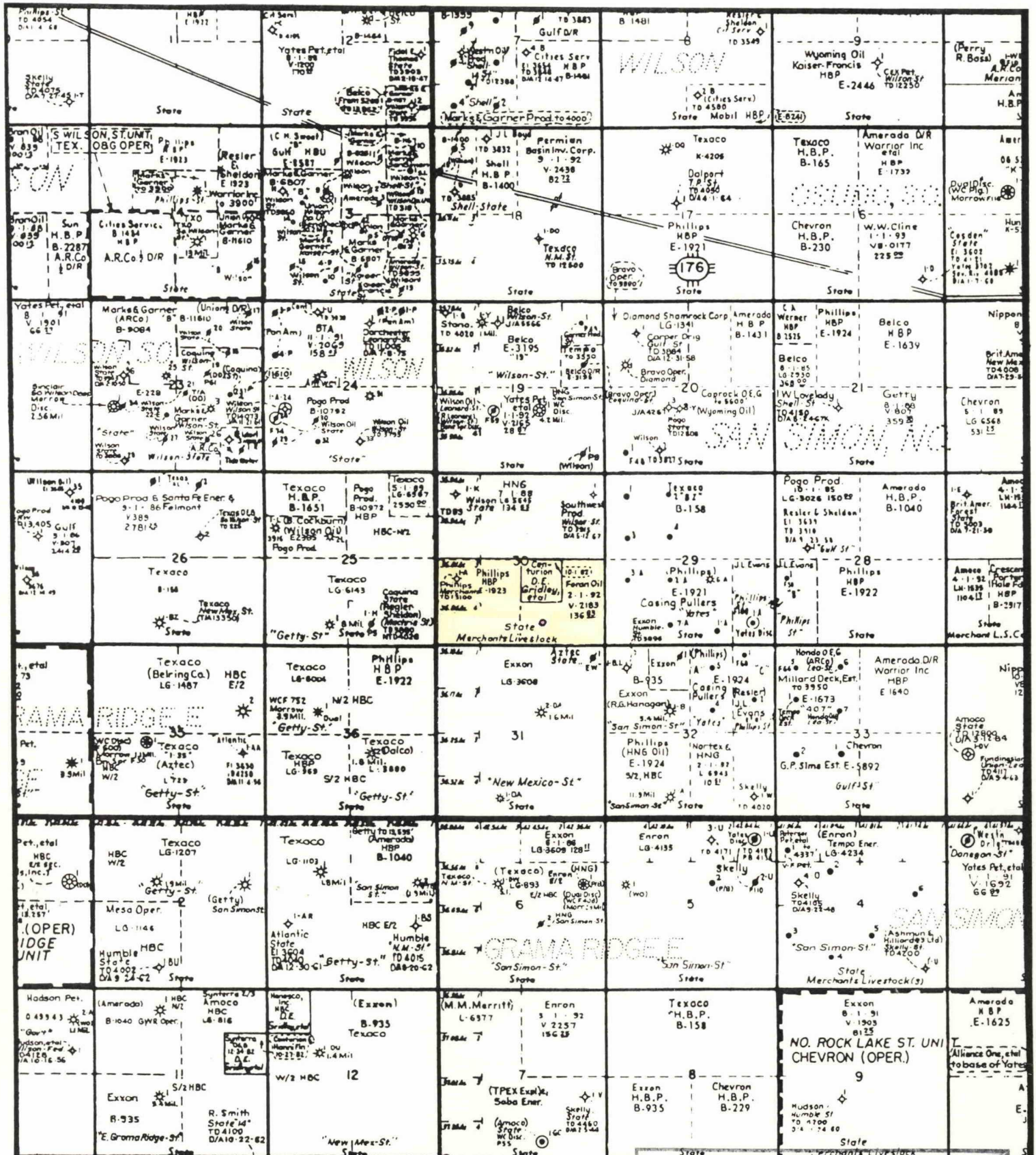




Suite 158 PECAN CREEK • 8340 Meadow Road
Dallas, Texas 75231

Merchant-State 1-30
Proposed 13,000' Morrow Test
Section 30, T21S-R35E
Lea County, New Mexico



BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION

Foran EXHIBIT NO. 1

CASE NO. 9392



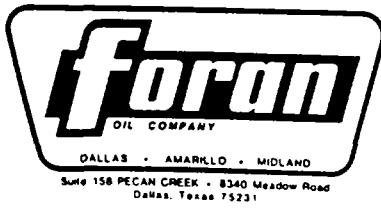
SECTION 30, T21S-R35E

1 35.94	STATE		
2 35.94	Enron Oil & Gas Co. - 100%		7/1/88
3 36.01	STATE	30 Merchant 67.63% Bank 16.185% Busserman 16.185% OPEN	STATE
4 36.04	Phillips Petroleum Co. - 100% HBP	Foran Oil Co. - 100%	2/1/92

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Foran EXHIBIT NO. 2

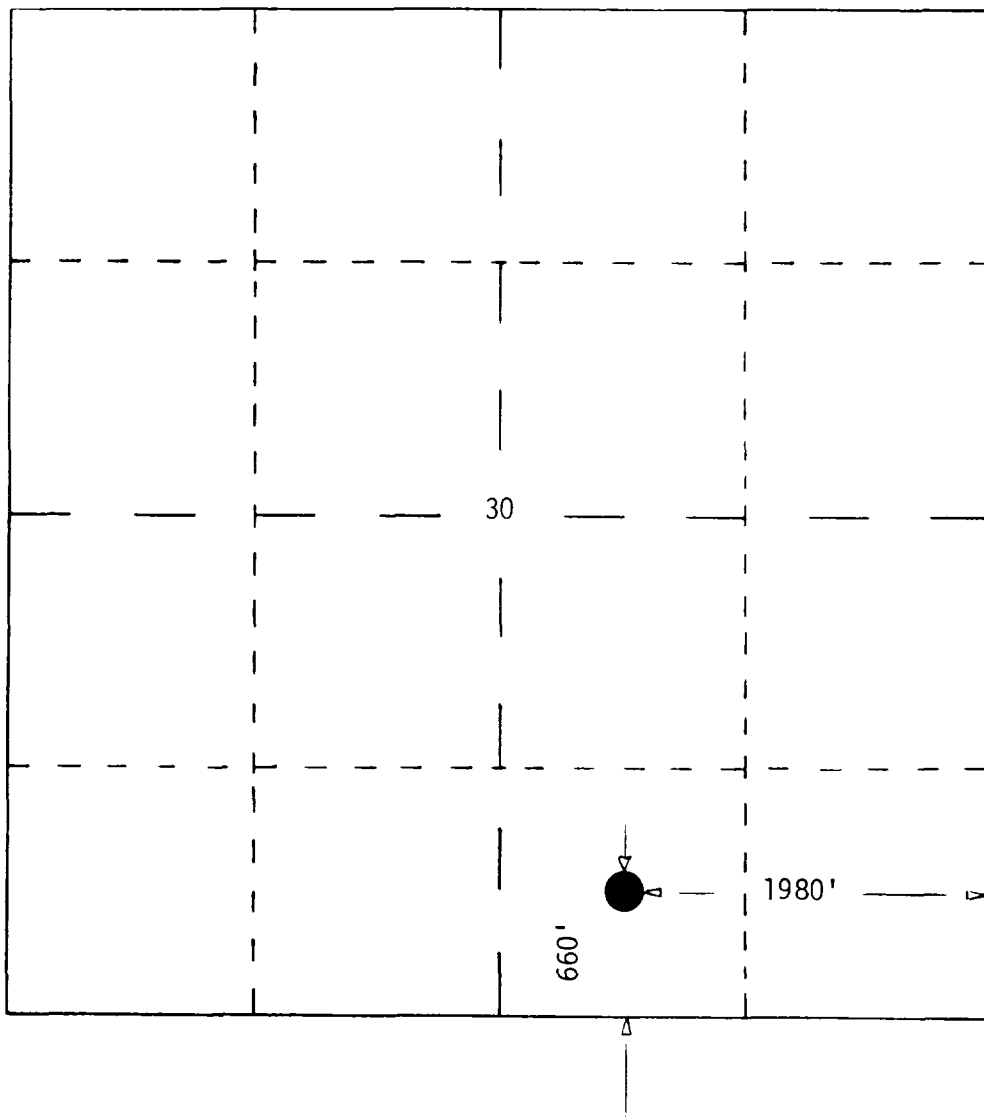
CASE NO. 9392



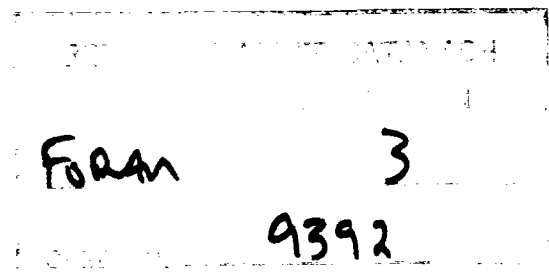
PROPOSED LOCATION

Merchant - State 1-30
Section 30: C/SW/4SE/4
660' FSL and 1980' FEL, T21S-R35E
13,000' Morrow Test
Lea County, New Mexico

San Simon Prospect



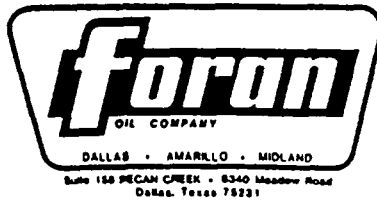
1" = 1000 FT.



Working Interests
Proposed Merchant State #1-30
San Simon Prospect
13,000' Morrow Test
Section 30: S/2, T21S-R35E
Lea County, New Mexico

OWNER	UNIT INTEREST	STATUS
1. Phillips Petroleum	48.730%	Farmout
2. Foran Oil Company	38.450%	Join
3. Bank of Artesia	2.075%	Sold to Foran Oil
	89.255%	
4. Merchant Livestock Co./ Marsh Operating Co. - Lessee	8.670%	Join/Farmout or Sell
5. Mr. & Mrs. John E. Busserman	2.075%	Pooling Acceptable
	100.000%	

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
Foran	EXHIBIT NO. 4
CASE NO.	9392



Merchant-State 1-30
Proposed 13,000' Morrow Test
Section 30, T21S-R35E
Lea County, New Mexico

<u>Parties to be Pooled</u>	<u>Net Ac. S/2 Unit</u>	<u>Unit Interest</u>
