



Texaco Exploration
and Production Inc

500 North Lorraine
Midland TX 79701

P O Box 2109
Midland TX 79702

October 9, 1996

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**



TO: ALL WORKING INTEREST OWNERS
(See Attached Addressee List)

NM206621 - Rhodes "23" Federal Com. No. 1
Lea County, New Mexico

Ladies and Gentlemen:

Texaco Exploration and Production Inc. (TEPI) proposes the drilling of the captioned horizontal well at a surface location 660' FSL and 1100' FWL of Section 23, T-26-S, R-37-E and a bottom hole location of 1980' FSL and 660' FWL of Section 23, T-26-S, R-37-E. Vertical depth will be approximately 3,200 feet. We anticipate a lateral in Sand 4 of the Middle Yates of approximately 500 feet. We plan an additional lateral in Sand 6 of the Middle Yates of approximately 1400 feet. The proration unit for the well will be the SW/4 of Section 23. TEPI owns the W/2 SW/4 and our records reflect that you are an owner in the E/2 SW/4 as set out in the attachment hereto.

If you would like to join us in the drilling of this well, please execute one original of the attached AFE and return it to me at your earliest convenience. I will then forward an Operating Agreement for your review. If you elect not to join in the drilling of the well, please consider the following options:

- TEPI will purchase your interest for a cash consideration of \$300 per net acre.
- TEPI will purchase a one year term assignment of your interest for \$100 per net acre assuming you can deliver a 75% net revenue interest. You would in turn retain an overriding royalty equal to the difference between 75% and existing burdens.

Please let me hear from you as soon as possible regarding your decision. We anticipate filing a force pooling action with the New Mexico Oil Conservation Division in the very near future.

Please give me a call at (915) 688-4445 if you have any questions.

Very truly yours,

Ronald W. Lanning

RWL:

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11678 Exhibit No. 1
Submitted By:
Burlington Oil & Gas Company
Hearing Date: December 19, 1996

ADDRESS LIST

Ms. Leslyn M. Swierc
Burlington Resources Oil & Gas Company
P.O. Box 51810
Midland, Texas 79710

Larry A. Nermyr
HC-57
Box 4106
Sidney, Montana 59270

James E. Burr
3803 Wedgewood Ct.
Midland, Texas 79707

Ruth Sutton
2826 Moss
Midland, Texas 79705

Oil and Gas Leasehold Estate

W/2 SW/4 of Section 23, T26S, R37E

Texaco Exploration and Production Inc.	100.00000%
----------------------------------------	------------

E/2 SW/4 of Section 23, T26S, R37E

Burlington Resources Oil & Gas Company	96.09375% or 76.875 acres
Larry A. Nermyr	1.56250% or 1.250 acres
James E. Burr	1.56250% or 1.250 acres
Ruth Sutton	0.78125% or 0.625 acres

Proration Unit: SW/4 of Section 23, T26S, R37E

Texaco Exploration and Production Inc.	50.000000%
Burlington Resources Oil & Gas Company	48.046875%
Larry A. Nermyr	0.781250%
James E. Burr	0.781250 %
Ruth Sutton	0.390625%

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

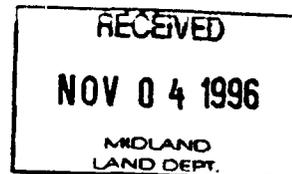
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

October 31, 1996



JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-5043

Burlington Resources
Oil & Gas Company
Post Office Box 51810
Midland, TX 79710

Re: Amended Application of Texaco Exploration and Production Inc. for compulsory pooling, an unorthodox surface location and directional drilling, Lea County, New Mexico

Gentlemen:

This letter is to advise you that Texaco Exploration and Production Inc. has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking the force pooling of certain mineral interests in all formations from the surface to the base of the Yates formation, in and under the SW/4 of Section 23, Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Texaco Exploration and Production Inc. proposes to dedicate the referenced pooled unit as a project area to its Rhodes "23" Fed Com No. 1 Well, which will be directionally drilled in a northwesterly direction as two high angle laterals in the Yates formation, Rhodes Yates-Seven Rivers Gas Pool, from an unorthodox surface location 660 feet from the South line and 1100 feet from the West line of said Section 23.

This matter has been set for hearing before a Division Examiner on November 21, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by the order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11678 Exhibit No. **2**
Submitted By:
Burlington Oil & Gas Company
Hearing Date: December 19, 1996

Burlington Resources
Oil & Gas Company
October 31, 1996
Page 2

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William F. Carr".

WILLIAM F. CARR
ATTORNEY FOR TEXACO EXPLORATION AND PRODUCTION INC.

