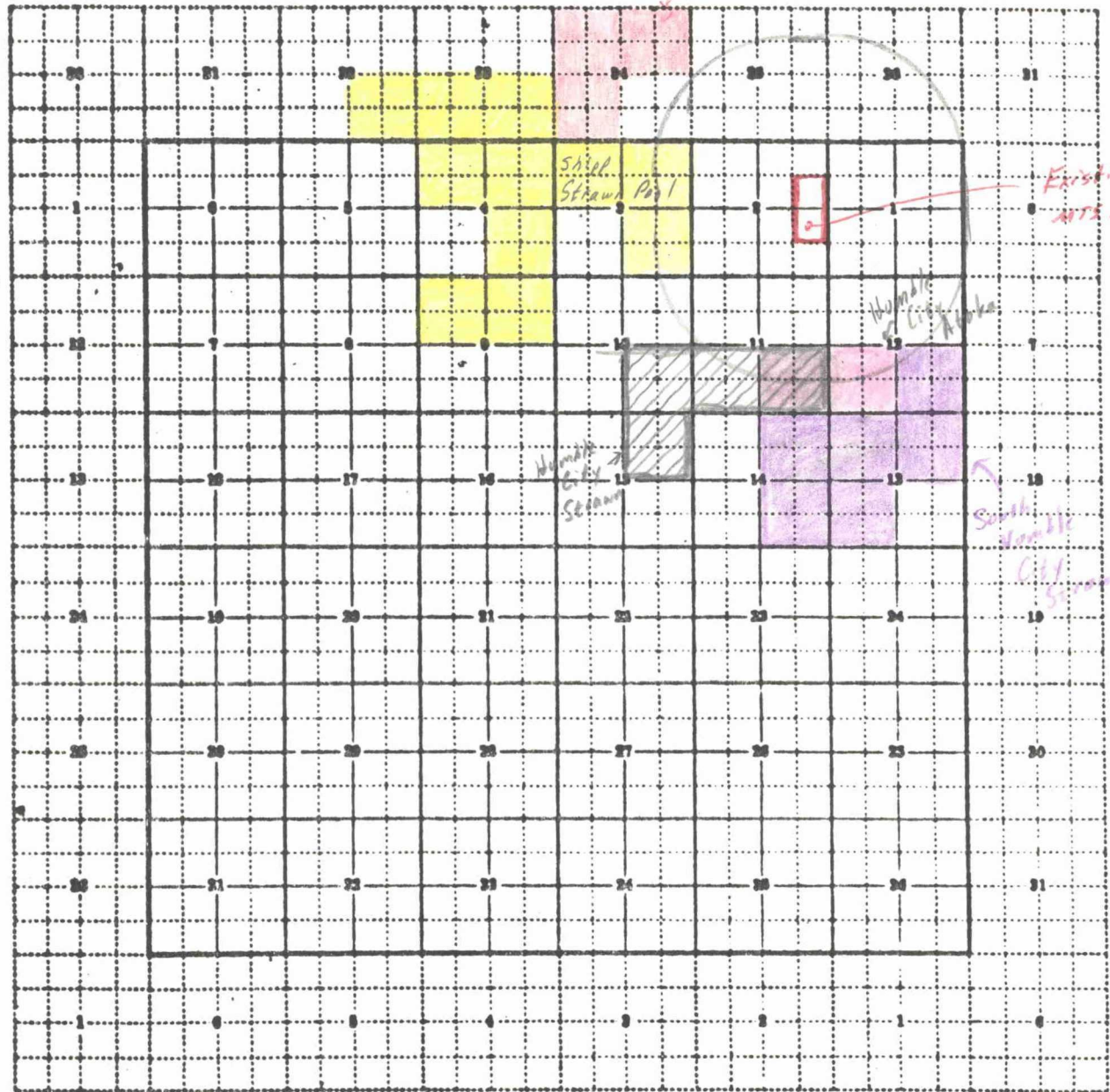


ROYALTY AND MINERAL RECORD

File No. _____

Twp. *17 South* Rgs. *37 East* County *Lea* State _____

Fee



Description of
Lands

Total Acres _____

HUMBLE CITY-ATOKA POOL
Lea County, New Mexico

Order No. R-4436, Creating and Adopting Temporary Operating Rules for the Humble City-Atoka Pool, Lea County, New Mexico, November 13, 1972.

Order No. R-4436-A, November 30, 1973, makes permanent the rules adopted in Order No. R-4436.

Application of Harding Oil Company for Pool Creation, Special Rules Therefor, and Discovery Allowable, Lea County, New Mexico.

CASE NO. 4849
Order No. R-4436

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 1, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of November, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Harding Oil Company, seeks the creation of a new oil pool for Atoka production in Lea County, New Mexico, and the assignment of an oil discovery allowable in the amount of approximately 58,310 barrels to the discovery well.

(3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.

(4) That the evidence presently available indicates that the Shipp Well No. 4, located in Unit I of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Humble City-Atoka Pool; that the vertical limits of said pool should be the Atoka formation as found on the log of said Shipp Well No. 4 from 11,661 feet to 11,676 feet, and that the horizontal limits of said pool should be the E/2 of said Section 11.

(5) That the discovery well for the aforesaid pool, Shipp Well No. 4, located in Unit I of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 58,310 barrels, based upon the top perforations in said well at 11,662 feet, to be assigned over a two-year period.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Humble City-Atoka Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in November, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Humble City-Atoka Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Atoka production, is hereby created and designated the Humble City-Atoka Pool, with vertical limits comprising the Atoka formation as found on the log of the Harding Oil Company Shipp Well No. 4, located in Unit I of Section 11, Township 17 South, Range 37 East, from 11,660 feet to 11,676 feet, and horizontal limits comprising the following-described area:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 11: E/2 of SE/4

(2) That the aforesaid discovery well is hereby authorized an oil discovery allowable of 58,310 barrels to be assigned to said well at the rate of 80 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Humble City-Atoka Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
HUMBLE CITY-ATOKA POOL

RULE 1. Each well completed or recompleted in the Humble City-Atoka Pool or in the Atoka formation within one mile thereof, and not nearer to or within the limits of another designated Atoka oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers

(HUMBLE CITY-ATOKA POOL - Cont'd.)

from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Humble City-Atoka Pool or in the Atoka formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before November 25, 1972.

(2) That each well presently drilling to or completed in the Humble City-Atoka Pool or in the Atoka formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in November, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Humble City-Atoka Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

EK-BONE SPRINGS POOL
Lea County, New Mexico

Order No. R-4981, Adopting Temporary Operating Rules for the EK-Bone Springs Pool, Lea County, New Mexico, March 11, 1975.

Order No. R-4981-A, March 17, 1976, makes permanent the rules adopted in Order No. R-4981.

Application of Hilliard Oil & Gas Inc., for
Special Pool Rules, Lea County, New Mexico.

CASE NO. 5422
Order No. R-4981

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on February 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of March, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Hilliard Oil & Gas Inc., seeks the promulgation of special rules and regulations for the EK-Bone Springs Pool, Lea County, New Mexico, including a provision for 80-acre proration units, and wells to be located in the approximate center of either quarter-quarter section.

(3) That in order to prevent the economic loss caused by the drilling of too many wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations should be promulgated for the EK-Bone Springs Pool.

(4) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained by one well.