Phillips Petroleum Co. 4001 Penbrook Street Odessa, Texas 79762 Attn: Mr. Frank Hulse	152.05	48.726%
The Merchant Livestock Co. P.O. Box 1166 Carlsbad, New Mexico 88220 Attn: Mr. J.D. Merchant	27.052	8.669%
First National Bank of Artesia P.O. Box AA Artesia, New Mexico 88210 Attn: Mr. Brent Hammett	6.474	2.075%
Mr. and Mrs. John E. Busserman 711 Beaman Street Oakley, Kansas 67748	6.474	2.075%
Unit Totals	192.05	61.545%

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
Foran	EXHIBIT NO. 5
CASE NO. 9392	

FORAN OIL COMPANY

SUITE 158, PECAN CREEK
8340 MEADOW ROAD
DALLAS, TEXAS 75231
(214) 373-8792

April 4, 1988

The Merchant Livestock Co.
P.O. Box 1166
Carlsbad, N.M. 88220

Attention: Mr. J.D. Merchant

RE: Proposed Morrow Test
Section 30: SE/4, T21S-R35E
Lea County, New Mexico

Gentlemen:

Foran Oil Company is proposing the drilling of a 13,000' Morrow test at a legal location on the noted land. You are receiving this formal notice because Foran is tentatively scheduling a compulsory pooling hearing in Santa Fe for May 11, 1988 due to an early lease expiration. We are currently negotiating a trade with the owner of the State lease covering the N/2 of Section 30 which expires on July 1, 1988. The anticipated location for the proposed well is in the SE/4 of Section 30, T21S-R35E, and the spacing unit for the well would be the 320 acres covering either the E/2 or the S/2 of said section.

