

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9391
ORDER NO. R-3574

Applicant:

Foran Oil Company

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

Other

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

July 13, 1988

Case
9391

Nitrom Enterprises, Inc.
P. O. Box 3341
Midland, Texas 79702

"Certified"
Return-Receipt Requested

Attn: Mr. C. D. Martin

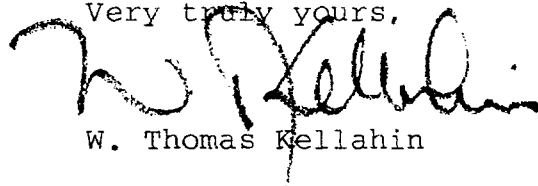
Re: Foran Oil Company
T16S, R37E, NMPM,
Section 7: E/2 SE/4
Lea County, New Mexico
Compulsory Pooling Order R-8674

Dear Mr. Martin:

In accordance with the terms of the enclosed New Mexico Oil Conservation Division Order R-8674, we are sending you a copy of this order and copy of the estimated costs of the subject well as set forth on the AFE dated February 26, 1988.

On behalf of Foran Oil Company, you are hereby notified that pursuant to paragraph (4) of the order you have thirty (30) days from receipt of this letter to pay your share of the subject well costs and avoid the penalty which will apply if your share of the costs is taken out of production.

Very truly yours,


W. Thomas Kellahin

WTK:ca
Enc.

cc: Foran Oil Company
Suite 158, Pecan Creek
8340 Meadow Road
Dallas, Texas 75231

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

July 13, 1988

Harry A. Miller, Jr.
Harry A. Miller, III
Margaret Ann Miller Carrico
303 West Wall Street, Suite 600
Midland, Texas 79701

"Certified"
Return-Receipt Requested

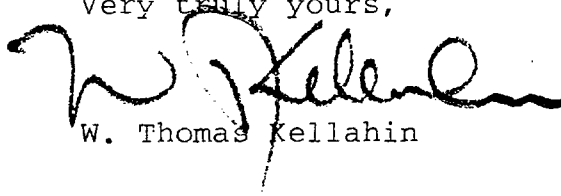
Re: Foran Oil Company
T16S, R37E, NMPM,
Section 7: E/2 SE/4
Lea County, New Mexico
Compulsory Pooling Order R-8674

Dear Interest Owners:

In accordance with the terms of the enclosed New Mexico Oil Conservation Division Order R-8674, we are sending you a copy of this order and copy of the estimated costs of the subject well as set forth on the AFE dated February 26, 1988.

On behalf of Foran Oil Company, you are hereby notified that pursuant to paragraph (4) of the order you have thirty (30) days from receipt of this letter to pay your share of the subject well costs and avoid the penalty which will apply if your share of the costs is taken out of production.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Foran Oil Company
Suite 158, Pecan Creek
8340 Meadow Road
Dallas, Texas 75231

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

July 13, 1988

Jeanne Van Zant Sanders
Sinclair Building, Suite 508
106 West Fifth Street
Fort Worth, Texas 76102

"Certified"

Return-Receipt Requested

Re: Foran Oil Company
T16S, R37E, NMPM,
Section 7: E/2 SE/4
Lea County, New Mexico
Compulsory Pooling Order R-8674

Dear Ms. Sanders:

In accordance with the terms of the enclosed New Mexico Oil Conservation Division Order R-8674, we are sending you a copy of this order and copy of the estimated costs of the subject well as set forth on the AFE dated February 26, 1988.

On behalf of Foran Oil Company, you are hereby notified that pursuant to paragraph (4) of the order you have thirty (30) days from receipt of this letter to pay your share of the subject well costs and avoid the penalty which will apply if your share of the costs is taken out of production.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Foran Oil Company
Suite 158, Pecan Creek
8340 Meadow Road
Dallas, Texas 75231

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

July 13, 1988

E. B. White, Jr.
P. O. Box 2052
Midland, Texas 79720

"Certified"
Return-Receipt Requested

Re: Foran Oil Company
T16S, R37E, NMPM,
Section 7: E/2 SE/4
Lea County, New Mexico
Compulsory Pooling Order R-8674

Dear Mr. White:

In accordance with the terms of the enclosed New Mexico Oil Conservation Division Order R-8674, we are sending you a copy of this order and copy of the estimated costs of the subject well as set forth on the AFE dated February 26, 1988.

