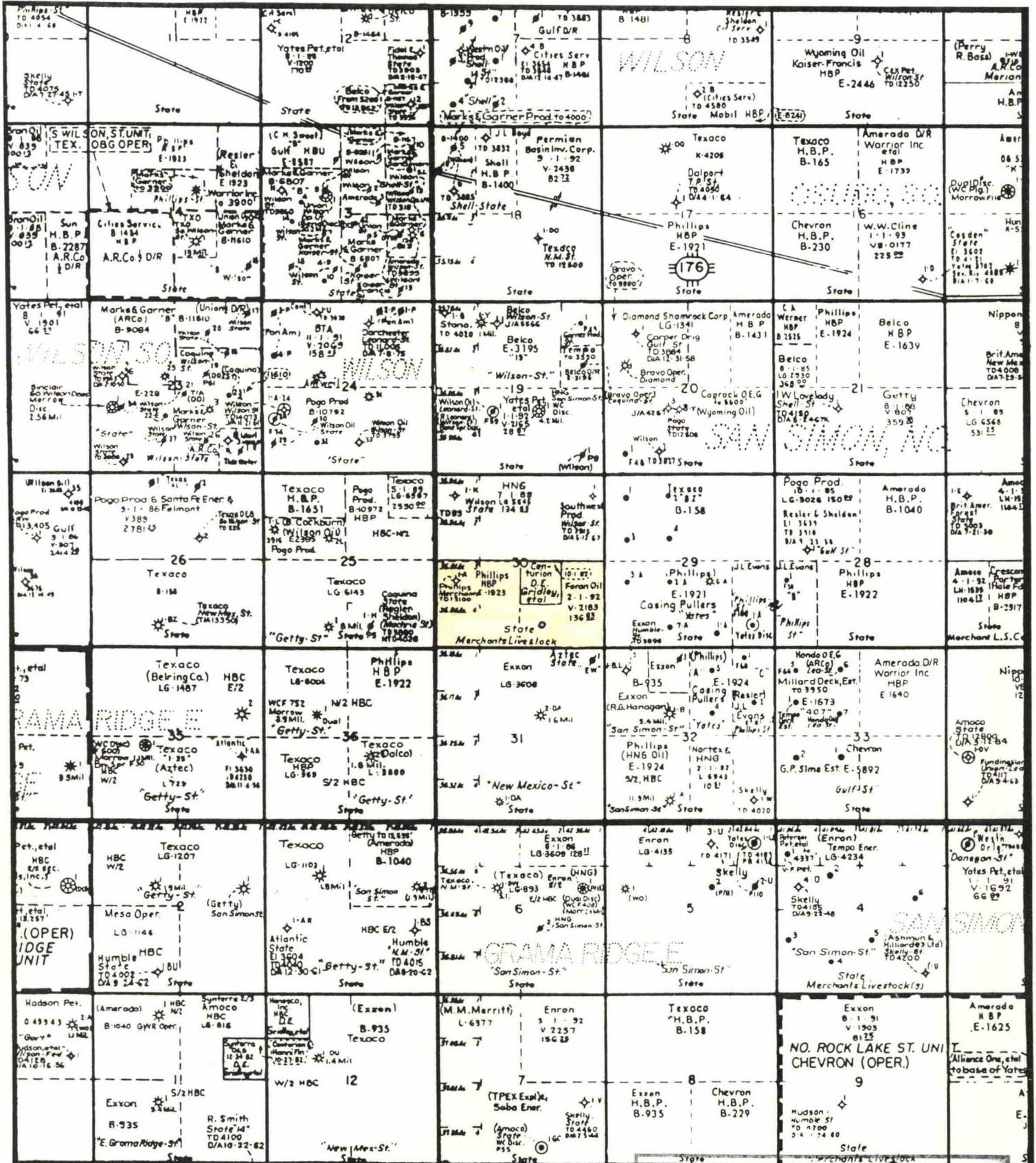




DALLAS • AMARILLO • MIDLAND  
 Suite 158 PECAN CREEK • 8340 Meadow Road  
 Dallas, Texas 75231

