

CASE NO.

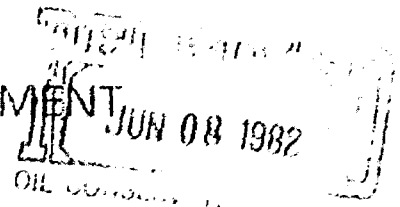
7484

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



SANTA FE POST OFFICE BOX 2038
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

May 27, 1982

W. F. Shackelford
Anadarko Production Company
P. O. Box 2497
Midland, Texas 79702

Re: Compulsory Pooling
Order No. R-6911
Case No. 7484

Dear Mr. Shackelford:

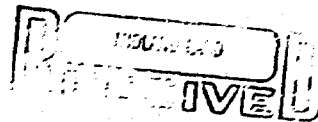
In your letter of May 20, 1982, you stated you were enclosing your itemized schedule of well costs for your proposed Anderson Well No. 1 in compliance with paragraph (3) of the above referenced Division order. No schedule was enclosed.

Please send the subject AFE to my attention as soon as possible.

Sincerely,

R. L. STAMETS
Technical Support Chief

RLS/fd



JUN 1 1982

NON - OPERATORS		DATE
COMPANY		
BY		
TITLE		

CO. (2) DIV. (2) AFE NO. (4) LOCATION NO. (1) DATE (MM/DD/YY) 4-19-82

WORK DES (12) D, C&E WELL LOCATION NAME (20) Anderson WELL NO (5) 1 FIELD/PROSPECT (25) Boyd STATE (5) NM ST CD (2) 30

EXPLAIN PROJECT Drill, complete & equip 9400' Morrow Development Well (Gas).

O/S OPER AFE # SEC. - TWN. - RANGE - DES. OF LOC (23) COUNTY (13) CTY. CD (13)
060 1 19S 25E 1980' FSL & FEL Eddy 015

FIELD CD. (3) PROJ. CD. (4) PROSP. CD. (3) BUDGET (4) T/B (3) G/L (3) AMOUNT AUTHORIZED (9)/(9)
060 6530 000 312 602,900

OWNER NAME (24)		WORKING INT (16)	OWNER NAME (24)		WORKING INT (16)
OPER	Anadarko Production Co.	0.764790			
	Others (see attached)	0.235210			
COMPANY REVENUE INTEREST					0.616572

DETAIL OF DRILLING COST ESTIMATE

PAGE 1 OF

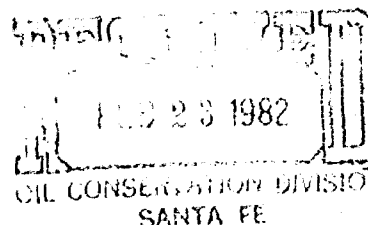
CODE	INTANGIBLE DRILLING COSTS	AFE	AFE	
		DRY HOLE	COMPLETION	COMPLETED
2010	ROAD AND LOCATION	\$ 25000	\$	\$ 25,000
2020	CONTRACT RIG COSTS	457000		457,000
2030	MUD AND CHEMICALS	28200		28,200
2040	CEMENT AND CEMENTING	14000	9000	23,000
2050	FORMATION EVALUATION	41100		41,100
2060	COMPLETION		30000	30,000
2070	OTHER TOOLS AND RENTALS	500	500	1,000
2080	TRANSPORTATION, TRUCKING, AND HAULING	1500	2000	3,500
2090	CONTRACT SERVICES	1000	2000	3,000
2100	COMPANY SUPERVISION	500	500	1,000
2150	MISCELLANEOUS INTANGIBLES			
2200	ADMINISTRATIVE OVERHEAD			
2600	IDC - NON OPERATED			
	TOTAL INTANGIBLE DRILLING COSTS	\$ 568,800	\$ 44000	\$ 612,800
2900	SPECIAL CREDITS - DRY AND BOTTOM HOLE CONTRIBUTIONS - RECEIVABLE	()	()	()
	TOTAL NET INTANGIBLE DRILLING COSTS	\$ 568,800	\$ 44000	\$ 612,800
	LEASE AND WELL EQUIPMENT			
	WELL CASING			
	200 FT., 13 3/8 O.D., 2233.04	5,000		5,000
	1300 FT., 9 5/8 O.D., 1447.39	20,700		20,700
	9400 FT., 4 1/2 O.D.,		60100	60100
	FT., O.D.,			
3010	TOTAL WELL CASING	25,700	60100	85,800
	WELL TUBING			
	9400 FT., 2 3/8 O.D., 325.45		33700	33,700
	FT., O.D.,			
	FT., O.D.,			
3020	TOTAL WELL TUBING		33700	33,700
3070	OTHER CONTROLLABLE SUBSURFACE WELL EQUIPMENT			
3080	NON-CONTROLLABLE SUBSURFACE WELL EQUIPMENT			
3110	WELLHEAD EQUIPMENT		30000	30,000
3120	PUMPING EQUIPMENT			
3170	OTHER CONTROLLABLE SURFACE WELL EQUIPMENT			
3180	NON-CONTROLLABLE SURFACE WELL EQUIPMENT			
3190	INSTALLATION COSTS - SURFACE EQUIPMENT			
3210	TANK BATTERIES, SEPERATOR, HEATING TREATING AND SALES EQUIPMENT		25,000	25,000
3220	COMPRESSOR STATIONS			
3230	ELECTRICAL SYSTEMS AND TRANSMISSION LINES			
3240	BUILDINGS			
3250	LEASE LINES			
3270	OTHER CONTROLLABLE SURFACE LEASE EQUIPMENT			
3280	NON-CONTROLLABLE SURFACE LEASE EQUIPMENT			
3290	INSTALLATION COSTS - SURFACE LEASE EQUIPMENT		1000	1,000
3400	DRILLING AND/OR PRODUCTION PLATFORMS			
3800	L & W - NON OPERATED			
	TOTAL LEASE AND WELL EQUIPMENT	\$ 25700	\$ 149800	\$ 175,500
	TOTAL AFE COST ESTIMATE	\$ 594,500	\$ 193800	\$ 788,300

*Florence
Please send a
copy of this to the
attorney in Case 7484*
Phil T. Brewer
Jennings and Christy
20 Box 1180
Roswell NM 88201

ROUTE 7 BOX 131
OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

MAX COLL

Attorney at Law



February 20, 1982

Energy and Natural Resources Dept.

Oil Conservation Division

State Land Office

Santa Fe, N.M. 87501

Gentlemen,

Anadarko Production Co. has made application for forced pooling in the Atoka and Morrow formations under E/2 Sec. 1 T19S, R25E NMPM, Eddy County.

Case 7484

Please be advised that Exhibit "A" to the application shows 1/128 mineral interest in Lillian Hinkle Coll, Trustee. Lillian Coll has been deceased for a number of years and her interest has passed to my brothers and myself in equal shares. The first page of the exhibit should reflect an ownership of 1/128 each in my brothers James, Charles and Jon Coll. Page (2) of the exhibit should delete the interest shown in Lillian Hinkle Coll and show me with 1/128 mineral interest.

I hereby consent to the drilling of this test by Anadarko and I agree to pay my share of costs, subject only to entering an operating agreement covering the land which is the subject of their compulsory pooling application. My brothers have also agreed to pay their shares under the same conditions, so the application should be dismissed as to all interests shown in any of the Coll's. Your attention to this request will be greatly appreciated.

Sincerely yours,

Max W. Coll, II

xc Charles Coll

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
17 February 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Anadarko Production
Company for compulsory pooling,
Eddy County, New Mexico.

CASE
7484

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:

Phil T. Brewer, Esq.
JENNINGS AND CHRISTY
P. O. Box 1180
Roswell, New Mexico 88201

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I N D E X

BILL SHACKELFORD

Direct Examination by Mr. Brewer	4
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RICHARD A. ERICKSON

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EXHIBITS

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2 MR. STAMETS: We will call next Case
3 7484.

4 MR. PEARCE: Application of Anadarko
5 Production Company for compulsory pooling, Eddy County, New
6 Mexico.

7 MR. BREWER: My name is Phil Brewer,
8 with the law firm of Jennings and Christy. We're here on
9 behalf of the applicant, Anadarko Production Company.

10 I have two witnesses to be sworn, Bill
11 Shackelford and Richard Drickson.

12
13 (Witnesses sworn.)
14

15 BILL SHACKELFORD
16 being called as a witness and being duly sworn upon his oath
17 testified as follows, to-wit:

18
19 DIRECT EXAMINATION

20 BY MR. BREWER:

21 Q Would you please state your name, ad-
22 dress, by whom you are employed, and in what capacity?

23 A My name is Bill Shackelford. I live
24 in Midland, Texas. I'm employed by Anadarko Production
25 Company as a Senior Landman.

1
2 Q All right. How long have you been em-
3 ployed as a Senior Landman for Anadarko?

4 A Fourteen months.

5 Q Have you testified before this Commis-
6 sion prior to this time as a landman and had your credentials
7 as such accepted?

8 A Yes, I have.

9 Q Are you familiar with the application on
10 file in Case Number 7484?

11 A Yes, I am.

12 MR. BREWER: Are the witness' creden-
13 tials acceptable?

14 MR. STAMETS: Yes, they are.

15 Q Tell us please what is sought by the
16 application in Case Number 7484.

17 A We seek to force pool some uncommitted
18 interests under our proposed Anderson No. 1 Well, located
19 in the east half of Section 1, Township 19 South, Range 25
20 East, Eddy County, New Mexico.

21 Q Is the east half of Section 1 the land
22 to be dedicated to the well that you mentioned?

23 A Yes, it is.

24 Q What is the location of the Anderson
25 No. 1 Well and its projected depth?

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A. We have a legal location 1980 from the south and east lines of Section 1, and our proposed depth is 9400 feet, or the Morrow formation.

Q. When do you expect to commence drilling operations and how long do you expect drilling operations to take?

A. Okay, we hope to commence the well by late March. As far as the term, I'd defer that to our geological engineer.

Q. All right. Is the location that you've mentioned an orthodox location?

A. Yes, it is.

Q. All right, I'd like for you to refer to Exhibit One and tell us what that is.

A. This is a land plat of the area. The red outline is -- indicates the east half of Section 1 and the red dot is our location for our proposed well.

Q. You've stated that you're familiar with the application on file in this case. I'm going to ask you to look at Exhibit A. You have a copy of the application, I believe.

A. Yes.

Q. Before you. And Exhibit A to the application being the uncommitted interests which Anadarko Pro-

1
2 duction Company is seeking to force pool, I'm going to ask
3 you if any of those people listed thereon have committed
4 their interests subsequent to the filing of the application?

5 A. Yes, we have had several responses since
6 we've filed the application. If you'd like, I can go down
7 the list and tell you --

8 Q. Would you, please?

9 A. Okay. Marshall and Winston have ex-
10 tended their lease. They've granted us an extension.

11 Sally Ellis has elected to join. This
12 was a verbal.

13 John M. Coll, Charles Coll, and John
14 Coll -- I'm sorry, James W. Coll, they've all elected to
15 join.

16 Page two, Champlin Petroleum Company
17 has given the verbal approval or acknowledgement that they
18 will join subject to an approved AFE and operating agreement.

19 Yates Petroleum, Yates Drilling, Myco,
20 and Abo have elected to join subject to approval of AFE and
21 joint operating agreement.

22 And Amoco has elected to join under the
23 same circumstances.

24 Q. In other words, you -- I'm sorry.

25 A. Lillian Hinkle Coll and Max W. Coll

interests have elected to join.

Tracy Clark, Bob Boling, and Mary Boling have elected to join.

And that's all the firm commitments we have of those listed on Exhibit A.

Q. Mr. Shackelford, what efforts have you made to obtain leases or other commitments from the parties on Exhibit A who you have not just read off, and I want you to refer to Exhibits Two through Seven as you answer that question.

A. Okay. Exhibit Two is a letter which we obtained -- or I'm sorry, we sent to Mr. W. S. Marshall of Marshall and Winston. He is connected with the Phillips Group, who are set out in the Exhibit A to the pooling agreement. He is of an authority, we believe, that he could recommend our terms to these parties, of which there are about thirty, and he subsequently sent me a letter back, dated May 21st, accepting these terms and recommending them to the people that are involved in the Phillips and Associates Group.

Subsequent to that, by letter dated May 26th, I wrote the partners to Don Phillips and Associates. There's a rider attached listing all the parties. I was able to obtain leases from all but five of these indi-

viduals.

By letter dated September 2nd I followed up through the remaining five and Sally Ellis, at that time, was the only one which responded to that letter, and stating she would join.

We have not heard from the other four.

MR. STAMETS: Back on Exhibit A, which bunch of these are the Phillips Group?

A. Okay, the ones that are not leased, they're the -- let's see, Sally Ellis, which is the second party on Exhibit A.

The heirs of E. E. McGibbon, Jan M. Fox, Southeast Banks Trust Company, and the San Diego Trust and Savings Bank. Those are the five.

MR. STAMETS: Okay.

A. Exhibit Three is my letter to Champlin Petroleum Company. The letter dated September 2nd is the first letter to them setting out the proposal of the well.

Q. And Champlin has, you mentioned, orally agreed subject to --

A. Right.

Q. -- an acceptable AFE.

A. And my letter dated January 26 is where I sent a copy of the AFE to Champlin, acknowledging their

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2 commitment by phone and stating what our progress was to
3 date on the well.

4 Exhibit Four is my correspondence with
5 Yates Petroleum Corporation, et al, which includes Yates
6 Drilling, Myco Industries, Abo Petroleum.

7 The letter dated September 23rd was my
8 initial correspondence with them. They contacted me by
9 phone and then I followed up by letter dated February 9th,
10 sending them a copy of our AFE and stating our progress to
11 date on the well.

12 Exhibit Five is my letters -- are my
13 letters to Amoco Production Company. The end result is their
14 letter dated February 11th, where they have agreed to join
15 subject to acceptable AFE and operating agreement.

16 Exhibit Six, letter dated July 9th is
17 my letter to Mr. Randall Montgomery, and he's found on page
18 A-3 to Exhibit A, the top of the page, offering him top
19 dollar that we paid in the area, a quarter royalty lease,
20 one year term, which were very tough terms, but we were
21 willing to accept them.

22 He called back, wanted to know what it
23 would cost for him to join in the well, so I sent that in-
24 formation to him by letter dated September 1st, and he has
25 not responded to either the offer to lease his interest or

1
2 for him to join in the well.

3 Exhibit Seven deals with the George
4 Slaughter Gatewood interest. His interest is found under
5 the unknown issue of Laura Gatewood, found on page A-3 to
6 the Exhibit A. He is an heir to Billy Gatewood.

7 MR. STAMETS: Now he's -- he's listed
8 on page three separately.

9 A. Okay, that's true.

10 MR. STAMETS: Right after Mr. Montgomery.

11 A. He's listed there. He's also an heir
12 of Billy Gatewood. We feel that he's the only heir. Sorry,
13 I didn't see him up there also.

14 He is the largest interest that is not
15 committed, verbally or otherwise. We have not been able to
16 find Mr. Gatewood. Some of my efforts to locate him would
17 be my letter of July 1st to the Department of Vital Statis-
18 tics, Austin, Texas, trying to ascertain whether or not he
19 had passed away in the State of Texas, where we had found
20 was his last place of residence.

21 And then there was a response to that
22 attached to the -- that letter, where they found no record
23 of his death.

24 Also my letter to the Department of
25 Health and Vital Statistics, Santa Fe, New Mexico. I sent

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2 it to that state because he owns property in the State of
3 New Mexico, and they had no record of his death in that state.

4 During my effort to try to locate Mr.
5 Gatewood I ran across where indication is in the record that
6 Mr. Robert Boling had last leased Mr. Gatewood in the late
7 fifties, and he subsequently bought some minerals from Mr.
8 Gatewood in the late fifties.

9 I asked Mr. Boling to send me a letter
10 just setting out his successful attempt to find Mr. Gatewood,
11 which he did by letter dated February 2nd, and if you -- by
12 looking over the letter, I'll briefly summarize it here.

13 He spent six months trying to locate
14 Mr. Gatewood. This was in 1957. He was finally able to ob-
15 tain an old address for Mr. Gatewood and it was a skid row
16 hotel in Odessa, Texas. That's how Mr. Boling described it.

17 He went to the hotel and asked the
18 clerk if she knew where Mr. Gatewood might be located and
19 she said, let me call his room; he just happened to be there.

20 So he talked to Mr. Gatewood and obtained
21 a lease from him at that time.

22 While taking the lease, he had to take
23 him to a local bank to set up an account for him, because
24 he had no account elsewhere, so that he could pay the rentals
25 and any shut-in royalties which might become due under the

1
2 lease.

3 He said Mr. Gatewood at the time was a
4 man in his late fifties, that he worked for a pipeline com-
5 pany during the summers and in the winters he just loafed.
6 He had no permanent address anywhere.

7 If Mr. Gatewood is still alive, he would
8 be in his early eighties. I've contacted all of his known
9 heirs, which would be distant cousins who we have leased.
10 None of them know where he is, anything about him, whether
11 he's dead or alive, where he might be.

12 So the last contact with Mr. Gatewood
13 would be approximately twenty-three years ago.

14 MR. STAMETS: To kind of speed this
15 along, let me ask you a question. I don't think it's ne-
16 cessary that we talk about each party on here.

17 Have you made a valid attempt to con-
18 tact each and every party shown on this list?

19 A. Yes, sir, I have. I've contacted all
20 of them but Mr. Gatewood.

21 MR. STAMETS: Okay, even those that
22 show unknown addresses, like the unknown heirs of --

23 A. Okay, we feel fairly confident that we
24 have leased all these interests, but because we do not have
25 probate on these people in New Mexico, we tried to -- we

1 attempted to get affidavits of heirship from all these
2 people, and we feel like we have them covered, but just be-
3 cause of the uncertainty of these interests and the diversity
4 of the mineral ownership under this tract, we wanted to in-
5 clude them in the forced pooling.
6

7 MR. STAMETS: Okay, thank you.

8 Q Mr. Shackelford, have you given notice
9 of these proceedings to people on Exhibit A?

10 A Yes, sir. Our attorneys have made notice
11 to all of them, or attempted to.

12 And, Mr. Examiner, you'll find return
13 receipts there, which our office prepared.

14 MR. STAMETS: The package is Exhibit
15 Eight?

16 MR. BREWER: The package is Exhibit
17 Eight, yes, sir.

18 MR. STAMETS: All right, thank you.

19 Q Okay. Have you prepared an AFE with
20 regard to the proposed well?

21 A Yes, we have.

22 Q Is Exhibit Nine that AFE?

23 A Yes, it is.

24 Q Can you generally state the total
25 figures for a producing well and dry hole from that AFE?

1
2 A. Yes. The AFE dated 9-15-81 states
3 that the dry hole costs will be \$594,500. The completed
4 well costs are \$788,300.

5 Q Mr. Shackelford, in your opinion are
6 those figures that you've just said reasonable costs for
7 a well to the proposed depth in this area?

8 A. Yes.

9 Q What are the objective formations in
10 this well, the proposed well?

11 A. The Morrow is the primary objective.

12 Q Okay. Is that formation productive in
13 this general area?

14 A. Yes, it is.

15 Q I want you to refer to Exhibit Ten and
16 tell us what that exhibit is.

17 A. Exhibit Ten is our proposed operating
18 agreement for the area. It will cover all of the east half
19 of Section 1.

20 Q What exhibits are attached to that
21 operating agreement?

22 A. Exhibit A thereto covers the contract
23 area, the names of the parties that we have to date had
24 commitment to the well, and their interest in the well,
25 along with the uncommitted interests, which are located at

the bottom of the interest of parties to agreement.

Q Okay, Exhibit B?

A. Okay, the Exhibit B would be the exhibit which would take care of any unleased interest in the area, which is a standard exhibit to the operating agreement.

Q Is Exhibit C a standard COPAS accounting form?

A. Yes, it is.

Q And Exhibit D, once again, a standard exhibit?

A. A standard insurance exhibit.

Q Okay. Going to Exhibit C, which is the COPAS form, does Exhibit C provide for overhead rates?

A. Yes, it does.

Q What are those overhead rates?

A. Our drilling well rate is \$2850 and producing well rate of \$372.

Q Okay. In your opinion --

MR. STAMETS: Would you give me those again, please?

A. Drilling well rate, \$2850. The producing well rate is \$372.

MR. STAMETS: Okay.

Q In your opinion are those fair and

1
2 reasonable charges?

3 A. Yes.

4 Q. Who is the operator under the terms of
5 this operating agreement?

6 A. Anadarko Production Company.

7 Q. Does it provide for a test well?

8 A. Yes.

9 Q. Is the test well the same as the pro-
10 posed well that we've been discussing here?

11 A. Yes, it is.

12 Q. Does the operating agreement have a
13 nonconsent clause?

14 A. Yes, it does.

15 Q. What is the penalty set out in the
16 operating agreement for nonconsenting parties?

17 A. 300 percent.

18 Q. Mr. Shackelford, do you have an opinion
19 as to the risk involved in drilling the proposed well?

20 A. We feel that the reasonable risk in-
21 volved would be a 200 percent penalty over and above the
22 drilling cost for the well.

23 Q. In your opinion will the drilling of
24 the proposed well be in the interests of conservation, pre-
25 vention of waste, and the drilling of unnecessary wells, and

1
2 the protection of correlative rights, and all the parties
3 who have an interest under the east half of Section 1?

4 A. Yes.

5 Q. Were Exhibits One through Seven, Nine,
6 and Ten prepared by you or under your supervision?

7 A. Yes, they were.

8 Q. Do you have anything else to offer the
9 Examiner in connection with this application?

10 A. No.

11 MR. BREWER: I have no further questions.

12
13 CROSS EXAMINATION

14 BY MR. STAMETS:

15 Q. Mr. Shackelford, the application and
16 the advertisement on this well are -- pool only the Atoka
17 and Morrow horizons. Are those the only horizons that
18 Anadarko has any rights to?

19 A. No, we have the rights to all depths,
20 but since those were the primary objectives, we felt like
21 those would be the ones that we would seek to pool.

22 Q. I would point out that unless we --
23 without the order -- let me point out in better language.

24 At this point you have two options.
25 We can go ahead with this case as it was originally adver-

1
2 tised and the resulting order will pool only the Atoka and
3 Morrow formations, since that is what is advertised.

4 Assuming that -- that you completed the
5 well in any other formation, it would be necessary to come
6 back for another pooling case at that time.

7 A. Right.

8 MR. STAMETS: The other option you
9 would have would be to amend this application to permit us
10 the opportunity to readvertise, bring the case up again to
11 see if there was any additional testimony relative to the
12 other formations which would be involved, and at that time,
13 then, we would take the case under advisement and issue an
14 order.

15 I'm not certain what your --

16 A. Well, due to our time
17 schedule on this well, we discussed this earlier today, and
18 we felt that since the Morrow was the primary objective, that
19 we would like to proceed with this.

20 I'd like to maybe defer that to our
21 geological engineer. He may be able to explain that a little
22 better.

23 MR. STAMETS: Well, I can see if your
24 starting date is late March it would be better for you time-
25 wise to put this one out.

