



APRIL 19, 1988

BRAD M. BENNETT P. O. BOX 2062 MIDLAND, TX 79702

RE: S/2 Section 31, T-18-S, R-39-E save and except the SW/4 of SE/4, Lea County, New Mexico, containing 280 acres, more or less Ciudad Prospect

Dear Brad:

As a follow-up to our letter of March 3, 1988 and to various telephone conversations, enclosed herewith is a copy of an Operating Agreement for the captioned acreage, accompanied by an extra copy of the signature pages. It is requested that one copy of the signature page and AFE be returned to our Midland office at your earliest convenience. However, should you elect not to join with us, we again request that you consider our farmout terms as requested in our letter of March 3, 1988.

Should you have any questions, please do not hesitate to call.

Yours very truly,

enneth H. Gray

KHG/syp

Enclosures

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MARCH 3, 1988

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RE: S/2 Section 31, T-18-S, R-39-E save and except the SW/4 of SE/4, Lea County, New Mexico, containing 280 acres, more or less Ciudad Prospect

Gentlemen:

Primary hereby proposes the formation of a working interest unit covering the captioned acreage for the purpose of drilling a 4550' San Andres test, tentatively located 1980' FWL and 330' FSL of Section 31. For your information, we have enclosed a copy of the AFE for our proposed well (PFI Harvard #1). If you do not desire to join in the drilling of the captioned well, we respectfully request that you farmout your interest subject to the following terms and conditions:

- 1. Within 60 days after an acceptable agreement has been signed by all parties, the initial test well will be commenced at a legal location of Primary's choice on the captioned acreage (pending no surface problems, the initial test well will be located at referenced above). The initial test well will be drilled to a depth sufficient to test the San Andres formation, or 4600', whichever is the lesser. Upon completion of the initial test well as a commercial producer:
 - a. Bennett will assign to Primary 100% of his interest in the initial drillsite proration unit, retaining the difference between present existing lease burdens and 23%, conveying to Primary no less than a 77% net revenue interest. Upon payout of the initial test well, Bennett will have the option to exchange its retained override for a 25% interest in the initial proration unit.
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- 4. Appropriate tax language will be added to protect against any adverse tax consequences.

Ciudad Prospect Page Two

Your prompt response to this request is appreciated, since Primary would like to commence this well as early as possible. Should you have any questions, please do not hesitate to call.

