

CASE 7105: C AND E OPERATORS, INC. FOR  
COMPULSORY POOLING, SAN JUAN COUNTY, NEW  
MEXICO

Case No.

7105

Application

Transcripts

Small Exhibits

ETC

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
10 December 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of C and E Operators,  
Inc., for compulsory pooling, San  
Juan County, New Mexico.

CASE  
7105

and

Application of C and E Operators,  
Inc., for compulsory pooling, San  
Juan County, New Mexico.

CASE  
7106

and

Application of C and E Operators,  
Inc., for compulsory pooling and a  
non-standard proration unit, San Juan  
County, New Mexico.

CASE  
7107

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.,  
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For the Applicant:

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W. P. CARR

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1  
2 MR. STAMETS: Call next Case 7105.

3 MR. PADILLA: Application of C and E  
4 Operators, Inc., for compulsory pooling, San Juan County, New  
5 Mexico.

6 MR. KELLAHIN: If the Examiner please,  
7 I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf  
8 of the applicant, and I have one witness.

9 If the Examiner please, these are three  
10 separate compulsory pooling cases by C and E Operators. All  
11 three units are contiguous to each other and except for the  
12 difference in ownership between the three different tracts,  
13 all the other information is the same, including the overhead  
14 charges, the risk factor, and that sort of information.

15 We would propose to consolidate for  
16 purposes of testimony all three cases, and if the Examiner  
17 would allow us to do that, then we would ask that you enter  
18 us through separate orders, but it might expedite the hearing  
19 if we could not have to repeat our testimony.

20 MR. STAMETS: Is there any objection to  
21 this consolidation? Being none, I'll ask that the other two  
22 cases be called and we will consolidate them for the purposes  
23 of testimony.

24 MR. PADILLA: Application of C and E  
25 Operators, Inc., for compulsory pooling, San Juan County, New

1  
2 Mexico, and application of C and C Operators for compulsory  
3 pooling and non-standard proration unit, San Juan County, New  
4 Mexico.

5  
6 (Witness sworn.)

7  
8 W. P. CARR

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

11  
12 DIRECT EXAMINATION

13 BY MR. KELLAHIN:

14 Q Mr. Carr, would you please state your  
15 name and occupation?

16 A I'm W. P. Carr, I'm a petroleum engineer.

17 Q Mr. Carr, what is your relationship with  
18 C and E Operators, Inc.?

19 A I'm the Chief Executive Officer.

20 Q Have you previously testified before the  
21 Oil Conservation Division as a petroleum engineer?

22 A Yes, I have.

23 Q And were your qualifications accepted  
24 and made a matter of record?

25 A Yes, they were.

1  
2 Q And pursuant to that employment, Mr. Carr,  
3 have you made a study of the facts surrounding these three  
4 applications before the Commission?

5 A Yes, I have.

6 MR. KELLAHIN: We tender Mr. Carr as an  
7 expert witness.

8 MR. STAMETS: He is considered qualified.

9 Q Mr. Carr, I'd like to direct your atten-  
10 tion to what I have marked as C and E Exhibit Number One,  
11 which is the plat of ownership for Case 7105 for the north  
12 half of Section 9. Let me show you my copy of that.

13 A Okay.

14 Q Would you identify that for us, please?

15 A This is a plat of the -- from the tax  
16 assessor's office, showing the current ownership of this  
17 quarter section.

18 Q The quarter section depicted on Exhibit  
19 Number One is what quarter section?

20 A That's the northeast quarter section of  
21 9, 30 North, 11 West, San Juan County.

22 Q What is the status of the ownership for  
23 the northwest quarter of Section 9?

24 A It's all covered by leases of C and E  
25 Operators.

1 Q So the tracts of land that are involved  
2 in this compulsory pooling application for the north half of  
3 Section 9 are all located within the northeast quarter?  
4

5 A Yes, sir.

6 Q And how are those tracts identified?

7 A All of the tracts outside of the dashed  
8 area, which is the original city limits, or at least original  
9 as I knew them, of the Town of Aztec, New Mexico, is the  
10 dashed, black dashed line, that takes in an area in the south-  
11 east part of the quarter section. Within that -- outside of  
12 that area all the acreage is covered by C and E Operators  
13 leases. Inside of that area, that's to the east and the  
14 south of that dashed line, the acreage that is colored red  
15 is unleased acreage, which shows the names of the parties  
16 owning such tracts, and the balance of that acreage is covered  
17 by leases held by Beta Development Company.

18 Q Now, Beta Development Company is one of  
19 the companies for which you're seeking forced pooling.

20 A Yes.

21 Q Why have you been required to force pool  
22 Beta's interest in this acreage?

23 A They don't -- they won't join.

24 Q You've talked to them about joining?

25 A Yes, I have.

1  
2 Q And what specific response, if any, did  
3 they give you concerning their participation in the drilling  
4 of any of these three wells?

5 A They don't feel like they're very good  
6 wells to drill. They have better places to spend their money,  
7 I think.

8 Q All right. So apart from Beta, then,  
9 the individual owners of these town lots within the city  
10 limits of Aztec are indicated by the colored shading.

11 A Yes, sir.

12 Q Now tell me how this exhibit was prepared  
13 for you.

14 A This exhibit was prepared from the tax  
15 assessor's records. The plat came out of the tax assessor's  
16 office, and the ownership came off of the tax assessor's cur-  
17 rent computer printout listing that they furnished us a copy  
18 of.

19 Q So as best you can determine, this is a  
20 true and accurate and current indication of the ownership of  
21 the tracts involved in the forced pooling case.

22 A As it now exists in the county records,  
23 yes, sir.

24 Q I'd like to refer you to Exhibit Number  
25 Two and have you identify that for us.

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A. This is a schematic plat of the north half of Section 9, Township 30 North, Range 11 West, that shows the tracts covered by C and E leases and by Beta Development Company leases, with the exception of the area down there in the old town site that we covered in the Exhibit One.

Q. All right, sir. Now let me direct your attention to Exhibit Number Three and have you identify that for us.

A. These are the names and addresses of the parties who own interests in the north half of Section 9, to whom pooling notices have been sent.

Q. And how was that information tabulated, Mr. Carr?

A. You mean the --

Q. What's the source of the information?

A. --- acreage information?

Q. No, sir, what's the source of the names?

A. Is the computer printout of the -- furnished by the tax assessor's office, of the people's current addresses as far as receiving tax notices.

Q. All right, sir, and the last page of that exhibit contains a tabulation?

A. Yes, it shows the acreage involved in the various leased and unleased tracts and their percentage

1 in the unit.

2  
3 Q All right. Let me refer you to Exhibit  
4 Number Four and have you identify that exhibit.

5 A Exhibit Number Four is an AFE for the  
6 drilling of one of the wells which we have staked on this  
7 unit, which we designate as the Fee No. 9-A, and it covers  
8 the drilling and completion of a dual Mesaverde-Pictured  
9 Cliff well.

10 Q The well to be drilled on the north half  
11 of Section 9 is to be a dual Pictured Cliff-Mesaverde well?

12 A Yes, sir.

13 Q Your application seeks only a compulsory  
14 pooling order on the Mesaverde formation. That's true, is it  
15 not?

16 A That's true. The Pictured Cliff forma-  
17 tion is already the subject of prior pooling and is held by  
18 current Pictured Cliff production.

19 Q What is the total cost estimated for the  
20 dually completed well?

21 A \$399,037.

22 Q All right. Now, subsequent in your  
23 testimony we have another exhibit that discusses how you pro-  
24 pose to allocate the costs of the dually completed well to  
25 the nonconsenting owners of the Mesaverde rights.



1  
2 Q Let's defer that for the moment and we'll  
3 come back to it.

4 A Okay.

5 Q All right, Mr. Carr, let me direct your  
6 attention to the ownership with regards to Case 7106, which  
7 is the south half of Section 8.

8 MR. STAMETS: Before you go into that,  
9 do we have any copies of the letters or notices or the cor-  
10 respondence with --

11 MR. KELLAHIN: Yes, sir.

12 MR. STAMETS: -- all of the people --

13 MR. KELLAHIN: I'd proposed to introduce  
14 that after we'd gone through the ownership of the --

15 MR. STAMETS: Okay, fine. Thank you.

16 MR. KELLAHIN: -- tracts.

17 MR. STAMETS: Thank you.

18 Q All right, Mr. Carr, would you identify  
19 Exhibit Number Five for us?

20 A This exhibit is a plat of the south half  
21 of Section 8, Township 30 North, Range 11 West, in San Juan  
22 County, New Mexico.

23 Q Would you identify for us on Exhibit  
24 Number Five the tracts that are required to be force pooled  
25 by this application?

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A. Well, all of the southeast quarter of the section, which is the east half of the area depicted.

Q. What about the southwest quarter of the section?

A. They're all covered by current leases by C and E Operators.

Q. Do you have any leases at all in the southeast quarter?

A. No, sir.

Q. So it will be the entire southeast quarter that you're pooling?

A. Yes, sir.

Q. All right. Have you made a tabulation of the owners of the various tracts in the southeast quarter?

A. Yes, we have.

Q. I show you Exhibit Number Six. Would you identify Exhibit Number Six for us?

A. Exhibit Number Six is a list of the names and addresses of people to whom the forced pooling notices were sent. The first 16 of those people subsequent to our notifying them, we discovered that the Mesaverde rights under the tracts which they held were held by Beta Development Company, and actually Beta Development Company and the City of Aztec hold only -- hold all the acreage in that southeast

1

2

quarter.

3

Q.

Now the Beta leases that are involved in this acreage have been farmed out or assigned to you, have they not?

6

A.

The Beta leases?

7

Q.

Yes, sir.

8

A.

No. These are leases that, well, Beta has held for a long time, in this -- this southeast quarter of this section.

10

11

Q.

In addition to those individuals, then, you are also pooling Beta Development Company.

12

13

A.

Yes, sir.

14

Q.

All right. How was the list tabulated, Mr. Carr, from what information did you obtain this?

15

16

A.

From, again, from the tax records and from Beta's forced pooling order for their Dakota Unit.

17

18

Q.

Based upon your knowledge, Mr. Carr, is this a true and accurate compilation of the ownership of the southeast quarter of this unit?

20

21

A.

Yes, sir, it is.

22

Q.

All right. Let me show you Exhibit Number Seven and ask you to identify that.

23

24

A.

Exhibit Number Seven is a 2-part exhibit. It is an AFE for a single well Mesaverde completion and it

25

1 is an AFE covering a dual Pictured Cliff-Mesaverde well com-  
2 pletion.

3 The reason it was submitted in this  
4 fashion, we have an oral agreement only concerning the Pictured  
5 Cliff rights under this acreage. Unless and until that  
6 agreement is firmed up we have to assume we're working strictly  
7 on a Mesaverde well because we have no Pictured Cliffs rights  
8 at this time under that quarter section.

9 Q If you're able to obtain an interest in  
10 the Pictured Cliff rights, then you intend to drill a dually  
11 completed well?

12 A Yes, sir.

13 Q And if not, then it will be a single  
14 Mesaverde completion.

15 A Yes, sir.

16 Q And thus the different AFE's?

17 A Yes, sir.

18 Q All right. All right, sir, let me  
19 direct your attention to Case 7107 and the ownership of the  
20 southwest quarter of Section 9, and in that regard I want  
21 to show you Exhibit Number Eight and have you identify that.

22 A Exhibit Number Eight is a copy of the  
23 tax assessor's current ownership plat covering the southwest  
24 quarter of Section 9, Township 30 North, Range 11 West in  
25

San Juan County, New Mexico.

It has been colored to indicate the ---  
the state, present state of mineral ownership. The interest  
of C and E Operators is in blank, except for one tract where  
the man that did the coloring got carried away and colored  
one small C and E lease, which is noted as an exception in  
the Beta Development acreage which shows as yellow. The un-  
leased tracts are shown in red.

MR. STAMETS: Now which lease is the one  
that is erroneously -- okay.

Q. Now in Case 7105 you have formed a  
standard north half of Section 9 proration unit for the Mesa-  
verde formation.

A. Yes, sir.

Q. Have you sought to form a standard pro-  
ration unit for this Mesaverde in the south half of 9?

A. Yes, sir.

Q. And that would have included the south-  
east quarter.

A. Yes, sir.

Q. Why have you sought to exclude the south-  
east quarter from this particular case?

A. We had obtained permission -- since we  
bought our leases all of this acreage is now in the current

1 corporate limits of the City of Aztec. None of it was in it  
2 at the time the leases were acquired, and they have -- they've  
3 passed some drilling rules and regulations a year ago; they  
4 amplified them this year, and they denied our application to  
5 drill in the southeast quarter of Section 9, and for this  
6 reason we wanted to seek a non-standard unit that would just  
7 consist of the southwest quarter of Section 9.  
8

9 Q This acreage is within the Blanco-Mesa-  
10 verde Pool, is it not?

11 A Yes, sir.

12 Q And it's subject to the Commission in-  
13 fill order for two Mesaverde wells on a 320-acre proration  
14 unit.

15 A Yes, I think that's correct.

16 Q Let me show you Exhibit Number Nine and  
17 in relation to Exhibit Number Eight would you identify Exhibit  
18 Number Nine?

19 A It is the list of names and addresses of  
20 the parties to whom the forced pooling notices were sent, with  
21 a tabulation of the ownership within the quarter section.

22 Q All right, except for the correction  
23 you've indicated in the yellow area, the yellow area repre-  
24 sents the acreage held by Beta?

25 A Yes, sir.

1 Q And the other shaded area represents the  
2 individual tract owners within the City of Aztec.

3 A That are not subject to any lease as far  
4 as we can determine.

5 Q And both Exhibits Eight and Nine were  
6 prepared from the current tax assessor rolls for the City of  
7 Aztec?

8 A Yes.

9 Q All right. Now let me refer you to Ex-  
10 hibits Number Ten and Eleven, Mr. Carr.

11 A Is Number Ten the newspaper article?

12 Q No, sir, it's the letter from the city.

13 A All right. Number Ten is a copy of the  
14 letter which the City of Aztec sent to us approving the wells  
15 which we're proposing to drill in the city limits and denying  
16 the well that they did not give us permission to drill.

17 Q The denial of that well was a well for  
18 which you would have dedicated the south half of Section 9?

19 A Yes.

20 Q Okay, and as a result of that denial  
21 you're seeking to exclude the southeast quarter and develop  
22 only the southwest quarter.

23 A Yes, sir.

24 Q Okay. And what is Exhibit Number Eleven?

25

1 A. It's just a copy of a newspaper article  
2 concerning the city's actions in this matter.

3 Q. There wasn't a permitted well location  
4 within the southeast quarter?

5 A. No. Oh, you mean did we request one?

6 Q. Yes, sir.

7 A. Yeah, we did request one, a well in the  
8 southeast quarter, and they denied that.

9 Q. All right. I'll direct your attention  
10 to Exhibit Number Twelve and have you identify that.

11 A. Exhibit Number Twelve is an AFE for a  
12 dual Mesaverde-Pictured Cliff well in the southwest quarter  
13 of Section 9, Township 30 North, Range 11 West.

14 Q. With regards to this acreage, do you  
15 have the Pictured Cliffs rights?

16 A. Yes, we do.

17 Q. You're seeking to force pool the Mesa-  
18 verde for a dual Pictured Cliff-Mesaverde well.

19 A. Yes, sir.

20 Q. And you have a proposed method of allo-  
21 cation that we'll talk about later?

22 A. Yes, sir.

23 MR. KELLIAHIN: If the Examiner please,  
24 we would introduce Exhibit Number Thirteen to you, which is  
25



1  
2 our affidavit of mailing of notice to all non-consenting parties  
3 in all three cases.

4 Q Now, as a result of the notice being sent  
5 to all these non-consenting parties in the three cases, Mr.  
6 Carr, what if any response have you had from any of these in-  
7 dividuals or companies?

8 A I've had a call from two individuals, one  
9 of whom said he would be here this morning. He had an interest  
10 in the well and didn't -- didn't think that his tract was  
11 leased. I haven't met him, although I don't know him and he  
12 may be here.

13 And the other one was from a lady who had  
14 a tract that was unleased that was -- she was buying on a  
15 contract, and she just wanted to be sure there would be no --  
16 nothing adverse to her purchase contract by virtue of this  
17 hearing.

18 Q As a result of the responses you received  
19 from these people pursuant to the notice, what is your posi-  
20 tion insofar as obtaining leases or some kind of contractual  
21 agreement with them?

22 A We plan to approach everyone who we feel  
23 has an unleased interest and attempt to get a lease covering  
24 those interests.

25 Q Pooling orders are going to be required

1  
2 in the event that you can't obtain them or located these indi-  
3 viduals in order to lease everything?

4 A. That's right and, of course, a pooling  
5 order was going to be required anyway, because of Beta's re-  
6 fusals to join.

7 Q. All right. Let me direct your attention  
8 to Exhibit Number Fourteen. What is Exhibit Number Fourteen?

9 A. That's a plat of a portion of Township  
10 30 North, Range 11 West in San Juan County, showing Mesaverde  
11 wells and the names of the operators of wells and indicating  
12 the southwest quarter of Section 9, where we're asking for  
13 the non-standard unit, is outlined in red.

14 Q. This same information is applicable to  
15 all three cases, is it not?

16 A. I'd assume it is, yes, sir.

17 Q. And the wells identified on here are  
18 only the Mesaverde wells?

19 A. That's correct.

20 Q. All right. Let me direct your attention  
21 to Exhibit Number Fifteen, Mr. Carr. What is Exhibit Number  
22 Fifteen?

23 A. Number --- Exhibit Number Fifteen is a  
24 portion, a copy of a portion of a map published by some dupli-  
25 cating company in Farmington that shows all of the Pictured

1  
2 Cliff production. There are two figures. The upper figure  
3 being the Mesaverde production for the calendar year 1978 and  
4 the lower figure being the cumulative Mesaverde production.  
5 These maps, I understand, are prepared from the Corporation  
6 Commission records.

7 Q Have you examined the information on this  
8 exhibit and found it to be true and accurate to the best of  
9 your knowledge?

10 A Yes, as far as our wells --

11 Q All right.

12 A -- are concerned, that's correct.

13 Q All right, and have you relied upon that  
14 information in reaching your decisions about the drilling of  
15 these wells?

16 A Yes, sir. Now, I might add, that I added  
17 something to this map, and that's the river-looking thing at  
18 the southwest boundary in which I indicated the rapid pro-  
19 ductivity decline, as you come out of the basin to the south-  
20 east by putting in two contours, one of which represents  
21 400-million Mcf of ultimate recovery and the other represents  
22 200.

23 Q How would you generally characterize the  
24 three units on which you intend to drill, so far as the pro-  
25 ductivity or potential productivity?

1  
2 A. Well, they're -- they're certainly not  
3 going to be as good as the wells to the north and to the west,  
4 and as you can see all along the map, that area is pretty  
5 well been defined, because everybody's left it alone. There's  
6 not even any dry holes out in there.

7 Q. You're on the very edge, then, of the  
8 Blanco-Mesaverde Field?

9 A. Well, we're extending the production  
10 limits with these wells. We're not within any producing  
11 limits.

12 Q. All right. Based upon your knowledge  
13 and information, Mr. Carr, do you have an opinion as to the  
14 risk involved in drilling these three wells?

15 A. Yeah, it's considerable. If we didn't  
16 feel that we could overall make some money out of drilling  
17 the wells, we wouldn't want to drill them. We've been wrong  
18 before, but we will drill wells that won't pay out.

19 Q. Have you drilled any Mesaverde wells in  
20 this area that will not pay out?

21 A. Yes, sir, we drilled one last year. It's  
22 the one I've designated Poor Well there to the -- we haven't  
23 completed it as yet, either.

24 And it's in the -- just to the west about  
25 a mile of the leases that are the subject of this -- these

1  
2 applications.

3 Q As you know, Mr. Carr, the Commission  
4 statutory mandate sets some rules with regards to the risk  
5 factor penalty that may be assessed against the non-consenting  
6 owners, and that statutory maximum is 200 percent, plus recovery  
7 from production of their proportionate share of the costs of  
8 the well.

9 In terms of that statute, Mr. Carr, do  
10 you have an opinion as to what you would believe to be a fair  
11 and reasonable risk factor to assess against these individuals?

12 A Well, I don't see how the risk could be  
13 much greater unless you just were drilling a rank wildcat.

14 Q In your opinion would a risk factor  
15 penalty of 200 percent be fair and reasonable?

16 A Yes, sir.

17 Q Now your Exhibit Number Fifteen shows  
18 a line of cross section, A through A' --

19 A Yes, sir.

20 Q -- indicating four wells?

21 A Yes, sir.

22 Q Have you prepared a cross section?

23 A Yes, sir.

24 Q I show you Exhibit Number Sixteen and  
25 ask you to identify that.

1  
2 A. This is a line of cross section A-A'  
3 that is shown on Exhibit Fifteen, and it goes from a producing  
4 Mesaverde well through the area in which there is no Mesaverde  
5 production and it contains the other three logs, which I've  
6 numbered one, two, and three, are logs of Dakota wells that  
7 have been drilled, I think all of them by Southwest Production  
8 Company.

9 Q. Number one is a Dakota well?

10 A. Yes.

11 Q. And number two is a Dakota well?

12 A. Yes, sir.

13 Q. And three and four are Mesaverde wells?

14 A. Well, let me see. No, three is a Dakota  
15 well. Only four is a Mesaverde well.

16 Q. All right. Do the logs for wells one,  
17 two, and three show any Mesaverde development?

18 A. Yes, sir, the -- I've indicated that  
19 the logs three and four, which are the wells deeper into the  
20 basin, the logs exhibit the somewhat cleaner sand than the  
21 logs do in the wells number one and two, which are further  
22 up dip out of the main producing area of the basin.