Merchant-State 1-30  
 Proposed 13,000' Morrow Test  
 Section 30, T21S-R35E  
 Lea County, New Mexico



BEFORE EXAMINER CATANACH  
 OIL CONSERVATION DIVISION  
**FORAN** EXHIBIT NO. 1  
 CASE NO. 9392



SECTION 30, T21S-R35E

1 35.94	STATE		
2 35.94	Enron Oil & Gas Co. - 100%		7/1/88
30			
3 36.01	STATE	Merchant 67.63% Bank 16.185% Busserman 16.185%  OPEN	STATE
4 36.04	Phillips Petroleum Co. - 100%  HBP	Foran Oil Co. - 100%	2/1/92

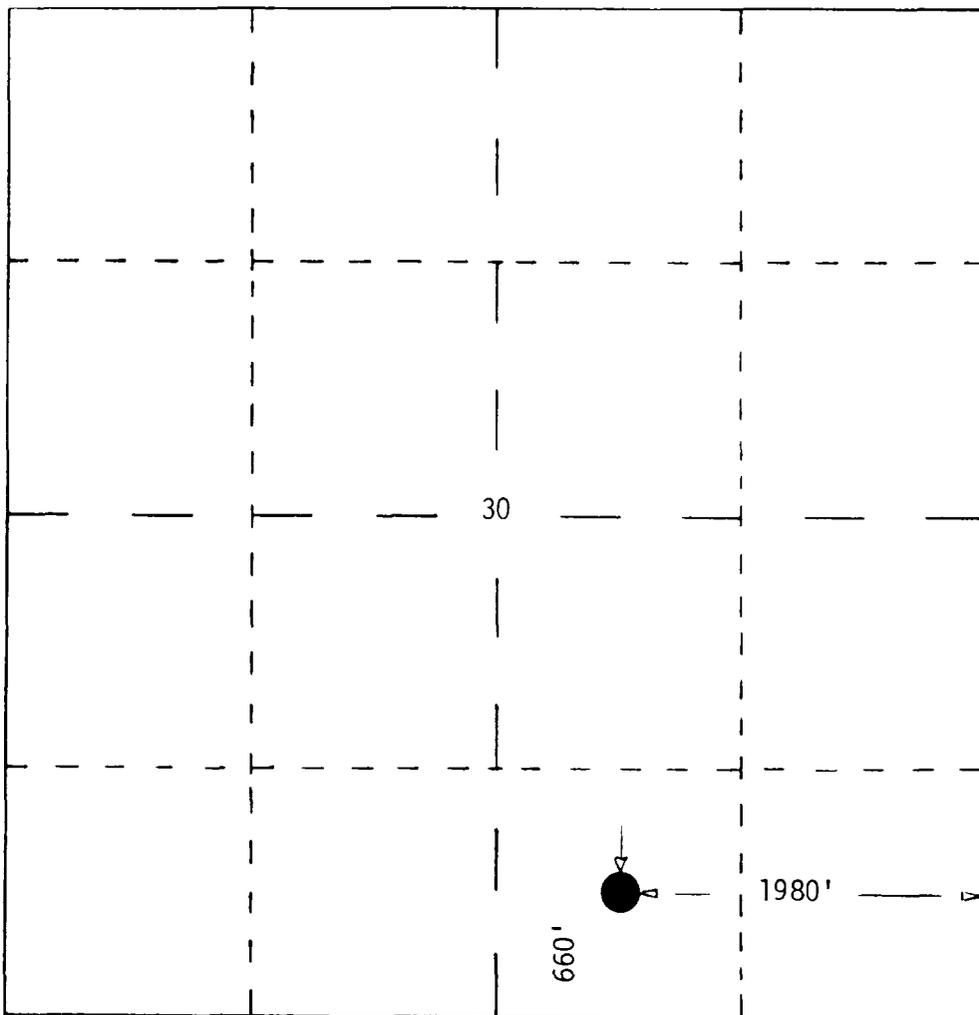
BEFORE EXAMINER CATANACH  
 OIL CONSERVATION DIVISION  
*Foran* EXHIBIT NO. 2  
 CASE NO. 9392



