

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

MEMORANDUM

TO: ALL PRODUCERS, PURCHASERS AND TRANSPORTERS OF
GAS FROM ALL PRORATED GAS POOLS IN NEW MEXICO

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: COMMISSION HEARING ON AUGUST 29, 1991, CONCERNING
PRORATED GAS ALLOWABLES FOR OCTOBER 1991 - MARCH 1992

DATE: AUGUST 5, 1991

A Commission Hearing will be scheduled for August 29, 1991 for the purpose of receiving nominations and other testimony and information to assist the Commission in determining prorated gas allowables for the Oct. '91 through Mar. '92 allocation period. The assistance of all segments of the natural gas industry is needed in this process so you are urged to attend the hearing and participate.

The following information is being distributed along with this memo:

- o PRELIMINARY ALLOWABLE ESTIMATES FOR EACH POOL.
- o EXPLANATIONS FOR POOL ALLOWABLE ADJUSTMENTS
- o COMPARISON OF MONTHLY AVERAGE POOL ALLOWABLES, SALES, F1 AND F2 FACTORS.
- o COMPARISON OF APRIL AND MAY, 1991 SALES VOLUMES TO ALLOWABLES.
- o REQUESTED FORMAT FOR NOMINATIONS - FORM C-121-A.

Nominations may be submitted prior to or at the August 29 Hearing. Nominations and other information presented at the hearing will be used to revise the preliminary allowables and assign final allowables for the allocation period.

dr/

PRELIMINARY ALLOWABLE ESTIMATES
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 FOR OCT 91 THRU MAR 92
 PRORATED GAS POOLS - SOUTHEAST NEW MEXICO

	ALOKA PENN	BLINEBRY	BUFFALO VALLEY PENN	BURTON HORROR	FLAT CARLSBAD HORROR	CATELAN DRAM HORROR	EUMONT HORROR	INDIAN BASIN HORROR	INDIAN BASIN UPPER PENN	JALMAT	JUSTIS BL	TURB
(1) AVERAGE MONTHLY POOL SALES OCT 90-MAR 91 ALL VOL.S ARE IN MCF	113,412	409,780	203,184	424,022	221,417	136,500	2,315,725	204,393	3,372,080	905,099	39,437	213,916
(2) TOTAL NOMINATIONS AVERAGE MONTHLY VOLUMES												
(3) ADJUSTMENTS	27,000	73,000			72,000	14,000	96,753	27,000	188,000	340,391	6,000	60,000
(4) MONTHLY POOL ALLOWABLE OCT 91-MAR 92 (LINE 1 + LINE 3)	140,402	482,780	203,184	424,022	293,417	150,500	2,411,478	231,393	3,560,080	1,245,490	45,437	273,916
(5) MONTHLY MARGINAL POOL ALLOWABLE FOR OCT 91-MAR 92	30,622	160,459	118,747	183,646	213,958	92,289	1,373,502	75,247	2,342,065	842,890	14,065	162,954
(6) MONTHLY NON-MARGINAL POOL ALLOWABLE OCT 91-MAR 92 (LINE 4 MINUS LINE 5)	109,780	322,321	84,437	240,376	79,459	58,211	1,037,976	156,146	1,018,015	402,600	31,372	110,962
(7) NUMBER OF NON-MARGINAL ACREAGE FACTORS	3.42	10.75	2.00	6.88	3.97	2.00	56.72	0.86	5.49	22.00	9.00	11.00
(8) MONTHLY ACREAGE ALLOCATION FACTOR: OCT 91-MAR 92 F1 (LINE 6 DIVIDED BY LINE 7)	32,099	29,985	42,219	34,938	20,015	29,106	18,300	181,565	185,431	18,300	3,486	10,087

OCT 91-MAR 92 F1 FACTORS FOR OTHER POOLS
 BURTON FLAT STRAWN F1=10,000
 MONUMENT NICKEE ELLEN F1=25,000

PRELIMINARY ALLOWABLE ESTIMATES
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 FOR OCT 91 THRU MAR 92
 PRORATED GAS POOLS - NORTHWEST NEW MEXICO