(5) That this case should be reopened at an examiner hearing in March, 1976, at which time the operators in the subject pool should be prepared to appear and show cause why the EK-Bone Springs Pool should not be developed on 40-acre proration units.

IT IS THEREFORE ORDERED:

(1) That temporary Special Rules and Regulations for the EK-Bone Springs Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
EK-BONE SPRINGS POOL

RULE 1. Each well completed or recompleted in the EK-Bone Springs Pool or in the Bone Springs formation within one mile thereof, and not nearer to or within the limits of another designated Bone Springs Oil Pool, shall be spaced, drilled, operated, and produced in accordance with the special rules and regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

HUMBLE CITY-STRAWN POOL
Lea County, New Mexico

Order No. R-4338, Adopting Temporary Operating Rules for the Humble City-Strawn Field, Lea County, New Mexico, July 17, 1972.

Order No. R-4438-A, July 23, 1973, extends to July, 1974, the temporary rules adopted in Order No. R-4338.

Order No. R-4338-B, October 22, 1974, makes permanent the rules adopted in Order No. R-4338.

Application of Harding Oil Company for a Discovery Allowable and Special Pool Rules, Lea County, New Mexico.

CASE NO. 4749
Order No. R-4338

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on June 28, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 17th day of July, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Harding Oil Company, seeks the promulgation of special rules and regulations for the Humble City-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre proration units.

(3) That the applicant also seeks the assignment of an oil discovery allowable in the amount of approximately 57,100 barrels to the discovery well for said pool.

(4) That the evidence presently available indicates that the Harding Oil Company E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, discovered a separate common source of supply which has been designated the Humble City-Strawn Pool; that the vertical limits of said pool have been defined as the Strawn formation, and that the horizontal limits of said pool have previously been defined as the SW/4 of said Section 11.

(5) That the discovery well for the aforesaid pool, E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 57,100 barrels, based upon the top of the perforations in said well at 11,420 feet, to be assigned over a two-year period.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Humble City-Strawn Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in June, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre spacing units.

(10) That the horizontal limits of the Humble City-Strawn Pool should be extended to include the SE/4 of the above-described Section 11.

IT IS THEREFORE ORDERED:

(1) That the Humble City-Strawn Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 11: SE/4

(2) That the Harding Oil Company E. D. Shipp Well No. 1 located in Unit K of Section 11, Township 17 South, Range 37 East, Humble City-Strawn Pool, Lea County, New Mexico, is hereby authorized an oil discovery allowable of 57,100 barrels to be assigned to said well at the rate of 79 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Humble City-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
HUMBLE CITY-STRAWN POOL**

RULE 1. Each well completed or recompleted in the Humble City-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the

(HUMBLE CITY-STRAWN POOL - Cont'd.)

application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Humble City-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before August 1, 1972.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Humble City-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Humble City-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in June, 1973, at which time the operators in the subject pool may appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

BLACK RIVER-PENNSYLVANIAN GAS POOL
Eddy County, New Mexico

Order No. R-4698, Adopting Operating Rules for the Black River-Pennsylvanian Gas Pool, Eddy County, New Mexico, February 1, 1974.

Application of Amoco Production Company for the Adoption of Pool Rules, Eddy County, New Mexico.

CASE NO. 5142
Order No. R-4698

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on January 3, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of January, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Amoco Production Company, is drilling a gas well in the Black River-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(3) That said Black River-Pennsylvanian Gas Pool was created and designated by the Commission by Order No. R-1824 effective December 1, 1960.

(4) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, . . . "a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Black River-Pennsylvanian Gas Pool in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(6) That no appearances were made at the hearing of the instant case and no objection was received to the inclusion of the Black River-Pennsylvanian Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the Black River-Pennsylvanian Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

(SAN LUIS-MESAVERDE POOL - Cont'd.)

(2) That for allowable purposes, the 40-acre proportional factor for pools in the 0-5000 foot depth range shall apply to the said San Luis-Mesaverde Oil Pool.

(3) That special rules and regulations for the said San Luis-Mesaverde Oil Pool be and the same are hereby promulgated as hereinafter set forth.

**SPECIAL RULES AND REGULATIONS FOR THE
SAN LUIS-MESAVERDE OIL POOL**

RULE 1. Each well drilled in the San Luis-Mesaverde Oil Pool shall be located no nearer than 150 feet to the outer boundary of the quarter-quarter section on which it is located and shall be located no nearer than 300 feet to the nearest well producing from the same common source of supply; provided, however, that offset wells to the discovery well which are drilled in the NW/4 SE/4 of Section 21 may be located nearer than 300 feet to the discovery well.

RULE 2. No 40-acre proration unit in said San Luis-Mesaverde Oil Pool shall produce in excess of the 40-acre top unit allowable for wells in the 0-5000 foot depth in Northwest New Mexico, regardless of the number of wells drilled on such 40-acre proration unit.

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

**SHIPP-STRAWN POOL
Lea County, New Mexico**

Order No. R-8062-A, Creating and Adopting Temporary Operating Rules for the Shipp-Strawn Pool, Lea County, New Mexico, January 21, 1986.

Application of the Oil Conservation Division on its Own Motion to Amend Division Order No. R-8062 and to Contract the Horizontal Limits of the East Lovington-Pennsylvanian Pool, Lea County, New Mexico.

CASE NO. 8790
Order No. R-8062-A

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8 a.m. on December 18, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of January, 1986, 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) Division Order No. R-8062 issued on October 31, 1985, in Case No. 8696 classified, created and designated the Shipp-Strawn Pool, promulgated temporary special rules and regulations therefor, and assigned an oil discovery allowable to the Pennzoil Company Viersen Well No. 1, located 2130 feet from the South line and 660 feet from the East line (Unit I) of Section 4, Township 17 South, Range 37 East, NMPM, all in Lea County, New Mexico.

(3) In the present case, the New Mexico Oil Conservation Division (Division) on its own motion seeks the following amendments to Division Order No. R-8062:

(a) correction of the oil discovery allowable assigned to Pennzoil Company Viersen Well No. 1;

(b) amendment of the horizontal limits of the pool;

(c) revision of the well location provisions of the Special Pool Rules to require well locations to be no further than 150 feet from the center of a governmental quarter-quarter section or lot; and

(d) deletion of the limitation imposed on the pool restricting the applicability of the Special Pool Rules to the area within the pool boundaries.

(4) The Division further seeks to contract the horizontal limits of the East Lovington-Pennsylvanian Pool by the deletion therefrom of the NW/4 NW/4 of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) The evidence presented in this case indicated that:

(a) The NW/4 NW/4 of said Section 4 is more properly classified as being in the Shipp-Strawn Pool than the East Lovington-Pennsylvanian Pool;

(b) there is insufficient evidence at this time to include more than the N/2 and SE/4 of said Section 4 within the boundaries of said Shipp-Strawn Pool;

(c) the special rules for the Shipp-Strawn Pool should not be limited to that area only within the boundaries of said pool but should apply also within one mile thereof; and,

(d) rules requiring well locations within 150 feet of the center of the quarter-quarter section would better serve to protect the correlative rights of the owners within said pool.

(6) The evidence presented at this hearing also demonstrated that the discovery allowable assigned to the Pennzoil Company Viersen Well No. 1, located 2130 feet from the South line and 660 feet from the East line of said Section 4, was improperly calculated and should be reduced to 55,595 barrels of oil total.

