

WEST BEARL UNIT

MARATHON OPER. LEA UNIT

BETA O. Lynch

GULF (OPER.) SO. LYNCH ST. UNIT

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION

BETA EXHIBIT NO. 1 CASE NO. 8478

2133

21



**BTA OIL PRODUCERS**

104 SOUTH PECOS

MIDLAND, TEXAS 79701-9988

AC 915-682-3753

May 9, 1984

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION	
BTA	EXHIBIT NO. 2
CASE NO. 8478	

PARTNERS  
 CARLTON BEAL  
 CARLTON BEAL, JR.  
 BARRY BEAL  
 SPENCER BEAL  
 KELLY BEAL

*not mailed*

In re: BTA 8212 JV-P Lynch  
 Section 24 and NE/4 of Section 25,  
 T-20-S, R-34-E,  
 Lea County, New Mexico

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Mr. Charles Nearburg  
 P. O. Box 3104  
 Dallas, Texas 75221

> *wrong address*

Dear Mr. Nearburg:

BTA Oil Producers hereby requests a farmout of your leasehold interest in the captioned acreage, being the W/2 NE/4 of Section 25, on the following terms and provisions:

1. BTA will drill a 13,600' Morrow test in the SE/4 of Section 24 on or before May 31, 1984, and may continue drilling same to 14,500' to test the Devonian.
2. BTA will have the right at its option to drill similar tests on the captioned acreage regardless of the outcome of the initial well or any option well on a 180 day continuous drilling program.
3. Producers will earn BTA 100% WI and 75% NRI in their respective proration units.
4. You will retain an Overriding Royalty Interest equal to the difference between 25% and your present lease burdens, which Overriding Royalty may be converted to a 25% WI, proportionately reduced, at payout on a by well basis.
5. If you elect to convert your ORRI to a WI at payout, the parties involved will enter into a mutually acceptable Joint Operating Agreement.
6. Our offer to drill any well on the subject area is contingent on our being able to make satisfactory arrangements with the other owners of acreage within the captioned area.

*m*

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Mr. Charles Nearburg  
May 9, 1984  
Page 2

7. Should BTA be unable to drill any well due to circumstances beyond its control, any agreement covering same shall be void in its entirety without penalty to either party.
8. Should your Option Farmout Agreement contain a prior written consent provision relative to assignments thereunder, we request that same not be applicable to the Internal Partners, Management Group, Investors and Assignees of any Conveyance of Production Payment of BTA; however, all responsibilities, liabilities and obligations under the Farmout Agreement and any Assignment earned thereunder will remain in BTA Oil Producers.
9. We are assuming that your products are unencumbered.

We respectfully request your favorable response to this request by May 23, 1984, and subject to BTA's acceptance of your formal agreement.

Your assistance in this matter will be sincerely appreciated.

Regards,



C. R. PEARSON  
Manager Exploration & Development  
For BTA Oil Producers

wa

RLT/jss



BTA OIL PRODUCERS

104 SOUTH PECOS  
MIDLAND, TEXAS 79701-9988  
AC 915-682-3753

PARTNERS  
CARLTON BEAL  
CARLTON BEAL, JR.  
BARRY BEAL  
SPENCER BEAL  
KELLY BEAL

BEFORE HONORABLE COMMISSIONER OIL CONSERVATION DIVISION	
BTA	EXHIBIT NO. 3
CASE NO.	8478

January 4, 1985

In re: BTA 8212 JV-P Lynch  
NE/4 Section 25, T-20-S, R-34-E  
Lea County, New Mexico

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Chama Petroleum Company  
5447 Glenn Lakes  
Dallas, Texas 75231

Attention: Mr. Charles Nearburg

Gentlemen:

BTA Oil Producers hereby requests a farmout of your interest in the captioned acreage on the following terms and provisions:

1. BTA will drill a 13,600' Morrow test at a location of its choice in said Section 25.
2. Chama will elect either to participate in the well with its 50% WI or farmout. Should Chama elect to farmout, Chama and BTA would enter into a farmout agreement whereby BTA would earn 100% WI with a 70% NRI in Chama's acreage included in the proration unit established for this test well.
3. Should you elect to join in our well, please return one (1) copy of the AFE's attached hereto executed in the space provided.
4. Should BTA be unable to drill the subject well due to circumstances beyond its control, any agreement covering same shall be void in its entirety without penalty to either party.
5. We request that any assignability provision of your farmout agreement not be applicable to BTA's in house groups.



