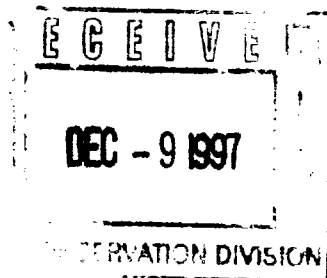


EGC

A
RAND
PAULSON
EXPLORATORY
GAS & OIL
COMPANY

CTB 12/29/97
465

December 5, 1997



Mr. Ben Stone
State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

RE: Estacado Prospect
Lea County, New Mexico

31055

Dear Mr. Stone:

Rand Paulson Oil Company, Inc. hereby makes application to surface commingle oil production from the Estacado 27 State Well No. 1 located in the NE/4 SW/4 Section 27-T14S-R34E and the Estacado 27 State Well No. 3 located in the SE/4 NW/4 Section 27-T14S-R34E. Oil production from both wells is limited to the Early Wolfcamp formation. Oil gravities from these wells range from 42.8 to 43.6.

Enclosed is a schematic diagram of the proposed installation, a plat showing the location of all wells on the leases and the pool from which each well is producing.

The Estacado 27 State Well No. 1 is located on State of New Mexico lease No. VA-1172 and the Estacado 27 State Well No. 3 is located on State of New Mexico lease No. VA-998. Working interest ownership and revenue interest ownership are identical in these wells.

Also enclosed is a copy of that certain letter dated August 20, 1997 from Jamie Bailey of the Commissioner of Public Lands office approving our application.

Very truly yours,

A handwritten signature in cursive script that reads "David Brooks".

David Brooks
Land Manager



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

**State of New Mexico
Commissioner of Public Lands**

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

August 20, 1997

EGO
4950 N. O'Connor Blvd.
Suite 270
Irving, Texas 75062

Attn: Mr. David Brooks

Re: Application for Surface Commingling
Estacado 27 State Well No. 1 and No. 3
Section 27-14S-34E
Lease Nos. VA-1172-1 and VA-998-1
Wolfcamp Formation
Lea County, New Mexico

Dear Mr. Brooks:

We have received your letter of August 11, 1997, wherein you requested our approval for surface commingling of production from the above wells.

We understand that production from the subject wells will be commingled at the Estacado 27 State Well No. 1 tank battery located in the NE/4SW/4 of Section 27-14S-34E. Production from each of the wells will be metered at the wellhead and reported separately.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a copy of the New Mexico Oil Conservation Division's approval order.

Please submit your \$30.00 filing fee.

EGO

May 12, 1997

Page 2

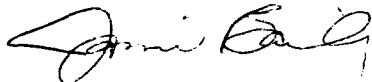
Please notify Ms. Debbie Padilla of our Right-of-Way Section at 827-5729 regarding a right-of-way through the NE/4SW/4 of Section 27-14S-34E. Our approval will be contingent upon EGO securing the appropriate right-of-way.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:



JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

cc: Reader File

OCD--Mr. David Catanach, Mr. Ben Stone
BLM

A'

