

P. O. BOX 3178
MIDLAND, TEXAS 79701
February 12, 1980

RECEIVED
AMARILLO OFFICE
LAND DEPARTMENT

FEB 14 1980

CIG Exploration, Inc.
415 West 8th Street
Suite 300
Amarillo, Texas 79101

Referred to _____
Noted _____

Attention: Mr. Tom R. Gray

Re: Farmout Agreement
Section 1, T16S-R28E
Eddy County, New Mexico
Crow Flats 06-842

Dear Mr. Gray:

The ownership of the federal lease covering Lots 4, 5, 9, 12, 13, 15 and 16, T16S-R28E, Eddy County, New Mexico, consisting of 255.13 acres is owned by the following people in the percentage as shown:

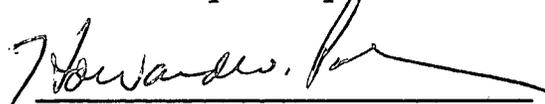
Howard W. Parker	40%
Joe M. Parsley	40%
Wesley T. House	20%

We would agree to a farmout of this lease, reserving a 12.5% overriding royalty interest, convertible to a 25% working interest at payout. If this is agreeable to your company, I would suggest that you prepare a farmout contract setting out the test-well program and the option time periods. Attached to the farmout contract should be a copy of the form of assignment to be used and the operating agreement which would be employed in the event of the 25% working interest conversion.

Please let us know what plans you may have for the formation of a working interest unit.

Thank you very much.

Yours very truly


Howard W. Parker


Joe M. Parsley


Wesley T. House

HWP:ah

Tommy



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

RECEIVED
AMARILLO OFFICE
LAND DEPARTMENT

February 27, 1980

MAR 07 1980

Referred to _____

Noted _____

Lawbar Production, Inc.
10880 Wilshire Blvd.
Suite 2005
Los Angeles, California 90024

Attention: Mr. Lawrence E. Scott

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

2010 feet FWL and 1000 feet FNL of Section 1, T16S-R28E,
Eddy County, New Mexico.

According to our records, you are the owner of an Oil & Gas Lease (s) off-setting this proposed test well. Therefore, CIG Exploration, Inc. hereby gives notice that due to the irregular governmental survey as well as to facilitate efficient development of this prospective area, CIG Exploration, Inc. has filed an application for a non-standard spacing unit consisting of Lots 1 through 8 of Section 1, T16S-R28E, Eddy County, New Mexico.

If you are agreeable to CIG Exploration, Inc.'s actions in this regard, please so indicate in the space provided below, and return a copy of this letter to the undersigned. The hearing for this action is scheduled for March 26, 1980, thereby necessitating your prompt response.

Thank you for your kind consideration in this matter.

Sincerely,

Tom R. Gray

TRG:sk

AGREED AND ACCEPTED TO

THIS 3rd DAY OF March, 1980.

LAWBAR PRODUCTION, INC.

By
Pres



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

February 27, 1980

Mr. H. W. Parker
P.O. Box 3178
Midland, Texas 79702

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

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Thank you for your kind consideration in this matter.

Sincerely,

Tom R. Gray

TRG:sks

AGREED AND ACCEPTED TO

THIS 3 DAY OF March, 1980.

By



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

February 27, 1980

Mr. Joe M. Parsley
P.O. Box 3178
Midland, Texas 79702

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

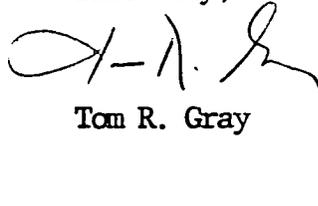
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Eddy County, New Mexico.

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Thank you for your kind consideration in this matter.

Sincerely,



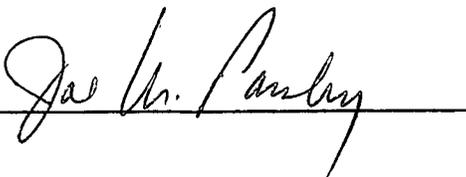
Tom R. Gray

TRG:sks

AGREED AND ACCEPTED TO

THIS 3rd DAY OF March, 1980.

By





CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

February 27, 1980

Mr. Ben S. Brooks
5 South Commerce
Dave Building
Ardmore, Oklahoma 73401

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

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Thank you for your kind consideration in this matter.

