

TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

July 19, 1989

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

Case 9762

Attn: William J. LeMay

Re: Rule 111 (c)
Burton Flat Federal #1
Parkway South (Strawn)
Eddy County, New Mexico

Dear Mr. LeMay:

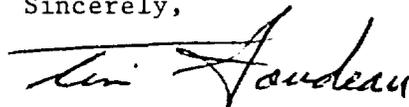
TXO Production Corp. respectfully requests administrative approval to intentionally deviate the subject well from vertical to an orthodox bottom hole location under the New Mexico State Rule No. 111 (c). Attached you will find a plat showing the surface location of 1815' FWL & 900' FSL of Sec. 11, T-20-S, R-29-E, Eddy County, New Mexico, and the targeted bottom hole location of 825' FNL & 1815' FWL, Sec. 14, T-20-S, R-29-E, Eddy County, New Mexico. The surface location was surveyed by John West Engineering and field inspected and approved by the BLM.

TXO is deviating the well in compliance with the NMOCD order No. R-111-P for protection of the potash mining interests. The order states that the subject well be drilled outside the one-half mile from life mine reserve line as indicated by the plat. The potash lessee (Eddy Potash Company) supplied TXO with their life mine reserves which are indicated on the plat by the red line which goes through Sections 15 & 14.

Attached you will find a list of operators of proration or spacing units offsetting the subject well's unit along with their addresses and copies of the certified mail receipts giving notification of deviation.

Please feel free to call me concerning any questions regarding this matter at (915) 682-7992.

Sincerely,



Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

TG/mcw

P 954 385 884

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to N.M.O.C.D.	
Street and No. P. O. Box 2088	
P.O., State and ZIP Code Santa Fe, NM 87504-2088	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3800, June 1985

Fold at line over top of envelope to the right
of the return address.

CERTIFIED

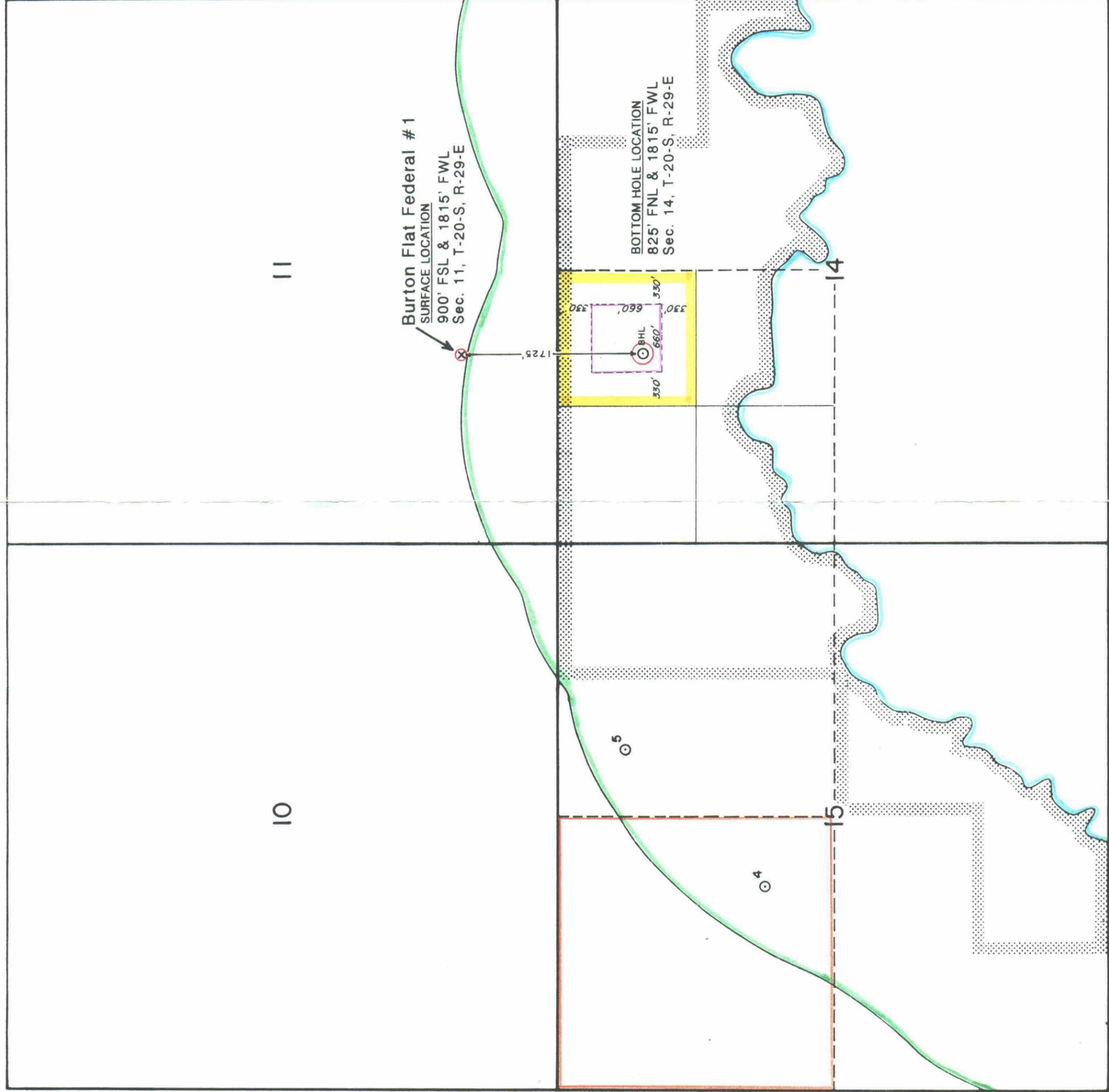
P 954 385 884

MAIL

T-20-S, R-29-E Eddy County New Mexico



Scale: 1" = 1000'



-  40 ACRES LEGAL LOCATION AREA
-  40 ACRES PRORATION UNIT
-  BUFFER ZONE
-  PARKWAY SOUTH OIL POOL UNIT

TXO Production Corp.
APPLICATION TO DRILL
TXO Prod. Corp. #1
Burton Flat Federal
in Potash Area

BURTON FLAT FEDERAL #1
OFFSET OPERATORS

SW/4 of Section 14

- 1) Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88202-1933
- 2) Cibola Energy Corp.
P. O. Box 1668
Albuquerque, New Mexico 87103

NE/4, N/2 SE/4 and SW/4 SE/4 of Section 14

- 1) Yates Petroleum Corp.
105 S. 4th Street
Artesia, New Mexico 88210

SE/4 of Section 15

- 1) Yates Petroleum Corp.
105 S. 4th Street
Artesia, New Mexico 88210

N/2 of Section 15

- 1) TXO Production Corp.
- 2) Great Western Drilling Company
P. O. Box 1659
Midland, Texas 79702
- 3) Barbara T. Fasken
303 West Wall Ave., Suite 1901
Midland, Texas 79701
- 4) Davoil, Inc.
P. O. Box 12507
Fort Worth, Texas 76116
- 5) Richard S. Brooks and wife, Annie May Brooks
303 West Wall Ave., Suite 608
Midland, Texas 79702
- 6) J. C. Williamson
P. O. Box 16
Midland, Texas 79702
- 7) D. W. Underwood
505 N. Big Spring, Suite 100
Midland, Texas 79701
- 8) Josephine Laughlin
1400 W. Pecan
Midland, Texas 79701
- 9) J. C. Barnes, Jr.
Viola Barnes
Christy Ray
Steven C. Barnes
Viola Elaine Byrum
P. O. Box 505
Midland, Texas 79702
- 10) Jane B. Ramsland
P. O. Box 10689
Midland, Texas 79702

BURTON FLAT FEDERAL #1
OFFSET OPERATORS

N/2 of Section 15 (Cont'd)

- 11) W. F. Wynn
Shirley B. Wynn
Preston State Bank Building, Suite 811
8111 Preston Road
Dallas, Texas 75205
- 12) Claude F. Wynn
P. O. Box 6832
Houston, Texas 77265
- 13) Russell J. Ramsland, Jr.
Claudia R. Burch
P. O. Box 10505
Midland, Texas 79702
- 14) Tenexplo Corporation
Tenexplo Fund VII
James E. Wheeler, Trustee for the Wheeler International
Profit Sharing Plan
J.E.R. Chilton, III
Michael Pescatello
Out West Exploration
Alton D. Kelly
C. R. Hefner
c/o Tenexplo Corporation
660 Two Energy Square
Dallas, Texas 75205

