

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

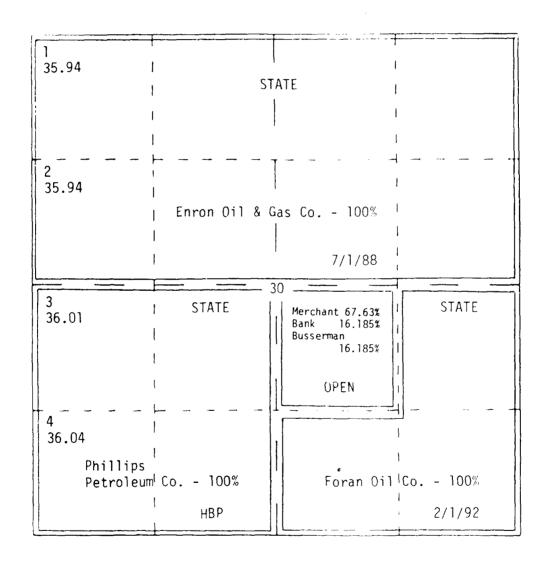
10 4054	F 1917	20-164 20-	B-1959 To 3863	B 1481 Shelden		
žkelih		8-1-88 Thomas V-1200 Epg-9 T0 3908 BM 2-18-47	Cities Serv to State H B P to State H B P	W//_SON	Wyoming Oil II Kaiser-Francis Cux Pet HBP Wilron St E-2446 T012250	(Perry R. Boss) I-Wi A.R.Co Merion
3 KEINY 104075 104075		State State	Marks & Garner Prod to 4000	\$2 B ((ifies Serv.) TO 4500 State Mobil HBP/		А. Н.В.Р 2
v 635 TEX.	ON STUNT	GUH HBU B-00011 THORES	8-1400 J. Bayd Permium 5-5 170 3431 Basin Inv. Corp. 19-1 92 1-92 H.B.P.I. V-2438 19-1 8272	₩-00 Texaco K-420s	Texaco Amerada O/R Warrior Inc efai	Amer
SUN	F-1923 Shelder Shelder E-1923 Shelder E-1923 Shelder F-1923 Shelder	Gulf HBU Second Francisco Control of the Control of	8-1400	Dolport 7.8.5+ 10.44-164	B-165 H BP E-1732	ENER SC.
Spronoil Sun	Cities Service TXO Unimproof	Tosas San	Shell-State	Phillips HBP	Chevron w.w.Cline H.B.P. 1-1-93	Hun
18.7287 I A.R.Co	A.R.Co D/R -12 MIL	Gorner & Gorner - 823	Texdco M.M. 81. 10 12 600	Bravo (176)	B-230 VB-0177 225 22	Cosden" 57070 E1 3602 TO 41 11 Yelog 3102 Sec. L., 4805
Yates Pet, exal	Market Garner (Union DR)	Style to Tanami	State St	la l	State Ch Phillips Wirner Phillips	Nippen
8 1901 66 tr	CARCO, D GITOIC Mison		TO 4010 IMIL. Beko Sarrer And	Corper Dr.9 B-1431 Corper Dr.9 B-1431 Corper Dr.9 B-1431 Corper Dr.9 Cor	8 1525 E-1924 H B P E-1639	B
Sinclair So Wilson Does Merroll	South of State (Coguina)	(1610) A VET 24	"Wilson-St." Beldoor	DIA12-31-58 Brovo Oper Diamond ZO Commond Terryo Oper) Terryo Oper) Terryo Oper) Terryo Oper) Terryo Oper)	Belco 6-1-05 6-1-	Brit Ame New Mex TD4 008 DATES -
Disc. 2.56 Mil	Month and Wilson Wilson Wilson Wilson Wilson St. Jan 21 M. Wilson St. Jan 21 M. Wilson St. Jan 21 M. Wilson Wilson Wilson St. Jan 21 M. Wilson	# 14 Pogo Prod # 15 M Prod Prod # 10 Prod Prod Prod Prod Prod Prod Prod Prod	Wilson-St. ledgord - 19 - INC. Wilson Oliv. Yafts Pet W. SrmonSt. eros Oliv. Oliv. Wilson Oliv. Elements Wilson Oliv. Elements Elemen	J/A42 6 0 0 Y (Wyoming Oil)	57A 6 1467K 359 20	Chevron 5 · 1 89 LG 6568 531 25
	State State ARCA TO STATE TO S	Store"	Share (Wilson)	Wilson 1012 808	Store	331 =
(Wilson 6-1) (1 346 - 35 4109	Pogo Prod 6 Santa Fe Ener. 6	Texaco Pago 5:189 (6:6567 B-1651 B-1972 2550 92	Wilson La Seas TD83 Jane 134 EL Prod.	1 1fx aca	Pogo Prod. Amerado 10-1-85 Amerado LG-3026 ISOS H.B.P.	Amoc
000 Prod 14 0 B4	♦²	B-1651 B-0972 2550 ℃ T: CB COZKburn HBP TRY (Wilson Qi) HBC-N2 1916 E2595 TZL Pogo Prod.	Wison is self TDBS Jrafe 134 EF Prod Wiser St. TO THE DAS-11 E7		Resier & Sheldon B-1040 El 3631 TJ 3110 B/A 1 23 58 	Brit Amer. INGAT Forest Store TO 5003 DIA 7-21-30