You are respectively invited to join in the drilling of this well. Attached is an AFE detailing the associated drilling costs and your working interest share. Proposed fixed drilling and producing rates are \$5000.00 and \$500.00 per month, proportionately reduced.

If you do not wish to participate, Foran requests that you support the proposed well by leasing your interest for \$80.00 per acre bonus for a three year lease with a one-fifth royalty and an optional two year extension for \$40.00 per acre.

Foran is requesting that you make an election to support this well and a commitment to participate or lease your interest on some reasonable basis. We invite your response and questions to this request and hope that you can indicate your election by inserting the appropriate option below and returning an executed copy of this letter and AFE.


Time is of the essence and your early response to this matter would be appreciated.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Foran EXHIBIT NO. 6

CASE NO. 9392

Very truly yours


Joseph Wm. Foran
President

FORAN OIL COMPANY

SUITE 158, PECAN CREEK

8340 MEADOW ROAD

DALLAS, TEXAS 75231

(214) 373-8792

April 1, 1988

Phillips Petroleum Co.
4001 Penbrook St.
Odessa, Tx 79762

Attn: Mr. Frank Hulse

RE: Proposed Morrow Test
Section 30: S/2, T21S-R35E
Lea County, New Mexico

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<i>Foran</i>	EXHIBIT NO. <u>7</u>
CASE NO.	<u>9392</u>

Gentlemen:

Foran Oil Company is proposing the drilling of a 13,000' Morrow Test at a legal location in the noted lands. You are respectfully invited to join in the drilling of this well. Attached is an AFE detailing the associated drilling costs and your working interest share. Proposed fixed drilling and producing rates are \$5,000.00 and \$500.00 per month.

If Phillips does not wish to participate, Foran requests that you support this well with a farmout delivering a 77-1/2% net revenue lease before payout with the option after payout to convert the overriding royalty difference between 77-1/2% and present leasehold burdens to a 25% working interest, proportionately reduced. Production would earn Foran an assignment to TD +100'.

Foran is requesting that Phillips make an election to support this well and a commitment to join or farmout your interest on some reasonable basis.

Thank you for your consideration of this matter. If you have any questions, please do not hesitate to contact me.

Very truly yours,

Joe Foran
Joseph Wm. Foran
President

JWF/meh
attachment

P-588 477 186

*Frank Hulse
Phillips Petroleum Co.
4001 Penbrook St.
Odessa TX 79762
25
70*

*15
1.70
4/1/88*

FORAN OIL COMPANY

SUITE 158, PECAN CREEK

8340 MEADOW ROAD

DALLAS, TEXAS 75231

(214) 373-8792

April 5, 1988

Mr & Mrs. John E. Busserman
711 Beaman Street
Oakly, Kansas 67748

RE: Proposed Morrow Test
SE/4 of Section 30, T21S-R35E
Lea County, New Mexico

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
Foran	EXHIBIT NO. 8
CASE NO.	9392

Dear Mr. & Mrs. Busserman:

Foran Oil Company is proposing the drilling of a 13,000' Morrow test well to be located on the noted land. According to our records you own an undivided 1/2 of 32.37% of the mineral interest under the NW/4 of the SE/4 of Section 30, T16S-R35E, Lea County, New Mexico. You are receiving this formal notice because Foran is tentatively scheduling a compulsory pooling hearing in Santa Fe, New Mexico for May 11, 1988. We are in a hurry because the lease covering the N/2 of Section 30 is due to expire on July 1, 1988 and a trade is being negotiated now with the owners of that lease.

Foran is requesting that you support this proposed test by granting an oil and gas lease covering your 6.47 acres for \$80.00 per acre bonus for a three year lease with a one-fifth royalty and an optional two year extension for \$40.00 per acre.

In the event you do not wish to lease out your minerals, you are respectfully invited to participate in the drilling of this well. Attached is an AFE detailing the associated drilling costs and your working interest share. Proposed fixed drilling and producing rates are \$5,000.00 and \$500.00 per month, proportionately reduced.

