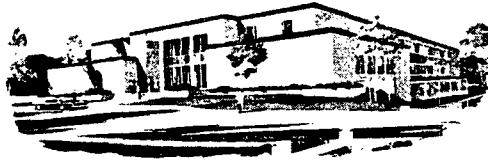


State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

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

March 17, 1983

REGISTERED, RETURN, RECEIPT, REQUESTED

Pennzoil Company
Attn: Mr. Kenneth Medlock
P. O. Drawer 1828
Midland, Texas 79702

Atlantic Richfield Company
Attn: Mr. Curt Krehbiel
P. O. Box 1610
Midland, Texas 79702

Beach Exploration, Inc.
Attn: Mr. William N. Beach
P. O. Box 3669
Midland, Texas 79702

El Paso Natural Gas Company
Attn: Mr. D. N. Canfield
P. O. Box 1492
El Paso, Texas 79948

Re: Mescalero Ridge Unit, Lea County, New Mexico
(State Oil and Gas Lease No. E-10002-3
NW $\frac{1}{4}$ - Sec. 20, T19S-R34E) and (Federal Oil and
Gas Lease NM-0141013)

Gentlemen:

In May, 1981 Beach Exploration, Inc., formerly William N. Beach, completed the Pennzoil Federal Com Well No. 1 in the Quail Ridge Morrow gas pool located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 19, T19S-R34E being under Federal Lease No. NM-0141013.

This well was originally drilled on a 320 acre proration unit consisting of the N $\frac{1}{2}$ Section 19. The E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 19 is committed to the Mescalero Ridge Unit and this same acreage is in the Morrow Participating Area of the unit.

By letter dated May 24, 1982, Beach Exploration, Inc., asked the New Mexico Oil Conservation Division for a non-standard proration unit consisting of Lots 1,2,E $\frac{1}{2}$ NW $\frac{1}{4}$,W $\frac{1}{2}$ NE $\frac{1}{4}$ Section 19, containing of 239.36 acres which non-standard proration unit administrative order NSP-1321 was issued by letter dated July 23, 1982 by the Director of the Oil Conservation Division.

In reducing the proration as outlined in the above paragraph the E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 19, being in the participating area of the Mescalero Ridge Unit, has been effectively cut off and deprived of its fair share of royalty from the

8*
Pennzoil Company
Beach Exploration, Inc.
Atlantic Richfield Company
El Paso Natural Gas Company
March 17, 1983
Page - 2 -

non-unit Pennzoil Federal Well No. 1 located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 19.

In compliance with Chap. 19-10-20 you are hereby given thirty (30) days from date of this letter to request a revocation of administrative order NSP-1321 from the Director of the Oil Conservation Division and to re-submit the Oil Conservation Division "Well location and acreage Dedication Plat", form C-102 reflecting the N $\frac{1}{2}$ Section 19 to be dedicated to this well. Please furnish copies of both the request for revocation of NSP-1321 and the new C-102 to this office and to Mr. Joe Lara, Bureau of Land Mangement, Albuquerque, New Mexico. Failure to comply with this request will subject the Mescalero Ridge Unit Agreement and State Lease No. E-10002-3, covering the NW $\frac{1}{4}$ Section 20, owned by Atlantic Richfield Co. and El Paso Natural Gas Co., to cancellation, as to the states interest, without further notice after expiration of thirty (30) days from date of this letter.

Mr. Joe Lara suggested that a Federal Communitization agreement be filed, with his agency, communitizing the unitized E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 19 with the non-unitized Lots 1,2, E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ Section 19 in order to properly distribute the royalty.

