## 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:

APPLICATION FOR LBO NEW MEXICO, INC. FOR COMPULSORY POOLING AND UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO

CASE NO. 10305

## CERTIFICATE OF MAILING AND COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on April 24, 1991, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for May 16, 1991, to the offset operators shown in the application as evidenced by the copies of return receipt cards attached hereto as Exhibit "В."

Thomas Ke1 lahin

SUBSCRIBED AND SWORN to before me this / of May, 1991.

C

My Commission Expires:

forg Cate

Notary Public

#### EXHIBIT "B"

Tipperary Oil & Gas Corp. 500 W. Illinois Midland, Texas 79701

Tejas Energy Corp. 8333 Douglas, Suite 1072 Dallas, Texas 75225

BTA Producers 104 S. Pecos Midland, Texas 79701

Fasken Oil & Ranch Interests Attn: Barbard Fasken 303 W. Wall, Suite 1900 Midland, Texas 79701

Greenwood Holdings 5600 S. Quebec, Suite 150-C Englewood, Colorado 80111

MFG 1126 Vaughn Bldg. Midland, Texas 79701

Chevron U.S.A., Inc. P.O. Box 1150 Midland, Texas 79702 Attn: Sam Martin

State Land Office P.O. Box 1148 Santa Fe, New Mexico 87504 Attn: Floyd Prando

| Pu   | 3 and 4.<br>t your address in the "RETURN TO" Space on  | dditional services are desired, and complete items<br>the reverse side. Failure to do this will prevent this   |
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| í for  | fees and check box(es) for additional service(<br>Show to whom delivered, date, and address   | ssee's address. 2. 🗋 Restricted Delivery   |
|  | (Extra charge)  | (Extra charge)   |
|  |   | P 416 664 248  |
|  |   | Type of Service;   |
|  | Pm) Produces  | Registered Insured   |
|  | BTA Producers   |  |
|  | 104 S. Pecos  | Express Mail Return Receipt  |
|  | Midland, TX 79701   | Always obtain signature of addressee or agent and DATE DELIVERED.  |
| 5.<br>X  | Signature — Address   | 8. Addressee's Address (ONLY if requested and fee paid)  |
| 6.   | Signature - Agent   |  |
| X,   | Alio An   | 2  |
| 1.   | Date of Delivery  |  |
|  | APR 2 6 199   | 1  |
| PS 1   | 0044  | 88-212-865 DOMESTIC RETURN RECEIP  |
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|  | 3 and 4.  | he reverse side. Failure to do this will prevent this  |
| card   | from being returned to you. The return receipt fr   | ae will provide you the name of the person delivered   |
| <u>to a</u><br>for f   | nd the date of delivery. For additional fees the for<br>fees and check box(es) for additional service(s)  | as will provide you the name of the person delivered<br>billowing services are available. Consult postmaster<br>requested.   |
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|  | (Extra charge)  | (Extra charge)   |
|  |   | 0101 111 744   |
|  | Fasken Oil & Ranch Ints   | · Type of Service:   |
|  | Attn: Barbard Fasken  | Registered Insured   |
|  | 303 W. Wall, Ste 1900   |  |
| 3  | Midland, TX 79701   | Express Mall Return Receipt for Merchandise  |
|  | ·   | Athenia abasta atau atau atau atau   |
|  | A CO IVAS III.  |  |
| 4  | 50 FT (CH) 4/6  | or agent and DATE DELIVERED.   |
| <u>L</u>   | Bignature - Address   | Aiways obtain signature of addressee     or agent and <u>DATE DELIVERED.</u> 8. Addressee's Address (ONLY if   |
|  |   | 4 or agent and <u>DATE DELIVERED</u> .   |
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| X<br>6. 5  | Signature – Address   | Y         or agent and DATE DELIVERED.           8. Addressee's Address (ONLY if   |
| X<br>6. s<br>X   | Signature – Address<br>Signature – Agent J-   | Y         or agent and DATE DELIVERED.           8. Addressee's Address (ONLY if   |
| X<br>6. s<br>X   | Signature – Address   | Y         or agent and DATE DELIVERED.           8. Addressee's Address (ONLY if   |
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| 3 and 4.<br>Put your address in the "RETURN TO" Space on the revers  | e side. Failure to do this will prevent this card   |  |
| from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> 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 (Extra charge) (Extra charge)   |   |  |
| 4. Article Number  |   |  |
| Chevron U.S.A., Inc.   | P 676 466 235   |  |
| P.O. Box 1150  | Type of Service:  |  |
| Midland, TX 79702  | Registered Insured  |  |
| Attn: Sam Martin   | Certified COD   |  |
|  | Express Mail Return Receipt for Merchandise   |  |
| in the first while   | Always obtain signature of addressee  |  |
| COO LP (RA) 4/24   | or agent and DATE DELIVERED.  |  |
| 5. Signature – Addressee   | 8. Addressee's Address (ONLY if   |  |
| ×  | requested and fee paid)   |  |
| 6. Signature – Agent   |   |  |
| ×/ MMittes Alepho  |   |  |
| APR 2 6 1991   |   |  |
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| • SENDER: Complete items 1 and 2 when additional<br>Put your address in the "RETURN TO" Space on the rev<br>card from being returned to you. The return receipt fee will<br>to and the date of delivery. For additional fees the following<br>for fees and check box(es) for additional service(s) reque<br>1. □ Show to whom delivered, date, and addressee's to<br>(Extra charge)<br>State Land Offfice<br>P.O. Box 1148<br>Santa Fe, NM 87504   | I services are desired, and complete items<br>erse side. Failure to do this will prevent this<br>provide you the name of the person delivered<br>in services are available. Consult postmaster<br>isted.<br>address. 2. C Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>C 76 666 236<br>Type of Service:<br>C Registered Insured  |  |
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| SENDER: Complete items 1 and 2 when additional<br>3 and 4.<br>Put your address in the "RETURN TO" Space on the rev<br>card from being returned to you. The return receipt fee will<br>to and the date of delivery. For additional fees the followin<br>for fees and check box(es) for additional service(s) reque<br>1. □ Show to whom delivered, date, and addressee's to<br>(Extra charge)<br>State Land Offfice<br>P.O. Box 1148<br>Santa Fe, NM 87504  | I services are desired, and complete items<br>erse side. Failure to do this will prevent this<br>provide you the name of the person delivered<br>by services are available. Consult postmaster<br>isted.<br>2. Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>4. Article Number<br>4. Article Number<br>4. Article Number<br>4. Article Number<br>4. Article Number<br>4. Article Service:<br>4. Article Service:<br>5. Article Service:<br>5. Always obtain signature of addressee<br>6. or agent and 5. EDE Service:<br>5. Always Service:<br>5. Alway |  |
| <ul> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the reveard from being returned to you. The return receipt fee will to and the date of delivery. For additional fees the following for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles and</li></ul>  | I services are desired, and complete items<br>erse side. Failure to do this will prevent this<br>provide you the name of the person delivered<br>ig services are available. Consult postmaster<br>isted.<br>2. Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>6.76.666.735<br>Type of Service:<br>Registered Insured<br>Certified COD<br>Express Mail Return Receipt<br>for Merchandise<br>Always obtain signature of addressee<br>or agent and the DepwERED.<br>8. Addressee 5 Appress (ONLY if   |  |
| <ul> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the reveard from being returned to you. The return receipt fee will to and the date of delivery. For additional fees the following for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles) for additional service(s) requestor for fees and check boxles for additional fees the following fees the fees</li></ul> | I services are desired, and complete items<br>erse side. Failure to do this will prevent this<br>provide you the name of the person delivered<br>in services are available. Consult postmaster<br>isted.<br>2. Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>2. C76 666 Z35<br>Type of Service:<br>2. Registered Insured<br>2. Certified COD<br>2. Certified COD<br>3. Certified Return Receipt<br>4. Available CoD<br>3. Registered Service:<br>3. Addressee Serv                            |  |
| <ul> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the reveard from being returned to you. The return receipt fee will to and the date of delivery. For additional fees the following for fees and check box(es) for additional service(s) requestion of the service set of the delivered date, and addressee's a (Extra charge)</li> <li>State Land Office</li> <li>P.O. Box 1148</li> <li>Santa Fe, NM 87504</li> <li>Attn: Floyd Prando</li> <li>CBO FP (KA) 4/24</li> <li>Signature - Address</li> <li>X</li> </ul>  | I services are desired, and complete items<br>arse side. Failure to do this will prevent this<br>provide you the name of the person delivered<br>ig services are available. Consult postmaster<br>isted.<br>Iddress. 2. C Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>C76 666 Z 36<br>Type of Service:<br>Registered Insured<br>Certified COD<br>Express Mail Return Receipt<br>for Merchandise<br>Always obtain signature of addressee<br>or agent and the DEDMERED.<br>8. Addresses Addresse ONLY if<br>required and the paid of<br>25 - 4  |  |
| <ul> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the reveard from being returned to you. The return receipt fee will to and the date of delivery. For additional fees the following for fees and check box(es) for additional service(s) requestion of the service of the delivered, date, and addressee's to (Extra charge)</li> <li>State Land Office</li> <li>P.O. Box 1148</li> <li>Santa Fe, NM 87504</li> <li>Attn: Floyd Prando</li> <li>MOD FP (MA) 4/24</li> <li>Signature - Address</li> <li>X</li> <li>X</li> </ul>   | I services are desired, and complete items<br>erse side. Failure to do this will prevent this<br>provide you the name of the person delivered<br>in services are available. Consult postmaster<br>isted.<br>2. Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>2. C76 666 Z35<br>Type of Service:<br>2. Registered Insured<br>2. Certified COD<br>2. Certified COD<br>3. Certified Return Receipt<br>4. Available CoD<br>3. Registered Service:<br>3. Addressee Serv                            |  |
| <ul> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your addresss in the "RETURN TO" Space on the reveard from being returned to you. The return receipt fee will to and the date of delivery. For additional fees the following for fees and check box(es) for additional service(s) requestion of the service(s) for additional service(s) requestion of the service set of the date of delivery. For additional service(s) requestion of the service set of the date of delivery. For additional service(s) requestion of the service set of the date of delivery. For additional service(s) requestion of the date of delivery. For additional service(s) requestion of the date of delivery. Show to whom delivered, date, and addressee's to (Extra charge)</li> <li>State Land Office</li> <li>P.O. Box 1148</li> <li>Santa Fe, NM 87504</li> <li>Attn: Floyd Prando</li> <li>CBO FP (HA) 4/24</li> <li>Signature - Address</li> <li>X</li> <li>Signature - Agent ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) (</li></ul>   | I services are desired, and complete items<br>arse side. Failure to do this will prevent this<br>provide you the name of the person delivered<br>ig services are available. Consult postmaster<br>isted.<br>Iddress. 2. C Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>C76 666 Z 36<br>Type of Service:<br>Registered Insured<br>Certified COD<br>Express Mail Return Receipt<br>for Merchandise<br>Always obtain signature of addressee<br>or agent and the DEDMERED.<br>8. Addresses Addresse ONLY if<br>required and the paid of<br>25 - 4  |  |

P 676 466 256



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1126 Vaughn Bldg. Midland, TX 79701

Raturn Receipt Showing to Whom & Date Delivered Return Receipt Showing to Whom. Date, 3 Address of Delivery TCTAL Postage & Rees Postmark or Date UBO FFP 4-24-91

Istmark or Jarg LBO FP 4-24-91 KA

MFG

Postage

Certified Fee

Special Delivery Fee Restricted Delivery Fee

#### 2 H74 H44 246

Certified Mail Receipt No insurance Coverage Provided Do not use for international Main

| Postage  | 5 .50    |
|--|----------|
| Certified Fee  | 1.00     |
| Special Delivery Fee   | <i>6</i> |
| Restricted Delivery Fee  |          |
| Return Receipt Showing<br>to Whom & Date Delivered             | 1.00     |
| Return Receipt Showing to Whom.<br>Date, & Address of Delivery |          |
| TOTAL Postage  | \$2.5    |

P 676 666 247



Tejas Energy Corp. 8333 Douglas Suite 1072 Dallas, TX 75225

| Postage  | \$ 52  |
|--|--|
| Cartified Fee  | 1.00   |
| Special Celivery Fee   |  |
| Restricted Delivery Fee  |  |
| Return Receipt Showing<br>to Whom & Date Delivered             | 1.00   |
| Return Receipt Showing to Whom,<br>Date, & Address of Delivery |  |
| TOTAL Postage<br>& Fees  | \$2.52   |
| Postmark or Date<br>LBO FP<br>4-24-91                          | KA   |
|  | Cartified Fee<br>Special Delivery Fee<br>Restricted Delivery Fee<br>Return Receipt Showing<br>to Whom & Date Delivered<br>Return Receipt Showing to Whom,<br>Date, & Address of Delivery<br>TOTAL Postage<br>& Fees<br>Postmark or Date<br>CLBO FF |

### 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:

APPLICATION FOR LBO NEW MEXICO, INC. FOR COMPULSORY POOLING AND UNORTHODOX GAS WELL LOCATION, LEA COUNTY, CASE NO. 10305 NEW MEXICO

## CERTIFICATE OF MAILING AND COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on April 24, 1991, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for May 16, 1991, to the parties to be pooled shown in the application as evidenced by the copies of return receipt cards attached bereto as FxMTbit "A"

W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this /// of May, 1991.

