

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

October 5, 1938

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
1505-827-5300

Mr. Chad Dickerson
Dickerson, Fisk & Vandiver
Attorneys at Law
Seventh and Mahone, Suite E
Artesia, New Mexico 88210

Re: CASE NO. 9479 and 9455
ORDER NO. R-8748

Applicant:

TXO Production Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD _____ **x**
Artesia OCD _____ **x**
Aztec OCD _____

Other _____

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701

October 4, 1988

Catanach
JL

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: TXO-Norris "B" #1
N.M.O.C.D.
Case #'s: 9479 & 9455
Order #: R-8748
Lea County, New Mexico

Gentlemen:

Pursuant to the referenced order issued September 28, 1988, attached please find an Authority for Expenditure which itemizes the estimated well costs. This instrument has been provided to all working interest owners in the proration unit.

Very truly yours,

John P. Gilbert
John P. Gilbert
District Landman

JPG/ph

Attachment

AUTHORITY FOR EXPENDITURE
DRILLING WELL — TXO AND OUTSIDE OPERATED

Date 8-10-88

DISTRICT West Texas WELL NAME Norris "B" WELL NO. #1
 OPERATED BY TXO Production Corp. Sec 13 LOCATION T17S R37E, 1310 FSL 660 FE DEPTH 11900'
 FIELD Strawn (atoka) COUNTY Lea STATE New Mexico
 PREPARED BY Gary Travis SUBMITTED BY _____ DALLAS DISTRICT _____

EXPENDITURE DESCRIPTION	QUANTITY	DESCRIPTION	EST. COST
DRILLING	4700'	8 5/8" 24# & 28# K-55 & S-80	
Surface & Intermediate Casing	400'	11 3/4" H-40 ST&C inspec/trkg	66000
Casinghead		csghd, spool, slips, assmy test	7000
Location Work		cellar, svy, stake, loc, roads, dmgs	25000
Footage/Turnkey Drilling	11900'	approx \$13.60/ft	161,840
Daywork Drilling	2 Days	\$3,850/Day	7700
Rig Support		rat & mouse hole & cond pipe	3000
Bits			
Supervision	38 Days	professional services	13350
Drilling Overhead			6000
Mud & Chemicals		mud, chem, water, trucking	26000
Cementing Services & Supplies	500/1700sx	cmtg, centr, float, equip, supplies	22000
Testing & Logging		OH logs, mud logger, temp log	22000
Rentals		btm hole tools & IBS, BOP frklft, spools, mdclener	15000
Other IDC		csg crew, pit lining, welder	5000
Other Equipment		labor & trucking	5000
Legal		permits & legal	5000
Non-Operated Intangible Drilling		tax	5000
TOTAL DRILLING			394890
COMPLETION			
Production Casing	11900'	5 1/2" 17#, LT & C csg	115500
Tubing	11850'	2 7/8" 6.5# N-80 EUE, inspec/trkg	53700
Wellhead Equipment		fittings, upper run, slips, spool, vlvs	12000
Subsurface Equipment		subs, pkr, SN	4000
Supervision	6 Days	professional services	1800
Mud & Chemicals		KCL wtr, chem & trkg	1200
Testing, Logging & Perforating		temp log, GR/CCL, perforating	4200
Stimulation	4250 gal	acid job, spot & ballout	5200
Completion Overhead			
Rentals		BOP, forklift, TT, pkr, racks, ect	3000
Service Rig	5 Days	workover unit, crew, swb cups, OSF	6000
Cementing Services & Supplies	600 sx	cmt, centr, floats & supplies	10000
Other Completion IDC		wldr, csg crew, trkg, fence, anchr, labr, cleanup	10000
Non-Operated Intangible Completion		tax	13900
TOTAL COMPLETION			240500
PRODUCTION EQUIPMENT			
Pumping Unit/Submersible Pump			
Engine & Motor			
Rods			
Flow Lines		line pipe, valves & fittings	11000
Meters		meter & meter run, welder	3000
Installation/Overhead		labor & trucking	12000
Storage		2/400 BBL, 1 FG wtr tank, roll line	16000
Separation & Treating		HT, pad & dump valves	18000
Other Equipment		coating, supplies, circ pmp	2500
TOTAL PRODUCTION EQUIPMENT			
TOTAL			697890