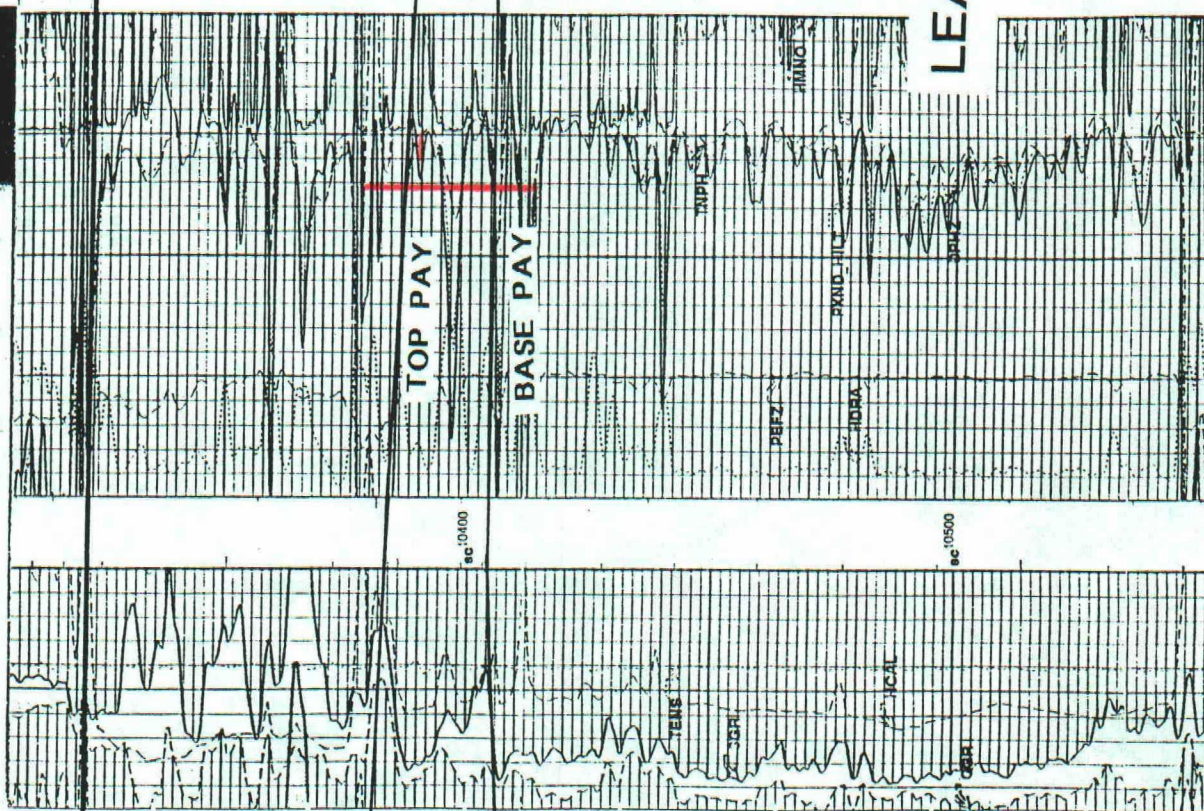
COMPANY: Rand Paulson Oil Company

WELL: Estacado "27" State No. 2

FIELD: Wildcat (Wolfcamp)

COUNTY: Lea STATE: New Mexico

Schlumberger PLATFORM EXPRESS Compensated Neutron/Three-Detector LithoDensity/NGT	
Permanent Datum: Ground Level Elev: 341 Log Measured From: Kelly Bushing above Perm. Datum Drilling Measured From: Kelly Bushing	Elev: KB 41181 GL 41031 DI 41121
Logging Date: 21 MAY 1997 Run Number: 1 Depth Driller: 12702 F Schlumberger Depth: 12702 F Bottom Log Interval: 12684 F Top Log Interval: 290 F Casing Driller Size @ Depth: 8.625 IN @ 6185 F Casing Schlumberger: 6180 F Bit Size: 7.875 IN Type Fluid In Hole: Fresh Mud Density: 9.2 LB/G 40 S Fluid Loss: 15 CC 10 S Source Of Sample: Circulation Tank RM @ Measured Temperature: 0.795 CHMM @ 100 DEGF RMC @ Measured Temperature: 0.723 CHMM @ 100 DEGF RMC @ Measured Temperature: 0.642 CHMM @ 60 Calculated: 0.503 @ 102 0.457 @ 162 102 DEGF Time: 21 MAY 1997 7:30 3043 Hobbs, NM 15:04 T. Bradley Wayne Helms	APT Serial No. SECTION 27 TOWNSHIP 14 S RANGE 34 E