BTA OIL PRODUCERS

PARTNERS  
CARLTON BEAL  
CARLTON BEAL, JR.  
BARRY BEAL  
SPENCER BEAL  
KELLY BEAL

104 SOUTH PECOS  
MIDLAND, TEXAS 79701-9988  
AC 915-682-3753

BEFORE THE COMMISSION ON OIL AND GAS	
OIL CONSERVATION DIVISION	
BTA	EXHIBIT NO. 3
CASE NO.	8478

January 4, 1985

In re: BTA 8212 JV-P Lynch  
NE/4 Section 25, T-20-S, R-34-E  
Lea County, New Mexico

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Chama Petroleum Company  
5447 Glenn Lakes  
Dallas, Texas 75231

Attention: Mr. Charles Nearburg

Gentlemen:

BTA Oil Producers hereby requests a farmout of your interest in the captioned acreage on the following terms and provisions:

1. BTA will drill a 13,600' Morrow test at a location of its choice in said Section 25.
2. Chama will elect either to participate in the well with its 50% WI or farmout. Should Chama elect to farmout, Chama and BTA would enter into a farmout agreement whereby BTA would earn 100% WI with a 70% NRI in Chama's acreage included in the proration unit established for this test well.
3. Should you elect to join in our well, please return one (1) copy of the AFE's attached hereto executed in the space provided.
4. Should BTA be unable to drill the subject well due to circumstances beyond its control, any agreement covering same shall be void in its entirety without penalty to either party.
5. We request that any assignability provision of your farmout agreement not be applicable to BTA's in house groups.

Page -2-  
January 4, 1985  
8212 JV-P Lynch

6. We are assuming that your products are unencumbered.

Please be advised that BTA Oil Producers must have a response to this request no later than 5:00 PM on Wednesday, January 16, 1985; therefore, we will sincerely appreciate your earliest consideration of this request.

Regards,

A handwritten signature in black ink, appearing to read "C. R. Pearson", with a long horizontal flourish extending to the right.

C. R. PEARSON  
Manager Exploration and Development  
for BTA Oil Producers

WJF/pvz  
Encl:

BTA OIL PRODUCERS

WELL COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Well Name: 8212 JV-P Lynch No. 3  
 Location: NE/4 Section 25  
 T-20-S, R-34-E  
 Lea County, New Mexico

Total Depth: 13,600'  
 Formation: Morrow  
 Prepared by: L. G. Johnson

AFE Prepared: January 4, 1985

Approved by: C. B. Pearson  
*us*

<u>INTANGIBLES</u>	<u>Dry Hole</u>	<u>Producer</u>
Engineering & Geological	\$36,000	\$40,000
Location, Damages, Stake	60,000	70,000
Drilling (Day Work):		
70 days @\$4,000/day	260,000	280,000
Mud Related Supplies	50,000	55,000
Completion Unit & Swab		
14 days @\$1,200/day		17,000
Cement & Service	50,000	76,000
Electric Log & Perf.	45,000	55,000
Well Stimulation		30,000
Drillstem Test	6,000	6,000
Bits	64,000	67,000
Bottom Hole Assemblies	20,000	20,000
Plug & Abandon	15,000	
Move In & Rig Up	38,000	38,000
Welding	6,000	12,000
Trucking	12,000	25,000
Rental Equipment	21,000	30,000
Casing Services	10,000	15,000
Completion Services		20,000
Supervision	20,000	25,000
Roustabout	5,000	10,000
Fuel	30,000	35,000
BOP Services	12,000	15,000
Miscellaneous	76,000	94,000
<b>Total Intangibles</b>	<b>\$836,000</b>	<b>\$1,035,000</b>