Additional steps must be taken to immediately allocate 25.05 percent of the royalty from the Pennzoil Federal Well No. 1 in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 19, T19S-R34E to the Mescalero Ridge Unit Participating Area, in order that the State of New Mexico receives its fair share from the Unit Production.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

Ray D. Graham

BY: Ray D. Graham, Director
Oil and Gas Division
AC/505-827-5744

JB/RDG/cb

March 17, 1983

Page - 3 -

cc: Karen Evans
Navajo Refining Company
P. O. Box 159
Artesia, New Mexico 88210

Barbara Wood
The Permian Corporation
P. O. Box 1183
Houston, Texas 77001

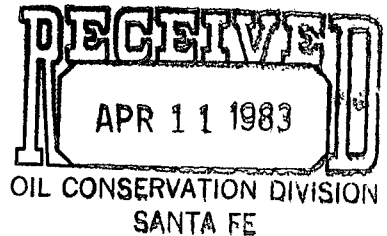
Mr. Joe Lara
Bureau of Land Management
505 Marquette Ave. N.W.
Suite 815
Albuquerque, New Mexico 87102

Mr. Tony Martinez
Oil and Gas Accounting Division
P. O. Box 2308
Santa Fe, New Mexico 87501

Mr. Joe D. Ramey
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

BEACH EXPLORATION, INC.

OIL AND GAS OPERATORS
P. O. BOX 3669
MIDLAND, TEXAS 79702



April 7, 1983

✓ Mr. Richard Stamets
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Mescalero Ridge-State Oil and Gas
Lease No. E-10002-3, NW¼ of Section
20, T-19-S, R34E and Federal Oil &
Gas Lease No. NM-0141013

Gentlemen:

Beach Exploration, Inc. formerly William N. Beach hereby requests non-standard proration unit No. NSP-1321 granted on 6-23-82 be revoked effective 4-1-83.

Enclosed herein is a replacement C-102 showing full North-Half of Section 19, T-19-S, R34E giving back to us a standard proration unit.

Sincerely,

Carl C. Beach
Carl C. Beach
Vice-President

cc: Oil Conservation Commission - Hobbs, N.M.
Commissioner of Public Lands - Mr. Ray Graham
Santa Fe, N.M. 87504

Pennzoil Company
Attn: Mr. Kenneth Medlock
P.O. Drawer 1828
Midland, Texas 79702

El Paso Natural Gas Company
Attn: Mr. D.N. Canfield
P.O. Box 1492
El Paso, Texas 79948

Atlantic Richfield Company
Attn: Mr. Kurt Krehbiel
P.O. Box 1610
Midland Texas 79702