Yours very truly

enneth H. G

KHG/syp

Enclosure

cc: Don Thompson

RECOMPLETE REPAIR PROPOSED San Andres NAME AND NO. LOCATION Sec. 31, T185, R39E SUB- LEA N.M. FOSTER SAN Andres DRY HOLE CONTRACT DAY WORK Completion Rig 4 Days @ \$ 3500 /Day Other Contract Charges (Rig Up / Down) Other Contract Charges (Rig Up / Down) Other Contract Charges (Rig Up / Down) Other Cores, Resmers, etc. OUS Weit Evaluation & Logging San Andres LOCATION Sec. 31, T185, R39E PROSP FROSP PROSP FROSP PROSP FROSP PROSP FROSP FROSP PROSP FROSP PROSP FROSP FROSP PROSP FROSP F	Cuidad OMPLETION 3500 6400 2500 500	TOTAL \$ 29575 7000 6400
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Bub Account Drilling 4550 Ft. @ \$ 6.50/Ft. \$ 29575 \$ 001 Contract Drilling 4550 Ft. @ \$ 6.50/Ft. \$ 29575 \$ 002 DAY Other Day Work Days @ \$ 70ay Other Day Work 2 Days @ \$ 3500 /Day 3500 Day Other Contractors Charges (Rig Up / Down) Other Contractors Charges (Rig Up / Down) Other Contractors, Reamers, etc.	3500 6400 2500 500	\$ 29575 7000 6400
Account Drilling 4550 Pt. ©\$ 6.50/Ft. \$ 29575 \$ CONTRACT DAY Other Day Work Days ©\$ 3500 /Day 3500 DAY WORK Other Contractors Charges (Rig Up / Down) Od Location, Roads, Pits, Survey, Permits, Oredging, Damages Od Weil Evaluation & Logging 5000	3500 6400 2500 500	\$ 29575 7000 6400
CONTRACT DAY ODAY ODAY ODAY ODAY ODAY ODAY ODAY	2500 500	7000 6400
OC2 DAY WORK OCHE Contractors Charges (Rig Up / Down) OC4 Location, Roads, Pits, Survey, Permits, Oredging, Damages OC6 Bits, Coreheads, Stabilizers, Reamers, etc. OC6 Well Evaluation & Logging SCONTRACT Other Day Work Ocher Days © \$ 3500 /Day Scontractors Charges (Rig Up / Down) OC6 Sits, Coreheads, Stabilizers, Reamers, etc. OC6 OC6 OC6 OC7	2500 500	6400
OO2 DAY WORK Completion Rig 4 Days © \$ 1600 /Day Other Contractors Charges (Rig Up / Down) OO4 Location, Roads, Pits, Survey, Permits, Oredging, Damages OO5 Sits, Coreteads, Stabilizers, Reamers, etc. OO9 Well Evaluation & Logging 5000	2500 500	6400
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004 Location, Roads, Pits, Survey, Permits, Oredging, Damages 12000 005 Bits, Coreheads, Stabilizers, Reamers, etc. 009 Well Evaluation & Logging 5000	500	
000 Well Evaluation & Logging 5000		14500
And I state Transferred to Colificial		500
77000	1000	6000
006 Mud and Chemicals 4000 007 Fuel Power Water 2500	1000	5000
	6000	2500 11000
008 Cement and Camenting Services, Cementing Equipment, Hangers, Packers 5000 018 Land Transportation 500	500	1000
016 Lend Trensportation 500		1000
018 Air Transportation		
011 Contract Services 3000		3000
013 Tool Rental Including Small Diameter Drill Pipe 1000	500	1500
014 Insurance 5000	770	5000
012 Stimulation Treatment	1000	1000
022 P & A Include Restore Location and Roads 3000 010 Supervision: Engineering, Geological, Consultants 3600	1800	3000 5400
010 Supervision: Engineering, Geological, Consultants 3600 (1800 900	2700
015 Other Well Services 750	750	1500
D23 Miscellaneous Cost and Contingencies @ 20% . 15% 11583	4403	15986
TOTAL INTANGIBLES \$ 91,808 \$	30753	\$ 122561
Sub 0100-1823-XXX TANGIBLES DRY HOLE CO	MPLETION	TOTAL
Conductor		
001 Surface 300 8-5/8 24 K55 13 3900		3900
002 Protection		
Production 4550 5-1/2 14 K55 6	27300	27300
003 Liner 004 Tubine 4450 2-3/8 4.7 J55 2.50		27300
	11125	11125
007 Wellheed Equipment 800	2000	2800
006 Other Controllable Subsurface Equipment	500	500
006 Non-Controllable Subsurface Equipment 006 Miscellaneous & Contingencies ● 10% 470	500 4143	500
Miscellandor & Contingencial & 10%	7173	4613
TOTAL TANGIBLES 5170	45568	50738
Total Well Cost Thru Christmas Tree \$ 96978 \$	76321	\$ 173299
Sub 0100-1823-XXX PRODUCTION EQUIPMENT		
Account 1	\ \ \ \ \ \ \	/455
013 Tents and Accessory Equipment 012 Non Controllable Surface Equipment & Contingencies © 15%	$\overset{\diamond}{\leftrightarrow}\overset{\diamond}{\leftrightarrow}\overset{\diamond}{\leftrightarrow}$	4000 8925
008 Pumping Unit and Engines & Bucker rods	$\Diamond \Diamond \Diamond \Diamond \Diamond$	35000
010 Meters and Regulating Equipment	XXXX	1500
014 Processing, Dehydration & Separation Equipment	XXXX	15000
017 Platforms	XXXX	
009 Field Pipelines and Lasse Equipment	XXXXX	1500
015 Installation	$\langle \langle \langle \rangle \rangle \langle \rangle$	2500
VAR Facilities (018) Water Supply (019) Secondary Recovery (020) 018 Compressors	$\Diamond \Diamond \Diamond \Diamond \Diamond$	
TOTAL PRODUCTION EQUIPMENT \$ \$		\$ 68425
TOTAL PROJECT COST \$ 96978 \$	76321	\$ 241724
COMPANY OWNERSHIP COMPANY COST DRY HOLE COMPANY C	OST — COMPLE	ITED
PREPARED BY ACP IN DATE PRESIDENT V		lnat-
TWM 11/06/87 2 C.		DATE
LAND DATE DISTRICT DATE ENGINEERIN	va .	DATE
JOINT INTEREST APPROVAL (Attach Separate Page if Necessary)		
COMPANY NAME WIN APPROVAL		
BRAD M. BENNETT 5.6350% COMPANY NAME WIN APPROVAL		