Ine Long Cato Notary Public

My Commission Expires:

7-6-91

## EXHIBIT "A"

| Don Turner<br>4201 Monte Drive<br>Midland, TX 79703  | 12.500% |
|--|---------|
| CBAT Corp. Trustee<br>Energy Square, #402<br>505 N. Big Spring Street<br>Midland, TX 79701 | 0.3338  |
| Kent Cearley<br>P.O. Box 508<br>Robert Lee, TX 76945                                       | 1.000%  |
| Lt. Co. Michael Chisick<br>16465 Henerson Pass 624<br>San Antonio, TX 78232                | 0.500%  |
| Steve Chisick<br>101 Galax Lane<br>Durham, NC 27703  | 1.500%  |
| Robert A. Harris<br>4550 Gorve Street<br>Skokie, IL 60076                                  | 0.500%  |
| Ken K. Kirby<br>750 E. Mid Cities Blvd.<br>Suite 1407<br>Euless, TX 76039                  | 4.000%  |
| Annette C. Mills<br>1413 W. Michigan<br>Midland, TX 79701-6055                             | 0.500%  |
| Jim Starrak<br>2401 S. County Road #1110<br>Midland, TX 79701                              | 1.000%  |
| Team Exploration<br>310 W. Illinois, Suite 220<br>Midland, TX 79701                        | 1.000%  |
| Susan Turner<br>2204 Lindor Way<br>Midland, TX 79707                                       | 1.000%  |

Bonny Wilson 10588 Stone Canyon #182 Dallas, TX 75230-4417

TOTAL

0.667%

24.500%

| SENDER: Complete items 1 and 2 when additional s   |  |
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| ' 3 and 4.   | ervices are desired, and complete items<br>e side. Failure to do this will prevent this<br>ovide you the name of the person delivered<br>provide you the name of the person delivered  |
| r from being returned to you. <u>The return receipt fee will private the date of delivery</u> . For additional fees the following returns and the date of delivery. For additional fees the following research the box(es) for additional service(s) requested in the date of delivered, date, and addressee's additional (Extra charge)   | ed.<br>ress. 2. C Restricted Delivery<br>(Extra charge)  |
|  | 4. Article Number<br>P 676 666 255   |
| Team Exploration   | Type of Service:   |
| 310 W. Illinois  | Cartified COD  |
| Suite 220  | Express Mail Return Receipt  |
| Midland, $TX 79701$<br>ADEP (KA) 4/24  | Always obtain signature of addressee   |
| Charles Charles  | or agent and <u>DATE DELIVERED</u> .<br>8. Addressee's Address (ONLY if  |
| Signature – Address  | requested and fee paid)  |
| Stanature Anent  |  |
| Tillous us   |  |
| Date of Delivery   |  |
| Form 3811, Mar. 1988 + U.S.G.P.O. 1988-212   | -865 DOMESTIC RETURN RECEIPT   |
| Form 30 ( 1, Mar. 1988 - Cloten 10, 1998 -   | and the second  |
|  | and the second   |
| SENDER: Complete Items 1 and 2 when additiona  | Leasting an declard, and complete items  |
| 3 and 4.   |  |
| Put your address in the "RETURN TO" Space on the rev<br>pard from being returned to you. The return receipt fee will   | provide you the name of the person delivered   |
| and from being returned to you. <u>The return receipt fee will</u><br>to and the date of delivery. For additional fees the following<br>or fees and check box(es) for additional service(s) requi  | ng services are available. Consult postmaster<br>ested.  |
| <ol> <li>Show to whom delivered, date, and addressee's a<br/>(Extra charge)</li> </ol>   | address. 2. C Restricted Delivery<br>(Extra charge)  |
|  | 4. Article Number  |
| Donnes Million 20  | P 676 666 258  |
| Bonny Wilson   | Type of Service:   |
| 10588 Stone Canyon<br>#182   | Certified COD  |
| Dallas, TX 75230-4417  | Express Mail Return Receipt  |
|  | Always obtain signature of addressee   |
| LBOFP(KA) 4/24   | or agent and DATE DELIVERED.   |
| 5. Signature – Address<br>Y  | 8. Addressee's Address (ONLY if requested and fee paid)  |
| ^  |  |
| 6. Signature - Agent   | -  |
| 6. Signature - Agent<br>X Deug Wilson  | -  |
| 5. Signature - Agent<br>Kaling Wilson<br>7. Date of Delivery 4-26-91   |  |
| 5. Signature - Agent<br>Kula Milson<br>7. Date of Delivery 4-26-91   | 2-865 DOMESTIC RETURN RECEIPT  |
| 6. Signature - Agent<br>X Mug Milson<br>7. Date of Delivery 4-26-9<br>S Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21  |  |
| 6. Signature - Agent<br>X Merca Milson<br>7. Date of Delivery 4-26-91<br>8 Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21<br>• SENDER: Complete items 1 and 2 when additional<br>3 and 4.   | I services are desired, and complete items   |
| 6. Signature - Agent<br>X Meug Milson<br>7. Date of Delivery 4-26-91<br>S Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21<br>SENDER: Complete items 1 and 2 when additional<br>3 and 4.<br>Put your address in the "RETURN TO" Space on the reverse<br>from being return receipt fee will provide  | al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and  |
| 6. Signature - Agent<br>X Merca Milson<br>7. Date of Delivery 4-26-91<br>5 Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21<br>• SENDER: Complete items 1 and 2 when additional<br>3 and 4.<br>Put your address in the "RETURN TO" Space on the reverse<br>from being returned to you. The return receipt fee will provious<br>the date of delivery. For additional fees the following servious<br>and check box(es) for additional fees the following service.   | al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees  |
| 6. Signature - Agent<br>X Metta Milson<br>7. Date of Delivery 4-26-91<br>5 Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21<br>• SENDER: Complete items 1 and 2 when additional<br>3 and 4.<br>Put your address in the "RETURN TO" Space on the reverse   | al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees<br>address. 2.   |
| <ul> <li>6. Signature - Agent X Muson</li> <li>7. Date of Delivery 4-26-91</li> <li>7. S Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21</li> <li>S ENDER: Complete items 1 and 2 when additiona 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the revers from being returned to you. The return receipt fee will provide the date of delivery. For additional fees the following service and check box(es) for additional service(s) requested.</li> <li>Show to whom delivered, date, and addressee's</li> </ul>  | al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees  |
| <ul> <li>6. Signature - Agent X Muson</li> <li>7. Date of Delivery 4-26-91</li> <li>* S Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21</li> <li>S ENDER: Complete items 1 and 2 when additiona 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the revers from being returned to you. The return receipt fee will provide the date of delivery. For additional fees the following serviand check box(es) for additional service(s) requested.</li> <li>1. □ Show to whom delivered, date, and addressee's (Extra charge)</li> </ul>  | al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees<br>address. 2. Restricted Delivery<br>( <i>Extra charge</i> )  |
| <ul> <li>6. Signature - Agent<br/>X Merica Milson</li> <li>7. Date of Delivery 4-26-91</li> <li>S Form 3811, Mar. 1988 * U.S.Q.P.O. 1988-21</li> <li>SENDER: Complete items 1 and 2 when additiona<br/>3 and 4.<br/>Put your address in the "RETURN TO" Space on the reverse<br/>from being returned to you. The return receipt fee will provint<br/>the date of delivery. For additional service(s) requested.</li> <li>1. □ Show to whom delivered, date, and addressee's<br/>(Extra charge)</li> <li>CBAT Corp. Trustee<br/>Energy Square, #402</li> </ul>  | al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees<br>address. 2. Restricted Delivery<br>( <i>Extra charge</i> )<br>4. Article Number<br>4. Article Number<br>7 106 166 253<br>Type of Service:   |
| <ul> <li>6. Signature - Agent × Muson</li> <li>7. Date of Delivery 4-26-91</li> <li>7. Date of Delivery 4-26-91</li> <li>7. SForm 3811, Mar. 1988 * U.S.Q.P.O. 1988-21</li> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the revers from being returned to you. The return receipt fee will proviot the date of delivery. For additional fees the following serviand check box(es) for additional service(s) requested.</li> <li>1. □ Show to whom delivered, date, and addressee's (Extra charge)</li> <li>CBAT Corp. Trustee Energy Square, #402</li> <li>505 N. Big Spring St.</li> </ul>  | Al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees<br>address. 2. Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>2. Article Number<br>2. Article Service:<br>Registered Insured  |
| <ul> <li>6. Signature - Agent X Muson</li> <li>7. Date of Delivery 4-26-91</li> <li>5 Form 3811, Mar. 1988 * U.S.Q.P.O. 1988-21</li> <li>SENDER: Complete items 1 and 2 when additiona 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the reverse from being returned to you. The return receipt fee will provint the date of delivery. For additional service(s) requested.</li> <li>1. □ Show to whom delivered, date, and addressee's (Extra charge)</li> <li>CBAT Corp. Trustee</li> </ul>   | al services are desired, and complete items         se side. Failure to do this will prevent this card         de you the name of the person delivered to and         ces are available. Consult postmaster for fees         address.       2.         Restricted Delivery         (Extra charge)         4. Article Number         Value       0.066         Type of Service:         Registered       Insured         Certified       COD         Return Receipt   |
| <ul> <li>6. Signature - Agent × Muson</li> <li>7. Date of Delivery 4-26-91</li> <li>7. Date of Delivery 4-26-91</li> <li>7. SForm 3811, Mar. 1988 * U.S.Q.P.O. 1988-21</li> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the revers from being returned to you. The return receipt fee will proviot the date of delivery. For additional fees the following serviand check box(es) for additional service(s) requested.</li> <li>1. □ Show to whom delivered, date, and addressee's (Extra charge)</li> <li>CBAT Corp. Trustee Energy Square, #402</li> <li>505 N. Big Spring St.</li> </ul>  | al services are desired, and complete items         se side. Failure to do this will prevent this card         de you the name of the person delivered to and         ces are available. Consult postmaster for fees         address.       2.         Restricted Delivery         (Extra charge)         4. Article Number         Value       0.06.253         Type of Service:         Registered       Insured         Cottified       COD         Extrass Mail       Return Receipt for Merchandise   |
| <ul> <li>6. Signature - Agent × Muson</li> <li>7. Date of Delivery 4-26-91</li> <li>7. Date of Delivery 4-26-91</li> <li>7. SForm 3811, Mar. 1988 * U.S.Q.P.O. 1988-21</li> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the revers from being returned to you. The return receipt fee will proviot the date of delivery. For additional fees the following serviand check box(es) for additional service(s) requested.</li> <li>1. □ Show to whom delivered, date, and addressee's (Extra charge)</li> <li>CBAT Corp. Trustee Energy Square, #402</li> <li>505 N. Big Spring St.</li> </ul>  | al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees<br>address. 2. Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>4. Article Number<br>7 ype of Service:<br>Registered Insured<br>Certified COD<br>Extra ss Mail Return Receipt<br>for Merchandise<br>Always obtain signature of addressee  |
| <ul> <li>6. Signature - Agent<br/>X Metug Milson</li> <li>7. Date of Delivery 4-26-91</li> <li>75 Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21</li> <li>SENDER: Complete items 1 and 2 when additional<br/>3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the reverse<br/>from being returned to you. The return receipt fee will provio<br/>the date of delivery. For additional fees the following servic<br/>and check box(es) for additional service(s) requested.</li> <li>1. Show to whom delivered, date, and addressee's<br/>(Extra charge)</li> <li>CBAT Corp. Trustee<br/>Energy Square, #402<br/>505 N. Big Spring St.<br/>Midland, TX 79701</li> <li>LBO FP (KA) 4/24</li> <li>5. Signature - Addressee</li> </ul>  | Al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees<br>address. 2. Restricted Delivery<br><i>(Extra charge)</i><br>4. Article Number<br>4. Article Number<br>4. Article Number<br>Article Number<br>Certified Insured<br>Certified COD<br>Extrass Mail Return Receipt<br>for Merchandise<br>Always obtain signature of addressee   |
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| <ul> <li>6. Signature - Agent X Muson</li> <li>7. Date of Delivery 4-26-91</li> <li>8 Form 3811, Mar. 1988 * U.S.G.P.O. 1988-21</li> <li>SENDER: Complete items 1 and 2 when additional 3 and 4.</li> <li>Put your address in the "RETURN TO" Space on the reverse from being returned to you. The return receipt fee will provide the date of delivery. For additional fees the following service (s) requested.</li> <li>1. □ Show to whom delivered, date, and addressee's (Extra charge)</li> <li>CBAT Corp. Trustee Energy Square, #402</li> <li>505 N. Big Spring St. Midland, TX 79701</li> <li>LOD FP (KA) 4/24</li> <li>5. Signature - Addressee X</li> </ul>   | Al services are desired, and complete items<br>se side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees<br>address. 2. Restricted Delivery<br>(Extra charge)<br>4. Article Number<br>Article Number<br>Article Number<br>Certified<br>Certified<br>Certified<br>Always obtain signature of addressee<br>or agent and DATE DELIVERED.<br>8. Addressee's Address (ONLY if  |
| 6. Signature - Agent<br>X Mena Milson<br>7. Date of Delivery<br>4-26-91<br>S Form 3811, Mar. 1988 * U.S.Q.P.O. 1988-21<br>• SENDER: Complete items 1 and 2 when additional<br>3 and 4.<br>Put your address in the "RETURN TO" Space on the reverse<br>from being returned to you. The return receipt fee will provi<br>the date of delivery. For additional service(s) requested.<br>1. □ Show to whom delivered, date, and addressee's<br>(Extra charge)<br>CBAT Corp. Trustee<br>Energy Square, #402<br>505 N. Big Spring St.<br>Midland, TX 79701<br>LGO FP (KA) 4/24<br>5. Signature - Addressee<br>X<br>6. Signature - Agent  | Al services are desired, and complete items<br>be side. Failure to do this will prevent this card<br>de you the name of the person delivered to and<br>ces are available. Consult postmaster for fees<br>address. 2. Restricted Delivery<br>( <i>Extra charge</i> )<br>4. Article Number<br>( <i>Extra charge</i> )<br>5. Article Number<br>( <i>Extra charge</i> )<br>7. Article Number<br>( <i>Ext</i> |