Serie of	7exaco	Texaco LG-6143 Capuina	Phillips HBP D. Feran Oil	34 (Phillips) 914 (KA)	Phillips	Amere Crescan 4 · 1 · 92 Porter LH · 1635 Hale Fd
	Texaco New Mey, St.	Getty-57" Spate 75 MTAGE	1013100 1923 136 93 136 93 136 93	E-1921 Casing Pullers 1 A Ulips Commission of A Land Commission of A Land Commission of A Land Commission of Artistation of Ar	8 E-1922 	110411 HBP B-2917
-		"Gerry-Sr" Stete 95 MID2836	Merchants Lives lock State Artec gi Exxon State Ew	70 soos State Yeter Disk	Manda OFC 1	Morchant L.S.C
t., etal : 73 2	Texaco (BelringCa) HBC LG:1487 E/2	Texaco H 8 P'	Exxon 31078 Ew-	B-935 Cosing B-1924	5 (ARCo) 6 Amerodo.D/R 644 Leo-Sc. Worrior Inc Millard Deck, Est. HBP 10 3 9 5 0 E 1640	Nipp VE
RAMA	RIDGE *	WCF 752 N/2 HBC	₩16Mil	Exxon Pullers Rester (R.G.Haragan) Bullers JJL 1 5.4 Milk "San Simon Sr" Yates Fallers St.	E-1673	Amoco
Pet.	WCOND TEXACO Affentic		1 31 T and	(HNG OII) Nortex &	2 i Chevron	State UK 3:1284 Brundingslor
9 * 1 9.5Mil	W/2 1725 SHILLER	Texaco i.e Mil. See L. See Syz HBC	MAN T New Mexico-St	5/2, HBC L 6943	G.P. Sime Est. E - 5892 Gulf 54"	State UN 39984 Organization DASTES
THE THREE	Getty-St." Style	Salar Adam Salar	Stote Stote	SanSimon Se State 10 4010	Signer Name Name	۷ ۵
Pet., etal MBC	Texaco HBC LG-1207	Texaco (Amerada) HBP LG-1103 B-1040	Exxon 6 · 1 · 96 LG-3609 128 !!	Enron + 1014 1 10 416	Peterol Tempo Ener. 4337 LG-4234	Donegon 31
s,inc.f	"Gerty-St. (Gerty)	Lamil Son simon (3 Mil)	Texaco. (Texaco) Enren (HNG)	\$kelly 2-U	\Q \	Yotes Pet, etal V: 1692 66 29
t,etal, 18.257 .(OPER)	Mesa Oper San Smonst	+ HBC E/2 - 185	Jesse 7 5 E/z NBC (Duai Disc) Jesse 7 5 HNG (Trave) HNG Trave) HNG Trave) HNG Trave)	5	Skelly	3////
IDGE	Humble HBC State BUI TO 4002 - JBUI TO 4002 - STORE	Atlantic Humble State "MM. 31" TO 4015 DA 12:30 CI Betty-St." TO 4015 DA 22:00-CZ	San Simon - St."	Sin Simon St	3 Ashmun Salar San Simon-St. San Simon-St. San Single State	
Hadson Pet.	the same of the sa	Store	State /	31010	Merchants Livestock(3)	
0 499 43 - 2 Mg wo	B-1040 GWR Oper LE-BIE	Herosco, (Exron) HBC DE Science B-935 Texacco	(M.M.Merritt) Enron L-6377 3 1 - 92 V 2257	Texaco CH.B.P. B-158	Exxon 6 · 1 · 91 V · 1903 6125	Amerada H B P .E-1625
dson etal	94	No.21-82 - 100	Track 7 1 15625		NO. ROCK LAKE ST. UNI CHEVRON (OPER.)	Alliance One, etal to base of Yate
	Exxon SAME	w/z H6C 12	There T (TPEX Expl)e, Soba Ener.	Ezzon Chevron H.B.P. H.B.P. B.935 B-229	9 Mudson . &	^
	8-935 R. Smith State 14" TD 4100 D/A10-22-82	"May 144 St"	France (Armoco) Scott Stoffe (One 13 and 13	6.733	Humble St 10 1700 314 174 60 State	E
-	See	New Mex-St."	State	51910	: Premants cive slock	-