(7) An order entered amending said discovery allowable, revising said pool boundaries as described above, and incorporating the above described changes in special pool rules will better protect correlative rights and will not result in waste.

(8) The effective date of this order should be January 21, 1986.

IT IS THEREFORE ORDERED THAT:

(1) The East Lovington-Pennsylvanian Pool as heretofore defined and described is hereby contracted by the deletion therefrom of the NW/4 NW/4 of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The horizontal limits of the Shipp-Strawn Pool, as heretofore defined and described in Lea County, New Mexico, are hereby amended to include therein the following described area only:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 4: N/2 and SE/4

(SHIPP-STRAWN POOL - Cont'd.)

(3) The temporary Special Rules and Regulations for the Shipp-Strawn Pool are hereby amended to read in their entirety as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
SHIPP-STRAWN POOL**

RULE 1. Each well completed or recompleted in the Shipp-Strawn Pool or in the Strawn formation within one mile of the Shipp-Strawn Pool, and not nearer to or within the limits of another designated Strawn pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Shipp-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. For good cause shown, the Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Shipp-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres."

IT IS FURTHER ORDERED THAT:

(4) The location of any well permitted, in drilling to, or completed in the Strawn formation within the boundaries of the Shipp-Strawn Pool prior to January 21, 1986, which location was orthodox under pool rules existing prior to that time and which location is now unorthodox, is hereby approved.

(5) The locations of any other wells presently permitted in, drilling to, or completed in the currently defined Shipp-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District office of the Division in writing of the name and location of the well on or before April 1, 1986.

(6) The amount of the discovery allowable assigned to the Pennzoil Company Miersen Well No. 1 located 2130 feet from the South line and 660 feet from the East line of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, as set out in Division Order No. R-8062 is hereby amended to a total of 55,595 barrels of oil to be produced at a rate not to exceed 76 barrels per day in accordance with Division General Rule 509.

(7) The effective date of this order and of the pool and pool rule changes included herein shall be January 21, 1986.

(8) Pursuant to Paragraph A. of Section 70-2-18, NMSA (1978), existing wells in the Shipp-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Shipp-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(9) This case shall be reopened at an examiner hearing in November, 1986, at which time the operators in the subject pool may appear and show cause why the Shipp-Strawn Pool should not be developed on 40-acre proration units.

(10) 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.

PRODUCING INTERVAL(S) DATA: PERF (GRAYBURG) 4214-4497 W/2 PF GROSS PERF (SAN ANDRES) 4514-4580 W/2 PF GROSS, RESV - GRAYBURG-SAN ANDRES: 4800 TD, PB 4748 COMP 12/4/87, IPP 58 BO, 72 MCFG, 15 BWPD, GOR 1241, GTY 37.9 PROD ZONE - GRAYBURG-SAN ANDRES 4214-4580 SIX CORES, NO DSTS RPTD

CITIES SERVICE O&G
9 WYATT "A" FEDERAL
API 30-025-01402-0001
34-17S-33E
SE SE
500 FSL 330 FEL SEC
IC 300257002288

MALJAMAR; 4805 GRAYBURG-SAN ANDRES, (FR 01/20/88MD) OPER ADD: BOX 1919, MIDLAND, TX, 79702 PHONE (915) 685-5600 EL: 4131 GR; LOCATION DATA: 8 MI W BUCKEYE, NM; OWWO: OLD INFO. FORMERLY CARPER DRLG CO # 9 WYATT FEDERAL. ELEV 4130 DF. SPUD 10/24/62. 11 3/4 @ 299 W/375 SX. 8 5/8 @ 3149 W/775 SX. 5 1/2 @ 8925 W/450 SX. LOG TOPS: GLORIETA 6254, ABO 8619 ABO REEF 8694 OTD 8925. COMP 12/11/62. IPF 240 BOPD. PROD ZONE. ABO 8824-8838.

CONTR: NOT RPTD; SPUD: 08/24/87, CSG: CSG SQZD (5283-5862) @ 70 SX, TBG: 2 3/8 @ 4633, 8925 TD, (ABO) 4805 PBTD; PROD TEST(S): PERF (ABO), 8824-8838, BRPG 4805 PERF (GRAYBURG L) 4845, 4846, 4848, 4850, 4852, 4855, 4856, 4859, 4861, 4865, 4907, 4908, 4909, 4912, 4913, 4959, 4960, 4961, 4964, 4965, 4969, W/42 SHOTS, ACID (4845-4969) W/2500 GALS, SWFR (4845-4969) W/12000 GALS, 18000 LBS SAND, SWBD 250 BW W/TR OIL IN 12 HRS BRPG 4805 PRODUCING INTERVAL(S) DATA: PERF (GRAYBURG U) 4652, 4653, 4654, 4655, 4656, 4657, 4658, 4659, 4706, 4707, 4708, 4709, 4710, 4711, 4712, W/30 SHOTS, ACID (4652-4712) W/2000 GALS, SWFR (4652-4712) W/21000 GALS, 52100 LBS SAND, RESV - GRAYBURG; 8925 TD, PB 4805 COMP 9/24/87, IPP 56 BO, 39 MCFG, 287 BWPD GOR 696, GTY 34.8 PROD ZONE - GRAYBURG 4651-4712

MOBIL PRODUCING TX & NM
2 LOVINGTON DEEP STATE
API 30-025-30044
1-17S-35E
NE SE
1830 FSL 660 FEL SEC
IC 300257027787

SHOE BAR SOUTH; 11100 PENNSYLVANIAN, (FR 09/10/87MD) (ST APPD PMT: 09/10/87) OPER ADD: BOX 677, MIDLAND, TX, 79702 PHONE (915) 688-1772; EL: 3945 KB; LOCATION DATA: 21 MI MALJAMAR, NM; WELL ID CHANGES: FIELD CHGD FROM LEA CO UNDESIGNATED
CONTR: LANDIS DRLG, RIG # 5 RIG SUB:15; SPUD: 10/05/87 CSG: 13 3/8 @ 466 W/500 SX. 8 5/8 @ 5200 W/3290 SX; LNR: 5 1/2 @ 4815-10957 W/1475 SX; TBG: 2 3/8 @ 10696; LOG TOPS: RUSTLER 1900, SALT 2098, QUEEN 4070, GLORIETA 6208, TUBB 7630, ABO 8298, WOLFCAMP 9464, PENNSYLVANIAN 10810; 10957 TD, (PENNSYLVANIAN) (TD REACHED: 11/09/87) 10930 PBTD, RIG REL: 11/10/87; PRODUCING INTERVAL(S) DATA: PERF (PENNSYLVANIAN), 10814-10818, 10824-10838, 10843-10847, 10853-10862, 10870-10874, W/145 SHOTS, CP PKR, NATURAL 10957 TD, PB 10930 COMP 11/27/87, IPF 385 BO, 469 MCFG THRU 20/64 CHK, GOR 1218, GTY 44.5, CP PKR, FTP 380 PROD ZONE - PENNSYLVANIAN 10814-10874 NO CORES OR DSTS RPTD

AMERIND OIL
1 STATE "MTS"
API 30-025-30148
2-17S-37E
NE SE
1830 FSL 660 FEL SEC
IC 300257038987

CONTR: MORANCO, RIG # 7 RIG SUB:15; SPUD: 11/16/87 CSG: 12 3/4 @ 403, 8 5/8 @ 4500; LOG TYPES: DIPM, SONL; 11835 TD, (STRAWN) (TD REACHED: 12/15/87), RIG REL: 12/18/87; 11835 TD COMP 12/18/87, D&A NO CORES OR DSTS RPTD