TANGIBLES

Casing:		
60' of 30" @\$45/ft.	3,000	3,000
700' of 20" @\$50/ft.	35,000	35,000
3,500' of 13-3/8" @\$22/ft.	77,000	77,000
5,500' of 9-5/8" @\$15/ft.	83,000	83,000
13,600' of 5-1/2" @\$8/ft.	109,000	109,000
13,500' of 2-7/8" @\$4/ft.	54,000	54,000
Well Head & Connections	15,000	30,000
Sub-Surface Equipment		8,000
Flow Lines		10,000
Miscellaneous Well Equipment		15,000
Tanks & Connections		20,000
Heater & Treaters		15,000
Miscellaneous Lease Equipment		10,000
<b>Total Tangibles</b>	<b>\$213,000</b>	<b>\$469,000</b>
<b>TOTAL WELL COST</b>	<b>\$1,049,000</b>	<b>\$1,504,000</b>

*water handling required*

*TOC (BLM Requirements only)*

*water wire loss wire 3,000*

*3 string pole wire*

*TOC*

Approved by: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

**Chama Petroleum Company**

Exploration and Production  
P.O. Box 31405  
5447 Glen Lakes Drive  
Dallas, Texas 75231  
214-739-1778

BEGON EXAMINER STONER OIL CONSERVATION DIVISION	
BTA	EXHIBIT NO. 4
CASE NO.	8478

January 14, 1985

Mr. C. R. Pearson  
Manager, Exploration and Development  
BTA Oil Producers  
104 South Pecos  
Midland, TX 79701-9988

RE: Farmout Request  
W/2 NE/4 Section 25, T20S, R34E  
Lea County, New Mexico

Dear Mr. Pearson:

I am in receipt of your letter dated January 4, 1985, concerning BTA Oil Producers (BTA) desire to obtain a farmout of Chama Petroleum (Chama) acreage as captioned above. Please be advised that we are also interested in developing this acreage. On January 4, 1985, we staked a location 660' FNL, 1980' FEL, Sec. 25, T20S, R34E, and filed a permit to drill a Morrow test.

Chama has no objection to a well drilled in a mutually agreeable location in the NE/4, however, our opinion as to how this drilling should be accomplished appears to be different from BTA's. The farmout terms as presented in your letter of January 4th are unacceptable for acreage with this potential. From the standpoint of participating, we feel the AFE is excessive and no location was specified. We would prefer to drill our own well on our acreage rather than accepting either of the alternatives proposed in your letter.

We feel it would be most preferable to come to a mutual understanding and develop the area for the benefit of all concerned. Accordingly, we suggest the most expedient means to this end is a personal meeting between BTA and Chama.

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Mr. C. R. Pearson  
January 14, 1985  
Page 2

Should the foregoing course of action not be acceptable to BTA, then Chama hereby requests a farmout of BTA's interest in the E/2 NE/4 Sec. 25, T20S, R34E, which will be included in an E/2 unit in which Chama will drill a 13,600' Morrow test at a location of its choice. All other terms to BTA would be the same as those offered by BTA to Chama in your letter of January 4, 1985.

Please be advised that time is of the essence and Chama must have a response to this request no later than 5 p.m. Monday, January 28, 1985. We will appreciate your earliest possible response.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark K. Nearburg". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Mark K. Nearburg  
Landman

MKNb

FILED 2212 J-F Landman  
Forced Pooling

**Chama Petroleum Company**

Exploration and Production  
P.O. Box 31405  
5447 Glen Lakes Drive  
Dallas, Texas 75231  
214-739-1778

DEFORE EXAMINER STODNER	
OIL COMPANY REGISTRATION DIVISION	
BTA	EXHIBIT NO. 5
DATE NO.	8478

February 4, 1985

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

~~Ms. Robin G. Hughes~~  
BTA Oil Producers  
104 South Pecos  
Midland, TX 79701

RE: E/2 Sec. 25-20S-34E  
Lea County, New Mexico

Dear Ms. Hughes:

In response to BTA's application for compulsory pooling of Chama Petroleum Company on the NE/4 of the above referenced section, enclosed please find Chama Petroleum Company's application for compulsory pooling of the above captioned lands.

Inasmuch as we have not received any response to our letter of January 14, 1985, which was received by BTA Oil Producers on January 15, 1985, via Federal Express, I would like at this time to again request a personal meeting between BTA and Chama. Your response to this second request for a meeting either in the affirmative or the negative, in writing, will be appreciated by Wednesday, February 20, 1985, at 5 p.m.

