

CASE 7333: COQUINA OIL CORPORATION FOR
COMPULSORY POOLING, EDDY COUNTY, NEW
MEXICO

Case No.

7333

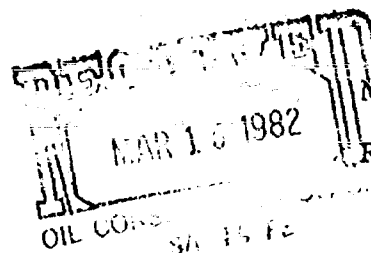
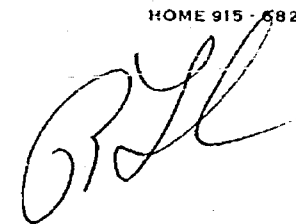
Application

Transcripts.

Small Exhibits

E T C

BILL SELTZER
514 PETROLEUM BUILDING
MIDLAND, TEXAS 79701



March 11, 1982

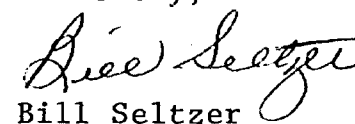
Re: Oil Conservation Division
Case #7333
Order No. R-6777
Compulsory Pooling
Eddy County, New Mexico
Coquina #1 Marra
N/2 of Section 14,
T-24-S, R-28-E
Townsite of Malaga

Mr. Joe D. Ramey, Director
Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Pursuant to the above Case #7333, Order No. R-6777, enclosed please find a list of mineral owners that we were unable to locate and are considered compulsory pooled under the above well.

Sincerely,


Bill Seltzer

BS/kp
Enclosure

cc: Ann Robey
Coquina Oil Co.
P.O. Drawer 2960
Midland, Texas 79702

MALAGA PROSPECT
EDDY COUNTY, NEW MEXICO

COMPULSORY POOLING

March 11, 1982

OWNER	DESCRIPTION	ACRES
Elizabeth C. Bachman Rt. 3, Box 39 Golden, Colorado	Block 55 Lot 4	.2066
Lena Dunn Estate c/o Laura D. Spengel 7104 Lolanda Street Reseda, Ca. 91335	Block 89 Lot 5	.2066
Jean Biddle McCoid c/o McCoid and McCoid 202 N. Jefferson St. Mt. Pleasant, Iowa	Block 108 Lot 8	.3719
R.Z. Galloway 404 Glendale Carlsbad, N.M. 88220	Block 109 Lot 9	.3719
Winifred McNama Drake 2690 West 2nd Avenue Hialeah, Florida 33010	Block 115 Lot 4	.0105578
Ruth Sperling Brattain Paisley, Oregon 97636	Block 115 Lot 4	.0105578
Mrs. Jack (Leona) McNama Executrix of Jack McNama Estate 2638 North 41st Ave. #7 Phoenix, Arizona 85026	Block 115 Lot 4	.0105578



STATE OF NEW MEXICO

POST OFFICE BOX 2089
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

September 25, 1981

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton,
Coffield & Hensley
Attorneys at Law
Post Office Box 3580
Midland, Texas 79702

Re: CASE NO. 7333
ORDER NO. 8-6777

Applicant:

~~Coquina Oil Corporation~~

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

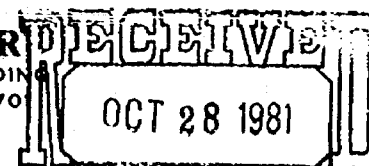
JDR/fd

Copy of order also sent to:

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

Other

BILL SELTZER
514 PETROLEUM BUILDING
MIDLAND, TEXAS 79701



OIL CONSERVATION DIVISION

October 26, 1981

Re: Case No. 7333
Order No. R-6777
Compulsory Pooling
Eddy County, New Mexico
Coquina #1 Marra
N/2 of Section 14,
T-24-S, R-28-E

Stamets
BS

State of New Mexico
Energy and Mineral Department
Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Pursuant to the above order of the Division, I am
enclosing the following:

1. Amended AFE dated 10/19/81.
2. Copy of my letters forwarded this date by certified
mail to all non-consenting and unknown owners.

Sincerely,

Bill Seltzer
Bill Seltzer

BS/kp
Enclosures

cc: Mr. Don Thompson
Coquina Oil Co.
P.O. Drawer 2960
Midland, Texas 79702

WELL NAME: Marra #1COUNTY: Eddy STATE: NMLOCATION: 1980' FWL & 660' FNL, Sec. 14, T24S, R28EPROPOSED DEPTH: _____ FORMATION: MorrowDATE: _____ PROSPECT: MalagaAMENDED: 1. 10/19/81 2. _____ 3. _____

Co.	Property Identification					AFE Number
	State	Prospect	Lease	Well		

The following is an estimate only and it is understood and agreed that this AFE shall be your authority to drill said well and incur such expenses as are necessary, whether the cost is more or less than the following sum. Blow-out Insurance, if elected, is not included in this estimate.

		FEA. CODE	DRY HOLE	COMPLETED WELL
I. EQUIPMENT (a/c 141-02)				
1. Cattleguards & Road Eqp't.		11	500	500
2. Casing				
Conductor	20 " 400' @ \$56.25	18	26,500	26,500
Surface	13-3/8' 2600' @ \$35.65	20	92,700	92,700
Interm.	9-5/8' 9850' @ \$42.06	22	414,300	414,300
Prod.	5 " 1050' @ \$	24		31,100
Liner	7-5/8' 2500' @ \$59.12	26	147,800	147,800
3. Tubing	2-7/8' 12500' @ \$7.00	28		87,500
4. Wellhead		35	5,000	60,000
5. Cementing Equipment; Float, Centralizers, etc.		42	11,000	17,000
6. Pumping Equipment				
Pumping Unit		49		
Prime Mover		51		
Rods		53		
Bottom Hole Pump		55		
Surface Pumping Equipment		57		
7. Oil Tanks		64		9,000
8. SWD Tanks		66		2,000
9. Heaters & Separators		73		18,000
10. Flowlines & Battery Connections		80		3,000
11. Electrical Facilities		84		
12. Fencing		87	500	1,000
13. Chemical Pump		89		1,000
14. Non Controllable Equipment		91		2,000
15. Packers, Sleeves, PBR's, Lnr. Hangers		93	15,000	45,000
16. Miscellaneous Surface Equipment		95		5,000
TOTAL TANGIBLE COST			\$713,300	\$963,400
II. INTANGIBLE COSTS (a/c 141-03)				
1. Surveying		12	500	500
2. Dirt Work-Roads, Location, Pits		14	21,000	23,000
Location Restoration		15	5,000	5,000
3. Surface Damages		16	6,000	6,000
4. Drilling				
Footage: _____ ft. @ _____		23		
Daywork: <u>124/127 days @ 6800</u>		25	843,200	863,600
Turnkey		27		
Mobilization (MI, RU, RD, MO)		29	50,000	50,000
5. Bits & Reamers		37	95,000	100,000

II. INTANGIBLE COSTS (cont'd.)

	FEA. CODE	DRY HOLE	COMPLETED WELL
6. Fuel	44	110,000	115,000
7. Water	45	25,000	30,000
8. Drilling Mud & Chemicals	47	242,500	242,500
9. Cementing Services			
Conductor	50		
Surface	52	4,000	4,000
Intermediate	54	11,300	11,300
Liner	56	47,000	47,000
Production	58		10,000
Squeezing	59	18,000	23,000
10. Drill Stem Tests <u>2</u> @ <u>2700</u>	65	5,400	5,400
11. Coring & Core Analysis	67		
12. Mud Logging	68	30,000	30,000
13. Open Hole Logging	69	72,000	72,000
14. Cased Hole Logs & Temp. Surveys	71	1,000	5,000
15. Wire Line Services	73		
16. Perforating	74		6,000
17. Stimulation - Acid	76		20,000
Frac	77		20,000
Frac Oil	78		
18. Pulling Unit Costs	79		20,000
19. Casing Crews	80	22,000	26,000
20. Tool and Equipment Rental	81	120,000	140,000
21. Environmental Expense	82		
22. P & A Costs	83	8,000	
23. Trucking	85	31,500	35,000
24. Welding	88	5,000	6,000
25. Technical Personnel	91	4,000	5,000
26. Foreman - First Level Supervision	92	24,800	25,400
27. Labor	93	7,500	12,500
28. Administrative Overhead	94	10,000	11,900
29. Inspection Services; BOP Tests	95	30,000	30,000
Contingencies <u>10</u> %	97	185,000	200,600
TOTAL INTANGIBLE COST		\$2,034,700	\$2,207,700

TOTAL AFE COST

\$2,748,000

\$3,171,100

Prepared by: BHP
 Approved by: [Signature]

Company: _____

Executed by: [Signature]

Date: _____

Participant hereby elects to join ()
 reject ()
 coverage under Coquina Oil Corporation's
 Package Oil Policy insurance. (SEE
 ATTACHED DETAILS.)

Accepted and Agreed to:
 Joint Interest
 Owner _____

Executed by: _____

Date: _____

BILL SELTZER
514 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

October 26, 1981

Re: Oil Conservation Division
Case #7333
Order No. R-6777
Compulsory Pooling
Eddy County, New Mexico
Coquina #1 Marra
NW/4 of Section 14,
T-24-S, R-28-E
Townsite of Malaga

To All Unleased Owners

Ladies and Gentlemen:

We are enclosing herewith the following:

1. Copy of the Order No. R-6777.
2. Authority For Expenditure dated 10/19/81 (AFE), for the drilling of a Morrow Test located 1980 FWL and 660 FNL, of Section 14, T-24-S, R-28-E, Eddy County, New Mexico.
3. Well Status - Coquina #1 Marra
Spudded: 5/8/81
Drill to Total Depth: 12,880', lime and shale (Morrow Formation)
Set pipe to 12,879'.
Preparing to perforate Morrow Formation and attempt completion.
4. According to Order No. R-6777, this is official notice to any non-consenting party to join in paying his share of estimated well cost.

In the event you desire to lease your mineral interest, we will pay you \$100.00 per acre for a one year Paid Up Lease, 3/16th royalty.

Sincerely,

Bill Seltzer
Bill Seltzer

BS/kp
Enclosures

cc: Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Mr. Don Thompson
Coquina Oil Co.
P.O. Drawer 2960
Midland, Texas 79702

MALAGA PROSPECT
EDDY COUNTY, NEW MEXICO

October 26, 1981

OWNER	DESCRIPTION	ACRES
*GEORGE A. HUFFER c/o Carmen E. Huffer 3036 Dauphine Street New Orleans, La. 70017	Block 51 Lot 14	.3719
ELIZABETH C. BACHMAN Rt. 3, Box 39 Golden, Colorado 80401	Block 55 Lot 4	.2066
LENA DUNN ESTATE c/o Laura D. Spengel 7104 Lolanda Street Pasadena, Ca. 91335	Block 89 Lot 5	.2066
JEAN BIDDLE McCOID c/o McCoid & McCoid 202 N. Jefferson Street Mt. Pleasant, Iowa 52641	Block 108 Lot 8	.3719
R.Z. GALLOWAY 404 Glendale Carlsbad, New Mexico 88220	Block 109 Lot 9	.3719
CLAYTON H. SOOBY HELEN FULLER JACQUELYN HAYNES LARRY SOOBY MARILYN TAYLOR BETTY BYERS 901 East 11th Street Newton, Kansas 67114	Block 45 Lot 7	.3719
<u>H.D. McNAMA ESTATE, consisting of .2066 acres:</u>		
WINIFRED McNAMA DRAKE 2690 West 2nd Avenue Hialeah, Florida 33010	Block 115 Lot 4	
RUTH SPERLING BRATTAIN Paisley, Oregon 97363	Block 115 Lot 4	
ANNA HENDERSON 1341 East Hubbell Phoenix, Arizona 85006	Block 115 Lot 4	
MRS. JACK (LEONA) McNAMA Executrix of Jack McNama Estate 2638 North 41st Avenue, #7 Phoenix, Arizona 85026	Block 115 Lot 4	

*Note: Ima Huffer
2708 Jules Street
St. Joe, Mo. 64506

Jeanette Huffer
904 North Noyes Blvd.
St. Joe, Mo. 64506

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7333
Order No. R-6777

APPLICATION OF COQUINA OIL
CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 26, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of September, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Coquina Oil Corporation, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 14, Township 24 South, Range 28 East, NMPM, Malaga Field, Eddy County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

-2-

Case No. 7333
Order No. R-6777

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$2842.00 per month while drilling and \$383.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before January 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp and Pennsylvanian formations underlying the N/2

-3-
Case No. 7333
Order No. R-6777

of Section 14, Township 24 South, Range 28 East, NMPM, Malaga Field, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of January, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of January, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Coquina Oil Corporation is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold from production the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$2842.00 per month while drilling and \$383.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

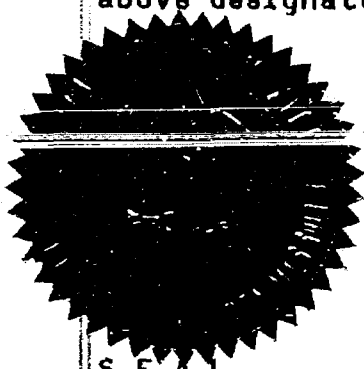
(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

-5-

Case No. 7333
Order No. R-6777

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

Dockets Nos. 27-81 and 28-81 are tentatively set for September 9 and September 23, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 26, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 7329: Application of Loco Hills Water Disposal Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into several unlined surface pits located in the S/2 SW/4 SW/4 of Section 16, Township 17 South, Range 30 East.
- CASE 7330: Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the E/2 of Section 16, Township 22 South, Range 33 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7331: Application of Bass Enterprises Production Company for an unorthodox location and possible dual completion or downhole commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bass State Well No. 2, a Wolfcamp test located 554 feet from the South and East lines of Section 16, Township 7 South, Range 35 East, to be plugged back and completed in the Todd Upper and/or Todd Lower San Andres Pools. Applicant further seeks authority to dually complete said well in both of said pools or, if of similar nature, i.e., gas-gas or oil-oil, to commingle the production from said pools in the wellbore. The SE/4 SE/4 of said Section 16 would be dedicated to an oil completion and the E/2 of the section to a gas completion.
- CASE 7332: Application of Bass Enterprises Production Company for directional drilling and possible unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its James Ranch Well No. 13 from a surface location 660 feet from the South line and 1340 feet from the East line of Section 36, Township 22 South, Range 30 East, in such a manner as to penetrate the various pays in the Pennsylvania formation at various distances from the outer boundary of the proposed production unit, being the S/2 of Section 31, Township 22 South, Range 31 East, but in no event closer than an unorthodox location 660 feet from the outer boundary of said unit.
- CASE 7333: Application of Coquina Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 14, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7334: Application of R. A. Mendenhall Associates, Ltd. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Delaware Mountain Group formation underlying the NW/4 SE/4 of Section 10, Township 22 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7315: (Continued and Readvertised)
- Application of Rhema Oil Processing for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
26 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Coquina Oil Corporation
for compulsory pooling, Eddy
County, New Mexico.

CASE
7333

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Conrad E. Coffield, Esq.
HINKLE, COX, EATON, & COFFIELD
& HENSLEY
P. O. Box 3580
Midland, Texas 79701

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

2

I N D E X

BILL SELTZER

Direct Examination by Mr. Coffield

4

CHARLES W. SELTZER

Direct Examination by Mr. Coffield

13

E X H I B I T S

Applicant Exhibit One, Plat

6

Applicant Exhibit Two, Plat

6

Applicant Exhibit Three, Intent to Drill

8

Applicant Exhibit Four, Document

7

Applicant Exhibit Five, Accountin Procedure

11

Applicant Exhibit Six, Document

8

Applicant Exhibit Six-A, Document

8

MR. STAMETS: Call next Case 7333.

MR. PEARCE: Application of Coquina Oil Corporation for compulsory pooling, Eddy County, New Mexico.

MR. COFFIELD: I'm Conrad Coffield, with the Hinkle Law Firm, appearing on behalf of the applicant, and I have two witnesses to be sworn.

(Witnesses sworn.)

BILL SELTZER

being called as a witness and being duly sworn upon his oath, testified as follows, to wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q. Mr. Seltzer, for the record would you please state your name, address, occupation --

A. I'm Bill Seltzer, Midland, Texas. I'm an independent landman and attorney, and I'm self-employed.

Q. What is your relationship to the -- to the applicant, Mr. Seltzer?

A. I have been employed by them to seek the compulsory pooling for this application, which is the north half of Section 14, Township 24 South, Range 28 East, Eddy

County, New Mexico.

Q Have you previously testified before the Division as a landman?

A. Yes.

Q And were your qualifications made a matter of record and accepted by the Division?

A. Yes.

Q Are you familiar with the application in this case?

A. Yes.

Q And are you likewise familiar with the property, the well location, and the land situation here?

A. Yes.

MR. COFFIELD: Is the witness considered qualified?

MR. STAMETS: He is.

Q Mr. Seltzer, would you please state what it is that Coquina seeks by this application?

A. The applicant, Coquina, seeks an order pooling all the mineral interest in the Wolfcamp and the Pennsylvanian formation underlying the north half of Section 14, 24 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling

1
2 and completing said well and the allocation of costs thereon,
3 as well as actual operating costs and charges for supervision,
4 designation of the applicant as operator of the well, and a
5 charge for risk involved in the drilling of said well.

6 Q Before we start to get any further into
7 the matters here that we want to discuss in more detail, are
8 there certain parties, Mr. Seltzer, that we want to have
9 eliminated from the list of --

10 A Yes.

11 Q Of parties who were to be dismissed, in
12 other words? Relative to those who were listed on the exhibit
13 package?

14 A If you will -- in the application we
15 wish to dismiss the following for the reason that we have
16 received oil and gas leases from these individuals: Richard
17 E. Bradbury, William H. Scott --

18 MR. STAMETS: Hold it; I'm not that
19 fast.

20 A All right.

21 MR. STAMETS: Okay, thank you, Bradbury
22 and Scott. Thank you.

23 A Dr. John Sperling.

24 MR. STAMETS: Okay.

25 A And O. O. Ogden.

MR. STAMETS: Okay.

Q Is that all of them?

A That is all of them.

Now we have made leases with several parties but the leases have not come back into our possession at this time.

Q Now, Mr. Seltzer, will you please refer to what is marked as Exhibit Two, a plat of the general area, and describe this to the Examiner?

A Exhibit Two is an outline of the general area of Township 24 South, Range 28 East, showing the unit, being the north half of Section 14, with a well located in it 660 from the north and 1980 from the west line, which is an orthodox location.

Q Will you next go on to what we've marked as Exhibit One and explain what that is?

A Exhibit One is lots within the townsite of Malaga and we have shown the lots in red in which we wish to compulsory pool for reason that we cannot locate these people. The ones in yellow we have leases from, and the one in green is a State of New Mexico lease.

Q Does this Exhibit One -- is this the same as the northwest quarter?

A This is the northwest quarter of this

Section 14, broken down.

Q. Okay, tell me, Mr. Seltzer, what is the basis of Coquina's conclusions on title ownership and commitment of interest to the wells involved in this case?

A. The title -- the ownership is based upon title opinions that are rendered by various law firms, plus a record check of Eddy County by Charles W. Seltzer on tracts not covered by attorneys who did title opinions.

Q. Okay, now refer to what we've marked as Exhibit Four and explain that.

A. Exhibit Four is a communitization document showing that the operator and those people joining in the operation of this unit have filed a communitization for the north half of Section 14 for, I believe we've got Wolfcamp and Pennsylvanian purposes.

Q. And, Mr. Seltzer, then is it your representation that all interests within the north half of this particular section which is dedicated to the well have been committed to the well by way of that particular instrument--

A. Yes, they have been committed.

Q. -- except for the ones which you wish --

A. Except for the people that we cannot locate.

Q. Okay, refer to what we've marked as

1
2 Exhibit Three now and explain that exhibit.