MARCH 3, 1988

ANADARKO P. O. BOX 2497 MIDLAND, TX 79702

ATTN: MR. WAYNE WHEELIS

RE: S/2 Section 31, T-18-S, R-39-E save and except the SW/4 of SE/4, Lea County, New Mexico, containing 280 acres, more or less Ciudad Prospect

Gentlemen:

Primary hereby proposes the formation of a working interest unit covering the captioned acreage for the purpose of drilling a 4550' San Andres test, tentatively located 1980' FWL and 330' FSL of Section 31. For your information, we have enclosed a copy of the AFE for our proposed well (PFI Harvard #1). If you do not desire to join in the drilling of the captioned well, we respectfully request that you farmout your interest subject to the following terms and conditions:

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- 4. Appropriate tax language will be added to protect against any adverse tax consequences.

319 W. Texas • Suite 201 • Midland, Texas 79701 • 915/686-8721

Ciudad Prospect Page Two

We would appreciate being supplied with a copy of your previous Title Opinion and any other curative matter pertaining to this acreage.

Your prompt response to this request is appreciated, since Primary would like to commence this well as early as possible. Should you have any questions, please do not hesitate to call.

Yours very tru)

Kenneth H. Gray

KHG/syp

Enclosure

cc: Don Thompson

3/10/88 - Requested T. Opinion & Curative

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OFFICE PHONE 505 393-5515 OR 397-3925 RESIDENCE 505 397-7002

Roy G. Banton, In.

Oil and Gas Producer

MAIN OFFICE

HOBBS. NEW MEXICO 88241 March 11, 1988

P.O. Box 978

Primary Fuels, Inc. 319 W. Texas, Suite 201 Midland, Texas 79701

Re: S/2 Section 31, T-18-S, R-39-E, Lea County, New Mexico #34-18-S

Attention: Kenneth Gray

Dear Mr. Gray:

Please be advised Barton Bros. Land & Royalty Co. will participate in the drilling of the above referenced property. Enclosed is the AFE executed by Roy G. Barton, Jr., General Partner.

If you need any additional information, please let me know.

Thank you.