BASIN BLANCO BLANCO TAPACTO
 BAAOTA MESAVERRDE P.C. SOUTH

0,039,435 14,122,492 1,204,658 207,577

(1) AVERAGE MONTHLY POOL SALES
 OCT 90-MAR 91
 ALL VOL.S ARE IN MCF

(2) TOTAL MONTHLY SALES
 AVERAGE MONTHLY VOLUMES

(3) ADJUSTMENTS

46,000

(4) MONTHLY POOL ALLOWABLE
 OCT 91-MAR 92
 (LINE 1 + LINE 3)

0,039,435 14,168,492 1,204,658 207,577

(5) MONTHLY MARGINAL
 POOL ALLOWABLE FOR
 OCT 91-MAR 92

4,228,404 6,687,524 515,461 82,453

(6) MONTHLY NON-MARGINAL
 POOL ALLOWABLE
 OCT 91-MAR 92
 (LINE 4 MINUS LINE 5)

3,811,031 7,480,968 725,197 125,124

(7) NUMBER OF NON-MARGINAL
 ACRESAGE FACTORS

433.65 599.93 456.61 91.74

(8) NUMBER OF NON-MARGINAL
 ACRESAGE & DELIVERABILITY
 FACTORS

205,993 434,101 27,355 9,277

(9) MONTHLY ACRESAGE ALLOCATION
 FACTOR FOR OCT 91-MAR 92, F1

5,273 3,117 397 341

(10) MONTHLY ACRESAGE & DELIV
 ALLOCATION FACTOR FOR
 OCT 91-MAR 92, F2

7.40 12.92 19.88 10.12

EXPLANATION FOR POOL ALLOWABLE ADJUSTMENTS

Prorated Gas Pools - Oct '91-Mar '92

<u>POOL</u>	<u>ADJUSTMENT MCF PER MONTH</u>	<u>REASON FOR ADJUSTMENT</u>
Atoka Penn	27,000	Overproduction
Blinebry	73,000	"
Carlsbad Morrow	72,000	Overproduction and Recent Production Volumes
Catclaw Draw	14,000	Overproduction
Eumont	96,253	Minimum Allowable
Indian Basin Morrow	27,000	Overproduction
Indian Basin Upper Penn	188,000	"
Jalmat	340,391	Minimum Allowable
Justis	6,000	Recent Production
Tubb	60,000	" "
Blanco Mesaverde	46,000	Overproduction

Monthly Marginal Pool Allowables for Oct '91-Mar '92 are estimated based on Apr and May, 1991 Pool Sales Volumes.

COMPARISON OF MONTHLY AVERAGE
FOUL ALLOWABLES, SALES, F1 AND F2 FACTORS

PERIOD	ALOKA PENN	ELINEBRY	BUFFALO VALLEY PENN	HURKIN MARKUM	HURKIN FLAT MARKUM	CARLESON MARKUM	CATLAW DRAW
OCT 89-MAR 90	90,502	584,153	226,422	507,581	333,609	231,865	
FOUL ALLOWABLE:MCF PER MO	88,473	445,221	207,301	392,388	256,256	126,029	
FOUL SALES:MCF PER MO	F1 10,193	23,478	33,319	18,931	34,790	31,079	
F2							
OCT 90-MAR 91	100,273	441,816	239,674	544,365	200,077	146,514	
FOUL ALLOWABLE:MCF PER MO	113,402	409,780	203,184	424,022	221,417	136,500	
FOUL SALES:MCF PER MO	F1 17,180	21,879	33,489	39,884	10,517	21,757	
F2							
OCT 91-MAR 92	140,402	482,780	203,184	424,022	293,417	150,500	
FOUL ALLOWABLE:MCF PER MO	F1 32,099	29,983	42,219	34,938	20,015	29,106	
F2							

PERIOD	ELMONT	IND. BASIN MURKUM	IND. BASIN UPPER PENN	JALMAT	JUSTIS GLORIEA	TURR
OCT 89-MAR 90	2,279,715	90,717	3,187,359	775,942	57,744	338,032
FOUL ALLOWABLE:MCF PER MO	1,779,169	78,348	3,052,361	855,488	60,222	289,732
FOUL SALES:MCF PER MO	F1 13,965	47,191	132,760	7,184	3,575	8,383
F2						
OCT 90-MAR 91	2,234,376	209,172	3,431,660	973,904	46,147	236,501
FOUL ALLOWABLE:MCF PER MO	2,315,225	204,393	3,372,080	905,099	39,437	213,916
FOUL SALES:MCF PER MO	F1 16,991	159,687	173,285	13,912	3,541	10,127
F2						
OCT 91-MAR 92	2,411,178	231,393	3,560,080	1,245,490	45,437	273,916
FOUL ALLOWABLE:MCF PER MO	F1 18,300	181,565	185,431	18,300	3,486	10,087
F2						