3 A. That is the intent to drill application
4 by the applicant, Coquina, showing the location of the well,
5 being 660 from the north and 1980 from the west line of Sec-
6 tion 14.

7 On the second sheet of paper there you'll
8 see attached is a summary of the drilling activity of the
9 well from the time it was spudded, and I believe it's 4-31-81,
10 to the present date, at a total depth of 12,112 feet, at which
11 time they were prepared to take a drill stem test and they
12 stuck the drill pipe.

13 Q. Okay, Mr. Seltzer, go to Exhibits Six
14 and Six-A now and explain those.

15 A. Those are the letters which were sent
16 out from my office to various owners requesting them to exe-
17 cute oil and gas leases so that we could seek -- get these
18 in to put them in this unit.

19 We sent those leases -- those letters
20 out by certified mail with a return receipt requested to all
21 these people involved, and we received back all of them ex-
22 cept those people outlined in red.

23 Q. All right, you're saying, Mr. Seltzer,
24 that these are merely speciman letters you sent -- you sent
25 letters of this type to all those --

1

2

A. To all, to all.

3

Q. -- we're seeking to compulsory pool?

4

Then would you go into some detail and review for the -- for the Examiner just what you did do in respect to an attempt to contact these various parties and what the results were?

6

7

A. We sent registered letters, or certified

8

letters to the last known address available from the County

9

records to the owners of lease tracts. When we got a response

10

we negotiated oil and gas leases and as you notice, we have

11

dismissed four of them and some more of them are coming in.

12

Those that we could not located we even

13

went back and rechecked again and we could not find any fur-

14

ther addresses for them.

15

Q. Okay, were there any parties that you

16

contacted who have refused?

17

A. Yes, there was one party in there, Mr.

18

Sube and his family, who refused to lease. As he said, it

19

was not worth his trouble.

20

Q. Was that by telephone?

21

A. That was by telephone.

22

Q. Any other telephone contacts or anything

23

of that sort?

24

A. No.

25

Q. Okay, was there any other effort, was

1
2 that the extent of your efforts to located these people,
3 the two letters you sent by registered mail?

4 A They went out by registered mail.

5 Q Return receipt requested?

6 A Yeah, return receipt requested.

7 Q Could you tell whether all or most of the
8 letters that you sent out were -- were they received by the
9 parties to whom you sent them?

10 A No. Most of the -- well, yes, but the
11 people in red on this thing here, those letters came back.

12 Q You're referring to Exhibit --

13 A Exhibit --

14 Q -- One?

15 A One. Those letters, those lots in red,
16 those people did not respond to my certified letters sent
17 out, so we could not locate them.

18 Q And what about the -- okay, what about
19 the lined -- strike that, that's New Mexico.

20 Well then, it appears to me, Mr. Seltzer,
21 from this plat that all of the tracts that you seek to have
22 committed that are outlined in red, so all of the parties
23 involved there, they just didn't --

24 A They just didn't respond. We cannot find
25 them.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. Okay, Mr. Seltzer, does Coquina seek to be named as the operator on this?

A. Yes.

Q. And does Coquina seek a penalty to be imposed on the unleased interested?

A. No, we do not seek a penalty.

Q. Okay, now go to Exhibit Five and would you explain what Exhibit Five is?

A. That is the accounting procedure attached to the operating agreement, which the operator and all parties to this unit have executed and in the accounting procedure we are asking for a \$2842 for a drilling well and \$383 for a producing well.

Q. Is that your recommendation to the Examiner with respect to the order you seek in this case?

A. That's correct.

Q. And then are these -- these amounts are consistent with overhead charges generally charged in the area?

A. Yes.

Q. Were these Exhibits One through Six-A prepared by you or under your supervision?

A. Yes, they were.

Q. And in your opinion will the approval

1
2 of the application by Coquina prevent the drilling of unnec-
3 essary wells generally and be in the interest of conservation
4 and prevention of waste?

5 A Yes, sir.

6 MR. COFFIELD: Mr. Examiner, I move the
7 admission of Exhibits One through Six-A.

8 MR. STAMETS: One through Six-A?

9 MR. COFFIELD: Yes. Six-A you had before
10 you looked at Five.

11 MR. STAMETS: Oh, I see. Sorry about
12 that. These exhibits will be admitted.

13 Any other questions of this witness? He
14 may be excused.

15 Do you have anything further, Mr. Coffield?

16 MR. COFFIELD: I have one other witness.
17 I would want to put into evidence, Mr. Examiner, the verifi-
18 cation of the efforts that were made in examining the country
19 records with respect to the unknown people.

20
21 CHARLES W. SELTZER

22 being called as a witness and being duly sworn upon his oath,
23 testified as follows, to-wit:
24
25

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Seltzer, would you please state your name and address?

A Yes. I'm Charles W. Seltzer. My address will be listed at 509 Petroleum Building, Midland, Texas, 79701.

Q And what is your occupation?

A I am a lawyer and a landman.

Q Have you previously testified before the Division?

A No, I have not.

Q And would you give the Examiner a very brief resume of your educational background and work experience?

A I have a Bachelor of Business Administration from Texas Christian University, 1970; a JD degree from Texas Tech School of Law in 1972; and have been in various types of practice of law since that time. I was admitted to the Bar in 19 -- the Texas Bar in 1973.

Q Are you familiar with Coquina's application in this case?

A Yes, I am.

Q And are you familiar with, and have you made a study of the records in Eddy County, New Mexico, with

1
2 respect to the tracts on which compulsory pooling is sought
3 in this case?

4 MR. COFFIELD: Is the witness considered
5 qualified?

6 MR. STAMETS: Yes, he is.

7 Q Mr. Seltzer, would you please in a narra-
8 tive fashion just describe what you did to located these
9 parties in connection with this?

10 A Primarily I was working in the northwest
11 quarter on the townsite lots in Malaga, and we went to Carlsbad,
12 Eddy County, New Mexico, and reviewed the records in both
13 the Eddy County Abstract Company and the Guarantee Abstract
14 Company, and then from my notes ran those records with the
15 county clerk's records of Eddy County, New Mexico, and came
16 up with the ownership, the last known ownership of record on
17 the -- the areas that are marked in red. I'm referring to
18 Exhibit One, excuse me.

19 Q And as a consequence of your study of
20 these records that you came up with the name of the parties
21 who are listed on the exhibit attached to the application?

22 A That's correct, and we had several other
23 town lots -- or I had several other town lots that I did,
24 but the ones marked in red were the names that we came up with
25 and that when I turned them over to my father, who previously

1 testified, he was unable to get a response from those people.

2 MR. COFFIELD: I have no other questions.

3 MR. STAMETS: Any other questions of
4 this witness? He may be excused.

5 Anything further in this case?

6 The case will be taken under advisement.

7 (Hearing concluded.)
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7333 heard by me on 8-26 1981.
Richard H. Plum, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

26 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Coquina Oil Corpor-
ation for compulsory pooling, Eddy
County, New Mexico.

CASE
7333

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Conrad E. Coffield, Esq.
HINKLE, COX, EATON, & COFFIELD
& HENSLEY
P. O. Box 3580
Midland, Texas 79701

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

2

I N D E X

BILL SELTZER

Direct Examination by Mr. Coffield

4

CHARLES W. SELTZER

Direct Examination by Mr. Coffield

13

E X H I B I T S

Applicant Exhibit One, Plat

6

Applicant Exhibit Two, Plat

6

Applicant Exhibit Three, Intent to Drill

8

Applicant Exhibit Four, Document

7

Applicant Exhibit Five, Accountin Procedure

11

Applicant Exhibit Six, Document

8

Applicant Exhibit Six-A, Document

8

MR. STAMETS: Call next Case 7333.

MR. PEARCE: Application of Coquina Oil Corporation for compulsory pooling, Eddy County, New Mexico.

MR. COFFIELD: I'm Conrad Coffield, with the Hinkle Law Firm, appearing on behalf of the applicant, and I have two witnesses to be sworn.

(Witnesses sworn.)

BILL SELTZER

being called as a witness and being duly sworn upon his oath, testified as follows, to wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Seltzer, for the record would you please state your name, address, occupation --

A I'm Bill Seltzer, Midland, Texas. I'm an independent landman and attorney, and I'm self-employed.

Q What is your relationship to the -- to the applicant, Mr. Seltzer?

A I have been employed by them to seek the compulsory pooling for this application, which is the north half of Section 14, Township 24 South, Range 28 East, Eddy

County, New Mexico.

Q Have you previously testified before the Division as a landman?

A Yes.

Q And were your qualifications made a matter of record and accepted by the Division?

A Yes.

Q Are you familiar with the application in this case?

A Yes.

Q And are you likewise familiar with the property, the well location, and the land situation here?

A Yes.

MR. COFFIELD: Is the witness considered qualified?

MR. STAMETS: He is.

Q Mr. Seltzer, would you please state what it is that Coquina seeks by this application?

A The applicant, Coquina, seeks an order pooling all the mineral interest in the Wolfcamp and the Pennsylvanian formation underlying the north half of Section 14, 24 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling

1
2 and completing said well and the allocation of costs thereon,
3 as well as actual operating costs and charges for supervision,
4 designation of the applicant as operator of the well, and a
5 charge for risk involved in the drilling of said well.

6 Q Before we start to get any further into
7 the matters here that we want to discuss in more detail, are
8 there certain parties, Mr. Seltzer, that we want to have
9 eliminated from the list of --

10 A Yes.

11 Q Of parties who were to be dismissed, in
12 other words? Relative to those who were listed on the exhibit
13 package?

14 A If you will -- in the application we
15 wish to dismiss the following for the reason that we have
16 received oil and gas leases from these individuals: Richard
17 E. Bradbury, William H. Scott --

18 MR. STAMETS: Hold it; I'm not that
19 fast.

20 A All right.

21 MR. STAMETS: Okay, thank you, Bradbury
22 and Scott. Thank you.

23 A Dr. John Sperling.

24 MR. STAMETS: Okay.

25 A And O. O. Ogden.

1
2 MR. STAMETS: Okay.

3 Q Is that all of them?

4 A That is all of them.

5 Now we have made leases with several
6 parties but the leases have not come back into our possession
7 at this time.

8 Q Now, Mr. Seltzer, will you please refer
9 to what is marked as Exhibit Two, a plat of the general area,
10 and describe this to the Examiner?

11 A Exhibit Two is an outline of the general
12 area of Township 24 South, Range 28 East, showing the unit,
13 being the north half of Section 14, with a well located in
14 it 660 from the north and 1980 from the west line, which is
15 an orthodox location.

16 Q Will you next go on to what we've marked
17 as Exhibit One and explain what that is?

18 A Exhibit One is lots within the townsite
19 of Malaga and we have shown the lots in red in which we wish
20 to compulsory pool for reason that we cannot locate these
21 people. The ones in yellow we have leases from, and the one
22 in green is a State of New Mexico lease.

23 Q Does this Exhibit One -- is this the
24 same as the northwest quarter?

25 A This is the northwest quarter of this

1
2 Section 14, broken down.

3 Q Okay, tell me, Mr. Seltzer, what is the
4 basis of Coquina's conclusions on title ownership and commit-
5 ment of interest to the wells involved in this case?

6 A The title -- the ownership is based upon
7 title opinions that are rendered by various law firms, plus
8 a record check of Eddy County by Charles W. Seltzer on tracts
9 not covered by attorneys who did title opinions.

10 Q Okay, now refer to what we've marked
11 as Exhibit Four and explain that.

12 A Exhibit Four is a communitization docu-
13 ment showing that the operator and those people joining in
14 the operation of this unit have filed a communitization for
15 the north half of Section 14 for, I believe we've got Wolfcamp
16 and Pennsylvanian purposes.

17 Q And, Mr. Seltzer, then is it your re-
18 presentation that all interests within the north half of this
19 particular section which is dedicated to the well have been
20 committed to the well by way of that particular instrument--

21 A Yes, they have been committed.

22 Q -- except for the ones which you wish --

23 A Except for the people that we cannot
24 locate.

25 Q Okay, refer to what we've marked as

1
2 Exhibit Three now and explain that exhibit.

3 A That is the intent to drill application
4 by the applicant, Coquina, showing the location of the well,
5 being 660 from the north and 1980 from the west line of Sec-
6 tion 14.

7 On the second sheet of paper there you'll
8 see attached is a summary of the drilling activity of the
9 well from the time it was spudded, and I believe it's 4-31-81,
10 to the present date, at a total depth of 12,112 feet, at which
11 time they were prepared to take a drill stem test and they
12 stuck the drill pipe.

13 Q Okay, Mr. Seltzer, go to Exhibits Six
14 and Six-A now and explain those.

15 A Those are the letters which were sent
16 out from my office to various owners requesting them to exe-
17 cute oil and gas leases so that we could seek -- get these
18 in to put them in this unit.

19 We sent those leases -- those letters
20 out by certified mail with a return receipt requested to all
21 these people involved, and we received back all of them ex-
22 cept those people outlined in red.

23 Q All right, you're saying, Mr. Seltzer,
24 that these are merely specimen letters you sent -- you sent
25 letters of this type to all those --

1

2

A To all, to all.

3

Q -- we're seeking to compulsory pool?

4

Then would you go into some detail and review for the -- for the Examiner just what you did do in respect to an attempt to contact these various parties and what the results were?

6

7

A We sent registered letters, or certified letters to the last known address available from the County records to the owners of lease tracts. When we got a response we negotiated oil and gas leases and as you notice, we have dismissed four of them and some more of them are coming in.

10

11

12

13

14

Those that we could not located we even went back and rechecked again and we could not find any further addresses for them.

15

Q Okay, were there any parties that you contacted who have refused?

16

17

A Yes, there was one party in there, Mr. Sube and his family, who refused to lease. As he said, it was not worth his trouble.

18

19

20

Q Was that by telephone?

21

A That was by telephone.

22

Q Any other telephone contacts or anything of that sort?

23

24

A No.

25

Q Okay, was there any other effort, was

1
2 that the extent of your efforts to located these people,
3 the two letters you sent by registered mail?

4 A They went out by registered mail.

5 Q Return receipt requested?

6 A Yeah, return receipt requested.

7 Q Could you tell whether all or most of the
8 letters that you sent out were -- were they received by the
9 parties to whom you sent them?

10 A No. Most of the -- well, yes, but the
11 people in red on this thing here, those letters came back.

12 Q You're referring to Exhibit --

13 A Exhibit --

14 Q -- One?

15 A One. Those letters, those lots in red,
16 those people did not respond to my certified letters sent
17 out, so we could not locate them.

18 Q And what about the -- okay, what about
19 the lined -- strike that, that's New Mexico.

20 Well then, it appears to me, Mr. Seltzer,
21 from this plat that all of the tracts that you seek to have
22 committed that are outlined in red, so all of the parties
23 involved there, they just didn't --

24 A They just didn't respond. We cannot find
25 them.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q Okay, Mr. Seltzer, does Coquina seek to be named as the operator on this?

A Yes.

Q And does Coquina seek a penalty to be imposed on the unleased interested?

A No, we do not seek a penalty.

Q Okay, now go to Exhibit Five and would you explain what Exhibit Five is?

A That is the accounting procedure attached to the operating agreement, which the operator and all parties to this unit have executed and in the accounting procedure we are asking for a \$2842 for a drilling well and \$383 for a producing well.

Q Is that your recommendation to the Examiner with respect to the order you seek in this case?

A That's correct.

Q And then are these -- these amounts are consistent with overhead charges generally charged in the area?

A Yes.

Q Were these Exhibits One through Six-A prepared by you or under your supervision?

A Yes, they were.

Q And in your opinion will the approval

1
2 of the application by Coquina prevent the drilling of unnec-
3 essary wells generally and be in the interest of conservation
4 and prevention of waste?

5 A Yes, sir.

6 MR. COFFIELD: Mr. Examiner, I move the
7 admission of Exhibits One through Six-A.

8 MR. STAMETS: One through Six-A?

9 MR. COFFIELD: Yes. Six-A you had before
10 you looked at Five.

11 MR. STAMETS: Oh, I see. Sorry about
12 that. These exhibits will be admitted.

13 Any other questions of this witness? He
14 may be excused.

15 Do you have anything further, Mr. Coffield?

16 MR. COFFIELD: I have one other witness.
17 I would want to put into evidence, Mr. Examiner, the verifi-
18 cation of the efforts that were made in examining the country
19 records with respect to the unknown people.

20
21 CHARLES W. SELTZER

22 being called as a witness and being duly sworn upon his oath,
23 testified as follows, to-wit:
24
25

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Seltzer, would you please state your name and address?

A Yes. I'm Charles W. Seltzer. My address will be listed at 509 Petroleum Building, Midland, Texas, 79701.

Q And what is your occupation?

A I am a lawyer and a landman.

Q Have you previously testified before the Division?

A No, I have not.

Q And would you give the Examiner a very brief resume of your educational background and work experience?

A I have a Bachelor of Business Administration from Texas Christian University, 1970; a JD degree from Texas Tech School of Law in 1972; and have been in various types of practice of law since that time. I was admitted to the Bar in 19 -- the Texas Bar in 1973.

Q Are you familiar with Coquina's application in this case?

A Yes, I am.

Q And are you familiar with, and have you made a study of the records in Eddy County, New Mexico, with

1
2 respect to the tracts on which compulsory pooling is sought
3 in this case?

4 MR. COFFIELD: Is the witness considered
5 qualified?

6 MR. STAMETS: Yes, he is.

7 Q Mr. Seltzer, would you please in a narra-
8 tive fashion just describe what you did to located these
9 parties in connection with this?

10 A Primarily I was working in the northwest
11 quarter on the townsite lots in Malaga, and we went to Carlsbad,
12 Eddy County, New Mexico, and reviewed the records in both
13 the Eddy County Abstract Company and the Guarantee Abstract
14 Company, and then from my notes ran those records with the
15 county clerk's records of Eddy County, New Mexico, and came
16 up with the ownership, the last known ownership of record on
17 the -- the areas that are marked in red. I'm referring to
18 Exhibit One, excuse me.

19 Q And as a consequence of your study of
20 these records that you came up with the name of the parties
21 who are listed on the exhibit attached to the application?

22 A That's correct, and we had several other
23 town lots -- or I had several other town lots that I did,
24 but the ones marked in red were the names that we came up with
25 and that when I turned them over to my father, who previously

1 testified, he was unable to get a response from those people.

