

June 23, 1988

T.H. McElvain Oil & Gas Properties P.O. Box 2148 Santa Fe, New Mexico 87504-2148

. Attention: George B. Broome

C. W. Trainer P. O. Box 755 Hobbs, New Mexico 88240 P.O. BOX 633 MIDLAND, TEXAS 79702

MIDLAND DIVISION

Re: Request for Voluntary Pooling E/2 Section 22, T-17-S, R-35-E N.M.P.M., Shoe Bar, South (Atoka) Gas Pool Lea County, New Mexico Mobil Lease No. NM-587

Gentlemen:

Mobil Producing Texas & New Mexico Inc. ("Mobil") is the owner of an oil and gas lease covering the SE/4 of Section 22, T-17-S, R-35-E, N.M.P.M., Lea County, New Mexico. You are the operator of The New Mexico "AC" State Well #1, which is located 1980 feet FNL and 660 feet FEL, Section 22, T-17-S, R-35-E, N.M.P.M., and produces out of the Atoka formation. It is our understanding that this well was granted a non-standard 240 acre proration unit consisting of the NE/4 and E/2 NW/4 Section 22, T-17-S, R35-E, N.M.P.M.

We believe that our SE/4 Section 22 lease has experienced and is experiencing drainage from your New Mexico "AC" State Well #1. Mobil also believes that it has also been drained more severely than any other lease owner in Section 22, and Mobil hereby proposes the following (all subject to New Mexico Oil Commission Division and State of New Mexico approval) as the most fair and reasonable solution to this drainage:

- 1) That portion of your 240 acre proration unit covering the E/2 NW/4 Section 22, T-17-S, R-35-E, N.M.P.M. would be allocated to a W/2 Section 22, T-17-S, R-35-E, N.M.P.M. proration unit which has been requested by Phillips Petroleum Company.
- 2) Mobil and McElvain would voluntarily agree to the formation of a 320 acre Com Agreement for the Atoka-Morrow formation covering the E/2 Section 22, T-17-S, R-35-E, N.M.P.M.
- 3) Mobil would pay to McElvain an amount equal to 50% of the actual costs to complete New Mexico "AC" State Well #1, plus interest at 12% from date of completion but will participate for its 50% share of costs of operation and revenues generated from the wells production from July 1, 1988 forward.

A:M8176B25.RGM

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 9430 Extrabit No. 2
Submitted by Mobil
Hearing Date 7/14/68

### Mobil

T. H. McElvain Oil & Gas Properties C. W. Trainer June 23, 1988 Page Two

4) At Mobil's option, you agree to market Mobil's share of production under your existing gas contract and remit to Mobil its share of gross production, less royalties and taxes.

Inasmuch as there are currently scheduled many conflicting petitions before the New Mexico Oil Commission Division requesting the Division to address the correlative rights in Section 22, we request that you respond\_to the above before July 8, 1988.

Very Truly Yours,

MOBIL EXPLORATION & PRODUCING, U.S. INC. as agent for MOBIL PRODUCING TEXAS & NEW MEXICO INC.

Igni 51 G. Landman

ACCEPTED and AGREED to this \_\_\_\_\_ day of July, 1988.