On behalf of Foran Oil Company, you are hereby notified that pursuant to paragraph (4) of the order you have thirty (30) days from receipt of this letter to pay your share of the subject well costs and avoid the penalty which will apply if your share of the costs is taken out of production.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Foran Oil Company
Suite 158, Pecan Creek
8340 Meadow Road
Dallas, Texas 75231

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fe, New Mexico 87504-2265

July 13, 1988

J. H. Van Zant II
1730 Commerce Building
307 West Seventh Street
Fort Worth, Texas 76102-5173

"Certified"
Return-Receipt Requested

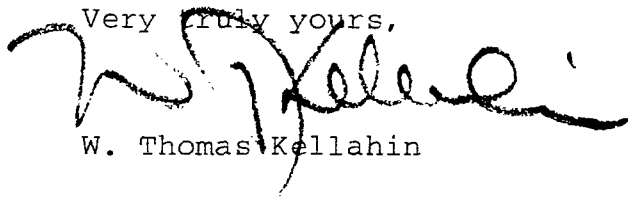
Re: Foran Oil Company
T16S, R37E, NMPM,
Section 7: E/2 SE/4
Lea County, New Mexico
Compulsory Pooling Order R-8674

Dear Mr. Van Zant:

In accordance with the terms of the enclosed New Mexico Oil Conservation Division Order R-8674, we are sending you a copy of this order and copy of the estimated costs of the subject well as set forth on the AFE dated February 26, 1988.

On behalf of Foran Oil Company, you are hereby notified that pursuant to paragraph (4) of the order you have thirty (30) days from receipt of this letter to pay your share of the subject well costs and avoid the penalty which will apply if your share of the costs is taken out of production.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Foran Oil Company
Suite 158, Pecan Creek
8340 Meadow Road
Dallas, Texas 75231

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9391
Order No. R-8674

APPLICATION OF FORAN OIL COMPANY
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 8, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of June, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Foran Oil Company, seeks an order pooling all mineral interests in the Strawn formation underlying the E/2 SE/4 of Section 7, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, forming a standard 80-acre oil spacing and proration unit for the Northeast Lovington-Pennsylvanian Pool, to be dedicated to a well to be drilled at a standard oil well location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 7.

(3) The applicant has the right to drill and proposes to drill a well at a standard location as described above.

(4) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid waste, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the production in any pool completion resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) The applicant should be designated the operator of the subject well and unit.

(7) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) \$5000.00 per month while drilling and \$500.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-

consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) Upon the failure of the operator of said pooled unit to commence the drilling of the well to which said unit is dedicated on or before September 15, 1988, the order pooling said unit should become null and void and of no effect whatsoever.

(14) Should all the parties to this forced pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(15) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Strawn formation underlying the E/2 SE/4 of Section 7, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 80-acre oil spacing and proration unit within the Northeast Lovington-Pennsylvanian Pool, to be dedicated to a well to be drilled at a standard oil well location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 7.

PROVIDED HOWEVER, the operator of said unit shall commence the drilling of said well on or before the 15th day of September, 1988, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 15th day of September, 1988, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) Foran Oil Company is hereby designated the operator of the subject well and unit.

(3) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated well costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) The operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$5000.00 per month while drilling and \$500.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

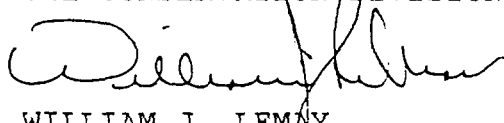
(13) Should all parties to this forced-pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(14) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced-pooling provisions of this order.

