



518 17th St., Suite 1030  
Denver, Colorado 80202  
(303) 571-4220

January 14, 1991

Koch Exploration Company  
P. O. Box 2256  
Wichita, Kansas 67201  
Attn: Ms. Janet Kruse, Landman

Re: Well Proposal  
T30N-R11W  
Section 19:N/2  
San Juan County,  
New Mexico

Dear Ms. Kruse:

Maralex Resources, Inc. (Maralex) proposes the drilling of a well, hereinafter referred to as Test Well, to be located in the NE/4 of Section 19, T30N-R11W, San Juan County, New Mexico. Said Test Well shall be drilled to a depth of 2,100 feet or to a depth sufficient to test the Basal Fruitland Coal Formation, whichever is lesser. Maralex's estimated costs for a new, completed well are \$235,750, as indicated on the enclosed AFE. A record check indicates that Koch owns an interest in the E/2NE1/4 of Section 19, T30N-R11W which will be included within the 320.00 acre drillsite spacing unit comprised of the N/2 of Section 19, T30N-R11W. Maralex invites Koch to participate in its proposed well or in lieu of participation, either farmout or sell its interest in the drillsite spacing unit for the Test Well on the following general terms and conditions.

I. Farmout

1. Maralex shall commence or cause to be commenced the drilling of the Test Well within ninety (90) days from the date of final execution by Koch and Maralex of a mutually acceptable formal Farmout Agreement. Should Maralex be unable to obtain the required drilling permits from the State and Federal regulatory agencies, Koch shall grant an extension for the commencement of or allow Maralex to move the location of the Test Well.

2. Upon Maralex completing the drilling of the Test Well as a producer, Maralex shall earn 100% of Koch's interest in the drillsite spacing unit and Koch shall retain a proportionate overriding royalty interest through payout equal to the difference between landowner's royalty plus overriding royalties in existence as of the date of this Agreement, and 17.5%. Koch agrees to deliver an eighty-two and one-half percent (82.5%) net revenue interest lease before payout. Said

overriding royalty shall be convertible at payout at Koch's option to a thirty percent (30%) working interest.

3. If the Test Well is a dry hole or is incapable of producing in paying quantities, Maralex shall earn seventy percent (70%) of Koch's interest in the drillsite spacing unit.

4. All rights earned and retained shall be proportionately reduced and shall be from the surface of the earth to the stratigraphic equivalent of the total depth drilled in the Test Well.

5. All cost, risk and expense associated with the drilling, testing and completing and /or plugging and abandoning of the Test Well shall be borne by Maralex and Koch shall receive all geologic and production data obtained by the drilling of the Test Well.

6. Maralex and Koch agree to enter into a formal Farmout Agreement covering the Farmout Lands, with an attached AAPL Model Form 610 Joint Operating Agreement(1982) with an attached COPAS Accounting Procedure and Gas Balancing Agreement. Said Joint Operating Agreement shall go into effect upon payout of the Test Well.

7. This Farmout is subject to approval by Maralex of title.

8. Maralex's liability for failure to commence and drill the Test Well shall be limited to the loss of opportunity to earn the interest hereinabove described.

## II. Participation

1. Maralex and Koch agree to enter into an AAPL Form 610-1982 Joint Operating Agreement with an attached COPAS Accounting Procedure and Gas Balancing Agreement which shall incorporate (among other provisions) the following:

- a) Article IV.B. shall provide for individual loss of title.
- b) Maralex shall be designated Operator.
- c) Article VI.B.2a) shall provide for 100%/100% non-consent penalties.
- d) Article VI.B.2b) shall provide for 300%/300% non-consent penalties.
- e) Fixed Rate Overhead rates shall be \$2,800 for drilling well rate and \$280 for producing well rate.

### III. Sale of Interest

If Koch elects not to farmout or participate in the Test Well, Maralex would like to purchase Koch's interest in the drillsite spacing unit. Said offer shall be subject to Koch delivering an 82.5% net revenue interest lease and subject to approval of title by Maralex. If Maralex is unable to acquire the necessary farmouts, participation or pooling of 100% of the interest in the drillsite spacing unit, the offer to purchase shall be null and void.

This letter shall not survive a formal contract which shall incorporate the terms and conditions contained herein. Please indicate Koch's election by executing in the space provided below and returning one (1) copy of this letter to the undersigned on or before February 1, 1991. This Agreement shall be null and void after that time. In addition, please contact me if Koch has any partners in this leasehold.

Sincerely,

\_\_\_\_\_  
A. M. O'Hare, P.E.  
President  
Maralex Resources, Inc.

- \_\_\_\_\_ Koch elects to participate in the Test Well and returns the executed AFE.
- \_\_\_\_\_ Koch elects to Farmout its interest in the drillsite spacing unit to Maralex on the terms contained herein.
- \_\_\_\_\_ Koch would entertain an offer to sell its interest in the drillsite spacing unit to Maralex.

Agreed to and accepted this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

By: \_\_\_\_\_

Koch Exploration Company

## M A R A L E X   R E S O U R C E S ,   I N C .

## AUTHORITY FOR EXPENDITURE (AFE)

WELL NAME: 2100 FOOT COAL WELL

LOCATION: Northeast Section 19, T30N, R11W  
San Juan County, New Mexico

INTANGIBLE	DRILLING	COSTS	
Drilling Rig	2100 ft. @ \$13.62/ft		\$28,600.00
	1 day of daywork @ \$4400/day		4,400.00
Completion Rig	5 days @ \$1500/ day		7,500.00
Location	Dirt Work and labor	\$2500	
	Pits (Plastic Lined)	1800	
	Reclamation of reserve pit	2200	6,500.00
Staking & Permit	\$700 per well		700.00
Damages & ROW	\$2500 per well		2,500.00
Casing & Cmtng	Casing Crew	Surface	----
		Production	1200
	Cementing	Surface	2500
		Production	6800
			10,500.00
Logging & Tests	Open-hole Logging	5500	
	Desorption Analysis	3500	
	Cased-hole Logging	2800	
	BHP Build-up Test	3500	
	Slug Test & other Tests	1100	16,400.00
Perforating	30 feet @ 4 shots per foot	4900	4,900.00
Stimulation	Fracture Treatment	55000	55,000.00
Rental Equipment	Tanks, BOP's, etc.	1200	1,200.00
Water & Hauling	For Completion Only	2800	2,800.00
Labor	Roustabout work, etc.	6400	6,400.00
Supervision	Engineering & field work	4800	
	Geological (Cuttings work)	700	5,500.00
Overhead	Land, Legal, Insurance, etc.	1800	1,800.00
Miscellaneous	Contingency (10%)		15,500.00
	TOTAL INTANGIBLE DRILLING COSTS		\$170,200.00

## AUTHORITY FOR EXPENDITURE

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## M A R A L E X   R E S O U R C E S ,   I N C .

TANGIBLE	DRILLING	COSTS
Tubulars	250' of 8-5/8, 24#, J55 csg	\$2,350.00
	2200' of 5-1/2, 17#, J55 csg	11,000.00
	2100' of 2-3/8, 4.7#, J55 tbg	5,050.00
Rods	2100' of 3/4 Grade D rods	2,550.00
Pumping Equip.	228-175-86 Pumping Unit (used)	12,000.00
	Downhole pump 2"x1.25"x12' RHBC	2,800.00
Prime Mover	30 Hp Electric Motor w/accessories (i.e. Power, Controls, etc.)	4,500.00
Production Unit	Vertical Coal gas separator	12,000.00
Water Storage	400 Barrel Fiberglass tank	4,800.00
Wellhead	Larkin or Hinderlighter head	2,800.00
Float Equip.	Guide Shoes, Floats, etc.	2,200.00
Miscellaneous	Polish rod, pumping tee, fuel gas scrubber, radigan, etc.	3,500.00
TOTAL TANGIBLE DRILLING COSTS		\$65,550.00
TOTAL INTANGIBLE DRILLING COSTS		\$170,200.00
AFE GRAND TOTAL COSTS		\$235,750.00

## MARALEX AUTHORIZATION:

Partner Approval:

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Koch Exploration Company

February 12, 1991

518 17th St., Suite 1030  
Denver, Colorado 80202  
(303) 571-4220

Meridian Oil Production, Inc.  
3535 E. 30th Street  
P. O. Box 4289  
Farmington, New Mexico 87499-4289  
Attn: Robert J. Hopkins  
Senior Landman

Re: Offer to Purchase  
T 30N-R11W  
Section 18: N1/2  
Section 19: N1/2  
Section 8: S1/2  
Section 17: S1/2  
T30N-R12W  
Section 24: E1/2  
San Juan County,  
New Mexico

Dear Mr. Hopkins:

Maralex Resources, Inc. (Maralex) proposes the drilling of a well to be located in the NE1/4 of Section 19, T30N-R11W, San Juan County, New Mexico, hereinafter referred to as Initial Test Well. Said Initial Test Well shall be drilled to a depth of 2200 feet or to a depth sufficient to test the Basal Fruitland Coal Formation, whichever is lesser.

