

**GENERAL RULES AND REGULATIONS FOR THE
PRORATED GAS POOLS OF NEW MEXICO**

Order No. R-8170, Rescinding Order No. R-1670, Recodifying and Amending the General and Special Rules for Prorated Gas Pools in Northwestern and Southeastern New Mexico, April 1, 1986.

Order No. R-8170 supersedes Order No. R-1670, May 20, 1960, adopting rules for prorated gas pools in Northwestern and Southeastern New Mexico, as amended by Order No. R-2086, October 13, 1961, Order No. R-2404-A, March 11, 1963, Order No. R-2761, January 1, 1965, Order No. R-3168, December 22, 1966, Order No. R-3233, May 8, 1967, Order No. R-4085, January 1, 1971, Order No. R-1670-K, May 11, 1972, Order No. R-4569, July 1, 1973, Order No. R-4583, August 1, 1973 and January 1, 1974, Order No. R-4583-A, January 1, 1974, Order No. R-1670-S, August 1, 1974, Order No. R-1670-X, January 1, 1984, Order No. R-8170-B, December 23, 1986, Order No. R-8170-C, May 7, 1987, Order No. R-8170-G, December 1, 1990, Order No. R-8170-H, April 1, 1991, Order No. R-8170-L, December 1, 1992, Order No. R-8170-M, April 1, 1993, Order No. R-8170-N, November 10, 1993, Order No. R-8170-G-1, March 11, 1994, Order No. R-8170-J-1, March 15, 1994, Order No. R-8170-L-1, March 15, 1994, and Order No. R-8170-O, Effective November 27, 1995, and Superseded by Order Nos. R-8170-O-1/R-2441-B, August 1, 1996.

See separate Order No. R-8170-A, December 4, 1986, temporarily adopting amendments to Rules 10(a), 11(a) and 11(b).

Order No. R-8170-C, May 7, 1987, rescinds temporary amendments to Rules 10(a) and 11(a) which were adopted in Order No. R-8170-A, and restores those rules as stated in Order No. R-8170.

Order No. R-8170-H, April 1, 1991, amends the General Rules and Regulations for the Prorated Gas Pools of New Mexico.

In the Matter of the Hearing Called by the Oil Conservation Commission on its Own Motion to Rescind Order No. R-1670, to Recodify and Amend the General Rules for Prorated Gas Pools, and Amend the Special Rules for Prorated Gas Pools.

CASE NO. 8749
Order No. R-8170

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 19, 1985, and January 7 and February 26, 1986, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of March, 1986, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises.

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The application in the instant case seeks to rescind Order No. R-1670, as amended, to recodify and amend the General Rules and Regulations for the Prorated Gas Pools contained therein and to amend the special gas proration rules for the Atoka-Pennsylvanian, Blinebry, Buffalo Valley-Pennsylvanian, Burton Flat-Morrow, Burton Flat-Strawn, South Carlsbad-Morrow, Catclaw Draw-Morrow, Crosby-Devonian, Eumont, Indian Basin-Morrow, Indian Basin-Upper Pennsylvanian, Jalmat, Justis-Glorieta, Monument McKee-Ellenburger, and Tubb Gas Pools of Lea, Eddy and Chaves Counties, and the special gas proration rules for the Basin-Dakota, Blanco-Mesaverde, South Blanco-Pictured Cliffs, and Tapacito-Pictured Cliffs Gas Pools of San Juan, Sandoval and Rio Arriba Counties.

(3) Order No. R-1670, entered May 20, 1960, consolidated special gas proration rules for thirteen prorated pools in Northwest and Southeast New Mexico, into a set of general rules for prorated gas pools in each geographic area and established special rules for individual pools.

(4) From time to time, said Order No. R-1670 has been amended, at least 28 times, adding or deleting pools from prorationing and amending general and special rules.

(5) The multiple changes made since 1960 are difficult to follow in reading said amended order.

(6) The original order and most of the amendments were written at a time when demand for gas from prorated gas pools was increasing.

(7) Since 1982, demand for gas from such pools has declined, often precipitously.

(8) To make said general and special rules more readable, more responsive to changing market conditions, and more uniform, the Director of the Oil Conservation Division (Division) established a State/Industry Gas Proration Rules Study Committee in early 1984.

(9) Said study committee and various ancillary committees met from time to time and formed recommendations which were received at public hearing on November 19, 1985, and January 7 and February 26, 1986.

(10) Based upon the report of the Committee and other evidence received at said hearings recodified and new general rules and special rules for prorated gas pools in New Mexico should be adopted as shown on Exhibit "A" and Exhibit "B", respectively, attached to this order.

(11) Division Form C-121-A, Purchasers Gas Nomination, should be revised as shown on Exhibit "C", attached to this order, in order to reflect changes in said general rules.

(12) Order No. R-1670, as amended, should be rescinded.

(13) The effective date of this order should coincide with the beginning of the next gas proration period, April 1, 1986.

(14) Adoption of said revised and new rules and rescission of Order No. R-1670, as amended, and revision of Form C-121-A will serve to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) General Rules for the Prorated Gas Pools of New Mexico are hereby adopted as shown on Exhibit "A" attached to and made a part of this order.

(2) The General Rules for the prorated gas pools of New Mexico contained in said Exhibit "A" shall be applicable to the following gas pools:

Northwest New Mexico

Basin-Dakota Gas Pool
Blanco-Mesaverde Gas Pool
South Blanco-Pictured Cliffs Gas Pool
Tapacito-Pictured Cliffs Gas Pool
Southeast New Mexico

Atoka-Pennsylvanian Gas Pool
Blinebry Oil and Gas Pool
Buffalo Valley-Pennsylvanian Gas Pool
Burton Flat-Morrow Gas Pool
Burton Flat-Strawn Gas Pool
South Carlsbad-Morrow Gas Pool
Catclaw Draw-Morrow Gas Pool
Crosby-Devonian Gas Pool
Eumont Gas Pool
Indian Basin-Morrow Gas Pool
Indian Basin-Upper Pennsylvanian Gas Pool
Jalmat Gas Pool
Justis Gas Pool
Monument McKee-Ellenburger Gas Pool
Tubb Oil & Gas Pool

(3) Special rules for individual prorated gas pools in New Mexico are hereby adopted as shown on Exhibit "B" attached to and made a part of this order.

(4) Order No. R-1670, as amended, is hereby rescinded.

(5) Division Form C-121-A is hereby revised as shown on Exhibit "C" attached to this order.

(6) The effective date of this order and of the general and special rules and the order rescission contained herein shall be April 1, 1986.

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

GENERAL RULES FOR THE PRORATED GAS POOLS OF NEW MEXICO

(See Special Pool Rules in each pool for rules applicable to those pools only. Special Pool Rules will be found in the same sequence as in the General Section, and unless the special rules conflict with the general rule, the general rule is applicable.)

APPLICATION OF THESE RULES: Any well drilled to the producing formation of a gas pool regulated by this order and within said pool or within one mile outside the boundary of that designated pool producing from the same formation, shall be spaced, drilled, operated, and prorated in accordance with these rules or the special rules in effect in that pool.

(General Rules for the Prorated Gas Pools of New Mexico, as Amended by Order No. R-8170-H, April 1, 1991:)

RULE 1. Definitions

Acreage Factor: A GPU's acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage assigned to the GPU by a number equal to the number of acres in a standard GPU for such pool. However, the acreage tolerance provided in Rule 2(a)2 shall apply.

Ad Factor: Acreage times deliverability factor is calculated in pools where acreage and deliverability are proration factors. The product obtained by multiplying the acreage factor by the calculated deliverability (expressed as MCF per day) for that GPU shall be known as that AD factor for that GPU. The Ad Factor shall be computed to the nearest whole unit.

Allocation Hearing: A hearing held by the Division twice each year to determine pool allocations for the ensuing allocation period.

Allocation Period: Six month period beginning at 7:00 a.m. April 1 and October 1 of each year shall be the allocation period.

Balancing Date: The date 7:00 a.m. April 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.

Broker: A third party who negotiates contracts for purchase and resale.

Classification Period: A three month period beginning at 7:00 a.m. April 1, July 1, October 1, and January 1 of each year shall be the classification period.

Gas Pool: Any pool which has been designated as a gas pool by the Division after notice and hearing.

Gas Production Unit (GPU): The acreage allocated to a well, or in the case of an infill well or wells to a group of wells, for purposes of spacing and proration shall be known as the gas proration unit (GPU). GPUs may be either of a standard or non-standard size as provided in these rules. (GPUs means plural GPU).

Gas Transporter: The term Gas Transporter as used in these rules shall mean any taker of gas. The party servicing the well meter, or the party responsible for measurement of gas sold from the well or beneficially used off-lease. This could be at the wellhead, at any other point on the lease, or at any other point authorized by the Division where connection is made for gas transportation or utilization (other than is necessary for maintaining the producing ability of the well). The Gas Transporter can be the gatherer, transporter, producer, or a delegate of one of those parties. The Gas Transporter shall be identified on Form C-104 and will be responsible for filing Form C-111 as required under the provisions of Rule 1111.

Gas Purchaser: The term Gas Purchaser as used in these rules shall mean the purchaser (where ownership of the gas is first exchanged by the producer to the purchaser for an agreed value) of the gas from a gas well or GPU.

Hardship Gas Well: A gas well wherein underground waste will occur if the well should be shut-in or curtailed below its minimum sustainable flow rate. No well shall be classified as a hardship gas well except after notice and hearing or upon appropriate administrative action of the Division.

