



AE Order Number Banner

Report Description

This report shows an AE Order Number in Barcode format for purposes of scanning. The Barcode format is Code 39.



App Number: pDD00000202002

DD - 20

TERRA RESOURCES, INC.



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

May 26, 1988

Terra Resources, Inc.
c/o Kellahin, Kellahin and Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin

ADMINISTRATIVE ORDER DD-20 (NSBHL)

Under the provisions of General Rule 111 (c), (d) and (e), W. Thomas Kellahin, on behalf of Terra Resources, Inc., made application to the New Mexico Oil Conservation Division on April 29, 1988, for authorization to directionally drill Terra Resources, Inc. Terra Federal "22" Com Well No. 1, Undesignated Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico.

The Division Director Finds That:

(1) The application has been duly filed under the provisions of Rule 111 (d) and (e) of the Division General Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators have been duly notified;

(3) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and,

(4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Terra Resources, Inc., is hereby authorized to directionally drill its Terra Federal "22" Com Well No. 1, from an unorthodox surface location 1100 feet from the South line and 660 feet from the East line (Unit P) of Section 22, Township 14 South, Range 27 East, NMPM, Chaves County, New Mexico, by kicking off from the vertical and drilling in such a manner as to bottom it in the Undesignated Atoka-Morrow Gas Pool at a previously approved

unorthodox (bottom hole) location 660 feet from the South and East lines (Unit P) of said Section 22 (R-8629). The E/2 of said Section 22 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool.

PROVIDED HOWEVER THAT: prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and

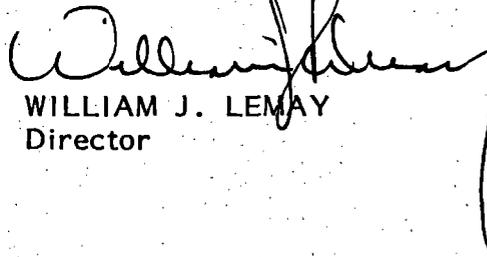
PROVIDED FURTHER THAT: subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the kick-off point with shot points not more than 100 feet apart; the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P.O. Box 2088, Santa Fe, New Mexico 87504-2088, and the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

(2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Artesia
Case File No. 9332
New Mexico Oil and Gas Engineering Committee - Hobbs
State Land Office - Santa Fe



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

June 1, 1988

Terra Resources, Inc.
c/o Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin

RE: Correction - Administrative Order
DD-20 (NSBHL)

Dear Mr. Kellahin:

The surface location as shown on the subject order was in error and should therefore be amended to read, "...1110 feet from the South line and 660 feet from the East line (Unit P)..." All other provisions of said Order DD-20 (NSBHL) shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael E. Stogner".

Michael E. Stogner
Petroleum Engineer

MES/ag

cc: Oil Conservation Division - Artesia
Case File No. 9332
State Land Office - Santa Fe

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

April 28, 1988

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

"Hand Delivered"

Re: ADMINISTRATIVE APPLICATION
Terra Resources Inc.
Ferra Federal Com 22 Well
E/2 Section 22, T14S, R27E,
Springer Basin Atoka-Morrow Gas Pool
Chaves County, New Mexico

RECEIVED

APR 29 1988

OIL CONSERVATION DIVISION

Dear Mr. LeMay:

On behalf of Terra Resources Inc. we are requesting
Administrative Approval as follows:

- (1) Approval of an unorthodox surface location 1110 feet from the South line and 660 feet from the East line of said Section 22, T14S, R27E, (Rule 104(F) III); and
- (2) Approval of Directional drilling pursuant to Rule 111 from the subject unorthodox surface location to a previously approved unorthodox bottom hole location of 660 FEL and FSL (Order R-8629, copy enclosed).

In support of this application we are filing the following enclosed documents:

1. Plat showing the proposed spacing unit and the unorthodox surface and bottom hole locations;
2. Plat showing the offset operators and owners;
3. Tabulation of all offset owners to whom we have provided a copy of this application.
4. Copy of Order R-8629; and

KELLAHIN, KELLAHIN & AUBREY

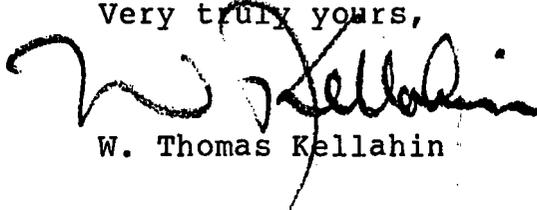
Mr. William J. LeMay
April 28, 1988
Page 2

5. Copy of the Archaeological Clearance report dated April 18, 1988 by Scott E. Kather showing that the previously approved unorthodox surface location of 660 feet FEL and FSL fails to satisfy the necessary clearance requirements.

As further support for our application we would request you incorporate and use the record and exhibits from the hearing held on March 16, 1988 in Case 9332 which resulted in Order R-8629.

Please call me if you need anything further.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the typed name below it.

W. Thomas Kellahin

WTK:ca
Enc.

cc: Kevin Pfister (Terra Resources)

"Certified-Return Receipt Requested"

All Offset Operators listed on Enclosure #3

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

IN THE MATTER OF THE HEAR-
ING CALLED BY THE OIL CON-
SERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 9332
Order No. R-8629

APPLICATION OF TERRA RE-
SOURCE, INC. FOR COMPUL-
SORY POOLING AND AN UN-
ORTHODOX GAS WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of April, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Terra Resources, Inc., seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to its Federal Comm "22" Well No. 1 to be drilled at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of said Section 22.

(3) At the time of the hearing the applicant requested that that portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 be dismissed.

(4) Also at the time of the hearing the applicant further requested that the proposed unorthodox gas well location be amended to a location 660 feet from the South and East lines (Unit P) of said Section 22.

(5) The E/2 of said Section 22 is to be dedicated to the proposed well.

(6) The applicant presented geologic evidence which indicates that a well drilled at the proposed amended location would penetrate the Morrow formation at a more structurally advantageous position than a well drilled at a standard well location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(7) No offset operator objected to the originally proposed or amended non-standard gas well location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Terra Resources, Inc., is hereby authorized to drill its Federal Comm "22" Well No. 1 at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico.

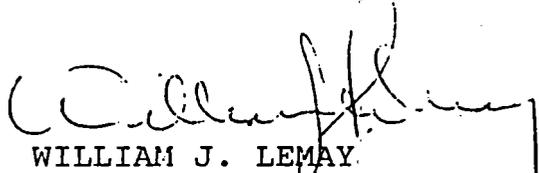
(2) The E/2 of said Section 22 shall be dedicated to the above described well.

(3) That portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 is hereby dismissed.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

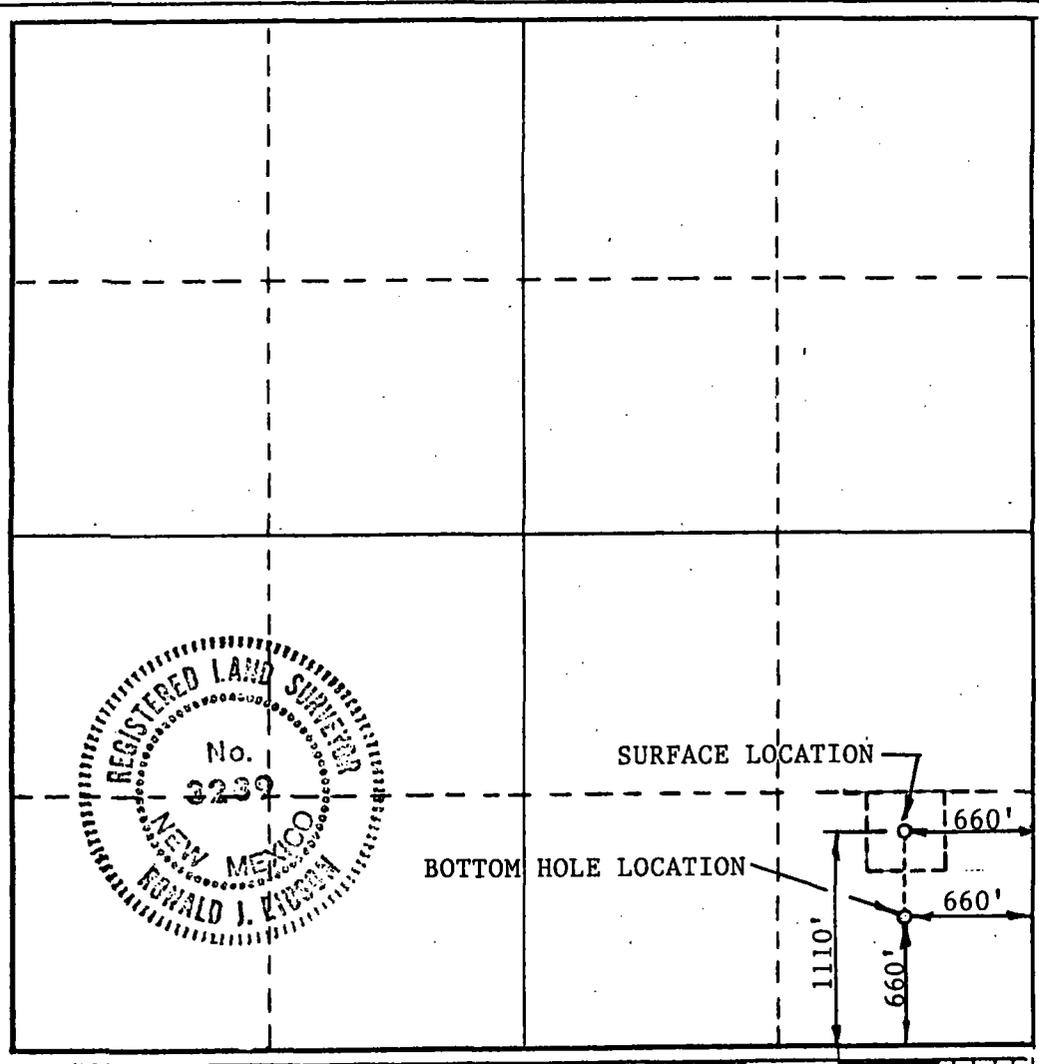
Operator TERRA RESOURCES, INC.		Lease TERRA FEDERAL 22 COM			Well No. 1
Unit Letter P	Section 22	Township 14 SOUTH	Range 27 EAST	County CHAVES	
Actual Footage Location of Well: 1110 feet from the SOUTH line and 660 feet from the EAST line					
Ground Level Elev.	Producing Formation	Pool			Dedicated Acreage: Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