T.H. MCELVAIN OIL & GAS PROPERTIES

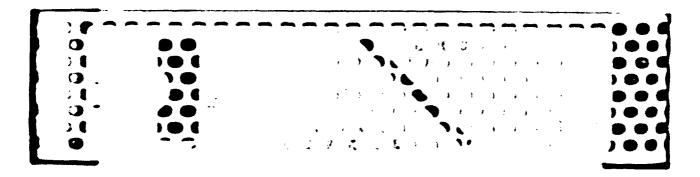
By: \_\_\_\_\_

Title: \_\_\_\_\_

C. W. Trainer

RGM/dsw

- ANERAL	COMPL	IS AIRBILL FOR DU ETE PURPLE AREA CK OF FORM SET	s. For As	SISTANCE,	CALL 800-238-	5355		A//.		**
EXPIC	0797-0042-		IT NUMI	BER	DATE		i i			
torn (Your Name)		Your Phone Nur		important)	To (Recip	ient's	Name)	Recipient	s Phone Number (Very Imp	15
Plattreon         ()           Company         Department/Floor No.           MOBIL         PRODUCING         TEX.			Company Department/Floor No.							
THE Address	5				Exact Str	et Ac	ldress (Use of P.O. Boxes or P.O. • Zi	p Codes Will Delay Delivery An	d Rosalt in Extra Charge.)	- DIRI
IIDLAND			State TX		City				State	RACT
BILL NO. 5933648	44 7 0	ode Required For (		-				ZIP Street Address Zip I	Required (Ne P.S. Sox <sup>®</sup> 24	IR T
	ecipient's FedEx Acct. No. Bi Ine below	I 3rd Party FadEx Ac		Bill Credit Fit in line	Card below		NOLD FOR PICK-UP AT THIS FEDI Street Address (See Service Guid City		Federal Express ( Base Charges Declared Value Ch	
SERVICES CHECK ONLY ONE BOX	DELIVERY AND SPECI. CHECK SERVICES	AL MANDLING REQUIRED	MERAGES	WEIGHT	TOUR DECLARED BALUE (See right)	OVER SIZE	ZIP * Zip Code of Street Addres	s Required	Origin Agent Char	BE
PRIORITY 1     OVERNIGHT     Connection     Co	1 BOLD FOA PICK-UP Go address where you want Section II of right	package heid in					YOUR DECLA BAMAGE O We are lable for no more than event of physical loss or da ingine Declaned Value to the	NA LOSS 13100 per peckage in the mage, unless you fill in a left and document honer		COPY
Overnight Tube Itari x fix fix fix fix fix Overnight Tube 38' x fix fix fix fix  STANDARD AIR Delivery not later than	4 RESTRICTED ARTICL Surcerd Ar Packages only 5 CONSTANT SURVEILLA (Extra charge applies.)	ES SERVICE (P-1 and Extra charge appies) NCE SERVICE (CSS)	Receive	oper's Do	Total		actual loss in the event of a each additional \$100 of declare shown in our Service Guide are shown on the back of the S We make no express or impli-	ciam, we charge solve for to value up to the maximum beclared value restrictions hyper's Copy of this arbit, ed warrantes.	Other Tota: Charges	HIPPER
SECOND business day SERVICE COMMITMENT MTY 1. Devoy a checked say nat burres moning of castors I nay bue hug on more bueness days I the nation is outside our primary service small. (MAD) AP - Overlay is generally next bueness day or not ther second business day. I may use thes or more burness if he generation is outside our primary service smalls.	8     9     SATURDAT PICK-UP OR S EXATURDAT PICK-UP OR S		€ Regular Stor □ On-Call St □ FedEx Loc Federa Express Corp		Stop rp.Empioyee N	•	There is always a risk of late delivery or non-delivery in the event of a late delivery Federal Express will all your request refund al transportation charges paid See back of Shipper's Copy of this article for lumber information. <b>CONSEQUENTIAL DAMAGES</b> We will not be responsible or lable for any loss or damage resulting from delay, non-delivery or damage to a package, except as noted above. This includes loss for sales.		PART #2041736901 FEC-S-751-10	v
	L		Date/Ti	1 1.	deral Express	Use	except as noted above. This income interest, profits, attorn but is not imited to these items 'consequential' damages."	Yevs tees and other costs	REVISION DAT	Έ



.

February 19, 1988

P O BOX 633 MIDLAND, TEXAS 79702

MIDLAND DIVISION

Amerada Hess Corporation 1201 Louisiana, Suite 700 Houston, Texas 77002

Attention: Henry Hansen

POSSIBLE JOINT OPERATING AGREEMENT C-4526, S/2 SEC. 22, T-17-S, R-35-E, NMPM LEA COUNTY, NEW MEXICO

Gentlemen:

Mobil Producing Texas & New Mexico Inc. ("Mobil") is currently investigating the possibility of drilling a 12,500' Atkoa-Morrow test at a regular location in the SE/4 of Section 22, T-17-S, R-35-E, NMPM. We tentatively expect to form a 320 acre Com Agreement covering the S/2 Section 22, including your lease covering the N/2 SW/4 Section 22 and ARCO's lease covering the S/2 SW/4 Section 22. The operating agreement would cover depths below the unitized formation in the Phillips-operated Vacuum (Abo) Unit down to the base of the Morrow formation and working interests therein would be Mobil (operator) 50%, Arco 25%, Amerada Hess 25%.