2 MR. COFFIELD: I have no other questions.

3 MR. STAMETS: Any other questions of
4 this witness? He may be excused.

5 Anything further in this case?

6 The case will be taken under advisement.

7
8
9 (Hearing concluded.)
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
15	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
15	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
15	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
15	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	3
11	4
10	5
9	6
8	7

14	1
13	2
12	5
11	4
10	8
9	6
8	7

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

2	1
11	2
10	3
9	4
8	5
7	6
6	7
5	8
4	9
3	10
2	11
1	12

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

16	1
15	2
14	3
13	4
12	5
11	6
10	7
9	8

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 1

CASE NO. 7333

Submitted by COQUIN A

Hearing Date

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	<input checked="" type="checkbox"/>

BEFORE EXAMINER SIGNATURES
OIL CONSERVATION DIVISION
NEW MEXICO OIL CONSERVATION COMMISSION
EXHIBIT NO. 3

CASE NO. 7333 APR 14 1981
Submitted by COQUINA O.C.D.
Hearing Date _____ ARTESIA, OFFICE

DGE
30-015-23752
Form C-101
Revised 1-1-75

5A. Indicate Type of Lease
STATE ☐ FEDERAL ☒
5. Title of Oil & Gas Lease No. _____

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ SINGLE TUBE <input checked="" type="checkbox"/> MULTIPLE TUBE <input type="checkbox"/>		2. Name of Operator <u>Coquina Oil Corporation</u>		7. Well Name <u>Marra</u>	
3. Address of Operator <u>P. O. Drawer 2960, Midland, Texas 79702</u>		8. Field and Pool, or Wellfoot <u>Wildcat Mahara Marro</u>		9. Well No. <u>1</u>	
4. Location of Well UNIT LETTER <u>C</u> LOCATED <u>660'</u> FEET FROM THE <u>North</u> LINE <u>1980'</u> FEET FROM THE <u>West</u> LINE OF SEC. <u>14</u> TWP. <u>24S</u> RGE. <u>28E</u> HUGO		10. Formation <u>Morrow</u>		11. County <u>Eddy</u>	
5. Proposed Depth <u>13,000'</u>		12. Rotary or C.T. <u>Rotary</u>		13. Elevation (Show whether D.F., R.I., etc.) <u>2988' GL</u>	
6. Kind & Status Plug. Bond <u>Blanket</u>		14. Drilling Contractor <u>Ard Drilling Company</u>		15. Approx. Date Work will start <u>April 15, 1981</u>	

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
26"	20"	94#	350'	400	Surface
17 1/2"	13-3/8"	54.5 & 61#	2600'	1800	Surface
12 1/4"	9-5/8"	43.5#	9600'	1000	6000'
8 1/2"	7-5/8" Liner	39#	9200-12000'	200	9500'
6 1/2"	5" Liner	18#	11600-13000'	150	11600'

MI & RURT. Drill a 26" hole to 350' w/fresh water spud mud. Set and cement 20" casing at 350'. WOC 18 hours. Drill a 17-1/2" hole to 2600' w/saturated brine water. Set and cement 13-3/8" casing. WOC 18 hours. Install CH and NU BOP's. Test all to 1000 psi. Drill out w/brine cutting back to 9.5# cut brine and drill a 12-1/4" hole to 9600'. Set and cement 9-5/8" casing. WOC 18 hours. Install 5,000 psi BOP's and LP rotating head. Test BOP's, choke manifold, and casing to 5000 psi. Drill out in 8-1/2" hole w/brine water mud system weighted to 10 or 11 ppg. Allow hole conditions to dictate mud wt. If indicated by samples and shows, run DST's in Strawn and/or Atoka. If production is indicated, set and cement 7-5/8" FJ liner at 12,000'. Drill ahead in 6-1/2" hole using brine water adding SW gel to build viscosity. Drill thru Morrow Sands, DST as indicated. If Morrow is productive, set and cement a 5" FJ liner at 13,000'. We will run a full suite of electric logs before setting 9-5/8" casing, and before each liner is run. Gas from this acreage is not dedicated.

APPROVAL VALID FOR 180 DAYS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Billy M. Paine Title Drilling Manager Date April 13, 1981

(This space for State Use)

APPROVED BY W. A. Grasset TITLE SUPERVISOR, DISTRICT II DATE APR 16 1981

CONDITIONS OF APPROVAL, IF ANY:



COQUINA OIL CORPORATION

P. O. DRAWER 2960
MIDLAND, TEXAS 79702

(915) 682-6271

Marra No. 1
Operator: Coquina Oil Corporation
Drilling Contractor: Ard Drilling Rig No. 3

<u>Date</u>	<u>Activity</u>
4/13/81	Began construction of roads and location.
5/4/81	Constructed cellar.
5/6/81	Began moving in Ard Rig #3.
5/7/81	Moving in and rigging up rotary, equipment.
5/8/81	Finished moving in and rigging up. Spudded well at 11:00 a.m. Constructed Reserve pits.
5/9-10/81	Drilling 26" surface hole.
5/11/81	Reached surface total depth of 397'. Ran and cemented 20" surface casing. Nippled up Blow-out preventers, tested Blow-out preventers to 600 psi. Tested o.k.
5/12-19/81	Drilling 17½" intermediate hole.
5/20/81	Reached intermediate total depth of 2600'. Ran 13-3/8" casing
5/21/81	Cemented 13-3/8" casing. Wait on cement 18 hours. Nippled up Blow-out Preventer.
5/22-24/81	Test Blow-out Preventer to 3000 psi. Tested o.k. Began drilling 12¼" hole.
5/25/81 - 6/20/81	Drilling. Reached second intermediate depth of 9850'.
6/21/81	Ran open hole wireline logs.
6/22/81	Ran 9-5/8" casing.
6/23/81	Cemented 9-5/8" casing. WOC 18 hours.
6/24/81	Nippled up Blow-out Preventer. Tested Blow-out Preventer to 5000 psi. Tested o.k.
6/25/81	Finished testing Blow-out Preventer. Drilled DV tool, cement and floats. Tested casing to 1500 psi. Test o.k. Tested 9-5/8" shoe to a 13.4 pounds per gallon equivalent fluid.

Marra No. 1
Operator: Coquina Oil Corporation
Drilling Contractor: Ard Drilling Rig No. 3
Page 2

<u>Date</u>	<u>Activity</u>
6/26/81 - 7/8/81	Drilled 8-1/2" hole to 11,566'.
7/9/81	Ran Drill Stem Test No. 1.
7/10-14/81	Drilling, circulating for Drill Stem Test No. 2.
7/15/81	Ran Drill Stem Test No. 2.
7/16/81	Finished running Drill Stem Test No. 2. Resumed drilling operations.
7/17-19/81	Drilling. Reached liner total depth of 12,000'. Ran open hole logs.
7/20/81	Finished logging. Circulate and condition mud.
7/21/81	Ran and cemented 7-5/8" liner.
7/22-23/81	Circulate and condition mud.
7/24-28/81	Dress off top of liner. Squeezed top of liner, wait on cement.
7/29-31/81	Drilling cement. Test liner top to 3000 psi. Tested o.k. Pull out of hole with squeeze tools. Pick up 3-1/2" drill pipe.
8/1-2/81	Drill cement, float collar and float shoe. Tested casing to 2000 psi. Tested o.k.
8/3-8/81	Drilling 6-1/2" hole. Reached depth of 12,512'. Circulate and condition mud to run Drill Stem Test No. 2.
8/9- to present date	Stuck drill pipe 8/9/81. Began fishing operations late 8/9/81. Still fishing for drill string.

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned are respectively the record title owners of the oil and gas leases (hereinafter referred to as "said leases") described on Exhibit "A" attached hereto and made a part hereof insofar as said leases cover the following described lands or portions thereof situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less
(hereinafter referred to as "said lands");

and

WHEREAS, Roy G. Barton, Jr., Ronnie Ward and M. Brad Bennett, Pardue Farms, a New Mexico limited partnership and Spear Bros. Sheep & Cattle Co. are the owners of certain mineral interests in portions of the said lands, said mineral interests being subject to the terms of a Joint Operating Agreement dated March 20, 1981, by and between Coquina Oil Corporation, as Operator, and Phillips Petroleum Company, et al, as Non-Operators, covering the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., as a proration unit for the Marra #1 Well; and

WHEREAS, each of the described leases and the amendments thereto of record contain pooling provisions which are incorporated herein by reference to the recorded instrument; and

WHEREAS, pursuant to the terms of each of said leases described on Exhibit "A" attached hereto and made a part hereof, the undersigned are respectively authorized to pool the leases and the lands covered thereby with other lands and leases to form a standard proration unit of such size as authorized by the New Mexico Oil Conservation Division; and

WHEREAS, the undersigned desire to exercise their authority granted to them to pool or combine said leases set forth on Exhibit "A" covering said land or portions thereof with the remaining lands, leases, mineral estates or parts thereof in the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, which acreage has been dedicated to the well described hereinabove.

NOW, THEREFORE, pursuant to the authority vested in the undersigned, the undersigned do hereby respectively pool or combine the oil and gas leases described on Exhibit "A" attached hereto and all other leases owned by the undersigned in said land with the remaining lands, mineral estates or parts thereof in said land to form a standard proration unit consisting of the following described lands situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less.

This Designation of Pooled Area may be executed in multiple counterparts and it is hereby provided that in such event, it shall only be necessary to attach the execution page and acknowledgment page relating to any such signature to the original Designation for recording purposes, and further this Designation of Pooled Area may be ratified by any other persons

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this 5/11 day of July, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: Donald O. Thompson
Donald O. Thompson, Attorney-in-Fact

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears, General Partner

John P. Bates

Ann L. Bates
Wife of John P. Bates

Ronnie Ward

Debra H. Ward
Wife of Ronnie Ward

Bill Seltzer

Seltzer
Wife of Bill Seltzer

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this 5th day of May, 1981, by DONALD O. THOMPSON, ATTORNEY IN FACT of Coquina Oil Corporation, a Nevada corporation, on behalf of said corporation.

My Commission Expires: 3-29-85

(Charlotte Mitchell)
Notary Public in and for Midland County, Texas. (Charlotte Mitchell)

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Phillips Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Cotton Petroleum Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, _____ Barton.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Adams Exploration Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Read & Stevens, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by M. Brad Bennett and wife, _____ Bennett.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Desana Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Pardue Farms, a New Mexico limited partnership, on behalf of said partnership.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ellie Spears, General Partner of Spears Bros. Sheep & Cattle Co., a partnership, on behalf of said partnership.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by John P. Bates and wife, Ann L. Bates.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ronnie Ward and wife, Debra H. Ward.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Bill Seltzer and wife, _____ Seltzer.

My Commission Expires: _____

Notary Public

EXHIBIT "A"
TO DESIGNATION OF POOLED AREA
N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28
East, N.M.P.M., Eddy County, New Mexico

Phillips Petroleum Co.

1. From: R. L. James, aka Robert L. James
To: Phillips Petroleum Co.
Dated: March 26, 1976
Recorded: Book 135, page 60, Miscellaneous Records,
Eddy County, New Mexico
2. From: Harriet James Harrison, dealing in her
sole and separate property
To: James C. Brown
Dated: October 25, 1979
Recorded: Unrecorded
3. From: John Ruiz, aka Juan Ruiz or John P. Ruiz and
Maria Ruiz, his wife
To: E. S. Grear
Dated: November 18, 1974
Recorded: Book 122, page 236, Miscellaneous Records,
Eddy County, New Mexico
4. From: John Ruiz aka Juan Ruiz or John P. Ruiz and
Maria Ruiz, his wife
To: E. S. Grear
Dated: November 18, 1974
Recorded: Book 122, page 234, Miscellaneous Records,
Eddy County, New Mexico
5. From: Charles M. Sawey, Jr. and Charlotte H. Sawey,
his wife, and James W. Sawey and Marilla A.
Sawey, his wife
To: E. S. Grear
Dated: November 21, 1974
Recorded: Book 122, page 245, Miscellaneous Records,
Eddy County, New Mexico
6. From: Earl B. Guitar and wife, Anita Guitar; John
Guitar, Jr. and wife, Ernestine Guitar; Mary
Guitar Polk, a widow; Individually and Earl B.
Guitar and John Guitar, Jr. as Attorneys-in-
Fact for Virginia Guitar Witherspoon, a widow;
Catherine Guitar Woods, a widow; Ruth Guitar
Alexander, a widow; Laura Guitar Belcher and
husband, John Belcher
To: E. S. Grear
Dated: November 19, 1974
Recorded: Book 122, page 240, Miscellaneous Records,
Eddy County, New Mexico
7. From: Mary Beth Guitar, a widow; Repps B. Guitar, Jr.,
Leslie David Guitar, Pressley H. Guitar, and
Marilyn Guitar Galusha, being all of the heirs
of Repps B. Guitar, Deceased, and being their sole
and separate property, by their attorneys-in-fact,
Earl B. Guitar and John Guitar, Jr.
To: E. S. Grear
Dated: November 19, 1974
Recorded: Book 122, page 238, Miscellaneous Records,
Eddy County, New Mexico

8. From: Pardue Farms, a Partnership composed of Bruce D. Pardue and Maurice P. Pardue
To: E. S. Grear
Dated: November 13, 1974
Recorded: Book 122, page 230, Miscellaneous Records, Eddy County, New Mexico
9. From: James R. Craft and Dotte C. Craft
To: E. S. Grear
Dated: November 13, 1974
Recorded: Book 122, page 226, Miscellaneous Records, Eddy County, New Mexico
10. From: Robert L. Lee and Pauline F. Lee, his wife
To: E. S. Grear
Dated: December 16, 1974
Recorded: Book 123, page 186, Miscellaneous Records, Eddy County, New Mexico
11. From: Theodora Cook, a widow, and Iola B. Berry, a married woman dealing in her separate property
To: Phillips Petroleum Co.
Dated: December 12, 1975
Recorded: Book 133, page 469, Miscellaneous Records, Eddy County, New Mexico
12. From: Clyde C. Smith and wife, Maureen F. Smith
To: Phillips Petroleum Co.
Dated: April 9, 1976
Recorded: Book 136, page 63, Miscellaneous Records, Eddy County, New Mexico
13. From: Pecos Enterprises
To: Phillips Petroleum Co.
Dated: August 11, 1975
Recorded: Book 130, page 698, Miscellaneous Records, Eddy County, New Mexico
14. From: From Stephen Knowles Quinn dealing in his sole and separate estate
To: E. S. Grear
Dated: January 8, 1975
Recorded: Book 123, page 731, Miscellaneous Records, Eddy County, New Mexico
15. From: Evelyn G. Cornwell, dealing in her separate property
To: Phillips Petroleum Co.
Dated: June 23, 1976
Recorded: Book 139, page 320, Miscellaneous Records, Eddy County, New Mexico
16. From: Frank W. Owen and Blanche Owen
To: Phillips Petroleum Co.
Dated: June 11, 1976
Recorded: Book 138, page 565, Miscellaneous Records, Eddy County, New Mexico
17. From: Clayton H. Sooby, Jacquelyn Sooby Jaynes, Helene M. Sooby Eller, Larry Sooby and Marilyn D. Sooby, all being heirs of F. W. Sooby and wife, Myrtle Sooby, both deceased
To: Phillips Petroleum Co.
Dated: May 28, 1976
Recorded: Book 138, page 556, Miscellaneous Records, Eddy County, New Mexico

18. From: Donald E. Holliday and wife, Kristen Holliday
To: Phillips Petroleum Co.
Dated: February 24, 1976
Recorded: Book 136, page 51, Miscellaneous Records,
Eddy County, New Mexico

Bill Seltzer

1. From: John A. Epley, Sr. and Kenneth R. Hathaway, sole and
only heirs of Nora B. Sager
To: Bill Seltzer
Dated: April 13, 1981
Recorded:
2. From: Bertha Mae Severin, a widow and sole devisee
under the Will of Gordon H. Severin, Deceased
To: Bill Seltzer
Dated:
Recorded:
3. From: Margurett Petschke, Attorney-in-Fact for Walter
Petschke, the only heir of Edward E. Petschke,
deceased
To: Bill Seltzer
Dated: April 15, 1981
Recorded:
4. From: Ralph B. Miller, Harold E. Miller, Murle Miller
Holloway, each dealing in their sole and separate
property
To: Bill Seltzer
Dated: April 13, 1981
Recorded:

Roy G. Barton, Jr.

1. From: State of New Mexico (Tax Deed)
To: Spear Brothers Sheep and Cattle Co. and Barton
Brothers Land and Royalty Co.
Dated: January 27, 1971
Recorded: Book 208, page 233, Deed Records, Eddy County,
New Mexico
2. From: David L. Barnes and Dorothea S. Barnes, husband
and wife, Ruth Barnes Gleaton and Talmadge F.
Gleaton, Harold W. Barnes and Delia Barnes
To: Roy Barton, Jr.
Dated: January 22, 1972
Recorded: Book 93, page 676, Miscellaneous Records,
Eddy County, New Mexico
3. From: The Kansas Masonic Home (Quitclaim Deed)
To: Roy G. Barton, Jr.
Dated: October 3, 1972
Recorded: Unrecorded
4. From: Alfreda I. Colt, a widow and sole and only heir of
Chan B. Colt, Deceased (Quitclaim Deed)
To: Roy Barton, Jr.
Dated: October 3, 1972
Recorded: Book 212, page 762, Deed Records, Eddy County, New
Mexico

- 1038
5. From: From Norman W. Roberts and wife, Bonnie Hazel Roberts
To: Roy Barton, Jr.
Dated: December 18, 1972
Recorded: Book 92, page 51, Miscellaneous Records, Eddy
County, New Mexico
 6. From: Joseph C. Wilson, a widower
To: Roy Barton, Jr.
Dated: December 21, 1972
Recorded: Book 92, page 866, Miscellaneous Records,
Eddy County, New Mexico
 7. From: Zita Basgall and Anna P. Basgall, each dealing in
their sole and separate property
To: Roy G. Barton, Jr.
Dated: November 28, 1972
Recorded: Book 93, page 39, Miscellaneous Records,
Eddy County, New Mexico
 8. From: Edward Shirley, dealing in his sole and separate
property
To: Roy G. Barton, Jr.
Dated: March 11, 1977
Recorded: Book 145, page 660, Miscellaneous Records,
Eddy County, New Mexico
 9. From: Charles R. Shirley, dealing in his sole and
separate property
To: Roy G. Barton, Jr.
Dated: March 27, 1973
Recorded: Book 97, page 73, Miscellaneous Records,
Eddy County, New Mexico
 10. From: William V. Shirley, dealing in his sole and
separate property
To: Roy G. Barton, Jr.
Dated: March 18, 1977
Recorded:
 11. From: Robert E. Perrigo and Mattie B. Perrigo, husband
and wife
To: Roy G. Barton, Jr.
Dated: March 24, 1973
Recorded:
 12. From: Barton Brothers Land and Royalty Co., a limited
partnership
To: Roy G. Barton, Jr.
Dated: August 30, 1973
Recorded: Book 106, page 983, Miscellaneous Records,
Eddy County, New Mexico

Desana Corporation

1. From: Bessie Gerlach, a single woman, sole devisee
and legatee named in Last Will and Testament of
Ann E. Williams, Deceased
To: J. R. Rowan
Dated: June 7, 1975
Recorded: Book 128, page 156, Miscellaneous Records,
Eddy County, New Mexico

2. From: Julio Lopez and M. Guadalupe R. Lopez, his wife
To: R. C. Roberts
Dated: June 19, 1980
Recorded: Book 186, page 462, Miscellaneous Records,
Eddy County, New Mexico
3. From: W. J. Kunc1 and wife, Lois C. Kunc1
To: J. R. Rowan
Dated: March 18, 1980
Recorded: Book 183, page 749, Miscellaneous Records,
Eddy County, New Mexico
4. From: Edwin C. Warren, son and only child of Harry G.
and Elsie Warren (both deceased)
To: J. R. Rowan
Dated: June 24, 1980
Recorded: Book 188, page 214, Miscellaneous Records,
Eddy County, New Mexico
5. From: W. J. Kunc1 and his wife, Lois C. Kunc1
To: J. R. Rowan
Dated: June 24, 1980
Recorded: Book 186, page 578, Miscellaneous Records,
Eddy County, New Mexico
6. From: Marjorie Willard Dennis, a married woman dealing in
her sole and separate property, being a daughter of
A. P. and Kittie Willard, both deceased
To: J. R. Rowan
Dated: May 11, 1979
Recorded: Book 171, page 640, Miscellaneous Records,
Eddy County, New Mexico
7. From: John Willard, a married man dealing in his sole
and separate property, being a son and heir of
A. P. and Kittie Willard, both deceased
To: J. R. Rowan
Dated: May 11, 1979
Recorded:
8. From: George E. Conley and Julie Ann Conley
his wife
To: J. R. Rowan
Dated: April 30, 1979
Recorded: Book 171, page 1069, Miscellaneous Records,
Eddy County, New Mexico

Bates and Ward

1. From: Clayton H. Sooby, a married man dealing in his
separate property; Helene Eller, a married woman
dealing in her separate property; Jacquelyn Jaynes,
a married woman dealing in her separate property;
Larry Sooby, a married man dealing in his separate
property; Marilyn Taylor, a married woman dealing
in her separate property; and Betty Byers, a
married woman dealing in her separate property
To: Ronnie Ward, as ratified
Dated: March 5, 1979
Recorded: Book 170, page 530, Miscellaneous Records, Eddy
County, New Mexico, Ratification recorded Book 170,
page 533, Miscellaneous Records, Eddy County, New
Mexico