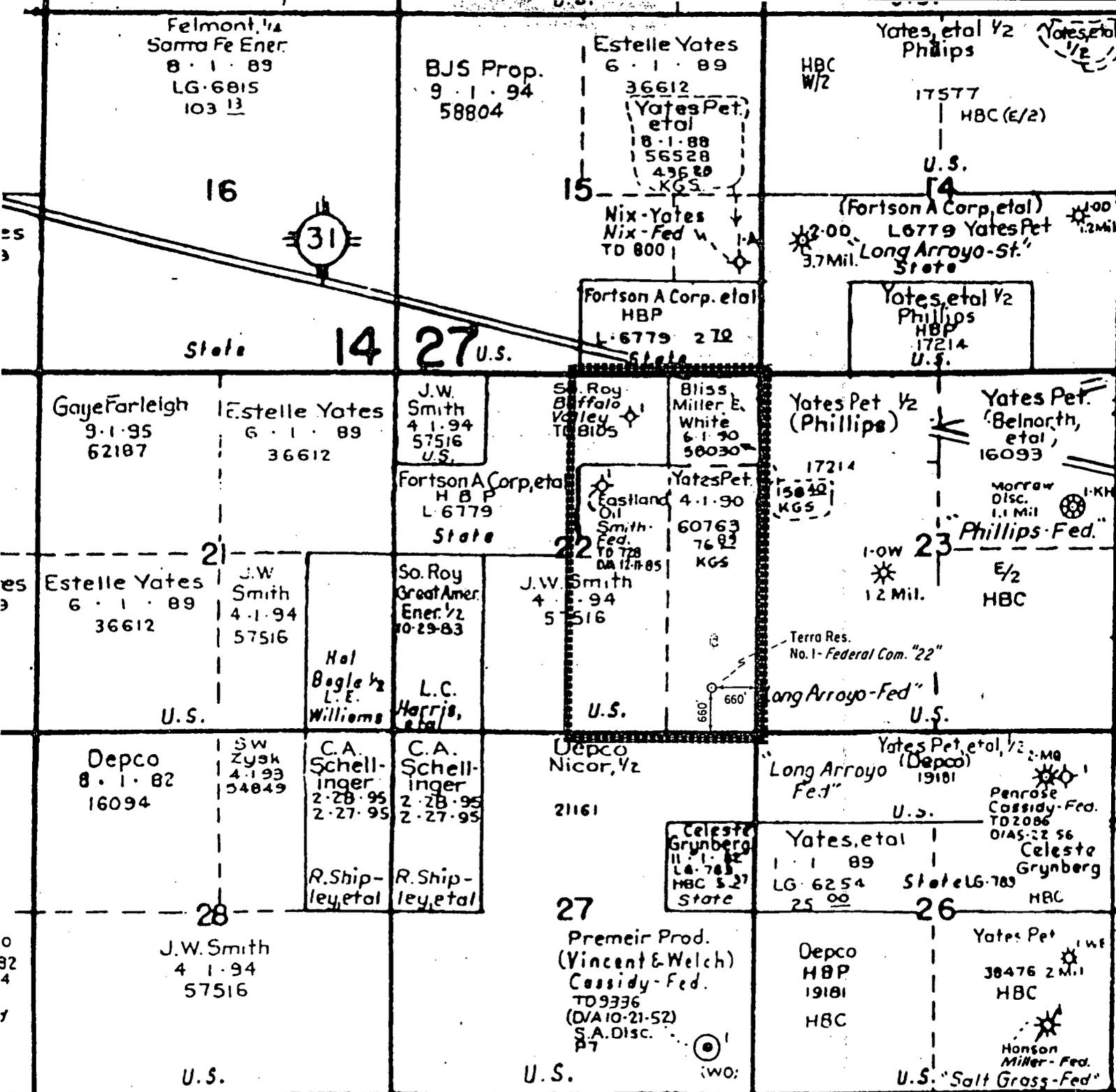
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Position
Company
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed APRIL 25, 1988
Registered Professional Engineer and/or Land Surveyor <i>Ronald J. Eidson</i>
Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239



- TERRA RESOURCES, INC. LEASEHOLD
- TERRA RESOURCES, INC. (F/O from MARSHAL & WINSTON, et al)
- YATES, et al
- PRORATION UNIT

TERRA RESOURCES, INC.
MIDLAND, TEXAS

FORTSON PROSPECT
Chaves County, New Mexico

CASE 9332 **EXHIBIT 1**

LAND PLAT

(8,100' MORROW TEST)

Contour Interval: _____ Interp By: Kevin Pfister Date: 3-9-88
Scale: 1" = 2000 ft. Wells Posted for: _____ Drawn By: _____

UPDATED	INITIAL

J.W. Smith 4-1-94 57516 U.S.
A. Lansdale 5-1-91 39954 U.S.
Depco 6-1-84 21161 U.S.
Depco 1-1-81 12836 U.S.
R.S. Der-rick, et al 5-1-85 36416 U.S.

FORTSON PROSPECT

E/2 Section 22
T-14-S, R-27-E
Chaves County, New Mexico

PLAT DENOTING OFFSET TRACTS
EFFECTED BY UNORTHODOX WELL LOCATION
TERRA FEDERAL COM 22 WELL #1

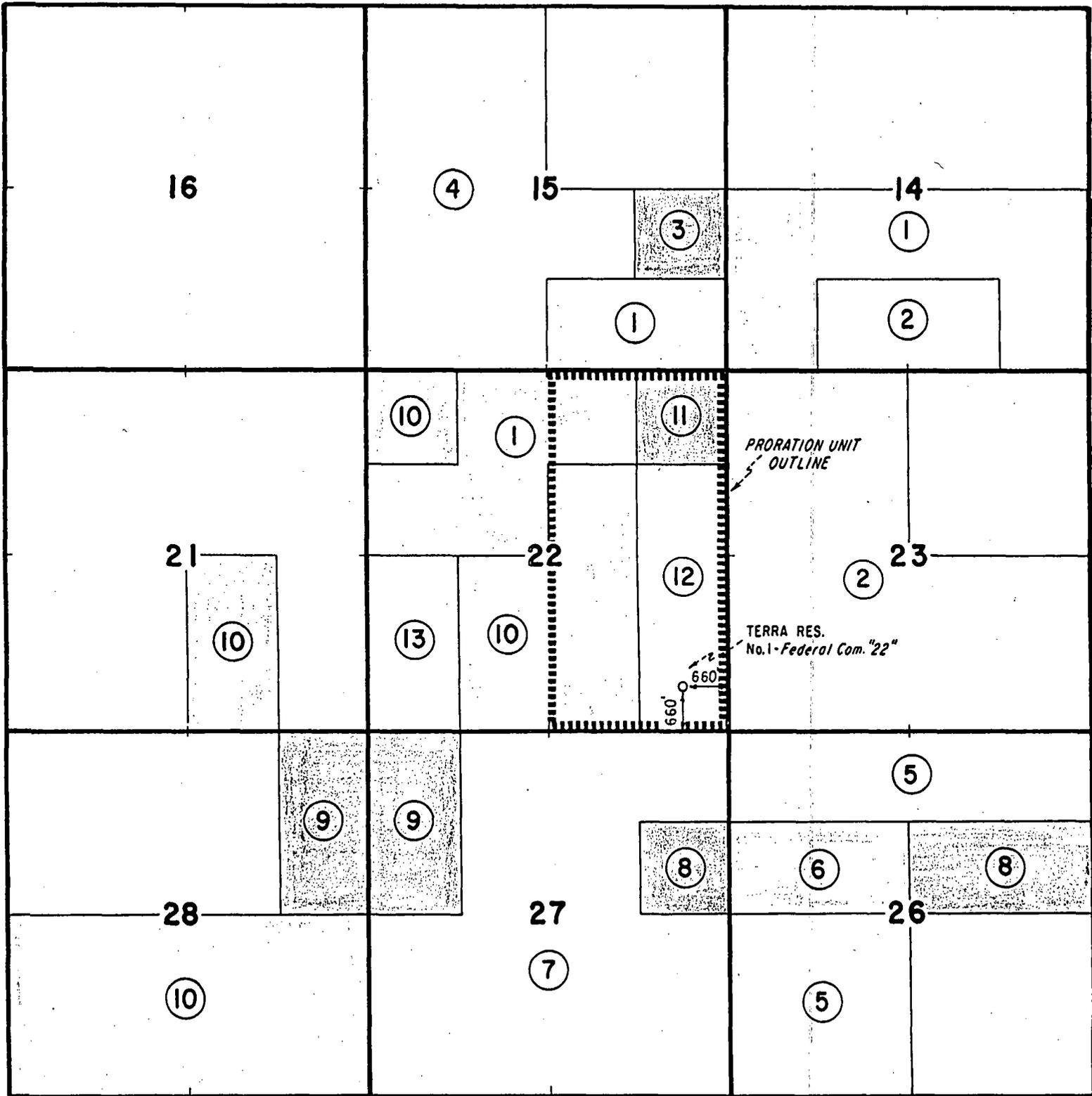


Exhibit 2 For
Force Pooling and Unorthodox
Location Hearing - March 16, 1988
Case No. 9332

ABO Petroleum Corp.
207 S. 4th Street
Artesia, NM 88210

J. H. Marks Trucking Co.
Box 3186
Odessa, Texas 79760

The Alps Oil Company
Box 4023
Odessa, Texas 79700

Marshal & Winston
10 Desta Drive
Suite 300 West
Midland, Texas 79705

Ben Fortson
300 Texas American Bank
Ft. Worth, Texas 76102

MYCO Industries
207 S. 4th Street
Artesia, NM 88210

Celeste C. Grynberg
1050 17th Street
Denver, Colorado 80265

Phillips Petroleum Company
Attn: Bill Mueller
4001 Penbrook
Odessa, Texas 79762

BLM=USA
Attn: Mr. Dill Dalness
P. O. Box 1449
Santa Fe, NM 87504

Yates Petroleum Corp.
105 S. Fourth Street
Artesia, NM 88210

DEPCO, Inc.
1000 Petroleum Club Bldg
Denver, Colorado 80202

Yates Drilling Corp.
207 S. 4th Street
Artesia, NM 88210

Eastland Resources Inc.
Box 3488
Midland, Texas 79702

Nicor Exploration Co.
Box 940
Naperville, ILLINOIS
60540

Eastland Exploration Inc.
Box 3506
Midland, Texas 79702

Read & Stevens, Inc.
United Bank Plaza #1000
400 N. Penn
Roswell, NM 88201

Enron Corporation
1000 Old Katy Road
Houston, Texas 77055

Harper Oil Company
600 West Illinois, #303
Midland, Texas 79701

Mewbourne Oil Company
P. O. Box 7698
Tyler, Texas 75711

Attached to and made a part of that certain
Exhibit to Case Number 9332.

TRACT 1

LESSOR: State of New Mexico L-6779
PRESENT LESSEE: Benjamine J. Fortson, Jr. 50.0%
Marshall & Winston 20.0%
Alps Oil Company 10.0%
J.H. Marks Trucking Co., Inc. 5.0%
Eastland Exploration, Inc. 7.5%
Eastland Resources, Inc. 7.5%

DATE OF LEASE: December 1, 1971
LEASE DESCRIPTION: T-14-S, R-27-E
Section 14: N/2 S/2, SW/4 SW/4
SE/4 SE/4
Section 15: S/2 SE/4
Section 22: NW/4 NE/4, S/2 NW/4
Chaves County, New Mexico

TRACT 2

Surface to 8483'

LESSOR: United States of America NM 17214
PRESENT LESSEE: Phillips Petroleum 50.000%
Yates Petroleum Corporation 25.000%
Yates Drilling Corporation 8.333%
Myco Industries, Inc. 8.333%
ABO Petroleum Corporation 8.333%

DATE OF LEASE: August 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 13: SW/4 NE/4, SE/4,
S/2 SW/4, NE/4 SW/4
Section 14: SE/4 SW/4, SW/4 SE/4
Section 23: W/2, SE/4
Section 32: NE/4
Chaves County, New Mexico

Below 8483'

LESSOR: United States of America NM 17214
PRESENT LESSEE: Phillips Petroleum 100%
DATE OF LEASE: August 1, 1973
LEASE DESCRIPTION: Section 13: SW/4 NE/4, SE/4,
S/2 SW/4, NE/4 SW/4
Section 14: SE/4 SW/4, SW/4 SE/4
Section 23: W/2 SE/4
Section 32: NE/4
Chaves County, New Mexico

TRACT 3

LESSOR: United States of America NM 56528
PRESENT LESSEE: ABO Petroleum Corporation 30%
Myco Industries 30%
Yates Drilling Company 30%
Yates Petroleum Corporation 10%

DATE OF LEASE: August 1, 1983
LEASE DESCRIPTION: T-14-S, R-27-E
Section 15: NE/4 SE/4
Chaves County, New Mexico

TRACT 4

LESSOR: United States of America NM 58804
PRESENT LESSEE: Santa Fe Operating Partners 100%
DATE OF LEASE: September 1, 1984
LEASE DESCRIPTION: T-13-S, R-27-E
Section 23: N/2 SE/4, SE/4 SE/4
Section 25: NE/4 NE/4, S/2 NE/4
Section 27: SW/4
Section 35: SE/4

T-14-S, R-27-E
Section 9: N/2
Section 10: W/2 E/2, W/2
Section 15: W/2, NW/4 SE/4
Chaves County, New Mexico

TRACT 5

Surface to 8480'

LESSOR: United States of America NM 19181
PRESENT LESSEE: Nicor Exploration Company 50.000%
Yates Petroleum Corporation 25.000%
Yates Drilling Company 8.333%
Myco Industries, Inc. 8.333%
ABO Petroleum Corporation 8.333%
DATE OF LEASE: October 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 24: All
Section 25: NE/4, N/2 NW/4
SE/4 NW/4
Section 26: N/2 N/2, SW/4
Section 34: NE/4
Chaves County, New Mexico

Below 8480'

LESSOR: United States of America NM 19181
PRESENT LESSEE: Depco, Inc. 50%
Nicor Exploration Company 50%
DATE OF LEASE: October 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 24: All
Section 25: NE/4, N/2 NW/4
SE/4 NW/4
Section 26: N/2 N/2, SW/4
Section 34: NE/4
Chaves County, New Mexico