23 Q. Were wells one, two, or three ever com-  
24 pleted as producers in the Mesaverde?

25 A. No, sir.

1 Q The operators in each of those three  
2 wells elected to complete them in the Dakota?  
3

4 A Yes, sir.

5 Q All right, sir, let me direct your at-  
6 tention to Exhibit Number Seventeen. What is Exhibit Number  
7 Seventeen?

8 A Exhibit Number Seventeen is a copy of  
9 billings which we have received for joint interest wells where  
10 we are the non-operators, one from Supron, and then I believe  
11 the other two are from Amoco, and they cover the operations  
12 of Mesaverde wells in the area. In fact, the well, the  
13 Supron well, is the well on the -- that the number four well  
14 on the cross section is the log of the well covered by this  
15 invoice.

16 Q What are you being charged for overhead  
17 charges in those offsetting wells?

18 A The Supron well, which is a new operating  
19 agreement, it's only about a year old, provides for a monthly  
20 charge of \$273.25. The two Amoco wells, which are covered  
21 on -- under an operating agreement that is about two and maybe  
22 three years old, show administrative overhead charges for  
23 two wells that total \$477.22, and the other billing is from  
24 Amoco and it covers the operating charges from a well that  
25 is about a year older than the other well that shows admini-

1  
2 strative charges of \$436.26, covering two wells on the unit.

3 Q Okay, and Exhibit Number Eighteen?

4 A This is a copy of the amendment to the  
5 operating agreement covering the Supron Lester Unit, which  
6 covers the north half of Section 3 in Township 30 North, Range  
7 11 West, which again contains well number four of the cross  
8 section.

9 Q Do you have a recommendation to the Exa-  
10 miner of the overhead charges to be assessed against the non-  
11 participating working interest owners while drilling and  
12 after completion of the well?

13 A Well, this agreement and the latest cur-  
14 rent operating agreements we've written is at ten times the  
15 monthly charge.

16 Q You've indicated in your testimony that  
17 the current monthly charge being charged by other operators  
18 in the area is \$273.25 a month.

19 A Yes, sir.

20 Q In your opinion is that a fair and  
21 reasonable charge to be assessed for your operation of that  
22 well?

23 A Yes, sir.

24 Q And the drilling well rate would be ten  
25 times that amount while drilling?



1

2

A. Yes.

3

Q. It would be \$2732.50?

4

A. I believe, yeah.

5

Q. All right, sir, and those are your re-

6

commendations to the Examiner?

7

A. Yes, sir.

8

Q. And, sir, let me direct your attention

9

to Exhibit Number Nineteen.

10

A. Exhibit Number Nineteen covers the --

11

the operating agreement provision of expenses for dual wells,

12

which we would propose for the dual wells, which we're

13

planning in these applications.

14

Q. Has this type of allocation of costs

15

been used before in this area?

16

A. As far as I know, it is just pretty much

17

standard with all the operators in there. With all the oper-

18

ators we've gotten one from, I'll put it that way. They're

19

all basically the same.

20

Q. Would you summarize for us briefly how

21

we would allocate costs for the drilling of a dual Pictured

22

Cliff-Mesaverde well insofar as the non-consenting Mesaverde

23

working interest owners and royalty owners are concerned?

24

A. Yes. All costs down to the deepest pro-

25

ductive zone in the Pictured Cliff would be split 50-50 be-

1  
2 tween the Pictured Cliffs and the Mesaverde. Below that --  
3 and all the completion charges of the Pictured Cliffs would  
4 be borne entirely by the Pictured Cliffs owners. And the  
5 cost and expenses below the Pictured Cliffs producing zone  
6 would be borne entirely by the Mesaverde zone owners.

7 Q In your opinion, Mr. Carr, is that an  
8 accepted practice within the industry for allocating costs  
9 among various owners in different horizons?

10 A Yes, it is.

11 Q In your opinion is that a fair and reason-  
12 able way of allocating the costs for the particular indivi-  
13 duals involved in these cases?

14 A Yes, sir.

15 Q Were Exhibits One through Nineteen either  
16 prepared by you directly or compiled under your direction and  
17 supervision?

18 A Yes, they were.

19 Q And in your opinion, Mr. Carr, will ap-  
20 proval of this application be in the best interests of con-  
21 servation, the prevention of waste, and the protection of  
22 correlative rights?

23 A I feel that it will.

24 MR. KELLAHIN: We move the introduction  
25 of Exhibits One through Nineteen.

1  
2 MR. STAMETS: These exhibits will be ad-  
3 mitted.  
4

5 CROSS EXAMINATION

6 BY MR. STAMETS:

7 Q Mr. Carr, does C and E have its own over-  
8 head rate? Are you operating any new wells in the area?

9 A Yes, sir.

10 Q What overhead charges are you applying  
11 to those wells?

12 A The same as we're asking for in this  
13 hearing.

14 Q Okay. Now, the only thing I haven't  
15 seen here is any indication that C and E has attempted to  
16 gain voluntary agreement of any of these owners prior to  
17 filing the application to compulsorily pool. Do you have any  
18 evidence that such was --

19 A Well, I have just by what I reported to  
20 you as to my conversation with Beta Development Company. I  
21 made a trip to Midland and spent about a half a day with  
22 their landman getting stuff for another well that we were in-  
23 volved with, and with them on, and asked him again had his  
24 position changed any about joining in on these wells. And  
25 he said no, it hadn't. So I said, well, we'll -- since we'll

1  
2 have probably other unleased owners, we'll go ahead with a  
3 forced pooling hearing, and that was fine with him.

4 But I don't -- I can't prove that to you.  
5 I can just tell you that it --

6 MR. STAMETS: Okay.

7 A. -- took place.

8 Q But he's not the only owner in any of  
9 these tracts. There are other owners, the City of Aztec.

10 A We have already approached the City of  
11 Aztec for a lease. WE have a man working on that now.

12 Q Was that done before the application  
13 was filed, or after?

14 A No, sir, as a matter of fact, we didn't  
15 know that the City of Aztec had the tract unleased until after  
16 the application was filed.

17 Q What about the other owners, small tract  
18 owners?

19 A We, as I say, we -- we've got a short  
20 fuse on the thing. We've got a contractor that is ready to  
21 move in on these locations at about the end of this month,  
22 and we figured we could probably buy some of the leases. We  
23 expected we could not buy them all. We knew we had to have  
24 a forced pooling hearing anyway because of Beta's position,  
25 so we went ahead with that first and now we will contact the

1  
2 other people.

3 MR. KELLAHIN: As Mr. Carr has indicated  
4 in his testimony, subsequent to receiving the notice, some  
5 of these individuals have contacted him and he's certainly  
6 shown every intention to work out a lease or some other agree-  
7 ment with them. The typical forced pooling order, as you  
8 know, subsequent to the order allows a non-consenting party  
9 to participate only if they tender their share of the well  
10 cost. We would propose that the order could be modified in  
11 this situation to allow those people an opportunity to lease  
12 or to farmout their acreage without actually having to tender  
13 their share of any cost.

14 I think that may be a very acceptable and  
15 adequate way to give these people sufficient time in order to  
16 contact Mr. Carr and for him to contact them again.

17 But because of the rig availability and  
18 the contract problems we have on the drilling of this acreage,  
19 it was imperative that we immediately commence forced pooling  
20 actions.

21 MR. STAMETS: Of course, Mr. Kellahin,  
22 I'm sure you recognize the language of the statute relative  
23 to compulsory pooling and the interpretation of the Division  
24 as applies to that, that in order for owners to not have agreed,  
25 they must have had the opportunity to agree, and it does not

1  
2 appear as though they were ever contacted; some of them were  
3 never contacted and never had the opportunity to agree or dis-  
4 agree, and I'm not certain that we wouldn't be --

5 A. Well, they were on a prior hearing. They  
6 wouldn't agree with Beta eighteen years ago.

7 Q. I'm not certain that we will be able to  
8 grant the applications sought because of that particular  
9 failure. We'll just have to review the situation. Anything  
10 that you could give us, Mr. Kellahin, which would help us  
11 grant the relief that your client seeks here, would be appre-  
12 ciated.

13 Any other questions of the witness? Mr.  
14 Padilla.

15  
16 CROSS EXAMINATION

17 BY MR. PADILLA:

18 Q. Mr. Carr, I noted that your Exhibit A  
19 is dated June 20th, 1979, and you have been talking that it's  
20 a property identification map. Have you made an effort to  
21 update that map, this map or --

22 A. This is the latest information there is  
23 available through the records, through the tax assessor's  
24 records in the county.

25 Sir, I worked under a handicap on this

1  
2 thing. I think if your records require, that if a well is  
3 drilled in the city limits, we first obtain permission from  
4 the city. This took some little time and --- but it really  
5 took a whole lot longer than we figured it was ever going to  
6 take, and after we did get this permission from the city, we  
7 just had to go full blast to try to get really to meet the  
8 obligation to this contractor to have these locations ready.

9 Q Doesn't one of these maps just show sur-  
10 face acreage ownership?

11 A Yes, sir. The -- it shows surface owner-  
12 ship only as far as unleased acres are concerned. Now these  
13 same tracts were force pooled by Beta Development Company in  
14 their hearing of eighteen years ago, and I give you those  
15 order numbers if you'd like. I've got a copy of the hearing.  
16 They're the same tracts that they could not obtain leases on.

17 Q But in order to get the correct mineral  
18 ownership would you have to obtain an abstract to --

19 A I certainly would, and I approached the  
20 only abstractor out there who's got good mineral records,  
21 and he told me there was no way that he could get into this  
22 for some weeks. This is why I had to go the route I went.

23 Now, we will write all of these owners.  
24 We'll be glad to send you copies of their letters. We'll  
25 contact them and see if they think they own minerals; if they

1

2 do think they own minerals, then we'll have to go to an ab-  
3 stractor and make a mineral takeoff but we won't have to do  
4 it on all the acres in the section.

5

6 We've already got all the information  
7 on the records as to Beta's leases. WE've got over 152 leases  
8 that Beta took in that area.

9

10 Q Mr. Carr, I have one other question now.  
11 The City of Aztec is on the non-standard proration unit, re-  
12 quests that you submit additional data on their denial. Was --  
13 did you ever submit additional data?

14

15 A I have no additional data that I can  
16 submit under their rules. This application was denied be-  
17 cause of a building permit that was filed for subsequent to  
18 our staking of this location, and it's the only spot in there.  
19 It's right in the middle of the old city and it's the only  
20 spot in there that we could have put a rig that would comply  
21 with their regulations, and then when they denied that spot,  
22 because of this after the fact building permit application,  
23 there's nothing -- nothing else we can do about it.

24

25 MR. PADILLA: I have nothing further.

26

27 MR. STAMETS: Any other questions of  
28 the witness? He may be excused. Anything further in this  
29 case? These cases?

30

31 They will be taken under advisement.



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 C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 7105, 7106, 7107  
heard by me on 12/14 1980.  
Richard P. Stam, Examiner  
Oil Conservation Division



January 16, 1981

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

Re: CASE NO. 7105  
ORDER NO. R-6561

**Applicant:**

~~C and E Operators, Inc.~~

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 \_\_\_\_\_  
Artesia OCD \_\_\_\_\_  
Aztec OCD \_\_\_\_\_

**Other**

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. 7105  
Order No. R-6561

APPLICATION OF C AND E OPERATORS, INC.  
FOR COMPULSORY POOLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 1981, 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, C and E Operators, Inc., seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) That the application in this case is premature in that the applicant has made insufficient effort to secure the consent or agreement of the parties involved.

(4) That Case No. 7105 should be dismissed without prejudice.

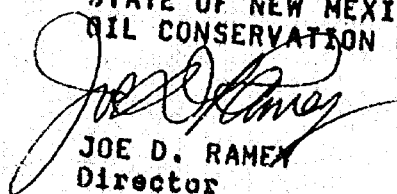
IT IS THEREFORE ORDERED:

(1) That Case No. 7105 is hereby dismissed without prejudice.

-2-  
Case No. 7105  
Order No. R-6561

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L

fd/

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

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

January 2, 1981

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

RE: C & E Operators Inc.  
Division Docket December 10, 1980  
Cases 7105, 7106 and 7107

Dear Dick:

At the hearing held on December 10, 1980, for the above referenced cases, you expressed a concern that the non-consenting parties may not have been afforded a reasonable period of time in which to express an intent of either agreeing or not agreeing to pool their respective interests.

On December 2, 1980, each of the non-consenting parties was furnished notice of the subject hearing. Subsequent to the hearing, by various certified mail-return receipt letters dated December 11th, 12th and 16th, C & E Operators, gave all non-consenting parties an additional opportunity to join or lease their interests or be subject to pooling prior to January 1, 1981. A copy of the notices are enclosed.

The January 1, 1981, deadline has passed and none of the non-consenting parties have agreed to lease or join.

In my conversation with you on December 30, 1980, you indicated a belief that the applications might have to be dismissed and refiled in order to have "afforded the non-consenting parties a reasonable opportunity to join or lease." I find nothing in Section 70-2-17 NMSA-1978 that requires such action.

The second sentence of Subsection C makes reference to "an opportunity" prior to the date of the Division Order." It does not say that the "opportunity" must come prior to the date of the application. In my opinion, the additional efforts by C & E Operators have given those parties a reasonable opportunity to agree or not.

KELLAHIN and KELLAHIN  
Mr. Richard L. Stamets  
January 2, 1981  
Page two

In addition, the continuing jurisdiction of the Division in these cases will allow any non-consenting owner who believes that he was not given such an opportunity to apply for a Division Hearing. The Division can then modify the terms of the order as to that party if the evidence so justifies. In the alternative, the deadline and conditions in the order can be written in such a way as to give these parties another notice and opportunity to join or lease after the date of the order,

The dismissal of the applications and refiling would not be justified and would cause an unreasonable delay and burden upon the operator.

As you have seen from the evidence at the hearing, except for Beta and the City of Aztec, the other non-consenting owners have very small interests. From the additional documentation you can see that Beta and the City of Aztec simply do not want to participate, lease or join.

Of paramount consideration is the fact that C & E Operators have a rig under contract to commence drilling on January 1, 1981. They would like to commence with the location in the S/2 of Section 8 which is the subject of Case 7106 as soon as possible.

We would request that the three applications be granted as requested without further hearing.

Very truly yours

  
W. Thomas Kellahin

WTK:jm  
cc: Mr. W.P. Carr

C AND E OPERATORS, INC.

ONE ENERGY SQUARE  
SUITE 170

DALLAS, TEXAS 75206

(214) 363-6993

December 30, 1980

Re: Case No. 7105

Case No. 7106

Case No. 7107

Mr. Tom Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

Dear Mr. Kellahin:

Petroleum Land Service of Houston, Texas concluded a mineral ownership check on the Aztec townsite tracts which we found to be unleased. He has advised me that there are no mineral reservations of record on any of these tracts and that the surface owner has all the minerals. We have been advised by the City of Aztec, concerning their tract in the SE/4 of Section 8, T30N-R11W, that they prefer to be force pooled and will neither lease nor join.

Will you please convey this information to the Commission Examiner and let me know what other things we need to do. Our rig will be moving on these locations at the end of this week so our need for approval of these applications is becoming critical.

Yours very truly,

*W. P. Carr*  
W. P. Carr

WPC/nsf

040 7105

1/2 3. 20



P21 2572874  
RECEIPT FOR CERTIFIED MAIL

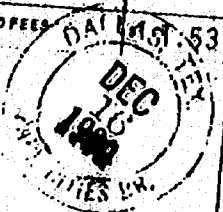
NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENT TO  
Mrs. Rosa J. Archuleta  
711 McCoy Avenue  
Aztec, New Mexico 87410

POSTAGE		.28
CERTIFIED MAIL		.80
SPECIAL DELIVERY		
RESTRICTED DELIVERY		
CONSULT POSTMASTER FOR FEES		
OPTIONAL SERVICES		
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	.45
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P21 2572890  
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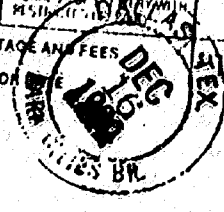
NO INSURANCE COVERAGE PROVIDED—  
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SENT TO  
Shamrock Oil & Gas Co.  
P.O. Box 631  
Amarillo, Texas 79105

POSTAGE		.28
CERTIFIED MAIL		.80
SPECIAL DELIVERY		
RESTRICTED DELIVERY		
CONSULT POSTMASTER FOR FEES		
OPTIONAL SERVICES		
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	.45
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P21 2572870  
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SENT TO  
Lillian C. Lopez  
608 White Avenue  
Aztec, New Mexico 87410

POSTAGE		.28
CERTIFIED MAIL		.80
SPECIAL DELIVERY		
RESTRICTED DELIVERY		
CONSULT POSTMASTER FOR FEES		
OPTIONAL SERVICES		
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	.45
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P21 2572875  
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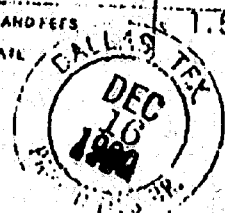
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(See Reverse)

SENT TO  
Twauna C. Scogin  
711 McCoy Avenue  
Aztec, New Mexico 87410

POSTAGE		.28
CERTIFIED MAIL		.80
SPECIAL DELIVERY		
RESTRICTED DELIVERY		
CONSULT POSTMASTER FOR FEES		
OPTIONAL SERVICES		
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	.45
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TOTAL POSTAGE AND FEES  
POSTMARK OR DATE

PS Form 3800, Apr. 1976



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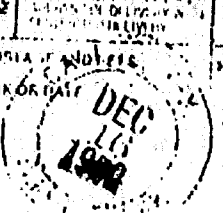
NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENT TO  
Angelica & Joe E. Martinez  
404 Hermosa S. E.  
Albuquerque, New Mex 87108

POSTAGE		.28
CERTIFIED MAIL		.80
SPECIAL DELIVERY		
RESTRICTED DELIVERY		
CONSULT POSTMASTER FOR FEES		
OPTIONAL SERVICES		
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	.45
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		

TOTAL POSTAGE AND FEES  
POSTMARK OR DATE

PS Form 3800, Apr. 1976



P21 257287  
RECEIPT FOR CERTIFIED MAIL

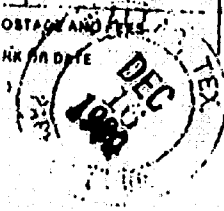
NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENT TO  
Bernado Sanchez  
707 McCoy Avenue  
Aztec, New Mexico 874

POSTAGE		.28
CERTIFIED MAIL		.80
SPECIAL DELIVERY		
RESTRICTED DELIVERY		
CONSULT POSTMASTER FOR FEES		
OPTIONAL SERVICES		
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	.45
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		

TOTAL POSTAGE AND FEES  
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2572864  
**RECEIPT FOR CERTIFIED MAIL**  
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 NOT FOR INTERNATIONAL MAIL  
 (See Reverse)

SENT TO  
**Claudio Chavez**  
 STREET AND NO.  
**665 Pioneer Avenue**  
 P.O. STATE AND ZIP CODE  
**Aztec, New Mexico 87410**

POSTAGE	.28
CERTIFIED MAIL	.80
SPECIAL DELIVERY	.45
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
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SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	DEC 1976

PS Form 3800, Apr. 1976  
 SANK CITIES BR.

P21 2572865  
**RECEIPT FOR CERTIFIED MAIL**  
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 (See Reverse)

SENT TO  
**Leslie Webb**  
 STREET AND NO.  
**719 McCoy Avenue**  
 P.O. STATE AND ZIP CODE  
**Aztec, New Mexico 87410**

POSTAGE	.28
CERTIFIED MAIL	.80
SPECIAL DELIVERY	.45
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
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TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	DEC 1976

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P21 2572866  
**RECEIPT FOR CERTIFIED MAIL**  
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 NOT FOR INTERNATIONAL MAIL  
 (See Reverse)

SENT TO  
**Terry Moss**  
 STREET AND NO.  
**616 Pioneer Avenue**  
 P.O. STATE AND ZIP CODE  
**Aztec, New Mexico 87410**

POSTAGE	.28
CERTIFIED MAIL	.80
SPECIAL DELIVERY	.45
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
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TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	DEC 1976

PS Form 3800, Apr. 1976  
 SANK CITIES BR.

P21 2572867  
**RECEIPT FOR CERTIFIED MAIL**  
 NO INSURANCE COVERAGE PROVIDED—  
 NOT FOR INTERNATIONAL MAIL  
 (See Reverse)

SENT TO  
**Ralph A. Ransom**  
 STREET AND NO.  
**411 Aztec, Blvd. NE**  
 P.O. STATE AND ZIP CODE  
**Aztec, New Mexico 87410**

POSTAGE	.28
CERTIFIED MAIL	.80
SPECIAL DELIVERY	.45
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	DEC 1976

PS Form 3800, Apr. 1976  
 SANK CITIES BR.

P21 2572871  
**RECEIPT FOR CERTIFIED MAIL**  
 NO INSURANCE COVERAGE PROVIDED—  
 NOT FOR INTERNATIONAL MAIL  
 (See Reverse)

SENT TO  
**Ann Tonia Bennett**  
 STREET AND NO.  
**5209 E. Target Drive**  
 P.O. STATE AND ZIP CODE  
**Amesbury, Texas 79106**

POSTAGE	.28
CERTIFIED MAIL	.80
SPECIAL DELIVERY	.45
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
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TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	DEC 1976

PS Form 3800, Apr. 1976  
 SANK CITIES BR.

P21 2572865  
**RECEIPT FOR CERTIFIED MAIL**  
 NO INSURANCE COVERAGE PROVIDED—  
 NOT FOR INTERNATIONAL MAIL  
 (See Reverse)

SENT TO  
**Loyd Armstrong**  
 STREET AND NO.  
**428 N. Church Street**  
 P.O. STATE AND ZIP CODE  
**Aztec, New Mexico 87410**

POSTAGE	.28
CERTIFIED MAIL	.80
SPECIAL DELIVERY	.45
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	DEC 1976

PS Form 3800, Apr. 1976  
 SANK CITIES BR.

