

*Santa Fe Exhibit 1*



**Santa Fe Energy Operating Partners, L.P.**

Santa Fe Pacific Exploration Company  
Managing General Partner

March 20, 1990

Bird Creek Resources, Inc.  
1412 South Boston, Suite 550  
Tulsa, Oklahoma 74119

Attention: Lawrence W. Robinette

BEFORE EXAMINER STOGNER

Oil Conservation Division

Santa Fe Exhibit No. 1Case No. 989019891

Re: Well Proposals  
NE/4NE/4 & NE/4SE/4 of  
Section 15, T-23-S, R-28-E  
Eddy County, New Mexico

Gentlemen:

Bird Creek Resources, Inc., hereinafter referred to as "Bird Creek" proposed the drilling of two 6,300' Delaware tests to Santa Fe Energy Operating Partners, L.P., hereinafter referred to as "Santa Fe", by letters dated February 7, 1990 and February 13, 1990. The well proposed in the letter dated February 7, 1990 to be located at a legal location in the NE/4NE/4 of Section 15, T-23-S, R-28-E, Eddy County, New Mexico will hereinafter sometimes be referred to as the "Initial Well", and the well proposed in the letter dated February 13, 1990 to be located at a legal location in the NE/4SE/4 of Section 15, T-23-S, R-28-E, Eddy County, New Mexico will hereinafter sometimes be referred to as the "Option Well". Each of said letters have attached thereto Bird Creek's proposed Operating Agreement and AFE and offer Santa Fe, as a working interest owner, the opportunity to participate in each of the respective wells or to farm out its interest to Bird Creek for the drilling of same. In addition, Santa Fe has been notified that Bird Creek has made application with the New Mexico Oil Conservation Division for Compulsory Pooling of the respective proration units for each of the proposed wells. It is our understanding that Bird Creek's application is on the Docket to be considered at the March 21, 1990 hearing. As previously discussed, it is Santa Fe's desire to avoid being subject to the Compulsory Pooling order by entering into an agreement with Bird Creek which would commit Santa Fe to either participate or farm out its interest in each of the subject wells depending upon certain elections to be made by Santa Fe. In this connection, it is agreed between the parties hereto that Santa Fe shall not be subject to the Oil Conservation Division's anticipated order resulting from the Compulsory Pooling applications for the subject wells and that this letter sets forth the terms of the agreement between the parties hereto relating to said wells.

Permian Basin District  
500 W. Illinois  
Suite 500  
Midland, Texas 79701  
915/687-3551

Bird Creek Resources, Inc.  
March 20, 1990  
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Santa Fe hereby agrees to participate in Bird Creek's proposed 6300' Delaware test to be located at a legal location in the NE/4NE/4 of said Section 15, provided said well is the first well drilled in Section 15 to test the Delaware formation. In this connection, please find enclosed Bird Creek's AFE for this well which has been executed on behalf of Santa Fe. In addition, enclosed herewith is a signature page to Bird Creek's proposed Operating Agreement covering the NE/4NE/4 of said Section 15 which has been executed on behalf of Santa Fe. Santa Fe's execution and delivery of this Operating Agreement is subject to Bird Creek agreeing to the following amendments to said Operating Agreement:

1. Article VI.A. (Page 4) - Amend the description of the location of the Initial Well to reflect that same will be located in Section 15 rather than Section 14.
2. Article VI.B.2. (Page 6) - Delete the term "500%" on lines 12, 21 and 22 and insert "100%" on line 12 and "300%" on lines 21 and 22.
3. Article XIII. (Page 13) - Delete the selection of Option No. 1, select Option No. 2 and insert "90" in the blanks on lines 55 and 61.
4. Santa Fe requests that Exhibit "A" attached to this Operating Agreement be amended as follows:
  - A. According to Santa Fe's files, we calculate that Santa Fe owns a 10.90644% working interest in the NE/4NE/4 of said Section 15 and we request that Exhibit "A" be amended accordingly. However, it is recognized that the exact working interests of the parties cannot be determined until after Bird Creek receives a survey, which it has ordered, showing the total number of acres in the proration unit and the allocation thereof to the various leases included therein. It is also recognized that this Exhibit "A", out of convenience, shows Bird Creek Resources, Inc. et al as owning all of the working interest not owned by Santa Fe. The parties hereto hereby agree that, prior to commencing actual drilling of the Initial Well, Exhibit "A" will be revised to reflect the working interest of all of the parties to this Operating Agreement based on each of the parties' various elections and also based on the survey. In addition, Bird Creek agrees to furnish Santa Fe with a complete set of signature pages to this Operating Agreement when available.

Bird Creek Resources, Inc.

March 20, 1990

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B. Revise Exhibit "A" to include a description of all of the leases subject to same as well as all existing overriding royalty interests, production payments or any other burdens attached to said leases. By separate letter, Santa Fe will furnish you with a description of the leases pertaining to Santa Fe's interest and the burdens attached to same.

C. Revise the depth restriction described on Exhibit "A" to state "Depth Restrictions: This Operating Agreement is limited in depth to cover only those rights from the surface of the earth down to 100 feet below the stratigraphic equivalent of the total depth drilled in the Initial Well or to the base of the Delaware formation, whichever is the lesser depth."

5. Exhibit "C" Article III.1.A. - Amend the Drilling Well Rate to be \$4,541.00 and the Producing Well Rate to be \$438.00.

Santa Fe's agreement to participate with its working interest in the drilling of the Initial Well is also subject to Bird Creek's agreement that Santa Fe shall not be obligated to make an election at this time as to whether it will participate with its working interest in the drilling of Bird Creek's proposed 6300' Delaware test to be located in the NE/4SE/4 of said Section 15, being the Option Well. The parties hereto hereby agree that Santa Fe shall have the following elections regarding the Option Well:

1. Santa Fe shall have the option, at its sole election, to either participate with its working interest in the drilling of the Option Well or to farm out its interest in the NE/4SE/4 of said Section 15 to Bird Creek under the terms described hereinbelow for the drilling of said well. Santa Fe shall be required to make its election by giving written notice of same to Bird Creek within 14 days after receipt of written notice of actual drilling date of the Option Well, but in no event sooner than 72 hours after the Initial Well has been drilled to its authorized depth and all tests and logs have been completed and the results thereof furnished to Santa Fe. If Santa Fe fails to respond within said required time, it shall be deemed that Santa Fe elected to farm out with its working interest in the drilling of said Options Well.

Bird Creek Resources, Inc.

March 20, 1990

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2. If Santa Fe elects to participate in the drilling of the Option Well, Santa Fe shall promptly thereafter furnish Bird Creek with a copy of Bird Creek's AFE for said well executed on behalf of Santa Fe along with a signed signature page to Bird Creek's proposed Operating Agreement covering the NE/4SE/4 of said Section 15. However, Santa Fe's acceptance of said Operating Agreement shall be subject to the same exceptions and conditions described hereinabove pertaining to the Operating Agreement covering the Initial Well. As a matter of information, Santa Fe calculates its working interest in the NE/4SE/4 of said Section 15 to be 9.2034%, but recognizes that same shall be recalculated based upon the survey which Bird Creek has ordered.

3. If Santa Fe elects not to participate in the drilling of the Option Well, it shall be deemed that Santa Fe elected to farm out its interest in the NE/4SE/4 of said Section 15 to Bird Creek for the drilling of the Option Well. Thereafter, Santa Fe shall promptly forward to Bird Creek, for Bird Creek's review and execution, a Farmout Agreement which shall contain the following general terms and provisions:

A. The Farmout Agreement shall obligate Bird Creek to commence, or cause to be commenced, the actual drilling of the Option Well located at a legal location of its choice in the NE/4SE/4 of Section 15, T-23-S, R-28-E, Eddy County, New Mexico on or before thirty (30) days after Bird Creek's receipt of Santa Fe's letter notifying Bird Creek that Santa Fe is electing to not participate in the Option Well. Thereafter, Bird Creek shall be required to drill said well to a depth sufficient to adequately test the Delaware formation or to a depth of 6,300 feet, whichever is the lesser. Said operations shall be conducted with due diligence in an effort to discover oil and/or gas and shall be completed within ninety (90) days from the date of commencement thereof.

B. In the event the Option Well is completed as a dry hole, Bird Creek shall not earn any acreage from Santa Fe under the terms of said Farmout Agreement. In the event the Option Well is completed as a commercial producer of oil and/or gas, Bird Creek shall earn an Assignment of 100.00% of Santa Fe's interest in and to the acreage allocated to said well for proration unit purposes (subject to the overriding royalty, reversionary working interest and depth restrictions described hereinbelow).

Bird Creek Resources, Inc.

March 20, 1990

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C. As consideration for this Farmout, Santa Fe will reserve an overriding royalty which shall be applicable only to the Option Well equal to the difference between 25.00% and the existing burdens applicable to the subleased acreage. In the event Santa Fe's interest in the leases included in the subleased acreage have royalty, overriding royalty and other burdens totalling 25.00% or greater, then Santa Fe shall not reserve an overriding royalty interest. Santa Fe shall also have the option to convert said override upon payout of the Option Well to an undivided 25.00% working interest in the Option Well and the acreage allocated thereto for proration unit purposes. If Santa Fe is unable to reserve an overriding royalty due to its interest being currently burdened with royalty, overriding royalty and other burdens of 25.00% or greater, then Santa Fe will still have the option at payout of the Option Well to receive an undivided 25.00% working interest in the Option Well. Said overriding royalty and reversionary working interest shall be decreased proportionately if the subleased acreage covers less than the entire mineral fee interest or if any assignment contemplated hereunder is of less than a full working interest in the leasehold assigned; however, no reduction in overriding royalties or reversionary working interest shall be made due to the reservation and limitation as to depths to be assigned. In addition, said overriding royalty and reversionary working interest shall be proportionately reduced, on a surface acreage basis, to Santa Fe's interest in the NE/4SE/4 of said Section 15, being the anticipated proration unit for the subject well.

D. Any Assignment earned pursuant to said Farmout Agreement shall be limited in depth to cover only those rights from the surface of the earth down to 100 feet below the stratigraphic equivalent of the total depth drilled in the Option Well or to the base of the Delaware formation, whichever is the lesser depth.

E. It is recognized that it will be necessary to pool or communitize Santa Fe's interest in the NE/4SE/4 of said Section 15 with other leases covering lands lying in said NE/4SE/4 to form the anticipated proration unit for the subject well. Santa Fe hereby agrees to execute the necessary instruments to form said pooled unit. However, said Farmout Agreement shall expressly prohibit the pooling of Santa Fe's acreage with any other lands without the prior written consent of Santa Fe.