PERIOD	BASIN DAKOTA	BLANCO MESAVENDE	BLANCO P.C. SOUTH	TAFACITO
OCT 89-MAR 90	12,242,569	16,894,172	1,797,464	449,567
FOUL ALLOWABLE:MCF PER MO	10,302,401	14,990,087	1,115,864	318,270
FOUL SALES:MCF PER MO	F1 4,528	2,629	375	488
F2 8.14	13.44	17.16		19.14
OCT 90-MAR 91	9,416,739	15,731,709	1,508,811	332,221
FOUL ALLOWABLE:MCF PER MO	8,039,435	14,122,492	1,204,658	207,577
FOUL SALES:MCF PER MO	F1 5,676	3,690	483	546
F2 7.83	15.78	23.18		17.07
OCT 91-MAR 92	8,039,435	14,168,492	1,204,658	207,577
FOUL ALLOWABLE:MCF PER MO	F1 5,273	3,117	397	341
FOUL SALES:MCF PER MO	F2 7.40	12.92	19.88	10.12

**COMPARISON OF APRIL AND MAY 1991 SALES VOLUMES
AND ALLOWABLES; MCF PER MONTH**

NEW MEXICO PRORATED GAS SALES

<u>POOL</u>	<u>APR-SEP 1991 MONTHLY ALLOWABLE</u>	<u>AVG. MONTHLY SALES APR.-MAY, 1991</u>
Atoka Penn	107,414	101,987
Blinebry	368,926	423,780
Buffalo Valley Penn	221,054	151,296
Burton Flat Morrow	481,903	303,122
Carlsbad Morrow	252,146	252,452
Catclaw Draw Morrow	161,064	102,195
Eumont	2,278,783	2,112,369
Indian Basin Morrow	144,974	167,651
Indian Basin Upper Penn	3,166,406	3,231,461
Jalmat	1,148,663	1,091,336
Justis Glorieta	43,021	44,499
Tubb	266,658	245,611
Basin Dakota	8,552,554	6,359,286
Blanco Mesaverde	13,546,300	13,862,223
Blanco P.C. South	1,242,564	991,596
Tapacito	234,518	177,580

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

PURCHASER'S GAS NOMINATIONS

COMPANY Name of Purchaser or Transporter	ADDRESS Address of Purchaser or Transporter
--	---

In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, the above named company herewith submits its nominations for the purchase of gas from the Pool Name*

Pool for the month shown below: (insert in appropriate month)

MONTH	YEAR	NOMINATION, MCF
APRIL		
MAY		
JUNE		
JULY		
AUGUST		
SEPTEMBER		
OCTOBER	1991	30,000
NOVEMBER	1991	30,000
DECEMBER	1991	40,000
JANUARY	1992	40,000
FEBRUARY	1992	30,000
MARCH	1992	30,000

NOTE: All Volumes are to be MCF at 15.025 psia and 60° F.

Signature _____ Printed Name & Title _____ Date _____ Telephone No. _____

FILING INSTRUCTIONS: One copy of this form must be filed with the Santa Fe Office of the Division by the first day of the month during which the nominations are to be considered at public hearing.

*Please file a separate form for each pool for which a nomination is made.

BILL SELTZER
214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

OIL CONSERVATION DIVISION
RECEIVED

'91 SEP 4 AM 9 17.

Certified # P 046 665 818 *ma*

September 4, 1991

Re: T-23-S, R-28-E
Section 25-6/2
Eddy County, New Mexico
Case No. 10373
Order No. R-9574

Read & Stevens, Inc.
P.O. Box 1518
Roswell, New Mexico 88202

Gentlemen:

Enclosed please find Order No. R-9574 issued by the Oil Conservation Division, State of New Mexico along with Collins & Ware, Inc.'s AFE covering the cost of drilling and completing the test well.

Yours very truly,

Bill Seltzer
Bill Seltzer

BS/kp
Enclosures

cc: (1) Collins & Ware, Inc.
✓(2) Mr. William J. LeMay, OCD
(3) Mr. William F. Carr, Campbell & Blaks.