WFC:mlh

Enc.

cc: Ronald W. Lanning

COPIES

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE AMENDED APPLICATION
OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR COMPULSORY
POOLING, AN UNORTHODOX SURFACE
LOCATION AND DIRECTIONAL DRILLING
LEA COUNTY, NEW MEXICO.

RECEIVED

NOV 20 1988

Oil Conservation Division

CASE NO. _____

AMENDED APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("TEXACO"), by its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order (1) pooling all mineral interests in the SW/4 of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico; (2) for approval of an unorthodox surface location; and (3) for directional drilling and in support thereof states:

1. Texaco is a working interest owner in the SW/4 of Section 23 and has the right to drill thereon.

2. Texaco proposes to dedicate this spacing unit as the "project area" for its Rhodes "23" Fed. Com No. 1 Well which it seeks authority to directionally drill from an unorthodox surface location 660 feet from the South line and 1100 feet from the West line (Unit M) of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Texaco proposes to initially drill a vertical hole to a measured depth of

approximately 3200 feet and then, using short radius drilling techniques, directionally drill two high angle laterals along a northwesterly azimuth in the Yates formation, Rhodes Yates-Seven Rivers Gas Pool, until approximately 1392 feet of lateral distance is attained. Texaco proposes a lateral in Sand 4 of the Middle Yates of approximately 500 feet and a lateral in Sand 6 of the Middle Yates of approximately 1392 feet. The wellbore will not be closer than 660 feet to the outer boundary of the project area and the projected bottomhole location for the well at the end of the lateral distance is 1980 feet from the South line and 660 feet from the West line of said Section 23.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 of said Section 23.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled thereon.

WHEREFORE, Texaco Exploration and Production Inc., requests that this amended application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 21, 1996, and after notice and hearing as required by law, the Division enter its order (1) pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling

Amended Application.

Page 2

and after completion, including overhead charges. imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well: (2) approving an unorthodox surface location for the well 660 feet from the South line and 1100 feet from the West line of Section 23, Township 26 South, Range 37 East: and (3) authorizing the directional drilling of two high angle laterals for said well in the Yates formation until approximately 1392 feet of lateral distance is attained.

Respectfully submitted.

CAMPBELL, CARR & BERGE,
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO EXPLORATION
AND PRODUCTION INC.

BURLINGTON RESOURCES

MID-CONTINENT DIVISION

November 19, 1996

Mr. Ron Lanning
Texaco Exploration and Production Inc.
P. O. Box 3109
Midland, Texas 79702

Re: Rhodes "23" Fed Com No. 1 Well
660' FSL & 1100' FWL
Section 23, T-26-S, R-37-E
Lea County, New Mexico

Dear Ron:

Burlington Resources Oil & Gas Company ("BR") is reviewing Texaco Exploration and Production Inc's ("Texaco") proposal of the multi-lateral horizontal well in the Middle Yates interval referenced above. Because the cost estimate of this wellbore is more than twice the projected cost of a vertical wellbore, BR is having difficulty understanding the economic advantage of developing our combined asset in the manner in which you propose. We have discussed the potential of horizontal development on numerous occasions, but frankly, were unaware of the complexity and expense of the multi-lateral well which you have proposed. BR is continuing to evaluate our participation in your multi-lateral horizontal well and in order to fairly complete our evaluation, a drilling prognosis and wellbore schematic would expedite the process. Please fax same to the undersigned at (915) 688-6010 at your earliest possible convenience.

Given the above facts, BR suggests an alternative to Texaco's more expensive, multi-lateral horizontal well and hereby proposes the drilling of the Dublin "23" Federal No. 1, a vertical Yates test to be drilled at a legal location in the SW/4 SW/4 Section 23, T-26-S, R-37-E, Lea County, New Mexico. For your review and approval, enclosed please find an AFE in the amount of \$234,735 which represents the costs of drilling, completing and equipping the Dublin "23" Federal No. 1. Pending the results of this well, a second well could be drilled at a later date at similar costs. A higher economic return could be realized by drilling two vertical wells at BR's costs and ensure the protection of correlative rights without the mechanical risk of a multi-lateral horizontal well. Please realize also, that BR's AFE includes the cost of facilities which your AFE has not represented.

**BEFORE THE
OIL CONSERVATION DIVISION**
Case No. 11678 Exhibit No. **3**
Submitted By:
Burlington Oil & Gas Company
Hearing Date: December 19, 1996

Mr. Ron Lanning
Texaco Exploration and Production Inc
November 19, 1996
Page 2

We have received your Amended Application for Compulsory Pooling an unorthodox surface location and are advised that it has been set for the December 5th hearing. Rather than appearing before the NMOCD regarding a compulsory pooling of a horizontal well, please consider the viability of drilling the vertical wells as stated herein. You may contact me at 688-6928 if you wish to discuss this proposal in further detail.

