

CASE 7425: H. L. BROWN, JR. FOR COM-
PULSORY POOLING AND AN UNORTHODOX LOCA-
TION, LEA COUNTY, NEW MEXICO

Hanayon
does not want order
to commit to 2nd well
is 400 high.
does not have a
recommendation.

Wells: 200%
"fair & reasonable"
in situ OR
other forms,
the well is
greater

Walker:
3700/mo dry
495/mo prod
2nd well 120 days
glu compl 8
first well

Flare
give Taw
about 65 marked
to mail out to
postcard

DOCKET MAILED

Date 11/6/81
11/20/81

amend app to
base of stream
rather than base
of Penn

CASE NO.

7425

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

H. L. BROWN, JR.
PARAGON TOWER, SUITE 412
600 N. MARIENFELD
POST OFFICE BOX 2237
MIDLAND, TEXAS 79702
915 683-5216

~~OIL CONSERVATION DIVISION~~

DEC 9 1982

December 2, 1982

Re: West Garrett #2 (#342)
H. L. Brown, Jr. #1 M.
Wright Trust
Lea County, New Mexico

To All Working Interest Owners:

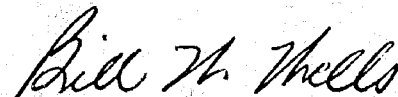
The H. L. Brown, Jr. #1 M. Wright Trust was spudded on October 14, 1982. Drilling proceeded until November 8 when at a depth of 10,112' a DST was conducted. While drilling the section from 10,048-50 we had a good two foot drilling break with a 1300 unit gas increase. Then at 10,088-98 there was a good drilling break with a 1000+ unit gas kick. During the drilling of this section of formation we also began to have a serious drilling fluid loss situation. This condition persisted throughout the rest of the drilling of the well. On the DST from 10,040-19,112 we recovered 9745' of drilling mud and sulphur water with a slight oil cut noted in about 270' of the recovery. The electric log through this section indicates three different scattered thin zones (2'±) with very good porosity. The DST effectively condemned these zones for hydrocarbon production.

Top of the Strawn formation was encountered at 11,438' (-7649). This datum is 128' low to the Mesa #8 W. Knowles Unit, the diagonal south-west offset. It is also about 90' low to where we expected it. The #8 West Knowles Unit had an overall productive porosity section of 58' with porosities ranging from 6% to 16%. The #1 M. Wright had in the correlative section about 22' with 3% to 5% porosity. No shows of any kind were found in this zone.

The #1 M. Wright Trust was plugged and abandoned on Nov. 18, 1982.

The drilling of this dry hole would seem to have effectively condemned all the acreage in this prospect. However, the C&K Petroleum #2 Shipp "27" is currently drilling as a west offset to the #1 M. Wright Trust. We will check the progress of this well and if the information from it changes our opinion as to the prospects for the West Garrett #2 acreage we will inform you.

BW:mh


Bill W. Wells, Geologist

H. L. BROWN, JR.
PARAGON TOWER, SUITE 412
600 N. MARIENFELD
POST OFFICE BOX 2237
MIDLAND, TEXAS 79702
915 683-5216

OIL CONSERVATION DIVISION

DEC 9 1982

December 3, 1982

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: S/2 Section 26-16S - 37E
Lea County, New Mexico
State of New Mexico
Order No. R-6945
Case No. 7425
April 14, 1982
HLBJr Ls #342-1583

Gentlemen:

As evidenced by the enclosed letter to the Working Interest Owners, our M. Wright Trust #1 Well in Lea County has been plugged and abandoned.

All the necessary forms have been filed; however, in view of the nearby activity, we wish to retain our rights as set out in the above order.

Very truly yours,

H. L. BROWN, JR.

by:

James H. Shaw

JHS:tg

H. L. BROWN, JR.
PARAGON TOWER, SUITE 412
600 N. MARIENFELD
POST OFFICE BOX 2237
MIDLAND, TEXAS 79702
915 683-5216

OIL CONSERVATION DIVISION
DEC 9 1982

December 3, 1982

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Letter
File
OK

RE: S/2 Section 26-16S-37E
Lea County, New Mexico
State of New Mexico
Order No. R-6945
Case No. 7425
April 14, 1982
HLBJr Ls #342-1583

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Very truly yours,

H. L. BROWN, JR.

by. 

James H. Shaw

JHS:tg



BRUCE KING
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

September 22, 1982

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

Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico 87501

Case 7425

Re: H. L. Brown, Jr.
Compulsory Pooling
Order No. R-6945

Dear Mr. Kellahin:

The commencement date for drilling Mr. Brown's well authorized under the provisions of Order No. R-6945 is hereby extended to October 20, 1982.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

KELLAHIN AND KELLAHIN

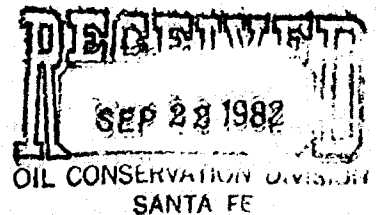
Attorneys at Law
El Patio, 117 Guadalupe
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone (505) 982-4285

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey
James B. Grant

September 21, 1982

Mr. Joe D. Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, N. M. 87501



Re: H. L. Brown Jr.
Compulsory Pooling
Division Order R-6945
Case 7425

Dear Mr. Ramey:

Our firm represents Mr. H. L. Brown Jr. in the above referenced Division Case which resulted in Pooling Order R-6945.

On July 9, 1982, I requested an extension of the commented date for drilling from August 1, 1982 to October 1, 1982. That request was granted by your letter dated July 14, 1982.

Mr. Brown has informed me that he has about completed all of the documentation necessary to maximize the voluntary participation of the potential non-consenting parties.

However, in order to schedule a rig, build the location and arrange his financing for drilling, Mr. Brown requests one last extension of the drilling commencement date under this order to October 20, 1982.

Very truly yours,

KELLAHIN & KELLAHIN

W. Thomas Kellahin

WTK:mm

cc: Mr. Jim Shaw (H. L. Brown Jr.)



BRUCE KING
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 14, 1982

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

Case 7425

Kellahin & Kellahin
Attorneys at Law
P. O. Box 1769
Santa Fe, New Mexico 87501

Gentlemen:

The time for commencing a well under Division Order No. R-6945 is extended to October 1, 1982. It is my understanding that this extension is necessary in order to contact some sixty-eight working interest owners in the drilling unit.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

500561-100000
JUL 13 1982

Telephone 982-4285
Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

July 9, 1982

Mr. Joe D. Ramey
OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: H. L. Brown, Jr.
Compulsory Pooling
Division Order R-6945
Case 7425

Dear Mr. Ramey:

Our firm represented Mr. H. L. Brown, Jr., in the above referenced Division case which resulted in Pooling Order R-6945. That order provided for a commencement of drilling of the first well not later than August 1, 1982.

This case involved the pooling of some sixty-eight different individuals or companies, including some nine operators active in New Mexico. Several of those operators have indicated a willingness to participate in the well but are still negotiating over the form of Operating Agreement. You may recall that the pooling involves the possibility of different sized proration units depending upon the particular formation that ultimately produces.

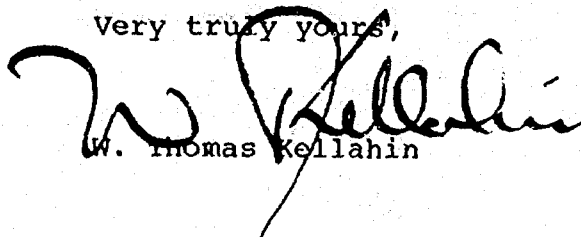
At present, there is a significant percentage of non-consenting parties that may either lease or join thereby reducing the economic risk to H. L. Brown as operator. However, an additional sixty days time is necessary in order to complete the operating agreements, obtain signatures and obtain leases from potential non-consenting parties.

Accordingly, on behalf of H. L. Brown, we respectfully request that the commencement date be amended from August 1, 1982, to October 1, 1982.

Mr. Joe D. Ramey
OIL CONSERVATION DIVISION
July 9, 1982
Page Two

A copy of this request is being mailed to Mr. Hugh Hanagan, the only non-consenting party to appear at the hearing.

Very truly yours,



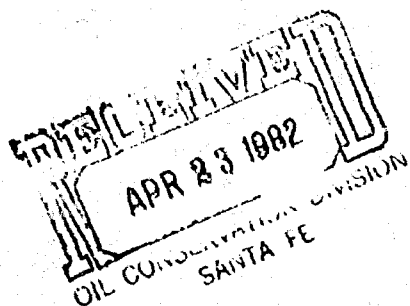
W. Thomas Kellahin

WTK/rb

cc: Mr. Hanagan,
Hanagan & Hanagan
Mr. Jim Shaw,
H. L. Brown, Jr.

H. L. BROWN, JR.
323 WEST MISSOURI
POST OFFICE BOX 2237
MIDLAND, TEXAS 79701
915 683-5216

April 19, 1982



Re: West Garrett #2 (#342)
Lea Co., New Mexico

Dear Interest Owner:

H. L. Brown, Jr. has obtained a compulsory pooling order from the New Mexico Oil Conservation Division in Case #7425. The order is #R-6945, entered April 14, 1982, a copy of which is enclosed.

In accordance with that order we are providing all non-consenting working interest owners in the S/2 of Section 26, T-16-S, R-37-E, Lea County, New Mexico a copy of an itemized schedule of estimated well costs for the well we propose to drill.

This well will be located at a standard location within 150' of the center of the SW/4 SW/4 Section 26. The primary objective of the well will be the Knowles-Drinkard pool and the Casey-Strawn pool, both 80-acre oil pools. If this well is, in fact, an oil well from one or both of those pools, then we will dedicate the S/2 SW/4 of Section 26 to the well. No other acreage will participate in the well and we will refund any sums paid by interest owners outside that proration and spacing unit.

In the event this is a Wolfcamp or Pennsylvanian gas well, excluding the Atoka and Morrow zones, then we will dedicate the S/2 of Section 26 to the well and those interests in the SE/4 which have elected to participate will do so.

Accordingly, in accordance with Order #R-6945 you have 30 days from the date of your receipt of this letter to pay your share of the estimated well costs for this well. In the event you fail to do so, then H. L. Brown, Jr. will pay your share of those costs and in the event of production will repay himself out of production your share of the actual costs plus the 200% penalty.

If you have any questions, please call me.

Very truly yours,

H. L. Brown, Jr.

HLB:mh

cc: New Mexico Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
2 December 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of H. L. Brown, Jr.,
for compulsory pooling and an unorthodox location, Lea County, New Mexico.

CASE
7425

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

A P P E A R A N C E S

For Hanagan Petroleum:

Owen Lopez, Esq.
MONTGOMERY AND ANDREWS
Paseo de Peralta
Santa Fe, New Mexico 87501

I N D E X

WEBB WALKER

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BILL W. WELLS

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HUGH HANAGAN

| | |
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1
2 MR. NUTTER: Call next Case Number 7425.

3 MR. PEARCE: Application of H. L. Brown,
4 Jr., for compulsory pooling and an unorthodox location, Lea
5 County, New Mexico.

6 MR. KELLAHIN: I'm Tom Kellahin of Santa
7 Fe, New Mexico, appearing on behalf of the applicant, and I
8 have two witnesses.

9
10 (Witnesses sworn.)

11
12 MR. LOPEZ: Mr. Examiner, my name is
13 Owen Lopez, with the law firm of Montgomery and Andrews in
14 Santa Fe, New Mexico, appearing on behalf of Hanagan Petroleum
15 Company, and we have one witness to be sworn, as well.

16
17 (Witness sworn.)

18
19 MR. KELLAHIN: If the Examiner please,
20 if I may make a few opening comments so maybe we can all
21 understand what we're trying to do.

22 The second amended application is our
23 latest effort to present to you a pooling case that poten-
24 tially involves or affects more than 65 individuals with
25 interests underlying the south half of Section 26.

1
2 H. L. Brown proposes to drill a well,
3 first of all, in the south half of the southwest quarter,
4 which is the area shaded in blue on Exhibit Number One, and
5 that well will be drilled to the base of the Strawn formation.
6 The principal objectives would be a Drinkard test and a Strawn
7 test, but there is a potential, perhaps, for gas production
8 in some other horizon.

9 For example, if they should be fortunate
10 enough to encounter Wolfcamp production, then they would need
11 a south half proration unit of 320 acres.

12 The application has requested pooling to
13 the base of the Pennsylvanian formation and we would amend it
14 at this time to delete the Morrow and anything below, which
15 would be the Morrow and the Atoka, and we'll pool down to the
16 base of the Strawn.

17 The interests underlying the first 80-
18 acre tract are presented to you in this way because for the
19 Casey Strawn Pool and the West Knowles Drinkard Pool, both
20 of those pools, which are the two primary objectives, are
21 spaced on 80 acres. Well locations for those pools require
22 wells to be located within 150 feet of the center of a quarter
23 section, and for one of those locations it would be an unor-
24 thodox location, I believe, the second well.

25 So depending upon where production is

1
2 eventually obtained, if at all, then the individuals that are
3 to be pooled, not only will their interest in the well change,
4 but they may be omitted or included in the proration unit.

5 So at some point after we have production,
6 then a Division order and new notices are going to be fur-
7 hished to these people so that they'll know what their in-
8 terests are. That's about the only way we can figure to do
9 it.

10 But in order to give as broad a notice
11 as possible to anyone that potentially is affected, we have
12 made an effort to contact and notify anyone that had an un-
13 leased interest in the south half of the proration unit.

14 All right, sir.

15 MR. NUTTER: All right, then a pooling
16 order would be from the top of the San Andres to the base
17 of the Strawn?

18 MR. KELLAHIN: Yes, sir, that's all we
19 have planned to drill to.

20 MR. NUTTER: Okay, so it would be amended
21 to eliminate the portion that says to the base of the Penn-
22 sylvanian. It would be to the base of the Strawn instead.

23 MR. KELLAHIN: That's correct. We'll
24 delete the Atoka and the Morrow.

25 MR. NUTTER: Okay, so the legal notice

1
2 is broader than the aspect that you're seeking, so we would
3 narrow the scope by amending the application for this hearing.

4 MR. KELLAHIN: Yes, sir, I don't believe
5 there's a need for further notice in that.

6 MR. NUTTER: Not if we're narrowing rather
7 than broadening the scope.

8 You may proceed, Mr. Kellahin.

9 MR. KELLAHIN: All right, sir.

10 My first witness is a petroleum landman
11 and will devote his testimony to the title problems with re-
12 gards to this acreage, Mr. Nutter.

13
14 WEBB WALKER

15 being called as a witness and being duly sworn upon his oath,
16 testified as follows, to-wit:

17
18 DIRECT EXAMINATION

19 BY MR. KELLAHIN:

20 Q Mr. Webb, for the record would you please
21 state your --

22 A Walker.

23 Q I'm sorry, Walker, would you please
24 state your name and occupation?

25 A Webb Walker, Junior. I'm employed by

1
2 H. L. Brown, Junior, in his land department.

3 Q Mr. Walker, have you previously testified
4 before the Division as a petroleum landman?

5 A No, sir.

6 Q Would you give Mr. Nutter the benefit of
7 summarizing your education and work experience as a petroleum
8 landman?

9 A Well, I'm -- have a law degree from the
10 University of Texas. I have a BA degree. I've been in the
11 land business. Shortly after graduation from school I went
12 to work for W. A. Moncrief; worked for him for about seven or
13 eight years. Was on my own as an independent landman up until
14 about eight or nine years -- eight years ago, before I went
15 to work for Mr. H. L. Brown, Junior.

16 Q And pursuant to your employment by Mr.
17 Brown, have you made a study of the oil and gas land title
18 matters with regards to this application?

19 A Yes, I have.

20 MR. KELLAHIN: We tender Mr. Walker as
21 an expert petroleum landman.

22 MR. NUTTER: He is qualified.

23 Q Mr. Walker, let me direct your attention
24 to what we've marked as Applicant Exhibit Number One, and
25 have you identify that exhibit for me.

1
2 A Well, it's a map showing the south half
3 of Section 26, 16, 17, in Lea County, which we wish to pool
4 the --

5 MR. NUTTER: 16, 37.

6 A 16, 37, pardon me, sir, 16, 37, where we
7 wish to pool the unleased mineral interests in that half sec-
8 tion. I mean there's so many very small mineral interests
9 in there it's the only way we can do it. We can't find them.

10 Q All right, sir. Perhaps as way of sum-
11 mary, Mr. Walker, you would indicate to the Examiner, what
12 happened to the oil and gas minerals in this particular area
13 to cause there to be so many of these very tiny, unleased oil
14 and gas interest owners?

15 A Well, there was a gentleman named Harry
16 Wright, as I recall, I think his first name was Harry Wright,
17 bought mineral interest in this half a section and formed what
18 he called the Lucky Wright Syndicate, and it was sold all
19 over the State of Iowa and across the midwest in as small an
20 interests as 1/64th of 1 percent of 320 acres.

21 MR. NUTTER: When was this he was oper-
22 ating?

23 A Well, this was back in the forties.
24 And it was under this syndicate, as I
25 understand it from Mrs. Wright, who stills lives up in Farmington,

1
2 that about a year ago this syndicate dissolved, and these
3 interests became vested. Up until that time she had the power
4 under the syndicate to exercise or give leases on these minute
5 interests.

6 Well, when they vested, you got to find
7 them.

8 Q All right, sir, in regards to locating
9 these owners of minerals, what efforts have you made or have
10 been made in general by Mr. Brown?

11 A Well, we, of course, used the county
12 records, if we could, and the indices of the abstract com-
13 panies there, to try to find these people. We searched old
14 telephone directories. We made phone calls. We would find
15 maybe one of these people; we would then start asking if they
16 knew, reading down the list, if they knew them. We took ads
17 in two newspapers and ran them for over a week at a time in
18 the State of Iowa, where the majority of these very minute
19 interests are, asking any of them, anybody that knew somebody
20 that owned an interest in this particular half section to
21 please come forward, let us know, and we heard from people
22 who said no, but we own minerals in Roosevelt County. We'd
23 be interested in letting you have those, if you want them.

24 MR. NUTTER: You'd better get them before
25 they become vested.

1

2

A. Yes, sir, that's true.

3

Q. Mr. Walker, I'm going to show you what

4

we've marked as Applicant Exhibit Number Two.

5

A. All right, sir.

6

Q. And have you identify that for us.

7

A. This is a letter written by Mr. Brown to

8

all the various unleased mineral interests as of the 25th of

9

September, 1981, advising them what we proposed to do, or what

10

he proposed to do, and offering to buy a lease from them or

11

they were welcome to join us in the drilling of the well, and

12

this letter, with the four exhibits attached thereto, were

13

mailed to all the unleased mineral interests as of that date,

14

with return receipt requested.

15

Q. All right, sir.

16

MR. KELLAHIN: If the Examiner please,

17

Exhibit Number Three is a reproduction of the return receipt

18

cards for the mailing of the application for hearing before

19

the Division. It doesn't represent all the mailings to all

20

these people but it was our effort to notify these people of

21

the application before the Division and our pending hearing.

22

And that's what's represented in Exhibit

23

Number Three.

24

MR. NUTTER: What was actually mailed to

25

them, Mr. Kellahin?

1
2 MR. KELLAHIN: A copy of the application
3 itself before the Commission, setting forth what we propose
4 to do, again.

5 Q Now, Exhibit Number Two, Mr. Walker, is
6 a letter Mr. Brown sent to these people that he was able to
7 find and locate.

8 A As best we had an address from the --
9 from the search of the records, yes, sir.

10 Q All right, sir, and that was --

11 A Some of them was just a town, no street
12 or post office box address.

13 Q All right. Let's get on to Exhibit
14 Number Four, then.

15 MR. NUTTER: Well, while we're on that
16 exhibit, I see some of them are marked that they have been
17 received; others maybe weren't received. Where they have
18 just an "X" on them, what does that mean?

19 MR. KELLAHIN: That's directions to the
20 post office to show to whom it was delivered and the date of
21 delivery. That's all that check indicates.

22 MR. NUTTER: Well, did -- was it de-
23 livered?

24 MR. KELLAHIN: Only if they're repre-
25 sented by the return receipt card, which is the first few

1
2 pages of the exhibit.

3 MR. NUTTER: In other words, these three
4 pages are the only ones that you have returns on.

5 MR. KELLAHIN: That's right.

6 MR. NUTTER: The rest you don't know.

7 MR. KELLAHIN: Right.

8 Q All right, Mr. Walker, would you identify
9 what we're marked as Exhibit Number Four, please?

10 A Exhibit Number Four is a letter to my-
11 self from Charles R. Qualia of -- a petroleum landman in
12 Midland, Texas, who I employed to try to put this half section
13 together for the drilling of a well.

14 As you can see from this exhibit, on
15 page -- well, underneath his cover letter on page one of the
16 exhibit there, he started on this project in January the 9th,
17 or prior to that, even, January of 1981, and contacted this
18 Mrs. Wright in Farmington, who we hoped could give us a
19 list of the names of these outstanding mineral owners, of
20 these small outstanding mineral owners.

21 And then Mr. Qualia went on through
22 just giving a date by date of each person that we had con-
23 tacted and able to find, and their response and whether we
24 were able to buy a lease from them or not.

25 And there on the second page of his re-

1
2 port at the very bottom he speaks there of when we ran the
3 two ads that I spoke of. That's under entry number twenty-
4 one, the two ads we ran there in Iowa trying to locate these
5 people.

6 And, well, we even went so far, I notice
7 in his report here, there on entry number forty-eight, we
8 tried to request death certificates from the Department of
9 Statistical Services in Iowa, and they replied with, you can
10 see there, that they will not issue copies of death certifi-
11 cates unless you are the relative or the deceased has been
12 dead for fifty-five or more years.

13 Then there's a summary there on the last
14 page of the -- of his report to me, which states that -- what
15 he -- what he did and what he -- how he tried to contact and
16 what we've done in trying to locate these various people.

17 Q Mr. Walker, I'd like to go on to Exhibit
18 Five, which is a summary showing where we stand with regards
19 to those interests that are still unleased or uncommitted to --

20 A Yes, sir.

21 Q -- the properties, and we may have to
22 give you copies of this after the hearing, Mr. Nutter. The
23 notations in the lefthand margin, I'm afraid are very diffi-
24 cult to read.

25 If we could start with Sun Oil, Mr. Walker,

1
2 and --

3 A. Sun Oil said they will either join or
4 lease to us.

5 Q. All right, sir, and Petroleum Corporation
6 of Texas, where do they stand?

7 A. They will join.

8 Q. Heritage Resources?

9 A. They'll join.

10 Q. Woods Estate?

11 A. Woods Estate, we sent them the letter
12 that I believe was Exhibit Two and we got back a return re-
13 ceipt from them, but that's all.

14 Q. All right, no response?

15 A. No response.

16 Q. Felmont Oil?

17 A. They'll join.

18 Q. Fisco?

19 A. Join.

20 Q. J. B. Read?

21 A. No response. We sent them, as I say,
22 a copy of -- a letter of our Number Two and we've got a re-
23 turn receipt but no response.

24 Q. Engwall?

25 A. He'll join.

1

2

Q Hanagan and Hanagan?

3

A I had a phone call from Mr. Hanagan.

4

He said he wanted to be here.

5

Q All right.

6

MR. NUTTER: He is.

7

A Yeah, he is.

8

Q Mesa Petroleum Company?

9

A They'll join.

10

Q Estate of Burton E. Shipp?

11

A We have a lease from the Shipp. We

12

received a lease from them, the two Shipp there.

13

Q Coates?

14

A Have a lease.

15

Q Harlan?

16

A Release.

17

Q You have a lease?

18

A Yes, sir.

19

Q Gossman?

20

A Lease; have a lease.

21

Q Crew?

22

A Letter returned. I mean we mailed a

23

letter and it was unknown; couldn't find them.

24

Q And it came back to you?

25

A Right.

- 1
- 2 Q All right. Hanson?
- 3 A They received it and the receipt was re-
- 4 turned but no response.
- 5 Q Standish?
- 6 A Letter returned.
- 7 Q Larson?
- 8 A Letter returned.
- 9 Q Bruggman?
- 10 A Bruggman?
- 11 Q Bruggman.
- 12 A Have a lease.
- 13 Q Enfield?
- 14 A Letter returned.
- 15 Q Morgan?
- 16 A Letter returned.
- 17 Q Whitman?
- 18 A Letter returned.
- 19 Q Bauman?
- 20 A Letter returned.
- 21 Q Probert?
- 22 A Letter returned.
- 23 Q Christokos?
- 24 A Letter returned.
- 25 Q Peterson?

1
2 A Letter returned. No, wait a minute, I'm
3 sorry, on Mr. Petersen, the receipt was returned but no re-
4 sponse.

5 Q Okay. Elwidge?

6 A Mr. Elwidge and Effie Elwidge are de-
7 ceased and we had a reply from a man in Minnesota, Ewan (sic)
8 and he said he was going to talk to his lawyer, and that's
9 all we've heard.

10 Q Clifford Gray?

11 A Clifford Gray, we received a letter from
12 him and he said that he was not going to lease to us but that
13 he wasn't going to join in the well, but good luck.