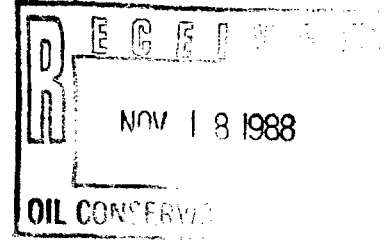
OWNER'S NAME AND ADDRESS (New Addresses Only)	BILLING INTEREST (7 Decimals)	DATE APPROVED	APPROVED: (this space for approval only)
TXO Production Corp.	.5446250		
Louisiana Land & Exploration	.1802525		
A. H. 1980 Program, Inc.	.1612788		
David Petroleum Corp.	.04269150		
Colin R. McMillan	.03557617		
Nadine Prideaux Loveless Smith	.01323433		
Fred J. Schlicher	.0091075		
Carolyn Loveless Schlicher	.0066171		
Lucinda Loveless Herschenhorn	.0066171		

*Interest may vary slightly pending title examination

Company No. _____ AFE Type No. _____
 AFE No. _____ Property No. _____
 Acq. Name/Code: _____

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

November 15, 1988 *jc*



Catanach

Cases 9479 and 9455

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

Re: NMOCD - Order #R-8748
Lea County, New Mexico

Gentlemen:

Under letter dated October 4, 1988, I provided you with an Authority for Expenditure for the TXO Production Corp. Norris "B" #1 well. This was done in compliance with Order #R-8748. TXO Production Corp. has recently revised its AFE and attached please find a copy of such. Please destroy the AFE dated August 10, 1988.

Very truly yours,

John P. Gilbert
John P. Gilbert
District Landman

JPG/sf
Enclosure

AUTHORITY FOR EXPENDITURE
DRILLING WELL — TXO AND OUTSIDE OPERATED

Date November 10, 1988

DISTRICT West Texas WELL NAME Norris "B" WELL NO. 1
 OPERATED BY TXO Production Corp. LOCATION 1310' ESL, 660' FEL, Sec. 13, T-17S, R-37E DEPTH 11,900'
 FIELD Strawn (Atoka) COUNTY Lea STATE New Mexico
 PREPARED BY Tim Goudeau SUBMITTED BY _____ DALLAS DISTRICT _____