Foran is requesting that you make an election to support this well and a commitment to participate or lease your interest on some reasonable basis. We invite your response and questions to this request and hope that you can indicate your election by inserting the appropriate option below and returning an executed copy of this letter and AFE.

Mr. & Mrs. John E. Busserman
April 5, 1988
Page -2-

Time is of the essence and your early response to this matter would be appreciated.

Very truly yours,

FORAN OIL COMPANY

Joe Foran
Joseph Wm. Foran
President

ELECT TO:

Join _____
Lease _____

By: _____

Date: _____

JWF/meh

P 785 503 835

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to <i>Mr. John E. and Carol Jean Busserman</i>	
Street and No. <i>711 Beaman Street</i>	
P.O. State and ZIP Code <i>Oakley, Kansas</i>	
Postage	<i>.25</i>
Certified Fee	<i>.85</i>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	<i>.90</i>
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	<i>\$2.00</i>
Postmark or Date <i>4/5/88</i>	

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.	
1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to: <i>Mr. John E. and Carol Jean Busserman</i> <i>711 Beaman Street</i> <i>Oakley, Kansas 67748</i>	4. Article Number <i>P 785 503 835</i> Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee <i>X</i> <i>John E. Busserman</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent <i>X</i>	
7. Date of Delivery <i>APR 8 1988</i>	

FORAN OIL COMPANY

SUITE 158, PECAN CREEK
8340 MEADOW ROAD
DALLAS, TEXAS 75231
(214) 373-8792

April 5, 1988

The First National Bank of Artesia, N.A.
P.O. Box AA
Artesia, New Mexico 88210

Attention: Mr. ^{Brent}~~Britt~~ Hammett
Oil and Gas

RE: Proposed Morrow Test
SE/4 of Section 30, T21S-R35E
Lea County, New Mexico

Gentlemen:

Foran Oil Company is proposing a 13,000' Morrow test to be drilled on the noted land. Spacing for the well would be 320 acres covering either the E/2 or the S/2 of the section. You are receiving this formal notice because Foran is tentatively scheduling a compulsory pooling hearing in Santa Fe for May 11, 1988. We are currently in negotiations with the company owning the expiring lease. - N² 30 7/1/88

Foran is aware that you are attempting to sell this mineral interest in a package deal but must respectfully request that you support this test well by either participating in the drilling or by granting an oil and gas lease. Attached is an AFE detailing the associated drilling costs and your working interest share. Proposed fixed drilling and producing rates are \$5,000.00 and \$500.00 per month, proportionately reduced.

If you do not wish to join in the drilling, Foran requests that you grant an oil and gas lease for \$80.00 per acre bonus for a three year lease with a one-fifth royalty and optional two year extension for \$40.00 per acre.

Foran is requesting that you make an election to support this well and a commitment to participate or lease your interest on some reasonable basis. We invite your response and questions to this request and hope that you can indicate your election by inserting the appropriate option below and returning an executed copy of this letter and AFE.

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>Foran</u>	EXHIBIT NO. <u>9</u>
CASE NO.	<u>9392</u>

April 5, 1988
Page 2

Time is of the essence and your early response to this matter would be appreciated.

Very truly yours,

Joe Foran

Joseph Wm. Foran
President

Elect to:

Join _____

Lease _____

The First National Bank of Artesia, N.A.

By: _____

Title: _____

Date: _____

P 785 503 834

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

Mr. Britt (See Reverse) *Hammett*

Sent by *Natl. Bank of Artesia*

● SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

The First National Bank
of Artesia - Mr. Britt Hammett
P.O. Box AA Brent
Artesia, New Mexico 88210

4. Article Number

P 785 503 834

Type of Service:

- ☐ Registered
☐ Certified
☐ Express Mail

- ☐ Insured
☐ COD

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature — Addressee

X

6. Signature — Agent

X

7. Date of Delivery

04-07-88

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

Ind No

Box AA

Date and ZIP Code

Artesia NM 88210

Fee \$ *.25*

Delivery Fee \$ *.85*

Postage and Fees \$ *2.00*

Receipt showing Name and Date Delivered \$ *.90*

Receipt showing to whom and Address of Delivery

Postage and Fees \$ *2.00*

Date

4/5/88

RECEIVED APR 11 1988



THE FIRST NATIONAL BANK
303 WEST MAIN STREET
ARTESIA, NEW MEXICO 88210
PHONE (505) 746-3511
OF ARTESIA

April 7, 1988

Foran Oil Company
Suite 158, Pecan Creek
8340 Meadow Road
Dallas, Texas, 76231

Dear Mr. Foran:

We received your letter today, regarding the proposed morrow test well to be drilled on SE4 Section 30, T21A, R35E, Lea County, N.M. As I explained on the phone, we are primarily interested in selling these leases and need to refrain from any long term committments which might hamper our ability to market the property. We will, however, lease the NW4SE4, Section 30, T21S, R35E, Lea County for one year at \$ 500.00/net acre and a 1/5 override. We are unable to participate in the drilling program.

If this offer is satisfactory, please contact me.

Sincerely yours,

Brent Hammett, VP

Spoke on 4/20 - he said that the 64.74 net/400 gross acres they are trying to sell was recently appraised at \$44,000 ± which comes to \$680 ac. Still does not want to tie a part of the acreage up while trying to sell it so still wants an extremely high bonus offer before willing to consider leasing. To purchase the minerals would take between \$600 and \$700.

RC

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

IN THE MATTER OF THE APPLICATION
OF FORAN OIL COMPANY FOR
COMPULSORY POOLING AND NON-STANDARD
SPACING AND PRORATION UNIT
LEA COUNTY, NEW MEXICO.

CASE: 9392

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054)
I hereby certify that on May 2, 1988, notice of the
hearing, and a copy of the application for the above
referenced case, was mailed at least twenty days prior to
hearings originally set for May 25, 1988 to the
interested party listed on Exhibit "C" attached to the
application.


W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 7th day of
June
May, 1988.


Notary Public

My Commission Expires:

9-26-91

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>FORAN</u> EXHIBIT NO. <u>10</u> CASE NO. <u>9392</u>

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery ^{†(Extra charge)†}

3. Article Addressed to:
First National Bank of Artesia
Attn: Mr. Brent Hammett
P. O. Box AA
Artesia, New Mexico 88210

4. Article Number
P955 861 584

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent *[Signature]*

7. Date of Delivery *5-4-88*

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

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

Joan 5/25/88 check 1-30

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery ^{†(Extra charge)†}

3. Article Addressed to:
Mr. & Mrs. John E. Busserman
711 Beaman Street
Oakley, Kansas 67748

4. Article Number
P 955 861 581

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee *[Signature]*

6. Signature - Agent *[Signature]*

7. Date of Delivery MAY - 5 1988

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery ^{†(Extra charge)†}

3. Article Addressed to:
The Merchant Livestock Comp.
Attn: Mr. J. D. Merchant
P. O. Box 1166
Carlsbad, New Mexico 88220

4. Article Number
P955 861 583

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee *[Signature]*

6. Signature - Agent *[Signature]*

7. Date of Delivery *5/5/88*

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

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

Joan 5/25/88 Merch

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery ^{†(Extra charge)†}

3. Article Addressed to:
Phillips Petroleum Company
Attn: Mr. Frank Hulse
4001 Penbrook Street
Odessa, Texas 79762

4. Article Number
P 955 861 582

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee *[Signature]*

6. Signature - Agent *[Signature]*

7. Date of Delivery *5-4-88*

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

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

April 30, 1988

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

"Hand Delivered"

Re: Merchant State 1-30 Well
Application of Foran Oil Company
For Compulsory Pooling and
Non-Standard Proration and
Spacing Unit, Lea County
New Mexico.

Dear Mr. LeMay:

Please find enclosed our application on behalf of Foran Oil Company for a compulsory pooling order. We request that this application be set on the examiner's docket now scheduled for May 25, 1988.