PROPOSED LOCATION

Merchant - State 1-30  
Section 30: C/SW/4SE/4  
660' FSL and 1980' FEL, T21S-R35E  
13,000' Morrow Test  
Lea County, New Mexico

San Simon Prospect



1" = 1000 FT.

30	SECTION	DATE	12-4
FORAN		3	
		9392	

Working Interests  
 Proposed Merchant State #1-30  
 San Simon Prospect  
 13,000' Morrow Test  
 Section 30: S/2, T21S-R35E  
 Lea County, New Mexico

OWNER	UNIT INTEREST	STATUS
1. Phillips Petroleum	48.730%	Farmout
2. Foran Oil Company	38.450%	Join
3. Bank of Artesia	2.075%	Sold to Foran Oil
	89.255%	
4. Merchant Livestock Co./ Marsh Operating Co. - Lessee	8.670%	Join/Farmout or Sell
5. Mr. & Mrs. John E. Busserman	2.075%	Pooling Acceptable
	100.000%	

BEFORE EXAMINER CATANACH  
 OIL CONSERVATION DIVISION  
 Foran EXHIBIT NO. 4  
 CASE NO. 9392



Merchant-State 1-30  
 Proposed 13,000' Morrow Test  
 Section 30, T21S-R35E  
 Lea County, New Mexico

<u>Parties to be Pooled</u>	<u>Net Ac. S/2 Unit</u>	<u>Unit Interest</u>
Phillips Petroleum Co. 4001 Penbrook Street Odessa, Texas 79762  Attn: Mr. Frank Hulse	152.05	48.726%
The Merchant Livestock Co. P.O. Box 1166 Carlsbad, New Mexico 88220  Attn: Mr. J.D. Merchant	27.052	8.669%
First National Bank of Artesia P.O. Box AA Artesia, New Mexico 88210  Attn: Mr. Brent Hammett	6.474	2.075%
Mr. and Mrs. John E. Busserman 711 Beaman Street Oakley, Kansas 67748	6.474	2.075%
Unit Totals	192.05	61.545%

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>Foran</u>	EXHIBIT NO. <u>5</u>
CASE NO. <u>9392</u>	

**FORAN OIL COMPANY**

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

April 4, 1988

The Merchant Livestock Co.  
P.O. Box 1166  
Carlsbad, N.M. 88220

Attention: Mr. J.D. Merchant

RE: Proposed Morrow Test  
Section 30: SE/4, T21S-R35E  
Lea County, New Mexico

Gentlemen:

Foran Oil Company is proposing the drilling of a 13,000' Morrow test at a legal location on the noted land. You are receiving this formal notice because Foran is tentatively scheduling a compulsory pooling hearing in Santa Fe for May 11, 1988 due to an early lease expiration. We are currently negotiating a trade with the owner of the State lease covering the N/2 of Section 30 which expires on July 1, 1988. The anticipated location for the proposed well is in the SE/4 of Section 30, T21S-R35E, and the spacing unit for the well would be the 320 acres covering either the E/2 or the S/2 of said section.

You are respectively invited to join in the drilling of this well. Attached is an AFE detailing the associated drilling costs and your working interest share. Proposed fixed drilling and producing rates are \$5000.00 and \$500.00 per month, proportionately reduced.

If you do not wish to participate, Foran requests that you support the proposed well by leasing your interest for \$80.00 per acre bonus for a three year lease with a one-fifth royalty and an optional two year extension for \$40.00 per acre.