EXPENDITURE DESCRIPTION	QUANTITY	DESCRIPTION	EST. COST
DRILLING	4800'	8-5/8" 24# & 28# K-55 & S-80	
Surface & Intermediate Casing	450'	11-3/4" H-40 ST&C/trkg/frklft/taxes	84,000
Casinghead		csghd, spool, slips, assmy test	7,000
Location Work		cellar, stake loc, roads, damages	18,000
Footage/Turnkey Drilling	11900'	\$15.25/ft	181,500
Daywork Drilling	4 days	3850/day	15,400
Rig Support			
Bits			
Supervision	38 days	professional services	19,000
Drilling Overhead			8,000
Mud & Chemicals		mud, chemicals, water, trucking	37,000
Cementing Services & Supplies	500/1700sxs	cmtq, centr, float, equip., supplies	22,000
Testing & Logging		dir svys, OH logs, mud logger, temp survey	25,000
Rentals		monel DC, steering tool, btm hole tools/OBS, spools, mdclnr	21,000
Other IDC		csg, crew, pit lining, welder, plg'g	16,000
Other Equipment		labor & trucking	5,000
Legal		abstracts, title, legal pooling hearing	22,000
Non-Operated Intangible Drilling			
TOTAL DRILLING			480,900
COMPLETION			
Production Casing	11900'	5 1/2" 17# N-80 LT&C csg/trkg/frklft	130,000
Tubing	11750'	2-7/8" 6.5# N-80EUE/trkg/frklft	62,000
Wellhead Equipment		fittings, upper run, slips, spool, vlv	12,000
Subsurface Equipment		subs, pkr. SN	4,000
Supervision	19 days	professional services/compl/instll	9,500
Mud & Chemicals		KCL wtr, chemicals/treating	1,200
Testing, Logging & Perforating		temp log, GR/CCL, perforating	6,000
Stimulation	4250 gal	acid job, spot & ballout	7,000
Completion Overhead			3,500
Rentals		BOP, TT, pkr, racks, etc.	3,000
Service Rig	7 days	workover unit, crew, swb cups, OSF	10,000
Cementing Services & Supplies	600 sxs	cmt, centr, floats & supplies	12,000
Other Completion IDC		welder, csg, crew, trkg, fence, anchors, labor, cleanup	10,000
Non-Operated Intangible Completion			
TOTAL COMPLETION			270,200
PRODUCTION EQUIPMENT			
Pumping Unit/Submersible Pump			
Engine & Motor			
Rods			
Flow Lines		line pipe, valves & fittings	11,000
Meters		meter & meter run, welder	6,000
Installation/Overhead		construction overhead, electricity	17,000
Storage		2/400 bbl, 1 FG wtr tank, roll Ln	10,000
Separation & Treating Battery Instll, VRU		HT, pad/dump vlvs, lact unit, separator	48,000
Other Equipment		coating, supplies, circ pump	4,000
TOTAL PRODUCTION EQUIPMENT			96,000
TOTAL			847,100

OWNER'S NAME AND ADDRESS
(New Addresses Only)

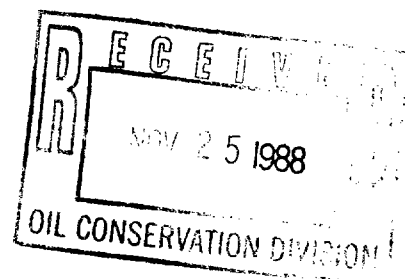
BILLING INTEREST
(7 Decimals)

DATE APPROVED

APPROVED: (this space for approval only)

Company No. _____ AFE Type No. _____
 AFE No. _____ Property No. _____
 Acq. Name/Code: _____

November 22, 1988



Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. David R. Catanach

Mr. W. J. Kenney

Re: Order No. R-8748
Case Nos. 9479 and 9455
Norris "B" No. 1 Well
Township 17 South, Range 37 East, NMPM
Section 13: E/2 SE/4
Lea County, New Mexico

Gentlemen:

Order No. R-8748, entered September 28, 1988, requires the commencement of the subject well on or before January 1, 1989. TXO Production Corp. will be unable to commence the well until the early part of 1989, and respectfully requests that the Division extend the time to do so under the referenced Order until April 1, 1989.

Your early attention to this request will be appreciated.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

A handwritten signature in cursive script that reads "Chad Dickerson".

Chad Dickerson

CD:pvw

cc: Mr. John P. Gilbert

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

November 29, 1988

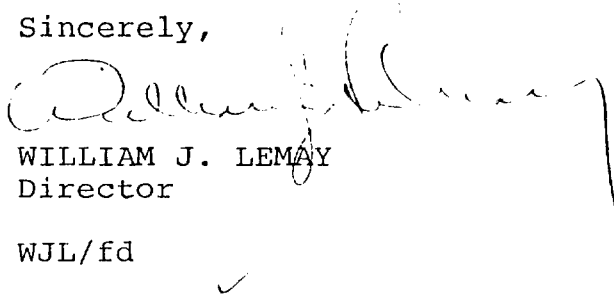
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. Chad Dickerson
Dickerson, Fisk & Vandiver
Attorneys at Law
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Dear Mr. Dickerson:

Based upon your letter of November 22, 1988, and in accordance with the provisions of Division Order No. R-8748, TXO Production Corp. is hereby granted an extension of time in which to begin the well on the unit pooled by said order until March 1, 1989.