MEWBOURNE OIL
13 FEDERAL "E"
API 30-025-29994
27-18S-32E
SE NW
1980 FNL 1980 FWL SEC
IC 300257021387

QUERRECHO PLAINS; 9200 BONE SPRING, (FR 07/27/87MD) (ST APPD PMT: 07/27/87) OPER ADD: BOX 7698, TYLER, TX, 75711 PHONE (505) 393-5905; EL: 3739 KB; LOCATION DATA: 9 MI S MALJAMAR, NM; WELL ID CHANGES: FTG CHGD FROM 1995 FWL INT CLASS CHGD FROM DD API NBR CHGD FROM 30-025-24103-0001

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DEC - 7 1987

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
E - 8636

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	7. Unit Agreement Name
2. Name of Operator PENNZOIL COMPANY	8. Farm or Lease Name STATE -2-
3. Address of Operator P. O. DRAWER 1828 - MIDLAND, TEXAS 79702-1828	9. Well No. 1
4. Location of Well UNIT LETTER <u>L</u> <u>1980</u> FEET FROM THE <u>South</u> LINE AND <u>660</u> FEET FROM THE <u>West</u> LINE, SECTION <u>2</u> TOWNSHIP <u>17-S</u> RANGE <u>37-E</u> NMPM.	10. Field and Pool, or Wildcat Undesignated SHIPP STRAWN
15. Elevation (Show whether DF, RT, GR, etc.) 3763.9 GR.	12. County LEA

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOBS <input checked="" type="checkbox"/>	OTHER <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1703.

11-19-87 to 11-24-87: Drilled 11" hole from 430' to 4200' - Prep to run casing.

11-25-87: Rigged up and ran 8-5/8", 28#, S-80, STC casing and set at 4200' - Cemented 8-5/8" casing with 1000 gals Spacer 3000 mixed at 10.5 ppg - Followed with 1160 sx Lite 3 plus 5% salt and 0.5 D-112 - Mixed at 12.75 ppg - Tailed in with 300 sx Class -C- plus 1/4# cello flake per sx - Mixed at 14.8 ppg - Plug down at 11:20 PM CST on 11-24-87 - Circulated out 245 sx to surface - W.O.C. 20 Hours.

11-26-87: Commenced drilling 7-7/8" hole.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED Roy A. Johnson TITLE Production Accountant DATE November 30, 1987

APPROVED BY [Signature] TITLE DISTRICT 1 SUPERVISOR DATE DEC 2 1987

CONDITIONS OF APPROVAL, IF ANY:

My instructions to you:

*The following are
all well record
in Sec. 2*

630263 © RPP, Inc.

Your objections:

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

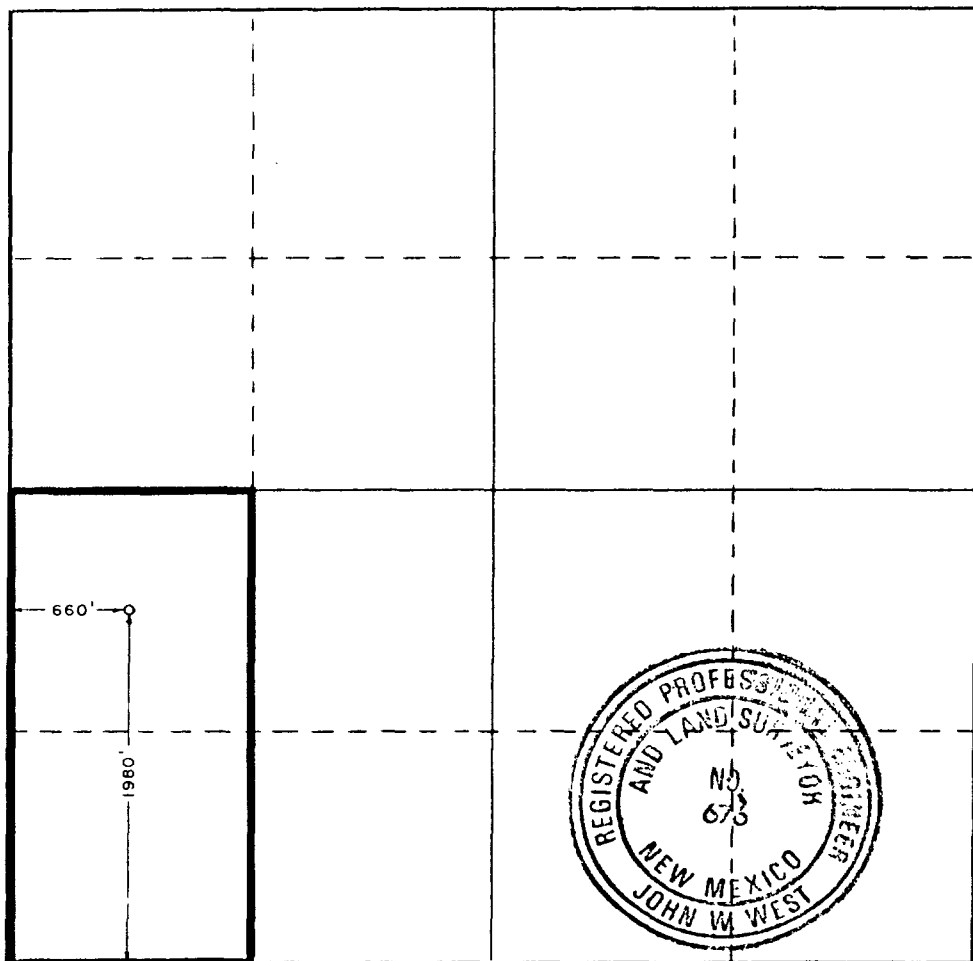
Operator Pennzoil Company			Lease State 2		Well No. 1
Unit Letter L	Section 2	Township 17 South	Range 37 East	County Lea	
Actual Footage Location of Well: 1980 feet from the south line and 660 feet from the west line					
Ground Level Elev. 3763.9	Producing Formation STRAWN		Pool UNDESIGNATED SHIPP STRAWN		Dedicated Acreage: 80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Roy R. Johnson
Name

ROY R. JOHNSON

Position
PRODUCTION ACCOUNTANT

Company
PENNZOIL COMPANY

Date
OCTOBER 5, 1987

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
September 29, 1987

Registered Professional Engineer and/or Land Surveyor

Ronald J. Eidson

Certificate No. **JOHN W. WEST, 676**
RONALD J. EIDSON, 3239

STATE OF NEW MEXICO
 GEOLOGY AND MINERALS DEPARTMENT
 DIVISION OF OIL CONSERVATION
 SANTA FE
 LAND OFFICE
 TRANSPORTATION
 OPERATIONS
 PROMOTION OFFICE
 OPERATIONS

OIL CONSERVATION DIVISION
 P. O. BOX 7000
 SANTA FE, NEW MEXICO 87501

Form C-104
 Revised 10-1-78

REQUEST FOR ALLOWABLE
 AND
 AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

