

# GECKO

310 W. WALL  
SUITE 702 - LB 106  
MIDLAND, TEXAS 79701

RECEIVED  
MARCH 23 1996

(915) 686-0121

FAX: (915) 686-0134

March 20, 1996

State of New Mexico  
Oil Conservation Division  
William J. Lemay, Director  
2040 South Pacheco  
Santa Fe, New Mexico

*Handwritten:*  
NO  
COPY  
FILE  
11471

Attention: Mr. David R. Catanach, Examiner

RE: Case No. 11471  
Order No. R-10551

Gentlemen:

Pursuant to the requirements of the above referenced order, GECKO hereby submits page 2 of GECKO's First Supplemental Drilling Title Opinion for the GECKO Wilks -28- #1 well. The before mentioned page details the "Working Interest" owners as required in item (3) of the above referenced order. As fulfillment of this order, enclosed is a copy of the AFE submitted for approval to AnSon As required in item (4) of the order. AnSon Gas Corporation and Santa Fe Investment Company are offered a final opportunity to participate in the subject well on a voluntary basis. Copies of the necessary correspondence are attached. GECKO polled both parties as a result of an assignment of AnSon's interest to Santa Fe. A copy of this assignment is attached. The assignment is dated the same day the hearing producing the above referenced order. Without prejudice to the individual parties, GECKO considers the interest originally credited to AnSon to be subject to the referenced order.

This letter, with the accompanying attachments, complies with NMOCD Order R-10551. Thank you in advance for your attention to this matter.

Sincerely,

**GECKO, Inc.**



Steve L. Thomson, P.E.  
President

SLT:kw

attachments: First Supplemental Drilling Title Opinion, page 2  
AnSon Correspondence Letter  
AFE (2)  
Santa Fe Correspondence Letter  
AFE (2)  
Assignment

# GECKO

310 W. WALL  
SUITE 702 - LB 106  
MIDLAND, TEXAS 79701

(915) 686-0121

FAX: (915) 686-0114

March 19, 1996  
Certified Mail # P 329 305 815

Mr. Carl B. Anderson III  
AnSon Company  
P.O. Box 24060  
Oklahoma City, OK 73118

RE: NOTIFICATION OF ELECTION  
Compulsory Pooling  
GECKO Wilks -28- #1  
SE/4 NE/4 Section 28, T-15S, R-37E  
Lea County, New Mexico  
NMOCD Case No. 11471  
Order No. R-10551

Dear Mr. Anderson:


On behalf of GECKO, Inc. and in accordance with the terms of the New Mexico Oil Conservation Division Order R-10551, copy enclosed, I am providing you with notice of AnSon Company's right to elect to participate in the well to be drilled pursuant to this order.

AnSon Company has 5.47024 percent of the working interest ownership of the N/2 NE/4 and the SE/4 NE/4 of Section 28 as referenced above and consequently the same working interest ownership in the spacing unit for all formations from the surface to the base of the Strawn formation in this well. Should AnSon Company desire to participate in this well and avoid the payment of the 200% risk factor out of its share of production, then within thirty days of the date you receive this letter, GECKO, Inc. must receive a cashier's check of \$30,086.32 being your 5.47024% of the completed well costs and a letter signed by you agreeing to execute a standard joint operating agreement. Enclosed is a copy of the AFE for this well which is the same AFE stipulated to be reasonable at the hearing.

If you decide not to participate then you need do nothing further. In that event, GECKO, Inc. will pay your share of the costs of the well and will recover your share out of production plus an additional 200 percent.

Sincerely

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Steve Thomson, P.E.  
President

SLT:kw

Enclosure: Order R-10551  
AFE for subject well (2)

cc: Director, NMOCD - Santa Fe

W28#1004.ltr

GECKO, Inc.  
 Authorization for Expenditure  
 Jake Prospect  
 Lea County, New Mexico

GECKO Wilks -28- No. 1  
 1902' FNL and 708' FEL  
 SE/4 NE/4 Sec. 28, T15S, R37E  
 12,000' Lower Penn Test