A record check indicates that Meridian Oil Production, Inc., El Paso Production Company and Southland Royalty Company (Meridian) own an interest in drillsite spacing unit for the Initial Test Well and in each of the 320.00 acre drillsite spacing units as captioned. Meridian has indicated to Maralex that it does not choose to participate in the drilling of these wells.

Due to the heavily burdened Southland Royalty Company lease in Section 24, Maralex requests that Meridian go non-consent on the drilling of the well in the NE1/4 of Section 24, per the terms of the attached Operating Agreement.

Maralex requests that Meridian either sell its interest in the lands contained in the drillsite spacing units of wells drilled in Sections 18 and 19, T30N-R11W or farmout its interest in the drillsite spacing units for the wells drilled in Sections 8, 17, 18 and 19 on the following general terms and conditions.

**I. Farmout**

1. The Farmout Lands shall include:

Township 30 North, Range 11 West, N.M.P.M.  
Section 8: S1/2  
Section 17: S1/2  
Section 18: N1/2  
Section 19: N1/2  
San Juan County, New Mexico

2. Maralex shall commence or cause to be commenced the drilling of a 2200 foot Fruitland Coal well in the NE1/4 of Section 19, T30N-R11W, hereinafter referred to as "Initial Test Well", within ninety (90) days from the date of final execution by Meridian and Maralex of a mutually acceptable formal Farm out Agreement. Should Maralex be unable to obtain the required drilling permits from the State and Federal regulatory agencies, Meridian shall grant an extension for the commencement of or allow Maralex to move the location of the Initial Test Well .

3. Upon Maralex completing the drilling of the Initial Test Well as a producer, Maralex shall earn 100% of Meridian's interest in the drillsite spacing unit and Meridian shall retain a proportionate overriding royalty interest equal to the difference between landowner's royalty plus overriding royalties in existence, and of record as of the date of this Agreement, and twenty-five percent (25%). Meridian agrees to deliver a seventy-five percent (75%) net revenue interest lease. Said overriding royalty shall be perpetual and shall not be convertible at payout to a working interest.

4. By drilling the Initial Test Well referred to herein, and completing it as a producer or abandoning it as a dry hole, Maralex shall earn the option but not the obligation, for a period of sixty (60) days from the date of drilling rig release of the Initial Test Well to commence or cause to be commenced a similar test, hereinafter referred to as " Option Test Well", on an undrilled drilling and spacing unit within the Farmout Lands. The earning provisions for the Option Test Well shall be the same as those provided in Paragraph 3. herein for the Initial Test Well but shall apply to the particular drilling and spacing unit which is drilled.

5. By drilling the Option Test Well and completing it as a producer or abandoning it as a dry hole, Maralex shall earn the option, but not the obligation, for a period of sixty (60) days from drilling rig release of the Option Test Well referred to in Paragraph 4. herein, to commence, or cause to be commenced, additional Option Test Wells on

undrilled spacing units within the Farmout Lands. The earning provisions for each Option Test Well shall be the same as provided in Paragraph 3 herein but shall apply to the particular drilling and spacing unit which is drilled.

6. This option to drill shall be a continuing right and shall remain in effect until all of the Farmout Lands have been drilled.

7. All rights earned and retained shall be proportionately reduced and shall be from the surface of the earth to the stratigraphic equivalent of the total depth drilled in the Initial Test Well and Option Test Wells.

8. Maralex agrees to drill the Initial Test Well and Option Test Wells prior to the expiration of the Section 29, Nonconventional Fuel Tax Credit, or any extension of the tax credit period.

9. All cost, risk and expense associated with the drilling, testing and completing and /or plugging and abandoning of the Initial Test Well and Option Test Wells shall be borne by Maralex and Meridian shall receive all geologic and production data obtained by the drilling of the Initial Test Well and Option Test Wells.

10. Maralex and Meridian agree to enter into a formal Farmout Agreement covering the Farmout Lands.

11. This Farmout is subject to approval by Maralex of title.

12. Maralex's liability for failure to commence and drill the Initial Test Well and Option Test Wells shall be limited to the loss of opportunity to earn the interest hereinabove described.

13. Meridian agrees to pay its proportionate share of the cost of Title Opinions secured by Maralex for the drilling of the wells on the Farmout Lands and for the Opinion covering the E1/2 of Section 24, T30N-R12W.

## II. Sale of Interest

If Meridian elects not to farmout in the Farmout Lands, Maralex would like to purchase Meridian's interest in the below described lands on the following terms and conditions:



1. This offer to purchase shall apply to Meridian's interest in the following lands:  
Township 30 North, Range 11 West  
Section 18: NW1/4  
160.00 gross and 92.00 net acres, more or less  
Township 30 North, Range 11 West  
Section 19: SE1/4NW1/4, W1/2NE1/4  
120.00 gross and 120.00 net acres, more or less  
San Juan County, New Mexico

2. Maralex shall pay fifty and no/100ths dollars (\$50.00) per net acre based on 212.00 net acres for a total bonus consideration of \$10,600.00.

3. Said assignment shall be from the surface of the earth to the base of the Fruitland Formation.

4. Said offer shall be subject to approval of title by Maralex. If Maralex is unable to acquire the necessary farmouts, participation or pooling of 100% of the interest in the drillsite spacing unit, the offer to purchase shall be null and void.

5. The offer set forth herein is based upon Meridian owning the interests set forth in paragraph II.1. and shall be adjusted on a per net acre basis if during Maralex's title review, it is discovered that Meridian owns a lesser interest than set forth in said paragraph.

6. The closing date of the sale shall be on or before April 1, 1991.

This letter shall not survive a formal contract which shall incorporate the terms and conditions contained herein. Please indicate your election by executing in the space provided below and returning one (1) copy of this letter to the undersigned on or before March 1, 1991. This Agreement shall be null and void after that time. In addition, please contact me if you have any partners in this leasehold.

Sincerely,



Jennifer Ritcher, C.P.L.  
Landman

\_\_\_\_\_ I elect to Farmout my interest in the Farmout Lands  
to Maralex on the terms contained herein.

\_\_\_\_\_ I accept the above offer to sell my interest in  
the acreage described in Paragraph II.1. herein to  
Maralex.

Agreed to and accepted this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

By: \_\_\_\_\_

Meridian Oil Production, Inc.  
El Paso Production Company  
Southland Royalty Company

April 27, 1990

Caprock Energy, Inc.  
c/o Mr. Norman L. Gilbreath  
Drawer 208  
Aztec, NM 87410

Re: Farmout Request  
Sec. 19, T30N, R11W  
San Juan County, New Mexico

Dear Mr. Gilbreath:

Maralex Resources, Inc. (Maralex) proposes the drilling of a 2,200 foot Basal Fruitland Coal test well to be located in the NE/4 of Section 19, T30N, R11W, San Juan County, New Mexico, hereinafter referred to as "Test Well". In support of our test, Maralex requests a Farmout of your interest in the lands described in Paragraph 1, below, and hereinafter referred to as "Farmout Lands", on the following general terms and conditions:

1. The Farmout Lands shall include the following:

Township 30 North, Range 11 West  
Section 19: Northwest quarter (NW/4)  
San Juan County, New Mexico

2. The Test Well shall be drilled to a depth of 2,200 feet or to a depth sufficient to test the Basal Fruitland Coal Formation, whichever is the lesser depth.

3. Maralex shall commence or cause to be commenced the drilling of the Test Well within sixty (60) days from the date of final execution by Caprock Energy and Maralex of a mutually acceptable formal Farmout Agreement. Should Maralex be unable to obtain the required drilling permits from the necessary regulatory agencies, or is unable to secure the necessary right-of-ways from surface owners, Caprock Energy shall grant an extension for the commencement of, or allow Maralex to move the location of the Test Well.

4. Upon Maralex completing the drilling of the Test Well as a producer, Maralex shall earn ninety percent (90%) of your interest in the drillsite spacing unit with Caprock Energy retaining a proportionate ten percent (10%) working

interest <sup>until</sup> through payout. Upon payout Caprock Energy shall back in for an additional fifteen percent (15%) proportionate working interest in the Test Well.