(15) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

FORAN OIL COMPANY
SUITE 15X, PECAN CREEK
8340 MEADOW ROAD
DALLAS, TEXAS 75231
(214) 373-8792

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

FORAN EXHIBIT NO. 15

CASE NO. 9391

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE February 26, 1988

AFF NO. _____ LEASE NAME ETHRIDGE 1-7

PROSPECT
NAME South Dean

DESCRIPTION Drill & Equip A 11,800' Strawn Test

COUNTY Lea STATE New Mexico

LOCATION SEC 7: ESE,
T16S-R37E

OPERATOR Foran Oil Company

	DRY HOLE WITHOUT PIPE	COMPLETED WELL
LOCATION & DAMAGES	23,100	24,500
FOOTAGE/MINORITY <u>11,800' @ \$12.70/Ft.</u>	149,860	149,860
CONTRACT DRILLING DAYWORK <u>\$4200/Day</u>	12,600	16,800
CEMENTING & SERVICES	14,000	22,000
DRILL STEM TEST & CORING	5,600	5,600
LOGGING	24,000	24,000
GEOLOGICAL	7,500	7,500
MUD MATERIALS	18,400	18,400
TRUCKING & LABOR	7,500	10,000
SUPERVISION	10,500	14,700
BITS & EQUIPMENT RENTAL	11,000	13,500
FUEL/WATER	2,000	3,000
COMBINED FIXED RATE	6,000	8,000
PLUGGING & ABANDONMENT	-	-
WELL SURVEYS/TEST SERVICES	-	-
COMPLETION UNIT	-	7,500
CENTRALIZERS & SCRATCHERS	-	-
PERFORATING/LOGGING	-	7,500
FRAC AND/OR ACID	-	5,500
OTHER	-	-
CONTINGENCY	20,000	25,000
TOTAL INTANGIBLE	312,060	363,360

	DRY HOLE WITHOUT PIPE	COMPLETED WELL
CASING-CONDUCTOR	-	-
CASING-SURFACE <u>450' 13-3/8" @ \$24.50/Ft</u>	11,025	11,025
CASING-INTERMEDIATE <u>4600' 8-5/8" @ \$14.60/Ft</u>	67,160	67,160
LINER-DRILLING	-	-
CASING-PRODUCTION <u>11800' 5 1/2" @ \$ 9.95/Ft.</u>	-	117,410
LINER-PRODUCTION	-	-
TUBING <u>11700' 2-3/8" @ \$ 3.25/Ft.</u>	-	38,025
WELL HEAD	4,000	7,000
OTHER SUB-SURFACE EQUIP	-	-
TANKS	-	7,500
SEPARATORS & HEATERS	-	14,500
FLOW LINES	-	3,000
ROOS	-	3,000
PUMP UNIT & ENGINE	-	-
INSTALLATION COSTS	2,500	10,500
NON CONTROLLABLE EQUIP	-	3,000
TOTAL EQUIPMENT	84,685	282,120
TOTAL WELL COSTS	396,745	645,480

APPROVALS
FORAN OIL COMPANY

WORKING INTEREST _____% BY Joe Foran

DATE 2/26/88

NON-OPERATOR: _____

DATE _____

WORKING INTEREST _____% BY _____

DATE _____

BY _____

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

September 14, 1988

RECEIVED

SEP 1 1988

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Director
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Foran Oil Company
Ethridge 1-7 well
Compulsory Pooling
T16S R37E, NMPM
Sec 7: E/2SE/4
NMOCD Order R-8674
Case 9391

Dear Mr. LeMay:

On behalf of Foran Oil Company, we obtained the enclosed compulsory pooling order R-8674 effective June 24, 1988 which provided that the subject well must commence on or before September 15, 1988.