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2

A. Yes, sir.

3

4

Q. I just wanted to make certain you were aware of that.

5

6

A. Right, we talked about that and we felt like that we would proceed as is.

7

8

MR. STAMETS: Okay, are there any other questions of this witness? He may be excused.

9

10

RICHARD A. ERICKSON

11

12

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

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14

DIRECT EXAMINATION

15

BY MR. BREWER:

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Q. Would you state your name, address, occupation, by whom you're employed, and for how long, please?

19

20

21

22

A. My name is Richard Erickson. I live in Odessa, Texas, and I'm employed by Anadarko Production Company as a Senior Geological Engineer, and I've worked for Anadarko for two and a half years.

23

24

25

Q. All right. Have you testified before this Commission prior to this time as a geological engineer and had your credentials accepted?

1

2

A. Yes.

3

Q All right, are you familiar with the application in Case Number 7484?

4

5

A. Yes.

6

MR. BREWER: Are the witness' credentials --

7

MR. STAMETS: The witness is considered

8

qualified.

9

Q All right. Are you familiar with the proposed well in the east half of Section 1?

10

11

A. Yes.

12

Q In your opinion is that an orthodox

13

location for a well of this type and proposed depth in this area?

14

15

A. Yes, it is an orthodox location.

16

Q What are the objectives of that well?

17

A. The primary objective is the Morrow,

18

with potential in any of the Upper Pennsylvanian zones.

19

Q Okay. I'd like for you to refer to

20

Exhibit Number Eleven and tell us what that is.

21

A. Exhibit Number Eleven shows all the

22

Morrow completions or dry holes in the Morrow in the area immediately around the proposed location.

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The yellow dots indicate Morrow com-

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pletions; the blue dots indicate dry holes in the Morrow.

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Q Okay. Are any of those wells in the immediate area Anadarko wells? To your knowledge?

A One well, the well in Section 12 is an Anadarko well. It was a dry hole in the Morrow and it has been completed in the Atoka.

Q Now I'd like for you to refer to Exhibit Twelve and tell us what it is and what it's purpose is.

A Exhibit Twelve is the structure of the top of the Morrow Clastics. This indicates the typical southeast dip of the Morrow formation in this area.

Our location is indicated by the red arrow.

Q Now I'd like for you to refer to Exhibit Thirteen and tell us what that is.

A Exhibit Thirteen is a gross sand Iso-pach of what we call the Morrow A zone in this area. This is the zone we feel we have our best chance of completion in.

Q Okay, and once again the red arrow is being your --

A The red arrow is -- indicates our proposed location.

Q Okay. Are you familiar with drilling wells in the area of the proposed well?

A Yes.

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Q Okay. Have you had experience in determining the costs of various wells in the area?

A Yes.

Q I want you to refer to Exhibit Nine, which is the AFE for the proposed well, and tell us if the completed well and dry hole costs set out therein, in your opinion are reasonable for the wells of that depth in the area?

A Yeah, these -- these costs are reasonable for wells of that -- that type and that depth.

Q I'd like for you to refer to Exhibit Number Fourteen and explain to us what that shows.

A Exhibit Fourteen is a cross section in the area of our well. It runs from the Morrow completion in the southwest quarter of Section 2, Township 19, 25, to the Morrow dry hole in the southeast quarter of Section 36, Township 18, 25.

It's a three-well cross section with the middle well being the Amoco Alley Unit No. 1, which is the well we're keying off of and feel we have the best shot of having a well similar to.

Q Okay. What do the markings in red indicate?

A The red markings are the indications

1
2 of porosity from the compensated density neutron logs. It
3 shows the sporadic development of -- of porosity and sand
4 development in the area.

5 Q Okay, thank you. I'd like for you to
6 now refer to Exhibit Fifteen and tell us what Exhibit Fifteen
7 is.

8 A Exhibit Fifteen is another cross section
9 in the area. It runs -- starts at the same well as Exhibit
10 Fourteen and ends up at the Morrow dry hole in the southwest
11 quarter of Section 31, Township 18, 26. This again indicates
12 sporadic development of Morrow sand, porosity, and sand
13 occurrence in the area.

14 Q Okay. In light of the various exhibits
15 which you've explained to us, and other factors which you've
16 heard today, what is your opinion as to the risk involved
17 in drilling the proposed well?

18 A I feel that this is a high risk well
19 and should have the 200 percent penalty.

20 Q Will the proposed well, in your opinion,
21 be in the interests of conservation, prevention of waste,
22 and protection of correlative rights, in the east half of
23 Section 1?

24 A Yes.

25 Q Were Exhibits Eleven through Fifteen

1
2 prepared by you or under your supervision?

3 A Yes.

4 Q Do you have anything further at all?

5 MR. BREWER: No further questions, but
6 I would move for the admission of Exhibits One through
7 Fifteen.

8 MR. STAMETS: These exhibits will be
9 admitted.

10 Are there any questions of this witness?
11 He may be excused.

12 Anything further in this case?

13 The case will be taken under advisement.

14
15 (Hearing concluded.)
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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

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7484 heard by me on 2-17 1982
Richard L. Stum, Examiner
Oil Conservation Division

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

JAMES T. JENNINGS
SIM B. CHRISTY IV
K. DOUGLAS PERRIN
PHIL T. BREWER
DAMON RICHARDS

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180

TELEPHONE 622-8432
AREA CODE 505

February 23, 1962

Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Richard L. Stametz

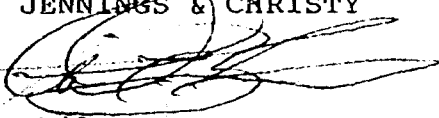
Re: Case No. 7484, Anadarko Force-Pool Proceeding

Dear Mr. Stametz:

Another letter with regard to the captioned has been returned to our office and I am enclosing same herewith for your consideration.

Yours very truly,

JENNINGS & CHRISTY



Phil T. Brewer

PTB/jb

Encl.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2069
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 3, 1982

Mr. Phil I. Brewer
Jennings & Christy
Attorneys at Law
P. O. Box 1180
Roswell, New Mexico 88202-1180

7434

Re: CASE NO. ~~R-6911~~
ORDER NO.

Applicant:

Anadarko Production Company

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	<u> </u>	x
Artesia OCD	<u> </u>	x
Aztec OCD	<u> </u>	

Other

STATE OF NEW MEXICO
OIL AND GAS COMMISSION
OIL CONSERVATION DIVISION

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

CASE NO. 7484
Order No. P-6911

APPLICATION OF ANADARKO PRODUCTION COMPANY
FOR COMPELSONY POOLING, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 17, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 2nd day of March, 1982, 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, Anadarko Production Company, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the E/2 of Section 1, Township 19 South, Range 25 East, NHPM, 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.

(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 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(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 \$2850.00 per month while drilling and \$372.00 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 July 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

-2-
Case No. 7464
Order No. B-6917

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Atoka and Morrow formations underlying the S/2 of Section 1, Township 19 South, Range 25 East, N40E, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and operation unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED FURTHER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of July, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Atoka and Morrow formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of July, 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 Anadarko Production Company 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

-4-
Case No. 7484
Order No. R-6911

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:

(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, 200 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 \$2850.00 per month while drilling and \$372.00 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

Case No. 7486
Order No. B-6911

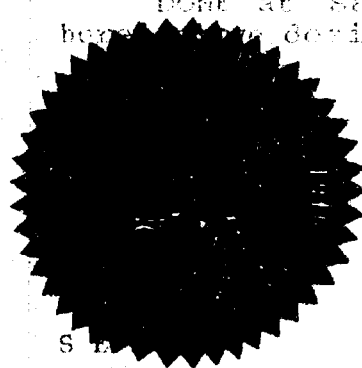
one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's 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.

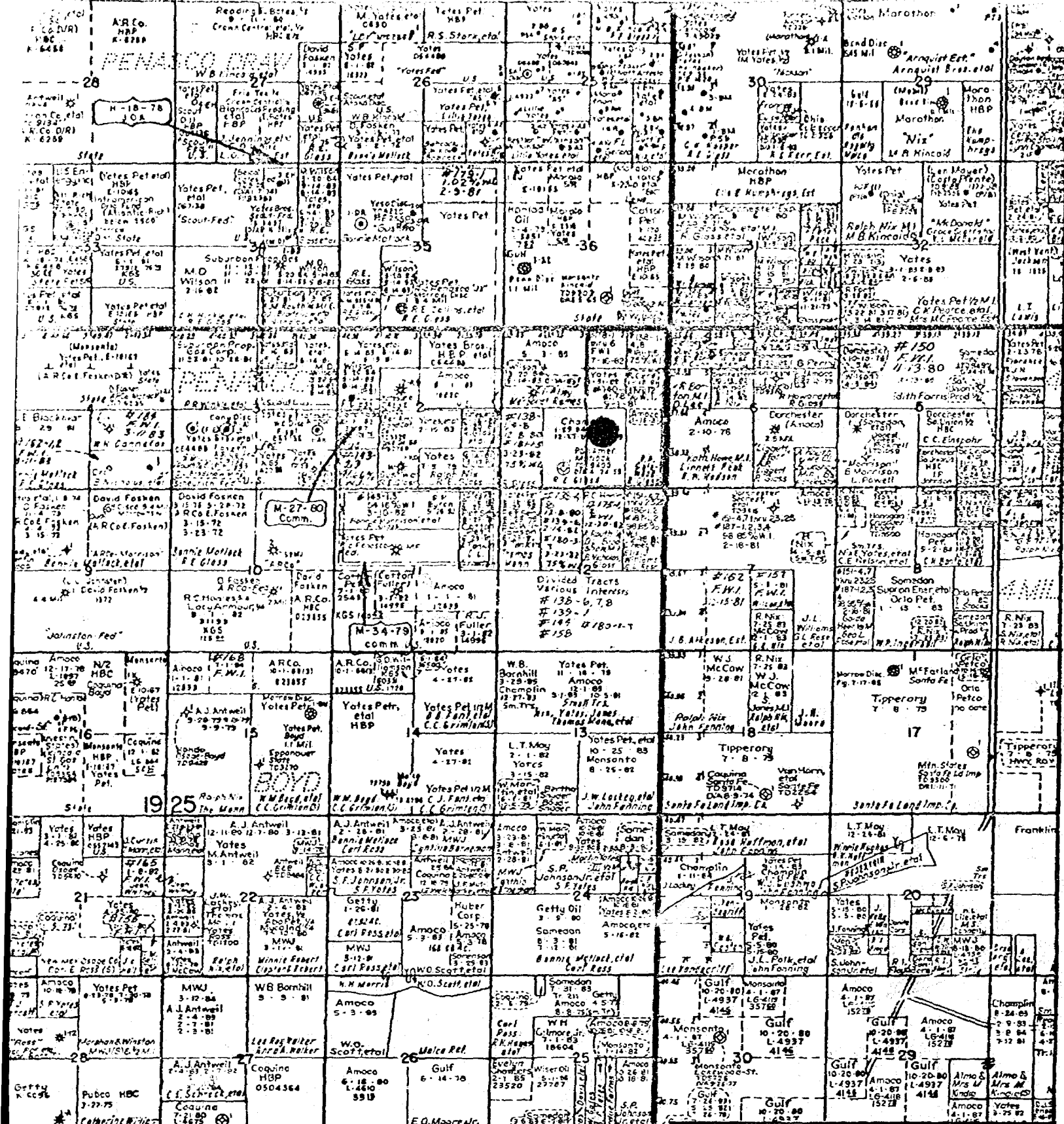
(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

John D. Vane
JOHN D. VANEY,
Director



ANADARKO PRODUCTION COMPANY
MIDLAND DIVISION
LAKEWOOD PROSPECT
(015) EDDY COUNTY, NEW MEXICO
— EXAMINER —
LAND PLAT
SCALE: 1" = 4000' Rev. DATE: 7/80

Anadarko

May 20, 1981

Mr. W. S. Marshall
P. O. Box 874
Midland, TX 79702

Re: Phillips Group Mineral Interest
Lot 1, Section 1, T-19-S, R-25-E
Eddy County, New Mexico

Dear Mr. Marshall:

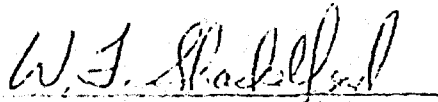
Please find enclosed a copy of the lease I spoke with you about over the telephone which we would like to negotiate with the parties who are the successors to the Don Phillips and Associates mineral interests. This lease provides for a one year term, 1/4 royalty and is a paid-up lease. The net mineral interest of the parties under referenced tract totals 3.75 acres.

If this lease is acceptable to you, we feel that a letter from you to Anadarko showing your approval of the lease and terms would help us lease the interest more quickly. If the lease is in order, please provide us with a response which we might copy and send along with the leases to the parties involved.

Thank you for your cooperation in this matter.

Very truly yours,

ANADARKO PRODUCTION COMPANY


W. F. Shackelford

WFS/sg
Attachment

A Panhandle Eastern Company

MARSHALL & WINSTON, INC.

POST OFFICE BOX 874
MIDLAND, TEXAS 79702

May 21, 1981

Former Partners of
Don Phillips & Associates

Gentlemen:

Anadarko has offered to lease your interests under Lot 1, Section 1, T-19-S, R-25-E, Eddy County, New Mexico for one year and one fourth royalty.

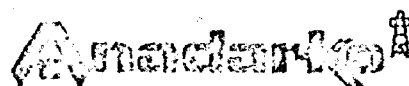
It is our opinion that you should accept this offer. As I have indicated to many of you in the past, a short term (1 year or less) lease with a one fourth royalty is what you should bargain for in every case.

Yours very truly,

MARSHALL & WINSTON, INC.

William S. Marshall
President

WSM:hr



May 26, 1981

Former Partners of Don Phillips
& Associates

Re: NE/4 NE/4 (Lot 1) Section 1
T19S, R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Gentlemen:

We are attempting to acquire leases on the outstanding mineral interests under the east half of section 1 under which you own an interest in referenced tract. Our title opinion reveals that Don Phillips & Associates owned a 3/32 mineral interest or 3.745 net acres. We request your consideration of the enclosed lease providing for a one year term and 1/4 royalty. This acreage is very divided and will take some time to lease and prepare for drilling. I have discussed the lease with Mr. William S. Marshall and he provided me with a letter to forward to you showing his approval.

If the lease is in order, please do the following to properly negotiate same:

1. Sign the lease before a Notary Public and sign your name as indicated below the signature line. I used the lease obtained from you on the N/2 of Section 12 as an example to prepare this lease and hope this format is still acceptable.
2. Have the notary complete the acknowledgment form by filling in all blanks and affixing his seal of office.
3. Return the lease using the enclosed return envelope.

Should you have any questions about the lease or our plans for this area, please feel free to call me collect.

Your earliest consideration and response to the above will be appreciated.

Very truly yours,

W. F. Shackelford

WFS:sjh

enclosure

A Panhandle Eastern Company

Ownership of Don Phillips and Associates
Undivided 3/32 Mineral Interest in: Lot 1
Sec. 1, T19S, R25E, N.M.P.M., Eddy County, New Mexico

H. Cedric Alward, M.D.
4224 Francis Avenue
Los Angeles, California 90005

The Minneapolis Foundation
Legatee of the Estate of
Frances E. Andrews, Deceased
400 Foshay Tower
821 Marquette Avenue
Minneapolis, Minnesota 55402

Sally A. Ellis
771 Crescent Drive
Boulder, Colorado 80303

Stephen S. Badger
27920 Smithtown Road
Excelsior, Minnesota 55331

Barbara B. Henderikson
1715 Douglas Avenue South
Minneapolis, Minnesota 55403

Frederick P. Wheeler
627 Pebble Hill Road
Doylestown, Pennsylvania 18901

First National Bank of Minneapolis
P. O. Box A 700
Minneapolis, Minnesota 55480

Erle L. Dickerson
3145 Cahuenga Blvd.
Los Angeles, California 90068

Josephine Hilditch
1311 La Cuesta Drive
Santa Ana, California 92705

The Bennett Office, Inc.
1210 Baker Bldg.
Minneapolis, Minnesota 55402

Joyce A. Holliday Pahlman
P. O. Box 2399
Santa Barbara, California 93102

F. B. Hubachek
3100 Prudential Plaza
Chicago, Illinois 60601

Charles S. Kelly
3100 Prudential Plaza
Chicago, Illinois 60601

John E. MacGibbon
321 Lowell
Elk River, Minnesota 55330

Jan M. Fox
5805 Wennequal Road
Madison, Wisconsin 53716

J. Laird Marshall
2417 Joss Ct.
Madison, Wisconsin 53705

Owen Marshall
608 Putnam Drive
Eau Claire, Wisconsin 54701

Richard H. Marshall, Jr.
28 Austin Crescent
Toronto M5R 3E3
Ontario, Canada

Murray C. McKinnon
1200 C & I Building
Houston, Texas 77002

Donald W. Newton
1416 Meeting House Lane
Knoxville, Tennessee 37921

Margaret M. Norton
2880 Loraine Road
San Marino, California 91108

Mary A. Baida
2244 Q Via Puerta
Laguna Hills, California 92653

Ownership of Don Phillips and Associates
Undivided 3/32 Mineral Interest in: Lot 1
Sec. 1, T19S, R25E, N.M.P.M., Eddy County, New Mexico

Southeast Bank and Trust Company
P. O. Box 267
Sarasota, Florida 33578

L. Raymond Scherer
1930 Irving Avenue South
Minneapolis, Minnesota 55403

Kathryan Knops
3044 12th Avenue South
Minneapolis, Minnesota 55407

Roger Westman
257 North 117th Avenue
Omaha, Nebraska 68154

Elizabeth Melone Winston
2706 West Lake of the Isles Blvd.
Minneapolis, Minnesota 55416

San Diego Trust & Savings Bank
P. O. Box X 1013
San Diego, California 92112



September 2, 1981

Former Partners of Don Phillips
& Associates
(Addressee List Attached)

Re: Oil, Gas and Mineral Lease
NE/4 NE/4 (Lot 1) Section 1
T19S, R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Gentlemen:

On May 26, 1981, I forwarded to you referenced Oil, Gas and Mineral Lease covering your respective interests in said land and requested your consideration and execution of same. As I have not heard from you concerning this matter, I feel I should inform you as to our plans concerning this acreage.

Anadarko has proposed the drilling of a 9500' Morrow formation test tentatively scheduled for January of 1982. All of the E/2 of Section 1 (which includes your tract) will be pooled for this well. Estimated well costs are \$610,000 dry hole and \$240,000 completed.

If you do not wish to lease your interest, please advise if you wish to join in the drilling of this test and pay your proportionate share of the well costs.

We are scheduling a forced pooling hearing in the near future and if we do not receive word from you within thirty (30) days, we will have no choice but to include your interest in this hearing and force pool your interest in the well.

Please understand that the above is our only course of action in such a situation and we hope to hear from you in the near future.

Very truly yours,

A handwritten signature in dark ink, appearing to read "W. F. Shackelford". The signature is written in a cursive, flowing style with some loops and flourishes.
W. F. Shackelford

WFS:sjh

Addressee List

Sally A. Ellis
771 Crescent Drive
Boulder, Colorado 80303

John E. MacGibbon and
Lucinda H. MacGibbon,
Co-executors of the Estate
of E. E. MacGibbon
321 Lowell
Elk River, Minnesota 55330

Jan M. Fox
5805 Wennequal Road
Madison, Wisconsin 53716

Southeast Bank and Trust Company,
Trustee for Rufus R. Rand Trust
combined by court order to
Helen Chase Rand Trust
P. O. Box 267
Sarasota, Florida 33578

San Diego Trust & Savings Bank
as Trustees of the Marian Whitney
Testimentary Trust
P. O. Box X 1013
San Diego, California 92112



September 2, 1981

Champlin Petroleum Company
300 Wilco Building
Midland, Texas 79701

Attn: Land Department

Re: E/2 Section 1
T19S, R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Gentlemen:

Anadarko proposes the formation of a 320 acre working interest unit to be comprised of referenced land for the drilling of a 9500' Morrow formation test with a tentative location in the NW/4 SE/4 of said Section 1. Our records reflect that Champlin controls 40 acres which are held by production by virtue of the #1 Alley well located on the west one-half of this section. Estimated well costs are \$610K dry hole and \$840K completed. This well is scheduled to spud in January 1982.

We request your consideration as to joining in our proposed test as to your approximately 12.5% working interest or farming out your interest to the unit on mutually acceptable terms.

Please advise at your earliest convenience as to your interest in this proposed test in order that the necessary paperwork may be commenced. Thank you for your consideration of the above.

Very truly yours,

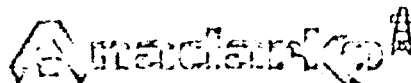
A handwritten signature in dark ink, appearing to read "W. F. Shackelford".

W. F. Shackelford

WFS:sjh

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. <u>3</u>
CASE NO. <u>7484</u>
Submitted by <u>Anadarko</u>
Hearing Date <u>2/17/82</u>

A Panhandle Eastern Company



January 26, 1982

Champlin Petroleum Company
300 Wilco Building
Midland, Texas 79701

Attn: Mr. John Alloway

Re: E/2 Section 1
T19S, R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Dear Mr. Alloway:

In September of last year I wrote you proposing Champlin's participation in a well located in working interest unit comprising referenced land. You later called and requested a copy of our AFE and Joint Operating Agreement. Our progress on this well has been hampered by the diversity of the mineral ownership under portions of this land and the subsequent need to force pool some interests. We have begun preparations for a compulsory pooling hearing and you may have received notice to this effect. I am sending a copy of the AFE at this time but am delaying sending the Operating Agreement until I am more certain as to the parties interests. If possible, we would appreciate your getting your management's approval to participate in the well subject to our negotiating a mutually acceptable Operating Agreement. We hope to spud this well by the end of February.

In addition, Champlin has the option of carrying its proportionate share of the uncommitted interests which we are attempting to force pool and which amount to approximately 11.46% of the unit area. We feel that leases exist which effectively cover many of the interests as set out on the force pooling application or else the parties have elected to join in the well. At any rate, due to extensive title problems or uncertainty of these interests we elected to include them in the application in order to commence our well.

Please advise at your earliest opportunity as to Champlin's interest in the well and if you wish to join, if Champlin will carry its share of the uncommitted interests.

Thank you for your consideration in the above.

Very truly yours,

A handwritten signature in dark ink, reading "William F. Shackelford". The signature is written in a cursive, flowing style.
William F. Shackelford

WFS:sw
Enclosure

APanhandle Eastern Company



September 23, 1981

Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation
Yates Building
207 South 4th
Artesia, New Mexico 88210

Attn: Land Department

Re: E/2 Section 1
T19S, R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Gentlemen:

Anadarko proposes the formation of a 319.8 acre working interest unit to be comprised of referenced land for the drilling of a 9500' Morrow formation test with a tentative location in the NW/4 SE/4 of said Section 1. Our records reflect that your companies control 27 acres in the unit area. Estimated well costs are \$610K dry hole and \$840K completed. This well is scheduled to spud in January 1982.

We request your consideration as to joining in our proposed test as to your approximately 2.1107% working interest each or farming out your interests to the unit on mutually acceptable terms.