All of Section 11

Marico Exploration Inc.
Weed Oil & Gas
Yates Drilling Co.
Payton Yates
Richard Yates
S. P. Yates
John A. Yates
Martin Yates Estate
Lillie M. Yates
S. P. Yates & Estelle H. Yates 1976 Trust
Yates Petroleum Corporation
c/o Yates Petroleum Corporation
105 S. 4th Street
Artesia, New Mexico 88210

All of Section 10

- 1) Roger E. Canter
2304 Maxwell
Midland, Texas 79705
- 2) J. C. Barnes
P. O. Box 505
Midland, Texas 79702
- 3) W. F. Wynn, Trustee of the
Shirley B. Cummings Trust
8111 Preston Road, Suite 811
Dallas, Texas 75205
- 4) R. J. Ramsland
Drawer 10505
Midland, Texas 79702

BURTON FLAT FEDERAL #1
OFFSET OPERATORS

All of Section 10 (Cont'd)

- 5) J. C. Barnes, Jr.
P. O. Box 505
Midland, Texas 79702
- 6) Barnes Adelante Trust
P. O. Box 505
Midland, Texas 79702
- 7) W. F. Wynn
8111 Preston Road, Suite 811
Dallas, Texas 75225
- 8) Boyd Laughlin
1400 W. Pecan
Midland, Texas 79701
- 9) D. W. Underwood
505 N. Big Spring, Suite 100
Midland, Texas 79701
- 10) J. C. Williamson
P. O. Box 16
Midland, Texas 79702
- 11) Ralph E. Williamson
P. O. Box 16
Midland, Texas 79702
- 12) Toni W. Croft
1511 "G" Street
Anchorage, Alaska 99501-5031

Well file

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701

July 19, 1989

J. C. Barnes, Jr., et al
P. O. Box 505
Midland, Texas 79702

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
T-20-S, R-29-E, Eddy County, NM
Pool: Parkway South (Strawn)

Gentlemen:

TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOC Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

Sincerely,

Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

P 154 192 783

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Send to	J. C. Barnes, Jr., et al
Street and No	P. O. Box 505
P.O. State and ZIP Code	Midland, TX 79702
Postage	\$
Certified fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1985

Fold a line over top of envelope to finish of the return address

CERTIFIED

P 154 192 783

MAIL

TXO PRODUCTION CORP.
 900 WILCO BUILDING
 MIDLAND, TEXAS 79701
 915/682-7992

July 19, 1989

Josephine Laughlin
 1400 W. Pecan
 Midland, Texas 79701

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

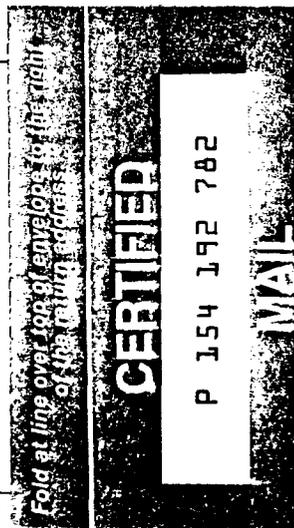
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Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

Sent to Josephine Laughlin	
Shipped by 1400 W. Pecan	
P.O. State and ZIP Code Midland, TX 79701	
Postage	
Certified fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date 7-28-89	



PS Form 3800, June 1985

P 154 192 782

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

July 19, 1989

D. W. Underwood
505 N. Big Spring, Suite 100
Midland, Texas 79701

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
T-20-S, R-29-E, Eddy County, NM
Pool: Parkway South (Strawn)

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Sincerely,

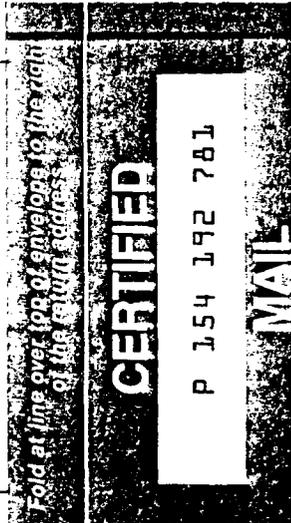


Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

P 154 192 781

RECEIPT FOR CERTIFIED MAIL
NO POSTAGE NECESSARY IF MAILED
IN THE UNITED STATES
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to	D. W. Underwood
Street and No.	505 N. Big Spring, Suite 100
P.O. State and Zip Code	Midland, TX 79701
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89



PS Form 3800, June 1985

TXO PRODUCTION CORP.

900 WILCO BUILDING

MIDLAND, TEXAS 79701

July 19, 1989

J. C. Williamson
 P. O. Box 16
 Midland, Texas 79702

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

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Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

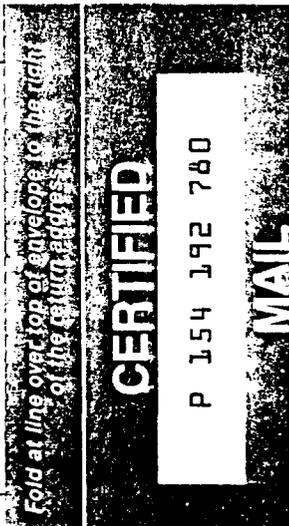
P 154 192 780

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to	J. C. Williamson
Street and No	
P. O. Box	Box 16
P. O. Street and City	Midland, TX 79702
Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1989



TXO PRODUCTION CORP.

900 WILCO BUILDING

MIDLAND, TEXAS 79701

July 19, 1989

Davoil, Inc.
 P. O. Box 12507
 Fort Worth, Texas 76116

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

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Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

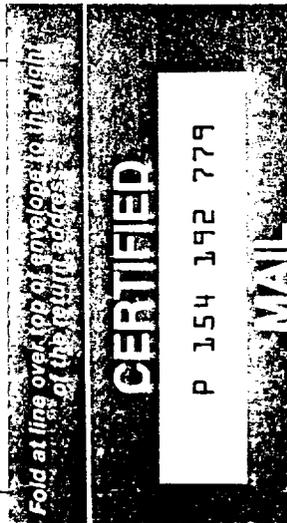
P 154 192 779

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to	Davoil, Inc.
Street and No.	P. O. Box 12507
PO State and Zip Code	Fort Worth, TX 76116
Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1985



TXO PRODUCTION CORP.

900 WILCO BUILDING

MIDLAND, TEXAS 79701

July 19, 1989

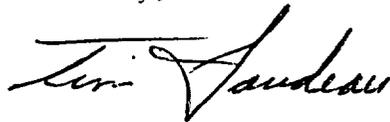
Barbara T. Fasken
303 West Wall Ave., Suite 1901
Midland, Texas 79701

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
T-20-S, R-29-E, Eddy County, NM
Pool: Parkway South (Strawn)

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Sincerely,



Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

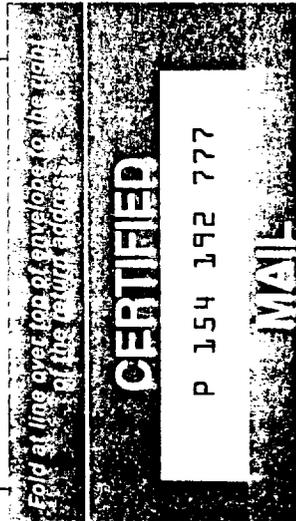
P 154 192 777

RECEIPT FOR CERTIFIED MAIL

NO ADDITIONAL CHARGE AT POST OFFICE
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	Barbara T. Fasken
Street	303 W. Wall Ave., Ste. 1901
P.O. State and Zip Code	Midland, TX 79701
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt, Involving to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89



PS Form 3800, June 1988

TXO PRODUCTION CORP.