Foran is requesting that you make an election to support this well and a commitment to participate 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 and AFE.

Time is of the essence and your early response to this matter would be appreciated.

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>FORAN</u> EXHIBIT NO. <u>6</u> CASE NO. <u>9392</u>
--

Very truly yours

  
Joseph Wm. Foran  
President

FORAN OIL COMPANY

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

April 1, 1988

Phillips Petroleum Co.  
4001 Penbrook St.  
Odessa, Tx 79762

Attn: Mr. Frank Hulse

RE: Proposed Morrow Test  
Section 30: S/2, T21S-R35E  
Lea County, New Mexico

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
Foran	EXHIBIT NO. <u>7</u>
CASE NO.	<u>9392</u>

Gentlemen:

Foran Oil Company is proposing the drilling of a 13,000' Morrow 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. Proposed fixed drilling and producing rates are \$5,000.00 and \$500.00 per month.

If Phillips does not wish to participate, Foran requests that you support this well with a farmout delivering a 77-1/2% net revenue lease before payout with the option after payout to convert the overriding royalty difference between 77-1/2% and present leasehold burdens to a 25% working interest, proportionately reduced. Production would earn Foran an assignment to TD +100'.

Foran is requesting that Phillips make an election to support this well and a commitment to join or farmout your interest on some reasonable basis.

Thank you for your consideration of this matter. If you have any questions, please do not hesitate to contact me.

Very truly yours,

*Joe Foran*  
Joseph Wm. Foran  
President

JWF/meh  
attachment

P-588 477 186

*Frank Hulse  
Phillips Petroleum Co.  
4001 Penbrook St.  
Odessa TX 79762  
125  
70*

*115  
1.70  
9/1/88*

FORAN OIL COMPANY

SUITE 158, PECAN CREEK

8340 MEADOW ROAD

DALLAS, TEXAS 75231

(214) 373-8792

April 5, 1988

Mr & Mrs. John E. Busserman  
711 Beaman Street  
Oakly, Kansas 67748

RE: Proposed Morrow Test  
SE/4 of Section 30, T21S-R35E  
Lea County, New Mexico

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>Foran</u> EXHIBIT NO. <u>8</u> CASE NO. <u>9392</u>
--

Dear Mr. & Mrs. Busserman:

Foran Oil Company is proposing the drilling of a 13,000' Morrow test well to be located on the noted land. According to our records you own an undivided 1/2 of 32.37% of the mineral interest under the NW/4 of the SE/4 of Section 30, T16S-R35E, Lea County, New Mexico. You are receiving this formal notice because Foran is tentatively scheduling a compulsory pooling hearing in Santa Fe, New Mexico for May 11, 1988. We are in a hurry because the lease covering the N/2 of Section 30 is due to expire on July 1, 1988 and a trade is being negotiated now with the owners of that lease.

Foran is requesting that you support this proposed test by granting an oil and gas lease covering your 6.47 acres for \$80.00 per acre bonus for a three year lease with a one-fifth royalty and an optional two year extension for \$40.00 per acre.

In the event you do not wish to lease out your minerals, you are respectfully invited to participate in the drilling of this well. Attached is an AFE detailing the associated drilling costs and your working interest share. Proposed fixed drilling and producing rates are \$5,000.00 and \$500.00 per month, proportionately reduced.

Foran is requesting that you make an election to support this well and a commitment to participate 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 and AFE.

Mr. & Mrs. John E. Busserman  
 April 5, 1988  
 Page -2-

Time is of the essence and your early response to this matter would be appreciated.