1058

2. From: H. B. Amerine
To: Ronnie Ward
Dated: March 9, 1979
Recorded: Book 171, page 916, Miscellaneous Records,
Eddy County, New Mexico

M. Brad Bennett

1. From: Merrill J. Davis
To: M. Brad Bennett
Dated: July 3, 1980
Recorded: Book 187, page 283, Miscellaneous Records,
Eddy County, New Mexico

2. From: Jane S. Crawmer, a widow
To: M. Brad Bennett
Dated: August 5, 1975
Recorded: Book 130, page 371, Miscellaneous Records,
Eddy County, New Mexico

Cotton Petroleum

1. From: Johnson Properties, a limited New Mexico partnership
To: Dan P. Caldwell
Dated: September 28, 1978
Recorded:

Ronnie Ward and M. Brad Bennett

1. From: Doris L. Crawford, dealing in her sole and separate
property
To: M. Brad Bennett
Dated: July 1, 1980
Recorded: Book 187, page 16, Miscellaneous Records,
Eddy County, New Mexico

2. From: Carlsbad Mennonite Church (Warranty Deed)
To: M. Brad Bennett
Dated: January 11, 1980
Recorded: Book 242, page 956, Deed Records, Eddy County,
New Mexico

3. From: Jess L. Bennett and wife, Celia R. Bennett
To: M. Brad Bennett
Dated: October 22, 1979
Recorded: Book 179, page 422, Miscellaneous Records,
Eddy County, New Mexico

4. From: Elsie R. Gaines Barker, as her sole and separate
property
To: M. Brad Bennett
Dated: October 22, 1979
Recorded: Book 179, page 1028, Miscellaneous Records,
Eddy County, New Mexico

5. From: John Dallman and wife, Florence M. Dallman
To: M. Brad Bennett
Dated: October 23, 1979
Recorded: Book 179, page 424, Miscellaneous Records,
Eddy County, New Mexico

6. From: Mamie Fraley, Martin Fraley and Leck Fraley, Sr.
To: M. Brad Bennett
Dated: October 29, 1979
Recorded: Book 179, page 990, Miscellaneous Records,
Eddy County, New Mexico

7. From: Lewis M. Cromwell and Elaine I. Cromwell
To: M. Brad Bennett
Dated: October 31, 1979
Recorded: Book 181, page 287, Miscellaneous Records,
Eddy County, New Mexico
8. From: Margaret Best
To: M. Brad Bennett
Dated: April 8, 1980
Recorded: Book 186, page 117, Miscellaneous Records,
Eddy County, New Mexico
9. From: L. C. Burkham and Sons
To: Ronnie Ward
Dated: February 3, 1981
Recorded:
10. From: J. A. Herman Pino
To: M. Brad Bennett
Dated: November 17, 1980
Recorded: Book 192, page 169, Miscellaneous Records,
Eddy County, New Mexico
11. From: Robert L. Lee, et ux, Pauline F. Lee
To: Ronnie Ward
Dated: February 4, 1981
Recorded:

Adams Exploration

1. From: First National Bank and Trust Co., Trustee
under Will of Robert L. James, Deceased
To: W. C. Smith, Jr.
Dated: August 30, 1979
Recorded: Book 181, page 468, Miscellaneous Records,
Eddy County, New Mexico

Read & Stevens

1. From: Danny Munoz and wife, Elisa A. Munoz
To: R. F. Fort
Dated: November 3, 1980
Recorded:
2. From: Richard A. Bergo
To: R. F. Fort
Dated: November 4, 1980
Recorded:
3. From: Jack L. Roberts
To: R. F. Fort
Dated: November 4, 1980
Recorded:
4. From: John M. Gay and wife, Mary Ann Gay
To: R. F. Fort
Dated: November 11, 1980
Recorded:
5. From: Clyde C. Smith and wife, Maureen Smith
To: R. F. Fort
Dated: November 24, 1980
Recorded:
6. From: C. L. Thaker and wife, Annie M. Thaker
To: R. F. Fort
Dated: November 11, 1980
Recorded:

7. From: Emma M. Black, Life Estate, Belle Leidinger and Ann Goulding, Remainderman
To: R. F. Fort
Dated: November 17, 1980
Recorded:
8. From: Charlie L. Tubbs and wife, Molly N. Tubbs, as joint tenants
To: R. F. Fort
Dated: November 6, 1980
Recorded:
9. From: Norman W. Gerlach, et ux Ethel E. Gerlach
To: R. F. Fort
Dated: December 8, 1980
Recorded:

Coquina Oil Corporation

1. From: Ronnie Ward and wife, Debra H. Ward and M. Brad Bennett and wife, Linda M. Bennett
To: Coquina Oil Corporation
Dated: October 25, 1979
Recorded: Book 181, page 763, Miscellaneous Records, Eddy County, New Mexico
2. From: W. J. Burkham and wife, Mavis Burkham
To: M. Brad Bennett and Ronnie Ward
Dated: September 26, 1979
Recorded: Book 177, page 620, Miscellaneous Records, Eddy County, New Mexico
3. From: R. L. James and wife, Lillian B. James
To: A. N. Etz and R.A.T. Wright
Dated: November 1, 1951
Recorded: Book 44, page 10, Records of Eddy County, New Mexico Amended April 23, 1952, Book 47, page 183, Oil and Gas Records, Eddy County, New Mexico
4. From: Harriet James Harrison (nee Harriet James)
To: A. N. Etz and R.A.T. Wright
Dated: November 1, 1951
Recorded: Amended April 28, 1951, recorded in Book 47, page 189, Oil and Gas Records, Eddy County, New Mexico

Pardue Farms, a New Mexico Limited Partnership (Mineral Interest)

Section 14: Tract 1393 (located in the NE $\frac{1}{4}$)

Spear Bros. Sheep & Cattle Co. (Mineral Interest)

Section 14: Tract 1365 (located in the NE $\frac{1}{4}$)

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARTDUE FARMS, a New Mexico Limited Partnership

By: *[Signature]* *[Signature]* *[Signature]*

SPEARS BROS. SHEEP & CATTLE CO.

By: _____
Ellie Spears, General Partner

STATE OF New Mexico)
COUNTY OF Eddy) ss.

The foregoing instrument was acknowledged before me this 27th
day of May, 1981, by Bruce D. Pardue,
General Partner of Pardue Farms, a New Mexico
limited partnership, on behalf of said partnership.

My Commission Expires:
31 October 1981

Corina Ziegler
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by Ellie Spears, General
Partner of Spears Bros. Sheep & Cattle Co., a partnership, on
behalf of said partnership.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by John P. Bates and wife, Ann L.
Bates.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by Ronnie Ward and wife, Debra H.
Ward.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by Bill Seltzer and wife,
_____ Seltzer.

My Commission Expires:

Notary Public

John P. Bates

Ann L. Bates
Wife of John P. Bates

Ronnie Ward

Debra H. Ward
Wife of Ronnie Ward

Bill Seltzer

Joy Seltzer
Wife of Bill Seltzer

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Coquina Oil Corporation, a Nevada corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Phillips Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Cotton Petroleum Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Pardue Farms, a New Mexico limited partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ellie Spears, General Partner of Spears Bros. Sheep & Cattle Co., a partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by John P. Bates and wife, Ann L. Bates.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ronnie Ward and wife, Debra H. Ward.

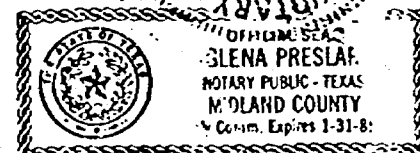
My Commission Expires: _____
Notary Public

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Bill Seltzer and wife, Joy Seltzer.

My Commission Expires: 1-31-85
Notary Public

Glenn Preslar
Notary Public



1072
owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: James C. Brown
Attorney in Fact
READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears, General Partner

STATE OF _____)
COUNTY OF _____) SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, _____ Barton.

My Commission Expires: _____
Notary Public _____

STATE OF TEXAS)
COUNTY OF MIDLAND) SS.

The foregoing instrument was acknowledged before me this 6th day of MAY, 1981, by JAMES C. BROWN, Attorney in Fact of Adams Exploration Company, a corporation, on behalf of said corporation.

My Commission Expires: 3-13-84
Notary Public Julia Kelly

STATE OF _____)
COUNTY OF _____) SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Read & Stevens, Inc., a corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public _____

STATE OF _____)
COUNTY OF _____) SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by M. Brad Bennett and wife, _____ Bennett.

My Commission Expires: _____
Notary Public _____

STATE OF _____)
COUNTY OF _____) SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Desana Corporation, a corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public _____

John P. Bates
John P. Bates

Ann L. Bates
Ann L. Bates
Wife of John P. Bates

Ronnie Ward
Ronnie Ward

Debra H. Ward
Debra H. Ward
Wife of Ronnie Ward

Bill Seltzer
Bill Seltzer

Seltzer
Wife of Bill Seltzer

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Coquina Oil Corporation, a Nevada corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Phillips Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Cotton Petroleum Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Pardue Farms, a New Mexico limited partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ellie Spears, General Partner of Spears Bros. Sheep & Cattle Co., a partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF Nebraska)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1981, by John P. Bates and wife, Ann L. Bates.

My Commission Expires: 9-27-81
Notary Public Patricia A. Loper

STATE OF Nebraska)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1981, by Ronnie Ward and wife, Debra H. Ward.

My Commission Expires: 9-27-81
Notary Public Patricia A. Loper

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Bill Seltzer and wife, _____ Seltzer.

My Commission Expires: _____
Notary Public

1076
owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____ COQUINA OIL CORPORATION

By: _____

Attest: _____ PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____ COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

Linda M. Bennett
LINDA M. BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: _____
Ellie Spears, General Partner

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, _____ Barton.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Adams Exploration Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Read & Stevens, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1981, by M. Brad Bennett and wife, Linda M. Bennett.

My Commission Expires: 8/5/84

Pamela Sledge
Notary Public Pamela Sledge

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Desana Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

078
owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

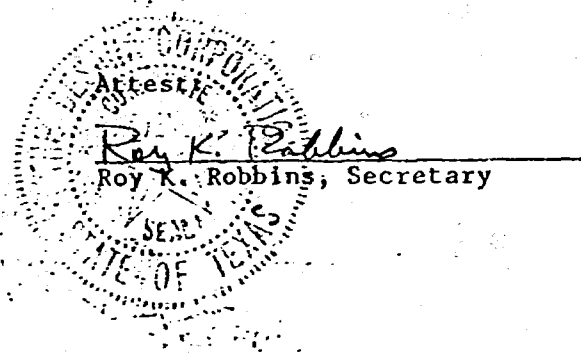
By: *Darrell E. Smith*
Darrell E. Smith, President

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: _____
Ellie Spears, General Partner



STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, _____ Barton.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Adams Exploration Company, a corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Read & Stevens, Inc., a corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

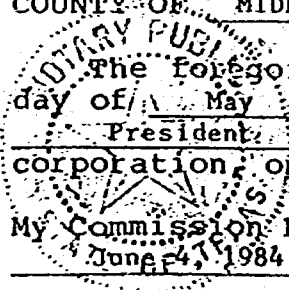
The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by M. Brad Bennett and wife, _____ Bennett.

My Commission Expires: _____
Notary Public

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1981, by Darrell E. Smith, President of Desana Corporation, a Texas corporation, on behalf of said corporation.

My Commission Expires: June 4, 1984
Notary Public
Monte L. Stovall



1030
owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____ COQUINA OIL CORPORATION

By: _____

Attest: _____ PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____ COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears
Ellie Spears, General Partner

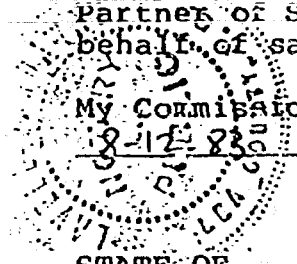
STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Pardue Farms, a New Mexico limited partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF N.M.)
COUNTY OF Lea) ss.

The foregoing instrument was acknowledged before me this 7 day of May, 1981, by Ellie Spears, General Partner of Spears Bros. Sheep & Cattle Co., a partnership, on behalf of said partnership.



My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by John P. Bates and wife, Ann L. Bates.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ronnie Ward and wife, Debra H. Ward.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Bill Seltzer and wife, _____ Seltzer.

My Commission Expires: _____
Notary Public

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: Joe Wigley
Joe Wigley, Land Manager, Secretary

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears
Ellie Spears, General Partner

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, _____ Earton.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Adams Exploration Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF New Mexico)
COUNTY OF Chaves) ss.

The foregoing instrument was acknowledged before me this 2nd day of May, 1981, by Joe Wigley, Secretary of Read & Stevens, Inc., a New Mexico corporation, on behalf of said corporation.

My Commission Expires: May 31, 1981

Karen J. McAdams
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by M. Brad Bennett and wife, _____ Bennett.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Desana Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

-4-
STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 7 day of May, 1981 at 3:30 o'clock P. M., and recorded in the Records of Miscellaneous, Book 198 Page 1055.
By: Virgie Cole Deputy
VIRGIE COLE, County Clerk

62

DESIGNATION OF POOLED AREA

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned are respectively the record title owners of the oil and gas leases (hereinafter referred to as "said leases") described on Exhibit "A" attached hereto and made a part hereof insofar as said leases cover the following described lands or portions thereof situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less
(hereinafter referred to as "said lands");

and

WHEREAS, Roy G. Barton, Jr., Ronnie Ward and M. Brad Bennett, Pardue Farms, a New Mexico limited partnership and Spear Bros. Sheep & Cattle Co. are the owners of certain mineral interests in portions of the said lands, said mineral interests being subject to the terms of a Joint Operating Agreement dated March 20, 1981, by and between Coquina Oil Corporation, as Operator, and Phillips Petroleum Company, et al, as Non-Operators, covering the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., as a proration unit for the Marra #1 Well; and

WHEREAS, each of the described leases and the amendments thereto of record contain pooling provisions which are incorporated herein by reference to the recorded instrument; and

WHEREAS, pursuant to the terms of each of said leases described on Exhibit "A" attached hereto and made a part hereof, the undersigned are respectively authorized to pool the leases and the lands covered thereby with other lands and leases to form a standard proration unit of such size as authorized by the New Mexico Oil Conservation Division; and

WHEREAS, the undersigned desire to exercise their authority granted to them to pool or combine said leases set forth on Exhibit "A" covering said land or portions thereof with the remaining lands, leases, mineral estates or parts thereof in the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, which acreage has been dedicated to the well described hereinabove.

NOW, THEREFORE, pursuant to the authority vested in the undersigned, the undersigned do hereby respectively pool or combine the oil and gas leases described on Exhibit "A" attached hereto and all other leases owned by the undersigned in said land with the remaining lands, mineral estates or parts thereof in said land to form a standard proration unit consisting of the following described lands situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less.

This Designation of Pooled Area may be executed in multiple counterparts and it is hereby provided that in such event, it shall only be necessary to attach the execution page and acknowledgment page relating to any such signature to the original Designation for recording purposes, and further this Designation of Pooled Area may be ratified by any other persons

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: Cliff Ohr
Cliff Ohr, Attorney-in-Fact

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON

Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT

Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears, General Partner

John P. Bates

Ann L. Bates
Wife of John P. Bates

Ronnie Ward

Debra H. Ward
Wife of Ronnie Ward

Bill Seltzer

Seltzer
Wife of Bill Seltzer

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1981, by _____ of Coquina Oil Corporation, a Nevada corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS)
COUNTY OF HARRIS) ss.

The foregoing instrument was acknowledged before me this 11th day of May, 1981, by Cliff Ohr, Attorney-in-Fact of Phillips Petroleum Company, a Delaware Corporation, on behalf of said corporation.

My Commission Expires: August 25, 1984

Kent Crawford
Notary Public in and for
Harris County, Texas
KENT CRAWFORD

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1981, by _____ of Cotton Petroleum Corporation, a _____ corporation, on behalf of said corporation. County of Eddy.

My Commission Expires: _____

Notary Public

EXHIBIT "A"
TO DESIGNATION OF POOLED AREA
N½ of Section 14, Township 24 South, Range 28
East, N.M.P.M., Eddy County, New Mexico

Phillips Petroleum Co.

1. From: R. L. James, aka Robert L. James
To: Phillips Petroleum Co.
Dated: March 26, 1976
Recorded: Book 135, page 60, Miscellaneous Records,
Eddy County, New Mexico
2. From: Harriet James Harrison, dealing in her
sole and separate property
To: James C. Brown
Dated: October 25, 1979
Recorded: Unrecorded
3. From: John Ruiz, aka Juan Ruiz or John P. Ruiz and
Maria Ruiz, his wife
To: E. S. Grear
Dated: November 18, 1974
Recorded: Book 122, page 236, Miscellaneous Records,
Eddy County, New Mexico
4. From: John Ruiz aka Juan Ruiz or John P. Ruiz and
Maria Ruiz, his wife
To: E. S. Grear
Dated: November 18, 1974
Recorded: Book 122, page 234, Miscellaneous Records,
Eddy County, New Mexico
5. From: Charles M. Sawey, Jr. and Charlotte H. Sawey,
his wife, and James W. Sawey and Marilla A.
Sawey, his wife
To: E. S. Grear
Dated: November 21, 1974
Recorded: Book 122, page 245, Miscellaneous Records,
Eddy County, New Mexico
6. From: Earl B. Guitar and wife, Anita Guitar; John
Guitar, Jr. and wife, Ernestine Guitar; Mary
Guitar Polk, a widow; Individually and Earl B.
Guitar and John Guitar, Jr. as Attorneys-in-
Fact for Virginia Guitar Witherspoon, a widow;
Catherine Guitar Woods, a widow; Ruth Guitar
Alexander, a widow; Laura Guitar Belcher and
husband, John Belcher
To: E. S. Grear
Dated: November 19, 1974
Recorded: Book 122, page 240, Miscellaneous Records,
Eddy County, New Mexico
7. From: Mary Beth Guitar, a widow; Repps B. Guitar, Jr.,
Leslie David Guitar, Pressley H. Guitar, and
Marilyn Guitar Galusha, being all of the heirs
of Repps B. Guitar, Deceased, and being their sole
and separate property, by their attorneys-in-fact,
Earl B. Guitar and John Guitar, Jr.
To: E. S. Grear
Dated: November 19, 1974
Recorded: Book 122, page 238, Miscellaneous Records,
Eddy County, New Mexico

8. From: Pardue Farms, a Partnership composed of Bruce D. Pardue and Maurice P. Pardue
To: E. S. Grear
Dated: November 13, 1974
Recorded: Book 122, page 230, Miscellaneous Records, Eddy County, New Mexico

9. From: James R. Craft and Dotte C. Craft
To: E. S. Grear
Dated: November 13, 1974
Recorded: Book 122, page 226, Miscellaneous Records, Eddy County, New Mexico

10. From: Robert L. Lee and Pauline F. Lee, his wife
To: E. S. Grear
Dated: December 16, 1974
Recorded: Book 123, page 186, Miscellaneous Records, Eddy County, New Mexico

11. From: Theodora Cook, a widow, and Iola B. Berry, a married woman dealing in her separate property
To: Phillips Petroleum Co.
Dated: December 12, 1975
Recorded: Book 133, page 469, Miscellaneous Records, Eddy County, New Mexico

12. From: Clyde C. Smith and wife, Maureen F. Smith
To: Phillips Petroleum Co.
Dated: April 9, 1976
Recorded: Book 136, page 63, Miscellaneous Records, Eddy County, New Mexico

13. From: Pecos Enterprises
To: Phillips Petroleum Co.
Dated: August 11, 1975
Recorded: Book 130, page 698, Miscellaneous Records, Eddy County, New Mexico

14. From: From Stephen Knowles Quinn dealing in his sole and separate estate
To: E. S. Grear
Dated: January 8, 1975
Recorded: Book 123, page 731, Miscellaneous Records, Eddy County, New Mexico

15. From: Evelyn G. Cornwell, dealing in her separate property
To: Phillips Petroleum Co.
Dated: June 23, 1976
Recorded: Book 139, page 320, Miscellaneous Records, Eddy County, New Mexico

16. From: Frank W. Owen and Blanche Owen
To: Phillips Petroleum Co.
Dated: June 11, 1976
Recorded: Book 138, page 565, Miscellaneous Records, Eddy County, New Mexico

17. From: Clayton H. Sooby, Jacquelyn Sooby Jaynes, Helene M. Sooby Eller, Larry Sooby and Marilyn D. Sooby, all being heirs of F. W. Sooby and wife, Myrtle Sooby, both deceased
To: Phillips Petroleum Co.
Dated: May 28, 1976
Recorded: Book 138, page 556, Miscellaneous Records, Eddy County, New Mexico

18. From: Donald E. Holliday and wife, Kristen Holliday
To: Phillips Petroleum Co.
Dated: February 24, 1976
Recorded: Book 136, page 51, Miscellaneous Records, Eddy County, New Mexico

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 23 day of June, A. D. 1976 at 11:35 o'clock A.M., and duly recorded in Book 201, Page 625 of the Records of Misc. of said County.

