

November 20, 1985

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

Case 8784

Re: Township 18 South, Range 38 East, NMPM
Section 14: NW/4 NE/4
Lea County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of TXO Production Corp. for Compulsory Pooling, Lea County, New Mexico.

We ask that this matter be set for hearing before an Examiner, and that we be furnished with a docket of said hearing.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER


Chad Dickerson

CD:pvm
Enclosures

cc w/enclosure: Mr. Vance Hodge

December 5, 1985

M.S. ✓
~~CASE 8784~~
CASE 8784
Cont 1/9/88

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

Re: Taylor "N" No. 1 Well
Township 18 South, Range 38 East, NMPM
Section 14: NW/4 NE/4
Lea County, New Mexico

Gentlemen:

Please continue the captioned case on the Application of TKO Production Corp. for Compulsory Pooling, Lea County, New Mexico, which was sent to your office for filing on November 20, 1985, and which we believe is set for the Examiner Hearing of December 18, 1985.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvm

cc: Mr. David Hundley

December 26, 1985

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

Re: Case No. 8784
Taylor "N" No. 1 Well
Township 18 South, Range 38 East, NMPM
Section 14: NW/4 NE/4
Lea County, New Mexico

Gentlemen:

Please continue the captioned case on the Application of TKO Production Corp. for Compulsory Pooling, Lea County, New Mexico, set for the Examiner Hearing of January 9, 1986, until the Examiner Hearing of January 22, 1986.

Thank you.

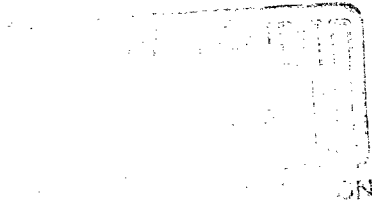
Sincerely yours,

DICKERSON, FISK & VANDIVER


Chad Dickerson

CD:pvm

cc: Mr. Jeff Bourgeois
Mr. William F. Carr



January 14, 1986

M.S.

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

Re: Case No. 8784
Taylor "N" No. 1 Well
Township 18 South, Range 38 East, NMPM
Section 14: NW/4 NE/4
Lea County, New Mexico

Gentlemen:

Please continue the captioned case on the Application of TXO Production Corp. for Compulsory Pooling, Lea County, New Mexico, set for the Examiner Hearing of January 22, 1986, until the Examiner Hearing of February 5, 1986.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

Chad Dickerson
Chad Dickerson

CD:pvm

cc: Mr. W. Thomas Kellahin



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONY ANAYA
 GOVERNOR

March 10, 1986

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-5800

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

Re: CASE NO. 3784
 ORDER NO. R-3177

Applicant:
TXO Production Corp.

Dear Sir:

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

Sincerely,

R. L. STAMETS
 Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other Thomas Kellahin

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

March 17, 1986

[Faint stamp]

MAR 20 1986

Cities Service Oil & Gas Corporation
P. O. Box 1919
Midland, TX 79702

Attn: Mr. Danny Kidwell

Re: Oil Conservation Division
Case #8784 *M.S.*
Order #R-8177
Taylor "N" #1 Well
T-18-S, R-38-E
Section 14: NW/4 NE/4
Lea County, New Mexico

Gentlemen:

Enclosed please find the following:

1. Copy of the Order of the Division in the above referenced case.
2. Copy of TXO's Authority for Expenditure for the drilling of the Taylor "N" #1 well.

In accordance with the Order of the Division in Case #8784, TXO Production Corp. is hereby offering you the right to participate in the drilling of this well in lieu of paying your share of reasonable well costs out of production. Should you elect not to pay your share of reasonable well costs, please be advised that any unsevered mineral interest shall be considered a 7/8 working interest and a 1/8 royalty interest for the purpose of allocating costs and charges under the terms set out in Order #R-8177.

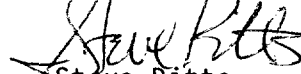
Therefore, if within 30 days from the receipt of the enclosed AFE, you have not paid your proportionate share of estimated well costs, TXO will account for your interest as being pooled by the Order of the Division, Order #R-8177 and your interest shall be subject to all the terms and provisions contained in said order.

Also enclosed is an extra copy of the Order of the Division, Order #R-8177, for your review.

Cities Service Oil & Gas Corporation
March 17, 1986
Page Two

Should you have any questions or like to discuss this matter further, please do not hesitate to contact me. Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in cursive script that reads "Steve Pitts".

Steve Pitts
Landman

SP/sf

cc: State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 81501
Attn: Mr. R. L. Stamets

AUTHORITY FOR EXPENDITURE
DRILLING WELL — TXO AND OUTSIDE OPERATED

Date 12-12-85

DISTRICT West Texas WELL NAME Taylor "N" WELL NO. 1
 OPERATED BY TXO LOCATION 660' FNL & 1980' FEL, Sec 14, T-18-S, R-38-E DEPTH 4200'
 FIELD Bishop Canyon (Queen) COUNTY Lea STATE NM
 PREPARED BY Randy Cate SUBMITTED BY Randy Cate DALLAS DISTRICT

EXPENDITURE DESCRIPTION	QUANTITY	DESCRIPTION	EST. COST
DRILLING			
Surface & Intermediate Casing		350' 8 5/8"	4,200
Casinghead			4,000
Location Work		dirt work, damages, staking	15,000
Footage/Turnkey Drilling		4200' @ \$9.50/ft	39,900
Daywork Drilling		1 day @ \$4200/day	4,200
Rig Support			
Bits			
Supervision	10 days	\$250/day	2,500
Drilling Overhead			
Mud & Chemicals & wtr			6,500
Cementing Services & Supplies			5,000
Testing & Logging			8,000
Rentals			5,000
Other IDC		csg crew, trucking, etc.	6,000
Other Equipment			5,000
Legal			1,000
Non-Operated Intangible Drilling			
TOTAL DRILLING			106,300
COMPLETION			
Production Casing	4200'	4 1/2" 10.5# ST&C	19,600
Tubing	4200'	2 3/8" J-55	9,900
Wellhead Equipment			3,000
Subsurface Equipment			4,000
Supervision	10 days	\$250/day	2,500
Mud & Chemicals & wtr			2,000
Testing, Logging & Perforating		correlation log, temp svv, perf	6,500
Stimulation		acid & sand frac	26,000
Completion Overhead			
Rentals			5,000
Service Rig	10 days	\$1400/day	14,000
Cementing Services & Supplies			8,000
Other Completion IDC		csg crew, trucking, etc	5,000
Non-Operated Intangible Completion			
TOTAL COMPLETION			105,500
PRODUCTION EQUIPMENT			
Pumping Unit/Submersible Pump		160 pmp unit	21,000
Engine & Motor		gas engine	6,000
Rods			6,200
Flow Lines			2,000
Meters			5,000
Installation/Overhead			3,000
Storage		2-210 oil, 1-210 wtr	7,500
Separation & Treating		separator & HT	8,000
Other Equipment			5,000
TOTAL PRODUCTION EQUIPMENT			63,700
TOTAL			275,500

OWNER'S NAME AND ADDRESS (New Addresses Only) Cities Service Oil & Gas Corporation	BILLING INTEREST (7 Decimals) .1666667	DATE APPROVED _____	APPROVED: (this space for approval only) CITIES SERVICE OIL & GAS CORPORATION By: _____ Title: _____
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Company No. _____ AFE Type No. _____
 AFE No. _____ Property No. _____
 Acq. Name/Code: _____