Very truly yours,

FORAN OIL COMPANY

*Joe Foran*  
 Joseph Wm. Foran  
 President

ELECT TO:

Join \_\_\_\_\_  
 Lease \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

JWF/meh

P 785 503 835

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to <i>Mr. John E. and Carol Jean Busserman</i>	
Street and No. <i>711 Beaman Street</i>	
P.O. State and ZIP Code <i>Oakley, Kansas</i>	
Postage	\$ <i>.25</i>
Certified Fee	<i>.85</i>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	<i>.90</i>
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ <i>2.00</i>
Postmark or Date <i>4/5/88</i>	

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

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

3. Article Addressed to: <i>Mr. John E. and Carol Jean Busserman</i> <i>711 Beaman Street</i> <i>Oakley, Kansas 67748</i>	4. Article Number <i>P 785 503 835</i>
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee <i>X</i> <i>John E. Busserman</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent <i>X</i>	
7. Date of Delivery <i>APR 8 1988</i>	

**FORAN OIL COMPANY**

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

April 5, 1988

The First National Bank of Artesia, N.A.  
P.O. Box AA  
Artesia, New Mexico 88210

Attention: Mr. <sup>Brent</sup> ~~Britt~~ Hammett  
Oil and Gas

RE: Proposed Morrow Test  
SE/4 of Section 30, T21S-R35E  
Lea County, New Mexico

Gentlemen:

Foran Oil Company is proposing a 13,000' Morrow test to be drilled on the noted land. Spacing for the well would be 320 acres covering either the E/2 or the S/2 of the section. You are receiving this formal notice because Foran is tentatively scheduling a compulsory pooling hearing in Santa Fe for May 11, 1988. We are currently in negotiations with the company owning the expiring lease. - N<sup>2</sup> 30 7/1/88

Foran is aware that you are attempting to sell this mineral interest in a package deal but must respectfully request that you support this test well by either participating in the drilling or by granting an oil and gas lease. Attached is an AFE detailing the associated drilling costs and your working interest share. Proposed fixed drilling and producing rates are \$5,000.00 and \$500.00 per month, proportionately reduced.

If you do not wish to join in the drilling, Foran requests that you grant an oil and gas lease for \$80.00 per acre bonus for a three year lease with a one-fifth royalty and optional two year extension for \$40.00 per acre.

Foran is requesting that you make an election to support this well and a commitment to participate 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 and AFE.

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
Foran	EXHIBIT NO. 9
CASE NO.	9392

April 5, 1988  
Page 2

Time is of the essence and your early response to this matter would be appreciated.

Very truly yours,



Joseph Wm. Foran  
President

Select to:

Join \_\_\_\_\_

Lease \_\_\_\_\_

The First National Bank of Artesia, N.A.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

P 785 503 834

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

*Mr. Britt* (See Reverse) *Hammett*

Sent by Natl. Bank of Artesia

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

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

<b>3. Article Addressed to:</b> The First National Bank of Artesia - Mr. Britt Hammett P.O. Box AA Brent Artesia, New Mexico 88210	<b>4. Article Number</b> P 785 503 834 <b>Type of Service:</b> <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and <b>DATE DELIVERED.</b>
<b>5. Signature — Addressee</b> X	<b>6. Addressee's Address (ONLY if requested and fee paid)</b>
<b>6. Signature — Agent</b> X <i>P. Lawson</i>	
<b>7. Date of Delivery</b> <i>04-07-88</i>	

Ind No	Box AA
Date and ZIP Code	Artesia NM 88210
	\$ .25
Postage Fee	.85
Delivery Fee	
Post Delivery Fee	
Receipt showing Name and Date Delivered	.90
Receipt showing to whom and Address of Delivery	
Postage and Fees	\$ 2.00

Date: *4/5/88*

RECEIVED APR 11 1988

**THE FIRST NATIONAL BANK**  
303 WEST MAIN STREET  
ARTESIA, NEW MEXICO 88210  
PHONE (505) 746-3511

**OF ARTESIA**



April 7, 1988

Foran Oil Company  
Suite 158, Pecan Creek  
8340 Meadow Road  
Dallas, Texas, 76231

Dear Mr. Foran:

We received your letter today, regarding the proposed morrow test well to be drilled on SE4 Section 30, T21A, R35E, Lea County, N.M. As I explained on the phone, we are primarily interested in selling these leases and need to refrain from any long term committments which might hamper our ability to market the property. We will, however, lease the NW4SE4, Section 30, T21S, R35E, Lea County for one year at \$ 500.00/net acre and a 1/5 override. We are unable to participate in the drilling program.