VIRGIE COLE, County Clerk

By Charles T. Wright Deputy

DECLARATION OF UNITIZATION

STATE OF NEW MEXICO

COUNTY OF EDDY

The undersigned, being the lessee of record of the Oil, Gas and Mineral Lease dated December 7, 1979, recorded in Book 184 at Page 937 of the Miscellaneous Records of Eddy County, New Mexico, by virtue of the authority contained in said lease, do hereby pool, combine, and unitize said lease with those leases described in Exhibit A to that certain instrument titled "Designation of Pooled Area" dated May 5, 1981 and recorded in Book 198 at Page 1055 of the Miscellaneous Records of Eddy County, New Mexico, insofar as they affect the oil and gas rights (and associated liquid hydrocarbons producible therewith) insofar as said leases cover from the surface of the earth to the base of the Morrow formation under the following described land in Eddy County, New Mexico, to wit:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N/2

Containing 333 acres of land, more or less

Executed this 2nd day of July, 1981.

ATTEST:

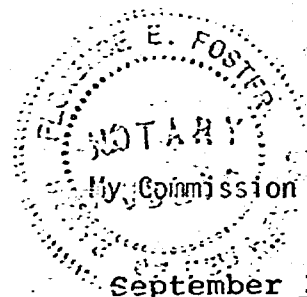
H & S OIL COMPANY

R. L. Heinsch

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this 2nd day of July, 1981, by R. L. Heinsch, Partner of H & S Oil Company, a partnership, on behalf of said partnership.



Harvey E. Foster
Notary Public

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 17 day of July, 1981 at 11:15 o'clock A M., and recorded in the Records of misc., Book 202 Page 342.
VIRGIE COLE, County Clerk
By: Charlene T. Wright, Deputy

MAY 8 1981

DESIGNATION OF POOLED AREA

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned are respectively the record title owners of the oil and gas leases (hereinafter referred to as "said leases") described on Exhibit "A" attached hereto and made a part hereof insofar as said leases cover the following described lands or portions thereof situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less
(hereinafter referred to as "said lands");

and

WHEREAS, Roy G. Barton, Jr., Ronnie Ward and M. Brad Bennett, Gardue Farms, a New Mexico limited partnership and Spear Bros. Sheep & Cattle Co. are the owners of certain mineral interests in portions of the said lands, said mineral interests being subject to the terms of a Joint Operating Agreement dated March 20, 1981, by and between Coquina Oil Corporation, as Operator, and Phillips Petroleum Company, et al, as Non-Operators, covering the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., as a proration unit for the Marra #1 Well; and

WHEREAS, each of the described leases and the amendments thereto of record contain pooling provisions which are incorporated herein by reference to the recorded instrument; and

WHEREAS, pursuant to the terms of each of said leases described on Exhibit "A" attached hereto and made a part hereof, the undersigned are respectively authorized to pool the leases and the lands covered thereby with other lands and leases to form a standard proration unit of such size as authorized by the New Mexico Oil Conservation Division; and

WHEREAS, the undersigned desire to exercise their authority granted to them to pool or combine said leases set forth on Exhibit "A" covering said land or portions thereof with the remaining lands, leases, mineral estates or parts thereof in the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, which acreage has been dedicated to the well described hereinabove.

NOW, THEREFORE, pursuant to the authority vested in the undersigned, the undersigned do hereby respectively pool or combine the oil and gas leases described on Exhibit "A" attached hereto and all other leases owned by the undersigned in said land with the remaining lands, mineral estates or parts thereof in said land to form a standard proration unit consisting of the following described lands situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less.

This Designation of Pooled Area may be executed in multiple counterparts and it is hereby provided that in such event, it shall only be necessary to attach the execution page and acknowledgment page relating to any such signature to the original Designation for recording purposes, and further this Designation of Pooled Area may be ratified by any other persons

621

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____ COQUINA OIL CORPORATION

By: _____

Attest: _____ PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____ COTTON PETROLEUM CORPORATION

By: _____

Roy G. Barton Jr.
ROY G. BARTON JR.
Norma J. Barton
NORMA J. BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

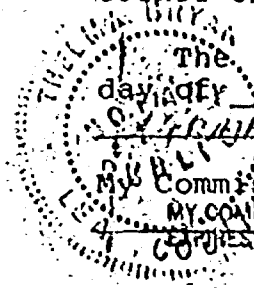
PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: _____
Ellie Spears, General Partner

STATE OF New Mexico)
COUNTY OF Lea) ss.



The foregoing instrument was acknowledged before me this 7 day of MAY, 1981, by Roy G. Barton, Jr. and wife, Barton.

My Commission Expires: _____
MY COMMISSION
EXPIRES NOVEMBER 8, 1983

[Signature]
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Adams Exploration Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Read & Stevens, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by M. Brad Bennett and wife, Bennett.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Desana Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

620

EXHIBIT "A"
TO DESIGNATION OF POOLED AREA
N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28
East, N.M.P.M., Eddy County, New Mexico

Roy G. Barton, Jr.

1. From: State of New Mexico (Tax Deed)
To: Spear Brothers Sheep and Cattle Co. and Barton
Brothers Land and Royalty Co.
Dated: January 27, 1971
Recorded: Book 208, page 233, Deed Records, Eddy County,
New Mexico
2. From: David L. Barnes and Dorothea S. Barnes, husband
and wife, Ruth Barnes Gleaton and Talmadge F.
Gleaton, Harold W. Barnes and Delia Barnes
To: Roy Barton, Jr.
Dated: January 22, 1972
Recorded: Book 93, page 676, Miscellaneous Records,
Eddy County, New Mexico
3. From: The Kansas Masonic Home (Quitclaim Deed)
To: Roy G. Barton, Jr.
Dated: October 3, 1972
Recorded: Unrecorded
4. From: Alfreda I. Colt, a widow and sole and only heir of
Chan B. Colt, Deceased (Quitclaim Deed)
To: Roy Barton, Jr.
Dated: October 3, 1972
Recorded: Book 212, page 762, Deed Records, Eddy County, New
Mexico

5. From: From Norman W. Roberts and wife, Bonnie Hazel Roberts
To: Roy Barton, Jr.
Dated: December 18, 1972
Recorded: Book 92, page 51, Miscellaneous Records, Eddy
County, New Mexico
6. From: Joseph C. Wilson, a widower
To: Roy Barton, Jr.
Dated: December 21, 1972
Recorded: Book 92, page 866, Miscellaneous Records,
Eddy County, New Mexico
7. From: Zita Basgall and Anna P. Basgall, each dealing in
their sole and separate property
To: Roy G. Barton, Jr.
Dated: November 28, 1972
Recorded: Book 93, page 39, Miscellaneous Records,
Eddy County, New Mexico
8. From: Edward Shirley, dealing in his sole and separate
property
To: Roy G. Barton, Jr.
Dated: March 11, 1977
Recorded: Book 145, page 660, Miscellaneous Records,
Eddy County, New Mexico
9. From: Charles R. Shirley, dealing in his sole and
separate property
To: Roy G. Barton, Jr.
Dated: March 27, 1973
Recorded: Book 97, page 73, Miscellaneous Records,
Eddy County, New Mexico
10. From: William V. Shirley, dealing in his sole and
separate property
To: Roy G. Barton, Jr.
Dated: March 18, 1977
Recorded:
11. From: Robert E. Perrigo and Mattie B. Perrigo, husband
and wife
To: Roy G. Barton, Jr.
Dated: March 24, 1973
Recorded:
12. From: Barton Brothers Land and Royalty Co., a limited
partnership
To: Roy G. Barton, Jr.
Dated: August 30, 1973
Recorded: Book 106, page 983, Miscellaneous Records,
Eddy County, New Mexico

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the
23 day of June, A. D. 1981 at 11:25 o'clock A. M., and duly recorded
in Book 201, Page 620 of the Records of misc. of said County.

BEFORE EXAMINER STAMETS		COPAS — 1974
OIL CONSERVATION DIVISION		Recommended by the Council of Petroleum Accountants Societies of North America
EXHIBIT NO. 5		
CASE NO. 7333		
Submitted by Coquina		
"C"		
Hearing Date		

EXHIBIT

Attached to and made a part of Operating Agreement between Coquina Oil Corporation as Operator and Phillips Petroleum, Desana Corporation, Rowan & Roberts, Cotten Petroleum, Pardue Farms, John P. Bates, Ronnie Ward, M. Brad Bennett, Roy G. Barton, Spear Bros. Cattle Company, Adams Expl. Co., Reid & Stevens as Non-operators.

**ACCOUNTING PROCEDURE
JOINT OPERATIONS**

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

- A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
- (2) Salaries of First Level Supervisors in the field.
- (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.
- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%).

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of \$200 or less excluding accessorial charges.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

- i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- () Fixed Rate Basis, Paragraph 1A, or
() Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall () shall not () be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

- (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 2,842.00
Producing Well Rate \$ 383.00

- (2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- [1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

- [1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.
[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

N/A Percent (%) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

N/A Percent (%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of \$ 25,000.00 :

A. 5 % of total costs if such costs are more than \$ 25,000.00 but less than \$ 100,000.00 ; plus

B. 3 % of total costs in excess of \$ 100,000.00 but less than \$1,000,000; plus

C. 2 % of total costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

3. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

- (b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

- (1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

- (2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

BILL SELTZER
514 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. 7333

Submitted by COQUINA

Hearing Date _____

April 28, 1981

Re: Lot 14, Block 51, of
the original townsite
of Malaga, New Mexico,
being a part of the NW/4
of Section 14, T-24-S, R-28-E,
Eddy County, New Mexico

George A. Huffer
c/o Carmen E. Huffer
3036 Dauphine Street
New Orleans, La. 70117

Dear Sir:

According to a check of the County Records of Eddy County,
New Mexico, you are the owner of the above interest.

I am representing Coquina Oil Co. who is preparing to
drill a well within the townsite of Malaga, and we desire
to purchase an Oil and Gas Lease and herewith offer you
\$100.00 for a 5 year Paid Up Lease with 3/16ths royalty.

In order to complete our drilling block we need Oil and
Gas Leases from all parties or their refusal to lease so
we can go to the New Mexico Commission for their approval
to force pool all parties who decline to lease.

If this offer is acceptable please write the correct
ownership, your address, social security number and we will
forward a lease and draft for your execution.

Please write me by return mail or call my office as
soon as possible so we may complete all of our transactions.

Sincerely,

Bill Seltzer
Bill Seltzer

BS/kp

Correct Ownership: _____

Correct Address: _____

Social Security #: _____

BILL SELTZER
514 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 6A

CASE NO. 7333

Submitted by COQUINA

Hearing Date _____

July 1, 1981

Re: Lot 4, Block 115, Town-
site of Malaga in NW/4
of Section 14, T-24-S,
R-28-E, Eddy Co., New
Mexico.
Rate of \$100.00 per acre.

Mrs. Winifred McNama Drake
2690 West 2nd Avenue
Hialeah, Florida 33010

Dear Mrs. Drake:

According to a check of the Records of Eddy Co., New Mexico, you
are the owner of an undivided 1/40th interest in the above lot.

I am representing Coquina Oil Company who is drilling a well in
the Townsite of Malaga and we desire to purchase an Oil and Gas
Lease and will pay you \$2.50 for a one year paid up Lease with
3/16ths royalty.

In order to complete our drilling block we must have your accep-
tance by July 15, 1981 or your refusal to lease your interest. If
we do not have your acceptance by July 15, 1981 we shall consider
no answer as a refusal to lease and will proceed with our Compul-
sory Pooling hearing before the Oil Conservation Commission for the
State of New Mexico.

If you desire to accept this offer please write your correct name,
address, Social Security number and we will forward a lease and
draft for your execution.

Your immediate attention will be greatly appreciated.

Sincerely,

Bill Seltzer

Bill Seltzer

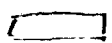
BS/ss

[illegible]

NW/4 of Section 14
T-24-S, R-28-E
Eddy County, New Mexico



Force Pool



STATE OF NEW MEXICO

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 7

CASE NO. 7333

Submitted by Coquinit

Hearing Date

[illegible]

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	<input checked="" type="checkbox"/>

BEFORE EXAMINER STAMPS
OIL CONSERVATION DIVISION

EXHIBIT NO. 3 RECEIVED
NEW MEXICO OIL CONSERVATION COMMISSION

CASE NO. 7333

Submitted by Coquina

Hearing Date

APR 14 1981

O. C. D.

ARTESIA, OFFICE

Form O-101
Revised 1-1-75

30-015-23752

5A. Initial Type of Lease

STATE ☐ FEE ☒

5. Initial 1/2 Acre Lease No.

7. Initial Agreement Name

8. Initial Lease Name

Marra

9. Well No.

1

10. Field and Pool, or Wildcat

Wildcat Marra

11. County

Eddy

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work

DRILL ☒ DEEPEN ☐ PLUG BACK ☐

b. Type of Well

Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator

Coquina Oil Corporation

3. Address of Operator

P. O. Drawer 2960, Midland, Texas 79702

4. Location of Well

UNIT LETTER C LOCATED 660' FEET FROM THE North LINE

AND 1980' FEET FROM THE West LINE OF SEC. 14 TWP. 24S RGE. 28E NMPM

12. County

Eddy

13. Proposed Depth

13,000'

14. Formation

Morrow

15. Rotary

16. Elevations (Show whether DI, RI, etc.)

2988' GL

21A. Kind & Status Plug. Bond

Blanket

21B. Drilling Contractor

Ard Drilling Company

22. Approx. Date Work will start

April 15, 1981

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
26"	20"	94#	350'	400	Surface
17-1/2"	13-3/8"	54.5 & 61#	2600'	1800	Surface
12-1/4"	9-5/8"	43.5#	9600'	1000	6000'
8-1/2"	7-5/8" Liner	39#	9200-12000'	200	9500'
6-1/2"	5" Liner	18#	11600-13000'	150	11600'

MI & RURT. Drill a 26" hole to 350' w/fresh water spud mud. Set and cement 20" casing at 350'. WOC 18 hours. Drill a 17-1/2" hole to 2600' w/saturated brine water. Set and cement 13-3/8" casing. WOC 18 hours. Install CH and NU BOP's. Test all to 1000 psi. Drill out w/brine cutting back to 9.5# cut brine and drill a 12-1/4" hole to 9600'. Set and cement 9-5/8" casing. WOC 18 hours. Install 5,000 psi BOP's and LP rotating head. Test BOP's, choke manifold, and casing to 5000 psi. Drill out in 8-1/2" hole w/brine water mud system weighted to 10 or 11 ppg. Allow hole conditions to dictate mud wt. If indicated by samples and shows, run DST's in Strawn and/or Atoka. If production is indicated, set and cement 7-5/8" FJ liner at 12,000'. Drill ahead in 6-1/2" hole using brine water adding SW gel to build viscosity. Drill thru Morrow Sands, DST as indicated. If Morrow is productive, set and cement a 5" FJ liner at 13,000'. We will run a full suite of electric logs before setting 9-5/8" casing, and before each liner is run. Gas from this acreage is not dedicated.

APPROVAL VALID FOR 180 DAYS

PERMIT EXPIRES 10-16-81
UNLESS DRILLING UNDERWAY

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTION ZONE AND PROPOSED NEW PRODUCTION ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Billy M. Probe Title Drilling Manager Date April 13, 1981

(This space for State Use)

APPROVED BY N. O. Grasset TITLE SUPERVISOR, DISTRICT II DATE APR 16 1981

CONDITIONS OF APPROVAL, IF ANY:



COQUINA OIL CORPORATION

P. O. DRAWER 2960
MIDLAND, TEXAS 79702

(915) 682-3271

Marra No. 1
Operator: Coquina Oil Corporation
Drilling Contractor: Ard Drilling Rig No. 3

<u>Date</u>	<u>Activity</u>
4/13/81	Began construction of roads and location.
5/4/81	Constructed cellar.
5/6/81	Began moving in Ard Rig #3.
5/7/81	Moving in and rigging up rotary, equipment.
5/8/81	Finished moving in and rigging up. Spudded well at 11:00 a.m. Constructed Reserve pits.
5/9-10/81	Drilling 26" surface hole.
5/11/81	Reached surface total depth of 397'. Ran and cemented 20" surface casing. Nippled up Blow-out preventers, tested Blow-out preventers to 600 psi. Tested o.k.
5/12-19/81	Drilling 17½" intermediate hole.
5/20/81	Reached intermediate total depth of 2600'. Ran 13-3/8" casing
5/21/81	Cemented 13-3/8" casing. Wait on cement 18 hours. Nippled up Blow-out Preventer.
5/22-24/81	Test Blow-out Preventer to 3000 psi. Tested o.k. Began drilling 12¼" hole.
5/25/81 - 6/20/81	Drilling. Reached second intermediate depth of 9850'.
6/21/81	Ran open hole wireline logs.
6/22/81	Ran 9-5/8" casing.
6/23/81	Cemented 9-5/8" casing. WOC 18 hours.
6/24/81	Nippled up Blow-out Preventer. Tested Blow-out Preventer to 5000 psi. Tested o.k.
6/25/81	Finished testing Blow-out Preventer. Drilled DV tool, cement and floats. Tested casing to 1500 psi. Test o.k. Tested 9-5/8" shoe to a 13.4 pounds per gallon equivalent fluid.