Bird Creek Resources, Inc.  
March 20, 1990  
Page 6

F. In the event Bird Creek earns an Assignment as provided under the terms of this Agreement, then at such time as the Assignment is delivered the parties hereto shall promptly thereafter enter into an Operating Agreement which shall cover the NE/4SE/4 of said Section 15 as to the depth included in said Assignment. Said Operating Agreement shall be prepared on the same form and in the same manner as the Operating Agreement previously submitted to Santa Fe for the Option Well by Bird Creek's letter dated February 13, 1990, revised to reflect Santa Fe's before and after payout interests in the Option Well, as well as Santa Fe's interest in all subsequent wells. However, Santa Fe's acceptance of said Operating Agreement shall be subject to the same exceptions and conditions described hereinabove pertaining to the Operating Agreement covering the Initial Well.

Said Operating Agreement shall govern operations on the Option Well after payout if Santa Fe elects to receive a working interest in said well and shall also be applicable to all subsequent wells drilled on the Contract Area of said Operating Agreement whether same are drilled before or after payout of the Option Well. The Copas Accounting Procedure attached to said Operating Agreement as Exhibit "C" shall additionally be used to determine the operating costs applicable to the Option Well during the recoupment period. Notwithstanding anything herein to the contrary, if either party desires to drill a subsequent well on the NE/4SE/4 of said Section 15 to test a formation included within the Contract Area of said Operating Agreement; then, regardless of whether the Option Well has paid out and regardless of Santa Fe's election to receive or not receive a working interest in the Option Well after payout, such operations shall be conducted pursuant to the terms of said Operating Agreement with the interest of the parties as to such subsequent well deemed to be the same as if "payout" had occurred in the Option Well and Santa Fe had elected to receive a working interest. The Operating Agreement referenced herein shall contain language reflecting the intentions discussed hereinabove.

Bird Creek Resources, Inc.  
March 20, 1990  
Page 7

G. The Option Well drilled under the terms of the Farmout Agreement shall be drilled free and clear of any cost or liability to Santa Fe, whether same is completed as a producer or plugged and abandoned as a dry hole. In addition, Santa Fe will not warrant title to the subleased acreage; therefore, all abstracts, title opinions and curative work which may be necessary shall be performed by Bird Creek at its sole expense.

H. Santa Fe shall retain a call on all production attributable to its after payout working interest in the Option Well and in the NE/4SE/4 of said Section 15.

I. The actual Farmout Agreement and/or any Assignment to which Bird Creek may become entitled under the terms thereof shall not be assigned or subleased in whole or in part without Santa Fe's prior written consent and the granting of any such consent by Santa Fe shall not have the effect of waiving this limitation on any future or additional Assignments or subletting thereof. However, such consent shall not be unreasonably withheld.

J. In addition, Bird Creek agrees that if prior to spudding the Option Well contemplated herein Bird Creek enters into an agreement with any other party to acquire said party's interest in the NE/4SE/4 of said Section 15 on terms providing for a reversionary working interest greater than 25.00%, proportionately reduced, Santa Fe shall have the option to amend the terms of this Agreement to provide that Santa Fe will be entitled to the increased reversionary working interest. In the event such a third party agreement occurs prior to the spudding of the Option Well, Bird Creek agrees to furnish Santa Fe with written notice of such agreement within seven (7) days of its occurrence. In said notice, Bird Creek will also advise Santa Fe of the terms of said agreement. Thereafter Santa Fe must advise Bird Creek within seven (7) days of its desire to amend this Agreement to provide for the increased reversionary working interest agreed to with such third party or it shall be conclusively deemed that Santa Fe has elected not to amend this Agreement.

Bird Creek Resources, Inc.  
March 20, 1990  
Page 8

You have previously advised that it is Bird Creek's intention to commence the drilling of the Initial Well prior to the Option Well. You have also advised that it is Bird Creek's intent to not commence the actual drilling of the Option Well until after the Initial Well has been drilled to its authorized depth and all tests and logs have been completed on same. This Agreement has been prepared based upon the assumption that the sequence of the drilling of the two wells will occur as Bird Creek originally intended. However, in the event actual drilling commences on either or both of the wells out of sequence to that contemplated under the terms of this Agreement, Santa Fe will nonetheless remain obligated to either participate with its working interest in such well or to farm out its interest in the respective tract upon which such well is located (NE/4NE/4 of said Section 15 for the Initial Well and NE/4SE/4 of said Section 15 for the Option Well). Once Bird Creek is aware that the sequence of the commencement of actual drilling of either or both of the wells will occur different than that anticipated under the terms of this Agreement, then Bird Creek shall immediately advise Santa Fe of same by written notice. Santa Fe shall thereafter have fourteen (14) days after receipt of said notice within which to notify Bird Creek in writing of Santa Fe's election to either participate with its working interest in the drilling of such well or to farm out its interest in same. However, notwithstanding the foregoing, if actual drilling of the subject well commences prior to the expiration of said fourteen (14) day period, Santa Fe will be required to make its election within twenty-four (24) hours of being notified by Bird Creek that actual drilling has commenced. If Santa Fe's election is to participate, Santa Fe will be required to promptly execute and return Bird Creek's AFE for the drilling of such well along with a signature page to Bird Creek's Operating Agreement pertaining to same. However, it is recognized that Santa Fe's execution of such Operating Agreement will be subject to the same exceptions and conditions described hereinabove pertaining to the Operating Agreement covering the Initial Well. If Santa Fe's election is to not participate in the drilling of such well, Santa Fe shall promptly thereafter furnish for Bird Creek's review and execution, Santa Fe's formal Farmout Agreement covering the tract upon which the subject well is located (NE/4NE/4 for the Initial Well or the NE/4SE/4 for the Option Well) which shall contain the same general terms and provisions as stated hereinabove under the provisions relating to the Option Well.

Bird Creek Resources, Inc.  
March 20, 1990  
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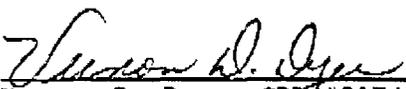
By entering into this Letter Agreement it is Santa Fe's intent to remove any necessity for Bird Creek to rely upon the anticipated order resulting from Bird Creek's requested Compulsory Pooling hearing which is currently pending with the Oil Conservation Division. Therefore, Bird Creek hereby agrees that this Agreement shall be the entire Agreement which shall govern Santa Fe's interest in the Initial and Option Well described herein and also agrees that the anticipated order from the Oil Conservation Division regarding the Compulsory Pooling hearing shall be null and void as the same applies to Santa Fe's interest in the subject wells.

If the foregoing correctly sets forth your understanding of our agreement, please evidence same by having this Agreement executed on behalf of Bird Creek Resources, Inc. and thereafter return one executed copy to the attention of the undersigned. Thereafter, you should make the necessary changes to the Operating Agreement as outlined hereinabove and forward substitute pages to Santa Fe to be inserted into Santa Fe's copy of the Operating Agreement covering the NE/4NE/4 of said Section 15.

Thank you for your cooperation in handling this matter. If you have any questions, please advise.

Yours very truly,

SANTA FE ENERGY OPERATING PARTNERS, L.P.  
By: Santa Fe Pacific Exploration Company,  
Managing General Partner

By:   
Vernon D. Dyer, CPE #3174  
District Landman

VDD/pt

Bird Creek Resources, Inc.  
March 20, 1990  
Page 10

Agreed and accepted this \_\_\_\_\_ day

of \_\_\_\_\_, 1990

Bird Creek Resources, Inc.

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

WELL COST ESTIMATE

6,300' Delaware Test, NE/4 NE/4, Section 15-23S-28E  
Eddy County, New Mexico

	<u>Producer</u>	<u>Dry Hole</u>
<u>Tangible Well Cost</u>		
Tubulars - 500' 8-5/8 @ \$ 9.40/ft	\$ 4,700	\$ 4,700
6,300' 5-1/2 @ \$ 5.60/ft	35,300	-
6,300' 2-7/8 @ \$ 3.00/ft	18,900	-
Transportation and hauling	3,500	3,500
Wellhead Assembly	6,500	1,500
Subsurface Equipment	4,000	-
Separation Facilities	4,000	-
Tanks	15,000	-
Flow Lines	3,000	-
Pumping Unit & Compressor	-	-
Other Equipment	<u>2,000</u>	-
<u>Total Tangibles</u>	<u>\$ 96,900</u>	<u>\$ 9,700</u>

Intangible Well Cost

Permits, Surveys	\$ 2,000	\$ 2,000
Location, Road & Damages	8,000	8,000
Contract Drilling---6300 @ \$12/ft	75,600	75,600
3 days @ \$4300/day	12,900	8,000
Bits	1,000	1,000
Completion Unit 5 days @ \$1200/day	6,000	-
Cementing	22,000	5,000
Drilling Fluids	10,000	10,000
Fuel and Water	1,000	1,000
Supplies	500	500
Mud Logging	2,000	2,000
Wireline Service - Logging	8,000	8,000
Perforating	3,000	-
Formation Treating	18,000	-
Transportation and Hauling	5,000	2,000
Rentals and Miscellaneous	5,000	3,000
Contract Labor	6,000	3,000
Direct Supervision	6,000	5,000
Engineering Supervision	3,000	3,000
Geological Supervision	2,000	2,000
Insurance and Tax	1,000	1,000
Overhead	3,600	3,000
Contingencies	<u>23,000</u>	<u>16,000</u>
<u>Total Intangibles</u>	<u>\$224,600</u>	<u>\$159,100</u>

**TOTAL****\$321,500****\$168,800**

SANTA FE ENERGY OPERATING PARTNERS, L.P.

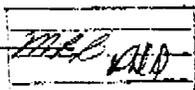
COMPANY By: Santa Fe Pacific Exploration Company,  
Managing General Partner

APPROVED

BY:

T. S. Parker, Attorney-in-Fact

DATE:



ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 15th day of February, 19 90.

OPERATOR

BIRD CREEK RESOURCES, INC.