5. If the Test Well is a dry hole or is incapable of producing in paying quantities, Maralex shall earn seventy-five percent (75%) of your interest in the drillsite spacing unit.

6. For the purpose of this Agreement, the drillsite spacing unit shall be comprised of approximately 320.00 gross acres.

7. All rights earned and retained shall be proportionately reduced and shall be limited to the stratigraphic equivalent of the Basal Fruitland Coal Formation drilled in the Test Well.

8. Maralex agrees to drill the Test Well prior to the expiration of the Section 29, Nonconventional Fuel Tax Credit, or any extension of the tax credit period.

9. All cost, risk and expense associated with the drilling, testing and completing and/or plugging and abandoning of the Test Well shall be borne by Maralex. Caprock Energy shall receive all geologic and production data obtained by the drilling of this well.

10. Maralex and Caprock Energy agree to enter into a formal Farmout Agreement covering the Farmout Lands. Maralex and Caprock Energy agree to enter into an AAPL Model Form 610 Joint Operating Agreement (1982) with an attached COPAS Accounting Procedure and Gas Balancing Agreement. Said Joint Operating Agreement shall go into effect upon payout of the Test Well. Maralex shall be designated Operator of the Test Well. However, Caprock Energy shall retain the right to provide pumping services for the Test Well if completed as a producer.

11. This Farmout is subject to approval by Maralex of title and assumes that Caprock Energy will deliver a net revenue interest in the Farmout Lands equal to or greater than 83.33 percent. Actual net revenue ownership less than this amount may result in a change in this proposal.

12. This Farmout is also subject to receiving necessary farmouts, participation, or pooling of all other interests in the drillsite spacing unit.

13. The liability for failure to commence and drill the Test Well shall be limited to a payment to Caprock Energy by Maralex of the sum of four thousand and no/100 dollars (\$4000.00) cash, payable by corporate or cashiers check within 30 days of the failure to spud the Test Well, after extensions, under the terms of this proposal.

This letter shall not survive a formal contract which shall incorporate the terms and conditions contained herein. If the terms of this Agreement are acceptable to you, please so indicate by executing in the space provided below and return one (1) copy of this letter to the undersigned on or before May 7, 1990. This Agreement shall be null and void after that time.

Sincerely,

A. M. O'Hare, P.E.  
President  
Maralex Resources, Inc.

AMO/mo

Agreed to and accepted this \_\_\_\_ day of \_\_\_\_\_, 1990.

\_\_\_\_\_  
Norman L. Gilbreath  
for Caprock Energy

May 11, 1990

Caprock Energy, Inc.  
c/o Mr. Norman L. Gilbreath  
Drawer 208  
Aztec, NM 87410

Re: T30N, R11 & 12W  
San Juan County, NM

Dear Mr. Gilbreath:

Reference is made to that certain Farmout Request Letter Agreement dated April 27, 1990, in the captioned area. Maralex Resources, Inc. (MARALEX) would like to clarify the following:

1. Paragraph No. 4 shall be deleted and the following shall be inserted in its place:

MARALEX shall bear the entire cost, risk and expense of drilling, testing and completing the Test Well and of plugging and abandoning the Test Well, if a dry hole. Upon the date of first gas sales, MARALEX shall earn an assignment of ninety percent (90%) of CAPROCK'S interest in the spacing unit. CAPROCK shall retain a proportionate ten percent (10%) working interest and shall bear a proportionate ten percent (10%) of the overhead cost and all other operating costs attributable to the Test Well. At payout of the Test Well, MARALEX shall reassign to CAPROCK an additional fifteen percent (15%), proportionately reduced working interest in the drillsite spacing unit and CAPROCK shall bear a proportionate twenty-five percent (25%) of the overhead and all other operating costs attributable to the Test Well.

Payout shall be defined as that time at which the value of production from the Test Well, after deducting landowners' royalty, and all other lease

Caprock Energy, Inc.  
May 11, 1990  
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burdens in existence on the date of first gas sales, operating costs and applicable taxes equals One Hundred Percent (100%) of all costs incurred by MARALEX for the drilling, testing, completing and equipping of the Test Well. If, and when, MARALEX recovers the amounts aforesaid, MARALEX, by not later than the first Monday of the month following "payout", shall notify CAPROCK that payout has been achieved and CAPROCK shall have the right to examine MARALEX'S books and records to verify and confirm such amounts, as well as the date of payout. MARALEX agrees, upon completion of the Test Well as a commercial producer, to furnish CAPROCK a written statement reflecting the costs to be recovered under the foregoing provision and thereafter a monthly statement reflecting the progress of recovery of such costs.

2. Paragraph No. 10 shall be amended to provide that the Joint Operating Agreement shall go into effect at the date of first gas sales of the Test Well rather than payout of the Test Well.

3. Paragraph No. 13 shall be deleted and the following shall be inserted in its place:

Within sixty (60) days following the execution of a formal Farmout Agreement MARALEX shall pay to CAPROCK by company check the sum of two thousand five hundred and no/100 dollars (\$2500.00) as compensation for expenses incurred in the acquisition and maintenance of the subject tract. CAPROCK shall deliver to MARALEX any and all available opinions and documents relating to, and/or securing title to the subject tract.

All other terms and conditions of the Farmout Letter Agreement dated April 27, 1990 shall remain unchanged.

If the foregoing amendments and clarifications are acceptable to CAPROCK, please so indicate by executing in the space

Caprock Energy, Inc.  
May 11, 1990  
Page 3

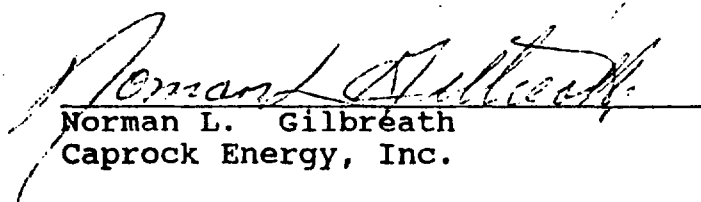
provided below and return one (1) copy of this letter to the undersigned.

Sincerely,



A. M. O'Hare, P.E.  
President  
Maralex Resources, Inc.

Agreed to and accepted this 14 day of June, 1990.



Norman L. Gilbreath  
Caprock Energy, Inc.

JAR/AMO/mo



February 8, 1991

Mr. Thomas M. & Donita R. Fisher  
P. O. Box 188  
Shiprock, New Mexico 87420

Re: Oil & Gas Lease  
T 30 N-R 11 W  
Section 19  
San Juan Co.,  
New Mexico

Dear Mr. and Mrs. Fisher:

Pursuant to our recent phone conversation, enclosed is an Oil and Gas Lease and bank draft for your interest in the captioned lands. These instruments were prepared with the following terms and conditions:

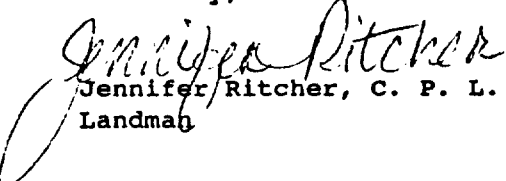
Lessor's Royalty:	One-eighth (1/8)
Term:	Two (2) years
Total Bonus:	\$50.00

Should the above terms be acceptable and you find the enclosed documents in order, please:

- 1) Sign the original lease at the bottom before a Notary Public exactly as typed, and insert your Social Security numbers in the spaces provided;
- 2) Have the Notary Public execute the Acknowledgement on the back of the lease and affix their seal;
- 3) Deposit the signed, notarized lease and draft at your bank. They will send both the lease and draft through Maralex's bank for collection and payment.

Please retain for your records the enclosed copies of both the lease and draft. Should you have any questions, contact me at the captioned telephone number. Thank-you for your assistance in this matter.

Sincerely,

  
Jennifer Ritcher, C. P. L.  
Landman

## OIL AND GAS LEASE

AGREEMENT, made and entered into this 8th day of February, 19 91

by and between

Thomas M. Fisher and Donita R. Fisher, husband and wife, as joint tenants  
P. O. Box 188  
Shiprock, New Mexico 87420

Party of the first part, hereinafter called lessor (whether one or more) and Maralex Resources, Inc.

518 17th Street, Suite 1030, Denver, Colorado 80202

Party of the second part, hereinafter called lessee.

