

HILL FEDERAL #2  
WORKING INTEREST OWNERS

Reading & Bates Petroleum Company	.12499999875
Hooper, Kimball & Williams, Inc.	.12499999875
PC, LTD	.05853274500
Ibex Partnership	.05853274500
Warren Malcolm Clark	.00305175000
Test. Trust UWO Warren Clark	.00160215000
Carolyn Clark Oatman	.00328061250
<i>Unsubmitted</i> Mountain States Natural Gas Corporation	.06250000000
Ralph Gilliland	.03125000000
Duer Wagner, Jr.	.02906250000
Duer Wagner III	.00218750000
Southland Royalty Company	.50000000000

BEFORE EXAMINER QUINTANA	
OIL CONSERVATION DIVISION	
<i>spe</i>	EXHIBIT NO. <u>2</u>
CASE NO.	<u>8637</u>

# Southland Royalty Company



RECORD ID 02  
2-3  
SEQ 000  
14-16

SOUTHLAND ROYALTY COMPANY  
P.O. Box 570  
Farmington, NM 87401

COMPANY NO. 01

## AUTHORIZATION FOR EXPENDITURE

AFE NUMBER 10 13

LEASE/UNIT NO. 0 - 501536

ADD A CHANGE 17 DELETE 17

AFE DATE 5/23/85 NAME SRC - Hill Federal #2

ORIGINAL 0 SUPPLEMENTAL 73 SRC OPERATOR Y

AUTHORITY IS REQUESTED TO: Drill & Complete a Gavilan Mancos/ Gavilan Greenhorn-Graneros-Dakota  
WILDCAT 77 DEV. 0 Well

LOCATION: SW/NE, Section 25, T25N, R2W, 1710' FNL & 1710' FEL, Rio Arriba County, New Mexico

FOOTAGE	TANGIBLE — 249	ESTIMATED COST	
		PRODUCING	TO CASING PT.
		\$	\$
01 01	Conductor or Drive Pipe		
01 02	Casing <u>9-5/8", 32.30#, H-40, ST&amp;C</u>	6,100	6,100
03	<u>5-1/2", 17#, K-55, ST&amp;C</u>	9,400	9,400
04	<u>5-1/2", 15.50#, K-55, ST&amp;C</u>	53,100	53,100
05			
06			
07			
08			
8000'	Tubing <u>2-7/8", 6.50#, J-55, EUE</u>	30,000	
02 09	Wellhead	9,000	1,000
03 10	Packer <u>Tubing Anchor</u>	1,100	
04 11	Artificial Lift <u>Rods, Pump, Pumping Unit</u>	72,000	
04 12	Tank Battery	20,000	
05 13	Other Equipment	5,000	
10 14			
15	TOTAL TANGIBLE 100%	\$ 205,700	\$ 69,600
16	SRC <u>5000</u>	\$ 102,850	\$ 34,800
	INTANGIBLE — 248		
22 17	Drilling <u>8100 ft. @ \$13.00 /ft.</u>	\$ 105,300	\$ 105,300
18	Rig, Day Work <u>2 days @ \$4500.00 /day</u>	9,000	9,000
01 19	Rig Moving Costs	4,000	4,000
02 20	Completion Rig <u>7 days @ \$3600.00 /day</u>	25,200	25,200
03 21	Roustabout & Miscellaneous Labor	5,000	4,000
04 22	Auto, Trucking, Barge, Tug	6,000	3,000
06 23	Roads, Canals, Location, Damages, Cleanup	6,000	6,000
06 24	Mud, Oil, Water, Chemicals	38,000	32,000
07 25	Drill Stem Tests		
08 26	Electric Logs & Bond Logs	25,000	25,000
09 27	Cement, Centralizer, Scratchers, Service & Nitrogen	38,000	33,000
10 28	Bits, Fuel	2,000	2,000
11 29	Rental Equipment	7,500	7,500
12 30	Core & Analyses		
13 31	Bottle Tests & Sidewall Cores		
14 32	Perforate	9,000	9,000
15 33	Acid & Frack	95,000	95,000
16.23 34	Geological & Engineering		
17 35	Mud Logger		
18 36	Cost of Control Insurance (SRC Only)		
240.07 37	Miscellaneous & Unforeseen	37,500	36,000
19.20.21 38	District & Overhead Expense	3,200	2,200
	39. TOTAL INTANGIBLE 100%	\$ 415,700	\$ 398,200
	40. SRC <u>5000</u>	\$ 207,850	\$ 199,100
	41. GRAND TOTAL COSTS	\$ 621,400	\$ 467,800
	42. SRC <u>5000</u>	\$ 310,700	\$ 233,900

