

PROJECTED PRESENT VALUE
HIXON DEVELOPMENT COMPANY
EVANS NO. 1
5D, T24N, R2W
RIO ARriba CO. NM

GAVILAN MANCOS OIL POOL
GAVILAN GREENHORN-GRANEROS-DAKOTA
COMMINGLED

Exhibit " 9 "

Application for for Downhole Commingling and a Non-Standard Oil
Proration Unit ~ Case No. 9969 June 27, 1990
Evans No. 1 Well
790'FNL, 790' FWL 5-T24N-R2W, N.M.P.M.
Rio Arriba County, New Mexico

Hixon Development Company
Post Office Box 2810
Farmington, New Mexico 87499
505-326-3325

EVANS NO. 1
COMINGLED MANCOS & DAKOTA

* E C O N S U M M A R Y *
AS OF 7 / 1990

DATE: 06-26-1990

TIME: 13:54:20

EVANS.SUM

END MO-YR	NO. WELLS	* GROSS PRODUCTION *		* NET PRODUCTION *		* PRICES *		* * * * N E T R E V E N U E * * * *			
		OIL	GAS	OIL	GAS	OIL	GAS	OIL	GAS	OTHER	TOTAL
		MBBL	MMCF	MBBL	MMCF	\$/B---	\$/M---	M\$-----	M\$-----	M\$-----	M\$-----
12-90	1.0	14.874	29.748	12.085	24.170	15.50	1.30	187.318	31.421	0.000	218.740
12-91	2.0	14.742	29.485	11.978	23.956	15.50	1.30	185.663	31.143	0.000	216.806
12-92	1.7	5.491	10.981	4.461	8.922	15.50	1.30	69.149	11.599	0.000	80.748
12-93	1.0	1.927	3.855	1.566	3.132	15.50	1.30	24.271	4.071	0.000	28.343

REM.	0.0	0.000	0.000	0.000	0.000	0.00	0.00	0.000	0.000	0.000	0.000
TOT.	0.0	37.034	74.069	30.090	60.181	15.50	1.30	466.401	78.235	0.000	544.636

YR	& PROD TAX	ADVALOREM	WINDFALL	OPERATING	TOTAL	OPERATIONAL	*** NET INVESTMENTS ***			CASH FLOW	10.0% CUM
		TAXES	TAXES	EXPENSES	EXPENSES	CASH FLOW	TANGIBLE	INTANGIBLE	LEASEHOLD	CASH FLOW	DISC C.F.
--	M\$-----	M\$-----	M\$-----	M\$-----	M\$-----	M\$-----	M\$-----	M\$-----	M\$-----	M\$-----	M\$-----
90	20.773	0.000	6.006	26.779	191.961	0.000	50.000	0.000	0.000	141.961	137.512
91	20.589	0.000	12.012	32.601	184.205	0.000	0.000	0.000	0.000	184.205	305.034
92	7.668	0.000	12.008	19.676	61.071	0.000	0.000	0.000	0.000	61.071	355.526
93	2.692	0.000	12.000	14.692	13.651	0.000	0.000	0.000	0.000	13.651	365.785

REM	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOT	51.722	0.000	42.026	93.748	450.888	0.000	50.000	0.000	0.000	400.888	365.785

PROFITABILITY INDICATORS

PAYOUT (YRS)	0.13
DISCOUNTED PAYOUT (YRS)	0.13
DCF RATE OF RETURN (%)	100.00
INCOME/INVESTMENT	9.02
DISC INCOME/INVESTMENT	8.32
ULTIMATE OIL (MBBL)	37.0
ULTIMATE GAS (MMCF)	74.1

PRESENT WORTH PROFILE

%----	M\$-----
5.0	382.296
10.0	365.785
15.0	351.028
20.0	337.759
25.0	325.763
30.0	314.865
40.0	295.809
50.0	279.695
70.0	253.915
100.0	225.943

EVANS NO. 1
COMINGLED MANCOS & DAKOTA

ONE LINE SUMMARIES
AS OF 7 / 1990

DATE: 06-26-1990
TIME: 13:54:24
EVANS.SUM

FILE	TITLE	GROSS OIL MBBL-----	GROSS GAS MMCF-----	NET OIL MBBL-----	NET GAS MMCF-----	NET REVENUE M\$-----	TOT EXPENSE M\$-----	CAPITAL M\$-----	CASH FLOW M\$-----	10.0% DISC CASH FLOW M\$-----
EVANSDAK	GAVILAN - EVANS NO. 1	1.430	2.860	1.162	2.324	21.031	2.023	0.000	19.007	17.410
EVANS GAL	GAVILAN - EVANS NO. 1	35.604	71.209	28.928	57.857	523.605	91.724	50.000	381.881	348.376
TOTAL		37.034	74.069	30.090	60.181	544.636	93.748	50.000	400.888	365.786