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| x ful (aa d)<br>6. Signature - Agent<br>X<br>7. Date of Delivery 4-27-91<br>4-27-91  |   |  |
|--|---|--|
| Item there         Kent Cearley         P.O. Box 508         Robert Lee, TX 76945         Item there         Signature - Agent         X         7. Date of Delivery         J. Date of Delivery         J. Date of Delivery         SENDER: Compi         additional services are desired, and complete items         3 and 4.         Pury address in the         Constraint         Starte Chargel         Starte Chargel     <   |   |  |
| Kent Cearley<br>P.O. Box 508<br>Robert Lee, TX 76945       Insured<br>Certified<br>Certified<br>Signature of addresse<br>or sent and DATE DELIVERED.         Signature - Agent<br>X       Addresses of Address of Addresse<br>or sent and DATE DELIVERED.         Signature - Agent<br>X       Restance<br>Addresses of Address of Addresse<br>or sent and DATE DELIVERED.         Softature - Agent<br>X       Restance<br>Addresses of Address of Address<br>or sent and DATE DELIVERED.         Softature - Agent<br>X       Restance<br>Addresses of Address of Address<br>or sent and DATE DELIVERED.         Softature - Agent<br>X       In the reverse side. Failure to do this will prevent this card<br>following sentiles can be address of the reverse side. Failure to do this will prevent this card<br>following sentiles can be addresses of agent and other will be addresses<br>or agent and different for address<br>in the neverse side. Failure to do this will prevent this card<br>following sentile can be address of the reverse side. Failure to do this will prevent this card<br>following sentile can be address of the reverse side. Failure to do this will prevent this card<br>ind check Dottors for address of the reverse side. Failure to do this will prevent this card<br>following sentile can be address of agent and the Cool<br>is prevent dia data can be<br>purcharm, NC 27703         Steve Chisick<br>101 Galax Lane<br>Durham, NC 27703       Imaured<br>Restricted Delivery<br>following sentile can be address of the swill prevent this card<br>for being senture fact the will prevent set address of agent and the sentile<br>can be address of the address of the address of the swill prevent this card<br>for be border the turn receipt few<br>3 and 4.         Store of Delivery<br>Market Address of the address of the following services are avalable. Consult patimater for feets<br>and data o   | (Extra charge)  | (Extra charge)   |
| 2. Bo FP (EA)       4/2.4       or agent and DATE DELIVERED.         5. Signature - Agent       8. Addressee's Addresse (NULY if requeried and fee paid)         X   | P.O. Box 508  | P       676       666       2.54         Type of Service:       Insured         Registered       Insured         Certified       COD         Express Mail       Return Receipt for Merchandise |
| x       requested and fee paid)  | LBO FP (KA) 4/24  | or agent and DATE DELIVERED.   |
| X       4. 27.91/         S Form 3811, Apr. 1989       *US.G.RO. 1989-238-815       DOMESTIC RETURN RECEIPT         S SENDER: Complexing returned to you.       additional services are desired, and complete items         Pit 3 and 4.       a the reverse side. Failure to do this will prevent this card         If be will provide you the name of the parson delivered to and         If could be added delivery. For addition?       equested.         I. C Show to whom delivered, date, and addressee's address.       C Restricted Delivery         I. C Show to whom setup.       If addressee's address.       C Restricted Delivery         Steve Chisick       If addressee's address.       Image: Could addressee's address.         Durham, NC 27703       Image: Could addressee's address.       Image: Could addressee's address.         Steve Chisick       Image: Could addressee's address.       Image: Could addressee's address.         Mays obtain struct of addressee       Addressee's address.       Image: Could addressee's address.         Steve Chisick       Image: Could addressee's address.       Image: Could addressee's address.         Steve Chisick       Image: Could addressee's address.       Image: Could addressee's address.         Steve Chisick       Image: Could addressee's address.       Image: Could addressee's address.         Steve of Delivery       Image: Could addressee's address.   | 5. Signature + Addressee<br>X X M (la M)  |  |
| SForm 3811, Apr. 1989       +us.a.Ro. 1989         SENDER: Compl.<br>3 and 4.       additional services are desired, and complete items<br>1 the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>and the will provide you the name of the person delivered to and<br>agent and DMDELLVERED.         Steve Chisick<br>101 Galax Lane<br>Durham, NC 27703       4/24         5. Signature - Agent<br>X       4/24         5. Signature - Agent<br>X       4/24         6. Addressee<br>3 and 4.       8. Addressee S (MLY if<br>reginered by out the return receipt fee will provide you the name of the person delivered to and<br>find the due of delivery for additional test the following services are desired, and complete items<br>3 and 4.         9. Senders in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card<br>from being returned to you. The return receipt fee will provide you the name of the person delivered to refere<br>a and 4.         9. Bow to whom delivery d, ate, and addressee's address.       2. Restricted Delivery<br>(Extra charge)         1. Show to whom delivered, date, and addressee's add  | 6. Signature – Agent /<br>X   |  |
| SENDER: Complexity       additional services are desired, and complete items         3 and 4.       1. In the reverse side. Failure to do this will prevent this card from being retrieved to a consult postmaster for fees         1. Show to whom deliverity for addies.       1. In the reverse side. Failure to do this will prevent this card for being retrieved to a consult postmaster for fees         1. Show to whom deliverity for addies.       1. Insured to consult postmaster for fees         2. Steve Chisick       4. Article Number         1. Of Galax Lane       Insured         Durham, NC 27703       Registered         Image: Steve Chisick       Insured         Complexity       4. Article Number         Image: Steve Chisick       Insured         Durham, NC 27703       Registered         Image: Steve Chisick       Image: Steve Chisice         Image: Steve Chisick       Image: Steve Chisick         Image: Steve Ch  | 7. Date of Delivery 4-27-91   |  |
| 3 and 4.         Put your address in the ''net will provide you the name of the person delivered to and the date of delivery. For address.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         1. Check boxies if or addition?: Jurnately is requested.         2. Check boxies if or addition?: Jurnately is requested.         2. Check boxies if or addition?: Jurnately is requested.         3. and 4.         5. Signature - Agent         X         7. Date of Delivery         Y. J. 7. 9/         Stard 6.  | S Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-81  | 5 DOMESTIC RETURN RECEIPT  |
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| the date of delivery. For addites       following services are available. Consult postmaster for fees         and check boxes for addition? Lervices are available.       Consult postmaster for fees         1. Show to whom delivered, date, and addressee's address.       2. Restricted Delivery         Steve Chisick       4. Article Number         Durham, NC 27703       Registered       Insured         Configure       Agents       Recipient of the consult postmaster for fees         Mays obtain services       Registered       Insured         Configure       Addressee       Recipient of addressee         Signature       Agent       Recipient of addressee         Stand delivery       Y.2.7.9       Recipientod of addressee   | 3 and 4. Put your address in the source of the reverse  | side. Failure to do this will prevent this card  |
| (Extra charge)       (Extra charge)         Steve Chisick       4. Article Number         101 Galax Lane       (Protocold Construction)         Durham, NC 27703       (Protocold Construction)         (Bop Fergener)       4124         5. Signiful Addressee       (Protocold Construction)         6. Signiful Addressee       (Protocold Construction)         7. Date of Delivery       (Protocold Construction)         7. Date of Delivery       (Protocold Construction)         7. Date of Delivery       (Protocold Construction)         8. Form 3811, Apr. 1989       *US.G.RO. 1985-238-815         SENDER: Complete items 1 and 2 when additional services are desired, and complete items         Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned revailable. Consult postmater for fees and chack boxies) for additional services? a revailable. Consult postmater for fees and chack boxies for additional services? a dadressee's addresse?         1. Show to whom delivered, date fee following services are available. Consult postmater for fees shall provide you the name of the person delivered for addressee?         Store Carly delivered, date, and addressee's addresse?       (Extra charge)         4. Article Number       (Extra charge)         1. Show to whom delivered, date, and addressee's addresse?       (Extra charge)         Robert A. Harris       4550 Gorve St   | the date of delivery. For addition following service and check box(es) for additions service(s) requested.  | es are available. Consult postmaster for fees  |
| Steve Chisick       IOI Galax Lane         Durham, NC 27703       Type of Service:         Pegistered       Insured         Steve Chisick       Pegistered         Durham, NC 27703       Advessed         Steve Chisick       Pegistered         Insured       Percentration         Steve Chisick       Pegistered         Steve Chisick       Percentration         Steve Chisick       Per   | (Extra charge)  |  |
| 101 Galax Lane         Durham, NC 27703         Image: Second Seco  | Stavo Obicicl   |  |
| Durham, NC 27703       Registered       Insured         Contified       Contified       Contified       Contified         Standard       Addressee       Always obtain is Aure of addressee       Always obtain is Aure of addressee         S. Signifure       Addressee       Always obtain is Aure of addressee       Always obtain is Aure of addressee         S. Signifure       Addressee       Always obtain is Aure of addressee       Always obtain is Aure of addressee         S. Signifure       Addressee       S. Addressee's Address (ONLY if requested and fee paid)         S. To ate of Delivery       Y.J. 7.9/       S. Addressee's Address (ONLY if requested and fee paid)         S. Stonders       Insured       Sector (Control of the price of the paid)         S. Stonders       Insured       Insured         S. Stonders       Insured       Insured         Mathematical Sector (Control of the paid)       Sector (Control of the paid)       Sector (Control of the paid)         S. Stonders       Insured       Insured       Insured         Mathematical Sector (Control of the paid)       Insured       Insured         S. Stonders       Insured       Insured       Insured         S. Stonders       Insured       Insured       Insured         S. Signature – Addressee       Insured<  |   |  |
| SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.       DOMESTIC RETURN RECEIPT         SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.       DOMESTIC RETURN RECEIPT         SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.       DOMESTIC RETURN RECEIPT         SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.       DOMESTIC RETURN RECEIPT         SENDER: Complete items 1 and 2 when additional services are desired.       And complete items 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 service(s) requested.         1. Show to whom delivered, date, and addressee's address.       2.         Robert A. Harris       4. Article Number         K550 Gorve Street       Needeet Cortified         Skokie, IL 60076       4.         Atways obtain signifure of addressee or agent and DATÉ DELIVERED.         Signature – Addressee       8. Addressee S Addressee         Signature – Addressee       4.         Signature – Addressee       8. Addressee's Addressee         Signature – Addressee       8. Addressee's Addressee or agent and DATÉ DELIVERED.         Signature – Addressee       8. Addressee'  |   |  |
| Always obtain a plure of addressee<br>or agent and DALELIVERED.         5. Signifuling Addressee<br>X       Addressee<br>Addressee<br>X         5. Signifuling Addressee<br>X       Addressee<br>Y         7. Date of Delivery<br>Y  |   |  |
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| Jim Starrak  | Type of Service:   |
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| 750 E. Mid Cities Blvd.  | Type of Service:   |
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## Susan Turner 2204 Lindor Way Midland. TX 79707

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| יר (0                   | TOTAL Postage<br>& Fees  | \$2.52 |
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No Insurance Coverage Provided Do not use for International Mai-

Don Turner 4201 Monte Drive Midland, TX 79703

|                                | Postage  | \$ 52 |
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### STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

**OIL CONSERVATION DIVISION** 



BRUCE KING GOVERNOR

# MEMORANDUM

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

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division

SUBJECT: RECENT FEDERAL ENVIRONMENTAL ACTION REGARDING EXPLORATION AND PRODUCTION WASTES

DATE: APRIL 25, 1991

This memo summarizes and provides information on three recent federal actions involving oil and gas exploration and production wastes.

- 1. On February 25, 1991, EPA Region 6, Dallas, issued final Clean Water Act NPDES General Permits for oil and gas facilities in the <u>Onshore Subcategory</u> of the Oil and Gas Extraction Point Source Category for the States of Louisiana, New Mexico, Oklahoma and Texas. These permits prohibit all discharges of pollutants to waters of the U.S. from these facilities consistent with the requirements codified at 40 CFR Part 435, Subpart C. The permits became effective on March 27, 1991. Under the New Mexico permit (NMG 320000), discharges to "waters of the United States" (e.g. watercourses, rivers, streams, lakes, and playas, etc.) are prohibited, and operators are directed to operate in accordance with OCD Rules and Regulations. The permit does not require the operator to make application or contact EPA unless a discharge actually occurs. In the event of bypass or upset discharge, 24-hour reporting to EPA is required. (Note: Discharges specifically authorized by EPA-issued NPDES permits under the Agriculture and Wildlife Water Use, or Stripper Subcategories are not affected by this rule).
- 2. In a legal opinion issued by letter from EPA Region 6 on March 26, 1991, Laguna Gatuna (a natural playa salt lake in western Lea County) is now considered to be a "water of the United States" for purposes of regulation under the Federal Clean Water Act, and discharges of oil and gas wastes to the playa are prohibited without a federal NPDES permit. The opinion was requested by the NM Environment Department as a result of information provided by the US Fish and Wildlife Service. In the opinion, EPA states that under EPA's current definition of "waters of the U.S.", "even potential use by migratory birds is sufficient to show a specific surface water is subject to federal jurisdiction under the Clean Water Act." As a result of this action and the effect of the new NPDES General Permit discussed above, facilities discharging oilfield wastes to

MEMORANDUM April 25, 1991 Page -2-

playas may not be in compliance with the federal Clean Water Act even though they have OCD-approved state permits. All operators discharging to such playas should review these developments with legal counsel familiar with federal environmental law and be prepared to modify discharge methods if necessary. This action does not change the status of OCD-approved permits; these permits remain in effect. Any modification to operations would be as a result of the requirements of federal law.

3. On April 2, 1991, EPA Washington, by letter, issued a preliminary determination that wastes generated by crude oil and tank bottom reclamation facilities are exempt from Subtitle C (Hazardous Waste) provisions of RCRA. This opinion was requested by several operators in southeast New Mexico and west Texas as a result of EPA's action, effective last fall, listing certain production-related wastes containing naturally occurring benzene as hazardous wastes. The April 2nd determination will be made final when published in the Federal Register, likely within the next 60 days. In the meantime, OCD believes the EPA letter serves as notification to treating plants and other reclamation facilities that they can again receive and treat these wastes under current OCD-approved permits. However, facilities can receive only production wastes for treatment (i.e. no used motor oils, or refined product tank bottoms) and no RCRA-regulated solvents may be used to treat production wastes (e.g. no chlorinated solvents or solvent mixtures containing xylenes, toluene and other mixtures as listed in 40 CFR Part 261.31).

Copies of all EPA documents mentioned in this memorandum are available at OCD district offices or through the Environmental Bureau in Santa Fe.

WJM/DGB/sl

OIL CONSERVATION DIVISION RECEIVED

'91 MAY 9 AM 8 48

R.J. STARRAK 2401 S.C.R. 1110 MIDLAND, TEXAS 79701

#### 915/686-0258 FAX 915/686-2065

May 6, 1991

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

RE: Application of LBO New Mexico, Inc, for Compulsory Pooling and Unorthodox Gas <u>Well Location, Lea County, New Mexico.</u> Application dated April 22, 1991

Dear Mr. Catanach:

Being a small Working Interest Owner (1%) in the N/2SW/4 and S/2SE/4 Section 9, Township 11 South, Range 33 East, N.M.P.M. I received a copy of the subject Application, through the Law Firm of Kellahin, Kellahin and Aubry, who request that it be set for hearing on the Examiner's Docket scheduled for May 16 1991. This is a similar Application which was scheduled for hearing on April 18, 1991 only to be dismissed.

I had sent a Statement of Opposition on the former Application, copy attached for your reference, and had planned to attend the hearing and voice objection. The subject Application was quite similar to the Application that was dismissed except "Gas Well" was added between Unorthodox and Location in the Application Designation and the N2/SW/4 was substituted for the W/2SW/4 on page 1 of the Application.

I will be unable to attend the hearing on May 16,1991 since I an scheculed in court May 15, 1991 in Chickasha, Oklahoma as an expert witness, in a trial involving a deep well that was drilled in Grady County, Oklahoma in 1982.

I would therefore like to submit, for your consideration, my strong objection to the LBO Application.

There is currently a well producing from The Wolfcamp Formation, in the NE/4SW/4 in which I have an after payout interest. It is my understanding that the oil spacing and proration unit for this well is the N/2SW/4. I would be interested in joining in the drilling of a second Wolfcamp well in this oil spacing and proration unit, however I have not been afforded the opportunity by LBO New mexico, Inc.

LBO New Mexico has taken the stand that I must join in the drilling of the propose 11,000' Mississippian test in order to retain my rights to the Wolfcamp Formation. Additionally LBO New Mexico, Inc. has stated that I must pay my 1% of of the Deep Test even though I have interest in only 50% of the acreage which would be included in their 320 acre Gas Spacing and Proration Unit. I cannot afford the risk of Exploration and I areed to go Non Consent in the test below the Wolfcamp Formation, however would expect to have the opportunity to join in a Wolfcamp completion should the Exploratory portion of the well prove non productive. This was denied by LBO, see attached letter.

In my opinion LBO New Mexico, is drilling in the NW/4SW/4 for two reasons,First, it is the approximate center of four Bagley Permo Pennsylvanian wells, and Second and most important the location is a very low risk well in the Wolfcamp Formation.

The Operating Agreement between LBO New Mexico, Inc. and myself, states in Article VI.B.2 as follows:

"Not withstanding the provisions of this Article V1.B.2, it is agreed that without the mutual consent of all parties no well shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then existing well spacing pattern for such source of supply."

The Contract Area specified by the Operating Agreement between LBO New Mexico, Inc., and myself as set out on Exhibit A of the Agreement is as follows:

" North 1/2 of the Southwest quarter and the South 1/2 of the Southeast quarter of Section 9, Township 11 South, Range 33 East consisting of 160 acres more or less, and located in Lea County, New Mexico."