900 WILCO BUILDING

MIDLAND, TEXAS 79701

July 19, 1989

Great Western Drilling Company
 P. O. Box 1659
 Midland, TX 79702

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

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Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

P 167 611 631

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Great Western Drilling Co.	
Street and No. P. O. Box 1659	
P.O. State and ZIP Code Midland, TX 79702	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, Feb. 1982 * U.S.G.P.O. 1984-446-014



TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

July 19, 1989

Cibola Energy Corp.
P. O. Box 1668
Albuquerque, New Mexico 87103

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
T-20-S, R-29-E, Eddy County, NM
Pool: Parkway South (Strawn)

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Sincerely,



Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

P 167 611 629
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to	Cibola Energy Corp.
Street and No.	Box 1668
P.O., State and ZIP Code	Albuquerque, NM 87103
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, Feb. 1982 * U.S.G.P.O. 1984-46-014



TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

July 19, 1989

Yates Petroleum Corp.
105 S. 4th Street
Artesia, New Mexico 88210

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
T-20-S, R-29-E, Eddy County, NM
Pool: Parkway South (Strawn)

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Sincerely,



Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

P 167 611 630

RECEIPT FOR CERTIFIED MAIL

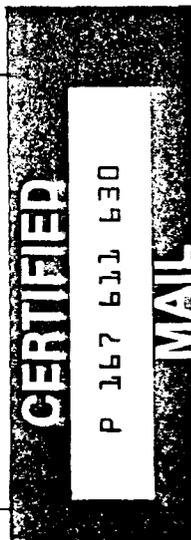
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	Yates Petroleum Corp.
Street	105 S. 4th Street
P.O. State and ZIP Code	Artesia, NM 88210
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

* U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982



TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

July 19, 1989

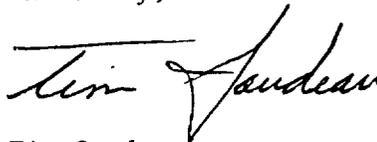
Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88202-1933

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
T-20-S, R-29-E, Eddy County, NM
Pool: Parkway South (Strawn)

Gentlemen:

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Sincerely,



Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

P 167 611 628

RECEIPT FOR CERTIFIED MAIL

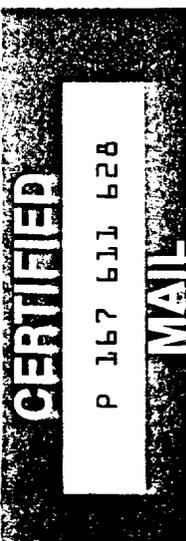
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Harvey E. Yates Company	
Street and No. P. O. Box 1933	
P.O., State and ZIP Code Roswell, NM 88202-1933	
Postage \$	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees \$	
Postmark or Date 7-28-89	

* U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982



TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

July 19, 1989

Toni W. Croft
1511 "G" Street
Anchorage, Alaska 99501-5031

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
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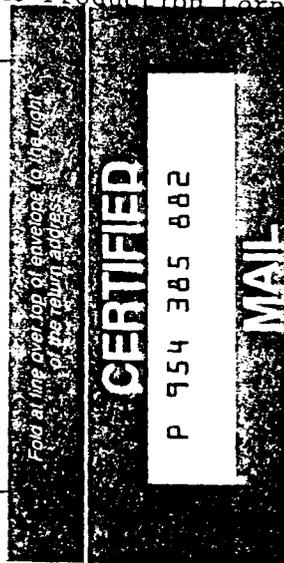
Sincerely,



Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

Sent to	Toni W. Croft
Street and No.	1511 "G" Street
P.O. State and ZIP Code	Anchorage, Alaska 99501
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1985



P 954 385 882

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

TXO PRODUCTION CORP.
 900 WILCO BUILDING
 MIDLAND, TEXAS 79701
 915/682-7992

July 19, 1989

Ralph E. Williamson
 P. O. Box 16
 Midland, Texas 79702

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOC Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

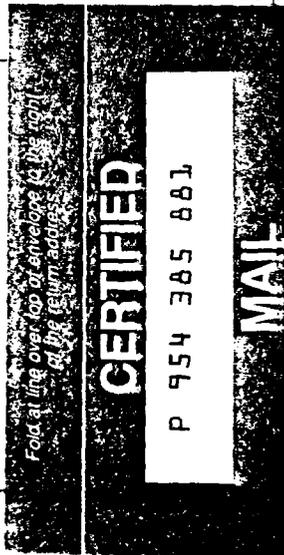
Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

Sent to	Ralph E. Williamson
Street and No	P. O. Box 16
P. O. State and ZIP Code	Midland, TX 79702
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1985



P 954 385 881
 RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

TXO PRODUCTION CORP.
 900 WILCO BUILDING
 MIDLAND, TEXAS 79701
 915/682-7992

July 19, 1989

Boyd Laughlin
 1400 W. Pecan
 Midland, Texas 79701

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

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Sincerely,



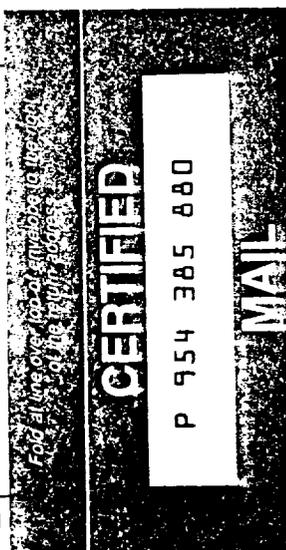
Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

P 954 385 880

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to	Boyd Laughlin
Street and No.	1400 W. Pecan
P.O. State and ZIP Code	Midland, TX 79701
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1985



TXO PRODUCTION CORP.
 900 WILCO BUILDING
 MIDLAND, TEXAS 79701
 915/682-7992

July 19, 1989

Barnes Adelante Trust
 P. O. Box 505
 Midland, Texas 79702

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOC Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

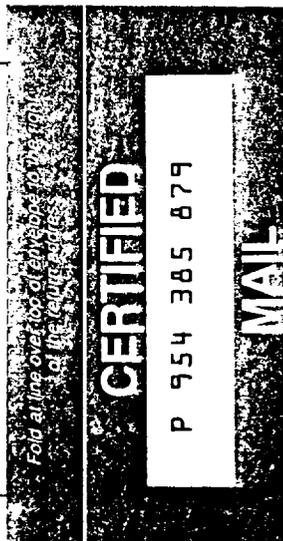
P 954 385 879

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to	Barnes Adelante Trust
Street and No	P. O. Box 505
P.O. State and ZIP Code	Midland, TX 79702
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1985



TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

July 19, 1989

Richard S. Brooks and wife, Annie May Brooks
303 West Wall Ave., Suite 608
Midland, Texas 79702

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
T-20-S, R-29-E, Eddy County, NM
Pool: Parkway South (Strawn)

Gentlemen:

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Sincerely,

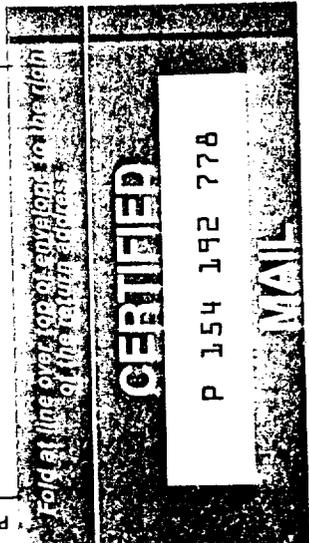


Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

P 154 192 778

RECEIPT FOR CERTIFIED MAIL
NO RETURN TO OFFICE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to	Richard S. Brooks
Street	303 W. Wall Ave.,
PO	Suite 608
Postage	Midland, TX 79702
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89



PS Form 3800, June 1985

TXO PRODUCTION CORP.