14 Q Mr. and Mrs. Woodburn?

15 A Letter returned.

16 Q Petersen?

17 A Letter returned.

18 Q Holmes?

19 A Mr. Holmes, we got back -- the letter
20 was returned and was marked "deceased."

21 Q Okay. Kennedy?

22 A Letter was returned.

23 Q Brown?

24 A Returned.

25 Q Hitchcock?

- 1
- 2 A. Returned.
- 3 Q Ferguson?
- 4 A. We got a return receipt but no response.
- 5 Q Lohr?
- 6 A. Letter returned.
- 7 Q Tiss?
- 8 A. Received a lease.
- 9 Q Kemper?
- 10 A. Letter returned.
- 11 Q Satoka?
- 12 A. Letter returned.
- 13 Q Seullin?
- 14 A. Well, we didn't have an address. We
- 15 couldn't --
- 16 Q Couldn't find an address --
- 17 A. No.
- 18 Q -- for her at all?
- 19 A. No, sir.
- 20 Q All right. Grace?
- 21 A. Letter returned. If you want to move
- 22 on, the rest of that page is all returned.
- 23 Q All right.
- 24 A. All the letters were returned.
- 25 Q Okay, how about the next page, page four

1
2 of the exhibit?

3 A. Okay, let's see. Drop down to -- to Mr.
4 Britson, Arthur Britson, about the middle of the page.

5 Q Okay.

6 A. Of Roland, Iowa. We -- return receipt
7 there but no response.

8 All those above him, all the letters were
9 returned prior to that Mr. Britson.

10 Q Okay, then what happens?

11 A. Then on Mr. Lacoste, down about the
12 third or fourth from the bottom, we received a lease from
13 him.

14 And Mr. Scrader, we have mailed him a
15 lease. We received a letter from him and we've mailed him a
16 lease, although I did not have it in hand when leaving Midland
17 yesterday.

18 Q Crepow?

19 A. It was -- letter was returned.

20 Q All right, page five?

21 A. The last page, all of them, letter was
22 returned.

23 Q All right, sir.

24 A. Mr. Hemphill, there's no address there
25 on him.

1

2

Q Okay.

3

MR. NUTTER: Will these people, Mr. --

4

A Walker.

5

MR. NUTTER: -- Walker, be working in-

6

terest owners, then, that you don't have leases on? They own
7 the minerals.

8

A They own a mineral interest, yes, sir.

9

MR. NUTTER: So they will be working in-

10

terest owners as well as royalty owners.

11

A I'm sorry to say, yes, sir.

12

Q Mr. Walker, I direct your attention to

13

what we've marked as Exhibit Number Six, and ask you to ident-
14 ify this exhibit.

15

A This is an AFE, or Authority for Drilling,

16

prepared by Mr. Brown's office by Mr. Bob Fraley, R. E.

17

Fraley, who is a drilling superintendent, and prepared this

18

AFE for Mr. Brown's approval to send to the various people

19

that we contacted with our Exhibit -- or mailed our Exhibit

20

Number Two, to the various mineral interest owners, having

21

attached this Authority for Drilling.

22

Q Based upon your knowledge and information,

23

Mr. Walker, is this AFE representative of the reasonable cost

24

for a well drilled through to test the Strawn formation at

25

this location?

1
2 A. To the best of my knowledge, yes, sir.

3 Q In addition, Mr. Walker, have you made
4 a study in the area to determine what operators are charging
5 with regards to overhead charges while drilling and after pro-
6 duction for a particular well?

7 A. Well, to the best of my knowledge, and
8 of course that's subject to COPAS changes, they're charging
9 in the neighborhood of \$3700 per month for a drilling well
10 and approximately \$435 a month for a producing well.

11 Q Can you give us a particular example of
12 where those charges may be occurring in the area?

13 A. Well, I have no -- not in the immediate
14 area. I have no personal knowledge there. I know those are
15 the charges we're drilling up in the Bluit area in Roosevelt
16 County, and those are the charges up there that we charge.

17 Q All right, sir.

18 A. And I think they're very much in line
19 with the COPAS charges.

20 Q Mr. Walker, would you recommend to the
21 Examiner those charges be assessed against the nonconsenting
22 interest owners in this case?

23 A. Yes, I would.

24 Q Now who's to be the operator of the well?

25 A. H. L. Brown, Junior.

1
2 Q And after the first well is completed,
3 what are Mr. Brown's plans with regards to a second well ap-
4 plied for in the application?

5 A For the second well applied for we would,
6 of course, if we make a well in the first one, a producer,
7 then we would like to move up within 120 days from completion
8 of the first well and drill a well there, as indicated in the
9 yellow -- or orange, pardon me, orange acreage in the north
10 half of the southwest of Section 26.

11 Q All right, sir.

12 MR. KELLAHIN: I believe that concludes
13 my examination of Mr. Walker.

14
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Walker, now all these parties that
18 you mentioned when you went through on Exhibit Number Five, --

19 A Yes, sir.

20 Q -- they have this interest that's indi-
21 cated on the exhibit, being a fraction of one percent, or
22 whatever.

23 A Yes, sir.

24 Q But that's an undivided interest through-
25 out the entire 320, is that correct?

1

2

A. Yes, sir, that is.

3

Q. So their interest does not change whatsoever be it a 320-acre unit, an 80-acre unit, or two 80-acre units?

5

6

A. No, sir, it does not.

7

Q. Okay.

8

A. You'll notice on that page, sir, that you

9

will see in the middle of where they have these -- well, on

10

the third page of that exhibit, you will notice there, that

11

most of them show 1/64th of one percent.

12

Q. Right.

13

A. You'll see some of them that show a

14

1/640th, and then evidently this guy sold pretty good and

15

he got some there and they bought a 1/32nd of one percent, so

16

it's -- not everybody is 1/64th, I wanted to point that out.

17

Q. Right, it's --

18

A. Yes, sir.

19

Q. -- all kinds of --

20

A. Yes, sir, but it's common across the

21

south half. Yes.

22

Q. It's uniform throughout.

23

A. Where he sold those minor interests,

24

yes, sir.

25

Q. Okay.

1
2 MR. KELLAHIN: Is that only with regards
3 to that particular interest or does that apply to all the
4 interests listed on Exhibit Number Five, including Sun --

5 A. Exhibit --

6 MR. KELLAHIN: -- Hanagan, and the rest?

7 A. -- Number Five, to the best of my recol-
8 lection, Mr. Kellahin, that is across the whole south half.

9 MR. KELLAHIN: All right, sir. Now, if
10 we only end up pooling an 80-acre tract in the south half of
11 the southwest quarter, --

12 A. That would all be proportionately re-
13 duced.

14 MR. KELLAHIN: Proportionately reduced,
15 but an individual that has an interest, such as Mr. Hanagan,
16 of 3/16ths, --

17 A. Uh-huh.

18 MR. KELLAHIN: -- that is an undivided
19 interest in the south half entirely.

20 A. That's my understanding, yes.

21 MR. KELLAHIN: All right, sir.

22 MR. NUTTER: Are there any other ques-
23 tions of Mr. Walker?

24 MR. LOPEZ: I have just a few.

25 MR. NUTTER: Mr. Lopez.

CROSS EXAMINATION

BY MR. LOPEZ:

Q Now, Mr. Walker, I was looking to Exhibit Number Six, your AFE.

A Yes, sir.

Q And I note that it is for the Strawn test, and you've indicated a spacing pattern of 80 acres to be comprised of the south half of the southwest quarter of Section 26.

A Uh-huh.

Q On this -- what is your justification if this was the AFE that was sent to all the mineral interest owners and working interest owners for seeking to force pool a 320-acre section?

A 220 acres?

Q A 320-acre section?

A Maybe I don't follow.

Q If your test is for an 80-acre proration unit.

A Maybe I'm thick; I'm not following you. I'm sorry.

Q Well, your application is to pool a 320-acre spacing unit, or the entire south half of Section 26,

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yet your notification to all mineral interest owners and working interest owners was for a Casey Strawn test, which was comprised of an 80-acre spacing unit, not a 320.

A. Well, we're not -- I think we've withdrawn, if I'm correct, the --

MR. NUTTER: You've withdrawn everything below the Strawn, but as Mr. Kellahin pointed out, if they should get gas production in the Wolfcamp, which is shallower than the Strawn, then the 320 would be applicable.

But if they got their oil in the Strawn, then the 80 acres would be applicable.

Q. Okay, well, that would lead to another question.

If they were capable -- well, first of all, let me ask a question this way.

I don't see on your Exhibit Number One any gas production in the area, so I don't know what your -- your projections are with regard to the optimism you may share about obtaining gas production.

Would you wish to comment on that?

A. Well, I'm not --

MR. KELLAHIN: It's the second witness that's going to talk about that.

MR. LOPEZ: Okay.

1
2 Q Then my next question would be, if you
3 did discover or make a gas production, would not your proposed
4 location be at an unorthodox location?

5 A Well, I'm not an expert in New Mexico,
6 but I can't answer that honestly.

7 Q Okay. And I believe I heard you state
8 to Mr. Nutter that as far as you know, and I'd like you to
9 reassure me in this regard, that the working interest owner-
10 ship is the same throughout the south half of Section 26.
11 Can you so testify?

12 A Well, to the best of my recollection,
13 I believe I said, but I'm not -- I couldn't swear to that.
14 I mean I'd have to go back and review my notes and things.
15 I don't -- I'm not -- I couldn't say right now.

16 Q But that would change the picture, would
17 it not, if --

18 A Well, say somebody owned in the south-
19 east quarter and didn't own a working interest in the -- or
20 had a lease, had a lease on some minerals that only covered
21 the southeast, yes, it would change, of course.

22 MR. NUTTER: Mr. Webb, for your -- or
23 Walker, for your information, it would be an unorthodox
24 location if it were completed as a gas well in the Wolfcamp.

25 A Well, I'm not a geologist, sir. I want

1
2 you to understand that.

3 MR. KELLAHIN: We understand, Mr. Nutter,
4 that if it's a Wolfcamp well by some remote possibility, then
5 we'll have to come back and get approval for an unorthodox
6 location.

7 MR. NUTTER: Because it's still adver-
8 tised at a standard location for a gas well.

9 A. Well, if it is a gas well, I think it
10 would be a geological phenomenon, but that's -- that's just
11 my personal opinion.

12 MR. LOPEZ: Well, the point I was making,
13 Mr. Examiner, was that if indeed what we're trying to do is
14 force pool an 80-acre oil production unit, I see no justifi-
15 cation for going for a 320-acre gas (inaudible).

16 MR. NUTTER: Are there any further ques-
17 tions of Mr. Walker? He may be excused.

18
19 BILL W. WELLS
20 being called as a witness and being duly sworn upon his oath,
21 testified as follows, to-wit:

22
23 DIRECT EXAMINATION

24 BY MR. KELLAHIN:

25 Q Mr. Wells, would you please state your

1
2 name and occupation?

3 A My name is Bill W. Wells and I'm a pet-
4 roleum geologist for H. L. Brown, Junior.

5 Q Mr. Wells, have you previously testified
6 as a geologist before this Division?

7 A No, I have not.

8 Q Would you explain to the Examiner when
9 and where you obtained your degree in geology?

10 A Yes. I graduated from Texas Tech in
11 1960 with a degree, a BS degree in petroleum geology, and I
12 have worked for about eleven years with companies; a year and
13 a half as a consultant.

14 Q Have you been retained by the applicant
15 as a geological consultant with regards to the application
16 before the Division today?

17 A Yes, sir.

18 Q And pursuant to that employment have you
19 made a study of this particular area and prepared certain
20 exhibits?

21 A Yes, I have prepared these exhibits,
22 the geological exhibits.

23 Q All right, Mr. Wells, let me have you
24 identify for us what we've marked as Exhibit Number Seven.

25 A All right, this is a structure map on

1
2 the base -- on the top of the Strawn formation, Pennsylvanian
3 in age, of the area in question.

4 It shows that there are a number of ac-
5 cumulations in the Strawn similar in nature to that of the
6 Casey Strawn Field; namely, these accumulations are nosings,
7 strong nosings off the big main Lovington structure, and on
8 the nosings, if porosity develops in the Strawn, you may find
9 hydrocarbon accumulations; namely, the Northeast Lovington
10 Field, and to the south, the Humble City Strawn Field, and
11 the Casey Strawn Field.

12 Q Based upon your study of the geology in
13 this area, Mr. Wells, what, in your opinion, are the most
14 likely productive horizons for this unit?

15 A Well, we're particularly, of course,
16 looking for the Strawn. This accumulation, now, is not con-
17 trolled entirely by the structure. It appears that, in my
18 study it appears that if you get the top of the Strawn above
19 a subsea datum of -7600, that you have a reasonable chance
20 of finding production; however, there are some instances in --
21 the Casey Strawn itself are an instance, where a well did
22 find the Strawn above 7600, but did not find porosity, and
23 off the flanks, up in the Lovington Northeast -- or the North-
24 east Lovington Strawn Field there in Section 21 in the north-
25 west corner, well, that well got the top of the Strawn at -7602.

1
2 That is not below the water but there was no porosity develop-
3 ment.

4 In the field itself, in the Casey Field
5 itself, there's a well in the southwest of the northeast
6 that's sort of obscured by a contour line, or by the line that
7 encompasses the -- the productive area there, that was the
8 Mesa No. 7 West Knowles Unit, which was amply high but found
9 no porosity. It's offsetting, directly offsetting a good
10 Strawn well, but there was no porosity in the Strawn section
11 in that well. In the porosity zone it had, well, the zone,
12 or the log shows a washed out zone where the porosity was,
13 which would perhaps indicate that it was marly, or some such
14 thing.

15 MR. NUTTER: Okay, that's the well that
16 is shown as a -7518.

17 A. Yes, it is, uh-huh.

18 Now the other, the other horizon that
19 we think has some possibility, very, very slight possibility,
20 in fact, from recent developments, is in the Drinkard, which
21 does produce, and actually that's on another exhibit, you
22 can see it, it's one with the little green dots on it --

23 Q Yeah, we'll come to that in a minute.

24 A. Okay.

25 Q With regards to the drilling of a Strawn

1
2 test, Mr. Wells, do you have an opinion as a petroleum geolo-
3 gist as to what percentage risk ought to be assessed against
4 a nonconsenting owner in this pooling case?

5 A. Well, this is anything but a sure bet
6 for a Strawn producer. Obviously, we want to drill it and
7 we think that our chances are reasonable.

8 I might point out, in the southeast cor-
9 ner of Section 26 there is a well, and there is an estimated
10 top Strawn point on that well, done by taking the thickness
11 from the top of the Drinkard down to the Strawn from other
12 wells in the area and applying it, because this well did not
13 go deep enough, and that really is the only control that we
14 have off this flank of the thing.

15 Q. That well out of the southeast corner
16 of 26 was not drilled to a depth sufficient to encounter the
17 Strawn?

18 A. That's right. It was -- it was drilled
19 to the Drinkard and the point that I used there in making
20 this interpretation is a projected point. It may or may not
21 be that way.

22 So certainly there is considerable risk
23 involved for that reason, because we do not have -- well,
24 the nearest control is about two miles out there to that Gulf
25 Beardsly --

1

2

Q Over in Section 30?

3

A -- over in Section 30, right.

4

Q So in terms of the statutory percentage

5

that the Division can assess against nonconsenting owners,

6

in your opinion, Mr. Wells, what is the fair and reasonable

7

percentage to assess?

8

A I think that the 200 percent risk is

9

fair and reasonable.

10

Q Let's go on to --

11

A Incidentally, that location in the south-

12

west corner has been staked as a 554 location, which is a

13

legal location, being 150 feet from the center of that 40-acre

14

tract.

15

Q As long as you've made that point, Mr.

16

Wells, what about the second well in the north half of the

17

southwest quarter?

18

A The second well would not be legal in

19

that it would not have the required footage between wells.

20

We've put it there because we are fighting that -7600 datum.

21

I feel like we have to try to stay above it in order to find

22

the porosity, and of course, the information from the first

23

well will give us a lot -- will determine, certainly, whether

24

or not we will want to go on to that next well location, but

25

our plans at this point are that we will.

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Q All right, and if the second well is located -- drilled as proposed, it would be at an unorthodox location for those two pools advertised.

A Yes, it would be.

Q All right, fine. Let's go on to Exhibit Number Eight, if that's all right, Mr. Wells.

A All right. The wells in the Casey Strawn Field, the five producing wells, of those five the well that is in Section 27, the northernmost well, and the two wells that are in the northwest quarter of Section 34, all produce water. They do not -- in varying amounts. I am not sure, I really do not believe that there is a water table, as such, because of the subseas of where these wells, the bottom perforations in these wells, and the amounts of water that they produce.

However, the well in the northeast of the northwest, that's the No. 1-A, and you have this reduced Welex log is of the Chambers and Kennedy Shipp No. 34-A No. 1, it was perforated and tested in the zone indicated there from 11,4 -- I think that's 72 to 76, with a light acid job and swabbed nothing but water. Now that's at a subsea of a -7685. And so we do have -- seemingly have some water established at that point.

The two wells in the northwest quarter

1
2 are essentially water free, although the last well that was
3 completed, which is the No. 8 Well in the northeast of the
4 northeast of Section 34, I think produced like 14 or 16 barrels
5 of water on potential test.

6 Q All right, let's look at Exhibit Number
7 Nine.

8 A All right. Exhibit Number Nine is a
9 structure map on top of the Drinkard pay with a wave line
10 showing the Drinkard pay porosity pinchout, and the Drinkard
11 producers are indicated there in green.

12 The last well drilled and completed in
13 the Drinkard in this field was the well that is in the south-
14 west of the northwest of Section 35. It was the Mesa No. 9
15 West Knowles Unit. Much section was gone there.

16 The well in the northeast of the north-
17 east of 34 had no productive porosity in the Drinkard, and
18 so that pinchout line is shown through there and we'd be
19 most fortunate, I think, if we get -- find any porosity in
20 the Drinkard in that -- either of those locations, although
21 they certainly -- that is a possibility, because the Drinkard
22 does produce a half mile away.

23 Q In your opinion, Mr. Wells, what is the
24 percentage of risk that you would recommend be assessed
25 against the nonconsenting owners with regards to the Drinkard?

1

2

A. 200 percent.

3

4

5

6

7

A. Definitely.

8

9

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Q If production is obtained in any other formation other than the Strawn or the Drinkard, in your opinion would the risk of obtaining that production be greater than either the Strawn or the Drinkard?

Q All right. Is there any possibility for gas production in this area? Are you aware of gas wells in this area, Mr. Wells?

A. No, I'm not aware of any gas wells anywhere in the nearby in this area.

Q Were Exhibits Seven, Eight, and Nine prepared by you or compiled under your direction and supervision?

A. Yes, sir, they were.

Q And in your opinion, Mr. Wells, will approval of this application be in the best interests of conservation, prevention of waste, and the protection of correlative rights?

A. Yes, it will.

MR. KELLAHIN: If the Examiner please, we move the introduction of Exhibits One through Nine.

MR. NUTTER: Exhibits 23 through Nine will be admitted in evidence.

Are there any questions of the witness?

MR. LOPEZ: Yes, Mr. Examiner.

CROSS EXAMINATION

BY MR. LOPEZ:

Q Mr. Wells, referring to your Exhibit Number Seven, could you tell me what the well in the northeast of the northeast of Section 34 potentialled for?

A In the northeast of the northeast of 34? Yes. It potentialled for 981 barrels a day and 16 barrels of water.

981 barrels of oil and 16 barrels of water.

Q And how recent was this?

A Probably six weeks ago; two months ago. I don't remember exactly.

Q And --

A But within the last two months, I would say.

Q Could you tell me whether or not the proration unit in the southeast of the southeast of Section 27 is a laydown unit or a standup unit?

A No, I do not know. I do not have that information.

1
2 Q Now I believe in your earlier testimony
3 you mentioned if your application is granted with respect to
4 the south half of the southwest quarter of 26, in the sense
5 that you go ahead and drill it at an orthodox location, that
6 your intention is to drill the well indicated on your Exhibit
7 Number Seven in the north half of the southwest quarter within
8 120 days of the completion of the well in the south half.

9 I'd like you to explain your logic and
10 justification for doing this. Do you think 120 days is
11 going to be sufficient time in which to determine whether or
12 not you want to continue to drill at an unorthodox location?

13 A. Yes, I believe that production for that
14 length of time, of course, will tell us whether we want to
15 drill, period, or not. I think that unless we get, and you
16 know, wonderful things can happen, and I would like to see
17 that come up enough so that we wouldn't have to drill it un-
18 orthodox, but I don't anticipate that it will, and this is --
19 this is based on what we now know.

20 Q Is it possible, though, that once you've
21 received the information from this well in the south half,
22 that you may wish to change your minds and drill at an ortho-
23 dox location.

24 A. It's not -- it's not impossible that we
25 would, yes.

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Q Then what's the logic of not waiting until you see what happens with the well in the south --

A Well, we're really wanting not to have to come back; that's the main thing. I mean just to take care of it so we can go on about our business.

Q Do you think it's fair, if a working interest owner doesn't have the opportunity to determine what the outcome of the first well drilled is, whether or not to go ahead and join in a second proposed well before he has the opportunity to determine what --

A Well, they will -- at this point my understanding is that they're not -- they're not being forced to join the drilling of the second well. In other words, when we get ready to drill it, the working interest owners will be mailed an AFE and given the option to join or not join it at that point in time.

Q Okay. Well, maybe I misunderstand your application but it appears to me that the intention is to go ahead and force pool and assess a risk factor to all nonconsenting interest owners in the south half of the entire Section 26.

A No. Well, I see, yeah. Well, at this point I'm not sure that I have a good answer for that.

Q And isn't it true that if we follow your

1
2 logic entirely, one can go ahead and force pool on a poolwide
3 basis if you have common ownership, which hasn't been clearly
4 established, in the pool, and have a proposed development
5 drilling program and force pool all working interest owners
6 and mineral interest owners in the poolwide basis, not only
7 on a half section basis?

8 A. Yes, it could be, I suppose.

9 MR. LOPEZ: No further questions.

10 MR. NUTTER: Mr. Kellahin.

11 MR. KELLAHIN: Yes, sir.

12 MR. NUTTER:} Mr. Lopez there has raised
13 some questions in my mind as to just how this pooling order,
14 if entered, should be entered.

15 As I understand it as of now, and from
16 the testimony of Mr. Walker and Mr. Wells, and the amended
17 application, we're seeking an order here that, first of all,
18 would pool the south half with respect to gas down through
19 the Strawn. Well, it would have to be from the top of the
20 Wolfcamp down through the Strawn. And that 320-acre pooling
21 order would be applicable only if gas were obtained.

22 You're also seeking a pooling order in
23 accordance with what Mr. Wells just stated, pooling the south
24 half of the southwest quarter of Section 26 in the event that
25 oil production is obtained in the Strawn.

1
2 Now, Mr. Wells, is the Drinkard an 80-acre
3 pool also?

4 MR. WELLS: Yes.

5 MR. NUTTER: So it would be applicable
6 to the Drinkard or to the Strawn.

7 MR. WELLS: To the Drinkard and the
8 Strawn.

9 MR. NUTTER: And then in the event that
10 production was obtained and a decision was made to drill the
11 second well, which would be in the north half of the southwest
12 of 26, then the pooling order would be extended to that area
13 and a new AFE would be submitted to the poolees and an op-
14 portunity to join in the drilling of that well without penalty,
15 is that correct?

16 MR. KELLAHIN: Not necessarily so on two
17 points.

18 The first well doesn't have to obtain
19 production. The operator could still elect to drill the second
20 well if he wanted to.

21 MR. NUTTER: Okay.

22 MR. KELLAHIN: The second point is that
23 we are asking for what the Division did in Coronado Explora-
24 tion versus Tenneco back in February of this year. I don't
25 remember the order number. But in that case Mr. Yates pooled

1
2 some six, I believe, proration units at the same time with
3 the same 200 percent risk factor applicable to the first unit
4 as well as all subsequent units, with no subsequent opportunity
5 for operators to subsequently elect to join.

6 MR. NUTTER: Okay, now that's contrary
7 to what Mr. Wells stated awhile ago, though, isn't it?

8 MR. KELLAHIN: Yes, sir. I have no dif-
9 ficulty with the order. I'm saying we've gone to all kinds
10 of extremes when we do more than one. It's not unusual; we've
11 done it many times.

12 My suggestion is that it's not unreason-
13 able after this is pooled so we don't have to pool some 65
14 or 70 people again to at least, if it's a concern for Mr.
15 Hanagan, to mail Mr. Hanagan an AFE prior to the time we start
16 the second well and give Mr. Hanagan an opportunity to join
17 in the second well.

18 I don't propose to have to do that to
19 all these people.

20 We have half a dozen, or more, principal
21 operators in this area, none of which have seemed to bother
22 with what we're doing except Mr. Hanagan.

23 MR. NUTTER: Well now, the operating
24 agreement that these other people -- you have other working
25 interest owners in this?