Were the Commission to grant LBO New Mexico, Inc.'s request for Compulsory Pooling of the Wolfcamp Formation and/or the formation of oil spacing and proration units different from those now in effect, it would , in my opinion, override the protection now being afforded me in the Operating Agreement. I would like it to be understood that I do not want to stand in the way of an 11,000' Exploratory test, however I would like to salvage somthing out of my investment without having to pay for a Deep Test. I have seen numerous deep test drilled in producing areas, but I have never seen a shallow Working Interest Owner have to pay for the deep well just to retain his rights in the shallow pool.

I would also like to know what LBO New Mexico will do to protect the Wolfcamp Formation should they be allowed to drill a deep test where the Wolfcamp is productive. Their AFE for the drilling of the Deep Test shows 8 5/8" casing at 4000' and 5 1/2" casing at 10,200 no cementing details were included.

Yours truly

Stanak

R. J. Starrak

## 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.** 10256

APPLICATION OF LBO New Mexico, Inc. for Compulsory Pooling and Unorthodox Location, Lea County, New Mexico

## PRE-HEARING STATEMENT

This prehearing statement is submitted by R. J. Starrak as required by the Oil Conservation Division.

## APPEARANCES OF PARTIES

| APPLICANT                               | ATTORNEY |  |
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|   |          |  |
| name, address, phone and contact person |          |  |
| OPPOSITION OR OTHER PARTY               | ATTORNEY |  |
| R. J. Starrak                           | SELF     |  |
| 2401 So. Co. Rd 1110                    |          |  |
| Midland, Texas 79701                    |          |  |
| (915) 686-0258                          |          |  |
| Contact R. J. Starrak                   |          |  |
| name, address, phone and contact person |          |  |

Pre-hearing Statement NMOCD Case No.10256 Page 2

## STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

#### **OPPOSITION OR OTHER PARTY**

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

I am opposed to the LBO New Mexico, Inc., application for the compulsory pooling of the mineral interests in the Wolfcamp Formation; in particular, the proposed formation of an eighty-acre oil spacing and proration unit for the Wolfcamp Formation consisting of the W 1/2 of the SW 1/4 Section 9, TWP 11S, Rge, 33E N.M.P.M Lea County, New Mexico.

LBO New Mexico, Inc., has proposed the drilling of a Mississippian Test to 11,300 feet at a location in the NW 1/4 of the SW 1/4, which should also be an economic producer in the Wolfcamp Formation. LBO New Mexico, Inc., has given me, and other Working Interest Owners in the State OG oil spacing and proration unit, the option to join in the drilling of the deep test, farmout for 5% O.R.R.I. proportionally reduced, or sell our interest at \$1,000.00 per 1%. There is, however, no option to join in the drilling and/or completion of a Wolfcamp well. In fact, I have been denied this right as illustrated by the attached copies of our correspondence.

I do not feel that I should be forced to pay for a deep test merely to retain my interest in a potential forty-acre Wolfcamp completion. I am not fully aware of the lease ownership in the S 1/2 of Section 9, TWP 11S Rge, 33E other than the N 1/2, SW 1/4 and the S 1/2, SE 1/4 which were the leases purchased by the group that had the first well, LBO OG State #1, drilled through farmout. I would have to assume that LBO either owns, or has options on, the remaining leases. Furthermore, allowing a change in the Wolfcamp spacing as requested by LBO New Mexico would dilute the interest at the Wolfcamp Potential Completion at the proposed site by 50%.

In addition, the Operating Agreement between LBO New Mexico and myself states in Article VI.B.2 as follows:

"Not withstanding the provisions of this article VI.B.2, it is agreed that without the mutual consent of all parties no well shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then existing well spacing pattern for such source of supply."

The Contract Area specified by the Operating Agreement between LBO New Mexico, Inc. and myself as set out on Exhibit A of the Agreement are as follows:

"North 1/2 of the Southwest quarter and the South 1/2 of the Southeast quarter of Section 9, Township 11 South, Range 33 East consisting of 160 acres, more or less, and located in Lea County, New Mexico."

Were the Commission to grant LBO New Mexico, Inc.'s request for compulsory pooling of the Wolfcamp Formation, and the formation of a new eighty-acre oil spacing and proration unit different from those in effect, it would, in my opinion, override the protection now being afforded me in the Operating Agreement. STARRAK OPERATING COMPANY 2401 SO. CO. RD. 1110 MIDLAND, TEXAS 79701 915/686-0258 Fax 915/686-2065

February 6, 1991

Strata Energy Resources Corporation 28202 Cabot Road, Suite 250 Laguna Niguel, Cal. 92677

Re: O.G. State No.2- NW/4 SW/4 of Section 9, Township 11S, Range 33E-Lea County--- Notice to Drill Second Well

Dear Mr. Diaz:

We are in receipt of your January 18,1991 letter in which you propose the drilling of a deep test to the Mississippian formation at 11,300'. This letter is to advise that we do not wish to join in the drilling of this Mississippian test and agree to go under the agreement Article V1. We will expect however that if the Mississippian is non productive, that we will be offered the opportunity to participate in any completion attempt to be made in the Wolfcamp formation or correlative zones in the O.G. State No. 1 well.

Yours truly R. J. Starrak

PETROLEUM OPERATIONS CONSULTANTS DRILLING • COMPLETIONS • WORKOVERS • EVALUATIONS • PRODUCTION OPERATIONS



# STRATA ENERGY RESOURCES CORPORATION

**Subsidiaries** 

LBO ENERGY, INC.

LBO NEW MEXICO, INC.

STRATA PROGRAMS, INC.

February 8, 1991

Mr. R.J. Starrak Starrak Operating Company 2401 So. County Road 1110 Midland, TX 79701

RE: Your February 6, 1991 letter -- O.G. State No. 2 well

Dear Mr. Starrak:

I am in receipt of your February 6, 1991 letter regarding the O.G. State No. 2 well, wherein you have elected to go non-consent under Article VI of the Operating Agreement, and thus we will proceed accordingly.

Your request for us to provide you with an opportunity to participate in the completion of the Wolfcamp formation in the event the deeper zones prove dry is not in keeping with the terms of the Operating Agreement, and thus cannot be honored.

Article VI of the Operating Agreement calls for a non-consenting party to either accept or reject in total the proposed operation <u>as</u> proposed by the proposing party. A nonconsenting party may <u>not</u> accept the proposed operation in part and reject the balance. Since you have elected to go nonconsent as to the proposed operation, namely the drilling of a well to the Mississippian, you will be treated as such for the entire well.

I also want to point out that there may be other potential productive zones between the Mississippian and the Wolfcamp where completions may be attempted.

We are sorry that we cannot honor your request for to do so would be contrary to the Operating Agreement.

If you have any questions or desire further information please let us know.

Sincerely,

STRATA ENERGY RESOURCES CORPORATION

 $\boldsymbol{z}$ 

Raymond A. Diaz President

RAD/jaf

cc: Don Turner

28202 Cabot Road, Suite 250, Laguna Niguel, CA 92677 • (714) 365-0100 / (800) 426-5779 / FAX (714) 365-0205

**Pre-hearing Statement** NMOCD Case No. 10256 Page 3

## PROPOSED EVIDENCE

## APPLICANT

WITNESSES (Name and expertise) EST. TIME

EXHIBITS

## **OPPOSITION**

WITNESSES (Name and expertise)

R. J. Starrak B. S. Geology 40 Years Experience in Oil Industry. Engineering, Drilling, and Production

10-15 Minutes

EST. TIME

EXHIBITS

Isopach Map Wolfcamp Formation Operating Agreement

## PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to the hearing)

I will probably wish to question the LBO New Mexico Inc., witness.

Signature

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

MAP 0 > 1991

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

**OIL CONSERVATION DIVISION** 

CASE NO. 10305

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APPLICATION OF LBO NEW MEXICO, INC. FOR COMPULSORY POOLING AND UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO

#### PRE-HEARING STATEMENT

This pre-hearing statement is submitted by LBO New Mexico, Inc. as required by the Oil Conservation Division.

#### APPEARANCE OF PARTIES

APPLICANT (name, address, phone and contact person)

Attn: Ray Diaz

(714) 365-0100

Strata Energy Resources Corp. Karen Aubrey 28202 Cabot Rd, Ste. 250 KELLAHIN, KELLAHIN & AUBREY Laguna Niguel, CA 92677 P.O. Box 2265 Santa Fe, New Mexico 87504 (505) 982-4285

OPPOSITION OR OTHER PARTY ATTORNEY (name, address, phone and contact person)

ATTORNEY

Pre-hearing Statement NMOCD Case No. 10305 Page 2

### STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

LBO New Mexico, Inc. seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation or to a depth of 11,200 feet, whichever is deeper, underlying the following described acreage in Section 9, T11S, R33E and in the following manner: The S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; possibly the SW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the N/2SW/4 forming a standard 80-acre oil spacing and proration unit in the North Bagley-Permo Pennsylvanian Pool; and the NW/4SW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing. Said units are to be dedicated to a single well to be drilled 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 9 being a standard well location for 40, 80, and 160-acre spacing units but an unorthodox gas well location for a 320-acre spacing unit. 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.

LBO has sought the voluntary agreement of the owners of the non-consenting working interests and has been unable to obtain voluntary agreement. Pre-hearing Statement NMOCD Case No. 10305 Page 3

### PROPOSED EVIDENCE

### APPLICANT

WITNESSES EST. TIME EXHIBITS (name and expertise)

.

Ray Diaz (general counsel - land)

Jeff Smith (geologist) Surface ownership plat Special Pool Rules Tabulation of interest owners Copies of correspondence Operating agreement AFE Structure map Production map Economic calculations

#### OPPOSITION

WITNESSES (name and expertise)

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EST. TIME

EXHIBITS

Pre-hearing Statement NMOCD Case No. 10305 Page 4

#### PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to the hearing)

KELLAHIN, KELLAHIN & AUBREY

By: Karen Aubrey

Post Office Box 2265 Santa Fe, New Mexico 87504 (505) 982-4285

#### STATE OF NEW MEXICO

## ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



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BRUCE KING GOVERNOR June 6, 1991 POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

KELLAHIN, KELLAHIN & AUBREY Attorneys at Law P. O. Drawer 2265 Santa Fe, New Mexico 87504

RE: CASE NO. 10305 ORDER NO. R-9521

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

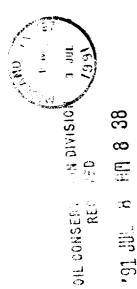
Monene pandsor

Florene Davidson OC Staff Specialist

FD/sl

cc: BLM - Carlsbad Jim Starrak

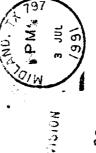






Mr. Robert Stovall Oil Conservation Division P.O. Box 2088 Sante Fe, NM 87504 STARRAK OPERATING COMPANY 2401 S.C.R. 1110 MIDLAND, TEXAS 79701

RECE. JED DIVISION 





'51 JUL & APP 8 38 Robert Stovall

Mr. Robert Stovall Oil Conservation Division P.O. Box 2088 Sante Fe, NM 87504 Hickelstelskeredistration and a finder

Case 10305

R. J. STARRAK 2401 SCR 1110 MIDLAND, TEXAS 79701 (915) 686-0258 FAX # 915/686-2065

July 1, 1991

Strata Energy Resources Corporation 28202 Cabot Road Suite 250 Laguna Niguel, California 92677

Re: Your AFE dated 2/5/91 to Drill and Complete the O. G. State #2 to a depth of 11,200'

Dear Mr. Diaz:

Attached are comments on the subject AFE. As you can see from the comments, the AFE does not contain sufficient information to check pricing and equipment to be utilized.

Please send me a copy of your Drilling and Completion Program, which should have all the information we require. We would also like to know if your Drilling Contract is a footage or day rate bid and the name of the Contractor.

Very truly yours,

Rd Stand

R. J. (Jim) Starrak

RJS/ps

cc: Mr. Robert Stovall - Attorney New Mexico Oil & Gas Division

Comments on LBO New Mexico AFE to Drill & Complete 11,200' Well NW/4 SW/4, Section 9, T-ss-S, R-33-E NMPM Lea County, New Mexico

#### LAND AND LEASE ACQUISAITIONS COSTS

This is not a legitimate cost for drilling and completing a well. Each Interest Owner bears his own cost of acquiring their leases or interest in the well.

#### DRILLING BOND/INSURANCE

The Drilling Bond is the responsability of the Operator who gets compensated for the supervision of the well.

#### SURFACE CASING - 13-3/8"

Please inform us of the weight and grade of the casing to be used.

### PROTECTION CASING - 8-5/8"

Please inform us of the weight and grade of the casing to be used.

#### CASING HEADS, VALVES & FITTINGS

Please advise us of the type and series of the casing heads to be used. Your AFE cost seems excessive.

## MUD, WATER, DIL & CHEMICALS

Please supply us with a copy of your Mud Program.

#### SUPERVISION, ENGINEERING & GEOLOGICAL \$ 8,750.00

Since this well is being drilled in an older field with close control on four sides, we would like to know your plan for Geological Expense on the drilling of this well.

#### COST TO ABANDON

Is this the cost to abandon the total well or just the lower portion if it is dry. Your cost seems excessive.

## PRODUCTION CASING/LINER

Please inform us of the weight and grade of the casing to be used. Also your planned cementing procedure for this string of casing.

## \$ 8,500.00

\$45,300.00

\$19,000.00

\$109,200.00

\$10,000.00

\$ 7,500.00

\$ 9,000.00

\$48.000.00

## CASING HEADS, VALVES & FITTINGS

Please advise us of the type and series of equipment to be used.

## PRODUCTION TUBING - 2-7/8"

According to testamony at the hearing, this well would not require 2-7/8'' tubing and 2-3/8'' could be substituted.

## LEASE FACILITIES

Unless a prolific producer is encountered, you should consider a flow line to the State D.G. #1 production facilities. A line of 1,400' would be less expensive than a new facility.

\$ 7,000.00

# \$ 37,525.00

\$ 22,950.00

## R. J. (Jim) STARRAK 2401 SCR 1110 MIDLAND, TEXAS 79701 (915) 696-0258 FAX # 915/696-2065

July 1, 1991

Strata Energy Resources Corporation 28202 Cabot Road Suite 250 Laguna Niguel, California 92677

<u>Re:</u> N/2 SW/4 & S/2 SE/4 of Section 9, T-11-S, R-33-E, Lea County, New Mexico

Dear Mr. Diaz:

I am in receipt of your June 17, 1991 letter, regarding the drilling of an 11,200' Mississippian Test in Section 9, T-11-S, R-33-E, NMPM, Lea County, New Mexico. Since your letter or attached AFE does not indicate the location of the well to be drilled, I will assume for now that it will be the center of the NW/4 of the SW/4 of Section 9, as you requested at the hearing in Sante Fe.