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
FRAME EXHIBIT NO.

CASE NO. 9392



SECTION 30, T21S-R35E



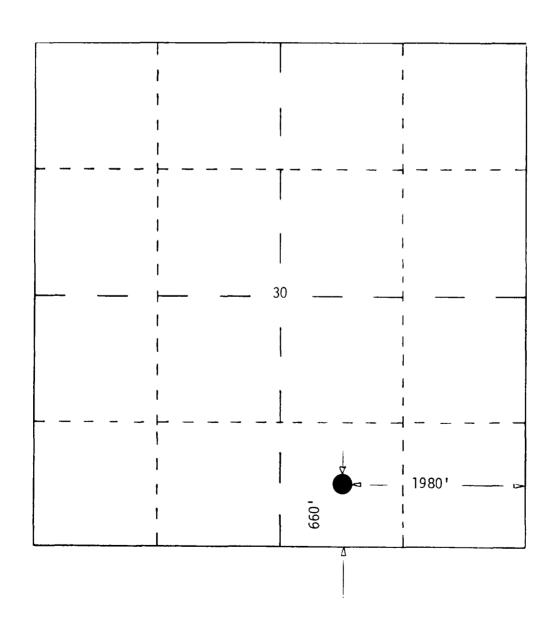
BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXAMINER CATANACH
OIL CONSERVATION DIVISION
CASE NO. 2



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.

Foran

Working Interests
Proposed Merchant State #1-30
San Simon Prospect
13,000' Morrow Test
Section 30: \$/2 | T215-P255

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 Seli
5.	Mr. & Mrs. John E. Busserman	2.075%	Pooling Acceptable
		100.000%	

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

CASE NO. 9392



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

Parties to be Pooled	Net Ac. S/2 Unit	Unit Interest
Phillips Petroleum Co. 4001 Penbrook Street Odessa, Texas 79762	152.05	48.726%
Attn: Mr. Frank Hulse The Merchant Livestock Co. P.O. Box 1166	27.052	8.669%
Carlsbad, New Mexico 88220 Attn: Mr. J.D. Merchant		
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	6.474	2.075%
Oakley, Kansas 67748 Unit Totals	192.05	61.545%

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION



CASE NO. -

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

EXHIBIT NO.

CASE NO. -

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. BEFORE EXAMINER CATANACH 4001 Penbrook St. Odessa. TX 79762 OIL CONSERVATION DIVISION Attn: Mr. Frank Hulse TORON EXHIBIT NO. RE: Proposed Morrow Test Section 30: S/2, T21S-R35E CASE NO. -Lea County, New Mexico

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,

Joseph Wm. Foran

President

JWF/meh attachment

1.76

A

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

torsy EXHIBIT 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

Joseph Wm. Foran Prosident

ELECT TO:

Join _____ Lease ____

By: _____

Date: _____

JWF/meh

P 785 503 835

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

SENDER: Complete items 1 and 2 when additional services of the service of from being-seturned to you. The return receipt fee will delivered to and the date of delivery. For additional fees the postmester for fees and check box(es) for additional services. Show to whom delivered, date, and addresses additional services.	se side. Failure to do this will prevent this ill provide you the name of the person a following services are available. Consult q(s) requested.
3. Article Addressed to: Mr. John E. and Carol Jean Busserman 711 Beaman Street Oakley, Kansas 67748	4. Article Number P 785 5038835 Type of Service: Registered Insured Contified COD Express Mail
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addresses X 6. Signature - Agent	8. Addressee's Address (ONLY if requested and fee paid)
7. Date of Delivery APR 8 1088	
S Form 3811, Feb. 1986	DOMESTIC RETURN RECEIPT