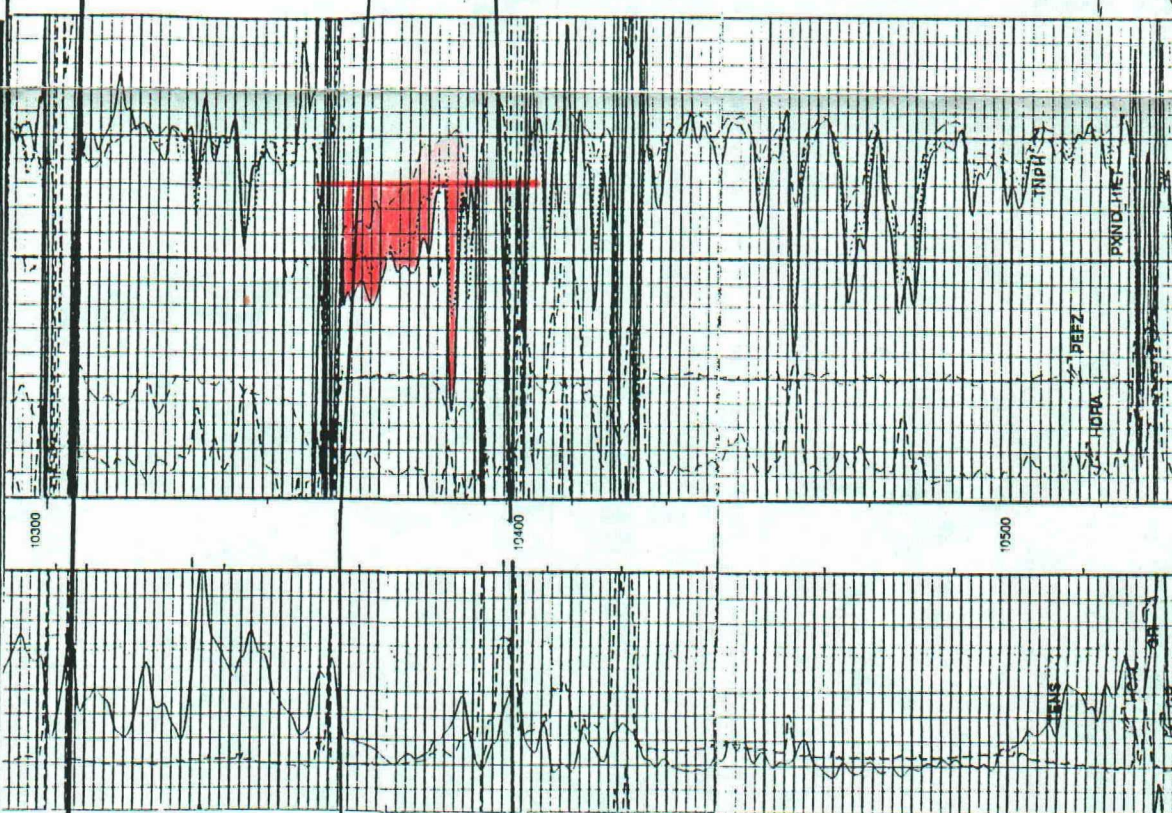
COMPANY: Rand Paulson Oil Company

WELL: Estacado State No. 1

FIELD: Wildcat (Wolfcamp)

COUNTY: Lea STATE: New Mexico

Schlumberger PLATFORM EXPRESS Compensated Neutron Three-Detector LithoDensity	
Permanent Datum: Ground Level Elev: 4103 F Log Measured From: Kelly Bushing 14.0 F above Perm. Datum Drilling Measured From: Kelly Bushing	Elev: KB 4117 F GL 4103 F DI 4116 F
Logging Date: 2 APR 1997 Run Number: One Depth Driller: 10638 F Schlumberger Depth: 10632 F Bottom Log Interval: 10614 F Top Log Interval: 200 F Casing Driller Size @ Depth: 8.625 IN @ 6183 F Casing Schlumberger: 6180 F Bit Size: 7.875 IN Type Fluid In Hole: Fresh Water Density: 8.5 LB/G 31 S Fluid Loss: 18.8 CC 10 S Source Of Sample: Circulation Tank RM @ Measured Temperature: 1.490 CHMM @ 60 DEGF RMC @ Measured Temperature: 1.490 CHMM @ 60 DEGF RMC @ Measured Temperature: 1.490 CHMM @ 60 Source RMC: Rm RM @ MRT: 0.759 @ 142 0.759 @ 142 Maximum Recorded Temperatures: 142 DEGF Circulation Stopped: Time 2 APR 1997 17:00 Logger On Bottom: Time 3 APR 1997 00:10 Unit Number: 3031 Hobbs, NM Recorded By: T. Bradley Witnessed By: W. Helms	APT Serial No. 30-025-33849 SECTION 27 TOWNSHIP 14 S RANGE 34 E



COMPANY: Rand Paulson Oil Company

WELL: Estacado 27 No. 3

FIELD: Wildcat (Atoka)