Sincerely,

Tom R. Gray

TRG:sks

AGREED AND ACCEPTED TO

THIS 4th DAY OF MARCH, 1980.

By

BEN S. BROOKS
5 SOUTH COMMERCE
ARDMORE, OKLAHOMA 73401

Tom



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

February 27, 1980

RECEIVED
AMARILLO OFFICE
LAND DEPARTMENT

MAR 06 1980

Mr. Wesley T. House
P.O. Box 3178
Midland, Texas 79702

Referred to _____
Noted _____

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

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Eddy County, New Mexico.

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Thank you for your kind consideration in this matter.

Sincerely,

Tom R. Gray

TRG:sks

AGREED AND ACCEPTED TO

THIS 3rd DAY OF March, 1980.

By Wesley T. House



CIG Exploration, Inc.

A Unit of The Coastal Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

February 27, 1980

Maralo, Inc.
4600 Post Oak Place
Suite 307
Houston, Texas 77027

Attention: Mr. John Burke

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

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Eddy County, New Mexico.

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Thank you for your kind consideration in this matter.

Sincerely,

Tom R. Gray

RECEIVED
AMARILLO OFFICE
LAND DEPARTMENT

MAR 17 1980

TRG:sks

AGREED AND ACCEPTED TO

THIS 13th DAY OF March, 1980.

MARALO, INC.

By

MARY RALPH LOWE,
Chairman of the Board
Chief Executive Officer

Referred to _____
Noted _____

MAR 3 1980

LAND DEPT



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

February 27, 1980

FEB 29 1980

RECEIVED
AMARILLO OFFICE
LAND DEPARTMENT

MAR 05 1980

Referred to _____
Noted _____

Yates Petroleum Corporation
Yates Building
207 S. 4th Street
Artesia, New Mexico 88210

Attention: Land Manager

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

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Eddy County, New Mexico.

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If you are agreeable to CIG Exploration, Inc.'s actions in this regard, please so indicate in the space provided below, and return a copy of this letter to the undersigned. The hearing for this action is scheduled for March 26, 1980, thereby necessitating your prompt response.

Thank you for your kind consideration in this matter.

Sincerely,

Tom R. Gray

TRG:sks

AGREED AND ACCEPTED TO

THIS 1st DAY OF Mar, 1980.

YATES PETROLEUM CORPORATION

By



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

February 27, 1980

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88201

Attention: Mr. George Yates

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

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Eddy County, New Mexico.

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If you are agreeable to CIG Exploration, Inc.'s actions in this regard, please so indicate in the space provided below, and return a copy of this letter to the undersigned. The hearing for this action is scheduled for March 26, 1980, thereby necessitating your prompt response.

Thank you for your kind consideration in this matter.

Sincerely,

Tom R. Gray

TRG:sks

AGREED AND ACCEPTED TO

THIS 2nd DAY OF March, 1980.

HARVEY E. YATES COMPANY

By

RECEIVED FEB 29 1980

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

Post Office Box 3580

MIDLAND, TEXAS 79702

(915) 683-4691

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOP
C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON

ERNEST R. FINNEY, JR.
J. DOUGLAS FOSTER
K. DOUGLAS PERRIN
C. RAY ALLEN
JACQUELINE W. ALLEN
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD
JOHN S. NELSON
RICHARD E. OLSON
PHILLIP T. BREWER

OF COUNSEL
CLARENCE E. HINKLE
ROBERT A. STONE

W. E. BONDURANT, JR. (1914-1973)

ROSWELL, NEW MEXICO OFFICE
600 HINKLE BUILDING
(505) 622-6510

AMARILLO, TEXAS OFFICE
1701 AMERICAN NATIONAL BANK BUILDING
(806) 372-5569

ONLY ATTYS. EATON, COFFIELD, MARTIN, BOZARTH,
BOHANNON, FINNEY, FOSTER, ALLEN, ALLEN,
BURFORD, BREWER & STONE
LICENSED IN TEXAS

March 24, 1980

Mr. Joe D. Ramey
Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: CIG Exploration - Request for
Administrative Approval of
Non-Standard Unit

Dear Joe:

On behalf of CIG Exploration, Inc. I hereby request administrative approval of a non-standard gas unit, without the necessity for notice or hearing. Please construe this letter as an application for such non-standard unit.