If this offer is satisfactory, please contact me.

Sincerely yours,

Brent Hammett, VP

Spoke on 4/20 - he said that the 64.74 net/400 gross acres they are trying to sell was recently appraised at \$44,000 ± which comes to \$680 ac. Still does not want to tie a part of the acreage up while trying to sell it so still wants an extremely high bonus offer before willing to consider leasing. To purchase the minerals would take between \$600 and \$700.

RC

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 AND NON-STANDARD  
SPACING AND PRORATION UNIT  
LEA COUNTY, NEW MEXICO.

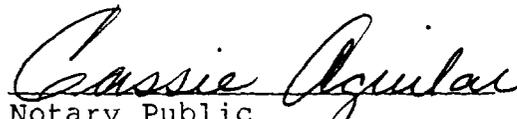
CASE: 9392

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 2<sup>nd</sup> day of June ~~May~~, 1988.

  
Notary Public

My Commission Expires:

9-26-91

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>FORAN</u> EXHIBIT NO. <u>10</u> CASE NO. <u>9392</u>
---

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

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

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

3. Article Addressed to:  
First National Bank of Artesia  
Attn: Mr. Brent Hammett  
P. O. Box AA  
Artesia, New Mexico 88210

4. Article Number  
P955 861 584

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent  
*[Signature]*

7. Date of Delivery  
*5/1/88*

PS Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

*Swan 5/25/88 Merchant 1-30*

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

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

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

3. Article Addressed to:  
Mr. & Mrs. John E. Busserman  
711 Beaman Street  
Oakley, Kansas 67748

4. Article Number  
P 955 861 581

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
*[Signature]*

6. Signature - Agent  
*[Signature]*

7. Date of Delivery  
MAY - 5 1988

PS Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

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

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

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

3. Article Addressed to:  
The Merchant Livestock Comp.  
Attn: Mr. J. D. Merchant  
P. O. Box 1166  
Carlsbad, New Mexico 88220

4. Article Number  
P955 861 583

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
*[Signature]*

6. Signature - Agent  
*[Signature]*

7. Date of Delivery  
*5/5/88*

PS Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

*Swan 5/25/88 Merchant*

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

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

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

3. Article Addressed to:  
Phillips Petroleum Company  
Attn: Mr. Frank Hulse  
4001 Penbrook Street  
Odessa, Texas 79762

4. Article Number  
P 955 861 582

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
*[Signature]*

6. Signature - Agent  
*[Signature]*

7. Date of Delivery  
*5-4-88*

PS Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

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

W. Thomas Kellahin  
Karen Aubrey

Jason Kellahin  
Of Counsel

April 30, 1988

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

"Hand Delivered"

Re: Merchant State 1-30 Well  
Application of Foran Oil Company  
For Compulsory Pooling and  
Non-Standard Proration and  
Spacing Unit, 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 Morrow formation or to a depth of 13,000 feet, whichever is deeper, underlying the S/2 of Section 30, T21S, R35E, Lea County, New Mexico, forming a 312.05-acre, more or less, non-standard gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon and underlying the SE/4 of said Section forming a 160 acre gas spacing and proration unit for any and all formations and or pools within said vertical limits developed on 160 acre gas well spacing. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost

KELLAHIN, KELLAHIN & AUBREY

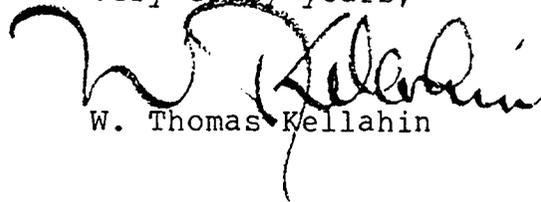
Mr. William J. LeMay  
April 29, 1988  
Page 2

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

---

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 Kellahin

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

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 AND NON-STANDARD  
SPACING AND PRORATION UNIT  
LEA COUNTY, NEW MEXICO.