1
2 MR. KELLAHIN: I don't know that the
3 operating agreements have been executed by these people. The
4 interests we have are leases, and --

5 MR. NUTTER: Well now, when Mr. Walker
6 went through that list that had all those people on it, that
7 Exhibit Number Two or Three, whatever it was, and he stated
8 that they had joined, joined, joined, joined --

9 MR. WALKER: They had indicated that they
10 would join in the drilling of the well.

11 MR. KELLAHIN: They haven't signed the
12 operating agreement.

13 MR. WALKER: They have not signed an
14 operating agreement.

15 MR. NUTTER: No, they're not going to
16 lease to you. They're going to join as working interest
17 owners.

18 MR. WALKER: Yes, sir. Yes, sir.

19 MR. NUTTER: All right. Will that oper-
20 ating agreement call for the drilling of two wells?

21 MR. WALKER: Yes.

22 MR. NUTTER: So they're committed to the
23 second well, also, then.

24 MR. WALKER: Yes, sir.

25 MR. NUTTER: And you're seeking that this

1
2 pooling order would commit all working interest owners that
3 you're pooling to the drilling of the second well, but would
4 you give them the option to pay their share of the well with-
5 out a penalty on the second well?

6 MR. KELLAHIN: I'm willing to give Mr.
7 Hanagan that option.

8 MR. NUTTER: But not the others?

9 MR. KELLAHIN: He's the only one that's
10 expressed a concern to have that done.

11 MR. NUTTER: I see.

12 MR. KELLAHIN: I don't know why the
13 operating agreement couldn't provide for that, Mr. Nutter,
14 something could be negotiated among all these people, but I
15 don't want to have to send it to some 80 different people
16 in this list after we've pooled it. I see no reason to have
17 to do it. You haven't required us to do it in the past.

18 MR. NUTTER: Well, that problem had
19 entered my mind as a result of what Mr. Wells had said there,
20 that we'd be pooling one unit and then depending on what was
21 obtained in that unit, would be pooling the second unit,
22 and give them the opportunity to join or not in the second
23 go-around.

24 MR. KELLAHIN: I think the operator
25 ought to have the right to elect not to drill the second

1
2 well, but I don't want it contingent based upon production
3 from the first well. In other words, if it's a dry hole, he
4 might elect to drill the second well anyway, and I don't want
5 to have to come back and pool all these people again.

6 MR. NUTTER: Well, you wouldn't be coming
7 back to pool them. The only thing I'm saying, would you give
8 them the opportunity to join without penalty. Or to pay
9 their share. They're going to be in the unit, but would they
10 have the opportunity to pay their share without penalty.

11 MR. KELLAHIN: Again, I have no problem
12 with giving Mr. Hanagan that. No one else has asked for it.

13 MR. NUTTER: Are there any other questions
14 of Mr. Wells? He may be excused.

15 Do you have anything further, Mr. Kella-
16 hin?

17 MR. KELLAHIN: No, sir, I don't.

18 MR. NUTTER: Mr. Lopez, would you call
19 your witness, please?
20

21 HUGH HANAGAN

22 being called as a witness and being duly sworn upon his oath,
23 testified as follows, to-wit:
24
25

DIRECT EXAMINATION

BY MR. LOPEZ:

Q Would you state your name, please, by whom you're employed, and in what capacity?

A. My name's Hugh Hanagan. I'm president of Hanagan Petroleum Corporation.

Q Mr. Hanagan, have you previously testified before the Commission and had your qualifications accepted as a matter of record?

A. Yes, I have.

Q Would you describe the interest of Hanagan Petroleum Corporation in the south half of Section 26, which is the subject matter of this hearing?

A. Hanagan Petroleum has a lease, two leases, actually; one lease covering a portion of the southwest quarter of the south half of that pooled section, whatever that section number is, 26.

We also have another lease covering the southeast quarter of Section 26.

Oddly enough, in this case there is the same number of acres in each lease so the two leases -- so if you pooled the south half, of course, Hanagan Petroleum would have the same interest, working interest, as if you pooled an 80-acre or the southwest quarter. In other words,

1
2 it would have the same working interest.

3 MR. NUTTER: Okay, you've got a lease
4 covering a portion -- an interest in the southwest quarter,
5 and you have a lease covering an interest in the southeast
6 quarter.

7 A. That's correct.

8 MR. NUTTER: And this is an undivided
9 interest throughout the entire 320, is that correct?

10 A. No, that is not correct. It's a different
11 ownership. We have two leases but as it turns out, both of
12 them have the same number of acres in the lease; therefor,
13 we would have the same working interest, you see what I mean?

14 Whether it was a 320-acre unit, we'd
15 have a 3/16th working interest, or whether it was an 80-acre
16 Strawn well, we would have a 3/16th working interest.

17 Q. Now, Mr. Hanagan, could you describe
18 for the Examiner the efforts that were made to contact you
19 with respect to your either leasing or joining in the pro-
20 posed well in the southwest quarter of the southwest quarter
21 of Section 26?

22 A. Yes. We received a registered letter
23 that Mr. Brown has passed as Exhibit whatever that exhibit
24 number is on that letter.

25 Exhibit Four. No, not Exhibit Four.

Probably Exhibit One or Two, that letter that Mr. Brown wrote to all the --

MR. NUTTER: That's Exhibit Four.

A. Exhibit Four.

MR. NUTTER: No, no.

A. It was entered by Mr. Walker, so it would either be One or Two, I would think.

MR. KELLAHIN: It's Two.

A. Two. At any rate, we received that letter from Mr. Brown in which he did offer to either purchase our lease hold interest or to join in the drilling of the well, of a Strawn well, and my answer was, I called, and I believe I talked to Mr. Walker, about two, or a few days after I got that letter and told him that we would not be interested in selling the lease; that we would possibly join in the drilling of the Strawn oil well; that we would also entertain a possible farmout proposal, which they never offered; and my one big objection at that time was to the pooling of the whole south half. I objected to it by phone.

I did try to call Mr. Brown himself once or twice after that but I never, never did talk to -- to him directly, nor to anyone else with Brown since that date.

Q Now, could you describe what your concerns are and why you're objecting to the proposed application

1
2 with respect to the fact that the application calls for the
3 drilling of a second well within 120 days of completion of
4 the first well?

5 A. Well, I think in effect what you're doing
6 is you're going to -- you're pooling -- you're pooling, or
7 you're forcing the nonworking interest owner into a continuous
8 development program by tying him down to committing to a
9 second well at an exact footage, which is unorthodox, to be-
10 gin with, and at the same time before the first well is ever
11 down. You don't know what the structural position is or
12 anything until that first well is down.

13 So you're force pooling somebody that
14 has a working interest and therefor is subject to paying his
15 part of that well. You're forcing him to agree to drilling
16 a second well before a first well has ever even been drilled,
17 and I strongly object to that type of development.

18 You don't know the structural position
19 of that second well until you drill the first well. You
20 don't know the productive capacity of it. You don't know
21 the water table. You don't know the GOR or bottom hole pres-
22 sures or a thing.

23 And 120 days may or may not be long
24 enough to evaluate that first well. But, again, if you grant
25 them that forced pooling, they can drill it anyway without

1
2 your advice or whatever, any comment whatsoever from you in
3 120 days.

4 I don't think it's fair to a non-working
5 interest owner.

6 Q Or to a working interest owner like your-
7 self.

8 MR. NUTTER: You mean a non-operator.

9 A I mean a non-operating working interest
10 owner.

11 Q Now, would you care to comment with re-
12 spect to the risk faculty that's being proposed, 200 percent
13 penalty?

14 A Well, the risk factor, they're asking
15 for a maximum risk factor, the top factor that the Commission
16 can allow, or Division can allow, which is 200 percent.

17 You can look at the offset production
18 there, the latest well, which as testified earlier, has just
19 been completed for 900 barrels a day. That's a direct south-
20 west offset to the proposed test well that Brown would like
21 to drill.

22 The other two wells, the nearest wells,
23 the one in Section 27, the Strawn well, and the one in the
24 northwest of the northeast of Section 34, the one in 27 has
25 produced in excess of 300,000 barrels of oil. The one off-

1
2 setting, the most recent well there that's mentioned in Sec-
3 tion 34, has produced over 400,000 barrels of oil.

4 So you can see you're dealing with an
5 area that the risk factor is not the maximum risk factor.
6 Certainly there is a risk factor but it should not be 200 per-
7 cent.

8 MR. NUTTER: Which well was that that
9 produced over 400,000, Mr. Hanagan?

10 A. The one in -- the well in Section 34,
11 the northwest quarter of the northeast quarter.

12 MR. NUTTER: That would be No. 4, wouldn't
13 it?

14 A. Yes.

15 MR. NUTTER: And that No. 8, that's the
16 new well that was just completed six weeks ago, isn't it?

17 A. That's -- that's correct.

18 And of course, the four wells previous
19 to the one just completed, the four wells, the four Strawn
20 wells shown on his exhibit there, totally they have produced
21 in excess of a million barrels of oil between those four wells.

22 So you see, you're not in -- you're not
23 in a wildcat area and you're certainly not even in a wild
24 development area. You're offsetting a well that has just
25 recently made 900 barrels of oil, potentialized for 900 barrels

1
2 of oil.

3 MR. NUTTER: Do you have a recommendation
4 as to what the percentage risk factor should be?

5 A. No, I've been asked that a lot of times
6 in front of these committees.

7 MR. NUTTER: Depends on whether you're
8 drilling it or whether you're being pooled or --

9 A. Well, I kind of, you know, I've been on
10 the other side of the fence and been the operator, too, and
11 I think certainly that the operator should have a risk factor.

12 But I really don't want to propose one.

13 MR. NUTTER: But you do think 200 per-
14 cent is too high.

15 A. Well, I think it should not be the maxi-
16 mum allowed.

17 A. One of my other objections has already
18 been answered and that was force pooling us below -- force
19 pooling the whole Pennsylvanian horizon. I definitely was
20 opposed to that.

21 MR. NUTTER: Yeah, the application has
22 been amended to the base of the Strawn.

23 A. Right. So basically, as I see it, what
24 we're opposed to is -- is committing us to a 320-acre --
25 force pooling a 320-acre tract. We think that only the 80

1
2 acres -- the well is set up for a Strawn, Casey Strawn oil
3 test. The Casey Strawn Field rules are 80-acre spacing.
4 Therefor, as far as I'm concerned, that's all that should be
5 force pooled, that 80 acres.

6 I am against being force pooled on a
7 second well at an unorthodox location before the first well
8 is ever drilled. I'm against that.

9 I'm against a 200 percent factor. Out-
10 side of that, why, fine.

11 Q Do you have anything further to add?

12 A No, I don't believe so.

13 MR. NUTTER: Are there any questions of
14 the witness?

15 MR. KELLAHIN: Yes, sir.

16 MR. NUTTER: Mr. Kellahin.

17
18 CROSS EXAMINATION

19 BY MR. KELLAHIN:

20 Mr. Hanagan, I'd like to discuss with
21 you for a moment your objections to the forced pooling of
22 two units for two wells with 120 days between completion of
23 the first and commencement of the second.

24 We could have avoided that entire argu-
25 ment, Mr. Hanagan, if we'd filed two separate pooling appli-

1
2 cations and not tied it to anything. We could have drilled
3 in less than 120 days, couldn't we?

4 A. The second well?

5 Q. Yes, sir.

6 A. Right next to each other, offsetting each
7 other?

8 Q. Yes, sir, we'd file a pooling application
9 for 80 acres in the north half of the southwest and at the
10 same hearing docketed as a separate case, for the south half
11 of the southwest.

12 A. But that doesn't mean that the Commission
13 has to allow both of them. Isn't that right?

14 Q. I understand, but it could have been far
15 worse than what we've proposed in this. We've implied a
16 drilling program of at least a maximum 120 days between
17 wells.

18 A. Sure, anything can be worse and anything
19 can be better, too. I mean I don't -- I don't visualize what
20 you're getting at, I guess.

21 Q. Well, the Commission has done this in
22 the past, has it not, Mr. Hanagan? You're aware of that.

23 A. Yes, there was the case that you quoted,
24 the Tenneco case happens to be one case that I don't think
25 the Commission was really correct in doing that.

1
2 Q Yes, sir, and it's happened on a number
3 of occasions. This is not the first case that this has oc-
4 curred --

5 A That's right.

6 Q -- where there's a proposal to pool for
7 two wells at the same hearing.

8 A I feel so strongly about the Tenneco
9 case, if I'd of been Tenneco, I'd have taken it to the court-
10 house.

11 Q Well, I made the same arguments for
12 Tenneco in that case that you're making today, Mr. Hanagan.
13 It didn't work that time.

14 A Well, I'm not -- I understand that,
15 what you're saying, that the Commission has the authority to
16 do that and has done it, and I'm not arguing that point.
17 I'm arguing the point that I don't favor that, I mean that
18 I am objecting to it. Now what the Commission does, that's
19 their decision.

20 Q All right, sir. If the order provides
21 you with an opportunity prior to the commencement of the
22 second well to participate in the second well would that re-
23 move your objection?

24 A Well, actually, actually you're going
25 to be required to allow us to get into it anyway. I mean

1
2 how are you going to keep us out of either one of the wells?
3 We're either going to join or we're going to ride you down,
4 but some way or another we're going -- we're going to have
5 the opportunity to join in either well.

6 Q Yes, sir, what I'm saying is that the
7 opportunity for the second well will be given after the first
8 well is either drilled to total depth, completed or abandoned
9 or something is done with the first well.

10 A Uh-huh.

11 Q We can send you an AFE for both wells
12 at the same time and run both time periods at the same time,
13 you see. That's not what I'm proposing. I'm suggesting that
14 after the first well is drilled, completed or whatever, then
15 at that point, then you're sent the AFE and given an oppor-
16 tunity to determine from the information you've learned from
17 the first well what you'll want to do with your interest in
18 the second well.

19 A Oh, sure, I'd be agreeable with that,
20 sure.

21 Q All right, sir. The other point of
22 objection was with regards to the risk factor encountered.
23 I believe Mr. Wells gave us some examples of at least one
24 instance up in this Lovington Strawn area up to the north-
25 west of where there are producing Strawn wells and -- but

1
2 appear to be -- to be located a reasonable Strawn prospect
3 turned out to be a dry hole that was immediately offsetting
4 a known Strawn production.

5 So it can occur, can it not?

6 A. Oh, it -- there's always a risk.

7 Q. So even though there is a pretty good
8 Strawn well up here in the northeast of the northeast of 34,
9 there is still a substantial risk of encountering an unecono-
10 mic well there in the offset location there in Section 26.

11 A. Definitely there's a risk and I have so
12 stated, but I don't believe it's the maximum risk.

13 MR. KELLAHIN: I have nothing further.

14
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q. In other words, in response to Mr. Kel-
18 lahin's question, Mr. Hanagan, you would withdraw your ob-
19 jection to the pooling of two units if you were given the
20 opportunity to elect to participate or not in the second
21 well.

22 A. Yes, sir.

23 Q. But you haven't withdrawn your objection
24 to the 200 percent and you have not withdrawn your objection
25 to the pooling of 320 acres.

1

2

A. That's correct.

3

4

5

6

Q Now what would you think would -- should be the course of action with regards to the 320 acres if they should by chance get production of gas in the Wolfcamp? Come back in and have another pooling hearing?

7

8

A. They'll have to anyway. They're in an unorthodox location.

9

10

Q Well, they'd have to --

11

12

A. They'll have to have a hearing anyway.

Q They'll have to have a hearing for an unorthodox location.

13

14

15

A. So they can have a joint hearing then. They can have a forced pooling and an unorthodox location at the same hearing.

16

17

They're going to have to come to the OCD anyway if they make a gas well.

18

19

20

Q Okay.

MR. NUTTER: Are there any other questions of Mr. Hanagan?

21

22

23

24

25

MR. KELLAHIN: Yes, sir, it's a follow-up question on the Wolfcamp.

RE CROSS EXAMINATION

BY MR. KELLAHIN:

Q Admittedly they'd have to come back for an unorthodox location hearing, but if the well gets production in the Wolfcamp it would also open the door for everyone to come in and avoid the risk factor penalty, doesn't it, Mr. Hanagan?

A It would have to be reconsidered, I think, that's correct.

Q Yes, sir, and the operator at that point has assumed the entire risk of drilling what we know is a highly risky Wolfcamp if there's no known Wolfcamp production in the area, and having assumed and taken that risk, and having been fortuitous enough to get Wolfcamp production, and yet he can't penalize anyone else that refused to join him in that risk.

A Well, I hardly think that. I mean I -- if it's a -- if it is a Wolfcamp well, where is your risk factor? I mean you're going to get -- I mean are you saying it should be a maximum risk factor applied to the 320, or what?

Q Absolutely. Do you know of any other Wolfcamp wells in this area?

A No, I don't, but that isn't -- but you're

1
2 drilling the well primarily as a Strawn well. You're not
3 basing your --

4 MR. NUTTER: I believe he's right, Mr.
5 Kellahin. The Wolfcamp is getting a free ride on a Strawn
6 test.

7 A. That's always the case when you run into
8 large gas unit. I mean 640 acres it's the same case, but
9 what I'm -- what I'm saying is the risk factor should be
10 applied to their primary zone, anyway, and the primary zone
11 is the Strawn. That is why they're drilling the well. That
12 is how they testified that's what the primary zone is. Their
13 letters all indicate that's what they're after. They're not
14 after the Wolfcamp.

15 I'm objecting to having 320 acres dedi-
16 cated before -- now, right at the present time, is they have
17 through forced pooling control of the whole 320-acre unit,
18 and as a non-operating working interest owner, I don't think
19 that they ought to have control of my interest over that whole
20 320-acre unit.

21 Q. Have you proposed a well for drilling
22 of a gas well, Mr. Hanagan, for the south half of this sec-
23 tion?

24 A. No. I don't know anybody that would,
25 except one. I will say one did, and a Yates asked me.

1
2 MR. KELLAHIN: I have nothing else of
3 Mr. Hanagan.

4 A. No, I see what he's getting at.

5 MR. NUTTER: Any other questions --

6 A. But I think that -- I think that my an-
7 swer to that is he would be getting the risk factor assigned
8 whatever that risk factor is, and he should not get the maxi-
9 mum risk factor because he's talking primarily, his primary
10 objective is the two oil zones, Drinkard and the Strawn.
11 The Wolfcamp is a far-fetched deal. It can happen but I don't
12 think that -- I think it's so far-fetched I still don't think
13 that 320 acres should be force pooled.

14 There is no evidence to the effect that
15 you're going to get a Wolfcamp well anywhere in the area.

16 MR. NUTTER: Do you know where the nearest
17 Wolfcamp gas production is by any chance?

18 A. I would say that the Dean Field, which
19 is up to the north, I don't have a map in front of me, what,
20 10 or 15 miles, 10 miles?

21 MR. NUTTER: Dean is not gas, is it,
22 that's oil.

23 A. Well, that might be, that Dean. Well,
24 let's see, where else? How about over in the Townsend? Is
25 there anything in the Townsend Wolfcamp? Now there's the

1
2 Morrow over there.

3 MR. NUTTER: I think the Townsend is oil,
4 too, isn't it, Joe?

5 MR. RAMEY: I think so.

6 MR. NUTTER: Not the Wolfcamp. I don't
7 know of anything.

8 A. I don't know either. Vacuum, Eddy County.
9 But anyway, I don't know what the answer to that is.

10 MR. NUTTER: Are there any other ques-
11 tions of the witness? He may be excused.

12 We'll call for closing statements. Mr.
13 Kellahin, you may go last.

14 MR. LOPEZ: Mr. Examiner, I'll be very
15 brief.

16 I think Mr. Hanagan's stated his position
17 fairly clearly. He certainly objects to having to decide at
18 this point whether or not he wants to join in the second
19 well that would be force pooled if the application were granted.

20 I think he also feels that if the appli-
21 cation is granted, even though it has been done in the past,
22 it forces his hand prematurely in the sense that he cannot
23 or he'll be foreclosed from negotiating with the proposed
24 operator on the other three 80-acre spacing units if the
25 Strawn or the Drinkard production is developed in the area,

1
2 and that he in that sense would be foreclosed from being the
3 operator himself rather than having to join in the proposed
4 operation.

5 I think he also made it fairly clear
6 that there seems to be no logic except that expressed by Mr.
7 Kellahin in the sense of the multiple ownership; that a 320-
8 acre spacing unit should be dedicated when there's really
9 no intention whatsoever to drill a gas well, but the target
10 area is clearly oil production on an 80-acre spacing unit
11 basis.

12 And I think it's been fairly clear why
13 he objects as to the proposed risk factor, that's being pro-
14 posed.

15 I have nothing further.

16 MR. KELLAHIN: Mr. Nutter, I have made
17 those same arguments that Mr. Lopez and Mr. Hanagan have pre-
18 sented to you in a situation where a client in Mr. Hanagan's
19 position didn't have only 3/16ths interest, had almost 50
20 percent interest, and wasn't the pooling of simply two units
21 for the drilling of a well but was in excess of six, I be-
22 lieve, and all those wonderful, logical arguments were denied.

23 In this case I think we've been fair more
24 reasonable to Mr. Hanagan than my client was handled in the
25 other case. We have avoided his principal objection, and that

1
2 was to be pooled for a second well without having an oppo-
3 tunity to join after the first well.

4 I think the order can be written in a
5 reasonable fashion that will accommodate him on that point.

6 With regards to the penalty factor, Mr.
7 Hanagan was unwilling to give us a recommendation as to what
8 he thought the penalty was and he admitted that the risk was
9 substantial; that he doesn't propose to drill a well in this
10 area; he hasn't proposed one yet, and we are out front doing the
11 work, proposing the well, putting the money at risk, and we
12 believe it's not unreasonable to get a 200 percent risk fac-
13 tor based on the geological testimony.

14 We think it's also not unreasonable to
15 pool the south half of this particular section in the expect-
16 ation that there might be gas productive in some horizon.

17 I think it's unreasonable to require us
18 to come back at a subsequent hearing to pool all these indi-
19 viduals in that -- in that event, and we recommend that you
20 enter the order as requested.

21 MR. NUTTER: Thank you, gentlemen.

22 We'll take the case -- or does anyone
23 else have any comment to make in Case Number 7425?

24 We'll take the case under advisement.

25 (Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7425 heard by me on 12/2 1987.
[Signature], Examiner
Oil Conservation Division

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-8434

April 15, 1982

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 7425
ORDER NO. R-6945

Applicant:

H. L. Brown, Jr.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Owen Lopez

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7425
Order No. R-6945

APPLICATION OF H. L. BROWN, JR.
FOR COMPULSORY POOLING AND AN
UNORTHODOX LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 2, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of April, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, H. L. Brown, Jr., originally requested an order in this case pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 26, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon, provided that in the event the subject well encountered production in the Casey-Strawn Pool and/or the West Knowles Drinkard Pool, the lands pooled would be the S/2 SW/4 of said Section 26. Applicant further requested approval for the commencement of a second well within 120 days after completion of the first well, said well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 26, and dedicated to the N/2 SW/4 of said Section 26 which applicant also seeks to be pooled.

(3) That at the hearing the applicant amended his application to delete the Atoka and Morrow zones of the Pennsylvanian formation, so that the application as it now stands is for pooling only to the base of the Strawn.

(4) That the applicant has the right to drill on the lands proposed to be pooled and does propose to drill a well thereon.

(5) That there are interest owners in the lands proposed to be pooled who have not agreed to pool their interests.

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said lands the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said lands.

(7) That due to the ambiguous nature of the application and the uncertainty of obtaining production from the various formations involved, the Division should prescribe certain lands to be pooled for specific production and certain contingent pooling involving other production from other formations.

(8) That the primary objective of the applicant is to dedicate the S/2 SW/4 of Section 26 to a well to be drilled to the Knowles-Drinkard Pool and the Casey-Strawn Pool, both 80-acre oil pools, said well to be drilled at a standard location within 150 feet of the center of the SW/4 SW/4 of said Section 26.

(9) That such spacing and proration unit in said pools for the aforesaid well should be approved and the applicant should be designated as the operator of said well and unit.

(10) That the second objective of the applicant is to dedicate the N/2 SW/4 of Section 26 to a well to be drilled to the Knowles-Drinkard Pool and the Casey-Strawn Pool, said well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of said Section 26, to be commenced within 120 days following completion of the first well.

(11) That such spacing and proration unit and unorthodox location for said pools should be approved, but the proposed second well should not be required to be drilled only at said unorthodox location, and a specific time frame within which to commence said well should be adopted.

(12) That a period of from 60 days to 180 days after completion of the first well should be sufficient to determine whether and where the second well should be drilled, and this period of time should be established for making such determination.

(13) That the applicant should be designated the operator of the second well and unit.

(14) That in the event either of the aforesaid wells is classified as a gas well in the Wolfcamp formation or in any other formation down through the Strawn formation, said well should have dedicated thereto for the gas producing formation 320 acres, being the S/2 of Section 26, Township 16 South, Range 37 East, NMPM, and said lands should be herein pooled to form such a spacing and proration unit.

(15) That all interests in the S/2 of the aforesaid Section 26 are common throughout, and ownership in all of the aforesaid three proration and spacing units proposed to be pooled, i.e., the S/2 SW/4 of Section 26, the N/2 SW/4 of Section 26, and the S/2 of Section 26 is therefore identical.

(16) That the proportionate share of each working interest owner, both as to production benefits and development and operating costs, would remain constant, whether one oil well, two oil wells, a gas well, or any combination thereof resulted from the proposed development.