To assist you in making your decision whether to participate in this venture, the following preliminary cost data is provided:

Projected AFE Costs (\$M)

		Related				
	Drilling	Completion	Lease Equipment	Totals		
100%						
Tangible	188	67	63	318		
Intangible	415	93	2	510		
	603	160	65	828		
Your 25% share						
Tangible	47	16.75	15.75	79.5		
Intangible	103.75	23.25	.5	127.5		
Total	105.75	40	16.25	207		

We are currently processing the required paperwork to procure our management's approval to drill this well, and when we have the approval we will furnish you a formal AFE for your evaluation and eventual signature.

TXTLAND3/RGM8049B

## Mobil

.

Amerada Hess Corporation Februray 19, 1988 Page 2

In the meantime, would you kindly let us know whether you would anticipate joining in this venture, or if not, please propose terms on which you would farmout your interest. If all parties desire to participate, I will being preparing the operating agreement and Com Agreement to drill this well. Thanking you in advance for your attention to this matter, I remain

Very truly yours,

MOBIL EXPLORATION & PRODUCING U.S. INC., as agent for MOBIL PRODUCING TEXAS & NEW MEXICO INC.

Richard G. McCann Landman

RGM/kac

February 19, 1988

P O. BOX 633 MIDLAND. TEXAS 79702

MIDLAND DIVISION

ARCO Oil & Gas Corporation P. O. Box 1610 Midland, Texas 79702

Attention: Rick Alletag

POSSIBLE JOINT OPERATING AGREEMENT C-4526, S/2 SEC. 22, T-17-S, R-35-E, NMPM LEA COUNTY, NEW MEXICO

Gentlemen:

Mobil Producing Texas & New Mexico Inc. ("Mobil") is currently investigating the possibility of drilling a 12,500' Atkoa-Morrow test at a regular location in the SE/4 of Section 22, T-17-S, R-35-E, NMPM. We tentatively expect to form a 320 acre Com Agreement covering the S/2 Section 22, including your lease covering the S/2 SW/4 Section 22 and Amerada-Hess's lease covering the N/2 SW/4 Section 22. The operating agreement would cover depths below the unitized formation in the Phillips-operated Vacuum (Abo) Unit down to the base of the Morrow formation and working interests therein would be Mobil (operator) 50%, Arco 25%, Amerada-Hess 25%.

To assist you in making your decision whether to participate in this venture, the following preliminary cost data is provided:

Projected AFE Costs (\$M)

		Related				
	Drilling	Completion	Lease Equipment	Totals		
100%	_					
Tangible	188	67	63	318		
Intangible	415	93	2	510		
	603	160	65	828		
Your 25% share						
Tangible	47	16.75	15.75	79.5		
Intangible	103.75	23.25	.5	127.5		
Total	105.75	40	16.25	207		

We are currently processing the required paperwork to procure our management's approval to drill this well, and when we have the approval we will furnish you a formal AFE for your evaluation and eventual signature.

### Mobil

ARCO Oil & Gas Corporation Februray 19, 1988 Page 2

In the meantime, would you kindly let us know whether you would anticipate joining in this venture, or if not, please propose terms on which you would farmout your interest. If all parties desire to participate, I will being preparing the operating agreement and Com Agreement to drill this well. Thanking you in advance for your attention to this matter, I remain

Very truly yours,

MOBIL EXPLORATION & PRODUCING U.S. INC., as agent for MOBIL PRODUCING TEXAS & NEW MEXICO INC.

Richard G. McCann

Landman (1) (1)

RGM/kac



MIDLAND LAND DEPT.

#### April 8, 1988

Mobil Exploration and Producing U.S. Inc. ATTN: Richard G. McCann P. O. Box 633 Midland, Texas 79702

> RE: Possible Joint Operating Agreement S/2 of Section 22, T-17-S, R-35-E Lea County, New Mexico

Gentlemen:

Reference is made to your request for a joint operated Atoka-Morrow test to be drilled in the S/2 of Section 22, T-17-S, R-35-E. After careful review by our exploration and development staff Amerada Hess Corporation hereby elects not to participate in the proposed operation.

Thank you for the opportunity to review this proposal.