(See Reverse)				
Sent to Mr. John E. and Jean Busser				
Street and No 711 Beamon Str	cet			
PO State and ZIP Code Oakley Kansas				
Postage	.25			
Certified Fee	.85			
Special Delivery Fee				
Restricted Delivers Fee				
Return Receipt showing to whom and Date Delivered	.90			
Return Receipt showing to whom Date, and Address of Delivery				
TOTAL Postage and Fees	₹2.∞			
Postmark or Date				
4/5/88				

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. 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.

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

EXAM EXHIBIT NO. 9

CASE NO. 9392

April 5, 1988 Page 2

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

Joseph Wm. Foran

President

Elect to: Join ____ Lease ____ The First National Bank of Artesia, N.A. By: P 785 503 834 RECEIPT FOR CERTIFIED MAIL Title: NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL iSee Reversel / Date: 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 late and ZIP Code 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. 88210 .z5 1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery. Fee 3. Article Addressed to: 4. Article Number 85 P 785 503 834 The First National Bank Delivery Fee Type of Service of Artesia - Mr. Britt Hammett Registered go Omilery Fee Brent P.O. Box AA Insured COD Certified Artesia, New Mexico 88210 Express Mail Receipt stokens ,90 Yuna Dute Dervered Always obtain signature of addressee or agent and DATE SELIVERED. Receipt showing to whom od Address of Delivery 5. Signature - Addressee & Addressee's Address (ONLY if Postage and Fees `Z,00 requested and fee paid) 6. Signature - Agent/ De or Date 7. Date of Delivery 1 04-PS Form 3811, Feb. 1986 DOMESTIC RETURN REC

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 apart 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.

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 2th day of May, 1988.

My Commission Expires:

9-26-91

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

FORAN EXHIBIT NO. 10

CASE NO 9392

7. Date of Delivery MAY _ 5 1988 PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268	6. Signature - Agent	5. Signature Addressee 8. A	Alw or a	Oakley, Kansas 6//48	000	icle Addressed to: 4.	end 4. Put your address in the "RETURN TO" Space on the reverse side. Fellure to do this will prevent this cerd from being returned to you. The return receipt fee will provide you the name of the person cerd from being returned to you. The return receipt fee will provide you the name of the person cerd from being returned to you. The return receipt fees the following services are available. Consult postmarfer for fees and check box(e) For additional service(s) requested. 1. O Show to whom delivered, bette, and addressee's address. 2. 4. 5. 6. 6. 6. 6. 6. 7. 6. 7. 6. 7. 7	SENDER: Complete Items 1 and 2 When additional service	PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268	7. Date of Delivery	Signature – Addressee 8.	Alway or ager	ACCII: FIL. BLEIC HAMBERS P. O. BOX AA Artesia, New Mexico 88210	Addressed to: National 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. Fallure 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 less the following services are available. Consult patternatter for fees and check boxies) for additional service(s) requested. 1. Show to whom delivered, date, and addresses address. 2. Bestricted Delivery $f(Extra cliarge)$
DOMESTIC RETURN RECEIPT		Addressee's Address (ONLY if requested and fee paid)	Always obtain signature of addressee or agent and DATE DELIVERED.	Certified (COD Express Mail	Type of Service: Registered Insured	Article Number 955 861 581	e. Failure to do this will prevent this <u>provide you the name of the person</u> lowing services are available. Consult uested. 1. Aestricted Delivery 1 (Extra cliarge)	5/25/88 Mechant 1-30 when additional services are desired, and complete items 3	DOMESTIC RETURN RECEIPT		Addressee's Address (ONLY if requested and fee paid)	Always obtain signature of addressee or agent and DATE DELIVERED.	Registered Insured Certified COD Express Mail	Article Number P955 861 584	when additional services are desired, and complete items 3. Space on the reverse side. Failure to do this will prevent this return receipt fee will provide you the name of the person or additional fees the following services are available. Consult redditional services. 2. Restricted Delivery addresse's address. 2. Restricted Delivery
PS Form 3811, Mar. 1987 + U.S.G.P.O. 1987-178-268	S. Signature - Agent X Manda Sulvan 7. Date of Delivery	5. Signature – Addressee X		Odessa, Texas 79762	4001 Penbrook Street	lips P	ellyered shows the same street of the same street o	SENDER: Complete Items 1 and 2 when additional services are	PS Form 3811, Mar. 1987 / * US.G.P.O. 1987-178-268	X 7. Date of Delivery	Signature - Addressee	Op Merchants	Box 1166 bad, New Mex	The Merchant Livestock Comp.	SENDER: Complete items 1 and 2 when additional services are desired, and complete items and 4. Put your address in the "RETURN TO". Space on the reverse side. Fallure to do this will prevent the 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. Consupertry fees and check box(es) for additional services. 1. Show to whom delivered, date, and addressee's address. 2. □ Restricted Delivery f(Extra charge) f
DOMESTIC RETURN REC	Alm	8. Addressee's Address (ONLY if requested and fee paid)	Always obtain signature of addressee or agent and DATE DELIVERED.	Express Mail	<u>.</u> 	4. Article Number P 955 861 582	erse side. Failure to do this will prevent will provide you the name of the path the following services are available. Coists) requested. 2. [] Restricted Delivery the factor of the f	5/35/88 PNRME services are desired, and complete Itel	DOMESTIC RETURN RECE	P.OW Sow	8. Addressee's Address (ONLY if requested and fee paid)	Always obtain signature of addressee or agent and DATE DELIVERED.	Registered Insured Certified COD Express Mall	4. Article Number P955 861 583	rvices are desired, and complete items as ide. Fellure to do this will prevent the provide you the name of the person following services are available. Consulted a complete of the person following services are available.