(17) That after the effective date of this order and within 90 days prior to commencing the well in the S/2 SW/4 of Section 26, the operator should furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(18) That at least 60 but not more than 180 days after completion of the unit well in the S/2 SW/4 of Section 26, the operator should make a determination as to whether and where the second well herein authorized should be drilled, and should furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(19) That any non-consenting working interest owner in either of the aforesaid spacing and proration units should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(20) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(21) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but

that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(22) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(23) That \$3700.00 per month while drilling and \$435.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates) for each well; that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating each of the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(24) That all proceeds from production from the subject wells which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(25) That upon the failure of the operator to commence drilling of the first of the aforesaid wells, to which the S/2 SW/4 of Section 26 is dedicated, on or before August 1, 1982, this order should become null and void and of no effect whatsoever.

(26) That upon the failure of the operator to commence drilling of the second of the aforesaid wells, to which the N/2 SW/4 of Section 26 is dedicated, within 60 days after the determination described in Finding No. (18) above is made, that part of this order pooling the N/2 SW/4 of Section 26 should become null and void and of no effect whatsoever.

(27) That the unorthodox location for the well proposed to be drilled in the N/2 SW/4 of Section 26 should be approved, but that said location should not be considered binding for said unit, and the unit well may be drilled at any standard location thereon or, subject to prior and separate approval by the Division, at some other unorthodox location.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the West Knowles-Drinkard Pool and in the Casey-Strawn Pool underlying the S/2 SW/4 of Section 26, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 80-acre spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of August, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of August, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That H. L. Brown, Jr., is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That at least 60 days but not more than 180 days after the completion of the unit well on the S/2 SW/4 of the aforesaid Section 26, the operator shall make a determination as to whether and where to drill another well, to be located on the N/2 SW/4 of said Section 26, and shall, within 10 days of such determination so advise the Division Director and each known working interest owner of such fact, and shall furnish the Division and each known working interest owner in the N/2 SW/4 of said Section 26 an itemized schedule of estimated well costs.

(5) That when the operator has made a determination to drill such second well, and has so notified the Division and each known working interest owner of such fact, and has furnished the itemized schedule of estimated well costs as required above, all mineral interests, whatever they may be, in

the West Knowles-Drinkard Pool and the Casey-Strawn Pool underlying the N/2 SW/4 of Section 26, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, shall be considered pooled to form a standard 30-acre spacing and proration unit to be dedicated to such second well.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of such second well within 90 days after making the determination to drill said well, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation.

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well within 90 days after determining said well should be drilled, the pooling provisions of Order (5) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why the pooling provisions of Order (5) of this order should not be rescinded.

PROVIDED FURTHER, that said well may be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 26, Township 16 South, Range 37 East, NMPM.

(6) That H. L. Brown, Jr. is hereby designated the operator of the subject well and unit.

(7) That within 30 days from the date the schedule of estimated well costs is furnished to him in accordance with Order (3) or Order (4) of this Order, any non-consenting working interest owner shall have the right to pay his share of estimated well costs for that well to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(8) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of each well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is

an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(9) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance for that well as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(10) That the operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs for that well within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs for that well attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(11) That the operator shall distribute said costs and charges withheld from production from a well to the parties who advanced the well costs for that well.

(12) That \$3700.00 per month while drilling and \$435.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates) for each well; that the operator is hereby authorized to withhold from production from each well the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production from each well the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That in the event either of the wells authorized by this order should be completed as a gas well in the Wolfcamp or

8-
Case No. 7425
Order No. R-6945

Pennsylvanian formations and so classified by the Division's Hobbs District Supervisor, the S/2 of Section 26, Township 16 South, Range 37 East, NMPM, is hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to said well.

(14) That any unsevered mineral interest underlying the S/2 SW/4, N/2 SW/4, or the S/2 of Section 26, Township 16 South, Range 37 East, NMPM, shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.


(15) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(16) That all proceeds from production from either of the subject wells which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(17) That 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 hereinafter designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY
Director

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

19 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of H. L. Brown, Jr., for
compulsory pooling, and an unortho- CASE
dox location, Lea County, New Mexico. 7425

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

MR. STAMETS: Call next Case 7425.

MR. PEARCE: Application of H. L. Brown, Jr., for compulsory pooling and an unorthodox location, Lea County, New Mexico.

MR. STAMETS: This case will be read-
vertised and continued to December 2nd Examiner Hearing.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a true and correct copy of the transcript
of the hearing held on 11-19-79 at 7425
he 81.
Richard P. Stum Examiner
Oil Conservation Division

**W. KNOWLES &
CASEY STRAWN FIELDS
LEA CO., NEW MEXICO
LAND PLAT**

H. L. BROWN, JR.
323 WEST MISSOURI
POST OFFICE BOX 2237
MIDLAND, TEXAS 79702
915 683-5216

September 25, 1981

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|---|
| DEPARTMENT OF REVENUE OIL CONSERVATION COMMISSION H. L. Brown, Jr. CASE NO. 7425 |
|---|

Re: HLB Jr. Prospect #3427 W/Garrett
#2, South One-Half (S/2 of Sec.
26, T-16-S, R-37-E, Lea County,
New Mexico

Dear Interest Owner:

Since February of 1981 I have attempted to acquire oil and gas leases covering the captioned tract of land. As of this writing I own oil and gas leases covering approximately an undivided 140 acres of the captioned tract. Attached hereto is a list of individuals (Ex. A) whose interest in the captioned, according to the records of Lea County, New Mexico as of September 25, 1981, were not subject to an oil and gas lease or were oil and gas leases I do not own. This letter is being forwarded not only to people that we were able to locate and who have not accepted our offer, but also to certain individuals whom we have attempted but were unable to locate. In the case of the individuals whom we have been unable to locate, this letter is being sent to their last known address. To all parties on the attached Exhibit A, I hereby renew my offer to purchase an oil and gas lease from you or assignment of your oil and gas lease for \$100 per mineral/lease acre, 3/16 royalty, 2-year term. Shown by each name on Exhibit A is the number of mineral/lease acres that we believe you own. A copy of our lease form (Ex. C) is attached for your consideration.

Should you not desire to grant an oil and gas lease or assignment under the above terms, I hereby invite you to join me in the drilling of this well. Please find attached an AFE (Ex. D) showing estimated drilling and completion costs for the initial test well. I propose to drill the initial well as an 11,700' Strawn test to be located 554' FSL and 554' FWL of Sec. 26, T-16-S, R-37-E (see attached land plat, Ex. B). I plan to commence this well, subject to rig availability, in January of 1982. Should you elect to join me in the drilling of this well, please so advise and I will submit to you an operating agreement covering the S/2 of this section.

By this letter I am offering to each individual on Ex. A the opportunity to either sell or join in the drilling operations. Please advise me in writing at the above address as to your election on or before October 10, 1981 as to whether you wish to lease or join. Immediately after October 10, 1981 as to those individuals who have not elected nor whom I have been able to locate, I plan to make application to the New Mexico Oil Conservation Commission and ask them to set a hearing whereby these interests can be force-pooled under the New Mexico statutes.

Attachments:

- Ex. A - List of Owners
- Ex. B - Plat of Area
- Ex. C - H.L. Brown Lease Form
- Ex. D - AFE

H. L. Brown, Jr.

UNRELEASED MINERAL INTERESTS AS
OF SEPTEMBER 25, 1981

Exhibit "A"
Page 2

| | | | |
|--|-----------|---|------------|
| Sun Oil Company P. O. Box 1861 Midland, Texas 79702 | 8/240 | Otto R. & Florence L. Gosman 2800 42nd St. Des Moines, Iowa 50110 | 1/64 of 16 |
| Petroleum Corporation of Texas P. O. Box 911 Breckenridge, Texas 76024 | 4/240 | Ada L. Crow Milville, Iowa | 1/32 of 16 |
| Heritage Resources P. O. Box 377 Davis, Oklahoma 73030 | 3/240 | Earl L. Hanson Swoa City, Iowa | 1/32 of 16 |
| R. H. Woods Estate P. O. Box 1417 Socorro, New Mexico | 13/640 | Lorene Standish (Merrel) 914 4th St. Waterloo, Iowa 50501 | 1/64 of 16 |
| Felmont Oil P. O. Box 2266 Midland, Texas 79702 | 24/320 | Cynthia E. Larson, et al 406 W. Broadway Eagle Grove, Iowa | 1/64 of 16 |
| Fisco, Inc. P. O. Box 1518 Roswell, New Mexico 88201 | 6.66/320 | Hazel Bruggman et vir, Ernest Ackley, Iowa | 1/64 of 16 |
| C. B. Read P. O. Box 2126 Roswell, New Mexico 88201 | 13.33/320 | Wilbur C. Enfield Jesse Faye LaCoste Rt. 2 Rudd, Iowa | 1/64 of 16 |
| C. A. Engwall P. O. Box 1784 Roswell, New Mexico 88201 | 1/128 | O. G. Morgan, widower of Linda P. Kenneth E. et ux, Mary M. Don A. et ux, Lois | 1/64 of 16 |
| Hanagan & Hanagan Petroleum Corp. P. O. Box 1737 Roswell, New Mexico 88201 | 3/16 | Wauweta, Nebraska | |
| Mesa Petroleum Co. Vaughn Bldg., Suite 1000 Midland, Texas 79701 | 57.5/2048 | G. L. Whitman et ux, Christina P. O. Box 2202 Waterloo, Iowa 50501 | 1/64 of 16 |
| Estate of Burton E. Shipp First National of Lovington, Trustee Lovington, New Mexico 88260 | 1/128 | Mae Duncan Fauman, heir of Alex H. Duncan, Deceased 2530 S. Owasso St. Tulsa, Oklahoma | 1/64 of 16 |
| R. D. Shipp, Executor of the Estate of Annie Laurie Shipp, Deceased P. O. Box 281 Lovington, New Mexico 88260 | 1/128 | Blanche L. Frobert, et al 6233 40th Ave. NE Seattle, Washington | 1/32 of 16 |
| Estate of George H. Coates, Deceased 1610 Milan Bldg. San Antonio, Texas 78205 | 3/32 | Theodore D. Christokes 528 Central Avenue Fort Dodge, Iowa | 1/64 of 16 |
| John H. Harlan P. O. Box 355 Monahans, Texas 79756 | 1.66/320 | Frank O. Petersen Callendar, Iowa | 1/64 of 16 |
| | | Harry R. & Effie M. Elwidge Callendar, Iowa | 1/64 of 16 |
| | | Clifford Gray Box 61 McDonald, New Mexico | 1/64 of 16 |

Exhibit "A"
Page 3

Exhibit "A"
Page 4

| | |
|-----------------------------------|------------|
| Robert E. & Elizabeth M. Woodburn | 1/64 of 16 |
| Hampton, Iowa | |
| Ethel Armentrout Petersen | 1/64 of 16 |
| Banning, Ca. | |
| F. C. Holmes | 1/64 of 16 |
| Hampton, Iowa | |
| Lillian Kennedy | 1/64 of 16 |
| Mason City, Iowa | |
| R. W. Brown | 1/64 of 16 |
| San Angelo, Texas | |
| Mildred L. Hitchcock | 1/64 of 16 |
| Mason City, Iowa | |
| Clifford K. & John H. Ferguson | 1/64 of 16 |
| Callendar, Iowa | |
| Cora L. Lohr | 1/64 of 16 |
| Mason City, Iowa | |
| Adrain H. & Mary Tison | 1/640 |
| DeRidder, La. | |
| Fred Kemper Estate | 1/32 of 16 |
| Mexico, Missouri | |
| John Satoka | 1/64 of 16 |
| P. O. Box 522 | |
| Bartlesville, Ok. | |
| Gertrude L. Scullin | 1/32 of 16 |
| Frderick M. Grace | 1/32 of 16 |
| Mason City, Iowa | |
| Charles E. Snipps | 1/64 of 16 |
| Mason City, Iowa | |
| Florence M. Balkam et vir, Frank | 1/64 of 16 |
| 919 N. Federal Avenue | |
| Mashtoty, Iowa | |
| J. D. Evans et ux, Myrtle | 1/64 of 16 |
| Madison, Wisconsin | |

| | |
|-----------------------------------|------------|
| Louise E. Brooker, et ux Anna B. | 1/64 of 16 |
| Mason City, Iowa | |
| Andrew E. Nelson et ux, Bessie | 1/32 of 16 |
| Mason City, Iowa | |
| W. C. Caldwell | 1/64 of 16 |
| P. O. Box 712 | |
| Mason City, Iowa | |
| Heber E. Brewer | 1/32 of 16 |
| 15 S. Taylor | |
| Mason City, Iowa | |
| Evan Christiansen et ux, Thalene | 1/64 of 16 |
| Lake Mills, Iowa | |
| C. A. Hanson et ux, Lillian | 1/64 of 16 |
| Mason City, Iowa | |
| Lillian Mabel Drew | 1/64 of 16 |
| Clear Lake, Iowa | |
| Arthur Britson et ux, Helga | 1/64 of 16 |
| Roland Iowa | |
| Albert C. Ogden & Laura Ogden, | 1/32 of 16 |
| Joint Tenants | |
| 309 S. 1st St. | |
| Council Bluffs, Iowa | |
| Henrietta L. McHerron Fischer | 1/64 of 16 |
| 3446 Grand Avenue | |
| Des Moines, Iowa | |
| W. A. Lee et ux, Hazel | 1/64 of 16 |
| 610 13th Avenue | |
| San Francisco, Ca. | |
| G. A. Lee | 1/64 of 16 |
| Ermons, Minnesota | |
| Edwin G. Lacoste | 1/64 of 16 |
| Rt. 2 | |
| Rudd, Iowa 50491 | |
| Walter W. Fischer et ux, Florence | 1/64 of 16 |
| Albert City, Iowa | |
| Harry Scradar et ux, Laura | 1/64 of 16 |
| Rudd, Iowa 50491 | |
| Ellen A. Cragow | 1/64 of 16 |
| Mason City, Iowa | |

J. F. & Vernon Safranke

1/64 of 11

Locille, Iowa

Estella Maple

1/64 of 11

Banning, Ca.

C. K. Morrill et ux, Ruby

1/128

W. J. Parrott et ux, Muriel

1/128

Mason City, Iowa

Floy Mae Mawhinney Dennis
8804 Crawford Avenue
Sun Valley, Ca. ..

1/32 of 11

[illegible]

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made and entered into this _____ day of _____, 19____, by and between _____

hereinafter called "Lessor", whether one or more, and _____, hereinafter called "Lessee".

WITNESSETH: That, for and in consideration of the sum of _____

Dollars (\$ _____), receipt of which is hereby acknowledged, and of the royalties herein provided and the agreements of Lessee herein contained, Lessor does hereby grant, lease and let exclusively unto Lessee, its successors and assigns, all of the land hereinafter described, together with any reversionary rights therein, for the purpose of exploring by geological, geophysical and all other methods, and of drilling, producing and operating wells or mines for the recovery of oil, gas and other hydrocarbons, and all other gaseous substances, including but not limited to carbon dioxide and all other minerals or substances, whether similar or dissimilar, that may be produced from any well or mine on the leased premises, including primary, secondary, tertiary, cycling, pressure maintenance methods of recovery and all other methods, whether now known or unknown, with all incidental rights thereto, and to utilize abandoned wells and/or drill wells for surface and subsurface disposal of salt water, whether produced from the below land or otherwise, and to use existing roadways and to construct, maintain and remove roadways, tanks, pipelines, electric power and telephone lines, power stations, machinery and structures thereon, to produce, store, transport, treat and remove all substances described above, and the products therefrom, together with the right of ingress and egress to and from said land and on, over and across land owned or claimed by Lessor adjacent and con-

iguous thereto. The land hereby leased is situated within the County of _____ State of _____ and is described as follows:

This lease covers all of the land described above, including any interests therein that any signatory hereto has the right or power to lease, and in addition, it covers, and there is hereby granted, leased and let, upon the same terms and conditions as herein set forth, all lands now or hereafter owned or claimed by Lessor, adjacent, contiguous, or a part of the tract or tracts described above, whether such additional lands be owned or claimed by deed, limitation, or otherwise, or are fenced or unfenced, and whether such lands are inside or outside of the metes and bounds description set forth above, or are in the named survey, or other survey or surveys. The bonus money paid for this lease is in gross, and not by the acre, and shall be effective to

cover all such land irrespective of the number of acres contained therein, but the land included within this lease is estimated to comprise _____ acres, whether actually more or less, and such land is hereinafter referred to as the "leased premises".

TO HAVE AND TO HOLD the leased premises for a term of _____ years from the date hereof, hereinafter called "primary term", and as long thereafter as oil, gas or other hydrocarbons, or other minerals or leased substances, or either or any of them, are produced from the leased premises or from lands with which the leased premises are pooled or unitized.

In consideration of the premises, it is hereby agreed as follows:

1. **Royalty On Oil.** Lessee shall deliver to Lessor, at the well or to the credit of Lessor in the pipeline to which the well may be connected, 1/8th of all oil and other liquid hydrocarbons produced and saved from the leased premises, or Lessee, at its option, may buy or sell such 1/8th royalty and pay Lessor the market price for oil or liquid hydrocarbons of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks. Lessor's royalty interest in either case shall bear its proportion of any expenses for transporting and treating oil to make it marketable as crude.
2. **Royalty On Gas.** Lessee shall pay to Lessor as royalty on gas, including casinghead gas or other gaseous substances produced from said land and sold on or off the premises, 1/8th of the net proceeds at the well received from the sale thereof, provided that on gas used off the premises or by Lessee in the manufacture of gasoline or other products therefrom, the royalty shall be the market value at the well of 1/8th of the gas so used; as to all gas sold by Lessee under a written contract, the price received by Lessee for such gas shall be conclusively presumed to be the net proceeds at the well or the market value at the well for the gas so sold.
3. **Royalty On Other Substances.** Lessee shall pay to Lessor, as royalty on any substances covered by this lease other than oil and gas and the products thereof which Lessee may elect to produce, save and market from the leased premises, 1/8th of the proceeds received by Lessee from the sale thereof after deducting the processing costs.
4. **Shut-In Gas Royalty.** If at any time, or from time to time, either before or after the expiration of the primary term of this lease, there is any gas well on the leased premises or on lands with which the leased premises are pooled or unitized and which is capable of producing in paying quantities, but which is shut in before or after production therefrom, such well shall be considered under all provisions of this lease as a well producing gas in paying quantities and this lease shall remain in force in like manner as though gas therefrom was actually being sold

or used. In such event, Lessee covenants and agrees to pay Lessor, as royalty, the sum of _____

Dollars (\$ _____) per annum for the period commencing on the date such well is actually shut in, unless this lease is being maintained in force and effect by some other provision hereof, in which event, such period shall commence on the date this lease ceases to be maintained in full force and effect by some other provision hereof. Payment or tender shall be made to Lessor, or deposited to the credit of Lessor in the depository bank named in this lease. The first payment shall be due and payable on or before ninety (90) days after the date such well is shut in, or ninety (90) days from the date this lease ceases to be maintained in force by some other provision hereof. Unless gas from such well is produced and sold or used prior thereto, except temporary sales, or use for lease operations, subsequent payments shall be due annually thereafter on the anniversary date of the period for which such prior payment was made. No additional payments shall be required if there is more than one shut-in gas well on the leased premises or on lands with which the leased premises are pooled or unitized. The term "gas well" shall include wells capable of producing natural gas, condensate, carbon dioxide or any gaseous substance, and wells classified as gas wells by any governmental authority having jurisdiction.

5. **Delay Rental.** If operations for drilling or mining on the leased premises, or on lands with which the leased premises are pooled or unitized, are not commenced on or before one (1) year from the date of this lease, as set forth above, this lease shall terminate as to both parties unless on or before one (1) year from the date of this lease, Lessee shall pay or tender to the

Lessor a rental of _____ Dollars (\$ _____), which shall cover the privilege of deferring commencement of such drilling or mining operation for a period of twelve (12) months from the expiration of said one (1) year period. In like manner and upon like payments or tenders annually, the commencement of such operations may be deferred for successive periods of the same number of months, during the primary term. Payments or tenders may be made

to the Lessor or to the Lessor's credit in the _____ Bank at _____, which bank or any successor thereof shall continue to be the agent for the Lessor and the Lessor's successors and assigns. If such bank or any successor thereof shall fail, liquidate, or be succeeded by another bank, or for any reason fail or refuse to accept rental, the rental paying date for any year shall be extended until the expiration of thirty (30) days after Lessor shall have delivered to Lessee a recordable instrument making provision for another method of payment or tender and any depository charge shall be the liability of the Lessor. The payment or tender of rental may be made by check or draft of Lessee, mailed or delivered to said bank or Lessor, or to any Lessor if more than one, on or before the rental paying date. Mailing of rental on or before the rental paying date shall be deemed a timely tender thereof and shall preclude the termination of this lease.

6. **Drilling Operations.** If Lessee should drill and abandon as a dry hole a well on the leased premises, or if after the discovery of oil, gas or other minerals, the production thereof should cease from any cause, and, in either event, there are no other producing wells on the leased premises or on lands with which they are pooled or unitized, or drilling or reworking operations are not being conducted thereon, this lease shall not terminate if Lessee commences reworking or additional drilling operations on the leased premises within ninety (90) days hereafter or, if it be within the primary term, Lessee commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of ninety (90) days from the date of such abandonment or cessation of production. If such abandonment or cessation of production occurs at any time during the last fifteen (15) months of the primary term, no rental payment or drilling operations are necessary to keep the lease in force during the remainder of the primary term. If, at the expiration of the primary term, oil, gas or other minerals are not being produced from the leased premises or from lands with which the leased premises are pooled or unitized, but Lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such drilling or reworking operations are prosecuted, or reworking operations on any well or additional drilling operations are conducted on the leased premises, or on lands pooled or unitized therewith, with no cessation of more than sixty (60) consecutive days, and if any such operations result in production then as long as such production continues.

7. **Pooling.** Lessee is hereby granted the right, at any time and from time to time, whether before or after production, to pool this lease for the production of oil, gas, condensate or carbon dioxide or any or either of them, as to the land covered hereby, or any zone or portion thereof, or as to any mineral or royalty interest therein, with any other lease covering the above described land, or lands adjacent, contiguous, adjoining, or in the immediate vicinity thereof, or as to any zone or portion of said lease or any mineral or royalty interest therein. Such pooling shall be into a unit or units not exceeding forty (40) acres plus an acreage tolerance of ten percent (10%) thereof for oil, and units not exceeding six hundred forty (640) acres plus an acreage tolerance of ten percent (10%) thereof for gas, provided that, should governmental authority having jurisdiction prescribe or permit the creation of any drilling, spacing or proration units larger than those specified above, such units may be created or enlarged to conform in size to the drilling or spacing units so prescribed or permitted or to the proration units as may be authorized for obtaining the maximum allowable production from one well. Lessee may pool the acreage or interests above described, or any portion thereof, as above provided, as to oil, or gas in any one or more zones, and units so formed need not conform in size or area with the unit or units into which the lease is pooled, or combine as to any other zone, and oil units need not conform as to area with gas units. Such pooling shall be effected by the filing by Lessee of a written designation, in the county, or counties, in which the premises are located, identifying and describing the pooled unit. The production of oil, gas or condensate from any zone or portion of the land so pooled and the development and operation on such land, including the commencement, drilling, completion and operation of a well thereon, or the existence thereon of a shut-in gas well, shall be considered and construed and shall have the same effect, except for the payment of royalty, as production, development and operation, or the existence of a shut-in gas well on the leased premises, regardless of the location of the well on the unit. Production from any unit well producing oil, gas or condensate shall be allocated to the leased premises in the proportion that the acreage of the leased premises included within the unit bears to the total acreage in the unit, and the royalty provided for herein shall be calculated on the portion of the production so allocated. The royalty so payable on allocated production shall be in lieu of any other royalty that would accrue to Lessor from the production of oil, gas or condensate from any zone or portion of the leased premises included within the unit. Shut-in gas royalty, with respect to unit shut-in gas wells, shall be payable in accordance with the provisions and in the amount set forth in this lease. In the event any unit well shall fail to produce oil, gas or condensate in paying quantities, or in the event the production from any such well shall cease, Lessee may terminate the unit by filing for record, in the county, or counties where the land is situated a written declaration of such termination.

8. **Use Of Oil, Gas, Caliche And Water For Operations.** Lessee shall have the free use of oil, gas, caliche and water from the leased premises, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting the amount so used.

9. **Removal Of Equipment.** Lessee shall have the right, at any time during or after the expiration of this lease, to remove all property and fixtures placed on the leased premises by Lessee, including the right to withdraw and remove all casing.

10. **Assignment Or Change Of Ownership.** The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change or division in the ownership of the land, rentals or royalties, however accomplished, shall be binding upon Lessee for any purpose and shall not impair the effectiveness of any payment theretofore made by Lessee (irrespective of whether Lessee has either actual or constructive knowledge thereof) until sixty (60) days after such person acquiring

any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original Lessor. In the event of an assignment of this lease as to a segregated portion of the land covered by this lease, the rentals payable hereunder shall be apportioned as between the several leasehold owners, ratably, according to the surface area of each, and a default in rental payment by one Lessee shall not affect the rights of other leasehold owners hereunder who make due payments of rentals. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge Lessee of all obligations hereunder.