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

SENT TO  
Rosie Cordova  
803 McCoy Avenue  
Aztec, New Mexico 87410

POSTAGE  
CERTIFIED FEE .28  
SPECIAL DELIVERY .80  
RESTRICTED DELIVERY .45  
TOTAL POSTAGE AND FEES 1.53

POSTMARK ON DATE  
DEC 1966  
PARK CITIES BR.

PS Form 3800, Apr. 1976

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

SENT TO  
William Wayne Sumner  
818 Pioneer Avenue  
Aztec, New Mexico 87410

POSTAGE  
CERTIFIED FEE .28  
SPECIAL DELIVERY .80  
RESTRICTED DELIVERY .45  
TOTAL POSTAGE AND FEES 1.53

POSTMARK ON DATE  
DEC 1966  
PARK CITIES BR.

PS Form 3800, Apr. 1976

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

SENT TO  
Floyd E. Hazen  
300 N. Light Plant Road  
Aztec, New Mexico 87410

POSTAGE  
CERTIFIED FEE .28  
SPECIAL DELIVERY .80  
RESTRICTED DELIVERY .45  
TOTAL POSTAGE AND FEES 1.53

POSTMARK ON DATE  
DEC 1966  
PARK CITIES BR.

PS Form 3800, Apr. 1976

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

SENT TO  
Church of Latter Day Saints  
Real Est. Div. 50 E. N. Temple  
Salt Lake City, Utah 84160

POSTAGE  
CERTIFIED FEE .28  
SPECIAL DELIVERY .80  
RESTRICTED DELIVERY .45  
TOTAL POSTAGE AND FEES 1.53

POSTMARK ON DATE  
DEC 1966  
PARK CITIES BR.

PS Form 3800, Apr. 1976

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

SENT TO  
Albert Marquez  
618 Pioneer Street  
Aztec, New Mexico 87410

POSTAGE  
CERTIFIED FEE .28  
SPECIAL DELIVERY .80  
RESTRICTED DELIVERY .45  
TOTAL POSTAGE AND FEES 1.53

POSTMARK ON DATE  
DEC 1966  
PARK CITIES BR.

PS Form 3800, Apr. 1976

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

SENT TO  
Joe B. Montoya  
722 Pioneer Ave.  
Aztec, New Mexico 87410

POSTAGE  
CERTIFIED FEE .28  
SPECIAL DELIVERY .80  
RESTRICTED DELIVERY .45  
TOTAL POSTAGE AND FEES 1.53

POSTMARK ON DATE  
DEC 1966  
PARK CITIES BR.

PS Form 3800, Apr. 1976

P21

# RECEIPT FOR CERTIFIED MAIL

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

SENT TO  
Church of Latter Day Saints  
STREET AND NO  
Box 2488  
P.O. STATE AND ZIP CODE  
Farmington, New Mex. 87401

POSTAGE	.28
CERTIFIED MAIL	.80
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	.45
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED	

TOTAL POSTAGE AND FEES \$1.53  
POSTMARK OF DATE

PS Form 3800, Apr. 1976

# RECEIPT FOR CERTIFIED MAIL

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

SENT TO  
Mr. & Mrs. Ford C. Webb  
STREET AND NO  
Rte. 3, Box 134-A  
P.O. STATE AND ZIP CODE  
Farmington, New Mexico 87401

POSTAGE	.28
CERTIFIED MAIL	.80
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	.45
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED	

TOTAL POSTAGE AND FEES \$1.53  
POSTMARK OF DATE

PS Form 3800, Apr. 1976

**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363-6993

December 12, 1980

M. Leslie Webb  
c/o Genevieve Lopez  
719 McCoy Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .26 acre or .000818 interest

Dear M. Webb:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00, or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPG:rd

Enclosures:

C AND E OPERATORS, INC.

ONE ENERGY SQUARE

SUITE 170

DALLAS, TEXAS 75206

(214) 363.6993

December 12, 1980

Mr. Floyd E. Hazen  
c/o Noah E. Tindle  
300 N. Light Plant Road  
Aztec, NM 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .26 acre or .000818 interest

Dear Mr. Hazen:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our APE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our APE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,

W P Carr

W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Mr. William Wayne Sumner  
818 Pioneer Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-10-11 and containing  
317.90 Acres.  
Your .28 acre or .000881 interest

Dear Mr. Sumner:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.



**C AND E OPERATORS, INC.**  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363.6993

December 12, 1980

Ms. Rosie Cordova  
803 McCoy Avenue  
Aztec, New Mexico 87401

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .26 acre or .000818 interest

Dear Ms. Cordova:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.



C AND E OPERATORS, INC.

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363-6993

December 12, 1980

Mr. Joe B. Montoya  
722 Pioneer Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-10-11 and containing  
317.90 Acres.  
Your .34 acre or .000755 interest

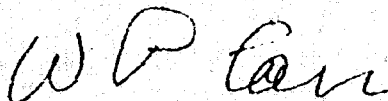
Dear Mr. Montoya:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

C AND E OPERATORS, INC.

ONE ENERGY SQUARE

SUITE 170

DALLAS, TEXAS 75206

(214) 363-6993

December 12, 1980

Church of Latter Day Saints  
Real Estate Division  
50 E. North Temple  
Salt Lake City, Utah 84150

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .66acre or .002076 interest

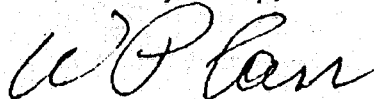
Dear Sirs:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Mr. Terry Moss  
Hooper  
c/o Gregory Plesko  
616 Pioneer Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .16 acre or .000503 interest

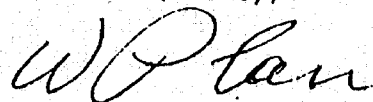
Dear Mrs. Moss:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Mr. Claudio Chavez  
665 Pioneer Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .59 acre or .001856 interest

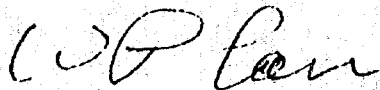
Dear Mr. Chavez:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

C AND E OPERATORS, INC.

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363-6993

December 12, 1980

Mr. Loyd Armstrong  
428 N. Church Street  
AZtec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .36 acre or .001132 interest

Dear Mr. Armstrong:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Ms. Ann Tonia Bennett  
5209 Berget Drive  
Amarillo, Texas 79106

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .67 acre or .002108 interest

Dear Ms. Bennett:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,

*W P Carr*

W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363.6993

December 12, 1980

Mr. Ralph A. Ransom  
411 Aztec Blvd. NE  
Axtec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .40 acre or .001258 interest

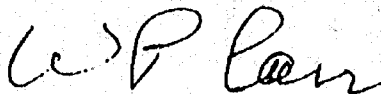
Dear Mr. Ransom:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.



**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363-6993

December 12, 1980

Ms. Lillian C. Lopez  
608 White Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .11 acre or .000346 interest

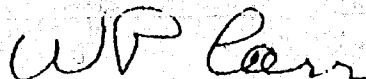
Dear Ms. Lopez:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the acrea indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we herchy request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contrac ted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.



C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363.6993

December 12, 1980

Shamrock Oil & Gas Co.  
Attn: Emerald Corp.  
P.O. Box 631  
Amarillo, Texas 79105

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .30 acre or .00944 interest

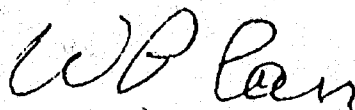
Dear Sirs:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

Enclosures:

C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Mrs. Rosa J. Archuleta  
711 McCoy Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .26 acre or .000818 interest

Dear Mrs. Archuleta  
711 McCoy Avenue  
Aztec, New Mexico 87410

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde test immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,

*W P Carr*

W. P. Carr

WPC:rd

Enclosures:  
P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Mr. Bernado Sanchez  
707 McCoy Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .26 acre or .000818 interest

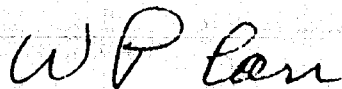
Dear Mr. Sanchez:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

**Enclosures:**

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Angelica & Joe E. Martinez  
1404 Hermosa S.E.  
Albuquerque, New Mexico 87108

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .26 acre or .000818 interest

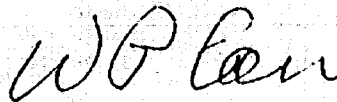
Dear Mr. & Ms. Martinez:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the acrea indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures  
P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

M. Twauna C. Scogin  
713 McCoy Avenue  
Aztec, New Mexico 87410

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your .51 acre or .001604 interest

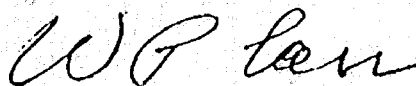
Dear M. Scogin:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the ~~Area~~ indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of our intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363-8993

December 12, 1980

Ford C. & Elsie Webb  
Rte. 3, Box 134-A  
Farmington, New Mexico 87401

Re: Mesa Verde Communitization Covering  
N/2, Sec. 9-30-11 and containing  
317.90 Acres.  
Your 5.60 acre or .017616 interest

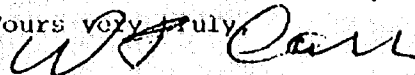
Dear Mr. & Mrs. Webb:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill two Mesa Verde tests immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the two wells planned. You may estimate your share of what this advance will be by multiplying your share times \$500,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

WPC:rd

Enclosures:

**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363.6993

December 17, 1980

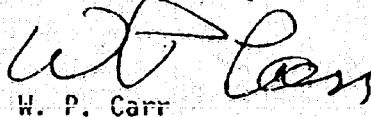
Church of Latter Day Saints  
Mr. Brent Christensen  
Box 2488  
Farmington, New Mexico 87401

Gentlemen:

We are attaching a copy of our letter and lease which  
was sent to your office in Salt Lake City, as indicated.

In the event anything in connection with this matter  
should be required in your office, will you please advise  
me at once.

Yours very truly,

  
W. P. Carr

WPC/nsf







Oil, Gas and Mineral Lease

No. \_\_\_\_\_

FROM \_\_\_\_\_

TO \_\_\_\_\_

Dated \_\_\_\_\_

No. Acres \_\_\_\_\_

County \_\_\_\_\_

Term \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_

o'clock \_\_\_\_\_ M., and duly recorded in \_\_\_\_\_

Book \_\_\_\_\_ Page \_\_\_\_\_

of the \_\_\_\_\_ records of this office.

By \_\_\_\_\_ County Clerk.

\_\_\_\_\_ Deputy.

When recorded return to \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, \_\_\_\_\_

\_\_\_\_\_

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_, and his wife \_\_\_\_\_ known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privately and apart from her said husband, and having the same fully explained to her, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed and that she did not wish to retract it.

THE STATE OF \_\_\_\_\_

County of \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

JOINT ACKNOWLEDGMENT (TEXAS)

My commission expires \_\_\_\_\_

County \_\_\_\_\_

Notary Public in and for \_\_\_\_\_

In Witness Whereof, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

\_\_\_\_\_ he \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

\_\_\_\_\_ to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_

STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_ SS \_\_\_\_\_

ACKNOWLEDGMENT

LESSOR.

(11) Should any one or more of the parties above named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

(12) This lease is made in full consideration of the value of the mineral rights herein granted and shall not be subject to any other claim or demand of any kind or nature. The Lessor hereby warrants and agrees to defend the title to the land and to the mineral rights therein, and to execute all necessary documents to carry out the purpose of this lease. The Lessor shall be bound by the terms of this lease and shall not be entitled to any other consideration or benefit from the execution of this lease.

(13) The Lessor hereby warrants and agrees to defend the title to the land and to the mineral rights therein, and to execute all necessary documents to carry out the purpose of this lease. The Lessor shall be bound by the terms of this lease and shall not be entitled to any other consideration or benefit from the execution of this lease.

(14) The Lessor hereby warrants and agrees to defend the title to the land and to the mineral rights therein, and to execute all necessary documents to carry out the purpose of this lease. The Lessor shall be bound by the terms of this lease and shall not be entitled to any other consideration or benefit from the execution of this lease.

Case # 7106

SL-208-20-11

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

CITY OF AZTEC  
 STREET ADDRESS  
 201 West Chaco  
 PO BOX ADDRESS  
 Aztec, New Mexico 87410  
 POSTAGE

[illegible]

TOTAL POSTAGE AND AIR  
POSTMARK ON BLUE

DEC 16 1980

10-10-1944

# Intermitter & Piston Installation

tal

Total

154,646.00

Total

18,053

\$397.470

C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363.6993

December 16, 1980

City of Aztec  
201 West Chaco  
Aztec, New Mexico 87410

Gentlemen:

The drilling rig which we have contracted to drill the unit concerning which you have received our forced pooling notice will be moving on to the location on January 1, 1981.

In the event we have not received your lease or your election to join in this unit on or before this date we will assume that you do not wish to either lease or join.

Yours very truly,



W. P. Carr

WPC/nsf

CERTIFIED MAIL NO. P21 25/2892

Re: Mesa Verde Communitized Uni  
San Juan, San Jo

**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 11, 1980

Re: Mesa Verde Communitized Unit covering  
S/2 Sec. 8-T30N-R11W, San Juan County,  
New Mexico containing 317.08 acres  
Your 2.5 acres or .007884 interest  
in the Unit

City Manager  
City of Aztec  
201 W. Chaco Street  
Aztec, New Mexico 87410

Dear Mr. Lavender:

On December 2, 1980 our representative discussed with you the fact that the City owned two tracts of land in the SE/4 of Section 8-T30N-R11W which appear to be unleased and discussed with you the terms of an Oil and Gas lease.

Since then you have been submitted a Producers Form 88 Oil and Gas Lease which provides for no free use of domestic gas and for no drilling operations to be conducted on the city owned tracts.

In the event the City should not desire to lease this land to us we hereby request that you join us in forming the above unit and drilling the wells on this unit which have previously been approved for drilling by action of the City Council.

Upon notice of such election we will promptly forward for your approval our AFE and Operating Agreement covering the drilling of these wells. The AFE's which we will submit will be for a single well Mesa Verde completion on our Aztec #8-A well at an estimated cost of \$311,300 and for a dual well completion covering the drilling of our Aztec #8 well which will show a total cost of \$397,400 of which \$242,824 is the charge which will be allocated to the Mesa Verde zone which is the subject of this communitized unit. The Operating Agreement will be similar to the Operating Agreements which have been signed by other operators in the area and which will designate us as operators of the communitized area and provide that we may request prepayment in the amount of your proportionate share as indicated above. After the wells have been drilled and completed we will make an accounting to you of the moneys expended and refund any unused portion of the money you have furnished or bill you for any expenditure in excess of the above amounts. We propose to drill both the wells as soon as possible.

We will very much appreciate your advising us as to what course of action the City plans to take in this matter.

Yours very truly,

*W. P. Carr*  
W. P. Carr

CERTIFIED MAIL NO. P21 0576859

PC/nsf

c: Mr. Tom Kellahin, P. O. Box 1769, Santa Fe, New Mexico 87501

P21 2572891

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR USE ON PERSONAL MAIL

Beta Development Company	
4/ PO Box 1659	
Midland, Texas 79701	
POSTAGE	.15
REGISTERED MAIL	.80
INSURANCE	
POSTAGE AND FEES	.45
TOTAL POSTAGE AND FEES	\$ 1.40
POSTMARK ON DATE	
DEC 10 1969	
MIDLAND, TEX.	

PS Form 3800, April 1976

Production Unit

Water & Piston Installation

Total

18  
\$397



**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170

DALLAS, TEXAS 75206  
(214) 363-6993

December 16, 1980

Mr. Tom Cowan  
Beta Development Company  
P. O. Box 1659  
Midland, Texas 79701

Dear Mr. Cowan:

The rig which we have contracted to use for drilling the Mesa Verde units which we have previously discussed with you and concerning which you have received notices for forced pooling, will be starting to work on January 1, 1981.

In the event you do not advise us that you wish to join these communitizations on or before this date we will assume your election not to join remains firm.

Yours very truly,

*W. P. Carr*  
W. P. Carr

WPC/nsf

CERTIFIED MAIL P21 2572891

File

C AND E OPERATORS, INC.

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363.6003

December 12, 1980

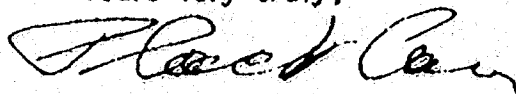
Mr. Tom Cowan  
Beta Development Company  
P. O. Box 1659  
Midland, Texas 79701

Dear Mr. Cowan:

I am enclosing a copy of the AFE's covering the two wells which we propose for the S/2 of Section 8 - T30N-R11W, San Juan County, New Mexico, in which you have a sizeable interest.

If Beta Development should have a change of heart about wanting to join in the communitization for drilling these wells please advise me and we will promptly send AFE's to you covering the other three wells in which you have a minor interest.

Yours very truly,



W. P. Carr

WPC/nsf

cc: Mr. Tom Kellahin

APE - Gas Development Drilling

Lease	Aztec	Well No.	8-A	Depth	4,700	Single Mesaverde	
Location:	Unit P	Sec. 8 - 30N - 11W,	San Juan Co., N.M.				
Dirt Work: Road & Loc.	28,000	Clean up	8,000				36,000
Drilling Fluids Water Frac.	4,000	Drig.	8,225	Mud	11,750		23,975
Cement & Services: Surface	8-5/8" @275						2,043
	Production	5 1/2" @ 4,700	2 stage				10,525
Logging: Oil IES & D/N	7260	CHI	GR CHI.	2,155			9,415
Perforating	Mesaverde	2,930					2,930
Other Cased Hole Wire Line Services							0
Press. tests, Spot acid	500 gal. Acetic	1 run					1,200
Packers for break down	1 run						1,380
Pump charge & acid for break down	500 gal. 15% HCl						1,350
Fracturing:	125,000# 70BPM	@2,500					28,232
Rentals & Misc.:							
Guyline Anchors	500	Frac tanks	12	2820			
Rental tools	for single	750					
Dual Equipment Mtl & Services	NA						4,070
Other Charges							
Consulting Eng & Geol.			3,800				
H <sub>2</sub> or Gas to clean up well			3,000				
Houstonabout Labor for Surface Hookup			3,500				
Fencing Mtl & installation			5,000				
Cathodic Protection			7,500				22,800
Rig Contract							
	4,700	ft. @	15.50	ft.			72,850
Day work	1	days @	4,800				4,800
Completion Rig	4	days @	2,000	/12 hr. day			8,000
Trucking:	3,800	casing:	1,800	comp. Rig			
	1,000	Frac tanks					6,600
Tangible Costs							
Well Head	10" series 600 OCT Single						10,800
Casing	8-5/8" 24.1 @ 10.32/ft	Surface	275' - 2838				
Casing	5 1/2" 15.51 @ \$6.70/ft	Production	4,750' - 31,825				34,663
Tubing	1 1/2" 2.9# EUE		4,400' @ \$2.82/ft				12,408
Flow line & Connections							1,800
	\$3,657	Strook Tank & Stairway	300 bbl				
	8,488	Production Unit	Mesaverde				
	none	Production Unit					
	\$3,314	Intermittor & Piston Installation					15,459
							\$111,300

S/2 Sec. 8-T30N-R11W

AFE - Gas Development Drilling

Lease Aztec Well No. 8 Depth 4,700 Dual Mesaverde-PC

Location: Unit P Sec. 8 - 30N - 11W, San Juan Co., N.M.