Very truly yours,

BURLINGTON RESOURCES
OIL & GAS COMPANY

A handwritten signature in cursive script that reads "Leslyn Swierc".

Leslyn M. Swierc, CPL
Senior Staff Landman

LMS/bgm
Attachment

cc: Tom Kellahin

A handwritten signature in cursive script that reads "Tom Kellahin".

Mid-Continent Division
 Post Office Box 51810
 Midland, Texas 79710-1810
 915) 688-6800

Date: 11/12/96
 AFE No.: _____

**BURLINGTON RESOURCES OIL & GAS
 AUTHORITY FOR EXPENDITURE**

Foreman Area Kermit
 DP Number: _____

Lease/Well Name: Dublin Federal 23 #1 Property Number: _____
 Field Prospect: Rhodes Gas Pool Region: Mid-Continent
 Location: M Section 23 T26S R37E County: Lea State: NM
 AFE Type: Development 01 Original Supplement Addendum API Well Type _____
 Operator: Burlington Resources
 Objective Formation: Yates Authorized Total Depth (Feet): 3,200'
 Project Description: Drill, complete and equip new gas well.

Estimated Start Date: 1/1/97 Prepared By: C. J. Settle
 Estimated Completion Date: 1/20/97

GROSS WELL DATA

	Drilling		Workover/ Completion	Construction Facility	Total
	Dry Hole	Suspended			
Days:	6	6	5	2	19
This AFE:	\$123,300	\$139,400	\$76,335	\$19,000	\$234,735
Prior AFE's:					\$0
Total Costs:	\$123,300	\$139,400	\$76,335	\$19,000	\$234,735

JOINT INTEREST OWNERS

Company:	Working Interest	Dry Hole \$	Completed \$
	Percent		
Texaco	50.00000 %	\$0	\$117,368
Other	1.95313 %	\$1,157	\$4,585
		\$0	\$0
		\$0	\$0
Burlington Resources	48.04688 %	\$59,242	\$112,783
AFE TOTAL:	100.00000 %	\$123,300	\$234,735

BURLINGTON RESOURCES APPROVAL

Recommended: _____ Date: _____ Approved: _____ Date: _____
 Recommended: _____ Date: _____ Approved: _____ Date: _____
 Recommended: _____ Date: _____ Approved: _____ Date: _____

PARTNER APPROVAL

Company Name: _____
 Authorized By: _____ Date: _____
 Title: _____

**MERIDIAN OIL INC.
DRILLING WELL COST ESTIMATE**

LEASE WELL: Dublin Federal 23 No. 1 PREPARED BY: L. H. Sinclair DATE: _____
 COUNTY STATE: Lea, New Mexico APPROVED BY: H. A. Lee DATE: _____
 PROPOSED TOTAL DEPTH: 3,200 WFE TYPE: Development Drilling
 FOOTAGE TOTAL DEPTH: 3,200

ACCT#	WFE NOMENCLATURE	DAYS:	DRYHOLE COST	SUSPENDED COST
248-	INTANGIBLE DRILLING COSTS		6	6
1	Environmental Studies	2	\$11,000	\$11,000
3	Construction (location, roads, etc)	3	\$36,500	\$36,500
4	Surface restoration	4		
5	Move in, move out	5		
6	Contractor Fees-Footage; \$/foot: <u>\$11.00</u>	6	\$35,200	\$35,200
7	Contractor Fees-Daywork; \$/day: <u>\$4,600.00</u>	7	\$2,300	\$2,300
8	Environmental fire and safety	8	\$1,700	\$1,700
9	Drilling fluids	9	\$2,800	\$2,800
10	Gas and Air Drilling	10		
11	Drilling fluids - Processing & Maint. equip	11		
12	Specialty fluids and chemicals	12		
13	Engineering services-fluids and chemicals	13		
14	Salt/brine water	14	\$2,000	\$2,000
15	Salt water disposal	15		
16	Water	16	\$2,000	\$2,000
17	Bits, reamers and stabilizers	17		
18	Primary cement, services and accessories	18	\$10,000	\$13,000
19	Squeeze cement, services and accessories	19		
20	Mud logging/paleo	20	\$1,600	\$1,600
21	Wireline logging	21	\$4,400	\$4,400
22	Coring and analysis	22		
23	Fuel	23		
24	BOP's and wellhead rentals - surface	24		
25	Drill/work string rentals - subsurface	25		
26	Fishing tool rentals	26		
27	Tank rentals	27		
28	Other rentals	28		
29	Transportation	29	\$1,500	\$1,500
30	Disposal services (offsite)	30		
31	Drill stem tests	31		
32	Directional drilling	32		
33	Tubular inspection	33	\$700	\$700
34	Cased hole logs	34		
40	Casing crews and laydown services	40		
43	Consultants	43		
45	Roustabout and contract labor	45	\$500	\$500
46	Miscellaneous	46	\$300	\$300
62	Environmental compliance	62		
72	Company supervision and overhead	72	\$3,600	\$3,600
TOTAL INTANGIBLE COST			\$116,100	\$119,100