WITNESSETH, that the said lessor, for and in consideration of Ten and No/100ths Dollars cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease, and let exclusively unto the said lessee, its successors and assigns, for the sole and only purposes of surveying, by geological, geophysical, and all other methods, exploring, mining and operating for, and producing oil, gas, and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, including, but not limited to, coalbed methane, helium, nitrogen, carbon dioxide, and all substances produced in association therewith from coal-bearing formations or elsewhere, that may be produced from any well drilled by lessee on the leased premises hereinafter described, and laying pipelines, and building tanks, power stations and structures thereon to produce, save, and take care of said products, all that certain tract of land together with any reversionary, remainderman

and springing executory rights therein, situate in the County of San Juan, State of New Mexico, described as follows, to wit:

See Exhibit "A" attached hereto

together with all strips, or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above described land and owned or claimed by lessor, and containing 4.68 acres, more or less.

1. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil, gas or other hydrocarbons including coalbed methane or other minerals or substances covered hereby (herein collectively referred to as "oil or gas") or either or any of them, and without further payments other than the royalties herein provided and notwithstanding anything herein contained to the contrary, it is agreed that this lease shall remain in force for a term of two (2) years from the date hereof, and as long thereafter as oil and gas, or either or any of them, is produced from said lands or premises pooled therewith or drilling operations are continued as hereinafter provided by the lessee, its successors and assigns. During the term of this lease, lessor agrees not to enter into any oil and gas lease with any other party covering any lands covered by this lease.

2. This is a PAID-UP LEASE. In consideration of the cash down payment, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said lessee covenants and agrees:

First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipeline to which lessee may connect its wells, the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises, or at lessee's option, lessee may buy or sell such one-eighth (1/8th) royalty and pay lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

Second. To pay lessor one-eighth (1/8th) of the net proceeds at the well from the proceeds received for gas sold from each well where gas only is found, or the market value at the well of such gas used off the premises.

Third. To pay lessor one-eighth (1/8th) of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

Fourth. To pay lessor one-eighth (1/8th) of the proceeds received from the sale of any substance covered by this lease, other than oil and gas and the products thereof, which lessee may elect to produce, save, and market from the leased premises.

4. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises, or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

5. If a well capable of producing oil or gas is located on said land and is shut-in before production commences, or at any time thereafter, this lease shall continue in effect from the date such well is shut-in until the anniversary date (herein called "said anniversary date") of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in. Lessee may thereafter pay or tender to lessor as royalty, on or before said anniversary date, an amount of \$100.00 per well per year, and if such payment or tender is made, such well shall continue this lease in effect for a further period of one year from said anniversary date, and in like manner and upon like payments or tenders annually made on or before the anniversary date hereof, this lease shall continue in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to properly or timely make a shut-in well payment unless lessor shall have given lessee written notice of such failure to properly or timely make such shut-in well payment and lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of \$100.00.

6. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. Any interest in the production from the above described land to which the interest of lessor may be subject shall be deducted from the royalties provided for herein.

7. Lessee shall have the right to use, free of cost, oil or gas and water produced on said land for its operations thereon, except water from wells of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

8. Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his pipelines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without written consent of the lessor.

9. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil or gas, or both, when in lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations, or a well shut in anywhere on a unit which includes all or part of this lease shall be treated as if it were production, drilling or reworking operations, or a well shut in under this lease. In lieu of the royalties elsewhere herein specified, excluding shut-in royalties, lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

10. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessees, successors, and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive royalties hereunder, or of any interest therein, whether by reason of death, conveyance, or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until sixty (60) days after lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceeding showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of shut-in royalties made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor. It is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the shut-in royalties due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payment of said shut-in royalties.

11. All provisions hereof, express or implied, shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a cessation of production or of drilling operations due to the application of such laws, governmental orders, rules and regulations or breakdown of equipment or the repairing of a well or wells, or because of such a cessation or a failure to comply with any of the express or implied provisions of this lease if such cessation or failure is the result of the exercise of governmental authority, war, lack of market, act of God, strike, fire, explosion, flood, or any other cause reasonably beyond the control of lessee. If lessee shall be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling thereof not being available on account of any cause beyond the control of lessee, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available.

12. In the event lessor considers that the lessee has failed to comply with any obligations hereunder, express or implied, lessor shall notify lessee in writing, specifying in what respect lessor claims lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

13. Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes, or other liens on the above described lands in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any royalties which may be payable to lessor hereunder.  
15. This lease and all its terms, conditions, and stipulations binds each executing lessor and shall extend to and be binding on his assigns, heirs, devisees and successors, and those of the lessee, though unsigned by other lessors named herein.

IN WITNESS WHEREOF, We sign the day and year first above written.

Donita R. Fisher

SS#

Thomas M. Fisher

SS#

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person \_\_\_\_\_ whose name is subscribed to the foregoing instrument and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS \_\_\_\_\_ day of \_\_\_\_\_, 198 \_\_\_\_\_

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

Notary Public \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person \_\_\_\_\_ whose name is subscribed to the foregoing instrument and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS \_\_\_\_\_ day of \_\_\_\_\_, 198 \_\_\_\_\_

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

Notary Public \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument as \_\_\_\_\_ of \_\_\_\_\_, a corporation, and acknowledged to me that he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS \_\_\_\_\_ day of \_\_\_\_\_, 198 \_\_\_\_\_

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

Notary Public \_\_\_\_\_

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated February 8, 1991 by and between Maralex Resources, Inc., as Lessee and Thomas M. and Donita R. Fisher, as Lessors.

A tract of land situated in the N1/2NW1/4 of Section 19, T30N-R11W, N.M.P.M., more particularly described as follows:  
Beginning at a point whence the N1/4 corner of said Section 19 bears N 60°41'40" E a distance of 1649.75 feet;  
Thence: S 15°32'00" E a distance of 375.07 feet;  
Thence: S 27°20'30" W a distance of 60.34 feet;  
Thence: N 89°24'00" W a distance of 204.65 feet;  
Thence: N 15°32'00" W a distance of 311.70 feet; along the East line of the Denton property, (B. 731, P.44) to a point on the South right-of-way of Southside River Road;  
Thence: N 62°25'00" E a distance of 243.00 feet along the South Right-of-way line of Southside River Road to the point of beginning, containing 2.00 acres, more or less.

A tract of land situated in the N1/2NW1/4 of Section 19, T30N-R11W, N.M.P.M., more particularly described as follows:  
Beginning at a point whence the N1/4 corner of said Section 19 bears N 58°44'50" E a distance of 989.38 feet;  
Thence: S 38°26'40" W a distance of 707.47 feet;  
Thence: S 27°20'30" W a distance of 114.25 feet;  
Thence: N 15°32'00" W a distance of 375.07 feet to a point on the South right-of-way line of Southside River Road;  
Thence: N 62°25'00" E a distance of 386.90 feet along said South right-of-way of Southside River Road;  
Thence: N 65°00'00" E a distance of 199.50 feet along said right-of-way;  
Thence: N 66°00'00" E a distance of 75.54 feet along said right-of-way to the point of beginning, containing 2.68 acres, more or less.

A total of 4.68 acres, from the surface of the earth to the base of the Pictured Cliffs Formation.  
San Juan County, New Mexico



518 17th St., Suite 1030  
Denver, Colorado 80202  
(303) 571-4220

March 6, 1991

*Case 16275*

FEDERAL EXPRESS

State of New Mexico  
Energy, Minerals & Natural Resources  
Department, Oil Conservation  
Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501  
Attn: Mr. William J. Lemay

RE: Application  
for Compulsory  
Pooling  
T30N-R11W  
Sec. 19:N/2  
T30N-R12W  
Sec. 24:E/2  
San Juan Co.,  
New Mexico

Dear Mr. Lemay:

Please find enclosed Maralex Resources, Inc.'s formal application for compulsory pooling for the captioned drillsite spacing units. These have been placed on the docket for the March 21, 1991 hearing. The formal application for the spacing unit in the N1/2 of Section 18, Township 30 North, Range 11 West shall be forthcoming. Thank-you for your consideration in this matter.

Sincerely,

RECEIVED

MAR 7 1991

OIL CONSERVATION DIVISION

*Jennifer Ritcher*  
Jennifer Ritcher, C. P. L.  
Landman

HINKLE, COX, EATON, COFFIELD & HENSLEY  
OIL CONSERVATION DIVISION  
RECEIVED

LEWIS C. COX  
PAUL W. EATON  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY JR.  
STUART D. SHANOR  
ERIC D. LANPHERE  
C. D. MARTIN  
PAUL J. KELLY, JR.  
MARSHALL G. MARTIN  
OWEN M. LOPEZ  
DOUGLAS L. LUNSFORD  
JOHN J. KELLY  
T. CALDER EZZELL, JR.  
WILLIAM B. BURFORD\*  
RICHARD E. OLSON  
RICHARD R. WILFONG\*  
THOMAS J. MCBRIDE  
STEVEN D. ARNOLD  
JAMES J. WECHSLER  
NANCY S. CUSACK  
JEFFREY L. FORNACIARI  
JEFFREY D. HEWETT  
JAMES BRUCE  
JERRY F. SHACKELFORD\*  
JEFFREY W. HELLBERG\*  
ALBERT L. PITTS  
THOMAS M. HNASKO  
JOHN C. CHAMBERS\*  
MICHAEL A. GROSS  
THOMAS D. HAINES, JR.