Please advise at your earliest convenience as to your interest in this proposed test in order that the necessary paperwork may be commenced. Thank you for your consideration of the above.

Very truly yours,

W. F. Shackelford
W. F. Shackelford

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>4</u>
CASE NO.	<u>7484</u>
Submitted by	<u>Anadarko</u>
Hearing date	<u>2/17/82</u>

A Panhandle Eastern Company



February 9, 1982

Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Aho Petroleum Corporation
Yates Building
207 South 4th
Artesia, New Mexico 88210

Attn: Mr. Bob Laughlin

Re: Working Interest Unit
E/2 Section 1, T19S-R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Gentlemen:

With reference to my letter of September 23, 1981 concerning your participation in subject unit, this is to confirm that I have been advised by telephone that your companies wish to participate in our proposed test and that your lease has been renewed covering your interest in same. Our progress on this well has been hampered by the diversity of the mineral ownership under portions of this land and the subsequent need to force pool some interests. We have scheduled a compulsory pooling hearing and you may have received notice to this effect. I am sending copies of our AFE and request your execution of same subject to our negotiating a mutually acceptable operating agreement. We hope to spud this well during the first quarter of 1982.

In addition, your companies have the option of carrying its proportionate share of the uncommitted interests which we are attempting to force pool and which amount to approximately 11.46% of the unit area. We feel that leases exist which effectively cover many of the interests as set out on the force pooling application or else the parties have elected to join in the well. At any rate, due to extensive title problems or uncertainty of these interests we elected to include them in the application in order to commence our well.

Please advise at your earliest opportunity as to your companies interests in acquiring their share of the uncommitted interests.

Thank you for your consideration in the above.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William F. Shackelford". The signature is written in a cursive, flowing style with some loops and flourishes.
William F. Shackelford

WFS:sw
Enclosures

APanhandle Eastern Company



September 2, 1981

Amoco Production Company
P. O. Box 3092
Houston, Texas 77001

Attn: Land Department

Re: E/2 Section 1
T19S, R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Gentlemen:

Anadarko proposes the formation of a 320 acre working interest unit to be comprised of referenced land for the drilling of a 9500' Morrow formation test with a tentative location in the NW/4 SE/4 of said Section 1. Our records reflect that Amoco controls 20 acres which are held by production by virtue of the #1 Alley well located on the west one half of this section. Estimated well costs are \$610K dry hole and \$840K completed. This well is scheduled to spud in January 1982.

We request your consideration as to joining in our proposed test as to your approximately 6.25% working interest or farming out your interest to the unit on mutually acceptable terms.

Please advise at your earliest convenience as to your interest in this proposed test in order that the necessary paperwork may be commenced. Thank you for your consideration of the above.

Very truly yours,

W. F. Shackelford

W. F. Shackelford

WFS:sjh

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. <u>5</u> CASE NO. <u>7484</u> Submitted by <u>Anadarko</u> Hearing Date <u>2/17/82</u>

APanhandle Eastern Company

Anadarko

January 25, 1982

Amoco Production Company
P.O. Box 3092
Houston, Texas 77001

Attention: Mr. Jim Wishart

Reference: E/2 Section 1
T19S, R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Dear Mr. Wishart:

Please find enclosed copy of my letter of September 2, 1981 proposing a well in a unit to be comprised of referenced land. Also enclosed is a copy of our AFE for the well. As you will note, the well costs as set out in my previous letter were over estimated when compared with the AFE.

As I mentioned over the telephone, should Amoco elect to join, you have the option of carrying your share of the uncommitted interests which we are attempting to force pool and which amount to 11.46% of the unit area. We feel that leases exist which effectively cover many of the interests as set out on the force pooling application or else the parties have elected to join in the well. At any rate, due to extensive title problems or uncertainty of these interests we elected to include them in the application in order to commence our well.

Your earliest response to our proposal will be appreciated as we hope to spud this well by the end of February.

Very truly yours,

William F. Shackelford
William F. Shackelford

WFS/sa

Enclosures

A Panhandle Eastern Company



Amoco Production Company (USA)

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

February 11, 1982

Re: E/2 Section 1, T-19-S, R-25-E
Eddy County, New Mexico
Lakewood Prospect

Anadarko Production Company
900 Gibraltar Saving Center
P. O. Box 2497
Midland, TX 79702

Attention: William F. Shackelford

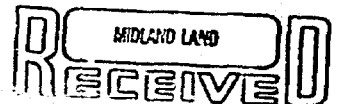
Gentlemen:

Please be advised that subject to the execution of a mutually acceptable operating agreement and well AFE, Amoco will join in the formation of the proposed working interest area and participate in the drilling of a test well up to our 6.25 percent interest.

Yours truly,

Barbara Caldwell
Landman

BC/bd
4/537



FEB 15 1982



July 9, 1981

Mr. Randall Montgomery
82 Aprilwind South
Montgomery, Texas 77356

RE: S/2NE/4 & E/2SE/4
Section 1 T19S, R25E,
N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Dear Mr. Montgomery:

Please find enclosed the Oil and Gas Lease we discussed over the telephone, covering your 2.5 net acre mineral interest under referenced land and reflecting our agreed terms of 1 year term and 1/4 royalty. A draft is also enclosed for \$375 being \$150 per acre. If these instruments are in order, please do the following to properly negotiate same:

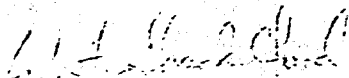
1. Fill in your depository bank's name and address in the blanks provided in paragraph 4 of the lease.
2. Go before a Notary Public and sign your name as typed and fill in your Social Security Number.
3. Have the notary complete the acknowledgment form on the reverse and affix his seal of office.
4. Endorse the draft and place it and the lease in your Collections Window at your bank for further handling.

Should you have any questions regarding the lease or any of the above, please call me collect.

Thank you for your cooperation in this matter.

Very truly yours,

ANADARKO PRODUCTION COMPANY


W. F. Shackelford

WFS/aty

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	6
CASE NO.	7484
Submitted by	Anadarko
Hearing Date	2/17/82

A Panhandle Eastern Company

OIL & GAS LEASE

THIS AGREEMENT made this 10th day of July 1981, between

Randall Fields Montgomery, 82 Aprilwind South, Montgomery, Texas 77356

of (Post Office Address)

herein called lessor (whether one or more) and Anadarko Production Company, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the

following described land in Eddy County, New Mexico, to-wit:

T19S, R25E, N.M.P.M.

Section 1: S/2 NE/4 & E/2SE/4

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 160 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 1 years from this date (called "primary term"), and as long thereafter as oil or gas, is produced from said land or land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 1/4 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the mouth of the well of 1/4 of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/4 of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 160.00 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the lessor or to the credit of the lessor in the _____ Bank

5. _____, which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

6. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

7. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within 60 days thereafter and diligently prosecutes the same, or (if it be within the primary term) commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

8. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

9. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rentals, royalties or payments to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

10. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

11. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

12. Lessee, its/heir successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

12. It is understood that this lease is for a 1 year term only and that paragraph 4 above is for the sole purpose of shut-in royalty payment only should same become necessary.

Executed the day and year first above written.

Randall Fields Montgomery

Soc. Sec. #:



September 1, 1981

Mr. Randall Montgomery
82 Aprilwind South
Montgomery, Texas 77356

Re: E/2 Section 1
T19S, R25E, N.M.P.M.
Eddy County, New Mexico
Lakewood Prospect

Dear Mr. Montgomery:

In accordance with your request over the telephone I have obtained some preliminary figures for your information. Our plans are to drill a 9350 foot Morrow test on referenced tract and will pool all of the E/2 of Section 1 in the event of production. Estimated well costs are \$530,000 for a dry hole and \$780,000 for a completed well. Your 2.5 net acres in the east half of this section would give you a .78125% working interest with corresponding well costs of \$4,141 dry hole and \$6,094 completion costs.

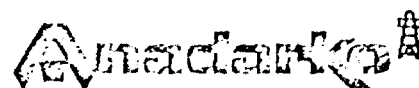
I hope the above will assist you in making a decision as to your interest in this acreage. Please advise if I may be of further assistance in this matter.

Very truly yours,

W. F. Shackelford

WFS:sjh

A Panhandle Eastern Company



July 1, 1981

Department of Vital Statistics
Austin, Texas 78701

Re: George Slaughter Gatewood

Gentlemen:

Please search your records to determine if George Slaughter Gatewood died in the state of Texas and if so provide me with a copy of his death certificate.

My check in the amount of \$3.00 is enclosed to cover your charge for this search.

Thank you for your attention to the above.

Very truly yours,

W. F. Shackelford
W. F. Shackelford

WFS:sjh

enclosure

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>7</u>
CASE NO.	<u>7484</u>
Submitted by	<u>Anadarko</u>
Hearing Date	<u>2/17/82</u>



Texas Department of Health

1100 West 48th Street
Austin, Texas 78756
ROBERT BERNSTEIN, MD ROBERT A. MACLEAN, MD
COMMISSIONER DEPUTY COMMISSIONER

(512) 452-7111
10-28-81

WILLIAM F SHACKELFORD
705 W SPRUCE
MIDLAND

TX 79701

RE: DEATH CERTIFICATE 01 COPIES
GATEWOOD, GEORGE SLAUGHTER
00-00-1989

586127 07-22-81 3.00

DEAR SIR OR MADAM:

BASED ON THE INFORMATION FURNISHED BY YOUR REQUEST, A
SEARCH OF THE FILES AND INDEXES FAILS TO SHOW A RECORD
REGISTERED IN THE NAME ABOVE.

SHOULD MORE SPECIFIC INFORMATION REGARDING THE DATE,
PLACE, OR NAMES OF PARENTS BECOME AVAILABLE IN THE FUTURE,
PLEASE SHOW SUCH INFORMATION BELOW AND RETURN THIS LETTER.
WE SHALL BE GLAD TO MAKE A FURTHER SEARCH OF OUR FILES.

Sincerely yours,

PLEASE RETURN THIS LETTER WITH YOUR REPLY

J. L. Howze, DIRECTOR
VITAL RECORDS



July 1, 1971

Department of Health and
Vital Statistics
Santa Fe, New Mexico

Re: George Slaughter Gatewood

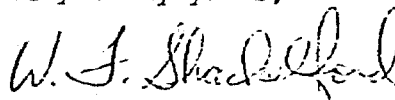
Gentlemen:

Please search your records to determine if George Slaughter Gatewood died in the state of New Mexico and if so provide me with a copy of his death certificate.

My check in the amount of \$3.00 is enclosed to cover your charge for this search.

Thank you for your attention to the above.

Very truly yours,


W. F. Shackelford

WFS:sjh

enclosure



July 1, 1971

Department of Health and
Vital Statistics
Santa Fe, New Mexico

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My check in the amount of \$3.00 is enclosed to cover your charge for this search.

Thank you for your attention to the above.

Very truly yours,

W. F. Shackelford
W. F. Shackelford

400
ck

WFS:sjh

enclosure

W. F. Shackelford
W. F. Shackelford

1950-59 F-H 1960-67 G-I 1968 A-Z
VITAL RECORDS FEE RECEIPT 1969 A-Z No. 624689
1970 A-M 039763

REC'D OF William Shackelford DATE 7/24 19 81
ADDRESS Midland, Tx. ☐ CASH ☒ CK ☐ M.O. \$ 4.00

1973-77 D-G 1978 A-Z
1979 Jan-Dec

POSTAGE REFUND DATE OF FINAL ACTION

REGISTRANT(S) AS NAME ON YOUR APPLICATION
NOT NECESSARILY AS SHOWN ON CERTIFICATE

Gatewood, George S.
last living 1959

THIS RECEIPT MUST BE RETURNED WITH ANY INQUIRY

1980 Jan-Dec 1981 Jan-May

ROBERT E. BOLING
EXPLORATION CONSULTANT
202 AMERICAN HOME BUILDING

ARTESIA, NEW MEXICO 88210

February 2, 1982

Mr. William F. Shackelford
Anadarko Production Company
P. O. Box 2497
Midland, Texas 79702

Re: George Slaughter Gatewood
Mineral Interest S/2 NE/4
and E/2 SE/4 Section 1,
T19S R25E, Eddy County,
New Mexico

Dear Mr. Shackelford:

You have inquired about Mr. George Slaughter Gatewood whom I once located, bought a lease from and later bought some minerals from.

Shortly after the discovery of the Empire Abo Field in 1957, almost everyone recognized that the reef probably extended west. This caused an active lease play in an area which included the captioned land.

After considerable work on the title it was determined that the minerals were owned one-third each by Laura Violet Robinson, George Slaughter Gatewood and the Hester heirs. I leased the Robinson interest and Amoco leased the Hester heirs which gave each of us a one-third interest. We then were both actively looking for George Gatewood.

Miss Robinson, who was Mr. Gatewood's cousin, said she had not heard from him in ten years and that she was sure he was dead. After six months' looking and much investigation, I found an address for him that was at least ten years old. The address was a skid-row hotel in Odessa, Texas. I went to the hotel and asked if they knew him. The clerk said she would see if he was in his room. I nearly fainted.

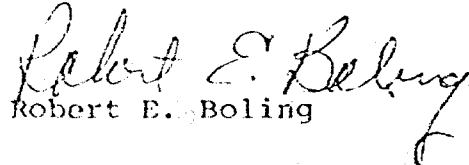
Mr. Gatewood was a single man in his mid fifties. He told me that he worked on pipeline construction jobs in the summer time and loafed in the winter; that he had come back to Odessa about two weeks prior to the time I found him and that prior to that he had not been in Odessa for ten years.

Mr. William F. Shackelford
February 2, 1982
Page 2

I made a deal to buy his lease. He had no bank account. I helped him open one at an Odessa bank so there would be a place to pay rentals and shut-in gas royalty.

In 1959 I bought some of his minerals. At that time he was living in Deaf Smith County, Texas, probably Hereford. I have not heard from Mr. Gatewood since 1959.

Yours very truly,


Robert E. Boling

REB:scp

AFC 120 1/81

Anadarko

Production Company

Bob Shirley

CO. (2) DIV. (2) AFE NO. (4) LOCATION NO. (7)

DATE - MO./DAY/

03 48 4454

9/15/81

WORK DES. (12)

WELL LOCATION NAME (20) WELL NO. (5)

FIELD/PROSPECT (25)

STATE (15) ST

D, C&E

Anderson

Boyd

NM

EXPLAIN PROJECT Drill, complete & equip 9400' Morrow Development Well (Gas)

O/S OPER. AFE # SEC. - TWN. - RANGE - DES. OF LOC. (23)

COUNTY (13)

CO. CO. 1

1 19S 25E 1980' FSL & FEL

Fddv

015

FIELD CD. (3)

PROJ. CD. (4)

PROSP. CD. (3)

BUDGET (4)

T/B (3)

G/L (3)

AMOUNT AUTHORIZED

060

6530

000

312

139

230

\$488,500

OWNER NAME (24)

WORKING INT. (6)

OWNER NAME (24)

WORKING INT.

OPER Anadarko Production Company

.619687

Others

.380313

COMPANY REVENUE INTEREST

.499590

TYPE:

PROJECT SUBJECT TO:

ORIGINATING OFFICE Midland Division

☒ DRILLING☐ CONSTRUCTION☐ CARRIED INTEREST

PREPARED BY George R. S. Euehler

☐ EXPLORATION☐ LHP☐ NET PROFITS INTEREST☒ DEVELOPMENT☐ GEOPHYSICAL☐ RIGHT TO CONVERT TO W.I.☐ RECOMPLETION☐☐ FARMIN☐ PLUG & ABANDON☐ DHC or SHC☐ SALE☐

EXPLAIN:

FOR DRILLING WELLS

EST. SPUD

DATE EST. TO 9400

TYPE WELL (OIL, GAS, EST) Gas

DRILLING OBLG. DATE

EST. DAYS TO DRILL

EST. DAYS TO COMPLETE

ACRES (Specimen Unit)

LSE EXP. DATE

LSE NOS. IN UNIT

DRILLING - DRY HOLE COST

RETIREMENT COST

	TOTAL	JT. OWNERS	CO. NET
INTANGIBLE \$	568,800	\$ 216,300	\$ 352,500
TANGIBLE	25,700	9,800	15,900
TOTAL \$	594,500	\$ 226,100	\$ 368,400
LESS DRY HOLE CONT.	---	---	---

	TOTAL	JT. OWNERS	CO. NET
COST-REMOVAL \$	---	---	---
SALVAGE/REC.	---	---	---
NET COST (OR RECEIVED) \$	---	---	---

TOTAL \$	594,500	\$ 226,100	\$ 368,400
----------	---------	------------	------------

DRILLING COMPLETION COST

EXPLORATION AND OTHER PROJECTS COST

	TOTAL	JT. OWNERS	CO. NET
INTANGIBLE \$	44,000	\$ 16,700	\$ 27,300
TANGIBLE	149,800	57,000	92,800
TOTAL \$	193,800	\$ 73,700	\$ 120,100
TOTAL COST \$	788,300	\$ 299,800	\$ 488,500

TOTAL \$	---	---	---
----------	-----	-----	-----

REMARKS: This well will spud in 1982. *A*

APPROVAL LEVEL

☐ Division☐ Region☒ Gen'l Office

APPROVALS COMMITTEE ACTION

☐ AUTHORIZED ☐ REJECTED

RECOMMENDED BY

DATE

DATE

10/15/81

10/15/81

10/15/81

10/15/81

10/15/81

10/15/81

10/15/81

10/15/81

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BEFORE EXAMINER STAMETS

OIL CONSERVATION DIVISION

EXHIBIT NO. 7

CASE NO. 7484

Submitted by Anadarko

Hearing Date 2/17/82


 CO. (2) DIV. (2) AFE NO. (4) LOCATION NO. (7)
 03 48 4454

 DATE-MO./DAY/YR (1)
 9/15/81

 WORK DES. (12) WELL LOCATION NAME (20) WELL NO. (5) FIELD/PROSPECT (25) STATE (5) ST. C.
 D.C&E Anderson 1 Boyd NM 3

EXPLAIN PROJECT Drill, complete & equip 9400' Morrow Development Well (Gas)

 O/S OPER. AFE # SEC. - TWN. - RANGE - DES. OF LOC. (23) COUNTY (13) CO. CD. (1)
 19S 25E 1980' PSL & FEL Eddy 015

 FIELD CD. (3) PROJ. CD. (4) PROSP. CD. (3) BUDGET (4) T/B (3) G/L (3) AMOUNT AUTHORIZED
 060 6530 000 312 139 230 \$488,500

OWNER NAME (24)		WORKING INT. (16)	OWNER NAME (24)	WORKING INT. (16)
OPER	Anadarko Production Company	.619687		
	Others	.380313		
COMPANY REVENUE INTEREST				.499590

DETAIL OF DRILLING COST ESTIMATE

PAGE 1 OF

CODE	INTANGIBLE DRILLING COSTS	TOTALS		
		DRY HOLE	COMPLETION	COMPLETED
2010	ROAD AND LOCATION	\$ 25000	\$	\$ 25000
2020	CONTRACT RIG COSTS	452000		452000
2030	MUD AND CHEMICALS	28200		28200
2040	CEMENT AND CEMENTING	14000	9000	23000
2050	FORMATION EVALUATION	41100		41100
2060	COMPLETION		30000	30000
2070	OTHER TOOLS AND RENTALS	500	500	1000
2080	TRANSPORTATION, TRUCKING, AND HAULING	1500	2000	3500
2090	CONTRACT SERVICES	1000	2000	3000
2100	COMPANY SUPERVISION	500	500	1000
2150	MISCELLANEOUS INTANGIBLES			
2200	ADMINISTRATIVE OVERHEAD			
2600	IDC - NON OPERATED			
	TOTAL INTANGIBLE DRILLING COSTS	\$ 568800	\$ 44000	\$ 612800
2900	SPECIAL CREDITS - DRY AND BOTTOM HOLE CONTRIBUTIONS - RECIEVABLE			
	TOTAL NET INTANGIBLE DRILLING COSTS	\$	\$	\$
	LEASE AND WELL EQUIPMENT			
	WELL CASING			
	200 FT., 13-3/8 O.D., 2233.04	5000		5000
	1300 FT., 9-5/8 O.D., 1447.39	20700		20700
	9400 FT., 4-1/2 O.D.,		60100	60100
	FT., O.D.,			
3010	TOTAL WELL CASING	25700	60100	85800
	WELL TUBING			
	9400 FT., 2-3/8 O.D., 325.45		33700	33700
	FT., O.D.,			
	FT., O.D.,			
3020	TOTAL WELL TUBING		33700	33700
3070	OTHER CONTROLLABLE SUBSURFACE WELL EQUIPMENT			
3080	NON-CONTROLLABLE SUBSURFACE WELL EQUIPMENT			
3110	WELLHEAD EQUIPMENT		30000	30000
3120	PUMPING EQUIPMENT			
3170	OTHER CONTROLLABLE SURFACE WELL EQUIPMENT			
3180	NON-CONTROLLABLE SURFACE WELL EQUIPMENT			
3190	INSTALLATION COSTS - SURFACE EQUIPMENT			
3210	TANK BATTERIES, SEPERATOR, HEATING TREATING AND SALES EQUIPMENT		25000	25000
3220	COMPRESSOR STATIONS			
3230	ELECTRICAL SYSTEMS AND TRANSMISSION LINES			
3240	BUILDINGS			
3250	LEASE LINES			
3270	OTHER CONTROLLABLE SURFACE LEASE EQUIPMENT			
3280	NON-CONTROLLABLE SURFACE LEASE EQUIPMENT			
3290	INSTALLATION COSTS - SURFACE LEASE EQUIPMENT		1000	1000
3400	DRILLING AND/OR PRODUCTION PLATFORMS			
3800	L & W - NON OPERATED			
	TOTAL LEASE AND WELL EQUIPMENT	\$ 25700	\$ 149500	\$ 175500
	TOTAL AFE COST ESTIMATE	\$ 594500	\$ 193500	\$ 788000

A.A.P.L. FORM 610 - 1977

MODEL FORM OPERATING AGREEMENT

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	10
CASE NO.	7484
Submitted by	Anadarko
Hearing Date	2/17/82

OPERATING AGREEMENT

DATED

February 15, 1982,

OPERATOR Anadarko Production Company

CONTRACT AREA Lots 1,2, S/2 NE/4, SE/4 Section 1

Township 19 South, Range 25 East

COUNTY OR PARISH OF Eddy STATE OF New Mexico

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Anadarko Production Company, hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators",

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided:

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

C. The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Contract Area which are owned by parties to this agreement.

D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

F. The term "drillsite" shall mean the oil and gas lease or interest on which a proposed well is to be located.

G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

☒ A. Exhibit "A", shall include the following information:

- (1) Identification of lands subject to agreement,
- (2) Restrictions, if any, as to depths or formations,
- (3) Percentages or fractional interests of parties to this agreement,
- (4) Oil and gas leases and/or oil and gas interests subject to this agreement,
- (5) Addresses of parties for notice purposes.

☒ B. Exhibit "B", Form of Lease.

☒ C. Exhibit "C", Accounting Procedure.

☒ D. Exhibit "D", Insurance.