TANGIBLE DRILLING COST				
30	Casing	80		80
	550 ft. o 8 5/8 in. \$10.40 ft (SURFACE)		\$5,700	\$5,700
	ft. of _____ in. _____ ft (INTERMEDIATE)			
	3,200 ft. o 4 1/2 in. \$4.10 ft (PRODUCTION)			\$13,100
	ft. of _____ in. _____ ft (LINER)			
32	Downhole equipment (packers, bridge plugs)	82		82
34	Downhole equipment accessories	84		84
36	Wellhead equipment.	86	\$1,500	\$1,500
37	Miscellaneous	87		87
TOTAL TANGIBLE COST			\$17,200	\$20,300
TOTAL DRILLING COST ESTIMATE			\$133,300	\$139,400

38.53 ft. \$43.56 ft.

BURLINGTON RESOURCES OIL & GAS

Completion Estimate

Well Name: Dublin Federal 23 #1
 Location: M Section 23 T26S R37E
 AFE Type: Development 01
 Formation: Yates

Prepared By: C. J. Settle
 Date: 11/12/96
 Approved By: _____

		Intangible Costs		
		Estimated Days:	5	Estimated Cost
Acct No.				Cost
02	Location, Roads or Canals			0
03	Construction and Maintenance			0
04	Surface Restoration			0
05	Move-in, Move-out			0
07	Fees of Contractor - Daywork	5 Days		6,000
09	Drilling Fluid System - Liquids			0
10	Gas and Air Drilling			0
12	Specialty Fluids and Chemicals			0
15	Onsite Disposal Svc.			0
16	Fresh Water			3,500
17	Bits			0
18	Primary Cement			0
19	Remedial Cementing			0
20	Mud Logging			0
21	Open Hole Logs			0
22	Coring and Analysis			0
23	Fuel/Electricity			0
24	BOP & Wellhead Rentals(Surface)			1,000
25	Drill Work String Rentals (Surface)			1,000
26	Fishing Tool Rentals			0
27	Tank Rentals			1,100
28	Other Rental			0
29	Transportation			0
30	Offsite Disposal Service			0
33	Tubular Inspection			0
34	Cased Hole Services			3,500
36	Production Testing			1,500
37	Swabbing & Coiled Tubing			0
38	Stimulation			3,500
39	Fracturing			37,500
40	Casing Crew and Laydown			0
42	BOP Testing			0
43	Consultants			0
44	Technical Contract Svc.			0
45	Roustabout Labor			1,500
46	Miscellaneous			0
49	Packer Rental			1,000
50	Pumping Charges			0
68	Direct Labor			0
72	Company Supervision and Overhead			7,000
74	Employee Expense			0
	Total Intangibles			68,100
		Tangible Costs		
80	Casing	0'	@4.84 /ft	0
81	Tubing 2-3/8" J-55 Yellow	3150'	@2.60 /ft	8,235
		0'	@2.30 /ft	
82	Packers and Bridge Plugs			0
84	Casing/Liner Equipment			0
85	Tubing Equipment			0
86	Wellhead Equipment & Tree			0
	Total Tangibles			8,235
Total Completion Cost				76,335

BURLINGTON RESOURCES OIL & GAS
Facilities / Production Estimate

Well Name: Dublin Federal 23 #1
Location: M Section 23 T26S R37E
AFE Type: Development 01
Formation: Yates
Acct No. 247