ATTEST



*[Signature]*

*[Signature]*

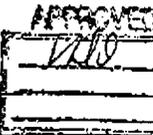
*[Handwritten initials]*

NON-OPERATORS

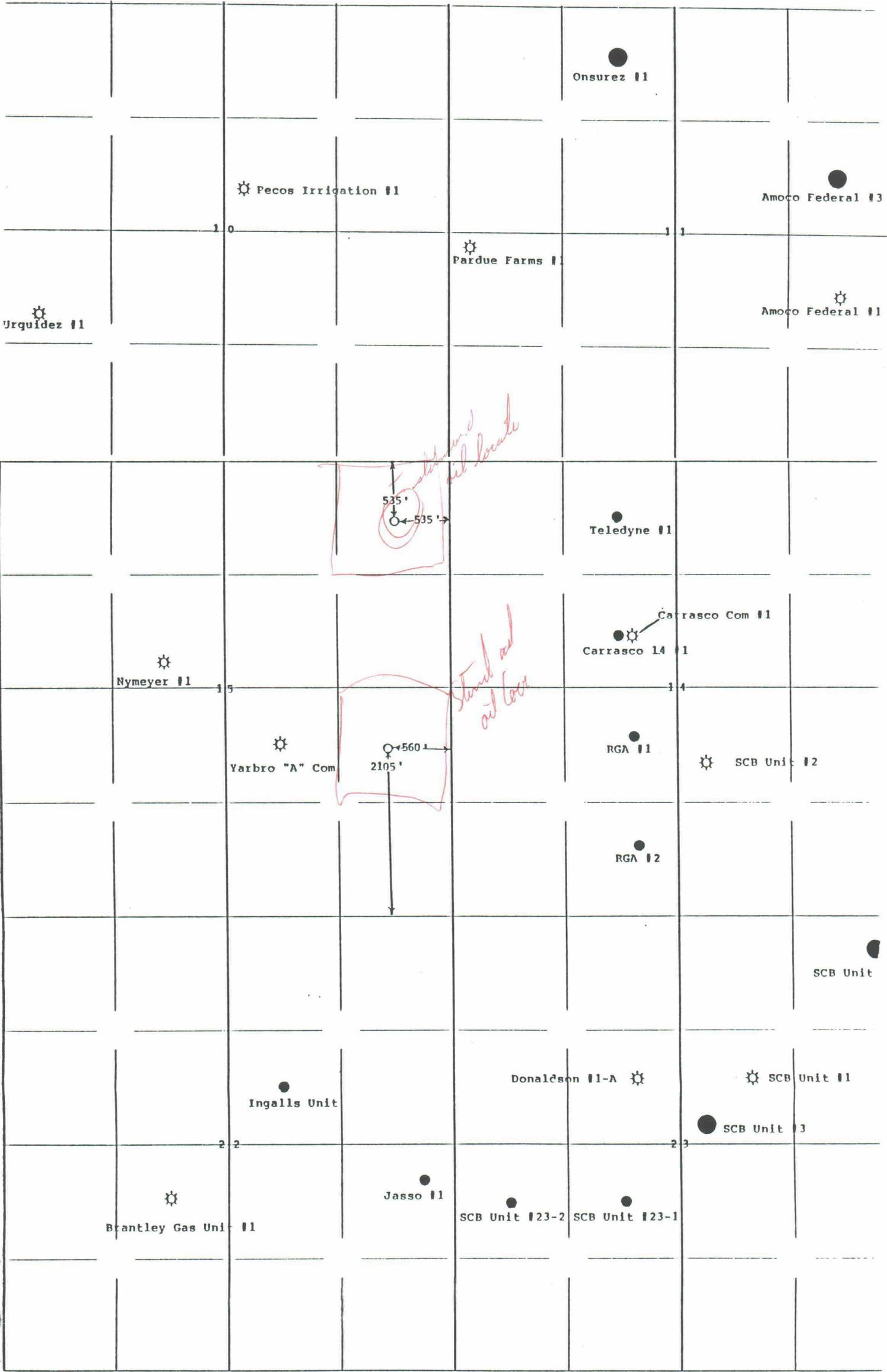
WITNESS:

SANTA FE ENERGY OPERATING PARTNERS, L.P.  
By: Santa Fe Pacific Exploration Company,  
Managing General Partner

By: *[Signature]*  
T. S. Parker, Attorney-in-Fact



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- ⚙ Morrow/Atoka Gas Wells
- Bone Springs Oil Wells
- Delaware Oil Wells
- Proposed Locations

**BEFORE EXAMINER STOGNER**  
**OIL CONSERVATION DIVISION**  
 BIRD CREEK EXHIBIT NO. 1  
 CASE NO. 9890 & 9891

# BIRD CREEK RESOURCES, INC.

February 7, 1990

Pogo Producing Co.  
P.O. Box 10340  
Midland, TX 79702

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
BIRD CREEK	EXHIBIT NO. 2
CASE NO. 9890 & 9891	

Re: Loving Prospect  
Proposed 6,300' Delaware Test  
NE/4 NE/4, Section 15-23S-28E  
Eddy County, New Mexico

Gentlemen:

This is to advise that Bird Creek Resources, Inc. hereby formally proposes the drilling of a 6,300' Delaware test at a legal location in the NE/4 NE/4 of Section 15-23S-28E, Eddy County, New Mexico. In this regard, please find enclosed two copies of our AFE and one copy of our proposed Operating Agreement with extra signature page.

If you desire to participate in this test, please execute one copy of the AFE and forward to this office. In addition, if the Operating Agreement meets with your approval, we would request that you execute the extra signature page and forward it along with the executed AFE. In the event you have some problem with any provision of the Operating Agreement, please let us know and we will see if we can accommodate your concerns. Also please be advised that Bird Creek owns or has the right to interest making it the largest working interest owner in the NE/4 NE/4 of Section 15.

If you do not desire to participate, we hereby offer to take a farmout of your interest on the following basis:

1. On or before June 1, 1989, Bird Creek Resources, Inc. shall commence or cause to be commenced the actual drilling of a 6,300' Delaware test at a legal location in the NE/4 NE/4 of Section 15-23S-28E, Eddy County, New Mexico.
2. Upon completion of the initial test as a well capable of producing oil and/or gas in commercial quantities, farmoutor shall assign to Bird Creek all of its interest in the NE/4 NE/4 of Section 15 from the surface down to

100 feet below the stratigraphic equivalent of the total depth drilled or to the base of the Delaware formation, whichever is the lesser.

3. Farmoutor shall reserve an overriding royalty interest equal to the difference between the existing leasehold burdens and 25%. At payout of the test well, said override shall be convertible to a proportionately reduced 25% working interest.
4. Bird Creek shall have the option to conduct a continuous drilling program in the remainder of the E/2 of Section 15 with no more than 120 days between the completion of the preceding test well and the spudding of the next test to earn the same rights in remaining farmout acreage on a well-by-well basis.
5. Bird Creek shall furnish all geological and well information on any well drilled on the farmout acreage.
6. Each proration unit shall be covered by a Joint Operating Agreement.

We are requesting that you reply within 30 days from the date of this letter after which time it will be necessary for us to file with the Oil Conservation Division for a force pooling hearing so that this operation may be commenced on schedule.

If you have any questions or require further information in this regard, please do not hesitate to contact me.

Sincerely,

  
Lawrence W. Robinette  
Land Manager

Enclosures

**WELL COST ESTIMATE**

6,300' Delaware Test, NE/4 NE/4, Section 15-23S-28E  
Eddy County, New Mexico

	<u>Producer</u>	<u>Dry Hole</u>
<b><u>Tangible Well Cost</u></b>		
Tubulars - 500' 8-5/8 @ \$ 9.40/ft	\$ 4,700	\$ 4,700
6,300' 5-1/2 @ \$ 5.60/ft	35,300	-
6,300' 2-7/8 @ \$ 3.00/ft	18,900	-
Transportation and hauling	3,500	3,500
Wellhead Assembly	6,500	1,500
Subsurface Equipment	4,000	-
Separation Facilities	4,000	-
Tanks	15,000	-
Flow Lines	3,000	-
Pumping Unit & Compressor	-	-
Other Equipment	<u>2,000</u>	-
<hr/> Total Tangibles	\$ 96,900	\$ <u>9,700</u>

**Intangible Well Cost**

Permits, Surveys	\$ 2,000	\$ 2,000
Location, Road & Damages	8,000	8,000
Contract Drilling---6300 @ \$12/ft	75,600	75,600
3 days @ \$4300/day	12,900	8,000
Bits	1,000	1,000
Completion Unit 5 days @ \$1200/day	6,000	-
Cementing	22,000	5,000
Drilling Fluids	10,000	10,000
Fuel and Water	1,000	1,000
Supplies	500	500
Mud Logging	2,000	2,000
Wireline Service - Logging	8,000	8,000
Perforating	3,000	-
Formation Treating	18,000	-
Transportation and Hauling	5,000	2,000
Rentals and Miscellaneous	5,000	3,000
Contract Labor	6,000	3,000
Direct Supervision	6,000	5,000
Engineering Supervision	3,000	3,000
Geological Supervision	2,000	2,000
Insurance and Tax	1,000	1,000
Overhead	3,600	3,000
Contingencies	<u>23,000</u>	<u>16,000</u>
Total Intangibles	<u>\$224,600</u>	<u>\$159,100</u>
<b>TOTAL</b>	<b>\$321,500</b>	<b>\$168,800</b>

COMPANY \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

# BIRD CREEK RESOURCES, INC.

February 13, <sup>1990</sup>~~1989~~

J. R. Rowan, Inc.  
P.O. Box 162  
Midland, TX 79708

Re: Loving Prospect  
Proposed 6,300' Delaware Test  
NE/4 SE/4, Section 15-23S-28E  
Eddy County, New Mexico

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
BIRD CREEK EXHIBIT NO. 3  
CASE NO. 9890 & 9891

Dear Mr. Rowan,

This is to advise that Bird Creek Resources, Inc. hereby formally proposes the drilling of a 6,300' Delaware test at a legal location in the NE/4 SE/4 of Section 15-23S-28E, Eddy County, New Mexico. In this regard, please find enclosed two copies of our AFE and one copy of our proposed Operating Agreement with extra signature page.

If you desire to participate in this test, please execute one copy of the AFE and forward to this office. In addition, if the Operating Agreement meets with your approval, we would request that you execute the extra signature page and forward it along with the executed AFE. In the event you have some problem with any provision of the Operating Agreement, please let us know and we will see if we can accommodate your concerns. Also please be advised that Bird Creek owns or has the right to interest making it the largest working interest owner in the NE/4 SE/4 of Section 15.

If you do not desire to participate, we hereby offer to take a farmout of your interest on the following basis:

1. On or before July 1, 1989, Bird Creek Resources, Inc. shall commence or cause to be commenced the actual drilling of a 6,300' Delaware test at a legal location in the NE/4 SE/4 of Section 15-23S-28E, Eddy County, New Mexico.
2. Upon completion of the initial test as a well capable of producing oil and/or gas in commercial quantities, farmoutor shall assign to Bird Creek all of its interest in the NE/4 SE/4 of Section 15 from the surface down to 100 feet below the stratigraphic equivalent of the total depth drilled or to the base of the Delaware formation, whichever is the lesser.

3. Farmoutor shall reserve an overriding royalty interest equal to the difference between the existing leasehold burdens and 25%. At payout of the test well, said override shall be convertible to a proportionately reduced 25% working interest.
4. Bird Creek shall have the option to conduct a continuous drilling program in the remainder of the E/2 of Section 15 with no more than 120 days between the completion of the preceding test well and the spudding of the next test to earn the same rights in remaining farmout acreage on a well-by-well basis.
5. Bird Creek shall furnish all geological and well information on any well drilled on the farmout acreage.
6. Each proration unit shall be covered by a Joint Operating Agreement.

