

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXHIBIT NO. 1
CASE NO. 939 /

Ethridge #1-7

Proposed 11,800' Strawn Test Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico

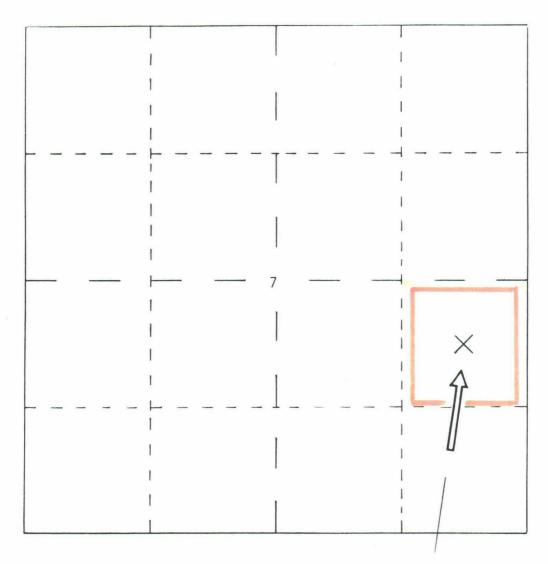
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### PROPOSED LOCATION

Ethridge 1-7 Section 7: NE/4 SE/4 T16S - R37E Lea County, New Mexico

South Dean Prospect



at a legal location

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
FORM EXHIBIT NO. 2
CASE NO. 9391

1" = 1000 FT.

Working Interests Proposed Ethridge #1-7 South Dean Prospect Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico

		UNIT	
	OWNER	INTEREST	STATUS
====		=======================================	=======================================
1.	Sohio	36.485%	
2.	Foran	535.792%	Join
3.	Harvey E. Yates Co.	10.265%	Join/Farmout
4.	Explorers Petroleum Corp.	1.480%	Join/Farmout
5.	Spiral, Inc.	1.480%	Join/Farmout
6.	Yates Energy Corp.	6.504%	Join/Farmout
~7.	Jeanne Van Zant Sanders	2.344%	Join/Lease
<del>-</del> 8.	J.H. Van Zant II	2.344%	Join/Lease
<del>-</del> 9.	Nitrom Enterprises	1.406%	Join/Farmout/Ls.
10.	Roy G. Barton, Jr.	0.235%	Join
11.	Roy G. Barton, Trustee	0.177%	Join
12.	Barton Bros. Land & Royalty Co.	0.708%	Join
<b>-1</b> 3.	E. B. White	0.391%	Lease
<del>-</del> 14.	Harry A. Miller, Jr.	0.195%	Lease
<del>-1</del> 5.	Harry A. Miller, III	0.097%	Lease
<del>-1</del> 6.	Margaret Ann Miller Carrico	0.097%	Lease
		100.000%	

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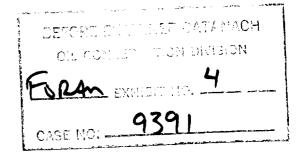
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CASE NO. 9391



Parties to be Pooled Proposed Ethridge 1-7 Well South Dean Prospect Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico

		Working Interest Owners	40 or 80 Acre Unit Interest	-80- <u>Net Acres</u>	-40- Net Acres
	1.	Doris Cross McAdoo 2048 Amherst Drive South Pasadena, CA 91030	.354	.2832	.1416
	2.	Wells Fargo Bank, Successor Trustee Under Will Of Eleanor Wilson McAdoo Oil, Gas and Mineral Administration 2222 West Shaw Avenue, Suite 11 Fresno, CA 93711 Attention: Mr. Gregory A. Schlepp	.354	.2832	.1416
+	3.	Nitrom Enterprises, Inc. P.O. Box 3341 Midland, TX 79702 Attention: Mr. C.D. Martin	1.406	1.1250	.5625
	4.	Jeanne Van Zant Sanders Sinclair Building, Suite 508 106 West Fifth Street Fort Worth, TX 76102	2.344	1.8750	.9375
•	5.	J.H. Van Zant II 1730 Commerce Building 307 West Seventh Street Fort Worth, TX 76102-5173	2.344	1.875	.9375
-	6.	E.B. White, Jr. P.O. Box 2052 Midland, TX 79720	.391	.3125	.1563
-	7.	Harry A. Miller, Jr. Harry A. Miller III Margaret Ann Miller Carrico 303 West Wall Street, Suite 600 Midland, TX 79701	.195 .097 .097	.1563 .0781 .0781	.0781 .0391 .0391



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2.20

303 W. Wall St., Stc. 600

4/4/88

### FORAN OIL COMPANY

SUTTE 458, PECAN CREEK 8340 MEADOW ROAD DALLAS, 11.XAS 75231 (214) 373-8792

April 4, 1988

Harry A. Miller, Jr. 303 West Wall Street, Suite 600 Midland, TX 79701

Well Proposal - Ethridge 1-7 Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico

Gentlemen:

Foran Oil Company is proposing the drilling of an 11,800' Strawn test at a legal location in the noted lands. You are respectfully invited to join in the drilling of this well. Attached is an AFE detailing the associated drilling costs and your working interest share. Foran has also proposed the Caudill 2-8 well to be drilled in Section 8: W/2 SW/4, and the Ethridge 1-7 will be the offset location to the Caudill 2-8. Proposed fixed drilling and producing rates are \$5,000.00 and \$500.00 per month. you do not wish to participate, Foran requests that you support the well proposed herein and the Caudill 2-8 well by farming out your interest under the two drill site spacing units, delivering a 77.5% net revenue lease, proportionately reduced, or by leasing your minerals for three (3) years at \$150.00 per acre bonus with a 3/16 royalty.