TRACT 6

LESSOR: State of New Mexico LG-6254
PRESENT LESSEE: Phillips Petroleum Corp. 25.000000%
Yates Petroleum Corporation 21.924145%
Depco, Inc. 14.361702%
Harper Oil Company 7.608676%
Myco Industries, Inc. 7.312672%
Yates Drilling Company 7.311674%
ABO Petroleum Corporation 7.299376%
Ben Fortson 3.260870%
Holly Energy, Inc. 1.861702%
Marshall & Winston 1.304348%
Eastland Oil Company 0.978260%
The Alps Oil Company 0.652174%
Curtis W. Mewbourne 0.531915%
J.H. Marks Trucking Co., Inc. 0.326087%
Read & Stevens, Inc. 0.265957%

DATE OF LEASE: January 1, 1979
LEASE DESCRIPTION: T-14-S, R-27-E
Section 26: S/2 NW/4
Chaves County, New Mexico

TRACT 7

LESSOR: United States of America
PRESENT LESSEE: OPEN
DATE OF LEASE:
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: NE/4 NE/4, W/2 NE/4
E/2 NW/4, S/2
Chaves County, New Mexico

TRACT 8

LESSOR: State of New Mexico LG-783-1
PRESENT LESSOR: Celeste C. Grynberg 100%
DATE OF LEASE: November 1, 1972
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: SE/4 NE/4
Section 25: E/2 SE/4
Section 26: S/2 NE/4
Section 36: NW/4 NE/4, SE/4 NE/4
SW/4 NW/4
Chaves County, New Mexico

TRACT 9

LESSOR: Robert E. Shipley
PRESENT LESSOR: Terra Resources, Inc. 100%
DATE OF LEASE: March 6, 1985
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: W/2 NW/4
Section 28: E/2 NE/4
Chaves County, New Mexico

LESSOR: John W. Shipley
PRESENT LESSOR: Terra Resources, Inc. 100%
DATE OF LEASE: March 6, 1985
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: W/2 NW/4
Section 28: E/2 NE/4
Chaves County, New Mexico

A A C C A

Llano Estacado Center for Advanced
Professional Studies and Research
Eastern New Mexico University
Portales, New Mexico 88130



Archaeological Clearance Report
for
Terra Resources
Terra Federal Com. No. 1 and Access Road

F88-142

by
Scott E. Kather

Agency for Conservation Archaeology
Eastern New Mexico University

Principal Investigator
Dr. John L. Montgomery

April 18, 1988

505
562
1254

Archaeological Clearance Report
for
Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by
Scott E. Kather

Agency for Conservation Archaeology
Eastern New Mexico University

Principal Investigator
Dr. John L. Montgomery

April 18, 1988

Introduction

A cultural resources survey was completed recently by the Agency for Conservation Archaeology (ACA) at Eastern New Mexico University (ENMU) for Terra Resources on land administered by the Bureau of Land Management in Chaves County, New Mexico. The reconnoitered area will be disturbed by the construction of a proposed well pad and access road. The project was administered by Alan Means for Terra Resources, and Dr. John L. Montgomery, Director of ACA. This report was prepared by the Portales office of ACA.

The fieldwork was conducted on April 12, 1988 by Scott E. Kather and William Goldsmith. Good field and weather conditions prevailed throughout the course of this reconnaissance. The survey was done between 10:00 am and 12:15 pm under clear skies with temperatures in the mid-70s (F).

This survey was conducted under Federal Antiquities Permit number 11-2920-87-L. A search of the National Register of Historic Places (NRHP) has been made, and no properties within this area are listed. A search of the New Mexico State Site Files (ARMS) and examination of the Bureau of Land Management Roswell Resource Area's site files showed one previously recorded site (ENM 20242) in Sec 26 T14S R27E Chaves County, within a mile (1.6 km) southeast of where the proposed projects are located (Sam Ball, personal communication April 11, 1988).

Survey Techniques

Visual inspection of the proposed well pad and access road was accomplished by walking a series of parallel transects. Each transect was covered in a tightly spaced zigzag pattern. The distance between transects was approximately 25 ft (8 m). Dirt from insect and rodent burrows was examined for cultural materials that may have been brought up from below the surface. These methods maximized the opportunity of observing and cultural resources on the surface within or near the proposed area of disturbance.

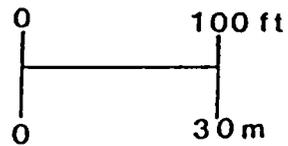
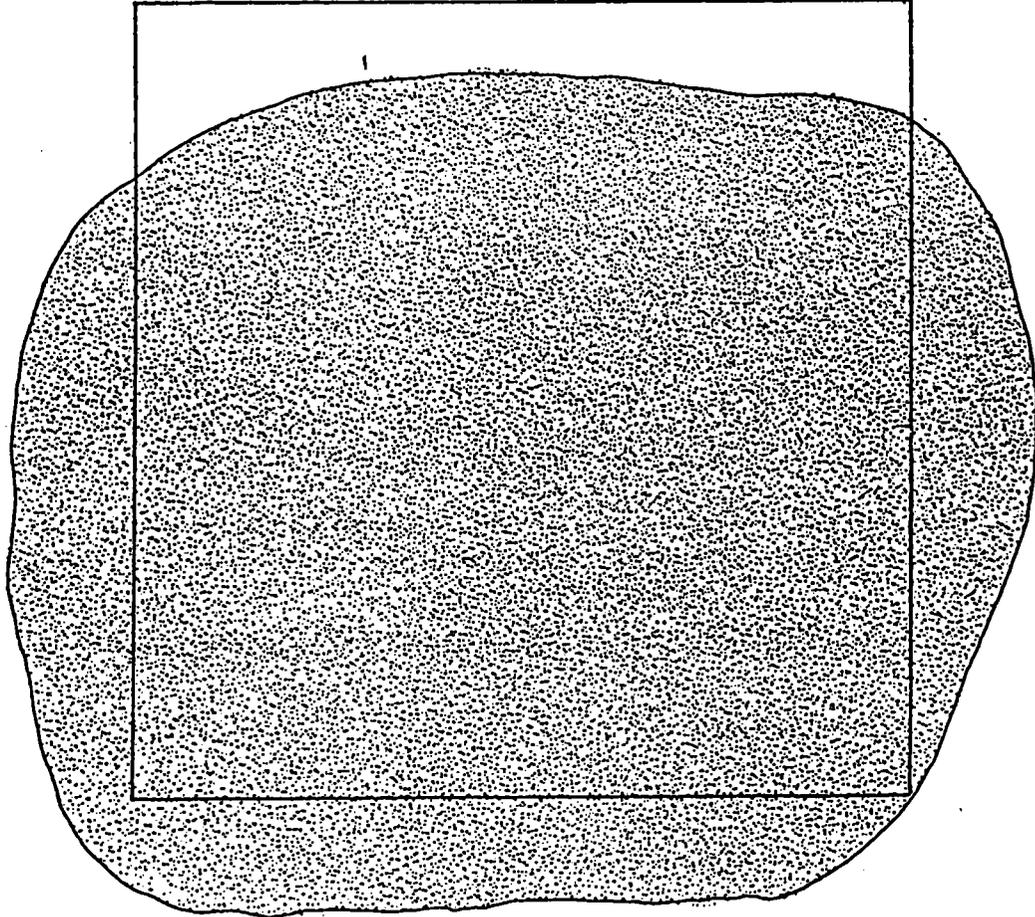
Terra Federal Com. No. 1 and Access Road

Location

The proposed well pad and access road is located in the Pecos River Valley approximately 7 mi (11.3 km) east-southeast of Hagerman, New Mexico. The proposed well pad covers 3.67 acres and measures 400 x 400 ft (122 x 122 m). The proposed access road covers approximately 8.3 acres and measures 100 x 3500 ft (30 x 1066 m). They are situated as follows:

ENM20286

Proposed well pad



Scale

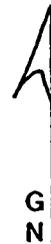


Figure 4. Sketch Map ENM20286

MANAGEMENT SUMMARY

On April 13, 1988, the Agency for Conservation Archaeology conducted a cultural resource survey for Terra Resources, on lands administered by the Bureau of Land Management in Chaves County, New Mexico. The area was surveyed for a proposed well pad and access road and encompass a total of 11.7 acres. The proposed project area is located in Sections 22 and 23, T14S, R27E, NMPM, Chaves County, New Mexico. Six isolated manifestations of prehistoric cultural activity and one prehistoric cultural resource site (ENM 20286) were recorded during this survey. The cultural resource site recorded during this survey is considered to possess the integrity and data recovery potential necessary for inclusion in the National Register of Historic Places and avoidance is recommended. The isolated manifestations are not considered to possess the requisite significance, integrity, or data recovery potential necessary for inclusion in the National Register of Historic Places. ENM 20286 is located within the area of the proposed well pad. It is recommended that the proposed well pad be moved a minimum of 450 feet to the north and the access road be rerouted to the new location. The pad relocation area was surveyed by the ACA archaeologists with negative results. A reroute for the access road was not surveyed. If the relocation area for the well pad is approved by Terra Resources and the Bureau of Land Management, a reroute corridor for the access road and a cultural resource survey of a 100 ft corridor centered along the reroute is recommended.

General Recommendations

In the event that substantial cultural materials are uncovered during construction, the BLM archaeologist for the Roswell Resource Area should be consulted immediately. This report contains professional opinions about cultural resources in the project areas. It should not be considered permission to proceed with construction, but should be submitted to the proper review agencies for comments prior to the initiation of construction activities.

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

April 28, 1988

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

"Hand Delivered"

Re: ADMINISTRATIVE APPLICATION
Terra Resources Inc.
Ferra Federal Com 22 Well
E/2 Section 22, T14S, R27E,
Springer Basin Atoka-Morrow Gas Pool
Chaves County, New Mexico

RECEIVED

APR 29 1988

OIL CONSERVATION DIVISION

Dear Mr. LeMay:

On behalf of Terra Resources Inc. we are requesting Administrative Approval as follows:

- (1) Approval of an unorthodox surface location 1110 feet from the South line and 660 feet from the East line of said Section 22, T14S, R27E, (Rule 104(F)III); and
- (2) Approval of Directional drilling pursuant to Rule 111 from the subject unorthodox surface location to a previously approved unorthodox bottom hole location of 660 FEL and FSL (Order R-8629, copy enclosed).

In support of this application we are filing the following enclosed documents:

1. Plat showing the proposed spacing unit and the unorthodox surface and bottom hole locations;
2. Plat showing the offset operators and owners;
3. Tabulation of all offset owners to whom we have provided a copy of this application.
4. Copy of Order R-8629; and

KELLAHIN, KELLAHIN & AUBREY

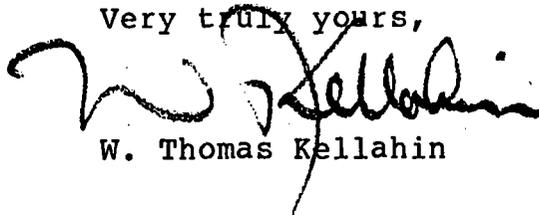
Mr. William J. LeMay
April 28, 1988
Page 2

5. Copy of the Archaeological Clearance report dated April 18, 1988 by Scott E. Kather showing that the previously approved unorthodox surface location of 660 feet FEL and FSL fails to satisfy the necessary clearance requirements.

As further support for our application we would request you incorporate and use the record and exhibits from the hearing held on March 16, 1988 in Case 9332 which resulted in Order R-8629.

Please call me if you need anything further.

Very truly yours,

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

W. Thomas Kellahin

WTK:ca
Enc.

cc: Kevin Pfister (Terra Resources)

"Certified-Return Receipt Requested"

All Offset Operators listed on Enclosure #3

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

IN THE MATTER OF THE HEAR-
ING CALLED BY THE OIL CON-
SERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 9332
Order No. R-8629

APPLICATION OF TERRA RE-
SOURCE, INC. FOR COMPUL-
SORY POOLING AND AN UN-
ORTHODOX GAS WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of April, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Terra Resources, Inc., seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to its Federal Comm "22" Well No. 1 to be drilled at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of said Section 22.

(3) At the time of the hearing the applicant requested that that portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 be dismissed.

(4) Also at the time of the hearing the applicant further requested that the proposed unorthodox gas well location be amended to a location 660 feet from the South and East lines (Unit P) of said Section 22.

(5) The E/2 of said Section 22 is to be dedicated to the proposed well.