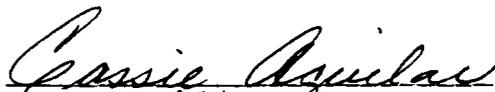
CASE: 9392

CERTIFICATE OF MAILING  
AND  
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054)  
I hereby certify that on May 27, 1988, Supplemental  
Notice of the hearing, and a copy of the application set  
for hearing on June 8, 1988 for the above referenced  
case, was mailed to the interested party listed on  
Exhibit "A" and "B" attached to the application.

  
W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 7<sup>th</sup> day of  
June, 1988.

  
Notary Public

My Commission Expires:

9-26-91

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>FORAN</u> EXHIBIT NO. <u>11</u> CASE NO. <u>9392</u>
---

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

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

1.  Show to whom delivered, date, and addressee's address.  Restricted Delivery <sup>1/Extra charge/1</sup>

2.  Restricted Delivery <sup>1/Extra charge/1</sup>

3. Article Addressed to: Mr. Whit Cline Marsh Operating Company P. O. Box 1746 Amarillo, TEXAS 79105	4. Article Number P 955 861 628
5. Signature - Addressee X	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
6. Signature - Agent X	Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery JUN - 1 1987	8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

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

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

1.  Show to whom delivered, date, and addressee's address.  Restricted Delivery <sup>1/Extra charge/1</sup>

2.  Restricted Delivery <sup>1/Extra charge/1</sup>

3. Article Addressed to: Mr. J. W. Nichols DBA Nichols Oil & Gas 3803 Carlton Amarillo, Texas 79109	4. Article Number P 955 861 627
5. Signature - Addressee X	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
6. Signature - Agent X	Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery 5-31-88	8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

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

May 27, 1988

"Certified Mail"

Mr. J. W. Nichols  
DBA Nichols Oil & Gas  
3803 Carlton  
Amarillo, Texas 79109

Re: Foran Oil Company

Dear Mr. Nichols:

It has come to my attention that you have acquired an interest from The Merchant Livestock Company in acreage that is the subject of New Mexico Oil Conservation Division Compulsory Pooling Case 9392, now set for hearing on June 8, 1988.

You, in fact, may already be aware of this case, but I wish to confirm with you what Mr. Foran is seeking to accomplish with this case. Accordingly, please find enclosed a copy of the application and cover letter dated April 30, 1988, setting forth the details of the application.

Should you desire more information, please advise me.

Very truly yours,

Original signed by  
W. THOMAS KELLAHIN

W. Thomas Kellahin

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	Mr. J. W. Nichols
Street and No	DBA Nichols Oil & Gas
City, State and Zip	3803 Carlton Amarillo, Texas 79109
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3800, June 1985

P 95E-AHJ 622

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

May 27, 1988

"Certified Mail"

Marsh Operating Company  
P. O. Box 1746  
Amarillo, Texas 79105

Attn: Whit Cline

Re: Foran Oil Company

Dear Mr. Cline:

It has come to my attention that you have acquired an interest from The Merchant Livestock Company in acreage that is the subject of New Mexico Oil Conservation Division Compulsory Pooling Case 9392, now set for hearing on June 8, 1988.

You, in fact, may already be aware of this case, but I wish to confirm with you what Mr. Foran is seeking to accomplish with this case. Accordingly, please find enclosed a copy of the application and cover letter dated April 30, 1988, setting forth the details of the application.

Should you desire more information, please advise me.