Sincerely,

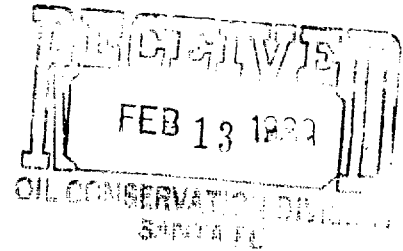

WILLIAM J. LEMAY
Director

WJL/fd

cc: Cases 9479 and 9455
Jerry Sexton

February 10, 1989

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504



Attention: Mr. David R. Catanach

Re: Order No. R-8748
Case Nos. 9479 and 9455
Norris "B" No. 1 Well
Township 17 South, Range 37 East, NMPM
Section 13: E/2 SE/4
Lea County, New Mexico

Gentlemen:

Order No. R-8748, entered September 28, 1988, required the commencement of the captioned well on or before January 1, 1989. By letter dated November 29, 1988, the Division granted an extension of time until March 1, 1989, in which to begin the well. TXO Production Corp. believes it will be able to spud the well within 60 days from March 1, 1989, and respectfully requests an extension of time until May 1, 1989, in which to commence such well.

Your early attention to this request will be appreciated.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER


Chad Dickerson

CD:pvw

cc: Mr. John P. Gilbert



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

February 17, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

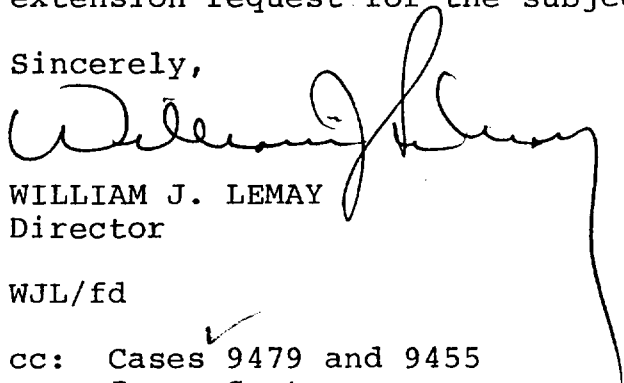
Mr. Chad Dickerson
Dickerson, Fisk & Vandiver
Attorneys at Law
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Dear Mr. Dickerson:

Based upon your letter of February 10, 1989, and your phone conversation with David Catanach of this office on February 17, 1989, and in accordance with the provisions of Division Order No. R-8748, TXO Production Corp. is hereby granted an extension of time in which to begin the well on the unit pooled by said order until April 15, 1989.

It is my understanding that this will be the last extension request for the subject well.

Sincerely,


WILLIAM J. LEMAY
Director

WJL/fd

cc: Cases 9479 and 9455
Jerry Sexton

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

April 21, 1989

RECEIVED

APR 27 1989

OIL CONSERVATION DIV.
SANTA FE

De

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

Attn: David R. Catanach

Re: Order No. R-8748
Case Nos. 9479 and 9455
Norris "B" No. 1 Well
E/2 SE/4 Section 13,
T-17-S, R-37-E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

It is with great disappointment to inform you that TXO Production Corp. was unsuccessful in its efforts to find an industry partner to help bear the risk in drilling the captioned well. Due to the termination of the referenced order and other various support agreements, the deal has been dropped.

Thank you for your cooperation and continued support.

Very truly yours,

John P. Gilbert
John P. Gilbert
District Landman

JPG/sf

cc: Howard Kemp-TXO

Chad Dickerson
Dickerson, Fisk & Vandiver
Seventh & Mahone, Suite E
Artesia, NM 88210