Infill Well: An additional producing well on a GPU which serves as a companion well to an existing well on the GPU.

Marginal GPU: A proration unit which is incapable of producing or has not produced the non-marginal allowable based on pool allocation factors. Marginal GPUs do not accrue over- or under-production.

Non-Marginal GPU: A proration unit receiving an allowable based upon pool allocation factors. Non-marginal proration units accrue over- or under-production.

Overproduction: The volume of gas produced on a GPU in any month in excess of the assigned non-marginal allowable (does not include gas used in maintaining the producing ability of the well(s) of the GPU). Overproduction accumulates month to month during the proration period.

Prorated Gas Pool: A prorated gas pool is a gas pool in which, after notice and hearing, the production is allocated by the Division in accordance with these General Rules and any applicable special pool rules.

Proration Period: The twelve-month period beginning April 1 of each year shall be the gas proration period.

Shadow Allowable: The gas volume calculated for a marginal GPU that is equal to the allowable assigned to a non-marginal GPU in the same pool of the same A (acreage) or A and AD (acreage deliverability) factors as the marginal GPU.

Underproduction: The volume of assigned non-marginal allowable not produced on a GPU. Underproduction accumulates month to month during the proration period.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2. Standard Gas Proration Unit Size and Well Spacing

(a) Unless otherwise provided for in applicable special pool rules gas wells in prorated gas pools shall be drilled in accordance with the well spacing and acreage requirements contained in the Rules and Regulations of the Oil Conservation Division, provided that wells drilled in pools with 640 acre spacing, a government section shall comprise the proration unit.

(b) Any GPU drilled in accordance with paragraph (a) and which contains acreage within the tolerances below shall be considered a standard GPU for the purpose of calculating allowables:

STANDARD PRORATION UNIT	ACREAGE TOLERANCE
160 acres	158-162 acres
320 acres	316-324 acres
640 acres	632-648 acres

(c) The District Supervisor of the appropriate district office of the Division has the authority to approve a non-standard GPU without notice and hearing when the unorthodox size and shape of the GPU is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys and the non-standard GPU is not less than 75% nor more than 15% of a standard GPU by accepting a form C-102 land plat showing the proposed non-standard GPU with the number of acres contained therein, and shall assign an allowable to the non-standard GPU based upon the acreage factor for that acreage.

(d) Non-standard proration units and unorthodox locations may be approved by the Division in accordance with applicable special pool rules or Rules and Regulations of the Division.

RULE 3(a). Gas Purchasers or Gas Transporters Shall Nominate: Each gas purchaser or each gas transporter as herein provided shall file with the Division its nomination for the amount of gas which it in good faith desires to purchase and/or expects to transport during the ensuing allocation period from each gas pool regulated by this order. The purchaser may delegate the nomination responsibility to the transporter, operator, or broker by notifying the Division's Santa Fe office. One copy of such nomination for each pool shall be submitted to the Division's Santa Fe office on Form C-121-A by the first day of the month during which the Division will consider at its allocation hearing, the nominations for the succeeding allocation period. The Division shall consider at its allocation hearing the nominations received, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste during the ensuing allocation period.

The Division Director may, at his discretion, suspend this rule at such time as it appears that the nominations are of little or no value.

RULE 3(b)1. Schedule: The Division shall issue a gas proration schedule for each allocation period showing the monthly allowable for each GPU that may be produced during each month of the ensuing allocation period, the current classification of each GPU, and such other information as is necessary to show the allowable-production status of each GPU on the schedule. The Division may issue supplemental proration schedules during an allocation period as necessary to show changes in GPU classi-

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fication, adjustments to allowables due to changes in market conditions or to reflect any other changes as the Division deems necessary.

RULE 3(b)a. Proration of All Gas Wells Within a Pool: The Division shall include in the proration schedule the gas wells in the gas pools regulated by this order delivering to a gas transporter, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 4. Filing of Form C-102 and Form C-104 Required: No GPU shall be assigned an allowable prior to receipt of Form C-102 (well location and acreage dedication plat) and the approval date of Form C-104 (Request for Allowable and Authorization to Transport Oil and Natural Gas).

RULE 5. How Allowables Are Calculated: The total allowable to be allocated to each gas pool regulated by this order for each allocation period shall be equal to the estimated market demand as determined by the Division, plus any adjustments the Director deems necessary to equate the total pool allowable to the estimated market demand, the Director may make such adjustments as he deems necessary to compensate for overproduction, underproduction, and other circumstances which may necessitate such adjustment so as to equate pool allowable to the anticipated market demand. The estimated market demand for each pool shall be established from any information the Director requires and can consist of nominations from purchasers, transporters or other parties having knowledge of market demand for gas from such pools, actual past production figures, seasonal trends, or any other factors deemed necessary to establish estimated market demand. The Director shall not be bound to use all the information requested and can establish market demand by any method so approved. A monthly allowable shall be assigned to each GPU entitled to an allowable for the ensuing allocation period by allocating the pool allowable among all such GPUs in that pool in accordance with the procedure set forth in the following paragraphs of this order. Should market conditions indicate a change is necessary, the Director may adjust allowables up or down during the 6-month allocation period using a maximum of 10% as a guideline.

RULE 5(a)1. Marginal GPU Allowable: The monthly allowable to be assigned to each marginal GPU shall be equal to its average monthly production from its latest classification period.

RULE 5(a)2. Non-Marginal GPU Allowable: Non-marginal GPU allowables shall be determined in conformance with the applicable special pool rules.

(1) In pools where acreage is the only proration factor, the total non-marginal allowable shall be allocated to each GPU in the proportion that each GPU acreage factor bears to the total acreage factor for all non-marginal GPUs.

(2) In pools where acreage and deliverability are proration factors:

(a) A percentage as set forth in special pool rules, of the non-marginal allowable shall be allocated to each GPU in the proportion that each GPU's AD factor bears to the total AD factor for all non-marginal GPUs in the pool; and

(b) The remaining non-marginal allowable shall be allocated to non-marginal GPUs among each GPU in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 5(b)1. New Connects Assignment of Allowables: Allowables to newly completed gas wells shall commence factors:

(A) In pools where acreage is the only proration factor, on the date of first delivery of gas to a gas transporter as demonstrated by an affidavit furnished by the transporter to the appropriate Division district office or the approval date of Form C-102 and Form C-104 whichever is later; or,

(B) In pools where acreage and deliverability are proration factors:

(1) An acreage factor allowable will be assigned the later of:

(a) The date of first delivery of gas to a gas transporter as demonstrated by an affidavit furnished by the transporter to the appropriate Division district office.

(b) The approval date of Form C-103 and Form C-104.

(2) A deliverability factor allowable will be assigned the later of:

(a) The date of first delivery.

(b) 90 days prior to the date of receipt of the deliverability test report at the appropriate Division district office.

(c) Allowables assigned to new connects completed within an allocation period shall be equal to the allowable assigned to a non-marginal GPU of similar acreage or acreage and deliverability factors as adjusted to the effective date of the allowable as herein provided.

RULE 5(b)2. New Connect Maximum Producing Period: No well located in a pool where deliverability is an allowable factor shall be permitted to produce more than 120 days after the date of first delivery without a deliverability test. Any well shut in for failure to file a deliverability test may be assigned producing authorization by the Division district office for purposes of conducting such test. Except as provided in Rule 9, all production following connection including the volume of test production shall be charged against the GPU's regular allowable when assigned. Any resulting allowable assigned shall be effective on the day that the delinquent deliverability test is received in the appropriate Division district office.

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RULE 6. Gas Charged Against GPU's Allowable: Except as provided in the Special Pool Rules, the volume of produced gas sold or beneficially used other than lease fuel from each GPU shall be charged against the GPU's allowable; however, the gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 7. Change in Acreage: If the acreage assigned to a GPU is changed, the operator shall notify the appropriate Division district office in writing of such change by filing a revised Plat (Form C-102). The revised allowable, as determined by the Division, assigned to the GPU shall be effective on the first day of the month following receipt of the notification.

RULE 8. Minimum Allowables: After notice and hearing, the Division may assign minimum allowables for prorated gas pools to avoid waste, encourage efficient operations, and to prevent the premature abandonment of wells. (See Special Pool Rules for minimum allowable amount.) In determining the volume of minimum allowable for a well with a standard proration unit, the Division shall take into account economic and engineering factors such as drilling and operating costs, anticipated revenues, taxes, and any other such data that will establish that the ultimate recovery of hydrocarbons will be increased from the pool as a result of the adoption of a minimum allowable for the pool. Once adopted, the minimum allowable for wells with non-standard proration units shall be proportionally adjusted.

RULE 9(a). Deliverability Tests: In pools where both acreage and deliverability are proration factors, deliverability tests taken in accordance with Division Rules shall be used in calculating allowables for the succeeding proration period. Deliverability shall be determined in accordance with the provisions of the appropriate test manual (See Gas Well Testing Manual For Northwest New Mexico).

RULE 9(b). Deliverability Retest: A change in a well's deliverability following a retest after any activity, other than routine maintenance, shall become effective the later of:

- (1) The date of redelivery after such activity, such date to be indicated on the sundry notice (if a sundry notice is required) and on the remarks portion of the Form C-122-A; or,
- (2) 90 days prior to the date of receipt of the appropriate deliverability test report at the appropriate Division district office, or
- (3) A change in a well's deliverability due to any other reason shall become effective on the first day of the month following the month during which the retest is approved in the appropriate Division district office.