11. **Force Majeure.** Lessee shall not be liable for any delays in its performance of any covenant or condition hereunder, express or implied, or for total or partial nonperformance thereof, due to force majeure. The term "force majeure", as used herein, shall mean any circumstances or any condition beyond the control of Lessee, including but limited to acts of God and actions of the elements; acts of the public enemy; strikes; lockouts; accidents; laws, acts, rules, regulations and orders of federal, state or municipal governments, or officers or agents thereof; failure of transportation; or the exhaustion, unavailability, or delays in delivery, of any product, labor, service or material. If Lessee is required to cease drilling or reworking or producing operations on the leased premises by force majeure, then until such time as such force majeure is terminated and for a period of ninety (90) days after such termination, each and every provision of this lease that might operate to terminate it shall be suspended and this lease shall continue in full force and effect during such suspension period. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

12. **Lessor Interest Clause.** If Lessor does not own, or have the right to lease, the entire mineral interest in the land described above, then the royalties, rentals, and any other sums payable hereunder, shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an outstanding nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessor hereunder.

13. **Warranty.** Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right, at any time, to redeem for the Lessor, by payment, any mortgage, taxes or other liens on the leased premises in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any rental or royalties that may be payable to Lessor hereunder.

14. **Surrender.** Lessee, its successors and assigns, shall have the right at any time, to surrender this lease, in whole or in part, by delivering or mailing a release to the Lessor or by placing a release of record in the county, or counties, in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations, expressed or implied, of this lease as to the acreage so surrendered.

15. **Parties Bound.** This lease and all of the rights, obligations and conditions hereof shall be binding upon each party executing this instrument and his heirs, devisees, successors and assigns. Should any party named above as Lessor fail to execute this lease, or should any party execute this lease who is not named above as a Lessor, it shall nevertheless be binding upon the party or parties executing the same.

16. **Headings For Convenience.** The paragraph headings herein are for convenience only and shall not be considered or construed to limit the subject matter of any paragraph.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

THE STATE OF _____
COUNTY OF _____

TEXAS ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the identical person whose name are/is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, A.D. 19____

THE STATE OF _____
COUNTY OF _____

Notary Public in and for _____
County, _____

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the identical person whose name are/is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, A.D. _____

THE STATE OF _____
COUNTY OF _____

NEW MEXICO ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this _____ day of _____, 19____

by _____

My Commission Expires: _____

Notary Public in and for _____
County, _____

No. _____
OIL, GAS AND MINERAL LEASE

TO

Filed for Record this the _____

day of _____ A.D. 19____
at _____ o'clock _____ M.

County Clerk.

By _____ Deputy.

Recorded _____ A.D. 19____
in _____ County

Record of _____
Book _____ Page _____

County Clerk.

By _____ Deputy.

H. L. BROWN, JR.
AUTHORITY FOR DRILLING

P. O. BOX 2237
MIDLAND, TEXAS 79701
AC 815 602 2216

H. Wright Tr. #1

H. L. BROWN, JR.
AUTHORITY FOR DRILLING

PAGE 2

DATE PREPARED 9-25-81

PROJECT NAME West Garrett

LEASE NUMBER 1583-1

LESSOR H. Wright Tr.

Sec. 26, T14S 32E

WELL NO. 1

LOCATION 554' FSL & 554' FHL

County Parish Lea.

State H. Mex.

Drilling Contractor Not Available

Drilling BY

INTANGIBLE DRILLING COSTS

1. FRICTION 45

2. OILWATER 45

3. CORING 45

4. WELL SURVEY & TEST SERVICES

5. EQUIPMENT RENTALS

6. LARON CONTRACTS 2,000

7. FUEL 35,000

8. DISCING PITS 2,500

9. GRAVING LOCATIONS 10,000

10. TRANSPORTATION

11. CEMENTING CONDUCTOR

12. DRILLING MUD & CHEMICALS

13. PERFORATING

14. ACIDIZING 30,000

15. BTL

16. SUPERVISION & OVERHEAD 45 x 350

17. ENGINEERING

18. GEOLOGICAL

19. DISTRICT EXPENSE & OVERHEAD

20. LEASE AND DAMAGES

21. MISCELLANEOUS

22. FLOATING EQUIPMENT

23. SCRATCHERS & CENTRALIZERS

24. WELDING

25. COMPLETION UNIT 10 days @ \$1,800 DA

26. OTHER

27. CONTRIBUTIONS TO BE RECEIVED

28. TOTAL INTANGIBLE DRILLING COSTS

29. TOTAL COST OF WELL

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PS Form 3811, Aug. 1978

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered.
☐ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Otto R. & Florence L. Gossman
 2800 42nd St.
 Des Moines, Iowa 50310

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 158 616

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Otto R. Gossman

4. DATE OF DELIVERY
 10-31-81

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

H.L. Brown

☆ GPO: 1978-272-342

PS Form 3811, Aug. 1978

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

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☐ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Clifford Gray
 Box 61
 McDonald, New Mexico

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 158 624

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☒ Addressee ☐ Authorized agent
Clifford Gray

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

H.L. Brown

☆ GPO: 1978-272-342

PS Form 3811, Aug. 1978

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☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Mesa Petroleum Co.
 Vaughn Bldg., Suite 1000
 Midland, Texas 79701

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 158 614

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Leslie L. Lawrence

4. DATE OF DELIVERY
 10-29-81

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

H.L. Brown

☆ GPO: 1978-272-342

PS Form 3811, Aug. 1978

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

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 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 John H. Harlan
 P.O. Box 355
 Manahan, Texas 79756

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 158 615

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Leslie L. Lawrence

4. DATE OF DELIVERY
 10-29-81

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

H.L. Brown

☆ GPO: 1978-272-342

PS Form 3811, Aug. 1978

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

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 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Hanagan Petroleum
 737
 Roswell, NM 88401

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 58 613

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Leslie L. Lawrence

4. DATE OF DELIVERY
 10-29-81

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

H.L. Brown

☆ GPO: 1978-272-342

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☒ Show to whom and date delivered.....

☐ Show to whom, date and address of delivery.....

☐ RESTRICTED DELIVERY
Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
C. B. Read
P.O. Box 2126
Roswell, New Mexico 88201

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
158 611

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY 10-28-81 POSTMARK 1981

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

H.L. Brown

☆GPO : 1979-288-848

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☒ Show to whom and date delivered.....

☐ Show to whom, date, and address of delivery.....

☐ RESTRICTED DELIVERY
Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
C. A. Engwall
P.O. Box 1784
Roswell, New Mexico 88201

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
158 612

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY Carl Engwall N.M. 10-28-81 POSTMARK 1981

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS J.J.R.

H. L. Brown

☆GPO : 1979-288-848

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☒ Show to whom and date delivered.....

☐ Show to whom, date and address of delivery.....

☐ RESTRICTED DELIVERY
Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Felmont Oil
P.O. Box 2266
Midland, Texas 79702

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
158 609

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY Bumper POSTMARK 1981

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

H.L. Brown

☆GPO : 1979-288-848

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☒ Show to whom and date delivered.....

☐ Show to whom, date and address of delivery.....

☐ RESTRICTED DELIVERY
Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Fisco Inc.
P.O. Box 1518
Roswell, New Mexico 88201

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
158 610

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY [Signature] POSTMARK 1981

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

H.L. Brown

☆GPO : 1979-288-848

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☒ Show to whom and date delivered.....

☐ Show to whom, date and address of delivery.....

☐ RESTRICTED DELIVERY
Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
H. Woods Estate
P.O. Box 1417
Corro, New Mexico 88240

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
158 608

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY [Signature] POSTMARK 1981

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

H.L. Brown

☆GPO : 1979-288-848

PS Form 3811, Aug. 1978

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered.
☐ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Petroleum Corporation of Texas
 P.O. Box 911
 Breckenridge, Texas 76024

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 158 606

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

H.L. Brown

☆ GPO : 1978-272-342

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered.
☐ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Heritage Resources
 P.O. Box 377
 Davis, Oklahoma 73030

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 158 607

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

H.L. Brown

☆ GPO : 1978-288-848

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered.
☐ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Sun Oil Company
 P.O. Box 1861
 Midland, Texas 79702

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 158 604

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

H.L. Brown

☆ GPO : 1978-288-848

PS Form 3811, Aug. 1978

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered.
☐ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Yates Petroleum Company
 207 South Fourth
 Artesia, New Mexico 88210

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 158 605

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

H.L. Brown

☆ GPO : 1978-272-342

P 327.158 630
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
30.9. Nain-Hayl
630 33rd Ave
P.O. STATE AND ZIP CODE
San Francisco, CA

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1976

P 327.158 632
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
2445 Mar Mathewy Drive
8804 Crawford Ave.
P.O. STATE AND ZIP CODE
Sun Valley, CA

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1976

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
Edwin de la Cruz
P.O. STATE AND ZIP CODE
Rudd, Iowa 50491

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1976

P 327.158 627
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
W. C. Caldwell
P.O. Box 712
P.O. STATE AND ZIP CODE
Mason City, Iowa

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

P 327.158 628
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
Albert C. Ogden
309 S. 1st St.
P.O. STATE AND ZIP CODE
Council Bluffs, Iowa

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1976

P 327.158 629
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
Henriette L. McNeeratt
3440 Grand Ave.
P.O. STATE AND ZIP CODE
Des Moines, Iowa

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1976

P 327.158 624
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
Clifford Gray
Box 61
P.O. STATE AND ZIP CODE
McDonald, NM

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

P 327.158 625
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
John Satoka
P.O. Box 522
P.O. STATE AND ZIP CODE
Bartlesville, OK 74603

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1976

P 327.158 626
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
STREET AND NO.
Frank & Florence
919 N. Federal Ave.
P.O. STATE AND ZIP CODE
Thasmaty, Iowa

| | |
|---|--|
| POSTAGE | |
| CERTIFIED FEE | |
| SPECIAL DELIVERY | |
| RESTRICTED DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1976

P 327 158 621

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|--------------------|--|
| SENT TO | | Mae Durcan Lauman | |
| STREET AND NO. | | 2530 S. Durand St. | |
| P.O. STATE AND ZIP CODE | | Tulsa, OK 74102 | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

Form 3800, Apr. 1976

P 327 158 622

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|---------------------|--|
| SENT TO | | Blanche J. Probert | |
| STREET AND NO. | | 6233 40th Ave. N.E. | |
| P.O. STATE AND ZIP CODE | | Seattle, WA | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

PS Form 3800, Apr. 1976

P 327 158 623

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|----------------------|--|
| SENT TO | | Theodore D. Christak | |
| STREET AND NO. | | 528 Central Ave. | |
| P.O. STATE AND ZIP CODE | | Port Hodge, Iowa | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

PS Form 3800, Apr. 1976

P 327 158 618

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|-------------------|--|
| SENT TO | | Cynthia C. Larson | |
| STREET AND NO. | | 404 W. Broadway | |
| P.O. STATE AND ZIP CODE | | Eagle Grove, Iowa | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

P 327 158 619

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|--------------------|--|
| SENT TO | | Gessie May Salts | |
| STREET AND NO. | | Wilbur C. Engfield | |
| P.O. STATE AND ZIP CODE | | Rt. 2, Rudd, Iowa | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

PS Form 3800, Apr. 1976

P 327 158 620

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|------------------------|--|
| SENT TO | | L. J. Whitman-Christak | |
| STREET AND NO. | | P.O. Box 2202 | |
| P.O. STATE AND ZIP CODE | | Whiteland, Iowa 5055 | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

PS Form 3800, Apr. 1976

P 327 158 615

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|-------------------|--|
| SENT TO | | John H. Harlan | |
| STREET AND NO. | | P.O. Box 355 | |
| P.O. STATE AND ZIP CODE | | Manahan, OK 79756 | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

PS Form 3800, Apr. 1976

P 327 158 616

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|-------------------------|--|
| SENT TO | | Otha & Florence Assmann | |
| STREET AND NO. | | 2810 42nd St. | |
| P.O. STATE AND ZIP CODE | | Des Moines, Iowa 50310 | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

PS Form 3800, Apr. 1976

P 327 158 617

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | | | |
|---|--|---------------------|--|
| SENT TO | | Lerene Standsal | |
| STREET AND NO. | | 914 4th St. | |
| P.O. STATE AND ZIP CODE | | Watsleva, Iowa 5055 | |
| POSTAGE | | | |
| CERTIFIED FEE | | | |
| SPECIAL DELIVERY | | | |
| RESTRICTED DELIVERY | | | |
| CONSULT POSTMASTER FOR FEES | | | |
| OPTIONAL SERVICES | | | |
| RETURN RECEIPT SERVICE | | X | |
| SHOW TO WHOM AND DATE DELIVERED | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | | | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | | | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | | | |
| TOTAL POSTAGE AND FEES | | | |
| POSTMARK OR DATE | | | |

PS Form 3800, Apr. 1976

P. 327 158 612 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|---|------------------------|
| SENT TO <i>C.D. Engwall</i> STREET AND NO. <i>P.O. Box 1784</i> P.O. STATE AND ZIP CODE <i>Roswell, NM 88201</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P. 327 158 613 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|--|------------------------|
| SENT TO <i>Hanagan & Hanagan</i> STREET AND NO. <i>P.O. Box 1737</i> P.O. STATE AND ZIP CODE <i>Roswell, NM 88201</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P. 327 158 614 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|---|------------------------|
| SENT TO <i>Mesa Petroleum</i> STREET AND NO. <i>Vaughn Bldg-Suite 100</i> P.O. STATE AND ZIP CODE <i>Midland, TX 79701</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P. 327 158 609 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|--|------------------------|
| SENT TO <i>Felmont Oil</i> STREET AND NO. <i>P.O. Box 2266</i> P.O. STATE AND ZIP CODE <i>Midland, TX 79702</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P. 327 158 610 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|---|------------------------|
| SENT TO <i>Jisco Inc.</i> STREET AND NO. <i>P.O. Box 1518</i> P.O. STATE AND ZIP CODE <i>Roswell, NM 88201</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P. 327 158 611 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|--|------------------------|
| SENT TO <i>C.B. Lead</i> STREET AND NO. <i>P.O. Box 2126</i> P.O. STATE AND ZIP CODE <i>Roswell, NM 88201</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P. 327 158 606 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|---|------------------------|
| SENT TO <i>Petroleum Corp. of Texas</i> STREET AND NO. <i>P.O. Box 911</i> P.O. STATE AND ZIP CODE <i>Breckenridge, TX 76024</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P. 327 158 607 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|---|------------------------|
| SENT TO <i>Heritage Resources</i> STREET AND NO. <i>P.O. Box 377</i> P.O. STATE AND ZIP CODE <i>Harris, TX 73030</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P. 327 158 608 **RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|---|------------------------|
| SENT TO <i>R.H. Woods Estate</i> STREET AND NO. <i>P.O. Box 1417</i> P.O. STATE AND ZIP CODE <i>Sacramento, NM</i> | |
| POSTAGE \$ | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| SHOW TO WHOM AND DATE DELIVERED <i>X</i> | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES \$ | |
| POSTMARK OR DATE | |

P 327 158 605

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED —
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | |
|---|---------------------------------|
| SENT TO | |
| Gates Petroleum Co. | |
| STREET AND NO. | |
| 207 S. Fourth | |
| P.O. STATE AND ZIP CODE | |
| Ottawa, NM 88210 | |
| POSTAGE | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| | SHOW TO WHOM AND DATE DELIVERED |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1975

P 327 158 604

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED —
NOT FOR INTERNATIONAL MAIL
(See Reverse)

| | |
|---|---------------------------------|
| SENT TO | |
| Lundil Company | |
| STREET AND NO. | |
| P.O. Box 1841 | |
| P.O. STATE AND ZIP CODE | |
| Midland, TX 79702 | |
| POSTAGE | |
| CONSULT POSTMASTER FOR FEES | CERTIFIED FEE |
| | SPECIAL DELIVERY |
| | RESTRICTED DELIVERY |
| | OPTIONAL SERVICES |
| | RETURN RECEIPT SERVICE |
| | SHOW TO WHOM AND DATE DELIVERED |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY | |
| SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY | |
| SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY | |
| TOTAL POSTAGE AND FEES | |
| POSTMARK OR DATE | |

PS Form 3800, Apr. 1975

CHARLES R. QUALIA

OIL & GAS PROPERTIES

P O BOX 10181

MIDLAND, TEXAS 79702

(915) 682-4183

PBLA

AAPL

November 13, 1981

Webb Walker, Jr.
P.O. Box 2237
Midland, Texas 79702

Re: Wright Prospect
S/2 of Section 26
T-16-S, R-37-E
Lea County, New Mexico

Dear Webb:

Recited below is a list of all activities undertaken with regard to the mineral interests that various people and entities own in the above described tract of land. The described activities cover all of my work from inception of this job dated January 5, 1981 through the date of this final compilation dated November 13, 1981.

If there is anything else that you may need or require of me please let me know and I will be happy to undertake such requirements.

Sincerely yours,

Charles R. Qualia

Charles R. Qualia

| | |
|--------------------|---------------|
| RECEIVED BY MAIL | |
| OIL & GAS DIVISION | |
| HL Brown | EXHIBIT NO. 4 |
| CASE NO. | 7425 |

WRIGHT PROSPECT

S/2 of Section 26
T-16-S, R-37-E
Lea County, New Mexico

1. Mildred A. Wright, Trustee
1-9-81 Sent Lease and draft, \$100.00-3/16-5yr.
2. Twila Goodding, Trustee
1-9-81 Sent letter with offer to lease, \$100-3/16-5yr.
1-24-81 Rec'd reply of letter dated 1-9-81, agree to lease
2-2-81 Sent lease and draft, \$100-3/16-5yr.
3. Laura Kaempf
1-9-81 Sent letter with offer to lease, \$100-3/16-5yr.
1-23-81 Called her concerning lease proposal
1-23-81 Sent lease and draft, \$100-3/16-5yr.
4. Mrs. John H. Wiggins
1-9-81 Sent letter with offer to lease, \$100-1/8-5yr.
1-12-81 Rec'd reply to letter dated 1-9-81, agree to lease
1-22-81 Sent lease and draft, \$100-1/8-5yr.
5. Dr. John H. Wiggins
1-22-81 Sent letter with offer to lease, \$100-1/8-5yr.
1-28-81 Rec'd reply to letter dated 1-22-81, agree to lease
1-28-81 Called and gathered lease information
2-3-81 Sent lease and draft, \$100-1/8-5yr.
6. Mrs. James Alford
1-22-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-3-81 Rec'd reply to letter dated 1-22-81, agree to lease
2-6-81 Sent lease and draft, \$100-1/8-5yr.
7. Estate of J.E. and Beulah H. Simmons
1-9-81 Sent letter with offer to lease
1-21-81 Rec'd reply to letter dated 1-9-81, requested \$100-3/16-3yr.
2-5-81 Sent lease and draft, \$100-3/16-3yr.
8. Mrs. Jennie Anderson Buck
1-26-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-9-81 Rec'd reply to letter dated 1-26-81, agree to lease
2-9-81 Sent lease and draft
9. Estate of Matilda Sarsgard, Esther J. Ruble, Attorney-in-fact
1-22-81 Sent letter with offer to lease, \$100-1/8-5yr.
1-27-81 Rec'd reply to letter dated 1-22-81
2-9-81 Sent lease and draft, \$100-1/8-5yr.
10. Mildred Morgan Sneefus
1-9-81 Sent letter with offer to lease, \$100-1/8-5yr.
1-13-81 Rec'd reply to letter dated 1-9-81, agree to lease
1-22-81 Sent lease and draft, \$100-1/8-5yr.
11. Jean D. Beckwith
1-29-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-11-81 Sent lease and draft, \$100-1/8-5yr.
12. Mr. Leonard Arthur Miller
1-26-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-7-81 Called Mr. Miller concerning letter dated 1-26-81, agree to lease
2-10-81 Sent lease and draft, \$100-1/8-20yr.
13. Cora M. Werthenbach C/O Amarett Schmitz
2-4-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-9-81 Rec'd reply to letter dated 2-4-81, wanted more information regarding
an oil & gas lease
2-16-81 Sent letter with information along with lease and draft, \$100-1/8-5yr.

WRIGHT PROSPECT

14. Dale I. Morgan
 - 2-5-81 Sent letter with offer to lease
 - 2-11-81 Rec'd reply to letter dated 2-5-81, agree to lease
 - 2-16-81 Sent lease and draft, \$100-1/8-5yr.
15. Mrs. Pat Alston Ward
 - 2-7-81 Sent letter with offer to lease, \$100-3/16-5yr.
 - 2-16-81 Called Mrs. Ward and she countered with \$100-1/4-3yr.
 - 2-24-81 Called Mrs. Ward and I offered her \$100-3/16-1yr.
 - 2-27-81 Rec'd letter from Mrs. Ward, agree to \$100-3/16-1yr.
 - 3-10-81 Sent lease and draft, \$100-3/16-1yr.
16. Mrs. D.W. Wendle (Bess Ellestad interest)
 - 1-23-81 Sent letter with offer to lease, \$100-1/8-5yr.
 - 2-11-81 Called Mr. Wendle, he wanted more information on the matter
 - 2-11-81 Sent letter giving more information in the matter of an oil & gas lease
 - 3-23-81 Called Mr. Wendle, he wanted \$155-3/16-5yr pd. up lease
 - 4-1-81 Called Mr. Wendle, agreed upon \$105-3/16-5yr pd. up lease
 - 4-1-81 Sent lease and draft, \$105-3/16-5yr. pd. up lease
17. Lola Helvick C/O Ronald Helvick
 - Mrs. Grace Mackintosh (Lula F. Allphin interest)
 - Mr. Robert Bennett
 - Mrs. Marjorie Vance
 - 1-23-81 Sent letter with offer to lease, \$100-1/8-5yr.
 - 2-11-81 Called Mrs. Helvick, her caretaker told me to contact her son, Ronald Helvick
 - 2-23-81 Rec'd letter from Ronald Helvick concerning Mrs. Helvick's interest
 - 3-7-81 Wrote a letter to Mr. Helvick explaining what an oil & gas lease is
 - 3-26-81 Rec'd will of Alice N. Newbrough along with a note saying that all of the above agree to lease.
 - 3-31-81 Sent letter to the above showing how the interest is to be divided
 - 4-6-81 Rec'd letter from the above instructing me on how to make the leases out and to whom
 - 4-13-81 Sent lease and draft of all of the above except Lola Helvick interest
 - 4-13-81 Sent separate lease and draft to Ronald Helvick for Lola Helvick interest
18. Lorene Standish Nemela
 - 2-16-81 Sent letter with offer to lease, \$100-1/8-5yr.
 - 3-4-81 Sent lease and draft, \$100-1/8-5yr.
 - 8-25-81 Rec'd a letter from R. Kent Standish, nephew of Mrs. Nemela. He returned the lease and draft and instructed me that he had acquired the mineral interest from Mrs. Nemela 3-31-81.
 - 9-7-81 Sent Kent Standish a letter with offer to lease, \$25 -3/16-5yr. pd. up lease
19. Emma Wallukait
 - 1-26-81 Sent letter with offer to lease, \$100-1/8-5yr.
 - 2-11-81 Called Mrs. Wallukait, she wanted a letter giving more information on the matter
 - 2-11-81 Sent letter giving more information on the matter of an oil & gas lease
 - 3-4-81 Sent lease and draft, \$100-1/8-5yr.
 - 3-24-81 Called Mrs. Wallukait and she informed me that her lawyer was taking care of the matter.
20. Mrs. W.J. Slepicka
 - 3-13-81 Sent letter with offer to lease, \$100-1/8-5yr.
 - 3-12-81 Rec'd call from her son who said he saw the add in the paper and he said that I should write Mrs. Slepicka a letter explaining what an oil & gas lease is and to also send her one.
 - 3-16-81 Sent Mrs. Slepicka a letter explaining what an oil & gas lease is and also sent her a lease and draft, \$100-1/8-5yr.
21. Ran an add in two Iowa papers concerning all the mineral owners of S/2 of Section 26, T-16-S, R-23-E in Lea County, New Mexico. Ran them in the Des Moines Register and Tribune and the Mason City Globe Gazette. 1/8/81 - 3/8/81

WRIGHT PROSPECT

22. Cecil Hightower, widow
3-17-81 Sent letter with offer to lease, \$100-3/16-5yr.
3-19-81 Rec'd call from Mrs. Emaree Means, daughter, who has power of attorney for Mrs. Hightower, agree to lease, \$100-3/16-5yr.
3-23-81 Sent Mrs. Means a letter asking for a copy of the POA
3-23-81 Sent lease and draft, \$100-3/16-5yr.
23. Mrs. Howard Olson and Mento Tjarks (Josephine and Elizabeth Perry interest)
1-9-81 Sent letter with offer to lease, \$100-1/8-5yr.
1-22-81 Sent letter with offer to lease, \$100-1/8-5yr.
3-18-81 Rec'd letter from Mrs. Olson's lawyer who gave me information on how Mrs. Olson and Mento Tjarks came to own the Perry interest.
3-23-81 Sent letter to Mrs. Olson's lawyer explaining what an oil & gas lease is
4-6-81 Rec'd letter from lawyer saying that Mrs. Olson and Mento Tjarks agree to lease, \$100-1/8-5yr.
4-13-81 Sent lease and draft, \$100-1/8-5yr.
24. Mr. John W. Tiss
2-15-81 Sent letter with offer to lease, \$100-1/8-5yr.
3-4-81 Sent lease and draft, \$100-1/8-5yr.
3-24-81 I called Mr. Tiss because I had not heard from him and no lease had been sent back, he wanted \$500-1/6-5yr.
9-3-81 Sent lease and draft, \$500-1/6-5yr.
9-11-81 I Rec'd letter from Mr. Tiss informing me of an error in the lease
9-25-81 Rec'd old lease and draft and issued new lease and draft, \$500-1/6-5yr.
25. Mrs. Florence L. Gossman, widow
2-5-81 Sent letter with offer to lease and to explain what an oil & gas lease is, \$100-1/8-5yr.
2-21-81 Rec'd reply to letter dated 2-5-81, agree to lease but she was unsure as to who owned the mineral interest being that she had been divorced.
4-7-81 Ordered copy of will of Otto R. Gossman, no mention of mineral interest
3-20-81 Rec'd copy of divorce decree, no mention of mineral interest
10-13-81 Sent lease and draft, \$100-3/16-3yr.
26. George Duncan Bauman
1-26-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-10-81 I called Mr. Bauman and he had received the letter and that he was interested
2-25-81 Sent letter inquiring what their position was concerning the oil & gas lease, no response
10-7-81 Called them concerning the oil & gas lease and they were not sure if they wanted to lease or not
27. Mrs. Mary Morgan, widow, et al
1-26-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-10-81 I called and she said that she was interested and that she was turning the offer to lease over to her lawyer
2-25-81 Wrote another letter explaining what an oil & gas lease is and to renew the offer to lease, \$100-1/8-5yr.
3-11-81 Called Mrs. Morgan and she told me that her lawyer was taking care of all matters, so I called the lawyer numerous times over a span of one month and he would not ever return my calls
10-12-81 Wrote Mrs. Morgan a letter and asking for background on the Morgan Estate
10-15-81 Rec'd reply to letter dated 10-12-81, gathered all information of the Morgan Estate
10-20-81 Sent letter asking for information concerning the wills of deceased persons listed under the Morgan interest.
10-27-81 Called Morrill County Clerk in Nebraska and obtained a copy of the will of Kenneth Morgan
11-1-81 Sent letter to Mrs. Morgan's niece with offer to lease as she is an heir to part of the mineral interest owned by Don & Lois Morgan, \$100-1/8-3yr.