☒ E. Exhibit "E", Gas Balancing Agreement.

☐ F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.

If any provision of any exhibit, except Exhibit "E", is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an unleased oil and gas interest in the Contract Area, that interest shall be treated for the purpose of this agreement and during the term hereof as if it were a leased interest under the form of oil and gas lease attached as Exhibit "B". As to such interest, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "B". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest.

B. Interest of Parties in Costs and Production:

Exhibit "A" lists all of the parties and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and material acquired in operations on the Contract Area shall be owned by the parties as their interests are shown in Exhibit "A". All production of oil and gas from the Contract Area, subject to the payment of lessor's royalties ~~which will be borne by the Joint Account~~, shall also be owned by the parties in the same manner during the term hereof; provided, however, this shall not be deemed an assignment or cross-assignment of interests covered hereby.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and/or oil and gas interests included, or planned to be included, in the drilling unit around such well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and/or oil and gas interests to the drillsite, or to be included in such drilling unit, shall furnish to Operator all abstracts (including Federal Lease Status Reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Operator in this title program shall be borne as follows:

☐ Option No. 1: Costs incurred by Operator in procuring abstracts and title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be a part of the administrative overhead as provided in Exhibit "C," and shall not be a direct charge, whether performed by Operator's staff attorneys or by outside attorneys.

☒ Option No. 2: Costs incurred by Operator in procuring abstracts and fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A". Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with leases or oil and gas interests contributed by such party. The Operator shall be responsible for the preparation and recording of Pooling Designations or Declarations as well as the conduct of hearings before Governmental Agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

No well shall be drilled on the Contract Area until after (1) the title to the drillsite or drilling unit has been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the parties who are to participate in the drilling of the well.

B. Loss of Title:

1. Failure of Title: Should any oil and gas interest or lease, or interest therein, be lost through failure of title, which loss results in a reduction of interest from that shown on Exhibit "A", this agreement, nevertheless, shall continue in force as to all remaining oil and gas leases and interests, and

(a) The party whose oil and gas lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development

or operating costs which it may have theretofore paid, but there shall be no monetary liability on its part to the other parties hereto for drilling, development, operating or other similar costs by reason of such title failure; and

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the interest lost; and

(c) If the proportionate interest of the other parties hereto in any producing well theretofore drilled on the Contract Area is increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such interests (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well; and

(d) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded; and

(e) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be borne by the party or parties in the same proportions in which they shared in such prior production; and

(f) No charge shall be made to the joint account for legal expenses, fees or salaries, in connection with the defense of the interest claimed by any party hereto, it being the intention of the parties hereto that each shall defend title to its interest and bear all expenses in connection therewith.

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, is not paid or is erroneously paid, and as a result a lease or interest therein terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties shall be revised on an acreage basis, effective as of the date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the lease or interest which has terminated. In the event the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds, less operating expenses, thereafter accrued attributable to the lost interest on an acreage basis, of that portion of oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such lease termination, would be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said portion of the oil and gas to be contributed by the other parties in proportion to their respective interests; and

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: All losses incurred, other than those set forth in Articles IV.B.1. and IV.B.2. above, shall not be considered failure of title but shall be joint losses and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of the Contract Area.

ARTICLE V. OPERATOR

A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR:

Anadarko Production Company shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest in the Contract Area, or is no longer capable of serving as Operator, it shall cease to be Operator without any action by Non-Operator, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the Parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. If the Operator that is removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 31st day of April, 1982, Operator shall commence the drilling of a well for oil and gas at the following location: 1980' FSL & FEL of Section 1, Township 19 South, Range 25 East, Eddy County, New Mexico.

and shall thereafter continue the drilling of the well with due diligence to a subsurface depth of 9500 feet or to that subsurface depth at which the geological formation known as the "Morrow" formation has been penetrated and adequately tested, in the opinion of operator, whichever is the lesser depth,

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

If, in Operator's judgment, the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the well as a dry hole, it shall first secure the consent of all parties and shall plug and abandon same as provided in Article VII.1 hereof.

1 B. Subsequent Operations:

2

3 1. Proposed Operations: Should any party hereto desire to drill any well on the Contract Area
 4 other than the well provided for in Article VI.A., or to rework, deepen or plug back a dry hole drilled
 5 at the joint expense of all parties or a well jointly owned by all the parties and not then producing
 6 in paying quantities, the party desiring to drill, rework, deepen or plug back such a well shall give the
 7 other parties written notice of the proposed operation, specifying the work to be performed, the loca-
 8 tion, proposed depth, objective formation and the estimated cost of the operation. The parties receiv-
 9 ing such a notice shall have thirty (30) days after receipt of the notice within which to notify the
 10 parties wishing to do the work whether they elect to participate in the cost of the proposed operation.
 11 If a drilling rig is on location, notice of proposal to rework, plug back or drill deeper may be given
 12 by telephone and the response period shall be limited to forty-eight (48) hours, exclusive of Saturday,
 13 Sunday or legal holidays. Failure of a party receiving such notice to reply within the period above fixed
 14 shall constitute an election by that party not to participate in the cost of the proposed operation. Any
 15 notice or response given by telephone shall be promptly confirmed in writing.

16

17 2. Operations by Less than All Parties: If any party receiving such notice as provided in Article
 18 VI.B.1 or VI.E.1. elects not to participate in the proposed operation, then, in order to be entitled to
 19 the benefits of this article, the party or parties giving the notice and such other parties as shall elect
 20 to participate in the operation shall, within sixty (60) days after the expiration of the notice period of
 21 thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period
 22 where the drilling rig is on location, as the case may be) actually commence work on the proposed
 23 operation and complete it with due diligence. Operator shall perform all work for the account of the
 24 Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Op-
 25 erator is a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform
 26 the work required by such proposed operation for the account of the Consenting Parties, or (b) desig-
 27 nate one (1) of the Consenting Parties as Operator to perform such work. Consenting Parties, when
 28 conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms
 29 and conditions of this agreement.

30

31 If less than all parties approve any proposed operation, the proposing party, immediately after the
 32 expiration of the applicable notice period, shall advise the Consenting Parties of (a) the total interest
 33 of the parties approving such operation, and (b) its recommendation as to whether the Consenting Par-
 34 ties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48)
 35 hours (exclusive of Saturday, Sunday or legal holidays) after receipt of such notice, shall advise the
 36 proposing party of its desire to (a) limit participation to such party's interest as shown on Exhibit "A",
 37 or (b) carry its proportionate part of Non-Consenting Parties' interest. The proposing party, at its
 38 election, may withdraw such proposal if there is insufficient participation, and shall promptly notify
 39 all parties of such decision.

40

41 The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in
 42 the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting
 43 Parties shall keep the leasehold estates involved in such operations free and clear of all liens and
 44 encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such
 45 an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole
 46 cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions
 47 of this Article results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall
 48 complete and equip the well to produce at their sole cost and risk, and the well shall then be turned
 49 over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties.
 50 Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such
 51 well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party
 52 shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and
 53 be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's
 54 interest in the well and share of production therefrom until the proceeds of the sale of such share,
 55 calculated at the well, or market value thereof if such share is not sold (after deducting production
 56 taxes, royalty, overriding royalty and other interests existing on the effective date hereof, payable out of
 57 or measured by the production from such well accruing with respect to such interest until it reverts)
 58 shall equal the total of the following:

59

60 (a) ^{150%}~~100%~~ of each such Non-Consenting Party's share of the cost of any newly acquired surface
 61 equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators,
 62 treaters, pumping equipment and piping), plus ^{150%}~~100%~~ of each such Non-Consenting Party's share of the
 63 cost of operation of the well commencing with first production and continuing until each such Non-
 64 Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being
 65 agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which
 66 would have been chargeable to each Non-Consenting Party had it participated in the well from the be-
 67 ginning of the operation; and

68

69 (b) 300% of that portion of the costs and expenses of drilling reworking, deepening, or plugging
 70 back, testing and completing, after deducting any cash contributions received under Article VIII.C., and

1 300% of that portion of the cost of newly acquired equipment in the well (to and including the well-
2 head connections), which would have been chargeable to such Non-Consenting Party if it had partici-
3 pated therein.

4
5 Gas production attributable to any Non - Consenting Party's relinquished interest upon such Party's
6 election, shall be sold to its purchaser, if available, under the terms of its existing gas sales con-
7 tract. Such Non - Consenting Party shall direct its purchaser to remit the proceeds receivable from
8 such sale direct to the Consenting Parties until the amounts provided for in this Article are recov-
9 ered from the Non - Consenting Party's relinquished interest. If such Non - Consenting Party has not
10 contracted for sale of its gas at the time such gas is available for delivery, or has not made the elec-
11 tion as provided above, the Consenting Parties shall own and be entitled to receive and sell such Non-
12 Consenting Party's share of gas as hereinabove provided during the recoupment period.

13
14 During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share
15 of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of
16 all production, severance, gathering and other taxes, and all royalty, overriding royalty and other
17 burdens applicable to Non-Consenting Party's share of production.

18
19 In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall
20 be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of
21 all such equipment shall remain unchanged; and upon abandonment of a well after such reworking,
22 plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the
23 owners thereof, with each party receiving its proportionate part in kind or in value, less cost of
24 salvage.

25
26 Within sixty (60) days after the completion of any operation under this Article, the party con-
27 ducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an in-
28 ventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling,
29 deepening, plugging back, testing, completing, and equipping the well for production; or, at its option,
30 the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed
31 statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being
32 reimbursed as provided above, the Party conducting the operations for the Consenting Parties shall furn-
33 ish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the
34 operation of the well, together with a statement of the quantity of oil and gas produced from it and the
35 amount of proceeds realized from the sale of the well's working interest production during the preceding
36 month. In determining the quantity of oil and gas produced during any month, Consenting Parties
37 shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any
38 amount realized from the sale or other disposition of equipment newly acquired in connection with any
39 such operation which would have been owned by a Non-Consenting Party had it participated therein
40 shall be credited against the total unreturned costs of the work done and of the equipment purchased,
41 in determining when the interest of such Non-Consenting Party shall revert to it as above provided;
42 and if there is a credit balance, it shall be paid to such Non-Consenting party.

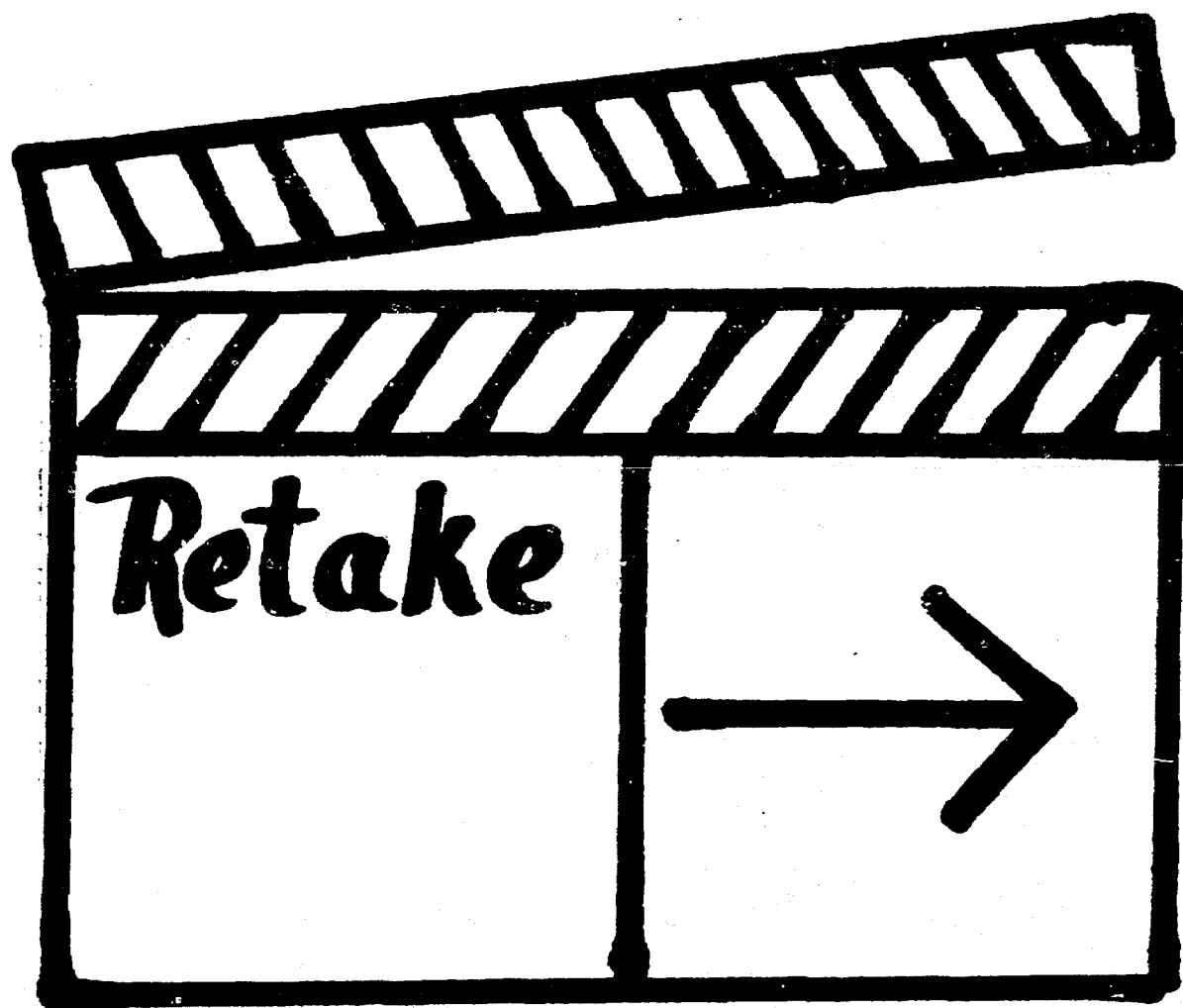
43
44 If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest
45 the amounts provided for above, the relinquished interests of such Non-Consenting Party shall auto-
46 matically revert to it, and, from and after such reversion, such Non-Consenting Party shall own the same
47 interest in such well, the material and equipment in or pertaining thereto, and the production there-
48 from as such Non-Consenting Party would have been entitled to had it participated in the drilling,
49 reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be
50 charged with and shall pay its proportionate part of the further costs of the operation of said well in
51 accordance with the terms of this agreement and the Accounting Procedure, attached hereto.

52
53 Notwithstanding the provisions of this Article VI.B.2., it is agreed that without the mutual consent
54 of all parties, no wells shall be completed in or produced from a source of supply from which a well
55 located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing
56 well spacing pattern for such source of supply.

57
58 The provisions of this Article shall have no application whatsoever to the drilling of the initial
59 well described in Article VI.A. except (a) when Option 2, Article VII.D.1., has been selected, or (b)
60 to the reworking, deepening and plugging back of such initial well, if such well is or thereafter shall
61 prove to be a dry hole or non-commercial well, after having been drilled to the depth specified in Article
62 VI.A.

63 64 C. Right to Take Production in Kind:

65
66 Each party shall have the right to take in kind or separately dispose of its proportionate share of
67 all oil and gas produced from the Contract Area, exclusive of production which may be used in de-
68 velopment and producing operations and in preparing and treating oil for marketing purposes and
69 production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate dispo-
70 sition by any party of its proportionate share of the production shall be borne by such party. Any



1 300% of that portion of the cost of newly acquired equipment in the well (to and including the well-
2 head connections), which would have been chargeable to such Non-Consenting Party if it had partici-
3 pated therein.

4
5 Gas production attributable to any Non-Consenting Party's relinquished interest upon such Party's
6 election, shall be sold to its purchaser, if available, under the terms of its existing gas sales con-
7 tract. Such Non-Consenting Party shall direct its purchaser to remit the proceeds receivable from
8 such sale direct to the Consenting Parties until the amounts provided for in this Article are recov-
9 ered from the Non-Consenting Party's relinquished interest. If such Non-Consenting Party has not
10 contracted for sale of its gas at the time such gas is available for delivery, or has not made the elec-
11 tion as provided above, the Consenting Parties shall own and be entitled to receive and sell such Non-
12 Consenting Party's share of gas as hereinabove provided during the recoupment period.

13
14 During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share
15 of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of
16 all production, severance, gathering and other taxes, and all royalty, overriding royalty and other
17 burdens applicable to Non-Consenting Party's share of production.

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21 all such equipment shall remain unchanged; and upon abandonment of a well after such reworking,
22 plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the
23 owners thereof, with each party receiving its proportionate part in kind or in value, less cost of
24 salvage.

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26 Within sixty (60) days after the completion of any operation under this Article, the party con-
27 ducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an in-
28 ventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling,
29 deepening, plugging back, testing, completing, and equipping the well for production; or, at its option,
30 the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed
31 statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being
32 reimbursed as provided above, the Party conducting the operations for the Consenting Parties shall furn-
33 ish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the
34 operation of the well, together with a statement of the quantity of oil and gas produced from it and the
35 amount of proceeds realized from the sale of the well's working interest production during the preceding
36 month. In determining the quantity of oil and gas produced during any month, Consenting Parties
37 shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any
38 amount realized from the sale or other disposition of equipment newly acquired in connection with any
39 such operation which would have been owned by a Non-Consenting Party had it participated therein
40 shall be credited against the total unreturned costs of the work done and of the equipment purchased,
41 in determining when the interest of such Non-Consenting Party shall revert to it as above provided;
42 and if there is a credit balance, it shall be paid to such Non-Consenting party.

43
44 If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest
45 the amounts provided for above, the relinquished interests of such Non-Consenting Party shall auto-
46 matically revert to it, and, from and after such reversion, such Non-Consenting Party shall own the same
47 interest in such well, the material and equipment in or pertaining thereto, and the production there-
48 from as such Non-Consenting Party would have been entitled to had it participated in the drilling,
49 reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be
50 charged with and shall pay its proportionate part of the further costs of the operation of said well in
51 accordance with the terms of this agreement and the Accounting Procedure, attached hereto.

52
53 Notwithstanding the provisions of this Article, VI.B.2, it is agreed that without the mutual consent
54 of all parties, no wells shall be completed in or produced from a source of supply from which a well
55 located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing
56 well spacing pattern for such source of supply.

57
58 The provisions of this Article shall have no application whatsoever to the drilling of the initial
59 well described in Article VI.A. except (a) when Option 2, Article VII.D.1., has been selected, or (b)
60 to the reworking, deepening and plugging back of such initial well, if such well is or thereafter shall
61 prove to be a dry hole or non-commercial well, after having been drilled to the depth specified in Article
62 VI.A.

63 64 **C. Right to Take Production in Kind:**

65
66 Each party shall have the right to take in kind or separately dispose of its proportionate share of
67 all oil and gas produced from the Contract Area, exclusive of production which may be used in de-
68 velopment and producing operations and in preparing and treating oil for marketing purposes and
69 production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate dispo-
70 sition by any party of its proportionate share of the production shall be borne by such party. Any

1 party taking its share of production in kind shall be required to pay for only its proportionate share
2 of such part of Operator's surface facilities which it uses.

3
4 Each party shall execute such division orders and contracts as may be necessary for the sale of its
5 interest in production from the Contract Area, and, except as provided in Article VII B., shall be entitled
6 to receive payment direct from the purchaser thereof for its share of all production.

7
8 In the event any party shall fail to make the arrangements necessary to take in kind or separately
9 dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have
10 the right, subject to the reversion at will by the party owning it, but not the obligation, to purchase such
11 oil and gas or sell it to others at any time and from time to time, for the account of the non-taking
12 party at the best price obtainable in the area for such production. Any such purchase or sale by Op-
13 erator shall be subject always to the right of the owner of the production to exercise at any time its
14 right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a
15 purchaser. Any purchase or sale by Operator of any other party's share of oil and gas shall be only for
16 such reasonable periods of time as are consistent with the minimum needs of the industry under the
17 particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the
18 foregoing, Operator shall not make a sale, including one into interstate commerce, of any other party's
19 share of gas production without first giving such other party thirty (30) days notice of such intended
20 sale.

21
22 In the event one or more parties' separate disposition of its share of the gas causes split-stream de-
23 liveries to separate pipelines and/or deliveries which on a day-to-day basis for any reason are not
24 exactly equal to a party's respective proportionate share of total gas sales to be allocated to it, the
25 balancing or accounting between the respective accounts of the parties shall be in accordance with
26 any Gas Balancing Agreement between the parties hereto, whether such Agreement is attached as
27 Exhibit "E", or is a separate Agreement.

28 29 D. Access to Contract Area and Information:

30
31 Each party shall have access to the Contract Area at all reasonable times, at its sole risk to inspect
32 or observe operations, and shall have access at reasonable times to information pertaining to the de-
33 velopment or operation thereof, including Operator's books and records relating thereto. Operator, upon
34 request, shall furnish each of the other parties with copies of all forms or reports filed with govern-
35 mental agencies, daily drilling reports, well logs, tank tables, daily gauge and run tickets and reports
36 of stock on hand at the first of each month, and shall make available samples of any cores or cuttings
37 taken from any well drilled on the Contract Area. The cost of gathering and furnishing information to
38 Non-Operator, other than that specified above, shall be charged to the Non-Operator that requests the
39 information.

40 41 E. Abandonment of Wells:

42
43 1. Abandonment of Dry Holes: Except for any well drilled pursuant to Article VI.B.2., any well
44 which has been drilled under the terms of this agreement and is proposed to be completed as a dry hole
45 shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent
46 effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours
47 (exclusive of Saturday, Sunday or legal holidays) after receipt of notice of the proposal to plug and
48 abandon such well, such party shall be deemed to have consented to the proposed abandonment. All
49 such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost,
50 risk and expense of the parties who participated in the cost of drilling of such well. Any party who ob-
51 jects to the plugging and abandoning such well shall have the right to take over the well and conduct
52 further operations in search of oil and/or gas subject to the provisions of Article VI.B.

53
54 2. Abandonment of Wells that have Produced: Except for any well which has been drilled or re-
55 worked pursuant to Article VI.B.2. hereof for which the Consenting Parties have not been fully reim-
56 bursed as therein provided, any well which has been completed as a producer shall not be plugged and
57 abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall
58 be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense
59 of all the parties hereto. If, within thirty (30) days after receipt of notice of the proposed abandonment
60 of such well, all parties do not agree to the abandonment of any well, those wishing to continue its op-
61 eration shall tender to each of the other parties its proportionate share of the value of the well's salvable
62 material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated
63 cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall
64 assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity,
65 quality, or fitness for use of the equipment and material, all of its interest in the well and related equip-
66 ment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the
67 formation or formations then open to production. If the interest of the abandoning party is or includes
68 an oil and gas interest, such party shall execute and deliver to the non-abandoning party or parties an
69 oil and gas lease, limited to the interval or intervals of the formation or formations then open to produc-
70 tion, for a term of one year and so long thereafter as oil and/or gas is produced from the interval or inter-

1 party taking its share of production in kind shall be required to pay for only its proportionate share
2 of such part of Operator's surface facilities which it uses.