Marra No. 1

Operator: Coquina Oil Corporation

Drilling Contractor: Ard Drilling Rig No. 3

Page 2

<u>Date</u>	<u>Activity</u>
6/26/81 - 7/8/81	Drilled 8-1/2" hole to 11,566'.
7/9/81	Ran Drill Stem Test No. 1.
7/10-14/81	Drilling, circulating for Drill Stem Test No. 2.
7/15/81	Ran Drill Stem Test No. 2.
7/16/81	Finished running Drill Stem Test No. 2. Resumed drilling operations.
7/17-19/81	Drilling. Reached liner total depth of 12,000'. Ran open hole logs.
7/20/81	Finished logging. Circulate and condition mud.
7/21/81	Ran and cemented 7-5/8" liner.
7/22-23/81	Circulate and condition mud.
7/24-28/81	Dress off top of liner. Squeezed top of liner, wait on cement.
7/29-31/81	Drilling cement. Test liner top to 3000 psi. Tested o.k. Pull out of hole with squeeze tools. Pick up 3-1/2" drill pipe.
8/1-2/81	Drill cement, float collar and float shoe. Tested casing to 2000 psi. Tested o.k.
8/3-8/81	Drilling 6-1/2" hole. Reached depth of 12,512'. Circulate and condition mud to run Drill Stem Test No. 2.
8/9- to present date	Stuck drill pipe 8/9/81. Began fishing operations late 8/9/81. Still fishing for drill string.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 4

DESIGNATION OF POOLED AREA CASE NO. 7333

Submitted by COQUINA

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned are respectively the record title owners of the oil and gas leases (hereinafter referred to as "said leases") described on Exhibit "A" attached hereto and made a part hereof insofar as said leases cover the following described lands or portions thereof situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less
(hereinafter referred to as "said lands");

and

WHEREAS, Roy G. Barton, Jr., Ronnie Ward and M. Brad Bennett, Pardue Farms, a New Mexico limited partnership and Spear Bros. Sheep & Cattle Co. are the owners of certain mineral interests in portions of the said lands, said mineral interests being subject to the terms of a Joint Operating Agreement dated March 20, 1981, by and between Coquina Oil Corporation, as Operator, and Phillips Petroleum Company, et al, as Non-Operators, covering the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., as a proration unit for the Marra #1 Well; and

WHEREAS, each of the described leases and the amendments thereto of record contain pooling provisions which are incorporated herein by reference to the recorded instrument; and

WHEREAS, pursuant to the terms of each of said leases described on Exhibit "A" attached hereto and made a part hereof, the undersigned are respectively authorized to pool the leases and the lands covered thereby with other lands and leases to form a standard proration unit of such size as authorized by the New Mexico Oil Conservation Division; and

WHEREAS, the undersigned desire to exercise their authority granted to them to pool or combine said leases set forth on Exhibit "A" covering said land or portions thereof with the remaining lands, leases, mineral estates or parts thereof in the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, which acreage has been dedicated to the well described hereinabove.

NOW, THEREFORE, pursuant to the authority vested in the undersigned, the undersigned do hereby respectively pool or combine the oil and gas leases described on Exhibit "A" attached hereto and all other leases owned by the undersigned in said land with the remaining lands, mineral estates or parts thereof in said land to form a standard proration unit consisting of the following described lands situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less.

This Designation of Pooled Area may be executed in multiple counterparts and it is hereby provided that in such event, it shall only be necessary to attach the execution page and acknowledgment page relating to any such signature to the original Designation for recording purposes, and further this Designation of Pooled Area may be ratified by any other persons

10000
owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this 4/16 day of MAY, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: Donald O. Thompson
Donald O. Thompson, Attorney-in-Fact

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears, General Partner

John P. Bates

Ann L. Bates
Wife of John P. Bates

Ronnie Ward

Debra H. Ward
Wife of Ronnie Ward

Bill Seltzer

Seltzer
Wife of Bill Seltzer

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 5th day of May, 1981, by DONALD O. THOMPSON, ATTORNEY IN FACT of Coquina Oil Corporation, a Nevada corporation, on behalf of said corporation.

My Commission Expires: 3-29-85

(Charlotte Mitchell)
Notary Public in and for Midland County, Texas. (Charlotte Mitchell)

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Phillips Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Cotton Petroleum Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, _____ Barton.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Adams Exploration Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Read & Stevens, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by M. Brad Bennett and wife, _____ Bennett.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Desana Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Pardue Farms, a New Mexico limited partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ellie Spears, General Partner of Spears Bros. Sheep & Cattle Co., a partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by John P. Bates and wife, Ann L. Bates.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ronnie Ward and wife, Debra H. Ward.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Bill Seltzer and wife, _____ Seltzer.

My Commission Expires: _____
Notary Public

EXHIBIT "A"
TO DESIGNATION OF POOLED AREA
N½ of Section 14, Township 24 South, Range 28
East, N.M.P.M., Eddy County, New Mexico

Phillips Petroleum Co.

1. From: R. L. James, aka Robert L. James
To: Phillips Petroleum Co.
Dated: March 26, 1976
Recorded: Book 135, page 60, Miscellaneous Records,
Eddy County, New Mexico
2. From: Harriet James Harrison, dealing in her
sole and separate property
To: James C. Brown
Dated: October 25, 1979
Recorded: Unrecorded
3. From: John Ruiz, aka Juan Ruiz or John P. Ruiz and
Maria Ruiz, his wife
To: E. S. Grear
Dated: November 18, 1974
Recorded: Book 122, page 236, Miscellaneous Records,
Eddy County, New Mexico
4. From: John Ruiz aka Juan Ruiz or John P. Ruiz and
Maria Ruiz, his wife
To: E. S. Grear
Dated: November 18, 1974
Recorded: Book 122, page 234, Miscellaneous Records,
Eddy County, New Mexico
5. From: Charles M. Sawey, Jr. and Charlotte H. Sawey,
his wife, and James W. Sawey and Marilla A.
Sawey, his wife
To: E. S. Grear
Dated: November 21, 1974
Recorded: Book 122, page 245, Miscellaneous Records,
Eddy County, New Mexico
6. From: Earl B. Guitar and wife, Anita Guitar; John
Guitar, Jr. and wife, Ernestine Guitar; Mary
Guitar Polk, a widow; Individually and Earl B.
Guitar and John Guitar, Jr. as Attorneys-in-
Fact for Virginia Guitar Witherspoon, a widow;
Catherine Guitar Woods, a widow; Ruth Guitar
Alexander, a widow; Laura Guitar Belcher and
husband, John Belcher
To: E. S. Grear
Dated: November 19, 1974
Recorded: Book 122, page 240, Miscellaneous Records,
Eddy County, New Mexico
7. From: Mary Beth Guitar, a widow; Repps B. Guitar, Jr.,
Leslie David Guitar, Pressley H. Guitar, and
Marilyn Guitar Galusha, being all of the heirs
of Repps B. Guitar, Deceased, and being their sole
and separate property, by their attorneys-in-fact,
Earl B. Guitar and John Guitar, Jr.
To: E. S. Grear
Dated: November 19, 1974
Recorded: Book 122, page 238, Miscellaneous Records,
Eddy County, New Mexico

8. From: Pardue Farms, a Partnership composed of Bruce D. Pardue and Maurice P. Pardue
To: E. S. Grear
Dated: November 13, 1974
Recorded: Book 122, page 230, Miscellaneous Records, Eddy County, New Mexico
9. From: James R. Craft and Dotte C. Craft
To: E. S. Grear
Dated: November 13, 1974
Recorded: Book 122, page 226, Miscellaneous Records, Eddy County, New Mexico
10. From: Robert L. Lee and Pauline F. Lee, his wife
To: E. S. Grear
Dated: December 16, 1974
Recorded: Book 123, page 186, Miscellaneous Records, Eddy County, New Mexico
11. From: Theodora Cook, a widow, and Iola B. Berry, a married woman dealing in her separate property
To: Phillips Petroleum Co.
Dated: December 12, 1975
Recorded: Book 133, page 469, Miscellaneous Records, Eddy County, New Mexico
12. From: Clyde C. Smith and wife, Maureen F. Smith
To: Phillips Petroleum Co.
Dated: April 9, 1976
Recorded: Book 136, page 63, Miscellaneous Records, Eddy County, New Mexico
13. From: Pecos Enterprises
To: Phillips Petroleum Co.
Dated: August 11, 1975
Recorded: Book 130, page 698, Miscellaneous Records, Eddy County, New Mexico
14. From: From Stephen Knowles Quinn dealing in his sole and separate estate
To: E. S. Grear
Dated: January 8, 1975
Recorded: Book 123, page 731, Miscellaneous Records, Eddy County, New Mexico
15. From: Evelyn G. Cornwell, dealing in her separate property
To: Phillips Petroleum Co.
Dated: June 23, 1976
Recorded: Book 139, page 320, Miscellaneous Records, Eddy County, New Mexico
16. From: Frank W. Owen and Blanche Owen
To: Phillips Petroleum Co.
Dated: June 11, 1976
Recorded: Book 138, page 565, Miscellaneous Records, Eddy County, New Mexico
17. From: Clayton H. Sooby, Jacquelyn Sooby Jaynes, Helene M. Sooby Eller, Larry Sooby and Marilyn D. Sooby, all being heirs of F. W. Sooby and wife, Myrtle Sooby, both deceased
To: Philips Petroleum Co.
Dated: May 28, 1976
Recorded: Book 138, page 556, Miscellaneous Records, Eddy County, New Mexico

18. From: Donald E. Holliday and wife, Kristen Holliday
To: Phillips Petroleum Co.
Dated: February 24, 1976
Recorded: Book 136, page 51, Miscellaneous Records,
Eddy County, New Mexico

Bill Seltzer

1. From: John A. Epley, Sr. and Kenneth R. Hathaway, sole and only heirs of Nora B. Sager
To: Bill Seltzer
Dated: April 13, 1981
Recorded:
2. From: Bertha Mae Severin, a widow and sole devisee under the Will of Gordon H. Severin. Deceased
To: Bill Seltzer
Dated:
Recorded:
3. From: Margurett Petschke, Attorney-in-Fact for Walter Petschke, the only heir of Edward E. Petschke, deceased
To: Bill Seltzer
Dated: April 15, 1981
Recorded:
4. From: Ralph B. Miller, Harold E. Miller, Murle Miller Holloway, each dealing in their sole and separate property
To: Bill Seltzer
Dated: April 13, 1981
Recorded:

Roy G. Barton, Jr.

1. From: State of New Mexico (Tax Deed)
To: Spear Brothers Sheep and Cattle Co. and Barton Brothers Land and Royalty Co.
Dated: January 27, 1971
Recorded: Book 208, page 233, Deed Records, Eddy County, New Mexico
2. From: David L. Barnes and Dorothea S. Barnes, husband and wife, Ruth Barnes Gleaton and Talmadge F. Gleaton, Harold W. Barnes and Delia Barnes
To: Roy Barton, Jr.
Dated: January 22, 1972
Recorded: Book 93, page 676, Miscellaneous Records, Eddy County, New Mexico
3. From: The Kansas Masonic Home (Quitclaim Deed)
To: Roy G. Barton, Jr.
Dated: October 3, 1972
Recorded: Unrecorded
4. From: Alfreda I. Colt, a widow and sole and only heir of Chan B. Colt, Deceased (Quitclaim Deed)
To: Roy Barton, Jr.
Dated: October 3, 1972
Recorded: Book 212, page 762, Deed Records, Eddy County, New Mexico

5. From: From Norman W. Roberts and wife, Bonnie Hazel Roberts
To: Roy Barton, Jr.
Dated: December 18, 1972
Recorded: Book 92, page 51, Miscellaneous Records, Eddy County, New Mexico
6. From: Joseph C. Wilson, a widower
To: Roy Barton, Jr.
Dated: December 21, 1972
Recorded: Book 92, page 866, Miscellaneous Records, Eddy County, New Mexico
7. From: Zita Basgall and Anna P. Basgall, each dealing in their sole and separate property
To: Roy G. Barton, Jr.
Dated: November 28, 1972
Recorded: Book 93, page 39, Miscellaneous Records, Eddy County, New Mexico
8. From: Edward Shirley, dealing in his sole and separate property
To: Roy G. Barton, Jr.
Dated: March 11, 1977
Recorded: Book 145, page 660, Miscellaneous Records, Eddy County, New Mexico
9. From: Charles R. Shirley, dealing in his sole and separate property
To: Roy G. Barton, Jr.
Dated: March 27, 1973
Recorded: Book 97, page 73, Miscellaneous Records, Eddy County, New Mexico
10. From: William V. Shirley, dealing in his sole and separate property
To: Roy G. Barton, Jr.
Dated: March 18, 1977
Recorded:
11. From: Robert E. Perrigo and Mattie B. Perrigo, husband and wife
To: Roy G. Barton, Jr.
Dated: March 24, 1973
Recorded:
12. From: Barton Brothers Land and Royalty Co., a limited partnership
To: Roy G. Barton, Jr.
Dated: August 30, 1973
Recorded: Book 106, page 983, Miscellaneous Records, Eddy County, New Mexico

Desana Corporation

1. From: Bessie Gerlach, a single woman, sole devisee and legatee named in Last Will and Testament of Ann E. Williams, Deceased
To: J. R. Rowan
Dated: June 7, 1975
Recorded: Book 128, page 156, Miscellaneous Records, Eddy County, New Mexico

2. From: Julio López and M. Guadalupe R. Lopez, his wife
To: R. C. Roberts
Dated: June 19, 1980
Recorded: Book 186, page 462, Miscellaneous Records,
Eddy County, New Mexico
3. From: W. J. Kunc1 and wife, Lois C. Kunc1
To: J. R. Rowan
Dated: March 18, 1980
Recorded: Book 183, page 749, Miscellaneous Records,
Eddy County, New Mexico
4. From: Edwin C. Warren, son and only child of Harry G.
and Elsie Warren (both deceased)
To: J. R. Rowan
Dated: June 24, 1980
Recorded: Book 188, page 214, Miscellaneous Records,
Eddy County, New Mexico
5. From: W. J. Kunc1 and his wife, Lois C. Kunc1
To: J. R. Rowan
Dated: June 24, 1980
Recorded: Book 186, page 578, Miscellaneous Records,
Eddy County, New Mexico
6. From: Marjorie Willard Dennis, a married woman dealing in
her sole and separate property, being a daughter of
A. P. and Kittie Willard, both deceased
To: J. R. Rowan
Dated: May 11, 1979
Recorded: Book 171, page 640, Miscellaneous Records,
Eddy County, New Mexico
7. From: John Willard, a married man dealing in his sole
and separate property, being a son and heir of
A. P. and Kittie Willard, both deceased
To: J. R. Rowan
Dated: May 11, 1979
Recorded:
8. From: George E. Conley and Julie Ann Conley
his wife
To: J. R. Rowan
Dated: April 30, 1979
Recorded: Book 171, page 1069, Miscellaneous Records,
Eddy County, New Mexico

Bates and Ward

1. From: Clayton H. Sooby, a married man dealing in his
separate property; Helene Eller, a married woman
dealing in her separate property; Jacquelyn Jaynes,
a married woman dealing in her separate property;
Larry Sooby, a married man dealing in his separate
property; Marilyn Taylor, a married woman dealing
in her separate property; and Betty Byers, a
married woman dealing in her separate property
To: Ronnie Ward, as ratified
Dated: March 5, 1979
Recorded: Book 170, page 530, Miscellaneous Records, Eddy
County, New Mexico, Ratification recorded Book 170,
page 533, Miscellaneous Records, Eddy County, New
Mexico

2. From: H. B. Amerine
 To: Ronnie Ward
 Dated: March 9, 1979
 Recorded: Book 171, page 916, Miscellaneous Records,
 Eddy County, New Mexico

M. Brad Bennett

1. From: Merrill J. Davis
 To: M. Brad Bennett
 Dated: July 3, 1980
 Recorded: Book 187, page 283, Miscellaneous Records,
 Eddy County, New Mexico

2. From: Jane S. Crawmer, a widow
 To: M. Brad Bennett
 Dated: August 5, 1975
 Recorded: Book 130, page 371, Miscellaneous Records,
 Eddy County, New Mexico

Cotton Petroleum

1. From: Johnson Properties, a limited New Mexico partnership
 To: Dan P. Caldwell
 Dated: September 28, 1978
 Recorded:

Ronnie Ward and M. Brad Bennett

1. From: Doris L. Crawford, dealing in her sole and separate
 property
 To: M. Brad Bennett
 Dated: July 1, 1980
 Recorded: Book 187, page 16, Miscellaneous Records,
 Eddy County, New Mexico

2. From: Carlsbad Mennonite Church (Warranty Deed)
 To: M. Brad Bennett
 Dated: January 11, 1980
 Recorded: Book 242, page 956, Deed Records, Eddy County,
 New Mexico

3. From: Jess L. Bennett and wife, Celia R. Bennett
 To: M. Brad Bennett
 Dated: October 22, 1979
 Recorded: Book 179, page 422, Miscellaneous Records,
 Eddy County, New Mexico

4. From: Elsie R. Gaines Barker, as her sole and separate
 property
 To: M. Brad Bennett
 Dated: October 22, 1979
 Recorded: Book 179, page 1028, Miscellaneous Records,
 Eddy County, New Mexico

5. From: John Dallman and wife, Florence M. Dallman
 To: M. Brad Bennett
 Dated: October 23, 1979
 Recorded: Book 179, page 424, Miscellaneous Records,
 Eddy County, New Mexico

6. From: Mamie Fraley, Martin Fraley and Leck Fraley, Sr.
 To: M. Brad Bennett
 Dated: October 29, 1979
 Recorded: Book 179, page 990, Miscellaneous Records,
 Eddy County, New Mexico

- 1066
7. From: Lewis M. Cromwell and Elaine I. Cromwell
To: M. Brad Bennett
Dated: October 31, 1979
Recorded: Book 181, page 287, Miscellaneous Records,
Eddy County, New Mexico
 8. From: Margaret Best
To: M. Brad Bennett
Dated: April 8, 1980
Recorded: Book 186, page 117, Miscellaneous Records,
Eddy County, New Mexico
 9. From: L. C. Burkham and Sons
To: Ronnie Ward
Dated: February 3, 1981
Recorded:
 10. From: J. A. Herman Pino
To: M. Brad Bennett
Dated: November 17, 1980
Recorded: Book 192, page 169, Miscellaneous Records,
Eddy County, New Mexico
 11. From: Robert L. Lee, et ux, Pauline F. Lee
To: Ronnie Ward
Dated: February 4, 1981
Recorded:

Adams Exploration

1. From: First National Bank and Trust Co., Trustee
under Will of Robert L. James, Deceased
To: W. C. Smith, Jr.
Dated: August 30, 1979
Recorded: Book 181, page 468, Miscellaneous Records,
Eddy County, New Mexico

Read & Stevens

1. From: Danny Munoz and wife, Elisa A. Munoz
To: R. F. Fort
Dated: November 3, 1980
Recorded:
2. From: Richard A. Bergo
To: R. F. Fort
Dated: November 4, 1980
Recorded:
3. From: Jack L. Roberts
To: R. F. Fort
Dated: November 4, 1980
Recorded:
4. From: John M. Gay and wife, Mary Ann Gay
To: R. F. Fort
Dated: November 11, 1980
Recorded:
5. From: Clyde C. Smith and wife, Maureen Smith
To: R. F. Fort
Dated: November 24, 1980
Recorded:
6. From: C. L. Thaker and wife, Annie M. Thaker
To: R. F. Fort
Dated: November 11, 1980
Recorded:

7. From: Emma M. Black, Life Estate, Belle Leidinger and Ann Goulding, Remainderman
To: R. F. Fort
Dated: November 17, 1980
Recorded:
8. From: Charlie L. Tubbs and wife, Molly N. Tubbs, as joint tenants
To: R. F. Fort
Dated: November 6, 1980
Recorded:
9. From: Norman W. Gerlach, et ux Ethel E. Gerlach
To: R. F. Fort
Dated: December 8, 1980
Recorded:

Coquina Oil Corporation

1. From: Ronnie Ward and wife, Debra H. Ward and M. Brad Bennett and wife, Linda M. Bennett
To: Coquina Oil Corporation
Dated: October 25, 1979
Recorded: Book 181, page 763, Miscellaneous Records, Eddy County, New Mexico
2. From: W. J. Burkham and wife, Mavis Burkham
To: M. Brad Bennett and Ronnie Ward
Dated: September 26, 1979
Recorded: Book 177, page 620, Miscellaneous Records, Eddy County, New Mexico
3. From: R. L. James and wife, Lillian B. James
To: A. N. Etz and R.A.T. Wright
Dated: November 1, 1951
Recorded: Book 44, page 10, Records of Eddy County, New Mexico Amended April 23, 1952, Book 47, page 183, Oil and Gas Records, Eddy County, New Mexico
4. From: Harriet James Harrison (nee Harriet James)
To: A. N. Etz and R.A.T. Wright
Dated: November 1, 1951
Recorded: Amended April 28, 1951, recorded in Book 47, page 189, Oil and Gas Records, Eddy County, New Mexico

Pardue Farms, a New Mexico Limited Partnership (Mineral Interest)

Section 14: Tract 1393 (located in the NE $\frac{1}{4}$)

Spear Bros. Sheep & Cattle Co. (Mineral Interest)

Section 14: Tract 1365 (located in the NE $\frac{1}{4}$)

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: *[Signature]*

SPEARS BROS. SHEEP & CATTLE CO.