Yours truly,

Joan Reynolds

Coan Reynord

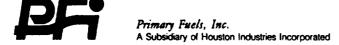
Enclosure

200

Original: Don Thompson) Casey: Ciudad Prospect File

AUTHORIZATION FOR EXPENDITURE PRIMARY FUELS, INC. DRILLING AND COMPLETION OPERATOR COMPLETION APE NO. DISTRICT 187 Midland Primary Fuels, Inc. PROPOSED FORMATION PROPOSED WELL DEPTH B DEVELOPMENT ☐ EXPLORATORY San Andres 45501 T RECOMPLETE REPAIR PROPOSED 5/2 01 LOCATION WELL NAME AND NO. TO ORIGINAL Sec. 31, T185, R39E Harvard No. 1 SUPPLEMENT 11/06/87 CO./ STATE FIELD OR AREA PROSPECT Cuidad LEA N.M. Foster San Andres Sub DRY HOLE COMPLETION TOTAL 0100-1822-XXX INTANGIBLES 4550 29575 29575 \$ 6.50/Ft. 001 Contract Drilling Ft. @ \$ /Dev Days @ 1 **Drilling on Day Work** CONTRACT 3500 3500 7000 Other Day Work Days # \$ 3500 /Day 002 DAY 6400 /Day 6400 1600 002 Completion Rig Days @ \$ WORK 003 Other Contractors Charges (Rig Up / Down) 12000 2500 14500 004 Location, Roads, Pits, Survey, Permits, Oredging, Damages 300 300 005 Bits, Coreheads, Stabilizers, Reamers, etc. 5000 1000 6000 009 Well Evaluation & Logging 4000 1000 5000 000 Mud and Chemicels 2500 2500 007 Fuel, Power, Water 6000 5000 11000 006 Coment and Comenting Services, Comenting Equipment, Hangers, Packers 500 500 1000 018 017 Marine Transportation 018 Air Transportation 3000 3000 011 Contract Services 1000 500 1500 013 Tool Rental Including Small Diameter Drill Pipe 5000 5000 014 1000 1000 012 **Stimulation Treatment** <u>3000</u> P & A Include Restore Location and Roads 022 3000 5400 3600 1800 010 Supervision: Engineering, Geological, Consultants 1800 2700 900 030 Overhead 750 1500 016 Other Well Services 750 15986 11583 023 Miscellaneous Cost and Contingencies @ 20% . 15% 4403 \$ 122561 TOTAL INTANGIBLES \$ 91808 30753 Sub 0100-1823-XXX TANGIBLES DRY HOLE COMPLETION TOTAL FT. los CASING LB. GR. IN Conducto 3900 3900 001 Surface 300 8-5/8 24 **K55** 13 002 Protection 4550 5-1/2 14 **K53** Production 27300 27300 003 Lines 4450 004 Tubing 2-378 4.7 **J**55 2.50 11125 11125 800 2000 007 Wellhood Equipment 2800 300 500 000 Other Controllable Subsurface Equipment 006 500 Non-Controllable Subsurface Equipment 500 006 Miscellaneous & Contingencies # 10% 470 4143 <u>4613</u> TOTAL TANGIBLES 45568 5170 50738 Total Well Cost Thru Christmas Tree 76321 **\$** 173299 96978 0100-1823-XXX PRODUCTION EQUIPMENT 013 Tenks and Accessory Equipment 4000 012 Non Controllable Surface Equipment & Contingencies Ø 15% 8925 008 Pumping Unit and Engines & sucker rods 35000 010 Meters and Regulating Equipment 1500 014 Processing, Dehydration & Separation Equipment 15000 017 Platforms 009 Field Pipelines and Lesse Equipment 1500 015 2500 VAR Facilities (018) Water Supply (019) Secondary Recovery (020) 016 Compressors TOTAL PRODUCTION EQUIPMENT 68425 TOTAL PROJECT COST \$ 241724 96978 S 76321 COMPANY OWNERSHIP COMPANY COST - DRY HOLE COMPANY COST - COMPLETED AZP ITINI DATE PREPARED BY PRESIDENT DATE TWM 11/06/87 11/10 LAND DISTRICT DATE ENGINEERING JOINT INTEREST APPROVAL (Attach Separate Page if Necessary) WIN APPROVAL BARTON BROS. LAND & ROYALTY CO. 3.125% WI %

COCCINENT



MARCH 3, 1988

BARTON BROS. LAND & ROYALTY CO. P. O. BOX 968 HOBBS, NM 88201

ATTN: MR. ROY G. BARTON, JR.

RE: S/2 Section 31, T-18-S, R-39-E save and except the SW/4 of SE/4, Lea County, New Mexico, containing 280 acres, more or less Ciudad Prospect

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Ciudad Prospect Page Two

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KHG/syp

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cc: Don Thompson

DRILLING	IUN FUN I G AND COI	MPLETION	<u> </u>	RIM	ARY F	UELS,	INC.	<u> </u>		
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001	Contract Dr		455			6.50/Ft.	\$ 29575	\$	\$ 2957	3
002	CONTRACT	Other Day	Oay Work	2 Days		/Dey	3500	3500	700	0
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018	Land Transc Marine Tran						500	300	100	-
018	Air Transpo						2000		200	
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015	Other Well &		Contingencies	e 20% . 1	.5%		11583	750 4403	1598	
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	Conductor						3900		390	
001	Surface Protection	300	8-5/8	24	K55	13_	3300		350	-
	Production	4550	5-1/2	14	K55	6		27300	0720	
003	Liner Tubing	4450	2-378	4.7	J55	2.50			2730	-
007	Wellhood Eq						800	2000	1112	
006			urface Equipm	ent_			300	300	280	
006			rface Equipme pencies © 10%	nt			470	500	500 461	
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COMPAN					WI %	Al	PROVAL			