3
4 Each party shall execute such division orders and contracts as may be necessary for the sale of its
5 interest in production from the Contract Area, and, except as provided in Article VII B., shall be entitled
6 to receive payment direct from the purchaser thereof for its share of all production.

7
8 In the event any party shall fail to make the arrangements necessary to take in kind or separately
9 dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have
10 the right, subject to the reservation at will by the party owning it, but not the obligation, to purchase such
11 oil and gas or sell it to others at any time and from time to time, for the account of the non-taking
12 party at the best price obtainable in the area for such production. Any such purchase or sale by Op-
13 erator shall be subject always to the right of the owner of the production to exercise at any time its
14 right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a
15 purchaser. Any purchase or sale by Operator of any other party's share of oil and gas shall be only for
16 such reasonable periods of time as are consistent with the minimum needs of the industry under the
17 particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the
18 foregoing, Operator shall not make a sale, including one into interstate commerce, of any other party's
19 share of gas production without first giving such other party thirty (30) days notice of such intended
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21
22 In the event one or more parties' separate disposition of its share of the gas causes split-stream de-
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34 request, shall furnish each of the other parties with copies of all forms or reports filed with govern-
35 mental agencies, daily drilling reports, well logs, tank tables, daily gauge and run tickets and reports
36 of stock on hand at the first of each month, and shall make available samples of any cores or cuttings
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45 shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent
46 effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours
47 (exclusive of Saturday, Sunday or legal holidays) after receipt of notice of the proposal to plug and
48 abandon such well, such party shall be deemed to have consented to the proposed abandonment. All
49 such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost,
50 risk and expense of the parties who participated in the cost of drilling of such well. Any party who ob-
51 jects to the plugging and abandoning such well shall have the right to take over the well and conduct
52 further operations in search of oil and/or gas subject to the provisions of Article VI.B.

53
54 2. Abandonment of Wells that have Produced: Except for any well which has been drilled or re-
55 worked pursuant to Article VI.B.2. hereof for which the Consenting Parties have not been fully reim-
56 bursed as therein provided, any well which has been completed as a producer shall not be plugged and
57 abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall
58 be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense
59 of all the parties hereto. If, within thirty (30) days after receipt of notice of the proposed abandonment
60 of such well, all parties do not agree to the abandonment of any well, those wishing to continue its op-
61 eration shall tender to each of the other parties its proportionate share of the value of the well's salvageable
62 material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated
63 cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall
64 assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity,
65 quality, or fitness for use of the equipment and material, all of its interest in the well and related equip-
66 ment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the
67 formation or formations then open to production. If the interest of the abandoning party is or includes
68 an oil and gas interest, such party shall execute and deliver to the non-abandoning party or parties an
69 oil and gas lease, limited to the interval or intervals of the formation or formations then open to produc-
70 tion, for a term of one year and so long thereafter as oil and/or gas is produced from the interval or inter-

vals of the formation or formations covered thereby, such lease to be on the form attached as Exhibit "B". The assignments or leases so limited shall encompass the "drilling unit" upon which the well is located. The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their respective percentages of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interest in the remaining portion of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open other than the royalties retained in any lease made under the terms of this Article. Upon request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

ARTICLE VII. EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render the parties liable as partners.

B. Liens and Payment Defaults:

Each Non-Operator grants to Operator a lien upon its oil and gas rights in the Contract Area, and a security interest in its share of oil and/or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest thereon at the rate provided in the Accounting Procedure attached hereto as Exhibit "C". To the extent that Operator has a security interest under the Uniform Commercial Code of the State, Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Non-Operator in the payment of its share of expense, Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Non-Operator's share of oil and/or gas until the amount owed by such Non-Operator, plus interest has been paid. Each purchaser shall be entitled to rely upon Operator's written statement concerning the amount of any default. Operator grants a like lien and security interest to the Non-Operators to secure payment of Operator's proportionate share of expense.

If any party fails or is unable to pay its share of expense within sixty (60) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. Each party so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in the foregoing paragraph.

C. Payments and Accounting:

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in the Accounting Procedure attached hereto as Exhibit "C". Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated expense, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

D. Limitation of Expenditures:

1. Drill or Deepen: Without the consent of all parties, no well shall be drilled or deepened, except any well drilled or deepened pursuant to the provisions of Article VI.B.2. of this Agreement, it being understood that the consent to the drilling or deepening shall include:

☐ Option No. 1: All necessary expenditures for the drilling or deepening, testing, completing and equipping of the well, including necessary tankage and/or surface facilities.

☒ Option No. 2: All necessary expenditures for the drilling or deepening and testing of the well. When such well has reached its authorized depth, and all tests have been completed, Operator shall give immediate notice to the Non-Operators who have the right to participate in the completion costs. The parties receiving such notice shall have forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) in which to elect to participate in the setting of casing and the completion attempt. Such election, when made, shall include consent to all necessary expenditures for the completing and equipping of such well, including necessary tankage and/or surface facilities. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the completion attempt. If one or more, but less than all of the parties, elect to set pipe and to attempt a completion, the provisions of Article VI.B.2. hereof (the phrase "reworking, deepening or plugging back" as contained in Article VI.B.2. shall be deemed to include "completing") shall apply to the operations thereafter conducted by less than all parties.

2. Rework or Plug Back: Without the consent of all parties, no well shall be reworked or plugged back except a well reworked or plugged back pursuant to the provisions of Article VI.B.2. of this agreement, it being understood that the consent to the reworking or plugging back of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well, including necessary tankage and/or surface facilities.

3. Other Operations: Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Twenty-Five Thousand - - - - - Dollars (\$ 25,000.00) except in connection with a well, the drilling, reworking, deepening, completing, recompleting, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares "Authority for Expenditures" for its own use, Operator, upon request, shall furnish copies of its "Authority for Expenditures" for any single project costing in excess of Twenty-Five Thousand- - - - - Dollars (\$ 25,000.00).

E. Royalties, Overriding Royalties and Other Payments:

Each party shall pay or deliver, or cause to be paid or delivered, all royalties to the extent of the usual 1/8th royalty due on its share of production and shall hold the other parties free from any liability therefor. If the interest of any party in any oil and gas lease covered by this agreement is subject to any royalty, overriding royalty, production payment, or other charge over and above the aforesaid royalty, such party shall assume and alone bear all such obligations and shall account for or cause to be accounted for, such interest to the owners thereof.

No party shall ever be responsible, on any price basis higher than the price received by such party, to any other party's lessor or royalty owner; and if any such other party's lessor or royalty owner should demand and receive settlements on a higher price basis, the party contributing such lease shall bear the royalty burden insofar as such higher price is concerned.

F. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

Operator shall notify Non-Operator of the anticipated completion of a shut-in gas well, or the shutting in or return to production of a producing gas well, at least five (5) days (excluding Saturday, Sunday and holidays), or at the earliest opportunity permitted by circumstances, prior to taking such action, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operator, the loss of any lease contributed hereto by Non-Operator for failure to make timely payments

1 of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article
2 IV.B.3.

3
4 **G. Taxes:**

5
6 Beginning with the first calendar year after the effective date hereof, Operator shall render for ad
7 valorem taxation all property subject to this agreement which by law should be rendered for such
8 taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the ren-
9 dition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be
10 limited to, royalties, overriding royalties and production payments) on leases and oil and gas interests con-
11 tributed by such Non-Operator. If the assessed valuation of any leasehold estate is reduced by reason of its
12 being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in
13 ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such leasehold
14 estate, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such
15 reduction. Operator shall bill other parties for their proportionate share of all tax payments in the man-
16 ner provided in Exhibit "C".

17
18 If Operator considers any tax assessment improper, Operator may, at its discretion, protest within
19 the time and manner prescribed by law, and prosecute the protest to a final determination, unless all
20 parties agree to abandon the protest prior to final determination. During the pendency of administrative
21 or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and
22 penalty. When any such protested assessment shall have been finally determined, Operator shall pay
23 the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then
24 be assessed against the parties, and be paid by them, as provided in Exhibit "C".

25
26 Each party shall pay or cause to be paid all production, severance, gathering and other taxes im-
27 posed upon or with respect to the production or handling of such party's share of oil and/or gas pro-
28 duced under the terms of this agreement.

29
30 **H. Insurance:**

31
32 At all times while operations are conducted hereunder, Operator shall comply with the Workmen's
33 Compensation Law of the State where the operations are being conducted; provided, however, that Op-
34 erator may be a self-insurer for liability under said compensation laws in which event the only charge
35 that shall be made to the joint account shall be an amount equivalent to the premium which would have
36 been paid had such insurance been obtained. Operator shall also carry or provide insurance for the
37 benefit of the joint account of the parties as outlined in Exhibit "D", attached to and made a part hereof.
38 Operator shall require all contractors engaged in work on or for the Contract Area to comply with the
39 Workmen's Compensation Law of the State where the operations are being conducted and to maintain
40 such other insurance as Operator may require.

41
42 In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently
43 receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for
44 such insurance for Operator's fully owned automotive equipment.

45
46 **ARTICLE VIII.**
47 **ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST**

48
49 **A. Surrender of Leases:**

50
51 The leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall
52 not be surrendered in whole or in part unless all parties consent thereto.

53
54 However, should any party desire to surrender its interest in any lease or in any portion thereof, and
55 other parties do not agree or consent thereto, the party desiring to surrender shall assign, without express
56 or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and
57 equipment which may be located thereon and any rights in production thereafter secured, to the parties
58 not desiring to surrender it. If the interest of the assigning party includes an oil and gas interest, the as-
59 signing party shall execute and deliver to the party or parties not desiring to surrender an oil and gas
60 lease covering such oil and gas interest for a term of one year and so long thereafter as oil and/or gas
61 is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B".
62 Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing,
63 but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon,
64 and the assigning party shall have no further interest in the lease assigned and its equipment and pro-
65 duction other than the royalties retained in any lease made under the terms of this Article. The parties
66 assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells
67 and equipment on the assigned acreage. The value of all material shall be determined in accordance
68 with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plug-
69 ging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall
70

be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee.

Any assignment or surrender made under this provision shall not reduce or change the assignor's or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Contract Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

B. Renewal or Extension of Leases:

If any party secures a renewal of any oil and gas lease subject to this Agreement, all other parties shall be notified promptly, and shall have the right for a period of thirty (30) days following receipt of such notice in which to elect to participate in the ownership of the renewal lease, insofar as such lease affects lands within the Contract Area, by paying to the party who acquired it their several proper proportionate shares of the acquisition cost allocated to that part of such lease within the Contract Area, which shall be in proportion to the interests held at that time by the parties in the Contract Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this Article shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall apply also and in like manner to extensions of oil and gas leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash toward the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. If all parties hereto are Drilling Parties and accept such tender, such acreage shall become a part of the Contract Area and be governed by the provisions of this agreement. If less than all parties hereto are Drilling Parties and accept such tender, such acreage shall not become a part of the Contract Area. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Subsequently Created Interest:

Notwithstanding the provisions of Article VIII.E. and VIII.G., if any party hereto shall, subsequent to execution of this agreement, create an overriding royalty, production payment, or net proceeds interest, which such interests are hereinafter referred to as "subsequently created interest", such subsequently created interest shall be specifically made subject to all of the terms and provisions of this agreement, as follows:

1. If non-consent operations are conducted pursuant to any provision of this agreement, and the party conducting such operations becomes entitled to receive the production attributable to the interest out of which the subsequently created interest is derived, such party shall receive same free and clear of such subsequently created interest. The party creating same shall bear and pay all such subsequently created interests and shall indemnify and hold the other parties hereto free and harmless from any and all liability resulting therefrom.

2. If the owner of the interest from which the subsequently created interest is derived (1) fails to pay, when due, its share of expenses chargeable hereunder, or (2) elects to abandon a well under provisions of Article VI.E. hereof, or (3) elects to surrender a lease under provisions of Article VIII.A. hereof, the subsequently created interest shall be chargeable with the pro rata portion of all expenses hereunder in the same manner as if such interest were a working interest. For purposes of collecting such chargeable expenses, the party or parties who receive assignments as a result of (2) or (3) above shall have the right to enforce all provisions of Article VII.B. hereof against such subsequently created interest.

E. Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this agreement, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Contract Area and in wells, equipment and production unless such disposition covers either:

1. the entire interest of the party in all leases and equipment and production; or
2. an equal undivided interest in all leases and equipment and production in the Contract Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the right of the other parties.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds hereof.

F. Waiver of Right to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

G. ~~Preferential Right to Purchase:~~

~~Should any party desire to sell all or any part of its interests under this agreement or its rights and interests in the Contract Area, it shall promptly give written notice to the other parties, with full information concerning its proposed sale, which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. The other parties shall then have an optional prior right, for a period of ten (10) days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all or substantially all of its assets to a subsidiary or parent company or to a subsidiary of a parent company, or to any company in which any one party owns a majority of the stock.~~

ARTICLE IX. INTERNAL REVENUE CODE ELECTION

This agreement is not intended to create, and shall not be construed to create, a relationship of partnership or an association for profit between or among the parties hereto. Notwithstanding any provisions herein that the rights and liabilities hereunder are several and not joint or collective, or that this agreement and operations hereunder shall not constitute a partnership, if, for Federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, each party hereby affected elects to be excluded from the application of all of the provisions of Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations 1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No

such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from Operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X. CLAIMS AND LAWSUITS

Operator may settle any single damage claim or suit arising from operations hereunder if the expenditure does not exceed Ten Thousand Dollars (\$ 10,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be at the joint expense of the parties. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, the party shall immediately notify Operator, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI. FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE XII. NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, unless otherwise specifically provided, shall be given in writing by United States mail or Western Union telegram, postage or charges prepaid, or by teletype, and addressed to the party to whom the notice is given at the addresses listed on Exhibit "A". The originating notice given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed, and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid, or when sent by teletype. Each party shall have the right to change its address at any time, and from time to time, by giving written notice hereof to all other parties.

ARTICLE XIII. TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the oil and gas leases and/or oil and gas interests subjected hereto for the period of time selected below: provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any lease, or oil and gas interest contributed by any other party beyond the term of this agreement.

☐ Option No. 1: So long as any of the oil and gas leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise, and/or so long as oil and/or gas production continues from any lease or oil and gas interest.

☒ Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in production of oil and or gas in paying quantities, this agreement shall continue in force so long as any such well or wells produce, or are capable of production, and for an additional period of 90 days from cessation of all production; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling or reworking a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is producing, or capable of producing oil and or gas from the Contract Area, this agreement shall terminate unless drilling or reworking operations are commenced within 90 days from the date of abandonment of said well.

It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

ARTICLE XIV. COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the conservation laws of the state in which the committed acreage is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations, and orders, including all Federal Equal Employment and Opportunity provisions.

B. Governing Law:

The essential validity of this agreement and all matters pertaining thereto, including, but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state where most of the land in the Contract Area is located shall govern.

ARTICLE XV. OTHER PROVISIONS

A. Interpretations Of Regulations of Governmental Regulatory Agencies:

Non-Operators agree to indemnify and hold Operator harmless from any and all losses, damages, injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from Operator's interpretation or application of rules, rulings, regulations or orders of the Department of Energy or predecessor agencies (or other governmental regulatory agencies) to the extent Operator's interpretation or application of such rules, rulings, regulations or orders were made in good faith. Non-Operators further agree to reimburse Operator for their proportionate share of any amounts Operator may be required to refund, rebate or pay as a result of an incorrect interpretation or application of the above noted rules, rulings, regulations or orders, together with the Non-Operators' proportionate part of interest and penalties owing by Operator as a result of such incorrect interpretation or application of such rules, rulings, regulations or orders.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of _____ day of _____, 19_____.

OPERATOR

Anadarko Production Company

By: _____
Michael R. Goode, Division Landman

NON-OPERATORS

Champlin Petroleum Company

Attest: _____

By: _____

Amoco Production Company

Attest: _____

By: _____

Yates Petroleum Corporation

Attest: _____

By: _____

Yates Drilling Company

Attest: _____

By: _____

Myco Industries, Inc.

Attest: _____

By: _____

Abo Petroleum Corporation

Attest: _____

By: _____

Tracy Clark

Bob Boling
Max W. Coll II

Mary L. Boling
James N. Coll

By: _____

By: _____

Jon F. Coll

Charles H. Coll

By: _____

By: _____

STATE OF TEXAS)

COUNTY OF MIDLAND)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as Agent for Anadarko Production Company, a Delaware Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as _____ on behalf of Champlin Petroleum Company, a _____ Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as _____ on behalf of Amoco Production Company, a _____ Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as _____ on behalf of Yates Petroleum Corporation, a _____ Corporation.

Notary Public

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as _____ on behalf of Yates Drilling Company, a _____ Corporation.

Notary Public

My Commission Expires: _____

STATE OF TEXAS)

COUNTY OF MIDLAND)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as Agent for Anadarko Production Company, a Delaware Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as _____ on behalf of Champlin Petroleum Company, a _____ Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as _____ on behalf of Amoco Production Company, a _____ Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as _____ on behalf of Yates Petroleum Corporation, a _____ Corporation.

Notary Public

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day of _____, 1982 by _____ as _____ on behalf of Yates Drilling Company, a _____ Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day
of _____, 1982 by _____ as _____
_____ on behalf of Myco Industries, Inc., a _____
_____ Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day
of _____, 1982 by _____ as _____
on behalf of Abo Petroleum Corporation, a _____ Corporation.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day
of _____, 1982 by Tracy Clark.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____).

The foregoing Instrument was acknowledged before me this _____ day
of _____, 1982 by Bob Boling.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day
of _____, 1982 by Mary L. Boling.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day
of _____, 1982 by Charles H. Coll.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day
of _____, 1982 by Charles H. Coll as _____
for Max W. Coll II, James W. Coll and Jon F. Coll.

Notary Public

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing Instrument was acknowledged before me this _____ day
of _____, 1982 by Sally A. Ellis.

Notary Public

My Commission Expires: _____

Exhibit "A"

Attached to and made a part of Operating Agreement dated February 15, 1982.

CONTRACT AREA:

The Contract Area subject to this Operating Agreement shall consist of the oil and gas rights from the surface of the earth down to the base of the geological formation known as the "Morrow" formation in and under the following described land in Eddy County, New Mexico:

Township 19 South, Range 25 East, Section 1: Lots 1 and 2,
S/2 NE/4, SE/4 containing 319.80 acres, more or less.

The leases contributed to the Contract Area by the parties hereto are listed on Exhibit "A-1" attached hereto and made a part hereof, each party hereto contributing to the Contract Area the leases described in said Exhibit A-1 under said party's name, insofar (and only insofar) as said leases cover the Contract Area. This Operating Agreement covers all interests owned by the parties in the Contract Area, whether said interests are unleased mineral interests or leasehold interests, including such interests which may be acquired during the term of this Operating Agreement.

NAME, ADDRESSES and INTERESTS OF THE PARTIES:

The name, address and interests in the Contract Area of each party to this agreement is set out hereinbelow:

Anadarko Production Company
P. O. Box 2497
Midland, TX 79702

Amoco Production Company
P. O. Box 3092
Houston, TX 77001

Champlin Petroleum Company
300 Wilco Building
Midland, TX 79701

Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation
Yates Building
207 South 4th
Artesia, NM 88210

Charles H. Coll
Max W. Coll II
James N. Coll
Jon F. Coll
P. O. Box 1818
Roswell, NM 88201

Tracy Clark
Rt. 1, Box 107 P
Midland, TX 79701

Bob Boling
202 American Home Building
Artesia, NM 88210

Mary Boling
509 S. 15th
Artesia, NM 88210

Sally A. Ellis
771 Crescent Drive
Boulder, CO 80303

INTERESTS of PARTIES to AGREEMENT:

	Acreage	Percentage of Contract Area
Anadarko Production Company	182.009	56.913383%
Champlin Petroleum Company	40.000	12.507817
Amoco Production Company	20.000	6.253909
Yates Petroleum Corporation	6.750	2.110694
Yates Drilling Company	6.750	2.110694
Myco Industries, Inc.	6.750	2.110694
Abo Petroleum Corporation	6.750	2.110694
Tracy Clark	3.000	.938086
Max W. Coll, II	2.500	.781739
James N. Coll	2.500	.781739
Jon F. Coll	2.500	.781739
Charles H. Coll	2.500	.781739
Bob Boling	.500	.156348
Mary Boling	.500	.156348
Sally A. Ellis	.125	.039087
Interest not committed to this agreement	36.666	11.465291
	319.800	100.000000%

LEASE NO.
47-30-015-

LESSOR

LESSEE

DATE

DESCRIPTION

Township 19 South, Range 25 East

RECORDED
BOOK PAGE

Leases Contributed by Anadarko Production Company:

0138-01	R. E. Glass, et ux	Anadarko Production Co.	2-01-77	Section 1: Lot 1	143	308
0138-04	Clarence E. Hinkle, et ux	Anadarko Production Co.	12-08-77	Section 1: Lot 1	153	711
0138-05	I. J. Marshall, et ux	Anadarko Production Co.	12-08-77	Section 1: Lot 1	153	713
0138-06	C. A. (Bar) Land & Cattle Co.	Anadarko Production Co.	12-08-77	Section 1: Lot 1	153	125
0138-07	First National Bank of Roswell, Trustee of R. R. Hinkle Trust	Anadarko Production Co.	12-08-77	Section 1: Lot 1	153	127
0138-08	Margaret W. Childress, et al	Anadarko Production Co.	12-08-77	Section 1: Lot 1	154	820
0138-09	Marshall & Winston, Inc.	Anadarko Production Co.	07-15-81	Section 1: Lot 1 & W/2 SE/4	202	1118
0181-01	Thelma Mae Schafer	Anadarko Production Co.	02-15-80	Section 1: Lot 1	182	459
0181-02	Corbelle M. Kincaid	Anadarko Production Co.	02-12-80	Section 1: Lot 1	182	455
0181-03	Maelyn Cauhape Daboll	Anadarko Production Co.	02-15-80	Section 1: Lot 1	185	760
0181-04	Sterling Marx Carter, et al	Anadarko Production Co.	02-15-80	Section 1: Lot 1	182	833
0181-05	Hugh M. Kincaid, Trustee	Anadarko Production Co.	02-15-80	Section 1: Lot 1	182	668
0138-10	Richard Marshall, Jr.	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	80
0138-11	Stephen Badger	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	82
0138-12	Josephine Wilditch	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	84
0138-13	Owen Marshall	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	86
0138-14	Roger Westman, et al	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	88
0138-15	Joyce H. Fahlman	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	90
0138-16	James G. Bennett, Jr. et al	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	92

LEASE NO.