As previously stated, I will either go non-consent or farmout my interest in the geological horizons below the Wolfcamp Formation which is producing in the LBO State OG #1, located in the NE/4 SW/4, Section 9. I will join in the cost of drilling, completing and equipping a well drilled to the Wolfcamp Producing Horizon. Should you drill the well to the Mississippian, I am willing to join in the cost, which would **normally be attributed** to the cost of a Wolfcamp Well, or if you wish I will sell all of my interest in the said Section 9 for Three Thousand Dollars (\$3,000.00).

The AFE included with your letter is for the drilling of the 11,200' Mississippian Test which, as I understood your request at the Commission would have a proration and spacing unit comprised of the South half of Section 9. As you are aware, my interest is only in 160 acres of this 320 acre spacing and proration unit, so my interest in the well, if I were to join, would only be one-half of one percent (0.5%). The cost for the Mississippian Test therefore would not be \$7,954.72 to my interest as stated in your letter, but \$3,977.36. This would hold true for any 160 acre proration and spacing unit in the SW/4, Section 9. R. J. Starrak Strata Energy Resources, Corp. July 1, 1991 Page 2

Your letter also states "If I fail to submit the revised amount of \$7,954.72 or reach an agreement with you on leasing my interest or otherwise, within thirty (30) days, my interest will be force pooled pursuant to the decree". It was my understanding at the Pooling Hearing, that those people under an Operating Agreement would not come under the Pooling Order issued by the Oil Conservation Division. Also you might read Item #11, Page 3 of the Commissions Order.

There are several things on the AFE which I question, however I will bring these up in a seperate letter.

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I look forward to hearing from you.

Very truly yours,

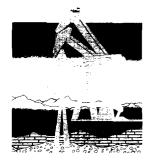
RA Star

and a second second

R. J. (Jim) Starrak

#### RJS/ps

cc: Mr. Robert Stovall - Attorney New Mexico Oil & Gas Division



# STRATA ENERGY RESOURCES CORPORATION

Subsidiaries

STRATA PROGRAMS, INC.

OIL CONSERVE HON DIVISION RELE VED

LBO ENERGY, INC.

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LBO NEW MEXICO, INC.

March 16, 1992

CASE FILE Catanach

William J. Le May Oil Conservation Division Energy, Minerals and Natural Resources Department State of New Mexico P.O. Box 2088 State Land Office Building Santa Fe, NM 87504

LBO NEW MEXICO, INC., CASE NO. 10305, RE: ORDER NO. R-9521/ITEMIZED ACTUAL WELL COST ACCOUNTING

Dear Mr. Le May:

Please find enclosed herewith an itemized statement in triplicate of the actual well costs incurred by the Petitioner above referenced, in the above referenced matter for the State O.G. No. 2 well, drilled and completed by Petitioner pursuant to the terms and conditions contained in Order no. R-9521, as required by paragraph (6) of the Order, calling for such statement to be submitted to both the Division and to each nonconsenting working interest owner subject to this Order within 90 days following completion of the subject well.

Petitioner hereby certifies that the subject well was completed and first placed on production on or about January 27, 1992, and that all costs contained in the enclosed schedule were necessary and reasonable costs for the drilling and completion of the subject well in the NW 1/4 of section 9, T 11 S, R 33 E, Lea County, New Mexico.

Furthermore, Petitioner hereby attests that all nonconsenting working interest owners as set forth on Exhibit "A" attached hereto, were sent a copy of the enclosed itemized statement of well costs by Petitioner on the date first above written, through the U.S. Postal Service certified return receipt, at the latest address known to Petitioner, at which address the AFE was previously mailed to said parties by Petitioner.

Petitioner further hereby notifies the Division that since the date of the Order, May 16, 1991, Petitioner has acquired and is now the sole legal owner of the working interests previously owned by those parties whose names and addresses are set forth on Exhibit "B" attached hereto and incorporated herein by reference.

CASE NO. 10305/ORDER NO. R-9521 March 16, 1992 Page 2

Wherefore, Petitioner executes this statement on the date first above written.

Respectfully submitted, Petitioner LBO NEW MEXICO, INC.

-----by:∠

Raymond A. Diaz, President

attachments

## EXHIBIT "A"

| 1. | Don Turner<br>4201 Monte Drive<br>Midland, TX 79703                         | 12.500% |
|----|---|---------|
| 2. | Kent Cearley<br>P.O. Box 508<br>Robert Lee, TX 76945                        | 1.000%  |
| 3. | Lt. Co. Michael Chisick<br>16465 Henerson Pass 624<br>San Antonio, TX 78232 | 0.500%  |
| 4. | Steve Chisick<br>101 Galax Lane<br>Durham, NC 27703                         | 1.500%  |
| 5. | Robert A. Harris<br>4550 Gorve Street<br>Skokie, IL 60076                   | 0.500%  |
| 6. | Ken K. Kirby<br>750 E. Mid Cities Blvd.<br>Suite 1407<br>Euless, TX 76039   | 4.000%  |
| 7. | Annette C. Mills<br>1413 W. Michigan<br>Midland, TX 79701-6055              | 0.500%  |
| 8. | Team Exploration<br>310 W. Illinois<br>Suite 220<br>Midland, TX 79701       | 1.000%  |
| 9. | Susan Turner<br>2204 Lindor Way<br>Midland, TX 79707                        | 1.000%  |

## EXHIBIT "B"

## LBO ACQUIRED INTERESTS

| 1. | CBAT Corp. Trustee<br>Energy Square, #402<br>505 N. Big Spring Street<br>Midland, TX 79701 | 0.333% |
|----|--|--------|
| 2. | Jim Starrak<br>2401 S. County Road, #1110<br>Midland, TX 79701                             | 1.000% |
| 3. | Bonny Wilson<br>10588 Stone Canyon, #182<br>Dallas, TX 75230-4417                          | 0.667% |

OIL CONSERVENON DIVISION REC: VED STATE O.G. NO. 2 WELL ITEMIZED COST SCHEDULE '92 M94 7 8 AM 9 13 NW 1/4, SEC. 9, T 11 S R 33 E LEA COUNTY, N.M. CASE NO. 10305 ORDER NO. R-9521 3/10/92 \_\_\_\_\_ INVOICE DETAIL TOTAL TO BUDGET DESCRIPTION NUMBER COSTS DATE I. DRILLING COSTS 1. SURVEY, LOCATION, ROAD, SURFACE DAMAGE 1214 \$5,254.72 **R.G. GUNN ENTERPRISES** WEST, JOHN 891-17 \$481.80 \$15,000.00 SURVEY, LOCATION, ROAD, SURFACE DAMAGE SUBTOTAL \$5,736.52 2. LAND ACQUISITION \$429.84 AMERICAN EXPRESS 51691 CAPROCK TITLE CO 4418 \$716.53 CAPROCK TITLE CO 3864 \$474.10 3954 CAPROCK TITLE CO \$168.09 CAPROCK TITLE CO 4138 \$80.82 CAPROCK TITLE CO 4253 \$132.54 CONSOLIDATED REPORGRAPHIC 465597 \$18.79 FEDERAL ABSTRACT 32291 \$143.99 FEDERAL ABSTRACT CO 45631 \$270.51 HENDRICKS PRINTING 1008s \$1,554.00 KELLAHIN KELLAHIN AUBREY 3591 \$945.70 KELLAHIN KELLAHIN AUBREY \$905.06 4391 KELLAHIN KELLAHIN AUBREY 51091 \$340.30 KELLAHIN KELLAHIN AUBREY 6791 \$872.39 KELLAHIN KELLAHIN AUBREY 7991 \$55.58 KELLAHIN, KELLAHIN & AUBREY 111291 \$0.79 KELLAHIN, KELLAHIN & AUBREY CASE #10305 \$198.52 KELLAHIN, KELLAHIN & AUBREY CASE #10305A \$56.07 LEA COUNTY RECORDER 32991 \$11.00 OIL REPORTS & GAS SERV 91342 \$49.70 OLIS CORPORATION 333 \$26 29 OLIS CORPORATION 198 \$36.64 **REYNOLDS BROS REPRODUCT** 4298 \$65.23 **REYNOLDS BROTHERS REPRO** 26903 \$10.59 SAMS DRAFTING SVC 7191 \$125.00 ALLOCATION STATE LEASE-BONUS \$32,000.00 TRAVEL 12291 \$500.00 TRAVEL 51391 \$500.00 WOERNDLE, RUDOLPH A. 91023 \$320.00 WOERNDLE, RUDOLPH A. 91036 \$440.00 WOERNDLE, RUDOLPH A. 91055 \$440.00 WOERNDLE, RUDOLPH A. 91073 \$160.00 WOERNDLE, RUDOLPH A. 91063 \$440.00 WOERNDLE, RUDOLPH A. 910157 \$80.00 WOERNDLE, RUDOLPH A. 910157 \$167.00 WOERNDLE, RUDOLPH A. 910290 \$1,280.00