NE EXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

RECEIVED
APR 11 1983

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

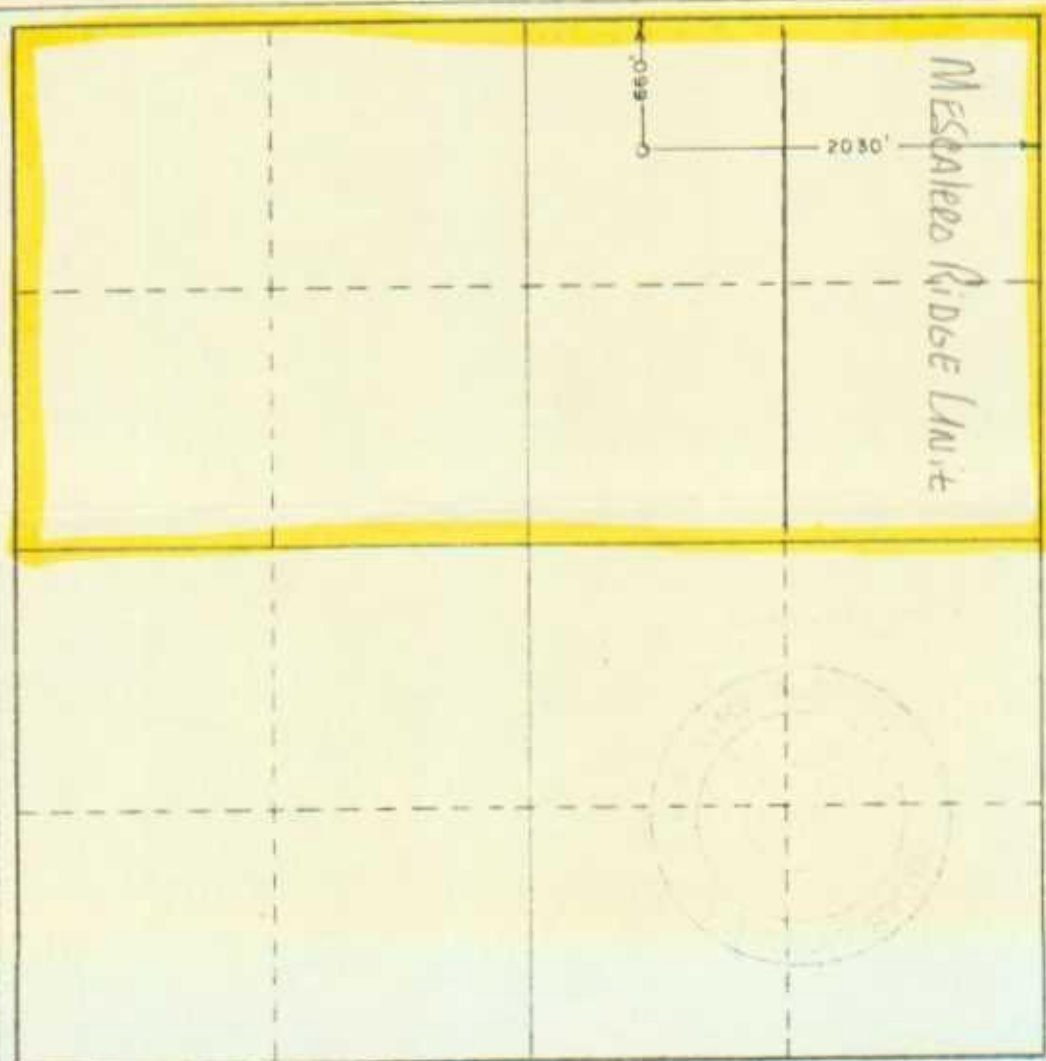
Owner WILLIAM N. BEACH		Lease PENNZOIL FEDERAL COMPANY			Oil Conservation Division SANTA FE	
Section B	Section 19	Township 19 SOUTH	Range 34 EAST	County LEA		
Actual Footage Longitude of Well: 660 feet from the NORTH line and 2030 feet from the EAST line.						
Ground Level Elev. 3705.3	Producing Formation Morrow		Pool Quail Ridge		Dedicator's Acreage 320	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 Communitized being applied for

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.

Carl C. Beach

Carl C. Beach

Agent

Beach Exploration, Inc.

April 6, 1983

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
AUGUST 7, 1980

Registered Professional Engineer
and/or Land Surveyor

Patrick A. Romero

Certificate No. **JOHN W. WEST 878**
PATRICK A. ROMERO 8863
Ronald J. Edson 3239

BEACH EXPLORATION, INC.

OIL AND GAS OPERATORS
P. O. BOX 3669
MIDLAND, TEXAS 79702

May 24, 1982

JUN 01 1982

Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe Ramey

Re: Beach Exploration, Inc.
#1 Pennzoil-Federal
Lea County, New Mexico

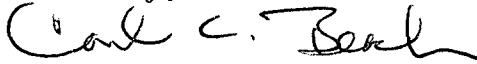
Gentlemen:

Referenced well is located 2030' FE and 660' FN line Section 19, T-19-S, Rge 34 E, Lea County, New Mexico and currently producing from the lower Morrow formation in the Quail Ridge Morrow field. Beach Exploration, Inc. requests that the OCD grant Beach an administrative approval for a non-standard proration unit of 240 acres. The proration unit would consist of the NW/4 and the W/2 NE/4 Section 19, T-19-S, Rge 34 E.

This request is made due to the existence of the Mescalero Ridge Unit in which the E/2 NE/4 is contained. Due to low deliverability of referenced well we do not feel that all interested parties in the Mescalero Ridge Unit would be agreeable to an expansion of 240 acres of this unit. It is our understanding that if approved by you that we must have a 30 day waiting period. Please let me know if I can be of any further assistance.

Your cooperation is greatly appreciated.