Dirt Work: Road & Loc. 28,000 Clean up 8,000 36,000

Drilling Fluids Water-Frac 6,300 Drilg 8,225 Mud 11,750 26,275

Cement & Services: Surface 8-5/8" @275' 2,043

Production 5 1/2" @4,700' 2 stage 10,525

Logging: OH IES &D/N 7,260 CH GR CBL 2,155 9,415

Perforating Mesaverde 2,930 PC 2,600 5,530

Other Cased Hole Wire Line Services BP & Mod "D" Pkr. 2,605

Press. tests, Spot acid 500 gal Acetic 2,400

Packers for break down Straddle - 2 runs 2,760

Pump charge & acid for break down 500 gal 15% HCl - 2 set ups 2,700

Fracturing: 125,000# 70 BPM @ 2,500' 75,000# 50BPM @ 1,500' 70% foam 31,076 59,306

Rentals & Misc.:

Guyline Anchors 500 Frac tanks 12 2,820

Rental tools for Dual 1,800

Dual Equipment Mtl & Services Baker Services 3,770 8,890

Other Charges

Consulting Eng & Geol. 5,800

H<sub>2</sub> or Gas to clean up well 16,000

Roustabout Labor for Surface Hookup 3,500

Fencing Mtl & installation 5,000

Cathodic Protection 7,500 37,800

Rig Contract

4,700 ft. @ 15.50 ft. 72,850

Day work 1 days @ 4,800 4,800

Completion Rig 9 days @ 2,000 /12 hr. day 18,000

Trucking: 4,000 casing: 1,800 comp. Rig

1,000 Frac tanks 6,800

Tangible Costs

Well Head 10" series 600 OCT Dual Tree 17,000

Casing 8-5/8" 24#J @ \$10.32/ft Surface 275' 2,838

Casing 5 1/2" 15.5 J @ \$6.70/ft Production 4,750 31,825

Tubing 1 1/2" EUE @ \$2.82/ft 4,400' 12,408 1,900' 4,845

Flow line & Connections 1 1/2" IJ @ \$2.55/ft 17,253

\$3,657 Stock Tank & Stairway 300 .bbl 1,800

8,488 Production Unit Mesaverde

2,594 Production Unit

3,314 Intermittent & Piston Installation 18,053

Total \$397,470

Shallow Zone Total 154,646.00

Mesa Verde Zone Total 242,824.00

C-CT 7107

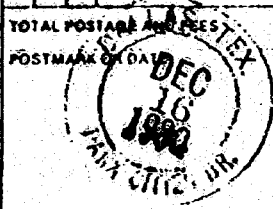
SW/c 9-10-11

P21 2572887  
**RECEIPT FOR CERTIFIED MAIL**

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

SENT TO <b>Robert N. Ramsey</b> STREET AND NO. <b>412 S. Church Street</b> P.O. STATE AND ZIP CODE <b>Aztec, New Mexico 87410</b>	
POSTAGE	.28
CERTIFIED MAIL	.80
CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	.45
TOTAL POSTAGE AND FEES	
1.53	

PS Form 3800, Apr. 1976

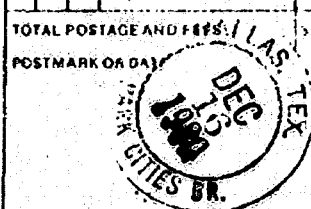


P21 2572888  
**RECEIPT FOR CERTIFIED MAIL**

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

SENT TO <b>Floyd &amp; Maruice Rhodes</b> STREET AND NO. <b>301 S. Main Street</b> P.O. STATE AND ZIP CODE <b>Aztec, New Mexico 87410</b>	
POSTAGE	.28
CERTIFIED MAIL	.80
CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	.45
TOTAL POSTAGE AND FEES	
1.53	

PS Form 3800, Apr. 1976

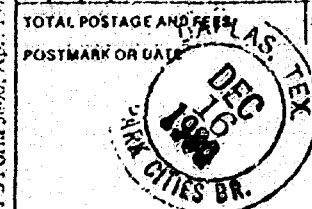


P21 2572889  
**RECEIPT FOR CERTIFIED MAIL**

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

SENT TO <b>Eugene Stewart</b> STREET AND NO. <b>Box 692</b> P.O. STATE AND ZIP CODE <b>Aztec, New Mexico 87410</b>	
POSTAGE	.28
CERTIFIED MAIL	.80
CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	.45
TOTAL POSTAGE AND FEES	
1.53	

PS Form 3800, Apr. 1976

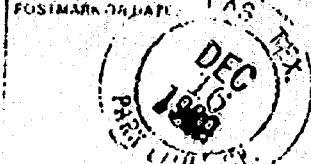


P21 2572885  
**RECEIPT FOR CERTIFIED MAIL**

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

SENT TO <b>Ernest &amp; Margaret Maestas</b> STREET AND NO. <b>Box 493</b> P.O. STATE AND ZIP CODE <b>Aztec, New Mexico 87410</b>	
POSTAGE	.28
CERTIFIED MAIL	.80
CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	.45
TOTAL POSTAGE AND FEES	
1.53	

PS Form 3800, Apr. 1976

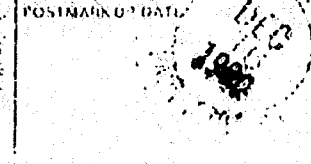


P21 2572886  
**RECEIPT FOR CERTIFIED MAIL**

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

SENT TO <b>Hazel C. Baxter</b> STREET AND NO. <b>P. O. Box 146</b> P.O. STATE AND ZIP CODE <b>Aztec, New Mexico 87410</b>	
POSTAGE	.28
CERTIFIED MAIL	.80
CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	.45
TOTAL POSTAGE AND FEES	
1.53	

PS Form 3800, Apr. 1976

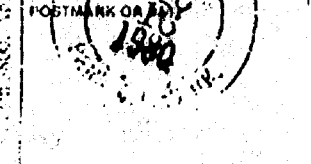


P21 2572886  
**RECEIPT FOR CERTIFIED MAIL**

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

SENT TO <b>Keith Vanduff</b> STREET AND NO. <b>Box 421</b> P.O. STATE AND ZIP CODE <b>Aztec, New Mexico 87410</b>	
POSTAGE	.28
CERTIFIED MAIL	.80
CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	.45
TOTAL POSTAGE AND FEES	
1.53	

PS Form 3800, Apr. 1976



P21 2572894

RECEIPT FOR CERTIFIED MAIL

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

SENT TO  
New Mexico St.Highway Comm.  
Box 1149  
P.O. STATE AND ZIP CODE  
Santa Fe, New Mexico 87501

POSTAGE	.28
CERTIFIED FEE	.80
SPECIAL DELIVERY RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	.45
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY	
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

DEC 1976  
P.M. K. CITIES BR.

P21 2572895

RECEIPT FOR CERTIFIED MAIL

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

SENT TO  
Mr. & Mrs. Ford C. Webb  
STREET AND NO.  
Rte. 3, Box 134-A  
P.O. STATE AND ZIP CODE  
Farmington, New Mexico 87401

POSTAGE	.28
CERTIFIED FEE	.80
SPECIAL DELIVERY RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	.45
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY	
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

DEC 1976  
P.M. K. CITIES BR.

P21 2572883

RECEIPT FOR CERTIFIED MAIL

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

SENT TO  
Georgia Fay Anderson  
STREET AND NO.  
322 S. Main Street  
P.O. STATE AND ZIP CODE  
Aztec, New Mexico 87410

POSTAGE	.28
CERTIFIED FEE	.80
SPECIAL DELIVERY RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	.45
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY	
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

DEC 1976  
P.M. K. CITIES BR.

P21 2572893

RECEIPT FOR CERTIFIED MAIL

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

SENT TO  
New Mexico St.Highway Comm.  
STREET AND NO.  
Box 1140  
P.O. STATE AND ZIP CODE  
Santa Fe, New Mexico 87501

POSTAGE	.28
CERTIFIED FEE	.80
SPECIAL DELIVERY RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	.45
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY	
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	1.53
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

DEC 1976  
P.M. K. CITIES BR.



**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Mr. Eugene Stewart  
Box 692  
Aztec, New Mexico 87410

Re: Mesa Verde Unit SW/4  
Sec. 9-T10N-R11W,  
San Juan County, New Mexico  
Containing 158.54 acres.  
Your .4 acre or .002523 interest

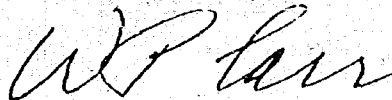
Dear Mr. Stewart:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill one Mesa Verde test immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the well planned. You may estimate your share of what this advance will be by multiplying your share times \$250,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

P.S You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. Enclosures: If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363-6993

December 12, 1980

Floyd & Maurice Rhodes  
c/o Robert L. Stevenson  
301 S. Main Street  
Aztec, New Mexico 87410

Re: Mesa Verde Unit SW/4,  
Sec. 9-T10N-R11W,  
San Juan County, New Mexico  
Containing 159.54 acres.  
Your .28 acre or .001766


Dear Mr. & Mrs. Rhodes:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill one Mesa Verde test immediately. We will promptly forward to you for your approval and execution our AFE and operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the well planned. You may estimate your share of what this advance will be by multiplying your share times \$250,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. Enclosure If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE

SUITE 170

DALLAS, TEXAS 75206

(214) 363-6993

December 12, 1980

Mr. Robert N. Ramsey  
412 S. Church Street  
Aztec, New Mexico 87410

Re: Mesa Verde Unit SW/4  
Sec. 9-T30N-R11W,  
San Juan County, New Mexico  
Containing 158.54 acres.  
Your 1.03 acre or .006497 interest

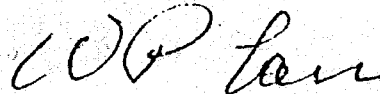
Dear Mr. Ramsey:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill one Mesa Verde test immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the well planned. You may estimate your share of what this advance will be by multiplying your share times \$250,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures: 1

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363.6993

December 12, 1980

Mr. Keith Vandruff  
Box 421  
Aztec, New Mexico 87410

Re: Mesa Verde Unit SW/4  
Sec. 9-T30N-R11W,  
San Juan County, New Mexico  
Containing 118.54 acres.  
Your .16 acre or .001009 interest

Dear Mr. Vandruff:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25,000; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill one Mesa Verde test immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the well planned. You may estimate your share of what this advance will be by multiplying your share times \$250,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. Enclosures: If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363.8993

December 12, 1980

Ms. Hazel C. Baxter  
P.O. Box 146  
Aztec, New Mexico 87410

Re: Mesa Verde Unit SW/4  
Sec. 9-T30N-R11W,  
San Juan County, New Mexico  
Containing 158.54 acres.  
Your .40 acre or .002523 interest

Dear Ms. Baxter:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill one Mesa Verde test immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the well planned. You may estimate your share of what this advance will be by multiplying your share times \$250,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,

W. P. Carr

P. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

WPC:rd

Enclosures:

**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363-8993

December 12, 1980

Earnest & Margaret Maestas  
Box 493  
Aztec, New Mexico 87410

Re: Mesa Verde Unit SW/4  
Sec. 9-T30N-R11W,  
San Juan County, New Mexico  
Containing 158.54 acres.  
Your .16 acre or .001009 interest

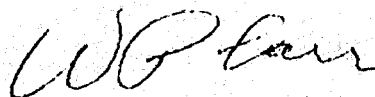
Dear Mr. & Mrs. Maestas:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

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Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

Enclosures:

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

**C AND E OPERATORS, INC.**  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Ms. Georgia Fay Anderson  
322 S. Main Street  
Aztec, New Mexico 87410

Re: Mesa Verde Unit SW/4  
Sec. 9-T10N-R11W,  
San Juan County, New Mexico  
Containing 158.54 acres.  
Your .94 acre or .005929 interest

Dear Ms. Anderson:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the area indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill one Mesa Verde test immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the well planned. You may estimate your share of what this advance will be by multiplying your share times \$250,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



W. P. Carr

WPC:rd

P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. Enclosures: If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.



**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

New Mexico State Highway Commission  
Box 1149  
Santa Fe, New Mexico 87501

Re: Mesa Verde Unit SW/4  
Sec. 9-T30N-R11W,  
San Juan County, New Mexico  
Containing 158.54 acres.  
Your 1.78 acre or .011227 interest

Dear Sirs:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the acrea indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

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Thank you for your consideration and prompt action in this matter.

Yours very truly,

*W. P. Lane*

P. S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

WPC:rd

Enclosures:

**C AND E OPERATORS, INC.**  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

New Mexico State Highway Commission  
Box 1140  
Santa Fe, New Mexico 87501

Re: Mesa Verde Unit SW/4  
Sec. 9-T30N-R11W,  
San Juan County, New Mexico  
Containing 158.54 acres.  
Your 1.78 acre or .01122% interest  
Your

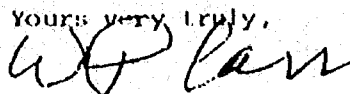
Dear Sirs:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the acrea indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

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Thank you for your consideration and prompt action in this matter.

Yours very truly,



P. S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, 1981 we will assume you do not wish to either lease or join.

WPC:rd

Enclosures:

**C AND E OPERATORS, INC.**

ONE ENERGY SQUARE  
SUITE 170

DALLAS, TEXAS 75206  
(214) 363-6993

December 12, 1980

Ford C. & Elsie Webb  
Rte. 3, Box 134-A  
Farmington, New Mexico 87401

Re: Mesa Verde Unit SW/4  
Sec. 9-T30N-R11W,  
San Juan County, New Mexico  
Containing 158.54 acres.  
Your .25 acre or .001577 interest

Dear Mr. & Mrs. Webb:

We are submitting for your approval and execution our oil and gas lease covering land owned by you in the acrea indicated above. We will pay you a cash bonus of \$50. per acre with a minimum of \$25. for executing the oil and gas lease enclosed in the event you own an unleased interest in the oil and gas minerals under the tract described in this lease. Each named party must sign the lease before a notary public. If you are married, your spouse must also sign. Please add your spouse's name after your name at the top of the lease. The names in this part of the lease should correspond to your signatures at the end of the lease. The copy of the lease is for your files. When the lease has been signed and notarized, please draw a 30 day draft on our account in the National Bank of Commerce, Dallas, Texas, in the appropriate amount of \$25.00; or \$50. times your acreage, whichever is the larger amount.

In the event you do not wish to lease this land we hereby request that you join us as a non operator in the formation and development of the above unit on which we propose to drill one Mesa Verde test immediately. We will promptly forward to you for your approval and execution our AFE and Operating Agreement when notified of your election to join in this communitization. The operating agreement will provide that you will immediately advance to us your share of the estimated cost of drilling and completing the well planned. You may estimate your share of what this advance will be by multiplying your share times \$250,000. The exact amount will be given to you when we forward our AFE.

Thank you for your consideration and prompt action in this matter.

Yours very truly,



P.S. You have previously been notified of our application for forced pooling for the formation of a unit to develop the Mesa Verde formation under this land. We have a rig contracted for the end of this year to drill this well. If you do not either lease or notify us of your intention to join us in the formation of this unit on or before January 1, Enclosures: 1981, we will assume you do not wish to either lease or join.

WPC:rd

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, between \_\_\_\_\_

Lessor (whether one or more), and \_\_\_\_\_ Lessee (whether one or more),

## WITNESSETH THAT:

(1) Lessor in consideration of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases, and lets exclusively unto Lessee for the purpose of investigating for, and/or testing formations and/or structures, exploring, prospecting, drilling and mining for and producing oil, gas, and all other minerals, cycling, injecting gas, laying pipe lines, building roads, tanks, power stations, telephone lines, houses for its employees, and other structures thereon to produce, save, take care of, treat, transport, and own said products, and for use in connection with other leases; the following described land in \_\_\_\_\_ San Juan \_\_\_\_\_ County, \_\_\_\_\_ New Mexico \_\_\_\_\_, to-wit:

Further providing that no operations for drilling will be conducted on the surface of Lessor's land described herein,

containing \_\_\_\_\_ acres, more or less, and any and all lands owned or claimed by Lessor adjacent or contiguous to, and a part of, the tract or tracts specifically described above. Lessor agrees to deliver to Lessee any supplemental instrument deemed necessary or required by Lessee for a more complete or accurate description of the land and interests covered hereby. This is a lease by the tract or tracts, and not by the acre and the bonus money paid and the rentals provided for shall be effective to cover all such lands. Irrespective of the number of acres contained therein.

(2) Subject to the other provisions herein contained, this lease shall be for a term of \_\_\_\_\_ three (3) years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced, whether or not in paying quantities from said land hereunder, or land with which it or any part thereof may be pooled.

(3) Royalties payable to Lessor are: (a) on oil, and on condensate saved at the well, one-eighth (1/8) of that produced and saved from said land, the same to be delivered at the well or to the credit of Lessor, free of cost to Lessor, in the pipe line to which the wells may be connected; Lessee may from time to time purchase any such royalty oil or condensate in its possession, paying the market price therefor prevailing for the field where produced for oil or condensate of like kind and gravity on the date of purchase; Lessor's interest in either case shall bear its proportion of any expense of treating unmerchantable oil to render it merchantable as crude; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or used in the manufacture of gasoline or other products therefrom, the market value at the well of one-eighth (1/8) of the gas so sold or used, provided that on gas sold at the well the royalty shall be one-eighth (1/8) of the amount realized from such sale; if gas only, or gas condensate and/or other liquefiable hydrocarbons or any hydrocarbon substances from a well or wells classified as a gas well by any duly authorized governmental or regulatory body, should be discovered on said land, or land with which it or any part thereof may be pooled, and which gas or other substance or substances cannot be profitably produced for lack of a market at the well or wells, or for any other cause not within the reasonable control of Lessee, Lessee may pay a compensatory royalty to the parties entitled to royalty under this lease from the above land a sum equal to the amount of the annual rentals payable in lieu of drilling operations (such payment to be made on or before the date that such delay rentals are due, or any subsequent yearly anniversary thereafter whether or not within the primary term, and in the manner, time, and place provided below for the payment of delay rentals, and while such royalty is so paid this lease shall be considered as producing in paying quantities such of the above mentioned gas or other substance or substances as the well or wells are capable of producing; however, that where such well or wells have been shut in for lack of market or for any other cause not reasonably within the control of Lessee, within a period of sixty (60) days immediately prior to the date such payment would be due or where no royalties of any kind are being paid under this lease and such well or wells have been completed within a period of sixty (60) days immediately prior to any such anniversary date and such well or wells have been shut in for lack of market, or for any other cause not reasonably within the control of Lessee, it shall not be necessary for Lessee to make such payment, and it shall nevertheless be considered that the above mineral or minerals are being produced in paying quantities during all of the year following such anniversary date. Such payment or tender may be made jointly to the credit of any adverse claimants of the same royalty interest. Any payments made as royalty on such a shut-in well or wells may be credited against any royalties which may become due on oil, gas, or other minerals produced from the land covered hereby, or land with which it or any part thereof may be pooled therewith, during any portion of the year for which such payment for a shut well or wells is made; (c) on all other minerals mined and marketed, one-tenth (1/10) either in kind or value at the well or mine at Lessee's election, except that on sulphur the royalty shall be one dollar (\$1) per long ton. Each royalty herein provided in all instances shall bear its proportionate part of production, severance and other direct tax or taxes applicable thereto. Lessee shall have free use of oil, gas, other minerals, wood and/or water from said land, except water from Lessor's well(s), for all operations hereunder, including but not limited to, oil, gas and/or other minerals used for fuel, oil, gas, and/or other minerals returned to formation for repressuring, pressure maintenance, cycling and/or other secondary recovery operations, and the royalty on oil, gas, and/or other minerals shall be computed after deducting any so used.

(4) Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof, with other land, lease or leases in the immediate vicinity thereof, when, in Lessee's judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with any lawful spacing rules or orders which may be prescribed by any duly authorized authority, for the field(s) in which this lease acreage or any part thereof is situated, or when to do so would, in the judgment of Lessee, promote the conservation or economical production of the oil, gas, and/or other minerals from said premises, such pooling to be into a unit or units not exceeding the number of acres required or recommended by the state regulatory authority having jurisdiction over well spacing, drilling units, and other matters relating to the production of oil, gas, and other minerals. To accomplish such pooling, Lessee shall execute in writing and file for record in the proper county an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated for all purposes, except for the payment of royalties on production from the pooled unit, as if it were included in this lease, and if production is had from any portion of the pooled acreage, it shall be treated as production from the land covered by this lease, whether the well or wells be located on the land covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

(5) If operations for drilling are not commenced on said land, or on other land pooled with said land, or any part thereof, on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in \_\_\_\_\_ Bank at \_\_\_\_\_ (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said

land or rentals until and unless said depository bank is changed as hereinafter provided) \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), (herein called "rental" or "rentals") which shall cover the privilege of deferring the commencement of drilling operations for a period of twelve months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve months each during the primary term. The payment or tender of rental may be made by the check or draft of Lessee or anyone acting on behalf of Lessee, mailed or delivered to said depository bank on or before such date of payment. If such bank (or any successor bank) should fail, liquidate, or be succeeded by another bank, or for any reason fail or refuse to accept rental or make proper credit therefor, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, designating another bank as agent to receive such payments or tenders. If such bank changes or deducts a fee for acting as depository, such charge shall be borne by Lessor and shall not affect the validity of the lease. The cash payment described in paragraph 1 above is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named, or place of record, a release or releases covering a portion or portions of the land covered hereby, and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter, if within the primary term, the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

(6) If at any time or times during the primary term Lessee abandons a well as a dry hole on said land or land pooled with such land, or any part thereof, or if production, having once been obtained therefrom, should cease from any cause, and if in either case this lease is not otherwise maintained, this lease shall nevertheless remain in force if production or operations for drilling or reworking on said land or land pooled with such land, or any part thereof, are commenced or resumed, or payment or tender of rentals is commenced or resumed, on or before the rental paying date next ensuing after the expiration of ninety (90) days from the date of abandonment of the well as a dry hole or cessation of production; provided, that no rentals or operations shall be necessary to maintain this lease for the remainder of the primary term if such abandonment of a well as a dry hole or cessation of production occurs within ninety (90) days prior to or during the last year of the primary term. If such abandonment of a well as a dry hole or cessation of production occurs within ninety (90) days prior to or at any time after the expiration of the primary term and this lease is not otherwise maintained, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land or land pooled with such land, or any part thereof, within ninety (90) days after such abandonment or cessation of production. Upon the expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted on said land or land pooled with such land, or any part thereof, with no cessation of more than ninety (90) consecutive days, and, if they result in production of oil, gas or other mineral, so long as oil, gas or other mineral is produced, whether or not in paying quantities.

(7) In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land at or within the offset distance as fixed by the spacing rules prescribed by the governmental or regulatory authority having jurisdiction over the field in which said well is located, and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

(8) Lessee shall have the right at any time during or within a reasonable time after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing, tubing, and other production equipment. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's written consent.

(9) The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, 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 Lessor, and no change or division in such ownership shall be binding on Lessee until forty-five (45) days after Lessee shall have been furnished by registered United States mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same, including any intermediate transfers or assignments. In the event of assignment hereof in whole or in part, liability for breach of any obligations hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to rentals hereunder, Lessee may pay or tender such rentals in the manner provided above to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with satisfactory evidence of the lawful appointment and qualification of an executor or administrator of the estate, or if there be none, until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessee may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein; or, at Lessee's election, the proportionate part or parts of said rental in which any participant or participants may be entitled, may be paid or tendered to such participant or participants separately or to their separate credit in said depository, and the balance of the rental, if any, may be paid or tendered jointly to such other parties as may be entitled to participate in said rental or to their joint credit in said depository; and payment or tender to any participant of his portion of the rentals hereunder shall maintain this lease as to such participant. In the event of assignment of this lease as to a segregated portion of this land, rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of such, and default in rental by one shall not affect the right of other leasehold owners hereunder. If the lease premises shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage.

