Fee	
Registered Delivery Fee	
Return Receipt showing to whom and Date Delivered	70
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	1.67

Signature of Sender
7/7/87

P 307 895 302

• RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

To: <u>Dier Wagner, Jr.</u>	
<u>420 Continental Plaza</u>	
<u>777 Main Street</u>	
State and ZIP Code: <u>Fort Worth, TX 75102</u>	
Postage	22
Certified Fee	75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	70
Return Receipt showing to whom Date and Address in Delivery	
TOTAL Postage and Fees	1.67
Postmark or Date: <u>7/7/87</u>	

PS Form 3800, June 1985 480-794

PS Form 3800, June 1985

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

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

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Dier Wagner Jr.

1420 Continental Plaza

777 Main Street

Fort Worth, TX 75102

4. Article Number: D307895-302

Type of Service: ☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery: JUL 10 1987

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 307 895 303

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

44794 PS Form 3800, June 1985 480-794

U.S.G.P.O. ★

Duer Wagner III 1420 Continental Plaza 777 Main Street Fort Worth, TX 75102	
Postage	22
Certified Fee	75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	70
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	167
Postmark or Date 7/7/87	

PS Form 3800, June 1985

PS Form 3811, Feb. 1986

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

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:
Duer Wagner III
1420 Continental Plaza
777 Main Street
Fort Worth, TX 75102

4. Article Number:
P 307 895 303

Type of Service:
☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

5. Signature: Address:
X

6. Signature Agent:
X

7. Date of Delivery:
JUL 10 1987

8. Addressee's Address (ONLY if requested and fee paid)
Always obtain signature of addressee or agent and DATE DELIVERED.

DOMESTIC RETURN RECEIPT