FRANKLIN H. MCCALLUM\*  
GREGORY J. NIBERT  
DAVID T. MARKETTE\*  
MARK C. DOW  
KAREN M. RICHARDSON  
FRED W. SCHWENKMAN  
JAMES M. HUDSON  
STANLEY K. KOTOVSKY, JR.  
BETTY H. LITTLE\*  
JEFFREY S. BAIRD\*  
RUTH S. MUSSRAVE  
HOWARD R. THOMAS  
PATRICIA A. WATTS  
MACDONNELL GORDON  
REBECCA NICHOLS JOHNSON  
WILLIAM R. JOHNSON  
ELLEN S. CASEY  
S. BARRY PAISNER  
MARGARET CARTER LUDEWIG  
MARTIN MEYERS  
GREGORY S. WHEELER  
ANDREW J. CLOUTIER  
JAMES A. GILLESPIE  
GARY W. LARSON  
STEPHANIE LANDRY  
JOHN R. KULSETH, JR.  
LISA K. SMITH\*

ATTORNEYS AT LAW  
500 MARQUETTE N.W., SUITE 800  
ALBUQUERQUE, NEW MEXICO 87102-2121  
(505) 768-1500

FAX (505) 768-1529

OF COUNSEL  
O. M. CALHOUN\*  
MACK EASLEY  
JOE W. WOOD  
RICHARD S. MORRIS

CLARENCE E. HINKLE (1901-1985)  
W. E. BONDURANT, JR. (1913-1973)  
ROY C. SNODGRASS, JR. (1914-1987)

April 10, 1991

700 UNITED BANK PLAZA  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88202  
(505) 622-6510  
FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING  
POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691  
FAX (915) 683-6518

1700 TEAM BANK BUILDING  
POST OFFICE BOX 9238  
AMARILLO, TEXAS 79105  
(806) 372-5569  
FAX (806) 372-9761

218 MONTEZUMA  
POST OFFICE BOX 2068  
SANTA FE, NEW MEXICO 87504  
(505) 982-4554  
FAX (505) 982-8623

\*NOT LICENSED IN NEW MEXICO

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

Re: Applications of Maralex Resources, Inc. for Compulsory  
Pooling, Case Nos. 10,274, 10,275, and 10,276

Dear Mr. Stogner:

As requested at the hearing, enclosed are Affidavits  
regarding notice given in each of the three cases, together with  
originals of the certified return receipts. Please call me if  
you need anything further.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

By:  James Bruce

JB:le  
Enclosures

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MARALEX RESOURCES,  
INC. FOR COMPULSORY POOLING,  
SAN JUAN COUNTY, NEW MEXICO.

No. 10,275

AFFIDAVIT REGARDING NOTICE

STATE OF COLORADO     )  
                              ) ss.  
COUNTY OF DENVER     )

Jennifer Ritcher, being duly sworn upon her oath,  
deposes and states:

1. I am over the age of 18 and have personal  
knowledge of the matters stated herein.

2. I am the landman for Applicant herein.

3. Applicant has conducted a good faith,  
diligent effort to find the correct address of interested  
persons entitled to receive notice of the Application  
herein.

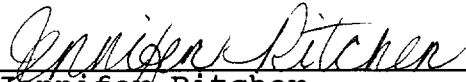
4. The parties entitled to receive notice of  
this case are:

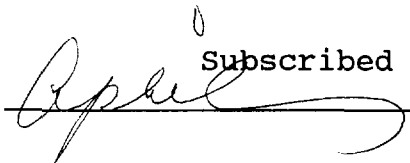
Koch Exploration Company  
El Paso Production Company c/o Meridian  
Oil Inc.  
Snyder Operating Partnership, L.P.  
Bradley H. Keyes and Margaret N. Keyes  
Trust, c/o Lonnie R. Cunningham, Trustee  
Cecil C. and Gladys Cast  
Clement Koogler  
Elsie Koogler  
Josephine Koogler  
Henry J. Young, Jr. and Walta Grace Young  
Thomas M. and Donita Fisher

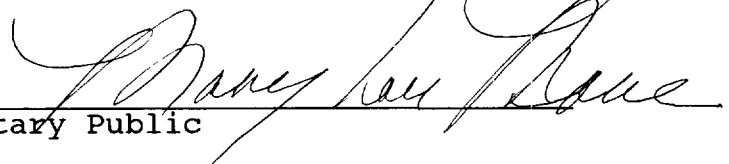
5. Notice of the Application herein was provided  
to said persons at their correct or last known address by

the letter attached hereto as Exhibit A, as required by Rule 1207. The original certified return receipts are attached hereto as Exhibit B.

6. The notice provisions of Rule 1207 have been complied with.

  
Jennifer Ritcher  
Maralex Resources, Inc.  
410 17th Street  
Suite 220  
Denver, Colorado 80202

 Subscribed and sworn to before me this 14th day of April, 1991, by Jennifer Ritcher.

  
Notary Public

My commission expires:

12-31-92



February 25, 1991

CERTIFIED MAIL

TO: All Working Interest Owners  
Unleased Mineral Owners  
Royalty Owners not  
Subject to Pooling  
Clauses (See attached Exhibit "A")

RE: Compulsory  
Pooling  
T30N-R12W,  
Sec. 24: E1/2  
T30N-R11W,  
Sec. 19: N1/2  
San Juan Co.,  
New Mexico

To Whom It May Concern:

You are hereby notified that on February 25, 1991, Maralex Resources, Inc. filed an Application with the State of New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division for an order authorizing the compulsory pooling under Section 70-2-17 NMSA 1978, as amended, of uncommitted owners of interests in the captioned spacing units. Our records indicate that you own an uncommitted interest in one of the captioned spacing units.

Maralex proposes to locate a possible re-entry or new well in the NE1/4 of Section 24, Township 30 North, Range 12 West and a new well in the NE1/4 of Section 19, Township 30 North, Range 11 West. Both wells will be drilled to a depth sufficient to test the Basin Fruitland Coal Formation and the pooling shall cover from the surface to the base of the Basin Fruitland Coal Formation.

You are further notified that the matter will be heard by the State of New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division, 310 Old Santa Fe Trail, Santa Fe, New Mexico 87503 on Thursday, the 21st of March, 1991 at 8:15 A. M. Failure to appear at that time will preclude you from contesting at a later date.

Sincerely,

Jennifer Ritcher  
Landman

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
EXHIBIT NO. _____	
CASE NO. <u>10274-76</u>	

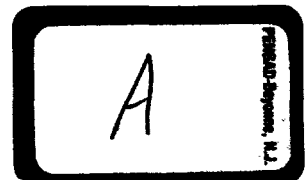


EXHIBIT "A"

Attached to and made a part of that certain Letter dated February 25, 1991, from Maralex Resources, Inc.

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

N1/2 Section 19, T30N-R11W

El Paso Production Company  
c/o Meridian Oil Inc.  
3535 East 30th St.  
P. O. Box 4289  
Farmington, New Mexico 87499-4289

Caprock Energy Company  
P. O. Drawer 208  
Aztec, New Mexico 87410  
Norman L. Gilbreath

Koch Exploration Company  
P. O. Box 2256  
4111 E. 37th Street N.  
Wichita, Kansas 67220

Snyder Operating Partnership, L. P.  
1801 California Street, Suite 3500  
Denver, Colorado 80202

Thomas M. & Donita Fisher  
P. O. Box 188  
Shiprock, New Mexico 87420

Cecil C. Cast & Gladys Cast  
P. O. Box 1717  
Bloomfield, New Mexico 87413

Clement Koogler, Elise Koogler, Josephine Koogler  
307 Animas  
Aztec, New Mexico 87410

Henry J. Young, Jr. and Walta Grace Young  
P. O. Box 92  
Aztec, New Mexico 87410

Bradley H. Keyes & Margaret N. Keyes Trust c/o Lonnie R.  
Cunningham, Trustee  
29 County Road 3008  
Aztec, New Mexico 87410

E1/2 Section 24, T30N-R12W

Norman L. Gilbreath & Loretta E. Gilbreath  
P. O. Drawer 208  
Aztec, New Mexico 87410