WRIGHT PROSPECT

28. Mrs. Mae Shifflett, widow
1-26-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-16-81 Called her and then sent letter informing her what an oil and gas lease is.
3-4-81 Sent lease and draft, \$100-1/8-5yr.
3-25-81 I called her and she said that she had turned the matter over to her lawyer.
4-30-81 Rec'd letter from her lawyer and they requested \$50-3/16-3yr. pd. up lease
5-5-81 Sent letter saying that was not acceptable to us but that the most that I could go is \$25-3/16-5yr. pd. up lease
5-5-81 Sent lease and draft, \$25-3/16-5yr. pd. up lease
6-18-81 Rec'd letter from lawyer saying that Mrs. Shifflett had agreed to lease for \$25-3/16-5yr.
29. R.W. Brown
1-30-81 Sent letter with offer to lease, but it turned out to be the wrong people.
10-28-81 Called and found the son's of R.W. Brown in San Angelo, Tx. Sent letter with offer to lease to Kenneth W. Brown, \$25-3/16-3yr. pd. up lease
30. Theodore D. Christokos
1-30-81 Sent letter with offer to lease, \$100-1/8-5yr., letter returned to sender.
31. Blanche L. Probert
1-30-81 Sent letter with offer to lease, \$100-1/8-5yr., letter returned to sender
32. W.A. Horn
2-4-81 Sent letter with offer to lease, \$100-1/8-5yr., letter returned to sender
33. Floy Mea Mawhinney Dennis
2-4-81 Sent letter with offer to lease, \$100-1/8-5yr., letter returned to sender
34. Edwin G. Lacoste
2-4-81 Sent letter with offer to lease, \$100-1/8-5yr., letter returned to sender
35. Henrietta L. McDermott Fischer
2-4-81 Sent letter with offer to lease, \$100-1/8-5yr., letter returned to sender
36. E.D. Shipp
2-23-81 Obtained abstracts for Title Opinion
2-23-81 Asked Mr. Shipp about an oil & gas lease and he wanted \$100-1/4-3yr
8-20-81 Sent lease and draft, \$100-1/4-3yr.
37. Hanesco, Inc.
2-6-81 Sent letter with offer to lease, \$100-3/16-3yr.
8-28-81 Sent lease and draft, \$100-1/4-2yr.
38. John L. Harlan
2-6-81 Sent letter with offer to lease, \$100-3/16-3yr.
8-28-81 Sent another letter with offer to lease, \$100-3/16-3yr.
9-7-81 Rec'd reply to letter dated 8-28-81, wanted \$150-3/16-3yr.
9-18-81 Sent lease and draft, \$150-3/16-3yr.
39. C.B. Read and Norman Stevens
2-6-81 Sent letter with offer to lease, \$100-3/16-3yr.
2-12-81 Rec'd reply to letter dated 2-6-81, will participate
40. Felmont Oil Corporation
2-6-81 Sent letter with offer to lease, \$100-3/16-3yr.
2-10-81 Rec'd reply to letter dated 2-6-81, will participate
41. Heritage Resources
2-6-81 Sent letter with offer to lease, \$100-3/16-3yr.
2-11-81 Rec'd reply to letter dated 2-6-81, will wait to hear from Petco
3-26-81 Petco is going to participate and hence so will Heritage Resources

WRIGHT PROSPECT

42. Petroleum Corporation of Texas
2-6-81 Sent letter with offer to lease, \$100-3/16-3yr.
3-18-81 Rec'd reply to letter dated 2-6-81, will participate
43. Sun Oil Co.
2-6-81 Sent letter with offer to lease, \$100-3/16-3yr.
3-11-81 Rec'd reply to letter dated 2-6-81, will participate
44. Carl A. Engwall
1-30-81 Sent letter with offer to lease, \$100-1/8-5yr.
2-27-81 Rec'd reply to letter dated 1-30-81, will participate
45. Robert L. Haynie
1-30-81 Sent letter with offer to lease, \$100-1/8-5yr.
?????? I called and he said that he would take a 6 month lease with 1/4 roy.
when ready to drill
9-3-81 Sent lease and draft, 6 month-1/4 roy.
46. Coates Energy Trust
2-5-81 Sent letter with offer to lease, \$100-3/16-3yr.
?????? I called various times throughout the months and got an idea of what
Coates Energy Trust requires for an oil & gas lease
9-28-81 I called Marjorie Gormley at Coates and she said that they will lease
for \$100-1/4-2yr. and that they will use their own lease form
47. R.H. Woods Estate
2-25-81 Sent letter with offer to lease, \$100-3/16-3yr.
3-24-81 I called Mr. Woods and he said that he look at the offer and let me
know soon what he wants to do
8-25-81 Wrote another letter with offer to lease because I had not heard from
him concerning this matter, \$100-3/16-3yr. or 1yr.-1/4 roy.
9-28-81 I called again and he said that he will let me know by the end of the
week, he never did let me know anything.
48. Request for death certificates
2-4-81 Sent letter to Iowa dept of Statistical Services and requested death
certificates on five people.
2-?-81 Rec'd reply to letter dated 2-4-81 and they said that they will not issue
copies of death certificates unless you are a relative or the dec'd
has been dead for 65 years or more.
49. Mrs. Laura Schrader
10-13-81 Sent letter with offer to lease, \$25-3/16-3yr. pd. up lease
10-20-81 Rec'd letter saying that she had already leased to Harry L. Blomquist,
III
50. Hazel Bruggman and Jesse Fay LaCoste
10-8-81 Sent letter with offer to lease, \$25-3/16-3yr. pd. up lease and to explain
what an oil & gas lease is.
10-14-81 Sent lease and draft to Hazel Bruggman and Jesse Fay LaCoste, \$25-3/16
3yr. pd. up lease
10-21-81 Rec'd letter from Mrs. Bruggman pointing out errors in the lease and draft
that I had sent her 10-14-81.
10-22-81 Sent new lease and draft with the corrections to Hazel Bruggman, \$25-
3/16-3yr. pd. up lease
51. Mrs. Hazel Ferguson
10-12-81 Called her and explained to her what an oil & gas lease was.
10-12-81 Sent lease and draft to her, \$25-3/16-3yr. pd. up lease.
52. Mrs. Wayne Thieman (Walter Kischer interest)
10-30-81 Sent letter with offer to lease, \$25-3/16-3yr. pd. up lease
10-28-81 Called her and found out that she is the daughter of Walter Kischer,
dec'd.

CHARLES R. QUALIA

OIL & GAS PROPERTIES

P. O. BOX 10181

MIDLAND, TEXAS 79702

(915) 482 4183

PDLA

AAPL

November 13, 1981

SUMMARY

The above activities cover over 90% of all work done by me in trying to locate and secure leases from the various mineral owners in the S/2 of Section 26, T-16-S, R-37-E in Lea County, New Mexico. All persons in the take-off covering said tract and not listed below are people that I tried to contact through the directory assistance in the various towns named therein and the result has been that I have not found or contacted said people due to there being no listing of said persons. No probates were filed of record in Lea County, if there ever were any probates filed at all elsewhere, hence the lack of knowledge of who the possible heirs might be or where they might be located.

This summary completes the compilation of all the activities that I have undertaken concerning the mentioned tract of land and the various mineral owners named therein.

11/8/80

5

7425

EXHIBIT "A"

UNLEASED MINERAL INTERESTS
OF SEPTEMBER 25, 1981

| | | |
|--|--|-----------|
| Sun Oil Company P. O. Box 1861 Midland, Texas 79702 | <i>will join as lease</i> | 8/240 |
| Petroleum Corporation of Texas P. O. Box 911 Breckenridge, Texas 76024 | <i>will join</i> | 4/240 |
| Heritage Resources P. O. Box 377 Davis, Oklahoma 73030 | <i>will join</i> | 3/240 |
| R. H. Woods Estate P. O. Box 1417 Socorro, New Mexico | <i>He sold but no resp</i> | 13/640 |
| Polmont Oil P. O. Box 2266 Midland, Texas 79702 | <i>will join</i> | 24/320 |
| Fisco, Inc. P. O. Box 1518 Roswell, New Mexico 88201 | <i>join rec'd letter no response</i> | 6.66/320 |
| C. B. Read P. O. Box 2126 Roswell, New Mexico 88201 | <i>join</i> | 13.33/320 |
| C. A. Snowall P. O. Box 1784 Roswell, New Mexico 88201 | <i>join</i> | 1/128 |
| Hanagan & Hanagan Petroleum Corp. P. O. Box 1737 Roswell, New Mexico 88201 | | 3/16 |
| Mesa Petroleum Co. Vaughn Bldg., Suite 1000 Midland, Texas 79701 | <i>will join</i> | 57.5/2048 |
| Estate of Burton S. Shipp First National of Lovington, Trustee Lovington, New Mexico 88260 | <i>have been</i> | 1/128 |
| S. D. Shipp, Executor of the Estate of Annie Laurie Shipp, Deceased P. O. Box 281 Lovington, New Mexico 88260 | <i>have been</i> | 1/128 |
| Estate of George H. Coates, Deceased 1010 Milan Bldg. San Antonio, Texas 78205 | <i>see</i> | 3/32 |
| John B. Barlan P. O. Box 135 Mendham, Texas 79756 | <i>see</i> | 1.66/320 |

Exhibit "A"
Page 2

| | | | |
|---|--|--|-------------------|
| <p>sent to letter w to letter 11/2/81</p> | <p>Pogatcha Rec. Case 10/23/81</p> | <p>Otto R. & Florence L. Gossman 2800 42nd St. Des Moines, Iowa 50310</p> | <p>1/64 of 18</p> |
| <p>new returned 1/5</p> | | <p>Ada L. Crew Milville, Iowa</p> | <p>1/32 of 18</p> |
| <p>not returned 10/5 response</p> | | <p>Earl L. Hanson Swea City, Iowa</p> | <p>1/32 of 18</p> |
| <p>new returned 1/5</p> | | <p>Lorene Standish (Nemela) 914 4th St. Waterloo, Iowa 50501</p> | <p>1/64 of 18</p> |
| <p>letter not 10/20</p> | | <p>Cynthia E. Larson, et al 406 W. Broadway Eagle Grove, Iowa</p> | <p>1/64 of 18</p> |
| <p>old letter 10/5</p> | | <p>Hazel Bruggman et vir, Ernest Ackley, Iowa</p> | <p>1/64 of 18</p> |
| <p>new returned 1/5</p> | | <p>Wilbur C. Enfield Jesse Faye LaCoste Rt. 2 Rudd, Iowa</p> | <p>1/64 of 18</p> |
| <p>returned 10/20</p> | | <p>O. G. Morgan, widower of Lindia P. Kenneth E. et ux, Mary M. Don A. et ux, Lois Wauneta, Nebraska</p> | <p>1/64 of 18</p> |
| <p>new returned 10/19</p> | | <p>G. L. Whitman et ux, Christina P. O. Box 2202 Waterloo, Iowa 50501</p> | <p>1/64 of 18</p> |
| <p>new returned</p> | | <p>Mae Duncan Bauman, heir of Alex H. Duncan, Deceased 2530 S. Owasso St. Tulsa, Oklahoma</p> | <p>1/64 of 18</p> |
| <p>new returned 10/22</p> | | <p>Blanche L. Probert, et al 6233 40th Ave. NE Seattle, Washington</p> | <p>1/32 of 18</p> |
| <p>new returned 1/5</p> | | <p>Theodore D. Christokos 528 Central Avenue Fort Dodge, Iowa</p> | <p>1/64 of 18</p> |
| <p>ipt Rtn 10/6 response</p> | | <p>Frank O. Petersen Callendar, Iowa</p> | <p>1/64 of 18</p> |
| <p>old letter 11/2/81 (envelope checked)</p> | | <p>Harry R. & Effie M. Elwidge Callendar, Iowa</p> | <p>1/64 of 18</p> |
| <p>old letter</p> | | <p>Clifford Gray Box 61 McDonald, New Mexico</p> | <p>1/64 of 18</p> |

Exhibit "A"
Page 3

| | | | |
|-------------------------------|-----------------------|-----------------------------------|-----------------------|
| over to letter | For: Roy Ind. Iowa | Robert E. & Elizabeth M. Woodburn | 1/64 of 18 |
| ret returned 0/5 | | Hampton, Iowa | ret |
| ret returned 0/5 | | Ethel Armentrout Petersen | ret 1/64 of 18 |
| | | Banning, Ca. | |
| letter und 10/5 (deceased) | | F. C. Holmes | ret. Decad 1/64 of 18 |
| | | Hampton, Iowa | |
| letter und 10/9 | | Lillian Kennedy | ret 1/64 of 18 |
| | | Mason City, Iowa | |
| letter und 10/5 | | R. W. Brown | ret 1/64 of 18 |
| | | San Angelo, Texas | |
| letter und 10/9 | | Mildred L. Hitchcock | ret 1/64 of 18 |
| | | Mason City, Iowa | |
| at Return 0/12 response | | Clifford K. & John W. Ferguson | 1/64 of 18 |
| | | Callendar, Iowa | resp + no resp |
| letter und 10/9 | | Cora L. Lohr | ret 1/64 of 18 |
| | | Mason City, Iowa | |
| over to 2 | Read lease | Adrain H. & Mary Tiss | Joe 1/640 |
| | | DeRidder, La. | |
| in Returned 10/14 | | Fred Kemper Estate | ret 1/32 of 18 |
| | | Mexico, Missouri | |
| Returned 10/12 | | John Satoka | ret 1/64 of 18 |
| | | P. O. Box 522 | |
| | | Bartlesville, Ok. | |
| address available | | Gertrude L. Seullin | no address 1/32 of 18 |
| letter und 10/13 | | Erderick M. Grace | ret 1/32 of 18 |
| | | Mason City, Iowa | |
| letter und 10/9 | | Charles E. Snipps | ret 1/64 of 18 |
| | | Mason City, Iowa | |
| letter und 10/5 | | Florence M. Balkam et vir, Frank | ret 1/64 of 18 |
| | | 919 N. Federal Avenue | |
| | | Masmoty, Iowa | |
| letter | | J. D. Evans et ux, Myrtle | ret 1/64 of 18 |
| | | Madison, Wisconsin | |

see ref
except as
noted

| | | |
|---------------------------------|--|------------|
| letter recd 10/12 | <u>Louise E. Brooker, et ux Anna B.</u> Mason City, Iowa | 1/64 of 18 |
| letter recd 10/9 | <u>Andrew E. Nelson et ux, Bessie</u> Mason City, Iowa | 1/32 of 18 |
| letter recd 10/9 | <u>W. C. Caldwell</u> P. O. Box 712 Mason City, Iowa | 1/64 of 18 |
| letter recd 10/9 | <u>Helen M. Brewer</u> 15 S. Taylor Mason City, Iowa | 1/32 of 18 |
| letter recd 10/5 (deceased) | <u>Evan Christiansen et ux, Thalene</u> Lake Mills, Iowa | 1/64 of 18 |
| letter recd 10/9 | <u>C. A. Hanson et ux, Lillian</u> Mason City, Iowa | 1/64 of 18 |
| letter recd 10/5 | <u>Lillian Mabel Drew</u> Clear Lake, Iowa | 1/64 of 18 |
| pt Rtn 0/12 response | <u>Arthur Britson et ux, Helga</u> Roland Iowa | 1/64 of 18 |
| letter recd 10/5 | <u>Albert C. Ogden & Laura Ogden,</u> Joint Tenants 309 S. 1st St. Council Bluffs, Iowa | 1/32 of 18 |
| letter recd 10/12 | <u>Henrietta L. McDermott Fischer</u> 3440 Grande Avenue Des Moines, Iowa | 1/64 of 18 |
| letter recd 10/23 | <u>W. A. Horn et ux, Hazel</u> 630 33rd Avenue San Francisco, Ca. | 1/64 of 18 |
| recd letter 10/19/81 | <u>G. A. Lee</u> Box 103 Emmons, Minnesota 56029 | 1/64 of 18 |
| Recd Ltr | <u>Edwin G. Lacoste (Tyle)</u> Rt. 2 Rudd, Iowa 50491 | 1/64 of 18 |
| pt Returned 10/5 response | <u>Walter W. Kischer et ux, Florence</u> Albert City, Iowa | 1/64 of 18 |
| recd letter 10/9 | <u>Harry Scrader et ux, Laura</u> Rudd, Iowa 50491 | 1/64 of 18 |
| letter recd 10/9 | <u>Eller A. Crepow</u> Mason City, Iowa | 1/64 of 18 |

recd but no keep

see

get ltr from him mailed see

not

Exhibit "A"
Page 5

J. F. & Vernon Safranke

Lecille, Iowa

Estella Maple

Banning, Ca.

C. R. Hemphill et ux, Ruby

W. J. Parrott et ux, Muriel

Mason City, Iowa

Floy Mae Mawhinney Dennis
8804 Crawford Avenue
Sun Valley, Ca.

1/64 of 18

1/64 of 18

1/128

1/128

1/32 of 18

no
sub-
letter
used 10/5

letter
used 10/7

6 letter
turned 10/9

4 letter
turned
10/19

ret

ret

no add

ret

ret

H. L. BROWN, JR. AUTHORITY FOR DRILLING

P. O. BOX 2237
MIDLAND, TEXAS 79701
AC 915 483-5218

DATE PREPARED 9-25-81

PROSPECT NAME West Garrett

LEASE NUMBER 1583-1

TO DRILL ☒ RECOMPLETE

LEASE M. Wright Tr. WELL NO. 1 LOCATION 554' FSL & 554' FWL
Sec. 26, TW T-16-S R-37-E

COUNTY/PARISH Lea STATE N. Mex.

FIELD Casey Strawn WILDCAT ☐ DEVELOPMENT ☒

TYPE OF WELL 011 SPACING PATTERN 80

PROJECTED DEPTH 11,700 PRODUCTION FORMATION Strawn

AVAILABLE P. L. OUTLET DRILLING CONTRACTOR Not Available

MUST COMMENCE OPERATIONS ☐ DRILLING ☐ BY

| INTANGIBLE DRILLING COSTS | | PRODUCING WELL COST | DRY HOLE COST |
|--|---|------------------------|------------------|
| 1. FOOTAGE | FT. @ \$ PER FT. | \$ | \$ |
| 2. DAYWORK | DAYS WDP @ \$ DAY | | |
| | DAYS WDP @ \$ DAY | | |
| 3. CORING | FEET AT \$ PER FT. | | |
| | CORE ANALYSIS \$ SIDE WALL CORES \$ | | |
| 4. WELL SURVEYS & TEST SERVICES: | | | |
| | DRILLSTEM TESTS 2 @ 5,000 | 10,000 | 10,000 |
| | ELECTRIC LOGGING | 40,000 | 40,000 |
| | MICROLOGGING | | |
| | RADIOACTIVITY LOGGING | | |
| | MUD LOGGING | 6,000 | 6,000 |
| | OTHER SURVEYS Temp. Survey | 800 | 800 |
| 5. EQUIPMENT RENTALS: | | 20,000 | 20,000 |
| 6. LABOR: CONTRACT \$ 7,000 COMPANY \$ | | 7,000 | 2,500 |
| 7. FUEL \$ 35,000 WATER \$ 5,000 | | 40,000 | 40,000 |
| 8. DIGGING PITS \$ 2,500 FILLING PITS \$ 2,500 | | 5,000 | 5,000 |
| 9. GRADING: LOCATION \$ 10,000 ROADS \$ 7,000 | | 17,000 | 17,000 |
| 10. TRANSPORTATION | | 10,000 | 10,000 |
| 11. CEMENTING: CONDUCTOR | | | |
| | SURFACE \$ 3,500 INTERMEDIATE \$ 15,000 | 18,500 | 18,500 |
| | PRODUCTION STRING \$ 22,000 LINER \$ | 22,000 | |
| 12. DRILLING MUD & CHEMICALS | | 60,000 | 60,000 |
| 13. PERFORATING | | 7,500 | |
| 14. ACIDIZING \$ 30,000 FRACTURING \$ | | 30,000 | |
| 15. BITS | | 40,000 | 40,000 |
| 16. SUPERVISION & OVERHEAD: 45 x 350 | | 15,750 | 15,750 |
| | ENGINEERING | 3,000 | 2,500 |
| | GEOLOGICAL 3 x 350 | 1,050 | 1,050 |
| | DISTRICT EXPENSE & OVERHEAD | 5,000 | 3,000 |
| 17. LOSS AND DAMAGES | | 3,000 | 3,000 |
| 18. MISCELLANEOUS: | | | |
| | FLOATING EQUIPMENT | 2,000 | 850 |
| | SCRATCHERS & CENTRALIZERS | 400 | 250 |
| | WELDING | 500 | 400 |
| | COMPLETION UNIT 10 days @ \$1,800 DA | 18,000 | |
| | OTHER | | |
| 19. CONTRIBUTIONS TO BE RECEIVED | | | |
| TOTAL INTANGIBLE DRILLING COSTS | | \$ 724,500 | \$ 647,000 |

THIS DOCUMENT IS THE PROPERTY OF
H. L. BROWN, JR.
CITY NO. 7425

H. L. BROWN, JR.
 AUTHORITY FOR DRILLING

PAGE 2

WELL EQUIPMENT

| | | | | PRODUCING WELL COST | DRY HOLE COST |
|---|--------|-------------------------------|-----------------|---------------------|---------------|
| 1. CASING: | | | | | |
| 400 | FT. OF | 13 3/8" OD 54.50# ST & C K-55 | @ \$ 26.00 /FT. | 10,400 | 10,400 |
| 1600 | FT. OF | 8 5/8" OD 32.00# ST & C K-55 | @ \$ 15.47 /FT. | 24,752 | 24,752 |
| 2900 | FT. OF | 8 5/8" OD 24.00# ST & C K-55 | @ \$ 11.54 /FT. | 33,466 | 33,466 |
| 2000 | FT. OF | 4 1/2" OD 11.60# ST & C K-55 | @ \$ 5.86 /FT. | 11,720 | |
| 9700 | FT. OF | 4 1/2" OD 10.50# ST & C J-55 | @ \$ 5.40 /FT. | 52,380 | |
| | FT. OF | | @ \$ /FT. | | |
| | FT. OF | | @ \$ /FT. | | |
| | FT. OF | | @ \$ /FT. | | |
| | FT. OF | | @ \$ /FT. | | |
| 2. TUBING: | | | | | |
| 11,700 | FT. OF | 2 3/8" OD, EUE, 4.70#, J-55 | @ \$ 3.29 /FT. | 38,493 | |
| | FT. OF | | @ \$ /FT. | | |
| 3. RODS: | | | | | |
| 3,000 | FT. OF | 7/8" x 25' w/s H.C | @ \$ 1.41 /FT. | 4,230 | |
| 8,700 | FT. OF | 3/4" x 25' | @ \$ 1.12 /FT. | 9,744 | |
| | FT. OF | | @ \$ /FT. | | |
| 4. PUMP & SUBSURFACE EQUIPMENT | | | | 650 | |
| Tubing Anchor 2" x 4 1/2" | | | | | |
| 2" x 1 1/2" x 20' x 24' | | | | 1,800 | |
| 5. WELL HEAD EQUIPMENT: | | | | | |
| CASING HEAD ASSEMBLY | | | | 10,000 | 10,000 |
| TUBING HEAD ASSEMBLY | | | | 7,000 | |
| MANIFOLD & FLOW CONTROL ASSEMBLY | | | | 1,500 | |
| 6. PUMPING UNIT | | | | 50,000 | |
| ENGINE | | | | 3,000 | |
| 7. INSTALLATION COSTS & NON-CONTROLLABLE EQUIP. | | | | 10,000 | |
| TOTAL WELL EQUIPMENT | | | | \$ 269,135 | \$ 78,618 |
| TOTAL COST OF WELL | | | | \$ 993,635 | \$ 725,618 |

LEASE EQUIPMENT

| | | | | | |
|--|--------|----------|----------------|--------------|------------|
| 8. TANKS: NO. 3 SIZE & TYPE 500 bbl | | | | \$ 15,000 | \$ |
| 9. SEPARATORS \$ | | | | | |
| 10. HEATER TREATER \$ 14,000 | | | | 14,000 | |
| 11. FLOW LINE: | | | | | |
| 1,500 | FT. OF | 3" C-300 | @ \$ 2.17 /FT. | 3,255 | |
| 12. OTHER MAJOR EQUIP. | | | | | |
| 1 - 300 bbl. Fiberglass Water Tank | | | | 3,500 | |
| Vapor recovery | | | | 15,000 | |
| 13. INSTALLATION COSTS & NON-CONTROLLABLE EQUIP. | | | | | |
| | | | | 10,000 | |
| TOTAL LEASE EQUIPMENT | | | | \$ 60,755 | \$ |
| TOTAL EQUIPMENT | | | | \$ 329,890 | \$ 78,618 |
| TOTAL COST | | | | \$ 1,054,390 | \$ 725,618 |

REMARKS:

PREPARED BY:

R.E. Fratley

APPROVED BY:

H.L. Brown, Jr.