Sincerely,



Carl C. Beach
Landman

CCB/lw

Enclosure: platt

*Last info
in June 23*

*NSP - 1321
Rule 104 D II
7-23-82*

NE MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

JUN 01 1982

WILLIAM N. BEACH		LEASE PENNZOIL FEDERAL COM.		
Section B	Section 19	Township 19 SOUTH	Range 34 EAST	County LEA

Actual Footage Location of Well:

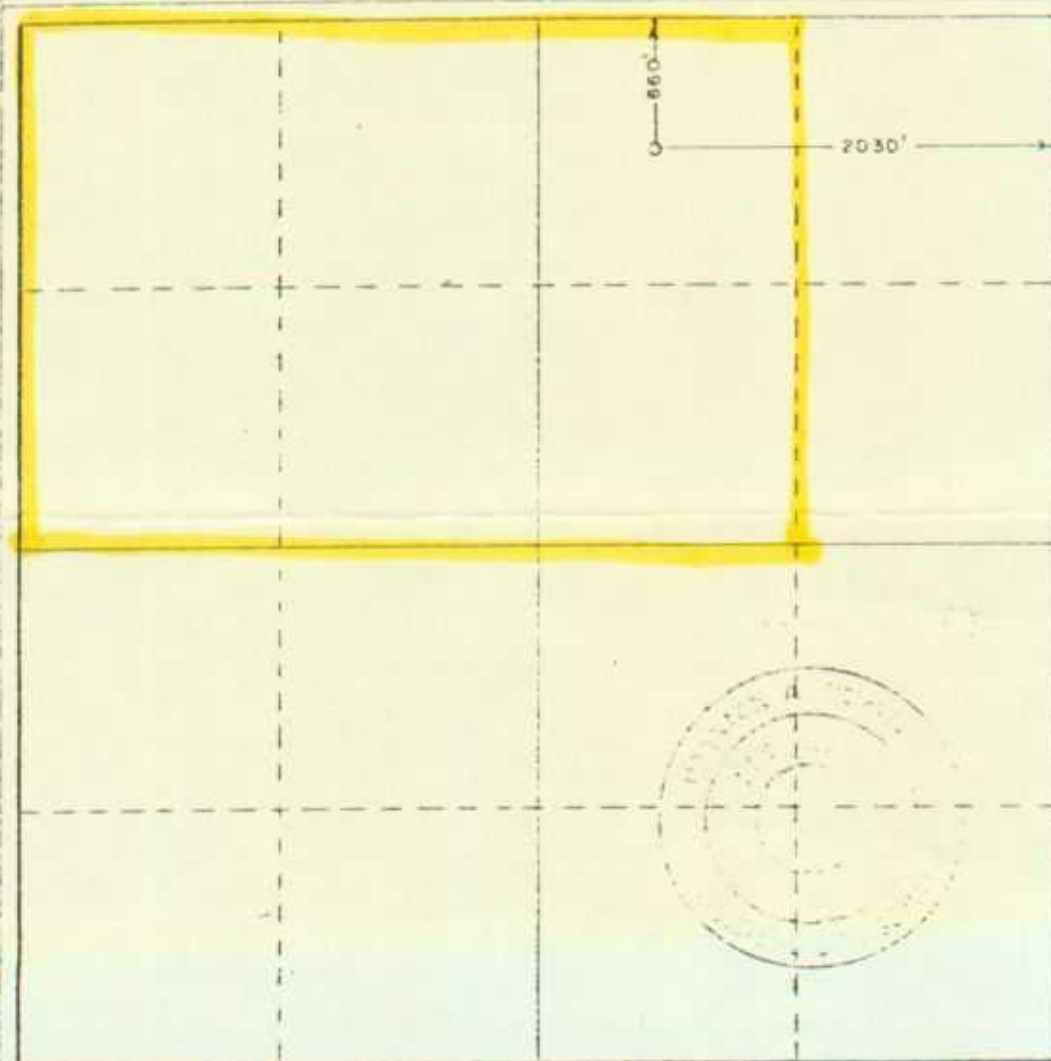
660 feet from the	NORTH line and	2030 feet from the	EAST line
Ground Level Elev. 3705.3	Producing Formation Morrow	Pool Quail Ridge (Morrow)	Dedicated Acreage 240

1. Outline the acreage dedicated to the subject well by colored pencil or hardure 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.