(6) The applicant presented geologic evidence which indicates that a well drilled at the proposed amended location would penetrate the Morrow formation at a more structurally advantageous position than a well drilled at a standard well location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(7) No offset operator objected to the originally proposed or amended non-standard gas well location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Terra Resources, Inc., is hereby authorized to drill its Federal Comm "22" Well No. 1 at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico.

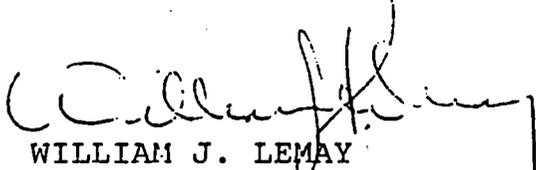
(2) The E/2 of said Section 22 shall be dedicated to the above described well.

(3) That portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 is hereby dismissed.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

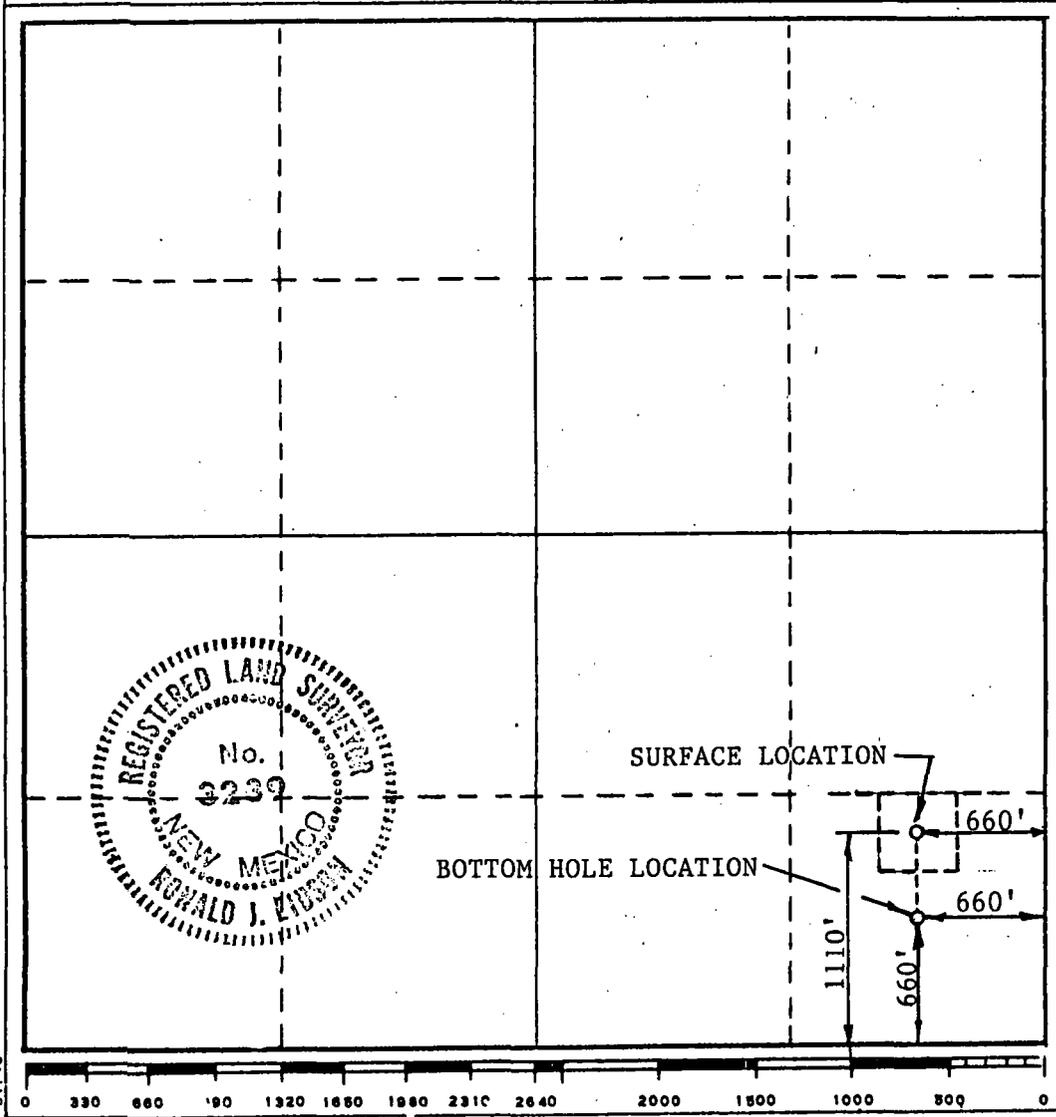
Operator TERRA RESOURCES, INC.		Lease TERRA FEDERAL 22 COM		Well No. 1
Unit Letter P	Section 22	Township 14 SOUTH	Range 27 EAST	County CHAVES
Actual Footage Location of Well: 1110 feet from the SOUTH line and 660 feet from the EAST line				
Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage: Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Position
Company
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed APRIL 25, 1988
Registered Professional Engineer and/or Land Surveyor <i>Ronald J. Eidson</i>
Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239

FORTSON PROSPECT

E/2 Section 22

T-14-S, R-27-E

Chaves County, New Mexico

PLAT DENOTING OFFSET TRACTS
EFFECTED BY UNORTHODOX WELL LOCATION
TERRA FEDERAL COM 22 WELL #1

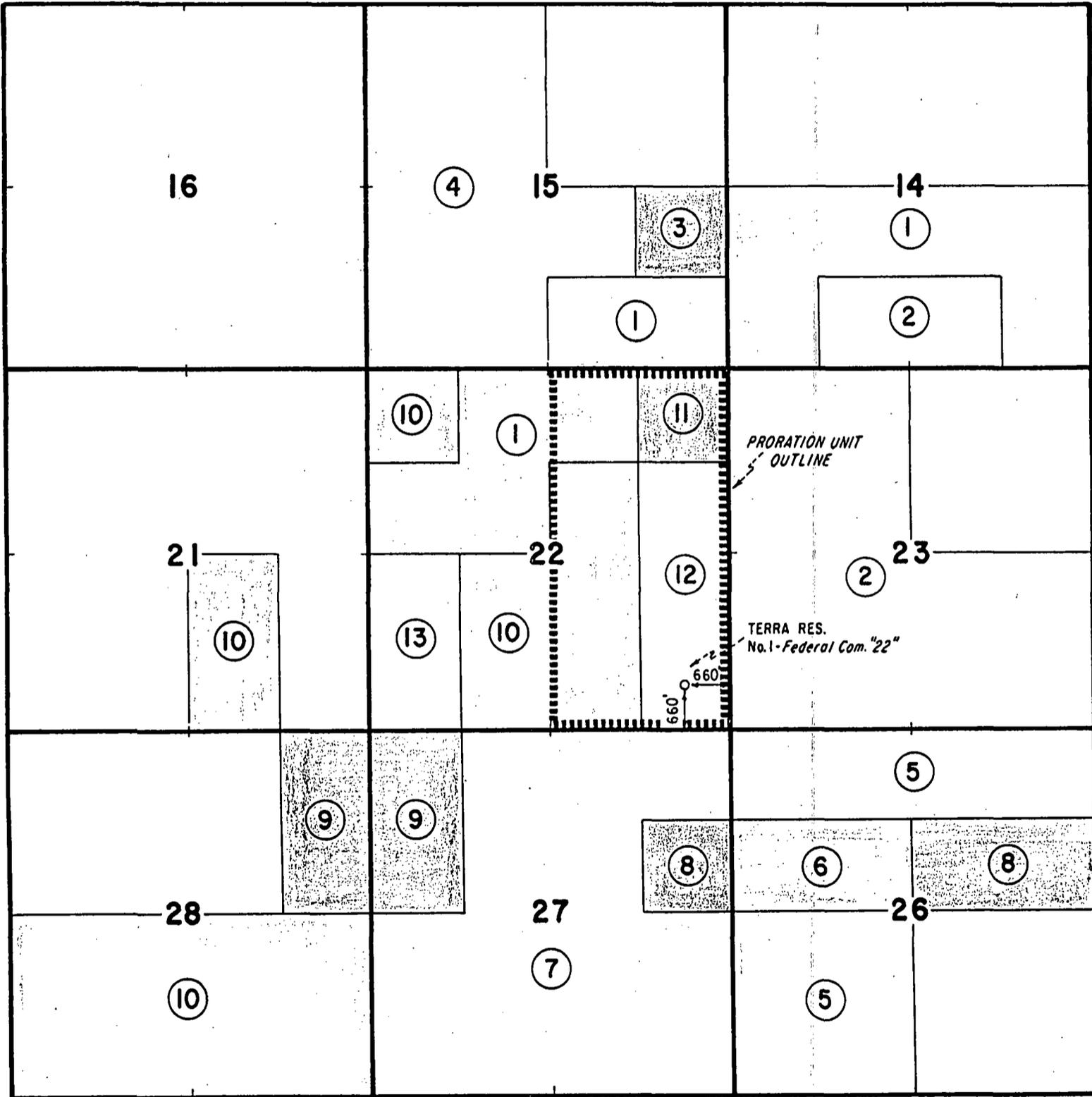


Exhibit 2 For
Force Pooling and Unorthodox
Location Hearing - March 16, 1988
Case No. 9332

ABO Petroleum Corp.
207 S. 4th Street
Artesia, NM 88210

J. H. Marks Trucking Co.
Box 3186
Odessa, Texas 79760

The Alps Oil Company
Box 4023
Odessa, Texas 79700

Marshal & Winston
10 Desta Drive
Suite 300 West
Midland, Texas 79705

Ben Fortson
300 Texas American Bank
Ft. Worth, Texas 76102

MYCO Industries
207 S. 4th Street
Artesia, NM 88210

Celeste C. Grynberg
1050 17th Street
Denver, Colorado 80265

Phillips Petroleum Company
Attn: Bill Mueller
4001 Penbrook
Odessa, Texas 79762

BLM=USA
Attn: Mr. Dill Dalness
P. O. Box 1449
Santa Fe, NM 87504

Yates Petroleum Corp.
105 S. Fourth Street
Artesia, NM 88210

DEPCO, Inc.
1000 Petroleum Club Bldg
Denver, Colorado 80202

Yates Drilling Corp.
207 S. 4th Street
Artesia, NM 88210

Eastland Resources Inc.
Box 3488
Midland, Texas 79702

Nicor Exploration Co.
Box 940
Naperville, ILLINOIS
60540

Eastland Exploration Inc.
Box 3506
Midland, Texas 79702

Read & Stevens, Inc.
United Bank Plaza #1000
400 N. Penn
Roswell, NM 88201

Enron Corporation
1000 Old Katy Road
Houston, Texas 77055

Harper Oil Company
600 West Illinois, #303
Midland, Texas 79701

Mewbourne Oil Company
P. O. Box 7698
Tyler, Texas 75711

Attached to and made a part of that certain
Exhibit ___ to Case Number 9332 .

