

2nd letter to
M. P. Grace

March 17, 1976

Michael P. Grace
P.O. Box 1418
Carlsbad, NM 88220

Re: Avalon Prospect
Belco #1 Douglass
E/2, Section 7, T22S, R27E
Eddy County, New Mexico

Dear Mr. Grace:

On February 24, 1976, Belco Petroleum Corporation wrote you, along with others, proposing to drill an 11,600 ft. Morrow test to be located approximately 2,310 ft. FNL and 660 ft. FEL, Section 7, T22S, R27E, Eddy County, New Mexico.

We proposed a proration unit covering the E/2 of Section 7, T22S, R27E. According to our records, as Belco proposed previously, the ownership and percentages within this unit will be as follows:

<u>Company</u>	<u>Acreage</u>	<u>Percentage</u>
Belco Petroleum Corp.	235.4497 232.5992	74.2197 73.3255
Michael P. Grace	40.7799	12.8548
Beren Corporation	26.1611 25.8443	8.2466 8.1473
Leonard T. May	8.9000	2.8055
Cities Service	2.4928	.7858
So. Union Gas Supply	.0920 → joined with Belco since this letter	.0290
R. C. Bennett	1.2647	.3987
Unleased	2.0934 5.3337 → leased to Belco since this letter	.6599 1.6814
Total	<u>317.2336</u>	<u>100.0000</u>

We estimate the cost of the completed well to be approximately \$550,000. An AFE will be furnished you as soon as one is available, if you desire to join. We would, of course, be pleased to consider a farmout of your interest.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Belco EXHIBIT NO. 6
CASE NO. 5666