We are requesting that you reply within 30 days from the date of this letter after which time it will be necessary for us to schedule a force pooling hearing so that this operation may be commenced on schedule.

If you have any questions or require further information in this regard, please do not hesitate to contact me.

Sincerely,

  
Lawrence W. Robinette  
Land Manager

Enclosures

WELL COST ESTIMATE

6,300' Delaware Test, NE/4 SE/4, Section 15-23S-28E  
Eddy County, New Mexico

	<u>Producer</u>	<u>Dry Hole</u>
<u>Tangible Well Cost</u>		
Tubulars - 500' 8-5/8 @ \$ 9.40/ft	\$ 4,700	\$ 4,700
6,300' 5-1/2 @ \$ 5.60/ft	35,300	-
6,300' 2-7/8 @ \$ 3.00/ft	18,900	-
Transportation and hauling	3,500	3,500
Wellhead Assembly	6,500	1,500
Subsurface Equipment	4,000	-
Separation Facilities	4,000	-
Tanks	15,000	-
Flow Lines	3,000	-
Pumping Unit & Compressor	-	-
Other Equipment	<u>2,000</u>	-
Total Tangibles	\$ 96,900	\$ 9,700

Intangible Well Cost

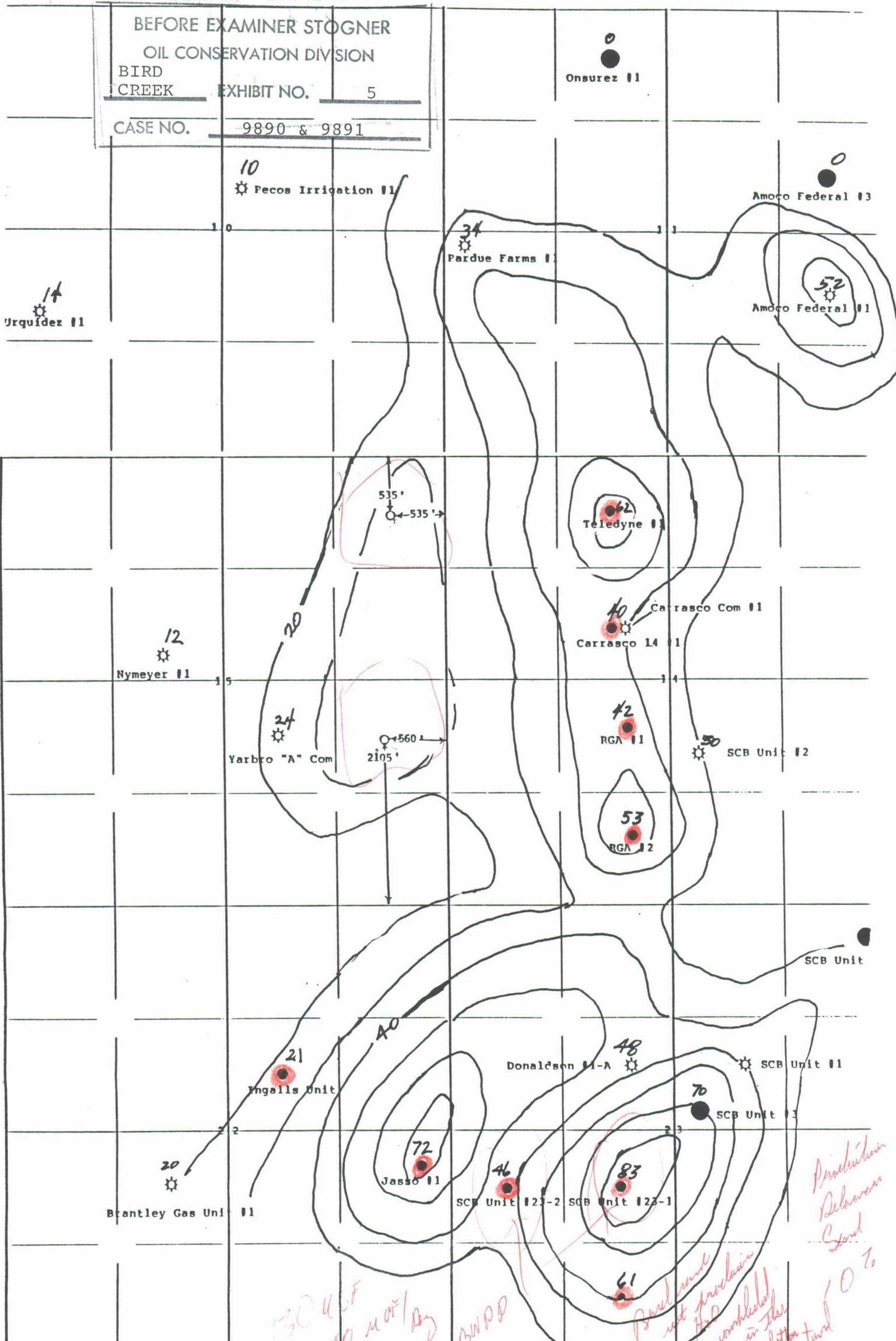
Permits, Surveys	\$ 2,000	\$ 2,000
Location, Road & Damages	8,000	8,000
Contract Drilling---6300 @ \$12/ft	75,600	75,600
3 days @ \$4300/day	12,900	8,000
Bits	1,000	1,000
Completion Unit 5 days @ \$1200/day	6,000	-
Cementing	22,000	5,000
Drilling Fluids	10,000	10,000
Fuel and Water	1,000	1,000
Supplies	500	500
Mud Logging	2,000	2,000
Wireline Service - Logging	8,000	8,000
Perforating	3,000	-
Formation Treating	18,000	-
Transportation and Hauling	5,000	2,000
Rentals and Miscellaneous	5,000	3,000
Contract Labor	6,000	3,000
Direct Supervision	6,000	5,000
Engineering Supervision	3,000	3,000
Geological Supervision	2,000	2,000
Insurance and Tax	1,000	1,000
Overhead	3,600	3,000
Contingencies	<u>23,000</u>	<u>16,000</u>
Total Intangibles	<u>\$224,600</u>	<u>\$159,100</u>
TOTAL	<u>\$321,500</u>	<u>\$168,800</u>

COMPANY J. R. Rowan, Inc.

BY: JR Rowan

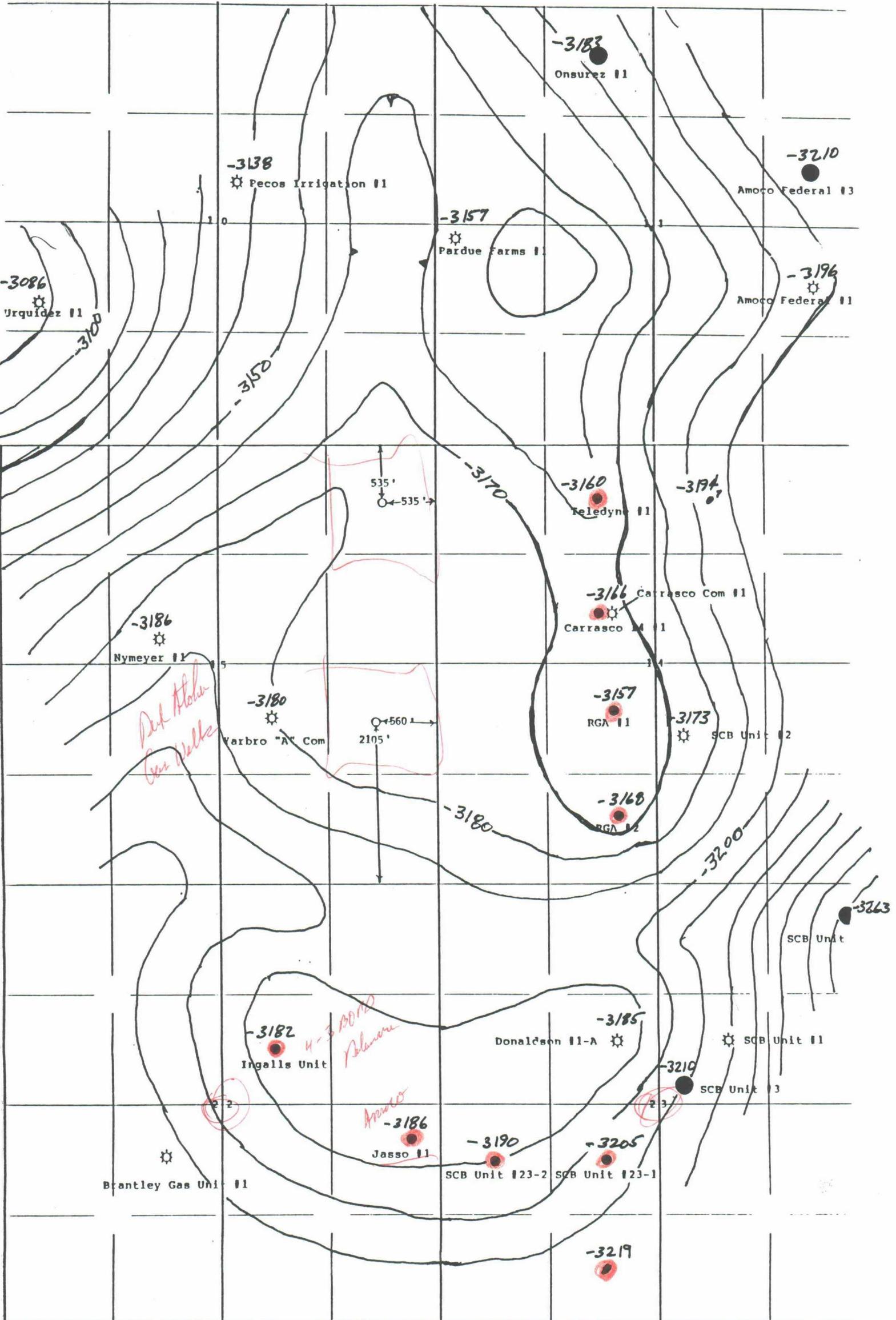
DATE: March 7, 1990

BEFORE EXAMINER STOGNER  
 OIL CONSERVATION DIVISION  
 BIRD CREEK EXHIBIT NO. 5  
 CASE NO. 9890 & 9891



- ⚙ Morrow/Atoka Gas Wells
  - Bone Springs Oil Wells
  - Delaware Oil Wells
  - Proposed Locations
- IF 3-17-90

Net Basal Delaware Sand  
 $\phi_x$  (neutron-density)  
 CI = 10 FT.