Prepared By: C. J. Settle
Date: 11/12/96
Approved By: _____

				Production	Facilities	Estimated Cost
Intangible						
02	Install Labor	2	Days	0	6,000	6,000
	Labor			0	3,000	
	Dirt Work			0	2,000	
	Painting			0	1,000	
03	Company Vehicles			0	0	0
08	Location, Roads & Canals			0	0	0
12	Overhead			0	0	0
17	Damages, Property Losses			0	0	0
43	Safety			0	0	0
44	Technical Contract Svc.			0	0	0
47	Rental Compressors & Maintenance			0	0	0
48	Rental Equipment			0	0	0
49	Cathodic Protection			0	0	0
50	Right Of Way		@ \$/rod	0	0	0
57	Pulling Unit Costs	0	\$/Day	0	0	0
62	Env. Compliance-Assessment			0	0	0
63	Env. Compliance (Remediation)			0	0	0
68	Direct Labor			0	1,000	1,000
73	Freight /Transportation			0	1,000	1,000
	Total Intangible			0	8,000	8,000
Tangible						
20	Equip. Coating and Insulation			0	0	0
26	SWD Filtering			0	0	0
27	Separators Total			0	3,000	3,000
	Unfired			0	3,000	
	Fired			0	0	
28	Gas Sweetening			0	0	0
29	Pumping Units			0	0	0
31	Prime Mover			0	0	0
32	Tanks Battery Total			0	4,000	4,000
	Oil Tank		500 bbl@	0	0	
	Wtr Tank	1	500 bbl@	0	4,000	
	Tank Walkway			0	0	
33	Metering Equipment			0	0	0
	Lact Unit			0	0	0
35	Compressors - Company Owned			0	0	0
36	Buildings			0	0	0
39	Flowlines, Piping, Valves & Fittings			0	4,000	4,000
51	Minor Pipelines			0	0	0
53	Surface Pumps			0	0	0
54	Electrical Accessones			0	0	0
55	Miscellaneous-Facility Expense			0	0	0
81	Tubing			0	0	0
82	Rods			0	0	0
83	Downhole Pumps			0	0	0
84	Alternative Artificial Lift Equip. POC			0	0	0
86	Convent Artificial Lift Wellhead Equip.			0	0	0
96	Gas Dehydrator			0	0	0
	Total Tangible			0	11,000	11,000
	Total Facility Cost			0	19,000	19,000

TRANSACTION REPORT

P. 01

NOV-20-96 WED 14:18

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#
NOV-20	14:14	815059822047	3'25"	7	SEND	OK	

BURLINGTON RESOURCES
P. O. BOX 51810
MIDLAND, TEXAS 79710-1810
(915) 688-6800
FAX NO. (915) 688-6010

Date: 11-20-96

Fax No. Sending To: 505-982-2047

To: Tom Kellahan

From: Leslyn Swieic

Telephone No.: _____

TOTAL Number of Pages Including Cover Page: 7

Special Instructions: _____

If any problems should occur or pages are not received, please call: 688-6857

BURLINGTON RESOURCES
P. O. BOX 51810
MIDLAND, TEXAS 79710-1810
(915) 688-6800
FAX NO. (915) 688-6010

Date: 11-20-96

Fax No. Sending To: 688-4831

To: Ron Ranning

From: Lesley Swire

Telephone No.: 688-4445

TOTAL Number of Pages Including Cover Page: 7

Special Instructions: _____

If any problems should occur or pages are not received, please call: 688-6857

BURLINGTON RESOURCES

MID-CONTINENT DIVISION

November 27, 1996

Larry A. Nermyr
HC-57
Box 4106
Sidney, MT 59270

Ruth Sutton
2826 Moss
Midland, TX 79705

James E. Burr
3803 Wedgewood Ct.
Midland, Texas 79707

11/26/96 Force Pooling
Appl. **FILED**

#4-7 bbl/year

Re: Rhodes "23" Fed Com No. 1
T-26-S, R-37-E
Section 23: SW/4
Lea County, New Mexico

Ladies and Gentlemen:

Attached please find a letter which was forwarded to Texaco Exploration & Production Inc. on November 19, 1996. In said letter, Burlington Resources Oil & Gas Company ("BR") expressed its concerns about the greater risk and expense associated with drilling the multi-lateral horizontal well which was proposed by Texaco. As an alternative, BR proposed the drilling of the Dublin "23" Federal No. 1 as a less expensive vertical well which would realize greater economic return for all participants.

Attached for your review and execution, please find an AFE in the amount of \$234,735 to drill, complete and equip the Rhodes "23" Fed Com No. 1, formerly proposed to Texaco as the Dublin "23" Federal No. 1. Should you agree to participate in the drilling of same, please execute the AFE and return to the undersigned by December 17th. A Communitization Agreement and Joint Operating Agreement will be forwarded you at a later date for your review and execution.

As Texaco is scheduled for hearing on December 5, 1996 for compulsory pooling of their horizontal Rhodes "23" Fed. Com No. 1, BR has also applied for compulsory pooling of its vertical Rhodes "23" Fed Com No. 1. BR's hearing should appear on the December 19, 1996 docket.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11678 Exhibit No. **4**
Submitted By:
Burlington Oil & Gas Company
Hearing Date: December 19, 1996

Larry A. Nermyr
James E. Burr
Ruth Sutton
November 27, 1996
Page 2

Please review the attached documents and please feel free to contact me at (915) 688-6928 should you have any questions.