LESSOR

LESSEE

DATE

DESCRIPTION

RECORDED
BOOK PAGE

0138-17	James G. Bennett, Jr. et al	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	94
0138-18	James G. Bennett, Jr. et al	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	96
0138-19	L. Raymond Scherer Trust	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	98
0138-20	The Minneapolis Foundation	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	100
0138-21	Elizabeth Melone Winston	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	102
0138-22	Eloise W. Carleton, et al	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	104
0138-23	Margaret Norton	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	106
0138-24	Kathryn Knops	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	108
0138-25	J. Laird Marshall	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	110
0138-26	Donald Newton	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	112
0138-27	Erle Dickerson	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	114
0138-28	Barbara Henderikson	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	116
0138-29	Frederick Wheeler	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	118
0138-30	F. B. Hubachek	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	120
0138-31	Mary Baida	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	122
0138-32	H. Cedric Alward	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	124
0138-33	Murray McKinnon Trust	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	126
0138-34	Charles A. Kelly	Anadarko Production Co.	05-31-81	Section 1: Lot 1	204	128
0138-35	Quetico Superior Foundation	Anadarko Production Co.	09-02-81	Section 1: Lot 1	205	586
0140-09	Nora A. Young, et al	Anadarko Production Co.	08-8-78	Section 1: S/2 NE/4 & E/2 SE/4	164	357
0140-11	Mildred Gothard, et vir	Anadarko Production Co.	07-21-80	Section 1: S/2 NE/4 & E/2 SE/4	187	575
0140-12	Edna Goodell	Anadarko Production Co.	07-18-80	Section 1: S/2 NE/4 & E/2 SE/4	187	573
0140-13	Donna Tanner	Anadarko Production Co.	04-20-81	Section 1: S/2 NE/4 & E/2 SE/4	199	238

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0140-14	William Hugh Nott	Anadarko Production Co.	04-16-81	Section 1: S/2 NE/4 & E/2 SE/4	199	236
0140-15	Betty Jean Clark	Anadarko Production Co.	04-16-81	Section 1: S/2 NE/4 & E/2 SE/4	199	234
0140-16	Don Bertholf, et al	Anadarko Production Co.	04-16-81	Section 1: S/2 NE/4 & E/2 SE/4	199	574
0140-17	Echo W. Fifer, et al	Anadarko Production Co.	04-16-81	Section 1: S/2 NE/4 & E/2 SE/4	204	172
0140-18	Jack Hester, Jr. et al	Anadarko Production Co.	09-26-81	Section 1: S/2 NE/4 & E/2 SE/4	205	631
0140-19	Marshall Rowley	Anadarko Production Co.	10-2-81	Section 1: S/2 NE/4 & E/2 SE/4	205	110
0140-20	Lyda Ruth Ayers, et al	Anadarko Production Co.	04-16-81	Section 1: S/2 NE/4 & E/2 SE/4	205	665
0140-21	Bettie Cook Webb	Anadarko Production Co.	12-18-81	Section 1: S/2 NE/4 & E/2 SE/4	207	753
0140-22	Estelle C. Shelburne	Anadarko Production Co.	12-18-81	Section 1: S/2 NE/4 & E/2 SE/4	207	751
0140-23	Margaret Mulligan	Anadarko Production Co.	12-18-81	Section 1: S/2 NE/4 & E/2 SE/4	207	912
0140-24	James R. Jackson, et al	Anadarko Production Co.	12-18-81	Section 1: S/2 NE/4 & E/2 SE/4	207	799
0140-25	T. C. Hester, Jr., et al	Anadarko Production Co.	12-18-81	Section 1: S/2 NE/4 & E/2 SE/4	207	749
0140-26	Steve H. Dean	Anadarko Production Co.	12-18-81	Section 1: S/2 NE/4 & E/2 SE/4	207	5
0178-01	Ballard Spencer Trust	Anadarko Production Co.	01-22-80	Section 1: Lot 2	182	46
0178-02	Wyatt A. Hartman	Anadarko Production Co.	02-11-80	Section 1: Lot 2	183	450
0178-03	The Parrish Family Trust	Anadarko Production Co.	02-11-80	Section 1: Lot 2	187	571
0178-04	Glea Shepard	Anadarko Production Co.	07-16-80	Section 1: Lot 2	187	860
0178-05	Francis M. Mohr, et al	Anadarko Production Co.	07-16-80	Section 1: Lot 2	187	862
0178-06	Letha J. Hartman	Anadarko Production Co.	07-21-80	Section 1: Lot 2	187	862
Leases Contributed by Champlin Petroleum Company:						
	Bonnie H. Morrison	Champlin Petroleum Co.	12-15-78	Section 1: W/2 SE/4	174	235
	Pearl Geraldine Hardy	Champlin Petroleum Co.	01-19-79	Section 1: W/2 SE/4	174	311
	Margaret A. Ryks, et al	Champlin Petroleum Co.	01-19-79	Section 1: W/2 SE/4	174	320
	Leo H. Burkholder	Champlin Petroleum Co.	01-19-79	Section 1: W/2 SE/4	174	307
	J. Raymond Burkholder	Champlin Petroleum Co.	01-29-79	Section 1: W/2 SE/4	174	329

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	Mary A. Hook, et al Anderson Circle 1 thru 7 Trusts	Champlin Petroleum Co. Champlin Petroleum Co.	01-19-79 12-27-78	Section 1: W/2 SE/4 Section 1: W/2 SE/4	174 174	315 271
	Leases Contributed by Amoco Production Company: Elyse S. Patterson, et al Amoco Production Co.		02-05-80	Section 1: W/2 SE/4	183	1047
	Leases Contributed by Yates Petroleum Corporation; Yates Drilling Company; Myco Industries, Inc.; and Abo Petroleum Corporation: John W. Gates, et ux	Yates Petroleum Corp. -1/4 Yates Drilling Co. -1/4 Myco Industries, Inc. -1/4 Abo Petroleum Corp. -1/4	01-31-77	Section 1: S/2 NE/4 & E/2 SE/4	142	684
	Unleased Mineral Interest Contributed by Charles H. Coll, Max W. Coll, II, James N. Coll, and Jon F. Coll:			Section 1: W/2 SE/4		
	Unleased Mineral Interest Contributed by Tracy Clark:			Section 1: E/2 SE/4 & S/2 NE/4		
	Unleased Mineral Interest Contributed by Bob Holing:			Section 1: E/2 SE/4 & S/2 NE/4		
	Unleased Mineral Interest Contributed by Mary Beling:			Section 1: E/2 SE/4 & S/2 NE/4		
	Unleased Mineral Interest Contributed by Sally A. Ellis:			Section 1: Lot 1		

Exhibit "B"

Attached to and made a part of Operating Agreement dated February 15, 1982 by and between Anadarko Production Company, as Operator and Champlin Petroleum Company, et al, as Non-Operators.

UNLEASED OIL AND GAS INTERESTS

If it develops that any interest owned and contributed by a party hereto is an unleased interest in the oil and gas rights, then such unleased interest shall be treated for all purposes of this agreement as if it were a term (for the term of this Operating Agreement) oil and gas lease covering such unleased interest on a form providing for a three-sixteenths (3/16ths) royalty and containing the usual and customary "lesser interest clause". This agreement shall in no way affect the right of the owner of any such unleased interest to receive an amount or share of production equivalent to the royalty which would be payable if such unleased interest were subject to an oil and gas lease as provided in the preceding sentence. Where any provision of this agreement shall operate to require an assignment from any party contributing an unleased mineral interest, such provision shall be construed (insofar as such unleased mineral interest is concerned) as requiring instead the execution and delivery by such party of an oil and gas lease, for a primary term of one year from the date of its delivery and so long thereafter or as oil or gas is produced, which lease shall reserve unto the Lessor a 3/16ths royalty and contain the usual "lesser interest clause".

EXHIBIT " c "

Attached to and made a part of Operating Agreement dated
February 15, 1982, between Anadarko Production Company, as
Operator, and Champlin Petroleum Company, et al, 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%)~~ twenty-six percent (26%) or the percent most recently recommended by the Council of Petroleum Accountants Societies of North America.

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 \$ 2850.00
Producing Well Rate \$ 372.00

- (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

_____ 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

_____ 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 _____:

A. _____ 5 % of total costs if such costs are more than \$ 25,000 _____ but less than \$ 100,000 _____; plus

B. _____ 4 % of total costs in excess of \$ 100,000 _____ but less than \$1,000,000; plus

C. _____ 3 % 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.

EXHIBIT "D"

Attached to and made a part of Operating Agreement dated
February 15, 1982, between Anadarko Production
Company as Operator, and
Champlin Petroleum Company et al, as Non-Operators.

INSURANCE:

Operator will require drilling contractors or subcontractors to carry insurance to cover drilling operations on the unit area as follows:

<u>TYPE OF COVERAGE</u>	<u>LIABILITY LIMITS</u>
Workmen's Compensation	Statutory
Employer's Liability	\$100,000 per accident
Comprehensive General Public Liability	Bodily Injury: \$100,000 per person 300,000 per occurrence Property Damage: \$100,000 per accident 300,000 annual aggregate
Comprehensive Automobile Liability	Bodily Injury: \$100,000 per person 300,000 per occurrence Property Damage: \$ 50,000 per accident
*Contractor's Contingent Liability	Bodily Injury: \$100,000 per person 300,000 per occurrence
(If sub-contracting authorized)	Property Damage: \$100,000 per accident

*Contractor's Contingent Liability insurance requirement may be waived if the contractor follows a regular practice of requiring Certificate of Insurance from subcontractors evidencing their financial responsibility for their own negligent acts.

With respect to producing operations conducted hereunder on the unit area by Operator for the joint account of the parties hereto, Operator shall carry Workmen's Compensation insurance as required by the laws of the State of New Mexico and it is agreed that no other insurance will be carried by the parties hereto for the benefit of the joint account.

It is further understood and agreed that Operator is not a warrantor of the financial responsibility of the insurer with whom such insurance is carried, and that except for willful negligence Operator shall not be liable to Non-Operator for any loss suffered on account of the insufficiency of the insurance carried, or of insurer with whom carried. Operator shall not be liable to Non-Operator for any loss accruing by reason of Operator's inability to procure or maintain the insurance above mentioned. Operator agrees that if at any time during the life of this agreement it is unable to obtain or maintain such insurance, it shall immediately notify in writing Non-Operators of such fact.

EXHIBIT "E"

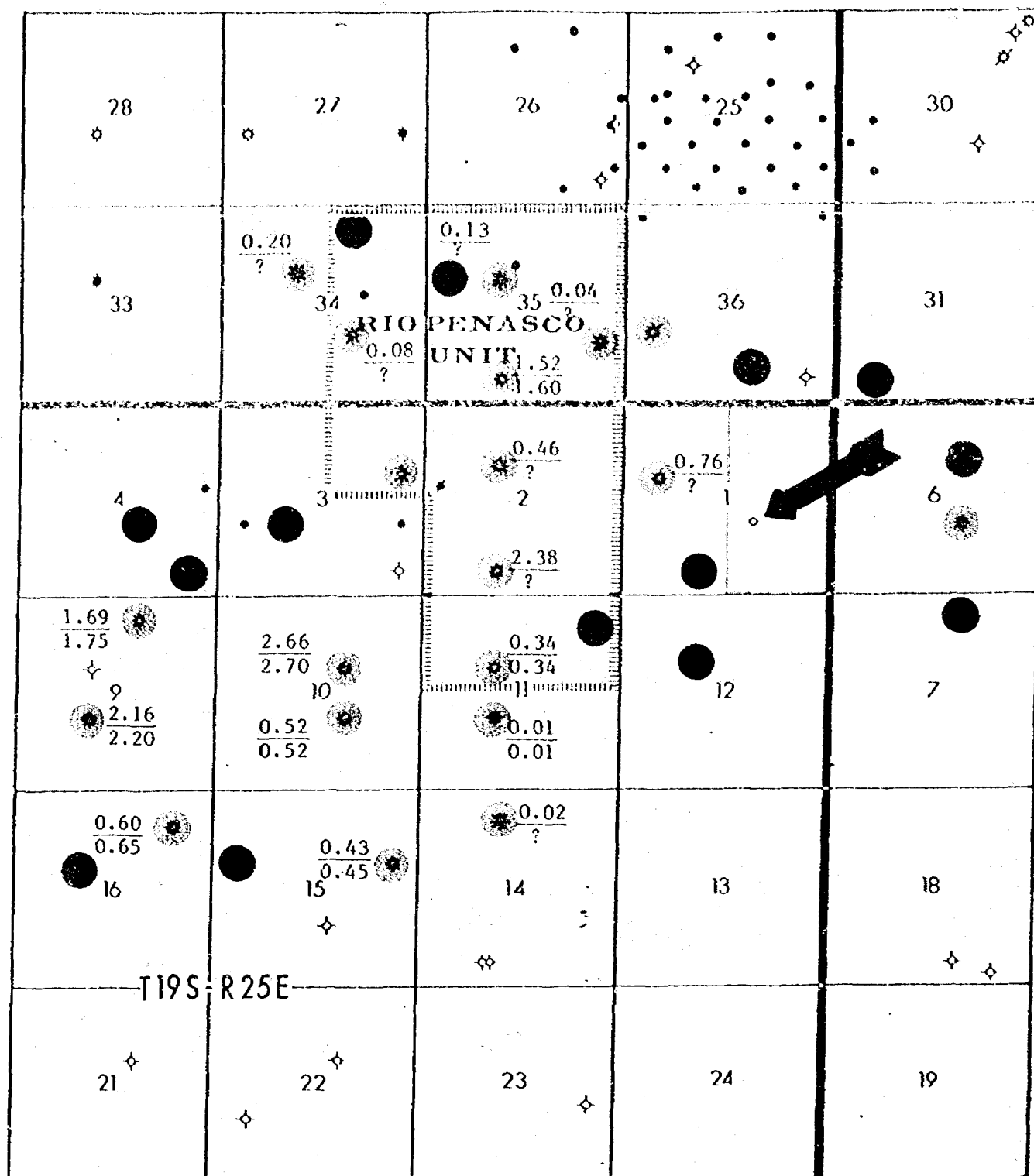
GAS BALANCING AND STORAGE AGREEMENT

Attached to and made a part of Operating Agreement dated February 15, 1982, between Anadarko Production Company, as Operator, and Champlin Petroleum Company, et al, as Non-Operator.

Subject to and under the terms of that certain Operating Agreement dated February 15, 1982, the parties hereto own and are entitled to share in the oil and gas production from the Unit Area in accordance with their respective interests as set forth in said Operating Agreement. Each party has made or will make arrangements to sell or utilize its share of the gas production; however it is recognized that one or more of the parties may be unable from time to time to take in kind or otherwise dispose of its interest in the gas production. In order to permit each party to produce and utilize or dispose of its interest in the gas production with as much flexibility as possible, the parties hereto agree as follows:

1. From and after the date of initial delivery of gas from the Unit Area, during any period when a party is taking less than its full share of the gas production, any other party may produce from the Unit Area and take or deliver to a purchaser, each month, all or a part of that portion of the allowable gas production which is not produced by a party taking less than its full share. The parties hereto shall share in and own the liquid hydrocarbons recovered from such gas in accordance with their respective interests in the Unit Area as set forth in said Operating Agreement. Disposition of such liquid hydrocarbons is covered by Article VI. C. of said Operating Agreement.
2. On a cumulative basis, a party taking or disposing of less than its full share of the gas produced shall be credited with gas in storage equal to its full share of the total gas produced, less such party's share of the gas used in operations on the Unit Area or vented or lost, and less that portion of the gas such party took or delivered to its purchaser. Operator will maintain an account of the gas balance as between the parties hereto and will furnish each party monthly statements showing the total quantity of gas produced, the portion thereof used in operations on the Unit Area, vented or lost, the total quantity of gas taken by each party or delivered to its purchaser, and the monthly and cumulative over and under delivery of each party.
3. After written notice to the Operator, any party may at any time begin taking or delivering to a purchaser its full share of the gas produced (less such party's share of gas used in operations in the Unit Area, vented or lost). To allow the recovery of gas in storage and to balance the gas account of the parties in accordance with their respective interests, as set forth hereinabove, a party with gas in storage shall be entitled to take or deliver to a purchaser its current share of the gas produced (less such party's share of gas used in operations in the Unit Area, vented or lost), plus a share of gas not to exceed its gas in storage determined by multiplying (1) thirty-seven and one-half percent (37-1/2%), by (2) the volume of gas attributable to the interest in current production of the party or parties having taken more than their share of cumulative gas production from the Unit Area, by (3) a fraction, the numerator of which is the interest in the Unit Area of such party with gas in storage and the denominator of which is the total percentage interest in the Unit Area of all parties currently recovering gas from storage.
4. Nothing herein shall be construed to deny any party the right, from time to time, to produce and take or deliver to its purchaser its full share of the allowable gas production to meet the deliverability tests required by its purchaser. Each party shall, at all times, use its best efforts to regulate its takes and deliveries from the Unit Area so that the wells will not be shut-in for overproducing the allowable, if any, assigned thereto by the regulatory body having jurisdiction.

5. Each party shall pay or deliver, or cause to be paid or delivered, all royalties, overriding royalties, or other payments due on its share of gas production, and shall hold the other parties free from any liability, therefor.
6. Should production of gas from the Unit Area be permanently discontinued before the gas account is balanced, settlement will be made between the underproduced and overproduced parties. Underproduced and overproduced parties are those parties who have received credit for a lesser and a greater quantity, respectively, than their share of the cumulative unit gas production (less such parties' share of gas used in operations on the Unit Area, vented or lost) at such time as production is permanently discontinued. In making such settlement, the underproduced party or parties will be paid a sum of money by the overproduced party or parties attributable to the overproduction which said overproduced party or parties received at the price, subject to the further provisions of this paragraph 6, received by the overproduced party or parties at the time and from time to time when the overproduced party or parties delivered and sold that portion of gas production from the Unit Area that was attributable to the interest of the underproduced party or parties. In the event the overproduced party or parties took such gas in kind, the price basis shall be the market value of the gas utilized by the overproduced party or parties at the time and from time to time when gas was utilized attributable to the share of the underproduced party or parties. For gas sold in a sale where the price is not regulated by a governmental authority, the price basis shall be the price received from time to time. For gas sold in a sale where the price is regulated by a governmental authority, the price shall be the rate collected, from time to time, which is not subject to possible refund, as provided by the Federal Energy Regulatory Commission or any other governmental authority pursuant to final order or settlement applicable to the gas produced from the Unit Area and sold by the overproduced party, plus any additional collected amount which is not ultimately required to be refunded by order of said Commission or any successor governmental authority having jurisdiction in the premises, such additional collected amount to be accounted for at such time as final determination is made with respect thereto. Notwithstanding the foregoing, should the underproduced party elect to receive such additional collected amount which is subject to possible refund pending the issuance of said final order, such underproduced party shall be entitled to the payment thereof from the overproduced party upon the underproduced party executing and delivering to said overproduced party or parties a letter in which the underproduced party agrees to repay the overproduced party or parties that amount so paid that is required by said final order to be refunded, plus the interest thereon as specified in the pertinent order of the Federal Energy Regulatory Commission or other governmental authority.
7. This agreement shall be and remain in full force and effect for a term concurrent with the term of the Operating Agreement between the parties to which it comprises Exhibit "E".
8. Nothing herein shall change or affect each party's obligation to pay its proportionate share of all costs and liabilities incurred in operations on the Unit Area, as its share thereof is set forth in the above-described Operating Agreement.
9. Any party transferring its interest, or any part thereof, which is covered by the Operating Agreement shall give notice of this Gas Balancing Agreement to any transferee and such transfer shall not be binding upon the parties until such transferee has agreed in writing to be bound by the Operating Agreement, including this Gas Balancing Agreement.
10. All costs and expenses of administering this Gas Balancing Agreement shall be an item of unit expense chargeable to the Joint Account in accordance with the provisions of the Operating Agreement.



MORROW PRODUCTION: CUMULATIVE 10-81
(BCF)
ULTIMATE RECOVERY
(BCF)

- MORROW COMPLETION
- DRY IN MORROW

Anadarko
Production Company

BOYD (MORROW) AREA
EDDY COUNTY, NEW MEXICO

Production Map

RAE 2-82

JAMES T. JENNINGS
SIM B. CHRISTY IV
K. DOUGLAS FERRIN
PHIL T. BREWER
DAMON RICHARDS

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180

TELEPHONE 622-8632
AREA CODE 505

February 18, 1982

Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Richard L. Stametz


Re: Case No. 7484, Anadarko Force-Pool Proceeding

Dear Mr. Stametz:

When I returned to my office on Wednesday, February 17, 1982, I discovered that three more letters with regard to the captioned had been returned and I am enclosing same herewith for your consideration.

Very truly yours,

JENNINGS & CHRISTY



Phil T. Brewer

PTB/jb

Encl.

Dockets Nos. 7-82 and 8-82 are tentatively set for March 3 and March 17, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

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 G. Rutter, Alternate Examiner:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for March, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1982, for both of the above areas.

CASE 7445: (Continued from December 16, 1981, Examiner Hearing)
(THIS CASE WILL BE CONTINUED TO THE EXAMINER HEARING ON MARCH 17, 1982)

Application of Harvey E. Yates Company for an MGA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit C of Section 1, Township 13 South, Range 28 East.

CASE 7479: Application of Northwest Pipeline Corporation for amendment of Order No. R-2046, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-2046, which authorized approval of six non-standard proration units, Basin-Dakota Gas Pool.

The amendment sought is for the creation of the following non-standard proration units to be drilled at standard locations thereon: Township 31 North, Range 6 West, Section 25: N/2 (272.16 acres) and S/2 (273.3 acres); Section 36: N/2 (272.56 acres) and S/2 (272.38 acres); Township 30 North, Range 6 West; Section 1: N/2 (272.81 acres) and S/2 (273.49 acres).

CASE 7480: Application of Arco Oil & Gas Company for pool creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Upper Devonian gas pool for its Custer Well No. 1 located 1810 feet from the North line and 2154 feet from the West line of Section 6, Township 25 South, Range 37 East, Custer Field.

CASE 7481: Application of Arco Oil & Gas Company for amendment of Order No. R-6792, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6792, which authorized the directional drilling of applicant's Custer Wells Well No. 1 to an unorthodox location in the Devonian and Ellenburger formations and imposed a penalty in the Devonian. By stipulation applicant and the offset operator have agreed that the subject well is not affecting the offsetting property and applicant herein seeks removal of the penalty imposed for so long as the well produces only from the present perforated interval in the Upper Devonian.

CASE 7489: (Continued from January 20, 1982, Examiner Hearing)

Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.

CASE 7410: (Continued from January 20, 1982, Examiner Hearing)

Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

CASE 7457: (Continued from January 20, 1982, Examiner Hearing)

Application of E. T. Ross for some preproduction gas separation units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas separation units in the Bravo Zone Gas Field. In Township 19 South, Range 30 East: Section 11, the NW/4 NW/4 and NE/4 NW/4, Section 14, the SW/4 NE/4, NW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 22, the NE/4 SE/4, SW/4 SE/4, SE/4 SE/4, and NW/4 SE/4.

CASE 7482: Application of Wiser Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1755 feet from the South line and 1365 feet from the West line of Section 32, Township 21 South, Range 37 East, Ventura-Shelly Pool.CASE 7483: Application of Adams Exploration Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4135 feet to 4235 feet in its Griffin Well No. 6 located in Unit A, of Section 10, Township 3 South, Range 22 East, Chaveros-San Andres Pool.CASE 7462: (Continued from February 3, 1982, Examiner Hearing)

Application of Marathon Oil Company for tomhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the tomhole commingling of the Orlaners and Blinney production in the wellbore of its C. J. Saunders Well No. 3, located in Unit C of Section 1, Township 22 South, Range 36 East.

