

CONSERVATION DIVISION  
JENNINGS LAW FIRM, P.C.

JAMES T. JENNINGS  
A. D. "DIRK" JONES

1130  
AUG 23 AM 8 52  
P. O. BOX 1130  
ROSWELL, NEW MEXICO 88202-1180  
TELEPHONE (505) 622-8432  
FAX (505) 622-8433

August 23, 1995

*Dirk  
Case File  
11364*

Mr. David Catanach,  
Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87504

Re: *NMOCD Case 11364 Ross Ranch Well #8 Nearburg Application to Force Pool*

Dear Mr. Catanach:

Enclosed you will find a copy of Nearburg Producing Company's AFE in the above well which I have executed and mailed as evidenced by the enclosed copy of my letter and the executed AFE. I am not aware of any OCD rule or regulation requiring the approval of Nearburg's Operating Agreement. If there is such a requirement, please so advise me.

Sincerely,

  
James T. Jennings

JTJ:ks  
Enclosure

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111 SOUTH KENTUCKY

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August 23, 1995

VIA FAX 915-686-7806

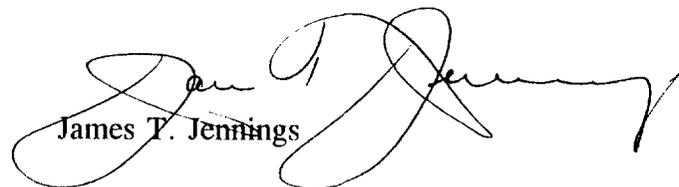
Mr. Bob Shelton, Land Manager  
Nearburg Exploration Company  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705

Re: *Ross Ranch #8 Well;*  
*990' FSL and 660' FWL of Section 22,*  
*T-19-S, R-25-E, Eddy County, New Mexico*  
*Ross Ranch Prospect*

Dear Bob:

I have your letter of August 18th which was mailed on August 21st and received today. In accordance with your request, I have executed the AFE and it is returned herewith. I am still awaiting a copy of the Operating Agreement executed by Yates. I note that the Nearburg statement is also necessary for me to approve the Operating Agreement if I do not desire to be forced pooled. I reviewed our statutes and I can't find any requirement that a party executed your Operating Agreement. If you have any authority for this, please let me know.

Yours very truly,

  
James T. Jennings

JTJ:ks  
Enclosure



Exploration and Production

Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Ross Ranch WELL NUMBER: 8 PROPOSED TOTAL DEPTH: 8,100'  
 LOCATION: 990' FSL, 660'FWL, Section 22, T19S, R25E, Eddy County, New Mexico  
 FIELD:Dagger Draw Upper Penn North PROSPECT:Dagger Draw EXPLORATORY,DEVELOPMENT,WORKOVER: E  
 DESCRIPTION OF WORK: Drill and complete as a pumping Cisco Canyon oil producer.

DATE PREPARED: 7/18/95 EST. SPUD DATE: EST. COMPLETION DATE:  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	1520.303		NA		0
Surface Casing 1,100' @ \$ 18 /Ft	1520.310	19,800	NA		19,800
Intermediate Casing @ \$ . /Ft	1520.318		NA		0
Protection Casing @ \$ . /Ft	1520.320		NA		
Production Casing 8,100' @ \$15 /Ft	NA		1522.325	121,500	121,500
Protection Liner	1520.350		NA		
Production Liner	NA		1522.335		
Tubing 7,800' @ \$ 3.10/Ft	NA		1522.340	24,180	24,180
Rods	NA		1522.345		0
Artificial Lift Equipment	NA		1522.350	80,000	80,000
Tank Battery	NA		1522.355	15,000	15,000
Separators/Heater Treater/Gas Units/FWKO	NA		1522.360	10,000	10,000
Well Head Equipment & Christmas Tree	1520.365	1,500	1522.365	10,500	12,000
Subsurface Well Equipment	NA		1522.370		0
Flow Lines	NA		1522.375	5,000	5,000
Saltwater Disposal Pump	NA		1522.380		0
Gas Meter	NA		1522.385	3,000	3,000
Lact Unit	NA		1522.390		0
Vapor Recovery Unit	NA		1522.395		0
Other Well Equipment	NA		1522.399		
ROW and Damages	NA		1522.399		
Surface Equipment Installation Costs	NA		1522.395	10,000	10,000
Elect. Installation	NA		1522.397	15,000	15,000
<b>ESTIMATED TOTAL TANGIBLES</b>		21,300		294,180	315,480
<b>ESTIMATED TOTAL WELL COSTS</b>		315,275		388,340	703,615

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	7/18/95
REVIEWED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY \_\_\_\_\_ James T. Jennings Interest 4.101563%  
 BY \_\_\_\_\_ *James T. Jennings*  
 TITLE \_\_\_\_\_ James T. Jennings  
 DATE \_\_\_\_\_ 8-23-95