By: _____

Ellie Spears, General Partner

STATE OF New Mexico)
COUNTY OF Eddy) ss.

The foregoing instrument was acknowledged before me this 7th
day of May, 1981, by Bruce A. Pardue,
General Partner of Pardue Farms, a New Mexico
limited partnership, on behalf of said partnership.

My Commission Expires:
31 October 1981

Corina Gregullen
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by Ellie Spears, General
Partner of Spears Bros. Sheep & Cattle Co., a partnership, on
behalf of said partnership.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by John P. Bates and wife, Ann L.
Bates.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by Ronnie Ward and wife, Debra H.
Ward.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by Bill Seltzer and wife,
_____ Seltzer.

My Commission Expires:

Notary Public

1070

John P. Bates

Ann L. Bates
Wife of John P. Bates

Ronnie Ward

Debra H. Ward
Wife of Ronnie Ward

Bill Seltzer
Bill Seltzer

Joy Seltzer
Joy Seltzer
Wife of Bill Seltzer

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by _____,
of Coquina Oil Corporation, a Nevada
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by _____,
of Phillips Petroleum Company, a
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by _____,
of Cotton Petroleum Corporation, a
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Pardue Farms, a New Mexico limited partnership, on behalf of said partnership.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ellie Spears, General Partner of Spears Bros. Sheep & Cattle Co., a partnership, on behalf of said partnership.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by John P. Bates and wife, Ann L. Bates.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ronnie Ward and wife, Debra H. Ward.

My Commission Expires: _____

Notary Public

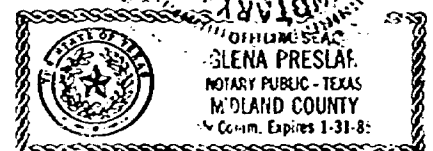
STATE OF TEXAS _____)
COUNTY OF MIDLAND _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Bill Seltzer and wife, Joy Seltzer.

My Commission Expires: _____

Glena Preslar
Notary Public

-5-



owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: James C. Brown
Attorney in Fact
READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears, General Partner

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, Barton.

My Commission Expires: _____

Notary Public

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this 6th day of MAY, 1981, by JAMES C. BROWN, Attorney in Fact of Adams Exploration Company, a corporation, on behalf of said corporation.

My Commission Expires: 3-13-84

Julia K. Kelly
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Read & Stevens, Inc., a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by M. Brad Bennett and wife, Bennett.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Desana Corporation, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

John P. Bates
John-P. Bates

Ann L. Bates
Ann L. Bates
Wife of John P. Bates

Ronnie Ward
Ronnie Ward

Debra H. Ward
Debra H. Ward
Wife of Ronnie Ward

Bill Seltzer

Seltzer
Wife of Bill Seltzer

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Coquina Oil Corporation, a Nevada corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Phillips Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Cotton Petroleum Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Pardue Farms, a New Mexico limited partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ellic Spears, General Partner of Spears Bros. Sheep & Cattle Co., a partnership, on behalf of said partnership.

My Commission Expires: _____
Notary Public

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1981, by John P. Bates and wife, Ann L. Bates.

My Commission Expires: 9-27-81
Notary Public Patricia A. Loper

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1981, by Ronnie Ward and wife, Debra H. Ward.

My Commission Expires: 9-27-81
Notary Public Patricia A. Loper

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Bill Seltzer and wife, _____ Seltzer.

My Commission Expires: _____
Notary Public

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON


Wife of Roy G. Barton

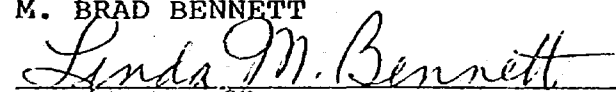
ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____


M. BRAD BENNETT


LINDA M. BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: _____

Ellie Spears, General Partner

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, _____ Barton.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

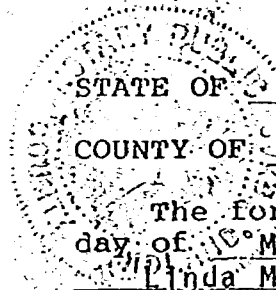
The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Adams Exploration Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Read & Stevens, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public



STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1981, by M. Brad Bennett and wife, Linda M. Bennett.

My Commission Expires: 8/5/84
Notary Public Pamela Sledge

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Desana Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

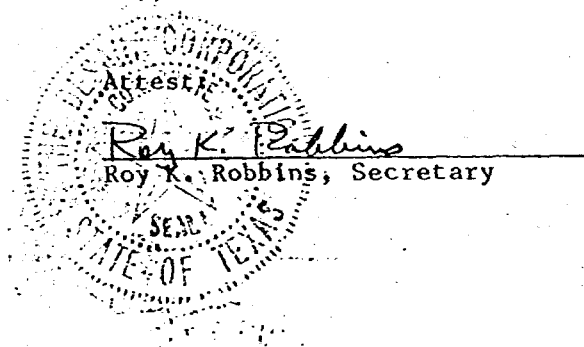
By: *Darrell E. Smith*
Darrell E. Smith, President

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears, General Partner



STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Roy G. Barton, Jr. and wife, _____ Barton.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____, _____ of Adams Exploration Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____, _____ of Read & Stevens, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by M. Brad Bennett and wife, _____ Bennett.

My Commission Expires: _____

Notary Public

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1981, by Darrell E. Smith, _____ President, _____ of Desana Corporation, a _____ Texas corporation, on behalf of said corporation.

My Commission Expires: _____

Monte L. Stovall
Notary Public
Monte L. Stovall

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears
Ellie Spears, General Partner

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ of Pardue Farms, a New Mexico limited partnership, on behalf of said partnership.

My Commission Expires: _____

Notary Public

STATE OF N.M.)
COUNTY OF Lea) ss.

The foregoing instrument was acknowledged before me this 7 day of May, 1981, by Ellic Spears, General Partner of Spears Bros. Sheep & Cattle Co., a partnership, on behalf of said partnership.

My Commission Expires: 8-15-83

Paul H. Huley
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by John P. Bates and wife, Ann L. Bates.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Ronnie Ward and wife, Debra H. Ward.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by Bill Seltzer and wife, _____ Seltzer.

My Commission Expires: _____

Notary Public

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____ COQUINA OIL CORPORATION
By: _____

Attest: _____ PHILLIPS PETROLEUM COMPANY
By: _____

Attest: _____ COTTON PETROLEUM CORPORATION
By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY
By: _____

READ & STEVENS, INC.
By: Joe Wigley
Joe Wigley, Land Manager, Secretary

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION
By: _____

PARDUE FARMS, a New Mexico Limited Partnership
By: _____

SPEARS BROS. SHEEP & CATTLE CO.
By: Ellie Spears
Ellie Spears, General Partner

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1981, by Roy G. Barton, Jr. and wife,
Barton.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1981, by _____,
of Adams Exploration Company, a
corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF New Mexico)
COUNTY OF Chaves) ss.

The foregoing instrument was acknowledged before me this 7th
day of May, 1981, by Joe Wigley,
Secretary of Read & Stevens, Inc., a New Mexico
corporation, on behalf of said corporation.

My Commission Expires: May 31, 1981
Notary Public Loren J. McLain

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1981, by M. Brad Bennett and wife,
Bennett.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1981, by _____,
of Desana Corporation, a
corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

EXHIBIT NO. 5

CASE NO. 7333

Submitted by COQUINA

EXHIBIT Hearing Date

Attached to and made a part of Operating Agreement between
Coquina Oil Corporation as Operator and Phillips Petroleum,
Desana Corporation, Rowan & Roberts, Cotten Petroleum, Pardue Farms,
John P. Bates, Ronnie Ward, M. Brad Bennett, Roy G. Barton, Spear Bros.
Cattle Company, Adams Expl. Co., Reid & Stevens as Non-operators.

ACCOUNTING PROCEDURE JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

- A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
- (2) Salaries of First Level Supervisors in the field.
- (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.
- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%).

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of \$200 or less excluding accessorial charges.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- () Fixed Rate Basis, Paragraph 1A, or
- () Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall () shall not () be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 2,842.00
Producing Well Rate \$ 383.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- [1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

- [1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- [2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- [3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- [4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.
- [5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

N/A Percent (%) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

N/A Percent (%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of \$ 25,000.00 :

A. 5 % of total costs if such costs are more than \$ 25,000.00 but less than \$ 100,000.00 ; plus

B. 3 % of total costs in excess of \$ 100,000.00 but less than \$1,000,000; plus

C. 2 % of total costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

3. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

(b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

BILL SELTZER
514 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

BEFORE EXAMINER STAMPS
OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. 7333

Submitted by COQUINA

Hearing Date _____

April 28, 1981

Re: Lot 14, Block 51, of
the original townsite
of Malaga, New Mexico,
being a part of the NW/4
of Section 14, T-24-S, R-28-E,
Eddy County, New Mexico

George A. Huffer
c/o Carmen E. Huffer
3036 Dauphine Street
New Orleans, La. 70117

Dear Sir:

According to a check of the County Records of Eddy County,
New Mexico, you are the owner of the above interest.

I am representing Coquina Oil Co. who is preparing to
drill a well within the townsite of Malaga, and we desire
to purchase an Oil and Gas Lease and herewith offer you
\$100.00 for a 5 year Paid Up Lease with 3/16ths royalty.

In order to complete our drilling block we need Oil and
Gas Leases from all parties or their refusal to lease so
we can go to the New Mexico Commission for their approval
to force pool all parties who decline to lease.

If this offer is acceptable please write the correct
ownership, your address, social security number and we will
forward a lease and draft for your execution.

Please write me by return mail or call my office as
soon as possible so we may complete all of our transactions.

Sincerely,

Bill Seltzer

Bill Seltzer

BS/kp

Correct Ownership: _____

Correct Address: _____

Social Security #: _____

BILL SELTZER
514 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 6A

CASE NO. 7333

Submitted by COQUINA

Hearing Date

July 1, 1981

Re: Lot 4, Block 115, Town-
site of Malaga in NW/4
of Section 14, T-24-S,
R-28-E, Eddy Co., New
Mexico.

Rate of \$100.00 per acre.

Mrs. Winifred McNama Drake
2690 West 2nd Avenue
Hialeah, Florida 33010

7303

Dear Mrs. Drake:

According to a check of the records of Eddy Co., New Mexico, you
are the owner of an undivided 1/40th interest in the above lot.

I am representing Coquina Oil Company who is drilling a well in
the Townsite of Malaga and we desire to purchase an Oil and Gas
Lease and will pay you \$2.50 for a one year paid up Lease with
3/16ths royalty.

In order to complete our drilling block we must have your accep-
tance by July 15, 1981 or your refusal to lease your interest. If
we do not have your acceptance by July 15, 1981 we shall consider
no answer as a refusal to lease and will proceed with our Compul-
sory Pooling hearing before the Oil Conservation Commission for the
State of New Mexico.

If you desire to accept this offer please write your correct name,
address, Social Security number and we will forward a lease and
draft for your execution.

Your immediate attention will be greatly appreciated.

Sincerely,

Bill Seltzer

Bill Seltzer

BS/ss

62

Exhibit 4
Case 7333

DESIGNATION OF POOLED AREA

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned are respectively the record title owners of the oil and gas leases (hereinafter referred to as "said leases") described on Exhibit "A" attached hereto and made a part hereof insofar as said leases cover the following described lands or portions thereof situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less
(hereinafter referred to as "said lands");

and

WHEREAS, Roy G. Barton, Jr., Ronnie Ward and M. Brad Bennett, Pardue Farms, a New Mexico limited partnership and Spear Bros. Sheep & Cattle Co. are the owners of certain mineral interests in portions of the said lands, said mineral interests being subject to the terms of a Joint Operating Agreement dated March 20, 1981, by and between Coquina Oil Corporation, as Operator, and Phillips Petroleum Company, et al, as Non-Operators, covering the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., as a proration unit for the Marra #1 Well; and

WHEREAS, each of the described leases and the amendments thereto of record contain pooling provisions which are incorporated herein by reference to the recorded instrument; and

WHEREAS, pursuant to the terms of each of said leases described on Exhibit "A" attached hereto and made a part hereof, the undersigned are respectively authorized to pool the leases and the lands covered thereby with other lands and leases to form a standard proration unit of such size as authorized by the New Mexico Oil Conservation Division; and

WHEREAS, the undersigned desire to exercise their authority granted to them to pool or combine said leases set forth on Exhibit "A" covering said land or portions thereof with the remaining lands, leases, mineral estates or parts thereof in the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, which acreage has been dedicated to the well described hereinabove.

NOW, THEREFORE, pursuant to the authority vested in the undersigned, the undersigned do hereby respectively pool or combine the oil and gas leases described on Exhibit "A" attached hereto and all other leases owned by the undersigned in said land with the remaining lands, mineral estates or parts thereof in said land to form a standard proration unit consisting of the following described lands situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less.

This Designation of Pooled Area may be executed in multiple counterparts and it is hereby provided that in such event, it shall only be necessary to attach the execution page and acknowledgment page relating to any such signature to the original Designation for recording purposes, and further this Designation of Pooled Area may be ratified by any other persons

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: Cliff Ohr, Attorney-in-Fact m

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

ROY G. BARTON

BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

BENNETT
Wife of M. Brad Bennett

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: Ellie Spears, General Partner

0727

John P. Bates

Ann L. Bates
Wife of John P. Bates

Ronnie Ward

Debra H. Ward
Wife of Ronnie Ward

Bill Seltzer

Seltzer
Wife of Bill Seltzer

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by _____,
of Coquina Oil Corporation, a Nevada
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS)
COUNTY OF HARRIS) ss.

The foregoing instrument was acknowledged before me this 11th
day of May, 1981, by Cliff Ohr
Attorney-in-Fact of Phillips Petroleum Company, a
Delaware Corporation, on behalf of said corporation.

My Commission Expires:
August 25, 1984

Kent Crawford

Notary Public in and for
Harris County, Texas
KENT CRAWFORD

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1981, by _____,
of Cotton Petroleum Corporation, a
corporation, on behalf of said corporation.
County of Eddy

My Commission Expires: _____

Notary Public

EXHIBIT "A"
TO DESIGNATION OF POOLED AREA
N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28
East, N.M.P.M., Eddy County, New Mexico

Phillips Petroleum Co.

1. From: R. L. James, aka Robert L. James
To: Phillips Petroleum Co.
Dated: March 26, 1976
Recorded: Book 135, page 60, Miscellaneous Records,
Eddy County, New Mexico
2. From: Harriet James Harrison, dealing in her
sole and separate property
To: James C. Brown
Dated: October 25, 1979
Recorded: Unrecorded
3. From: John Ruiz, aka Juan Ruiz or John P. Ruiz and
Maria Ruiz, his wife
To: E. S. Grear
Dated: November 18, 1974
Recorded: Book 122, page 236, Miscellaneous Records,
Eddy County, New Mexico
4. From: John Ruiz aka Juan Ruiz or John P. Ruiz and
Maria Ruiz, his wife
To: E. S. Grear
Dated: November 18, 1974
Recorded: Book 122, page 234, Miscellaneous Records,
Eddy County, New Mexico
5. From: Charles M. Sawey, Jr. and Charlotte H. Sawey,
his wife, and James W. Sawey and Marilla A.
Sawey, his wife
To: E. S. Grear
Dated: November 21, 1974
Recorded: Book 122, page 245, Miscellaneous Records,
Eddy County, New Mexico
6. From: Earl B. Guitar and wife, Anita Guitar; John
Guitar, Jr. and wife, Ernestine Guitar; Mary
Guitar Polk, a widow; Individually and Earl B.
Guitar and John Guitar, Jr. as Attorneys-in-
Fact for Virginia Guitar Witherspoon, a widow;
Catherine Guitar Woods, a widow; Ruth Guitar
Alexander, a widow; Laura Guitar Belcher and
husband, John Belcher
To: E. S. Grear
Dated: November 19, 1974
Recorded: Book 122, page 240, Miscellaneous Records,
Eddy County, New Mexico
7. From: Mary Beth Guitar, a widow; Repps B. Guitar, Jr.,
Leslie David Guitar, Pressley H. Guitar, and
Marilyn Guitar Galusha, being all of the heirs
of Repps B. Guitar, Deceased, and being their sole
and separate property, by their attorneys-in-fact,
Earl B. Guitar and John Guitar, Jr.
To: E. S. Grear
Dated: November 19, 1974
Recorded: Book 122, page 238, Miscellaneous Records,
Eddy County, New Mexico

8. From: Pardue Farms, a Partnership composed of Bruce D. Pardue and Maurice P. Pardue
To: E. S. Grear
Dated: November 13, 1974
Recorded: Book 122, page 230, Miscellaneous Records, Eddy County, New Mexico
9. From: James R. Craft and Dotte C. Craft
To: E. S. Grear
Dated: November 13, 1974
Recorded: Book 122, page 226, Miscellaneous Records, Eddy County, New Mexico
10. From: Robert L. Lee and Pauline F. Lee, his wife
To: E. S. Grear
Dated: December 16, 1974
Recorded: Book 123, page 186, Miscellaneous Records, Eddy County, New Mexico
11. From: Theodora Cook, a widow, and Iola B. Berry, a married woman dealing in her separate property
To: Phillips Petroleum Co.
Dated: December 12, 1975
Recorded: Book 133, page 469, Miscellaneous Records, Eddy County, New Mexico
12. From: Clyde C. Smith and wife, Maureen F. Smith
To: Phillips Petroleum Co.
Dated: April 9, 1976
Recorded: Book 136, page 63, Miscellaneous Records, Eddy County, New Mexico
13. From: Pecos Enterprises
To: Phillips Petroleum Co.
Dated: August 11, 1975
Recorded: Book 130, page 698, Miscellaneous Records, Eddy County, New Mexico
14. From: From Stephen Knowles Quinn dealing in his sole and separate estate
To: E. S. Grear
Dated: January 8, 1975
Recorded: Book 123, page 731, Miscellaneous Records, Eddy County, New Mexico
15. From: Evelyn G. Cornwell, dealing in her separate property
To: Phillips Petroleum Co.
Dated: June 23, 1976
Recorded: Book 139, page 320, Miscellaneous Records, Eddy County, New Mexico
16. From: Frank W. Owen and Blanche Owen
To: Phillips Petroleum Co.
Dated: June 11, 1976
Recorded: Book 138, page 565, Miscellaneous Records, Eddy County, New Mexico
17. From: Clayton H. Sooby, Jacquelyn Sooby Jaynes, Helene M. Sooby Eller, Larry Sooby and Marilyn D. Sooby, all being heirs of F. W. Sooby and wife, Myrtle Sooby, both deceased
To: Phillips Petroleum Co.
Dated: May 28, 1976
Recorded: Book 138, page 556, Miscellaneous Records, Eddy County, New Mexico
18. From: Donald E. Holliday and wife, Kristen Holliday
To: Phillips Petroleum Co.
Dated: February 24, 1976
Recorded: Book 136, page 51, Miscellaneous Records, Eddy County, New Mexico

DECLARATION OF UNITIZATION

STATE OF NEW MEXICO

COUNTY OF EDDY

The undersigned, being the lessee of record of the Oil, Gas and Mineral Lease dated December 7, 1979, recorded in Book 184 at Page 937 of the Miscellaneous Records of Eddy County, New Mexico, by virtue of the authority contained in said lease, do hereby pool, combine, and unitize said lease with those leases described in Exhibit A to that certain instrument titled "Designation of Pooled Area" dated May 5, 1981 and recorded in Book 198 at Page 1055 of the Miscellaneous Records of Eddy County, New Mexico, insofar as they affect the oil and gas rights (and associated liquid hydrocarbons producible therewith) insofar as said leases cover from the surface of the earth to the base of the Morrow formation under the following described land in Eddy County, New Mexico, to wit:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N/2

Containing 333 acres of land, more or less

Executed this 2nd day of July, 1981.