Sincerely,

AMERADA HESS CORPORATION

wC sen

Henry J. Hansen Senior Landman

HJH:rms(042L) Enclosure

cc: Sherry L. Spuhler

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. 9430 Existent No. 4 Submitted by Mobil	
Submitted by Hearing Date/14/88	

April 28, 1988

P.O. BOX 633 MIDLAND, TEXAS 79702

MIDLAND DIVISION

ARCO Oil & Gas Corporation P. O. Box 1610 Midland, Texas 79702

Attention: Rick Alletag

POSSIBLE JOINT OPERATING AGREEMENT C-4526, SE/4 & S/2 SW/4 SEC. 22, T-17-S, R-35-E, NMPM LEA COUNTY, NEW MEXICO

Gentlemen:

I have been notified by Amerada Hess that they do not desire to commit their acreage to our proposed 320 acre unit comprised of the S/2 Section 22, T-17-S, R-35-E, NMPM, Lea County, New Mexico for an Atoka-Morrow test.

Accordingly we ask that you revise our previous offer to reflect the fact that our proposed unit will be comprised of the SE/4 and S/2 SW/4 of Section 22, T-17-S, R-35-E, NMPM, Lea County, New Mexico, and that interests in the proposed unit will be 2/3 Mobil (operator) 1/3 ARCO. The AFE furnished for your processing remains valid - only your relative share will change.

Kindly let me know your decision in this matter before May 15, 1988, if possible.

Very truly yours,

MOBIL EXPLORATION & PRODUCING U.S. INC. as agent for MOBIL PRODUCING TEXAS & NEW MEXICO INC.

Richard G. McCann Landman (i)

RGM/kac

A:M811865A.RGM

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
Case No. 9430 Exhibit No. 5
Submitted by Mobil
Hearing Date 7/14/88

May 12, 1988

P.O. BOX 633 MIDLAND, TEXAS 79702

MIDLAND DIVISION

Amerada Hess Corporation 1201 Louisiana, Suite 700 Houston, TX 77002

Attention: Henry Hansen

POSSIBLE JOINT OPERATING AGREEMENT C-4526, S/2 SEC. 22, T-17-S, R-35-E, NMPM LEA COUNTY, NEW MEXICO

Gentlemen:

It has been reported to me that Phillips' application to drill an Morrow Test in the NW NW of Section 22 has been denied. In light of this we request that you reconsider our original proposal of February 19, 1988 (copy attached). We would appreciate your speedy reply.

Very truly yours,

MOBIL EXPLORATION & PRODUCING U.S. INC. as agent for MOBIL PRODUCING TEXAS & NEW MEXICO INC.

Richard G. McCann Landman

RGM/kac

cc: ARCO Oil & Gas Corporation P. O. Box 1618 Midland, TX 79702 Attn: Rick Alletag

A:M813265A.RGM

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico Case No. <u>9430</u> Exhibit No. <u>6</u>
Submitted by MOGil Hearing Date 7/14/88

June 22, 1988

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

TO: ADDRESS LIST

APPLICATION FOR FORCED POOLING OR NON STANDARD UNIT MOBIL PRODUCING TX. & N.M. INC. SECTION 22, T-17-S, R-35-E SHOE BAR ATOKA (SOUTH) GAS POOL LEA COUNTY, NEW MEXICO

Gentlemen:

Mobil Exploration & Producing U.S. Inc. as Agent for Mobil Producing Texas & New Mexico Inc., is asking the New Mexico Oil Conservation Division to grant an order force pooling the East half of Section 22 for the purpose of forming a 320 acre gas unit in the subject field. The NE/4 of Section 22 presently contains one Atoka gas well, operated by T. H. McElvain. As an alternate choice, we are requesting that the Division grant an order pooling the south half of Section 22 to form a 320 acre gas unit. As a third alternate choice, we are asking that the Division grant an order approving a non standard 240 acre gas unit, consisting of the southeast quarter and the south half of the southwest quarter of Section 22.

It is anticipated that these applications will be combined with other applications brought by Phillips Petroleum Company and heard by the New Mexico Oil Conservation Commissioners in a de Novo hearing to be held in Santa Fe, New Mexico, on July 14, 1988, at the State Land Office Building.