Spud Date: Approximately June 1, 1996

<u>512-5600</u> Intangible Drilling Costs		<u>01-BCP</u>	<u>02-ACP</u>	<u>TOTAL</u>
07	Administrative Overhead	\$ 8,000	\$ 3,000	\$ 11,000
10	Engineering Services	7,000	7,000	14,000
12	Field Supervision	7,000	9,000	16,000
13	Completion Rig		24,000	24,000
14	Location and Roads		6,000	6,000
16	Geological	7,000		7,000
18	Damages	8,000		8,000
23	Rentals	10,500	7,500	18,000
29	Water	10,000		10,000
31	Water Hauling	5,000	5,000	10,000
32	Wire Line Logging	25,000	10,000	35,000
37	Casing Crews		4,000	4,000
39	Cement	22,000	15,000	37,000
40	Contingencies (at 5%)	20,420	7,500	27,920
41	Contract Labor	7,000	12,000	19,000
42	Dirt Work and Locations	20,000		20,000
44	Drill Stem Testing (1)	7,000		7,000
51	Mud Logging	8,000		8,000
52	Mud	20,000		20,000
53	Permits	5,000		5,000
56	Rig - Footage	239,400		239,400
57	Rig - Daywork	22,680	17,000	39,680
60	Roustabout		8,000	8,000
61	Stimulation		10,000	10,000
	P&A		20,000	20,000
	Subtotal	<u>\$459,000</u>	<u>\$165,000</u>	<u>\$624,000</u>

<u>510-5500</u> Tangible Drilling Costs		<u>01-BCP</u>	<u>02-ACP</u>	<u>TOTAL</u>
03	Tangible Equipment	\$ 3,500	\$ 9,000	\$ 12,500
06	Wellhead	4,000	4,000	8,000
34	Casing - Surface	11,000		11,000
35	Casing - Intermediate	70,000		70,000
36	Casing - Completion		73,000	73,000
40	Contingencies (at 5%)	2,500	4,500	7,000
43	Downhole		5,500	5,500
45	Electrical		6,000	6,000
47	Flowlines & Surface Equipment		20,000	20,000
54	Production Tubing		39,000	39,000
55	Pumping Units			
59	Rods			
62	Subsurface Equipment		1,000	1,000
63	Surface Equipment		13,000	13,000
	Subtotal	<u>\$ 91,000</u>	<u>\$175,000</u>	<u>\$266,000</u>
	<b>TOTAL AFE</b>	<u><b>\$550,000</b></u>	<u><b>\$340,000</b></u>	<u><b>\$890,000</b></u>

**APPROVALS:**

GECKO, Inc.

Non-Operator: AnSon Company

BY: 

BY: \_\_\_\_\_

Title: President

Title: \_\_\_\_\_

Date: March 19, 1996

Date: \_\_\_\_\_

WI: 5.47025% Cost Interest: 5.47025%

Approve: \_\_\_\_\_ Nonconsent: \_\_\_\_\_

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(915) 686-0121

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Certified Mail # P 329 305 816

Santa Fe Investment Company  
3814 North Santa Fe  
Oklahoma City, OK 73118

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Order No. R-10551

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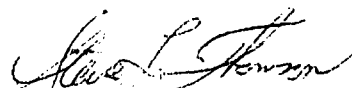
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Steve Thomson, P.E.  
President

SLT:kw

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AFE for subject well (2)

cc: Director, NMOCD - Santa Fe

W28#100-1.ltr

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**APPROVALS:**

GECKO, Inc.

Non-Operator: Santa Fe Investment Co.

BY: *Steve L. Johnson*

BY: \_\_\_\_\_

Title: President

Title: \_\_\_\_\_

Date: March 19, 1996

Date: \_\_\_\_\_

WI: 5.47025% Cost Interest: 5.47025%

Approve: \_\_\_\_\_ Nonconsent: \_\_\_\_\_

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Title: President

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WT: 5.47025% Cost Interest: 5.47025%

Approve: \_\_\_\_\_ Nonconsent: \_\_\_\_\_

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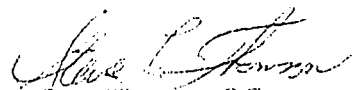
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Title: President

Title: \_\_\_\_\_

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10	Engineering Services	7,000	7,000	14,000
12	Field Supervision	7,000	9,000	16,000
13	Completion Rig		24,000	24,000
14	Location and Roads		6,000	6,000
16	Geological	7,000		7,000
18	Damages	8,000		8,000
23	Rentals	10,500	7,500	18,000
29	Water	10,000		10,000
31	Water Hauling	5,000	5,000	10,000
32	Wire Line Logging	25,000	10,000	35,000
37	Casing Crews		4,000	4,000
39	Cement	22,000	15,000	37,000
40	Contingencies (at 5%)	20,420	7,500	27,920
41	Contract Labor	7,000	12,000	19,000
42	Dirt Work and Locations	20,000		20,000
44	Drill Stem Testing (1)	7,000		7,000
51	Mud Logging	8,000		8,000
52	Mud	20,000		20,000
53	Permits	5,000		5,000
56	Rig - Footage	239,400		239,400
57	Rig - Daywork	22,680	17,000	39,680
60	Roustabout		8,000	8,000
61	Stimulation		10,000	10,000
	P&A		20,000	20,000
	Subtotal	<u>\$459,000</u>	<u>\$165,000</u>	<u>\$624,000</u>