Premium pricing may be used for tubular goods. Such pricing will be limited to mill base plus "out-of-stock" charges. Do you wish to furnish tubulars in kind?

YES  NO

AUTHORIZATION REQUESTED  
*[Signature]*

AUTHORIZATION APPROVED  
MOUNTAIN STATES NATURAL GAS CORP. - .0625000000  
Company

By \_\_\_\_\_  
Date \_\_\_\_\_

BEFORE EXAMINER QUINTANA  
OIL CONSERVATION DIVISION  
SRC EXHIBIT NO. 3  
CASE NO. 8637

CERTIFIED MAIL - RETURN RECEIPT REQUESTED



**Southland Royalty Company**

May 29, 1985

Mountain States Natural Gas Corporation  
P. O. Box 35426  
Tulsa, Oklahoma 74135

RE: SRC - Hill Federal #2  
SW/NE, Section 25, T25N, R2W  
Rio Arriba County, New Mexico

BEFORE EXAMINER QUINTANA	
OIL CONSERVATION DIVISION	
SRC	EXHIBIT NO. 4
CASE NO. 8637	

Gentlemen:

Attached for your approval are two copies of Southland Royalty Company's AFE for the subject well which we plan to complete in the Gavilan Mancos/Gavilan Greenhorn-Graneros-Dakota, formations.

According to our Land Department in Denver working interest of the well will be as follows:

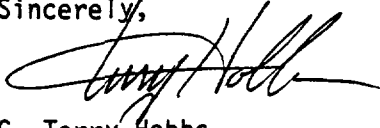
Reading & Bates Petroleum Company	.12499999875
Hooper, Kimball & Williams, Inc.	.12499999875
PC, LTD	.05853274500
Ibex Partnership	.05853274500
Warren Malcolm Clark	.00305175000
Test. Trust UWO Warren Clark	.00160215000
Carolyn Clark Oatman	.00328061250
Mountain States Natural Gas Corporation	.06250000000
Ralph Gilliland	.03125000000
Duer Wagner, Jr.	.02906250000
Duer Wagner III	.00218750000
Southland Royalty Company	.50000000000

If you are in agreement, please sign and return one copy of the attached AFE to: Southland Royalty Company, P.O. Drawer 570, Farmington, New Mexico 87499. If you do not desire to participate in the drilling of this well, please sign and return a copy of the attached statement to the above mentioned address. In either case, we would appreciate your prompt attention to this matter.

Mountain States Natural Gas Corporation  
Page Two  
May 29, 1985

If you have any questions concerning this, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Terry Hobbs".

C. Terry Hobbs  
District Operations Engineer

CTH/eg

Attachments

XC: Lizz Taylor-SRC-Denver, CO

Mountain States Natural Gas Corporation  
P. O. Box 1362  
Tulsa, Oklahoma 74101

Mountain States Natural Gas Corporation  
Page Three  
May 29, 1985

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**MOUNTAIN STATES NATURAL GAS CORPORATION** does not wish to join in the drilling of the **HILL FEDERAL #2** well located in the SW/NE, Section 25, T25N, R2W, Rio Arriba County, New Mexico. We wish to operate under the non-consent clause of the existing operating agreement.

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

Signed: \_\_\_\_\_

WELL NAME AND LOCATION: Hill Federal #2  
SW/NE, Section 25, T25N, R2W  
1710' FNL & 1710' FEL  
Rio Arriba County, New Mexico

\_\_\_\_\_ As an interest owner in the above named well, we DO NOT  
require copies of Monthly Production Reports.

\_\_\_\_\_ As an interest owner in the above named well, we DO  
require copies of Monthly Production Reports.