SOHIO PETROLEUM COMPANY ATTN: ONSHORE PRODUCTION WEST
 Address: P. O. BOX 4587 HOUSTON, TEXAS 77210

Reason(s) for filing (Check proper box)
 New Well Change in Transporter of
 Recombination Oil Dry Gas
 Change in Ownership Casinghead Gas Condensate Other (Please explain) Designation of Casinghead Gas Transporter

If change of ownership give name and address of previous owner

DESCRIPTION OF WELL AND LEASE

Lease Name: State "2"
 Well No.: 1 Well Name, including Formation: SHIPP STRAWN
 Kind of Lease: State, Federal or Fee state Lease No.: V-654
 Location: Unit Letter: A 530 Feet From The North Line and 660 Feet From The East
 Line of Section: 2 Township: 17S Range: 37E NMPM Lea County

DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil or Condensate Address (Give address to which approved copy of this form is to be sent)
 Name of Authorized Transporter of Casinghead Gas or Dry Gas Address (Give address to which approved copy of this form is to be sent)
 PHILLIPS 66 NATURAL GAS COMPANY 4001 PENBROOK, ODESSA, TEXAS 79762
 If well produces oil or liquids, give location of tanks. Unit: A Sec: 2 Twp: 17S Rge: 37E Is gas actually transported? No YES when: 8/ 3/4/88

If this production is commingled with that from any other lease or pool, give commingling order number:

COMPLETION DATA

Designate Type of Completion - (X) Oil Well Gas Well New Well Workover Deepen Plug back Same as last time
 Date Spudded Date Compl. Ready to Prod. Total Depth P.D.T.D.
 Operations (IDP, RAB, RT, CR, etc.) Name of Producing Formation Top Oil/Gas Pay Tubing Depth
 Perforations Depth Casing Shoe

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT

TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL

(Test must be after recovery of total volume of lead oil and must be equal to or exceed top oil available for this depth or be for full 24 hours)

Date First New Oil Run To Tanks Date of Test Producing Method (Flow, Pump, Lift, etc.)
 Length of Test Tubing Pressure Casing Pressure Choke Size
 Actual Prod. During Test Oil - bbls. Water - bbls. Gas - MCF

GAS WELL

Actual Prod. Test - MCF/D Length of Test Dens. Condensate/MBBL Gravity of Condensate
 Testing Method (Pilot, Bore pr.) Tubing Pressure (Shut-In) Casing Pressure (Shut-In) Choke Size

CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

L.W. Sutton, Jr. L.W. Sutton, Jr.
 Production Engineer (Signature)
 March 2, 1988 (Date)

OIL CONSERVATION DIVISION
 APPROVED MAR 4 - 1988
 BY: (Signature)
 DISTRICT I SUPERVISOR
 TITLE: (Signature)

This form is to be filed in compliance with rules and regulations.
 If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviated tests taken on the well in accordance with RULE 111.
 All sections of this form must be filled out completely for allowables on new and recompleted wells.
 Fill out only sections I, II, III, and VI for changes of ownership, well name, or transporter, or other such change of condition.
 Request Form C-104 must be filed for each pool in monthly compliance.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

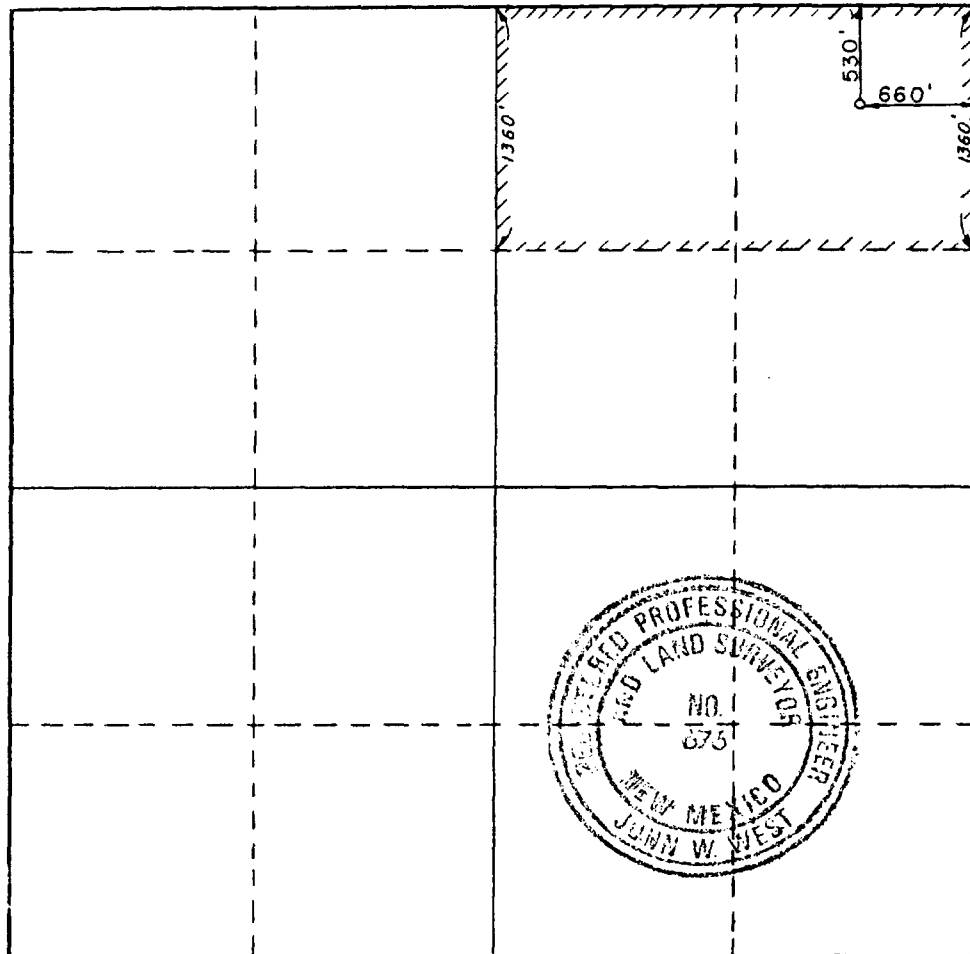
Operator SOHIO PETROLEUM COMPANY			Lease STATE 2		Well No. 1
Unit Letter A	Section 2	Township 17 SOUTH	Range 37 EAST	County LEA	
Actual Footage Location of Well: 530 feet from the NORTH line and 660 feet from the EAST line					
Ground Level Elev. 3751.4	Producing Formation LOWER STRAWN		Pool SHIPP STRAWN		Dedicated Acreage: 82.39 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: *John W. West*
Position: AGENT

Company: SOHIO PETROLEUM COMPANY

Date: NOVEMBER 12, 1987

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: NOVEMBER 11 AND 12, 1987

Registered Professional Engineer and/or Land Surveyor

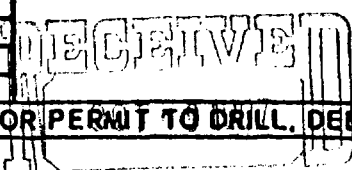
John W. West
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239



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OPERATOR	

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-101 *OK OAS 2008*
Revised 10-1-78



3A. Indicate Type of Lease
state fee
3. State Oil & Gas Lease No.
V-654

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Work
2. Type of Well DRILL OIL CONSERVATION DIVISION DEEPEN PLUG BACK
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE
Name of Operator
Texaco Inc.
Address of Operator
P. O. Box 728, Hobbs, New Mexico 88240
Location of Well UNIT LETTER E LOCATED 2022 FEET FROM THE North LINE
510 FEET FROM THE West LINE OF SEC. 2 TWP. 17-S REC. 37-E NMPM