<u>510-5500 Tangible Drilling Costs</u>		<u>01-BCP</u>	<u>02-ACP</u>	<u>TOTAL</u>
03	Tangible Equipment	\$ 3,500	\$ 9,000	\$ 12,500
06	Wellhead	4,000	4,000	8,000
34	Casing - Surface	11,000		11,000
35	Casing - Intermediate	70,000		70,000
36	Casing - Completion		73,000	73,000
40	Contingencies (at 5%)	2,500	4,500	7,000
43	Downhole		5,500	5,500
45	Electrical		6,000	6,000
47	Flowlines & Surface Equipment		20,000	20,000
54	Production Tubing		39,000	39,000
55	Pumping Units			
59	Rods			
62	Subsurface Equipment		1,000	1,000
63	Surface Equipment		13,000	13,000
	Subtotal	<u>\$ 91,000</u>	<u>\$175,000</u>	<u>\$266,000</u>
	<b>TOTAL AFE</b>	<u><b>\$550,000</b></u>	<u><b>\$340,000</b></u>	<u><b>\$890,000</b></u>

**APPROVALS:**

GECKO, Inc. Non-Operator: Santa Fe Investment Co.

BY: \_\_\_\_\_ BY: \_\_\_\_\_

Title: President Title: \_\_\_\_\_

Date: March 19, 1996 Date: \_\_\_\_\_

WT: 5.47025% Cost Interest: 5.47025%

Approve: \_\_\_\_\_ Nonconsent: \_\_\_\_\_

**COPY**

ASSIGNMENT

KNOW ALL PERSONS BY THESE PRESENTS:

THAT ANSON GAS CORPORATION, P. O. Box 24060, Oklahoma City, OK 73124, hereinafter referred to as Assignor, for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, subject to the limitations and reservations hereinafter set forth or as set forth on the attached Exhibits, does hereby convey and assign unto SANTA FE INVESTMENT COMPANY, 3814 North Santa Fe, Oklahoma City, OK 73118, hereinafter referred to as Assignee, an undivided ONE-HUNDRED PERCENT (100%) working interest in and to the oil and gas leases described on the Exhibit A attached hereto and made a part hereof AND an undivided THIRTY-THREE AND ONE-THIRD PERCENT (33.333333%) working interest in and to the oil and gas lease described on the Exhibit B attached hereto and made a part hereof, together with the rights incident thereto and a proportionate part of the personal property thereon, used or obtained in connection therewith.

The interest herein assigned to Assignee is made subject to the terms of the oil and gas leases described on Exhibits A and B, and made subject to the terms of all instruments of record as of the execution date of this assignment through which or subject to which Assignor acquired or owns its interest. Assignee shall bear its proportionate part of all royalty, overriding royalty or other burdens existing of record as of the execution date of this assignment.

This assignment is made without warranty of any kind, express or implied and shall be binding upon and will inure to the benefit of Assignor and Assignee and their respective heirs, personal representatives, successors, and/or assigns.

Executed this 22nd day of February, 1996.

ANSON GAS CORPORATION

By:

*Carl B. Anderson III*

*RAZ*

Carl B. Anderson III  
President

STATE OF OKLAHOMA )  
COUNTY OF OKLAHOMA )

On this 22nd day of February, 1996, the foregoing instrument was acknowledged before me by Carl B. Anderson III as President of ANSON GAS CORPORATION, an Oklahoma corporation, on behalf of the corporation.

January 21, 1998  
Commission Expiration Date

Sarah L. Lumen  
Notary Public

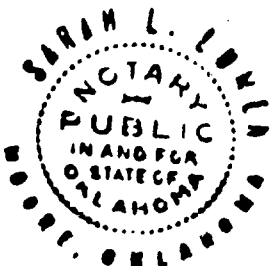


EXHIBIT A

FILE. LEASE NAME.....	LSE DATE ST COUNTY.....	TWP RNG..	SEC DESCRIPTION.....	BOOK.	PAGE.
03595 12586 O'BRIEN , GEORGE M	06/06/94 NM LEA	15S 37E	28 INSOFAR ONLY AS TO THE SE/4 NE/4	501	93
03595 12621 ECKELS , ROBERT FAMILY TRUST	06/24/94 NM LEA	15S 37E	28 INSOFAR ONLY AS TO THE SE/4 NE/4	502	181
03595 12745 CITADEL OIL AND GAS CORP	06/24/94 NM LEA	15S 37E	28 INSOFAR ONLY AS TO THE SE/4 NE/4	503	581
03595 12746 AGEL , RONALD C	06/24/94 NM LEA	15S 37E	28 INSOFAR ONLY AS TO THE SE/4 NE/4	503	573
03595 12747 MW OIL INVESTMENT COMPANY INC	06/24/94 NM LEA	15S 37E	28 INSOFAR ONLY AS TO THE SE/4 NE/4	503	598