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APRIL 19, 1988

ANADARKO P. O. BOX 2497 MIDLAND, TX 79702

ATTN: MR. WAYNE WHEELIS

RE: S/2 Section 31, T-18-S, R-39-E save and except the SW/4 of SE/4, Lea County, New Mexico, containing 280 acres, more or less

Ciudad Prospect

Dear Wayne:

As a follow-up to our letter of March 3, 1988 and to various telephone conversations, enclosed herewith is a copy of an Operating Agreement for the captioned acreage, accompanied by an extra copy of the signature pages. It is requested that one copy of the signature page and AFE be returned to our Midland office at your earliest convenience. However, should you elect not to join with us, we again request that you consider our farmout terms as requested in our letter of March 3, 1988.

Should you have any questions, please do not hesitate to call.

KHG/syp

Enclosures

319 W. Texas • Suite 201 • Midland, Texas 79701 • 915/686-8721



APRIL 19, 1988

BARTON BROS. LAND & ROYALTY CO. P. O. BOX 968 HOBBS, NM 88201

ATTN: JOAN REYNOLDS

RE: S/2 Section 31, T-18-S, R-39-E save and except the SW/4 of SE/4, Lea County, New Mexico, containing 280 acres, more or less Ciudad Prospect

Gentlemen:

As a follow-up to our letter of March 3, 1988, and to your response of March 11, 1988, we are enclosing herewith one copy of an Operating Agreement, accompanied by an extra copy of the signature pages. It is requested that the signature pages be signed by an authorized representative of your company and returned to this office at your earliest convenience.

Should you have any questions, please do not hesitate to call.

Kenneth H. Gray

KHG/syp

Enclosures

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF PRIMARY FUELS, INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 9361

AFFIDAVIT

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

Kenneth H. Gray, an employee and authorized representative of Primary Fuels, Inc., the Applicant herein, being first duly worn, 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.

(signature)

Subscribed and sworn to before me this 210th day of April, 1988 by Kenneth H. Lay.

Notary Public Sallegon

My Commission Expires:

9-15-90

ELECTE EMANINER CATAMACH

CIL CONSERVATION E IVISION

APPLICATE EXHIBIT NO. 3

CASE NO. 9361

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 H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE

SUITE I - 110 NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE. NEW MEXICO 87504-2208

TELEPHONE: (505) 988-442.

TELECOPIER: (505) 983-6043

April 6, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Anadarko Production Corporation Post Office Box 2497 Midland, Texas 79702

Attn: Wayne Wheelis

Re: Application of Primary Fuels, Inc. for Compulsory

Pooling, Lea County, New Mexico

Dear Sirs:

This letter is to advise you that Primary Fuels, Inc. has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the San Andres formation for any and all formations and/or pools developed on 40-acre spacing, in and under the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, N.M.P.M., Lea County, New Mexico. Primary Fuels, Inc. proposes to dedicate the referenced pooled unit to a well to be located at a standard location in the SE/4 SW/4 of said Section 31.

This application has been set for hearing before a Division Examiner on April 27, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly young,

WILLIAM F\ CARR

ATTORNEY FOR PRIMARY FUELS, INC.

WFC/mlh

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Anadarko Production Corporation	Att
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Midlard, Texas 79702	· 5.
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	6. Signature - Agent
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8. Addressee's Address (ONLY if requested and fee paid)	5. Signature – Addressee
Always obtain signature of addressee or agent and DATE DELIVERED.	
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Registered Insured	Post Office Box 249/
Type of Service:	Anadarko Production Corporation Type of Service:
P 112 385 397	
4. Article Number	3 Article Addressed to:
2. LJ Restricted Delivery.	1 Show to whom delivered, date, and addressee's address.
) requested.	postmaster for fees and check box(es) for additional service(s) requested.
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es are desired, and complete items 3 and 4.	SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

CAMPBELL & BLACK, P.A.

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

GUADALUPE PLACE
SUITE I - 110 NORTH GUADALUPE
POST OFFICE BOX 2206

SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 968-4421
TELECOPIER: (505) 963-6043

April 6, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Barton Brothers Land and Royalty Company Post Office Box 968 Hobbs, New Mexico 88201

Attn: Roy G. Barton, Jr.