RULE 9(c). Exceptions to Deliverability Tests: The Director of the Oil Conservation Division shall have authority to allow exceptions to the deliverability test requirement for wells on marginal GPUs where the deliverability of a well is of such volume as to have no significance in the determination of the GPU's allowable. Application for such exception may be submitted by the operator of the well and if granted may be revoked by the Director at any time by requesting the well to be scheduled and tested in accordance with the current "Gas Well Testing Rules and Procedures".

RULE 9(d). (As Amended by Order No. R-8170-N, November 10, 1993.) Wells Exempt from Testing - San Juan Basin: A well automatically becomes exempt from testing if the GPU's average monthly production does not exceed or the GPU is not capable of producing an average volume equal to the larger of 1) the pool's current (April-September) Monthly Acreage Allocate Factor, F1, times the GPU Acreage Factor, A, or 2) 250 MCF per month for Pictured Cliffs formation wells and 2000 MCF per month for deeper formations. (See "Gas Well Testing Rules and Procedures.")

D. BALANCING OF PRODUCTION

RULE 10(a). Underproduction: Any non-marginal GPU which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward in the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any underproduction carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 10(b). Balancing Underproduction: Production during any one month of a gas proration period in excess of the allowable assigned to a GPU for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 11(a). Overproduction: Any GPU which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period. Said overproduction shall be made up by underproduction during the succeeding gas proration period. Any GPU which has not made up the overproduction carried into a gas proration period by the end of said period shall be shut in until such overproduction is made up.

RULE 11(b)(1). Twelve-Times Overproduced, Northwest: For the prorated gas pools of Northwest New Mexico, if it is determined that GPU is overproduced in an amount exceeding twelve times its current year January allowable (or, in the case of a newly connected well, a marginal well, or a well recently reclassified as non-marginal, twelve times the January allowable assigned to a non-marginal GPU of similar acreage and deliverability factors), it shall be shut in until its overproduction is less than twelve times its January allowable, as determined hereinabove.

RULE 11(b)(2). Six-Times Overproduced, Southeast: For the prorated gas pools of southeast New Mexico, if it is determined that a GPU is overproduced in an amount exceeding six times its current year January allowable (or, in the case of a newly connected well, a marginal well, or a well recently reclassified as non-marginal, six times the January allowable assigned to a non-marginal GPU of a similar acreage factor), it shall be shut in until its overproduction is less than six times its January allowable, as determined hereinabove.

RULE 11(c). Exception to Shut In for Overproduction: The Director of the Oil Conservation Division shall have authority to permit a GPU which is subject to shut-in, pursuant to Rules 11(a) or 11(b) above to produce up to 250 MCF of gas per month upon proper showing to the Director that complete shut-in would cause undue hardship, provided however, such permission may be rescinded for any GPU produced in excess of the monthly rate authorized by the Director.

RULE 11(d). Balancing Overproduction: Allowable assigned to a GPU during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction chargeable to such GPU in determining the amount of overproduction which must be made up pursuant to the provision of Rules 11(a) or 11(b) above.

RULE 11(e). Exception to Balancing Overproduction: The Director may allow overproduction to be made up at a lesser Rate than permitted under Rules 11(a), 11(b), or 11(d) above upon a showing at public hearing that the same is necessary to avoid material damage to the well.

RULE 11(f). Hardship Gas Wells: If a GPU containing a hardship gas well is overproduced, the operator must take the necessary steps to reduce production in order to reduce the overproduction.

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Any overproduction existing at the time of designation of a well as a hardship gas well or accruing to the GPU thereafter shall be carried forward until such time as it is made up by underproduction.

No GPU containing a hardship gas well, which GPU is overproduced, shall be permitted to produce at a rate higher than the minimum producing rate authorized by the Division.

RULE 11(g). Moratorium on Shut-Ins: The Director shall have authority to grant a pool-wide moratorium of up to three months as to the shutting in of gas wells in a pool during periods of high demand emergency upon proper showing that such emergency exists, and that a significant number of the wells in the pool are subject to shut-in pursuant to the provisions of Rules 11(a), 11(b) or 11(f) above. No moratorium beyond the aforementioned three months shall be granted except after notice and hearing.

RULE 11(h). (As Added by Order No. R-8170-C, May 7, 1987, and Amended by Order No. R-8170-H, April 1, 1991.) The Director may reinstate allowable to wells which suffered cancellation of allowable under Rules 10(a) or 13(b), or loss of allowable due to reclassification of a well under Rule 13(a). If such cancellation or loss of allowable was caused by non-access or limited access to the average market demand in the pool rather than inability of the well to produce. Upon petition, together with a showing of circumstances which prevented production of the non-marginal allowable, and evidence that the well was capable of producing at allowable rates during the period for which reinstatement is requested. The allowable may be reinstated in such amounts needed to avoid curtailment or shut-in of the well for excessive overproduction. Such petition shall be approved administratively or docketed for hearing within 30 days after receipt in the Division's Santa Fe office.

E. CLASSIFICATION OF GPUS

RULE 12(a). Classification Period: The proration period shall be divided into four classification periods of three months each, commencing April 1, July 1, October 1, and January 1.

RULE 12(b). Reclassification by the Director: The Director of the Oil Conservation Division may reclassify a marginal or non-marginal GPU at any time the GPU's producing ability justifies such reclassification.

The Director may suspend the reclassification of GPUs on his own initiative or upon proper showing by an interested party, should it appear that such suspension is necessary to permit underproduced GPUs which would otherwise be reclassified, a proper opportunity to make up such underproduction.

RULE 13(a). Reclassification to Marginal: A non-marginal well may be reclassified as marginal in either of the following ways:

(1) After the production data is available for the last month of each classification period, any GPU which had an underproduced status at the beginning of the allocation period shall be reclassified to marginal if its highest single month's production during the classification period is less than its average monthly allowable during such period; however, the operator of any GPU so classified, or other interested party, shall have 30 days after receipt of notification of marginal classification in which to submit satisfactory evidence to the Division that the GPU is not of marginal character and should not be so classified; or

(2) A GPU which is underproduced more than the overproduction limit as described in 11(b)(1) or 11(b)(2), whichever is applicable, shall be reclassified as marginal.

RULE 13(b). Cancellation of Underproduction for Marginal GPU: A GPU which is classified as marginal shall not be permitted to accumulate underproduction, and any underproduction accrued to a GPU prior to its classification as marginal shall be cancelled.

RULE 14(a). Reclassification to Non-Marginal: If, at the end of any classification period, a marginal GPU has produced more gas during the proration period to that time than its shadow allowable for that same period, the GPU shall be reclassified as a non-marginal GPU.

RULE 14(b). Reinstatement of Status: A GPU reclassified to non-marginal under the provisions of Rule 14(a) shall have reinstated to it all underproduction which accrued or would have accrued as a non-marginal GPU from the current production period, underproduction from the prior proration period may be reinstated after notice and hearing. All uncompensated for overproduction accruing to the GPU while marginal shall be chargeable upon reclassification to non-marginal.

F. REPORTING OF PRODUCTION

RULE 15. Filing C-111 and C-115 Reports: Transporters and operators shall file gas transportation and production reports pursuant to Rules 1111 and 1115 of the Rules and Regulations of the Division provided that upon approval by the Director of the Oil Conservation Division as to the specific program to be used, any producer or transporter of gas may be permitted to report metered production of gas on a chart-period basis; provided the following provisions shall be applicable to each gas well:

(1) Reports for a month shall include not less than 24 nor more than 32 reported days.

(2) Reported days may include as many as the last 7 days of the previous month but no days of the succeeding month.

(3) The total of the monthly reports for a year shall include not less than 360 nor more than 368 reported days.

(4) For purposes of these rules, the term "month" shall mean "calendar month" for those reporting on a calendar month basis, and shall mean "Reporting Month" for those reporting on a chart-period basis in accordance with the exception provided in this rule.

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SPECIAL RULES FOR INDIVIDUAL PRORATED GAS POOLS

SPECIAL RULES AND REGULATIONS FOR THE BASIN-DAKOTA GAS POOL

THE VERTICAL LIMITS for the Basin-Dakota Gas Pool shall be from the base of the Greenhorn Limestone to a point 400 feet below the base of the said formation and consisting of the Graneros formation, the Dakota formation and the productive upper portion of the Morrison formation.

The Basin-Dakota Gas Pool was created February 1, 1961 and gas proration became effective February 1, 1961.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a). **Standard GPU (Gas Proration Unit)** in the Basin-Dakota Gas Pool shall be 320 acres.

RULE 2(b). **Well Location:**

1. THE INITIAL WELL drilled on a GPU shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

2. THE INFILL WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Dakota well, and shall be located with respect to the GPU boundaries as described in the preceding paragraph.

No Dakota infill well shall be drilled nearer than 920 feet to an existing Dakota well on the same GPU.

The plat (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or the Federal form) for the subsequent well on a GPU shall have outlined thereon the boundaries of the GPU and shall show the location of all existing Dakota wells on the GPU as well as the proposed new well.

In the event an infill well is drilled on any GPU, both wells shall be produced for so long as it is economically feasible to do so.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2. **Non-Marginal GPU Allowable:** The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

(A) Forty percent (40%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPUs in the pool.

When calculating the allowable for a GPU containing an infill well, the deliverability of both wells shall be added in calculating the AD Factor and the allowable may be produced from both wells.

(B) Sixty percent (60%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8. **Minimum Allowables:** A minimum allowable of 250 MCF per month per GPU will be assigned to prevent the premature abandonment of wells.

RULE 9(a). **Deliverability Tests:** The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Manual for San Juan Basin."