The purpose of this letter is to request that the Division grant an additional 90-day period in which to commence the well. The basis for this request is:

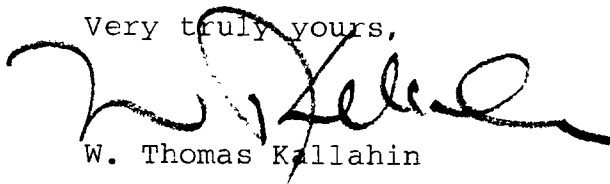
- (1) As of the June 24, 1988 date, there were five companies or individuals that had not elected to voluntarily participate in the well. Now there remains only Mr. J.H. Van Zant II;
- (2) The Morenco #3 rig which is scheduled to commence the Ethridge 1-7 well has been delayed because of difficulty with the Heyco East Lovington 17-1 well located in Section 17, T16S, R37E;
- (3) The Foran drilling consultant who is scheduled for supervising the Ethridge 1-7 well has been delayed for another 30 days because of work on another well; and
- (4) Foran Oil Company desires to run a new seismic line through the Ethridge 1-7 well location and tied into Foran Oil Company's Caudill 2-8 well which was completed on August 12, 1988.

KELLAHIN, KELLAHIN and AUBREY

Mr. William J. LeMay
September 14, 1988
Page 2

For the above reasons, Foran Oil Company respectfully requests that the Pooling Order R-8674 be continued in full force and effect until December 15, 1988.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kallahin', written over the typed name.

W. Thomas Kallahin

WTK/dm
cc: Foran Oil Company
Attn: Mr. David Frye



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

September 14, 1988

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

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Dear Mr. Kellahin:

Based upon your letter of September 14, 1988, and in accordance with the provisions of Order No. R-8674, Foran Oil Company is hereby granted an extension of time in which to begin the well on the unit pooled by said order until November 15, 1988.

Sincerely,

A handwritten signature in cursive script, appearing to read 'William J. Lemay', with a long vertical line extending downwards from the end of the signature.

WILLIAM J. LEMAY
Director

WJL/fd

cc: Case 9391
Jerry Sexton

FORAN PRODUCTION COMPANY

FIRST NATIONAL PLACE I
801 S. FILLMORE
SUITE 450
AMARILLO, TEXAS 79101
(806) 376-6584

November 8, 1988

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, NM 87503

Dear Mr. LeMay:

Re: Foran Oil Company
Ethridge 1-7 Well
South Dean Prospect
NMOCD Case 9391, Order R-8674
Lea County, New Mexico

The above-referenced Compulsory Pooling Order, which was issued June 24, 1988, required that a well be spudded on or before November 15, 1988 in the E/2 SE/4 Section 7, T16S, R37E, NMPM, Lea County, New Mexico. On October 26, 1988 the case was reopened by means of a hearing before the Conservation Division in order to pool the interests of Home-Stake Royalty Corporation and the Home-Stake Oil and Gas Company.

Foran Oil Company completed its Caudill 8 No. 2 well, located in the NW/4 SW/4 of Section 8, from the Strawn formation (11,568'-11,584') for an initial flowing potential of 597 BOPD on August 17, 1988. This is a direct east offset to the proposed Ethridge 1-7 well in Section 7 and is included in the Lovington Penn, Northeast Pool.

Caudill 8 No. 2 was placed on production September 2, 1988 and shut-in for a 72-hour bottom-hole pressure (BHP) survey on October 17, 1988 after producing 14,149 barrels of oil. During this time the flowing tubing pressure dropped from 665 to 230 psig, and we considered it necessary to obtain reservoir pressure data in order to evaluate the size of this Strawn reservoir prior to starting the Ethridge well. When the pressure recorder was removed from Caudill 8 No. 2 on October 20, 1988, by ARC Pressure Data, Inc., we found that the clock had stopped and only 54 hours of buildup data was recorded. In addition, the static pressure gradient could not be obtained, preventing the determination of oil and possible water levels in the well. Therefore, the pressure data was incomplete.

We have recently reduced the choke size on Caudill 8 No. 2 in an effort to reduce water production. This has reduced oil production from over 300 to 150 BOPD.