Very truly yours,

Original signed by

W. THOMAS KELLAHIN

Thomas Kellahin

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Mr. Chit Cline	
Marsh Operating Company	
P. O. Box 1746	
Amarillo, Texas 79105	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3800, June 1985

P 755 861 628

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

BEFORE EXAMINER CATANACH  
 OIL CONSERVATION DIVISION

Foran EXHIBIT NO. 12

CASE NO. 9392

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE March 15, 1988

APE NO. \_\_\_\_\_ LEASE NAME \_\_\_\_\_

PROSPECT NAME San Simon

DESCRIPTION Drill and Equip a 13,000' Morrow test

COUNTY Lea STATE New Mexico

LOCATION SE/4 Sec 30, T21S-R3

OPERATOR Foran Oil Company

	DRY HOLE WITHOUT PIPE	COMPLETED WELL
LOCATION & DAMAGES	20,000	21,500
FOOTAGE/MI-RU-TO <u>13,000' @ \$21.00/Ft.</u>	273,000	273,000
CONTRACT DRILLING DAYWORK <u>\$4,200/day</u>	12,600	16,800
CEMENTING & SERVICES	20,000	31,000
DRILL STEM TEST & CORING	11,200	11,200
LOGGING	25,000	25,000
GEOLOGICAL <u>\$400/Day for 24 Days</u>	9,600	9,600
MUD MATERIALS	35,000	35,000
TRUCKING & LABOR, <u>Csq, Crew &amp; Yellow Jacket</u>	12,800	16,500
SUPERVISION <u>\$350/Day for 50 Days</u>	14,000	17,500
BITS & EQUIPMENT RENTAL <u>PVT, Mud Cleaner, etc.</u>	8,200	13,700
FUEL/WATER	15,000	18,500
COMBINED FIXED RATE	5,000	7,500
PLUGGING & ABANDONMENT	-	-
WELL SURVEYS/TEST SERVICES <u>BHP Survey</u>	-	2,500
COMPLETION UNIT <u>\$1400/day for 10 Days</u>	-	14,000
CENTRALIZERS & SCRATCHERS	1,000	4,500
PERFORATING/LOGGING <u>CBL/Perf</u>	-	8,600
FRAC AND/OR ACID	-	55,000
OTHER	-	-
CONTINGENCY	60,000	74,000
TOTAL INTANGIBLE	522,400	655,400

	DRY HOLE WITHOUT PIPE	COMPLETED WELL
CASING-CONDUCTOR	-	-
CASING-SURFACE <u>500' 13-3/8" @ \$25.00/Ft.</u>	12,500	12,500
CASING-INTERMEDIATE <u>5450' 8-5/8" @ \$18.00/Ft.</u>	98,100	98,100
LINER-DRILLING	-	-
CASING-PRODUCTION <u>13000' 5-1/2" @ \$ 9.00/Ft.</u>	-	117,000
LINER-PRODUCTION	-	-
TUBING <u>12900' 2-3/8" @ \$ 2.95/Ft.</u>	-	38,055
WELL HEAD	4,000	9,000
OTHER SUB-SURFACE EQUIP	-	-
TANKS	-	4,000
SEPARATORS & HEATERS	-	14,500
FLOW LINES	-	4,000
RODS/Downhole <u>Pkr &amp; Profile w/On Off</u>	-	5,500
PUMP UNIT & ENGINE	-	-
INSTALLATION COSTS	2,500	12,500
NON-CONTROLLABLE EQUIP	-	5,000
TOTAL EQUIPMENT	117,100	320,155
TOTAL WELL COSTS	639,500	975,555

APPROVALS:

FORAN OIL COMPANY

WORKING INTEREST \_\_\_\_\_% by Joe Foran  
The First National Bank  
 NON-OPERATOR: of Artesia, N.A.

DATE 3/15/88

DATE \_\_\_\_\_

WORKING INTEREST 2.022% by \_\_\_\_\_

DATE \_\_\_\_\_