COUNTY: Lea STATE: New Mexico

Schlumberger PLATFORM EXPRESS Compensated Neutron Three Detector Density / GR	
Permanent Datum: Ground Level Elev: 4097 F Log Measured From: Kelly Bushing 16.0 F above Perm. Datum Drilling Measured From: Kelly Bushing	Elev: KB 4113 F GL 4097 F DI 4112 F
Logging Date: 1 JUL 1997 Run Number: One Depth Driller: 12290 F Schlumberger Depth: 12288 F Bottom Log Interval: 12252 F Top Log Interval: 9700 F Casing Driller Size @ Depth: 8.625 IN @ 6194 F Casing Schlumberger: 6194 F Bit Size: 7.875 IN Type Fluid In Hole: F.W. Gel / Drispac Density: 8.9 LB/G 45 S Fluid Loss: 9.7 CC 10 S Source Of Sample: Circulation Tank RM @ Measured Temperature: 0.983 CHMM @ 73 DEGF RMC @ Measured Temperature: 0.983 CHMM @ 60 RMC @ Measured Temperature: 0.983 CHMM @ 60 Source RMC: Rm RM @ MRT: 0.473 @ 150 @ 150 Maximum Recorded Temperatures: 159 DEGF Circulation Stopped: Time 30 JUL 1997 21:45 Logger On Bottom: Time 1 JUL 1997 9:57 Unit Number: 3125 Hobbs Recorded By: Matt Andrichow Witnessed By: Jim Davenport	APT Serial No. N/A SECTION 27 TOWNSHIP 14 S RANGE 34 E



ESTACADO PROSPECT LEA COUNTY, NEW MEXICO STRATIGRAPHIC CROSS SECTION A-A'

B.M. Barton 1/2
Tenneco
8.1.98
VA.997
34 32

22

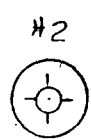
Yates Pet etal
8.1.95
V 3387
31 25

State

Sunset
Union
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F 91
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31 25