CASE 7474: (Continued from February 3, 1982, Examiner Hearing)

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 Strawn, Stoke and Morrow formations underlying the E/2 of Section 25, Township 19 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 7484: Application of Luederke Production Company for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Stoke and Morrow formations underlying the E/2 of Section 1, Township 19 South, Range 25 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 7485: Application of Berge Exploration for compulsory pooling, Chaves County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying two 160-acre proration units, the first being the NW/4 and the second being the SW/4 of Section 27, Township 7 South, Range 26 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7486: Application of MCF Oil Corporation for compulsory pooling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation underlying the NE/4 NE/4 of Section 6, Township 20 South, Range 39 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 7487: Application of MCF Oil Corporation for compulsory pooling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation underlying the SE/4 SE/4 of Section 31, Township 19 South, Range 39 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 7488: Application of Burkhart Petroleum Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 NW/4 of Section 13, Township 8 South, Range 37 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 7073: (Reopened and Readvertised)

In the matter of Case 7073 being reopened pursuant to the provisions of Order No. R-6518, which order promulgated special rules for the South Elkins-Fusselman Pool in Chaves County including provisions for 80-acre spacing units and a limiting gas-oil ratio of 1000 to one. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units with a limiting gas-oil ratio of 2000 to one.

CASE 7074: (Reopened and Readvertised)

In the matter of Case 7074 being reopened pursuant to the provisions of Orders Nos. R-6565 and R-6565-2, which created the South Elkins-Fusselman Gas Pool in Chaves County. All interested parties may appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is determined that said pool is producing from a retrograde gas condensate reservoir.

CASE 6373: (Reopened and Readvertised)

In the matter of Case 6373 being reopened pursuant to the provisions of Orders Nos. R-5875 and R-5875-A, which created the East High Hope - Abo Gas pool in Eddy County, and promulgated special rules therefor, including a provision for 320-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 7489: Application of Curtis J. Little for designation of a tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Township 25 North, Range 6 West, containing 6,720 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7490: Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Atoka-Morrow formation, underlying the N/2 of Section 19, Township 8 South, Range 30 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 7491: Application of Harvey E. Yates Company for designation of a tight formation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka formation underlying portions of Townships 12, 13, and 14 South, Ranges 35 and 36 East, containing 46,720 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705, said area being an eastward and westward extension of previously approved tight formation area.

CASE 7492: Application of Harvey E. Yates Company for designation of a tight formation, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka-Morrow formation underlying all or portions of Townships 7, 8, and 9 South, Ranges 29, 30, and 31 East, containing 115,200 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7493: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Bootleg Ridge-Morrow Gas Pool. The discovery well is Getty Oil Company Getty 15 Federal Well No. 1 located in Unit 3 of Section 15, Township 22 South, Range 33 East, NMPN. Said Pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPN
Section 15: S/2

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the North King-Devonian Pool. The discovery well is Sazedan Oil Corporation Speight Well No. 1 located in Unit B of Section 3, Township 13 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Loving-Atoka Gas Pool. The discovery well is Gulf Oil Corporation Speight Eddy OR State Well No. 1 located in Unit E of Section 16, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 12: N/2

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 4: S/2
Section 7: All
Section 8: All
Section 9: All
Section 16: All
Section 17: All
Section 18: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Drinkard production and designated as the Teague-Drinkard Pool. The discovery well is Alpha Twenty-One Production Company Lea Well No. 1 located in Unit B of Section 17, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 17: NE/4

(e) EXTEND the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 23: All
Section 24: W/2

(f) EXTEND the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 16: W/2

(g) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 2: Lots 1 through 8

(h) EXTEND the Brunson-Fusselman Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 5: SE/4

(i) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 26: E/2

(j) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 23: All
Section 26: All

PAGE 5

EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

(k) EXTEND the Cary-Montoya Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 4: W/2 SW/4
Section 5: SE/4
Section 9: W/2 W/2

(l) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 35: E/2
Section 36: W/2

(m) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2 SW/4
Section 27: SW/4

(n) EXTEND the Elkins-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 21: NE/4

(o) EXTEND the Empire-Abo Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2 SW/4

(p) EXTEND the Henshaw-Queen Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 19: NE/4 NW/4

(q) EXTEND the Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 26: W/2

(r) EXTEND the West Nadine-Blaine Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 8: NW/4

(s) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 28: NW/4

(t) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2 SW/4
Section 18: NW/4 and N/2 SW/4 and SW/4 SW/4

PAGE 6

EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

(u) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 2: NE/4 and E/2 NW/4

(v) EXTEND the Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2
Section 8: SW/4
Section 18: E/2 NW/4

(w) EXTEND THE West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 5: SW/4

(x) EXTEND the Turkey Track-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 15: All

(y) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 13: SE/4
Section 24: NE/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM
Section 12: S/2 NE/4

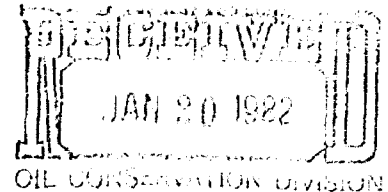
TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 7: S/2
Section 8: NW/4

JAMES T. JENNINGS
SIM B. CHRISTY IV
PHILLIP T. BREWER

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180

TELEPHONE 622-8432
AREA CODE 505

January 19, 1982



SANTA FE

Case 7484

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Compulsory
Pooling - Anadarko Production
Company

Gentlemen:

Enclosed in triplicate is Application of Anadarko Production Company for Compulsory Pooling, E $\frac{1}{2}$ Section 1, Township 19 South, Range 25 East, Eddy County, New Mexico.

It would be appreciated if the Division would consider setting the Application for Examiner hearing at your earliest convenience.

Respectfully,

JENNINGS & CHRISTY

By


Phil T. Brewer

PTB:pv

cc: Anadarko Production Company

RECEIVED
JAN 20 1934
OIL CONSERVATION DIVISION
SANTA FE

STATE OF NEW MEXICO
DEPARTMENT OF NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF ANADARKO PRODUCTION COMPANY
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO

Case No. 7484

APPLICATION

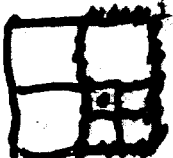
COMES NOW Anadarko Production Company, and hereby makes application for compulsory pooling of all mineral interest in the Atoka and Morrow formations underlying the E $\frac{1}{2}$ Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, containing 320 acres, more or less, and for grounds thereof states:

1. Applicant has been diligent in its efforts to form a proration unit for the drilling of a well, to be located approximately 1,980 feet from the South line and 1,980 feet from the East line of said Section 1, but there remains non-consenting interest owners in the subject proration unit who have not agreed to the pooling of their interest.

2. That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas and associated hydrocarbons producible from the Atoka and Morrow formations, this regulatory body should approve the pooling of all mineral interest, whatever they may be, within said unit.

3. Applicant proposes to dedicate the subject proration unit to the well to be located as aforesaid.

4. Applicant seeks permission to withhold the proceeds from production attributable to each non-consenting working interest owner, and 7/8ths of production attributable to each non-consenting mineral interest owner, until such time as each interest's share the cost of said well has been recovered plus



200% thereof as a charge for risks involved in drilling a well.

5. That after due public notice, this regulatory body enter its order granting compulsory pooling in accordance with this Application, fixing a charge for risk, fixing a per month cost for operating the well, and granting to each non-consenting working interest owner and each non-consenting mineral interest owner the privilege to join in the payment of drilling the well in accordance with law. That such order should further provide that the Applicant be appointed as Operator of the well.

Respectfully,

ANADARKO PRODUCTION COMPANY

By 

Philip T. Brewer
Attorney at Law
P. O. Box 1180
Roswell, New Mexico 88201
(505) 622-8432

xc: Certified Mail to each entity
whose address is known, as shown
on Exhibit "A" attached hereto.

xc: Uncertified to:

Anadarko Production Company
(Midland)

EXHIBIT "A"

<u>NAME</u>	<u>ADDRESS</u>	<u>INTEREST</u>
✓ Marshall & Winston, Inc.	P. O. Box 864 Midland, TX 79702	3/64 MI
✓ Sally Ayres Ellis ✓	771 Crescent Drive Boulder, CO 30303	1/2560 MI
✓ Heirs or devisees of E. E. MacGibbon	c/o John E. MacGibbon & Lucinda H. MacGibbon, Co- Executors of the Estate of E. E. MacGibbon 321 Lowell Elk River, MN 55330	1/2560 MI
✓ Jan M. Fox	5805 Winnequah Road Madison, WS 53716	1/7680 MI
✓ Southeast Banks Trust Company, Trustee of the Helen Chase Rand Trust	P. O. Box 267 Sarasota, FL 33578	1/2560 MI
✓ San Diego Trust & Savings Bank, Trustee of the Marian M. Whitney Trust	P. O. Box X-1013 San Diego, CA 92112	1/2560 MI
✓ James W. Coll ✓	111 East 22nd St., Apt. 103 Roswell, NM 88201	3/512 MI
Charles H. Coll ✓	Rt. 2, Box 134 Roswell, NM 88201	3/512 MI
✓ Jon F. Coll ✓	46 Riverside Drive Roswell, NM 88201	3/512 MI
Shirley Hester	General Delivery Kilgore, TX 75662	1/1080 MI
Ross Edwards Hester	General Delivery San Francisco, CA 94101	1/1620 MI
Nancy Oliver	Rt. 8, Box 40 Huntsville, TX 77340	1/9720 MI
Sharon Willaby	P. O. Box 974 Wiley, TX 75098	1/9720 MI
Barbara Cummings	4207 West Wind Arlington, TX 76010	1/9720 MI
Catherine Chenault	Rt. 1, Box 65BC Royce City, TX 75089	1/9720 MI
Raymond Henry	409 Maple Street Greenville, TX 74081	1/9720 MI

NAME	ADDRESS	INTEREST
T. J. Wilroy	General Delivery Crockett, TX 75835	1/162 MI
Homer Dean (or issue) apparently Ana Dean (widow) and Cathy Dean, Homer Dean, Jr., Margaret Dean, Delvin Dean (children)	General Delivery Maracaibo, Venezuela	1/108 MI
Champlin Petroleum Co. ✓	P. O. Box 7 Fort Worth, TX 76101 + 1/2 x 21/192 x 5/6 WI	1/2 x 75/192 x 13/16 WI
Yates Petroleum Corp. ✓	207 South 4th St. Artesia, NM 88210	1/2 x 1/4 x 13/16 x 85/480 WI
Yates Drilling Company ✓	207 South 4th St. Artesia, NM 88210	1/2 x 1/4 x 13/16 x 85/480 WI
Myco Industries, Inc. ✓	207 South 4th St. Artesia, NM 88210	1/2 x 1/4 x 13/16 x 85/480 WI
Abo Petroleum Corp. ✓	207 South 4th St. Artesia, NM 88210	1/2 x 1/4 x 13/16 x 85/480 WI
Amoco Production Co. ✓	P. O. Box 3092 Houston, TX 77001	1/6 x 3/4 WI
Unknown heirs or devisees of: Frances E. Andrews Lester R. Badger Helen H. Bristol Frank H. Carleton Paul Dickerson James G. Bennett, Sr. Paulina S. Bennett John Marshall James J. Norton Dan Phillips Rufus R. Rand Frederick S. Winston Howard Ayres Marguerite Ayres	Unknown	None
Roy Hartman or if dead, his unknown heirs or devisees	Unknown	1/80 MI
Lillian Hinkle Coll, Trustee ✓ under Last Will and Testament of M. W. Coll	Unknown	1/128 MI
Max W. Coll II ✓	Unknown	3/512 MI
Unknown heirs or devisees of John and Sara Hook	Unknown	None
Tracy Clark ✓	Unknown	3/320 MI
Bob Boling ✓	Unknown	1/640 MI
Mary Boling ✓	Unknown	1/640 MI

<u>NAME</u>	<u>ADDRESS</u>	<u>INTEREST</u>
Ø Randall Fields Montgomery	Unknown	5/640 MI
Ø George Slaughter Gatewood	Unknown	5/48 MI
Myrtle Hester	Unknown	1/1080 MI
Jean G. Clark	Unknown	1/540 MI
Unknown issue of:	Unknown	None
Laura Gatewood except		
Laura Violet Robertson		
Billy Gatewood		
Betty Gatewood Hester		
Mary Fifer Nott		
Nora "Jake" Henry		
Wm. Herman Henry, Jr.		
Laura Schirmacher		
Heirs or devisees of:	Unknown	
Georgia Ann Hester		1/54 MI
Avis Gatewood Henry		1/216 MI
Forest Arlington Henry		1/216 MI
Unknown heirs or devisees of:	Unknown	None
Elizabeth Mae Hester		
Raymond Hester		
Hal Edward Hester		
Willie Belle Hester Fifer		
John Edward Fifer		
Willie Fifer Bertholf		
Mildred Fifer Reed		
Leslie Fifer Drake		
Mary Lee Nott Lockwood		
Wm. Herman Henry		
Ageline Allee Henry		
Carrie Hester Dean		
Stephen A. Dean		
Laura Hester Cook		
Katherine Jackson		
Jimmie Wilroy		
Nancy Hester Cook		
Thomas Clyde Hester		
Jack Adams Hester		

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. 7484

Order No. R-6911

APPLICATION OF ANADARKO PRODUCTION COMPANY
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 February 17, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of February, 1982, 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, Anadarko Production Company, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the E/2 of Section 1, Township 19 South, Range 25 East, NMPM, 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.

(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 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(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 \$ 2850⁰⁰ per month while drilling and \$ 372⁰⁰ 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 July 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 Atoka and Morrow formations underlying the E/2 of Section 1, Township 19 South, Range 25 East, NMPM, 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 July, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Atoka and Morrow formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of July, 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 Anadarko Production Company 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:

(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, 200 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 \$ 2850⁰⁰ per month while drilling and \$ 372⁰⁰ 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 interest's 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L

P21 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED--
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Robert E. Beling
107 S. 4th
Antesio, N.M. 88210

CONSULT POSTMASTER FOR FEES
OPTIONAL SERVICES
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PS Form 3800, Apr. 1976

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
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 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Mary Beling
107 S. 4th
Antesio, N.M. 88210

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 3659646

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
 Robert E. Beling

4. DATE OF DELIVERY 1-21-82 POSTMARK 21 1982 NM

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-288-848

PS Form 3800, Apr. 1976

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Robert E. Beling
107 S. 4th
Antesio, N.M. 88210

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 3659645

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
 Robert E. Beling

4. DATE OF DELIVERY 1-21-82 POSTMARK 21 1982 NM

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-288-848

P21 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED--
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(See Reverse)

SENT TO
 Lillian Hinkle Cell
 70 Charles Cell, PO Box 550
 Roswell, N.M. 88201

POSTAGE
 CERTIFIED FEE
 SPECIAL DELIVERY
 RESTRICTED DELIVERY

TOTAL POSTAGE AND FEES
 POSTMARK OR DATE

1/19/82

PS Form 3800, Apr. 1976

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

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☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
☐ RESTRICTED DELIVERY.
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2. ARTICLE ADDRESSED TO:
 Lillian Hinkle Cell
 70 Charles Cell
 PO Box 550
 Roswell, N.M. 88201

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 3659644

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
 Sandra D. Hinkle

4. DATE OF DELIVERY 1-21-82 POSTMARK 21 1982 NM

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-288-848

PS Form 3800, Apr. 1976

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
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☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Max W. Cell II
 Box 66
 Santa Fe, N.M. 87501

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 3659673

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
 Max W. Cell II

4. DATE OF DELIVERY 1-21-82 POSTMARK 21 1982 NM

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

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3. If you are the sender, attach this receipt to the back of the article, leaving the receipt attached and present the article at a post office service window or delivery point for mailing.
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Emco Production Co
PO Box 3092
Houston, Texas 77001

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RETURN RECEIPT SERVICE

TOTAL POSTAGE AND FEES
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1/9/82

PS Form 3811, Jan. 1979

1. The following service is requested (check one.)
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2. ARTICLE ADDRESSED TO:
 Emco Petroleum Corp.
 307 S. 4th St.
 Dallas, T.M. 88210

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 0287860

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY 1-21-82 POSTMARK 21 1982 NM

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

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☆GPO : 1979-288-848

PS Form 3811, Jan. 1979

1. The following service is requested (check one.)
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☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Emco Production Co
 PO Box 3092
 Houston, Texas 77001

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 3201341

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY JAN 22 1982 POSTMARK 22 1982 NM

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

No. 0287860

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
 Emco Petroleum Corp.
 STREET AND NO.
 307 S. 4th St.
 P.O. STATE AND ZIP CODE
 Dallas, T.M. 88210

POSTAGE \$

CONSULT POSTMASTER FOR FEES
 CERTIFIED FEE
 SPECIAL DELIVERY
 RESTRICTED DELIVERY
 RETURN RECEIPT SERVICE
 SHOW TO WHOM AND DATE DELIVERED
 SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY
 SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
 SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY

TOTAL POSTAGE AND FEES \$

POSTMARK OR DATE
 1/9/82

PS Form 3800, Apr. 1976

PS Form 3811, Jan. 1979

1. The following service is requested (check one.)
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 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
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(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Myco Industries, Inc.
 307 South 4th St.
 Dallas, T.M. 88210

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 0287859

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY 1-21-82 POSTMARK 21 1982 NM

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

PS Form 3811, Jan. 1979

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Myco Industries, Inc.
 307 South 4th St.
 Dallas, T.M. 88210

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 3200737

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY 1-21-82 POSTMARK 21 1982 NM

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

P23070770 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

Yates Drilling Co
207 S. 4th Street
Odessa, N.M. 88210

CONSULT POSTMASTER FOR FEES	OPTIONAL SERVICES	RETURN RECEIPT SERVICE
TOTAL POSTAGE AND FEES <i>1/19/82</i>		
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PS Form 3811, Jan. 1978

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1. The following service is requested (check one.)
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☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Barbara Cummings
4207 West Wind
Artesia, Texas 76010

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
3659669

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
[Signature]

4. DATE OF DELIVERY *1-28-82* POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS *[Initials]*

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-283 843

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Yates Drilling Company
207 South 4th Street
Odessa, New Mexico 88210

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
3200738

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
[Signature]

4. DATE OF DELIVERY *1-21-82* POSTMARK *21 1982 NM*

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS *[Initials]*

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-283 848

No. 0287859

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO
Myco Industries, Inc.
207 S. 4th St.
Odessa, N.M. 88210

POSTAGE \$

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
OPTIONAL SERVICES	SPECIAL DELIVERY	
RETURN RECEIPT SERVICE	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	

TOTAL POSTAGE AND FEES \$

POSTMARK OR DATE *1/19/82*

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Nancy Oliver
P.O. Box 40
Houstonville, Texas 77340

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
3200732

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
[Signature]

4. DATE OF DELIVERY *1-22-82* POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-302 450

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Sharon Willaby
P.O. Box 974
Wiley, Texas 75098

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
3200733

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
[Signature]

4. DATE OF DELIVERY *1-25-82* POSTMARK *25 1982 TX*

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-302 450

P23 3200735 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL

SENT TO
 STREET AND NO.
 P.O. STATE AND ZIP CODE
*2. J. Wilcox
 General Delivery
 Crockett, Texas 75835*

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
OPTIONAL SERVICES	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	

TOTAL POSTAGE AND FEES \$
 POSTMARK OR DATE

1/9/82

PS Form 3800, Apr. 1976

P21 3200736 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL

SENT TO
 STREET AND NO.
 P.O. STATE AND ZIP CODE
*Mary Boling
 107 S 4th
 Artesia, N.M. 88210*

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
OPTIONAL SERVICES	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	

TOTAL POSTAGE AND FEES \$
 POSTMARK OR DATE

1/9/82

PS Form 3800, Apr. 1976

P21 3200737 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL

SENT TO
 STREET AND NO.
 P.O. STATE AND ZIP CODE
*Embaja Cummings
 4207 West Wind
 Arlington, Texas 76019*

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
OPTIONAL SERVICES	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	

TOTAL POSTAGE AND FEES \$
 POSTMARK OR DATE

1/9/82

PS Form 3800, Apr. 1976

P23 3200735 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO
 STREET AND NO.
 P.O. STATE AND ZIP CODE
*Homer Dean et al
 507 South 4th St.
 Maracaibo, Venezuela*

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
OPTIONAL SERVICES	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	

TOTAL POSTAGE AND FEES \$
 POSTMARK OR DATE

1/9/82

PS Form 3800, Apr. 1976

P23 3200736 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO
 STREET AND NO.
 P.O. STATE AND ZIP CODE
*Champlin Petroleum Co
 P O Box 7
 Fort Worth, Texas 76101*

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
OPTIONAL SERVICES	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	

TOTAL POSTAGE AND FEES \$
 POSTMARK OR DATE

1/9/82

PS Form 3800, Apr. 1976

P23 3200737 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO
 STREET AND NO.
 P.O. STATE AND ZIP CODE
*Champlin Petroleum Corp
 507 South 4th St.
 Artesia, N.M. 88210*

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
OPTIONAL SERVICES	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	

TOTAL POSTAGE AND FEES \$
 POSTMARK OR DATE

1/9/82

PS Form 3800, Apr. 1976

STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE, CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (See front)

1. If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
2. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified-mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in Item 3 of Form 3811.
6. Save this receipt and present it if you make inquiry.

P23 3200727

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)James W. Cobb
11 East 22nd St. Apt 103
Riverside, N. M. 88201

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
OPTIONAL SERVICES	SPECIAL DELIVERY	
RETURN RECEIPT SERVICE	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$
POSTMARK OR DATE		1/19/82

PS Form 3800, Apr. 1976

P23

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)Nancy Olivier
P.O. Box 40
Hartsville, Idaho 77340

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
OPTIONAL SERVICES	SPECIAL DELIVERY	
RETURN RECEIPT SERVICE	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$
POSTMARK OR DATE		1/19/82

PS Form 3800, Apr. 1976

P21 3559667

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)Raymond Henry
409 Maple St.
Hartsville, Texas 74089

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
OPTIONAL SERVICES	SPECIAL DELIVERY	
RETURN RECEIPT SERVICE	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$
POSTMARK OR DATE		1/19/82

PS Form 3800, Apr. 1976

P21 3559668

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)Catherine Chenault
STREET AND NO.
P.O. Box 658C
PO, STATE AND ZIP CODE
Boyle City, Texas 75089

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
OPTIONAL SERVICES	SPECIAL DELIVERY	
RETURN RECEIPT SERVICE	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$
POSTMARK OR DATE		1/19/82

PS Form 3800, Apr. 1976

P23 3200731

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)Rose Edwards Hester
STREET AND NO.
General Delivery
PO, STATE AND ZIP CODE
San Francisco, Calif 94101

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
OPTIONAL SERVICES	SPECIAL DELIVERY	
RETURN RECEIPT SERVICE	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$
POSTMARK OR DATE		1/19/82

PS Form 3800, Apr. 1976

P23 3200730

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)Shirley Hester
STREET AND NO.
General Delivery
PO, STATE AND ZIP CODE
Hager, Texas 75662

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
OPTIONAL SERVICES	SPECIAL DELIVERY	
RETURN RECEIPT SERVICE	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$
POSTMARK OR DATE		1/19/82

PS Form 3800, Apr. 1976

STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE.
CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)

1. If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
2. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, date, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified-mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in Item 1 of Form 3811.
6. Save this receipt and present it if you make inquiry.