Very truly yours,

BURLINGTON RESOURCES
OIL & GAS COMPANY

A handwritten signature in cursive script that reads "Leslyn Swierc". The signature is written in black ink and is positioned above the printed name.

Leslyn M. Swierc, CPL
Senior Staff Landman

LMS/bgm

LMS/bgm
Enclosures

cc: Tom Kellahin
Chris Settle
Don Davis
Mike Wallace

Mid-Continent Division
 Post Office Box 51810
 Midland, Texas 79710-1810
 (817) 688-6800

Date: 11/12/96
 AFE No.: _____

**BURLINGTON RESOURCES OIL & GAS
 AUTHORITY FOR EXPENDITURE**

Lease/Well Name: Rhodes "23" Fed Com No. 1 Property Number: _____
 Field Prospect: Rhodes Gas Pool Region: Mid-Continent
 Location: M Section 23 T26S R37E County: Lea State: NM
 AFE Type: Development 01 Original Supplement Addendum API Well Type _____
 Operator: Burlington Resources
 Objective Formation: Yates Authorized Total Depth (Feet): 3,200'
 Project Description: Drill, complete and equip new gas well.

Foreman Area Kermit
 OP Number: _____

Estimated Start Date: 1/1/97 Prepared By: C. J. Settle
 Estimated Completion Date: 1/20/97

GROSS WELL DATA

	Drilling		Workover/	Construction	Total
	Dry Hole	Suspended	Completion	Facility	
Days:	6	6	5	2	19
This AFE:	\$123,300	\$139,400	\$76,335	\$19,000	\$234,735
Prior AFE's:					50
Total Costs:	\$123,300	\$139,400	\$76,335	\$19,000	\$234,735

JOINT INTEREST OWNERS

Company:	Working Interest	Dry Hole \$	Completed \$
	Percent		
Texaco	50.0000 %	\$0	\$117,368
Other	1.95313 %	\$1,157	\$4,585
		\$0	\$0
		\$0	\$0
Burlington Resources	48.04688 %	\$59,242	\$112,783
AFE TOTAL:	100.0000 %	\$123,300	\$234,735

BURLINGTON RESOURCES APPROVAL

Recommended: _____ Date: _____ Approved: _____ Date: _____
 Recommended: _____ Date: _____ Approved: _____ Date: _____
 Recommended: _____ Date: _____ Approved: _____ Date: _____

PARTNER APPROVAL

Company Name: _____
 Authorized By: _____ Date: _____
 Title: _____

MERIDIAN OIL INC.
DRILLING WELL COST ESTIMATE

LEASE WELL: Rhodes "23" Fed Com No. 1 PREPARED BY: J. H. Sinclair DATE: _____
 COUNTY STATE: Lea, New Mexico APPROVED BY: F. A. Lee DATE: _____
 PROPOSED TOTAL DEPTH: 7000 WELL TYPE: Development Drilling
 FOOTAGE TOTAL DEPTH: 7000

POST	WELL NOMENCLATURE	DAYS	DRYHOLE COST	SUSPENDED COST
138-	INTANGIBLE DRILLING COSTS			
1	Environmental Studies	21	\$11,000	\$11,000
2	Construction (location, roads, etc)	31	\$36,500	\$36,500
3	Surface restoration	41		
4	Move in, move out	51		
5	Contractor Fees-Footage: \$/foot: <u>111.00</u>	61	\$35,200	\$35,200
6	Contractor Fees-Daywork: \$/day: <u>4,600.00</u>	71	\$2,300	\$2,300
8	Environmental fire and safety	81	\$1,700	\$1,700
9	Drilling fluids	91	\$2,800	\$2,800
10	Gas and Air Drilling	101		
11	Drilling fluids - Processing & Maint. equip	111		
12	Specialty fluids and chemicals	121		
13	Engineering services-fluids and chemicals	131		
14	Salt/brine water	141	\$2,000	\$2,000
15	Salt water disposal	151		
16	Water	161	\$2,000	\$2,000
17	Bits, reamers and stabilizers	171		
18	Primary cement, services and accessories	181	\$10,000	\$13,000
19	Squeeze cement, services and accessories	191		
20	Mud logging/paleo	201	\$1,600	\$1,600
21	Wireline logging	211	\$4,400	\$4,400
22	Coring and analysis	221		
23	Fuel	231		
24	BOP's and wellhead rentals - surface	241		
25	Drill/work string rentals - subsurface	251		
26	Fishing tool rentals	261		
27	Tank rentals	271		
28	Other rentals	281		
29	Transportation	291	\$1,500	\$1,500
30	Disposal services (offsite)	301		
31	Drill stem tests	311		
32	Directional drilling	321		
33	Tubular inspection	331	\$700	\$700
34	Cased hole logs	341		
40	Casing crews and laydown services	401		
43	Consultants	431		
45	Roustabout and contract labor	451	\$500	\$500
46	Miscellaneous	461	\$300	\$300
62	Environmental compliance	621		
72	Company supervision and overhead	721	\$3,600	\$3,600
	TOTAL INTANGIBLE COST		\$116,100	\$119,100