7. Unit Agreement Name
8. Firm or Lease Name
MTS "2" State
9. Well No.
1
10. Field and Pool, or Wildcat
Shipp Strawn
12. County
Lea
19. Proposed Depth
11,700'
19A. Formation
Strawn Bank
20. Rotary or C.T.
Rotary
21. Elevation (Show whether DT, KT, etc.)
3765'
21A. Kind & Status Plug. Bond
Blanket
21B. Drilling Contractor
22. Approx. Date Work will start
October 12, 1987

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
24"	20"	94#	40'	Redimix	Surface
17-1/2"	13-3/8"	48#	450'	550	Circulate
12-1/4"	8-5/8"	32#	4400'	2250	Circulate
7-7/8"	5-1/2"	17#	11,700'	2250	Circulate

CEMENTING PROGRAM

SURFACE CASING: 550 sacks Class "H" with 2% Cacl & 1/4# Flocele (15.6 ppg, 1.18 cu. ft./sx., 5.2 gal. wtr./sx.)
INTERMEDIATE CASING: 2000 sacks Light Weight Class "H" w/15# Salt & 1/4# Flocele (12.7 ppg, 2.10 cu. ft./sx., 11 gal. wtr/sx.) followed by 250 sacks Class "H" w/1/4# Flocele (15.6 ppg, 1.18 cu. ft./sx., 5.2 gal. wtr./sx.).
PRODUCTION CASING: 1st Stage: 700 sacks Class "H" Light Weight w/1/4# Flocele (12.7 ppg, 1.81 cu. ft./sx., 9.9 gal. wtr/sx.) followed by 250 sacks Class "H" w/0.8% Halad-9 & 1/4# Flocele (15.6 ppg, 1.18 cu. ft./sx., 5.2 gal. wtr./sx).

Continued on Page 2

There are no other wells in this 1/4, 1/4 Section.

ABOVE SPACE DESCRIBE PROPOSED PROGRAM IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRO-
DUCE ZONE. GIVE SLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
L. J. Seeman
District Petr. Engr. Date 9/30/87

(This space for State Use)

APPROVED BY E. W. Day TITLE OIL & GAS INSPECTOR DATE OCT 7 1987

Permit Expires 6 Months From Approval
Date Unless Drilling Underway.

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

All distances must be from the outer boundaries of the Section.

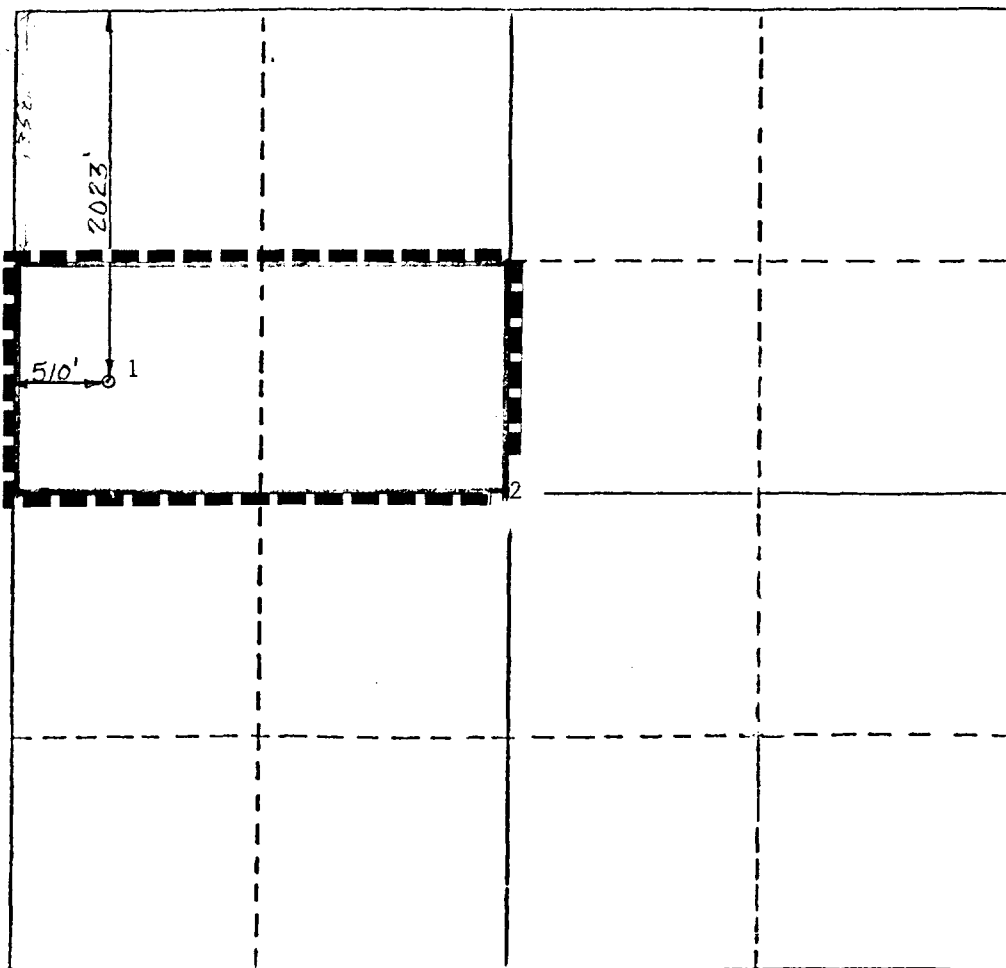
Owner TEXACO INC.			Lease MTS "2" STATE			Well No. 1		
Unit Letter E	Section 2	Township 17-S	Range 37-E	County LEA				
Actual Footage Location of Well: 2023 feet from the NORTH line and 510 feet from the WEST line								
Ground Level Elev. 3765'	Producing Formation STRAWN BANK			Pool SHIPP STRAWN		Dedicated Acreage: 80 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

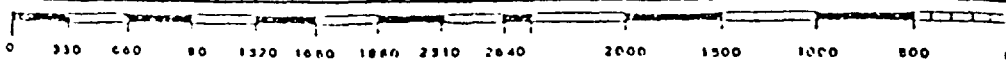
Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>B. L. Eiland</i>	
Name	
B. L. Eiland	
Position	
Division Surveyor	
Company	
Texaco Inc.	
Date	
September 18, 1987	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
Date Surveyed	
September 15, 1987	
Registered Professional Engineer and/or Land Surveyor	
<i>B. L. Eiland</i>	
Certificate No.	
4386	

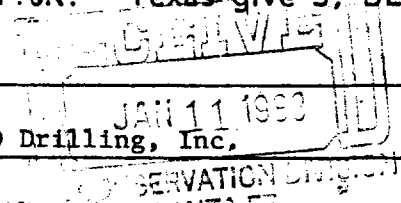


WELL NAME AND NUMBER MTS State #1 7004

LOCATION Unit I Sec 2, T17S R37E Lea County, New Mexico (1830' FSL & 660' FEL)
(New Mexico give U.S.T.&R. - Texas give S, BLK, SURV. and TWP)

OPERATOR Amerind Oil Company

DRILLING CONTRACTOR MORANCO Drilling, Inc.