W.A. Tipton
(Westin Equip.
Texas Crude etc
E-6989
Perry, Penn Dis
864
E. 2 W

VA 998



27

VA 1172



State

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State
10260
Manzano

Coquina
Cit Serv

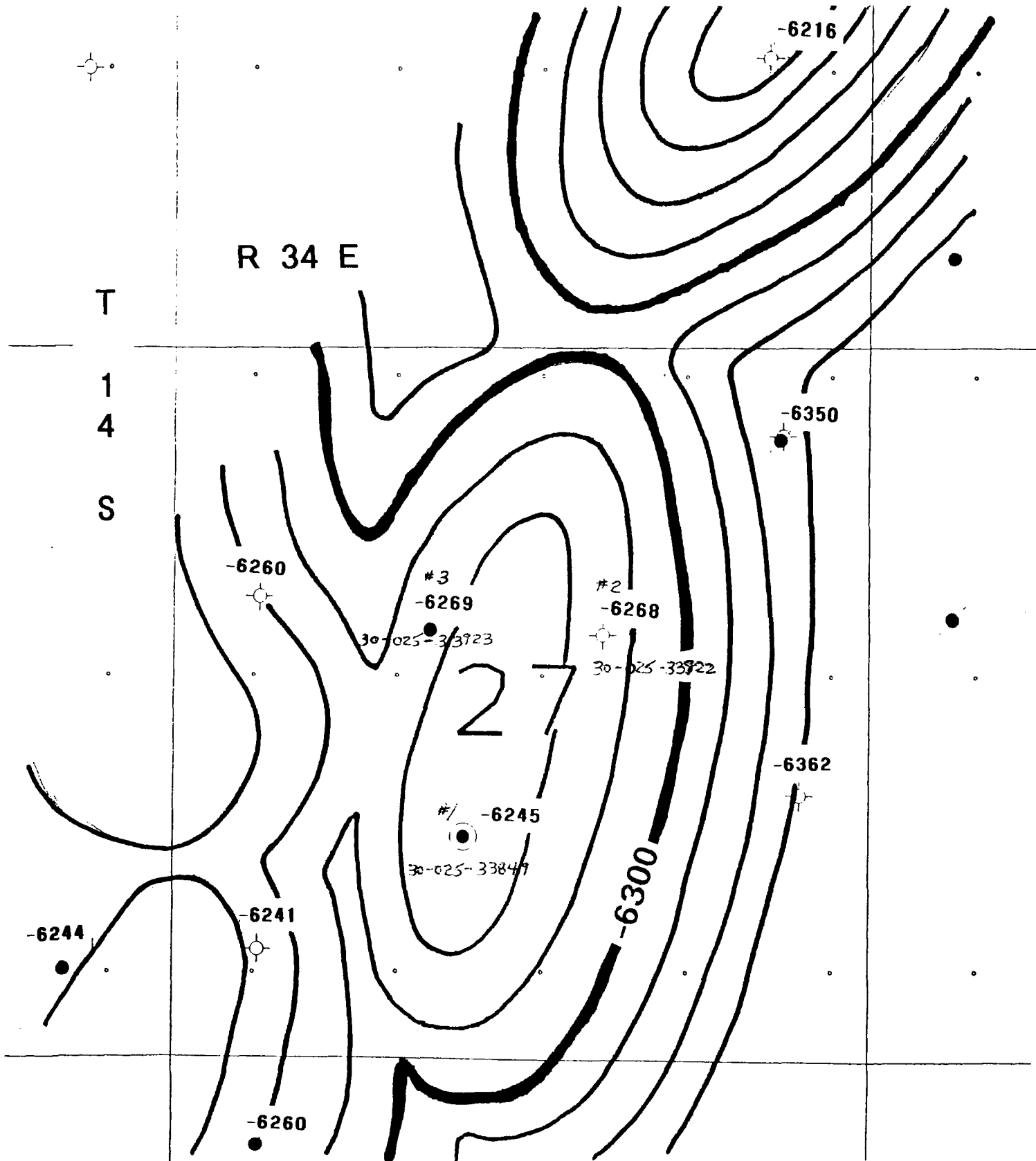
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Coquina
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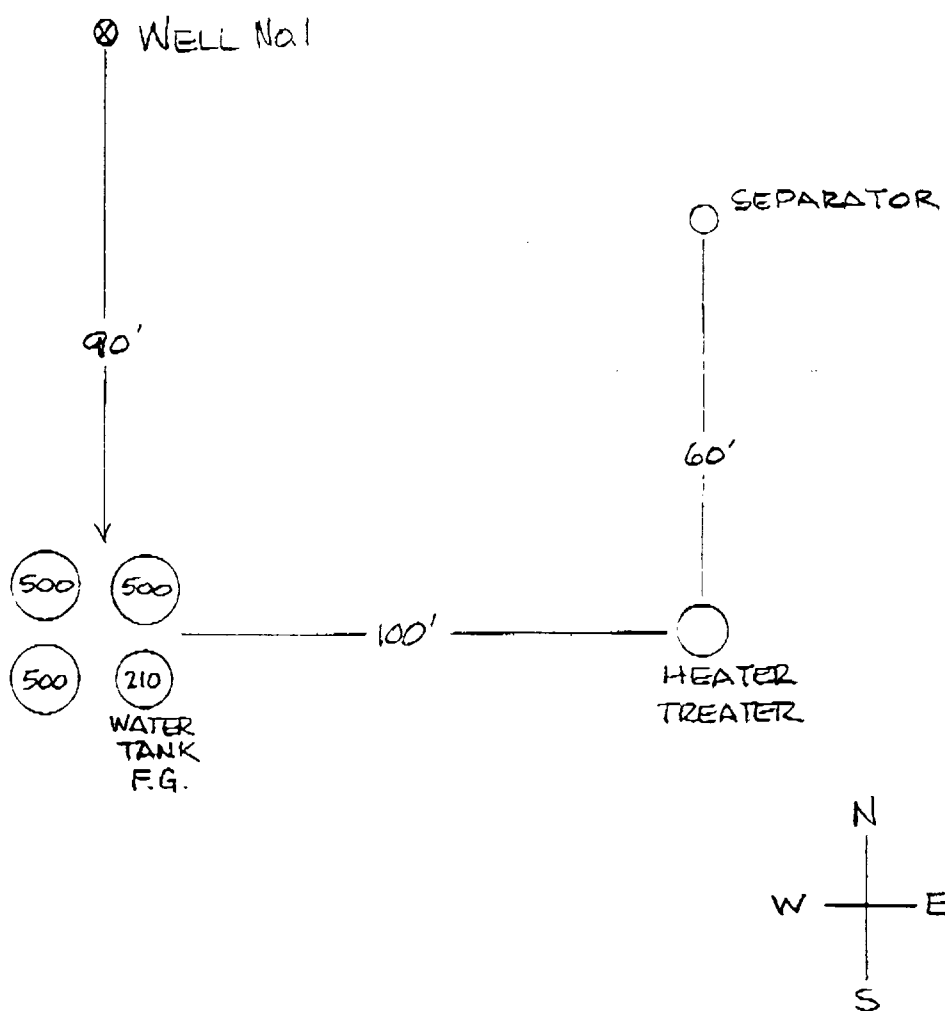