Foran is requesting that you make an election to support this well and a commitment to join, farmout, or lease your interest on some reasonable basis. We invite your response and questions to this request and hope that you can indicate your election by inserting the appropriate option below and returning an executed copy of this letter. Time is of the essence and your early response to this matter would be appreciated.

Very truly yours

Joseph Wm. Forar

President

Farmout\_\_\_\_

BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION

ELECT TO: Join\_\_\_\_

\_\_\_\_\_DATED:\_ SENDER: Complete Items 1 and 2 when additional continue on destroy and complete Items 2 and 4

### FORAN OIL COMPANY

SUITE 158, PECAN CREEK 8340 MEADOW ROAD DALLAS, TEXAS 75231 (214) 373-8792

April 4, 1988

Ms. Margaret Ann Miller Carrico 303 West Wall St., Suite 600 Midland, TX 79701

Re: Well Proposal - Ethridge 1-7 Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
FROM EXHIBIT NO. 6

CASE NO. 9391

Gentlemen:

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Very truly yours, Joseph Wm. Foran President

ELECT	TO:	Join	Farmout	Lease
BY:				DATED:

### FORAN OIL COMPANY

SUITE 158, PECAN CREEK 8340 MEADOW ROAD DALLAS, TEXAS 7523 (214) 373-8792

April 4, 1988

Harry A. Miller, III 303 West Wall St., Suite 600 Midland, TX 79701

Re: Well Proposal - Ethridge 1-7 Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

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Very truly yours, Joseph Wm. Foran President

ELECT	TO:	Join	Farmout	Lease
BY:				DATED:

OF FOR CERTIFIED MAIL

### FORAN OIL COMPANY

SUITE (58, PECAN CREEK 8340 MEADOW ROAD DALLAS, TEXAS 75231 (214) 373-8792

April 4, 1988

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

. . .

Re: Well Proposal - Ethridge 1-7 Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico

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			Very truly yours,
			Joseph Wm. Foran OIL CONSERVATION DIVISION President
ELECT	TO:	Join	Farmout EXHIBIT NO. 8
BY:	than him . estab	Sec.	DATERASE NO 9391
		MARIE CONTRACTOR	

PO.Box 2052

Andland TX 79720

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### RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

### (See Reverse)

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Form 3800, June 1985	4/4/88					

### FORAN OIL COMPANY

SUTTE 158, PECAN CREEK 8340 MEADOW ROAD DALLAS, TEXAS 75231 (214) 373-8792

April 4, 1988

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

Re: Well Proposal - Ethridge 1-7 Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico

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Very truly yours, BEFORE EXAMINE	ON DIVISION
Joseph Wm. Foran Foran EXHIBIT	no, <b>/o</b>
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	AND CONTRACTOR OF THE 2 THE PARTY PROPERTY AND ADDRESS.

ELECT TO: Join\_\_\_\_ F

DATED: \_\_\_\_

### RECEIPT FOR CERTIFIED MAIL

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3800	Postmark or Date	

### FORAN OIL COMPANY

SUITE 158, PECAN CREEK 8340 MEADOW ROAD DALLAS, TEXAS 75231 (214) 373-8792

April 4, 1988

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

ATTN: Mr. C.D. Martin

Re: Well Proposal - Ethridge 1-7 Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico

Gentlemen:

Foran Oil Company is proposing the drilling of an 11,800' Strawn test at a legal location in the noted lands. You are respectfully invited to join in the drilling of this well. Attached is an AFE detailing the associated drilling costs and your working interest share. Foran has also proposed the Caudill 2-8 well to be drilled in Section 8: W/2 SW/4, and the Ethridge 1-7 will be the offset location to the Caudill 2-8. Proposed fixed drilling producing rates are \$5,000.00 and \$500.00 per month. you do not wish to participate, Foran requests that you support the well proposed herein and the Caudill 2-8 well by farming out your interest under the two drill site spacing units, delivering a 77.5% net revenue lease, proportionately reduced, or by leasing your minerals for three (3) years at \$150.00 per acre bonus with a 3/16 royalty.

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	President	TWO AN EXHIBIT NO. 11
CLECT TO: Join_	Farmout	Lease <b>939</b> /

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MINISTRAL FOR MARKET STATES OF THE STATES OF

Fil Gas and Mineral Allministation

2222 West Shaw Alvenne Suite 11

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4/4/88

### FORAN OIL COMPANY

SUITE 158, PECAN CREEK 8340 MEADOW ROAD DALLAS, TEXAS 75231 (214) 373-8792

April 4, 1988

Wells Fargo Bank, Successor Trustee Under Will of Eleanor Wilson McAdoo Oil, Gas and Mineral Administration 2222 West Shaw Avenue, Suite 11 Fresno, CA 93711

ATTN: Mr. Gregory A. Schlepp

Re: Well Proposal - Ethridge 1-7 Section 7: E/2 SE/4, T16S-R37E

Lea County, New Mexico

Gentlemen:

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			Very truly yours, BINDEM DAMMER CATAMACH
			Joseph Wm. Foran FRAM EMPLET NO. 12 Rresident
ELECT T	O: Joi		Farmout Chease 9391
BY:			DATED.