900 WILCO BUILDING

MIDLAND, TEXAS 79701

915/682-7992

July 19, 1989

R. J. Ramsland
 Drawer 10505
 Midland, Texas 79702

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOCD Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

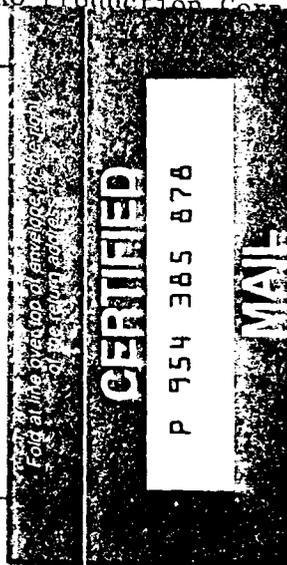
Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

Sent to	R. J. Ramsland
Street and No	Drawer 10505
P.O. State and Zip Code	Midland, TX 79702
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1985



RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

P 954 365 878

TXO PRODUCTION CORP.
 900 WILCO BUILDING
 MIDLAND, TEXAS 79701
 915/682-7992

July 19, 1989

Roger E. Canter
 2304 Maxwell
 Midland, Texas 79705

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

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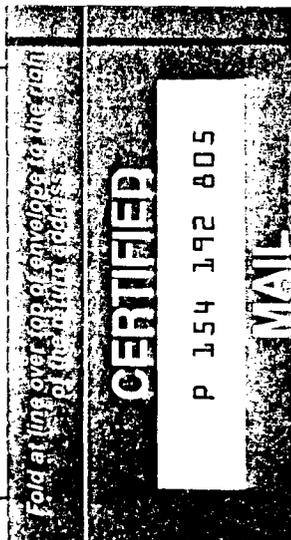
Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

Sent to	Roger L. Canter
Street	2304 Maxwell
P.O. Street and Zip Code	Midland, TX 79705
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt (showing to whom and Date Delivered)	
Return Receipt (showing to whom Date and Address of Delivery)	
TOTAL Postage and Fees	\$
Postmark or Date	7-28-89

PS Form 3800, June 1985



P 154 192 805

RECEIPT FOR CERTIFIED MAIL
 NO RETURN CHECKS TO BE MAILED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

TXO PRODUCTION CORP.
 900 WILCO BUILDING
 MIDLAND, TEXAS 79701
 915/682-7992

July 19, 1989

Marico Exploration Inc., et al
 c/o Yates Petroleum Corporation
 105 S. 4th Street
 Artesia, New Mexico 88210

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOCD Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

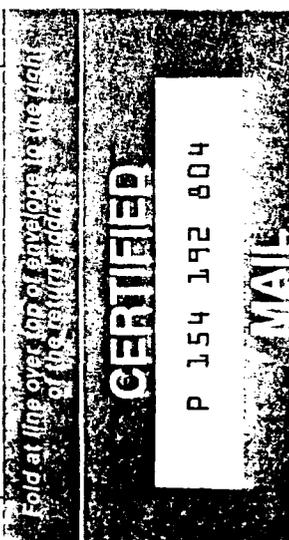
P 154 192 804

RECEIPT FOR CERTIFIED MAIL

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Send to Marico Explor. Inc. et al c/o Yates Petroleum Corp 105 S. 4th Street P.O. State and ZIP Code Artesia, NM 88210	Postage	Certified Fee	Special Delivery Fee	Restricted Delivery Fee	Return Receipt (including to whom and Date Delivered)	Return Receipt (showing to whom, Date and Address of Delivery)	TOTAL Postage and Fees	Postmark or Date
								7-28-89

PS Form 3800, June 1985



TXO PRODUCTION CORP.

900 WILCO BUILDING

MIDLAND, TEXAS 79701

July 19, 1989

Tenexplo Corporation, et al
660 Two Energy Square
Dallas, Texas 75205

Re: Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL, Sec. 11,
T-20-S, R-29-E, Eddy County, NM
Targeted Bottomhole
Location: 825' FNL & 1815' FWL, Sec. 14,
T-20-S, R-29-E, Eddy County, NM
Pool: Parkway South (Strawn)

Gentlemen:

TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOCD Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

Sincerely,



Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.

P 154 192 803

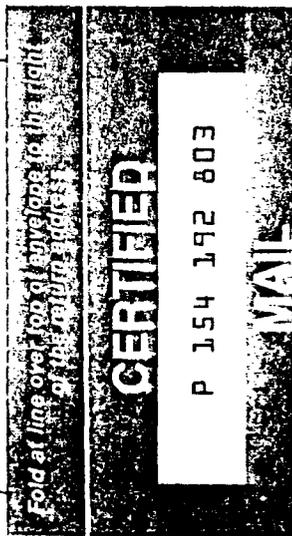
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Send to	Tenexplo Corporation, et al
Suite	660 Two Energy Square
	Dallas, TX 75205
PO	State and Zip Code
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt with to whom and Date Delivered	
Return Receipt with Return Date and Address of Consignee	
TOTAL Postage and Fees	
Postmark or Date	7-28-89

PS Form 3800, June 1985



TXO PRODUCTION CORP.
 900 WILCO BUILDING
 MIDLAND, TEXAS 79701
 915/682-7992

July 19, 1989

Russell J. Ramsland, Jr.
 Claudia R. Burch
 P. O. Box 10505
 Midland, Texas 79702

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOCD Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

al
ef

PS Form 3800, June 1985

Sent to	Russell J. Ramsland, Jr.
Street or P.O. Box No.	P. O. Box 10505
P.O. Street and City	Midland, TX 79702
Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	
Postmark or Date	7-28-89

Fold at line over top of envelope to the right of the return address.

CERTIFIED MAIL

P 154 192 802

P 154 192 802

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERABLE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

TXO PRODUCTION CORP.
 900 WILCO BUILDING
 MIDLAND, TEXAS 79701
 915/682-7992

July 19, 1989

Claude F. Wynn
 P. O. Box 6832
 Houston, Texas 77265

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOCD Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

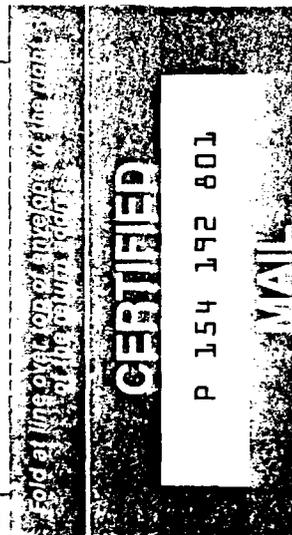
P 154 192 801

RECEIPT FOR CERTIFIED MAIL

NO POSTAGE
 NECESSARY
 IF MAILED
 IN THE
 UNITED STATES

(See Reverse)

Sent to	Claude F. Wynn
Street	P. O. Box 6832
P.O. State and Zip Code	Houston, TX 77265
Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of delivery	
TOTAL Postage and Fees	\$
Postmark or Date	7-26-89



TXO PRODUCTION CORP.

900 WILCO BUILDING

MIDLAND, TEXAS 79701

915/682-7992

July 19, 1989

Jane B. Ramsland
 P. O. Box 10689
 Midland, Texas 79702

Re: Burton Flat Federal #1
 Surface Location: 900' FSL, 1815' FWL, Sec. 11,
 T-20-S, R-29-E, Eddy County, NM
 Targeted Bottomhole
 Location: 825' FNL & 1815' FWL, Sec. 14,
 T-20-S, R-29-E, Eddy County, NM
 Pool: Parkway South (Strawn)

Gentlemen:

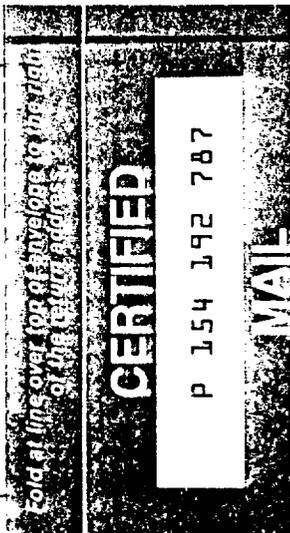
TXO Production Corp. plans to drill the subject well from the above surface location to the indicated targeted bottomhole location. This letter is in compliance with NMOCD Rule No. 111 (c) and will serve as notice of application to drill and deviate the subject well. If you have any questions regarding this matter, please feel free to call me at (915) 682-7992.

Sincerely,



Tim Goudeau
 Drilling and Production Engineer
 TXO Production Corp.

Sent to	Jane B. Ramsland
Street or P.O. Box	P. O. Box 10689
City, State, and ZIP	Midland, TX 79702
Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt (if any) to whom and Date Delivered	
Return Receipt Showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	
Postmark or Date	7-28-89



P 154 192 787

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED BY POST OFFICE FOR INTERNATIONAL MAIL (See Reverse)

PS Form 3800, June 1989

CASE 9805: Application of Oryx Energy Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 26, Township 22 South, Range 34 East, Undesignated Antelope Ridge-Atoka Gas Pool, the S/2 of said Section 26 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 4 miles north-northwest of the San Simon Sink.

