

T
19
S

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

31

35

34

31

32

33

EXHIBIT NO. 1
CASE NO. 10336

Fed Comm 6-1

12,255
12-1-82
(180/540/540)
HBP
(36105/4814/4814)
HBP

Grace Fed 1-1

12,255
12-1-82
(180/540/540)
HBP

12,255
(130.22/160/160)

(60/80/80)
HBP

Smith Ranch
#1-12

12,254
2-1-82
(180/80/80)
480/480/480
Tr.1 of 3

21,841
(6667/160/160)
Tr.3 of 7

12,945
1-1-86
(180/80/80)
240/240/240
Tr.1 of 2

7

8

9

7

T

20

S

18

13

14

15

16

17

18

**
21,833
(123.36/80/80)

21,833
2-1-60
(20/160/160)
HBP

21,833
(108/40/40)

Monofe
Fed #1

21,838
7-1-51
(81.75/280/280)
HBP 40

12,945
1-1-86
(40/40/40)
HBP
Tr.2 of 2

21,837
9-1-51
(66.67/40/40)
HBP

Smith Ranch
Fed #2-11
9251
240/320/320

Smith Ranch #1-11
DOFS 11-22-80

12,945
(80/80/80)

21,841
(83.34/200/200)
Tr.2 of 7

9268
4-4-92
100/160/160

9766
Polish suspension
160/160

21,841
7-1-51
400/360/360
(66.67/160/160)
Tr.1 of 7

N.M. 9251
12-1-82
(1479.97/639.96/639.96)
719.97/959.96/959.96
HBP

3

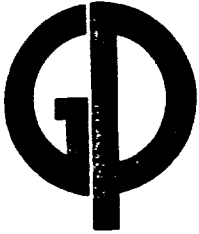
5

4

6

R33E

R34E



Grace Petroleum Corporation
Subsidiary of W. R. Grace & Co.

Broadway Executive Park
6501 North Broadway
Oklahoma City, Oklahoma 73116-8298
Phone (405) 840-6600
FAX—(405) 840-6887

Certified Mail

April 4, 1991

WORKING INTEREST OWNERS
(See Addressee List Attached)

Re: Smith Ranch Federal #1-3
Section 3-T20S-R33E
Teas Prospect
Lea County, New Mexico

Gentlemen:

Grace Petroleum Corporation proposes the drilling of a 9,400 foot Bone Springs well to be located 330' FSL and 330' FEL of Section 3-20S-33E, Lea County, New Mexico. The drilling and spacing unit for said well will be the SE/4 SE/4. The drilling costs for the well are estimated to be \$602,550.00 for a dry hole and \$1,058,450.00 for a completed producer.

If you elect to participate in the drilling of the proposed well, please so indicate by signing both of the enclosed Authority for Expenditure forms and returning one (1) original to my attention. An Operating Agreement governing operations of the well will be submitted for your review upon receipt of your executed AFE.

In the event you do not wish to participate in the drilling of said well, Grace Petroleum requests a farmout of your acreage in the proposed drilling unit delivering a 75% net revenue interest before payout with the option, at payout, to convert your retained overriding royalty interest to a 25% back-in.

It is our intent to spud the Smith Ranch Federal #1-3 by June 15, 1991, therefore, your earliest consideration to our proposal will be appreciated.

Very truly yours,

Randy Upchurch
Land Consultant

RU:al
Enclosure

cc: Carrie Askins
Dan Scott
Paul Basinski

BEFORE EXAMINER SIGNATURE
OIL CONSERVATION COMMISSION
FILE NO. 10336

ADDRESSEE LIST

Smith Ranch Federal #1-3
Teas Prospect
Lea County, New Mexico

Southern Union Exploration Company 6.389%
Attn: Sue Coley
1201 Elm Street, Suite 1800
DALLAS, TX 75270

Meridian Oil Production, Inc. *signed* 18.611%
Midland Region
12 Desta Drive
MIDLAND, TX 79705

Grace Petroleum Corporation 75.000%

Telephone in March

RECIPIENT: Complete items 1 and 2 when additional services are desired, and complete 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 rates and check boxes for additional service(s) requested.

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

<p>3. Article Addressed to:</p> <p>Sue Coley Southern Union Exploration Co 1201 Elm St., Suite 1900 Dallas, TX 75270</p>	<p>4. Article Number</p> <p>P 948 367 924</p> <p>Type of Service:</p> <p><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</p> <p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>
<p>5. Signature - Addressee</p> <p>X</p>	<p>6. Addressee's Address (ONLY if requested and fee paid)</p>
<p>6. Signature - Agent</p> <p>X Judy L. Gabelmann</p>	
<p>7. Date of Delivery</p> <p>APR 8 1991</p>	



Grace Petroleum Corporation
Subsidiary of W. R. Grace & Co.

Broadway Executive Park
6501 North Broadway
Oklahoma City, Oklahoma 73116-8298
Phone (405) 840-6600
FAX—(405) 840-6887

June 21, 1991

Southern Union Exploration Company
1201 Elm Street #1800
Dallas, Texas 75270

Attention: Craig Neilson

Re: Compulsory Pooling
June 27, 1991
State of New Mexico
Oil Conservation
Division Case #10336

Gentlemen:

Confirming our recent phone conversations, it is our understanding that we will be unable to receive your election to join with your interest in the drilling of the Smith Ranch Federal No. 3 in the SE/4 SE/4 of Section 3-20S-33E, nor will you be able to elect to farmout your interest to Grace Petroleum Corporation prior to our scheduled compulsory hearing date of June 27th, 1991.

In the event Management is able to elect one of the options offered by our proposal of April 4th, 1991 prior to the June 27th hearing, please promptly notify me so that said hearing can be dismissed.

Very truly yours,

Randy Upchurch
Land Consultant

RU:srj

cc: Jim Bruce
Hinkle Law Firm

COMPLS.RU2