Mesa Limited Partnership P. O. Box 2009  
One Mesa Square  
• Amarillo, Texas 79189-2009  
Attn: Hank Wood

Texaco Exploration and Production, Inc.  
P. O. Box 2100  
• 4601 DTC Blvd.  
Denver, Colorado 80237  
Attn: Chuck Snure

Southland Royalty  
El Paso Production Company  
c/o Meridian Oil Inc.  
3535 East 30th St.  
P. O. Box 4289  
Farmington, New Mexico 87499-4289  
Attn: Kent Beers

Glen Dial, Jr.  
P. O. Box 15074  
Lakewood, Colorado 80215

Enid M. Neibaur Price  
Address Unknown

Denver and Rio Grande Western Railroad  
c/o The Anschutz Corporation  
555 17th Street  
Denver, Colorado 80202  
Attn: Pam Kalstrom

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 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 postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Bradley H. Keyes & Margaret N. Keyes Trust 90 Lonnie Cunningham Trust 29 County Road 3008 Aztec, New Mexico 87410	4. Article Number P685 520 542 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) 
6. Signature - Agent X L.R. Cunningham	
7. Date of Delivery 3-6-91	

PS Form 3811, Apr. 1989

★ U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 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 postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Koch Exploration Company P.O. Box 2256 4111 E. 37th Street N. Wichita, KS 67220 Attn: Janet Kruse	4. Article Number P 685 520 508 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X L. Kruse	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 2-28-91	

PS Form 3811, Apr. 1989

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 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 postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: El Paso Production Company c/o Meridian Oil Inc. 3535 E. 30th Street P. O. Box 4289 Farmington, New Mexico 87499-4289	4. Article Number P685 520 506 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 3-1-91	

PS Form 3811, Apr. 1989

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 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 postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  Thomas M. & Donita Fisher P. O. Box 188 Shiprock, New Mexico 87420	4. Article Number P 685 520 509 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X <i>Tom Fisher</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 3/1/91	

PS Form 3811, Apr. 1989

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 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 postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  Henry James Young, Jr. & Walta Young P. O. Box 92 Aztec, New Mexico 87410	4. Article Number P 685 520 549 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X <i>Henry Young</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 3-4-91	

PS Form 3811, Apr. 1989

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 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 postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  Clement Koogler, Elise Koogler + Josephine Koogler 307 Animas Aztec, New Mexico 87410	4. Article Number P 685 520 521 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>Elise Koogler</i>	
7. Date of Delivery 3-6-91	

PS Form 3811, Apr. 1989

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 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 postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  Snyder Operating Partnership, L.P. 1801 California Street, Suite 3500 Denver, CO 80202	4. Article Number P 685 520 511 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise  Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>Shelley H. Hodges</i>	
7. Date of Delivery <i>FEB 27 1991</i>	

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 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 postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  Cecil C. & Gladys Cast P. O. Box 1717 Bloomfield, New Mexico 87413	4. Article Number P 449 724 055 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise  Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X <i>Gladys Cast</i>	8. Addressee's Address (ONLY if requested and fee paid)  <i>Box 1717 Bloomfield N.M. 87413</i>
6. Signature — Agent X	
7. Date of Delivery	



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

BRUCE KING  
GOVERNOR

February 26, 1991

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

Maralex Resources, Inc.  
518 17th Street  
Suite 1030  
Denver, Colorado 80202

Case 10275

**ATTN: Jennifer Ritcher**

**RE: Three Compulsory Pooling Applications  
Basin Fruitland Coal Gas Pool  
San Juan County, New Mexico**

Dear Mr. Ritcher:

The three subject applications have been docketed for the March 21, 1991 Examiners' Hearing, it was noted that you expected no objections to these filings and requested that they be considered "administratively", I assume you meant under the provisions of General Rules 1207.1.(ii).

Due to recent problems with this procedure in previous cases, and because of due process requirements, we are not considering any applications for compulsory pooling by this "administrative" process. Therefore, your applications will only be considered after the normal hearing process where evidentiary testimony is received.

Should you have any questions concerning this matter, please contact the Division's General Council, Robert G. Stovall.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay".

William J. LeMay  
Director

WJL/MES/sl

OIL CONSERVATION DIVISION  
RECEIVED

'91 FEB 25 PM 1 39

February 25, 1991

518 17th St., Suite 1030  
Denver, Colorado 80202  
(303) 571-4220

State of New Mexico  
Energy, Minerals &  
Natural Resources Dept.  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504  
Attn: Mr. Michael Stogner

RE: Compulsory Pooling  
Applications  
March 21, 1991  
Docket

*Case 10275*

Dear Mr. Stogner:

Per our telephone conversation of February 22, 1991, I request that you include the following applications for Compulsory Pooling of the Basin Fruitland Coal Formation in the advertisement for the March 21, 1991 hearing. It is my understanding that the information contained in this letter is all that will be needed for the February 26, 1991, 5:00 P. M. deadline to include these applications on the docket. The formal applications shall be forwarded to your office within a week.

Applicant Name: Maralex Resources, Inc.

Drillsite Spacing Units to be pooled:

Township 30 North, Range 12 West, Section 24: E1/2  
~~Township~~ Township 30 North, Range 11 West, Section 19: N1/2  
 Township 30 North, Range 11 West, Section 18: N1/2,  
 (previously heard Case #10112, Order #R-9356)

Maralex does not expect these applications to be opposed and requests administrative approval of same.

Thank-you for your assistance in this matter. Please let me know if you need any additional information.

Sincerely,

*Jennifer Ritcher*  
 Jennifer Ritcher, C.P.L.  
 Landman

*Lots 1 & 2, NE 1/4, E 1/2 NW 1/4 of 19  
 well to be drill at a standard coal gas well location  
 in the NE 1/4 of the Section*

*and located approximately 2.5 miles south of the State, New Mexico Municipal District*





Fax: (303) 571-4225

518 17th St., Suite 1030  
Denver, Colorado 80202  
(303) 571-4220FACSIMILE TRANSMISSIONDATE: 2-25-91 TIME: 10:302 PAGE(S) INCLUDING COVER PAGETO: Michael Stogner  
COMPANY: New Mexico OCD  
TELEPHONE: 505-827-5800 EXT: \_\_\_\_\_  
FAX: 505-827-5741FROM: Jennifer Ritcher - MaralexCOMMENTS: Please let me know if you  
need any additional information.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PLEASE CALL THE WRITER IF COMPLETE DOCUMENT IS NOT RECEIVED

Document No. \_\_\_\_\_  
Document Name: \_\_\_\_\_

Sec. 19 Township No. 30 North of Range No. 11 West

① 43.48			
② 43.62			
③ 43.78			
④ 43.92			⑤ 38.56

43.48  
 43.62  
 87.10  
 8  
 167.10  
 16  
 327.10



OIL CONSERVATION DIVISION  
RECEIVED

'91 MAR 12 AM 8 47

518 17th St., Suite 1030  
Denver, Colorado 80202  
(303) 571-4220

March 8, 1991

State of New Mexico  
Energy, Minerals and Natural  
Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504  
Attn: William J. Lemay

RE: Compulsory Pooling  
N/2 Section 19, T30N-R11W  
E/2 Section 24, T30N-R12W  
San Juan Co., New Mexico

Gentlemen:

Reference is made to Maralex's formal application for compulsory pooling submitted under cover letter dated March 6, 1991. The Exhibit "3" and Exhibit "6" submitted with the application were incomplete. Please find enclosed completed Exhibits "3" and "6".

Thank-you for your cooperation in this matter.