TRACT 1

LESSOR: State of New Mexico L-6779
PRESENT LESSEE: Benjamine J. Fortson, Jr. 50.0%
Marshall & Winston 20.0%
Alps Oil Company 10.0%
J.H. Marks Trucking Co., Inc. 5.0%
Eastland Exploration, Inc. 7.5%
Eastland Resources, Inc. 7.5%

DATE OF LEASE: December 1, 1971
LEASE DESCRIPTION: T-14-S, R-27-E
Section 14: N/2 S/2, SW/4 SW/4
SE/4 SE/4
Section 15: S/2 SE/4
Section 22: NW/4 NE/4, S/2 NW/4
Chaves County, New Mexico

TRACT 2

Surface to 8483'

LESSOR: United States of America NM 17214
PRESENT LESSEE: Phillips Petroleum 50.000%
Yates Petroleum Corporation 25.000%
Yates Drilling Corporation 8.333%
Myco Industries, Inc. 8.333%
ABO Petroleum Corporation 8.333%

DATE OF LEASE: August 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 13: SW/4 NE/4, SE/4,
S/2 SW/4, NE/4 SW/4
Section 14: SE/4 SW/4, SW/4 SE/4
Section 23: W/2, SE/4
Section 32: NE/4
Chaves County, New Mexico

Below 8483'

LESSOR: United States of America NM 17214
PRESENT LESSEE: Phillips Petroleum 100%
DATE OF LEASE: August 1, 1973
LEASE DESCRIPTION: Section 13: SW/4 NE/4, SE/4,
S/2 SW/4, NE/4 SW/4
Section 14: SE/4 SW/4, SW/4 SE/4
Section 23: W/2 SE/4
Section 32: NE/4
Chaves County, New Mexico

TRACT 3

LESSOR: United States of America NM 56528
PRESENT LESSEE: ABO Petroleum Corporation 30%
Myco Industries 30%
Yates Drilling Company 30%
Yates Petroleum Corporation 10%

DATE OF LEASE: August 1, 1983
LEASE DESCRIPTION: T-14-S, R-27-E
Section 15: NE/4 SE/4
Chaves County, New Mexico

TRACT 4

LESSOR: United States of America NM 58804
PRESENT LESSEE: Santa Fe Operating Partners 100%
DATE OF LEASE: September 1, 1984
LEASE DESCRIPTION: T-13-S, R-27-E
Section 23: N/2 SE/4, SE/4 SE/4
Section 25: NE/4 NE/4, S/2 NE/4
Section 27: SW/4
Section 35: SE/4

T-14-S, R-27-E
Section 9: N/2
Section 10: W/2 E/2, W/2
Section 15: W/2, NW/4 SE/4
Chaves County, New Mexico

TRACT 5

Surface to 8480'

LESSOR: United States of America NM 19181
PRESENT LESSEE: Nicor Exploration Company 50.000%
Yates Petroleum Corporation 25.000%
Yates Drilling Company 8.333%
Myco Industries, Inc. 8.333%
ABO Petroleum Corporation 8.333%
DATE OF LEASE: October 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 24: All
Section 25: NE/4, N/2 NW/4
SE/4 NW/4
Section 26: N/2 N/2, SW/4
Section 34: NE/4
Chaves County, New Mexico

Below 8480'

LESSOR: United States of America NM 19181
PRESENT LESSEE: Depco, Inc. 50%
Nicor Exploration Company 50%
DATE OF LEASE: October 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 24: All
Section 25: NE/4, N/2 NW/4
SE/4 NW/4
Section 26: N/2 N/2, SW/4
Section 34: NE/4
Chaves County, New Mexico

TRACT 6

LESSOR: State of New Mexico LG-6254
PRESENT LESSEE: Phillips Petroleum Corp. 25.000000%
Yates Petroleum Corporation 21.924145%
Depco, Inc. 14.361702%
Harper Oil Company 7.608676%
Myco Industries, Inc. 7.312672%
Yates Drilling Company 7.311674%
ABO Petroleum Corporation 7.299376%
Ben Fortson 3.260870%
Holly Energy, Inc. 1.861702%
Marshall & Winston 1.304348%
Eastland Oil Company 0.978260%
The Alps Oil Company 0.652174%
Curtis W. Mewbourne 0.531915%
J.H. Marks Trucking Co., Inc. 0.326087%
Read & Stevens, Inc. 0.265957%

DATE OF LEASE: January 1, 1979
LEASE DESCRIPTION: T-14-S, R-27-E
Section 26: S/2 NW/4
Chaves County, New Mexico

TRACT 7

LESSOR: United States of America
PRESENT LESSEE: OPEN
DATE OF LEASE:
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: NE/4 NE/4, W/2 NE/4
E/2 NW/4, S/2
Chaves County, New Mexico

TRACT 8

LESSOR: State of New Mexico LG-783-1
PRESENT LESSOR: Celeste C. Grynberg 100%
DATE OF LEASE: November 1, 1972
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: SE/4 NE/4
Section 25: E/2 SE/4
Section 26: S/2 NE/4
Section 36: NW/4 NE/4, SE/4 NE/4
SW/4 NW/4
Chaves County, New Mexico

TRACT 9

LESSOR: Robert E. Shipley
PRESENT LESSOR: Terra Resources, Inc. 100%
DATE OF LEASE: March 6, 1985
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: W/2 NW/4
Section 28: E/2 NE/4
Chaves County, New Mexico

LESSOR: John W. Shipley
PRESENT LESSOR: Terra Resources, Inc. 100%
DATE OF LEASE: March 6, 1985
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: W/2 NW/4
Section 28: E/2 NE/4
Chaves County, New Mexico

A A C A

Llano Estacado Center for Advanced
Professional Studies and Research
Eastern New Mexico University
Portales, New Mexico 88130



Archaeological Clearance Report
for
Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by
Scott E. Kather

Agency for Conservation Archaeology
Eastern New Mexico University

Principal Investigator
Dr. John L. Montgomery

April 18, 1988

505
562-2354

Archaeological Clearance Report
for
Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by
Scott E. Kather

Agency for Conservation Archaeology
Eastern New Mexico University

Principal Investigator
Dr. John L. Montgomery

April 18, 1988

ACA F88-142

Introduction

A cultural resources survey was completed recently by the Agency for Conservation Archaeology (ACA) at Eastern New Mexico University (ENMU) for Terra Resources on land administered by the Bureau of Land Management in Chaves County, New Mexico. The reconnoitered area will be disturbed by the construction of a proposed well pad and access road. The project was administered by Alan Means for Terra Resources, and Dr. John L. Montgomery, Director of ACA. This report was prepared by the Portales office of ACA.

The fieldwork was conducted on April 12, 1988 by Scott E. Kather and William Goldsmith. Good field and weather conditions prevailed throughout the course of this reconnaissance. The survey was done between 10:00 am and 12:15 pm under clear skies with temperatures in the mid-70s (F).

This survey was conducted under Federal Antiquities Permit number 11-2920-87-L. A search of the National Register of Historic Places (NRHP) has been made, and no properties within this area are listed. A search of the New Mexico State Site Files (ARMS) and examination of the Bureau of Land Management Roswell Resource Area's site files showed one previously recorded site (ENM 20242) in Sec 26 T14S R27E Chaves County, within a mile (1.6 km) southeast of where the proposed projects are located (Sam Ball, personal communication April 11, 1988).

Survey Techniques

Visual inspection of the proposed well pad and access road was accomplished by walking a series of parallel transects. Each transect was covered in a tightly spaced zigzag pattern. The distance between transects was approximately 25 ft (8 m). Dirt from insect and rodent burrows was examined for cultural materials that may have been brought up from below the surface. These methods maximized the opportunity of observing and cultural resources on the surface within or near the proposed area of disturbance.

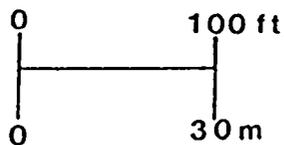
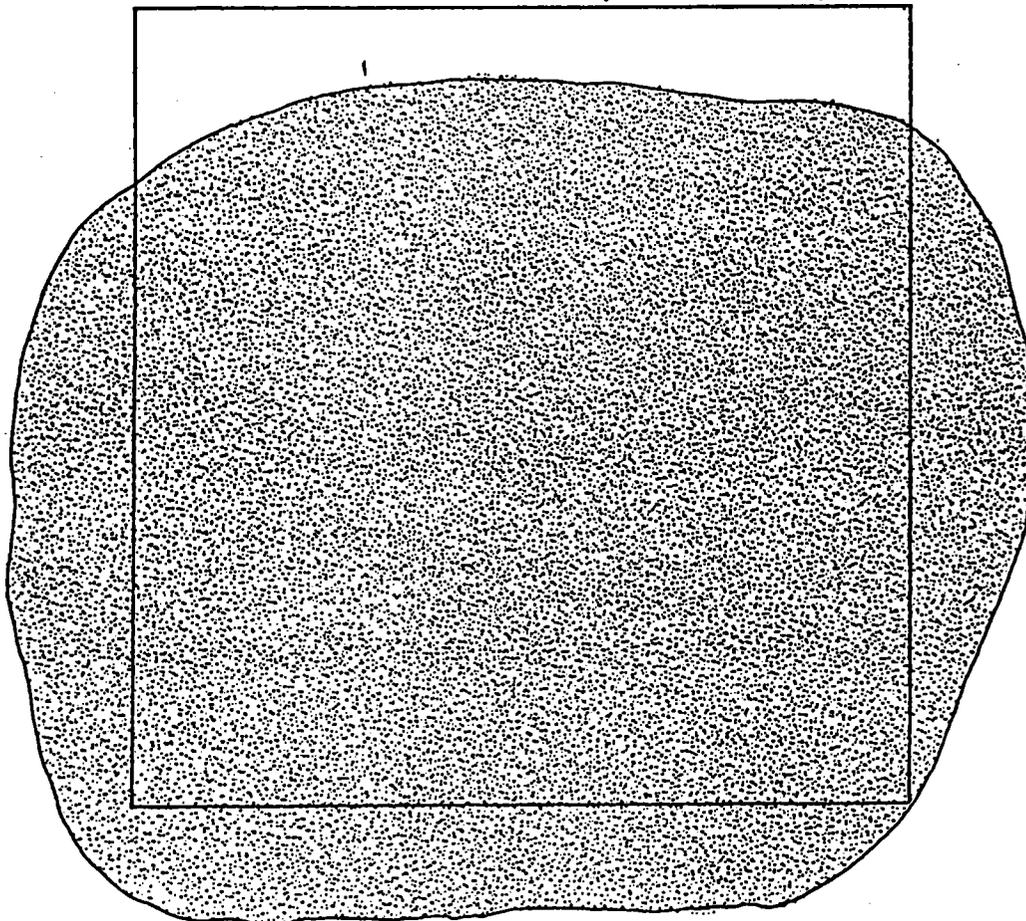
Terra Federal Com. No. 1 and Access Road

Location

The proposed well pad and access road is located in the Pecos River Valley approximately 7 mi (11.3 km) east-southeast of Hagerman, New Mexico. The proposed well pad covers 3.67 acres and measures 400 x 400 ft (122 x 122 m). The proposed access road covers approximately 8.3 acres and measures 100 x 3500 ft (30 x 1066 m). They are situated as follows:

ENM20286

Proposed well pad



Scale



Figure 4. Sketch Map ENM20286

MANAGEMENT SUMMARY

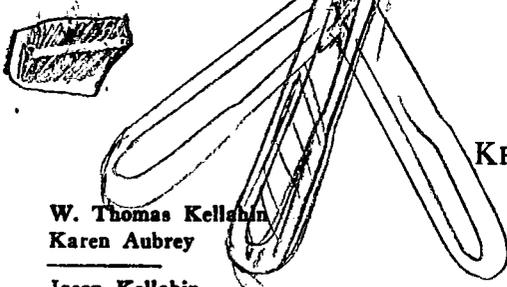
On April 13, 1988, the Agency for Conservation Archaeology conducted a cultural resource survey for Terra Resources, on lands administered by the Bureau of Land Management in Chaves County, New Mexico. The area was surveyed for a proposed well pad and access road and encompass a total of 11.7 acres. The proposed project area is located in Sections 22 and 23, T14S, R27E, NMPM, Chaves County, New Mexico. Six isolated manifestations of prehistoric cultural activity and one prehistoric cultural resource site (ENM 20286) were recorded during this survey. The cultural resource site recorded during this survey is considered to possess the integrity and data recovery potential necessary for inclusion in the National Register of Historic Places and avoidance is recommended. The isolated manifestations are not considered to possess the requisite significance, integrity, or data recovery potential necessary for inclusion in the National Register of Historic Places. ENM 20286 is located within the area of the proposed well pad. It is recommended that the proposed well pad be moved a minimum of 450 feet to the north and the access road be rerouted to the new location. The pad relocation area was surveyed by the ACA archaeologists with negative results. A reroute for the access road was not surveyed. If the relocation area for the well pad is approved by Terra Resources and the Bureau of Land Management, a reroute corridor for the access road and a cultural resource survey of a 100 ft corridor centered along the reroute is recommended.

ACA F88-142

General Recommendations

In the event that substantial cultural materials are uncovered during construction, the BLM archaeologist for the Roswell Resource Area should be consulted immediately. This report contains professional opinions about cultural resources in the project areas. It should not be considered permission to proceed with construction, but should be submitted to the proper review agencies for comments prior to the initiation of construction activities.