The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above-described well and that he has conducted deviation tests and obtained the following results:

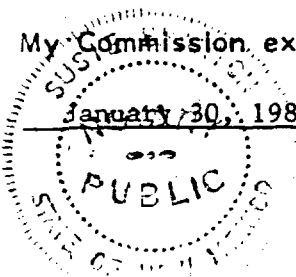
<u>Degrees and Depth</u>	<u>Degrees and Depth</u>	<u>Degrees and Depth</u>	<u>Degrees and Depth</u>
<u>1/2 182</u>	<u>1 5026</u>	<u>2 1/4 10751</u>	
<u>1/4 403</u>	<u>3/4 5502</u>	<u>1 3/4 11215</u>	
<u>1/4 850</u>	<u>1 6006</u>	<u>3 11632</u>	
<u>1/2 1361</u>	<u>1 6511</u>		
<u>1/2 1714</u>	<u>1 1/2 7138</u>		
<u>1/2 2155</u>	<u>1 3/4 7648</u>		
<u>1/2 2494</u>	<u>1 8126</u>		
<u>3/4 2839</u>	<u>3/4 8694</u>		
<u>1 1/2 3211</u>	<u>3/4 8948</u>		
<u>1 3701</u>	<u>2 1/2 9360</u>		
<u>1 4206</u>	<u>1 3/4 9867</u>		
<u>1 4500</u>	<u>1 1/2 10245</u>		

Drilling Contractor MORANCO Drilling, Inc.

By Wiley Gilmore
Wiley Gilmore - Marketing Manager

Subscribed and sworn to before me this 21st day of December 19 87

My Commission expires:



Susie Branyon
Notary Public Susie Branyon
Lea County, New Mexico

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-103
Revised 10-1-78

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LAND OFFICE	
OPERATOR	

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
V-654

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

OIL WELL GAS WELL OTHER

7. Unit Agreement Name

1. Name of Operator
Amerind Oil Co.

8. Farm or Lease Name
State MTS

3. Address of Operator
500 Wilco Bldg., Midland, TX 79701

9. Well No.
1

4. Location of Well
UNIT LETTER I 1830 FEET FROM THE South LINE AND 660 FEET FROM
THE East LINE, SECTION 2 TOWNSHIP 17S RANGE 37E NMPM.

10. Field and Pool, or Withcat
Shipp Strawn

15. Elevation (Show whether DF, RT, GR, etc.)
3746' GL, 3762' KB

12. County
Lea

6. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK

TEMPORARILY ABANDON

PULL OR ALTER CASING

OTHER

PLUG AND ABANDON

CHANGE PLANS

SUBSEQUENT REPORT OF:

REMEDIAL WORK

COMMENCE DRILLING OPNS.

CASING TEST AND CEMENT JOB

OTHER

ALTERING CASING

PLUG AND ABANDONMENT

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1703.

Surface casing: November 18, 1987 - Ran 406' 12-3/4" 35# ST&C csg w/TX pattern guide shoe & 3 centralizers. Set @ 403'. Cir 35 sx. PD 4:15 P.M. MST 11/18/87. Rule 107 - Option 2: 1) 462 cu ft Southwestern El Toro cmt. 350 sx CLs "C" w/2% CaCl₂. 2) Approx temp of slurry when mixed 70°F. 3) Est min formation temp 80°F. 4) Est cmt strength @ time of test 1045 psi. 5) Time in place 13-3/4 hrs.

Intermediate casing: November 25, 1987 - Ran 8-5/8" csg as follows:

Guide shoe	1.00'
1 jt 8-5/8" 32# J-55	42.26'
Float collar	1.60'
46 jts 8-5/8" 32# J-55	1978.47'
56 jts 8-5/8" 24# J-55	2432.67'
1 jt 8-5/8" 32" J-55	28.00'
KB correction	16.00'
Total string	4500.00'

Set @ 4500'. Ran 3 centralizers @ 4480', 4415', 4331'. PD 12:30 P.M. MST 11/25/87. Circ 125 sx. Ran fluid caliper. Rule 107 - Option 2: 1) 3164 cu ft Southwestern El Toro cmt. Pump 1450 sx PSL, 6#/sk salt, 1/4#/sk celloseal & 200 sx CLs "C" neat. 2) Approx temp of slurry when mixed 70°F. 3) Est min formation temp 110°F. 4) Est cmt strength @ time of test 1900 psi 5) Time in place 15-3/4 hrs.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED Robert G. Leibrock TITLE Vice President DATE December 1, 1987

APPROVED BY [Signature] TITLE [Signature] DATE [Signature]

CONDITIONS OF APPROVAL, IF ANY:

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-103
Revised 10-1-78

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
V-654

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

OIL WELL GAS WELL OTHER-

Name of Operator
Amerind Oil Co.

Address of Operator
500 Wilco Bldg., Midland, TX 79701

Location of Well
UNIT LETTER I 1830 FEET FROM THE South LINE AND 660 FEET FROM

THE East LINE, SECTION 2 TOWNSHIP 17S RANGE 37E NMPM.

15. Elevation (Show whether DF, RT, GR, etc.)
3746' GL, 3762' KB

12. County
Lea

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	OTHER <input type="checkbox"/>

7. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Well was spud at 7:00 A.M. MST 11/18/87.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

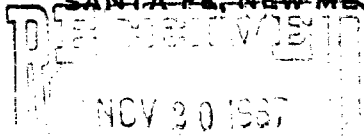
SIGNED Robert C. Leibrock TITLE Vice President DATE November 19, 1987

APPROVED BY [Signature] TITLE [Signature] DATE [Signature]

CONDITIONS OF APPROVAL, IF ANY:

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501



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LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease
STATE REC

5. State Oil & Gas Lease No.
V-654

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Work
DRILL DEEPEN PLUG BACK

2. Type of Well
OIL WELL GAS WELL OTHER

SINGLE ZONE MULTIPLE ZONE

7. Unit Agreement Name

8. Farm or Lease Name
NEC State YMT

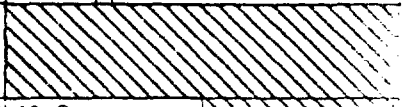
9. Well No.
1

Name of Operator
Amerind Oil Co.

Address of Operator
500 Wilco Building, Midland, Texas 79701

10. Field and Pool, or Wildcat
Shipp Strawn

Location of Well
UNIT LETTER I LOCATED 1830 FEET FROM THE South LINE
660 FEET FROM THE East LINE OF SEC. 2 TWP. 17S RGE. 37E NMPM



12. County
Lea

Elevations (Show whether DF, RT, etc.) 3746' GL	21A. Kind & Status Plug. Bond Blanket	19. Proposed Depth 11,800	19A. Formation Atoka	20. Rotary or C.T. Rotary
		21B. Drilling Contractor Moranco Drilling Co.	22. Approx. Date Work will start Nov. 16, 1987	

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2	12-3/4	35#	400'	350	surface
11	8-5/8	24# & 32#	4,500'	1,800	surface
7-7/8	5-1/2	17# & 20#	11,800'	350	10,800'

ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION. GIVE SLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

by Robert C. Labrock Title Vice President Date November 12, 1987
(This space for State Use)

APPROVED BY James S. [Signature] TITLE DISTRICT 1 SUPERVISOR DATE NOV 16 1987

CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval Date Unless Drilling Underway.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102
Supersedes O-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