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

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

RECEIVED
AUG 28 1991
CAMPBELL & BLACK

CASE NO. 10373
Order No. R-9574

APPLICATION OF COLLINS AND WARE,
INC. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 22, 1991, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 26th day of August, 1991, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Collins & Ware Inc., seeks an order pooling all mineral interests from a depth of 7,000 feet to the base of the Morrow formation underlying the S/2 of Section 25, Township 23 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the South Culebra Bluff-Atoka Gas Pool, Undesignated Cedar Canyon-Morrow Gas Pool, and Undesignated North Loving-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon.

(3) The applicant has the right to drill and proposes to drill a well at the above standard location to a depth of approximately 12,300 feet to test the Atoka and Morrow Formations.

(4) Applicant's witness submitted cross sections, an isopach map, and a structure map which indicate that the Atoka "AD" sand is potentially productive at the proposed location.

(5) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(6) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(7) The applicant should be designated the operator of the subject well and unit.

(8) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(9) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(12) Applicant requested that combined fixed-rate overhead charges be set at \$5570 and \$505. Based on Ernst and Young survey results from 1990, \$5,200 per month while drilling and \$475 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(14) Upon the failure of the operator of said pooled unit to commence work on the well to which said unit is dedicated on or before November 1, 1991, the order pooling said unit should become null and void and of no further effect whatsoever.

(15) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(16) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(17) No offset operator or interest owner appeared at the hearing in opposition to this application.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from a depth of 7,000 feet to the base of the Morrow formation underlying the S/2 of Section 25, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing which presently includes but is not necessarily limited to the South Culebra Bluff-Atoka Gas Pool, Undesignated Cedar Canyon-Morrow Gas Pool, and Undesignated North Loving-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of November, 1991, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Atoka and Morrow formations.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of November, 1991, Decretory Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion or abandonment within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Decretory Paragraph No. (1) of this order should not be rescinded.

(2) Collins and Ware, Inc. is hereby designated the operator of the subject well and unit.

(3) After the effective date of this order and prior to commencing work on said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) The operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him; and
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$5,200 per month while drilling and \$475 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

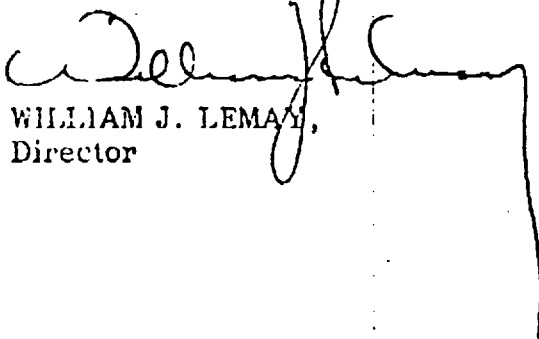
(13) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(14) The operator of the subject well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY,
Director

S E A L

dr/

Well: RAY *25* NO. 1
 County: Eddy County, New Mexico
 TD: 12,300' KB

Sec. 25, T-23-S, R-28-E
 Prospect: Culobra Bluff
 Objective Zone: Atoka - single zone, dry Gas