ESTACADO PROSPECT LEA COUNTY, NEW MEXICO

EARLY WOLFCAMP PAY STRUCTURE

C.I. = 20'

1" = 1000'



RAND PAULSON OIL COMPANY, INC
ESTACADO 27 STATE NO. 1
LEA COUNTY, NEW MEXICO

REPORT : RM452
DATE : 97/07/17

LEVEL : 1

SUN COMPANY, INC. (R&M)
PROPERTY-LEVEL RUN STATEMENT

PAGE :
TIME : 14:11

SALES PERIOD : 97/06

PROPERTY CODE : 0121160000
PROPERTY NAME : ESTACADO 27 STATE

PROPERTY TYPE : ACTIVE FULL RATE
PRODUCT : NEW MEXICO INTERMEDIATE

FOR ASSISTANCE CONTACT:

(800)-677-0202
(***)-OR -FAX
(918)-586-6895

OPERATOR CODE : 0100689595
OPERATOR NAME : RAND PAULSON OIL COMPANY INC
ATTN STEVE DECHANT

FIELD : TRES PAPALOTES
COUNTY : LEA
STATE : NEW MEXICO
STATE LEASE :
STATE PRODUCER :

KEEP THIS COPY FOR YOUR
RECORDS. DUPLICATES WILL
BE FURNISHED FOR A FEE.

DATE	T I C K E T NUMBER	TYPE	ADJ CODE	TANK/METER NUMBER	NET BARRELS	CORR GRAV	AVG PRICE	GROSS VALUE	STATE TAXES	NET VALUE
97/06/04	004145	G			178.59	43.5	18.40	3,287.55	275.26	3,012.22
97/06/05	004146	G			168.37	43.5	18.40	3,099.41	259.51	2,839.90
97/06/06	004156	G			181.79	43.6	18.40	3,346.45	280.19	3,066.26
97/06/06	004177	G			180.46	43.4	18.40	3,323.81	278.30	3,045.51
97/06/06	004305	G			171.82	43.5	18.40	3,153.72	264.05	2,889.67
97/06/11	004310	G			184.88	43.5	18.40	3,403.33	284.95	3,118.38
97/06/12	004286	G			176.82	43.9	18.40	3,254.97	272.52	2,982.45
97/06/12	004289	G			184.52	43.9	18.40	3,396.71	284.40	3,112.31
97/06/19	004499	G			183.18	43.2	18.40	3,372.04	282.34	3,089.70
97/06/19	004500	G			181.82	43.2	18.40	3,347.01	280.24	3,066.77
97/06/19	004501	G			181.80	42.9	18.40	3,346.63	280.21	3,066.42
97/06/20	004511	G			178.67	42.8	18.40	3,289.02	275.38	3,013.64
97/06/20	004512	G			178.06	43.0	18.40	3,277.79	274.45	3,003.34
97/06/21	004555	G			183.16	43.1	18.40	3,371.67	282.31	3,089.36
97/06/23	004617	G			179.05	43.0	18.40	3,296.01	275.96	3,020.05
97/06/24	004636	G			183.99	42.9	18.40	3,386.95	283.59	3,103.36
97/06/27	004708	G			193.41	42.5	18.40	3,564.03	298.41	3,265.62
97/06/27	004769	G			193.61	42.5	18.40	3,564.03	298.41	3,265.62
97/06/27	004710	G			187.89	42.8	18.40	3,458.74	289.59	3,169.15
97/06/27	004714	G			161.93	42.8	18.40	2,980.86	249.56	2,731.30
TOTALS FOR PROPERTY 0121160000					3,613.62			66,520.73	5,569.65	60,951.08