(10) The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease, nor cause a termination or reversion of the estate created hereby, nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that Lessee has not complied





BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION  
CPE EXHIBIT NO. 2  
CASE NO. 7105  
Submitted by \_\_\_\_\_  
Hearing Date \_\_\_\_\_

BETA DEV. CO.  
BACON

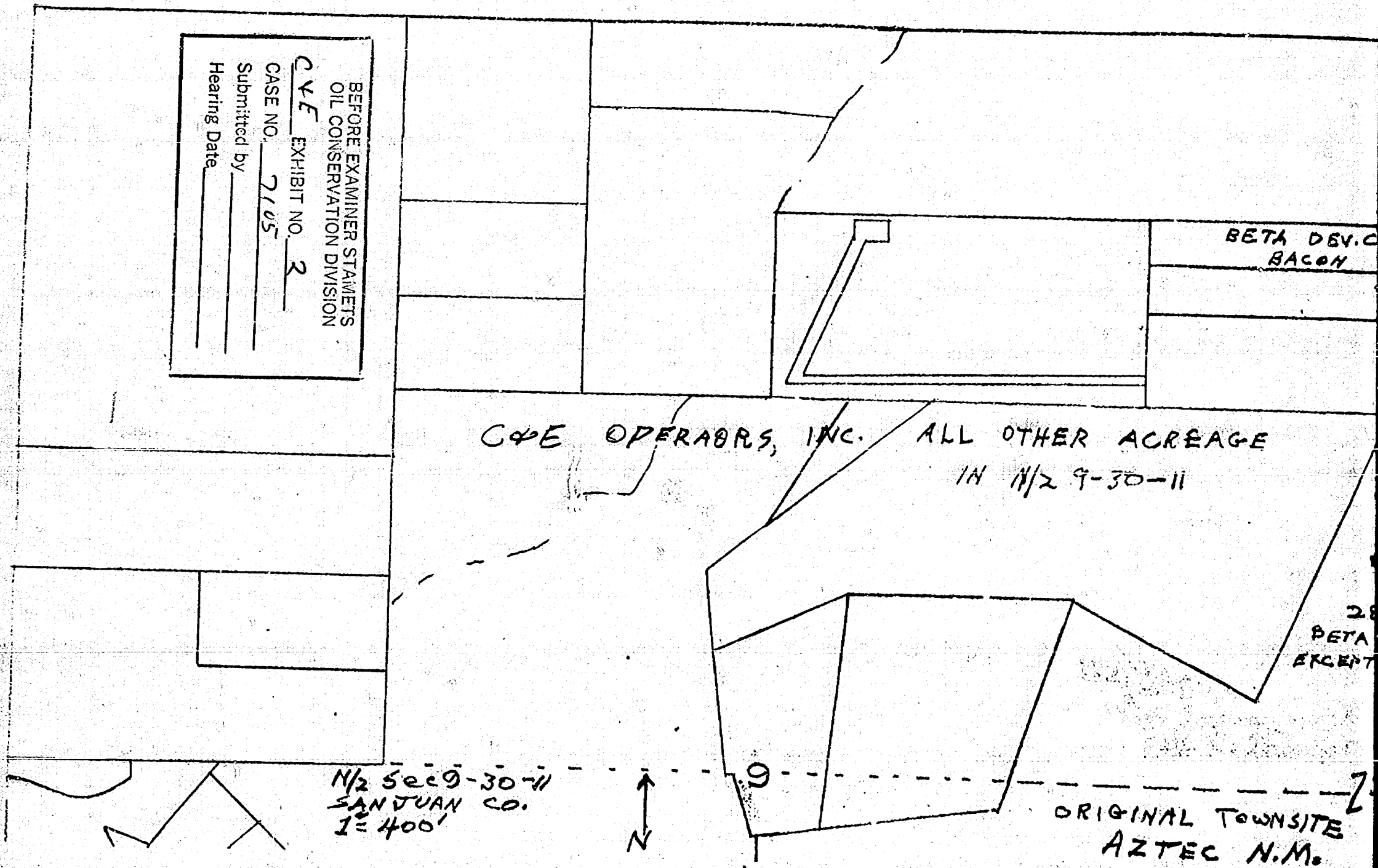
CPE OPERATORS, INC. ALL OTHER ACREAGE  
IN N/2 9-30-11

28  
BETA  
EXCEPT

N/2 Sec 9-30-11  
SAN JUAN CO.  
1" = 400'



ORIGINAL TOWNSITE  
AZTEC N.M.



BEFORE EXAMINER STAMETS  
OIL CONSERVATION

BETA DEV. CO.  
BACON 5 ac.

C&E OPERATORS, INC. ALL OTHER ACREAGE  
IN 1/2 9-30-11

28.25 ac.  
BETA DEV.  
EXCEPT AS SHOWN

1/2 Sec 9-30-11  
ANDUAN CO.  
400'

N  
↑

ORIGINAL TOWNSITE  
AZTEC N.M.



C & E OPERATORS FORCED POOLING APPLICATION  
N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES  
NOTICES TO:

	AC.	TRACT
Church of Latter Day Saints Real Estate Division 50 E. North Temple Salt Lake City, Utah 84150	.66	Lots 32, 33, 34, 35 & Fr. Lots 7, 8, 9, 10 McCoy Tract 2
Church of Latter Day Saints Mr. Brent Christensen Box 2488 Farmington, New Mexico 87401		(same land)
Ralph A. Ransom 411 Aztec Blvd. NE Aztec, New Mexico 87410	.40	Fr. Lots 1, 2, 3, 4, 5, 36 37, McCoy Tract 2
Shamrock Oil & Gas Co. Attn: Emerald Corp. P. O. Box 631 Amarillo, Texas 79105	.30	Fr. Lots 1, 39, 40, 41, 42, 43, 44 McCoy Tract 2
Loyd Armstrong 428 N. Church Street Aztec, New Mexico 87400	.36	Fr. SE/NE Sec. 9 T30N-R11W
Claudio Chavez 665 Pioneer Avenue Aztec, New Mexico 87400	.59	Fr. SE/NE Sec. 9 T30N-R11W
Terry Moss c/o Hooper c/o Gregory Plesko 616 Pioneer Avenue Aztec, New Mexico 87400	.16	Fr. SE/NE Sec. 9 T30N-R11W
Albert Marquez 618 Pioneer Street Aztec, New Mexico 87400	.23	Fr. SE/NE Sec. 9 T30N-R11W
Joe B. Montoya 722 Pioneer Avenue Aztec, New Mexico 87400	.24	Lot 35, McCoy Tract 1
William Wayne Sumner 818 Pioneer Avenue Aztec, New Mexico 87400	.28	Lot 23, Fr. lot 22, McCoy Tract 1
Ford C. & Elsie Webb Rte 3, Box 134-A Farmington, New Mexico 87401	5.60	Fr. N/2 Sec. 9-T30N-R11W

CVE EXHIBIT NO. 3

CASE NO. 2105

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_

**C & E OPERATORS FORCED POOLING APPLICATION**  
**N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES**  
**NOTICES TO:**

	AC.	TRACT
Rosie Cordova 803 McCoy Avenue Aztec, New Mexico 87401	.26	Lot 12, McCoy Tract 1
Floyd E. Hazen c/o Noah E. Tindle 300 N. Light Plant Road	.26	Lot 9, McCoy Tract 1
Leslie Webb c/o Genevieve Lopez 719 McCoy Avenue Aztec, New Mexico 87401	.26	Lot 10, McCoy Tract 1
Twauna C. Scogin 713 McCoy Avenue Aztec, New Mexico 87401	.51	Lots 7 & 8, McCoy Tract 1
Mrs. Rosa J. Archuleta 711 McCoy Avenue Aztec, New Mexico 87401	.26	Lot 6, McCoy Tract 1
Angelica & Joe E. Martinez 1404 Hermosa S. E. Albuquerque, New Mexico 87108	.26	Lot 5, McCoy Tract 1
Bernado Sanchez 707 McCoy Avenue Aztec, New Mexico 87401	.26	Lot 4, McCoy Tract 1
Ann Tonia Bennett 5209 Berget Drive Amarillo, Texas 79106	.67	Fr. SE/NE Sec. 9-T30N-R11W
Lillian C. Lopez 608 White Avenue Aztec, New Mexico 87401	.11	Fr. SE/NE Sec. 9-T30N-R11W
Beta Development Company P. O. Box 1659 Midland, Texas 79701	27.18	Various Oil & Gas Leases

C & E OPERATORS FORCED POOLING APPLICATION  
N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES  
PARTIES INTEREST IN UNIT

	AC	PERCENTAGE
Church of Latter Day Saints	0.66	.002076
Ransom	0.40	.001258
Shamrock	0.30	.000944
Armstrong	0.36	.001132
Chavez	0.59	.001856
Moss	0.16	.000503
Marquez	0.23	.000723
Montoya	0.24	.000755
Sumner	0.28	.000881
Cordova	0.26	.000818
Hazen	0.26	.000818
Webb	0.26	.000818
Scogin	0.51	.001604
Archuleta	0.26	.000818
Martinez	0.26	.000818
Sanchez	0.26	.000818
Bennett	0.67	.002108
Lopez	0.11	.000346
Webb	5.60	.017616
Beta Development Company	27.18	.085499
C & E Operators	279.05	.877791
	317.90	1.000000

N/2 Section 9-T30N-R11W  
AFE - Gas Development Drilling

Lease Fee Well No. 9-A Depth 4,800 Dual Mesaverde-PC

Location: Unit B Sec. 9 - 30N - 11W, San Juan Co., N.M.

Dirt Work: Road & Loc.	26,000	Clean up	8,000	34,000
Drilling Fluids	Water Frac 6,300	Drilg - 8,400	Mud 12,000	26,700
Cement & Services: Surface	8-5/8" @ 275'			2,043
	Production 5 1/2" @ 4,800' 2 stage			10,525
Logging: OH	IES & D/N 7,310	CH	GR & CBL 2,185	9,495
Perforating	MV 2,930		PC 2,600	5,530
Other Cased Hole Wire Line Services	BP & Mod "D" Pkr			2,655
Press. tests, Spot acid	500 Gal Acetic - 2 set ups			2,400
Packers for break down	2 sets			2,760
Pump charge & acid for break down	500 gal 15% HCI 2 set ups			2,700
Fracturing: MV	28,232		PC 31,076	59,308

Rentals & Misc.:

Guyline Anchors 500 Frac tanks 12 2,820

Rental tools for dual 1,800

Dual Equipment Mtl & Services Baker Services 3,770

8,890

Other Charges

Consulting Eng & Geol.	5,800
N <sub>2</sub> or Gas to clean up well	16,000
Roustabout Labor for Surface Hookup	3,500
Fencing Mtl & installation	5,000
Cathodic Protection	7,500

37,800

Rig Contract

4,800 ft. @ 15.50 ft.

74,400

Day work 1 days @ 4,800

4,800

Completion Rig 9 days @ 2,000 /12 hr. day

18,000

Trucking: 4,000 casing: 1,800 comp. Rig

1,000 Frac tanks

6,800

Tangible Costs

Well Head 10" series 600 OCT Dual Well Head

17,000

Casing 8-5/8" 24#/J @\$10.32/ft Surface 275 2838

Casing 5 1/2" 15.5#/J @\$6.70/ft Production 4,850 - 32,495

35,333

Tubing 1 1/2" 2.9 #EUE @2.82/ft ; 1 1/2" IJ @\$2.55/ft

18,045

Flow line & Connections

1,800

\$3,657 Stock Tank & Stairway

8,488 Production Unit

2,594 Production Unit

3,314 Intermitter & Piston Installation

18,053

Total

\$399,037

Shallow Zone Total

155,748.00

Mesa Verde Zone Total  
BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

243,289.00

C&E EXHIBIT NO. 4

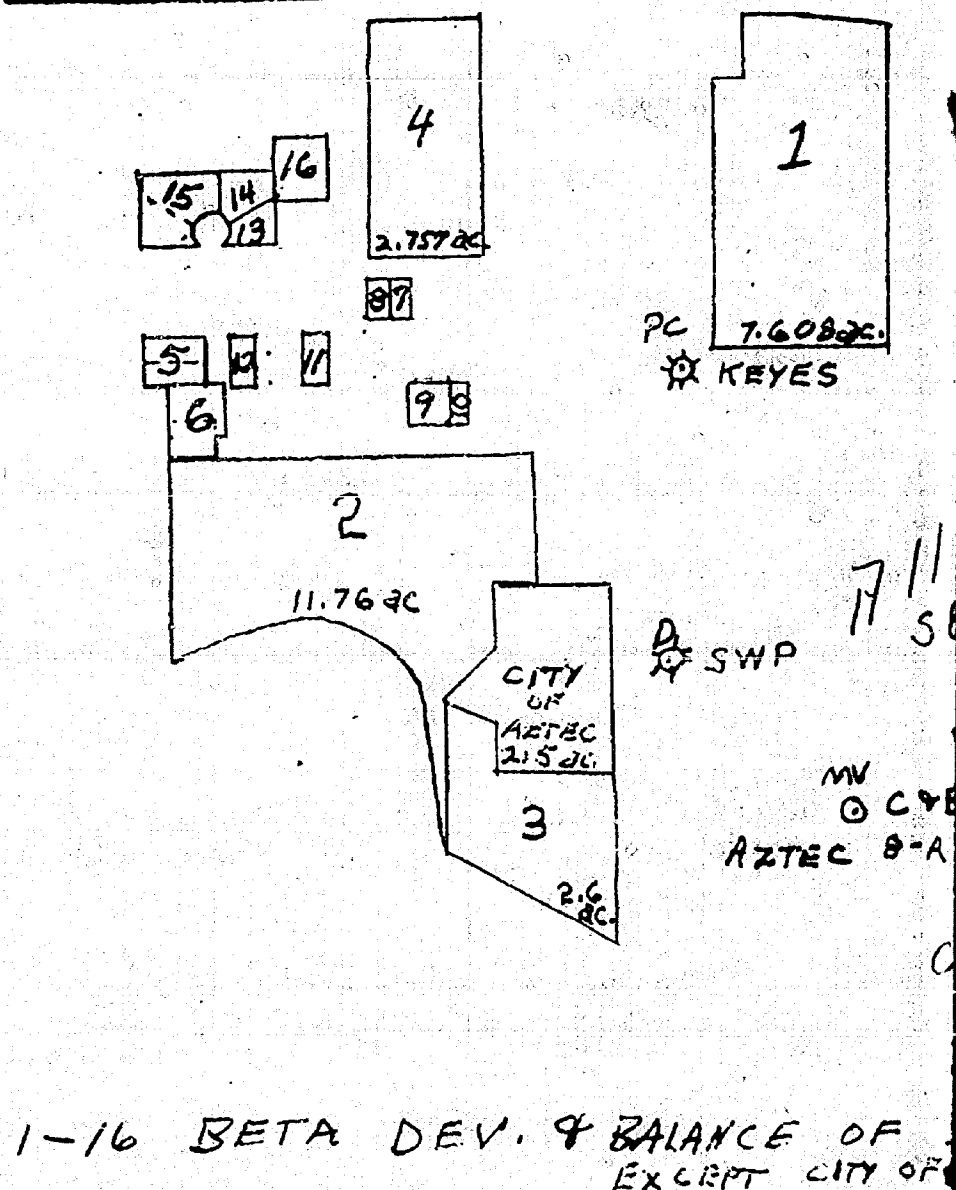
CASE NO. 7105

Submitted by

Hearing Date

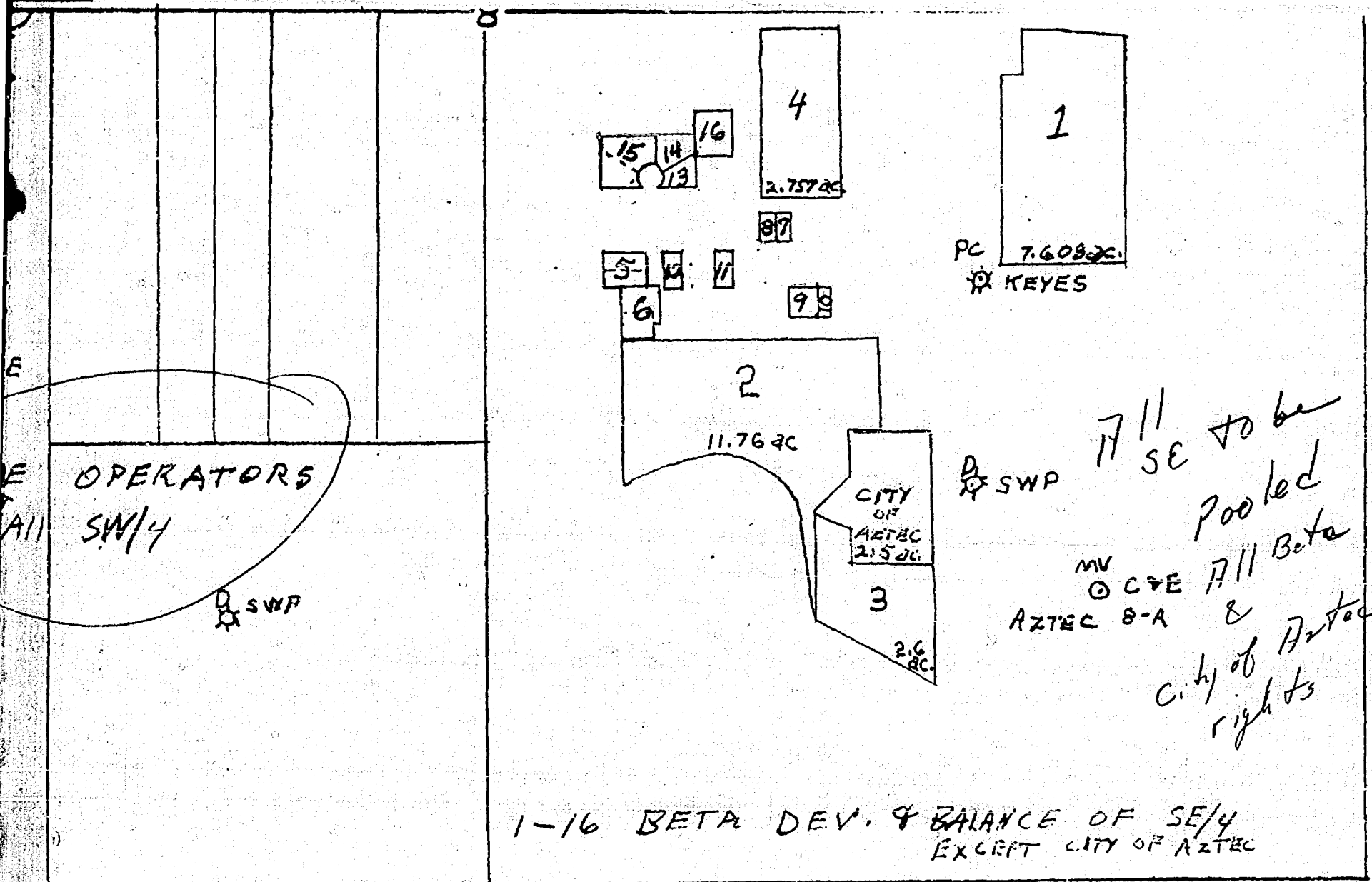
LAR ONE EXAMINER STAMPS  
 OIL CONSERVATION DIVISION  
 CTE EXHIBIT NO. 5  
 CASE NO. 2106  
 Submitted by \_\_\_\_\_  
 Hearing Date \_\_\_\_\_

PC  
 \* CFE  
 MV  
 \* CFE  
 AZTEC 8  
 C & E OPERATORS  
 All SW/4  
 D SWP



S/2 SEC 8-30N-11W  
 SAN JUAN CO.

SCALE: 1" =



1-16 BETA DEV. & BALANCE OF SE/4  
EXCEPT CITY OF AZTEC

5/2 SEC 8-30N-11W  
SAN JUAN CO.

SCALE: 1" = 400'

# FORCED POOLING NOTICES

SOUTH HALF (S/2) SECTION 8, T. 30N., R. 11W., N.M.P.M. containing 317.08 Acres  
Acres & Percentage of Unit

Name	Acres	Percentage of Unit
1. Harold B. Barnes c/o Robert W. Taylor Box 591 Placitas, New Mexico 87043	7.608 acres	.023994
2. Edward Diefel John Eichman 1500 El Serno Avenue Bakersfield, Calif. 93304	11.760 acres	.037088
3. Onefre R. Jacquez P. O. Box 362 Aztec, New Mexico 87410	2.600 acres	.008200
4. Edna O. Perry 1015 Candelaria Road N. W. Albuquerque, New Mexico 87107 & Edna O. Perry c/o Virgil Dennis Johnson P. O. Box 2042 Aztec, New Mexico 87410	2.757 acres	.008695
5. Frances Leon Quintana 1516 Martin Avenue Aztec, New Mexico 87410	.41 acres Lots 14 & 15 Block 5 Riverview Subdivision	.001293
6. Robert E. Pate 304 East Glenmary Aztec, New Mexico 87410	.34 acres Lots 16 & 17 Block 5 Riverview Subdivision	.001072
7. R. J. Trahan c/o Clyde C. Lamar Attn. B. Johnson 1413 Martin Avenue Aztec, New Mexico 87410	Lot 9, Block 1 Riverview Subdivision .120 acres	.000379
8. Jerry D. Soseman c/o Vernon L. McDonald P. O. Box 541 Aztec, New Mexico 87410	Lot 10, Block 1 Riverview Subdivision .120 acres	.000379
9. Lanell W. Baird and Evelyn Baird, his wife Star Lake Plant Cuba, New Mexico	Lots 9 and 10, Block 3 Riverview Subdivision .252 acres	.000795
10. Frederick A. Cornish 305 Dixon Street Aztec, New Mexico 87410	Lot 11, Block 3 Riverview Subdivision .126 acres	.000397
11. M. Zelma Troxel 1512 Martin Avenue Aztec, New Mexico 87410	Lot 2, Block 4 Riverview Subdivision .126 acres	.000397

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

C&E EXHIBIT NO. 6

CASE NO. 7106

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_



## FORCED POOLING

Page 2

Name	Acres & Percentage of Unit
12. E. W. Phelps c/o Susan or Jerry McGaha 810 N.Vine SP #22 Farmington, New Mexico 87401	Lot 5, Block 4 Riverview Section .126 acres .000397
13. Delbert D. Deck 207 Sumner Place Aztec, New Mexico 87410	Lot 7, Block 5 Riverview Subdivision .20 acres .000631
14. Wm. L. Sewell c/o Michael Schropp 211 Sumner Place Aztec, New Mexico 87410	Lot 8, Block 5 Riverview Subdivision .28 acres .000883
15. Gilbert J. Martinez, Jr. 324 S. Mesa Verde Street Aztec, New Mexico	Lots 9 & 10, Block 5 Riverview Subdivision .46 acres .001451
16. Church of Christ, Inc. Aztec c/o Aztec Boys Club P. O. Box 488 Aztec, New Mexico 87410	Lots 4 and 5 - .354 acres Simonds Subdivision .001116
Mesa Verde rights in the above tracts 1 through 16 are held by Beta Development Company	
17. Beta Development Company P. O. Box 1659 Midland, Texas 78701	155.1 acres Various Oil & Gas Leases .489151
18. City of Aztec 201 W. Chaco St. Aztec, New Mexico 87410	City Light Plant 2.5 Ac. (Unleased) .007884
19. C and E Operators, Inc. 4925 Greenville Avenue #170 Dallas, Texas 75206	159.480 acres Various Oil & Gas Leases .502965
	317.08 acres 1.000000

AFE - Gas Development Drilling

Lease Aztec Well No. 8-A Depth 4,700 Single Mesaverde

Location: Unit P Sec. 8 - 30N - 11W, San Juan Co., N.M.

