

PHILLIPS
H.B.P.
B-2264

T.H. McELVAIN, etal
H.B.P.
V-1520

Proctor
1-AC
*

22

AMERADA HESS
H.B.P.
B-1040

MOBIL
H.B.P.
B-2735

MOBIL
H.B.P.
B-2735

ARCO
H.B.P.
B-1585

MOBIL
H.B.P.
B-2735

- ☐ PHILLIPS
- ☐ T.H. McELVAIN
- ☐ AMERADA HESS
- ☐ ARCO
- ☐ MOBIL

Leasehold rights and wells below base ABO only.

Mobil Producing
Texas & New Mexico Inc.
Midland Division

SHOE BAR, SOUTH
(ATOKA) GAS POOL
SEC. 22 T-17-S R-35-E NMPM
LEA COUNTY, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. 9430 Exhibit No. 1
Submitted by Mobil
Hearing Date JULY 14, 1988

Mobil Exploration & Producing U.S. Inc.

June 23, 1988

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

P.O. BOX 633
MIDLAND, TEXAS 79702

MIDLAND DIVISION

Attention: George B. Broome

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

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. <u>9430</u>	Exhibit No. <u>2</u>
Submitted by <u>Mobil</u>	
Hearing Date <u>7/14/88</u>	

Mobil

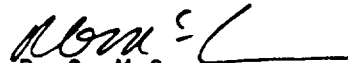
T. H. McElvain Oil & Gas Properties
C. W. Trainer
June 23, 1988
Page Two

- 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.


R. G. McCann
Landman

ACCEPTED and AGREED to
this _____ day of July, 1988.

T.H. MCELVAIN OIL & GAS PROPERTIES

By: _____

Title: _____

C. W. Trainer

RGM/dsw

Mobil Exploration & Producing U.S. Inc.

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)

	Drilling	Completion	Related Lease Equipment	Totals
100%				
Tangible	188	67	63	318
Intangible	<u>415</u>	<u>93</u>	<u>2</u>	<u>510</u>
	603	160	65	828
Your 25% share				
Tangible	47	16.75	15.75	79.5
Intangible	<u>103.75</u>	<u>23.25</u>	<u>.5</u>	<u>127.5</u>
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

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 9430 Exhibit No. 3
Submitted by Mobil
Hearing Date 7/14/88


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 be 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 *WJH*

RGM/kac

Mobil Exploration & Producing U.S. Inc.

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)

	Drilling	Completion	Related Lease Equipment	Totals
100%				
Tangible	188	67	63	318
Intangible	<u>415</u>	<u>93</u>	<u>2</u>	<u>510</u>
	603	160	65	828
Your 25% share				
Tangible	47	16.75	15.75	79.5
Intangible	<u>103.75</u>	<u>23.25</u>	<u>.5</u>	<u>127.5</u>
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

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 be 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 *R.G.*

RGM/kac

AMERADA HESS CORPORATION

RECEIVED

1201 LOUISIANA AVE. SUITE 700
HOUSTON, TEXAS 77002-5681
713-658-9770

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

Henry J. Hansen

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 Exhibit No. 4
Submitted by Mobil
Hearing Date 7/14/88

Mobil Exploration & Producing U.S. Inc.

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

RGM/kac

A:M811865A.RGM

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

Mobil Exploration & Producing U.S. Inc.

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 <u>Mobil</u>	
Hearing Date <u>7/14/88</u>	

Mobil Exploration & Producing U.S. Inc.

June 22, 1988

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

P.O. BOX 633
MIDLAND, TEXAS 79702

MIDLAND DIVISION

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,



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 Mexico	
Case No. <u>9430</u>	Exhibit No. <u>7</u>
Submitted by <u>Mobil</u>	
Hearing Date <u>7/14/88</u>	

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.
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)↑ ↑(Extra charge)↑

3. Article Addressed to: ARCO Oil & Gas Corporation P.O. Box 1610 Midland, Texas 79702 Attn: Rick Alletag	4. Article Number P-699-082-237 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent <i>[Signature]</i>	
7. Date of Delivery 6-24-88	

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)↑ ↑(Extra charge)↑

3. Article Addressed to: <i>J.H. McElvain Oil & Gas Properties</i> <i>P.O. Box 2148</i> <i>Santa Fe, N.M. 87504-2148</i> <i>Attn: George B. Broome</i>	4. Article Number <i>A-699-082-235</i> Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>Theresa H. Hickey</i>	
7. Date of Delivery 6/27/88	

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: <i>C.W. Lianer P.O. Box 755 Hobbs, N.M. 88240</i>	4. Article Number <i>P-699-082-233</i>
5. Signature — Addressee <i>X</i>	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
6. Signature — Agent <i>X Colleen Demany</i>	Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery <i>6-24-89</i>	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: <i>Phillips Petroleum Company 4001 Penbrook Odessa, Texas 79762 Attn: W. Frank Hulse, III</i>	4. Article Number <i>P-699-082-236</i>
5. Signature — Addressee <i>X</i>	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
6. Signature — Agent <i>X Uplanda Salvan</i>	Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery <i>6-24-88</i>	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: <i>Amerada Hess Corp. 1201 Louisiana St 700 Houston, TX 77002-5681</i>	4. Article Number <i>P-699-082-234</i>
5. Signature — Addressee <i>X [Signature]</i>	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
6. Signature — Agent <i>X</i>	Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery <i>JUN 27 1988</i>	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**