CASE 9806: Application of Pacific Enterprises Oil Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North line and 1400 feet from the East line (Unit B) of Section 2, Township 10 South, Range 26 East, to test the Undesignated Four Ranch-PrePermian Gas Pool, Lots 1, 2, 3, and 4 and the S/2 N/2 (W/2 equivalent) of said Section 2 to be dedicated to said well forming a 320.52-acre gas spacing and proration unit. Said unit is located approximately 6 miles east by south of the Pecos River Bridge on U.S. Highway 70.

CASE 9807: Application of Anadarko Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an order pooling all mineral interests in the Strawn formation underlying the SE/4 NW/4 (Unit F) of Section 33, Township 16 South, Range 39 East, forming a standard 40-acre oil spacing and proration unit for said zone. Said unit is to be dedicated to a well to be directionally drilled from a surface location 2440 feet from the North line and 2230 feet from the West line of said Section 33, to the Strawn formation at a true vertical depth of approximately 11,700 feet within a 125 foot radius of an unorthodox oil well location 2060 feet from the North line and 2500 feet from the West line of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant an operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles northeast by north of Humble City, New Mexico.

CASE 9808: Application of TXO Production Corporation for compulsory pooling, directional drilling, and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated East Burton Flat-Strawn Gas Pool underlying the W/2 of Section 14, Township 20 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be directionally drilled from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, to a non-standard bottomhole gas well location within 50 feet of a point 925 feet from the North line and 1815 feet from the West line (Unit C) of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9762: (Continued from October 18, 1989, Examiner Hearing.)

Application of TXO Production Corp. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, to a standard bottomhole oil well location in the Strawn formation within 50 feet of a point 925 feet from the North line and 1815 feet from the West line (Unit C) of Section 14, Township 20 South, Range 29 East, the NE/4 NW/4 of said Section 14 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated South Parkway-Strawn Pool. This well location is approximately 4.25 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9800: Application of W. E. Jeffers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for a well to be drilled 2310 feet from the South line and 2452 feet from the West line (Unit K) of Section 2, Township 18 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, the NE/4 SW/4 of said Section 2 to be dedicated to said well and the existing Featherstone State Well No. 4 located at a standard oil well location 1650 feet from the South and West lines of said Section 2. Said unit is located approximately 2 miles southeast of the junction of U.S. Highway 82 and N.M. State Highway No. 360.

CASE 9792: (Continued from October 18, 1989, Examiner Hearing.)

Application of R. E. Hibbert for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to sidetrack from its existing Ridge State Well No. 1 located at a previously approved unorthodox gas well location (NSL-2551) 360 feet from the North line and 1980 feet from the West line (Unit C) of Section 17, Township 24 South, Range 25 East, and directionally drill to an unorthodox gas well location in the Mosley Canyon-Strawn Gas Pool within 50 feet of a point 360 feet from the North line and 980 feet from the West line (Unit D) of said Section 17, the S/2 of said Section 17 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This well is located approximately 4.5 miles northwest of Whites City, New Mexico.

CASE 9801: Application of Conoco, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the SW/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing (which includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool). Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 15 miles west by south of Lakewood, New Mexico.

CASE 9802: Application of Marathon Oil Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the South line and 1650 feet from the West line (Unit M) of Section 9, Township 21 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, all of said Section 9, forming a standard 640-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to the existing North Indian Basin Unit Well No. 5 located at a standard gas well location 1815 feet from the South line and 1752.3 feet from the East line (Unit J) of said Section 9. The subject spacing unit is located approximately 2.5 miles northwest of the applicant's Indian Basin Gas Plant.

CASE 9803: Application of Meridian Oil Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Rosa Unit Well No. 257 to be drilled 955 feet from the South line and 725 feet from the West line (Unit M) of Section 27, Township 31 North, Range 5 West, the W/2 of said section being dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 9 miles south of Mile Corner No. 237.5 located on the Colorado/New Mexico stateline.

CASE 9804: Application of Meridian Oil Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 945 feet from the South line and 1210 feet from the West line (Unit M) of Section 6, Township 30 North, Range 9 West. Said well is to be dedicated to an existing 299.85-acre non-standard gas proration unit for the Blanco-Mesaverde Pool comprising Lots 3, 4, 5, 6 and 7 and the E/2 W/2 (W/2 equivalent) of Section 6 and Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) of Section 7, Township 30 North, Range 9 West (authorized by Division Order No. R-35). Said location is approximately 12 miles west by north of the Navajo Reservoir Dam.

CASE 9780: Application of John H. Hendrix Corporation for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 860 feet from the North line and 2100 feet from the East line (Unit B) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool, the N/2 NE/4 of said Section 11 to be dedicated to said well forming a non-standard 80-acre gas spacing and proration unit for said pool. Said location is approximately 1.6 miles east of Oil Center, New Mexico.

CASE 9726: (Continued from September 20, 1989, Examiner Hearing.)

Application of Haylan Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenberger formation underlying the SW/4 of Section 25, Township 19 South, Range 38 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing and the NE/4 SW/4 of said Section 25 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing (which presently includes but is not necessarily limited to the Undesignated House-Blinbry Pool, the Undesignated North House-Tubb Pool, the Undesignated Nadine Drinkard-Abo Pool and the Undesignated East Nadine-Drinkard Pool). Both aforementioned units are to be dedicated to a single well to be drilled at a standard location in the NE/4 SW/4 (Unit K) of said Section 25. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 1.3 miles east-northeast of Nadine, New Mexico.

CASE 9762: (Continued from October 4, 1989, Examiner Hearing.)

Application of TXO Production Corp. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, to a standard bottomhole oil well location in the Strawn formation within 50 feet of a point 825 feet from the North line and 1815 feet from the West line (Unit C) of Section 14, Township 20 South, Range 29 East, the NE/4 NW/4 of said Section 14 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated South Parkway-Strawn Pool. This well location is approximately 4.25 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9763: (Continued from October 4, 1989, Examiner Hearing.)

Application of TXO Production Corp. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 100 feet from the North line and 1500 feet from the East line (Unit B) of Section 15, Township 20 South, Range 29 East, to a standard bottomhole oil well location in the Strawn formation within 50 feet of a point 1815 feet from the North line and 825 feet from the East line (Unit H) of said Section 15, the SE/4 NE/4 of said Section 15 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated South Parkway-Strawn Pool. This well location is approximately 4 miles northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9781: Application of Oryx Energy Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 16, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent being developed on 320-acre spacing (which includes but is not necessarily limited to the Undesignated Red Lake-Pennsylvanian Gas Pool, Undesignated Red Lake Atoka-Morrow Gas Pool, Undesignated Scoggin Draw-Strawn Gas Pool, Undesignated Scoggin Draw-Atoka Gas Pool, and Undesignated Scoggin Draw-Morrow Gas Pool), said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles south by east of Riverside, New Mexico.

CASE 9782: Application of Oryx Energy Company for an unorthodox location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 22, Township 22 South, Range 34 East, and in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any

Dockets Nos. 32-89 and 33-89 are tentatively set for November 1 and November 15, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 18, 1989
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

The following cases will be heard before Michael E. Stogner, Examiner, or David R. Catanach, or Victor T. Lyon, Alternate Examiners:

CASE 9712: (Continued from October 4, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Chappell "5" Well No. 1 located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 5, Township 12 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant, San Miguel County, New Mexico (which is located approximately 9.25 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9713: (Continued from October 4, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Gihon "31" Well No. 1 located 2970 feet from the South line and 1814 feet from the East line (Unit G) of Section 31, Township 13 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant/Pablo Montoya Land Grant, San Miguel County, New Mexico (which is located approximately 10.5 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9778: Application of Heafitz Energy Management, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Tres Amigos Unit Area comprising 3320 acres, more or less, of State and Federal lands underlying all or portions of Sections 9, 10, 15, 16, 20, 21, and 22, Township 26 South, Range 35 East. Said unit is located approximately 11 miles south-southwest of Jal, New Mexico.

CASE 9779: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Woodstock State Unit Area comprising 1,758.82 acres, more or less, of State lands underlying all or portions of Sections 3, 4, 5, and 6, Township 9 South, Range 33 East. Said unit is located approximately 4.5 miles west by south of the point common to Lea, Chaves and Roosevelt Counties, New Mexico.