Dirt Work: Road & Loc. 28,000 Clean up 8,000 36,000

Drilling Fluids Water Frac. 4,000 Drilg. 8,225 Mud 11,750 23,975

Cement & Services: Surface 8-5/8" @275 2,043

Production 5 1/2" @ 4,700 2 stage 10,525

Logging: Oil IES & D/N 7260 CH GR CBL 2,155 9,415

Perforating Mesaverde 2,930 2,930

Other Cased Hole Wire Line Services --- 0

Press. tests, Spot acid 500 gal. Acetic 1 run 1,200

Packers for break down 1 run 1,380

Pump charge & acid for break down 500 gal. 15% HCl 1,350

Fracturing: 125,000# 70BPM @2,500 28,232

Rentals & Misc.:

Guyline Anchors 500 Frac tanks 12 2820

Rental tools for single 750

Dual Equipment Mtl & Services NA 4,070

Other Charges

Consulting Eng & Geol. 3,800

N<sub>2</sub> or Gas to clean up well 3,000

Roustabout Labor for Surface Hookup 3,500

Fencing Mtl & installation 5,000

Cathodic Protection 7,500 22,800

Rig Contract

4,700 ft. @ 15.50 ft. 72,850

Day work 1 days @ 4,800 4,800

Completion Rig 4 days @ 2,000 /12 hr. day 8,000

Trucking: 3,800 casing: 1,800 comp. Rig

1,000 Frac tanks 6,600

Tangible Costs

Well head 10" series 600 OCT Single 10,800

Casing 8-5/8" 24J @ 10.32/ft Surface 275' - 2838

Casing 5 1/2" 15.5J @ \$6.70/ft Production 4,750' - 31,825 34,663

Tubing 1 1/2" 2.9# EUE 4,400' @ \$2.82/ft 12,408

Flow line & Connections 1,800

\$3,657 Stock Tank & Stairway 300 bbl

8,488 Production Unit Mesaverde

none Production Unit

\$3,314 Intermittent & Piston Installation 15,459

Total \$311,300

S/2 Sec. 8-T30N-R11W

AFE - Gas Development Drilling

Lease Aztec Well No. 8-1 Depth 4,700 Dual Mesaverde-PC

Location: Unit P Sec. 8 - 30N - 11W, San Juan Co., N.M.

Dirt Work: Road & Loc. 28,000 Clean up 8,000 36,000

Drilling Fluids Water-Frac 6,300 Drlg 8,225 Mud 11,750 26,275

Cement & Services: Surface 8-5/8" @275' 2,043

Production 5 1/2" @4,700' 2 stage 10,525

Logging: CH IES & D/N 7,260 CH GR GBL 2,155 9,415

Perforating Mesaverde 2,930 PC 2,600 5,530

Other Cased Hole Wire Line Services BP & Mod "D" Pkr. 2,605

Press. tests, Spot acid 500 gal Acetic 2,400

Packers for break down Straddle - 2 runs 2,760

Pump charge & acid for break down 500 gal 15% HCl - 2 set ups 2,700

Fracturing: MV 28,232 70% foam 31,076 59,308

Rentals & Misc.:

Guyline Anchors 500 Frac tanks 12 2,820

Rental tools for Dual 1,800

Dual Equipment Mtl & Services Baker Services 3,770 8,890

Other Charges

Consulting Eng & Geol. 5,800

N<sub>2</sub> or Gas to clean up well 16,000

Roustabout Labor for Surface Hookup 3,500

Fencing Mtl & installation 5,000

Cathodic Protection 7,500 37,800

Rig Contract

4,700 ft. @ 15.50 ft. 72,850

Day work 1 days @ 4,800 4,800

Completion Rig 9 days @ 2,000 /12 hr. day 18,000

Trucking: 4,000 casing: 1,800 comp. Rig 6,800

1,000 Frac tanks

Tangible Costs

Well Head 10" series 600 OCT Dual Tree 17,000

Casing 8-5/8" 24 1/2 J @ \$10.32/ft Surface 275' 2,838

Casing 5 1/2" 15.5 J @ \$6.70/ft Production 4,750 31,825

Tubing 1 1/2" RUE @ \$2.82/ft 12,408 1,900' 4,845

Flow line & Connections 1,800

\$3,657 Stock Tank & Stairway 300 bbl

8,488 Production Unit Mesaverde

2,594 Production Unit

3,314 Intermittent & Piston Installation 18,053

Total \$397,470

Shallow Zone Total 154,646.00

Mesa Verde Zone Total 242,824.00

FORCED POOLING FOR NON-STANDARD MESA VERDE UNIT SW/4 SEC. 9-T30N-R11W,  
SAN JUAN COUNTY, NEW MEXICO, CONTAINING 158.54 acres

NOTICES

	AC.	Tract
Robert N. Ramsey 412 S. Church Street Aztec, New Mexico 87410	1.03	FR SE/SW 9-30-11
Keith Vandruff Box 421 Aztec, New Mexico 87410	.16	Lot 7, Block 1, Currents Subd.
Earnest & Margaret Maestas Box 493 Aztec, New Mexico 87410	.16	Lot 2, Block 2, Currents Subd.
Hazel C. Bazter P. O. Box 146 Aztec, New Mexico 87410	.32	Lots 3 & 4, Block 2, Currents Subd
AND	.08	Lot 18, Block 10, Aztec
Floyd & Marlice Rhodes c/o Robert L. Stevenson 301 S. Main Street Aztec, New Mexico 87410	.28	Lots 1 thru 5, Block 10, Aztec
Georgia Fay Anderson 322 S. Main Street Aztec, New Mexico 87410	.34	Lots 10, 11, 12, Block 10, Aztec and Frac. SE/SW 9-30-11,  Lots 13 thru 17 Block 10, Aztec and Frac. SE/SW 9-30-11
ALSO		
Eugene Stewart Box 692 Aztec, New Mexico 87410	.4	Lots 20-24 Block 20, Aztec
New Mexico State Highway Commission Box 1140 Santa Fe, New Mexico 87501	1.78	Fr. SW/4 9-30-11
New Mexico State Highway Commission Box 1149 Santa Fe, New Mexico 87501		SAME LAND
Beta Development Co. P. O. Box 1659 Midland, Texas 79701	12.98	Various Oil & Gas Leases
Ford C. & Elsie Webb Rte 3, Box 134-A Farmington, New Mexico 87401	.25	Fr. NE NW-Sec. 9-T30N-R11W

C & E OPERATORS FORCED POOLING APPLICATION  
NON-STANDARD MESA VERDA UNIT COVERING SW/4 SECTION 9 - T30N - R11W , SAN JUAN COUNTY,  
NEW MEXICO, CONTAINING 158.54 ACRES.

	AC.	INTEREST
Ramsey	1.03	.006497
Vandrieff	0.16	.001009
Maestas	0.16	.001009
Baxter	0.40	.002523
Rhodes	0.28	.001766
Anderson	0.34	.002145
Stewart	0.40	.002523
Webb	0.25	.001577
Hiway	1.78	.011227
Beta	12.98	.081872
C & E Operators	<u>140.76</u>	<u>.887852</u>
	158.54	1.000000

RECEIVED NOV 21 1980



*City of Aztec*

WINNER ALL AMERICAN CITY AWARD

201 WEST CHACO

*Aztec, New Mexico*  
87410

PHONE: 505 334-9462  
505 334-9463

LENN MCQUITTY, Mayor

November 13, 1980

W.P. Carr  
C. & E. Operators, Inc.  
One Energy Square - Suite 170  
Dallas, Texas 75206

Subject: City of Aztec Drilling Permits

Dear Mr. Carr:

The Aztec City Commission, at its regular meeting, November 10, 1980 approved all but one of your applications to drill wells within the City limits of Aztec, New Mexico.

Wells that were approved are:

Aztec #9 Well  
Fee #9 Well  
Fee #9-A Well  
Aztec #8 Well  
Fee #8-A Well  
Fee #8 Well  
Aztec #8-A Well

Aztec #9-A Well was not approved by the Commission at that time as the Commissioners felt a more definite survey should be furnished reflecting the exact location of the well site. It was their understanding from the evidence submitted by Mr. Dial and Mr. Lawson, (property owners within the area) that this well site should be moved to satisfy the 200ft. requirement of the City.

Regarding the request for an access easement from the City to get to the site of Fee #8 Well, the Commission felt that approval of this easement is a separate matter and should be negotiated with the City Manager. The Commission did not vote to grant the easement.

Thank you for your time and consideration. If further information is needed feel free to call me anytime. The phone number is 334-9462.

Sincerely,

*Nathan Broadhead*

Nathan Broadhead  
City Clerk

N.M. Oil & Gas Commission-Mr. Chavez  
Bill Stiles



Please Return

# Wells

## Commission OKs permits for seven gas holes

The Astor City Commission approved permits Monday night for C&E Operators to drill seven gas wells within the city.

The application for an eighth permit was denied until the city is shown that the well will not be within 200 feet of any other structure.

OF THE SEVEN approved, the one receiving the most discussion was the one designated 8A, to be drilled in Riverside Park. The concern was the route of lines from the new well to existing liquid tanks in the park.

Atty. Clement Kogler said that C&E would only be drilling the well and the laying of lines would be done by the purchaser of the gas production, presently El Paso Natural Gas Co.

"We have a right to ask someone to make it safe," said Mayor Jean McQuitty.

Commissioners agreed to approve the drilling permit and to work later with whichever company runs lines from the well, to be sure they do not endanger the safety of persons using Riverside Park. The biggest fear is that the lines could run through the main playground area.

OTHER WELLS for which permits were approved:

8B, to be drilled on farmland owned by Alonso Martinez east of the Animas River and north of Hampton Arroyo.

8D, to be drilled in the swampy area south of Snow Dray Chevrolet on W. Chaco.

8E, to be drilled in a pasture west of 44th Street and North Main Street. That site is in the Greenwood Park Subdivision, which is undeveloped and the commissioners were told C&E Operators is looking for a site for a well.

well site.

"That's right in the middle of a residential area," said Commissioner Kathy Ramsey. "That bothers me." She said the city will have to be certain that requirements for fencing and landscaping the completed well are met by the driller.

8F, east of N. Oliver Drive in an undeveloped area, about 400 feet from the nearest dwelling.

8G, about 300 feet east of S. Oliver Drive in a pasture area on land owned by Jackson David Bostling Co.

8H, in Estes Arroyo behind the W. Astor Blvd. business strip that contains the laundromat and second hand store. It's about 200 feet from the businesses and about 300 feet from Estes Mobile Home Park, which has no gas connections.

C&E Operators would be drilling on the same site as the well designated 8A, to be drilled in the city center.

owners were told.

They also expressed concern about enforcing safety provisions at that site, noting that Estes Arroyo is a play area for many neighborhood children.

1980-9-20N-1166  
THE PERMIT was denied for well 9A, which is proposed for Fred Lawson's property east of the Dial Oil Co. on Grande Ave. Dial Oil has a building permit for a new building that would be 80 feet from the proposed well site. Lawson said the well could be moved 100 feet farther from the building site, but that still would not meet the ordinance requirement that a well not be drilled within 200 feet of a structure.

Commissioners indicated that they would consider the application for well 9A if it is shown that the ordinance requirement will be met.



SW/4 Section 9-T30N-R11W		
AFE - Gas Development Drilling		
Lease Aztec	Well No. 9	Depth 4750' Dual Mesaverde - PC
Location:	Unit M Sec. 9 - 30N - 11W, San Juan Co, N.M.	
Dirt Work: Road & Loc.	24,000	Clean up 8,000
Drilling Fluids	Drilg 8313	
	Water Frac 6,300	Mud 11,875
Cement & Services:	Surface 8-5/8 @275	
	Production 5 1/2 @4750 2 stage	
Logging: OH	IES & D/N 7285	CH GR CBL 2170
Perforating	MV 2930	PC 2600
Other Cased Hole Wire Line Services	BP & Mod "D" Pkr	
Press. tests, Spot acid	500 gal. Acetic - 2 set ups	
Packers for break down	2 sets	
Pump charge & acid for break down	500 gal. 15% HCl 2 set ups	
Fracturing:	MV 28,232	PC 31,076
Rentals & Misc.:		
Guyline Anchors	500	Frac tanks 12 2820
Rental tools	for Dual	1800
Dual Equipment Mtl & Services	Baker Services 3,770	
Other Charges		
Consulting Eng & Geol.		5,800
N <sub>2</sub> or Gas to clean up well		16,000
Roustabout Labor for Surface Hookup		3,500
Fencing Mtl & installation		5,000
Cathodic Protection		7,500
Rig Contract		
	4750 ft. @ 15.50 ft.	
Day work	1 days @ 4,800	
Completion Rig	9 days @ 2,000 /12 hr. day	
Trucking:	4,000 casing: 1,800 comp. Rig	
	1,000 Frac tanks	
Tangible Costs		
Well Head	10" series 600 OCT Dual	
Casing 8-5/8 24#J @ \$10.32/ft	Surface 275'	2838
Casing 5 1/2 15.5 J @ \$6.70/ft	Production 4,800'	32,160
Tubing 1 1/2" 2.9 #J @ \$2.82/ft	4,350-12,267	2,050' 5,228
	1 1/4" IJ @ \$2.55/ft	
Flow line & Connections		
\$3,657	Stock Tank & Stairway	300 bbl.
8,488	Production Unit Mesaverde	
2,594	Production Unit PC	
3,314	Intermitter & Piston Installation	
		18,053
Shallow Zone Total	155,329.00	
Mesa Verde Zone Total	239,796.00	
	Total	\$395,125

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
C & E	EXHIBIT NO. 12
CASE NO.	7107
Submitted by	
Hearing Date	

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
CVE	NO. 13
CASE NO. 7105-7107	
Submitted by _____	
Hearing Date _____	

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

IN THE MATTER OF THE  
APPLICATION OF C & E  
OPERATORS, INC. FOR  
COMPULSORY POOLING  
SAN JUAN COUNTY, NEW MEXICO

Cases 7105  
7106  
7107

AFFIDAVIT OF MAILING

STATE OF NEW MEXICO     )  
COUNTY OF SANTA FE     ) §

I, W. THOMAS KELLAHIN, being first duly sworn, upon my oath, state that on December 2, 1980, I placed a Notice of Compulsory pooling with a copy of the December 10, 1980, New Mexico Oil Conservation Division Docket, Exhibits A and B attached hereto and incorporated by reference herein, in the U.S. Mails, by first class letter, postage paid to each and every individual and cc any indicated on the respective applications filed in the above referenced cases, and I have in addition, sent copies to the City of Aztec.

KELLAHIN & KELLAHIN

By W. Thomas Kellahin  
W. Thomas Kellahin  
P. O. Box 1769  
Santa Fe, N.M. 87501

SUBSCRIBED AND SWORN to before me this 2nd day  
of December, 1980, by W. THOMAS KELLAHIN.

My Commission Expires: \_\_\_\_\_

Notary Public



OFFICIAL SEAL  
Selma Aragon  
SELMA ARAGON  
NOTARY PUBLIC - NEW MEXICO  
NOTARY BOND FILED WITH SECRETARY OF STATE  
My Commission Expires 12-2-82

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
500 Don Gaspar Avenue  
Post Office Box 1769  
Santa Fe, New Mexico 87501  
December 2, 1980

Telephone 982-4285  
Area Code 505

NOTICE OF COMPULSORY POOLING

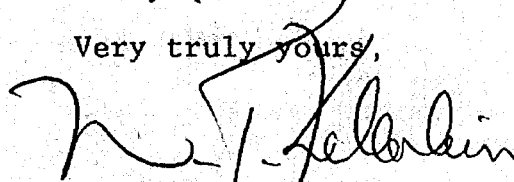
Our firm represents C & E Operators, Inc. which has applied to the New Mexico Oil Conservation Division for three separate orders pooling all unleased mineral interests in the N/2 of Section 9, T 30 N, R 11 W, San Juan County; in the S/2 of Section 8, T 30 N, R 11 W, San Juan County; and, in the SW/4 of Section 9, T 30 N R 11 W, San Juan County.

Our records reflect that you may have an unleased mineral interest involved in one of the above units.

Enclosed is a copy of the New Mexico Oil Conservation Division docket advising you that your mineral interest in the above unit or units will be pooled as a result of the hearing to be held on December 10, 1980.

This hearing will affect your mineral interests. You should contact Mr. W. P. Carr of C & E Operators, phone (214) 363-6993, if you have any questions.

Very truly yours,

  
W. Thomas Kellahin

ljh

Docket No. 40-80

Dockets Nos. 42-80 and 43-80 are tentatively set for December 30, 1980 and January 14, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 10, 1980

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 January, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

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

CASE 7095: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Bill G. Isler, United States Fidelity and Guaranty Company, and all other interested parties to appear and show cause why the Spears State Well No. 2 in Unit B of Section 28, Township 11 South, Range 27 East, Chaves County, should not be plugged and abandoned in accordance with a Division-

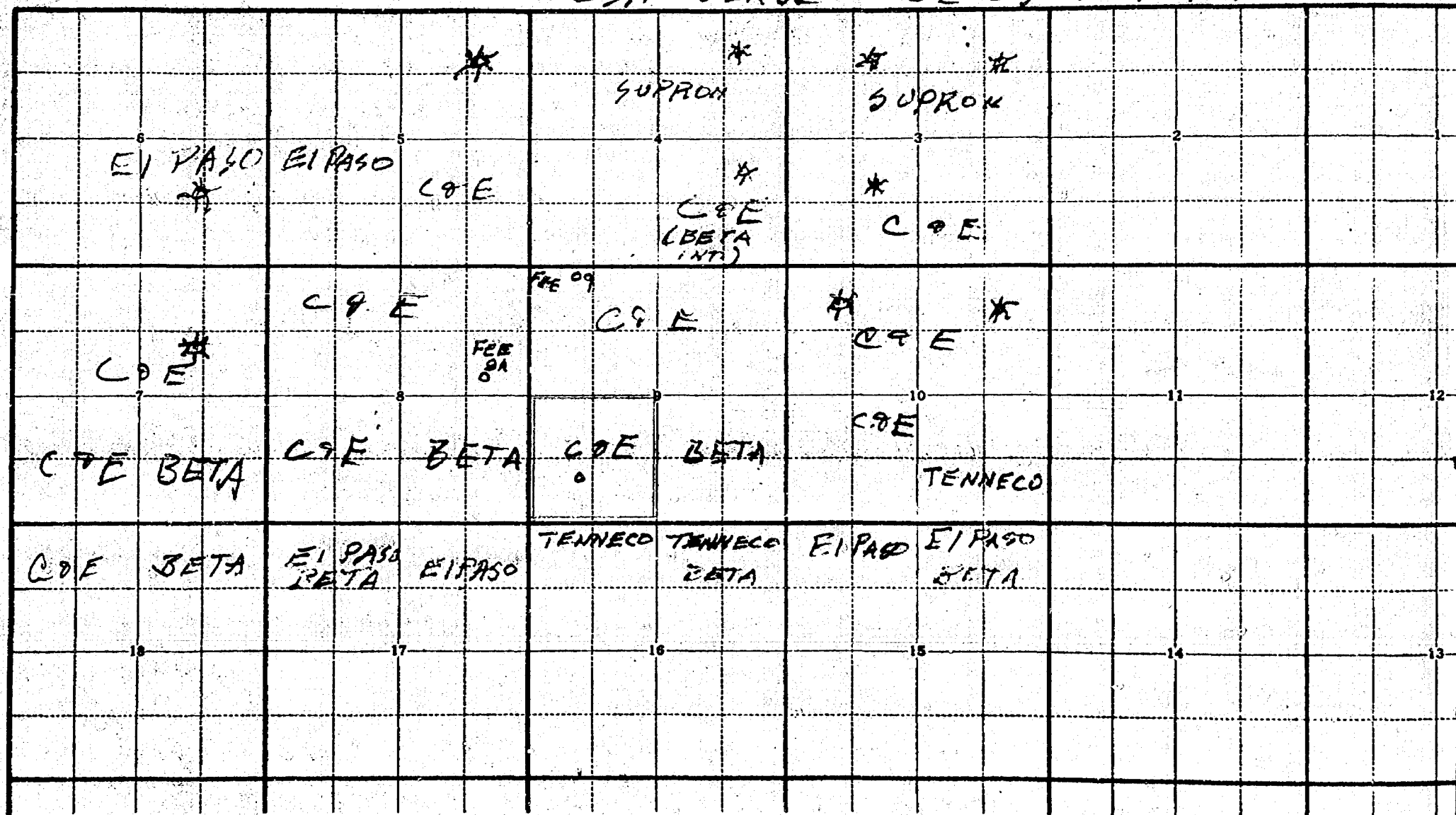
CASE 7105: Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, to be dedicated to a 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 7106: Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the S/2 of Section 8, Township 30 North, Range 11 West, 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 7107: Application of C and E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 9, Township 30 North, Range 11 West, 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.