W. Thomas Kellahin
Karen Aubrey
Jason Kellahin
Of Counsel

KELLAHIN, KELLAHIN AND AUBREY
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

RECEIVED

APR 29 1988

OIL CONSERVATION DIVISION

April 28, 1988

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

"Hand Delivered"

Re: ADMINISTRATIVE APPLICATION
Terra Resources Inc.
Ferra Federal Com 22 Well
E/2 Section 22, T14S, R27E,
Springer Basin Atoka-Morrow Gas Pool
Chaves County, New Mexico

Dear Mr. LeMay:

On behalf of Terra Resources Inc. we are requesting
Administrative Approval as follows:

- (1) Approval of an unorthodox surface location 1110 feet from the South line and 660 feet from the East line of said Section 22, T14S, R27E, (Rule 104(F) III); and
- (2) Approval of Directional drilling pursuant to Rule 111 from the subject unorthodox surface location to a previously approved unorthodox bottom hole location of 660 FEL and FSL (Order R-8629, copy enclosed).

In support of this application we are filing the following enclosed documents:

- 1. Plat showing the proposed spacing unit and the unorthodox surface and bottom hole locations;
- 2. Plat showing the offset operators and owners;
- 3. Tabulation of all offset owners to whom we have provided a copy of this application.
- 4. Copy of Order R-8629; and

Faint, illegible text at the top of the page, possibly bleed-through from the reverse side.

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
5708 SOUTH CAMPUS DRIVE
CHICAGO, ILLINOIS 60637
TEL: 773-936-3700
FAX: 773-936-3701
WWW: WWW.CHEM.UCHICAGO.EDU

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10/10/00

10/10/00

10/10/00

10/10/00

KELLAHIN, KELLAHIN & AUBREY

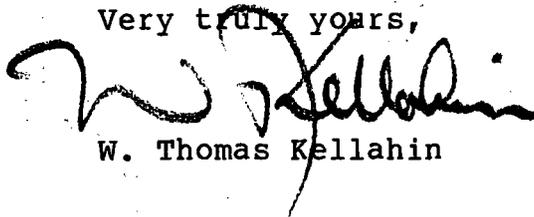
Mr. William J. LeMay
April 28, 1988
Page 2

5. Copy of the Archaeological Clearance report dated April 18, 1988 by Scott E. Kather showing that the previously approved unorthodox surface location of 660 feet FEL and FSL fails to satisfy the necessary clearance requirements.

As further support for our application we would request you incorporate and use the record and exhibits from the hearing held on March 16, 1988 in Case 9332 which resulted in Order R-8629.

Please call me if you need anything further.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Kevin Pfister (Terra Resources)

"Certified-Return Receipt Requested"

All Offset Operators listed on Enclosure #3

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. 9332
Order No. R-8629

APPLICATION OF TERRA RESOURCES, INC. FOR COMPULSORY POOLING AND AN UNORTHODOX GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of April, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Terra Resources, Inc., seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to its Federal Comm "22" Well No. 1 to be drilled at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of said Section 22.

(3) At the time of the hearing the applicant requested that that portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 be dismissed.

(4) Also at the time of the hearing the applicant further requested that the proposed unorthodox gas well location be amended to a location 660 feet from the South and East lines (Unit P) of said Section 22.

(5) The E/2 of said Section 22 is to be dedicated to the proposed well.

(6) The applicant presented geologic evidence which indicates that a well drilled at the proposed amended location would penetrate the Morrow formation at a more structurally advantageous position than a well drilled at a standard well location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(7) No offset operator objected to the originally proposed or amended non-standard gas well location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Terra Resources, Inc., is hereby authorized to drill its Federal Comm "22" Well No. 1 at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico.

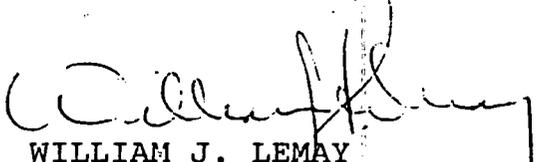
(2) The E/2 of said Section 22 shall be dedicated to the above described well.

(3) That portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 is hereby dismissed.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

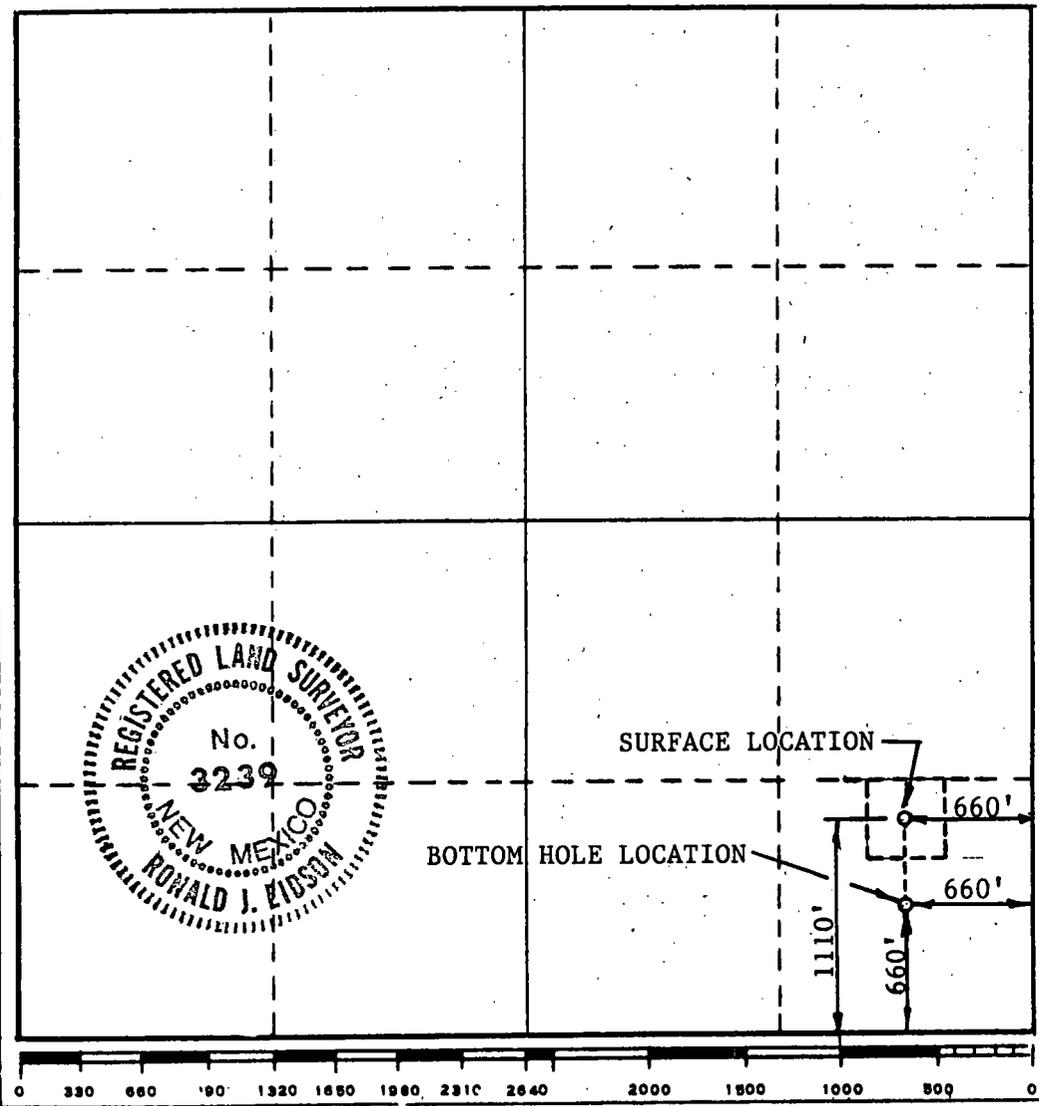
Operator TERRA RESOURCES, INC.		Lease TERRA FEDERAL 22 COM		Well No. 1
Unit Letter P	Section 22	Township 14 SOUTH	Range 27 EAST	County CHAVES
Actual Footage Location of Well: 1110 feet from the SOUTH line and 660 feet from the EAST line				
Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage: Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Position
Company
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed APRIL 25, 1988
Registered Professional Engineer and/or Land Surveyor <i>Ronald J. Eidson</i>
Certificate No. JOHN W. WEST, 878 RONALD J. EIDSON, 3239

91748



1940
3144



FORTSON PROSPECT

E/2 Section 22
T-14-S, R-27-E
Chaves County, New Mexico

PLAT DENOTING OFFSET TRACTS
EFFECTED BY UNORTHODOX WELL LOCATION
TERRA FEDERAL COM 22 WELL #1

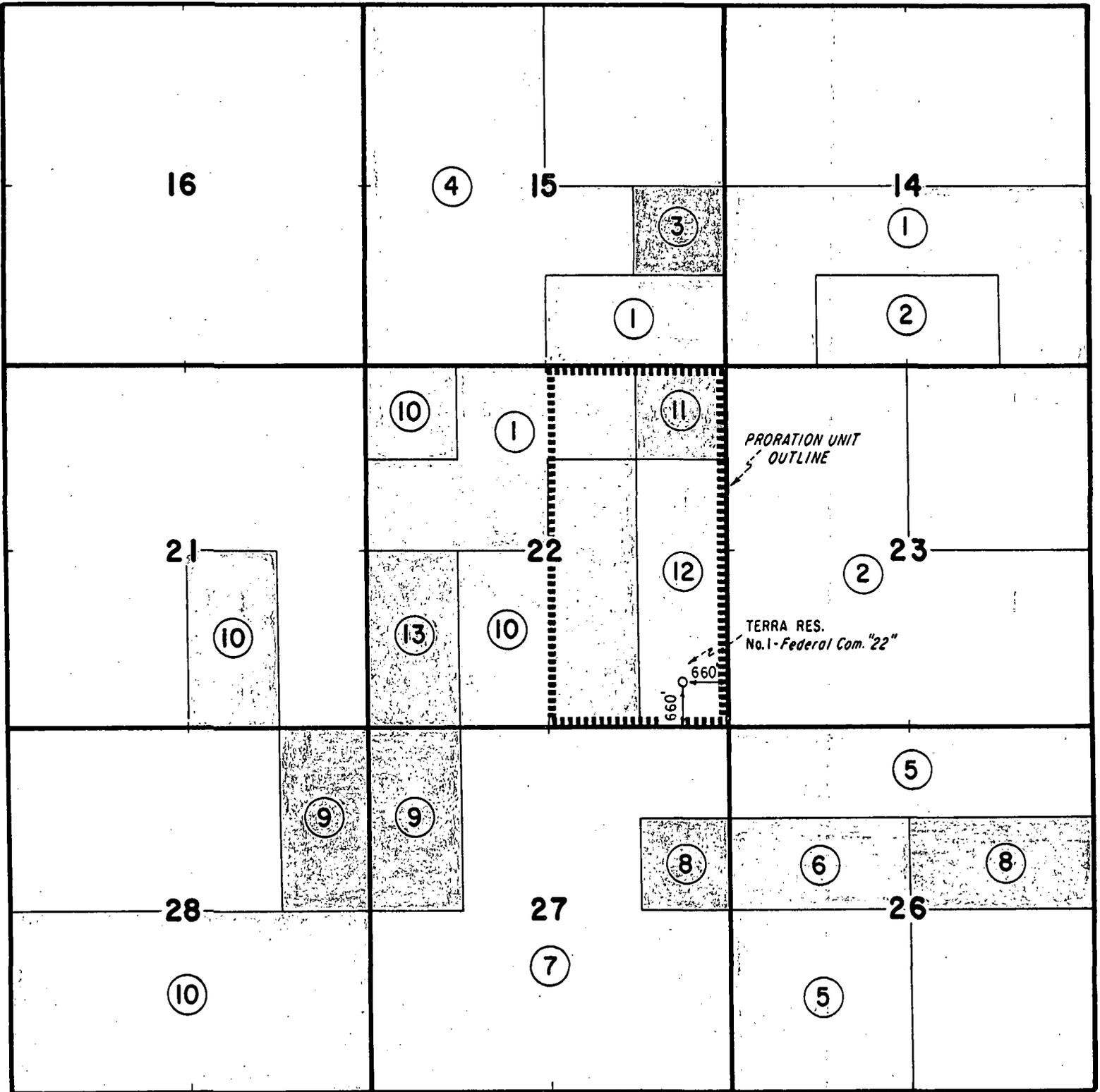
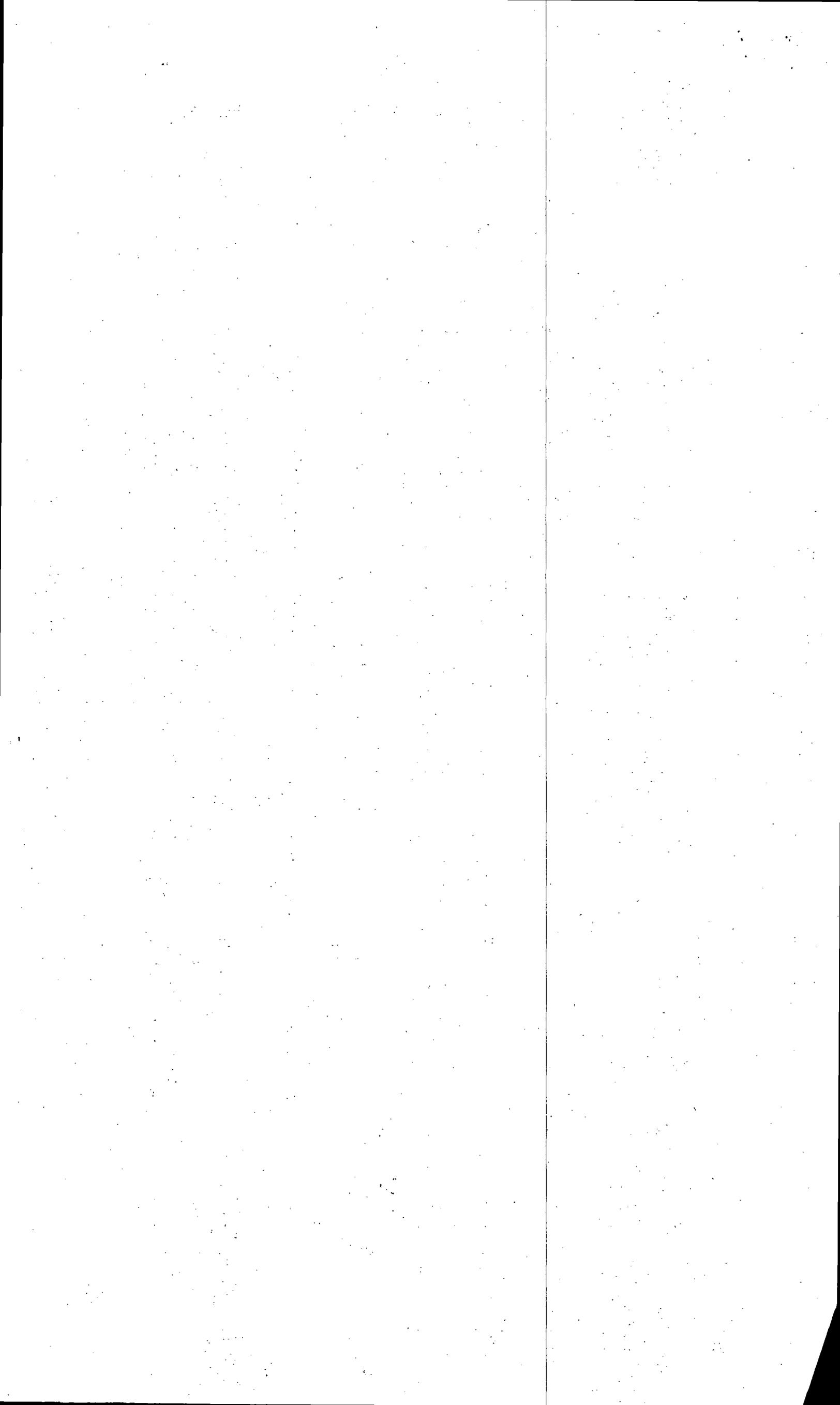