The unorthodox size of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Survey in that Section 1, Township 16 South, Range 28 East, is an oversized section. The additional acreage found within the section is occasioned by virtue of the fact that the top portion of Section 1 is composed of Lots 1 through 8, inclusive, rather than the normal quarter-quarter sections which comprise the north half of a section in the usual instance. Not counting the eight lots mentioned above which comprise the northern tier of tracts in Section 1, there remains in the section an additional 640 acres. Thus, CIG anticipates two "laydown" 320 acre proration spacing tracts to be dedicated to wells to be located in the southerly two-thirds of Section 1. This, however, will leave the remaining 219.6 acres in Section 1 nearly 100 acres short of the usual and normal 320 acre proration spacing acreage for a well to be located in the approximate top one-third of Section 1.

In addition to the foregoing, and in support of CIG's request for administrative approval, we submit the following:

- (a) The non-standard unit requested consists of lots which are contiguous by a common bordering side.

- (b) The non-standard unit requested lies wholly within the northernmost tier of subdivision, consisting of Lots 1 through 8, inclusive, all lying within Section 1. If a gas well is completed in this area to the horizons to which CIG contemplates drilling a well, 320 acres would be the normal unit size.
- (c) CIG has obtained and submits herewith copies of written consents in the form of waivers from all offset operators. CIG is the only operator owning or controlling interests in the section in which the non-standard unit is situated and which acreage is not included in the requested non-standard unit. Record title in all instances stands in the name of Colorado Interstate Gas Company. However, CIG Exploration, Inc. is a wholly owned subsidiary of Colorado Interstate Gas Company.
- (d) A plat showing the foregoing facts and identifying the offset operators, etc. is also enclosed for your further information and assistance in considering this application.

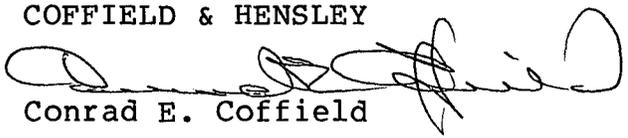
I trust that the foregoing and the enclosed waivers are all that is needed in order for you to consider the requested administrative approval. However, if anything in addition is needed, please call.

Inasmuch as CIG has a problem with respect to rig availability, etc., and desires to commence a well in the acreage in Section 1 involved in this request for administrative approval, your earliest possible consideration of this request is hereby solicited.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:rh
Enclosures
xc: CIG Exploration, Inc.
Attention: Tom Gray



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

March 24, 1980

Sabine Production Company
Suite 901
201 Wall Towers East
Midland, Texas 79701

Attention: Mr. Bernie House

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc., as Operator, has proposed the drilling of a Mississippian Formation test well in the following legal location:

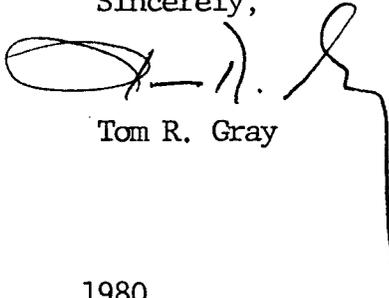
2010 feet FWL and 1000 feet FNL of Section 1, T16S-R28E,
Eddy County, New Mexico.

According to our records, you are the owner of an Oil & Gas Lease (s) off-setting this proposed test well. Therefore, CIG Exploration, Inc. hereby gives notice that due to the irregular governmental survey as well as to facilitate efficient development of this prospective area, CIG Exploration, Inc. has filed an application for a non-standard spacing unit consisting of Lots 1 through 8 of Section 1, T16S-R28E, Eddy County, New Mexico.

If you are agreeable to CIG Exploration, Inc.'s actions in this regard, please so indicate in the space provided below, and return a copy of this letter to the undersigned.

Thank you for your kind consideration in this matter.

Sincerely,



Tom R. Gray

TRG:sks

AGREED AND ACCEPTED THIS

24th DAY OF March, 1980.

SABINE PRODUCTION COMPANY

By B. L. House



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

March 25, 1980

Colorado Interstate Gas Company
Suite 300
415 W. 8th Street
Amarillo, Texas 79101

Re: Farmout Agreement
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

CIG Exploration, Inc. (CIGE) proposes to drill a 9,600 foot Mississippian test well in a drilling unit consisting of Lots 1 through 8 of Section 1, T16S-R28E, Eddy County, New Mexico.