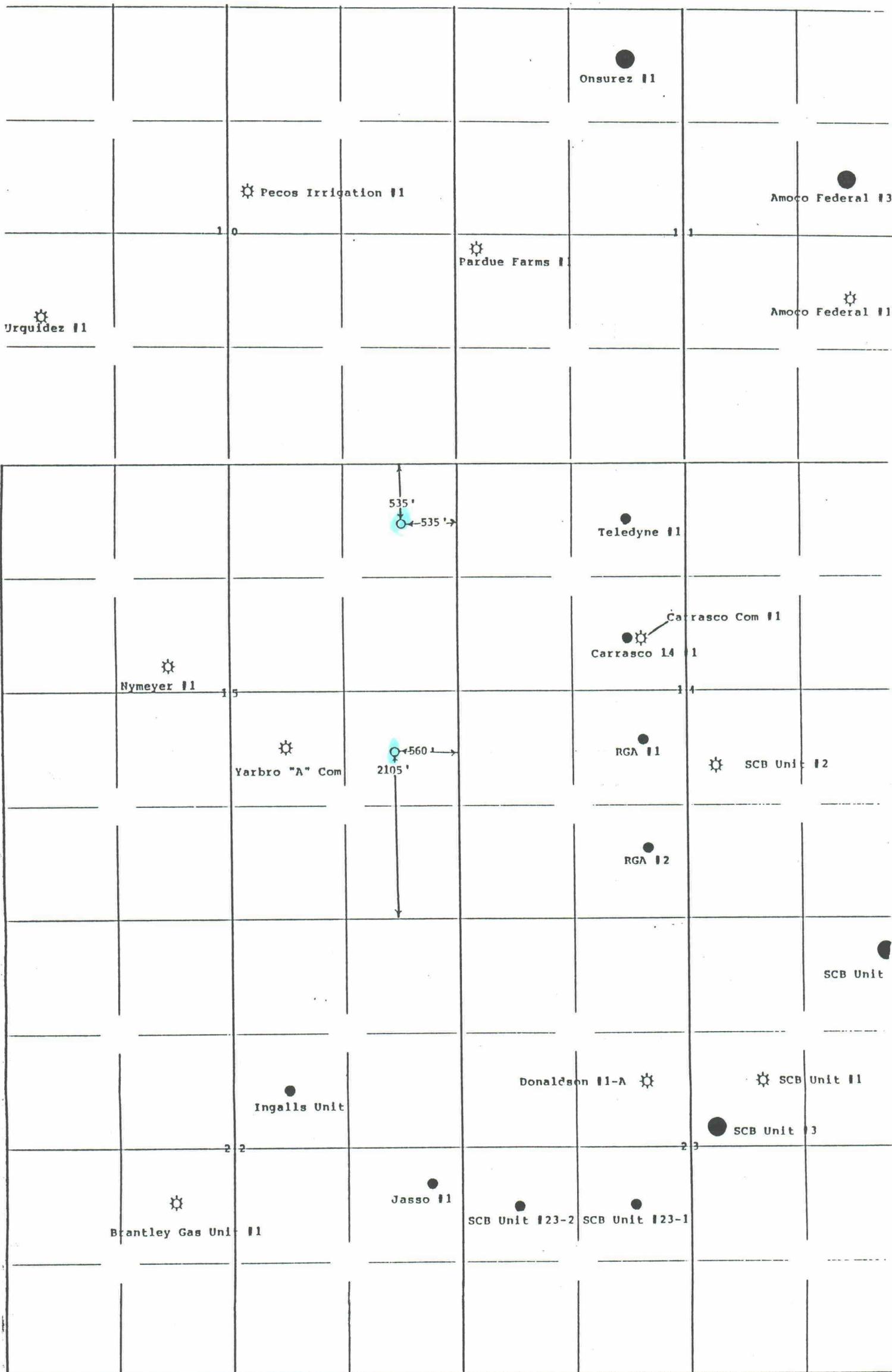


- ☼ Morrow/Atoka Gas Wells
  - Bone Springs Oil Wells
  - Delaware Oil Wells
  - Proposed Locations
- 3-17-90  
*TR*

BEFORE EXAMINER STOGNER  
 OIL CONSERVATION DIVISION  
 BIRD CREEK EXHIBIT NO. 4  
 CASE NO. 9890 & 9891

Structure:  
 Top Bone Springs  
 CI = 10 FT.

Bird Creek Exhibits 1  
through 7  
Incomplete set



- ☼ Morrow/Atoka Gas Wells
- Bone Springs Oil Wells
- Delaware Oil Wells
- Proposed Locations

BEFORE EXAMINER STOGNER  
 OIL CONSERVATION DIVISION  
 BIRD  
 CREEK EXHIBIT NO. 1  
 CASE NO. 9890 & 9891

# BIRD CREEK RESOURCES, INC.

February 7, 1990

Pogo Producing Co.  
P.O. Box 10340  
Midland, TX 79702

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
BIRD CREEK	EXHIBIT NO. <u>2</u>
CASE NO. <u>9890 &amp; 9891</u>	

Re: Loving Prospect  
Proposed 6,300' Delaware Test  
NE/4 NE/4, Section 15-23S-28E  
Eddy County, New Mexico

Gentlemen:

This is to advise that Bird Creek Resources, Inc. hereby formally proposes the drilling of a 6,300' Delaware test at a legal location in the NE/4 NE/4 of Section 15-23S-28E, Eddy County, New Mexico. In this regard, please find enclosed two copies of our AFE and one copy of our proposed Operating Agreement with extra signature page.

If you desire to participate in this test, please execute one copy of the AFE and forward to this office. In addition, if the Operating Agreement meets with your approval, we would request that you execute the extra signature page and forward it along with the executed AFE. In the event you have some problem with any provision of the Operating Agreement, please let us know and we will see if we can accommodate your concerns. Also please be advised that Bird Creek owns or has the right to interest making it the largest working interest owner in the NE/4 NE/4 of Section 15.

If you do not desire to participate, we hereby offer to take a farmout of your interest on the following basis:

1. On or before June 1, 1989, Bird Creek Resources, Inc. shall commence or cause to be commenced the actual drilling of a 6,300' Delaware test at a legal location in the NE/4 NE/4 of Section 15-23S-28E, Eddy County, New Mexico.
2. Upon completion of the initial test as a well capable of producing oil and/or gas in commercial quantities, farmoutor shall assign to Bird Creek all of its interest in the NE/4 NE/4 of Section 15 from the surface down to

100 feet below the stratigraphic equivalent of the total depth drilled or to the base of the Delaware formation, whichever is the lesser.

3. Farmoutor shall reserve an overriding royalty interest equal to the difference between the existing leasehold burdens and 25%. At payout of the test well, said override shall be convertible to a proportionately reduced 25% working interest.
4. Bird Creek shall have the option to conduct a continuous drilling program in the remainder of the E/2 of Section 15 with no more than 120 days between the completion of the preceding test well and the spudding of the next test to earn the same rights in remaining farmout acreage on a well-by-well basis.
5. Bird Creek shall furnish all geological and well information on any well drilled on the farmout acreage.
6. Each proration unit shall be covered by a Joint Operating Agreement.

We are requesting that you reply within 30 days from the date of this letter after which time it will be necessary for us to file with the Oil Conservation Division for a force pooling hearing so that this operation may be commenced on schedule.

If you have any questions or require further information in this regard, please do not hesitate to contact me.

Sincerely,

  
Lawrence W. Robinette  
Land Manager

Enclosures

WELL COST ESTIMATE

6,300' Delaware Test, NE/4 NE/4, Section 15-23S-28E  
Eddy County, New Mexico

	<u>Producer</u>	<u>Dry Hole</u>
<u>Tangible Well Cost</u>		
Tubulars - 500' 8-5/8 @ \$ 9.40/ft	\$ 4,700	\$ 4,700
6,300' 5-1/2 @ \$ 5.60/ft	35,300	-
6,300' 2-7/8 @ \$ 3.00/ft	18,900	-
Transportation and hauling	3,500	3,500
Wellhead Assembly	6,500	1,500
Subsurface Equipment	4,000	-
Separation Facilities	4,000	-
Tanks	15,000	-
Flow Lines	3,000	-
Pumping Unit & Compressor	-	-
Other Equipment	<u>2,000</u>	-
Total Tangibles	\$ 96,900	\$ 9,700
 <u>Intangible Well Cost</u>		
Permits, Surveys	\$ 2,000	\$ 2,000
Location, Road & Damages	8,000	8,000
Contract Drilling---6300 @ \$12/ft	75,600	75,600
3 days @ \$4300/day	12,900	8,000
Bits	1,000	1,000
Completion Unit 5 days @ \$1200/day	6,000	-
Cementing	22,000	5,000
Drilling Fluids	10,000	10,000
Fuel and Water	1,000	1,000
Supplies	500	500
Mud Logging	2,000	2,000
Wireline Service - Logging	8,000	8,000
Perforating	3,000	-
Formation Treating	18,000	-
Transportation and Hauling	5,000	2,000
Rentals and Miscellaneous	5,000	3,000
Contract Labor	6,000	3,000
Direct Supervision	6,000	5,000
Engineering Supervision	3,000	3,000
Geological Supervision	2,000	2,000
Insurance and Tax	1,000	1,000
Overhead	3,600	3,000
Contingencies	<u>23,000</u>	<u>16,000</u>
Total Intangibles	<u>\$224,600</u>	<u>\$159,100</u>
TOTAL	<u>\$321,500</u>	<u>\$168,800</u>

COMPANY \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

# BIRD CREEK RESOURCES, INC.

February 13, <sup>1990</sup>~~1989~~

J. R. Rowan, Inc.  
P.O. Box 162  
Midland, TX 79708

Re: Loving Prospect  
Proposed 6,300' Delaware Test  
NE/4 SE/4, Section 15-23S-28E  
Eddy County, New Mexico

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
BIRD CREEK EXHIBIT NO. 3  
CASE NO. 9890 & 9891

Dear Mr. Rowan,

This is to advise that Bird Creek Resources, Inc. hereby formally proposes the drilling of a 6,300' Delaware test at a legal location in the NE/4 SE/4 of Section 15-23S-28E, Eddy County, New Mexico. In this regard, please find enclosed two copies of our AFE and one copy of our proposed Operating Agreement with extra signature page.

If you desire to participate in this test, please execute one copy of the AFE and forward to this office. In addition, if the Operating Agreement meets with your approval, we would request that you execute the extra signature page and forward it along with the executed AFE. In the event you have some problem with any provision of the Operating Agreement, please let us know and we will see if we can accommodate your concerns. Also please be advised that Bird Creek owns or has the right to interest making it the largest working interest owner in the NE/4 SE/4 of Section 15.