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

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

CASE NO. 9969
Order No. R-9238

APPLICATION OF HIXON DEVELOPMENT
COMPANY FOR DOWNHOLE COMMINGLING
AND A NON-STANDARD OIL PRORATION
UNIT, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 27, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of July, 1990, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Hixon Development Company, seeks approval to commingle oil production from the Undesignated Gavilan-Mancos and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools within the wellbore of its Evans Well No. 1 located 790 feet from the North and West lines (Unit D) of Section 5, Township 24 North, Range 2 West, NMPM, Rio Arriba County, New Mexico.

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(3) The applicant further seeks approval for a 326.44-acre non-standard oil proration unit for both pools comprising Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) of said Section 5.

(4) The subject well was drilled during January, 1990, has been completed in the Gavilan Greenhorn-Graneros-Dakota Oil Pool, and is currently capable of low marginal production only.

(5) Although the subject well has not yet been completed in the Gavilan-Mancos Oil Pool, the evidence presented by the applicant indicates that said pool should also yield marginal production only.

(6) The Gavilan Greenhorn-Graneros-Dakota Oil Pool is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-7745 which require standard oil proration units consisting of 320 acres.

(7) The proposed proration unit is non-standard with respect to the Gavilan Greenhorn-Graneros-Dakota Oil Pool due to a variation in the legal subdivision of the United States Public Land Survey.

(8) The Gavilan-Mancos Oil Pool is also currently governed by Special Rules and Regulations as promulgated by Division Order No. R-7407, as amended, which require standard oil proration units consisting of 640 acres, and a provision allowing the drilling of two wells per standard proration unit.

(9) The evidence presented indicates that the E/2 of said Section 5 has been developed in the Gavilan-Mancos Oil Pool by the Oryx Energy Company Lady Luck Well No. 1 which was drilled in 1985, and is currently a marginally productive well in said pool.

(10) The above-described Lady Luck Well No. 1 was initially and has continued to be developed on a non-standard 320-acre oil proration unit comprising the E/2 of said Section 5.

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(11) The applicant presented as evidence waivers of objection to the proposed commingling and non-standard proration unit from Oryx Energy Company and Mobil Producing Texas & New Mexico Inc., being the only two offset operators.

(12) Approval of the proposed non-standard proration unit and downhole commingling will allow the applicant the opportunity to recover its just and equitable share of the oil in the Gavilan-Mancos Oil Pool, will prevent the drilling of unnecessary wells, will allow the recovery of additional hydrocarbons from the Gavilan Greenhorn-Graneros-Dakota Oil Pool which may otherwise not be recovered, thereby preventing waste, and will protect correlative rights.

(13) The applicant should consult with the supervisor of the Aztec district office of the Division upon completion of the subject well in the Gavilan-Mancos Oil Pool in order to determine the proper allocation of production to each respective pool.

IT IS THEREFORE ORDERED THAT:

(1) A 326.44-acre non-standard oil proration unit in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools comprising Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) of said Section 5, Township 24 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, is hereby established and dedicated to Hixon Development Company's Evans Well No. 1 located 790 feet from the North and West lines (Unit D) of said Section 5.

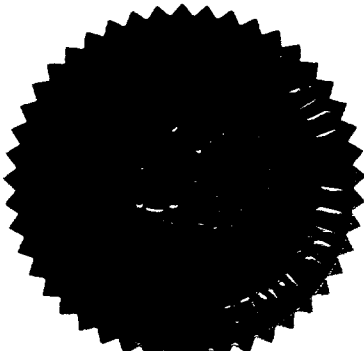
(2) The applicant is further authorized to commingle Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Pool production within the wellbore of its Evans Well No. 1 as described above.

(3) The applicant shall consult with the supervisor of the Aztec district office of the Division upon completion of the subject well in the Gavilan-Mancos Oil Pool in order to determine the proper allocation of production to each respective pool.

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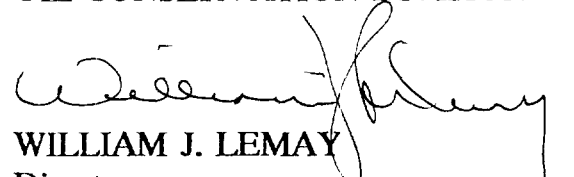
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director