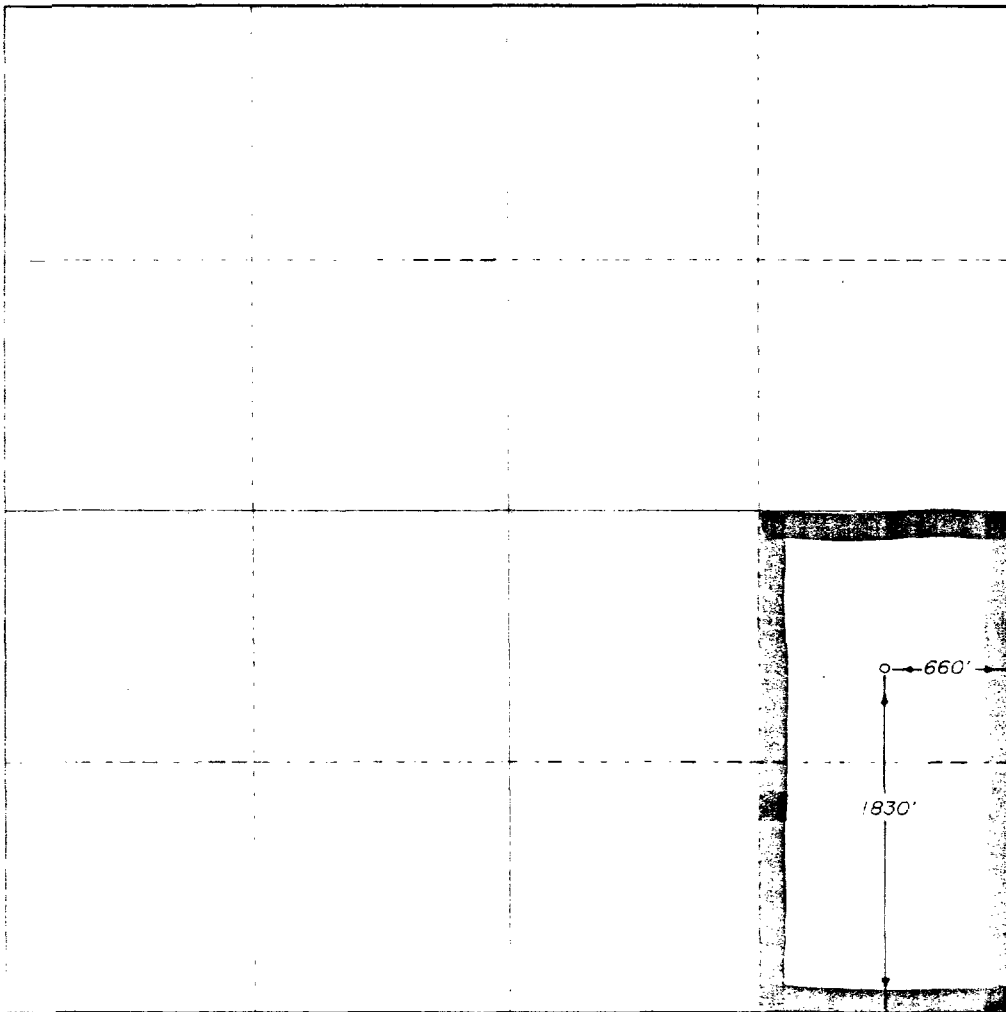
Owner AMERIND OIL COMPANY		Lease MTS STATE <i>MTS</i>			Well No. 1
Map Letter I	Section 2	Township 17-S	Range 37-E	County LEA	
General Footage Location of Well:					
1830' feet from the		SOUTH line and		660' feet from the	
				EAST line	
Mean Elevation Elev. 3746'	Producing Formation Strawn		Pool Shipp Strawn		Dedicated Acreage. 80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Robert C. Leibrock

Name

Robert C. Leibrock

Position

Vice President

Company

Amerind Oil Co.

Date

November 12, 1987

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

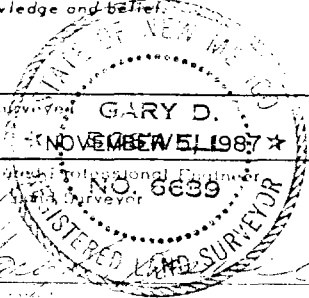
Date Signed

GARY D.

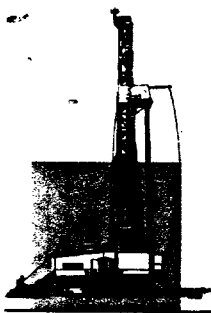
NOVEMBER 5 1987

Registered Professional Engineer and/or Land Surveyor

NO. 6689



6689



RIG 7 9,000' - 14,000'

**MORANCO
DRILLING, INC.**

P.O. Box 1860 • Hobbs, New Mexico 88240 • 505/397-3511 • 915/563-0562

DRAWWORKS

Brewster N-75
Drum: 1 1/4" Lebus grooved
Compound: 2-engine oil bath chain drive
Brake: Hydromatic Parkersburg 40"
Satellite Automatic Driller
Duo-O-Matic Crown Block Protector

ENGINES

Two 610-H.P. D379TA Caterpillar Diesel.

DERRICK

Lee C. Moore, 131', 550,000-lb. nominal capacity.

SUBSTRUCTURE

Lee C. Moore, 14 1/2' high, 550,000-lb. nominal capacity.

MUD PUMPS

Pump No. 1: Emsco DB700. 700-H.P. with steel fluid end. 4 3/4" - 7 3/4" liners, 16" stroke. Compound driven.
Pump No. 2: Emsco 500. 500-H.P. powered by D379 Caterpillar Diesel.

DRILL STRING

3,000' 4 1/2" Grade E, 20-lb.
Tool Joints: 4 1/2" XH, 6 1/4" OD.
11,000' 4 1/2" Grade E, 16.60-lb.
Tool Joints: 4 1/2" XH, 6 1/4" OD.
Thirty Drilco spiral-grooved 6 1/2" OD, 2 1/4" ID with 4 1/4" H-90 Joints.
Other sized drillpipe and drillcollars available.

BLOWOUT PREVENTERS

One Shaffer LWS hydraulic double 11" x 5,000 p.s.i. One Hydril 11" x 5,000 p.s.i. Choke manifold 4" x 5,000 p.s.i. flanged connections. Payne 4-valve accumulator closing unit.

MUD SYSTEM

Three 30' x 7 1/2' x 6' steel pits with 700-bbl capacity and one 250-bbl slug pit. Complete low pressure circulating system, consisting of four submerged mud guns and two countersunk jets in each pit. System utilizes a 6 x 8 centrifugal pump, powered by diesel.

MUD HOUSE

One 8' x 30' Steel Storage House.

COMMUNICATIONS

24-hour direct telephone interconnection through Hobbs (505/393-1111) or Midland-Odessa (915/563-0562).

OTHER EQUIPMENT

BLOCKS. 350-ton.

HOOK. 350-ton.

SWIVEL. 350-ton.

ROTARY TABLE. 20 1/2".

SHALE SHAKER. Harrisburg single screen.

ELECTRICAL POWER. Two 50-kw AC generators powered by diesel engines. AC fluorescent or mercury lights. All vapor-proof.

FRESH WATER STORAGE. Three 500-bbl horizontal tanks.

HOUSING. One 12' x 65' air-conditioned trailer house with sleeping and cooking facilities.