Colorado Interstate Gas Company (CIG) is the record title owner of certain leasehold interests within said drilling unit. Therefore, CIGE requests a farmin of all your leasehold acreage in the aforementioned drilling unit on the following basis:

- A. CIGE shall commence the aforementioned test well on or before June 1, 1980, in a unit consisting of Lots 1 through 8 of said Section 1.
- B. In the event of commercial production from the above test well, CIGE will earn an assignment of all your leasehold attributable to the initial drilling unit.
- C. Said assignment will reserve unto you an overriding royalty interest equal to the difference between 25% and all the existing royalties and overriding royalties burdening this leasehold to date.
- D. You shall reserve a call on all natural gas production.

If the foregoing terms and conditions meet with your approval, please so indicate by signing in the space provided below, thus committing your interest to the same.

Thank you for your consideration of this matter.

Sincerely,

Tom R. Gray

AGREED AND ACCEPTED TO

THIS 25th DAY OF March, 1980.
COLORADO INTERSTATE GAS COMPANY

By Wayne Bug



CIG Exploration, Inc.

A Unit of Coastal States Gas Corporation
415 WEST 8TH STREET • SUITE 300
AMARILLO, TEXAS 79101 • (806) 372-8121

March 25, 1980

Colorado Interstate Gas Company
Suite 300
415 W. 8th Street
Amarillo, Texas 79101

Re: #1-1 State of New Mexico Well
Section 1, T16S-R28E,
Eddy County, New Mexico
Crow Flats Prospect 06-842

Gentlemen:

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an application for a non-standard spacing unit consisting of Lots 1 through 8
of Section 1, T16S-R28E, Eddy County, New Mexico.

If you are agreeable to CIG Exploration, Inc.'s actions in this regard,
please so indicate in the space provided below, and return a copy of this letter
to the undersigned.

Thank you for your kind consideration in this matter.

Sincerely,

Tom R. Gray

TRG:sks

AGREED AND ACCEPTED THIS

25th DAY OF March, 1980.

COLORADO INTERSTATE GAS COMPANY

By

BEFORE THE OIL CONSERVATION DIVISION
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION OF CIG EXPLORATION,)
INC. FOR AN EXCEPTION TO FIELD)
RULES, EDDY COUNTY, NEW MEXICO)

APPLICATION

CIG Exploration, Inc. hereby makes application for an exception to the field rules in connection with certain lands in Eddy County, New Mexico, and states:

1. Applicant seeks approval of a non-standard unit consisting of 219.6 acres for a well located at a standard location in Section 1, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and the following lands are to be dedicated to this well:

Township 16 South, Range 28 East, N.M.P.M.

Section 1: Lots 1, 2, 3, 4, 5, 6, 7, 8

Containing 219.6 acres, more or less.

2. Applicant seeks approval of a non-standard unit consisting of 219.92 acres for a well located a standard location in Section 2, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and the following lands are to be dedicated to this well:

Township 16 South, Range 28 East, N.M.P.M.

Section 2: Lots 1, 2, 3, 4, 5, 6, 7, 8

Containing 219.92 acres, more or less.

3. The producing intervals are expected to be in the Wolfcamp, Pennsylvanian and Mississippian formations.

4. Approval of the requested non-standard units will be in the interest of conservation, prevention of waste and protection of correlative rights.

5. Applicant requests that this matter be heard at the
March 26, 1980 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