5 records listed

END OF EXHIBIT A

ANSON GAS CORPORATION TO SANTA FE INVESTMENT COMPANY  
P2358 DEAN EXTENSION PROSPECT

PAGE 2  
FILE 03595

88284

EXHIBIT B	FILE. LEASE NAME.....	LSE DATE ST COUNTY.....	TWP RNG... SEC DESCRIPTION.....	BOOK. PAGE.
	03595 12655 VANDENBERGH, RICHARD L	06/24/94 NM LEA	15S 37E 28 INSOPAR ONLY AS TO THE SE/4 NE/4	502 780

1 record listed

END OF EXHIBIT B

STATE OF NEW MEXICO  
 COUNTY OF LEA  
 FILED  
 FEB 29 1996  
 at 12:22 o'clock  
 and recorded in Book 40  
 Page 40  
 Pat Chappelle, Lea County Clerk  
 By [Signature] Deputy



ANSON GAS CORPORATION TO SANTA FE INVESTMENT COMPANY      PAGE 3  
 P2358 DEAN EXTENSION PROSPECT      FILE 03595

Tenneco Gas Production Corporation		
(Lease No. 1) . . . . .	1.14583%	of 5/6 WI*
(Lease Nos. 2-5, 7-10, 12-16) . . . . .	20.05208%	of 13/16 WI*
(Lease Nos. 6, 11, 17-25, 32, 33) . . . . .	4.22485%	of 3/4 WI
TMBR/Sharp Drilling, Inc.		
(Lease No. 1) . . . . .	0.75%	of 5/6 WI*
(Lease Nos. 2-5, 7-10, 12-16) . . . . .	13.125%	of 13/16 WI*
(Lease Nos. 6, 11, 17-25, 32, 33) . . . . .	2.76536%	of 3/4 WI
F. Howard Walsh, Jr.		
(Lease No. 1) . . . . .	0.75%	of 5/6 WI*
(Lease Nos. 2-5, 7-10, 12-16) . . . . .	13.125%	of 13/16 WI*
(Lease Nos. 6, 11, 17-25, 32, 33) . . . . .	2.76536%	of 3/4 WI
Rachel Lyman, a widow		
(Lease No. 1) . . . . .	0.375%	of 5/6 WI*
(Lease Nos. 2-5, 7-10, 12-16) . . . . .	6.5625%	of 13/16 WI*
(Lease Nos. 6, 11, 17-25, 32, 33) . . . . .	1.38268%	of 3/4 WI
Anson Gas Corporation		
(Lease Nos. 26-31) . . . . .	5.47024%	of 3/4 WI
UNLEASED . . . . .	2.08333%	UMI

\* These interests are subject to an overriding royalty interest equal to 2.11023% of production from captioned land, owned by Rumson Royalty Company, L.L.C., with each party's percentage share of said burden set forth below:

Benny M. Barton, as his separate property	63.91419%
Tenneco Gas Production Corporation	13.68767%
TMBR/Sharp Drilling, Inc.	8.95926%
F. Howard Walsh, Jr.	8.95925%
Rachel Lyman, a widow	4.47963%

We have set forth below the share of costs of operations attributable to the interest of the owners of the Leasehold Estate in captioned land under the heading "Working Interest" and the net interest in production attributable to the interest of the owners of the Leasehold Estate in captioned land under the heading "Net Revenue Interest":

	<u>Working Interest</u>	<u>Net Revenue Interest</u>
Benny M. Barton, as his separate property	25.42277%	19.06708%
Tenneco Gas Production Corporation	25.42276%	20.12697%
TMBR/Sharp Drilling, Inc.	16.64036%	13.17402%
F. Howard Walsh, Jr.	16.64036%	13.17402%
Rachel Lyman, a widow	8.32018%	6.58701%
Anson Gas Corporation	5.47024%	4.10268%
UNLEASED	2.08333%	2.08333%