Please send the reports to the following address:

COMPANY NAME: \_\_\_\_\_  
ATTENTION: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

S Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 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 box(es) for service(s) requested.

- 1.  Show to whom, date and address of delivery.
- 2.  Restricted Delivery.

3. Article Addressed to:  
 Albert J. Blair, President  
 Mountain States Natural Gas  
 Post Office Box 35426  
 Tulsa, Oklahoma 74135

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 456 364 490

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature -- Addressee  
 X - *[Handwritten Signature]*

6. Signature -- Agent  
 X

7. Date of Delivery

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

DOMESTIC RETURN RECEIPT

Case 8637 • Southland Power

**UNITED STATES POSTAL SERVICE**  
**OFFICIAL BUSINESS**

**SENDER INSTRUCTIONS**  
Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

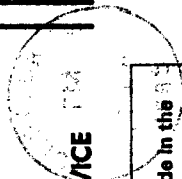
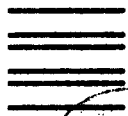
**RETURN**   
**TO**

William F. Carr, Esq.  
CAMPBELL & BLACK, P.A.  
(Name of Sender)

Post Office Box 2208  
(No. and Street, Apt., Suite, P.O. Box or R.D. No.)  
Santa Fe, New Mexico 87501  
(City, State, and ZIP Code)



PENALTY FOR PRIVATE  
USE, \$300





P 456 364 490

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED--  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to <i>Albert J. Blair, Pres.</i>	
Street and No. <i>P.O. Box 35426</i>	
P.O., State and ZIP Code <i>Tulsa, Okla. 74135</i>	
Postage	\$ .22
Certified Fee	.80
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	.65
Return Receipt Showing to whom, Date, and Address of Delivery	
<b>TOTAL Postage and Fees</b>	<b>\$ 1.67</b>
Postmark or Date <i>6/24/85</i>	

Form 3800, Feb. 1982

**STICK POSTAGE STAMPS TO ARRIVE IN COVER FIRST CLASS POSTAGE**

**CERTIFIED MAIL FILE AND LARGES FOR ANY SELECTED OPTIONAL SERVICES (SEE FORM)**

1. If you want the receipt restricted, sign the appropriate certification of the article on the article leaving the receipt attached and give it to the clerk at a post office or with a carrier, or hand it to your retail carrier (no extra charge)

2. If you do not want this receipt (ask clerk for the form), sign the receipt on the reverse side of the article, date, do not sign the receipt, and mail the article

3. If you want a return receipt, write the return receipt number and your name and address on the "return receipt" part of the receipt and give it to the clerk or carrier. If you do not want a return receipt, write "NO RETURN RECEIPT REQUESTED" and insert the number

4. If you want delivery restricted to the addressee, or you are a business agent or a delivery endorsement RESTRICTED DELIVERY on the front of the article

5. Print the name of the service requested on the appropriate address for the form of the receipt and sign it. State the applicable restriction on the receipt (see Form 3877)

6. Save this receipt and present it if you make inquiry

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
LOURDES A. MARTINEZ

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

June 24, 1985

CERTIFIED MAIL  
RETURN RECEIPT  
REQUESTED

BEFORE EXAMINER QUINTANA	
OIL CONSERVATION DIVISION	
<i>WFC</i>	EXHIBIT NO. <u>5</u>
CASE NO.	<u>8637</u>

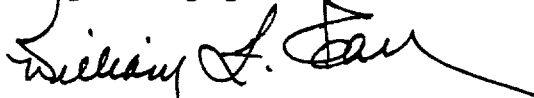
Albert J. Blair, President  
Mountain States Natural Gas Corporation  
Post Office Box 35426  
Tulsa, Oklahoma 74135

Re: Case 8637: Application of Southland Royalty Company for  
Compulsory Pooling, Rio Arriba County, New Mexico.

Dear Mr. Blair:

Enclosed is a copy of the docket for the Oil Conservation  
Division Examiner hearings scheduled for Tuesday, July 2, 1985.  
You have an interest which may be affected by the above-refer-  
enced case.

Very truly yours,



William F. Carr

WFC/ba  
Enclosure