		TO CASINO	COMPLETION	TOTAL
		POINT		WELL
ITEM				
<i>Intangible Costs</i>				
Location	Survey, etc.	\$800	\$0	\$800
	Archaeological Services	800	0	800
	Damages	5,000	1,000	6,000
	Road, pad & clean-up	25,000	5,000	30,000
Drilling	Footage = 10,600' @ \$18.0/ft.	190,800	0	190,800
	Daywork - 17.0/2.5 days @ \$3,400/day	91,800	18,500	105,300
	Bits (4), reamers plus repairs (2), misc.	18,850	0	18,850
Drilling Fluids	Mud, oil & chemicals (mud-up @ 10,600' KB)	25,000	1,500	26,500
	Brine & Water	25,000	2,000	27,000
Cement	13.375" x 17.5" x 650' (Circulate)	10,500	0	10,500
	9.625" x 12.25" x 2,650' (Circulate)	18,000	0	18,000
	7.00" x 8.75" x 8400' (@ 10,600'-2 stage)	22,000	0	22,000
	4.50" x 6.125" x 2000'	0	7,000	7,000
Services	OH Logs (10,600' TD): OR-CN-LD & DLL w/MSFL	14,900	0	14,900
	OH Logs (12,300' TD): OR-CN-LD & DLL w/MSFL	11,000	0	11,000
	Testing: 2 DST in Atoka, 4 pt. w/ BHP & test unit	9,000	6,500	15,500
	Pulling unit, 8 days	0	11,200	11,200
	CBL Log & Perforate w/ lbg. conveyed gun(s)	0	18,000	18,000
	Yellow jacket, PU-LD, osg. crews, etc.	12,000	3,500	15,500
	5000 gal. 7.5% MG acid treatment	0	9,000	9,000
Hauling	Oil, water, etc.	2,000	1,000	3,000
	Equipment	1,500	1,000	2,500
Rental	Rot. Hd., PVT, H2S, BOP, pipe racks, sep., etc.	6,000	8,000	14,000
	Water storage & test tanks	3,000	1,000	4,000
Supplies	Sample sx., pipe dope, etc.	600	500	1,100
Insurance	Normal, well control, etc.	24,150	0	24,150
Supervision	Geological & Mud Logger (12/34)	19,000	900	19,900
	Engineering (22/3/7)	13,750	4,050	17,800
	Overhead (37/3/9)	5,550	1,800	7,350
Contingencies	Yielding, packers, taxes, misc. tools, etc.	34,260	6,650	40,950
<i>Total Intangible Costs</i>		\$390,260	\$103,140	\$693,400
<i>Tangible Costs:</i>				
Casing	Surface: 650' of 13.375" @ \$22.0/ft.	14,300	0	14,300
	1 st. Inter: 2650' of 9.625" @ \$14.5/ft.	38,450	0	38,450
	2 nd. Inter: 10,600' of 7.00" @ \$13.00/ft.	137,800	0	137,800
	Production Liner: 2,000' of 4.50" @ \$9.60/ft.	0	19,200	19,200
	Liner hanger, tools & float equipment	0	13,000	13,000
Tubing	1,700' of 2.375", H-80 ABC @ \$4.50/ft.	0	7,650	7,650
	10,600' of 2.875", CS, P-105 @ \$9.85/ft.	0	104,410	104,410
Wellheads	Drilling and completion assembly	14,500	10,000	24,500
Tank Bttu.	1 - 210 Bbl. (O) 1 - 210 Bbl. FG (Y)	0	6,000	6,000
Stack pack	Production Unit, safety & casing relief valve, etc.	0	33,000	33,000
Flowline	500' @ \$12/ft. Incl. welding, anchors, valves, etc.	0	6,000	6,000
	Labor & dirt work:	0	4,000	4,000
Miscellaneous	Packer, tools, tax (6%), etc.	12,300	27,200	39,500
<i>Total Tangible Costs</i>		\$217,330	\$230,460	\$447,790
TOTAL WELL		\$807,590	\$333,600	\$1,141,190

IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED, WHETHER WORK OR MATERIALS BE SET OUT HEREIN.

BEFORE EXAMINER M. D. HAW

OIL CONSERVATION DIVISION

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 1991.