*Feb. 15 Meeting discussed terms*

Yours truly,

  
Mark K. Nearburg  
Landman

cc: Mr. C. R. Pearson, Manager  
Exploration and Development  
BTA Oil Producers

**Chama Petroleum Company**

Exploration and Production  
P.O. Box 31405  
5447 Glen Lakes Drive  
Dallas, Texas 75231  
214-739-1778

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION		
BTA	EXHIBIT NO	6
CASE NO.	8478	

February 21, 1985

Mr. C. R. Pearson  
BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701-9988

FEDERAL EXPRESS

RE: NMOCC Case #8478 and #8505  
Sec. 25, T20S, R34E  
Lea County, New Mexico

Dear Mr. Pearson:

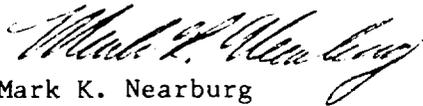
I would like to reiterate Chama's offer of a farmout to BTA for a well to be drilled in the NE/4 of the referenced acreage, as we discussed at our meeting last Friday.

1. Chama will farmout to BTA the W/2 NE/4 of the captioned land for the drilling of a 13,700' Morrow test on a NE/4 proration unit.
2. A producing well will earn from the surface to the total depth drilled.
3. The well will be at a location of BTA's choice.
4. A producing well will earn BTA, before payout, 100% working interest and 75% net revenue interest.
5. Chama will retain an overriding royalty interest before payout equal to the difference between 25% and presently existing lease burdens, with the option at payout to convert the reserved overriding royalty to a 40% working interest, proportionately reduced.
6. If the election to convert the override to a working interest is elected at payout, the parties will enter into a mutually acceptable joint operating agreement.
7. Chama accepts BTA's AFE dated January 4, 1985. Chama would like to discuss certain items in the AFE, but if they cannot be resolved the AFE will be accepted as is.

Mr. C. R. Pearson  
February 21, 1985  
Page 2

I thought we should be sure that we understand each other's position before the hearings, just in case there is a way to resolve this without the hearings.

Yours truly,



Mark K. Nearburg  
Landman

MKN/b

cc: Mr. Bob Crawford

P.S. Pursuant to my conversation today with Bob Crawford, we would be willing to make a farmout on the same terms as above with the following changes:

- #2. A producing well will earn the Atoka and Morrow formations only.
- #5. Chama will retain an overriding royalty interest before payout equal to the difference between 25% and presently existing lease burdens, with the option at payout to convert the reserved overriding royalty to a 33 1/3% working interest, proportionately reduced.



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BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION	
BTA	EXHIBIT NO. 7
CASE NO.	8478

February 22, 1985

*Agreed Policy*

In re: Farmout Submittal  
BTA 8212 JV-P Lynch  
NE/4 Section 25, T-20-S, R-34-E,  
Lea County, New Mexico

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Your: NMOCC Case #8478 and 8505

Chama Petroleum Company  
P. O. Box 31405  
Dallas, Texas 75231

Attention: Mr. Mark Nearburg

Dear Mr. Nearburg:

Pursuant to our discussion of Friday, February 15, 1985 and your farmout submittal dated February 21, 1985 on the captioned acreage, please be advised that BTA is not interested in farming out this acreage under your terms at the present time.