Sincerely,

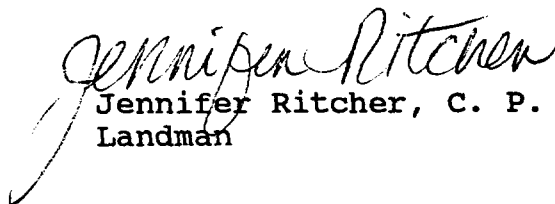
  
Jennifer Ritcher, C. P. L.  
Landman

Exhibit "3"

SCOTT POST RECOMPLETION ECONOMICS

	Initial Rate	Init WI	Initial NRI	Decline Rates	Init Oil Price	Init Gas Price	Price Escalator	End 1st Yr. Rate	Peak Gas Rate
BOPD	0	0.98	0.750	Effective	18.00	1.20	1.06	0.00	
MCFD	100.00			0.050				199.37	200.00
				Nominal					
				0.951					
	GOR	Final WI	Final NRI	Months in Yr 1	Severance Tax Rate	Op Cst \$/Mo	Cost Escalator	Capital Costs	
	0	0.60	0.775	12.00	0.04	2.00	1.05	235.75	
Year	Gross Prod MBO	Gross Prod MMCF	NET Prod MBO	NET Prod MMcf	OIL Price \$/Bbl	GAS Price \$/Mcf	Gross Revenue	Tax Credit	
1991	0.00	52.57	0.00	37.00	18.00	1.20	44.40	0.00	
1992	0.00	73.00	0.00	51.38	19.08	1.27	65.35	0.00	
1993	0.00	71.21	0.00	50.12	20.22	1.35	67.57	0.00	
1994	0.00	67.73	0.00	47.67	21.44	1.43	68.13	0.00	
1995	0.00	64.43	0.00	45.35	22.72	1.51	68.70	0.00	
1996	0.00	61.29	0.00	43.14	24.09	1.61	69.27	0.00	
1997	0.00	58.30	0.00	41.03	25.53	1.70	69.84	0.00	
1998	0.00	55.45	0.00	34.06	27.07	1.80	61.45	0.00	
1999	0.00	52.75	0.00	23.61	28.69	1.91	45.15	0.00	
2000	0.00	50.18	0.00	22.46	30.41	2.03	45.53	0.00	
2001	0.00	47.73	0.00	21.36	32.24	2.15	45.91	0.00	
2002	0.00	45.40	0.00	20.32	34.17	2.28	46.29	0.00	
2003	0.00	43.19	0.00	19.33	36.22	2.41	46.67	0.00	
2004	0.00	41.08	0.00	18.39	38.39	2.56	47.06	0.00	
2005	0.00	39.08	0.00	17.49	40.70	2.71	47.45	0.00	
2006	0.00	37.17	0.00	16.64	43.14	2.88	47.85	0.00	
2007	0.00	35.36	0.00	15.83	45.73	3.05	48.24	0.00	
2008	0.00	33.63	0.00	15.05	48.47	3.23	48.64	0.00	
2009	0.00	31.99	0.00	14.32	51.38	3.43	49.05	0.00	
2010	0.00	30.43	0.00	13.62	54.46	3.63	49.45	0.00	
2011	0.00	28.95	0.00	12.96	57.73	3.85	49.87	0.00	
Reserves	0.00	1,020.92	0.00	581.10					
Year	Oper Costs	Net Rev	Cap Costs	Cash Flow	Cum Cash Flow	Disc Rate	Disc'd Cash Flow	Payout (Months)	
0		0.00	235.75	-235.75	-235.75	0	301.04	91.80	
1991	70.20	-25.80		-25.80	-261.55	10	-12.31		
1992	46.80	18.55		18.55	-243.00	15	-68.58		
1993	23.40	44.17		44.17	-198.83	20	-100.27	ROI	
1994	24.57	43.56		43.56	-155.26	25	-118.55		
1995	25.80	42.90		42.90	-112.36	30	-129.08	1.28	
1996	27.09	42.18		42.18	-70.18	40	-137.80		
1997	27.09	42.76		42.76	-27.42	50	-138.49	DROI(15)	
1998	24.61	36.84		36.84	9.41	60	-135.71		
1999	18.38	26.78		26.78	36.19	70	-131.43	-0.29	
2000	19.30	26.23		26.23	62.42	80	-126.55		
2001	20.26	25.65		25.65	88.07	90	-121.53	ROR	
2002	21.28	25.01		25.01	113.08	100	-116.59		
2003	22.34	24.33		24.33	137.41			9.61	
2004	23.46	23.60		23.60	161.02				
2005	24.63	22.82		22.82	183.84				
2006	25.86	21.99		21.99	205.83				
2007	27.15	21.09		21.09	226.92				
2008	28.51	20.13		20.13	247.05				
2009	29.94	19.11		19.11	266.16				
2010	31.43	18.02		18.02	284.18				
2011	33.01	16.86		16.86	301.04				
				301.04	301.04				

Exhibit "6"

BLANCETT RE-ENTRY ECONOMICS

	Initial Rate	Init WI	Initial NRI	Decline Rates	Init Oil Price	Init Gas Price	Price Escalator	End 1st Yr. Rate	Peak Gas Rate
BOPD	0	0.85	0.750	Effective	18.00	1.20	1.06	0.00	
MCFD	100.00			0.050				199.37	200.00
				Nominal					
				0.951					
	GOR	Final WI	Final NRI	Months in Yr 1	Severance Tax Rate	Op Cst \$/Mo	Cost Escalator	Capital Costs	
	0	0.65	0.750	12.00	0.04	2.00	1.05	172.16	
Year	Gross Prod MBO	Gross Prod MMCF	NET Prod MBO	NET Prod MMcf	OIL Price \$/Bbl	GAS Price \$/Mcf	Gross Revenue	Tax Credit	
1991	0.00	52.57	0.00	32.25	18.00	1.20	38.71	0.00	
1992	0.00	73.00	0.00	44.79	19.08	1.27	56.98	0.00	
1993	0.00	71.21	0.00	43.69	20.22	1.35	58.91	0.00	
1994	0.00	67.73	0.00	41.56	21.44	1.43	59.40	0.00	
1995	0.00	64.43	0.00	39.53	22.72	1.51	59.89	0.00	
1996	0.00	61.29	0.00	37.61	24.09	1.61	60.39	0.00	
1997	0.00	58.30	0.00	33.67	25.53	1.70	57.31	0.00	
1998	0.00	55.45	0.00	26.02	27.07	1.80	46.95	0.00	
1999	0.00	52.75	0.00	24.75	28.69	1.91	47.34	0.00	
2000	0.00	50.18	0.00	23.54	30.41	2.03	47.73	0.00	
2001	0.00	47.73	0.00	22.40	32.24	2.15	48.13	0.00	
2002	0.00	45.40	0.00	21.30	34.17	2.28	48.53	0.00	
2003	0.00	43.19	0.00	20.26	36.22	2.41	48.93	0.00	
2004	0.00	41.08	0.00	19.28	38.39	2.56	49.34	0.00	
2005	0.00	39.08	0.00	18.34	40.70	2.71	49.75	0.00	
2006	0.00	37.17	0.00	17.44	43.14	2.88	50.16	0.00	
2007	0.00	35.36	0.00	16.59	45.73	3.05	50.58	0.00	
2008	0.00	33.63	0.00	15.78	48.47	3.23	51.00	0.00	
2009	0.00	31.99	0.00	15.01	51.38	3.43	51.42	0.00	
2010	0.00	30.43	0.00	14.28	54.46	3.63	51.85	0.00	
2011	0.00	28.95	0.00	13.58	57.73	3.85	52.28	0.00	
Reserves	0.00	1,020.92	0.00	541.69					
Year	Oper Costs	Net Rev	Cap Costs	Cash Flow	Cum Cash Flow	Disc Rate	Disc'd Cash Flow	Payout (Months)	
0		0.00	172.16	-172.16	-172.16	0	323.78	81.00	
1991	61.20	-22.49		-22.49	-194.65	10	24.37		
1992	40.80	16.18		16.18	-178.48	15	-28.89		
1993	20.40	38.51		38.51	-139.97	20	-58.96	R01	
1994	21.42	37.98		37.98	-101.99	25	-76.55		
1995	22.49	37.40		37.40	-64.59	30	-86.97	1.88	
1996	23.62	36.77		36.77	-27.82	40	-96.48		
1997	22.23	35.08		35.08	7.27	50	-98.64	DROI(15)	
1998	24.80	22.15		22.15	29.42	60	-97.56		
1999	19.91	27.43		27.43	56.85	70	-95.02	-0.17	
2000	20.91	26.83		26.83	83.68	80	-91.84		
2001	21.95	26.18		26.18	109.85	90	-88.42	ROR	
2002	23.05	25.48		25.48	135.33	100	-84.98		
2003	24.20	24.73		24.73	160.07			12.29	
2004	25.41	23.93		23.93	183.99				
2005	26.68	23.07		23.07	207.06				
2006	28.02	22.15		22.15	229.20				
2007	29.42	21.16		21.16	250.37				
2008	30.89	20.11		20.11	270.48				
2009	32.43	18.99		18.99	289.47				
2010	34.05	17.79		17.79	307.26				
2011	35.76	16.52		16.52	323.78				
				323.78	323.78				

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

RECEIVED

MAR 21 1991

OIL CONSERVATION DIVISION

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

Case No: 10,275

APPLICATION OF MARALEX RESOURCES,  
INC. FOR COMPULSORY POOLING,  
SAN JUAN COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Applicant as  
required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

**ATTORNEY**

Maralex Resources, Inc.  
518 17th Street, Suite 1030  
Denver, Colorado 80202  
(303) 571-4220  
Attention: Mickey O'Hare

James Bruce  
Hinkle, Cox, Eaton,  
Coffield & Hensley  
500 Marquette, N.W.  
Suite 800  
Albuquerque, N.M. 87102  
(505) 768-1500

**OPPOSITION OR OTHER PARTY**

**ATTORNEY**

**STATEMENT OF CASE**

APPLICANT

Applicant seeks the compulsory pooling of the N½ S19-  
30N-11W, to be named operator, and a penalty against non-  
consenting mineral interest owners. There are interest  
owners who have not agreed to join in the proposed well.