Within 90 days after a well first delivers gas to a gas transportation facility, the well shall have been tested as required in the preceding paragraph, and the results of the test filed on the appropriate form in triplicate with the Division's

Aztec office and one copy filed with the gas transportation facility to which the well is connected. Failure to file said test within the above-specified 90-day period will subject the well to the loss of one day's allowable for each day the test is late.

1. If the newly first-delivered well is an infill well on a GPU, the old well on the GPU is not required to be tested concurrently with the new well provided it has a valid test on file for the current proration period. Testing of the old well shall continue to follow the regularly assigned test schedule for the pool in which the well is located. The new well is required to be tested annually until at least three annual tests are on file; and then, the well is to be tested biennially with other wells in the pool.

2. If the old well on the GPU is "Exempt", the old well is to be tested along with the new well for the Initial and Annual Deliverability and Shut-In Pressure Test. The old well will lose its "Exempt" classification and must be tested biennially along with other wells in the pool.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SPECIAL RULES AND REGULATIONS FOR THE BLANCO-MESAVERDE GAS POOL

THE VERTICAL LIMITS for the Blanco-Mesaverde Gas Pool shall be as follows:

North and east of a line generally running from the northwest corner of Township 31 North, Range 13 West, San Juan County, New Mexico, to the southwest corner of Township 24 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, (as fully described on Exhibit "A" of Order R-5459, August 1, 1977, as amended, and in Rule 25 of this order), the vertical limits shall be from the Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.

South and west of the line described in (a) above, the vertical limits shall be from a point 750 feet below said Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.

The Blanco-Mesaverde Gas Pool was created February 25, 1949 and gas proration became effective March 1, 1955.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a). **Standard GPU (Gas Proration Unit)** in the Blanco-Mesaverde Gas Pool shall be 320 acres.

RULE 2(b). **Well Location:**

1. THE INITIAL WELL drilled on a GPU shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

2. THE INFILL WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Mesaverde well, and shall be located with respect to the GPU boundaries as described in the preceding paragraph.

The plat (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or the Federal form) for the subsequent well on a GPU shall have outlined thereon the boundaries of the GPU and shall show the location of all existing Mesaverde wells on the GPU as well as the proposed new well.

In the event an infill well is drilled on any GPU, both wells shall be produced for so long as it is economically feasible to do so.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2. **Non-Marginal GPU Allowable:** The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

(A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPUs in the pool.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)

When calculating the allowable for a GPU containing an infill well, the deliverability of both wells shall be added in calculating the AD Factor and the allowable may be produced from both wells.

(B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8. Minimum Allowables: A minimum allowable of 250 MCF per month per GPU will be assigned to prevent the premature abandonment of wells.

RULE 9(a). Deliverability Tests: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Manual for San Juan Basin."

Within 90 days after a well first delivers gas to a gas transportation facility, the well shall have been tested as required in the preceding paragraph, and the result of the test filed on the appropriate form in triplicate with the Division's Aztec office and one copy filed with the gas transportation facility to which the well is connected. Failure to file said test within the above-specified 90-day period will subject the well to the loss of one day's allowable for each day the test is late.

1. If the newly first-delivered well is an infill well on a GPU, the old well on the GPU is not required to be tested concurrently with the new well provided it has a valid test on file for the current proration period. Testing of the old well shall continue to follow the regularly assigned test schedule for the pool in which the well is located. The new well is required to be tested annually until at least three annual tests are on file; and then, the well is to be tested biennially with other wells in the pool.

2. If the old well on the GPU is "Exempt", the old well is to be tested along with the new well for the Initial and Annual Deliverability and Shut-In Pressure Test. The old well will lose its "Exempt" classification and must be tested biennially along with other wells in the pool.

H. MISCELLANEOUS SPECIAL POOL RULES

RULE 25. Vertical Limit Boundary: Exhibit "A" of Order R-5459 which defines a dividing line across the Blanco-Mesaverde Pool reads as follows:

EXHIBIT "A"

This Exhibit defines the Northwest-Southeast trending line established by Order R-5459, as amended, that divides the Blanco-Mesaverde Pool for defining the vertical limits of the pool. Said line traverses the South side or West side of the sections listed below:

TOWNSHIP 24 NORTH, RANGE 1 EAST, NMPM
Section 31: West
TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM
Section 3: West
Section 10: West and South
Section 14: West and South
Section 24: West
Section 25: West and South
TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM
Section 7: West
Section 18: West and South
Section 20: West and South
Section 28: West
Section 33: West and South
TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
Section 1: West and South
TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Sections 7 and 8: South
Section 16: West and South
Section 22: West and South
Section 26: West
Section 35: West and South

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
Sections 2 and 3: South
Section 4: West and South
Section 12: West and South
TOWNSHIP 27 NORTH, RANGE 3 WEST, NMPM
Sections 31 and 32: South
TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM
Sections 31 through 36: South
TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
Section 31: West and South
Sections 32 through 36: South
TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
Section 6: West
Section 7: West and South
Sections 8 and 9: South
Section 14: South
Section 15: West and South
Section 24: West
Section 25: West and South
TOWNSHIP 28 NORTH, RANGE 6 WEST, NMPM
Sections 7, 18, 19, 30, and 31: West
TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM
Section 31: West and South
Sections 32 through 36: South
TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM
Section 17: South
Section 18: West and South
Section 21: West and South
Section 22: South
Section 25: South
Section 26: West and South
TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM
Section 3: South
Section 4: West and South
Section 11: West and South
Section 12: South
TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM
Section 31: West and South
Section 32: South
TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM
Section 18: South
Section 20: West and South
Sections 21 and 22: South
Section 25: South
Section 26: West and South
TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Section 6: West and South
Section 8: West and South
Sections 9, 10, 11: South
Section 13: West and South
TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM
Section 19: South
Sections 27 and 28: South
Section 29: West and South
Section 35: West and South
Section 36: South
TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM
Sections 7 and 8: South
Sections 14 and 15: South
Section 16: West and South
Section 24: West and South
TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 12: South

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SPECIAL RULES AND REGULATIONS FOR THE SOUTH BLANCO-PICTURED CLIFFS GAS POOL

THE VERTICAL LIMITS of the South Blanco-Pictured Cliffs Gas Pool shall be the Pictured Cliffs formation.

The South Blanco-Pictured Cliffs Gas Pool, Rio Arriba, San Juan, and Sandoval Counties, New Mexico, was created May 20, 1952 and gas proration became effective March 1, 1955.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)**B. WELL ACREAGE AND LOCATION REQUIREMENTS**

RULE 2(A). Standard GPU (Gas Proration Unit) in the South Blanco-Pictured Cliffs Gas Pool shall be 160 acres.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2. Non-Marginal GPU Allowable: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

(A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPUs in the pool.

(B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8. Minimum Allowables. (As Amended by Order No. R-8170-L, Effective December 1, 1992, and Order No. R-8170-L-1, March 15, 1994.) Notwithstanding the provisions of Rule Nos. 3 and 5 of the General Rules and Regulations for the Prorated Gas Pools of New Mexico, the Division shall assign a minimum gas allowable of 100 MCF of gas per day acreage factor of 1.0.

RULE 9(a). Deliverability Tests: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Manual for San Juan Basin."

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SPECIAL RULES AND REGULATIONS FOR THE TAPACITO-PICTURED CLIFFS GAS POOL

THE VERTICAL LIMITS of the Tapacito-Pictured Cliffs Gas Pool shall be the Pictured Cliffs formation.

The Tapacito-Pictured Cliffs Gas Pool, Rio Arriba County, New Mexico, was created April 18, 1956 and gas proration in this pool became effective August 1, 1958.

B. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(A). Standard GPU (Gas Proration Unit) in the Tapacito-Pictured Cliffs Gas Pool shall be 160 acres.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2. Non-Marginal GPU Allowable: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

(A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's "AD Factor" bears to the total "AD Factor" for all non-marginal GPUs in the pool.

(B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8. Minimum Allowables: A minimum allowable of 250 MCF per month per GPU will be assigned in order to prevent premature abandonment of wells.

RULE 9(a). Deliverability Tests: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Manual for San Juan Basin."

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SPECIAL RULES AND REGULATIONS FOR THE ATOKA-PENNSYLVANIAN GAS POOL

The Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, was created May 5, 1958, and gas proration in this pool became effective July 1, 1961.

A. DEFINITIONS

THE VERTICAL LIMITS of the Atoka-Pennsylvanian Gas Pool shall be the Pennsylvanian formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Atoka-Pennsylvanian Gas Pool shall be 320 acres.

RULE 2(b). Each well completed or recompleted in the Atoka-Pennsylvanian Gas Pool shall be located in the northwest quarter or the southeast quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line; provided, however, that any well which was projected to or completed in said pool prior to June 5, 1959, is excepted from the requirements of this rule.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Atoka-Pennsylvanian Gas Pool.

SPECIAL RULES AND REGULATION FOR THE BLINEBRY OIL AND GAS POOL

The Blinebry Oil and Gas Pool, Lea County, New Mexico was created February 17, 1953, and gas proration in this pool became effective January 1, 1954.

A. DEFINITIONS

THE VERTICAL LIMITS of the Blinebry Oil and Gas Pool shall extend from a point 75 feet above the "Blinebry Marker" to a point 100 feet above the "Tubb Marker." The Blinebry Marker shall be that point encountered at a depth of 5457 feet (elevation 3380, sub-sea datum -2077) and the Tubb Marker shall be that point encountered at a depth of 5921 feet (elevation 3380, sub-sea datum -2541) in the Exxon Corporation State "S" Well No. 20, SW/4 NW/4 of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

A GAS WELL in the Blinebry Oil and Gas Pool shall be a well producing from within the vertical limits of the pool which produces with a gas-liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons. Provided, however, that any well which on January 1, 1974, was classified as a gas well in the Blinebry Gas Pool shall continue to be classified as a gas well. For those wells classified as gas wells, but with gas-liquid ratios of less than 50,000 cubic feet of gas per barrel of oil, the operator may, upon application to the District Supervisor, receive a reclassification of said well to that of an oil well.

AN OIL WELL in the Blinebry Oil and Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Blinebry Oil and Gas Pool shall be 4,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). 1. A standard gas proration unit in the Blinebry Oil and Gas Pool shall be 160 acres.

2. A standard oil proration unit in the Blinebry Oil and Gas Pool shall be 40 acres.

3. Acreage dedicated to a gas well in the Blinebry Oil and Gas Pool shall not be simultaneously dedicated to an oil well in the pool, and the dual completion of a well so as to produce separate gas and oil allowables from the Blinebry Oil and Gas Pool is prohibited.

RULE 2(b). 1. Each gas well to which is dedicated more than 40 acres shall be located no nearer than 660 feet to the outer boundary of its proration unit or of the quarter section and not nearer than 330 feet to any governmental quarter-quarter section or subdivision line.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)

2. Each oil well, or gas well to which no more than 40 acres is dedicated, shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

RULE 4(b) 1. The Director may grant an exception to Rule 2(a) 1 above and Rule 4(b) (1) of the General Rules if a completion, recompletion, or reclassification of a Blinebry well results in dedication of acreage to an oil well on a previously approved gas proration unit, and thereby severs acreage contained in said unit from the gas well which produces for the unit.

2. The Director may grant an exception to Rule 2(a) 1 above and Rule 4(b) (2) of the General Rules when the non-standard proration unit consists of not more than 164 acres and lies wholly within a single governmental section.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Blinebry Oil and Gas Pool.

G. REPORTING OF PRODUCTION

RULE 17(b). In submitting Form C-115 on wells producing from the Blinebry Oil and Gas Pool in which condensate is commingled and/or low-pressure gas is commingled with other low-pressure gas produced on the lease, the operator shall estimate the volume produced by each well in each pool by using the ratios as reflected in the most recent test submitted.

I. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. Oil wells in the Blinebry Oil and Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

RULE 27. Gas-liquid ratio tests shall be conducted annually during the months of July, August, and September on all wells located in and producing from the Blinebry Oil and Gas pool. Results of such tests shall be reported to the Division on Form C-116 on or before the 10th day of October of each calendar year.

RULE 28(a). The District Supervisor, on or before November 15 of each year shall review the production data, gas-oil ratio tests, and other pertinent data and reclassify a well if evidence reflects the need for such reclassification. In such event the District Supervisor will notify the operator of the reclassification at least 30 days before the effective date thereof. Any operator so notified may request that the District Supervisor reconsider the reclassification if he has evidence to support such request and the request has been filed within 10 days after receipt of the notification of reclassification. The District Supervisor shall approve or disapprove the request within 10 days after receipt thereof or in the alternative, with the consent of the applicant, set the request for hearing.

(b) In the event an oil well in the Blinebry Oil and Gas Pool is reclassified as a gas well, the operator of such well will be afforded the opportunity to form a non-standard gas proration unit for the well; provided however, that, until such unit is formed, said well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well. In the event of two or more gas wells producing from the Blinebry Oil and Gas Pool within a single proration unit, the allowable assigned to the unit may be produced from any well on the unit in any proportion.

RULE 29(a). Condensate from any gas well in the Blinebry Oil and Gas Pool may be commingled with other condensate produced by any other gas well or wells producing from the pool or the Tubb Oil and Gas Pool following its separation from the gas in a separator, provided approval therefor has been obtained in accordance with Division Rule 303-B and/or Rule 309-B, whichever is applicable.

(b) If two-stage separation is used, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from the other low-pressure gas produced on the lease, provided that certain test facilities are available and periodic tests made in accordance with Rule 27 above.

SPECIAL RULES AND REGULATIONS FOR THE BUFFALO VALLEY-PENNSYLVANIAN GAS POOL

The Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, was created November 1, 1962 and gas proration in this pool became effective May 1, 1969.

A. DEFINITIONS

THE VERTICAL LIMITS of the Buffalo Valley-Pennsylvanian Gas Pool shall be the Pennsylvanian formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Buffalo Valley-Pennsylvanian Gas Pool shall be 320 acres.

RULE 2(b). Each well completed or recompleted in the Buffalo Valley-Pennsylvanian Gas Pool shall be located in the northwest quarter or the southeast quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line; provided, however, that any well drilling to or completed in said pool on or before October 31, 1962, is hereby excepted from the requirements of this rule.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Buffalo Valley-Pennsylvanian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE BURTON FLAT-MORROW GAS POOL

The Burton Flat-Morrow Gas Pool, Eddy County, New Mexico was created March 1, 1973 and gas proration in this pool became effective April 1, 1974.

A. DEFINITIONS

THE VERTICAL LIMITS of the Burton Flat-Morrow Gas Pool shall be the Morrow formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Burton Flat-Morrow Gas Pool shall be 320 acres.

RULE 2(b). Each well completed or recompleted in the Burton Flat-Morrow Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Burton Flat-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE BURTON FLAT-STRAWN GAS POOL

The Burton Flat-Strawn Gas Pool, Eddy County, New Mexico was created September 1, 1973 and gas proration in this pool became effective April 1, 1974.

A. DEFINITIONS

THE VERTICAL LIMITS of the Burton Flat-Strawn Gas Pool shall be the Strawn formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(A). A standard GPU in the Burton Flat-Strawn Gas Pool shall be 320 acres.

RULE 2(B). Each well completed or recompleted in the Burton Flat-Strawn Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)**D. ALLOCATION AND GRANTING OF ALLOWABLES**

RULE 5. Acreage is the only proration factor in the Burton Flat-Strawn Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE SOUTH CARLSBAD-MORROW GAS POOL

The South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico was created May 1, 1969 and gas proration in this pool became effective September 1, 1972.

A. DEFINITIONS

THE VERTICAL LIMITS of the South Carlsbad-Morrow Gas Pool shall be the Morrow formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the South Carlsbad-Morrow Gas Pool shall be 320 acres.

RULE 2(b). Each well completed or recompleted in the South Carlsbad-Morrow Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the South Carlsbad-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE CATCLAW DRAW-MORROW GAS POOL

The Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico was created June 21, 1971 and gas proration in this pool became effective April 1, 1974.

A. DEFINITIONS

THE VERTICAL LIMITS of the Catclaw Draw-Morrow Gas Pool shall be the Morrow formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Catclaw Draw-Morrow Gas pool shall be 640 acres.

RULE 2(b). Each well completed or recompleted in the Catclaw Draw-Morrow Gas Pool shall be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Catclaw Draw-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE CROSBY-DEVONIAN GAS POOL

The Crosby-Devonian Gas Pool, Lea County, New Mexico was created May 27, 1955 and gas proration became effective April 1, 1957.

A. DEFINITIONS

THE VERTICAL LIMITS of the Crosby-Devonian Gas Pool shall include all the formations that can reasonably be considered to be of Devonian age.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Crosby-Devonian Gas Pool shall be 160 acres.

RULE 2(b). Each well completed or recompleted in the Crosby-Devonian Gas Pool shall be located no closer than 660 feet to any outer boundary of the proration unit nor closer than

330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Crosby-Devonian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE EUMONT GAS POOL

The Eumont Gas Pool, Lea County, New Mexico, was created February 17, 1953, and gas proration in this pool became effective January 1, 1954. The Eumont Gas Pool now includes portions of the acreage once included in the Jalco and Langmat Pools (now Jalmat) and all of the acreage formerly in the Arrow and Hardy Pools.

A. DEFINITIONS

THE VERTICAL LIMITS of the Eumont Gas Pool shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers, and Queen formations.

A GAS WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Eumont Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a) 1. A standard gas proration unit in the Eumont Gas Pool shall be 640 acres.

2. A standard oil proration unit in the Eumont Gas Pool shall be 40 acres.

RULE 2(b) 1. A gas well in the Eumont Gas Pool to which 640 acres is dedicated shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section or subdivision boundary line.

2. An oil well in the Eumont Gas Pool shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(Any well drilled to and producing from the Eumont Gas Pool prior to August 12, 1954, at a location conforming with the spacing requirements effective at the time said well was drilled, shall be granted a tolerance not exceeding 330 feet with respect to the required distance from the boundary lines.)

RULE 2(b) 4. In establishing a non-standard gas proration unit in the Eumont Gas Pool, the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows:

Location	Maximum Acreage
660-660	160 acres
660-990	320 acres
990-990	600 acres

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Eumont Gas Pool.

(a) A 640 acre proration unit in the Eumont Gas Pool shall be assigned an Acreage Factor of 4.00; a 160 acre proration unit an Acreage Factor of 1.00, etc.

RULE 8. (As Amended by Order No. R-8170-G, December 1, 1990, and Order No. R-8170-G-1, March 11, 1994.) Notwithstanding the provisions of Rule Nos. 3 and 5 of the General Rules and Regulations for Prorated Gas Pools of New Mexico, the Division shall assign a minimum gas allowable of 600 MCF of gas per day per Acreage Factor of 1.0.

I. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. Oil wells in the Eumont Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

SPECIAL RULES AND REGULATIONS FOR THE INDIAN BASIN-MORROW GAS POOL

The Indian Basin-Morrow Gas Pool, Eddy County, New Mexico was created March 1, 1963 and gas proration in this pool became effective July 1, 1965.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)**A. DEFINITIONS**

THE VERTICAL LIMITS of the Indian Basin-Morrow Gas Pool shall be the Morrow formation.

(As Added by Order No. R-8170-O, Effective November 27, 1995) CONFINEMENT of the special rules governing the Indian Basin-Morrow Gas Pool shall apply only to such lands as shall from time to time lie within the horizontal limits of said pool.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Indian Basin-Morrow Gas Pool shall be 640 acres.

RULE 2(b). Each well completed or recompleted in the Indian Basin-Morrow Gas Pool shall be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Indian Basin-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL

The Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico was created March 1, 1963 and gas proration in this pool became effective July 1, 1965.

A. DEFINITIONS

THE VERTICAL LIMITS of the Indian Basin-Upper Pennsylvanian Gas Pool shall be the Upper Pennsylvanian formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(A). A standard GPU in the Indian Basin-Upper Pennsylvanian Gas Pool shall be 640 acres.

RULE 2(B). Each well completed or recompleted in the Indian Basin-Upper Pennsylvanian Gas Pool shall be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Indian Basin-Upper Pennsylvanian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE JALMAT GAS POOL

The Jalmat Gas Pool, Lea County, New Mexico, was created effective September 1, 1954, from a consolidation of the Jalco and Langmat Pools, which were created February 7, 1953. Gas prorationing was instituted in the Jalco and Langmat Pools January 1, 1954, and was continued after consolidation to form the Jalmat Gas Pool. The Jalmat Gas Pool now includes acreage that was formerly included in the Jal, Cooper-Jal, Eaves, Falby-Yates, Jalco and Langmat Pools.

A. DEFINITIONS

THE VERTICAL LIMITS of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation, except,

In the area described immediately below, the vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 250 feet above the base of the Seven Rivers formation, thereby including -all of the Yates formation:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
 Section 13: SE/4 NE/4, SE/4
 Section 23: E/2 E/2
 Section 24: All
 Section 25: N/2
 Section 26: E/2 NE/4
 TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
 Section 18: SW/4 NW/4, W/2 SW/4
 Section 19: W/2
 Section 30: NW/4

A GAS WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Jalmat Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a) 1. A standard gas proration in the Jalmat Gas Pool shall be 640 acres.

2. A standard oil proration unit in the Jalmat Gas Pool shall be 40 acres.

3. Acreage dedicated to a gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool, and the dual completion of a well so as to produce oil from the Yates and oil from the Seven Rivers or Queen formation is prohibited.

RULE 2(b) 1. A gas well in the Jalmat Gas Pool to which 640 acres is dedicated shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line or subdivision boundary line.

2. An oil well in the Jalmat Gas Pool shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(Any well drilled to and producing from the Jalmat Gas Pool prior to September 1, 1954, at a location conforming with the spacing requirements effective at the time said well was drilled, shall be granted a tolerance not exceeding 330 feet with respect to the required distance from the boundary lines.)

RULE 4(b) 2. In establishing a non-standard gas proration unit in the Jalmat Gas Pool, the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows:

Location	Maximum Acreage
660-660	160 acres
660-990	320 acres
990-990	600 acres

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Jalmat Gas Pool.

(a) A 640 acre proration unit in the Jalmat Gas Pool shall be assigned an Acreage Factor of 4.00, a 160 acre proration unit an Acreage Factor of 1.00, etc.

RULE 8. Minimum Allowables. (As Added by Order No. R-8170-J, January 8, 1991, and Amended by Order No. R-8170-J-1, March 15, 1994.) Notwithstanding the provisions of Rule Nos. 3 and 5 of the General Rules and Regulations for the Prorated Gas Pools of New Mexico, the Division shall assign a minimum gas allowable of 600 MCF of gas per day per Acreage Factor of 1.0.

I. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. Oil wells in the Jalmat Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

SPECIAL RULES AND REGULATIONS FOR THE JUSTIS GAS POOL

The Justis Gas Pool, Lea County, New Mexico was created January 1, 1950 and gas proration in this pool became effective January 1, 1954.

A. DEFINITIONS

THE VERTICAL LIMITS of the Justis Gas Pool shall be defined as follows: from the top of the Glorieta formation, found at a depth of 4599 feet (Elevation 3080, Subsea Datum - 1519) in the Gulf Oil Corporation McBuffington Well No. 8, located 350 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, NMPM,

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)

Lea County, New Mexico, to a point 40 feet above the marker encountered at 4879 feet (Subsea Datum - 1799) in said McBuffington Well No. 8. The Hamilton Dome Westates Carlson Federal "A" Well No. 1, located in the NW/4 of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, as the completion existed on April 22, 1959, shall be considered to be completed within the vertical limits of the Justis Gas Pool.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Justis Gas Pool shall be 320 acres.

RULE 2(b). Each well completed or recompleted in the Justis Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Justis Gas Pool.

RULE 8. (As Added by Order No. R-8170-M, April 1, 1993, and made permanent by Order No. R-8170-M-1, May 7, 1996.) Minimum Allowables. Notwithstanding the provisions of Rule Nos. 3 and 5 of the General Rules and Regulations for the Prorated Gas Pools of New Mexico, the Division shall assign a minimum gas allowable of 600 MCF of gas per day Acreage Factor of 1.0.

SPECIAL RULES AND REGULATIONS FOR THE MONUMENT MCKEE-ELLENBURGER GAS POOL

The Monument McKee-Ellenburger Gas Pool, Lea County, New Mexico was created February 17, 1953 and gas proration in this pool became effective March 1, 1961.

A. DEFINITIONS

THE VERTICAL LIMITS of the Monument McKee-Ellenburger Gas Pool shall be the McKee and Ellenburger formations.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Monument McKee-Ellenburger Gas Pool shall be 320 acres.

RULE 2(b). Each well completed or recompleted in the Monument McKee-Ellenburger Pool shall be located no closer than 1980 feet to the end boundary nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Monument McKee-Ellenburger Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE TUBB OIL AND GAS POOL

The Tubb Oil and Gas Pool, Lea County, New Mexico, was created February 17, 1953, and gas proration in this pool became effective January 1, 1954.

A. DEFINITIONS

THE VERTICAL LIMITS of the Tubb Oil and Gas Pool shall extend from a point 100 feet above the "Tubb Marker" to the top of the Drinkard formation. The Tubb Marker shall be that point encountered at a depth of 5921 feet (elevation 3380, sub-sea datum - 2541) and the top of the Drinkard shall be that point encountered at a depth of 6245 feet (elevation 3380, sub-sea datum - 2865) in the Exxon Corporation State "S" Well No. 20, SW/4 NW/4 of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

A GAS WELL in the Tubb Oil and Gas Pool shall be a well producing from within the vertical limits of the pool which produces with a gas-liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons.

AN OIL WELL in the Tubb Oil and Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Tubb Oil and Gas Pool shall be 2,000 cubic feet of gas per barrel of oil.

RULE 2(b) 1. Each gas well to which is dedicated more than 40 acres shall be located no nearer than 660 feet to the outer boundary of its proration unit or of the quarter section and not nearer than 330 feet to any governmental quarter-quarter section or subdivision line.

2. Each oil well, or gas well to which no more than 40 acres is dedicated, shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section of subdivision line.

RULE 3(b) 1. The Director may grant an exception to Rule 2(b) 1 above and Rule 4(b) (1) of the General Rules if a completion, recompletion, or reclassification of a Tubb well results in dedication of acreage to an oil well on a previously approved gas proration unit, and thereby severs acreage contained in said unit from the gas well which produces for the unit.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a) 1. A standard gas proration unit in the Tubb Oil and Gas Pool shall be 160 acres.

2. A standard oil proration unit in the Tubb Oil and Gas Pool shall be 40 acres.

3. Acreage dedicated to a gas well in the Tubb Oil and Gas Pool shall not be simultaneously dedicated to an oil well in the pool, and the dual completion of a well so as to produce separate gas and oil allowables from the Tubb Oil and Gas Pool is prohibited.

2. The Director may grant an exception to Rule 2(a) 1 above and Rule 4(b) (2) of the General Rules when the non-standard proration unit consists of not more than 164 acres and lies wholly within a single governmental section.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 8. Acreage is the only proration factor in the Tubb Oil and Gas Pool.

G. REPORTING OF PRODUCTION

RULE 17(b). In submitting Form C-115 on wells producing from the Tubb Oil and Gas Pool in which condensate is commingled and/or the low-pressure gas is commingled with low-pressure gas produced on the lease, the operator shall estimate the volume produced by each well in each pool by using the ratios as reflected in the most recent test submitted.

I. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. Oil wells in the Tubb Oil and Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

RULE 27. Gas-liquid ratio tests shall be conducted annually during the months of August, September, and October on all wells located in and producing from the Tubb Oil and Gas Pool. Results of such tests shall be reported to the Division on Form C-116 on or before the 10th day of November of each calendar year.

RULE 28(a). The District Supervisor, on or before December 10 of each year shall review production data, gas-oil ratio tests and other pertinent data and reclassify a well if evidence reflects the need for such reclassification. Any operator may request that the District Supervisor reconsider the reclassification if he has evidence to support such request.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)

(b) In the event an oil well in the Tubb Oil and Gas Pool is reclassified as a gas well, the operator of such well will be afforded the opportunity to form a non-standard gas proration unit for the well; provided however, that until such unit is formed, said well shall be allocated a gas allowable commensurate with the acreage contained in the unit formerly dedicated to the oil well. In the event of two or more gas wells producing from the Tubb Oil and Gas Pool within a single proration unit, the allowable assigned to the unit may be produced from any well on the unit in any proportion.