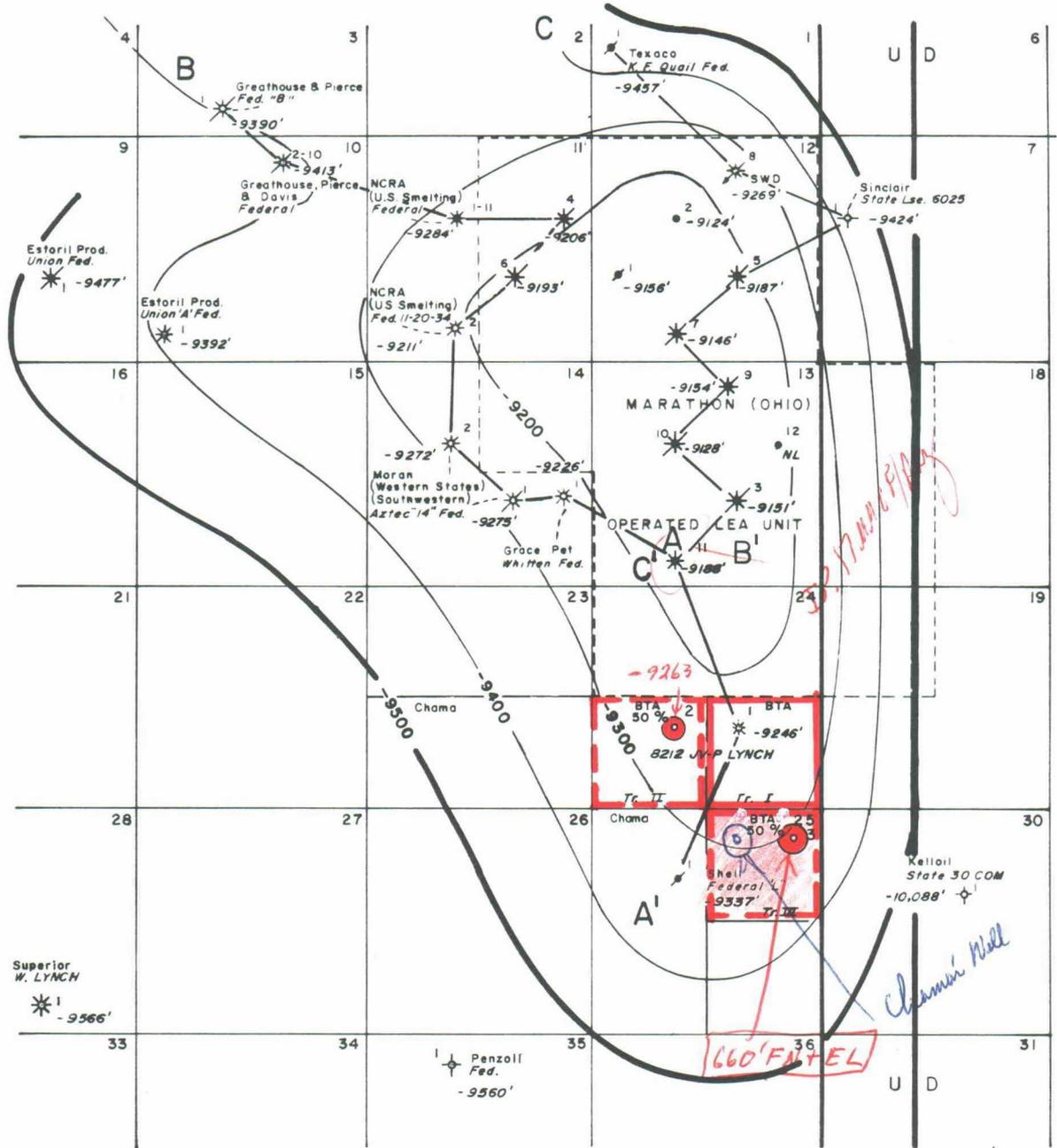
We appreciate very much your giving us the opportunity to review this proposal.

Yours truly,

C. ROBERT CRAWFORD  
Land/Legal Manager

CRC/jaa

R - 34 - E



T  
20  
S

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
**BTA** EXHIBIT NO. **8**  
CASE NO. **8478**

Exhibit No. \_\_\_\_\_  
**BTA OIL PRODUCERS**  
**8212 JV-P LYNCH**  
LEA COUNTY, NEW MEXICO

CONTOURED ON TOP MORROW CLASTICS

- LEGEND**
- LOCATION
  - PRODUCING OIL WELL
  - ✱ ABANDONED OIL WELL
  - ✱ PRODUCING GAS WELL
  - ✱ ABANDONED GAS WELL
  - ✱ DRY HOLE
  - swd ✱ SALTWATER DISPOSAL WELL

*Yellow zone on Ex. 9*

NOTE: ONLY WELLS PENETRATING THE MORROW SHOWN ON THIS MAP

C.I.: 100'  
DATE: 2-18-85  
SCALE: 1" = 4000'  
BY: MZ  
DRAWN BY: M.L.W 11-20-84