P23 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

Marshall W. Winton, Inc.
PO Box 864
Midland, Texas 79702

CONSULT POSTMASTER FOR FEES
OPTIONAL SERVICES
RETURN RECEIPT SERVICE

TOTAL POSTAGE AND FEES
POSTMARK OR DATE

1/19/82

PS Form 3811, Jan. 1979

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☐ Show to whom and date delivered.
☒ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Marshall W. Winton, Inc.
 PO Box 864
 Midland, Texas 79702

3. ARTICLE DESCRIPTION:
 REGISTERED NO. 3200721
 CERTIFIED NO.
 INSURED NO.
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE [Signature] ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY
 JAN 21 1982

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

★GPO : 1979-300-459

PS Form 3811, Jan. 1979

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☐ Show to whom and date delivered.
☒ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Charles W. Coll
 Rt. 2, Box 134
 Russell, N. M. 88201

3. ARTICLE DESCRIPTION:
 REGISTERED NO. 3200728
 CERTIFIED NO.
 INSURED NO.
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE [Signature] ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY
 1-21-82

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

★GPO : 1979-300-459

P23 3200723 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
 Heirs of E.E. MacAllen
 321 Lowell
 Elk River, Minnesota 55330

POSTAGE
 CERTIFIED FEE
 SPECIAL DELIVERY
 RESTRICTED DELIVERY
 SHOW TO WHOM AND DATE DELIVERED
 SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY
 SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
 SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY

TOTAL POSTAGE AND FEES
 POSTMARK OR DATE

1/19/82

PS Form 3811, Jan. 1979

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Heirs of Deceased of E.E. MacAllen
 321 Lowell
 Elk River, Minnesota 55330

3. ARTICLE DESCRIPTION:
 REGISTERED NO. 3200723
 CERTIFIED NO.
 INSURED NO.
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE [Signature] ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY
 JAN 21 1982

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

★GPO : 1979-300-459

PS Form 3811, Jan. 1979

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☐ Show to whom and date delivered.
☒ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Sally Reyes Ellis
 771 Crescent Drive
 Boulder, Colorado 80303

3. ARTICLE DESCRIPTION:
 REGISTERED NO. 3200722
 CERTIFIED NO.
 INSURED NO.
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE [Signature] ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY
 1/25/82

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

★GPO : 1979-300-459

STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE.
 CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (See front)

- If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
- If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, date, detach and retain the receipt, and mail the article.
- If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3841, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. (reverse front of article) RETURN RECEIPT REQUESTED adjacent to the number.
- If you want delivery restricted to the addressee, or to an authorized agent of the addressee, indicate RESTRICTED DELIVERY on the front of the article.

P23 3200725 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sally Rogers Ellis
771 Crescent Drive
Boulder, CO 80303

CONSULT POSTMASTER FOR FEES	OPTIONAL SERVICES	RETURN RECEIPT SERVICE
	<p>SHOW TO WHOM AND DATE DELIVERED.....</p> <p>SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY.....</p> <p>RESTRICTED DELIVERY</p> <p>SHOW TO WHOM AND DATE DELIVERED.....</p> <p>SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY.....</p> <p>RESTRICTED DELIVERY</p>	
TOTAL POSTAGE AND FEES		
POSTMARK OR DATE		

1/19/82

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☒ Show to whom and date delivered.....

☐ Show to whom, date and address of delivery.....

☐ RESTRICTED DELIVERY

Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.

Show to whom, date, and address of delivery.\$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

Southeast Bank Trust Company
PO Box 267
San Jose, Florida 33578

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	3200725	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE *[Signature]* ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY

JAN 19 1982

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-300-459

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☒ Show to whom and date delivered.....

☐ Show to whom, date and address of delivery.....

☐ RESTRICTED DELIVERY

Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.

Show to whom, date, and address of delivery.\$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

Jan M. Fox
5805 Winnegua Road
Madison, Wisconsin 53716

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	3200724	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE *[Signature]* ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY

JAN 19 1982

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-300-459

P23 3200725 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO

Southeast Bank Trust Co
STREET AND NO.
PO Box 267
P.O. STATE AND ZIP CODE
San Jose, Florida 33578

POSTAGE

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
OPTIONAL SERVICES	RETURN RECEIPT SERVICE	
<p>SHOW TO WHOM AND DATE DELIVERED.....</p> <p>SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY.....</p> <p>RESTRICTED DELIVERY</p> <p>SHOW TO WHOM AND DATE DELIVERED.....</p> <p>SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY.....</p> <p>RESTRICTED DELIVERY</p>		
TOTAL POSTAGE AND FEES		
POSTMARK OR DATE		

1/19/82

PS Form 3811, Jan. 1978

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☒ Show to whom and date delivered.....

☐ Show to whom, date and address of delivery.....

☐ RESTRICTED DELIVERY

Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.

Show to whom, date, and address of delivery.\$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

San Diego Trust & Savings Bank
PO Box 1-1013
San Diego, Calif. 92112

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	3200726	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE *[Signature]* ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY

JAN 19 1982

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-300-459

P23 3200724 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO

Jan M. Fox
STREET AND NO.
5805 Winnegua Road
P.O. STATE AND ZIP CODE
Madison, Wisconsin 53716

POSTAGE

CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
OPTIONAL SERVICES	RETURN RECEIPT SERVICE	
<p>SHOW TO WHOM AND DATE DELIVERED.....</p> <p>SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY.....</p> <p>RESTRICTED DELIVERY</p> <p>SHOW TO WHOM AND DATE DELIVERED.....</p> <p>SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY.....</p> <p>RESTRICTED DELIVERY</p>		
TOTAL POSTAGE AND FEES		
POSTMARK OR DATE		

1/19/82

STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE.
CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)

- If you want this receipt postmarked, stick the gummed strip on the left portion of the address side of the article, leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
- If you do not want this receipt postmarked, stick the gummed strip on the left portion of the address side of the article, detach and retain the receipt, and mail the article.
- If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, attach to back of article. Enclose front of article RETURN RECEIPT REQUESTED adjacent to the number.
- If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse RESTRICTED DELIVERY on the front of the article.

RECEIPT FOR CERTIFIED MAIL.

NO INSURANCE. THIS POLICY IS ISSUED
NOT FOR INSURANCE PURPOSES. MAY
BE USED FOR OTHER PURPOSES.

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete Items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Enclose article "Return Receipt Requested" adjacent to number.

**RETURN
TO**



PENALTY FOR PRIVATE
 USE TO AVOID PAYMENT
 OF POSTAGE \$300



CONSULT POSTMASTER FOR FEES	OPTIONAL SERVICES	RETURN RECEIPT SERVICE
-----------------------------	-------------------	------------------------

TOTAL POSTAGE AND FEES

POSTMARK OR DATE

PS Form 3800, Apr. 1976

(Name of Sender)

JENNINGS & CHRISTY

~~P. O. BOX 1180~~

ROSWEEL, NEW MEXICO 88201

(City, State, and ZIP Code)

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
Charles W. Cobb
STREET AND NO.
Rt. 2, Box 134
P.O. STATE AND ZIP CODE
Pasadena, N.M. 88001

POSTAGE	CERTIFIED FEE
CONSULT POSTMASTER FOR FEES	SPECIAL DELIVERY
	REGISTERED DELIVERY
OPTIONAL SERVICES	NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES
RETURN RECEIPT SERVICE	NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES
	NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

[illegible]

TOTAL POSTAGE AND FEES

FD-302 (Rev. 4-15-64)

P233200726
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO: *San Diego Trust Savings Bank*
STREET AND NO. *PO Box 4-1013*
CITY, STATE AND ZIP CODE *San Diego, Calif 92112*
DATE: _____ S

PLAN 10000, CUFF 10000 POSTAGE		\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	
	SPECIAL DELIVERY	
	RESTRICTED DELIVERY	
	OPTIONAL SERVICES	
	RETURN RECEIPT SERVICE	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, MAIL AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	

TOTAL POSTAGE AND FEES		\$
------------------------	--	----

TOTAL POSTAGE AND FEES	3
------------------------	---

PS Form 3500, Apr. 1976

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180

DATE
FEB 9 1982

RETURN

2ND NOTICE

1ST NOTICE

CLAIM CHECK NO.

533906

Shirley Hester
General Delivery
Eligore, Texas 75662

Return Receipt Requested
CERTIFIED
P23 3200730
MAIL
JAN 22 1982

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

CLAIM CHECK NO.

533906

☐ HOLD

DATE

FEB 15 1982
1ST NOTICE

2ND NOTICE

RETURN

Detached from
PS Form 3849-A
Feb. 1978

Catherine Chenault
Rt. 1, Box 65BC
Royce City, Texas 75089

*Rt 2, Box 74
Mt. Enterprise
75688*

RETURNED TO SENDER
REASON FOR RETURN
CERTIFIED
P23 3200730
MAIL

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

CLAIM CHECK NO.

532149

RETURNED TO SENDER
REASON FOR RETURN
Unclaimed - addressee
Addressed - addressee
No such street - addressee
No such office in street - addressee
Do not remove this envelope

FEB 12 1982
1ST NOTICE

T.J. Wilcox
General Delivery
Crockett, Texas 75835

Return Receipt Requested
CERTIFIED
P23 3200734
MAIL

PS Form 3811, Jan 1979

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered. \$
☐ Show to whom, date and address of delivery. \$
☐ RESTRICTED DELIVERY
 Show to whom and date delivered. \$
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Shirley Hester
General Delivery
Kilgore Texas 75662

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 3200730

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO : 1978-300-459

PS Form 3811, Jan 1979

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered. \$
☐ Show to whom, date and address of delivery. \$
☐ RESTRICTED DELIVERY
 Show to whom and date delivered. \$
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Catherine Chiswell
Rt. 1, Box 658
Boyle City, Kansas 75089

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 3659668

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO : 1978-300-459

PS Form 3811, Jan 1975
 RETURN RECEIPT FOR REGISTERED, INSURED AND CERTIFIED MAIL

SENDER: Complete items 1, 2, and 3.
 Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$.....

 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
J. J. Wilcox
General Delivery
Crockett, Texas 75835

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	3200234	

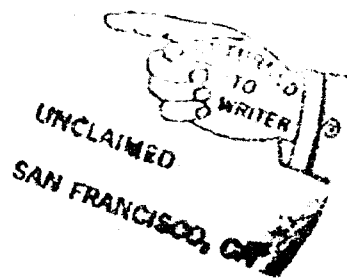
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE: ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY	POSTMARK
5. ADDRESS (Complete only if requested)	

6. UNABLE TO DELIVER BECAUSE <i>undelivered</i>	CLERK'S INITIALS
--	------------------

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P.O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180



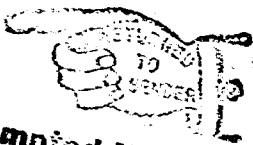
Rose Edwards Hester
General Delivery
San Francisco, California 94101

CLAIM CHECK NO.
529485
DATE
FEB 17 1982
JAN 17 1982
2ND NOTICE
RETURN
Undelivered
P.O. Box 1180-A
Feb. 1982



FEB 17 1982

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P.O. BOX 1180
ROSWELL, NEW MEXICO 88201



Attempted Not Known

MNO

Raymond Henry
409 Maple Street
Greenville, Texas 74081

Return Receipt Requested



CLAIM CHECK NO.
529485

OLD

DATE

JAN 17 1982

2ND NOTICE

RETURN

Undelivered
P.O. Box 1180-A
Feb. 1982

Form 3811, Jan. 1979

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Rose Edwards Hester
General Delivery
San Francisco, Calif. 94101

3. ARTICLE DESCRIPTION:
 REGISTERED NO. *3200731* CERTIFIED NO. INSURED NO.
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO : 1979-300-499

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Form 3811, Jan. 1979

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☐ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Raymond Henry
404 Maple St.
Greenville, Texas 74041

3. ARTICLE DESCRIPTION:
 REGISTERED NO. *3659667* CERTIFIED NO. INSURED NO.
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO : 1979-300-499

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

GREENVILLE TEXAS 74041
 JAN 14 1982

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P.O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180

100-111 18221-111 01/22/82

RETURNED TO SENDER
MOVED TO NEW ADDRESS

James W. Coll
111 East 22nd St., Apt. 103
Roswell, New Mexico 88201



CLAIM CHECK NO.

529423

PAID

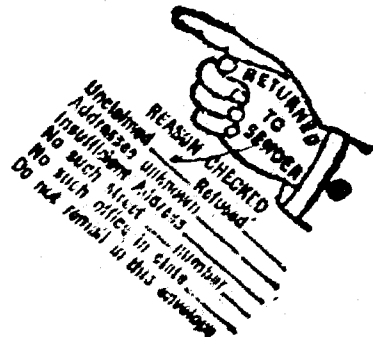
1ST NOTICE

2ND NOTICE

RETURN

Created from
PS Form 3800-A
Feb 1978

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P.O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180



Jon F. Coll
46 Riverside Drive
Roswell, New Mexico 88201



CLAIM CHECK NO.

532904

☐ PAID

DATE

FEB 10 1982

1ST NOTICE

2ND NOTICE

RETURN

Created from
PS Form 3800-A
Feb 1978

2. From 3317, Jan 1979

SENDER: Complete Items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.
☐ Show to whom, date and address of delivery.
☐ RESTRICTED DELIVERY
Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
James W. Cook
111 East 22nd St. Apt. 103
Riverside, N. M. 88201

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
3200227

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

BEFORE EXAMINATION BY
OIL CONSERVATION (★ 601) 1678-000 436
EXHIBIT NO. 8
CASE NO. 7484
Amesbury
2/17/82

P23 3200729

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(Use Reverse)

TO: Mr. L. Coll
46 Riverside Drive
Roswell, N.M. 83201

POSTAGE AND FEES

CONSULT POSTMASTER FOR FEES

OPTIONAL SERVICES

RETURN RECEIPT SERVICE

TOTAL POSTAGE AND FEES

POSTMARK OR DATE

STATE OF NEW MEXICO
DEPARTMENT OF NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF ANADARKO PRODUCTION COMPANY
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO

Case No. _____

APPLICATION

COMES NOW Anadarko Production Company, and hereby makes application for compulsory pooling of all mineral interest in the Atoka and Morrow formations underlying the E $\frac{1}{2}$ Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, containing 320 acres, more or less, and for grounds thereof states:

1. Applicant has been diligent in its efforts to form a proration unit for the drilling of a well, to be located approximately 1,980 feet from the South line and 1,980 feet from the East line of said Section 1, but there remains non-consenting interest owners in the subject proration unit who have not agreed to the pooling of their interest.

2. That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas and associated hydrocarbons producible from the Atoka and Morrow formations, this regulatory body should approve the pooling of all mineral interest, whatever they may be, within said unit.

3. Applicant proposes to dedicate the subject proration unit to the well to be located as aforesaid.

4. Applicant seeks permission to withhold the proceeds from production attributable to each non-consenting working interest owner, and 7/8ths of production attributable to each non-consenting mineral interest owner, until such time as each interest's share the cost of said well has been recovered plus

200% thereof as a charge for risks involved in drilling a well.

5. That after due public notice, this regulatory body enter its order granting compulsory pooling in accordance with this Application, fixing a charge for risk, fixing a per month cost for operating the well, and granting to each non-consenting working interest owner and each non-consenting mineral interest owner the privilege to join in the payment of drilling the well in accordance with law. That such order should further provide that the Applicant be appointed as Operator of the well.

Respectfully,

ANADARKO PRODUCTION COMPANY

By

Philip T. Brewer
Attorney at Law
P. O. Box 1180
Roswell, New Mexico 88201
(505) 622-8432

xc: Certified Mail to each entity
whose address is known, as shown
on Exhibit "A" attached hereto.

xc: Uncertified to:

Anadarko Production Company
(Midland)

EXHIBIT "A"

<u>NAME</u>	<u>ADDRESS</u>	<u>INTEREST</u>
Marshall & Winston, Inc.	P. O. Box 864 Midland, TX 79702	3/64 MI
Sally Ayres Ellis	771 Crescent Drive Boulder, CO 80303	1/2560 MI
Heirs or devisees of E. E. MacGibbon	c/o John E. MacGibbon & Lucinda H. MacGibbon, Co- Executors of the Estate of E. E. MacGibbon 321 Lowell Elk River, MN 55330	1/2560 MI
Jan M. Fox	5805 Winnequah Road Madison, WS 53716	1/7680 MI
Southeast Banks Trust Company, Trustee of the Helen Chase Rand Trust	P. O. Box 267 Sarasota, FL 33578	1/2560 MI
San Diego Trust & Savings Bank, Trustee of the Marian M. Whitney Trust	P. O. Box X-1013 San Diego, CA 92112	1/2560 MI
James W. Coll	111 East 22nd St., Apt. 103 Roswell, NM 88201	3/512 MI
Charles H. Coll	Rt. 2, Box 134 Roswell, NM 88201	3/512 MI
Jon F. Coll	46 Riverside Drive Roswell, NM 88201	3/512 MI
Shirley Hester	General Delivery Kilgore, TX 75662	1/1080 MI
Ross Edwards Hester	General Delivery San Francisco, CA 94101	1/1620 MI
Nancy Oliver	Rt. 8, Box 40 Huntsville, TX 77340	1/9720 MI
Sharon Willaby	P. O. Box 974 Wiley, TX 75098	1/9720 MI
Barbara Cummings	4207 West Wind Arlington, TX 76010	1/9720 MI
Catherine Chenault	Rt. 1, Box 65BC Royce City, TX 75089	1/9720 MI
Raymond Henry	409 Maple Street Greenville, TX 74081	1/9720 MI

EXHIBIT "A"

<u>NAME</u>	<u>ADDRESS</u>	<u>INTEREST</u>
Marshall & Winston, Inc.	P. O. Box 864 Midland, TX 79702	3/64 MI
Sally Ayres Ellis	771 Crescent Drive Boulder, CO 80303	1/2560 MI
Heirs or devisees of E. E. MacGibbon	c/o John E. MacGibbon & Lucinda H. MacGibbon, Co- Executors of the Estate of E. E. MacGibbon 321 Lowell Elk River, MN 55330	1/2560 MI
Jan M. Fox	5805 Winnequah Road Madison, WS 53716	1/7680 MI
Southeast Banks Trust Company, Trustee of the Helen Chase Rand Trust	P. O. Box 267 Sarasota, FL 33578	1/2560 MI
San Diego Trust & Savings Bank, Trustee of the Marian M. Whitney Trust	P. O. Box X-1013 San Diego, CA 92112	1/2560 MI
James W. Coll	111 East 22nd St., Apt. 103 Roswell, NM 88201	3/512 MI
Charles H. Coll	Rt. 2, Box 134 Roswell, NM 88201	3/512 MI
Jon F. Coll	46 Riverside Drive Roswell, NM 88201	3/512 MI
Shirley Hester	General Delivery Kilgore, TX 75662	1/1080 MI
Ross Edwards Hester	General Delivery San Francisco, CA 94101	1/1620 MI
Nancy Oliver	Rt. 8, Box 40 Huntsville, TX 77340	1/9720 MI
Sharon Willaby	P. O. Box 974 Wiley, TX 75098	1/9720 MI
Barbara Cummings	4207 West Wind Arlington, TX 76010	1/9720 MI
Catherine Chenault	Rt. 1, Box 65BC Royce City, TX 75089	1/9720 MI
Raymond Henry	409 Maple Street Greenville, TX 74081	1/9720 MI

NAME	ADDRESS	INTEREST
T. J. Wilroy	General Delivery Crockett, TX 75835	1/162 MI
Homer Dean (or issue) apparently Ana Dean (widow) and Cathy Dean, Homer Dean, Jr., Margaret Dean, Delvin Dean (children)	General Delivery Maracaibo, Venezuela	1/108 MI
Champlin Petroleum Co.	P. O. Box 7 Fort Worth, TX 76101 + 1/2 x 21/192 x 5/6 WI	1/2 x 75/192 x 13/16 WI
Yates Petroleum Corp.	207 South 4th St. Artesia, NM 88210	1/2 x 1/4 x 13/16 x 85/480 WI
Yates Drilling Company	207 South 4th St. Artesia, NM 88210	1/2 x 1/4 x 13/16 x 85/480 WI
Myco Industries, Inc.	207 South 4th St. Artesia, NM 88210	1/2 x 1/4 x 13/16 x 85/480 WI
Abo Petroleum Corp.	207 South 4th St. Artesia, NM 88210	1/2 x 1/4 x 13/16 x 85/480 WI
Amoco Production Co.	P. O. Box 3092 Houston, TX 77001	1/6 x 3/4 WI
Unknown heirs or devisees of: Frances E. Andrews Lester R. Badger Helen H. Bristol Frank H. Carleton Paul Dickerson James G. Bennett, Sr. Paulina S. Bennett John Marshall James J. Norton Dan Phillips Rufus R. Rand Frederick S. Winston Howard Ayres Marguerite Ayres	Unknown	None
Roy Hartman or if dead, his unknown heirs or devisees	Unknown	1/80 MI
Lillian Hinkle Coll, Trustee under Last Will and Testament of M. W. Coll	Unknown	1/128 MI
Max W. Coll II	Unknown	3/512 MI
Unknown heirs or devisees of John and Sara Hook	Unknown	None
Tracy Clark	Unknown	3/320 MI
Bob Boling	Unknown	1/640 MI
Mary Boling	Unknown	1/640 MI

NAME	ADDRESS	INTEREST
Randall Fields Montgomery	Unknown	5/640 MI
George Slaughter Gatewood	Unknown	5/48 MI
Myrtle Hester	Unknown	1/1080 MI
Jean G. Clark	Unknown	1/540 MI
Unknown issue of: Laura Gatewood except Laura Violet Robertson Billy Gatewood Betty Gatewood Hester Mary Fifer Nott Nora "Jake" Henry Wm. Herman Henry, Jr. Laura Schirmacher	Unknown	None
Heirs or devisees of: Georgia Ann Hester Avis Gatewood Henry Forest Arlington Henry	Unknown	1/54 MI 1/216 MI 1/216 MI
Unknown heirs or devisees of: Elizabeth Mae Hester Raymond Hester Hal Edward Hester Willie Belle Hester Fifer John Edward Fifer Willie Fifer Bertholf Mildred Fifer Reed Leslie Fifer Drake Mary Lee Nott Lockwood Wm. Herman Henry Ageline Allee Henry Carrie Hester Dean Stephen A. Dean Laura Hester Cook Katherine Jackson Jimmie Wilroy Nancy Hester Cook Thomas Clyde Hester Jack Adams Hester	Unknown	None

CASE 7483: BEIGE EXPLORATION FOR COM-
PULSORY POOLING, CHAVES COUNTY, NEW
MEXICO

Deanna

need names &
addresses of
Poolers

Pooler:
Depso Inc
1000 Paterson Hwy
Denver, Colo 80202

DOCKET MAILED

Date 2/5/82
2/19/82