We suggest the following for an advertisement for the newspaper and for the docket:

Application of Foran Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to either the base of the Morrow formation or to a depth of 13,000 feet, whichever is deeper, underlying the S/2 of Section 30, T21S, R35E, Lea County, New Mexico, forming a 312.05-acre, more or less, non-standard gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon and underlying the SE/4 of said Section forming a 160 acre gas spacing and proration unit for any and all formations and or pools within said vertical limits developed on 160 acre gas well spacing. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost

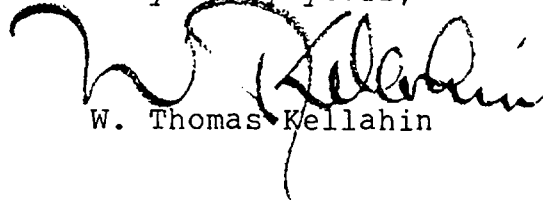
KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
April 29, 1988
Page 2

thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located on

By copy of this letter to all parties to be pooled, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application. Those parties are directed to contact the Division or the applicant's attorney to determine what additional rights they may have. In addition, they are advised that the entry of a compulsory pooling order will affect their rights to share in the production from the subject well.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Joe Foran
Foran Oil Company
8340 Meadow Road
Dallas, Texas 75231

"Certified Return-Receipt Requested"
All Parties listed in Application

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

IN THE MATTER OF THE APPLICATION
OF FORAN OIL COMPANY FOR
COMPULSORY POOLING AND NON-STANDARD
SPACING AND PRORATION UNIT
LEA COUNTY, NEW MEXICO.

CASE: 9392

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054)
I hereby certify that on May 27, 1988, Supplemental
Notice of the hearing, and a copy of the application set
for hearing on June 8, 1988 for the above referenced
case, was mailed to the interested party listed on
Exhibit "A" and "B" attached to the application.


W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 7th day of
June, 1988.


Notary Public

My Commission Expires:

9-26-91

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>Foran</u>	EXHIBIT NO. <u>11</u>
CASE NO.	<u>9392</u>

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

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

3. Article Addressed to:
 Mr. Whit Cline
 Marsh Operating Company
 P. O. Box 1746
 Amarillo, TEXAS 79105

4. Article Number
 P 955 861 628

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Addressee
 X

6. Signature — Agent
 X *[Signature]*

7. Date of Delivery
 JUN - 1 1987

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

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

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

3. Article Addressed to:
 Mr. J. W. Nichols
 DBA Nichols Oil & Gas
 3803 Carlton
 Amarillo, Texas 79109

4. Article Number
 P 955 861 627

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Addressee
 X

6. Signature — Agent
 X *[Signature]*

7. Date of Delivery
 5-31-88

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

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

May 27, 1988

"Certified Mail"

Mr. J. W. Nichols
DBA Nichols Oil & Gas
3803 Carlton
Amarillo, Texas 79109

Re: Foran Oil Company

Dear Mr. Nichols:

It has come to my attention that you have acquired an interest from The Merchant Livestock Company in acreage that is the subject of New Mexico Oil Conservation Division Compulsory Pooling Case 9392, now set for hearing on June 8, 1988.

You, in fact, may already be aware of this case, but I wish to confirm with you what Mr. Foran is seeking to accomplish with this case. Accordingly, please find enclosed a copy of the application and cover letter dated April 30, 1988, setting forth the details of the application.

Should you desire more information, please advise me.

Very truly yours,

Original signed by
W. THOMAS KELLAHIN

W. Thomas Kellahin

PS Form 3800, June 1985

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	Mr. J. W. Nichols
Street and No.	DBA Nichols Oil & Gas
City, State, and Zip	3803 Carlton
Postage	Amarillo, Texas 79109
Certified Fee	\$
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

P 95E-A4J 622

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

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Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fe, New Mexico 87504-2265

May 27, 1988

"Certified Mail"

Marsh Operating Company
P. O. Box 1746
Amarillo, Texas 79105

Attn: Whit Cline

Re: Foran Oil Company

Dear Mr. Cline:

It has come to my attention that you have acquired an interest from The Merchant Livestock Company in acreage that is the subject of New Mexico Oil Conservation Division Compulsory Pooling Case 9392, now set for hearing on June 8, 1988.