If you do not desire to participate, we hereby offer to take a farmout of your interest on the following basis:

1. On or before July 1, 1989, Bird Creek Resources, Inc. shall commence or cause to be commenced the actual drilling of a 6,300' Delaware test at a legal location in the NE/4 SE/4 of Section 15-23S-28E, Eddy County, New Mexico.
2. Upon completion of the initial test as a well capable of producing oil and/or gas in commercial quantities, farmoutor shall assign to Bird Creek all of its interest in the NE/4 SE/4 of Section 15 from the surface down to 100 feet below the stratigraphic equivalent of the total depth drilled or to the base of the Delaware formation, whichever is the lesser.

3. Farmoutor shall reserve an overriding royalty interest equal to the difference between the existing leasehold burdens and 25%. At payout of the test well, said override shall be convertible to a proportionately reduced 25% working interest.
4. Bird Creek shall have the option to conduct a continuous drilling program in the remainder of the E/2 of Section 15 with no more than 120 days between the completion of the preceding test well and the spudding of the next test to earn the same rights in remaining farmout acreage on a well-by-well basis.
5. Bird Creek shall furnish all geological and well information on any well drilled on the farmout acreage.
6. Each proration unit shall be covered by a Joint Operating Agreement.

We are requesting that you reply within 30 days from the date of this letter after which time it will be necessary for us to schedule a force pooling hearing so that this operation may be commenced on schedule.

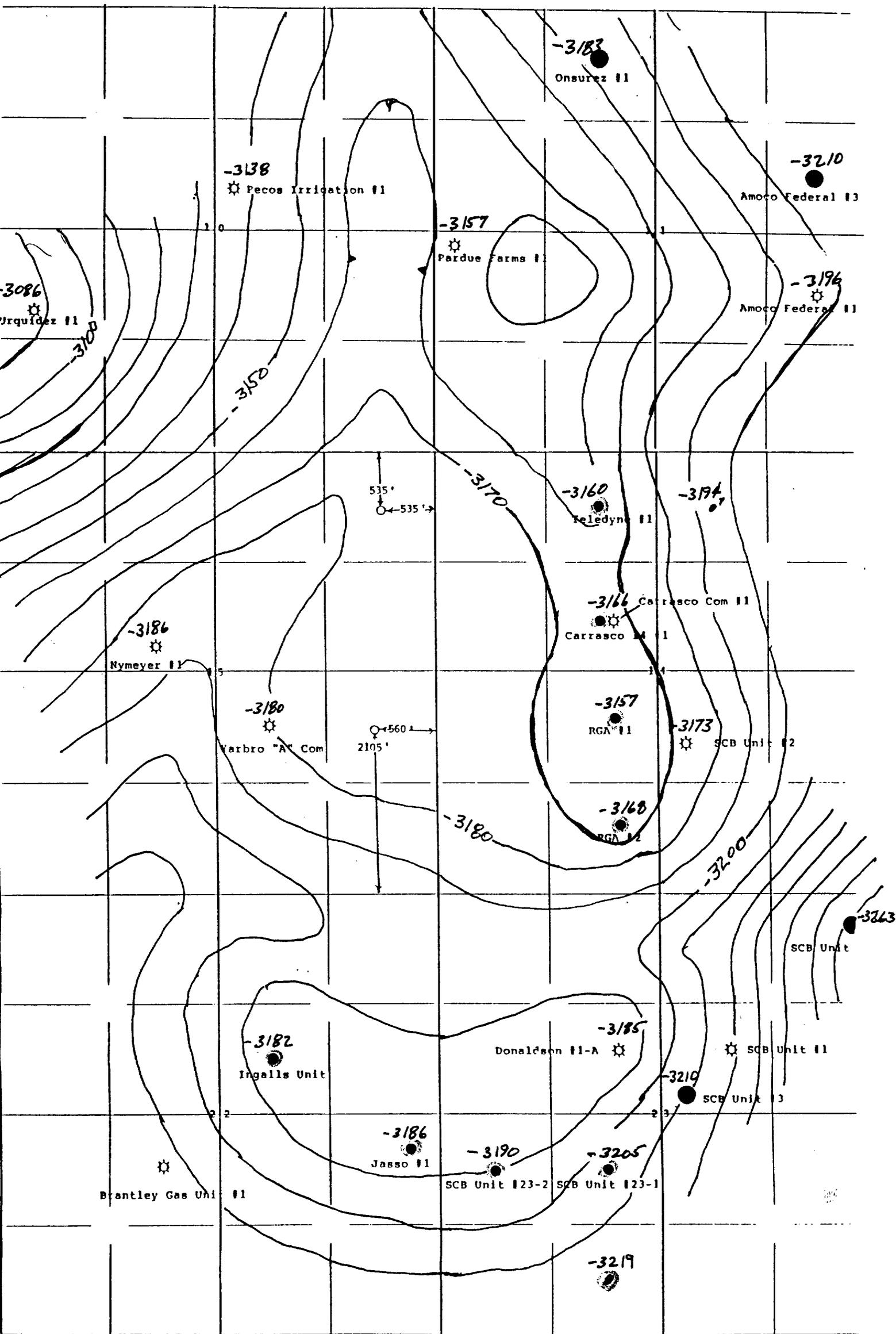
If you have any questions or require further information in this regard, please do not hesitate to contact me.

Sincerely,

  
Lawrence W. Robinette  
Land Manager

Enclosures





- ⊙ Horrow/Atoka Gas Wells
- Bone Springs Oil Wells
- Delaware Oil Wells
- Proposed Locations

3-17-90  
 III

BEFORE EXAMINER STOGNER  
 OIL CONSERVATION DIVISION  
 BIRD CREEK

EXHIBIT NO. 4

CASE NO. 9890 & 9891

Structure:  
 Top Bone Springs  
 CI = 10 FT.

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

BIRD

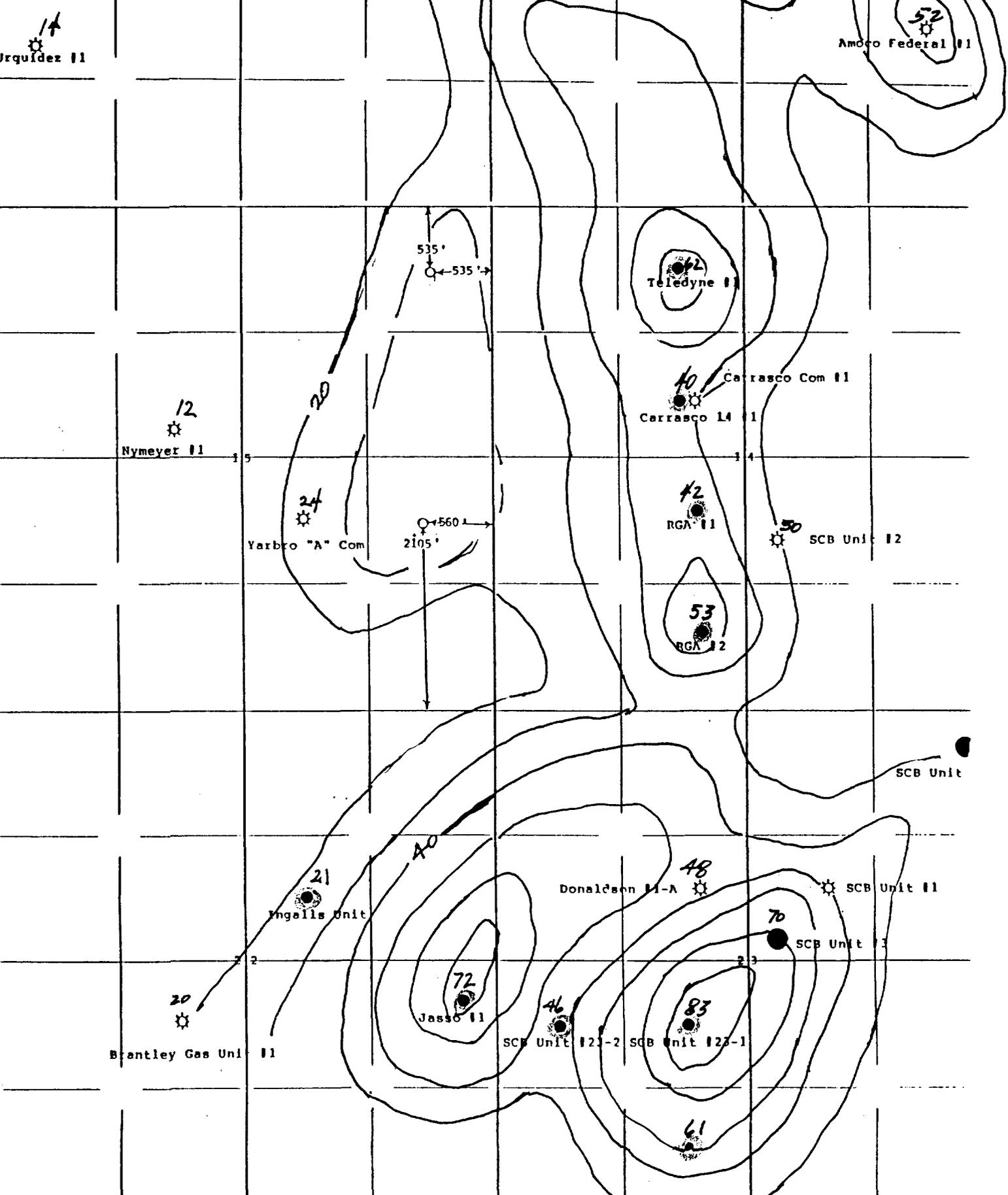
CREEK

EXHIBIT NO.

5

CASE NO.

9890 & 9891



- ⚙️ Morrow/Atoka Gas Wells
  - Bone Springs Oil Wells
  - ⊙ Delaware Oil Wells
  - Proposed Locations
- IF 3-17-90

Net Basal Delaware Sand  
 $\rho_x$  (neutron-density)  
 CI = 10 PT.

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

IN THE MATTER OF THE APPLICATION  
FOR BIRD CREEK RESOURCES, INC.  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

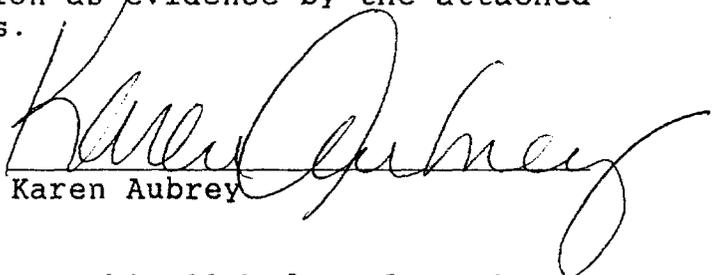
CASE NO. 9891

CERTIFICATE OF MAILING

AND

COMPLIANCE WITH ORDER R-8054

In Accordance with Division Rule 1207 (Order R-8054) I hereby certify that on February 28, 1990, I caused to be mailed by certified mail return receipt requested notice of this hearing and a copy of the Application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for March 21, 1990, to the parties shown in the Application as evidence by the attached copies of return receipt cards.