LAND ACQUISITION SUBTOTAL

\$44,015.07 \$10,000.00

| INVOICE         DETAIL         TOTAL TO<br>DATE         BUDGET           3. DRILLING RIG<br>NORTON DRILLING         (327<br>(327)         \$179, 529, 10<br>(327)         TOTAL TO<br>DATE         BUDGET           3. DRILLING RIG<br>NORTON DRILLING         (327)<br>(327)         \$179, 529, 10<br>(327)         \$329, 529, 10<br>(329, 529, 10)         \$334, 100, 00<br>(329, 529, 500, 10)           4. DRILLING BOND/INSURANCE<br>FREBERG         15001         \$625, 00<br>(5625, 00)         \$329, 529, 10<br>(5625, 00)         \$34, 100, 00<br>(5625, 00)           5. SURFACE CASING<br>CEMENT/ACCESSORIES/SERVICES-SURFACE         S0, 00<br>(50, 00)         \$50, 00<br>(50, 00)         \$52, 000, 00<br>(50, 00)         \$59, 000, 00<br>(50, 00)         \$59, 000, 00<br>(50, 00)         \$59, 000, 00<br>(512, 300, 00)         \$59, 000, 00<br>(512, 300, 00)           6. TRUCKING<br>KENNETH TANK SERVICE         2942<br>(517, 111, 05)         \$24, 660, 90<br>(512, 300, 00)         \$59, 000, 00<br>(512, 300, 00)         \$59, 000, 00<br>(512, 300, 00)         \$52, 000, 00<br>(512, 300, 00)         \$52, 000, 00<br>(512, 000, 00)         \$52, 768, 08<br>(512, 000, 00)         \$12, 000, 00<br>(512, 000, 00)         \$13, 544, 00<br>(512, 000, 00)         \$12, 000, 00<br>(512, 000, 00)         \$13, 5 |      | ITEMIZED C<br>NW 1/4, SEC.<br>LEA COU<br>CASE N<br>ORDER N | NO. 2 WELL<br>DST SCHEDULE<br>9, T 11 S R 33 E<br>NTY, N.M.<br>D. 10305<br>D. R-9521 | 3/10/92                                 |                    |                |
|---|------|--|--|---|--------------------|----------------|
| 3. DRILLING RIG<br>MORTON DRILLING       4327<br>(327)       \$179,829.10<br>(327)         MORTON DRILLING       4327<br>(327)       \$125,000.00         DRILLING NORTON DRILLING       4327       \$25,000.00         DRILLING BOND/INSURANCE<br>FREBERG       15001       \$625.00       \$334,100.00         4. DRILLING BOND/INSURANCE<br>FREBERG       15001       \$625.00       \$7,500.00         5. SURFACE CASING<br>CEMENT/ACCESSORIES/SERVICES-SURFACE CASING       \$0.00       \$9,000.00         6. TRUCKING<br>KENNETH TANK SERVICE       2844<br>(\$3,349.89)       \$3,34,100.00       \$9,000.00         6. TRUCKING<br>KENNETH TANK SERVICE       2912<br>(\$4,199.96)       \$4,199.96       \$24,660.90       \$59,000.00         7. CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING<br>CASING HEADS, VALVES & FITTINGS       \$0.00       \$24,660.90       \$51,2300.00         100GUNG<br>CUMUTIV LOGGING INC.<br>SCHLUMBERGER VELL SERVICE       1500<br>(CASING HEADS, VALVES & FITTINGS       \$0.00       \$12,300.00         100GING<br>CASING HEADS, VALVES & FITTINGS       \$0.00       \$24,660.90       \$12,300.00       \$12,300.00         04LITY LOGGING INC.<br>SCHLUMBERGER VELL SERVICE       1500       \$4,590.00       \$12,000.00       \$12,300.00         9. FORMATION TESTING<br>STEARNS       22-2075       \$24,000.00       \$12,000.00       \$12,000.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL<br>GRASM  |      | DESCRIPTION  | I NVOI CE<br>NUMBER  | COSTS                                   | DATE               |                |
| WORTON DRILLING         4327         \$179,829.10           NORTON DRILLING         4327         \$125,000.00           NORTON DRILLING         4327         \$25,000.00           DRILLING RIG SUBTOTAL         \$329,829.10         \$334,100.00           4. DRILLING BOND/INSURANCE<br>FREERG         15001         \$625.00         \$7,500.00           DRILLING BOND/INSURANCE<br>FREERG         15001         \$625.00         \$7,500.00           S. SURFACE CASING         \$0.00         \$9,000.00         \$8,700.00           S. SURFACE CASING         \$0.00         \$9,000.00         \$8,700.00           CEMENT/ACCESSORIES/SERVICES-SURFACE CASING         \$0.00         \$9,000.00           6. TRUCKING<br>KENNETH TANK SERVICE         2844         \$5,349.89           KENNETH TANK SERVICE         2942         \$17,111.05           TRUCKING SUBTOTAL         \$24,660.90         \$9,000.00           CASING HEADS, VALVES & FITTINGS         \$0.00         \$24,590.00           CASING HEADS, VALVES & FITTINGS         \$0.00         \$24,660.90         \$12,300.00           SCHLUMBERGER WELL SERVICE         TOOD         \$4,590.00         \$12,000.00         \$12,300.00           SCHLUMBERGER WELL SERVICE         1500         \$4,590.00         \$14,000.00         \$12,000.00         \$12,00   |      |  | ======================================   | .====================================== |                    | ************** |
| NORTON DRILLING         4327<br>(327)         \$125,000.00<br>(327)         \$329,829.10         \$334,100.00           LORILLING ROND/INSURANCE<br>FREBERG         DRILLING RIG SUBTOTAL         \$329,829.10         \$334,100.00           4. DRILLING BOND/INSURANCE<br>FREBERG         ISO01         \$625.00         \$7,500.00           DRILLING BOND/INSURANCE<br>FREBERG         ISO01         \$625.00         \$7,500.00           S. SURFACE CASING<br>CEMENT/ACCESSORIES/SERVICES-SURFACE CASING         \$0.00         \$8,700.00           6. TRUCKING<br>KENNETH TANK SERVICE         2844         \$3,349.89           KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2942         \$17,111.05           TRUCKING SUBTOTAL         \$24,660.90         \$9,000.00           CASING HEADS, VALVES & FITTINGS         \$0.00         \$24,660.90         \$9,000.00           LOGGING GUALITY LOGGING INC.         1500         \$4,590.00         \$12,300.00           SCHLUMBERGER WELL SERVICE         761770         \$20,178.08         \$14,000.00           STEARNS         22:2075         \$844.00         \$12,000.00           STEARNS         22:2075         \$844.00         \$14,000.00           STEARNS         22:2075         \$844.00         \$14,000.00           SUPERVISION,  |      |  | 4327   | \$179,829.10                            |                    |                |
| NORTON DRILLING         4327         \$25,000.00           DRILLING RIG SUBTOTAL         \$329,629.10         \$334,100.00           4. DRILLING BOND/INSURANCE<br>FREERG         15001         \$625.00         \$7,500.00           DRILLING BOND/INSURANCE<br>FREERG         15001         \$625.00         \$7,500.00           S. SURFACE CASING<br>CEMENT/ACCESSORIES/SERVICES-SURFACE CASING         \$0.00         \$9,000.00         \$8,700.00           6. TRUCKING<br>KENNETH TANK SERVICE<br>CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING         \$0.00         \$9,000.00         \$12,300.00           7. CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING<br>CASING HEADS, VALVES & FITTINGS         \$0.00         \$12,300.00         \$12,300.00           8. FORMATION TESTING<br>GUALITY LOGGING INC.<br>SCHLUMBERGER WELL SERVICE         1500         \$4,590.00         \$12,000.00           SPECIAL TOOLS, BITS & REWIALS<br>QUALITY LOGGING INC.         1500         \$20,000         \$12,000.00           SPECIAL TOOLS, BITS & REWIALS<br>QUALITY LOGGING INC.         1500         \$20,000         \$12,000.00           SPECIAL TOOLS, BITS & REWIALS<br>QUALITY LOGGING INC.         1001         \$3,540.00         \$12,000.00           SPECIAL TOOLS, BITS & REWIALS<br>QUALITY LOGGING INC.         10091         \$3,540.00         \$12,000.00           SPERVISION, ENGINEERING & GEOLOGICAL<br>GRASHA, MATTHEW P.         9371         \$350.00         5  |      |  | 4327   | -                                       |                    |                |
| 4. DRILLING BOND/INSURANCE       15001       \$625.00         DRILLING BOND/INSURANCE SUBTOTAL         5. SURFACE CASING       \$0.00       \$7,500.00         5. SURFACE CASING       \$0.00       \$9,000.00         5. SURFACE CASING       \$0.00       \$9,000.00         6. TRUCKING       \$0.00       \$8,700.00         7. CEMENT/ACCESSORIES/SERVICES - SURFACE CASING       \$0.00       \$24,660.90       \$9,000.00         7. CEMENT/ACCESSORIES/SERVICE       2912       \$4,199.96       \$24,660.90       \$9,000.00         7. CEMENT/ACCESSORIES/SERVICES - PROTECTIVE CASING       \$0.00       \$224,660.90       \$9,000.00         CASING HEADS, VALVES & FITTINGS       \$0.00       \$24,590.00       \$12,300.00         LOGGING       UDGGING INC.       \$50.00       \$24,768.08       \$14,000.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$24,768.08       \$14,000.00         SUPERVISION, ENGING INC.       1500       \$700.00       \$1,544.00       \$5,000.00         COULPMENT RENTAL SUBTOTAL       \$1,544.00       \$5,000.00       \$5,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$1,544.00       \$5,000.00       \$12,000.00  |      |  |  | •                                       |                    |                |
| 4. DRILLING BOND/INSURANCE       15001       \$625.00         DRILLING BOND/INSURANCE SUBTOTAL         5. SURFACE CASING       \$0.00       \$7,500.00         5. SURFACE CASING       \$0.00       \$9,000.00         5. SURFACE CASING       \$0.00       \$9,000.00         6. TRUCKING       \$0.00       \$8,700.00         7. CEMENT/ACCESSORIES/SERVICES - SURFACE CASING       \$0.00       \$24,660.90       \$9,000.00         7. CEMENT/ACCESSORIES/SERVICE       2912       \$4,199.96       \$24,660.90       \$9,000.00         7. CEMENT/ACCESSORIES/SERVICES - PROTECTIVE CASING       \$0.00       \$224,660.90       \$9,000.00         CASING HEADS, VALVES & FITTINGS       \$0.00       \$24,590.00       \$12,300.00         LOGGING       UDGGING INC.       \$50.00       \$24,768.08       \$14,000.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$24,768.08       \$14,000.00         SUPERVISION, ENGING INC.       1500       \$700.00       \$1,544.00       \$5,000.00         COULPMENT RENTAL SUBTOTAL       \$1,544.00       \$5,000.00       \$5,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$1,544.00       \$5,000.00       \$12,000.00  |      |  | DRILLING RIG SUBTOTAL  |   | \$329.829.10       | \$334.100.00   |
| DRILLING BOND/INSURANCE SUBTOTAL         \$625.00         \$7,500.00           5. SURFACE CASING<br>CEMENT/ACCESSORIES/SERVICES-SURFACE CASING         \$0.00         \$9,000.00         \$8,700.00           6. TRUCKING<br>KENNETH TANK SERVICE         2844         \$3,349.89         \$8,700.00           7. TRUCKING<br>KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2942         \$17,111.05           TRUCKING SUBTOTAL         \$24,660.90         \$9,000.00           7. CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING         \$0.00         \$12,300.00           COGGING         GUALITY LOGGING INC.         1500         \$4,590.00           SCHLUMBERGER WELL SERVICE         761770         \$20,178.08         \$14,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$12,300.00         \$12,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$12,000.00         \$12,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$12,000.00         \$12,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$12,544.00         \$1,544.00         \$5,000.00           SPECIAL TOOLS, BITS & REDIALS         \$100HMENT RENTAL SUBTOTAL         \$1,544.00         \$5,000.00 </td <td>4.0</td> <td>DRILLING BOND/INSURANCE</td> <td></td> <td></td> <td></td> <td></td>  | 4.0  | DRILLING BOND/INSURANCE                                    |  |   |                    |                |
| 5. SURFACE CASING<br>CEMENT/ACCESSORIES/SERVICES-SURFACE CASING       \$0.00       \$\$0.00       \$\$0.00         6. TRUCKING<br>KENNETH TANK SERVICE       2844       \$3,349.89         KENNETH TANK SERVICE       2912       \$4,199.96         KENNETH TANK SERVICE       2942       \$17,111.05         TRUCKING SUBTOTAL         7. CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING       \$0.00       \$24,660.90       \$9,000.00         7. CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING       \$0.00       \$12,300.00       \$12,300.00         CASING HEADS, VALVES & FITTINGS       \$0.00       \$4,590.00       \$8,000.00         LOGGING       1500       \$4,590.00       \$24,768.08       \$14,000.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08       \$14,000.00       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$24,768.08       \$14,000.00       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$24,768.08       \$14,000.00       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$700.00       \$24,768.08       \$14,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$700.00       \$24,768.08       \$14,000.00         GRASHA, MATTNEW P.       \$1091       \$3,440.00       \$5,00  |      |  | 15001  | \$625.00                                |                    |                |
| CEMENT/ACCESSORIES/SERVICES-SURFACE CASING         \$0.00         \$8,700.00           6. TRUCKING         KENNETH TANK SERVICE         2844         \$5,349.89           KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2912         \$17,111.05           TRUCKING SUBTOTAL         \$24,660.90         \$9,000.00           CASING HEADS, VALVES & FITTINGS         \$0.00         \$12,300.00           LOGGING         \$0.00         \$8,500.00           LOGGING HEADS, VALVES & FITTINGS         \$0.00         \$8,500.00           SCHLUMBERGER WELL SERVICE         761770         \$20,178.08         \$14,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$12,000.00         \$12,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$12,000.00         \$12,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$14,000.00         \$12,000.00           QUALITY LOGGING INC.         1500         \$700.00         \$1,544.00         \$5,000.00           SPECIAL TOOLS, BITS & RENTALS         \$1,001         \$3,440.00         \$5,000.00         \$1,544.00   |      | DRILLI   | NG BOND/INSURANCE SUBTOTAL   |   | \$625.00           | \$7,500.00     |
| CEMENT/ACCESSORIES/SERVICES-SURFACE CASING         \$0.00         \$8,700.00           6. TRUCKING         KENNETH TANK SERVICE         2844         \$5,349.89           KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2912         \$4,199.96           KENNETH TANK SERVICE         2912         \$17,111.05           TRUCKING SUBTOTAL         \$24,660.90         \$9,000.00           CASING HEADS, VALVES & FITTINGS         \$0.00         \$12,300.00           LOGGING         \$0.00         \$8,500.00           LOGGING HEADS, VALVES & FITTINGS         \$0.00         \$8,500.00           SCHLUMBERGER WELL SERVICE         761770         \$20,178.08         \$14,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$12,000.00         \$12,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$12,000.00         \$12,000.00           SPECIAL TOOLS, BITS & RENTALS         \$0.00         \$14,000.00         \$12,000.00           QUALITY LOGGING INC.         1500         \$700.00         \$1,544.00         \$5,000.00           SPECIAL TOOLS, BITS & RENTALS         \$1,001         \$3,440.00         \$5,000.00         \$1,544.00   | 5. 5 | SURFACE CASING   |  | \$0.00                                  |                    | \$9.000.00     |
| KENNETH TANK SERVICE       2844       \$3,349.89         KENNETH TANK SERVICE       2912       \$4,199.96         KENNETH TANK SERVICE       2942       \$17,111.05         TRUCKING SUBTOTAL       \$24,660.90         \$9,000.00       \$24,660.90       \$9,000.00         CASING HEADS, VALVES & FITTINGS       \$0.00       \$12,300.00         LOGGING       \$0.00       \$12,300.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08         LOGGING SUBTOTAL       \$24,768.08       \$14,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00         EQUIPMENT RENTAL SUBTOTAL       \$1,544.00       \$5,000.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL       \$1091       \$3,440.00       \$5,000.00         GRASHA, MATTHEW P.       9371       \$350.00       \$5,000.00       \$5,000.00         SMITH, JEFF       101891       \$200.00       \$1,14, 202.00       \$5,000.00         SMITH, JEFF       102491       \$200.00   |      |  | ASING  |   |                    |                |
| KENNETH TANK SERVICE       2844       \$3,349.89         KENNETH TANK SERVICE       2912       \$4,199.96         KENNETH TANK SERVICE       2942       \$17,111.05         TRUCKING SUBTOTAL       \$24,660.90         \$9,000.00       \$24,660.90       \$9,000.00         CASING HEADS, VALVES & FITTINGS       \$0.00       \$12,300.00         LOGGING       \$0.00       \$12,300.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08         LOGGING SUBTOTAL       \$24,768.08       \$14,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00         EQUIPMENT RENTAL SUBTOTAL       \$1,544.00       \$5,000.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL       \$1091       \$3,440.00       \$5,000.00         GRASHA, MATTHEW P.       9371       \$350.00       \$5,000.00       \$5,000.00         SMITH, JEFF       101891       \$200.00       \$1,14, 202.00       \$5,000.00         SMITH, JEFF       102491       \$200.00   |      |  |  |   |                    |                |
| KENNETH TANK SERVICE       2844       \$3,349.89         KENNETH TANK SERVICE       2912       \$4,199.96         KENNETH TANK SERVICE       2942       \$17,111.05         TRUCKING SUBTOTAL       \$24,660.90         \$9,000.00       \$24,660.90       \$9,000.00         CASING HEADS, VALVES & FITTINGS       \$0.00       \$12,300.00         LOGGING       \$0.00       \$12,300.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08         LOGGING SUBTOTAL       \$24,768.08       \$14,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00         EQUIPMENT RENTAL SUBTOTAL       \$1,544.00       \$5,000.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL       \$1091       \$3,440.00       \$5,000.00         GRASHA, MATTHEW P.       9371       \$350.00       \$5,000.00       \$5,000.00         SMITH, JEFF       101891       \$200.00       \$1,14, 202.00       \$5,000.00         SMITH, JEFF       102491       \$200.00   | 6. T | RUCKING  |  |   |                    |                |
| KENNETH TANK SERVICE     2912     \$4,199.96       KENNETH TANK SERVICE     2942     \$17,111.05       TRUCKING SUBTOTAL     \$24,660.90     \$9,000.00       7. CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING     \$0.00     \$12,300.00       CASING HEADS, VALVES & FITTINGS     \$0.00     \$8,500.00       LOGGING     0uality Loggins Inc.     1500     \$4,590.00       SCHLUMBERGER WELL SERVICE     761770     \$20,178.08       LOGGING SUBTOTAL     \$24,768.08     \$14,000.00       SPECIAL TOOLS, BITS & RENTALS     \$0.00     \$12,000.00       QUALITY LOGGING INC.     1500     \$700.00       STEARNS     22-2075     \$844.00       EQUIPMENT RENTAL SUBTOTAL       SUPERVISION, ENGINEERING & GEOLOGICAL     \$1091     \$3,440.00       GRASHA, MATTHEW P.     9391     \$350.00       SMITH, JEFF     101891     \$200.00       SMITH, JEFF     102491     \$200.00       SMITH, JEFF     102491     \$200.00  |      |  | 2844   | \$3,349.89                              |                    |                |
| KENNETH TANK SERVICE     2942     \$17,111.05       TRUCKING SUBTOTAL     \$24,660.90     \$9,000.00       7. CEMENT/ACCESSORIES/SERVICES - PROTECTIVE CASING     \$0.00     \$12,300.00       CASING HEADS, VALVES & FITTINGS     \$0.00     \$12,300.00       LOGGING     GUALITY LOGGING INC.     1500     \$4,590.00       SCHLUMBERGER WELL SERVICE     761770     \$20,178.08       LOGGING SUBTOTAL     \$0.00     \$12,000.00       SPECIAL TOOLS, BITS & RENTALS     \$0.00     \$12,000.00       QUALITY LOGGING INC.     1500     \$700.00       SPECIAL TOOLS, BITS & RENTALS     \$0.00     \$12,000.00       QUALITY LOGGING INC.     1500     \$700.00       STEARNS     22-2075     \$844.00       COUIPMENT RENTAL SUBTOTAL     \$1,544.00     \$5,000.00       SUPERVISION, ENGINEERING & GEOLOGICAL     \$3,440.00     \$5,000.00       GRASHA, MATTHEW P.     91791     \$390.00     \$5,000.00       SMITH, JEFF     101891     \$200.00     \$5,000.00       SMITH, JEFF     102491     \$200.00     \$1,544.00       SMITH, JEFF     102491     \$200.00     \$5,000.00  |      | KENNETH TANK SERVICE                                       | 2912   |   |                    |                |
| 7. CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING       \$0.00       \$12,300.00         CASING HEADS, VALVES & FITTINGS       \$0.00       \$8,500.00         LOGGING       quality Logging Inc.       1500       \$4,590.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08         LOGGING SUBTOTAL       \$24,768.08       \$14,000.00         S. FORMATION TESTING       \$0.00       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00         EQUIPMENT RENTAL SUBTOTAL         SUPERVISION, ENGINEERING & GEOLOGICAL       \$1,544.00         GRASHA, MATTHEW P.       11091       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00   |      | KENNETH TANK SERVICE                                       |  | -                                       |                    |                |
| 7. CEMENT/ACCESSORIES/SERVICES-PROTECTIVE CASING       \$0.00       \$12,300.00         CASING HEADS, VALVES & FITTINGS       \$0.00       \$8,500.00         LOGGING       quality Logging INC.       1500       \$4,590.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08         LOGGING SUBTOTAL       \$24,768.08       \$14,000.00         S. FORMATION TESTING       \$0.00       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00         EQUIPMENT RENTAL SUBTOTAL         SUPERVISION, ENGINEERING & GEOLOGICAL       \$1,544.00         GRASHA, MATTHEW P.       11091       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$2,000.00   |      |  | TRUCKING SUBTOTAL  |   | \$24 660 90        | \$0 000 00     |
| CASING HEADS, VALVES & FITTINGS       \$0.00       \$8,500.00         LOGGING       1500       \$4,590.00         QUALITY LOGGING INC.       1500       \$4,590.00         SCHLUMBERGER WELL SERVICE       761770       \$20,178.08         LOGGING SUBTOTAL       \$24,768.08       \$14,000.00         SPECIAL TOOLS, BITS & RENTALS       \$0.00       \$12,000.00         QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00         EOUIPMENT RENTAL SUBTOTAL       \$1,544.00         S. FORMATION, ENGINEERING & GEOLOGICAL       \$1001       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102291       \$20.00         SMITH, JEFF       102291       \$2,000.00   | 7. 5 | EMENT /ACCESSORIES/SERVICES-PROTECTIV                      |  | \$0.00                                  | \$24,000.70        | •              |
| LOGGING<br>QUALITY LOGGING INC. 1500 \$4,590.00<br>SCHLUMBERGER WELL SERVICE 761770 \$20,178.08<br>LOGGING SUBTOTAL \$20,178.08<br>LOGGING SUBTOTAL \$20,178.08<br>S14,000.00<br>SPECIAL TOOLS, BITS & RENTALS<br>QUALITY LOGGING INC. 1500 \$700.00<br>STEARNS 22-2075 \$844.00<br>EQUIPMENT RENTAL SUBTOTAL \$1,544.00 \$5,000.00<br>9. SUPERVISION, ENGINEERING & GEOLOGICAL<br>GRASHA, MATTHEW P. 9391 \$350.00<br>GRASHA, MATTHEW P. 91791 \$890.00<br>SMITH, JEFF 101891 \$200.00<br>SMITH, JEFF 102891 \$2,000.00<br>SMITH, JEFF 102991 \$2,000.00   |      |  |  |   |                    |                |
| SCHLUMBERGER WELL SERVICE     761770     \$20,178.08       LOGGING SUBTOTAL     \$24,768.08     \$14,000.00       8. FORMATION TESTING     \$0.00     \$12,000.00       SPECIAL TOOLS, BITS & RENTALS     1500     \$700.00       QUALITY LOGGING INC.     1500     \$700.00       STEARNS     22-2075     \$844.00       EQUIPMENT RENTAL SUBTOTAL     \$1,544.00       9. SUPERVISION, ENGINEERING & GEOLOGICAL     \$1,544.00     \$5,000.00       GRASHA, MATTHEW P.     9391     \$350.00     \$5,000.00       SMITH, JEFF     101891     \$200.00     \$5,000.00       SMITH, JEFF     102991     \$2,000.00  |      |  |  |   |                    | ,              |
| SCHLUMBERGER WELL SERVICE     761770     \$20,178.08       LOGGING SUBTOTAL     \$24,768.08     \$14,000.00       8. FORMATION TESTING     \$0.00     \$12,000.00       SPECIAL TOOLS, BITS & RENTALS     1500     \$700.00       QUALITY LOGGING INC.     1500     \$700.00       STEARNS     22-2075     \$844.00       EQUIPMENT RENTAL SUBTOTAL     \$1,544.00       9. SUPERVISION, ENGINEERING & GEOLOGICAL     \$1,544.00     \$5,000.00       GRASHA, MATTHEW P.     9391     \$350.00     \$5,000.00       SMITH, JEFF     101891     \$200.00     \$5,000.00       SMITH, JEFF     102991     \$2,000.00  |      | QUALITY LOGGING INC.                                       | 1500   | \$4,590.00                              |                    |                |
| 8. FORMATION TESTING       \$0.00       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00       \$1,544.00         EQUIPMENT RENTAL SUBTOTAL       \$1,544.00         \$1,544.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL         GRASHA, MATTHEW P.       11091       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       10291       \$200.00   |      | SCHLUMBERGER WELL SERVICE                                  | 761770   |   |                    |                |
| 8. FORMATION TESTING       \$0.00       \$12,000.00         SPECIAL TOOLS, BITS & RENTALS       QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00       \$1,544.00         EQUIPMENT RENTAL SUBTOTAL       \$1,544.00         \$1,544.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL         GRASHA, MATTHEW P.       11091       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       10291       \$200.00   |      |  | LOCCING SUBTOTAL   |   | \$24 768 08        | \$16 000 00    |
| SPECIAL TOOLS, BITS & RENTALS         QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00         EQUIPMENT RENTAL SUBTOTAL         \$1,544.00       \$5,000.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL       \$1,544.00         GRASHA, MATTHEW P.       11091       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       102991       \$2,000.00  | 8. F | ORMATION TESTING   |  | \$0.00                                  | <i>\$24,700.00</i> | •              |
| QUALITY LOGGING INC.       1500       \$700.00         STEARNS       22-2075       \$844.00         EQUIPMENT RENTAL SUBTOTAL       \$1,544.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL       \$1,544.00       \$5,000.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL       \$1091       \$3,440.00       \$5,000.00         GRASHA, MATTHEW P.       11091       \$3,440.00       \$5,000.00         GRASHA, MATTHEW P.       9391       \$350.00       \$5,000.00         SMITH, JEFF       101891       \$200.00       \$5,000.00         SMITH, JEFF       102491       \$200.00       \$5,000.00         SMITH, JEFF       102291       \$2,000.00       \$5,000.00   |      |  |  |   |                    |                |
| STEARNS       22-2075       \$844.00         EQUIPMENT RENTAL SUBTOTAL       \$1,544.00       \$5,000.00         9. SUPERVISION, ENGINEERING & GEOLOGICAL       \$1,544.00       \$5,000.00         GRASHA, MATTHEW P.       11091       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       102991       \$2,000.00  |      | •  | 1500   | \$700.00                                |                    |                |
| 9. SUPERVISION, ENGINEERING & GEOLOGICAL         GRASHA, MATTHEW P.       11091       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       102991       \$2,000.00   |      | STEARNS  | 22-2075  |   |                    |                |
| 9. SUPERVISION, ENGINEERING & GEOLOGICAL         GRASHA, MATTHEW P.       11091       \$3,440.00         GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       102991       \$2,000.00   |      |  | EQUIPMENT RENTAL SUBTOTAL  | •                                       | \$1,544.00         | \$5,000.00     |
| GRASHA, MATTHEW P.       9391       \$350.00         GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       102991       \$2,000.00  | 9. s | UPERVISION, ENGINEERING & GEOLOGICAL                       | - · -  |   | •                  |                |
| GRASHA, MATTHEW P.       91791       \$890.00         SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       102991       \$2,000.00   |      |  |  | \$3,440.00                              |                    |                |
| SMITH, JEFF       101891       \$200.00         SMITH, JEFF       102491       \$200.00         SMITH, JEFF       102991       \$2,000.00   |      |  |  |   |                    |                |
| SMITH, JEFF       102491       \$200.00         SMITH, JEFF       102991       \$2,000.00   |      |  |  |   |                    |                |
| SMITH, JEFF 102991 \$2,000.00   |      |  |  |   |                    |                |
|   |      |  |  |   |                    |                |
| SUPERVISION, ENGINEERING & GEOLOGICAL SUBTOTAL \$7,080.00 \$8,750.00  |      | SMIIN, JEFF  | 102991   | \$2,000.00                              |                    |                |
|   |      | SUPERVISION,   | ENGINEERING & GEOLOGICAL   | SUBTOTAL                                | \$7,080.00         | \$8,750.00     |