OPPOSITION OR OTHER PARTY

**PROPOSED EVIDENCE**

APPLICANT

WITNESS	EST. TIME	EXHIBITS
Mickey O'Hare (Landman)	20 minutes	(1) Land Plat. (2) List of Interest owners. (3) Correspondence. (4) AFE. (5) Notice letter. (6) Coal thickness map.

OPPOSITION

WITNESS	EST. TIME	EXHIBITS
---------	-----------	----------

**PROCEDURAL MATTERS**

Applicant request that cases 10,274, 10,275, and 10,276 be consolidated for hearing.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

By



James Bruce  
500 Marquette, N.W.  
Suite 800  
Albuquerque, N.M. 87102  
(505) 768-1500

Attorneys for Applicant

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

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

June 10, 1991

HINKLE, COX, EATON,  
COFFIELD & HENSLEY  
Attorneys at Law  
500 Marquette, NW  
Suite 740  
Albuquerque, New Mexico 87102

RE: CASE NO. 10275 and CASE NO. 10276  
ORDER NO. R-9518 and ORDER NO. R-9519

Dear Sir:

Enclosed herewith are four copies of the above-referenced Division orders recently entered in the subject cases.

Sincerely,

*Florene Davidson*

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM - Farmington  
Norman Gilbreath  
T. Kellahin  
OCD Aztec Office





**MARALEX**

Resources, Inc.

OIL CONSERVATION DIVISION

RECEIVED

410 17th Street, Suite 220  
Denver, Colorado 80202  
(303) 571-4220  
FAX (303) 571-4217

'91 JUN 24 AM 10 16

June 20, 1991

P.O. Box 421  
Blanco, New Mexico 87412  
(505) 334-1644

*Case 10275*

State of New Mexico  
Energy, Minerals & Natural  
Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088  
Attn: William LeMay

RE: Order No.'s  
R-9517

~~REDACTED~~  
R-9519  
San Juan Co.,  
New Mexico

Gentlemen:

Per the terms of the captioned pooling orders, please find enclosed an Authority for Expenditure (AFE) itemizing the estimated well costs for each of the three wells subject to the captioned pooling orders. We have furnished each known working interest owner with a copy of said AFE's.

Please advise should you need any additional information.

Sincerely,

*Jennifer Ritcher*

Jennifer Ritcher, C.P.L.  
Landman

## M A R A L E X   R E S O U R C E S ,   I N C .

## AUTHORITY FOR EXPENDITURE (AFE)

WELL NAME: CECIL CAST NO. 1  
 LOCATION: Northeast Section 19, T30N, R11W  
 San Juan County, New Mexico

INTANGIBLE	DRILLING	COSTS	
Drilling Rig	2100 ft. @ \$14.62/ft		\$30,700.00
	1 day of daywork @ \$4400/day		4,400.00
Completion Rig	5 days @ \$1500/ day		7,500.00
Location	Dirt Work and labor	\$2500	
	Pits (Plastic Lined)	1800	
	Reclamation of reserve pit	2200	6,500.00
Staking & Permit	\$700 per well		700.00
Damages & ROW	Damages for location & pipeline		4,500.00
Casing & Cmtng	Casing Crew	Surface ----	
		Production 1200	
	Cementing	Surface 2800	
		Production 6800	10,800.00
Logging & Tests	Open-hole Logging	5500	
	Desorption Analysis	0	
	Cased-hole Logging	1800	
	BHP Build-up Test	0	
	Slug Test & other Tests	1600	8,900.00
Perforating	30 feet @ 4 shots per foot	2800	2,800.00
Stimulation	Fracture Treatment	50000	50,000.00
Rental Equipment	Tanks, BOP's, etc.	2200	2,200.00
Water & Hauling	Including Disposal	6000	6,000.00
Labor	Roustabout work, etc.	4400	4,400.00
Supervision	Engineering & field work	4800	4,800.00
Overhead	Land, Legal, Insurance, etc.	3000	3,000.00
Miscellaneous	Contingency (10%)		15,115.00
	TOTAL INTANGIBLE DRILLING COSTS		\$162,315.00

M A R A L E X   R E S O U R C E S ,   I N C .

AUTHORITY FOR EXPENDITURE

TANGIBLE	DRILLING	COSTS
Tubulars	250' of 8-5/8, 24#, J55 csg	\$2,250.00
	2100' of 5-1/2, 17#, J55 csg	10,300.00
	2000' of 2-3/8, 4.7#, J55 tbg	4,200.00
Rods	2000' of 3/4 Grade D rods	1,900.00
Pumping Equip.	114-135-64 Pumping Unit (used)	10,000.00
	Downhole pump 2"x1.25"x12' RHBC	2,400.00
Prime Mover	20 Hp Gas Engine w/accessories	3,500.00
Production Unit	Vertical Coal gas separator	7,700.00
Water Storage	400 Barrel Fiberglass tank	5,600.00
Wellhead	Larkin or Hinderlighter head	2,800.00
Float Equip.	Guide Shoes, Floats, etc.	2,000.00
Title Opinion	Abstract of title & Opinion	18,300.00
Bonding	State Plugging Bond	5,000.00
Miscellaneous	Polish rod, pumping tee, fuel gas scrubber, radigan, etc.	3,500.00
TOTAL TANGIBLE DRILLING COSTS		\$79,450.00
TOTAL INTANGIBLE DRILLING COSTS		\$162,315.00
AFE GRAND TOTAL COSTS		\$241,765.00

MARALEX AUTHORIZATION:

  
A. M. O'HARE, P.E.  
PRESIDENT

Partner Approval \_\_\_\_\_  
(Company Name): \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

August 30, 1991

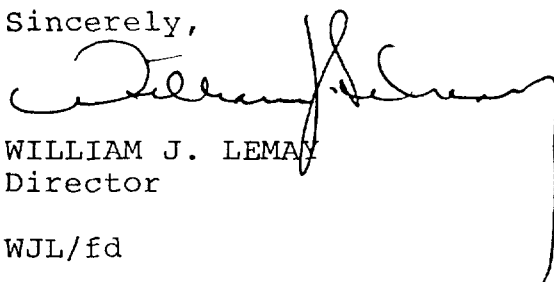
POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Ms. Jennifer Ritcher, Landman  
Maralex Resources, Inc.  
P. O. Box 421  
Blanco, New Mexico 87412

Dear Ms. Ritcher:

Based upon your letter of August 28, 1991, and in accordance with the provisions of Division Orders Nos. R-9517 and R-9518, Maralex Resources, Inc. is hereby granted an extension of time in which to begin the wells on the units pooled by said orders until October 31, 1991.

Sincerely,

  
WILLIAM J. LEMAY  
Director

WJL/fd

cc: Case No. 10274  
✓ Case No. 10275  
Oil Conservation Division - Aztec

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

October 15, 1991

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

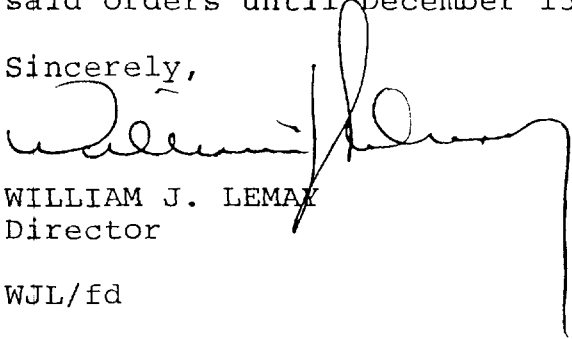
Maralex Resources, Inc.  
P. O. Box 421  
Blanco, New Mexico 87412

Attention: Jennifer Ritcher

Dear Ms. Ritcher:

Based upon your letter of October 11, 1991, and in accordance with the provisions of Division Orders Nos. R-9517 and R-9518, Maralex Resources, Inc. is hereby granted an additional extension of time in which to begin the wells on the units pooled by said orders until December 15, 1991.

Sincerely,



WILLIAM J. LEMAX  
Director

WJL/fd

cc: Case No. 10274

Case No. 10275

Oil Conservation Division - Aztec