  
Karen Aubrey

SUBSCRIBED AND SWORN to before me this 20th day of March, 1990.

  
Toni Ivory Carter  
Notary Public

My Commission Expires:

7-6-91

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
BIRD CREEK	EXHIBIT NO. <u>6</u>
CASE NO.	<u>9890 &amp; 9891</u>



**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to: POGO PRODUCING COMPANY P.O. BOX 10340 MIDLAND, TX 79702 KA-BIRD CREEK NE/4SE/4		4. Article Number P 572 124 934
5. Signature - Agent X <i>A. Ochoa</i>		Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
6. Signature - Agent X <i>A. Ochoa</i>		8. Addressee's Address (ONLY if requested and fee paid) <i>see notes</i>
7. Date of Delivery MAR - 2 1988 1000		

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to: R.C. Roberts P.O. Box 640 Gilmer, TX 75644 KA-BIRD CREEK NE/4SE/4		4. Article Number P 572 124 931
5. Signature - Agent X <i>[Signature]</i>		Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
6. Signature - Agent X <i>[Signature]</i>		8. Addressee's Address (ONLY if requested and fee paid) <i>[Signature]</i>
7. Date of Delivery MAR 5 1988 GILMER, TX USPS		

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to: OXY USA, INC. P.O. BOX 50250 MIDLAND, TX 79710 KA-BIRD CREEK NE/4SE/4		4. Article Number P 572 124 932
5. Signature - Agent X <i>[Signature]</i>		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
6. Signature - Agent X <i>[Signature]</i>		8. Addressee's Address (ONLY if requested and fee paid) <i>[Signature]</i>
7. Date of Delivery 3/3		

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to: Ruth D. Roberts C/O Mr. Dan Roberts P.O. Box 801 Austin, TX 78767 KA-BIRD CREEK NE/4SE/4		4. Article Number P 572 124 930
5. Signature - Agent X <i>[Signature]</i>		Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
6. Signature - Agent X <i>[Signature]</i>		8. Addressee's Address (ONLY if requested and fee paid) <i>[Signature]</i>
7. Date of Delivery 3-6-90		

PS Form 3811, Mar 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

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

3. Article Addressed to:  
 T. Calder Ezzell  
 P.O. Box 10  
 Roswell, NM 88201  
 KA-Bird Creek NE/4SE/4

4. Article Number  
 P 572 124 928

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Agent  
 *T. Calder Ezzell*

6. Signature - Addressee  
 *T. Calder Ezzell*

7. Date of Delivery  
 2-3-90

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

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

3. Article Addressed to:  
 Liberty National Bank  
 P.O. Box 1627  
 Lovington, NM 88260  
 Attn: Mr. Mike Abbott  
 (KA-Bird Creek NE/4SE/4)

4. Article Number  
 P 572 124 926

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Agent  
 *Mr. Mike Abbott*

6. Signature - Addressee  
 *Mr. Mike Abbott*

7. Date of Delivery  
 3-2-90

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

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

3. Article Addressed to:  
 C. Ray Allen  
 P.O. Box 630  
 Midland, TX 79701  
 KA-Bird Creek NE/4SE/4

4. Article Number  
 P 572 124 927

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Agent  
 *C. Ray Allen*

6. Signature - Addressee  
 *C. Ray Allen*

7. Date of Delivery  
 3-5-90

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

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

3. Article Addressed to:  
 C. Ray Allen  
 P.O. Box 2373  
 Midland, TX 79702  
 KA-Bird Creek NE/4SE/4

4. Article Number  
 P 572 124 843

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Agent  
 *C. Ray Allen*

6. Signature - Addressee  
 *C. Ray Allen*

7. Date of Delivery  
 3-9-90

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT



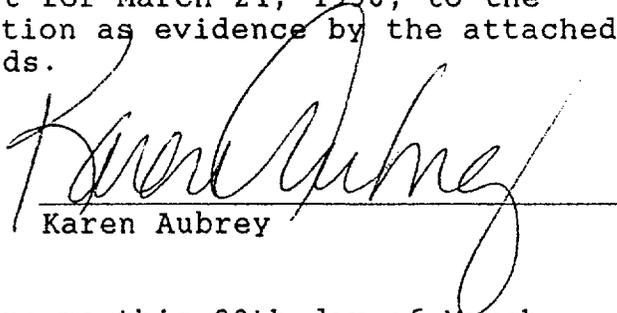
STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
FOR BIRD CREEK RESOURCES, INC.  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. 9890

CERTIFICATE OF MAILING  
AND  
COMPLIANCE WITH ORDER R-8054

In Accordance with Division Rule 1207 (Order R-8054) I hereby certify that on February 28, 1990, I caused to be mailed by certified mail return receipt requested notice of this hearing and a copy of the Application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for March 21, 1990, to the parties shown in the Application as evidence by the attached copies of return receipt cards.

  
\_\_\_\_\_  
Karen Aubrey

SUBSCRIBED AND SWORN to before me this 20th day of March, 1990.

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

My Commission Expires:

7-6-91

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
BIRD CREEK	EXHIBIT NO. 7
CASE NO.	9890 & 9891

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this item from being returned to you. The return receipt fee will provide you the name of the person delivered and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check boxes for additional service(s) requested.  
 Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

Article Addressed to:  
 NAVIS, Inc.  
 P.O. Box 133  
 Midland, TX 79702  
 KA-Bird Creek NE/4NE/4

Signature - Agent  
*Kinda Street*  
 Date of Delivery  
 3-2-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
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 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
 Ed E. Phillips  
 P.O. Box 11313  
 Midland, TX 79702  
 KA-Bird Creek NE/4NE/4

5. Signature - Agent  
*Ed E. Phillips*  
 Date of Delivery  
 MAR 06 1990

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

4. Article Number  
 P 572 124 935  
 Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise  
 Always obtain signature of addressee or agent and DATE DELIVERED.  
 8. Addressee's Address (ONLY if requested and fee paid)

4. Article Number  
 P 572 124 936  
 Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise  
 Always obtain signature of addressee or agent and DATE DELIVERED.  
 8. Addressee's Address (ONLY if requested and fee paid)

Signature - Agent  
*Bob Bortwood*  
 Date of Delivery  
 3-2-90

5. Signature - Agent  
*Bob Bortwood*  
 Date of Delivery  
 3-5-90

T. Calder Ezzell  
 P.O. Box 10  
 Roswell, NM 88201  
 KA-Bird Creek NE/4NE/4

3. Article Addressed to:  
 C. Ray Allen  
 P.O. Box 630  
 Midland, TX 79702  
 KA-Bird Creek NE/4NE/4

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to: CHL Energy, Inc.  
 c/o Mr. Charles Hopkins  
 407 N. Big Spring  
 Midland, TX 70701  
 KA-Bird Creek NE/4NE/4

4. Article Number: P 572 124 939

Type of Service:  Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

5. Signature - Address: [Signature]  
 X

6. Signature - Agent: [Signature]  
 X

7. Date of Delivery: 3-5-90

8. Addressee's Address (ONLY if requested and fee paid): Same

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to: Concise Oil & Gas  
 P.O. Box 378111  
 Denver, CO 80237  
 KA-Bird Creek NE/4NE/4

4. Article Number: P 572 124 941

Type of Service:  Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

5. Signature - Address: [Signature]  
 X

6. Signature - Agent: [Signature]  
 X

7. Date of Delivery: 3-2-90

8. Addressee's Address (ONLY if requested and fee paid): Always obtain signature of addressee or agent and DATE DELIVERED.

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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3. Article Addressed to: Quinoco Consolidated Partners  
 P.O. Box 378241  
 Denver, CO 80237  
 KA-Bird Creek NE/4NE/4

4. Article Number: P 572 124 940

Type of Service:  Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

5. Signature - Address: [Signature]  
 X

6. Signature - Agent: [Signature]  
 X

7. Date of Delivery: 3-2-90

8. Addressee's Address (ONLY if requested and fee paid): Always obtain signature of addressee or agent and DATE DELIVERED.

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to: Betsy Ann Stillwagon  
 11,711 Memorial #717  
 Houston, TX 77024  
 KA-Bird Creek NE/4NE/4

4. Article Number: P 572 124 942

Type of Service:  Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

5. Signature - Address: [Signature]  
 X

6. Signature - Agent: [Signature]  
 X

7. Date of Delivery: 3/2/90

8. Addressee's Address (ONLY if requested and fee paid): Always obtain signature of addressee or agent and DATE DELIVERED.

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to: James E. Kiehne 201 W. Wall Midland, TX 79701 KA-Bird Creek NE/4NE/4		4. Article Number P 572 124 943	
5. Signature - Address X		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature - Agent X <i>P. F. Fort</i>		8. Addressee's Address (ONLY if requested and fee paid) <i>James E. Kiehne</i>	
7. Date of Delivery MAR - 8 1990		Always obtain signature of addressee or agent and DATE DELIVERED.	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to: R.F. Fort P.O. BOX 2044 Midland, TX 79701 KA-Bird Creek NE/4NE/4		4. Article Number P 572 124 945	
5. Signature - Address X		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature - Agent X <i>P. F. Fort</i>		8. Addressee's Address (ONLY if requested and fee paid)	
7. Date of Delivery		Always obtain signature of addressee or agent and DATE DELIVERED.	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to: Gary L. Kiehne 201 W. Wall Midland, TX 79701 KA-Bird Creek NE/4NE/4		4. Article Number P 572 124 944	
5. Signature - Address X		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature - Agent X <i>P. F. Fort</i>		8. Addressee's Address (ONLY if requested and fee paid) <i>James E. Kiehne</i>	
7. Date of Delivery 3/5/1990		Always obtain signature of addressee or agent and DATE DELIVERED.	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to: Westway Petro, Texas Joint Venture Lock Box 70 500 N. Akard Street Dallas, TX 75201 KA-Bird Creek NE/4NE/4		4. Article Number P 572 124 946	
5. Signature - Address X		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature - Agent X <i>P. F. Fort</i>		8. Addressee's Address (ONLY if requested and fee paid)	
7. Date of Delivery MAY 06 1990		Always obtain signature of addressee or agent and DATE DELIVERED.	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to:		4. Article Number P 572 124 947	
Harken Oil & Gas, Inc. P.O. Drawer 61200/ Dallas, TX 75261 KA-Bird Creek NE/4NE/4		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature - Address X		Always obtain signature of addressee or agent and DATE DELIVERED.	
6. Signature - Agent X <i>Samuel Beck</i>		8. Addressee's Address (ONLY if requested and fee paid)	
7. Date of Delivery MAR 05 1990			