ILLEGIBLE

POST	WELL NOMENCLATURE	DAYS	DRYHOLE COST	SUSPENDED COST
80	Casing			
	550 ft. of 3 5/8 in. 110.40 ft. SURFACE)		\$5,700	\$5,700
	1200 ft. of 3 1/2 in. 4.10 ft. INTERMEDIATE)			\$13,100
	1200 ft. of 3 1/2 in. 4.10 ft. PRODUCTION)			
	1200 ft. of 3 1/2 in. 4.10 ft. INNER)			
92	Downhole equipment (packers, bridge plugs)	921		
94	Downhole equipment accessories	941		
96	Wellhead equipment	961	\$1,500	\$1,500
97	Miscellaneous	971		
	TOTAL TANGIBLE COST		\$7,200	\$20,200
	TOTAL DRILLING COST ESTIMATE		\$123,300	\$139,400

BURLINGTON RESOURCES OIL & GAS

Completion Estimate

Well Name: Rhodes "23" Fed Com No. 1
 Location: M Section 23 T26S R37E
 AFE Type: Development 01
 Formation: Yates

Prepared By: C. J. Settle
 Date: 11/12/96
 Approved By: _____

		Intangible Costs		
		Estimated Days:	5	Estimated Cost
Acct No.				
2	Location, Roads or Canals			0
03	Construction and Maintenance			0
04	Surface Restoration			0
05	Move-in, Move-out			0
07	Fees of Contractor - Daywork	5 Days		6,000
09	Drilling Fluid System - Liquids			0
10	Gas and Air Drilling			0
12	Specialty Fluids and Chemicals			0
15	Onsite Disposal Svc.			0
16	Fresh Water			3,500
17	Bits			0
18	Primary Cement			0
19	Remedial Cementing			0
20	Mud Logging			0
21	Open Hole Logs			0
22	Core and Analysis			0
23	Fuel/Electricity			0
24	BOP & Wellhead Rentals(Surface)			1,000
25	Drill Work String Rentals (Surface)			1,000
26	Fishing Tool Rentals			0
27	Tank Rentals			1,100
28	Other Rental			0
29	Transportation			0
30	Offsite Disposal Service			0
33	Tubular Inspection			0
34	Cased Hole Services			3,500
36	Production Testing			1,500
37	Swabbing & Coiled Tubing			0
38	Stimulation			3,500
39	Fracturing			37,500
40	Casing Crew and Laydown			0
42	BOP Testing			0
43	Consultants			0
44	Technical Contract Svc.			0
45	Roustabout Labor			1,500
46	Miscellaneous			0
49	Packer Rental			1,000
50	Pumping Charges			0
68	Direct Labor			0
72	Company Supervision and Overhead			7,000
74	Employee Expense			0
	Total Intangibles			68,100
		Tangible Costs		
30	Casing	0'	@4.84 /ft	0
31	Tubing 2-3/8" J-55 Yellow	3150'	@2.60 /ft	8,235
		0'	@2.30 /ft	
32	Packers and Bridge Plugs			0
34	Casing/Liner Equipment			0
35	Tubing Equipment			0
36	Wellhead Equipment & Tree			0
	Total Tangibles			8,235
Total Completion Cost				76,335

BURLINGTON RESOURCES OIL & GAS
Facilities / Production Estimate

Well Name: Rhodes "23" Fed Com No. 1
 Location: M Section 23 T26S R37E
 AFE Type: Development 01
 Formation: Gates
 Acct No: 247