RULE 29(a). Condensate from any gas well in the Tubb Oil and Gas Pool may be commingled with other condensate produced by any other gas well or wells producing from the pool or the Blinebry Oil and Gas Pool following its separation from the gas in a separator, provided approval therefor has been obtained in accordance with Division Rule 303-B and/or Rule 309-B, whichever is applicable.

(b) If two-stage separation is used, the low-pressure gas shall be directed into a low-pressure gas gathering system, and said low-pressure gas need not be measured separately from the other low-pressure gas produced on the lease, provided that certain test facilities are available and periodic tests made in accordance with Rule 27 above.

NORTH DAGGER DRAW-UPPER PENNSYLVANIAN POOL
Eddy County, New Mexico

Order No. R-4691, Adopting Temporary Operating Rules for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, January 1, 1974.

See separate Order No. R-4691-A, February 3, 1976, as amended, amending rules to provide for 160-acre proration units and a special depth bracket allowable and extending the temporary rules adopted in Order No. R-4691.

Order No. R-4691-C, March 15, 1977, makes permanent the rules adopted in Order No. R-4691, as amended by Orders Nos. R-4691-A and R-4691-B.

See separate Order No. R-4691-D, April 1, 1991, amending rules to provide for a special depth bracket allowable.

Application of Roger C. Hanks for Pool Creation and Special Pool Rules, Eddy County, New Mexico.

CASE NO. 5117
Order No. R-4691

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 28, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 11th day of December, 1973, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant Roger C. Hanks, seeks the establishment of a pool for production from the Upper Pennsylvanian (Cisco-Canyon) formation by the abolishment of the Parrish Ranch-Upper Pennsylvanian Pool and the Dagger Draw-Upper Pennsylvanian Pool and the creation of a new pool, designated the North Dagger Draw-Upper Pennsylvanian Pool, to take in all acreage formerly therein as well as requisite intervening acreage.

(3) That the applicant further seeks the promulgation of temporary special pool rules for the proposed new pool including a provision for 320-acre spacing, limited well locations, and the assignment of a special depth bracket allowable of 427 barrels of oil per day.

(4) That the reservoir characteristics of the proposed pool indicate that it cannot be efficiently and economically drained and developed on less than 320-acre spacing.

(5) That temporary special rules and regulations providing for 320-acre spacing for wells should be promulgated for the proposed pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(6) That the depth bracket allowable for oil wells in the proposed pool should be 427 barrels of oil per day.

(7) That the application for pool abolishment, pool creation, and temporary special pool rules should be granted.

IT IS THEREFORE ORDERED:

(1) That effective January 1, 1974, the Dagger Draw-Upper Pennsylvanian Pool heretofore defined as:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 36: E/2 and SW/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 30: W/2 W/2
Section 31: NW/4

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 1: NW/4

and the Parrish Ranch-Upper Pennsylvanian Pool heretofore defined as:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 13: E/2 SE/4
Section 24: NE/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 18: N/2 S/2 and SE/4 NE/4

are hereby abolished.

(2) That effective January 1, 1974, a new pool is hereby created and designated the North Dagger Draw-Upper Pennsylvanian Pool with vertical limits consisting of the Upper Pennsylvanian (Cisco-Canyon) formation as found from a depth of 7575 feet to 7918 feet on the log of the Monsanto Hondo Well No. 1, located in Unit C of Section 31, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, and horizontal limits defined as:

(NORTH DAGGER DRAW-UPPER PENNSYLVANIAN POOL - Cont'd.)

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
 Section 24: E/2
 Section 25: E/2
 Section 36: All

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
 Section 18: All
 Section 19: W/2
 Section 30: W/2
 Section 31: W/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
 Section 1: N/2

(3) That effective January 1, 1974, temporary Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
 FOR THE
 NORTH DAGGER DRAW-UPPER PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the North Dagger Draw-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Upper Pennsylvanian Pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations herein-after set forth.

RULE 2. Each well shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter section of a single governmental section, being a legal subdivision of the United States Public Land Surveys provided that for the purposes of these rules, a unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter-sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a standard proration unit for the well under the applicable provisions of Rule 2 above and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interest in the standard proration unit for the well in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such

non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit with 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. That the special depth bracket allowable for a well on a 320-acre tract shall be 427 barrels of oil per day.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Dagger Draw-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the appropriate district office of the Commission in writing of the name and location of the well on or before March 1, 1974.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing oil wells in the North Dagger Draw-Upper Pennsylvanian Pool shall have dedicated thereto 320 acres and existing gas wells in said pool shall have dedicated thereto 320 acres, in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the North Dagger Draw-Upper Pennsylvanian Pool or in the Upper Pennsylvanian formation within one mile thereof shall receive no more than a 40-acre allowable for this pool.

(3) That this cause shall be reopened in January, 1976 to permit operators in the subject pool to appear and show cause why the special rules promulgated herein should remain in effect.

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

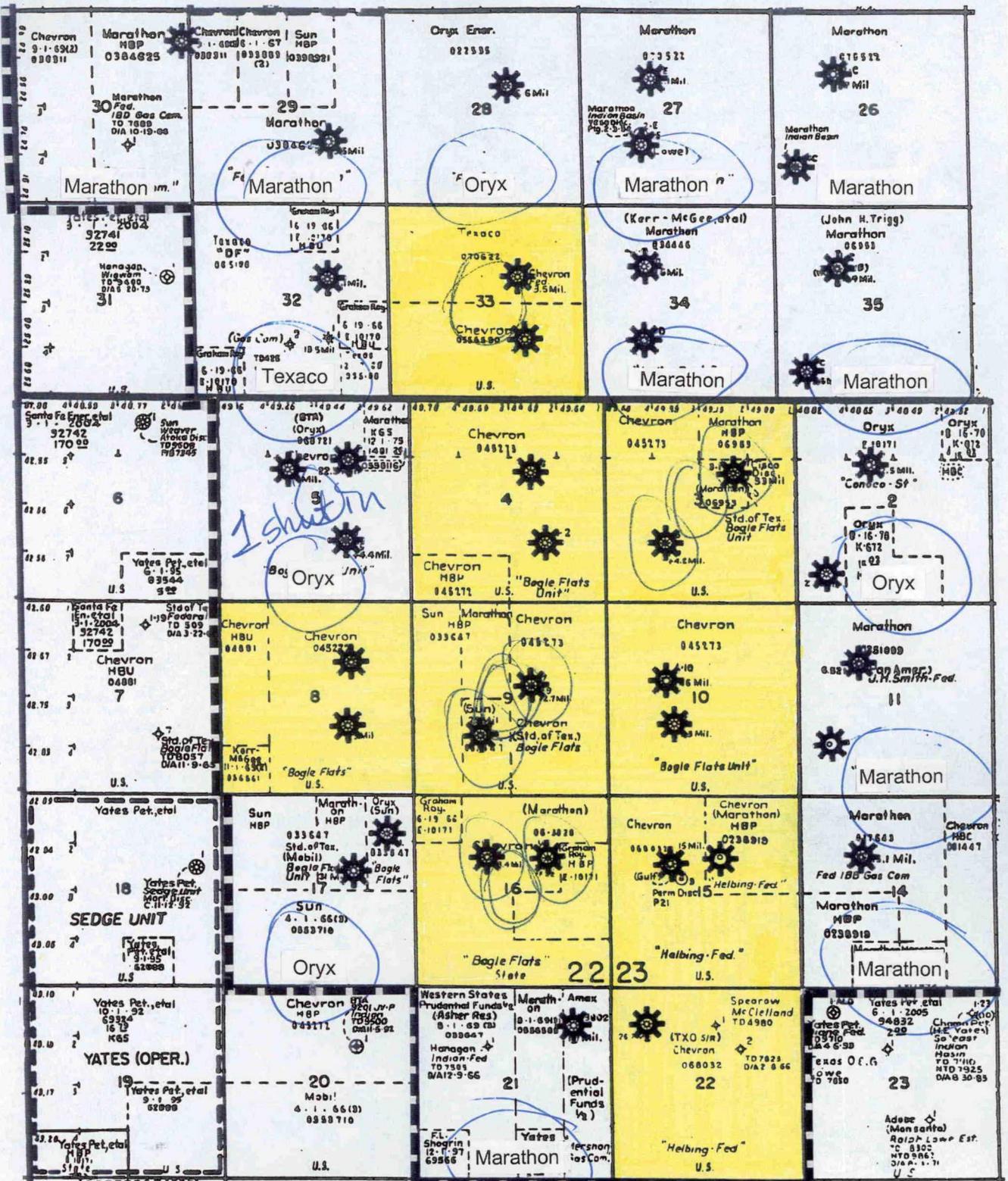
DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 1

Submitted by: Chevron U.S.A. Production Company

Hearing Date: March 5, 1998



CHEVRON USA
 Well Base Map
 Indian Basin Gas Pool (Upper Penn.), Eddy Co., NM
 1"=4000' Greg Roberts 3/2/98

-  - Indian Basin Gas Pool (Upper Penn.) Boundary
-  - Indian Basin (Upper Penn.) Gas Well
-  - Chevron Owned and Operated Gas Proration Unit