Re: Application of Primary Fuels, Inc. for Compulsory

Pooling, Lea County, New Mexico

Dear Sirs:

This latter is to advise you that Primary Fuels, Inc. has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the Sar Andres formation for any and all formations and/or pools developed on 40-acre spacing, in and under the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, N.M.P.M., Lea County, New Mexico. Primary Fuels, Inc. proposes to dedicate the referenced pooled unit to a well to be located at a standard location in the SE/4 SW/4 of said Section 31.

This application has been set for hearing before a Division Examiner on April 27, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR PRIMARY FUELS, INC.

WFC/mlh

Barton Brothers Land & Royalty Company

Post Office Box 968

Hobbs, New Mexico 88201

P 208 889 794

DOMESTIC RETURN RECEIPT	PS Form 3811, Feb. 1986
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73 - 0 3357	6. Signature – Agent
8. Addressee's Address (ONLY if requested and fee paid)	S. Signature — Addressed
Always obtain signature of addressee or agent and DATE DELIVERED.	Attn: Roy G. Barton, Jr.
Registered Insured COD Express Mail	68 88201
Type of Service:	Royalty Company
P 112 385 394	Barton Brothers Land &
4. Article Number	3. Article Addressed to:
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ses are desired, and complete items 3 and 4.	SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

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CAMPBELL & BLACK, P.A.

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

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 958-442*
TELECOPIER: (505) 983-6043

April 6, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

M. Brad Bennett, Inc. Post Office Box 2062 Midland, Texas 79702

Re: Application of Primary Fuels, Inc. for Compulsory Pooling, Lea County, New Mexico

Dear Sirs:

This letter is to advise you that Primary Fuels, Inc. has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the San Andres formation for any and all formations and/or pools developed on 40-acre spacing, in and under the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, N.M.P.M., Lea County, New Mexico. Primary Fuels, Inc. proposes to dedicate the referenced pooled unit to a well to be located at a standard location in the SE/4 SW/4 of said Section 31.

This application has been set for hearing before a Division Examiner on April 27, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR PRIMARY FUELS, INC.

WFC/mlh

P 332 385 396

PER ELPO PO DESTINA **EC** GARL DO CHO DO CHO POR PO POR DO CONTRA CALLAR B. Brad Bennett, Inc.

Post Office Box 2062
Midland, Texas 79702
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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. PS Form 3811, Feb. 1986 5. Signature — Addressee X 3. Article Addressed to: 1. X Show to whom delivered, date, and addressee's address. SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. 6. Signature - Agent 7. Date of Delivery M. Brad Bennett, Inc. post Office Box 2062 Midland, Texas 79702 10 agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid) Registered
Certified
Express Mail 4. Article Number Always obtain signature of addressee or FEE NOT P 112 385 396 2. Restricted Delivery. Type of Service: DOMESTIC RETURN RECEIPT OD Insured

RECEIVED.

BEFORE THE

APR 6 1535

OIL CONSERVATION DIVISION

ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

IN THE MATTER OF THE APPLICATION OF PRIMARY FUELS, INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE	NO.	

APPLICATION

PRIMARY FUELS, INC. by its undersigned attorneys, hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978) for an order pooling all of the mineral interests from the surface to the base of the San Andres formation (approximately 4550 feet) for any and all formations and/or pools developed on 40-acre spacing in and under the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

- 1. Applicant owns or represents approximately 76% of the working interest in and under the SE/4 SW/4 of Section 31, and Applicant has the right to drill thereon.
- 2. Applicant proposes to dedicate the above-referenced pooled unit to its Harvard Well No. 1 to be located at a standard location 330 feet from the South line and 1980 feet from the West line in the SE/4 SW/4 of said Section 31.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the SE/4 SW/4 of said Section 31 except for the following interest owners:

Anadarko Production Corporation 15.3% W.I.
Post Office Box 2497
Midland, Texas 79702
Attn: Wayne Wheelis

M. Brad Bennett, Inc. 5.6% W.I. Post Office Box 2062 Midland, Texas 79702

Barton Brothers Land and Royalty Company 3.0% M.I. Post Office Box 968
Hobbs, New Mexico 88201
Attn: Roy G. Barton, Jr.

John Bayz .7% M.I. (address unknown)

- 4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on April 27, 1988, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including

overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

WILLIAM F. CARR

Post office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

ATTORNEYS FOR PRIMARY FUELS, INC.