CASE 9738: (Reopened and Readvertised)

Application of Kelt Oil and Gas, Inc. for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the designated and Undesignated Cato-San Andres Pool underlying 15,321.83 acres, more or less, of State, Federal, and Fee lands in Townships 8 and 9 South, Range 30 East. Said unit is to be designated the Cato Unit. Among the matters to be considered at the hearing will be the necessity of unit operation; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of the production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any nonconsenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 11 miles south-southeast of Boaz, New Mexico.

CASE 9732: (Reopened and Readvertised)

Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 357.45-acre non-standard gas spacing and proration unit comprising Lots 1 and 2, NE/4 SW/4, S/2 SW/4, and SE/4 of Section 10 and Lots 3 and 4 of Section 11, both in Township 32 North, Range 7 West, Easin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the Allison Unit Well No. 103 located at a standard coal gas well location 1795 feet from the South line and 2270 feet from the West line (Unit K) of said Section 10, which is approximately 1/2 mile southwest of Mile Corner No. 248 located on the Colorado/New Mexico State-line. IF THERE ARE NO OBJECTIONS IN THIS MATTER, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 9772: Application of Meridian Oil, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 16, Township 30 North, Range 7 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2.5 miles east-northeast of the Navajo Reservoir Dam.

CASE 9750: (Readvertised)

Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 9, Township 32 North, Range 6 West, forming a standard 278.2-acre gas spacing and proration unit for said pool, to be dedicated to its Allison Unit Well No. 135 to be drilled at a standard coal gas well location 900 feet from the South line and 1490 feet from the West line (Unit N) of said Section 9. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is bounded to the north by the State of Colorado between Mile Post Nos. 243 and 244.

CASE 9762: (Continued from September 20, 1989, Examiner Hearing)

Application of TXO Production Corp. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, to a standard bottomhole oil well location in the Strawn formation within 50 feet of a point 825 feet from the North line and 1815 feet from the West line (Unit C) of Section 14, Township 20 South, Range 29 East, the NE/4 NW/4 of said Section 14 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated South Parkway-Strawn Pool. This well location is approximately 4.25 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9763: (Continued from September 20, 1989, Examiner Hearing)

Application of TXO Production Corp. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 100 feet from the North line and 1500 feet from the East line (Unit B) of Section 15, Township 20 South, Range 29 East, to a standard bottomhole oil well location in the Strawn formation within 50 feet of a point 1815 feet from the North line and 825 feet from the East line (Unit H) of said Section 15, the SE/4 NE/4 of said Section 15 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated South Parkway-Strawn Pool. This well location is approximately 4 miles northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9773: Application of Bran Oil Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW/4 of Section 33, Township 6 South, Range 26 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing, which presently includes but is not necessarily limited to the Pecos Slope-Abo Gas Pool, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles west by north of Elkins, New Mexico.

CASE 9759: (Continued from September 20, 1989, Examiner Hearing)

Application of Nearburg Producing Company for a non-standard gas proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Howe Well No. 1 to be drilled 660 feet from the South and West lines (Unit M) of Section 6, Township 19 South, Range 27 East, to test the Morrow formation, Lots 3 through 7, the SE/4 NW/4, and the E/2 SW/4 of said Section 6 to be dedicated to said well to form a non-standard 314.45-acre gas spacing and proration unit in the Undesignated Four Mile Draw-Morrow or Undesignated East Lake-Morrow Gas Pools. This well is located approximately 4.5 miles northeast of Lakewood, New Mexico.

CASE 9774: Application of Hal J. Rasmussen Operating, Inc. to amend Division Orders Nos. R-6483 and R-8575 and for special gas metering provisions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Orders Nos. R-6483 and R-8575, which authorized the simultaneous dedication of the 640-acre standard Jalmat Gas Pool spacing unit comprising all of Section 11, Township 22 South, Range 36 East, to the State "A" A/C-2 Wells Nos. 14, 36, 42, 62, and 73, all located in said Section 11, by authorizing special metering provisions for Jalmat Gas production whereby the operator would meter the total gas production from said unit and allocate this production back to each of the aforementioned wells by means of periodic testing. Said unit is located approximately 5 miles west-southwest of Eunice, New Mexico.

CASE 9775: Application of Hal J. Rasmussen Operating, Inc. for non-standard gas proration units, unorthodox gas well locations, simultaneous dedication, and special gas metering provisions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to redesignate acreage in the Jalmat Gas Pool in all or portions of Sections 5, 7, 8, and 9, Township 22 South, Range 36 East, and Sections 3, 4, 9, 10, 11, 13, 14, 15, 17, 20, 21, 22, 23, and 24, Township 23 South, Range 36 East, resulting in the formation of 16 non-standard gas proration units and one standard 640-acre gas proration unit. Applicant also seeks approval of all unorthodox locations for the existing wells resulting in said acreage redesignation and the simultaneous dedication of the Jalmat gas wells on each of the aforementioned units. FURTHERMORE, the applicant seeks special metering provisions for Jalmat gas production whereby the operator would meter the total gas production from each unit and allocate this production back to each well by means of periodic testing. This area is approximately 8 miles southwest of Eunice, New Mexico.

CASE 9776: Application of Hal J. Rasmussen Operating, Inc. for surface commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle liquid hydrocarbon production from the Arrowhead-Grayburg, Jalmat Gas, Jalmat Oil, Langlie-Mattix and South Eunice Pools from wells located on its State A Lease Accounts 1 and 2 (State of New Mexico Oil and Gas Lease Nos. A-983 and B-1484) and its State A Lease Account 3 (State of New Mexico Oil and Gas Lease No. B-1484) covering portions of Townships 22 and 23 South, Range 36 East. This area is approximately 8 miles southwest of Eunice, New Mexico.

CASE 9715: (Continued from September 6, 1989, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for a horizontal directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in Sections 15 and 16, Township 25 North, Range 1 West, West Puerto Chiquito-Mancos Oil Pool, Canada Ojitos Unit Area. The applicant proposes to utilize its C.O.U. (A16) Well No. 8 located 850 feet from the North line and 1030 feet from the East line (Unit A) of said Section 16 by kicking off from the vertical wellbore in an easterly direction and then drilling horizontally in the Mancos formation for approximately 2000 feet bottoming said wellbore in the adjoining Section 15, whereby it is proposed that both Sections 15 and 16 will be dedicated to the well forming a non-standard 1280-acre oil spacing and proration unit for said pool. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal extent of the wellbore and special allowable considerations. This area is located approximately 15 miles north by east of Regina, New Mexico.

CASE 9767: (Readadvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending certain pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico.

(a) EXTEND the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 11 WEST, NMEM
Section 32: S/2 NW/4 and SW/4

TOWNSHIP 25 NORTH, RANGE 13 WEST, NMEM
Section 4: N/2 N/2

CASE 9748: (Continued from September 6, 1989, Examiner Hearing.)

Application of Conoco Inc. for revision of Division Order No. R-5008 and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to revise the two Rumont Gas Pool proration units described in Division Order No. R-5003 to eliminate the 40-acre tract being the SW/4 NW/4 of Section 10, Township 20 South, Range 37 East, from said order and to establish a 640-acre non-standard gas proration unit comprising the SW/4 of Section 10 and the W/2 and W/2 E/2 of Section 15, both in said Township 20 South, Range 37 East, to be simultaneously dedicated to the Britt "B" Wells Nos. 2, 15, and 25 all located at previously approved unorthodox gas well locations in Unit L of Section 15, Unit M of Section 10, and Unit C of Section 15, respectively. Said unit is located approximately 3.5 miles south-southeast of Monument, New Mexico.