Prepared By: C. J. Settle
 Date: 11/12/96
 Approved By: _____

			Production	Facilities	Estimated Cost
	Intangible				
02	Install Labor	2 Days	0	5,000	6,000
	Labor		0	3,000	
	Dirt Work		0	2,000	
	Painting		0	1,000	
03	Company Vehicles		0	0	0
08	Location, Roads & Canals		0	0	0
12	Overhead		0	0	0
17	Damages, Property Losses		0	0	0
43	Safety		0	0	0
44	Technical Contract Svc.		0	0	0
47	Rental Compressors & Maintenance		0	0	0
48	Rental Equipment		0	0	0
49	Cathodic Protection		0	0	0
50	Right Of Way	@ S/rod	0	0	0
57	Pulling Unit Costs	0 S/Day	0	0	0
62	Env. Compliance-Assessment		0	0	0
63	Env. Compliance (Remediation)		0	0	0
68	Direct Labor		0	1,000	1,000
73	Freight /Transportation		0	1,000	1,000
	Total Intangible		0	8,000	8,000
	Tangible				
20	Equip. Coating and Insulation		0	0	0
26	SWD Filtering		0	0	0
27	Separators Total		0	3,000	3,000
	Unfired		0	3,000	
	Fired		0	0	
28	Gas Sweetening		0	0	0
29	Pumping Units		0	0	0
31	Prime Mover		0	0	0
32	Tanks Battery Total		0	4,000	4,000
	Oil Tank	500 bbl@	0	0	
	Wtr Tank	1 500 bbl@	0	4,000	
	Tank Walkway		0	0	
33	Metering Equipment		0	0	0
	Lact Unit		0	0	0
35	Compressors - Company Owned		0	0	0
36	Buildings		0	0	0
39	Flowlines, Piping, Valves & Fittings		0	4,000	4,000
51	Minor Pipelines		0	0	0
53	Surface Pumps		0	0	0
54	Electncal Accessones		0	0	0
55	Miscellaneous-Facility Expense		0	0	0
91	Tubing		0	0	0
92	Rods		0	0	0
93	Downhole Pumps		0	0	0
94	Alternative Artificial Lift Equip. POC		0	0	0
96	Convent Artificial Lift Wellhead Equip.		0	0	0
98	Gas Dehydrator		0	0	0
	Total Tangible		0	11,000	11,000
	Total Facility Cost		0	19,000	19,000

P 268 380 133

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

PS Form 3800 April 1995

Sent to	<i>James E. Bun</i>
Street & Number	<i>3803 Wedgewood Ct</i>
Post Office, State, & ZIP Code	<i>Middletown TX 79707</i>
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

*James E. Bun
3803 Wedgewood Ct
Middletown TX 79707*

5. Received By: (Print Name)

6. Signature: (Addresser or Agent)
X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 268 379 535

P 268 380 133

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Form 3800 April 1995

Sent to	<i>Randy A. [Signature]</i>
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Form 3800 April 1995

Sent to	<i>James E. Bun</i>
Street & Number	<i>3803 Wedgewood Ct</i>
Post Office, State, & ZIP Code	<i>Middletown TX 79707</i>
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	



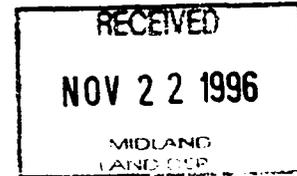
Texaco Exploration
and Production Inc

100 North ...
Midland, TX ...

...
... 1970

November 21, 1996

Ms. Leslyn M. Swierc
Burlington Resources Oil & Gas Company
P.O. Box 51810
Midland, Texas 79710



NM206621 - Rhodes '23' Fed. Com. No. 1 Well

Lea County, New Mexico
SW/4 Section 23, T26S, R37E

Dear Leslyn:

We have reviewed your November 19, 1996 letter regarding our proposal to drill the captioned well and your counter proposal. We have the following comments:

- Meridian Oil Inc., your predecessor in title, acquired its interest in this proration unit effective April 1, 1996 in conveyances from Doyle Hartman, et al. At that time, the acreage was subject to an Operating Agreement dated April 1, 1996 between Doyle Hartman, as Operator, and Texaco Exploration and Production Inc., et al, as Non-Operators. The agreement provided for the drilling of the Dublin Rhodes Fed. Com. with a commencement date on or before August 1, 1996. This well was never drilled by Hartman or Meridian and the Operating Agreement is no longer in effect.
- We met with you and other representatives from Burlington on August 14, 1996 regarding the drilling of a well(s) in this proration unit. At that meeting and in a subsequent telephone call we agreed to give Burlington until September 13, 1996 to propose the drilling of one horizontal or two vertical wells in the proration unit. We never heard from you regarding a proposal.
- We then proceeded with our own plans and proposed the captioned well to you and the other working interest owners on October 9, 1996.
- If Burlington does not wish to join us in the drilling of this well, we are still interested in acquiring your interest as set out in our letter of October 9, 1996. If these options are not acceptable, we will discuss any other type of trade with you.

Texaco has been attempting to get a well drilled on this acreage since August of 1995. We have given you and your predecessors in title numerous opportunities to drill and operate a well on this

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11678 Exhibit No. **5**
Submitted By:
Burlington Oil & Gas Company
Hearing Date: December 19, 1996

Leslyn M. Swierc
Burlington Resources Oil & Gas Company
November 21, 1996
Page 2

acreage. We now intend to proceed as necessary with our plans to drill and operate the captioned well.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ronald W. Lanning".

Ronald W. Lanning

RWL:

cc: William F. Carr

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE