Administrative/Environmental Order



AE Order Number Banner

Report Description

This report shows an AE Order Number in Barcode format for purposes of scanning. The Barcode format is Code 39.



App Number: pDD0000202002

DD - 20

TERRA RESOURCES, INC.

1/7/2011

STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

GARREY CARRUTHERS

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

May 26, 1988

Terra Resources, Inc. c/o Kellahin, Kellahin and Aubrey P.O. Box 2265 Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin

ADMINISTRATIVE ORDER DD-20 (NSBHL)

Under the provisions of General Rule 111 (c), (d) and (e), W. Thomas Kellahin, on behalf of Terra Resources, Inc., made application to the New Mexico Oil Conservation Division on April 29, 1988, for authorization to directionally drill Terra Resources, Inc. Terra Federal "22" Com Well No. 1, Undesignated Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico.

The Division Director Finds That:

(1) The application has been duly filed under the provisions of Rule 111 (d) and (e) of the Division General Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators have been duly notified;

(3) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and,

(4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Terra Resources, Inc., is hereby authorized to directionally drill its Terra Federal "22" Com Well No. 1, from an unorthodox surface location 1100 feet from the South line and 660 feet from the East line (Unit P) of Section 22, Township 14 South, Range 27 East, NMPM, Chaves County, New Mexico, by kicking off from the vertical and drilling in such a manner as to bottom it in the Undesignated Atoka-Morrow Gas Pool at a previously approved unorthodox (bottom hole) location 660 feet from the South and East lines (Unit P) of said Section 22 (R-8629). The E/2 of said Section 22 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool.

PROVIDED HOWEVER THAT: prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and

<u>PROVIDED FURTHER THAT</u>: subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the kick-off point with shot points not more than 100 feet apart; the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P.O. Box 2088, Santa Fe, New Mexico 87504-2088, and the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

(2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

OIL CONSERVATION DIVISION WILLIAM J. LENAY Director

STATE OF NEW MEXICO

SEAL

cc: Oil Conservation Division - Artesia
 Case File No. 9332
 New Mexico Oil and Gas Engineering Committee - Hobbs
 State Land Office - Santa Fe

STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

June 1, 1988

Terra Resources, Inc. c/o Kellahin, Kellahin & Aubrey P.O. Box 2265 Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin

RE: Correction - Administrative Order DD-20 (NSBHL)

Dear Mr. Kellahin:

The surface location as shown on the subject order was in error and should therefore be amended to read, "...1110 feet from the South line and 660 feet from the East line (Unit P)..." All other provisions of said Order DD-20 (NSBHL) shall remain in full force and effect until further notice.

Sincerely

Michael E. Stogner Petroleum Engineer

MES/ag

cc: Oil Conservation Division - Artesia Case File No. 9332 State Land Office - Santa Fe KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law El Patio - 117 North Guadalupe Post Office Box 2265 Santa Fe, New Mexico 87504-2265

Telephone 982-4285 Area Code 505

Jason Kellahin Of Counsel

April 28, 1988

Mr. William J. LeMay Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87504

Re: ADMINISTRATIVE APPLICATION Terra Resources Inc. Ferra Federal Com 22 Well E/2 Section 22, Tl4S, R27E, Springer Basin Atoka-Morrow Gas Pool Chaves County, New Mexico

Dear Mr. LeMay:

On behalf of Terra Resources Inc. we are requesting Administrative Approval as follows:

- Approval of an unorthodox surface location 1110 (1) feet from the South line and 660 feet from the East line of said Section 22, T14S, R27E, (Rule 104(F)III); and
- (2) Approval of Directional drilling pursuant to Rule 111 from the subject unorthodox surface location to a previously approved unorthodox bottom hole location of 660 FEL and FSL (Order R-8629, copy enclosed).

In support of this application we are filing the following enclosed documents:

- Plat showing the proposed spacing unit and the 1. unorthodox surface and bottom hole locations;
- Plat showing the offset operators and owners; 2.
- 3. Tabulation of all offset owners to whom we have provided a copy of this application.
- 4. Copy of Order R-8629; and

W. Thomas Kellahin Karen Aubrey

"Hand Delivered"

RECEIVED

APR 29 1988

OIL CONSERVATION DIVISION

....

KELLAHIN, KELLAHIN & AUBREY

Mr. Willia	am J.	LeMay
April 28,	1988	· · · ·
Page 2		

5. Copy of the Archaeological Clearance report dated April 18, 1988 by Scott E. Kather showing that the previously approved unorthodox surface location of 660 feet FEL and FSL fails to satisfy the necessary clearance requirements.

As further support for our application we would request you incorporate and use the record and exhibits from the hearing held on March 16, 1988 in Case 9332 which resulted in Order R-8629.

Please call me if you need anything further.

Very truly yours, W. Thomas Kellahin

WTK:ca Enc.

cc: Kevin Pfister (Terra Resources)

"Certified-Return Receipt Requested"

All Offset Operators listed on Enclosure #3

ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEAR-ING CALLED BY THE OIL CON-SERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 9332 Order No. R-8629

APPLICATION OF TERRA RE-SOURCES, INC. FOR COMPUL-SORY POOLING AND AN UN-ORTHODOX GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this <u>8th</u> day of April, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Terra Resources, Inc., seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to its Federal Comm "22" Well No. 1 to be drilled at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of said Section 22. Case No. 9332 Order No. R-8629 Page 2

(3) At the time of the hearing the applicant requested that that portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 be dismissed.

(4) Also at the time of the hearing the applicant further requested that the proposed unorthodox gas well location be amended to a location 660 feet from the South and East lines (Unit P) of said Section 22.

(5) The E/2 of said Section 22 is to be dedicated to the proposed well.

(6) The applicant presented geologic evidence which indicates that a well drilled at the proposed amended location would penetrate the Morrow formation at a more structurally advantageous position than a well drilled at a standard well location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(7) No offset operator objected to the originally proposed or amended non-standard gas well location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Terra Resources, Inc., is hereby authorized to drill its Federal Comm "22" Well No. 1 at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico.

(2) The E/2 of said Section 22 shall be dedicated to the above described well.

(3) That portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 is hereby <u>dismissed</u>.

Case No. 9332 Order No. R-8629 Page 3

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION, DIVISION

WILLIAM J. LEMAY

Director

SEAL

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

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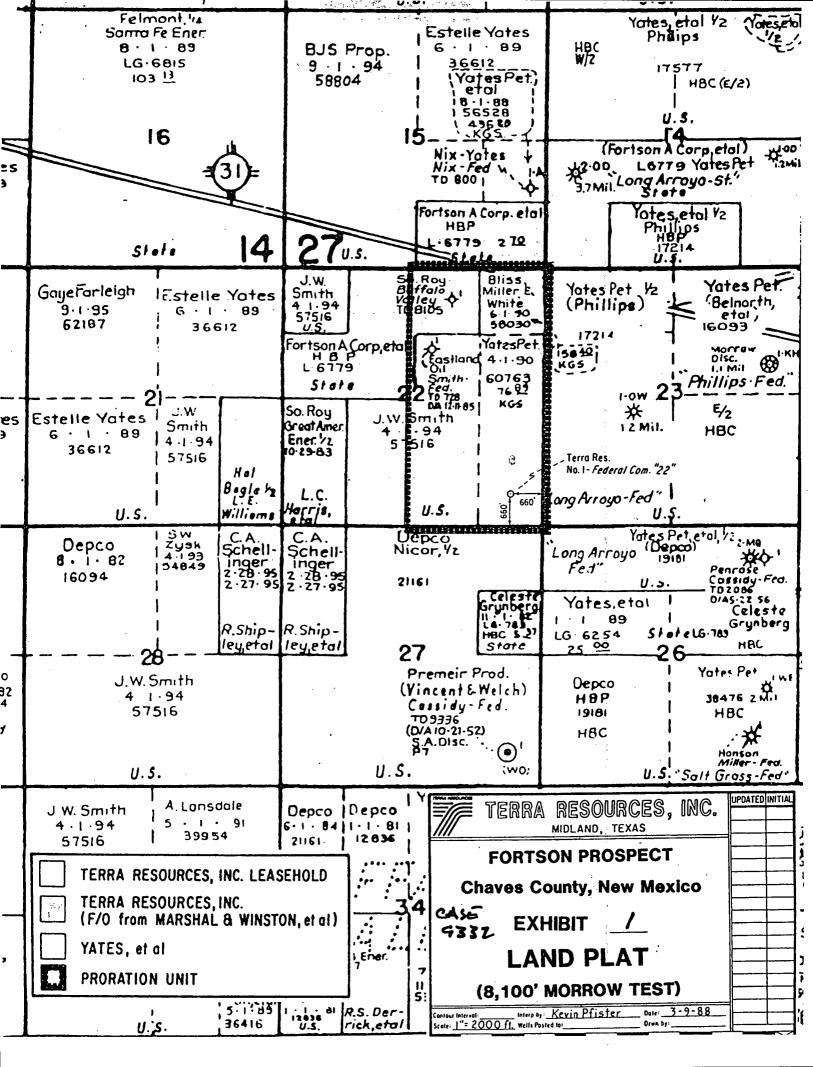
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Form C-102 Supersedes C-128 Effective 1-1-65

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FORTSON PROSPECT

E/2 Section 22 T-14-S, R-27-E Chaves County, New Mexico

PLAT DENOTING OFFSET TRACTS EFFECTED BY UNORTHODOX WELL LOCATION TERRA FEDERAL COM 22 WELL #1

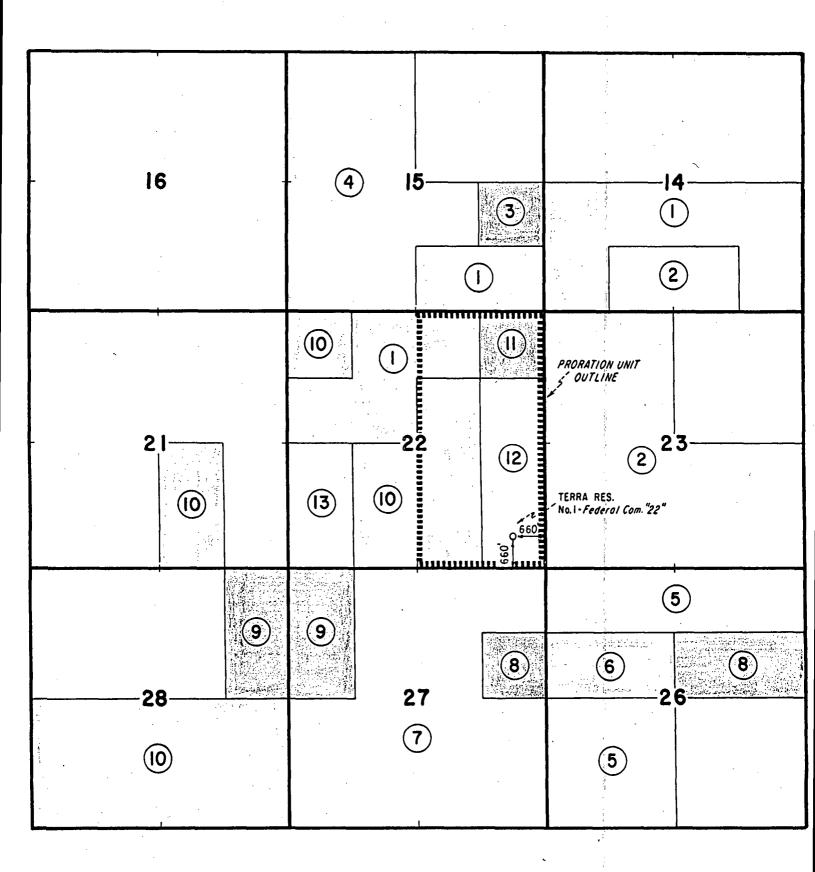


Exhibit <u></u>For Force Pooling and Unorthodox Location Hearing - March 16, 1988 Case No. <u>9332</u> ABO Petroleum Corp. 207 S. 4th Street Artesia, NM 88210 J. H. Märks Trücking Co. Box 3186 Odessa, Texas 79760

The Alps Oil Company Box 4023 Odessa, Texas 79700 Marshal & Winston 10 Desta Drive Suite 300 West Midland, Texas 79705

Ben Fortson 300 Texas American Bank Ft. Worth, Texas 76102 MYCO Industries 207 S. 4th Street Artesia, NM 88210

Celeste C. Grynberg 1050 17th Street Denver, Colorado 80265 Phillips Petroleum Compa / Attn: Bill Mueller 4001 Penbrook Odessa, Texas 79762

BLM=USA 11 Attn: Mr. Dill Dalness P. O. Box 1449 Santa Fe, NM 87504

DEPCO, Inc. 1000 Petroleum Club Bldg Denver, Colorado 80202

Yates Drilling Corp. 207 S. 4th Street Artesia, NM 88210

Yates Petroleum Corp.

105 S. Fourth Street Artesia, NM 88210

Eastland Resources Inc. Box 3488 Midland, Texas 79702 Nicor Exploration Co. Box 940 Naperville, ILLINOIS 60540

Eastland Exploration Inc. Box 3506 Midland, Texas 79702

Read & Stevens, Inc. United Bank Plaza #1000 400 N. Penn Roswell, NM 88201

Enron Corporation 1000 Old Katy Road Houston, Texas 77055

Harper Oil Company 600 West Illinois, #303 Midland, Texas 79701

Mewbourne Oil Company P. O. Box 7698 Tyler, Texas 75711

Attached to and made a part of that certain Exhibit _____ to Case Number _______.

TRACT 1

LESSOR:	State of New Mexico L-6779
PRESENT LESSEE:	Benjamine J. Fortson, Jr. 50.0%
:	Marshall & Winston 20.0%
	Alps Oil Company 10.0%
	J.H. Marks Trucking Co., Inc. 5.0%
	Eastland Exploration, Inc. 7.5%
	Eastland Resources, Inc. 7.5%
DATE OF LEASE:	December 1, 1971
LEASE DESCRIPTION:	<u>T-14-S, R-27-E</u>
	Section 14: N/2 S/2, SW/4 SW/4
	SE/4 SE/4
	Section 15: S/2 SE/4
	Section 22: NW/4 NE/4, S/2 NW/4
	Chaves County, New Mexico

TRACT 2

Surface to 8483'

.

LESSOR:	United States of America NM 17214			
PRESENT LESSEE:	Phillips Petroleum 50.000%			
	Yates Petroleum Corporation 25.000%			
	Yates Drilling Corporation 8.333%			
	Myco Industries, Inc. 8.333%			
	ABO Petroleum Corporation 8.333%			
DATE OF LEASE:	August 1, 1973			
LEASE DESCRIPTION:	<u>T-14-S, R-27-E</u>			
	Section 13: SW/4 NE/4, SE/4,			
	S/2 SW/4, NE/4 SW/4			
	Section 14: SE/4 SW/4, SW/4 SE/4			
	Section 23: W/2, SE/4			
· · ·	Section 32: NE/4			
	Chaves County, New Mexico			

Below 8483'

LESSOR: PRESENT LESSEE: DATE OF LEASE:	United States of America NM 17214 Phillips Petroleum 100% August 1, 1973
LEASE DESCRIPTION:	Section 13: SW/4 NE/4, SE/4, S/2 SW/4, NE/4 SW/4
	Section 14: SE/4 SW/4, SW/4 SE/4
	Section 23: W/2 SE/4
	Section 32: NE/4
	Chaves County, New Mexico

TRACT 3

United States of America NM 56528 ABO Petroleum Corporation 30% Myco Industries 30% Yates Drilling Company 30% Yates Petroleum Corporation 10% August 1, 1983 <u>T-14-S, R-27-E</u> Section 15: NE/4 SE/4 Chaves County, New Mexico

LESSOR: PRESENT LESSEE:

DATE OF LEASE: LEASE DESCRIPTION:

TRACT 4

United States of America NM 58804 LESSOR: **PRESENT LESSEE:** Santa Fe Operating Partners 100% DATE OF LEASE: September 1, 1984 <u>T-13-S, R-27-E</u> Section 23: N LEASE DESCRIPTION: N/2 SE/4, SE/4 SE/4 Section 25: NE/4 NE/4, S/2 NE/4 Section 27: SW/4 Section 35: SE/4

> T-14-S, R-27-E Section 9: N/2 Section 10: W/2 E/2, W/2 Section 15: W/2, NW/4 SE/4 Chaves County, New Mexico

TRACT 5

Surface to 8480'

LESSOR:	United States of America NM	19181
PRESENT LESSEE:	Nicor Exploration Company	50.000%
	Yates Petroleum Corporation	25.000%
	Yates Drilling Company	8.333%
	Myco Industries, Inc.	8.333%
	ABO Petroleum Corporation	8.333%
DATE OF LEASE:	October 1, 1973	
LEASE DESCRIPTION:	T-14-S, R-27-E	
· · · · · ·	Section 24: All	
	Section 25: NE/4, N/2 NW/4	
	SE/4 NW/4	
	Section 26: $N/2 N/2$, SW/4	
	Section 34: NE/4	
	Chaves County, New Mexico	

-2-

Below 8480'

LESSOR: PRESENT LESSEE:

DATE OF LEASE: LEASE DESCRIPTION: United States of America NM 19181 Depco, Inc. 50% Nicor Exploration Company 50% October 1, 1973 <u>T-14-S, R-27-E</u> Section 24: All Section 25: NE/4, N/2 NW/4 Section 26: N/2 N/2, SW/4 Section 34: NE/4 Chaves County, New Mexico

	· · ·	
LESSOR:	State of New Mexico LG-6254	
PRESENT LESSEE:	Phillips Petroleum Corp.	25.000000%
	Yates Petroleum Corporation	21.924145%
	Depco, Inc.	14.361702%
	Harper Oil Company	7.608676%
	Myco Industries, Inc.	7.312672%
	Yates Drilling Company	7.311674%
	ABO Petroleum Corporation	7.299376%
	Ben Fortson	3.260870%
	Holly Energy, Inc.	1.861702%
	Marshall & Winston	1.304348%
	Eastland Oil Company	0.978260%
	The Alps Oil Company	0.652174%
		0.531915%
	J.H. Marks Trucking Co., Inc.	0.326087%
	Read & Stevens, Inc.	0.265957%
DATE OF LEASE:	January 1, 1979	
LEASE DESCRIPTION:	<u>T-14-S, R-27-E</u>	
	Section 26: S/2 NW/4	
	Chaves County, New Mexico	
•	_	

TRACT 6

TRACT 7

LESSOR: PRESENT LESSEE: DATE OF LEASE: LEASE DESCRIPTION: United States of America OPEN

<u>T-14-S, R-27-E</u> Section 27: NE/4 NE/4, W/2 NE/4 E/2 NW/4, S/2 Chaves County, New Mexico

TRACT 8

LESSOR: State of New Mexico LG-783-1 Celeste C. Grynberg PRESENT LESSOR: 100% DATE OF LEASE: November 1, 1972 <u>T-14-S, R-27-E</u> Section 27: S LEASE DESCRIPTION: SE/4 NE/4 E/2 SE/4 Section 25: S/2 NE/4 Section 26: NW/4 NE/4, SE/4 NE/4 Section 36: SW/4 NW/4

Chaves County, New Mexico

100%

TRACT 9

LESSOR: Robert E. Shipley 100% PRESENT LESSOR: Terra Resources, Inc. DATE OF LEASE: March 6, 1985 <u>T-14-S, R-27-E</u> Section 27: W/2 NW/4 Section 28: E/2 NE/4 LEASE DESCRIPTION: Chaves County, New Mexico

LESSOR: John W. Shipley PRESENT LESSOR: Terra Resources, Inc. DATE OF LEASE: March 6, 1985 LEASE DESCRIPTION: <u>T-14-S, R-27-E</u> Section 27: W/2 NW/4 Section 28: E/2 NE/4 Chaves County, New Mexico

-3-



Llano Estacado Center for Advanced Professional Studies and Research Eastern New Mexico University Portales, New Mexico 88130



Archaeological Clearance Report for Terra Resources Terra Federal Com. No. 1 and Access Road

F88-142

by Scott E. Kather

Agency for Conservation Archaeology Eastern New Mexico University

Principal Investigator Dr. John L. Montgomery

April 18, 1988

Archaeological Clearance Report for Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by Scott E. Kather

Agency for Conservation Archaeology Eastern New Mexico University

Principal Investigator Dr. John L. Montgomery

April 18, 1988

ACA F88-142

Introduction

A cultural resources survey was completed recently by the Agency for Conservation Archaeology (ACA) at Eastern New Mexico University (ENMU) for Terra Resources on land administered by the Bureau of Land Management in Chaves County, New Mexico. The reconnoitered area will be disturbed by the construction of a proposed well pad and access road. The project was administered by Alan Means for Terra Resources, and Dr. John L. Montgomery, Director of ACA. This report was prepared by the Portales office of ACA.

The fieldwork was conducted on April 12, 1988 by Scott E. Kather and William Goldsmith. Good field and weather conditions prevailed throughout the course of this reconnaissance. The survey was done between 10:00 am and 12:15 pm under clear skies with temperatures in the mid-70s (F).

This survey was conducted under Federal Antiquities Permit number 11-2920-87-L. A search of the National Register of Historic Places (NRHP) has been made, and no properties within this area are listed. A search of the New Mexico State Site Files (ARMS) and examination of the Bureau of Land Management Roswell Resource Area's site files showed one previously recorded site (ENM 20242) in Sec 26 T14S R27E Chaves County, within a mile (1.6 km) southeast of where the proposed projects are located (Sam Ball, personal communication April 11, 1988).

Survey Techniques

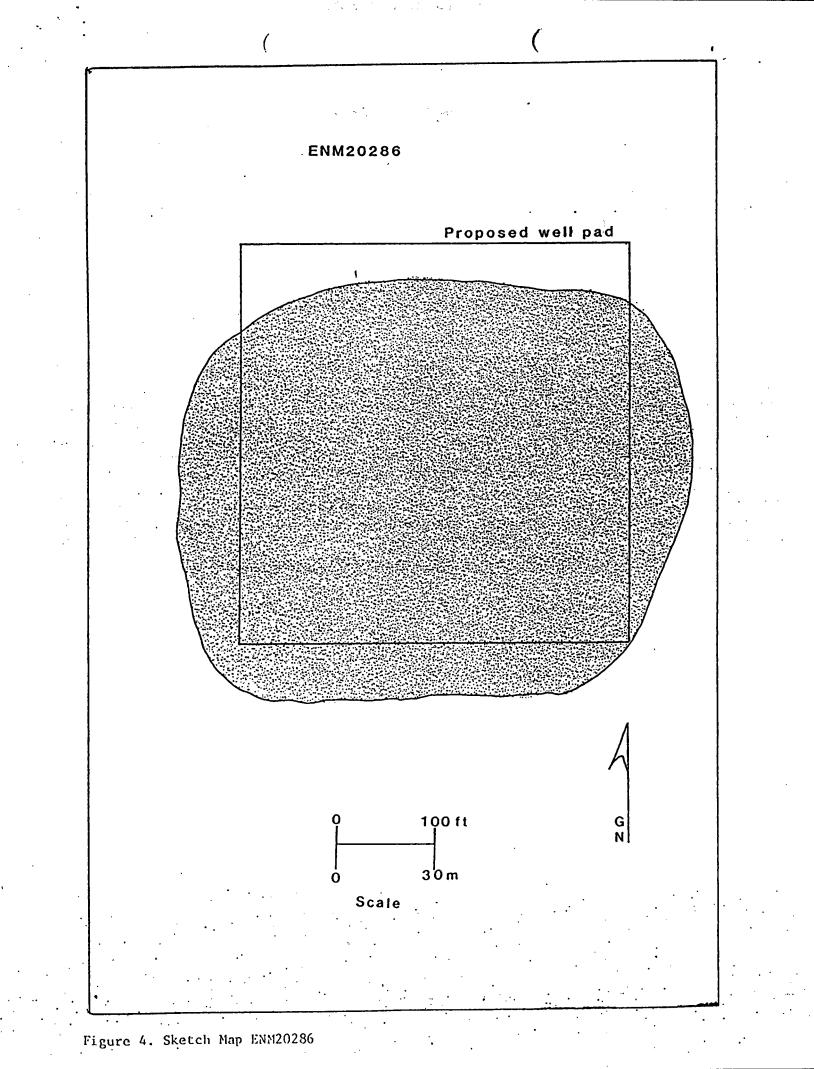
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Terra Federal Com. No. 1 and Access Road

<u>Location</u>

The proposed well pad and access road is located in the Pecos River Valley approximately 7 mi (11.3 km) east-southeast of Hagerman, New Mexico. The proposed well pad covers 3.67 acres and measures 400×400 ft (122 x 122 m). The proposed access road covers approximately 8.3acres and measures 100 x 3500 ft (30×1066 m). They are situated as follows:

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ACA F88-142

MANAGEMENT SUMMARY

0n April 13, 1988, the Agency for Conservation Archaeology conducted a cultural resource survey for Terra Resources, on lands administered by the Bureau of Land Management in Chaves County, New Mexico. The area was surveyed for a proposed well pad and access road and encompass a total of 11.7 acres. The proposed project area is located in Sections 22 and 23, T14S, R27E, NMPM, Chaves County, New Mexico. Six isolated manifestations of prehistoric cultural activity and one prehistoric cultural resource site (ENM 20286) were recorded during this survey. The cultural resource site recorded during this survey is considered to possess the integrity and data recovery potential necessary for inclusion in the National Register of Historic Places and avoidance is recommended. The isolated manifestations are not considered to possess the requisite significance, integrity, or data recovery potential necessary for inclusion in the National Register of Historic Places. ENM 20286 is located within the area of the proposed well pad. It is recommended that the proposed well pad be moved a minimum of 450 feet to the north and the access road be rerouted to the new location. The pad relocation area was surveyed by the ACA archaeologists with negative results. A reroute for the access road was not surveyed. If the relocation area for the well pad is approved by Terra Resources and the Bureau of Land Management, a reroute corridor for the access road and a cultural resource survey of a 100 ft corridor centered along the reroute is recommended.

ACA F88-142

General Recommendations

In the event that substantial cultural materials are uncovered during construction, the BLM archaeologist for the Roswell Resource Area should be consulted immediately. This report contains professional opinions about cultural resources in the project areas. It should not be considered permission to proceed with construction, but should be submitted to the proper review agencies for comments prior to the initiation of construction activities. KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law El Patio - 117 North Guadalupe Post Office Box 2265 Santa Fe, New Mexico 87504-2265

Telephone 982-4285 Area Code 505

Jason Kellahin Of Counsel

Karen Aubrev

W. Thomas Kellahin

April 28, 1988

Mr. William J. LeMay Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87504

Re: ADMINISTRATIVE APPLICATION Terra Resources Inc. Ferra Federal Com 22 Well E/2 Section 22, Tl4S, R27E, Springer Basin Atoka-Morrow Gas Pool Chaves County, New Mexico Dear Mr. LeMaue

Dear Mr. LeMay:

On behalf of Terra Resources Inc. we are requesting Administrative Approval as follows:

- (1) Approval of an unorthodox surface location lll0 feet from the South line and 660 feet from the East line of said Section 22, Tl4S, R27E, (Rule 104(F)III); and
- (2) Approval of Directional drilling pursuant to Rule 111 from the subject unorthodox surface location to a previously approved unorthodox bottom hole location of 660 FEL and FSL (Order R-8629, copy enclosed).

In support of this application we are filing the following enclosed documents:

- 1. Plat showing the proposed spacing unit and the unorthodox surface and bottom hole locations;
- 2. Plat showing the offset operators and owners;
- 3. Tabulation of all offset owners to whom we have provided a copy of this application.
- 4. Copy of Order R-8629; and

RECEIVED

"Hand Delivered"

APR 29 1988

OIL CONSERVATION DIVISION

ł

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay April 28, 1988 Page 2

> 5. Copy of the Archaeological Clearance report dated April 18, 1988 by Scott E. Kather showing that the previously approved unorthodox surface location of 660 feet FEL and FSL fails to satisfy the necessary clearance requirements.

As further support for our application we would request you incorporate and use the record and exhibits from the hearing held on March 16, 1988 in Case 9332 which resulted in Order R-8629.

Please call me if you need anything further.

Very truix yours, W. Thomas Kellahin

WTK:ca Enc.

cc: Kevin Pfister (Terra Resources)

"Certified-Return Receipt Requested"

All Offset Operators listed on Enclosure #3 -

STATE OF NEW MEXICO ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

1 24

IN THE MATTER OF THE HEAR-ING CALLED BY THE OIL CON-SERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 9332 Order No. R-8629

APPLICATION OF TERRA RE-SOURCES, INC. FOR COMPUL-SORY POOLING AND AN UN-ORTHODOX GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this <u>8th</u> day of April, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Terra Resources, Inc., seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to its Federal Comm "22" Well No. 1 to be drilled at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of said Section 22. Case No. 9332 Order No. R-8629 Page 2

(3) At the time of the hearing the applicant requested that that portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 be dismissed.

(4) Also at the time of the hearing the applicant further requested that the proposed unorthodox gas well location be amended to a location 660 feet from the South and East lines (Unit P) of said Section 22.

(5) The E/2 of said Section 22 is to be dedicated to the proposed well.

(6) The applicant presented geologic evidence which indicates that a well drilled at the proposed amended location would penetrate the Morrow formation at a more structurally advantageous position than a well drilled at a standard well location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(7) No offset operator objected to the originally proposed or amended non-standard gas well location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Terra Resources, Inc., is hereby authorized to drill its Federal Comm "22" Well No. 1 at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico.

(2) The E/2 of said Section 22 shall be dedicated to the above described well.

(3) That portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 is hereby dismissed.

Case No. 9332 Order No. R-8629 Page 3

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION DIVISION

WILLIAM J. LEMAY Director

SEAL

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

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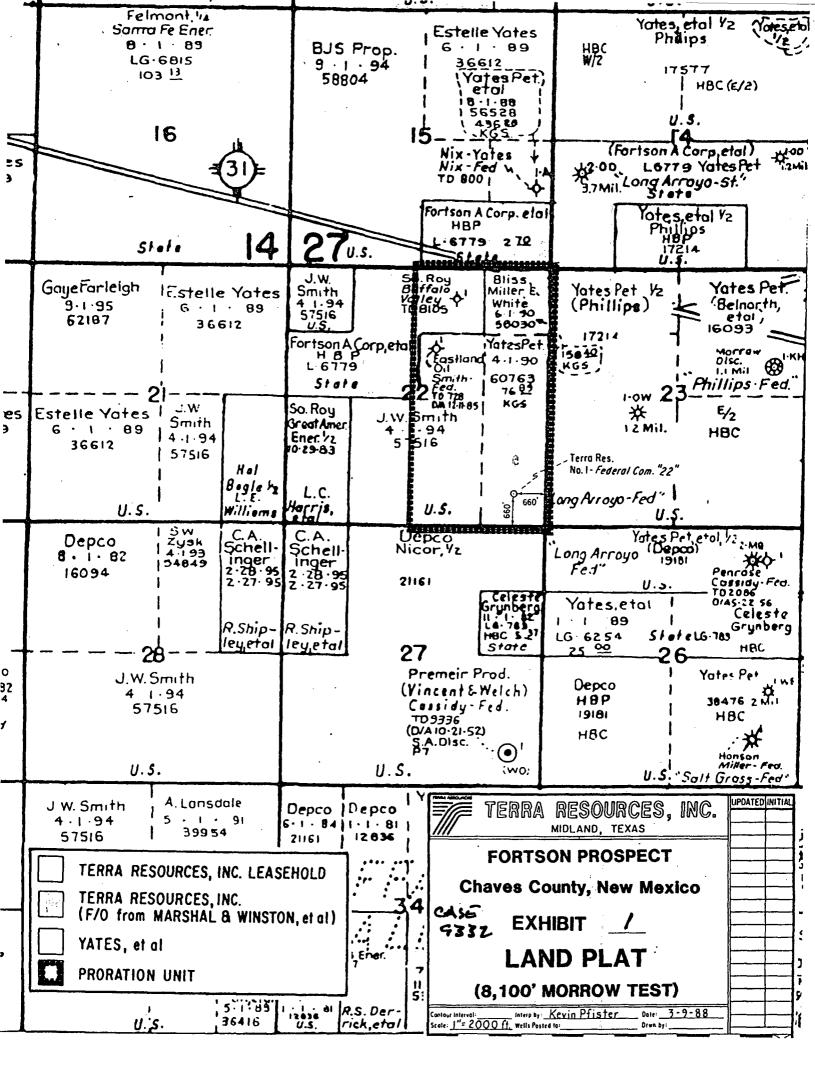
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Form C-102 Supersedes C-128 Effective 1-1-65

rotor		All distar	nces must be f	Lease	er boundertes	of the Section). 	Well No.
TERRA RESOURC	ES, INC.		•		ERRA FEDI	ERAL 22 (COM	1
Letter Secti		Township		Rang		County		
P	22		14 SOUTH		27 EAST		CHAVES	
al Footage Location o	f Well:	+		*	<u> </u>			
1110 feet	from the SO	UTH ·	line and	660	f	eet from the	EAST	line
ind Level Elev.	Producing For	mation		Pool		· ·		Dedicated Acreage:
								Acre
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· · · · · · ·	 			 	·		Name Position	· · · · · · · · · · · · · · · · · · ·
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FORTSON PROSPECT

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E/2 Section 22 T-14-S, R-27-E Chaves County, New Mexico

PLAT DENOTING OFFSET TRACTS EFFECTED BY UNORTHODOX WELL LOCATION TERRA FEDERAL COM 22 WELL #1

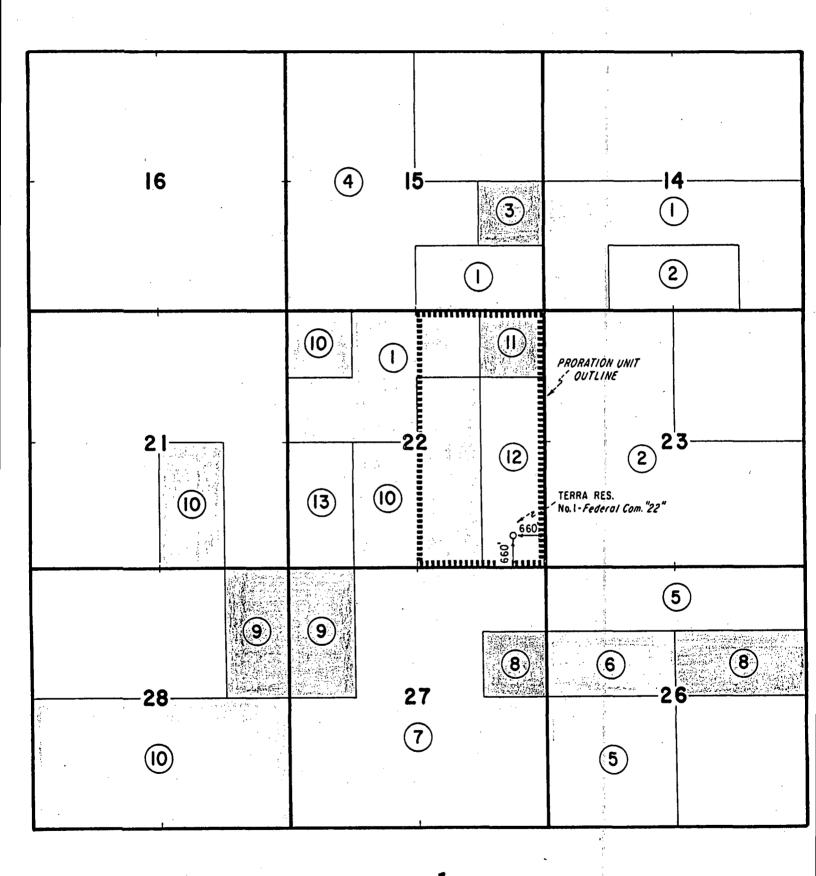


Exhibit **L** For Force Pooling and Unorthodox Location Hearing - March 16, 1988 Case No. <u>9332</u>

ABO Petroleum Corp. 207 S. 4th Street Artesia, NM 88210

J. H. Marks Trucking Co. Box 3186 Odessa, Texas 79760

The Alps Oil Company Box 4023 Odessa, Texas 79700 Marshal & Winston 10 Desta Drive Suite 300 West Midland, Texas 79705

Ben Fortson 300 Texas American Bank207 S. 4th StreetFt. Worth, Texas 76102Artesia, NM 88210

MYCO Industries

Celeste C. Grynberg 1050 17th Street Denver, Colorado 80265 4001 Penbrook

Phillips Petroleum Compa / Attn: Bill Mueller Odessa, Texas 79762

BLM=USA Attn: Mr. Dill Dalness P. O. Box 1449 Yates Petroleum Corp. 105 S. Fourth Street Artesia, NM 88210 Santa Fe, NM 87504

DEPCO, Inc. 1000 Petroleum Club Bldg 207 S. 4th Street Denver, Colorado 80202

Yates Drilling Corp. Artesia, NM 88210

Eastland Resources Inc. Box 3488 Midland, Texas 79702

Nicor Exploration Co. Box 940 Naperville, ILLINOIS 60540

Eastland Exploration Inc. Read & Stevens, Inc. Box 3506 Midland, Texas 79702

United Bank Plaza #1000 400 N. Penn Roswell, NM 88201

Enron Corporation 1000 Old Katy Road Houston, Texas 77055

Harper Oil Company 600 West Illinois, #303 Midland, Texas 79701

Mewbourne Oil Company P. O. Box 7698 Tyler, Texas 75711

Attached to and made a part of that certain Exhibit _____ to Case Number 9332.

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TRACT 1

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LESSOR:	State of New Mexico L-6779
PRESENT LESSEE:	Benjamine J. Fortson, Jr. 50.0%
	Marshall & Winston 20.0%
	Alps Oil Company 10.0%
	J.H. Marks Trucking Co., Inc. 5.0%
	Eastland Exploration, Inc. 7.5%
	Eastland Resources, Inc. 7.5%
DATE OF LEASE:	December 1, 1971
LEASE DESCRIPTION:	<u>T-14-S, R-27-E</u>
	Section 14: N/2 S/2, SW/4 SW/4
	SE/4 SE/4
	Section 15: S/2 SE/4
	Section 22: NW/4 NE/4, S/2 NW/4
	Chaves County, New Mexico

TRACT 2

Surface to 8483'

LESSOR:	United States of America NM 17214
PRESENT LESSEE:	Phillips Petroleum 50.000%
	Yates Petroleum Corporation 25.000%
	Yates Drilling Corporation 8.333%
	Myco Industries, Inc. 8.333%
	ABO Petroleum Corporation 8.333%
DATE OF LEASE:	August 1, 1973
LEASE DESCRIPTION:	T-14-S, R-27-E
	Section 13: SW/4 NE/4, SE/4,
	S/2 SW/4, NE/4 SW/4
	Section 14: SE/4 SW/4, SW/4 SE/4
	Section 23: W/2, SE/4
	Section 32: NE/4
	Chaves County, New Mexico
	— •

Below 8483'

LESSOR: PRESENT LESSEE: DATE OF LEASE:	United States of America NM 17214 Phillips Petroleum 100% August 1, 1973
LEASE DESCRIPTION:	Section 13: SW/4 NE/4, SE/4, S/2 SW/4, NE/4 SW/4 Section 14: SE/4 SW/4, SW/4 SE/4
	Section 23: W/2 SE/4 Section 32: NE/4 Chaves County, New Mexico

TRACT 3

LESSOR: PRESENT LESSEE:

DATE OF LEASE: LEASE DESCRIPTION: United States of America NM 56528 ABO Petroleum Corporation 30% Myco Industries 30% Yates Drilling Company 30% Yates Petroleum Corporation 10% August 1, 1983 <u>T-14-S, R-27-E</u> Section 15: NE/4 SE/4 Chaves County, New Mexico

TRACT 4

LESSOR: PRESENT LESSEE: DATE OF LEASE: LEASE DESCRIPTION: United States of America NM 58804 Santa Fe Operating Partners 100% September 1, 1984 <u>T-13-S, R-27-E</u> Section 23: N/2 SE/4, SE/4 SE/4 Section 25: NE/4 NE/4, S/2 NE/4 Section 27: SW/4 Section 35: SE/4

<u>T-14-S, R-27-E</u> Section 9: N/2 Section 10: W/2 E/2, W/2 Section 15: W/2, NW/4 SE/4 Chaves County, New Mexico

TRACT 5

Surface to 8480'

United States of America NM 19181 LESSOR: PRESENT LESSEE: Nicor Exploration Company 50.000% Yates Petroleum Corporation 25.000% Yates Drilling Company 8.333% Myco Industries, Inc. 8.333% ABO Petroleum Corporation 8.333% DATE OF LEASE: October 1, 1973 LEASE DESCRIPTION: <u>T-14-S, R-27-E</u> Section 24: Section 25: A11 NE/4, N/2 NW/4 SE/4 NW/4 N/2 N/2, SW/4 Section 26: NE/4 Section 34: Chaves County, New Mexico

Below 8480'

LESSOR: PRESENT LESSEE:

DATE OF LEASE: LEASE DESCRIPTION:

United States of America NM 19181 50% Depco, Inc. Nicor Exploration Company 50% October 1, 1973 <u>T-14-S, R-27-E</u> Section 24: A11 NE/4, N/2 NW/4 SE/4 NW/4 Section 25: N/2 N/2, SW/4 Section 26: NE/4 Section 34: Chaves County, New Mexico

LESSOR:	State of New Mexico LG-6254	
PRESENT LESSEE:	Phillips Petroleum Corp.	25.000000%
	Yates Petroleum Corporation	21.924145%
	Depco, Inc.	14.361702%
	Harper Oil Company	7.608676%
	Myco Industries, Inc.	7.312672%
	Yates Drilling Company	7.311674%
	ABO Petroleum Corporation	7.299376%
	Ben Fortson	3.260870%
	Holly Energy, Inc.	1.861702%
	Marshall & Winston	1.304348%
	Eastland Oil Company	0.978260%
	The Alps Oil Company	0.652174%
	Curtis W. Mewbourne	0.531915%
	J.H. Marks Trucking Co., Inc.	0.326087%
	Read & Stevens, Inc.	0.265957%
DATE OF LEASE:	January 1, 1979	
LEASE DESCRIPTION:	<u>T-14-S, R-27-E</u>	
	Section 26: S/2 NW/4	
	Chaves County, New Mexico	

TRACT 7

LESSOR: PRESENT LESSEE: DATE OF LEASE: LEASE DESCRIPTION:

LESSOR:

United States of America OPEN

<u>T-14-S, R-27-E</u> NE/4 NE/4, W/2 NE/4 Section 27: E/2 NW/4, S/2 Chaves County, New Mexico

TRACT 8

State of New Mexico LG-783-1 Celeste C. Grynberg 100% PRESENT LESSOR: November 1, 1972 <u>T-14-S, R-27-E</u> Section 27: SE/ DATE OF LEASE: LEASE DESCRIPTION: SE/4 NE/4 Section 25: E/2 SE/4 Section 26: S/2 NE/4 NW/4 NE/4, SE/4 NE/4 SW/4 NW/4 Section 36:

Chaves County, New Mexico

TRACT 9

Robert E. Shipley LESSOR: PRESENT LESSOR: DATE OF LEASE: Terra Resources, Inc. 100% March 6, 1985 <u>T-14-S, R-27-E</u> Section 27: W/2 NW/4 Section 28: E/2 NE/4 LEASE DESCRIPTION: Chaves County, New Mexico

LESSOR:	John W. Shipley	
PRESENT LESSOR:	Terra Resources, Inc.	100%
DATE OF LEASE:	March 6, 1985	
LEASE DESCRIPTION:	<u>T-14-S, R-27-E</u>	
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	Section 28: E/2 NE/4	
	Chaves County, New Mexico	

TRACT 6

-3-

Llano Estacado Center for Advanced Professional Studies and Research Eastern New Mexico University Portales, New Mexico 88130



Archaeological Clearance Report for Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by Scott E. Kather

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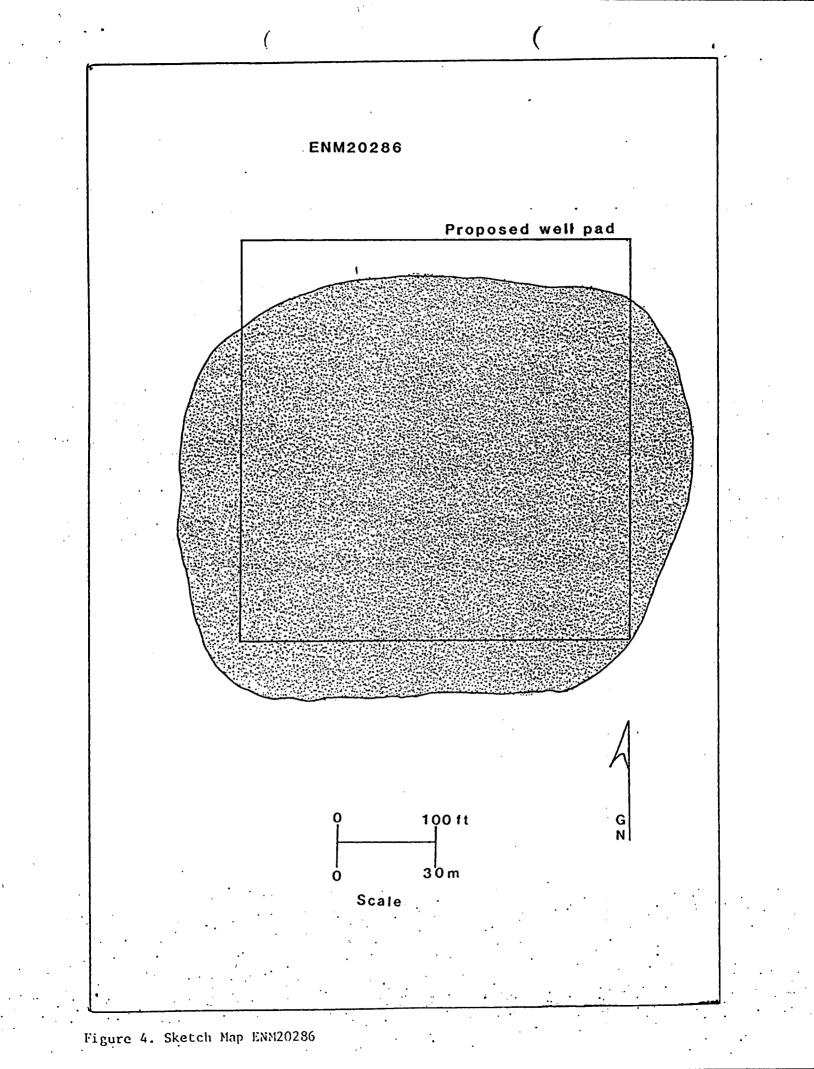
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W. Thomas Kellshin Karen Aubrey

Jason Kellahin Of Counsel KELLAHIN, KELLAHIN AND AUBREY Attorneys at Law El Patio - 117 North Guadalupe Post Office Box 2265 Santa Fe, New Mexico 87504-2265

April 28, 1988

Telephone 982-4285 RECEIVED Area Code 505

APR 29 1988

OIL CONSERVATION DIVISION

Mr. William J. LeMay Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87504

"Hand Delivered"

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KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay April 28, 1988 Page 2

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W. Thomas Kellahin

WTK:ca Enc.

cc: Kevin Pfister (Terra Resources)

"Certified-Return Receipt Requested"

All Offset Operators listed on Enclosure #3

STATE OF NEW MEXICO ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

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FINDS THAT:

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

(2) The applicant, Terra Resources, Inc., seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to its Federal Comm "22" Well No. 1 to be drilled at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of said Section 22. Case No. 9332 Order No. R-8629 Page 2

(3) At the time of the hearing the applicant requested that that portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 be dismissed.

(4) Also at the time of the hearing the applicant further requested that the proposed unorthodox gas well location be amended to a location 660 feet from the South and East lines (Unit P) of said Section 22.

(5) The E/2 of said Section 22 is to be dedicated to the proposed well.

(6) The applicant presented geologic evidence which indicates that a well drilled at the proposed amended location would penetrate the Morrow formation at a more structurally advantageous position than a well drilled at a standard well location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(7) No offset operator objected to the originally proposed or amended non-standard gas well location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Terra Resources, Inc., is hereby authorized to drill its Federal Comm "22" Well No. 1 at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 22, Township 14 South, Range 27 East, NMPM, Undesignated Springer Basin Atoka-Morrow Gas Pool, Chaves County, New Mexico.

(2) The E/2 of said Section 22 shall be dedicated to the above described well.

(3) That portion of the application requesting the pooling of all mineral interests in the E/2 of said Section 22 is hereby dismissed.

Case No. 9332 Order No. R-8629 Page 3

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION DIVISION

WILLIAM J. LEMAY

Director

SEAL

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

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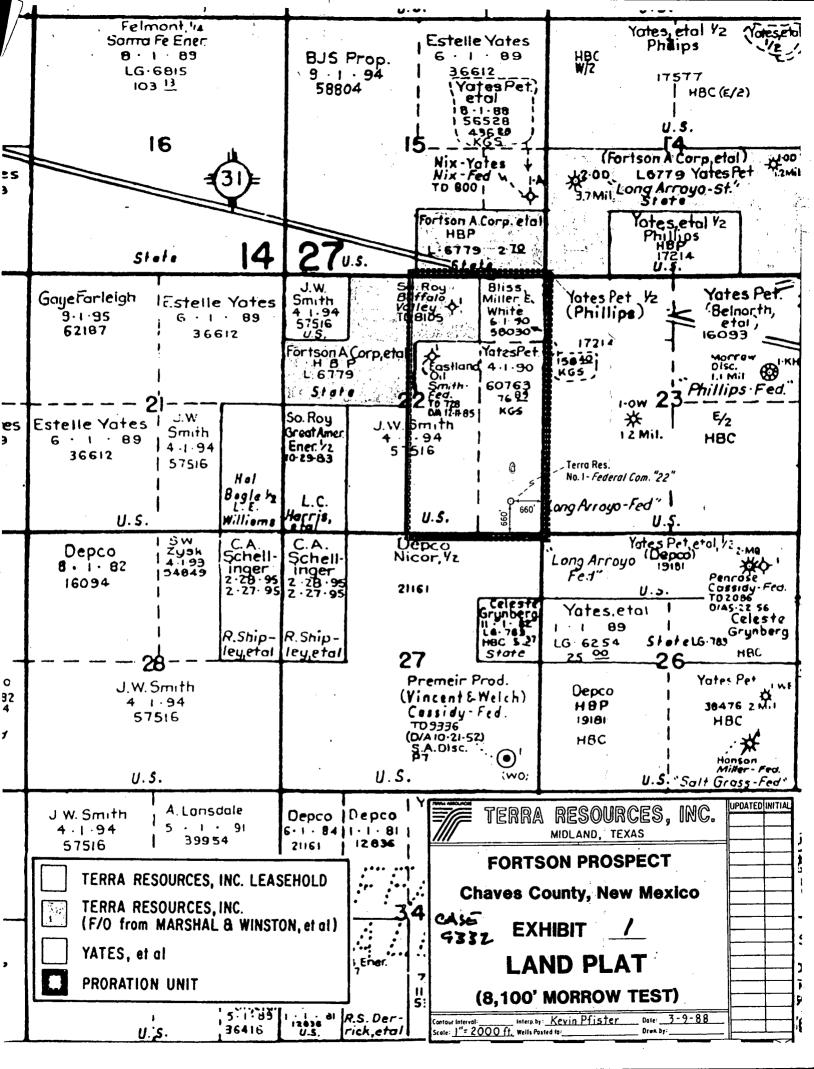
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Form C-102 Supersedes C-128 Effective 1-1-65

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FORTSON PROSPECT

E/2 Section 22 T-14-S, R-27-E Chaves County, New Mexico

PLAT DENOTING OFFSET TRACTS EFFECTED BY UNORTHODOX WELL LOCATION TERRA FEDERAL COM 22 WELL #1

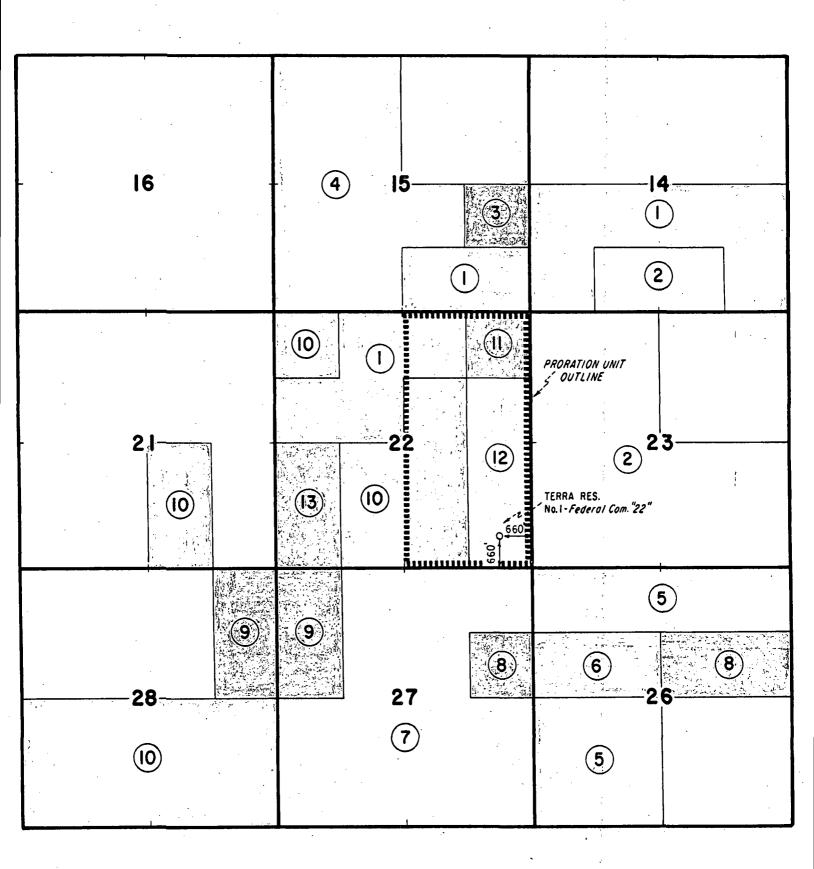


Exhibit **L** For Force Pooling and Unorthodox Location Hearing - March 16, 1988 Case No. <u>9332</u>

ABO Petroleum Corp. 207 S. 4th Street Artesia, NM 88210	J. H. Marks Trucking Co. Box 3186 Odessa, Texas 79760	
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The Alps Oil Company Box 4023 Odessa, Texas 79700	Marshal & Winston 10 Desta Drive Suite 300 West Midland, Texas 79705	
and a second		
Ben Fortson 300 Texas American Bank Ft. Worth, Texas 76102	MYCO Industries 207 S. 4th Street Artesia, NM 88210	
1050 17th Street	Phillips Petroleum Compa / Attn: Bill Mueller 4001 Penbrook Odessa, Texas 79762	e
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BLM=USA	105 S. Fourth Street	,
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DEPCO, Inc. 1000 Petroleum Club Bldg Denver, Colorado 80202		
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Eastland Resources Inc. Box 3488 Midland, Texas 79702	Nicor Exploration Co. Box 940 Naperville, ILLINOIS 60540	
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Eastland Exploration Inc. Box 3506 Midland, Texas 79702	United Bank Plaza #1000 400 N. Penn Roswell, NM 88201	
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Enron Corporation 1000 Old Katy Road Houston, Texas 77055		
a an	and a second	an a
Harper Oil Company 600 West Illinois, #303 Midland, Texas 79701		
Mewbourne Oil Company P. O. Box 7698 Tyler, Texas 75711	······································	

Attached to and made a part of that certain Exhibit _____ to Case Number ______.

TRACT 1

LESSOR:	State of New Mexico L-6779			
PRESENT LESSEE:	Benjamine J. Fortson, Jr. 50.0%			
	Marshall & Winston 20.0%			
	Alps Oil Company 10.0%			
. /	J.H. Marks Trucking Co., Inc. 5.0%			
	Eastland Exploration, Inc. 7.5%			
	Eastland Resources, Inc. 7.5%			
DATE OF LEASE:	December 1, 1971			
LEASE DESCRIPTION:	<u>T-14-S, R-27-E</u>			
	Section 14: N/2 S/2, SW/4 SW/4			
	SE/4 SE/4			
	Section 15: S/2 SE/4			
	Section 22: NW/4 NE/4, S/2 NW/4			
	Chaves County, New Mexico			

TRACT 2

Surface to 8483'

LESSOR:	United States of America NM 17214
PRESENT LESSEE:	Phillips Petroleum 50.000%
	Yates Petroleum Corporation 25.000%
	Yates Drilling Corporation 8.333%
	Myco Industries, Inc. 8.333%
• • •	ABO Petroleum Corporation 8.333%
DATE OF LEASE:	August 1, 1973
LEASE DESCRIPTION:	<u>T-14-S, R-27-E</u>
	Section 13: SW/4 NE/4, SE/4,
	S/2 SW/4, NE/4 SW/4
	Section 14: SE/4 SW/4, SW/4 SE/4
•	Section 23: W/2, SE/4
•	Section 32: NE/4
	Chaves County, New Mexico