Mr. William J. LeMay
Oil Conservation Division
November 8, 1988
Page two

Foran desires to take another 72-hour BHP and gradient survey and take the necessary steps to get complete buildup data prior to spudding the Ethridge well. We plan to produce another 5,000 to 6,000 barrels of oil from today's date before taking this BHP survey. Based on the current production rate, this could take another 30 to 40 days. Since we consider this BHP data critical in evaluating the Strawn reservoir size, we respectfully request a 45-day extension to the November 15, 1988 drilling commencement date for Ethridge No. 1-7, as required under Order R-8674.

Very truly yours,



Les M. Carnes

LMC/cc

cc: Tom W. Kellahin
Kellahin, Kellahin, and Aubrey
El Patio
117 North Guadalupe
Santa Fe, NM 87504-2267

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe

Telephone 982-4285

Post Office Box 2265

Area Code 505

Jason Kellahin
Of Counsel

Santa Fe, New Mexico 87504-2265

November 10, 1988

RECEIVED
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NOV 10 1988
OIL CONSERVATION DIVISION
OIL CONSERVATION DIVISION

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Re: Foran Oil Company
Application for Extension of
Order R-8674; Ethridge #1-7 Well,
NMOCD Case 9391

HAND DELIVERED

Dear Mr. LeMay:

On behalf of Foran Oil Company, we obtained the referenced Compulsory Pooling Order which you have previously extended to November 15, 1988.

The purpose of this letter is to request that the Division grant an additional 45-day extension so that the Order will expire on December 31, 1988 unless the well is commenced or the Order further extended.

We have two principal reasons for this request. First, on October 26, 1988 we had an Examiner's Hearing to add Homestake to this Pooling Order. Their interest was originally omitted because Foran Oil Company held a lease from Homestake. That lease has now expired. We are still waiting for the Order from the October 26th hearing. Should Foran be required to commence the well prior to November 15, 1988, then Homestake will have an opportunity to learn the results of the drilling prior to the expiration of the time in which they must pay their share of the well's costs.

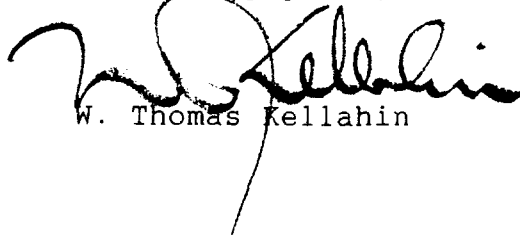
Second, Foran desires to obtain additional BHP data from an offsetting well. I have enclosed a letter to you from Mr. Les Carnes, Foran's Petroleum Engineer in which he details his reasons for an extension of the pooling order.

KELLAHIN, KELLAHIN and AUBREY

Mr. William J. LeMay
November 10, 1988
Page 2

For the above reasons, Foran Oil Company respectfully requests that Pooling Order R-8674 be continued in full force and effect until December 31, 1988.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', with a long, sweeping underline that extends below the printed name.

W. Thomas Kellahin

WTK/dm
Encl.

cc: Joe Foran
William F. Carr

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

November 10, 1988

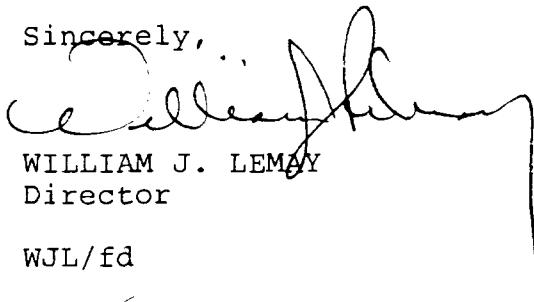
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(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Dear Mr. Kellahin:

Based upon your letter of November 10, 1988, and in accordance with the provisions of Division Order No. R-8674, Foran Oil Company is hereby granted an additional extension of time in which to begin the well on the unit pooled by said order until December 31, 1988.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/fd

cc: Case 9391
Jerry Sexton