SEATED WARRING A STATE OF THE SEATED

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

(See Reverse)

### FORAN OIL COMPANY

SUITE 158, PECAN CREEK 8340 MEADOW ROAD DALLAS, TEXAS 75231 (214) 373-8792

April 4, 1988

Ms. Doris Cross McAdoo 2048 Amherst Drive South Pasadena, CA 91030

Re: Well Proposal - Ethridge 1-7 Section 7: E/2 SE/4, T16S-R37E Lea County, New Mexico

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		Very truly you Joseph Wm. For	BEFORE EXAMINER CATANACH ON CONSERVATION DIVISION
		President	FORM EXHIBIT NO. 13
ELECT TO:	Join	Farmout	Lease 9391 CASE NO.
BY:		D/	ATED.

Sent to Carris Cross Mc Adm Street and No 2046 P.Q. State and ZIP Code -71030 5. Haraduna Postage Certified Fee 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 Form 3800, Postmark or Date 4/4/88

## STATE OF NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS OIL CONSERVATION DIVISION

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

CASE: 9391

# CERTIFICATE OF MAILING AND COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on May 2, 1988, notice of the hearing, and a copy of the application for the above referenced case, was mailed at least twenty days prior to hearings originally set for May 25, 1988 to the interested party listed on Exhibit "C" attached to the application.

W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this Ith day of May. 1988.

May Commission Expires:

9-24-91

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Foran

EXHIBIT NO.

CASE NO. 9391

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285 Area Code 505

Karen Aubrey

Jason Kellahin
Of Counsel

W. Thomas Kellahin

RECEIVED

April 30, 1988

MAY 2 1988

OIL CONSERVATION DIVISION

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

"Hand Delivered"

Re: Ethridge 10-7 Well

Application of Foran Oil Company

for Compulsory Pooling Lea County, New Mexico

Dear Mr. LeMay:

Please find enclosed our application on behalf of Foran Oil Company for a compulsory pooling order. We request that this application be set on the examiner's docket now scheduled for May 25, 1988.

We suggest the following for an advertisement for the newspaper and for the docket:

Application of Foran Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to either the base of the Strawn formation or to a depth of approximately 13,000 feet, whichever is deeper, underlying the E/2SE/4 of Section 7, T16S, R37E, Lea County, New Mexico, forming a 80-acre, more or less, standard oil spacing and proration unit for the Northeast Lovington Penn Oil Pool spacing, to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located on \_\_\_\_\_

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay April 29, 1988 Page 2

By copy of this letter to all parties to be pooled, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application. Those parties are directed to contact the Division or the applicant's attorney to determine what additional rights they may have. In addition, they are advised that the entry of a compulsory pooling order will affect their rights to share in the production from the subject well.

Very truly yours,

W. Thomas Kellahir

WTK:ca Enc.

cc: Mr. Joe Foran
 Foran Oil Company
 8340 Meadow Road
 Dallas, Texas 75231

"Certified Return-Receipt Requested"
All Parties listed in Application

services are desired, and complete Jems 3 services. Failure to do this will prevent this will browled you the name of the Desson the following services are available. Consult (a) requested.  4. Article Number	5. Signature - Agent X 1. Date of Delivery S Form 3811, Mar. 1987  * U.S.G.P.O. 1987-178-268	Doris 2048 S. Pa	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. Fallure 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 1. Show to whom delivered, date, and addressee's address.  2. Restricted Delivery for additional services? Restricted Delivery for additional services? (Extra charge)	5. Signature - Addressee  X  6. Signature - Agent  X  Thate of Defugith  FS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268	3. Article Addressed to: (**)  Nitrom, Inc., 2504 Auburn Place Midland, Texas 79705	- A GO OF C 1
	8. Addressee's Address (ONLY if requested and fee paid) SAME  DOMESTIC RETURN RECEIPT	Article Number  1 155 86   588  Type of Service:   Registered   Insured   Cortified   COD   Express Mail  Always obtain signature of addressee or agent and DATE DELIVERED.	nd 2 when additional services are desired, and complete items 3 i TO" Space on the reverse side. Failure to do this will prevent this The return receipt fee will provide you the name of the person the redditional fees the following services are available. Consult as for additional service(s) requested.  e, and addressee's address.  2. Restricted Delivery  f (Extra charge)	Address request	4. Article Number P955 86/590 Type of Service:   Begistered   Insured   Certified   COD   Express Mail   Always obtain signature of addressee or agent and DATE DELIVERED.	services are desired, and complete Jems 3 erse side. Fallure to do this will prevent this will provide you the name of the person the following services are available. Consult sels requested.  2. □ Restricted Delivery  1/Extra charge/1
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Suite 508, Sinciali picy.	Registered Insured
l lak w. 5th Street	Certified L COD
Fort Worth, Texas 76102	☐ Express Mail
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Fort Worth, Texas 76102-5173	Express Mail
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E. B. White, Jr.	Registered Insured
P. O. Box 2052	Certified COD
Midland, Texas 79720	Express Mail
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5. Signature / Addressee /	requested and fee paid)
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# FORAN OIL COMPANY SUITE 158, PECAN CREEK 8340 MEADOW ROAD DALLAS, TEXAS 75231 (214) 373-8792

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Form EXHIBIT NO. 15

DATE \_

### ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

PERATOR FOR Oil Company  DISTRICT ON B DAMAGES FOOTAGE/MIRUITO 11,800' @ \$12.70/Ft. CONTRACT CRILLING DAYWORK \$42007Day  CEMENTING B SERVICES  DRILL STEM TEST B CORING LOGGING  GEOLOGICAL  MUD MATERIALS TRUCKING B LABOR SUPERVISION BITS B EQUIPMENT RENTAL FUEL/WATER COMBINED FIXED RATE PLUGGING B 4BANDONMENT WELL SURVEYS/TEST SERVICES COMPLETION UNIT CEMTRALICERS B SCRATCHERS PERFORATING/LOGGING FRAC AND/OR ACID OTHER CONTINGENCY  TOTAL INTANGIBLE	OCATION SE	
UNTY Lea STATE New Mexico  ERATOR FOR Oil Company  OCATION B DAMAGES  OCATION DAMAGES  OCATION B DAMAGES  OC	Y HOLE OUT PIPE 23,100 49,860 12,600 14,000 5,600 24,000 7,500 18,400 7,500	COMPLETED WELL  24.500 149.860 16,800 22,000 5,600 24,000
ERATOR FOR Oil Company  OCATION & DAMAGES  OCTAGE/MIRUTO 11,800' @ \$12.70/Ft. 1  ONTRACT ORIGING DAYWORK \$4200/Day  EMENTING & SERVICES  RIUL SIÉM L'EST & CORING  OOGING  EOLOGICAL  UD MATERIALS  RUCKING & LABOR  UPERVISION  ITS & EQUIPMENT RENTAL  ULL/MATER  OMBIREO FISED RATE  LUGGING & ABANDONMENT  ELL SURREYS/TEST SERVICES  OMPLETION UNIT  ENTRAUTERS & SCRATCHERS  ERFORATING/LOGG NG  RAC AND/OR ACID  ITHER  IONTINGENCY  TOTAL INTANGIBLE  ASING-CONDUCTOR  LASING-MIRERAEDIATE 4600' 8-5/8" & \$14.60/Ft  LIMER-DRILLING  LASING-PRODUCTION 11800' 5 1/2" @ \$ 9.95/Ft  INTER-PRODUCTION 11700' 2-3/8" @ \$ 3.25/Ft  INTER-PRODUCTION 11700' 2-3/8" @ \$ 3.25/Ft  INTER SUBSING-REGE EQUIP  TANKS  SEPARATORS & HEATERS  FLOW LINES  ROOS  POUNT 18 ENGINE  INSTALL AT 2N COSTS	Y HOLE OUT PIPE 23,100 49,860 12,600 14,000 5,600 24,000 7,500 18,400 7,500	COMPLETED WELL  24.500 149.860 16,800 22,000 5,600 24,000
OCATION 8 DAMAGES OCTAGE/WI-RUTD 11,800' @ \$12,70/Pt. 1  OCTAGE/WI-RUTD 3420U/Day EMENTING 8 SERVICES RILL STEM TEST 8 CORING OCGING EDLOGICAL HID MATERIALS RUCKING 8 LABOR WEERVISION ITS 8 EQUIPMENT RENTAL HUEL/MATER HUMBINED FIXED RATE RULGGING 8 ABANDONMENT RELL SURVEYS/TEST SERVICES HUMBINED FIXED RATE RULGGING 8 ABANDONMENT RELL SURVEYS/TEST SERVICES HUMBINED FIXED RATE RULGGING 8 ABANDONMENT RELL SURVEYS/TEST SERVICES HUMBINED FIXED RATE RULGGING 8 ABANDONMENT HENTRALITERS 8 SCRATCHERS HERFORALING/LOGG MG RAC AND/OR ACID DITHER HONTINGENCY  TOTAL INTANGIBLE  TOTAL INTANGIBLE	Y HOLE OUT PIPE 23,100 49,860 12,600 14,000 5,600 24,000 7,500 18,400 7,500	COMPLETED WELL  24.500 149.860 16,800 22.000 5.600 24.000
OCATION B DAMAGES  OCTACE/WIRDUTD 11,800' @ \$12,70/Pt. 1  ENERTING B SERVICES  WILL STEM TEST B CORING  OGGING  ECOLOGICAL  AUD MATERIALS  RUCKING B LABOR  RUPERVISION  TISTS B EQUIPMENT RENTAL  FUEL/WATER  COMBINED FIXED RATE  PLUGGING B ABANDONMENT  WELL SURVEYS/TEST SERVICES  COMPLETION UNIT  ENTRACIALO/OR ACID  DTHER  CONTINGENCY  TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-ONOUCTOR  CASING-PRODUCTION 11800' 5 1/2" @ \$ 9,95/Pt.  LUNER-DRILLING  CASING-PRODUCTION 11700' 2-3/8" @ \$ 3,25/Pt.  WELL FLAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNITS ENGINE  POUNT UNITS ENGINE  RECONSTRUCTORS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNITS ENGINE  INSTALLAT ON COSTS	OUT PIPE  23,100  49,860  12,600  14,000  5,600  24,000  7,500  18,400  7,500	24,500 149,860 16,800 22,000 5,600 24,000
OCATION B DAMAGES  OCOTAGE MIRCUTTO 11,800' & \$12,70/Pt.  ONTRACT CRILLING DAYWORK \$4200/Day  EMENTING B SERVICES  SIRLL STEM TEST B CORING  OCGING  GEOLOGICAL  AUD MATERIALS  REMCKING B LABOR  SUPERVISION  DITS B EQUIPMENT RENTAL  FUEL/WATER  COMBINED FIXED RATE  PLUGGING B ABANDOMENT  AELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALIZERS B SCRATCHERS  PERFORATING/LOGG MG  FRAC AND/OR ACID  DITHR  CONTINGENCY  TOTAL INTANGIBLE  D  CASING-CONDUCTOR  CASING-PONDUCTION 11800' 5 1/2" @ \$ 9.95/Pt.  LIMER-PRODUCTION 11700' 2-3/8" B \$ 3.25/Pt  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNIT B ENGINE  INSTALLATION COSTS	OUT PIPE  23,100  49,860  12,600  14,000  5,600  24,000  7,500  18,400  7,500	24,500 149,860 16,800 22,000 5,600 24,000
OCTATION B DAMAGES  OCTACL/MIRUTO 11,800 ' & \$12.70/Pt. 1  FONTRACT ORILLING DAYWORK \$4200/Day  EMENTING & SERVICES  ORILL S'EW TEST & CORING  OCGING  SECLOGICAL  AUD MATERIALS  IRUCKING & LABOR  SUPERVISION  BITS & EQUIPMENT RENTAL  FUEL/WATER  COMBINED FIXED RATE  PLUGGING & BANDONMENT  WELL SURVEYS/TEST SERVICES  COMPLETION UNIT  TEENTRALTERS & SCRATCHERS  PERFORATING/LOGGING  FRAC AND/OR ACID  OTHER  CONTINGENCY  TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-PRODUCTION 11800 ' 5 1/2" & \$9.95/Pt.  LINER-PRODUCTION 11700 ' 2-3/8" & \$3.25/Pt.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS & HEATERS  FLOW LINES  ROOS  PUMP UNIT & ENGINE  INSTALLATION COSTS	23,100 49,860 12,600 14,000 5,600 24,000 7,500 18,400 7,500	24,500 149,860 16,800 22,000 5,600 24,000
EMENTING B SERVICES  JRILL STEM TEST B CORING  JOGGING  JEOLOGICAL  JUD MATERIALS  TRUCKING B LABOR  SUPERVISION  SIPTS B COUIPMENT RENTAL  LUCEL/WATER  COMBINED FIXED RATE  PLUGGING B ABBNDONMENT  SELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALITERS B SCRATCHERS  PERFERATING/LOGG NG  FRAC AND/OR ACID  OTHER  CONTINGENCY  TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-SURFACE 450 13-3/8 8 S24.50/Ft  CASING-INTERNEDIATE 4600 8-5/8 8 S14.60/Ft  LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft  LINER-PRODUCTION  TUBING 11700 2-3/8 8 S.3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNIT B ENGINE  INSTALLATION COSTS	49,860 12,600 14,000 5,600 24,000 7,500 18,400 7,500	149,860 16,800 22,000 5,600 24,000
EMENTING B SERVICES  WHILL STEM TEST B CORING  DOGING  BEOLOGICAL  AUD MATERIALS  RUCKING B LABOR  SUPERVISION  FULL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALITERS B SCRATCHERS  SERFERATING/LOGG MG  FRAC AND/OR ACID  DITHER  CONTINGENCY  TOTAL INTANGIBLE   CASING-CONQUETOR  CASING-SURFACE 450 13-3/8 8 S24 50/Ft  CASING-INTERNEDIATE 4600 8-5/8 8 S14 60/Ft  LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft  LUMBING 11700 2-3/8 8 S 3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  POUR PUNIT B ENGINE  INSTALLATION COSTS	14,000 5,600 24,000 7,500 18,400 7,500	16,800 22,000 5,600 24,000
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OGGING  ECLOGICAL  AUD MATERIALS  RUCKING & LABOR  SUPERVISION  SITS & EQUIPMENT RENTAL  FUEL/WATER  COMBINED FIXED RATE  PLUGGING & ABANDONMENT  RELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRAL/TERS & SCRATCHERS  PERFORATING/LOGGING  FRAC AND/OR ACID  DITHER  CONTINGENCY  TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-SURFACE 450 13-3/8 8 S24.50/Ft  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft  LINER-PRODUCTION  TUBING 11700 2-3/8 8 S.3.25/Pt  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS & HEATERS  FLOW LINES  ROOS  PUMP UNIT & ENGINE  INSTALL 4" CN COSTS	24,000 7,500 18,400 7,500	24,000
ECLOGICAL  HUD MATERIALS  RUCKING B LABOR  HUTS B EQUIPMENT RENTAL  HUEL/WATER  HOMBINED FIXED RATE  HUDGING B ABANDOMMENT  HELL SURVEYS/TEST SERVICES  HOMPLETION UNIT  HENTRALIERS B SCRATCHERS  PERFORATING/LOGGING  PRAC AND/OR ACID  DITHER  HONTINGENCY  TOTAL INTANGIBLE   TOTAL INTANGIBLE   TOTAL INTANGIBLE  DESING CONDUCTOR  CASING SURFACE 450 1 3-3/8 8 8 24 50/Ft.  CLASING-PRODUCTION 11800 5 1/2 8 9.95/Ft.  LINER-PRODUCTION  TUBING 11700 2-3/8 8 3.25/Ft.  WELL BAD SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNIT B ENGINE  INSTALL AT ON COSTS	7,500 18,400 7,500	
RUCKING & LABOR  INDERVISION  ITS & COUIPMENT RENTAL  IUCL/WATER  COMBINED FIXED RATE  PLUGGING & ABANDONMENT  MELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALIZERS & SCRATCHERS  PERFORATING/LOGGING  RAC AND/OR ACID  DITHER  CONTINGENCY  TOTAL INTANGIBLE  DO  CASING-CONDUCTOR  CASING-SURFACE 450 1 3-3/8 8 \$24.50/Ft.  CASING-INTERMEDIATE 4600 8-5/8 8 \$14.60/Ft.  LINER-PRODUCTION 11800 5 1/2 8 9.95/Ft.  LINER-PRODUCTION  TUBING 11700 2-3/8 8 \$3.25/Ft.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS & HEATERS  FLOW LINES  ROOS  PUNP UNIT & ENGINE  INSTALLATION COSTS	18,400 7,500	
SUPERVISION  BITS B EQUIPMENT RENTAL  FUEL/WATER  COMBINED FIXED RATE  PLUGGING B ABANDONMENT  MELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALIZERS B SCRATCHERS  PERFORATING/LOGGING  FRACIANO/OR ACID  DITHER  CONTINGENCY   CASING CONDUCTOR  CASING INTERMEDIATE 4600' 8-5/8" 8 \$14.60/PH  LINER-DRILLING  CASING-PRODUCTION 11800' 5 1/2" 8 \$9.95/PH,  LINER-PRODUCTION  TUBING 11700' 2-3/8" 8 \$3.25/PH  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNIT B ENGINE  INSTALLAY ON COSTS	7.500	18,400
SITS & EQUIPMENT RENTAL FUEL/WATER  COMBINED FIXED RATE PLUGGING & ABANDONMENT  MELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALIZERS & SCRATCHERS  PERFORATING/LOGGING  FRAC AND/OR ACID  DITHER  CONTINGENCY   TOTAL INTANGIBLE   DO  WIT  CASING-CONDUCTOR  CASING-SURFACE 450 13-3/8 8 \$24.50/Ft  CASING-INTERMEDIATE 4600 8-5/8 8 \$14.60/Ft  LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft,  LINER-PRODUCTION  TUBING 11700 2-3/8 8 \$3.25/Ft  WELL MEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS & HEATERS  FLOW LINES  ROOS  PUMP UNIT & ENGINE  INSTALLATOR COSTS	10 500	10,000
TUEL/WATER  COMBINED FIXED RATE  PLUGGING B ABANDONMENT  AELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALIZERS B SCRATCHERS  PERFORATING/LOGGING  TRAC AND/OR ACID  OTHER  CONTINGENCY  TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-SURFACE 450' 13-3/8" B \$24.50/Ft  CASING-INTERMEDIATE 4600' 8-5/8" B \$14.60/Ft  LINER-DRILLING  CASING-PRODUCTION 11800' 5 1/2" @ \$ 9.95/Ft  LINER-PRODUCTION  TUBING 11700' 2-3/8" B \$ 3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNIT B ENGINE  INSTALLATION COSTS	•	14,700
COMBINED FIXED RATE PLUGGING B ABANDONMENT MELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALIZERS B SCRATCHERS  PERFORATING/LOGG NG  FRAC AND/OR ACID  OTHER  CONTINGENCY   TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-SURFACE 450 13-3/8 8 8 \$24.50/Ft  CASING-INTERMEDIATE 4600 8-5/8 8 \$14.60/Ft  LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft,  LINER-PRODUCTION  TUBING 11700 2-3/8 8 \$ 3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUNP UNIT B ENGINE  INSTALLAT ON COSTS	11,000	13,500
PLUGGING B ABANDONMENT WELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALIZERS B SCRATCHERS  PERFORATING/LOGGING  FRAC AND/OR ACID  OTHER  CONTINGENCY   TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-SURFACE 450 13-3/8 8 8 \$24.50/Ft  CASING-INTERMEDIATE 4600 8-5/8 8 \$14.60/Ft  LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft  LINER-PRODUCTION  TUBING 11700 2-3/8 8 \$ 3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS	2,000	3,000
WELL SURVEYS/TEST SERVICES  COMPLETION UNIT  CENTRALIZERS B SCRATCHERS  PERFORATING/LOGGING  FRACIAND/OR ACID  OTHER  CONTINGENCY   TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-SURFACE 450' 13-3/8" @ \$24.50/Ft.  CASING-INTERMEDIATE 4600' 8-5/8" @ \$14.60/Ft.  LINER-DRILLING  CASING-PRODUCTION 11800' 5 1/2" @ \$ 9.95/Ft.  LINER-PRODUCTION.  TUBING 11700' 2-3/8" @ \$ 3.25/Ft.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUNP UNIT B ENGINE  INSTALLATION COSTS	6,000	8,000
COMPLETION UNIT  CENTRALIZERS & SCRATCHERS  PERFORATING/LOGGING  FRAC AND/OR ACID  OTHER  CONTINGENCY  TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-SURFACE 450 13-3/8 8 \$24.50/Ft  CASING-INTERMEDIATE 4600 8-5/8 8 \$14.60/Ft  LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft  LINER-PRODUCTION 11700 2-3/8 8 3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS & HEATERS  FLOW LINES  ROOS  PUNP UNIT & ENGINE  INSTALLATION COSTS		<del></del>
PERFORATING/LOGGING  FRACIAND/OR ACID  OTHER  CONTINGENCY  TOTAL INTANGIBLE   CASING-CONDUCTOR  CASING-SURFACE 450' 13-3/8" 8 \$24.50/Ft.  CASING-INTERMEDIATE 4600' 8-5/8" 8 \$14.60/Ft.  LINER-DRILLING  CASING-PRODUCTION 11800' 5 1/2" 8 \$9.95/Ft.  LINER-PRODUCTION 2-3/8" 8 \$3.25/Ft.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNIT B ENGINE  INSTALLATION COSTS	<del></del>	7,500
TOTAL INTANGIBLE  TOTAL INTANGIBLE  CASING-CONDUCTOR  CASING-SURFACE 450' 13-3/8" @ \$24.50/Ft.  CASING-INTERMEDIATE 4600' 8-5/8" @ \$14.60/Ft.  LINER-DRILLING  CASING-PRODUCTION 11800' 5 1/2" @ \$ 9.95/Ft.  LINER-PRODUCTION.  TUBING 11700' 2-3/8" @ \$ 3.25/Ft.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLATION COSTS		-