PRIMARY FUELS, INC. **AUTHORIZATION FOR EXPENDITURE** DRILLING AND COMPLETION OPERATOR COMPLETION APENO, Primary Fuels, Inc. Midland 187 PROPOSED FORMATION M DEVELOPMENT EXPLORATORY PROPOSED WELL DEPTH San Andres 4550' ☐ RECOMPLETE REPAIR PROPOSED WELL NAME AND NO. LOCATION DATE TO ORIGINAL Harvard No. 1 Sec. 31, T185, R39E SUPPLEMENT 11/06/87 CO./FORMEN STATE PROSPECT FIELD OR AREA N.M. Foster San Andres Cuidad Sub 0100-1822-XXX INTANGIBLES DRY HOLE COMPLETION TOTAL Account 4550 29575 6.50/Ft. 29575 001 Contract Drilling Ft. Ø \$ CONTRACT Drilling on Day Work /Day Days @ \$ 3500 3500 7000 Days 9 \$ 3500 /Day Other Day Work 002 DAY 6400 002 Completion Rig 1600 /Day 6400 Days @ \$ WORK 003 Other Contractors Charges (Rig Up / Down) 12000 2500 004 Location, Roads, Pits, Survey, Permits, Dredging, Damages 14500 005 Bits, Coreheads, Stabilizers, Reamers, etc. 500 500 5000 Well Evaluation & Logging 1000 009 6000 4000 1000 006 Mud and Chemicals 5000 2500 007 Fuel, Power, Water 2500 6000 5000 11000 008 Cement and Cementing Services, Cementing Equipment, Hangers, Packers 016 500 500 Land Transportation 1000 017 Merine Transportation 018 Air Transportation 3000 Contract Services 3000 011 500 013 Tool Rental Including Small Diameter Orill Pipe 1000 1500 5000 5000 014 Insurance 1000 1000 012 Stimulation Treatment 3000 022 P & A Include Restore Location and Roads 3000 3600 Supervision: Engineering, Geological, Consultants 1800 5400 010 1800 2700 030 Overhead 900 750 1500 Other Well Services 015 <u>750</u> Miscellaneous Cost and Contingencies @ 20% / 15% 11583 15986 023 4403 TOTAL INTANGIBLES \$ 91808 122561 <u> 30753</u> 0100-1823-XXX TANGIBLES DRY HOLE COMPLETION TOTAL Sub CASING FT IN. LB. GR. Ø\$ Conductor 3900 3900 001 Surface 300 8-5/8 24 13 K55 002 Protection 14 **K55** 6 4550 5-1/2 Production 27300 27300 003 Liner 4450 **J**55 2-3/8 2.50 004 Tubing 11125 11125 2000 800 007 Wellhead Equipment 2800 300 005 Other Controllable Subsurface Equipment 500 500 008 Non-Controllable Subsurface Equipment 500 008 Miscellaneous & Contingencies # 10% 470 4143 <u>4613</u> 45568 5170 TOTAL TANGIBLES 50738 76321 Total Well Cos: Thru Christmas Trea 173299 96978 Sub 0100-1823-XXX PRODUCTION EQUIPMENT 013 Tanks and Accessory Equipment 4000 8925 Non Cantrollable Surface Equipment & Contingencies @ 15% 012 008 Pumping Unit and Engines & sucker rods 35000 010 Meters and Regulating Equipment 1500 014 Processing, Dehydration & Separation Equipment 15000 017 Platforms 009 Field Pipelines and Lesse Equipment 1500 015 Installation <u>2500</u> VAR Facilities (018) Water Supply (019) Secondary Recovery (020) 016 TOTAL PRODUCTION EQUIPMENT 68425 TOTAL PROJECT COST 96978 76321 5 \$ 241724 COMPANY OWNERSHIP COMPANY COST - COMPLETED COMPANY COST - DRY HOLE AZP ITIOIS DATE PREPARED BY PRESIDENT DATE TWM 11/06/87 DISTRICT LAND DATE ENGINEERING JOINT INTEREST APPROVAL (Attach Separate Page if Necessary) COMPANY NAME WI % APPROVAL APPROVAL COMPANY NAME

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXHIB:T NO. 4
CASE NO. 9361