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to:		4. Article Number P 572 124 949	
Pogo Producing Company P.O. Box 10340 Midland, TX 79702 KA-Bird Creek NE/4NE/4		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature - Address X		Always obtain signature of addressee or agent and DATE DELIVERED.	
6. Signature - Agent X <i>M. DeMa</i>		8. Addressee's Address (ONLY if requested and fee paid)	
7. Date of Delivery MAR 06 1990			

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to:		4. Article Number P 572 124 948	
Santa Fe, Energy Operating Partners, L.P. 500 W. Illinois, 5th Floor Midland, TX 79702 KA-Bird Creek NE/4NE/4		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature - Address X		Always obtain signature of addressee or agent and DATE DELIVERED.	
6. Signature - Agent X <i>Samuel Beck</i>		8. Addressee's Address (ONLY if requested and fee paid)	
7. Date of Delivery 3-5-90			

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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

3. Article Addressed to:		4. Article Number P 572 124 950	
Amoco Production Co. P.O. Box 3092 Houston, TX 77253 KA-Bird Creek NE/4NE/4		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature - Address X		Always obtain signature of addressee or agent and DATE DELIVERED.	
6. Signature - Agent X <i>W. J. W.</i>		8. Addressee's Address (ONLY if requested and fee paid)	
7. Date of Delivery MAR 05 1990			

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**KELLAHIN, KELLAHIN AND AUBREY**

ATTORNEYS AT LAW  
EL PATIO BUILDING  
117 NORTH GUADALUPE  
POST OFFICE BOX 2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN  
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN  
OF COUNSEL

SANTA FE, NEW MEXICO 87504-2265

February 26, 1990

**RECEIVED**

FEB 27 1990

OIL CONSERVATION DIV.  
SANTA FE

9891

Mr. William J. LeMay  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504

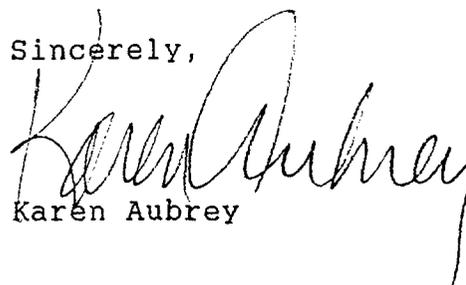
Re: Compulsory Pooling, Bird Creek Resources, Inc.

Dear Mr. LeMay:

Enclosed please find the original and one copy of an application by Bird Creek Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico. Please set this application for hearing on the examiner docket on March 21, 1990.

In accordance with N.M.O.C.C. Rule 1207, we are sending all working interest owners listed in this application a copy of this letter and a copy of the enclosed application, by certified mail, in order to notify them that they have the opportunity to appear in support of or in opposition to the enclosed application.

Sincerely,



Karen Aubrey

KA/dm

xc: Larry Robinette

Certified Return Receipt Requested  
Working interest owners listed in  
Paragraph 3 of Application

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF BIRD CREEK RESOURCES, INC. FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

9891

A P P L I C A T I O N

COMES NOW BIRD CREEK RESOURCES, INC., by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and in accordance with Section 70-2-17(c) N.M.S.A. (1978 Comp.) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the bottom of the Delaware formation, East Loving Delaware Pool, or 6,300 feet, whichever is deeper, underlying the NE/4SE/4, Section 15, T23S, R28E, N.M.P.M, Eddy County, New Mexico. The above described acreage is to be dedicated to a well to be drilled at a standard location 2080 FSL and 660 FEL to a depth of approximately 6,300 feet. In support of this application, applicant would show:

1. Applicant has the right to drill and develop the NE/4SE/4 of Section 15 T23S R28E, Eddy County, New Mexico.
2. Applicant desires to drill a well at a standard location in the NE/4SE/4 of said section.

3. Applicant has sought the voluntary agreement of the owners of the non-consenting working interests, for the formation of appropriate spacing and proration units, but has been unable to obtain voluntary agreement. The non-consenting working interest owners and their percentage interests are:

POGO PRODUCING COMPANY P.O. Box 10340 Midland, TX 79702	9.17936%
SANTA FE ENERGY OPERATING PARTNERS, L.P. 500 W. Illinois Fifth Floor Midland, TX 79702	16.62411%
OXY USA, INC. P.O. Box 50250 Midland, TX 79710	12.59214%
R. C. ROBERTS P.O. Box 640 Gilmer, TX 75644	5.70516%
RUTH D. ROBERTS c/o Mr. Dan Roberts P.O. Box 807 Austin, TX 78767	5.70516%
J. R. ROWAN, INC. P.O. Box 162 Midland, TX 79708	11.41032%
T. CALDER EZZELL P.O. Box 10 Roswell, NM 88201	6.29607%
C. RAY ALLEN P.O. Box 630 Midland, TX 79701	6.29607%

LIBERTY NATIONAL BANK  
P.O. Box 1627  
Lovington, NM 88260  
Attn: Mr. Mike Abbott

18.74938%

Total

92.558%

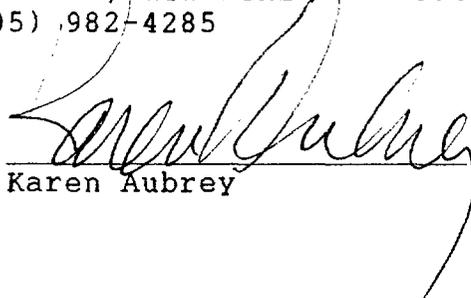
4. Pursuant to the Division's notice requirements, applicant has notified all working interest owners of this application for compulsory pooling and the applicant's request that this matter be set for hearing before the Division on March 21, 1990.
5. In order to obtain its just and equitable share of the hydrocarbons underlying the above tract(s), applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interests described herein. Applicant further prays that it be named operator of the well, and that the order make provision for applicant to recover, out of production, its cost of drilling, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk

factor in the amount of 200% for the drilling and completing of the well, and for such other and further relief as may be proper.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

By:   
Karen Aubrey

KA/dm

**KELLAHIN, KELLAHIN AND AUBREY**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

February 26, 1990

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN  
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN  
OF COUNSEL

**RECEIVED**

FEB 27 1990

OIL CONSERVATION DIV.  
SANTA FE

9890

Mr. William J. LeMay  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504

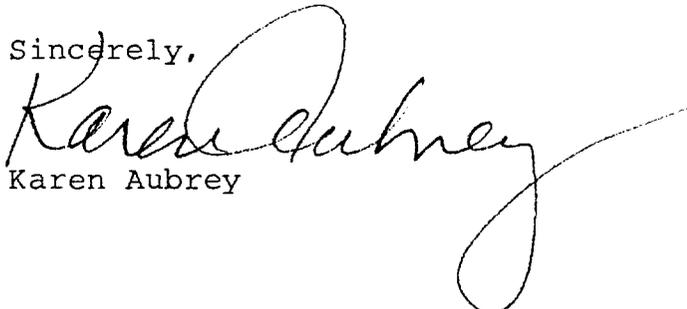
Re: Compulsory Pooling, Bird Creek Resources, Inc.

Dear Mr. LeMay:

Enclosed please find the original and one copy of an application by Bird Creek Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico. Please set this application for hearing on the examiner docket on March 21, 1990.

In accordance with N.M.O.C.C. Rule 1207, we are sending all working interest owners listed in this application a copy of this letter and a copy of the enclosed application, by certified mail, in order to notify them that they have the opportunity to appear in support of or in opposition to the enclosed application.

Sincerely,

  
Karen Aubrey

KA/dm

xc: Larry Robinette

Certified Return Receipt Requested  
Working interest owners listed in  
Paragraph 3 of Application

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

**RECEIVED**

IN THE MATTER OF THE APPLICATION  
OF BIRD CREEK RESOURCES, INC. FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

FEB 27 1990

OIL CONSERVATION DIV.  
SANTA FE

APPLICATION

9890

COMES NOW BIRD CREEK RESOURCES, INC., by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and in accordance with Section 70-2-17(c) N.M.S.A. (1978 Comp.) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the bottom of the Delaware formation, East Loving Delaware Pool, or 6,300 feet, whichever is deeper, underlying the NE/4NE/4, Section 15, T23S, R28E, N.M.P.M, Eddy County, New Mexico. The above described acreage is to be dedicated to a well to be drilled at a standard location 560 FNL and 560 FEL to a depth of approximately 6,300 feet. In support of this application, applicant would show:

1. Applicant has the right to drill and develop the NE/4NE/4 of Section 15 T23S R28E, Eddy County, New Mexico.
2. Applicant desires to drill a well at a standard location in the NE/4NE/4 of said section.

3. Applicant has sought the voluntary agreement of the owners of the non-consenting working interests, for the formation of appropriate spacing and proration units, but has been unable to obtain voluntary agreement. The non-consenting working interest owners and their percentage interests are:

AMOCO PRODUCTION COMPANY P.O. Box 3092 Houston, TX 77253	14.17837%
POGO PRODUCING COMPANY P.O. Box 10340 Midland, TX 79702	18.54095%
SANTA FE ENERGY OPERATING PARTNERS, L.P. 500 W. Illinois Fifth Floor Midland, TX 79702	10.90644%
HARKEN OIL & GAS, INC. P.O. Drawer 612007 Dallas, TX 75261	7.48956%
WESTWAY PETRO, TEXAS JOINT VENTURE Lock Box 70 500 N. Akard Street Dallas, TX 75201	4.29042%
R. F. FORT P.O. Box 2044 Midland, TX 79702	2.53197%
GARY L. KIEHNE 201 W. Wall Midland, TX 79701	2.53197%
JAMES E. KIEHNE 201 W. Wall Midland, TX 79701	1.61033%
BETSY ANN STILLWAGON 11,711 Memorial #717 Houston, TX 77024	1.61033%

CONCISE OIL & GAS P.O. Box 378111 Denver, CO 80237	1.15964%
QUINOCO CONSOLIDATED PARTNERS P.O. Box 378111 Denver, CO 80237	1.15964%
CHL ENERGY, INC. c/o Mr. Charles Hopkins 407 N. Big Spring Midland, TX 70701	1.06849%
C. RAY ALLEN P.O. Box 630 Midland, TX 79702	1.60147%
T. CALDER EZZELL P.O. Box 10 Roswell, NM 88201	1.60147%
ED E. PHILLIPS P.O. Box 11313 Midland, TX 79702	3.22193%
NAVIS, INC. P.O. Box 133 Midland, TX 79702	3.22066%
Total	76.637%

4. Pursuant to the Division's notice requirements, applicant has notified all working interest owners of this application for compulsory pooling and the applicant's request that this matter be set for hearing before the Division on March 21, 1990.
5. In order to obtain its just and equitable share of the hydrocarbons underlying the above tract(s), applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interests described herein. Applicant further prays that it be named operator of the well, and that the order make provision for applicant to recover, out of production, its cost of drilling, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completing of the well, and for such other and further relief as may be proper.

Respectfully submitted,

  
Karen Aubrey

KA/dm