Exhibit 2 For
Force Pooling and Unorthodox
Location Hearing - March 16, 1988
Case No. 9332



ABO Petroleum Corp.
207 S. 4th Street
Artesia, NM 88210

J. H. Marks Trucking Co.
Box 3186
Odessa, Texas 79760

The Alps Oil Company
Box 4023
Odessa, Texas 79700

Marshal & Winston
10 Desta Drive
Suite 300 West
Midland, Texas 79705

Ben Fortson
300 Texas American Bank
Ft. Worth, Texas 76102

MYCO Industries
207 S. 4th Street
Artesia, NM 88210

Celeste C. Grynberg
1050 17th Street
Denver, Colorado 80265

Phillips Petroleum Company
Attn: Bill Mueller
4001 Penbrook
Odessa, Texas 79762

BLM=USA
Attn: Mr. Dill Dalness
P. O. Box 1449
Santa Fe, NM 87504

Yates Petroleum Corp.
105 S. Fourth Street
Artesia, NM 88210

DEPCO, Inc.
1000 Petroleum Club Bldg
Denver, Colorado 80202

Yates Drilling Corp.
207 S. 4th Street
Artesia, NM 88210

Eastland Resources Inc.
Box 3488
Midland, Texas 79702

Nicor Exploration Co.
Box 940
Naperville, ILLINOIS
60540

Eastland Exploration Inc.
Box 3506
Midland, Texas 79702

Read & Stevens, Inc.
United Bank Plaza #1000
400 N. Penn
Roswell, NM 88201

Enron Corporation
1000 Old Katy Road
Houston, Texas 77055

Harper Oil Company
600 West Illinois, #303
Midland, Texas 79701

Mewbourne Oil Company
P. O. Box 7698
Tyler, Texas 75711

Attached to and made a part of that certain
Exhibit ___ to Case Number 9332.

TRACT 1

LESSOR: State of New Mexico L-6779
PRESENT LESSEE: Benjamine J. Fortson, Jr. 50.0%
Marshall & Winston 20.0%
Alps Oil Company 10.0%
J.H. Marks Trucking Co., Inc. 5.0%
Eastland Exploration, Inc. 7.5%
Eastland Resources, Inc. 7.5%

DATE OF LEASE: December 1, 1971
LEASE DESCRIPTION: T-14-S, R-27-E
Section 14: N/2 S/2, SW/4 SW/4
SE/4 SE/4
Section 15: S/2 SE/4
Section 22: NW/4 NE/4, S/2 NW/4
Chaves County, New Mexico

TRACT 2

Surface to 8483'

LESSOR: United States of America NM 17214
PRESENT LESSEE: Phillips Petroleum 50.000%
Yates Petroleum Corporation 25.000%
Yates Drilling Corporation 8.333%
Myco Industries, Inc. 8.333%
ABO Petroleum Corporation 8.333%

DATE OF LEASE: August 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 13: SW/4 NE/4, SE/4,
S/2 SW/4, NE/4 SW/4
Section 14: SE/4 SW/4, SW/4 SE/4
Section 23: W/2, SE/4
Section 32: NE/4
Chaves County, New Mexico

Below 8483'

LESSOR: United States of America NM 17214
PRESENT LESSEE: Phillips Petroleum 100%
DATE OF LEASE: August 1, 1973
LEASE DESCRIPTION: Section 13: SW/4 NE/4, SE/4,
S/2 SW/4, NE/4 SW/4
Section 14: SE/4 SW/4, SW/4 SE/4
Section 23: W/2 SE/4
Section 32: NE/4
Chaves County, New Mexico

TRACT 3

LESSOR: United States of America NM 56528
PRESENT LESSEE: ABO Petroleum Corporation 30%
Myco Industries 30%
Yates Drilling Company 30%
Yates Petroleum Corporation 10%

DATE OF LEASE: August 1, 1983
LEASE DESCRIPTION: T-14-S, R-27-E
Section 15: NE/4 SE/4
Chaves County, New Mexico

TRACT 4

LESSOR: United States of America NM 58804
PRESENT LESSEE: Santa Fe Operating Partners 100%
DATE OF LEASE: September 1, 1984
LEASE DESCRIPTION: T-13-S, R-27-E
Section 23: N/2 SE/4, SE/4 SE/4
Section 25: NE/4 NE/4, S/2 NE/4
Section 27: SW/4
Section 35: SE/4

T-14-S, R-27-E
Section 9: N/2
Section 10: W/2 E/2, W/2
Section 15: W/2, NW/4 SE/4
Chaves County, New Mexico

TRACT 5

Surface to 8480'

LESSOR: United States of America NM 19181
PRESENT LESSEE: Nicor Exploration Company 50.000%
Yates Petroleum Corporation 25.000%
Yates Drilling Company 8.333%
Myco Industries, Inc. 8.333%
ABO Petroleum Corporation 8.333%
DATE OF LEASE: October 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 24: All
Section 25: NE/4, N/2 NW/4
SE/4 NW/4
Section 26: N/2 N/2, SW/4
Section 34: NE/4
Chaves County, New Mexico

Below 8480'

LESSOR: United States of America NM 19181
PRESENT LESSEE: Depco, Inc. 50%
Nicor Exploration Company 50%
DATE OF LEASE: October 1, 1973
LEASE DESCRIPTION: T-14-S, R-27-E
Section 24: All
Section 25: NE/4, N/2 NW/4
SE/4 NW/4
Section 26: N/2 N/2, SW/4
Section 34: NE/4
Chaves County, New Mexico

TRACT 6

LESSOR: State of New Mexico LG-6254
PRESENT LESSEE: Phillips Petroleum Corp. 25.000000%
Yates Petroleum Corporation 21.924145%
Depco, Inc. 14.361702%
Harper Oil Company 7.608676%
Myco Industries, Inc. 7.312672%
Yates Drilling Company 7.311674%
ABO Petroleum Corporation 7.299376%
Ben Fortson 3.260870%
Holly Energy, Inc. 1.861702%
Marshall & Winston 1.304348%
Eastland Oil Company 0.978260%
The Alps Oil Company 0.652174%
Curtis W. Mewbourne 0.531915%
J.H. Marks Trucking Co., Inc. 0.326087%
Read & Stevens, Inc. 0.265957%

DATE OF LEASE: January 1, 1979
LEASE DESCRIPTION: T-14-S, R-27-E
Section 26: S/2 NW/4
Chaves County, New Mexico

TRACT 7

LESSOR: United States of America
PRESENT LESSEE: OPEN
DATE OF LEASE:
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: NE/4 NE/4, W/2 NE/4
E/2 NW/4, S/2
Chaves County, New Mexico

TRACT 8

LESSOR: State of New Mexico LG-783-1
PRESENT LESSOR: Celeste C. Grynberg 100%
DATE OF LEASE: November 1, 1972
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: SE/4 NE/4
Section 25: E/2 SE/4
Section 26: S/2 NE/4
Section 36: NW/4 NE/4, SE/4 NE/4
SW/4 NW/4
Chaves County, New Mexico

TRACT 9

LESSOR: Robert E. Shipley
PRESENT LESSOR: Terra Resources, Inc. 100%
DATE OF LEASE: March 6, 1985
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: W/2 NW/4
Section 28: E/2 NE/4
Chaves County, New Mexico

LESSOR: John W. Shipley
PRESENT LESSOR: Terra Resources, Inc. 100%
DATE OF LEASE: March 6, 1985
LEASE DESCRIPTION: T-14-S, R-27-E
Section 27: W/2 NW/4
Section 28: E/2 NE/4
Chaves County, New Mexico

A C C A

Llano Estacado Center for Advanced
Professional Studies and Research
Eastern New Mexico University
Portales, New Mexico 88130



Archaeological Clearance Report
for
Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by
Scott E. Kather

Agency for Conservation Archaeology
Eastern New Mexico University

Principal Investigator
Dr. John L. Montgomery

April 18, 1988

505
562-2854

Archaeological Clearance Report
for
Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by
Scott E. Kather

Agency for Conservation Archaeology
Eastern New Mexico University

Principal Investigator
Dr. John L. Montgomery

April 18, 1988

Introduction

A cultural resources survey was completed recently by the Agency for Conservation Archaeology (ACA) at Eastern New Mexico University (ENMU) for Terra Resources on land administered by the Bureau of Land Management in Chaves County, New Mexico. The reconnoitered area will be disturbed by the construction of a proposed well pad and access road. The project was administered by Alan Means for Terra Resources, and Dr. John L. Montgomery, Director of ACA. This report was prepared by the Portales office of ACA.

The fieldwork was conducted on April 12, 1988 by Scott E. Kather and William Goldsmith. Good field and weather conditions prevailed throughout the course of this reconnaissance. The survey was done between 10:00 am and 12:15 pm under clear skies with temperatures in the mid-70s (F).

This survey was conducted under Federal Antiquities Permit number 11-2920-87-L. A search of the National Register of Historic Places (NRHP) has been made, and no properties within this area are listed. A search of the New Mexico State Site Files (ARMS) and examination of the Bureau of Land Management Roswell Resource Area's site files showed one previously recorded site (ENM 20242) in Sec 26 T14S R27E Chaves County, within a mile (1.6 km) southeast of where the proposed projects are located (Sam Ball, personal communication April 11, 1988).