TOTAL INTANGIBLE  TOTAL INTANGIBLE  CASING CONDUCTOR  CASING SURFACE 450 13-3/8 8 S24-50/Ft  CASING INTERMEDIATE 4600 8-5/8 8 S14-60/Ft  LINER DRILLING  CASING PRODUCTION 11800 5 1/2 8 9.95/Ft,  LINER PRODUCTION  TUBING 11700 2-3/8 8 \$ 3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLATION COSTS		7,500
TOTAL INTANGIBLE  CASING CONDUCTOR  CASING SURFACE 450 13-3/8 8 \$24.50/Ft  CASING INTERMEDIATE 4600 8-5/8 8 \$14.60/Ft  LINER DRILLING  CASING PRODUCTION 11800 5 1/2 8 9.95/Ft,  LINER PRODUCTION 11700 2-3/8 8 \$3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUNP UNIT B ENGINE  INSTALLAT ON COSTS	<del></del>	5,500
TOTAL INTANGIBLE  CASING-CONDUCTOR  CASING-SURFACE 450 13-3/8 0 \$24.50/Ft.  CASING-INTERMEDIATE 4600 8-5/8 8 \$14.60/Ft.  LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 0 9.95/Ft.  LINER-PRODUCTION.  TUBING 11700 2-3/8 0 \$ 3.25/Ft.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALL 47 CN COSTS	20.000	25 000
CASING CONDUCTOR  CASING SURFACE 450' 13-3/8" @ \$24.50/Ft.  CASING INTERMEDIATE 4600' 8-5/8" @ \$14.60/Ft.  LINER DRILLING  CASING PRODUCTION 11800' 5 1/2" @ \$ 9.95/Ft.,  LINER PRODUCTION.  TUBING 11700' 2-3/8" @ \$ 3.25/Ft.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TAMKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS	20,000	25,000
CASING CONDUCTOR  CASING SURFACE 450' 13-3/8" @ \$24.50/Ft.  CASING INTERMEDIATE 4600' 8-5/8" @ \$14.60/Ft.  LINER DRILLING  CASING PRODUCTION 11800' 5 1/2" @ \$ 9.95/Ft.,  LINER PRODUCTION.  TUBING 11700' 2-3/8" @ \$ 3.25/Ft.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TAMKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS		
CASING CONDUCTOR  CASING SURFACE 450' 13-3/8" 8 \$24.50/Ft.  CASING INTERMEDIATE 4600' 8-5/8" 8 \$14.60/Ft.  LINER DRILLING  CASING PRODUCTION 11800' 5 1/2" 8 \$ 9.95/Ft.  LINER PRODUCTION.  TUBING 11700' 2-3/8" 8 \$ 3.25/Ft.  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALL AT ON COSTS		
CASING CONDUCTOR  CASING SURFACE 450 13-3/8 8 S24_50/Ft  CASING INTERMEDIATE 4600 8-5/8 8 S14_60/Ft  LINER DRILLING  CASING PRODUCTION 11800 5 1/2 8 9.95/Ft,  LINER PRODUCTION 11700 2-3/8 8 3.25/Ft  WELL HEAD  OTHER SUB SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS	12,060	363,360
CASING-CONDUCTOR  CASING-SURFACE 450 13-3/8 8 S24-50/Ft  CASING-INTERMEDIATE 4600 8-5/8 8 S14-60/Ft  LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft,  LINER-PRODUCTION.  TUBING 11700 2-3/8 8 3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS	RY HÔLE HOUT PIPE	COMPLETED WELL
CASING-INTERMEDIATE 4600 8-5/8 8 \$14.60/Ft LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft, LINER-PRODUCTION.  TUBING 11700 2-3/8 8 3.25/Ft WELL HEAD  OTHER SUB-SURFACE EQUIP TANKS  SEPARATORS B HEATERS FLOW LINES RODS PUMP UNIT B ENGINE INSTALLATION COSTS		_
CASING-INTERMEDIATE 4600 8-5/8 8 S14 60/FF LINER-DRILLING  CASING-PRODUCTION 11800 5 1/2 8 9.95/Ft, LINER-PRODUCTION.  TUBING 11700 2-3/8 8 S 3.25/FF WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS	11,025	11,025
CASING-PRODUCTION 11800' 5 1/2" @ \$ 9.95/Ft, LINER-PRODUCTION.  TUBING 11700' 2-3/8" @ \$ 3.25/Ft.  WELL HEAD OTHER SUB-SURFACE EQUIP TANKS  SEPARATORS B HEATERS FLOW LINES RODS PUMP UNIT B ENGINE INSTALLATION COSTS	67,160	67,160
LINER-PRODUCTION.  TUBING 11700 2-3/8 8 3.25/Pt  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  ROOS  PUMP UNIT B ENGINE  INSTALLATION COSTS		
TUBING 11700' 2-3/8" @ \$ 3.25/Ft  WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS		117.410
WELL HEAD  OTHER SUB-SURFACE EQUIP  TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS		38.025
TANKS  SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLAT ON COSTS	4.000	7,000
SEPARATORS B HEATERS  FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLATION COSTS		
FLOW LINES  RODS  PUMP UNIT B ENGINE  INSTALLATION COSTS		14,588
RODS PUMP UNIT B ENGINE INSTALLATION COSTS		
PUMP UNIT B ENGINE INSTALL AT ON COSTS		3,000
INSTALL AT CHI COSTS		3,000
<del></del>		10,500
<del></del>	- - - -	3,000
	2,500	
	- - - -	
	- - - -	
	- - - -	
TOTAL EQUIPMENT	2,500	
TOTAL WELL COSTS	2,500	282,120
10000 1116	2,500	
APPROVALS FORAN OIL COMPANY	2,500	282,120