| STATE O.G. NO. 2 WELL<br>ITEMIZED COST SCHEDULE<br>NW 1/4, SEC. 9, T 11 S R 33<br>LEA COUNTY, N.M.<br>CASE NO. 10305<br>ORDER NO. R-9521 |                      | 3/10/92                              |                  |                            |
|--|----------------------|--------------------------------------|------------------|----------------------------|
| DESCRIPTION  | INVOICE<br>NUMBER    | DETAIL<br>COSTS                      | TOTAL TO<br>DATE | BUDGET                     |
|  |                      |                                      | *************    | ========                   |
| 10.MISCELLANEOUS SERVICES, SUPPLIES & LABOR  |                      |                                      |                  |                            |
| PRO WELL TESTING & WIRELING  | 1127-34              | \$771.98                             |                  |                            |
| WEST, JOHN   | 92140001<br>92140209 | \$241.11<br>\$239.84                 |                  |                            |
| WEST, JOHN<br>WEST, JOHN   | 92140209             | \$239.84<br>\$239.84                 |                  |                            |
|  |                      |                                      |                  |                            |
| MISCELLANEOUS DRILLIN<br>CONTINGENCY (5%)  | G SUBTOTAL           | \$0.00                               | \$1,492.77       | \$13,000.00<br>\$25,343.00 |
| SUBTOTAL DRILLING COST   | S                    |                                      | \$439,751.44     | \$492,193.00               |
| 1. PRODUCTION CASING/LINER<br>CEMENT/ACCESSORIES/SERVICE<br>B.J. SERVICES<br>NATIONAL OILWELL  | 056360<br>7570-24161 | \$0.00<br>\$26,021.46<br>\$91,578.38 |                  | \$109,200.00               |
| NATIONAL OILWELL   | 7570-24161           | \$61.38                              |                  |                            |
| CEMENTING  | SUBTOTAL             |                                      | \$117,661.22     | \$16,000.00                |
| 2. CASING HEADS, VALVES & FITTINGS   |                      | \$0.00                               |                  | \$7,000.00                 |
| PACKERS, ACCESSORIES & SERVICE   |                      |                                      |                  |                            |
| BAKER OIL TOOLS  | 10391                | \$550.96                             |                  |                            |
| B.J. SERVICES  | 56462<br>56464       | \$2,867.50<br>\$4,251.65             |                  |                            |
| B.J. SERVICES<br>UNITED PACKER SERVICE   | 1-16                 | \$7,270.74                           |                  |                            |
|  |                      |                                      |                  |                            |
| PACKERS, ACCESSORIES & SERVI   | CESUBTOTAL           |                                      | \$14,940.85      | \$10,500.00                |
| 3. PRODUCTION TUBING<br>B & R INSPEC/EQUIP. TUBING   | 26274                | \$23,650.00                          |                  |                            |
|  |                      |                                      |                  |                            |
| PRODUCTION TUBIN   | G SUBTOTAL           |                                      | \$23,650.00      | \$22,950.00                |
| 4. PERFORATING SERVICE/LOGS  | 7/007/               |                                      |                  |                            |
| SCHLUMBERGER WELL SERVICE  | 762076               | \$6,298.66                           |                  |                            |
| SCHLUMBERGER WELL SERVICE  | 762144               | \$5,701.11                           |                  |                            |
| WEAVER SERVICES, INC   | 1075R                | \$1,188.00<br>\$1,300.00             |                  |                            |
| WEAVER SERVICES, INC   | 1458L                | \$1,399.00                           |                  |                            |
| WEAVER SERVICES, INC<br>Wedge Wireline, Inc.   | 1463L<br>49037       | \$2,052.37<br>\$4,758.75             |                  |                            |
|  |                      | •                                    | £21 707 00       | £4 500 00                  |
| PERFORATIN   | G SUBIUTAL           |                                      | \$21,397.89      | \$6,500.00                 |

| STATE O.G. NO. 2 W<br>ITEMIZED COST SCHE<br>NW 1/4, SEC. 9, T 11<br>LEA COUNTY, N.M | DULE<br>SR33E      |                 |                     |            |
|---|--------------------|-----------------|---------------------|------------|
| CASE NO. 10305<br>ORDER NO. R-952   |                    | 3/10/92         |                     |            |
|   |                    |                 | =================== |            |
| DESCRIPTION   | INVOICE<br>NUMBER  | DETAIL<br>COSTS | TOTAL TO<br>DATE    | BUDGET     |
| 5. TREATING SERVICES/SUPPLIES   |                    |                 |                     |            |
| B.J. SERVICES   | 56381              | \$3,667.19      |                     |            |
| B.J. SERVICES   | 56390              | \$3,253.66      |                     |            |
| B.J. SERVICES   | 647950             | •               |                     |            |
| B.J. SERVICES   | 56447              | \$6,460.10      |                     |            |
| B.J. SERVICES   | 56463              | \$3,943.19      |                     |            |
|   | CHEMICALS SUBTOTAL | -               | \$23,201.82         | \$12,000.0 |
| 6. FRACING/SWABBING   |                    | \$0.00          | ·                   | \$7,500.0  |
| COMPLETION RIG  |                    |                 |                     | •          |
| D.C. WELL SERVICE, INC.   | 292-73             | \$1,905.08      |                     |            |
| LUCKY WELL SERVICE  | 3152               | \$9,292.57      |                     |            |
| LUCKY WELL SERVICE  | 3158               | \$5,143.15      |                     |            |
| LUCKY WELL SERVICE  | 3173               | •               |                     |            |
| LUCKY WELL SERVICES   |                    | \$8,743.52      |                     |            |
| LUCKY WELL SERVICES   | 3215               | •               |                     |            |
| LUCKY WELL SERVICES   | 3219               | \$11,469.33     |                     |            |
| LUCKY WELL SERVICES   | 3228               | \$13,702.24     |                     |            |
| WEATHERFORD U.S. INC.   | 585970             | \$4,867.23      |                     |            |
| COMPLI  | ETION RIG SUBTOTAL | -               | \$70,973.15         | \$11,200.0 |
| 7. ARTIFICIAL LIFT EQUIPMENT  |                    |                 |                     |            |
| IRA PUMP & SUPPLY-RODS  | 923406             | \$14,322.89     |                     |            |
| IRA PUMP & SUPPLY-RODS  | 924550             | \$2,102.44      |                     |            |
| LEAMCO-RUTHCO   | 263050             | \$2,322.81      |                     |            |
| LEAMCO-RUTHCO   | 263373             | \$3,302.03      |                     |            |
| PRANDON CONSTRUCTION  | 104306             | \$250.00        |                     |            |
| R.G. GUNN ENTERPRISES-PUMPING UNIT  | 121691             | \$30,000.00     |                     |            |
| ARTIFICIAL LIFT I   | EQUIPMENT SUBTOTAL | -               | \$52,300.17         | \$37,000.0 |
| 8. SUPERVISION, ENGINEERING, GEOLOGICAL   |                    |                 |                     |            |
| GRASHA, MATTHEW P.  | 110691             | \$300.00        |                     |            |
| GRASHA, MATTHEW P.  | 110891             | \$300.00        |                     |            |
| GRASHA, MATTHEW P.  | 11219 <b>1</b>     | \$2,730.02      |                     |            |
| GRASHA, MATTHEW P.  | 25                 | \$6,646.43      |                     |            |
| GRASHA, MATTHEW P.  | 30                 | \$6,692.45      |                     |            |
| GRASHA, MATTHEW P.  | 33                 | \$2,937.84      |                     |            |
| GRASHA, MATTHEW P.  | 39                 | \$4,557.18      |                     |            |
| KENT CEARLEY  | 110191             | \$2,000.00      |                     |            |
| KENT CEARLEY  | 120291             | \$2,000.00      |                     |            |
|   | 120491             | \$1,717.57      |                     |            |
|   | 120491             | \$5,826.47      |                     |            |
| SMITH, JEFF   | 111291             | \$2,000.00      |                     |            |
| SMITH, JEFF   | 112291             | \$24.00         |                     |            |
| SMITH, JEFF   | 111291             | \$1,000.00      |                     |            |
| SMITH, JEFF   | 112691             | \$3,000.00      |                     |            |
|   |                    |                 | \$/1 731 06         | \$5 250 0  |