Survey Techniques

Visual inspection of the proposed well pad and access road was accomplished by walking a series of parallel transects. Each transect was covered in a tightly spaced zigzag pattern. The distance between transects was approximately 25 ft (8 m). Dirt from insect and rodent burrows was examined for cultural materials that may have been brought up from below the surface. These methods maximized the opportunity of observing and cultural resources on the surface within or near the proposed area of disturbance.

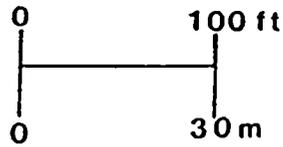
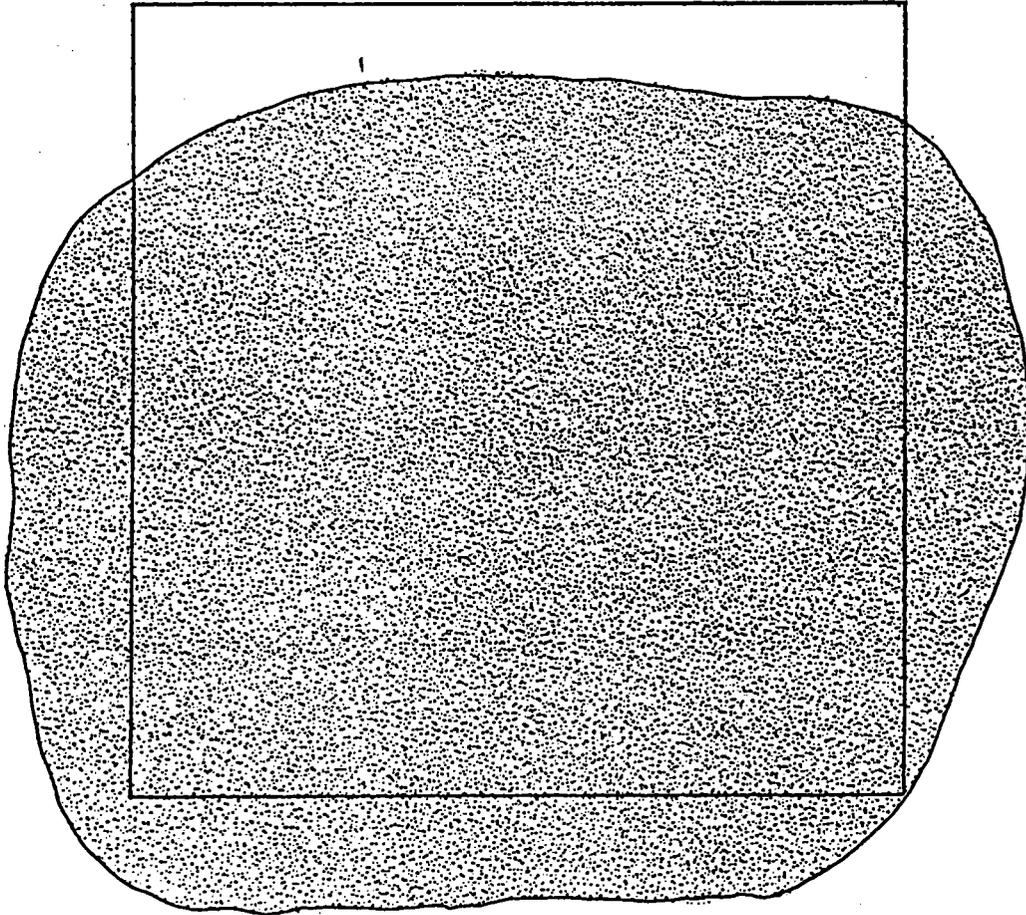
Terra Federal Com. No. 1 and Access Road

Location

The proposed well pad and access road is located in the Pecos River Valley approximately 7 mi (11.3 km) east-southeast of Hagerman, New Mexico. The proposed well pad covers 3.67 acres and measures 400 x 400 ft (122 x 122 m). The proposed access road covers approximately 8.3 acres and measures 100 x 3500 ft (30 x 1066 m). They are situated as follows:

ENM20286

Proposed well pad



Scale



Figure 4. Sketch Map ENM20286

MANAGEMENT SUMMARY

On April 13, 1988, the Agency for Conservation Archaeology conducted a cultural resource survey for Terra Resources, on lands administered by the Bureau of Land Management in Chaves County, New Mexico. The area was surveyed for a proposed well pad and access road and encompass a total of 11.7 acres. The proposed project area is located in Sections 22 and 23, T14S, R27E, NMPM, Chaves County, New Mexico. Six isolated manifestations of prehistoric cultural activity and one prehistoric cultural resource site (ENM 20286) were recorded during this survey. The cultural resource site recorded during this survey is considered to possess the integrity and data recovery potential necessary for inclusion in the National Register of Historic Places and avoidance is recommended. The isolated manifestations are not considered to possess the requisite significance, integrity, or data recovery potential necessary for inclusion in the National Register of Historic Places. ENM 20286 is located within the area of the proposed well pad. It is recommended that the proposed well pad be moved a minimum of 450 feet to the north and the access road be rerouted to the new location. The pad relocation area was surveyed by the ACA archaeologists with negative results. A reroute for the access road was not surveyed. If the relocation area for the well pad is approved by Terra Resources and the Bureau of Land Management, a reroute corridor for the access road and a cultural resource survey of a 100 ft corridor centered along the reroute is recommended.

ACA F88-142

General Recommendations

In the event that substantial cultural materials are uncovered during construction, the BLM archaeologist for the Roswell Resource Area should be consulted immediately. This report contains professional opinions about cultural resources in the project areas. It should not be considered permission to proceed with construction, but should be submitted to the proper review agencies for comments prior to the initiation of construction activities.

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fe, New Mexico 87504-2265
May 20, 1988

Mr. Michael E. Stogner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered"

Re: Terra Federal Com 22 Well #1
E/2 Section 22, T14S, R27E
Chaves County, New Mexico

Dear Mr. Stogner:

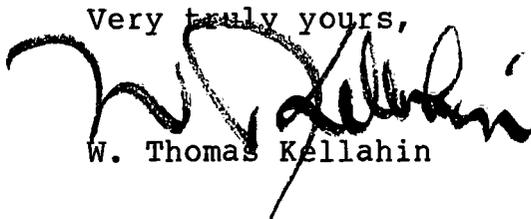
On April 29, 1988, on behalf of Terra Resources Inc., we filed an application for Administrative Approval for an unorthodox surface location and approval of directional drilling to a previously approved unorthodox bottom hole location.

I have enclosed copies of the return receipt cards from the certified mailings of the notice for administrative approval. The twenty day waiting period expired yesterday at 5:00 p.m. I have not received any objections from any interested party.

To further supplement our application I wish to tell you Terra Resources plans to commence drilling at the 1100' FSL and 660' FEL surface location to approximately 6,000 feet (measured depth) and then to commence deviation so that they penetrate the top of the Morrow pay interval at a measured depth of 7,800' (estimated true vertical depth of 7,750 feet) within a 50 foot radius target of the previously approved 660' FEL and FSL unorthodox subsurface location. The well will be drilled to a true total depth of 8,100 feet (measured depth of 8,144 feet) to the Chester lime.

Terra is most anxious to commence the drilling and would appreciate your assistance in providing final review of this matter at your earliest convenience.

Very truly yours,



W. Thomas Kellahin

WTK:ca

cc: Kevin Pfister (Terra)

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

1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: Ben Fortson 300 Texas American Bank Ft. Worth, Texas 76102	4. Article Number P955 861 564
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) 3000 TEXAS AMERICAN BANK BLDG. 76102
6. Signature - Agent X <i>Jan Hamill</i>	
7. Date of Delivery 02 MAY 1988	

PS Form 3811, Mar. 1987

* U.S.G.P.O. 1987-178-268

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↑(Extra charge)↑

3. Article Addressed to: J. H. Marks Trucking Co. Box 3186 Odessa, Texas 79760	4. Article Number P955 861 573
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X <i>Ray Hunt</i>	8. Addressee's Address (ONLY if requested and fee paid) Box 3186
6. Signature - Agent X	
7. Date of Delivery 5-3-88	

PS Form 3811, Mar. 1987

* U.S.G.P.O. 1987-178-268

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Jerra Res.

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↑(Extra charge)↑

3. Article Addressed to: Eastland Exploration Inc. Box 3506 Midland, Texas 79702	4. Article Number P955 861-569
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) P.O. Box 3506 MIDLAND, TX 79702
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery MAY 2 1988	

PS Form 3811, Mar. 1987

* U.S.G.P.O. 1987-178-268

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↑(Extra charge)↑

3. Article Addressed to: Harper Oil Company 600 West Illinois, #303 Midland, Texas 79701	4. Article Number P955 861 571
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) SAME
6. Signature - Agent X <i>Janet Helmond</i>	
7. Date of Delivery MAY 02 1988	

PS Form 3811, Mar. 1987

* U.S.G.P.O. 1987-178-268

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↑(Extra charge)↑

3. Article Addressed to: Mewbourne Oil Company P. O. Box 7698 Tyler, Texas 75711	4. Article Number P 955 861 572 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>Maureen Johnson</i>	
7. Date of Delivery 5-2-88	

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

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1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: Phillips Petroleum Compa: Attn: Bill Mueller 4001 Penbrook Odessa, Texas 79762	4. Article Number P 955 861 576 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>Bill Mueller</i>	
7. Date of Delivery 5-2-88	

PS Form 3811, Mar. 1987

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DOMESTIC RETURN RECEIPT

Serra Res.

SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4.
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1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: The Alps Oil Company Box 4023 Odessa, Texas 79700	4. Article Number P 955 861 563 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>Ruth Carleton</i>	
7. Date of Delivery 5-2-88 <i>DR</i>	

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

Serra Res.

SENDER: Complete Items 1 and 2 when additional services are desired, and complete Items 3 and 4.
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1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: Read & Stevens, Inc. United Bank Plaza #1000 400 N. Penn Roswell, NM 88201	4. Article Number P 955 861 580 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>Jo. Award</i>	
7. Date of Delivery 5-4-88	

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

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1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: MYCO Industries 207 S. 4th Street Artesia, NM 88210	4. Article Number P955 861 575 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee Cy X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 5-2-88	

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

SENDER: Complete Items 1 and 2 when additional services are desired, and complete Items 3 and 4.
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1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: Yates Petroleum Corp. 105 S. Fourth Street Artesia, NM 88210	4. Article Number P955 861 577 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee Cy X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 5-2-88	

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

Jerra Res.

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1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: BLM=USA Attn: Mr. Dill Dalness P. O. Box 1449 Santa Fe, NM 87504	4. Article Number P955 861 566 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee [Signature] X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent [Signature] X	
7. Date of Delivery 5-2-88	

SANTA FE, NM
MAY 2 1988
U.S. G.P.O.

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

Jerra Res.

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

1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: DEPCO, Inc. 1000 Petroleum Club Bldg Denver, Colorado 80202	4. Article Number P955 861 567 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee [Signature] X	8. Addressee's Address (ONLY if requested and fee paid) 110 16th ST. #1000 DENVER, CO. 80202
6. Signature - Agent [Signature] X	
7. Date of Delivery 5-2-88	

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1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to:
Celeste C. Grynberg
c/o Jack J. Grynberg
5000 South Quebec, Suite 500
Denver, Colorado 80237

4. Article Number
P 955 861 603

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

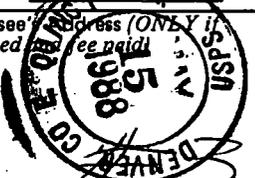
Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)



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↑(Extra charge)↑

3. Article Addressed to:
Nicor Exploration Co.
Box 940
Naperville, ILLINOIS
60540

4. Article Number
P955 861 579

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery
5-3-88

8. Addressee's Address (ONLY if requested and fee paid)

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1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to:
ABO Petroleum Corp.
207 S. 4th Street
Artesia, NM 88210

4. Article Number
P955 861 562

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery
5-2-88

8. Addressee's Address (ONLY if requested and fee paid)

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Jerra Res.

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1. Show to whom delivered, date, and addressee's address. Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to:
Yates Drilling Corp.
207 S. 4th Street
Artesia, NM 88210

4. Article Number
P955 861 578

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery
5-2-88

8. Addressee's Address (ONLY if requested and fee paid)

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