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Jason Kellahin Of Counsel

W. Thomas Kellahin

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

Telephone 982-4285 Area Code 505 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.

SUBSCRIBED AND SWORN to before me this 1th day of June, 1988.

My Commission Expires:

9-26-91

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION

TORAN EXHIBIT NO. 11

CASE NO. _

	DOMESTIC RETURN RECEIPT	* U.S.G.P.O. 1987-178-268	PS Form 3811, Mar. 1987	
		JUN - 1 . 4	7. Date of Delivery	
		7/12/16	×	
		MM/	6. Signature - Agent	
<u>-</u> .	requested and fee paid	•		
	B Addresses's Address (ONLY)		5 Signature Addresses	
	Always obtain signature of addressee or agent and DATE DELIVERED.			
	Mall		Milattito, in	
·	Certified COD	XAC 70105	r. O. BOX 1/40	
	ë	ing Company	Marsh Operating Company	_
	P 955 861 628	ne	Mr. Whit Cline	
· _	4. Articie Number		3. Article Addressed to:	`
	se. 2. Restricted Delivery †(Extra charge)†	 Show to whom delivered, date, and addressee's address. f(Extra charge) 	1. X/Show to whom delive	
	2 =	or box(es) for additional service(postropester for fees and che	
	will provide you the name of the person	to you. The return receipt fee	card from being returned	1
· -	Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this	RETURN TO" Space on the reve	Put your address in the "R	
س:	SENDER: Complete Items 1 and 2 when additional services are desifed, and complete Items 3	ems 1 and 2 when additional s	SENDER: Complete it	•
•		125 C. D.		

DOMESTIC RETURN RE	PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268
	7. Date of Delivery 5-31-8
	X Jone O Delan
	6./Signature - Agent I/
8. Addressee's Address (ONLY if requested and fee paid)	5. Signature – Addressee X
Always obtain signature of addresses or agent and DATE DELIVERED.	
Express Mail	
Certified COD	Amarillo, Texas 79109
Registered Insured	3803 Carlton
Type of Service:	DBA Nichols Oil & Gas
P 955 861 627	Mr. J. W. Nichols
4. Article Number	3. Article Addressed to:
	t (Extra charge) t
s. 2. () Restricted Dallverv	portphaster for fees and check box (es) for additional services 1. 21 Show to whom delivered, date, and addresses address
he following services are available. Col	delivered to and the date of delivery. For additional fees the following services are available. Co
will provide you the name of the pa	card from being returned to you. The return receipt fee will provide you the name of the be
res side Mellinge to do this will prevent	BOOK COLL PARTIES TO THE CONTINUE TO THE COLLEGE TO
ervices are desired, and complete its	SENDER: Complete Items 1 and 2 when additional services are desired, and complete its
	- X- X - X - X - X - X - X - X - X - X