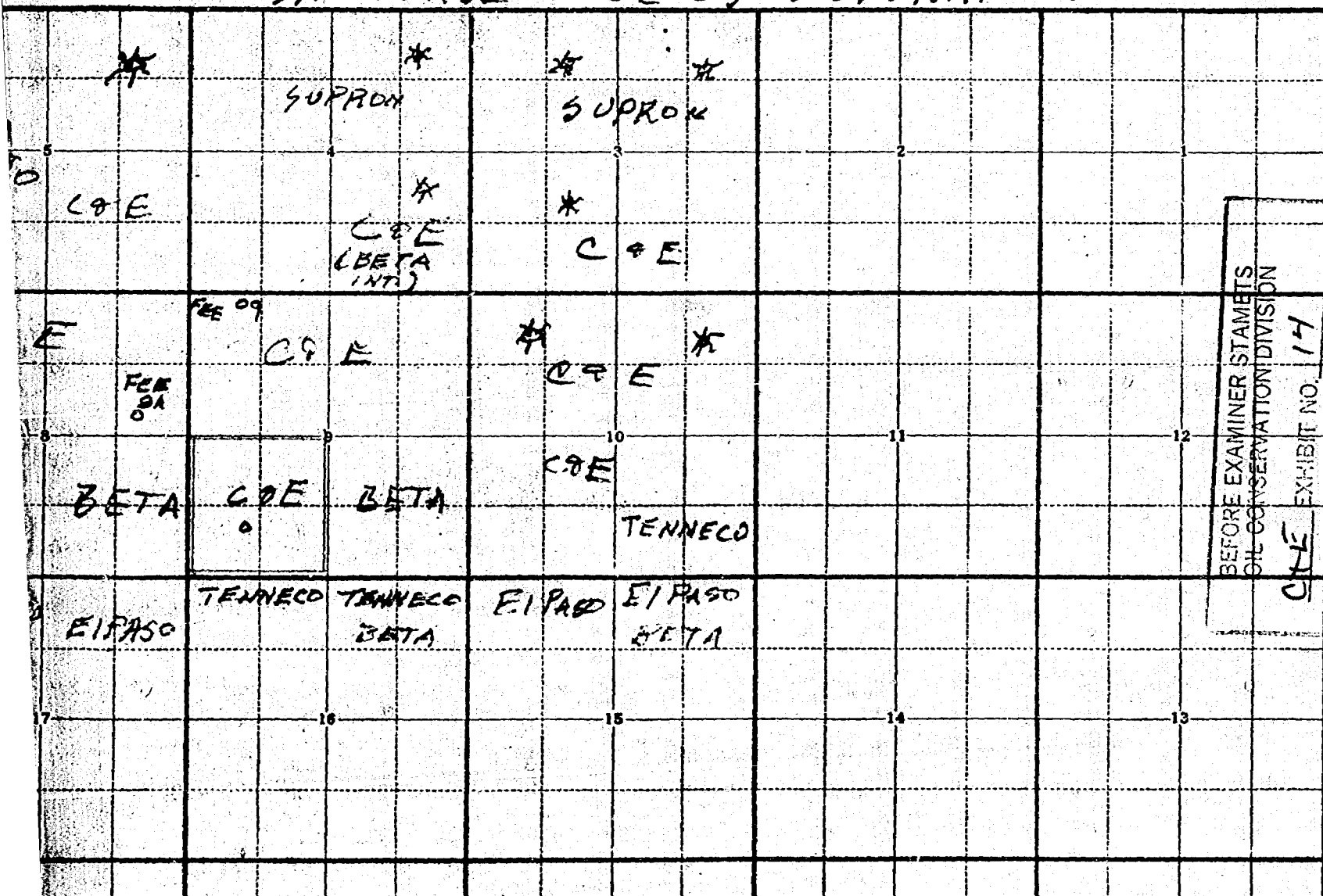
Township 30 N, Range 11 W, County SAN JUAN, State NM

MESA VERDE WELLS & OPERATORS



Range 11 W, County SAN JUAN, State N.M.

MESA VERDE WELLS & OPERATORS



BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

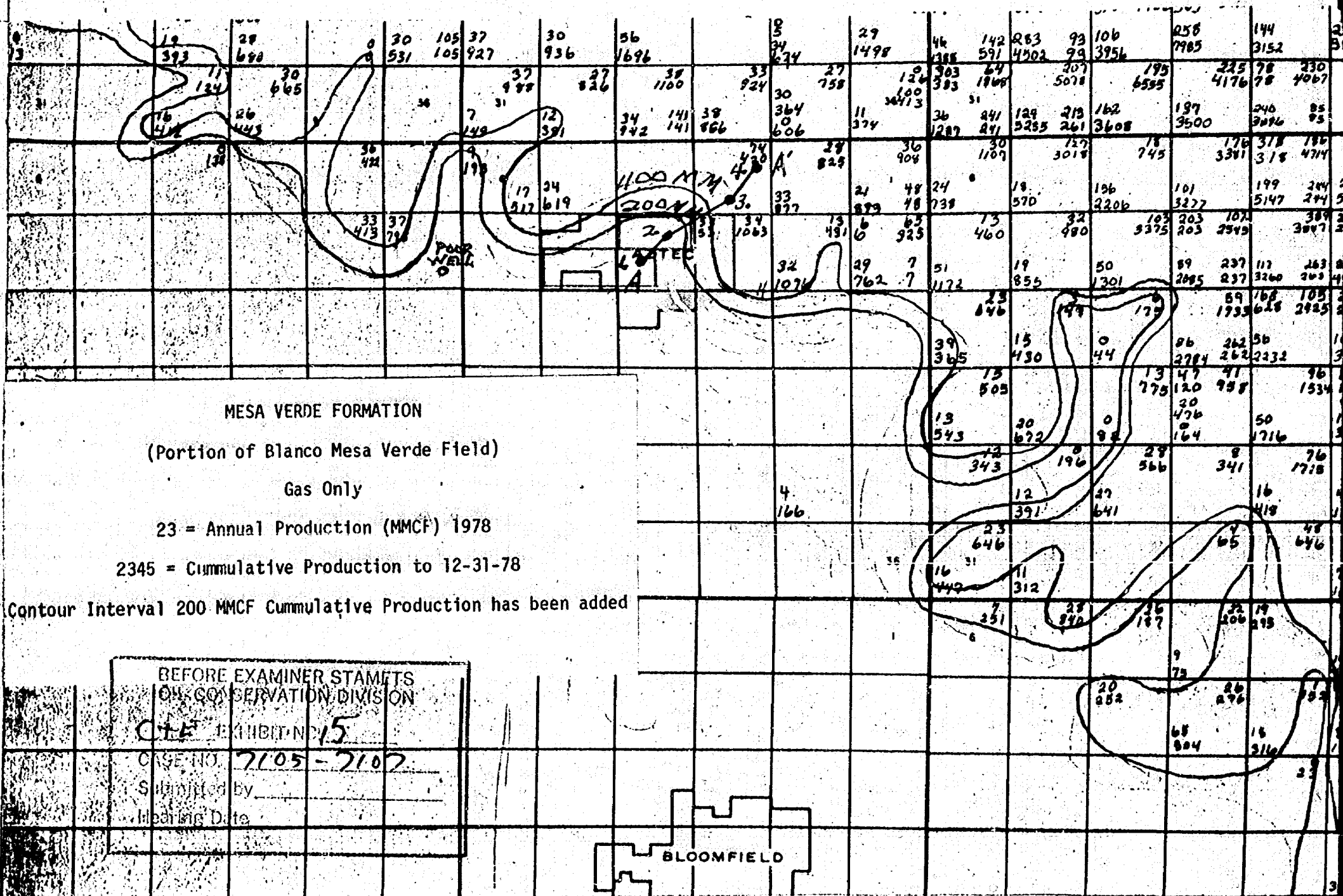
EXHIBIT NO. 14

CASE NO. 7105-7107

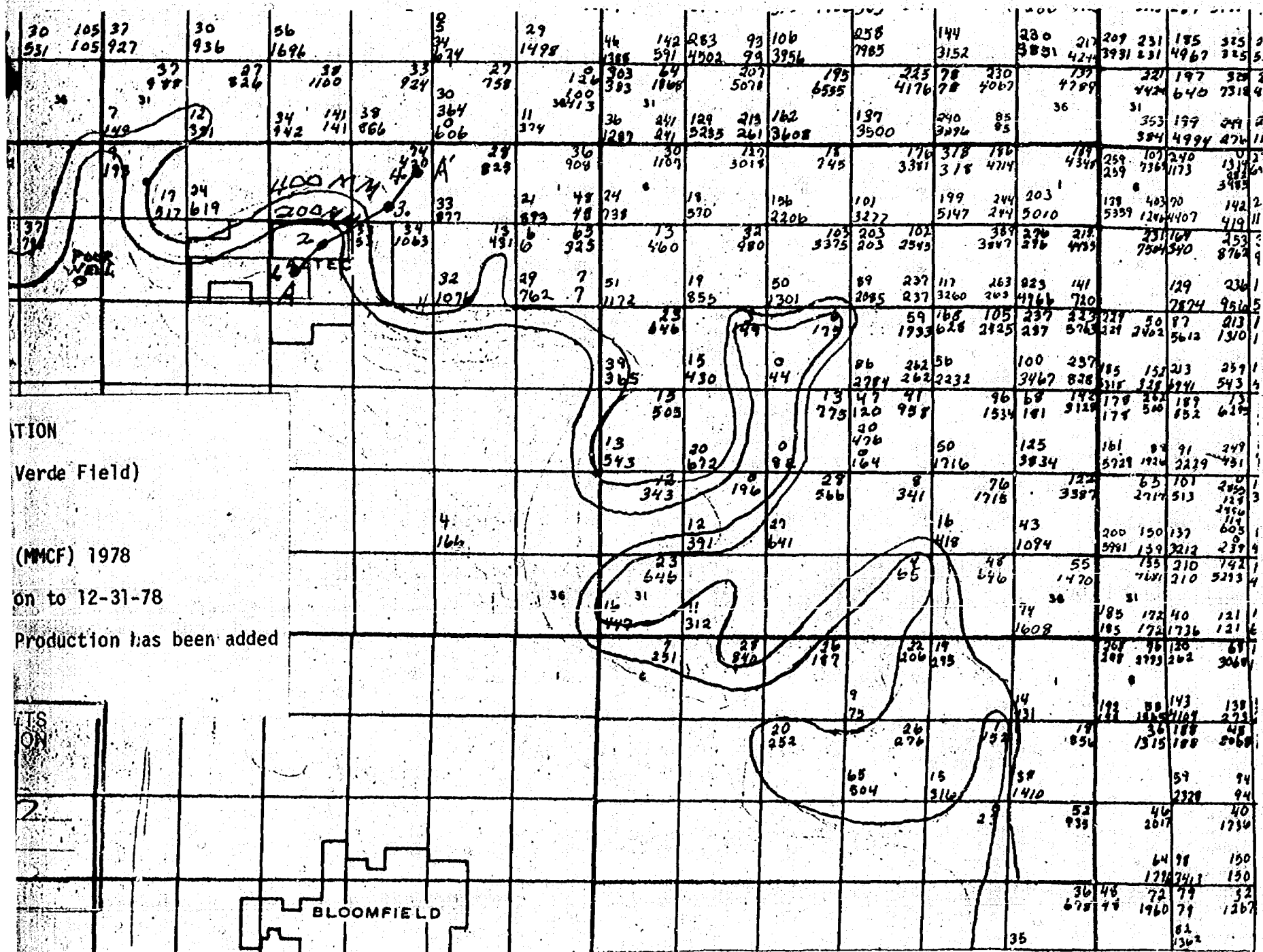
Submitted by

Hearing Date









SUPRON ENERGY CORPORATION  
BLDG. V, FIFTH FLOOR  
10300 NORTH CENTRAL EXPRESSWAY  
DALLAS, TEXAS 75231

JOINT INTEREST BILLING

9/23/80

INVOICE NO. 501248

JOINT EXPENSE SUMMARY

OWNER: 01297  
W.P. CARR

PAGE 4  
MONTH OF AUG. 1980

PROPERTY - LESTER MV  
OPERATOR - SUPCO  
DESC - LESTER #1 MV

STATE - NEW MEXICO  
COUNTY - SAN JUAN

18861-00

REF	DESCRIPTION	GEN	SUB	DTL	B C	QUANTITY	EXPENSE AMOUNT
CONTRACT LABOR							
ME08-9735	CONTRACT LABOR	305	102		1		51.00
ME08-9733	CONTRACT LABOR	305	102		1		38.49
ME08-9735	CONTRACT LABOR	305	102		1		38.49
ME08-9735	CONTRACT LABOR	305	102		1		51.00
ME08-9100	LESTER #1 FARMINGTON	305	102		1	49110	7.50
ME08-9100	LESTER #1 FARMINGTON	305	102		1	49070	35.40
							144.90

ELECTRIC POWER

AP08-5610	CATH PROT POWER	305	108		1		7.62
							7.62

CHEMICAL AND SOLVENTS

AP08-0467	CHEMICAL	305	111		1		160.34
							160.34

ADMINISTRATIVE OVERHEAD / CFR

JV08-8999	LESTER 1-A MV	305	399	90099	1		275.85
JV08-8999	LESTER MV	305	399	90099	1		218.90
							492.15

TOTAL PROPERTY

805.01

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

CTE EXHIBIT NO. 17

CASE NO. 7105-7107

Submitted by

Hearing Date

MONTH OF OPERATION  
AUGUST 1980

AMOCO PRODUCTION COMPANY  
P. O. BOX 591  
TULSA, OKLAHOMA, 74102  
PHONE 918/581-3358

616847 00

OPERATING STATEMENT 1

PROPERTY LEEPER GAS COM

NO. 290497 00 7 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
	WELL EXPENSE	
	SALARIES AND EXPENSES-LEASE SUPERVSN	34.13
	LABOR AND EXPENSES-DUMPERS	188.80
	LABOR AND EXPENSES (COMPANY)	11.57
	MATERIAL--OPERATION AND REPLACEMENT	7.52
	LEASE SERVICES	119.58
		361.60 *
	OTHER OPERATING EXPENSE	
	VACATION EXPENSE	12.59
	PAYROLL TAXES	11.25
	EMPLOYEE BENEFIT PLANS EXPENSE	47.18
	OTHER EXPENSES	8.51
		80.12 *
	DEPARTMENTAL ADMINISTRATIVE EXPENSE	
	ADMINISTRATIVE OVERHEAD	
	PRODUCING WELL RATE	477.22
		477.22 *
	TOTAL COST AND CHARGES	818.94 **
616847 000 W P CARR		88.00
BALANCE-REMAINING OWNER(B)	0304688	890.94
		818.94 **

MONTH OF OPERATION  
AUGUST 1980

AMOCO PRODUCTION COMPANY  
P. O. BOX 591  
TULSA, OKLAHOMA, 74102  
PHONE 918/581-3358

616847 00

OPERATING STATEMENT 1

PROPERTY MCCOY GAS COM /N/

NO. 290558 00 6 PAGE 3

REFERENCE	DESCRIPTION	AMOUNT
	WELL EXPENSE	
	SALARIES AND EXPENSES-LEASE SUPERVSN	34.12
	LABOR AND EXPENSES--PUMPERB	125.20
	LABOR AND EXPENSES (COMPANY)	21.53
	LABOR-CONTRACT- OPERATION AND REPAIR	220.38
	MATERIAL--OPERATION AND REPLACEMENT	7.52
	POWER, FUEL, AND WATER (PURCHASES)	13.38
	LEASE SERVICES	59.79
		1,185.84
	OTHER OPERATING EXPENSE	
	VACATION EXPENSE	12.50
	PAVING TAXES	11.86
	EMPLOYEE BENEFIT PLANS EXPENSE	47.16
	OTHER EXPENSES	8.77
		78.29
	DEPARTMENTAL ADMINISTRATIVE EXPENSE	
	ADMINISTRATIVE OVERHEAD	436.25
	PRODUCING WELL RATE	436.25
		872.50
	TOTAL COST AND CHARGES	1,870.18
616847 000 W P CARR		263.34
BALANCE-REMAINING OWNER(B)	1576896	1,406.84
		1,870.18

WILLIAM PLACK CARR  
6700 FOREST LANE  
DALLAS, TEXAS 75230  
368-6968

October 11, 1979

*Lester #1-A-MV*

Re: Lester No. 1 Unit  
NW/4 Section 3, T30N, R11W  
San Juan County, New Mexico

Supron Energy Corporation  
Building V, Fifth Floor  
10300 North Central Expressway  
Dallas, Texas 75231

Gentlemen:

We are enclosing an executed signature page of an  
Amendment of Operating Agreement on the above  
captioned well.

Yours very truly,

W. P. Carr

WPC/nsf  
Enc.

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
C&E	EXHIBIT NO. <u>18</u>
CASE NO.	<u>7105-7107</u>
Submitted by	_____
Hearing Date	_____

AMENDMENT OF OPERATING AGREEMENT

THIS Amendment of Operating Agreement is made and entered into on this 7th day of August, 1979, by and between SUPRON ENERGY CORPORATION (hereinafter referred to as "Supron"), SOUTHLAND ROYALTY COMPANY (hereinafter referred to as "Southland"), and W. P. CARR (hereinafter referred to as "Carr").

W I T N E S S E T H T H A T :

WHEREAS, Supron, as Operator, and Southland and Carr, as Non-Operators, are the parties to that certain Operating Agreement dated January 10, 1975, which covers operations on the Lester No. 1 Well and the unit for such well for the production of gas and associated liquid hydrocarbons from the Pictured Cliffs formation in and beneath the NE/4 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, and the unit for such well for the production of gas and associated liquid hydrocarbons from the Mesaverde formation in and beneath the N/2 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico; and

WHEREAS, in accordance with the rules and regulations of the New Mexico Conservation Commission, the parties hereto desire to drill a well on the NW/4 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico; and

WHEREAS, in order for the parties hereto to drill such well, it is necessary to amend the hereinabove described Operating Agreement dated January 10, 1975.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements herein contained, Supron, Southland and Carr hereby agree as follows:

1.

The Operating Agreement is hereby amended by the addition of Article IIIA entitled "DRILLING OPERATIONS COVERING THE SECOND WELL" to hereafter read as follows:

"IIIA.

DRILLING OPERATIONS COVERING THE SECOND WELL

Section 1. Operator shall, within a reasonable time period after August 7, 1979, commence or cause to be commenced the drilling of a well (hereinafter referred to as the "Second Well") at a lawful location in the NW/4 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico; and Operator shall thereafter continue the drilling thereof of the Second Well with due diligence to a sufficient depth to test the Mesaverde formation, unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all the parties agree to abandon the Second Well at a lesser depth.

Section 2. Prior to commencement of drilling operations, Operator shall furnish to each Non-Operator an Authority for Expenditures which shall cover the costs expected to be incurred in drilling and equipping of the Second Well.

Section 3. All costs and expenses incurred in connection with the drilling, completing, testing, equipping and, if a dry hole, the plugging and abandonment of the Second Well, shall be borne by the parties hereto in the following proportions -



Supron -	86.07500%
Southland -	11.93125%
Carr -	1.99375%

Section 4. Operator shall make reasonable tests of the Mesaverde formation in the Second Well and, if in Operator's judgment the Second Well will not produce gas and associated liquid hydrocarbons in paying quantities and it desires to plug and abandon the Second Well as a dry hole, Operator shall first secure the consent of each Non-Operator and thereafter plug and abandon the Second Well.

Section 5. In the event the drilling of the Second Well as hereinabove provided shall be discontinued without first sufficiently testing the Mesaverde formation or in the event the well after completion should be abandoned, the parties hereto by mutual agreement may authorize the drilling of an additional Second Well on the NW/4 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, to such formation, the drilling of such additional Second Well to be governed by the terms and provisions of this Operating Agreement in the same manner as hereinabove specified for the drilling of the Second Well.

Section 6. Except as otherwise expressly specified in this Article IIIA, drilling operations covering the Second Well, and the unit therefor, shall be governed by the terms and provisions of this Operating Agreement, insofar as the same may be applicable.

2.

The Operating Agreement is hereby amended by amending the first sentence of Section 4 of Article VII to hereafter read as follows:

The Operator shall make no single expenditure in excess of Ten Thousand Dollars (\$10,000) without first obtaining the consent thereto of the Non-Operators; provided, however, that in case of accident or other emergency the Operator shall have the right and duty to take such action as in its judgment may be required for the protection of life and property and to incur for the joint account of the parties hereto the necessary costs and expenses in connection with said accident or other emergency, and the action taken shall be reported by the Operator to the Non-Operators as soon as reasonably possible; and provided, further, that the approval of the drilling of a well shall include all expenditures for the drilling, completion, testing and equipping of such well, including the necessary lines, separators and lease tankage.

3.

The Operating Agreement is hereby amended by the deletion of the Accounting Procedure attached as Exhibit "A" thereto and, in substitution therefor, the insertion of the Accounting Procedure attached hereto as Exhibit "A".