Carl C. Beach

Name

Carl C. Beach

Position

Clerk

Company

Beach Exploration, Inc.

Date

5/24/82

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

AUGUST 7, 1980

Registered Professional Engineer and/or Land Surveyor

Patrick A. Romero

Certificate No. JOHN W. WEST 676

PATRICK A. ROMERO 6863

Ronald J. Edison 3239



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

June 1, 1982

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

Beach Exploration Inc.
P. O. Box 3669
Midland, Texas 79702

Re: Application for Non-Standard
Proration Unit: Pennzoil Federal
Well No. 1, Sec. 19, T-19-S, R-34-E,
Lea County

We may not process the subject application for a non-standard proration unit until the required information or plats checked below (is) (are) submitted.

*

☒

A plat must be submitted clearly showing the ownership of the offsetting leases.

☒

A statement must be submitted that offset owners have been notified of the application by certified mail.

☐

A plat must be submitted identifying the requested non-standard proration unit and offsetting acreage.

☐

The pool(s) or formation(s) for which the non-standard proration unit is requested must be identified.

☐

Other:

Very truly yours,

R. L. STAMETS
Technical Support Chief

6/16/82

RLS/dr * We are in receipt of the material which you sent us on 6/9/82 in response to our letter of June 1 (reproduced here). We still do not have a plat, however, showing ownership of the offsetting leases. This is usually done by photocopying an up-to-date showing ownership of all leases in the section in which the

SPEEDIMEMO

TO <u>State of N.M. - Energy & Minerals P.O. Box 2088 - Santa Fe N.M.</u>		DEPT.-LOCATION	
FROM <u>Mr. R.L. Stamets</u>		<u>Technical Support Chief</u>	
<u>Carl Beach</u>		DEPT.-LOCATION	
SUBJECT <u>Pennzoil Federal #1 Sec. 19, T-19-S, R-34-E, Lea Co. N.M.</u>		<u>Land - Beach Exploration, Inc.</u>	
		DATE <u>6</u> / <u>9</u> / <u>82</u>	

MESSAGE

Dear Sir:

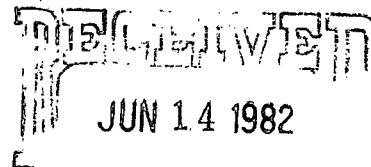
This is in reply to your letter dated June 1, 1982 for additional information on the above mentioned.

Enclosed are: 1. Plat
2. Statement notify all offset operators of our intentions.

ORIGINATOR-DO NOT WRITE BELOW THIS LINE

REPLY

SIGNED Carl Beach / Linda Wooten



DEPT.-LOCATION

SIGNED

DATE

STATE OF TEXAS

COUNTY OF MIDLAND


STATEMENT OF COMPLIANCE

CARL C. BEACH, of Beach Exploration, Inc. being first duly sworn, desposes any says:

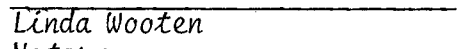
In compliances with Beach Exploration, Inc.'s request for administrative approval of a non-standard proration unit on his #1 Pennzoil - Federal, located in Section 19, T-19-S, Rge 34 E, Lea County, New Mexico, that I have notified all offset operators by certified mail of his request for this approval for non standard proration unit. Such notification was made to the following offset operators:

- 1) Arco Oil & Gas
- 2) Pennzoil Company
- 3) Union Oil of California
- 4) Belco Petroleum Company

A copy of such notice has been attached for your convience. Said notices were mailed on June 9, 1982 at Midland, Texas.