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin Karen Aubrey

Jason Kellahin Of Counsel El Patio - 117 North Guadalupe Post Office Box 2265 Santa Fé, New Mexico 87504-2265 Telephone 982-1285

Area Code 505

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

RECEIPT FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL (Soe Reverse)	D MAIL DED
Sento Mr. J. W. Nichols	g
Skeet and No DBA Nichols Oil	& Gas
380SanGarbton Amarillo Texas	79109
	s
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	s
Postmark or Date	

PS Form 3800, June 1985

P 955-843 622

KELLAHIN, KELLAHIN and AUBREY Attorneys at Law

Telephone 982-4285

Area Code 505

El Patio - 117 North Guadalupe Post Office Box 2265

Santa Fé. New Mexico 87504-2265

May 27, 1988

"Certified Mail"

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

Attn: Whit Cline

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin Of Counsel

Foran Oil Company

Dear Mr. Cline:

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

You, in fact, may already be aware of this case, but 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 1988, setting forth the details of the April 30, application.

Should you desire more information, please advise me.

Very truly yours,

Original signed by W. Thomas Hellahin

Thomas Kellahin

Compan 791 RECEIPT FOR CERTIFIED NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL (See Reverse) sMarsho Operating CooTexas Cline Return Receipt showing to whom, Date, and Address of Delivery Return Receipt showing to whom and Date Delivered **FOTAL Postage and Fees** Restricted Delivery Fee Chit Special Delivery Fee PAm States; and Tel Postmark or Date Certified Fee þ

PS Form 3800, June 1985

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

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

FRAM EXHIBIT NO. 12

LASE NO.

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

	DATE <u>March</u>	15, 1988
FE NOLEASE NAME	PROSPECT San	Simon
SCRIPTION Drill and Equip a 13,000' Morrow t		
OUNTY Lea STATE New Mexico	LOCATION SE/	4 Sec 30, T21S-R
PERATOR Foran Oil Company		
	DRY HOLE	<u> </u>
	WITHOUT PIPE	COMPLETED WELL
OCATION B DAMAGES	20,000	21,500
OOTAGE/MI-RU-TO 13,000' @ \$21.00/Ft.	273,000	273,000
ONTRACT DRILLING DAYWORK \$4,200/Day	12,600	16.800
RILL STEM TEST & CORING	20.000	31,000
OGGING	25.000	25,000
EOLOGICAL \$400/Day for 24 Days	9,600	9,600
UD MATERIALS	35,000	35,000
RUCKING B LABOR , Csq. Crew & Yellow Jacket	12,800	16,500
SUPERVISION \$350/Day for 50 Days HITS & EQUIPMENT RENTAL PYT, Mud Cleaner, etc.	14,000	17,500
UEL/WATER	15,000	18,500
OMBINED FIXED RATE	5,000	7,500
PLUGGING & ABANDONMENT	-	-
WELL SURVEYS/TEST SERVICES BHP Survey		2,500
COMPLETION UNIT \$1400/Day for 10 Days	1,000	14,000
PERFORATING/LOGGING CBL/Perf	1,000	4,500 8,600
RAC 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 500' 13-3/8" @ \$25.00/Ft.	12,500	12,500
CASING-INTERMEDIATE 5450' 8-5/8" @ \$18,00/Ft,	98,100	98,100
LINER-DRILLING		
CASING-PRODUCTION 13000 5-1/2 0 \$ 9.00/Ft.		117,000
TUBING 12900' 2-3/8" 0 S 2.95/Ft		38.055
WELL HEAD	4.000	9.000
OTHER SUB-SURFACE EQUIP		1
TANKS SEPARATORS & HEATERS		4,000
FLOW LINES		14,500
ROOS/Downhole Pkr & Profile w/On Off	-	5,500
PUMP UNIT & ENGINE	<u></u>	
INSTALLATION COSTS	2,500	12,500
NON-CONTROL LABLE EQUIP		5,000
TOTAL EQUIPMENT	117,100	320,155
TOTAL WELL COSTS	639,500	975,555
APPROVALS: FORAN OIL COMPANY		
WORKING INTEREST The First National Bank HON-OPERATOR: Of Artesia, N.A.		DATE 3/15/88
The First National Bank		DATE
NON-OPERATOR: Of Artesia, N.A.		
WORKING INTEREST 2.022 % by		DATE