TOTAL P.02

COF 6/97
7,000,000
3613
1992⁴⁶ : 7

LEASE INFORMATION:

CONTRACT / PAYMENT INFORMATION:

METER NO. 1882A
 METER NAME: ESTACADO 27 ST. #1
 OPERATOR: RAND PAULSON OIL COMPANY INC
 BLUCONDITION: 1466004 / WEL
 STATE: NM
 CONTRACT PARTY ID: 00017501
 CONTRACT NUMBER: 01322
 CONTRACT DEDICATION %: 1.00000000
 CONTRACT PARTY NAME: RAND PAULSON OIL COMPANY INC

LIQUID SETTLEMENT:

PLANT TOTALS				METER TOTALS			
THEORETICAL GALLONS	ACTUAL GALLONS	GPW	SETTLEMENT GALLONS	SETTLEMENT L TONS	CONTRACT PERCENTAGE	CONTRACT GALLONS	NET GALLONS

ETHANE	U	2,241.867	4.5670	20.419	0	82.00	18.738	18.738	EO 1.984	\$2,813.27
PROPANE	2,423.780	1,878.411	3.5640	18.617	0	82.00	18.316	18.316	EO 2.061	\$5,607.25
N. BUTANE	895.401	788.414	1.2030	6.059	0	82.00	5.633	5.633	EO 3.453	\$2,298.30
ISO-BUTANE	417.341	318.678	0.4840	2.724	0	82.00	2.234	2.234	EO 3.805	\$1,072.23
NORMA. PENTANE	362.880	282.330	0.2560	1.310	0	82.00	1.123	1.123	EO 3.847	\$325.25
ISO-PENTANE	325.880	248.853	0.2820	1.565	0	82.00	1.275	1.275	EO 3.847	\$156.39
HEXANE	894.241	523.480	0.3900	1.782	0	82.00	1.445	1.445	EO 3.847	\$787.13
LIQUID TOTALS	5,349.750	6,265.687	10.7480	54.580	0	82.00	44.765	44.765		\$13,848.62

GAS SETTLEMENT:

PLANT TOTALS				METER TOTALS			
WELL	WELL	WELL	WELL	WELL	WELL	WELL	WELL
INLET	RESIDUE	AVAILABLE	RESIDUE	INLET	RESIDUE	AVAILABLE	RESIDUE
1,182.883	775.603	670.665	503.036	1,182.883	775.603	670.665	503.036
1,856.873	775.603	670.665	503.036	1,856.873	775.603	670.665	503.036

SERVICE FEES:

DESCRIPTION	FEE RATE	AMOUNT
REGISTRATION	\$0.6200	\$0.00
COMPRESSION (RATED/AGED)	\$0.0250	\$0.00
BE TOTALS		\$0.00

SETTLEMENT SUMMARY:

TOTAL GROSS VALUE	PRE-TAX FEES	TAXABLE VALUE	TAXES	AFTER-TAX FEES	NET VALUE DUE PRODUCER
120,170.24	\$0.00	\$20,170.24	\$1,889.25	\$0.00	\$16,300.89

RETAIN ALL STATEMENTS FOR STATE AND FEDERAL TAX PURPOSES. DUPLICATES WILL NOT BE FURNISHED

FROM



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

March 26, 1998

Rand Paulson Oil Company
4950 North O'Connor Blvd.
Suite 270
Irving, Texas 75062

Attn: Mr. David Brooks

Re: Application for Surface Commingling
Estacado "27" Well No. 1
Unit Letter K, State Lease No. VA-1172
Estacado "27" Well No. 3
Unit Letter F, State Lease No. VA-998
Section 27-14S-34E
High Plains Permo Penn Pool
Lea County, New Mexico

Dear Mr. Brooks:

We have received a copy of the New Mexico Oil Conservation Division's Order #CTB-465 which notifies this office of your application to surface commingle the production from the above-captioned wells.

Pursuant to State Land Office Rule Nos. 1.053, 1.054 and 1.055, please submit a copy of your commingling request to this office. Enclosed is a copy of our commingling rules and regulations.

The filing fee for a commingling application is thirty (\$30.00) dollars.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
Enclosure
pc: Reader File