CASE 9762: Application of TXO Production Corp. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, to a standard bottomhole oil well location in the Strawn formation within 50 feet of a point 825 feet from the North line and 1815 feet from the West line (Unit C) of Section 14, Township 20 South, Range 29 East, the NE/4 NW/4 of said Section 14 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated South Parkway-Strawn Pool. This well location is approximately 4.25 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9763: Application of TXO Production Corp. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 100 feet from the North line and 1500 feet from the East line (Unit B) of Section 15, Township 20 South, Range 29 East, to a standard bottomhole oil well location in the Strawn formation within 50 feet of a point 1815 feet from the North line and 825 feet from the East line (Unit H) of said Section 15, the SE/4 NE/4 of said Section 15 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated South Parkway-Strawn Pool. This well location is approximately 4 miles northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9764: Application of Meridian Oil, Inc. for a highly-deviated directional drilling pilot project, unorthodox gas well location and an exception to Rule 2(b) of the Special Rules Governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly-deviated directional drilling pilot project in the equivalent E/2 (Lots 1, 2, 7, 8, 9, 10, 15, and 16) of Section 14, Township 30 North, Range 8 West, forming a 284.20-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Howell "E" Well No. 2R at an unorthodox surface location 435 feet from the North line and 1555 feet from the East line of said Section 14, then drilling to a true vertical depth of approximately 3421 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Blanco-Mesaverde Pool at a true vertical depth of approximately 4142 feet at which point the wellbore will be drilled to the base of the Blanco-Mesaverde Pool at a true vertical depth of approximately 5415 feet to a terminus at a standard bottomhole location in the SE/4 of said Section 14 being no closer than 790 feet from the outer boundary of the southern half of the subject proration unit. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Howell "E" Wells Nos. 2 and 2A located in Units A and P, respectively, of said Section 14. Said unit is located approximately 20 miles east of Aztec, New Mexico.

CASE 9765: Application of Meridian Oil, Inc. for a highly-deviated directional drilling pilot project, unorthodox gas well location and an exception to Rule 2(b) of the Special Rules Governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly-deviated directional drilling pilot project in the equivalent W/2 (Lots 3 and 4, the S/2 NW/4, and the SW/4) of Section 4, Township 30 North, Range 9 West, forming a 322.70-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Riddle Well No. 1R at an unorthodox surface location 250 feet from the North line and 830 feet from the West line of said Section 4, then drilling to a true vertical depth of approximately 3830 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Blanco-Mesaverde Pool at about 4550 feet at which point the wellbore will be drilled to the base of the Blanco-Mesaverde Pool at a true vertical depth of approximately 5750 feet to a terminus at a standard bottomhole location in the SW/4 of said Section 4 being no closer than 790 feet from the outer boundary

of the southern half of the subject proration unit. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Riddle Well Nos. 1 and 1-A located in Units D and L, respectively, of said Section 4. Said unit is located approximately 11 miles east of Aztec, New Mexico.

CASE 9746: (Readvertised)

Application of Richmond Petroleum Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 9, Township 32 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 9. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1/2 mile south of Mile Post No. 243 which is located on the Colorado/New Mexico stateline.

CASE 9756: (Continued from September 6, 1989, Examiner Hearing.)

Application of Bill Penn, Inc. to amend Division Order No. R-8890, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8890, dated March 14, 1989, which authorized the applicant to dually complete its Roaring Springs Federal Com. Well No. 1 in the Indian Basin-Upper Pennsylvanian and Indian Basin-Morrow Gas Pools at an unorthodox gas well location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 14, Township 21 South, Range 23 East, by allowing the applicant to recomplete up the hole from the Morrow zone to the Strawn formation whereby said well would be dually completed in the Indian Basin-Upper Pennsylvanian Gas Pool and the Strawn formation. Said Order No. R-8890 is to be further amended to include authorization for an unorthodox gas well location in the Strawn formation, the N/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Strawn interval. Said well is located approximately 1.25 miles north-northwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 9766: Application of Doyle Hartman for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its A.L. Christmas Well No. 1 to be drilled 990 feet from the North line and 460 feet from the West line (Unit D) of Section 18, Township 22 South, Range 37 East, Eumont Gas Pool, Lots 1, 2, 3, and 4 of said Section 18 to be dedicated to said well forming a non-standard 147.96-acre spacing and proration unit for said pool. This unit is located approximately 4.25 miles southwest of Eunice, New Mexico.

CASE 9767: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending certain pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico.

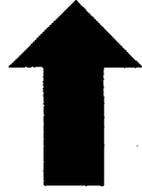
- (a) EXTEND the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPM
Section 32: S/2 NW/4 and SW/4

TOWNSHIP 25 NORTH, RANGE 13 WEST, NMPM
Section 04: N/2 N/2

- (b) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM
Section 5: S/2 SE/4



LTR



Job separation sheet



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

November 14, 1989

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

Mr. Tim Goudeau
Drilling and Production Engineer
TXO Production Corp.
900 Wilco Building
Midland, Texas 79701

Re: CASE NO. 9762
ORDER NO. R49039

Applicant:

TXO Production Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other David B. Percy, William F. Carr

m.s.
Case No. 9762

TXO

PRODUCTION CORP.
415 WEST WALL, SUITE 900
MIDLAND, TEXAS 79701-4468
(915) 682-7992

RECEIVED
SEP 22 1989
OIL CONSERVATION DIV.
SANTA FE

September 14, 1989

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

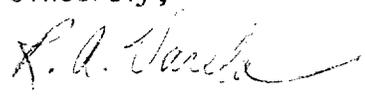
Attn: Randy Patterson

RE: WITHDRAWAL OF SUBPOENA APPLICATION
FOR TXO PRODUCTION CORP. FOR
DIRECTIONAL DRILLING AND UNORTHODOX
LOCATION
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation ("Yates") was served on August 30, 1989 with a subpoena requiring them to produce at the Division Offices in Santa Fe, New Mexico on September 6, 1989, certain documents as set forth in said subpoena. Said subpoena was issued on the application of TXO Production Corp. ("TXO").

TXO hereby withdraws and terminates said subpoena which shall be of no further force and effect upon delivery of this letter to Yates.

Sincerely,

R. A. Varela
Vice President and
District Manager

RAV/RHC/lc

cc: William J. LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Kellahin, Kellahin and Aubrey
El Patio
117 North Guadalupe
P. O. Box 2265
Santa Fe, New Mexico 87504
Attn: W. Thomas Kellahin

Campbell & Black, P.A.
Jefferson Place
Suite 1, 110 North Guadalupe
P. O. Box 2208
Santa Fe, New Mexico
Attn: William F. Carr

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

Fax: 505/982-2047

August 29, 1989

RECEIVED

AUG 29 1989

HAND-DELIVERED

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 9762

Re: Application of TXO Production Corporation
for Directional Drilling and an Unorthodox
Well Location, Eddy County, New Mexico
NMOCD Case No. _____

Dear Mr. LeMay:

Our firm represents TXO Production Corporation which is the Applicant in the referenced case. This case which is otherwise approvable administratively has been set for hearing on September 20, 1989 as a result of an objection filed by Yates Petroleum Corporation.

I am requesting the issuance of the enclosed subpoena for data from Yates Petroleum Corporation to be produced at the Examiner's hearing on September 6, 1989 so that we will have the data at least two weeks before the September 20 1989 hearing.

Very truly yours,



W. Thomas Kellahin

WTK/rs
Encl.

cc: TXO Production Corporation

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

RECEIVED

AUG 29 1989

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
TXO PRODUCTION CORPORATION FOR
DIRECTIONAL DRILLING AND UNORTHODOX
LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO. 9762

SUBPOENA DUCES TECUM

TO: Custodian of Records
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Pursuant to Section 70-2-8, N.M.S.A. (1978) and New Mexico Oil Conservation Division Rule 1211 and in accordance with the instructions set forth herein, YOU ARE HEREBY COMMANDED to appear at the place, day and time specified below and produce for inspection and copying the documents described on the attached Exhibit "A".

PLACE

Oil Conservation Division Conference Room
State Land Office Building
310 Oil Santa Fe Trail
Santa Fe, New Mexico 87501

DAY AND TIME

September 6, 1989
at 8:15 o'clock a.m.
Examiner's Hearing

This subpoena is issued on the application of TXO
Production Corporation through its attorney, W. Thomas Kel-
lahin, Post Office Box 2265, Santa Fe, New Mexico 87504-
2265.

Dated this _____ day of August, 1989.