SUPERVISION, ENGINEERING, GEOLOGICAL SUBTOTAL \$41,731.96 \$5,250.00

|   | STATE O.G. NO. 2 WELL<br>ITEMIZED COST SCHEDULE<br>NW 1/4, SEC. 9, T 11 S R 33 E<br>LEA COUNTY, N.M. |                   |                 |                  |              |
|---|--|-------------------|-----------------|------------------|--------------|
|   | CASE NO. 10305<br>ORDER NO. R-9521   |                   | 3/10/92         |                  |              |
| DESCRIPTION   |  | INVOICE<br>NUMBER | DETAIL<br>COSTS | TOTAL TO<br>DATE | BUDGET       |
|   |  |                   |                 |                  |              |
| 9. MISC. SERVICES, SUPPLIES<br>B.J. SERVICES                        | CABUR  | 65046 <b>3</b>    | \$132.75        |                  |              |
| B.J. SERVICES   |  | 56390             |                 |                  |              |
| BAKER TOOLS   |  | 24881             |                 |                  |              |
| BURRO PIPELINE CORP   |  | 22992             |                 |                  |              |
| E.L. FARMER   |  | 12-02995          |                 |                  |              |
| K & S ELECTRIC CO.  |  | 26861             |                 |                  |              |
| HUDSON PACKER CO  |  | 312               |                 |                  |              |
| MAYPOLE   |  | 12169             |                 |                  |              |
| LIBERTY PUMP & SUPPLY   |  | 924               |                 |                  |              |
| LIBERTY PUMP & SUPPLY   |  | 934               | •               |                  |              |
| LIBERTY PUMP & SUPPLY   |  | 933               | •               |                  |              |
| LIBERTY PUMP & SUPPLY   |  | 1129              | •               |                  |              |
| MAN WELDING   |  | 2213              | •               |                  |              |
| MAN WELDING   |  | 2214              |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063469-CM        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063248-IN        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063247-IN        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063290-IN        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063243-IN        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063246-IN        | -               |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063379-1N        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063245-IN        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063244-IN        | •               |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063289-IN        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0063747-IN        |                 |                  |              |
| MILFORD PIPE & SUPPLY   |  | 0064202-IN        |                 |                  |              |
| R.G. GUNN ENTERPRISES   |  | 1219              | \$111.04        |                  |              |
| R.G. GUNN ENTERPRISES   |  | 1220              |                 |                  |              |
| R.G. GUNN ENTERPRISES   |  | 1171              |                 |                  |              |
| STEARNS   |  | 33-2061           |                 |                  |              |
|   | MISC. SERVICES, SUPPLIES & LABOR   |                   | SUBTOTAL        | \$35,027.24      | \$8,000.00   |
| CONTINGENCY (5%)  |  |                   | \$0.00          |                  | \$12,654.00  |
|   | SUBTOTAL COMPLETION COSTS  |                   |                 | \$/00 884 30     | \$265 75/ Of |
| LLEASE FACILITIES COSTS   | SUBTOTAL COMPLETION COSTS  |                   |                 | \$400,884.30     | \$265,754    |
| <ol> <li>BUILDING SITE &amp; ROAD<br/>A-1 SIGN ENGRAVERS</li> </ol> |  | 13439             | \$37.65         |                  | \$0.0        |
| GLOBE CONSTRUCTION  |  | 31092             |                 |                  |              |

BUILDING SITE & ROAD SUBTOTAL

\$12,837.65

MORGANTI

MORGANTI

| STATE O.G. NO. 2 WELL                       |                |                                |              |             |
|---|----------------|--------------------------------|--------------|-------------|
| ITEMIZED COST SCHEDULE                      |                |                                |              |             |
| NW 1/4, SEC. 9, T 11 S R 33 E               |                |                                |              |             |
| LEA COUNTY, N.M.                            |                |                                |              |             |
| CASE NO. 10305                              |                |                                |              |             |
| ORDER NO. R-9521                            |                | 3/10/92                        |              |             |
|   |                | ============================== | ************ |             |
|   | INVOICE        | DETAIL                         | TOTAL TO     | BUDGET      |
| DESCRIPTION                                 | NUMBER         | COSTS                          | DATE         |             |
|   |                |                                |              |             |
| 2. PRODUCTION TANKS/ACCESSORIES             |                | #4 004 //                      |              |             |
| BAKER OIL TOOLS                             | 50556          | \$1,821.44                     |              |             |
| CHANCE TOOL CO., INC.                       | 930            | \$17,908.77                    |              |             |
| GOOCH TANK & MFG. CO                        | 129106-T       | \$105.50                       |              |             |
| HUDSON PACKER CO                            | 312            | \$1,869.30                     |              |             |
| HUDSON PACKER CO                            | 1264           | \$3,435.29                     |              |             |
| K & S PAINTING                              | 912854         | \$7,596.00                     |              |             |
| VENTURE EQUIPMENT                           | 1214           | \$9,631.06                     |              |             |
| WELLHEAD RECYCLING                          | 324            | \$2,654.96                     |              |             |
| PRODUCTION TANKS/ACCESSORIES                | SUBTOTAL       | -                              | \$45,022.32  | \$23,000.00 |
| 3. HEATERS/TREATERS/ACCESSORIES             |                | \$0.00                         | •            | \$5,000.00  |
| LINE/FLOW PIPE                              |                |                                |              | •           |
| K & S PAINTING                              | 912055         | \$300.15                       |              |             |
| K & S PAINTING                              | 912758         | \$1,342.45                     |              |             |
| K & S PAINTING                              | 912759         | \$600.30                       |              |             |
| K & S PAINTING                              | 912817         | \$870.38                       |              |             |
| K & S PAINTING                              | 912893         | \$390.19                       |              |             |
| K & S PAINTING                              | 912894         | \$1,218.84                     |              |             |
|   |                |                                |              |             |
| LINE/FLOW PIPE                              | SUBTOTAL       |                                | \$4,722.31   | \$500.00    |
| 4. VALVES & FITTINGS                        |                |                                |              |             |
| MILFORD PIPE & SUPPLY                       | 63609          | \$908.76                       |              |             |
| VALVES & FITTINGS                           | SUBTOTAL       | -                              | \$908.76     | \$2,000.00  |
| 5. OPERATING FEE                            |                |                                |              |             |
| LBO NEW MEXICO-OCT                          | 113191         | \$5,000.00                     |              |             |
| LBO NEW MEXICO-NOV                          | 11309 <b>1</b> | \$5,000.00                     |              |             |
| LBO NEW MEXICO-DEC                          | 123191         | \$5,000.00                     |              |             |
| LBO NEW MEXICO-JAN                          | 13192          | \$5,000.00                     |              |             |
| OPERATING FEE                               | SUBTOTAL       | -                              | \$20,000.00  | \$5,000.00  |
| CONTINGENCY (5%)                            |                | \$0.00                         |              | \$2,025.00  |
|   | -              |                                |              |             |
| SUBTOTAL LEASE FACILITIES COS               | TS             |                                | \$83,491.04  | \$37,525.00 |
|   |                |                                |              |             |
| IV. GENERAL & ADMINISTRATIVE:<br>ACCOUNTING |                |                                |              |             |
| MORGANTI                                    | 111591         | \$137.92                       |              |             |

ACCOUNTING SUBTOTAL

112691

112691

\$688.07

\$324.00

\$1,149.99

STATE O.G. NO. 2 WELL ITEMIZED COST SCHEDULE NW 1/4, SEC. 9, T 11 S R 33 E LEA COUNTY, N.M. CASE NO. 10305 ORDER NO. R-9521 3/10/92 INVOICE DETAIL TOTAL TO BUDGET DESCRIPTION NUMBER COSTS DATE \$1,841.00 OFFICE EXPENSE 1990 ABIGAIL ABBOTT PERSONNEL C165697 \$64.89 C163306 \$537.60 ABIGAIL ABBOTT PERSONNEL ABIGAIL ABBOTT PERSONNEL 111591 \$80.00 COSTCO 112691 \$7.00 COSTCO 112691 \$50.00 451370305 \$13.00 FEDERAL EXPRESS OFFICE LABOR 111491 \$276.00 \$1,937.68 111491 OFFICE LABOR \$675.00 OFFICE LABOR 112291 MORGANTI 121291 \$30.00 PACIFIC BELL 122291 \$177.71 ROUGHNECK SYSTEMS S100 \$16.50 SOUTHWESTERN BELL 121791 \$73.11 \$5,779.49 \* OFFICE EXPENSES SUBTOTAL TAX PREPARATION \$86.90 10 BOLAR DAINKO & TOLLESON \$15.00 BOLAR DAINKO & TOLLESON 11 \$190.79 BOLAR DAINKO & TOLLESON 12 LINDA LOPEZ 121991 \$81.88 \$374.57 TAX PREPARATION SUBTOTAL TRAVEL 1990 \$2,862.00 AMERICAN EXPRESS 121491 \$930.79 AMERICAN EXPRESS 111491 \$395.24 \$200.00 TRAVEL 120691 TRAVEL 103191 \$500.00 TRAVEL 103191 \$500.00 TRAVEL SUBTOTAL \$5,388.03 \* ..... SUBTOTAL GENERAL & ADMINISTRATIVE \$12,692.08 \$936,818.86 \$936,818.86 \$795,472.00 GRAND TOTAL

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#### R. J. STARRAK 2401 So. Co. Rd. 1110 Midland, Texas 79701

915/686-0258 Fax 915/686-2065

July 31, 1991

Mr. Robert Stovall New Mexico Energy, Minerals & Natural Resources Department Oil and Game Division P. D. Box 2088 Santa Fe, New mexico 87504

RE: Case No 10305 -- Order No. R-9521 Application of LBU New Mexico, Inc. for Compulsory Pooling and an Unorthodox Gas Well Location, Lea County, New Mexico

Dear Mr. Stovall:

Attached is a copy of the Assignment of my interest in Section 9, T-11-S, R-33+E, NMPM, to LBD New Mexico, Inc.

This is being sent meerly to advise you of the change in my and LBO New Mexico, Inc,'s status in the subject case.

Thank you for your consideration.

Yous truly,

R.J. Starrak

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STATE OF NEW MEXICO

COUNTY OF LEA

REFERENCE is made to the following oil and gas leases (hereinafter called the "Subject Leases"):

- Oil and Gas Lease from the State of New Mexico, Lease No. E-26, to Gulf Oil Corporation dated January 10, 1945 insofar as same covers the N/2 SW/4 and SE/4 SE/4 of Section 9, T-11-S, R-33-E, NMPM; and
- 2. Oil and Gas Lease from the State of New Mexico, Lease No. OG-1402, to Gulf Oil Corporation dated October 15, 1957 insofar as said lease covers the SW/4 SE/4 of Section 9, T-11-S, R-33-E, NMPM.

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the undersigned ("Assignor") does hereby GRANT, SELL, ASSIGN and CONVEY unto LBO New Mexico, Inc. whose address is 28202 Cabot Rd., Suite 250, Laguna Niguel, CA 92677 ("Assignee") all of Assignor's right, title and interest in and to the Subject Leases insofar as same cover the above described lands, together with a like interest in all personal pro, by and equipment located upon the above described lands and used in connection with operation of the Subject Leases including, but not limited to, all equipment and personal property located upon or affixed to the LBO New Mexico, Inc.-OG State No. 1 and OG State No. 2 wells. This assignment of all of Assignor's right, title and interest shall include, but shall not be limited to, all interest in any and all causes of action, claims, choses in action, or damages incurred or claimed by Assignor with respect to the Subject Leases; and for the consideration above expressed, Assignor hereby waives all such claims, debts, damages, causes of action or choses in action with respect to the Subject Leases as against Assignee or its respective officers, directors, shareholders, employees or affiliated entities.

Assignee's interest shall be subject to the terms and provisions of all instruments under which Assignor acquired title and shall also be subject to and shall bear its proportionate part of all burdens of record affecting Assignor's interest in the Subject Leases.

Assignor warrants title by, through and under itself but not otherwise.

EXECUTED as of this the  $2C^{\mathcal{M}}$  day of  $J_{\mathcal{U}\mathcal{L}\mathcal{Y}}$ , 1991; but effective as of July 1, 1991 at 7:00 a.m. local time.

tanab STARRAK

STARRAK, wife E. M.

of R. J. Starrak

STATE OF NEW MEXICO

### ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

**OIL CONSERVATION DIVISION** 



August 6, 1991

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

Ms. Karen Aubrey Kellahin, Kellahin and Aubrey Attorneys at Law Post Office Box 2265 Santa Fe, New Mexico 87504-2265

Dear Ms. Aubrey:

Based upon your letter of July 31, 1991, and in accordance with the provisions of Division Order No. R-9521, LBO New Mexico Inc. is hereby granted an extension of time in which to begin the well on the unit pooled by said order until January 1, 1992.

Sincerely, WILLIAM J. LEMÁ Director

WJL/fd

cc: Case File No. 10305 Oil Conservation Division - Hobbs

# KELLAHIN, KELLAHIN AND AUBREY ATTORNEYS AT LAW 201 RUG 7 11 9 11

W. THOMAS KELLAHIN KAREN AUBREY ATTORNEYS AT LAW EL PATIO BUILDING 117 NORTH GUADALUPE POST OFFICE BOX 2265 SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285 Telefax (505) 982-2047

OIL CONSENCE ON DIVISION REC. (ED

JASON KELLAHIN OF COUNSEL

July 31, 1991

Mr. William J. LeMay Oil Conservation Division Post Office Box 2088 Santa Fe, New Mexico 87501

Re: Request of LBO New Mexico Inc. for an Extension of Order R-9521, NMOCD Case No. 10305

Dear Mr. LeMay:

On behalf of Strata Energy Resources Corporation, we request the Oil Conservation Division grant an Extension of Order R-9521 for 120 days until January 1, 1992.

Strata Energy is attempting to conclude negotiations with its partners to drill this well.

If you have any questions or desire further information, please contact me.

Sincerely, Karen Aubrey

KA/tic

xc: Ray Diaz R.J. Starrak

2056/ltrk730.504