This Amendment of Operating Agreement may be executed in any number of counterparts and each counterpart so executed shall have the same force and effect as an original instrument and as if all the parties to the aggregate counterparts had signed the same instrument and shall be binding upon all the parties hereto and their respective heirs, legal representatives, successors and assigns.

It is expressly understood by the parties hereto that the amendments in this Amendment of Operating Agreement shall be effective as of August 7, 1979.



STATE OF TEXAS       )  
                              )  
COUNTY OF DALLAS    )

On this 7th day of August, 1979, before me appeared Bill Curtis, to me personally known, who, being by me duly sworn, did say that he is the Vice President of SUPRON ENERGY CORPORATION and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Bill Curtis acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have set my hand and seal of office on this 7th day of August, 1979.

Judith E. Edstrom  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

8-31-80

STATE OF TEXAS       )  
                              )  
COUNTY OF \_\_\_\_\_)

On this \_\_\_\_\_ day of \_\_\_\_\_, 1979, before me appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is the \_\_\_\_\_ of SOUTHLAND ROYALTY COMPANY and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have set my hand and seal of office on this \_\_\_\_\_ day of \_\_\_\_\_, 1979.

\_\_\_\_\_  
Notary Public in and for  
County, Texas

My Commission Expires:

STATE OF TEXAS       )  
                              )  
COUNTY OF DALLAS    )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1979, before me personally appeared W. P. CARR to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Witness my hand and seal the day and year last above written.

\_\_\_\_\_  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

## EXHIBIT " A "

Attached to and made a part of an Amendment of Operating Agreement dated August 7, 1979, by and between Supron Energy Corporation, as Operator, and Southland Royalty Company and W. P. Carr, as Non-Operators.

# ACCOUNTING PROCEDURE JOINT OPERATIONS

## I. GENERAL PROVISIONS

### 1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

### 2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

### 3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

### 4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

### 5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

### 6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

## II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

### 1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

### 2. Labor

- A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
- (2) Salaries of First Level Supervisors in the field.
- (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.
- B. Operator's cost of holiday vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

### 3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%).

### 4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

### 5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of \$200 or less excluding accessorial charges.

### 6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

### 7. Equipment and Facilities Furnished by Operator

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

### 8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

### 9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

**10. Taxes**

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

**11. Insurance**

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

**12. Other Expenditures**

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

**III. OVERHEAD****1. Overhead - Drilling and Producing Operations**

- i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- ( X ) Fixed Rate Basis, Paragraph 1A, or  
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not ( X ) be covered by the Overhead rates.

**A. Overhead - Fixed Rate Basis**

- (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 2,500  
Producing Well Rate \$ 250

- (2) Application of Overhead - Fixed Rate Basis shall be as follows:

**(a) Drilling Well Rate**

- [1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

**(b) Producing Well Rates**

- [1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- [2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- [3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- [4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.
- [5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.



**B. Overhead - Percentage Basis**

(1) Operator shall charge the Joint Account at the following rates:

**(a) Development**

Percent ( %) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

**(b) Operating**

Percent ( %) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

**(2) Application of Overhead - Percentage Basis shall be as follows:**

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

**2. Overhead - Major Construction**

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of \$ \* :

- A. \* % of total costs if such costs are more than \$ \* but less than \$ \* ; plus
- B. \* % of total costs in excess of \$ \* but less than \$1,000,000; plus
- C. \* % of total costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

**3. Amendment of Rates**

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

**IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS**

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

**1. Purchases**

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

**2. Transfers and Dispositions**

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

**A. New Material (Condition A)**

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

**(2) Line Pipe**

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

**B. Good Used Material (Condition B)**

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

- (h) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

#### C. Other Used Material (Condition C and D)

##### (1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

##### (2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

#### D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

#### E. Pricing Conditions

- (1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.
- (2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

#### 3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

#### 4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

### V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

#### 1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

#### 2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

#### 3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

#### 4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

ARTICLE XV A

DUAL WELLS

DUAL FORMATION WELLS

A. Definitions

"Shallow Owners"

- the working interest owners owning the working interest in all formations between the earth's surface and the base of the Pictured Cliffs Formation.

"Deep Owners"

- the working interest owners owning the working interest in the Mesa Verde Formation.

B. Formula for Allocation of Costs for Drilling and Completing Dual Wells.

Whenever in this Agreement it is provided that costs will be borne

by Shallow Owners and Deep Owners in accordance with Section B,

Article XV A, the following procedures will be used:

Before drilling is commenced on any well, an estimate shall be made of the total costs of drilling and completing said well to the wellhead in the two formations. Such total estimated costs shall be divided into the following categories:

- (a) Costs to be incurred above the base of the deepest sand perforated in the Shallow Zone, except those set forth in Subsection (c) hereof.
- (b) Costs to be incurred below the base of the deepest sand perforated in the Shallow Zones.
- (c) Costs attributable to testing and completing in the shallow Zones.

Upon completion of the well, the actual costs of drilling, completing, testing and equipping such well will be apportioned among the three categories set forth hereinabove, and these actual costs will be paid by the obligated parties as follows:

- (a) Costs incurred above the base of the deepest sand perforated in the shallow zone, except those set forth in Subsection (c) hereof will be shared equally by and between Shallow Owners and Deep Owners.
- (b) The costs incurred below the base of the deepest sand perforated in the shallow zone shall be paid by Deep Owners.
- (c) Costs attributable to testing and completing in the shallower formation shall be paid by Shallow Owners.

C. Drilling and Completing Dual Wells. Costs of drilling, testing, treating, equipping and completing wells to the wellhead which are begun with the objective of dual completion and which are completed as dual wells shall be borne by Shallow Owners and

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

CYE EXHIBIT NO. 19  
CASE NO. 7105 - 7107  
Submitted by \_\_\_\_\_  
Hearing Date \_\_\_\_\_



by Deep Owners in accordance with the provisions of Section B., Article XV A. The material and equipment thereon shall be owned by the party or parties paying the cost thereof pursuant to Section B, Article XV A. Shallow Owners and Deep Owners shall respectively own all unitized substances produced from their respective formations. Upon abandonment of the well if dry in both formations, costs of plugging and abandoning shall be shared equally by and between Shallow Owners and Deep Owners.

D. Completion of Subject Well in the Shallow Zone, but Abandoned as to the Deep Zone. In the event the subject well is drilled to the Deep Zone Formation and results in discovery of oil and/or gas in paying quantities in the Shallow Zone, but is dry in the Deep Zone Formation, all costs of drilling, testing and treating shall be borne by the Shallow Zone Owners and the Deep Zone Owners in accordance with Paragraph B, Article XV A. All costs of equipping the well shall be borne by Shallow Zone Owners. Further, Shallow Zone Owners shall pay to Deep Owners the salvable value of the material and equipment or share thereof paid for or furnished by Deep Owners. Thereafter Shallow Owners shall own all material and equipment acquired in the drilling and completing of said well. Shallow Owners shall own all oil and/or gas produced from the Shallow Formation and shall bear all costs of operating, reworking and plugging and abandonment of the well.

E. Completion of Subject Well in the Deep Zone Formation but Abandoned as to the Shallow Zone. In the event that the subject well results in discovery of oil and/or gas in paying quantities in the Deep Zone Formation, but is dry in the Shallow Zone Formation, all costs of drilling, testing and treating shall be borne by the Shallow Zone Owners and the Deep Zone Owners in accordance with the provisions of Paragraph B, Article XV A. All costs of equipping the well shall be borne by Deep Zone Owners. Further, Deep Zone Owners shall pay to Shallow Zone Owners the salvable value of the material and equipment or share thereof paid for or furnished by Shallow Zone Owners.

Thereafter, Deep Zone Owners shall own all material and equipment acquired in the drilling and completion of such well. Deep Zone Owners shall own all material and equipment acquired in the drilling and completion of such well. Deep Zone Owners shall own all oil and/or gas produced from the Deep Zone Formation, and shall bear all costs of operating, reworking and plugging and abandoning the well.

F. Abandonment of Subject Well After Completion in Both Formations.

In the event the subject well is capable of producing dry gas and associated liquid hydrocarbons from both the Shallow Zone and Deep Zone Formation, it shall not be abandoned as to one or both formations without the mutual consent of the working interest owners in the formation or formations to be abandoned, whichever shall be applicable. In the event any of the parties owning a working interest in one formation desire to abandon the well as to their formation, such party or parties shall so notify the other party or parties owning working interest in the subject formation, and the latter shall have thirty (30) days after receipt of such notice in which to elect whether to agree to such abandonment. If all parties agree to such abandonment, the working interest owners of the remaining producing formation shall be entitled to select one of the following options regarding the abandonment of the other formation:

- (1) To pay to the working interest owners of the formation to be abandoned the actual salvage value of the equipment belonging to said owners. The owners of the formation to be abandoned shall bear the cost, risk and expense of the abandonment of their formation and shall have control over the manner in which the formation is abandoned, or
- (2) To pay to the working interest owners of the formation to be abandoned the difference, if any, between the estimated costs of abandonment and the estimated value of the salvable equipment belonging to said owners. Thereafter, the owners of the remaining producing formation shall have control over the manner in which the formation is to be abandoned and shall bear the cost and risk of any actual abandonment operations thereafter conducted.

After selection of either option #1 or #2 above, the working interest owners of the formation from which the well continues to produce shall own all of such equipment and shall also bear all costs of operating, reworking and plugging and abandoning upon later abandonment of the well as to their formation. If any

party or parties, owning working interest in the formation to be abandoned do not agree to said abandonment, such party or parties shall purchase the interest(s) of the party or parties desiring to abandon said well and the physical equipment therein and thereon; and within twenty-five (25) days after receipt of notice by the party or parties not electing to abandon, the party or parties desiring to abandon, shall execute and deliver to the other party or parties an assignment, without warranty of title, of all of its or their working interest in said well and physical equipment, and in the working interest and gas leasehold estate, insofar as it covers the formation which was to be abandoned.

In exchange for said assignment, the purchasing party or parties shall pay to the assigning party or parties the salvage value of the latter's interest in the salvable casing and other physical equipment in and on said well, such value to be determined in accordance with the provisions of the Accounting Procedure attached hereto as Exhibit "C".

In a like manner, in the event any party or parties owning a working interest in both formations desire to abandon the well as to both formations, such party or parties shall so notify all the parties hereto, and the latter shall have thirty (30) days after receipt of such notice in which to elect whether to agree to such abandonment. If all parties hereto agree to such abandonment, such well shall be abandoned and plugged by the Operator, and the costs thereof shall be shared equally by and between the Shallow Owners and the Deep Owners. All casing and physical equipment salvaged from said well shall be owned by the party or parties paying the costs thereof pursuant to Paragraph B, Article XV A. If any party or parties do not agree to said abandonment, such party or parties shall purchase the interest(s) of the party or parties desiring to abandon and shall be entitled to receive an assignment of their interest, in accordance with the provisions set forth hereinabove.

G. Allocation of General Operating and Maintenance Costs in Dual Wells.

After completion of any wells in both the Shallow Zone and Deep Zone Formations, the costs of producing operations shall be borne by the working interest owners of the two formations as follows:

- (1) The completion in each separate formation shall be treated as a separate well for overhead expense. Such overhead expense shall not be treated as part of the costs of drilling, testing, treating, equipping, completing and operating for purposes of allocation, as set forth in Paragraph E, Article XV A hereof, but the working interest owners of the respective formations shall bear such charges as a separate cost allocable to their interest:
- (2) Each formation shall bear all costs of normal producing operations, including costs of labor, repairs, maintenance and replacement of equipment attributable to such formation. All costs of operations performed for the joint benefit of both formations, shall be borne on a per well basis by the Shallow Zone Owners to the extent of 50% of the total costs, and by the Deep Zone Owners to the extent to 50% of total cost.

CASE 7103: Application of E. L. Latham, Jr. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Pennsylvanian formations underlying the N/2 of Section 7, Township 22 South, Range 26 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 7104: Application of Conoco Inc. for the amendment of Orders Nos. R-4633 and WFX-462, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Orders Nos. R-4633 and WFX-462, which authorized the injection of water into applicant's Maljamar Mitchell Waterflood Project in Section 5, Township 17 South, Range 32 East. The amendments sought would include carbon dioxide in the injection authorization for said project.

CASE 7105: Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, 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 7106: Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the S/2 of Section 8, Township 30 North, Range 11 West, 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 7107: Application of C and E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 9, Township 30 North, Range 11 West, 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 7090: (Continued from November 25, 1980, Examiner Hearing)

Application of Dorchester Exploration, Inc. for directional drilling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the old Union Hill Well No. 1, the surface location of which is 2310 feet from the North and West lines of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location. The W/2 of said Section 27 would be dedicated to the well.

CASE 6668: (Continued from November 25, 1980, Examiner Hearing)

In the matter of Case 6668 being reopened pursuant to the provisions of Order No. R-6139 which order promulgated temporary special rules and regulations for the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing units.

CASE 7092: (Continued from November 25, 1980, Examiner Hearing)

Application of Delta Drilling Company for pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the South Culebra Bluff-Bone Spring Pool to include all of Sections 2, 11, 13, 14, 23, and 24, Township 23 South, Range 28 East.

CASE 7056: (Continued and Readvertised)

Application of Getty Oil Company for the extension of vertical limits of the Jalmat Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Langlie-Mattix Pool and the downward extension of the vertical limits of the Jalmat Pool to a depth of 3740 feet, subsurface, under the NW/4 SW/4 of Section 3, Township 24 South, Range 36 East.

KELLAHIN and KELLAHIN

*Attorneys at Law*

500 Don Gaspar Avenue  
Post Office Box 1769  
Santa Fe, New Mexico 87501

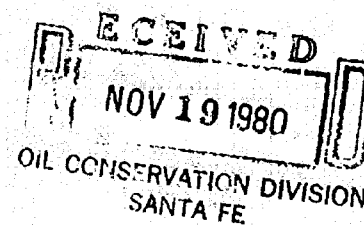
Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

Telephone 982-4285  
Area Code 505

November 18, 1980

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

RE: Forced Pooling  
N/2 Section 9  
T30N, R11W  
San Juan County New Mexico



Case 7105

Dear Mr. Ramey:

Please set the enclosed application for hearing  
on December 10, 1980.

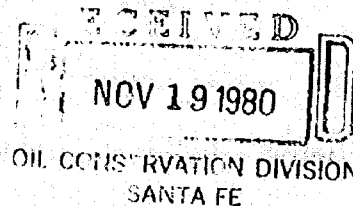
Very truly yours,

*W. Thomas Kellahin*  
W. Thomas Kellahin

WTK:jm  
Encl.  
cc: W.P. Carr



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



IN THE MATTER OF THE APPLICATION  
OF C AND E OPERATORS INC. FOR  
COMPULSORY POOLING and FOR APPROVAL  
OF A NON-STANDARD PRORATION UNIT,  
SAN JUAN COUNTY NEW MEXICO.

Case No. 7105

A P P L I C A T I O N

COMES NOW C AND E OPERATORS, INC., by and through its attorneys, Kellahin & Kellahin, and pursuant to Section 70-2-17 NMSA-1978, applies to the Oil Conservation Division of New Mexico for a compulsory pooling order pooling all mineral interest in the Mesa Verde formation in the N/2 of Section 9, T30N, R11W, San Juan County New Mexico and for approval of a non-standard proration unit consisting of 317.90 acres, more or less, and in support thereof would show:

*S/2 of Sec 9  
is a std unit*

1. Applicant has the rights to develop the Mesa Verde formation in the S/2 of Section 9, T30N, R11W.

2. Applicant proposes to drill a Mesa Verde test at a standard location and to dedicate a unit consisting of the N/2 of said section to the well. The unit shall consist of 317.90 acres more or less.

3. Applicant has sought to obtain the cooperation of all parties.



4. In order to obtain its just and equitable share of the production underlying the above lands, Applicant needs an order pooling the mineral interest involved.

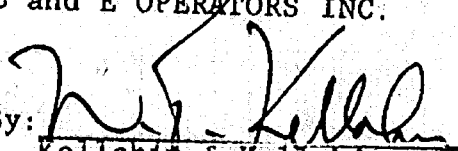
5. Those who have not consented to join in the drilling of the well, with their addresses, to the best of applicant's information and belief, are attached as Exhibit "A" hereto and incorporated by reference.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling all of the mineral interests in the Mesa Verde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, NMPM. Applicant further prays that it be named operator of the well, and that the order make provision for applicant to recover out production, its costs of drilling the subject well, completing and equipping it, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling of the well for approval of a non-standard proration unit, and for such other and further relief as may be proper.

Respectfully submitted,

C and E OPERATORS INC.

By:

  
Kellahin & Kellahin

P.O. Box 1769

Santa Fe, New Mexico 87501

(505) 982-4285

Attorneys for Applicant

C & E OPERATORS FORCED POOLING APPLICATION  
N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES  
NOTICES TO:

	AC.	TRACT
Church of Latter Day Saints Real Estate Division 50 E. North Temple Salt Lake City, Utah 84150	.66	Lots 32, 33, 34, 35 & Fr. Lots 7, 8, 9, 10 McCoy Tract 2
Church of Latter Day Saints Mr. Brent Christensen Box 2488 Farmington, New Mexico 87401		(same land)
Ralph A. Ransom 411 Aztec Blvd. NE Aztec, New Mexico 87410	.40	Fr. Lots 1, 2, 3, 4, 5, 36 37, McCoy Tract 2
Shamrock Oil & Gas Co. Attn: Emerald Corp. P. O. Box 631 Amarillo, Texas 79105	.30	Fr. Lots 1, 39, 40, 41, 42, 43, 44 McCoy Tract 2
Loyd Armstrong 428 N. Church Street Aztec, New Mexico 87410	.36	Fr. SE/NE Sec. 9 T30N-R11W
Claudio Chavez 665 Pioneer Avenue Aztec, New Mexico 87410	.59	Fr. SE/NE Sec. 9 T30N-R11W
Terry Moss c/o Hooper c/o Gregory Plesko 616 Pioneer Avenue Aztec, New Mexico 87410	.16	Fr. SE/NE Sec. 9 T30N-R11W
Albert Marquez 618 Pioneer Street Aztec, New Mexico 87410	.23	Fr. SE/NE Sec. 9 T30N-R11W
Joe B. Montoya 722 Pioneer Avenue Aztec, New Mexico 87410	.24	Lot 35, McCoy Tract 1
William Wayne Sumner 818 Pioneer Avenue Aztec, New Mexico 87410	.28	Lot 23, Fr. lot 22, McCoy Tract 1
Ford C. & Elsie Webb Rte 3, Box 134-A Farmington, New Mexico 87401	5.60	Fr. N/2 Sec. 9-T30N-R11W

C & E OPERATORS FORCED POOLING APPLICATION  
 N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES  
 NOTICES TO:

AC.	TRACT
Rosie Cordova 803 McCoy Avenue Aztec, New Mexico 87401	.26 Lot 12, McCoy Tract 1
Floyd E. Hazen c/o Noah E. Tindle 300 N. Light Plant Road	.26 Lot 9, McCoy Tract 1
Leslie Webb c/o Genevieve Lopez 719 McCoy Avenue Aztec, New Mexico 87401	.26 Lot 10, McCoy Tract 1
Yvonne C. Scogin 713 McCoy Avenue Aztec, New Mexico 87401	.51 Lots 7 & 8, McCoy Tract 1
Mrs. Rosa J. Archuleta 711 McCoy Avenue Aztec, New Mexico 87401	.26 Lot 6, McCoy Tract 1
Angelica & Joe E. Martinez 1404 Hermosa S. E. Albuquerque, New Mexico 87108	.26 Lot 5, McCoy Tract 1
Bernardo Sanchez 707 McCoy Avenue Aztec, New Mexico 87401	.26 Lot 4, McCoy Tract 1
Ann Tonla Bennett 5209 Berget Drive Amarillo, Texas 79106	.67 Fr. SE/NE Sec. 9-T30N-R11W
Lillian C. Lopez 608 White Avenue Aztec, New Mexico 87401	.11 Fr. SE/NE Sec. 9-T30N-R11W
Beta Development Company P. O. Box 1659 Midland, Texas 79701	27.18 Various Oil & Gas Leases
Ford C. Webb L. C. Webb Rt 3, Box 134-A Farmington, New Mexico 87401	

C & E OPERATORS FORCED POOLING APPLICATION  
N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES  
PARTIES INTEREST IN UNIT

	AC	PERCENTAGE
Church of Latter Day Saints	0.66	.002076
Ransom	0.40	.001258
Shamrock	0.30	.000944
Armstrong	0.36	.001132
Chavez	0.59	.001856
Moss	0.16	.000503
Marquez	0.23	.000723
Montoya	0.24	.000755
Sumner	0.28	.000881
Cordova	0.26	.000818
Hazen	0.26	.000818
Webb	0.26	.000818
Scogin	0.51	.001604
Archuleta	0.26	.000818
Martinez	0.26	.000818
Sanchez	0.26	.000818
Bennett	0.67	.002108
Lopez	0.11	.000346
Webb	5.60	.017616
Beta Development Company	27.18	.085499
C & E Operators	279.05	.877791
	317.90	1.000000

DRAFT

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. 7105

Order No. R- R-6561

APPLICATION OF C AND E OPERATORS, INC.  
FOR COMPULSORY POOLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10,  
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of December, 19 80, 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, C and E Operators, Inc.,  
seeks an order pooling all mineral interests in the Mesaverde  
formation underlying the N/2  
of Section 9, Township 30 North, Range 11 West,  
NMPM, San Juan County, New  
Mexico.

(3) That the application in this case is premature in  
that the applicant has made insufficient effort  
to secure the consent or agreement of the parties  
involved.

(4) That Case No. 7105 should be dismissed  
without prejudice.

IT IS THEREFORE ORDERED:

(1) That Case No. 7105 is hereby dismissed  
without prejudice.  
DONE @