NEW MEXICO OIL CONSERVATION
DIVISION

By: _____

Exhibit "A"

For each of the following wells:

1. Yates' C. H. Slinkard Federal UR Well #3 located in the NW/4SW/4 of Section 12, T20S, R29E, NMPM, Eddy County, New Mexico,
2. Yates' C. H. Slinkard Federal UR Well #1 located in the SE/4NE/4 of Section 11, T20S, R29E, NMPM, Eddy County, New Mexico,
3. Yates' C. H. Slinkard Federal UR Well #2 located in the SE/4NW/4 of Section 11, T20S, R29E, NMPM, Eddy County, New Mexico,
4. Yates' Anthill State 1-AAK Well located in the SW/4SE/4 of Section 2, T20S, R29E, NMPM, Eddy County, New Mexico, and
5. Yates' Eland-Federal Well AFC #1, surface location in SE/4SW/4 of Section 12 and bottom-hole location in NW/4NW/4 of Section 13, T20S, R29E, NMPM, Eddy County, New Mexico.

The following:

- a. All pressure information, including but not limited to all bottom-hole surveys (initial and subsequent), surface pressure readings, pressure build-up data/tests, static tests, drill stem tests, flowing tubing pressures and interference tests,
- b. Daily well check records that show estimated gas production, oil production, actual water production and the well's flowing tubing and casing pressures and any other records and/or information utilized by Yates Petroleum Corporation in the preparation of its Form C-115 (Operator's Monthly Report),
- c. All production logs, including but not limited to, caliper logs, spinner surveys, tracer survey and any zone isolation tests,
- d. Any and all daily drilling, completion and recompletion reports,
- e. Any and all production data from April 1, 1989 through August 31, 1989,
- f. PVT data,

g. PVT fluid analysis including but not limited to molecular weight and API gravity,

h. Fluid data, including recombination analysis of bottom-hole analysis,

i. Fluid sample data,

j. Reservoir temperature data,

k. Gas-liquid ratios,

l. G.P.C. fingerprint analysis,

m. Drill stem test data,

n. Any core data and analysis, including but not limited to, conventional or sidewall core data, samples,

o. Production gauges/charts for each well on a daily basis from initial testing/completion, including oil run tickets, through August 31, 1989.

INSTRUCTIONS

"Documents" or "records" mean every writing and record of every type and description in the possession, custody or control of Yates Petroleum Corporation whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to, all drafts, correspondence, memoranda, handwritten notes, notes, minutes, entries in books of accounting, computer printouts, tapes and records of all types, minutes of meetings, studies, contracts, agreements, books, pamphlets, schedules, pictures and voice recordings, videotapes and every other device or medium on which, or for which information of any type is transmitted, recorded or preserved and whether or not such documents or records are marked or treated as confidential proprietary. The term "document" also means a copy where the original is not in possession, custody or control of the company or corporation to whom this request is addressed, and every copy of the document where such copy is not an identical duplicate of the original, all things similar to any of the foregoing however denominated by the parties.

SHERIFF'S RETURN

STATE OF NEW MEXICO)
) ss.
COUNTY OF _____)

I, _____, Sheriff of _____
County, New Mexico, do hereby certify that I served the within Subpoena by delivering a
copy thereof to each of the following persons therein named, in _____
County, New Mexico, on the dates hereinafter set out, as follows:

_____ on _____, 19____
_____ on _____, 19____
_____ on _____, 19____
_____ on _____, 19____
_____ on _____, 19____

I further certify that none of said persons, except _____,
at the time of service of the Subpoena, demanded fees and mileage for one day's
attendance allowed by law, and that such fees and mileage were tendered to any of said
persons who demanded same.

FEES: Service and Return \$ _____
Mileage _____ Miles \$ _____
TOTAL \$ _____
By: _____
Deputy

RETURN BY PERSON OTHER THAN SHERIFF OR DEPUTY:

STATE OF NEW MEXICO)
) ss.
COUNTY OF _____)

_____, being duly sworn, upon oath says: I am
not less than 18 years of age and not a party to this action, and I served the within
Subpoena by delivering a copy thereof to each of the following persons therein named, in
_____ County, New Mexico, on the dates hereinafter set out, as follows:

_____ on _____, 19____
_____ on _____, 19____
_____ on _____, 19____
_____ on _____, 19____
_____ on _____, 19____

I further certify that none of said persons, except _____,
at the time of service of the Subpoena, demanded fees and mileage for one day's
attendance allowed by law, and that such fees and mileage were tendered to any of said
persons who demanded same.

FEES: Service and Return \$ _____
Mileage _____ Miles \$ _____
TOTAL \$ _____

Subscribed and sworn to before me this _____ day of _____, 19____

(SEAL)

My Commission expires: _____

Notary Public

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
WILLIAM P. SLATTERY
MARTE D. LIGHTSTONE
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 24, 1989

RECEIVED

AUG 24 1989

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

OIL CONSERVATION DIVISION

Case 9762

Re: Applications of TXO Production Corp. for Directional
Drilling:

Williamson Federal #6
Surface Location: 1500' FEL, 100' FNL,
Section 15, T-20-S, R-29-E, Eddy County, New Mexico
Targeted Bottomhole Location: 1815' FNL and
825' FEL, Section 15, T-20-S, R-29-E,
Eddy County, New Mexico
Pool: Parkway South (Strawn)

Burton Flat Federal #1
Surface Location: 900' FSL, 1815' FWL,
Section 11, T-20-S, R-29-E, Eddy County, New Mexico
Targeted Bottomhole Location: 825' FNL and
1815' FWL, Section 14, T-20-S, R-29-E,
Eddy County, New Mexico
Pool: Parkway South (Strawn)

Dear Mr. LeMay:

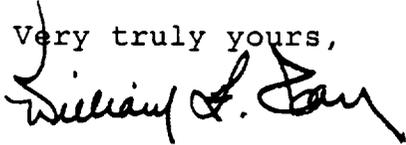
Yates Petroleum Corporation is an offset operator to each of the above-referenced wells and, pursuant to the provisions of Oil Conservation Division Rule 111, hereby objects to each of these applications.

Yates Petroleum Corporation is concerned about the appropriate spacing for each of the subject wells and, furthermore, believes that it may be more appropriate to include these wells in the Burton Flat East Strawn Pool instead of the Parkway South Strawn Pool as set forth in the applications of TXO.

William J. LeMay, Director
August 24, 1989
Page Two

Yates Petroleum Corporation requests that each of these applications be set for hearing before an Examiner of the Oil Conservation Division at the earliest possible date.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large initial "W".

WILLIAM F. CARR

WFC:mlh

cc: TXO Production Corp.
Attn: Tim Goudeau, Drilling
and Production Engineer
900 Wilco Building
Midland, Texas 79701

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P.O. BOX 1933

ONE SUNWEST CENTRE

505 / 623-6601

FAX 505 / 622-4221

ROSWELL, NEW MEXICO 88202-1933

RECEIVED

AUG 28 1989

**OIL CONSERVATION DIV.
SANTA FE**

August 24, 1989

N. M. Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Case 9762

Re: Objection to Deviated well
TXO Production Company
Burton Flat Fed. #1
900' FSL & 1815' FWL
Sec. 11, T-20-S, R-29-E
Eddy Co., New Mexico

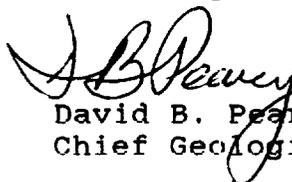
Gentlemen:

Harvey E. Yates Co. (HEYCO), objects to TXO's proposal to drill a deviated well at the cited location under the Parkway (Strawn) oil pool rules, with a bottom hole location in NW/4 of Sec. 14. HEYCO holds the adjacent suspended lease in the SW/4 of Sec. 14. We believe that either the lessee in the NE/4 or the SW/4 should be a working interest owner in TXO's well.

The presence of 10 Strawn gas producers in Sections 2 thru 16 of T-20-S, R-29-E, leads us to believe that expected production from TXO's well should be gas, and it should therefore be permitted on 320 acres. Only one poor Strawn oil well in Sec. 15 is allocated to the Parkway, South Strawn pool. This well is offset in Sec. 9, 11, and 16 by Strawn gas production.

We recommend all of Sec. 14 be unitized in order to minimize the high risk and high cost of drilling deviated wells in this area, and that the well be drilled to around 11,800 TVD to test the Morrow formation.

Sincerely,


David B. Pearcy
Chief Geologist

Cy: TXO
Yates Pet.