EXHIBIT NO. 3

CASE NO. 10373

BY: _____ COMPANY: _____

TITLE: _____

Well: RAY #25 NO. 1
 County: Eddy County, New Mexico
 T.D.: 12,300' KB

Prospect: Culebra Bluff
 Objective Zone: Atoka - single zone, dry Gas

		TO CASING POINT	COMPLETION	TOTAL WELL
<i>Intangible Costs</i>				
Location	Survey, etc.	\$800	\$0	\$800
	Archaeological Services	800	0	800
	Damages	5,000	1,000	6,000
	Road, pad & clean-up	25,000	5,000	30,000
Drilling	Footage = 10,600' @ \$18.0/ft.	190,800	0	190,800
	Day work - 17.0/2.3 days @ \$5,400/day	91,800	13,500	105,300
	Bits (4), reamers plus repairs (2), misc.	18,850	0	18,850
Drilling Fluids	Mud, oil & chemicals (mud-up @ 10,600' KB)	25,000	1,500	26,500
	Brine & Water	25,000	2,000	27,000
Cement	13.375" x 17.5" x 650' (Circulate)	10,500	0	10,500
	9.625" x 12.25" x 2,650' (Circulate)	18,000	0	18,000
	7.00" x 8.75" x 8400' (@ 10,600'-2 stage)	22,000	0	22,000
	4.50" x 6.125" x 2000'	0	7,000	7,000
Services	OH Logs (10,600' TD): OR-CN-LD & DLL w/MSFL	14,900	0	14,900
	OH Logs (12,300' TD): OR-CN-LD & DLL w/MSFL	11,000	0	11,000
	Testing: 2 DST in Atoka, 4 pt. w/ BHP & test unit	9,000	6,500	15,500
	Pulling unit, 8 days	0	11,200	11,200
	CBL Log & Perforate w/ tbg. conveyed gun(s)	0	18,000	18,000
	Yellow jacket, PU-LD, osg. crews, etc.	12,000	3,500	15,500
	5000 gal. 7.5% MG acid treatment	0	9,000	9,000
Hauling	Oil, water, etc.	2,000	1,000	3,000
	Equipment	1,500	1,000	2,500
Rental	Rot. Hd., PVT, H2S, BOP, pipe racks, sep., etc.	6,000	8,000	14,000
	Water storage & test tanks	3,000	1,000	4,000
Supplies	Sample sx., pipe dope, etc.	600	500	1,100
Insurance	Normal, well control, etc.	24,150	0	24,150
Supervision	Geological & Mud Logger (12/34)	19,000	900	19,900
	Engineering (22/3/7)	13,750	4,050	17,800
	Overhead (37/3/9)	5,550	1,800	7,350
Contingencies	Welding, packers, taxes, misc. tools, etc.	34,260	6,690	40,950
<i>Total Intangibles</i>		\$590,260	\$103,140	\$693,400
<i>Tangible Costs:</i>				
Casing	Surface: 650' of 13.375" @ \$22.0/ft.	14,300	0	14,300
	1 st. Inter: 2650' of 9.625" @ \$14.5/ft.	38,430	0	38,430
	2 nd. Inter: 10,600' of 7.00" @ \$13.00/ft.	137,800	0	137,800
	Production Liner: 2,000' of 4.50" @ \$9.60/ft.	0	19,200	19,200
	Liner hanger, tools & float equipment	0	13,000	13,000
Tubing	1,700' of 2.375", H-80 ABC @ \$4.50/ft.	0	7,650	7,650
	10,600' of 2.875", CS, P-105 @ \$9.85/ft.	0	104,410	104,410
Wellheads	Drilling and completion assembly	14,500	10,000	24,500
Tank Btty.	1 - 210 Bbl. (O) 1 - 210 Bbl. FG (V)	0	6,000	6,000
Stack pack	Production Unit, safety & casing relief valve, etc.	0	33,000	33,000
Flowline	500' @ \$12/ft. incl. welding, anchors, valves, etc.	0	6,000	6,000
	Labor & dirt work:	0	4,000	4,000
Miscellaneous	Packer, tools, tax (6%), etc.	12,300	27,200	39,500
<i>Total Tangibles</i>		\$217,330	\$230,460	\$447,790
TOTAL WELL		\$807,590	\$333,600	\$1,141,190

IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED, WHETHER MORE OR LESS THAN THAT SET OUT HEREIN.

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 1991

BY: _____ COMPANY: _____

TITLE: _____

BEFORE EXAMINER MARY W
 OIL CONSERVATION DIVISION

EXHIBIT NO. 3

CASE NO. 10373

OIL CONSERVATION DIVISION
RECEIVED
'91 SEP 5 AM 9 14

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

Certified #P 046 665 817

September 5, 1991

Re: T-23-S, R-28-E
Section 25: S/2
Eddy County, New Mexico
Case No. 10873
Order No. R-9574 *ms*

Read & Stevens, Inc.
P.O. Box 1518
Roswell, New Mexico 88202

Gentlemen:

Reference is hereby made to my certified letter No. P 046 665 818 dated September 4, 1991, covering the above.

Attached please find corrected AFE which is in lieu of and replaces the original AFE attached to the above certified letter.

Yours very truly,

Bill Seltzer
Bill Seltzer

BS/kp
Atch.

cc: (1) Collins & Ware, Inc.
(2) Mr. William J. LeMay, OCD
(3) Mr. William F. Carr, Campbell & Black