Carl C. Beach - Vice President

Subscribed and sworn before me a Notary Public on this 9th day of June, 1982
My commission expires on 5-14-82


Linda Wooten
Notary



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

June 1, 1982

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Beach Exploration Inc.
P. O. Box 3669
Midland, Texas 79702

Re: Application for Non-Standard
Proration Unit: Pennzoil Federal
Well No. 1, Sec. 19, T-19-S, R-34-E,
Lea County

We may not process the subject application for a non-standard proration unit until the required information or plats checked below (is)(are) submitted.

- ☒ A plat must be submitted clearly showing the ownership of the offsetting leases.
- ☒ A statement must be submitted that offset owners have been notified of the application by certified mail.
- ☐ A plat must be submitted identifying the requested non-standard proration unit and offsetting acreage.
- ☐ The pool(s) or formation(s) for which the non-standard proration unit is requested must be identified.
- ☐ Other:

Very truly yours,

R. L. STAMETS
Technical Support Chief

RLS/dr

BEACH EXPLORATION, INC.
OIL AND GAS OPERATORS
P. O. BOX 3669
MIDLAND, TEXAS 79702

June 8, 1982

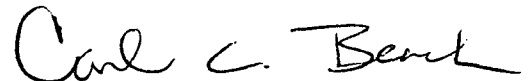
Re: Beach Exploration, Inc.
#1 Pennzoil Federal
660 FN and 2030 FE
Lines Sec. 19, T-195,
Rge. 34 E, Lea Co. New Mexico

To All Offset Operators:

Please find enclosed copy of Beach Exploration, Inc.'s request for non-standard proration unit of 240 acres for referenced well. As requested by the Oil Conservation Division, Beach is hereby notifying you of this request on referenced well. If you have any objections to said request, please notify Mr. Joe Raney's office in Santa Fe, New Mexico.

Your cooperation is greatly appreciated.

Sincerely,



Carl C. Beach
Landman

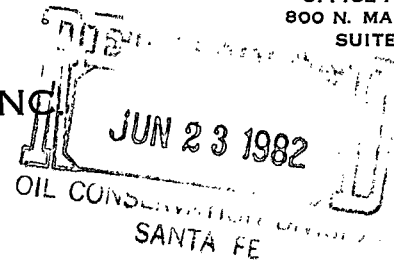
CC: Arco Oil & Gas
Belco Petroleum
Pennzoil Company
Union Oil of California

OFFICE TELEPHONE
915/683-6226

OFFICE ADDRESS
800 N. MARIENFELD
SUITE 201

BEACH EXPLORATION, INC.

OIL AND GAS OPERATORS
P. O. BOX 3669
MIDLAND, TEXAS 79702



June 18, 1982

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Dan Nutter

Re: Beach Exploration, Inc.
#1 Pennzoil - Federal
Lea County, New Mexico

Dear Mr. Nutter,

Pursuant to your request for platt and statement of compliance of notification on approval of non-standard proration unit on referenced well, please find enclosed platt and statement.

Please let me know if I can be of further assistance. Your co-operation is greatly appreciated.

Sincerely,

Carl. C. Beach

CCB/tb
Encl.

STATE OF TEXAS

COUNTY OF MIDLAND

STATEMENT OF COMPLIANCE

CARL C. BEACH, of Beach Exploration, Inc. being first duly sworn, desposes any says:

In compliances with Beach Exploration, Inc.'s request for administrative approval of a non-standard proration unit on his #1 Pennzoil - Federal, located in Section 19, T-19-S, Rge 34 E, Lea County, New Mexico, that I have notified all offset operators by certified mail of his request for this approval for non standard proration unit. Such notification was made to the following offset operators:

- 1) Arco Oil & Gas
- 2) Pennzoil Company
- 3) Union Oil of California
- 4) Belco Petroleum Company

A copy of such notice has been attached for your convience. Said notices were mailed on June 9, 1982 at Midland, Texas.

Carl C. Beach
Carl C. Beach - Vice President

Subscribed and sworn before me a Notary Public on this 9th day of June, 1982
My commission expires on 5-14-82

Linda Wooten
Linda Wooten
Notary