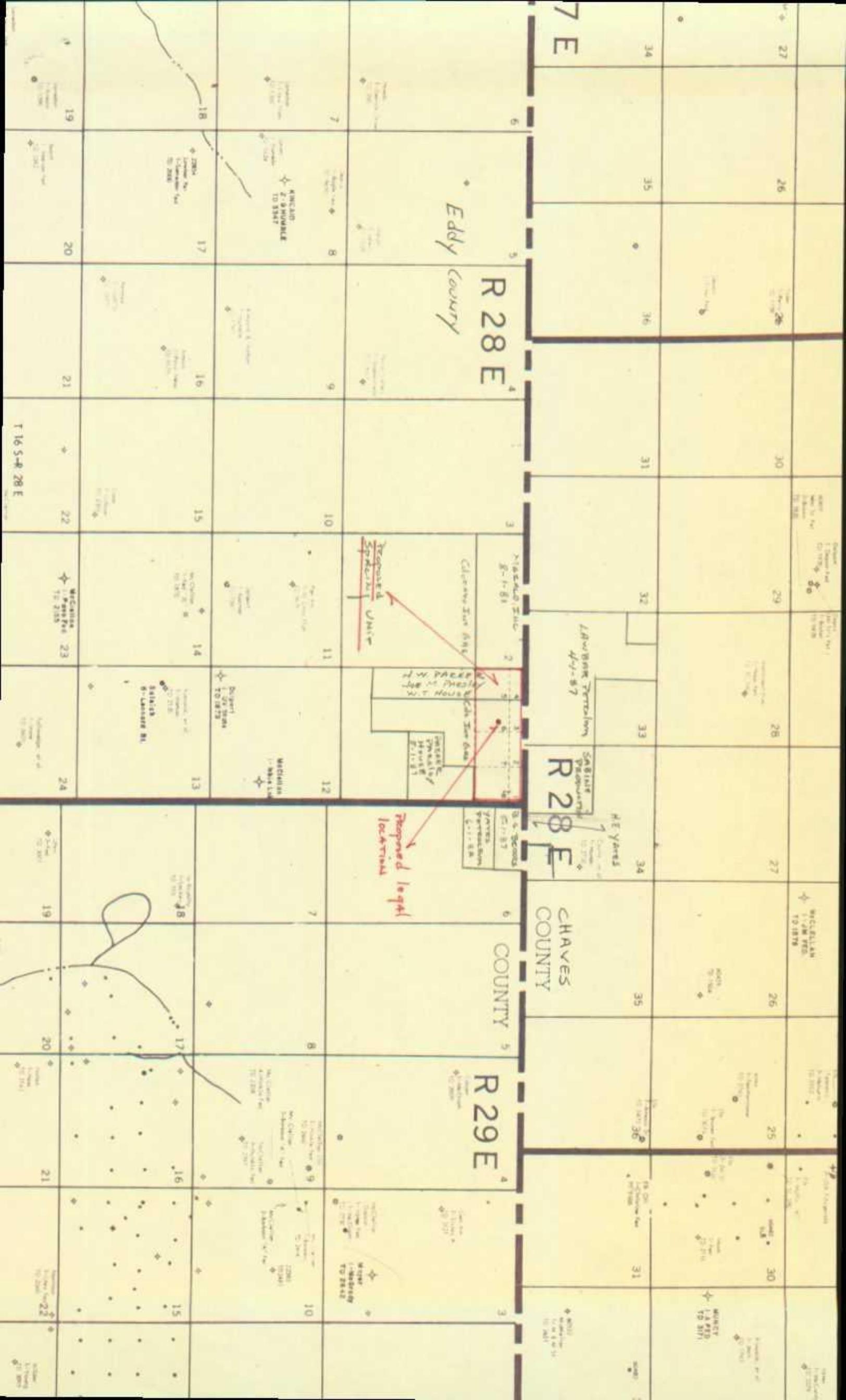
By: 

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for CIG Exploration, Inc.

Offsetting Operators to the proposed CIG Exploration, Inc. #1-1 State of
New Mexico Test Well:

1. Maralo, Inc.
4600 Post Oak Place
Suite 307
Houston, Texas 77027
Attention: Mr. John Burke
2. Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88201
Attention: Mr. George Yates
3. Yates Petroleum Corporation
Yates Building
207 S. 4th Street
Artesia, New Mexico 88210
4. Wesley T. House
P.O. Box 3178
Midland, Texas 79702
5. Ben S. Brooks
5 South Commerce
Daube Building
Ardmore, Oklahoma 73401
6. Mr. Joe M. Parsley
P.O. Box 3178
Midland, Texas 79702
7. Mr. Howard W. Parker
P.O. Box 3178
Midland, Texas 79702
8. Lawbar Petroleum, Inc.
10880 Wilshire Blvd.
Suite 2005
Los Angeles, California 90024

Attention: Mr. Lawrence E. Scott
9. Sabine Corporation
Suite 901
201 Wall Towers East
Midland, Texas 79701
Attention: Mr. Bernie House



Eddy County

R 28 E

CHAVES COUNTY

R 29 E

Proposed Special Unit

Proposed legal location

R 28 E

LABORERS TRACT

SABINE TRACT

CHAVES COUNTY

MICHIGAN TOURISM

MICHIGAN TOURISM

MICHIGAN TOURISM

MICHIGAN TOURISM

T 16 S-R 28 E

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