Below 8483'

LESSOR: PRESENT LESSEE: DATE OF LEASE:	United States of America NM 17214 Phillips Petroleum 100% August 1, 1973			
LEASE DESCRIPTION:	Section 13:	SW/4 NE/4, SE/4, S/2 SW/4, NE/4 SW/4		
	Section 14:	SE/4 SW/4, SW/4 SE/4		
	Section 23:	W/2 SE/4		
	Section 32:	NE/4		

Chaves County, New Mexico

TRACT 3

LESSOR: PRESENT LESSEE:

DATE OF LEASE: LEASE DESCRIPTION: United States of America NM 56528 ABO Petroleum Corporation 30% Myco Industries 30% Yates Drilling Company 30% Yates Petroleum Corporation 10% August 1, 1983 <u>T-14-S, R-27-E</u> Section 15: NE/4 SE/4 Chaves County, New Mexico

TRACT 4

LESSOR: PRESENT LESSEE: DATE OF LEASE: LEASE DESCRIPTION: United States of America NM 58804 Santa Fe Operating Partners 100% September 1, 1984 <u>T-13-S, R-27-E</u> Section 23: N/2 SE/4, SE/4 SE/4 Section 25: NE/4 NE/4, S/2 NE/4 Section 27: SW/4 Section 35: SE/4

 $\frac{T-14-S, R-27-E}{Section 9: N/2}$ Section 10: W/2 E/2, W/2 Section 15: W/2, NW/4 SE/4 Chaves County, New Mexico

TRACT 5

Surface to 8480'

LESSOR: PRESENT LESSEE:

Myco ABO I DATE OF LEASE: Octob LEASE DESCRIPTION: T-14-

United States of America NM 19181 Nicor Exploration Company 50.000% Yates Petroleum Corporation Yates Drilling Company 25.000% 8.333% Myco Industries, Inc. 8.333% ABO Petroleum Corporation 8.333% October 1, 1973 <u>T-14-S, R-27-E</u> Section 24: Al **All** NE/4, N/2 NW/4 SE/4 NW/4 Section 25: N/2 N/2, SW/4 Section 26: NE/4 Section 34: Chaves County, New Mexico

Below 8480'

LESSOR: PRESENT LESSEE:

DATE OF LEASE: LEASE DESCRIPTION: United States of America NM 19181 Depco, Inc. 50% Nicor Exploration Company 50% October 1, 1973 <u>T-14-S, R-27-E</u> Section 24: All Section 25: NE/4, N/2 NW/4 SE/4 NW/4

Section 26: N/2 N/2, SW/4 Section 34: NE/4 Chaves County, New Mexico

-2-

LESSOR: PRESENT LESSEE:

State of New Mexico LG-6254	
Phillips Petroleum Corp.	25.000000%
Yates Petroleum Corporation	21.924145%
Depco, Inc.	14.361702%
Harper Oil Company	7.608676%
Myco Industries, Inc.	7.312672%
Yates Drilling Company	7.311674%
ABO Petroleum Corporation	7.299376%
Ben Fortson	3.260870%
Holly Energy, Inc.	1.861702%
Marshall & Winston	1.304348%
Eastland Oil Company	0.978260%
The Alps Oil Company	0.652174%
Curtis W. Mewbourne	0.531915%
J.H. Marks Trucking Co., Inc.	0.326087%
Read & Stevens, Inc.	0.265957%
January 1, 1979	
<u>T-14-S, R-27-E</u>	
Section 26: S/2 NW/4	
Chaves County, New Mexico	

LEASE DESCRIPTION:

DATE OF LEASE:

TRACT 7

LESSOR: PRESENT LESSEE: DATE OF LEASE: LEASE DESCRIPTION:

LESSOR:

PRESENT LESSOR:

DATE OF LEASE:

United States of America OPEN

<u>T-14-S, R-27-E</u> Section 27: NE/4 NE/4, W/2 NE/4 E/2 NW/4, S/2 Chaves County, New Mexico

TRACT 8

State of New Mexico LG-783-1 Celeste C. Grynberg 100% November 1, 1972 $\frac{T-14-S, R-27-E}{Section 27: S}$ LEASE DESCRIPTION: SE/4 NE/4 E/2 SE/4 Section 26: S/2 NE/4 NW/4 NE/4, SE/4 NE/4 Section 36: SW/4 NW/4 Chaves County, New Mexico

TRACT 9

LESSOR: PRESENT LESSOR:	Robert E. Shipley Terra Resources, Inc.	100%
DATE OF LEASE: LEASE DESCRIPTION:	March 6, 1985 T-14-S, <u>R-27-E</u>	
	Section 27: W/2 NW/4	
	Section 28: E/2 NE/4 Chaves County, New Mexico	

John W. Shipley LESSOR: PRESENT LESSOR: Terra Resources, Inc. March 6, 1985 <u>T-14-S, R-27-E</u> DATE OF LEASE: **LEASE DESCRIPTION:** Section 27: W/2 NW/4 Section 28: E/2 NE/4 Chaves County, New Mexico

TRACT 6

-3-

100%

Llano Estacado Center for Advanced Professional Studies and Research Eastern New Mexico University Portales, New Mexico 88130



Archaeological Clearance Report for Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by Scott E. Kather

Agency for Conservation Archaeology Eastern New Mexico University

Principal Investigator Dr. John L. Montgomery

April 18, 1988

Archaeological Clearance Report for Terra Resources

Terra Federal Com. No. 1 and Access Road

F88-142

by Scott E. Kather

Agency for Conservation Archaeology Eastern New Mexico University

2

Principal Investigator Dr. John L. Montgomery

April 18, 1988

Introduction

A cultural resources survey was completed recently by the Agency for Conservation Archaeology (ACA) at Eastern New Mexico University (ENMU) for Terra Resources on land administered by the Bureau of Land Management in Chaves County, New Mexico. The reconnoitered area will be disturbed by the construction of a proposed well pad and access road. The project was administered by Alan Means for Terra Resources, and Dr. John L. Montgomery, Director of ACA. This report was prepared by the Portales office of ACA.

The fieldwork was conducted on April 12, 1988 by Scott E. Kather and William Goldsmith. Good field and weather conditions prevailed throughout the course of this reconnaissance. The survey was done between 10:00 am and 12:15 pm under clear skies with temperatures in the mid-70s (F).

This survey was conducted under Federal Antiquities Permit number 11-2920-87-L. A search of the National Register of Historic Places (NRHP) has been made, and no properties within this area are listed. A search of the New Mexico State Site Files (ARMS) and examination of the Bureau of Land Management Roswell Resource Area's site files showed one previously recorded site (ENM 20242) in Sec 26 Tl4S R27E Chaves County, within a mile (1.6 km) southeast of where the proposed projects are located (Sam Ball, personal communication April 11, 1988).

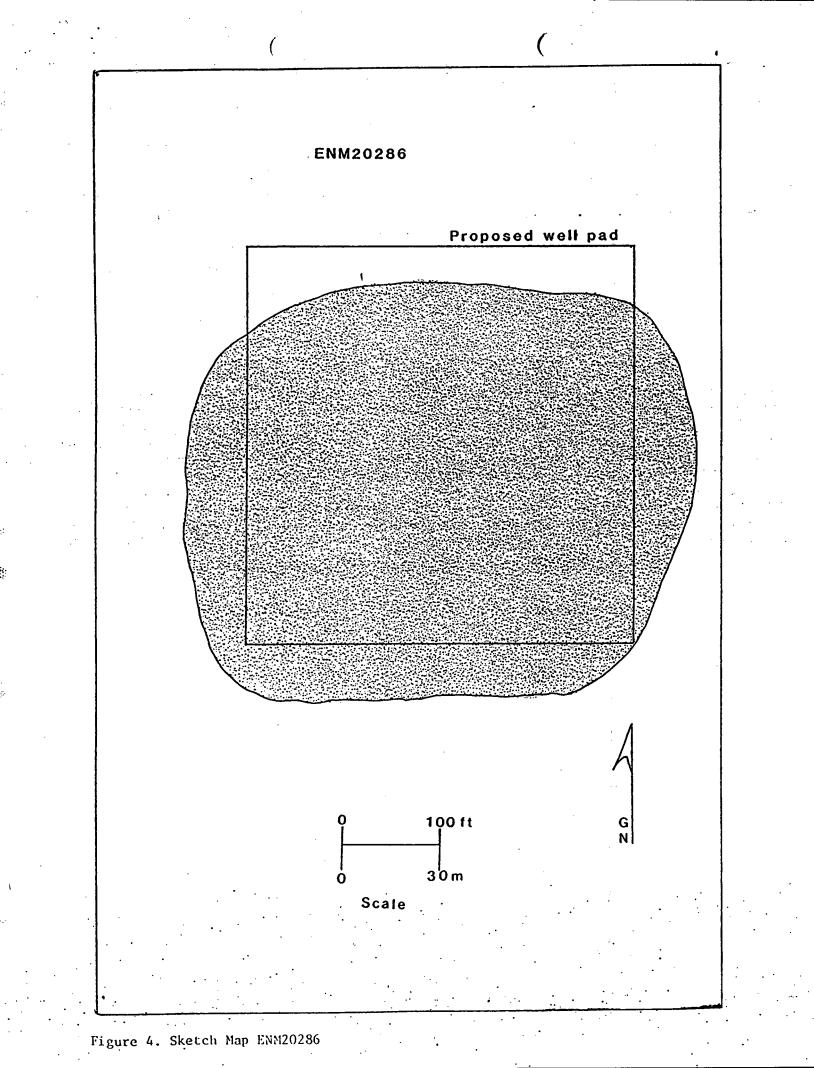
Survey Techniques

Visual inspection of the proposed well pad and access road was accomplished by walking a series of parallel transects. Each transect was covered in a tightly spaced zigzag pattern. The distance between transects was approximately 25 ft (8 m). Dirt from insect and rodent burrows was examined for cultural materials that may have been brought up from below the surface. These methods maximized the opportunity of observing and cultural resources on the surface within or near the proposed area of disturbance.