You, in fact, may already be aware of this case, but I wish to confirm with you what Mr. Foran is seeking to accomplish with this case. Accordingly, please find enclosed a copy of the application and cover letter dated April 30, 1988, setting forth the details of the application.

Should you desire more information, please advise me.

Very truly yours,

Original signed by

W. Thomas Kellahin

Thomas Kellahin

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Mr. Chit Cline	
Marsh Operating Company	
P. O. Box 1746	
Amarillo, Texas 79105	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3800, June 1985

P 955 861 628

FORAN OIL COMPANY
SUITE 158, PECAN CREEK
8340 MEADOW ROAD
DALLAS, TEXAS 75231
(214) 373-8792

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Foran EXHIBIT NO. 12

CASE NO. 9392

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE March 15, 1988

A/E NO. _____ LEASE NAME _____ PROSPECT NAME San Simon

DESCRIPTION Drill and Equip a 13,000' Morrow test

COUNTY Lea STATE New Mexico LOCATION SE/4 Sec 30, T21S-R3

OPERATOR Foran Oil Company

	DRY HOLE WITHOUT PIPE	COMPLETED WELL
LOCATION & DAMAGES	20,000	21,500
FOOTAGE/MI-RUN TO <u>13,000' @ \$21.00/Ft.</u>	273,000	273,000
CONTRACT DRILLING DAYWORK <u>\$4,200/day</u>	12,600	16,800
CEMENTING & SERVICES	20,000	31,000
DRILL STEM TEST & CORING	11,200	11,200
LOGGING	25,000	25,000
GEOLOGICAL <u>\$400/Day for 24 Days</u>	9,600	9,600
MUD MATERIALS	35,000	35,000
TRUCKING & LABOR, <u>Csq. Crew & Yellow Jacket</u>	12,800	16,500
SUPERVISION <u>\$350/Day for 50 Days</u>	14,000	17,500
BITS & EQUIPMENT RENTAL <u>PVT, Mud Cleaner, etc.</u>	8,200	13,700
FUEL/WATER	15,000	18,500
COMBINED FIXED RATE	5,000	7,500
PLUGGING & ABANDONMENT	-	-
WELL SURVEYS/TEST SERVICES <u>BHP Survey</u>	-	2,500
COMPLETION UNIT <u>\$1400/day for 10 Days</u>	-	14,000
CENTRALIZERS & SCRATCHERS	1,000	4,500
PERFORATING/LOGGING <u>CBL/Perf</u>	-	8,600
FRAC AND/OR ACID	-	55,000
OTHER	-	-
CONTINGENCY	60,000	74,000
TOTAL INTANGIBLE	522,400	655,400

	DRY HOLE WITHOUT PIPE	COMPLETED WELL
CASING-CONDUCTOR	-	-
CASING-SURFACE <u>500' 13-3/8" @ \$25.00/Ft.</u>	12,500	12,500
CASING-INTERMEDIATE <u>5450' 8-5/8" @ \$18.00/Ft.</u>	98,100	98,100
LINER-DRILLING	-	-
CASING-PRODUCTION <u>13000' 5-1/2" @ \$ 9.00/Ft.</u>	-	117,000
LINER-PRODUCTION	-	-
TUBING <u>12900' 2-3/8" @ \$ 2.95/Ft.</u>	-	38,055
WELL HEAD	4,000	9,000
OTHER SUB-SURFACE EQUIP	-	-
TANKS	-	4,000
SEPARATORS & HEATERS	-	14,500
FLOW LINES	-	4,000
RODS/Downhole <u>Pkr & Profile w/On Off</u>	-	5,500
PUMP UNIT & ENGINE	-	-
INSTALLATION COSTS	2,500	12,500
NON-CONTROLLABLE EQUIP	-	5,000
TOTAL EQUIPMENT	117,100	320,155
TOTAL WELL COSTS	639,500	975,555

APPROVALS:

FORAN OIL COMPANY

WORKING INTEREST _____% by Joe Foran DATE 3/15/88
The First National Bank
NON-OPERATOR: of Artesia, N.A. DATE _____
WORKING INTEREST 2.022% by _____ DATE _____