ATTEST:

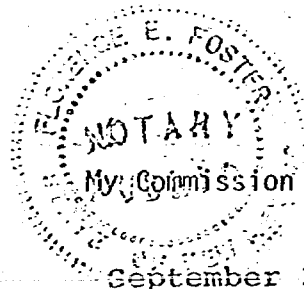
H & S OIL COMPANY



STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this 2nd day of July, 1981, by R. L. Heinsch, Partner of H & S Oil Company, a partnership, on behalf of said partnership.



My Commission Expires:

September 29, 1983



Notary Public

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 17 day of July, 1981 at 11:15 o'clock A M., and recorded in the Records of Misc., Book 202 Page 342.

VIRGIE COLE, County Clerk

By: Charlene T. Wright, Deputy

MAY 8 1981

DESIGNATION OF POOLED AREA

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned are respectively the record title owners of the oil and gas leases (hereinafter referred to as "said leases") described on Exhibit "A" attached hereto and made a part hereof insofar as said leases cover the following described lands or portions thereof situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less
(hereinafter referred to as "said lands");

and

WHEREAS, Roy G. Barton, Jr., Ronnie Ward and M. Brad Bennett, Cardue Farms, a New Mexico limited partnership and Spear Bros. Sheep & Cattle Co. are the owners of certain mineral interests in portions of the said lands, said mineral interests being subject to the terms of a Joint Operating Agreement dated March 20, 1981, by and between Coquina Oil Corporation, as Operator, and Phillips Petroleum Company, et al, as Non-Operators, covering the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., as a proration unit for the Marra #1 Well; and

WHEREAS, each of the described leases and the amendments thereto of record contain pooling provisions which are incorporated herein by reference to the recorded instrument; and

WHEREAS, pursuant to the terms of each of said leases described on Exhibit "A" attached hereto and made a part hereof, the undersigned are respectively authorized to pool the leases and the lands covered thereby with other lands and leases to form a standard proration unit of such size as authorized by the New Mexico Oil Conservation Division; and

WHEREAS, the undersigned desire to exercise their authority granted to them to pool or combine said leases set forth on Exhibit "A" covering said land or portions thereof with the remaining lands, leases, mineral estates or parts thereof in the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, which acreage has been dedicated to the well described hereinabove.

NOW, THEREFORE, pursuant to the authority vested in the undersigned, the undersigned do hereby respectively pool or combine the oil and gas leases described on Exhibit "A" attached hereto and all other leases owned by the undersigned in said land with the remaining lands, mineral estates or parts thereof in said land to form a standard proration unit consisting of the following described lands situated in Eddy County, New Mexico:

Township 24 South, Range 28 East, N.M.P.M.

Section 14: N $\frac{1}{2}$

containing 333 acres, more or less.

This Designation of Pooled Area may be executed in multiple counterparts and it is hereby provided that in such event, it shall only be necessary to attach the execution page and acknowledgment page relating to any such signature to the original Designation for recording purposes, and further this Designation of Pooled Area may be ratified by any other persons

owning royalty, overriding royalty or leasehold interests in lands comprising part of the pooled unit designated herein, and such execution or ratification shall be binding upon persons executing or ratifying the same whether or not all interest owners as aforesaid execute this Designation or ratification thereof.

IN WITNESS WHEREOF, the undersigned have executed this Designation this _____ day of _____, 1981.

Attest: _____

COQUINA OIL CORPORATION

By: _____

Attest: _____

PHILLIPS PETROLEUM COMPANY

By: _____

Attest: _____

COTTON PETROLEUM CORPORATION

By: _____

Roy G. Barton Jr.
ROY G. BARTON JR.
Norma J. Barton
NORMA J. BARTON
Wife of Roy G. Barton

ADAMS EXPLORATION COMPANY

By: _____

READ & STEVENS, INC.

By: _____

M. BRAD BENNETT

Wife of M. Brad Bennett BENNETT

DESANA CORPORATION

By: _____

PARDUE FARMS, a New Mexico Limited Partnership

By: _____

SPEARS BROS. SHEEP & CATTLE CO.

By: _____
Ellie Spears, General Partner

STATE OF New Mexico)
) ss.
 COUNTY OF Lea)

The foregoing instrument was acknowledged before me this 7
 day of May, 1981, by Roy G. Barton, Jr. and wife,
Barton.

My Commission Expires:
 MY COMMISSION
 EXPIRES NOVEMBER 8, 1983

Theresa Bryan
 Notary Public

STATE OF _____)
) ss.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____
 day of _____, 1981, by _____
 of Adams Exploration Company, a _____
 corporation, on behalf of said corporation.

My Commission Expires: _____

 Notary Public

STATE OF _____)
) ss.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____
 day of _____, 1981, by _____
 of Read & Stevens, Inc., a _____
 corporation, on behalf of said corporation.

My Commission Expires: _____

 Notary Public

STATE OF _____)
) ss.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____
 day of _____, 1981, by M. Brad Bennett and wife,
 Bennett.

My Commission Expires: _____

 Notary Public

STATE OF _____)
) ss.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____
 day of _____, 1981, by _____
 of Desana Corporation, a _____
 corporation, on behalf of said corporation.

My Commission Expires: _____

 Notary Public

EXHIBIT "A"
TO DESIGNATION OF POOLED AREA
N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28
East, N.M.P.M., Eddy County, New Mexico

Roy G. Barton, Jr.

1. From: State of New Mexico (Tax Deed)
To: Spear Brothers Sheep and Cattle Co. and Barton Brothers Land and Royalty Co.
Dated: January 27, 1971
Recorded: Book 208, page 233, Deed Records, Eddy County, New Mexico
2. From: David L. Barnes and Dorothea S. Barnes, husband and wife, Ruth Barnes Gleaton and Talmadge F. Gleaton, Harold W. Barnes and Delia Barnes
To: Roy Barton, Jr.
Dated: January 22, 1972
Recorded: Book 93, page 676, Miscellaneous Records, Eddy County, New Mexico
3. From: The Kansas Masonic Home (Quitclaim Deed)
To: Roy G. Barton, Jr.
Dated: October 3, 1972
Recorded: Unrecorded
4. From: Alfreda I. Colt, a widow and sole and only heir of Chan B. Colt, Deceased (Quitclaim Deed)
To: Roy Barton, Jr.
Dated: October 3, 1972
Recorded: Book 212, page 762, Deed Records, Eddy County, New Mexico

5. From: From Norman W. Roberts and wife, Bonnie Hazel Roberts
To: Roy Barton, Jr.
Dated: December 18, 1972
Recorded: Book 92, page 51, Miscellaneous Records, Eddy County, New Mexico
6. From: Joseph C. Wilson, a widower
To: Roy Barton, Jr.
Dated: December 21, 1972
Recorded: Book 92, page 866, Miscellaneous Records, Eddy County, New Mexico
7. From: Zita Basgall and Anna P. Basgall, each dealing in their sole and separate property
To: Roy G. Barton, Jr.
Dated: November 28, 1972
Recorded: Book 93, page 39, Miscellaneous Records, Eddy County, New Mexico
8. From: Edward Shirley, dealing in his sole and separate property
To: Roy G. Barton, Jr.
Dated: March 11, 1977
Recorded: Book 145, page 660, Miscellaneous Records, Eddy County, New Mexico
9. From: Charles R. Shirley, dealing in his sole and separate property
To: Roy G. Barton, Jr.
Dated: March 27, 1973
Recorded: Book 97, page 73, Miscellaneous Records, Eddy County, New Mexico
10. From: William V. Shirley, dealing in his sole and separate property
To: Roy G. Barton, Jr.
Dated: March 18, 1977
Recorded:
11. From: Robert E. Perrigo and Mattie B. Perrigo, husband and wife
To: Roy G. Barton, Jr.
Dated: March 24, 1973
Recorded:
12. From: Barton Brothers Land and Royalty Co., a limited partnership
To: Roy G. Barton, Jr.
Dated: August 30, 1973
Recorded: Book 106, page 983, Miscellaneous Records, Eddy County, New Mexico

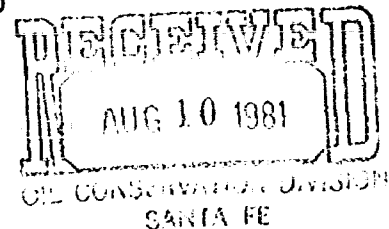
STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 23 day of June, A. D. 1981 at 11:35 o'clock A. M., and duly recorded in Book 201, Page 620 of the Records of Misc of said County.

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION OF COQUINA OIL
CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO

)
)
)
)



APPLICATION

Case 7333

Coquina Oil Corporation, by its undersigned attorneys, hereby makes application for an Order pooling all interests in the Wolfcamp and Pennsylvanian formations underlying N $\frac{1}{2}$ Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is entitled to proceed with the drilling of a well located on N $\frac{1}{2}$ Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, under the authority of Applicant's ownership of oil and gas leasehold interests therein.

2. Applicant is drilling its Mara #1 Well 1990 feet from the West line and 660 feet from the North line of said Section 14, to a depth sufficient to test the Wolfcamp and Pennsylvanian formations and seeks to dedicate the N $\frac{1}{2}$ of Section 14 to the well. Applicant has requested the owners of unleased mineral interests in N $\frac{1}{2}$ Section 14 to agree to participate in the drilling of said well or to farmout or otherwise commit their interest to said well, but certain owners so far have either refused to do so or have not responded to efforts to contact them. A list is attached hereto reflecting the names of the parties who have either refused to so participate or have not responded to Applicant's efforts to contact them.

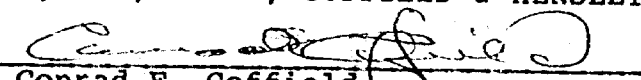
3. The pooling of all interests in the Wolfcamp and Pennsylvanian formations in N $\frac{1}{2}$ Section 14 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

4. Applicant respectfully requests the setting of this matter for a hearing on August 26, 1981.

DATED this 3rd day of August, 1981.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By:


Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Coquina Oil
Corporation

✓ O. O. OGDEN
Route 2, Box 275
Aurora, Oregon 97002

GEORGE A. HUFFER
c/o Carmen E. Huffer
3035 Dauphine Street
New Orleans, Louisiana 70117

ELIZABETH C. BACHMAN
Route 3, Box 39
Golden, Colorado 80401

LENA DUNN ESTATE
c/o Laura D. Spengel
7104 Lolanda Street
Reseda, California 91335

JEAN RIDDLE MCCOID
c/o McCoid & McCoid
202 N. Jefferson Street
Mt. Pleasant, Iowa 52641

R. Z. GALLOWAY
404 Glendale
Carlsbad, New Mexico 88220

CLAYTON H. SOOBY
HELEN ELLER
JACQUELYN HAYNES
LARRY SOOBY
MARILYN TAYLOR
BETTY BYERS
901 East 11th Street
Newton, Kansas 67114

JESSICA COOK, Individually
and as Personal Representative
of the Estate of Joe Don Cook
805 North Richardson Avenue
Roswell, New Mexico 88201

WINIFRED McNAMA DRAKE
2690 West 2nd Avenue
Hialeah, Florida 33010

RONALD JOHNSON
DONALD JOHNSON
WALLY JOHNSON
Heirs of Clifford Johnson
c/o Mildred Johnson Burden
Box 368
Ennis, Texas 75119

✓ RICHARD E. BRADBURY
heir of Helen Sperling Bradbury
P. O. Box 11
Plush, Oregon 97637

JAMES S. MYRICK, JR.
THOMAS D. MYRICK
heirs of James Myrick, Deceased
P. O. Box 455
Benton, Louisiana 71006

✓ WILLIAM H. SCOTT
heir of Elizabeth McNama Scott
1344 West 7th Avenue
Anchorage, Alaska 99501

RUTH SPERLING BRATTAIN
Paisley, Oregon 97636

MRS. LEWIS SPERLING
heir of Lewis Sperling
2924 Concord Blvd.
Concord, California 94519

✓ DR. JOHN SPERLING
1427 North 3rd Street
Phoenix, Arizona 85004

ANNA HENDERSON
1341 East Hubbell
Phoenix, Arizona 85006

MRS. JACK (LEONA) McNAMA
Executrix of Jack McNama
2638 North 41st Avenue, Apt. 7
Phoenix, Arizona 85026

✓
Signed at
Time of hearing

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4691

ROSWELL, NEW MEXICO OFFICE

600 HINKLE BUILDING

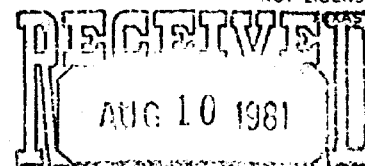
(505) 622-6510

AMARILLO, TEXAS OFFICE

1701 AMERICAN NATIONAL BANK BUILDING

(806) 372-5569

*NOT LICENSED IN



August 5, 1981 OIL CONSERVATION DIVISION
SANTA FE

W. E. BONDURANT, JR.
(1914-1973)

OF COUNSEL

CLARENCE E. HINKLE*

ROBERT A. STONE

LEWIS C. COX, JR.*

PAUL W. EATON, JR.

CONRAD E. COFFIELD

HAROLD L. HENSLEY, JR.*

STUART D. SHANOR*

C. D. MARTIN

PAUL J. KELLY, JR.*

JAMES H. BOZARTH

DOUGLAS L. LUNSFORD*

PAUL M. BOHANNON

ERNEST R. PINNEY, JR.

J. DOUGLAS FOSTER

K. DOUGLAS PERRIN*

C. RAY ALLEN

T. CALDER EZZELL, JR.*

WILLIAM B. BURFORD

JOHN S. NELSON*

RICHARD E. OLSON*

ANDERSON CARTER, II

STEVEN D. ARNOLD

JEFFREY L. BOWMAN

JOHN C. HARRISON*

Mr. Dan Nutter
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 7333

Re: Coquina Oil Corporation
Application for Compulsory
Pooling, Eddy County, New Mexico
August 26, 1981 Docket

Dear Dan:

I am transmitting herewith, executed in triplicate, copies of an Application for Coquina Oil Corporation for compulsory pooling the N½ Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

We would ask that this matter please be placed on the docket for August 26, 1981.

If any additional materials or information is required, please advise.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rh

Enclosures

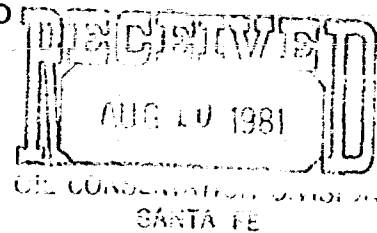
xc: Mr. Don Thompson

xc: Mr. Bill Seltzer

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION OF COQUINA OIL
CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO



APPLICATION

Case 7333

Coquina Oil Corporation, by its undersigned attorneys, hereby makes application for an Order pooling all interests in the Wolfcamp and Pennsylvanian formations underlying N $\frac{1}{2}$ Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is entitled to proceed with the drilling of a well located on N $\frac{1}{2}$ Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, under the authority of Applicant's ownership of oil and gas leasehold interests therein.
2. Applicant is drilling its Mara #1 Well 1990 feet from the West line and 660 feet from the North line of said Section 14, to a depth sufficient to test the Wolfcamp and Pennsylvanian formations and seeks to dedicate the N $\frac{1}{2}$ of Section 14 to the well. Applicant has requested the owners of unleased mineral interests in N $\frac{1}{2}$ Section 14 to agree to participate in the drilling of said well or to farmout or otherwise commit their interest to said well, but certain owners so far have either refused to do so or have not responded to efforts to contact them. A list is attached hereto reflecting the names of the parties who have either refused to so participate or have not responded to Applicant's efforts to contact them.
3. The pooling of all interests in the Wolfcamp and Pennsylvanian formations in N $\frac{1}{2}$ Section 14 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

4. Applicant respectfully requests the setting of this matter for a hearing on August 26, 1981.

DATED this 3rd day of August, 1981.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Coquina Oil
Corporation

26
8/3/81

O. O. OGDEN
Route 2, Box 275
Aurora, Oregon 97002

GEORGE A. HUFFER
c/o Carmen E. Huffer
3035 Dauphine Street
New Orleans, Louisiana 70117

ELIZABETH C. BACHMAN
Route 3, Box 39
Golden, Colorado 80401

LENA DUNN ESTATE
c/o Laura D. Spengel
7104 Lolanda Street
Reseda, California 91335

JERN BIDDLE MCCOID
c/o McCoid & McCoid
202 N. Jefferson Street
Mt. Pleasant, Iowa 52641

R. Z. GALLOWAY
404 Glendale
Carlsbad, New Mexico 88220

CLAYTON H. SOOBY
HELEN ELLER
JACQUELYN HAYNES
LARRY SOOBY
MARILYN TAYLOR

BETTY BYERS
901 East 11th Street
Newton, Kansas 67114

JESSICA COOK, Individually
and as Personal Representative
of the Estate of Joe Don Cook
805 North Richardson Avenue
Roswell, New Mexico 88201

WINIFRED McNAMA DRAKE
2690 West 2nd Avenue
Hialeah, Florida 33010

RONALD JOHNSON
DONALD JOHNSON
WALLY JOHNSON
Heirs of Clifford Johnson
c/o Mildred Johnson Burden
Box 368
Ennis, Texas 75119

RICHARD E. BRADBURY
heir of Helen Sperling Bradbury
P. O. Box 11
Plush, Oregon 97637

JAMES S. MYRICK, JR.
THOMAS D. MYRICK
heirs of James Myrick, Deceased
P. O. Box 455
Benton, Louisiana 71006

WILLIAM H. SCOTT
heir of Elizabeth McNama Scott
1344 West 7th Avenue
Anchorage, Alaska 99501

RUTH SPERLING BRATTAIN
Paisley, Oregon 97636

MRS. LEWIS SPERLING
heir of Lewis Sperling
2924 Concord Blvd.
Concord, California 94519

DR. JOHN SPERLING
1427 North 3rd Street
Phoenix, Arizona 85004

ANNA HENDERSON
1341 East Hubbell
Phoenix, Arizona 85006

MRS. JACK (LEONA) McNAMA
Executrix of Jack McNama
2638 North 41st Avenue, Apt. 7
Phoenix, Arizona 85026

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To Called in by Conrad
Coffield 8/4/81

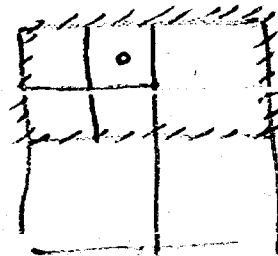
Coguina Oil Corporation
Compulsory Pooling
Wolfcamp and Penn

N12 14-24S-28E

Eddy County

Mara #1

660/N + 1990/W



OIL CONSERVATION COMMISSION-SANTA FE

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7333

Order No. R- 6777

APPLICATION OF COQUINA OIL CORPORATION
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 26,
19 81, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.
NOW, on this _____ day of _____, 19 81, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Coquina Oil Corporation,
seeks an order pooling all mineral interests in the Wolfcamp and
Pennsylvanian formations underlying the N/2
of Section 14, Township 24 South, Range 28 East
NMPM, Malaga Field, Eddy County, New
Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

OK

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, ~~plus an additional percent thereof as a reasonable charge for the risk involved in the drilling of the well.~~

X (9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

X (10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$ 2842⁰⁰ per month while drilling and \$ 383⁰⁰ per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before January 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 14, Township 24 South, Range 28 East, NMPM, Malaga Field, Eddy County, New Mexico, are hereby pooled to form a standard 320- acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of January, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of January, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Coquina Oil Corporation is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs, ~~but shall not be liable for risk charges.~~

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold ~~the following costs and charges~~ from production.

do
as in
sentence

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$ 2842⁰⁰ per month while drilling and \$ 383⁰⁰ per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-
Case
Order No.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.