HON OPERATOR

WORKING INTEREST

#### STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

OIL CONSERVATION DIVISION BEFORE EXAMINER CATANACH OIL COMSERVATION DIVISION EXHIBIT NO. -Order No. R-8622

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 February 3, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

day of March, 1988, the Division NOW, on this 28th Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

#### FINDS THAT:

- Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- The applicant, Foran Oil Company, seeks an order pooling all mineral interests from the surface to a depth of approximately 12,000 feet underlying the W/2 SW/4 of Section 8, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing and the NW/4 SW/4 of said Section 8 to form a 40-acre oil spacing and proration unit for any and formations and/or pools within said vertical developed on statewide 40-acre spacing.
- Both units are to be dedicated to a single well to be drilled at a standard location in the NW/4 SW/4 (Unit L) of said Section 8.
- There are interest owners in the proposed proration units who have not agreed to pool their interests.

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- (5) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste, and to afford to the owner of each interest in said units 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 units.
- (6) The applicant should be designated the operator of the subject well and units.
- (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) At the time of the hearing the applicant proposed that the reasonable monthly fixed charges for supervision while re-entering/deepening and producing should be \$5500.00 and \$550.00, respectively.
- (12) The above drilling and producing charges are in excess of the normal monthly fixed charges in this area for a well to a comparable depth and should therefore be adjusted to reflect a more reasonable rate.
- (13) \$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

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> 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.

- (14) 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.
- (15) Upon the failure of the operator of said pooled units to commence drilling of the well to which said units are dedicated on or before June 1, 1988, the order pooling said units should become null and void and of no effect whatsoever.
- (16) Should all the parties to this force pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.
- (17) The operator of the well and units should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

### IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from the surface to an approximate depth of 12,000 feet underlying the W/2 SW/4 of Section 8, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing and the NW/4 SW/4 of said Section 8 to form a 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on statewide 40-acre spacing, both aforementioned units to be dedicated to a well to be drilled at a standard location in the NW/4 SW/4 (Unit L) of said Section 8.

PROVIDED HOWEVER THAT, the operator of said units shall commence the drilling of said well on or before the first day of June, 1988, and shall thereafter continue the drilling of said well with due diligence to a depth of approximately 12,000 feet:

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PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the first day of June, 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 units.
- (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 units 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.
- 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 an 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 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.

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- (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 prorata 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 unsevered 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.

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- (13) Should all the parties to this force pooling 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 force 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

SEAL

### OUTSTANDING INTERESTS

Twin Lakes Prospect Section 8: W/2SW/4, T16S-R37E Lea County, New Mexico

			Net Acres
	% of U	nit 40 Acre L	Init 80 Acre Unit
Doris Cross McAdoo 2048 Amherst Drive S. Pasadena, CA 91030	.354	.1416	.2832
Estate of Harriet McAdoo Platt c/o Cynthia McAdoo Wheatland 33 Branch St., Boston, Mass. 02	.354	.1416	.2832
J.H. Van Zant II 1730 Commerce Bldg. 307 W. 7th Street Fort Worth, TX 76102-5173	2.3437	5 .9375	1.875
Jeanne Van Zant Sanders Suite 508, Sinclair Bldg. 106 W. 5th Street Fort Worth, TX 76102	2.3437	5 .9375	1.875
E.B. White, Jr. P.O. Box 2052 Midland, TX 79720	.39062	5 .15625	.3125
Harry A. Miller, Jr. Margaret Ann Miller Carrico Harry A. Miller III Suite 600, 303 W. Wall St. Midland, TX 79701	.1953 .0976 .0976	.078125 .0390625 .0390625	.15625 .078125 .078125
Nitram Enterprises Inc. P.O. Box 3341 Midland, TX 79702	1.4062	5 .5625	1.125
Standard Oil Production Co. P.O. Box 4587 Houston, TX 77210 Attn: Mr. James D. Sikes	17.5	7	14
Harvey E. Yates Company .520 Explorers Petroleum Corp079 Spiral Inc079 P.O. Box 1933 Roswell, N.M. 88201	50	1.51	3.02
Yates Energy Corp256 Fred G. Yates. Inc079 1010 Sunwest Centre Roswell, N.M. 88201			

28.47

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXHIBIT NO. 17