Records show that your company owns an oil and gas lease in Section 22, which could be affected by this hearing. If you have any questions regarding this matter, please contact T. L. Hill at (915) 688-2064 or the undersigned at (915) 688-1777.

Sincerely,

ME Annung

M. E. Sweeney Environmental & Regulatory Manager

Mobil Exploration & Producing U.S. Inc. as Agent for Mobil Producing Texas & New Mexico Inc.

TLHill/hjw

A:M817469A.TLH

 BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Maxico 7
Case No. 9430 Exhibit No Submitted by Mobil Hearing Date 7/14/88

P.O. BOX 633 MIDLAND, TEXAS 79702

MIDLAND DIVISION

#### ADDRESS LIST

T. H. McElvain Oil & Gas Properties P. O. Box 2148 Santa Fe, New Mexico 87504-2148

Attention: George B. Broome

Phillips Petroleum Company 4001 Penbrook Odessa, Texas 79762

Attention: W. Frank Hulse, III

Amerada Hess Corporation 1201 Louisiana - Suite 700 Houston, Texas 77002-5681

Attention: Henry Hansen

ARCO Oil & Gas Corporation P. O. Box 1610 Midland, Texas 79702

Attention: Rick Alletag

C. W. Trainer P. O. Box 755 Hobbs, New Mexico 88240

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. ■ 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. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery</u>. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(a) requested.
 1. □ Show to whom delivered, date, and addressee's address.
 2. □ Restricted Delivery t(Extra charge)t 3. Article Addressed to: 4. Article Number P-699-082-237 ARCO Oil & Gas Corporation P.O. Box 1610 Type of Service: Midland, Texas 79702 Registered Insured Certified Express Mail 🗆 сор Attn: Rick Alletag Always obtain signature of addressee or agent and DATE DELIVERED. 5. Signature - Addressee 8. Addressee's Address (ONLY if requested and fee paid) Х 6. Signature - Agent 0 X 7. Date of Delivery PS Form 3811, Mar. 1987 ± U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT 1 ÷ SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. 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. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery</u>. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.
 1. B Show to whom delivered, date, and addressee's address.
 2. Restricted Delivery t(Extra charge)† ٠ Article Addressed to: Article Number 3 4. it + Das Mopertu J35 Elvain P\_699-0 Type of Service: 7504-2148 Registered Insured Certified Express Mail Always obtain signature of addressee Un Blog B. room or agent and DATE DELIVERED. Signature - Addressee 8. Addressee's Address (ONLY if 5. requested and fee paid) Х 6. Signature - Agent 2 heres 7. Date of Delivery 6/27 189 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. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery</u>. For additional fees the following services are available. Consult postmaster for fees and check box(eff) for additional service(s) requested.
 1. □ Show to whom delivered, date, and addressee's address.
 2. □ Restricted Delivery f(*Extra charge*)<sup>↑</sup> 4. Articly Number 3. Article Addressed to: -233 IgC W rai Type of Service: Insured Registered Certified Express Mail Always obtain signature of addressee or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if 5. Signature - Addressee requested and fee paid) X Agent 6. Şîgnature X Date of Delivery DOMESTIC RETURN RECEIPT 1 + U.S.G.P.O. 1987-178-268 PS Form 3811, Mar. 1987 ę. 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. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery</u>. 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 f(Extra charge)† and 4. 3. Article Addressed to: 4. Article Number P-699-082-236 Phillips Petroleum Company Type of Service: 4001 Penbrook Registered Odessa, Texas 79762 Certified Express Mail Attn: W. Frank Hulse, III Always obtain signature of addressee or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if 5. Signature - Addressee requested and fee paid) X 6. Signature - Agent an Dat Délivery 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 evaluable. Consult postmaster for fees and check box(ee) for additional service(s) requested. 1. Show to whom delivered, date, and addresse's address. 2. D Restricted Delivery †(Extra charge)† Article Addressed to: 4. Anticle Numbe da 61 Type of Service: 🗋 Registered 🗖 Insured Certified Express Mail 002-5681 Always obtain signature of addressee or agent and DATE DELIVERED. 5. Signature - Addresse 8. Addressee's Address (ONLY if requested and fee paid) Х 6. Signature Х 7. Date of Delivery G. M. McAfee JUN 27 1988 PS Form 3811, Mar. 1987 + U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT 4