Terra Federal Com. No. 1 and Access Road

Location

The proposed well pad and access road is located in the Pecos River Valley approximately 7 mi (11.3 km) east-southeast of Hagerman, New Mexico. The proposed well pad covers 3.67 acres and measures 400 x 400 ft (122 x 122 m). The proposed access road covers approximately 8.3 acres and measures 100 x 3500 ft (30×1066 m). They are situated as follows:



MANAGEMENT SUMMARY

April 13, 1988, the Agency for Conservation Archaeology 0n conducted a cultural resource survey for Terra Resources, on lands administered by the Bureau of Land Management in Chaves County, New The area was surveyed for a proposed well pad and access road Mexico. and encompass a total of 11.7 acres. The proposed project area is located in Sections 22 and 23, T14S, R27E, NMPM, Chaves County, New Mexico. Six isolated manifestations of prehistoric cultural activity and one prehistoric cultural resource site (ENM 20286) were recorded The cultural resource site recorded during this during this survey. survey is considered to possess the integrity and data recovery potential necessary for inclusion in the National Register of Historic Places and avoidance is recommended. The isolated manifestations are not considered to possess the requisite significance, integrity, or recovery potential necessary for inclusion in the National data Register of Historic Places. ENM 20286 is located within the area of the proposed well pad. It is recommended that the proposed well pad be moved a minimum of 450 feet to the north and the access road be rerouted to the new location. The pad relocation area was surveyed by the ACA archaeologists with negative results. A reroute for the access road was not surveyed. If the relocation area for the well pad is approved by Terra Resources and the Bureau of Land Management, a reroute corridor for the access road and a cultural resource survey of a 100 ft corridor centered along the reroute is recommended.

General Recommendations

In the event that substantial cultural materials are uncovered during construction, the BLM archaeologist for the Roswell Resource Area should be consulted immediately. This report contains professional opinions about cultural resources in the project areas. It should not be considered permission to proceed with construction, but should be submitted to the proper review agencies for comments prior to the initiation of construction activities.

KELLAHIN, KELLAHIN and AUBREY Attorneys at Law El Patio - 117 North Guadalupe Post Office Box 2265 Santa Fé, New Mexico 87504-2265 May 20, 1988

W. Thomas Kellahin Karen Aubrey

Jason Kellahin Of Counsel

> Mr. Michael E. Stogner Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87504

"Hand Delivered"

Telephone 982-4285

Area Code 505

Re: Terra Federal Com 22 Well #1 E/2 Section 22, Tl4S, R27E Chaves County, New Mexico

Dear Mr. Stogner:

On April 29, 1988, on behalf of Terra Resources Inc., we filed an application for Administrative Approval for an unorthodox surface location and approval of directional drilling to a previously approved unorthodox bottom hole location.

I have enclosed copies of the return receipt cards from the certified mailings of the notice for administrative approval. The twenty day waiting period expired yesterday at 5:00 p.m. I have not received any objections from any interested party.

To further supplement our application I wish to tell you Terra Resources plans to commence drilling at the 1100' FSL and 660' FEL surface location to approximately 6,000 feet (measured depth) and then to commence deviation so that they penetrate the top of the Morrow pay interval at a measured depth of 7,800' (estimated true vertical depth of 7,750 feet) within a 50 foot radius target of the previously approved 660' FEL and FSL unorthodox subsurface location. The well will be drilled to a true total depth of 8,100 feet (measured depth of 8,144 feet) to the Chester lime.

Terra is most anxious to commence the drilling and would appreciate your assistance in providing final review of this matter at your earliest convenience.

traily Very vours Thomas Kellahi

WTK:ca

cc: Kevin Pfister (Terra)

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SENDER: Complete items 1 and 2 when additional and 4. Put your address in the "RETURN TO" Space on the rev card from being returned to you. The return receipt fee	erse side. Failure to do this will prevent this		SENDER: Complete Items 1 and 2 when additional and 4. Put your address in the "RETURN TO" Space on the rev card from being returned to you. The return receipt far	verse side. Failure to do this will prevent this
delivered to and the date of delivery. For additional fees postgraster for fees and check box(es) for additional servic: 1. O Show to whom delivered, date, and addressee's addre † (Extra charge)†	the following services are available. Consult e(s) requested.		delivered to and the date of delivery. For additional fees poetraster for fees and check box(es) for additional servic 1. Show to whom delivered, date, and addressee's addre †(Extra charge)†	the following services are available. Consult e(s) requested.
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Eastland Resources Inc. Box 3488 Midland, Texas 79702	Type of Service: Begistered Insured Certified COD Express Mail		Marshal & Winston 10 Desta Drive Suite 300 West Midland, Texas 79705	Type of Service: Registered Insured Certified COD Express Mail
	Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .			Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
 5. Signature - Addressee X 6. Signature - Agent X A Dev (0.0 to 1) A Dev (0.0 to 1) 	8, Addressee's Address (ONLY if , Prequested and fee paid)		5. Signature Addressee X 6. Signature - Agent X	8. Addressee's Address (ONLY if requested and fee paid)
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PS Form 3811, Mar. 1987 + U.S.G.P.O. 1987-178-268	DOMESTIC RETURN RECEIPT	Ŧ	PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268	DOMESTIC RETURN RECEIP
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Restricted Delivery † (Extra charge) † *†(Extra charge)†* t/Extra charge)t †(Extra charge)† 3. Article Addressed to: Article Number 4. Article Number Article Addressed to: 9.55 861 .564 J. H. Marks Trucking Co. Type of Service: Type of Service: Ben Fortson Box 3186 Registered Registered 300 Texas American Bank Certified Odessa, Texas Certified 79760 Express Mail Ft. Worth, Texas 76102 Express Mail Always obtain signature of addressee Always obtain signature of addressee or agent and DATE DELIVERED. or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if 5. Signature Addressee 8. Addressee's Address (ONLY if 5. Signature – Addressee requester and fee paid) requested and fee paid) X 6. Signature 6. Signature - Agent TEXAS AMERICAN BANK BLDG. Х le so 7. Date of Delivery З Date of Delivery 02 MAY 1988 5-3-84 PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult poetmaster for fees and check box(ss) for additional service(s) requested. 1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card-from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postgreater for fees and check box(es) for additional service(s) requested. 1. Show to whom delivered, date, and addressee's address. 2. C Restricted Delivery 1(Extra charge)1 † (Extra charge) † 1(Extra charge)1 1 (Extra charge)1 3. Article Addressed to: 4. Article Number 3. Article Addressed to: 4. Acticle Number 965 861 571 955 86 Harper Oil Company Type of Service: Type of Service: 600 West Illinois, #303 Eastland Exploration Inc. Insured Registered Registered -----Box 3506 Midland, Texas 79701 ⊡°cod Z-Certified Certified Midland, Texas Express Mail 79702 Express Mail Always obtain signature of addressee Always obtain signature of addressee or agent and DATE DELIVERED. or agent and DATE DELIVERED. 5. Signature - Addressee 8. Addressee's Address (ONLY if 8. Addressee's Address (ONLY if Signature – Addressee requested and fee paid) refitested and Yee paid) 6. Signature - Agent Signature -Agent SAME х 7. Date 6 Date of Deliver 1989 S Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

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† †(Extra charge)† 3. Article Addressed to: Article Number 3. Article Addressed to: 4. Article Number 861 572 861576 55 Phillips Petroleum Compa Mewbourne Oil Company Type of Service: Type of Service: P. O. Box 7698 Insured Registered Registered Attn: Bill Mueller Certified Tyler, Texas 75711 Certified 4001 Penbrook Express Mail Express Mail Odessa, Texas Always obtain signature of addressee Always obtain signature of addressee or agent and DATE DELIVERED. or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if 8. Addressee's Address (ONLY if 5. Signature – Addressee 5. Signature - Addressee requested and fee paid) requested and fee paid) Х 6. Signature - Agent Signature - Agent х 7. Date of Delivery Date of Delivery PS Form 3811, Mar. 1987 DOMESTIC RETURN RECEIP PS Form 3811, Mar. 1987 DOMESTIC RETURN RECEIPT + U.S.G.P.O. 1987-178-268 U.S.G.P.O. 1987-178-268 SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4. SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person</u> delivered to and the date of delivery. For additional fees the following services are available. Consult postriaster for fees and check box(es) for additional service(s) requested. 1. Show to whom delivered, date, and addressee's address. 2. D Restricted Delivery t(Extra charge)t t(Extra charge)t card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult pottmaster for fees and check box(es) for additional service(s) requested. 1. A Show to whom delivered, date, and addressee's address. 2. D Restricted Delivery †(Extra charge)† 1(Extra charge)1 3. Article Addressed to: 3. Article Addressed to: 4. Article Number 4. Article Number 563 955 The Alps Oil Company Type of Service: Read & Stevens, Inc. Type of Service: Box 4023 Registered Insured Registered Insured United Bank Plaza #1000 Certified Odessa, Texas Certified 79700 400 N. Penn Express Mail Express Mail Roswell, NM 88201 Always obtain signature of addressee Always obtain signature of addressee or agent and DATE DELIVERED. or agent and DATE DELIVERED. 5. Signature - Addressee 5. Signature -- Addressee 8. Addressee's Address (ONLY if 8. Addressee's Address (ONLY if requested and fee paid) requested and fee paid) 6. Signature Signature Agent х Date of Delivery 7. Date of Delivery DN 5-2-88 PS Form 3811, Mar. 1987 PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

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