NON-OPERATORS APPROVAL

COMPANY

BY

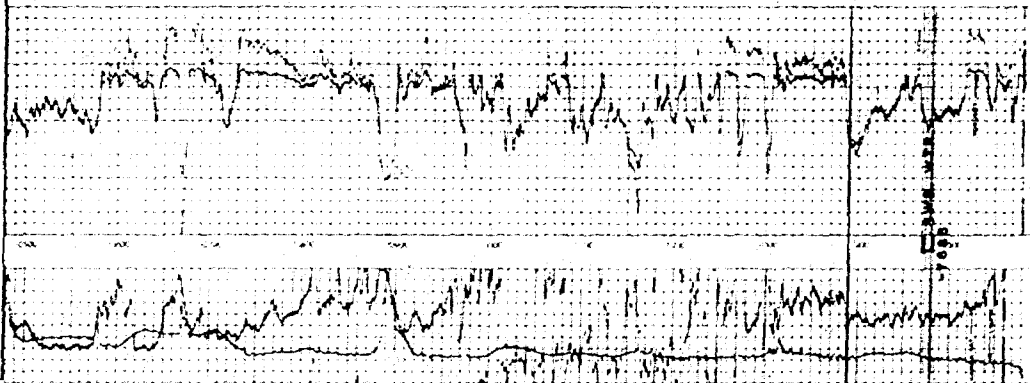
DATE

8

7425

H.L. Brown

| | |
|---|--|
| Wiley | |
| NAME: [REDACTED] ADDRESS: [REDACTED] CITY: [REDACTED] STATE: [REDACTED] ZIP: [REDACTED] | |
| DATE: [REDACTED] TIME: [REDACTED] | BY: [REDACTED] FOR: [REDACTED] |
| [REDACTED] [REDACTED] [REDACTED] | [REDACTED] [REDACTED] [REDACTED] |
| [REDACTED] [REDACTED] [REDACTED] | [REDACTED] [REDACTED] [REDACTED] |



0032

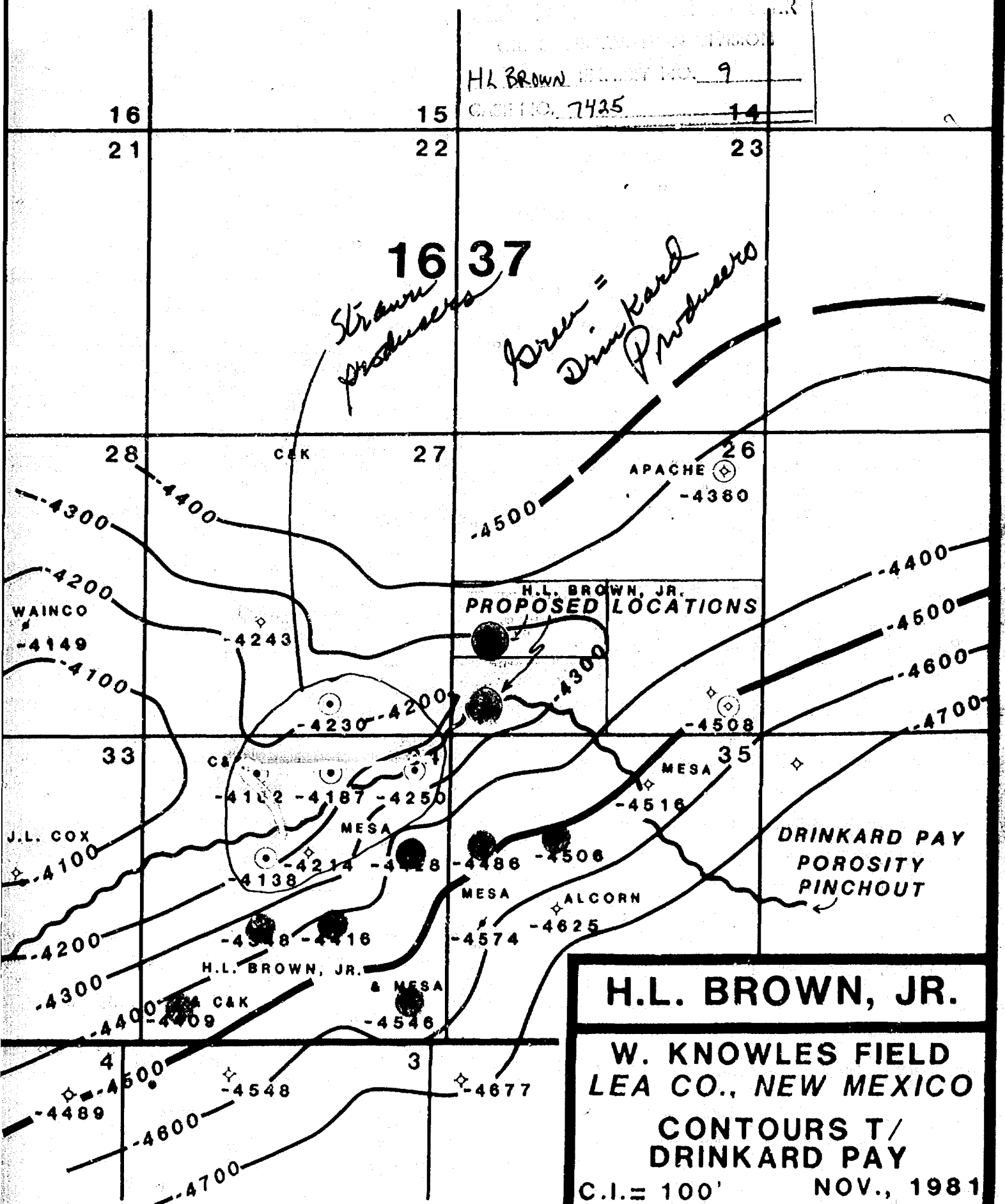
H.L. BROWN, JR. NO. 9

C.I. NO. 7425

16 37

*Strawn
Producers*

*Brown =
Drinkard
Producers*



H.L. BROWN, JR.

**W. KNOWLES FIELD
LEA CO., NEW MEXICO**

**CONTOURS T/
DRINKARD PAY**

C.I. = 100' NOV., 1981
SCALE: 1" = 2000' B.W.W.

Docket No 40-81 is tentatively set for December 16, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 2, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 7396: (Continued from November 4, 1981, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Sentry Oil Exploration Company and Lawyers Surety Corporation to appear and show cause why Farr Well No. 1, located in Unit G of Section 6, Township 31 North, Range 34 East, Union County, New Mexico, should not be ordered plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7429: Application of Mark D. Wilson for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North line and 1650 feet from the East line of Section 12, Township 17 South, Range 27 East, Wolfcamp-Pennsylvanian formations, the N/2 of said Section 12 to be dedicated to the well.

CASE 7430: Application of Amoco Production Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Fruitland and Pictured Cliffs formations in the wellbore of its Gutierrez Gas Com "C" Well No. 1, located in the NE/4 of Section 4, Township 29 North, Range 9 West.

CASE 7431: Application of Wainoco Oil & Gas Company for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington Penn Pool underlying a 101.65-acre non-standard oil proration unit comprising Lots 3 & 4 of Section 18, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7425: (Continued and Readvertised)

Application of H. L. Brown, Jr. for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 26, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon, provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles Drinkard Pool, the lands pooled would be the S/2 SW/4 of said Section 26. Applicant further seeks approval for the commencement of a second well within 120 days after completion of the first well, said well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 26, and dedicated to the N/2 SW/4 of said Section 26 which applicant also seeks to be pooled. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7402: (Continued and Readvertised)

Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Abo formation underlying the NW/4 NW/4 of Section 5, Township 20 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7432: Application of Maddox Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Bone Spring formation underlying the S/2 SW/4 of Section 27, Township 23 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7421: (Readvertised)

Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Dockets Nos. 36-81 and 39-81 are tentatively set for December 2, and December 15, 1981. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 19, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1981, from fifteen prorated pools in Lea, Eddy and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for December, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7410: Application of S.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

CASE 7356: (Continued from October 21, 1981, Examiner Hearing)

Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7411: Application of Viking Petroleum, Inc., for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North and East lines of Section 12, Township 11 South, Range 27 East, the NE/4 of said Section 12 to be dedicated to the well. (This case will be dismissed).

CASE 7412: Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower Yates, Queen, San Andres and Delaware formations in the open hole interval from 4375 feet to 7452 feet in its Lea "ZD" State Well No. 1 located in Unit H of Section 30, Township 16 South, Range 35 East, Air-Strip Field.

CASE 7413: Application of Gulf Oil Corporation for Directional Drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Arnott Ramsey Well No. 12, the surface location of which is 500 feet from the South line and 1400 feet from the East line of Section 32, Township 25 South, Range 37 East, to a bottomhole location within 150 feet of a point 500 feet from the South line and 800 feet from the East line of Section 32, Township 25 South, Range 37 East, Langlie Mattix Pool, the SE/4 SE/4 of said Section 32 to be dedicated to the well.

CASE 7414: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Wantz-Granite Wash production in the wellbore of its Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East.

CASE 7415: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Tubbs and Drinkard production in the wellbore of its T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East.

CASE 7379: (Continued from October 21, 1981, Examiner Hearing)

Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres Formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.

CASE 7407: (Continued from November 4, 1981, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7416: Application of El Paso Natural Gas Company for pool creation and redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to contract the horizontal limits of the Jalmat Gas Pool by deleting therefrom all lands in Township 26 South, Range 37 East. Applicant also proposes to contract the horizontal limits of the Rhodes Yates - Seven Rivers Oil Pool by deleting therefrom all of the gas productive lands in the North end thereof and to create the Rhodes Yates-Seven Rivers Gas Pool comprising all such deleted lands. Applicant further proposes the deletion of certain oil productive lands from said Rhodes oil pool and the extension of the Scarborough Pool to include said lands. Applicant further proposes to contract the horizontal boundaries of the Rhodes Gas Storage Unit to delete certain lands and wells not participating in the Rhodes Gas Storage Project and to withdraw without restriction all gas remaining in the newly created Rhodes Gas Pool.

CASE 7417: (This case will be dismissed.)

Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1066.

CASE 7418: Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Drinkard Pool including a special gas-oil ratio of 6,000 to one.

CASE 7419: Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Blinebry pool including a special gas-oil ratio of 4,000 to one.

CASE 7420: Application of Southland Royalty Company for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5 the other being 660 feet from the North and West lines of Section 9, both in Township 19 South, Range 35 East, both to be plugged back to the Scharb-Bone Springs Pool, the S/2 SE/4 of Section 5 and the N/2 NW/4 of Section 9, respectively, to be dedicated to the wells.

CASE 7421: Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Page 3

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- CASE 7422:** Application of Conoco, Inc. for dual completion and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Southeast Monument Unit Well No. 121, to produce oil from the Skaggs Grayburg and an undesignated Paddock pool through parallel strings of tubing. Applicant further seeks approval of the unorthodox location of said well 1310 feet from the North line and 1330 feet from the West line of Section 19, Township 20 South, Range 38 East, the NE/4 NW/4 of said Section 19 to be dedicated to the well.
- CASE 7423:** Application of Conoco, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for three companies to institute a cooperative waterflood project in the Blinebry oil and gas pool by the injection of water into the Blinebry formation through 13 injection wells located on leases operated by Conoco, Shell Oil Company, and Southland Royalty Company, in Sections 33 and 34, Township 20 South, Range 38 East, and Sections 2 and 3, Township 21 South, Range 37 East.
- CASE 7424:** Application of Rice Engineering and Operating, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower San Andres formation in the perforated interval from 4300 feet to 4852 feet in its Eunice-Monument Eumont SWD "G" Well No. 8, located in Unit G of Section 8, Township 20 South, Range 37 East.
- CASE 7425:** Application of H. L. Brown, Jr. for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 36, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 554 feet from the South and West lines of said Section 26, provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles-Drinkard Pool, the lands pooled would be the W/2 SW/4 of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7426:** Application of Phillips Petroleum Company for Amendment of Division Order No. R-5897 and certification of a tertiary recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-5897, to include the injection of carbon dioxide in the previously authorized pressure maintenance project in the East Vacuum Grayburg-San Andres Unit, for conversion of existing injectors to water/Carbon dioxide injection, and for certification to the Secretary of the IRS that the East Vacuum Grayburg-San Andres Unit Project is a qualified tertiary oil recovery project.
- CASE 7427:** Application of Belco Petroleum Corporation for a special allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an adjustment to the manner in which allowables are calculated for wells in the South Carlsbad-Morrow Gas Pool in order to grant relief to the over-produced status of its Douglas Com. Well No. 1 located in Unit H of Section 7, Township 22 South, Range 27 East, said well being subject to shut-in being more than six times its allowable over-produced. In the alternative, applicant seeks to make up the over-production at a rate less than complete shut-in by curtailing production from the well to 80 percent of its top allowable until it is back in balance.
- CASE 7428:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating; and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Antelope Ridge-Wolfcamp Gas Pool. The discovery well is J. C. Williamson Triple A Federal Well No. 1 located in Unit F of Section 10, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 10: N/2 and N/2 SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Diamondtail-Wolfcamp Pool. The discovery well is the Superior Oil Company Triste Draw Federal Well No. 1 located in Unit J of Section 14, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 14: SE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Grama Ridge-Bone Spring Pool. The discovery well is the Hunt Oil Company State 4 Well No. 1 located in Unit T of Section 4, Township 21 South, Range 34 East, NNPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NNPM
Section 4: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Grassland-Wolfcamp Pool. The discovery well is C. F. Qualia State 23 Well No. 1 located in Unit K of Section 23, Township 15 South, Range 34 East, NNPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NNPM
Section 23: SW/4

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Lusk-Bone Spring Pool. The discovery well is Petroleum Development Corporation Shelly Federal Com. Well No. 1 located in Unit H of Section 5, Township 19 South, Range 32 East, NNPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NNPM
Section 5: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the McMillan-Atoka Gas Pool. The discovery well is Southland Royalty Company Pecos River 21 Federal Com Well No. 1 located in Unit K of Section 21, Township 19 South, Range 27 East, NNPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NNPM
Section 21: S/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Springs-Morrow Gas Pool. The discovery well is Jake L. Hamon State 33 Com Well No. 1 located in Unit I of Section 32, Township 20 South, Range 26 East, NNPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NNPM
Section 32: E/2
Section 33: All

(h) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NNPM
Section 11: All
Section 15: N/2

(i) EXTEND the Baldrige Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NNPM
Section 14: N/2

(j) EXTEND the Bear Draw-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NNPM
Section 28: N/2 SE/4

(k) EXTEND the Bluit-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH RANGE 37 EAST, NNPM
Section 10: SE/4

(l) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NNPM
Section 4: All

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- (m) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 13: SE/4 SW/4

- (n) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 35: W/2

- (o) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 27: N/2

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 1: All

- (p) EXTEND the Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 8: S/2

- (q) EXTEND the Kennedy Farms-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 34: N/2
Section 35: N/2

- (r) EXTEND the North Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM
Section 8: S/2 S/2

- (s) EXTEND the West Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 35: N/2

- (t) EXTEND the West Parkway-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 29: W/2

- (u) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 29: NE/4

- (v) EXTEND the POW-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 4: S/2

- (w) EXTEND the Saunders-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 32: NE/4

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- (x) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 8: NE/4

- (y) EXTEND the East Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 10: NE/4

- (z) EXTEND the Teague-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 27: NW/4

- (aa) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 28: SE/4

- (bb) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 21: All

- (cc) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 9: NE/4

KELLAHIN and KELLAHIN

Attorneys at Law

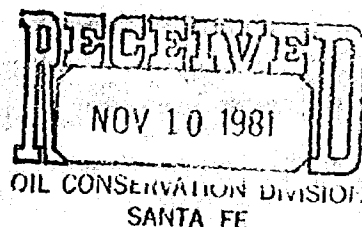
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

November 5, 1981

Mr. Joe D. Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501



RE: H. L. Brown, Jr.

Case 7425

Dear Mr. Ramey:

I have previously filed an application for H. L. Brown, Jr., for compulsory pooling of the S/2 of Section 26, T16S, R37E, Lea County, New Mexico which has been set for hearing on November 19, 1981.

Please find enclosed a Second Amended Application which adds another proration unit, a second well, and an unorthodox location.

Please continue the hearing of our case from November 19th to December 2, 1981 and readvertise the case to include the additional information contained in the Second Amended Application.

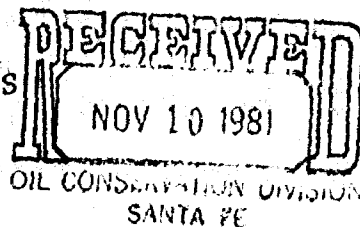
Very truly yours,

A handwritten signature in dark ink, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin

WTK:jm
Enclosure
cc: H.L. Brown, Jr.
All pooled parties

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



IN THE MATTER OF THE APPLICATION
OF H. L. BROWN, JR., FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

Case 7425

SECOND AMENDED APPLICATION

COMES NOW H.L. BROWN, JR., by and through his attorneys Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order pooling all interest from the top of the San Andres formation to the base of the Pennsylvanian formation in the S/2 of Section 26, T16S, R37E, ^{Lea} ~~Eddy~~ County, New Mexico only insofar as it is necessary to pool some or all of said acreage to form a standard spacing and proration unit for the productive formation and further provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles Drinkard Pool, then and in that event the proration and spacing units to be pooled for those pools shall be:

- (a) the S/2SW/4 of Section 26 for a well to be located 510 feet from the South and West lines of the Section;
- (b) the N/2SW/4 of Section 26 for a well to be drilled within 120 days after completion of the first well at an unorthodox well location 1650 feet from the South line and 660 feet from the West line of said Section 26.

and in support thereof would show:

1. Applicant is an oil and gas operator and has acquired the right to drill certain tracts in the S/2 of Section 26.
2. Applicant proposes to drill a well at a standard location 510 feet from the South and West lines of said Section to test the Casey-Strawn Pool and the West Knowles-Penn Pool underlying the S/2SW/4 of said Section and to dedicate the S/2SW/4 of said Section as the spacing and proration unit for these pools.

3. That within 120 days after completion of the first well to be drilled, Applicant shall commence a second well at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 26, to be dedicated to the pooled unit consisting of the N/2SW/4 of Section 26.

4. Applicant has sought the cooperation of all interested parties involved in the proposed unit and has been unable to obtain the necessary approvals or commitments to form a voluntary unit for this well.

5. Those interested parties who have not joined in the drilling of the well for this unit are as follows:

| <u>Name</u> | <u>Interest in S/2</u> |
|---|------------------------|
| Sun Oil Company P.O. Box 1861 Midland, Texas 79702 | 8/240 |
| Yates Petroleum Company 207 South Fourth Artesia, New Mexico 88210 | 21/256 |
| Petroleum Corporation of Texas P.O. Box 911 Breckenridge, Texas 76024 | 4/240 |
| Heritage Resources P.O. Box 377 Davis, Oklahoma 73030 | 3/240 |
| R. H. Woods Estate P.O. Box 1417 Socorro, New Mexico | 13/640 |
| Felmont Oil P.O. Box 2266 Midland, Texas 79702 | 24/320 |
| Fisco Inc. P.O. Box 1518 Roswell, New Mexico 88201 | 6.66/320 |
| C. B. Read P.O. Box 2126 Roswell, New Mexico 88201 | 13.33/320 |
| C. A. Engwall P.O. Box 1784 Roswell, New Mexico 88201 | 1/128 |
| Hanagan & Hanagan Petroleum Corp. P.O. Box 1737 Roswell, New Mexico 88201 | 3/16 |
| Mesa Petroleum Co. Vaughn Bldg., Suite 1000 Midland, Texas 79701 | 57.5/2048 |

| | |
|--|------------|
| John H. Harlan P.O. Box 355 Monahan, Texas 79756 | 1.66/320 |
| Otto R. & Florence L. Gossman 2800 42nd Street Des Moines, Iowa 50310 | 1/64 of 1% |
| Ada L. Crow Milville, Iowa | 1/32 of 1% |
| Earl L. Hanson Swea City, Iowa | 1/32 of 1% |
| Lorene Standish (Nemela) 914 4th Street Waterloo, Iowa 50501 | 1/64 of 1% |
| Cynthia E. Larson, et al. 406 W. Broadway Eagle Grove, Iowa | 1/64 of 1% |
| Hazel Bruggman et vir, Ernest Ackley, Iowa | 1/64 of 1% |
| Wilbur C. Enfield Jesse Faye LaCoste Rt. 2 Rudd, Iowa | 1/64 of 1% |
| O. G. Morgan, widower of Lindia P. Kenneth E. et ux, Mary M. Don A. et us, Lois Wauneta, Nebraska | 1/64 of 1% |
| G. L. Whitman et us, Christina P.O. Box 2202 Waterloo, Iowa 50501 | 1/64 of 1% |
| Mae Duncan Bauman, heir of Alex H. Duncan, Deceased 2530 S. Owasso Street Tulsa, Oklahoma | 1/64 of 1% |
| Blanche L. Probert, et al. 6233 40th Avenue NE Seattle, Washington | 1/32 of 1% |
| Theodore D. Christokos 528 Central Avenue Fort Dodge, Iowa | 1/64 of 1% |
| Frank O. Petersen Callendar, Iowa | 1/64 of 1% |
| Harry R. & Effie M. Elwidge Callendar, Iowa | 1/64 of 1% |
| Clifford Gray Box 61 McDonald, New Mexico | 1/64 of 1% |
| Robert E. & Elizabeth M. Woodburn Hampton, Iowa | 1/64 of 1% |

| | |
|--|------------|
| Ethel Armentrout Petersen | 1/64 of 1% |
| Banning, California | |
| F. C. Holmes | 1/64 of 1% |
| Hampton, Iowa | |
| Lillian Kennedy | 1/64 of 1% |
| Mason City, Iowa | |
| R. W. Brown | 1/64 of 1% |
| San Angelo, Texas | |
| Mildred L. Hitchcock | 1/64 of 1% |
| Mason City, Iowa | |
| Clifford K. & John W. Ferguson | 1/64 of 1% |
| Callendar, Iowa | |
| Cora L. Lohr | 1/64 of 1% |
| Mason City, Iowa | |
| Adrian H. & Mary Tiss | 1/640 |
| DeRidder, Louisiana | |
| Fred Kemper Estate | 1/32 of 1% |
| Mexico, Missouri | |
| John Satoka P.O. Box 522 Bartlesville, Oklahoma | 1/64 of 1% |
| Gertrude L. Seullin | 1/32 of 1% |
| Frederick M. Grace | 1/32 of 1% |
| Mason City, Iowa | |
| Charles E. Snipps | 1/64 of 1% |
| Mason City, Iowa | |
| Florence M. Balkam et vir, Frank 919 N. Federal Avenue Masmoty, Iowa | 1/64 of 1% |
| J. D. Evan et us, Myrtle | 1/64 of 1% |
| Madison, Wisconsin | |
| Louis E. Brooker, et ux, Anna B. | 1/64 of 1% |
| Mason City, Iowa | |
| Andrew E. Nelson et ux, Bessie | 1/32 of 1% |
| Mason City, Iowa | |
| W. C. Caldwell P.O. Box 712 Mason City, Iowa | 1/64 of 1% |

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| | |
|--|------------|
| Helen M. Brewer 15 S. Tayloe Mason City, Iowa | 1/32 of 1% |
| Evan Christiansen et ux, Thalene Lake Mills, Iowa | 1/64 of 1% |
| C. A. Hanson et ux, Lillian Mason City, Iowa | 1/64 of 1% |
| Lillian Mabel Drew Clear Lake, Iowa | 1/64 of 1% |
| Arthur Britson et us, Helga Roland, Iowa | 1/64 of 1% |
| Albert C. Ogden & Laura Ogden, Joint Tenants 309 S. 1st Street Council Bluffs, Iowa | 1/32 of 1% |
| Henrietta L. McDermott Fischer 3440 Grande Avenue Des Moines, Iowa | 1/64 of 1% |
| W. A. Horn et ux, Hazel 630 33rd Avenue San Francisco, California | 1/64 of 1% |
| G. A. Lee Emmons, Minnesota | 1/64 of 1% |
| Edwin G. Lacoste Rt. 2 Rudd, Iowa 50491 | 1/64 of 1% |
| Walter W. Kischer et ux, Florence Albert City, Iowa | 1/64 of 1% |
| Harry Scrader et ux, Laura Rudd, Iowa 50491 | 1/64 of 1% |
| Ellen A. Crepow Mason City, Iowa | 1/64 of 1% |
| J. F. Vernon Safranke Lecille, Iowa | 1/64 of 1% |
| Estella Maple Benning, California | 1/64 of 1% |
| C. R. Hemphill et ux, Ruby | 1/128 |
| W. J. Parrott et ux, Muriel Mason City, Iowa | 1/128 |

Floy Mae Mawhinney Dennis
8804 Crawford Avenue
Sun Valley, California

1/32 of 1%

6. Copies of this application have been mailed to the parties in paragraph 5 above.

7. Applicant desires to be designated operator of the pooled unit.

8. To avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in said unit, all mineral interests, whatever they may be, underlying the subject unit, should be pooled.

9. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

10. Applicant should be authorized to withhold from production the proportionate share of unreasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, Applicant prays that:


A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing the Division enter its order granting the application as requested.

C. And for such other relief as may be just in the premises.

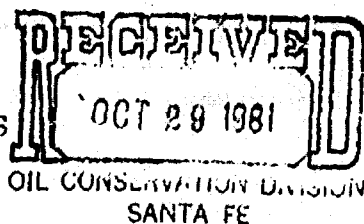
KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P.O. Box 1769
Santa Fe, NM 87501
(505) 982-4285

ATTORNEYS FOR APPLICANT

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



IN THE MATTER OF THE APPLICATION
OF H. L. BROWN, JR., FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

Case 7425

AMENDED APPLICATION

COMES NOW H. L. BROWN, JR., by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order pooling all interest from the top of the San Andres formation to the base of the Pennsylvanian formation in the S/2 of Section 26, T16S, R37E, NMPM, Lea County New Mexico, provided however, that in the event the subject well encounters production in the Casey Strawn Pool and/or the West Knowles Drinkard Pool, then and in that event the proration and spacing unit to be pooled will be the W/2SW/4 of Section 26 and in support thereof would show:

1. Applicant is an oil and gas operator and has acquired the right to drill certain tracts in the S/2 of said Section 26.
2. Applicant proposes to drill a well at a standard location 554 feet from the South and West lines of said Section to test the Casey-Strawn Pool and the West Knowles-Penn Pool underlying the W/2SW/4 of said Section and to dedicate the W/2SW/4 of said Section as the spacing and proration unit for these pools.
3. Applicant has sought the cooperation of all interested parties involved in the proposed unit and has been unable to obtain the necessary approvals or commitments to form a voluntary unit for this well.
4. Those interested parties who have not joined in the drilling of the well for this unit are as follows:

| <u>Name</u> | <u>Interest in S/2</u> |
|--|------------------------|
| Sun Oil Company P.O. Box 1861 Midland, Texas 79702 | 8/240 |
| Yates Petroleum Company 207 South Fourth Artesia, New Mexico 88210 | 21/256 |

| | |
|---|------------|
| Petroleum Corporation of Texas P.O. Box 911 Breckenridge, Texas 76024 | 4/240 |
| Heritage Resources P.O. Box 377 Davis, Oklahoma 73030 | 3/240 |
| R. H. Woods Estate P.O. Box 1417 Socorro, New Mexico | 13/640 |
| Felmont Oil P.O. Box 2266 Midland, Texas 79702 | 24/320 |
| Fisco Inc. P.O. Box 1518 Roswell, New Mexico 88201 | 6.66/320 |
| C. B. Read P.O. Box 2126 Roswell, New Mexico 88201 | 13.33/320 |
| C. A. Engwall P.O. Box 1784 Roswell, New Mexico 88201 | 1/128 |
| Hanagan & Hanagan Petroleum Corp. P.O. Box 1737 Roswell, New Mexico 88201 | 3/16 |
| Mesa Petroleum Co. Vaughn Bldg., Suite 1000 Midland, Texas 79701 | 57.5/2048 |
| John H. Harlan P.O. Box 355 Monahan, Texas 79756 | 1.66/320 |
| Otto R. & Florence L. Gossman 2800 42nd St. Des Moines, Iowa 50310 | 1/64 of 1% |
| Ada L. Crow Milville, Iowa | 1/32 of 1% |
| Earl L. Hanson Swea City, Iowa | 1/32 of 1% |
| Lorene Standish (Nemela) 914 4th St. Waterloo, Iowa 50501 | 1/64 of 1% |
| Cynthia E. Larson, et al. 406 W. Broadway Eagle Grove, Iowa | 1/64 of 1% |
| Hazel Bruggman et vir, Erenst Ackley, Iowa | 1/64 of 1% |
| Wilbur C. Enfield Jesse Faye LaCoste Rt. 2 Rudd, Iowa | 1/64 of 1% |

| | |
|--|------------|
| O. G. Morgan, widower of Lindia P. Kenneth E. et ux, Mary M. Don A. et ux, Lois Wauneta, Nebraska | 1/64 of 1% |
| G. L. Whitman et ux, Christina P.O. Box 2202 Waterloo, Iowa 50501 | 1/64 of 1% |
| Mae Duncan Bauman, heir of Alex H. Duncan, Deceased 2530 S. Owasso St. Tulsa, Oklahoma | 1/64 of 1% |
| Blanche L. Probert, et al. 6233 40th Avenue NE Seattle, Washington | 1/32 of 1% |
| Theodore D. Christokos 528 Central Avenue Fort Dodge, Iowa | 1/64 of 1% |
| Frank O. Petersen Callendar, Iowa | 1/64 of 1% |
| Harry R. & Effie M. Elwidge Callendar, Iowa | 1/64 of 1% |
| Clifford Gray Box 61 McDonald, New Mexico | 1/64 of 1% |
| Robert E. & Elizabeth M. Woodburn Hampton, Iowa | 1/64 of 1% |
| Ethel Armentrout Petersen Banning, California | 1/64 of 1% |
| F. C. Holmes Hampton, Iowa | 1/64 of 1% |
| Lillian Kennedy Mason City, Iowa | 1/64 of 1% |
| R. W. Brown San Angelo, Texas | 1/64 of 1% |
| Mildred L. Hitchcock Mason City, Iowa | 1/64 of 1% |
| Clifford K. & John W. Ferguson Callendar, Iowa | 1/64 of 1% |
| Cora L. Lohr Mason City, Iowa | 1/64 of 1% |

| | |
|----------------------------------|------------|
| Adrian H. & Mary Tiss | 1/640 |
| DeRidder, La | |
| Fred Kemper Estate | 1/32 of 1% |
| Mexico, Missouri | |
| John Satoka | 1/64 of 1% |
| P.O. Box 522 | |
| Bartlesville, OK | |
| Gertrude L. Seullin | 1/32 of 1% |
| Frederick M. Grace | 1/32 of 1% |
| Mason City, Iowa | |
| Charles E. Snipps | 1/64 of 1% |
| Mason City, Iowa | |
| Florence M. Balkam et vir, Frank | 1/64 of 1% |
| 919 N. Federal Avenue | |
| Masmoty, Iowa | |
| J. D. Evan et ux, Myrtle | 1/64 of 1% |
| Madison, Wisconsin | |
| Louise E. Brooker, et ux Anna B. | 1/64 of 1% |
| Mason City, Iowa | |
| Andrew E. Nelson et ux, Bessie | 1/32 of 1% |
| Mason City, Iowa | |
| W. C. Caldwell | 1/64 of 1% |
| P.O. Box 712 | |
| Mason City, Iowa | |
| Helen M. Brewer | 1/32 of 1% |
| 15 S. Tayloe | |
| Mason City, Iowa | |
| Evan Christiansen et ux, Thalene | 1/64 of 1% |
| Lake Mills, Iowa | |
| C. A. Hanson et ux, Lillian | 1/64 of 1% |
| Mason City, Iowa | |
| Lillian Mabel Drew | 1/64 of 1% |
| Clear Lake, Iowa | |
| Arthur Britson et ux, Helga | 1/64 of 1% |
| Roland, Iowa | |
| Albert C. Ogden & Laura Ogden, | 1/32 of 1% |
| Joint Tenants | |
| 309 S. 1st St. | |
| Council Bluffs, Iowa | |

| | |
|---|------------|
| Henrietta L. McDermott Fischer 3440 Grande Avenue Des Moines, Iowa | 1/64 of 1% |
| W. A. Horn et ux, Hazel 630 33rd Avenue San Francisco, California | 1/64 of 1% |
| G. A. Lee Emmons, Minnesota | 1/64 of 1% |
| Edwin G. Lacoste Rt. 2 Rudd, Iowa 50491 | 1/64 of 1% |
| Walter W. Kischer et ux, Florence Albert City, Iowa | 1/64 of 1% |
| Harry Scrader et ux, Laura Rudd, Iowa 50491 | 1/64 of 1% |
| Ellen A. Crepow Mason City, Iowa | 1/64 of 1% |
| J. F. Vernon Safranke Lecille, Iowa | 1/64 of 1% |
| Estella Maple Benning, California | 1/64 of 1% |
| C. R. Hemphill et ux, Ruby | 1/128 |
| W. J. Parrott et ux, Muriel Mason City, Iowa | 1/128 |
| Floy Mae Mawhinney Dennis 8804 Crawford Avenue Sun Valley, California | 1/32 of 1% |

5. Copies of this application have been mailed to the parties in paragraph 4 above.

6. Applicant desires to be designated operator of the pooled unit.

7. To avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in said unit, all mineral interest, whatever they may be, underlying the subject unit, should be pooled.

8. That any non-consenting working interest owner that

withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

9. Applicant should be authorized to withhold from production the proportionate share of unreasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:


A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing the Division enter its order granting the application as requested.

C. And for such other relief as may be just in the premises.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P.O. Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285

ATTORNEY FOR APPLICANT

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

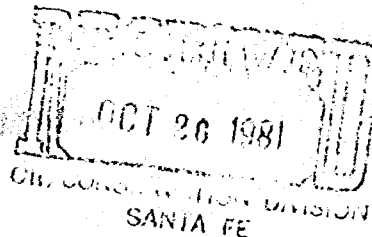
Santa Fe, New Mexico 87501

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

Telephone 982-4285
Area Code 505

October 16, 1981

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



RE: H. L. Brown, Jr.

Case 7425

Dear Joe:

Please set the enclosed application for compulsory pooling for hearing on November 19, 1981.

Very truly yours,


W. Thomas Kellahin

WTK:jm
Enclosure
cc: H. L. Brown, Jr.

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

IN THE MATTER OF THE APPLICATION
OF H. L. BROWN, JR., FOR COMPULSORY
POOLING, LEA COUNTY NEW MEXICO.

Case 7425

See Appendix
A P P L I C A T I O N *Appl*

COMES NOW H. L. BROWN, JR., by and through its attorneys,
Kellahin & Kellahin, and applies to the New Mexico Oil Con-
servation Division for an order pooling the Wolfcamp and Pennsyl-
vanian formations underlying the S/2 of Section 26, Township
16 South, Range 37 East, NMPM, Lea County, New Mexico and in
support thereof would show:

1. Applicant is an oil and gas operator and has acquired
the right to drill certain tracts in the S/2 of said Section 26.
2. Applicant proposes to drill a well at a standard
location to test the Wolfcamp and Pennsylvanian formations
underlying the S/2 of said Section and to dedicate the S/2 of
said Section as the spacing and proration unit for this well.
3. Applicant has sought the cooperation of all interested
parties involved in the proposed unit and has been unable to
obtain the necessary approvals or commitments to form a
voluntary unit for this well.
4. Those interested parties who have not joined in the
drilling of the well for this unit are as follows:

| <u>NAME</u> | <u>INTEREST</u> |
|--|-----------------|
| Sun Oil Company P.O. Box 1861 Midland, Texas 79702 | 8/240 |
| Yates Petroleum Company 207 South Fourth Artesia, New Mexico 88210 | 21/256 |

| | |
|---|------------|
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| Heritage Resources P.O. Box 377 Davis, Oklahoma 73030 | 3/240 |
| R. H. Woods Estate P.O. Box 1417 Socorro, New Mexico | 13/640 |
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| C. B. Read P.O. Box 2126 Roswell, New Mexico 88201 | 13.33/320 |
| C. A. Engwall P.O. Box 1784 Roswell, New Mexico 88201 | 1/128 |
| Hanagan & Hanagan Petroleum Corp. P.O. Box 1737 Roswell, New Mexico 88201 | 3/16 |
| Mesa Petroleum Co. Vaughn Bldg., Suite 1000 Midland, Texas 79701 | 57.5/2048 |
| John H. Harlan P.O. Box 355 Monahan, Texas 79756 | 1.66/320 |
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| Ada L. Crew Milville, Iowa | 1/32 of 1% |
| Earl L. Hanson Swea City, Iowa | 1/32 of 1% |
| Lorene Standish (Nemela) 914 4th St. Waterloo, Iowa 50501 | 1/64 of 1% |
| Cynthia E. Larson, et al. 406 W. Broadway Eagle Grove, Iowa | 1/64 of 1% |
| Hazel Bruggman et vir, Erenst Ackley, Iowa | 1/64 of 1% |
| Wilbur C. Enfield Jesse Faye LaCoste Rt. ^ Rudd, Iowa | 1/64 of 1% |

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| Wauneta, Nebraska | |
| G. L. Whitman et ux, Christina P.O. Box 2202 Waterloo, Iowa 50501 | 1/64 of 1% |
| Mae Duncan Bauman, heir of Alex H. Duncan, Deceased 2530 S. Owasso St. Tulsa, Oklahoma | 1/64 of 1% |
| Blanche L. Probert, et al. 6233 40th Avenue NE Seattle, Washington | 1/32 of 1% |
| Theodore D. Christokes 528 Central Avenue Fort Dodge, Iowa | 1/64 of 1% |
| Frank O. Petersen | 1/64 of 1% |
| Callendar, Iowa | |
| Harry R. & Effie M. Elwidge | 1/64 of 1% |
| Callendar, Iowa | |
| Clifford Gray Box 61 McDonald, New Mexico | 1/64 of 1% |
| Robert E. & Elizabeth M. Woodburn | 1/64 of 1% |
| Hampton, Iowa | |
| Ethel Armentrout Petersen | 1/64 of 1% |
| Banning, California | |
| F. C. Holmes | 1/64 of 1% |
| Hampton, Iowa | |
| Lillian Kennedy | 1/64 of 1% |
| Mason City, Iowa | |
| R. W. Brown | 1/64 of 1% |
| San Angelo, Texas | |
| Mildred L. Hitchcock | 1/64 of 1% |
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| Fred Kemper Estate Mexico, Missouri | 1/32 of 1% |
| John Satoka P.O. Box 522 Bartlesville, OK | 1/64 of 1% |
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| Frederick M. Grace Mason City, Iowa | 1/32 of 1% |
| Charles E. Snipps Mason City, Iowa | 1/64 of 1% |
| Florence M. Balkam et vir, Frank 919 N. Federal Avenue Masmoty, Iowa | 1/64 of 1% |
| J. D. Evans et ux, Myrtle Madison, Wisconsin | 1/64 of 1% |
| Louise E. Brooker, et ux Anna B. Mason City, Iowa | 1/64 of 1% |
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| W. C. Caldwell P.O. Box 712 Mason City, Iowa | 1/64 of 1% |
| Helen M. Brewer 15 S. Tayloe Mason City, Iowa | 1/32 of 1% |
| Evan Christiansen et ux, Thalene Lake Mills, Iowa | 1/64 of 1% |
| C. A. Hanson et ux, Lillian Mason City, Iowa | 1/64 of 1% |
| Lillian Mabel Drew Clear Lake, Iowa | 1/64 of 1% |
| Arthur Britson et ux, Helga Roland, Iowa | 1/64 of 1% |
| Albert C. Ogden & Laura Ogden, Joint Tenants 309 S. 1st St. Council Bluffs, Iowa | 1/32 of 1% |

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| C. R. Hemphill et ux, Ruby | 1/128 |
| W. J. Parrott et ux, Muriel Mason City, Iowa | 1/128 |
| Floy Mae Mawhinney Dennis 8804 Crawford Avenue Sun Valley, California | 1/32 of 1% |

5. Copies of this application have been mailed to the parties in paragraph 4 above.

6. Applicant desires to be designated operator of the pooled unit.

7. To avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in said unit, all mineral interest, whatever they may be, underlying the subject unit, should be pooled.

8. That any non-consenting working interest owner that does not pay its share of estimated well costs should have

withheld from production its share of reasonable well costs,
plus an additional 200% thereof as a reasonable charge for the
risk involved in the drilling of the well.

9. Applicant should be authorized to withhold from
production the proportionate share of unreasonable supervision
charge for drilling and producing wells attributable to each
non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an
examiner and that notice of said hearing be given as required
by law.

B. Upon hearing the Division enter its order granting
the application as requested.

C. And for such other relief as may be just in the
premises.

KELLAHIN & KELLAHIN

By: 

W. Thomas Kellahin
P.O. Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285

ATTORNEY FOR APPLICANT

DAJ

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

JLR

CASE NO. 7425

Order No. R-6945

RLL
APPLICATION OF H. L. BROWN, JR.
FOR COMPULSORY POOLING AND AN
UNORTHODOX LOCATION, LEA COUNTY,
NEW MEXICO.

M.S.
[Signature]
WPP

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 2, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of April, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, H. L. Brown, Jr., originally requested an order in this case pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 26, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon, provided that in the event the subject well encountered production in the Casey-Strawn Pool and/or the West Knowles Drinkard Pool, the lands pooled would be the S/2 SW/4 of said Section 26. Applicant further requested approval for the commencement of a second well within 120 days after completion of the first well, said well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 26, and dedicated to the N/2 SW/4 of said Section 26 which applicant also seeks to be pooled.

(3) That at the hearing the applicant amended his application to delete the Atoka and Morrow zones of the Pennsylvanian formation, so that the application as it now stands is for pooling only to the base of the Strawn.

(4) That the applicant has the right to drill on the lands proposed to be pooled and does propose to drill a well thereon.

(5) That there are interest owners in the lands proposed to be pooled who have not agreed to pool their interests.

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said lands the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said lands.

(7) That due to the ambiguous nature of the application and the uncertainty of obtaining production from the various formations involved, the Division should prescribe certain lands to be pooled for specific production and certain contingent pooling involving other production from other formations.

(8) That the primary objective of the applicant is to dedicate the S/2 SW/4 of Section 26 to a well to be drilled to the Knowles-Drinkard Pool and the Casey-Strawn Pool, both 80-acre oil pools, said well to be drilled at a standard location within 150 feet of the center of the SW/4 SW/4 of said Section 26.

(9) That such spacing and proration unit in said pools for the aforesaid well should be approved and the applicant should be designated as the operator of said well and unit.

(10) That the second objective of the applicant is to dedicate the N/2 SW/4 of Section 26 to a well to be drilled to the Knowles-Drinkard Pool and the Casey-Strawn Pool, said well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of said Section 26, to be

commenced within 120 days following completion of the first well.

(11) That such spacing and proration unit and unorthodox location for said pools should be approved, but the proposed second well should not be required to be drilled only at said unorthodox location, and a specific time frame within which to commence said well should be adopted.

(12) That a period of from 60 days to 180 days after completion of the first well should be sufficient to determine whether and where the second well should be drilled, and this period of time should be established for making such determination.

(13) That the applicant should be designated the operator of the second well and unit.

(14) That in the event ^{either} ~~withor~~ of the aforesaid wells is classified as a gas well in the Wolfcamp formation or in any other formation down through the Strawn formation, said well should have dedicated thereto for the gas producing formation 320 acres, being the S/2 of Section 26, Township 16 South, Range 37 East, NMPM, and said lands should be herein pooled to form such a spacing and proration unit.

(15) That all interests in the S/2 of the aforesaid Section 26 are common throughout, and ownership in all of the aforesaid three proration and spacing units proposed to be pooled, i.e., the S/2 SW/4 of Section 26, the N/2 SW/4 of Section 26, and the S/2 of Section 26 is therefore identical.

(16) That the proportionate share of each working interest owner, both as to production benefits and development and operating costs, would remain constant, whether one oil well, two oil wells, a gas well, or any combination thereof resulted from the proposed development.

(17) That after the effective date of this order and within 90 days prior to commencing the well in the S/2 SW/4 of Section 26, the operator should furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(18) That at least 60 but not more than 180 days after completion of the unit well in the S/2 SW/4 of Section 26, the operator should make a determination as to whether and where the second well herein authorized should be drilled, and should furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(19) That any non-consenting working interest owner in either of the aforesaid spacing and proration units should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(20) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(21) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(22) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(23) That \$3700.00 per month while drilling and \$435.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates) for each well; that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating ^{each of} the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(24) That all proceeds from production from the subject wells which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(25) That upon the failure of the operator to commence drilling of the first of the aforesaid wells, to which the

August

S/2 SW/4 of Section 26 is dedicated, on or before ~~July~~ 1, 1982, this order should become null and void and of no effect whatsoever.

(26) That upon the failure of the operator to commence drilling of the second of the aforesaid wells, to which the N/2 SW/4 of Section 26 is dedicated, within 60 days after the determination described in Finding No. ⁽¹⁸⁾~~(17)~~ above is made, that part of this order pooling the N/2 SW/4 of Section 26 should become null and void and of no effect whatsoever.

(27) That the unorthodox location for the well proposed to be drilled in the N/2 SW/4 of Section 26 should be approved, but that said location should not be considered binding for said unit, and the unit well may be drilled at any standard location thereon or, subject to prior and separate approval by the Division, at some other unorthodox location.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the West Knowles-Drinkard Pool and in the Casey-Strawn Pool underlying the S/2 SW/4 of Section 26, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 80-acre spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of August, 1982, and shall thereafter continue the drilling of said

well with due diligence to a depth sufficient to test the Strawn formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of August, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That H. L. Brown, Jr., is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That at least 60 days but not more than 180 days after the completion of the unit well on the S/2 SW/4 of the aforesaid Section 26, the operator shall make a determination as to ~~where~~ ^{and where} and whether ^a to drill another well, to be located on the N/2 SW/4 of said Section 26, and shall, within 10 days of such determination so advise the Division Director and each known working interest owner of such fact, and shall furnish the

Division and each known working interest owner in the N/2 SW/4 of said Section 26 an itemized schedule of estimated well costs.

(5) That when the operator has made a determination to drill ~~such a determination to drill~~ such second well, and has so notified the Division and each known working interest owner of such fact, and has furnished the itemized schedule of estimated well costs as required above, all mineral interests, whatever they may be, in the West Knowles-Drinkard Pool and the ^{*under lying the N/2 SW/4 of Section 26, Township 16 South,*} Casey-Strawn Pool shall be considered pooled to form a standard 80-acre spacing and proration unit to be dedicated to such second well.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of such second well within 90 days after making the determination to drill said well, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation.

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well within 90 days after determining said well should be drilled, the pooling provisions of Order (5) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why the pooling provisions of Order (5) of this order should not be rescinded.

PROVIDED FURTHER, that said well may be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 26, Township 16 South, Range 37 East, NMPM.

(6) That H. L. Brown, Jr. is hereby designated the operator of the subject well and unit.

(7) That within 30 days from the date the schedule of estimated well costs is furnished to him in accordance with Order (3) or Order (4) of this Order, any non-consenting working interest owner shall have the right to pay his share of estimated well costs for that well to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(8) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of each well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(9) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner

who has paid his share of estimated costs in advance for that well as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(10) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs for that well within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs for that well attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(11) That the operator shall distribute said costs and charges withheld from production from a well to the parties who advanced the well costs for that well.

(12) That \$3700.00 per month while drilling and \$435.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates) for each well; that the operator is hereby authorized to withhold from production from each well the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production from each well the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That in the event either of the wells authorized by this order should be completed as a gas well in the Wolfcamp or Pennsylvanian formations and so classified by the Division's Hobbs District Supervisor, the S/2 of Section 26, Township 16 South, Range 37 East, NMPM, is hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to said well.

(14) That any unsevered mineral interest underlying the S/2 SW/4, N/2 SW/4, or the S/2 of Section 26, Township 16 South, Range 37 East, NMPM, shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(15) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(16) That all proceeds from production from ^{either of} the subject [^] wells which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(17) That 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

JOE D. RAMEY,

Director

S E A L