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 2

Submitted by: Chevron U.S.A. Production Company

Hearing Date: March 5, 1998

Bogle Flats Unit #1 and #10

	Volume	Allowable	Over/Under	OCD status	Capability status	Proration Period Volume	Non Marginal Cum. Balance	Status w/o Hearing
Jan-94	200888	208820	-7932	M				
Feb-94	169993	208820	-38827	M				
Mar-94	192205	208820	-16615	M				
Apr-94	193909	208820	-14911	M				
May-94	199499	208820	-9321	M				
Jun-94	188864	208820	-19956	M				
Jul-94	185908	208820	-22912	M				
Aug-94	176670	208820	-32150	M				
Sep-94	179661	208820	-29159	M				
Oct-94	190922	212000	-21078	M				
Nov-94	175066	212000	-36934	M				
Dec-94	178539	212000	-33461	M				
Jan-95	179802	212000	-32198	M				
Feb-95	168317	212000	-43683	M				
Mar-95	169731	212000	-42269	M		-338032		
Apr-95	181690	212000	-30310	M				
May-95	220797	212000	8797	M				
Jun-95	208270	212000	-3730	M				
Jul-95	215232	212000	3232	M				
Aug-95	202073	212000	-9927	M				
Sep-95	198908	212000	-13092	M				
Oct-95	174507	212000	-37493	M				
Nov-95	206778	212000	-5222	M				
Dec-95	202259	212000	-9741	M				
Jan-96	200487	212000	-11513	M				
Feb-96	181528	212000	-30472	M				
Mar-96	200948	212000	-11052	M		-150523		
Apr-96	127658	212000	-84342	M			-84342	
May-96	175439	212000	-36561	M			-120903	
Jun-96	163392	212000	-48608	M			-169511	
Jul-96	179932	212000	-32068	M			-201579	
Aug-96	176409	212000	-35591	M			-237170	
Sep-96	169470	212000	-42530	M			-279700	
Oct-96	168181	212000	-43819	M			-323519	
Nov-96	165501	212000	-46499	M			-370018	
Dec-96	166618	212000	-45382	M			-415400	
Jan-97	134048	212000	-77952	M			-493352	
Feb-97	142717	212000	-69283	M			-562635	
Mar-97	233918	212000	21918	M		-540717	-540717	
Apr-97	259309	212000	47309	M	NM	4/96-3/97	-493408	47309
May-97	268939	212000	56939	M	NM		-436469	104248
Jun-97	245963	212000	33963	M	NM		-402506	138211
Jul-97	247875	212000	35875	M	NM		-366631	174086
Aug-97	214352	212000	2352	M	NM		-364279	176438
Sep-97	205755	212000	-6245	M	NM		-370524	170193
Oct-97	225184	212000	13184	M	NM		-357340	183377
Nov-97	229011	212000	17011	M	NM		-340329	200388
Dec-97	220786	212000	8786	M	NM		-331543	209174

1
2
3

Now capable of non-marg. prod. (releases)

over produced

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 3

Submitted by: Chevron U.S.A. Production Company

Hearing Date: March 5, 1998

Bogle Flats Unit #5 and #18

	Volume	Allowable	Over/Under	OCD status	Capability status	Proration Period Volume	Non Marginal Cum. Balance	Status w/o Hearing
Jan-94	133697	197000	-63303	M				
Feb-94	144558	197000	-52442	M				
Mar-94	169988	197000	-27012	M				
Apr-94	157374	197000	-39626	M				
May-94	157598	197000	-39402	M				
Jun-94	144277	197000	-52723	M				
Jul-94	140003	197000	-56997	M				
Aug-94	206055	197000	9055	M				
Sep-94	206180	197000	9180	M				
Oct-94	202241	200000	2241	M				
Nov-94	195751	200000	-4249	M				
Dec-94	203904	200000	3904	M				
Jan-95	198771	200000	-1229	M				
Feb-95	178850	200000	-21150	M				
Mar-95	190357	200000	-9643	M		-200639		
Apr-95	186850	200000	-13150	M			-13150	
May-95	175149	200000	-24851	M			-38002	
Jun-95	167848	200000	-32152	M			-70154	
Jul-95	175566	200000	-24434	M			-94588	
Aug-95	193150	200000	-6850	M			-101438	
Sep-95	190497	200000	-9503	M			-110941	
Oct-95	185975	200000	-14025	M			-124966	
Nov-95	190250	200000	-9750	M			-134716	
Dec-95	177713	200000	-22287	M			-157003	
Jan-96	178402	200000	-21598	M			-178601	
Feb-96	178494	200000	-21506	M			-200107	
Mar-96	185841	200000	-14159	M		-214266	-214266	
Apr-96	112491	200000	-87509	M			-301775	-87509
May-96	159861	200000	-40139	M			-341914	-127648
Jun-96	249590	200000	49590	M	<i>and well</i>		-292324	-78058
Jul-96	271721	200000	71721	M	NM		-220603	-6337
Aug-96	299852	200000	99852	M	NM		-120751	93515
Sep-96	239152	200000	39152	M	NM		-81599	132667
Oct-96	212767	200000	12767	M	NM		-68832	145434
Nov-96	193124	200000	-6876	M	NM		-75708	138558
Dec-96	199748	200000	-252	M	NM		-75960	138306
Jan-97	216764	200000	16764	M	NM		-59196	155070
Feb-97	206056	200000	6056	M	NM		-53140	161126
Mar-97	162563	200000	-37437	M	NM	123689	0	123689
Apr-97	183228	200000	-16772	M	NM		-16772	106917
May-97	216632	200000	16632	M	NM		-140	123549
Jun-97	212461	200000	12461	M	NM		12321	136010
Jul-97	213884	200000	13884	M	NM		26205	149894
Aug-97	195779	200000	-4221	M	NM		21984	145673
Sep-97	203509	200000	3509	M	NM		25493	149182
Oct-97	210440	200000	10440	M	NM		35933	159622
Nov-97	209089	200000	9089	M	NM		45022	168711
Dec-97	210149	200000	10149	M	NM		55171	178860

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 4

Submitted by: Chevron U.S.A. Production Company

Hearing Date: March 5, 1998

BFU #3 & #17

	Volume	Allowable	Over/Under	OCD status	Capability status	Proration Period Volume	Non Marginal Cum. Balance	Status w/o Hearing
Jan-94	205244	197000	8244	M				
Feb-94	155973	197000	-41027	M				
Mar-94	180820	197000	-16180	M				
Apr-94	178138	197000	-18862	M				
May-94	177968	197000	-19032	M				
Jun-94	161316	197000	-35684	M				
Jul-94	175621	197000	-21379	M				
Aug-94	219093	197000	22093	M				
Sep-94	219272	197000	22272	M				
Oct-94	222208	200000	22208	NM				
Nov-94	214633	200000	14633	NM				
Dec-94	216227	200000	16227	NM				
Jan-95	204840	200000	4840	NM				
Feb-95	193648	200000	-6352	NM				
Mar-95	212292	200000	12292	NM		13257		
Apr-95	191049	200000	-8951	NM			4306	
May-95	190278	200000	-9722	NM			-5416	
Jun-95	177657	200000	-22343	NM			-27760	
Jul-95	197871	200000	-2129	NM			-29889	
Aug-95	199124	200000	-876	NM			-30765	
Sep-95	190293	200000	-9707	NM			-40472	
Oct-95	182182	200000	-17818	M			-58290	
Nov-95	190611	200000	-9389	M			-67679	
Dec-95	187655	200000	-12345	M			-80024	
Jan-96	188689	200000	-11311	M			-91335	
Feb-96	176669	200000	-23331	M			-114666	
Mar-96	185820	200000	-14180	M		-142103	-128846	
Apr-96	115863	200000	-84137	M			-212983	
May-96	167685	200000	-32315	M			-245298	
Jun-96	152686	200000	-47314	M			-292612	
Jul-96	157308	200000	-42692	M			-335304	
Aug-96	152507	200000	-47493	M			-382797	
Sep-96	133500	200000	-66500	M			-449297	
Oct-96	153725	200000	-46275	M			-495572	
Nov-96	144761	200000	-55239	M			-550811	
Dec-96	149435	200000	-50565	M			-601376	
Jan-97	161810	200000	-38190	M			-639566	
Feb-97	150889	200000	-49111	M			-688677	
Mar-97	166750	200000	-33250	M			-593081	
Apr-97	186832	200000	-13168	M			-606249	-13168
May-97	236389	200000	36389	M	NM		-569860	23221
Jun-97	233069	200000	33069	M	NM		-536791	56290
Jul-97	232217	200000	32217	M	NM		-504574	88507
Aug-97	222408	200000	22408	M	NM		-482166	110915
Sep-97	213157	200000	13157	M	NM		-469009	124072
Oct-97	199487	200000	-513	M	NM		-469522	123559
Nov-97	211071	200000	11071	M	NM		-458451	134630
Dec-97	205675	200000	5675	M	NM		-452776	140305

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 5

Submitted by: Chevron U.S.A. Production Company

	Volume	Allowable	Over/Under	OCD status	Capability status	Proration Period Volume	Non Marginal Cum. Balance	Status w/o Hearing
Jan-94	179619	200000	-20381	M				
Feb-94	142228	200000	-57772	M				
Mar-94	170556	200000	-29444	M				
Apr-94	180193	200000	-19807	M				
May-94	211907	200000	11907	M				
Jun-94	204933	200000	4933	M				
Jul-94	207044	200000	7044	M				
Aug-94	188429	200000	-11571	M				
Sep-94	194665	200000	-5335	M				
Oct-94	200658	200000	658	M				
Nov-94	196995	200000	-3005	M				
Dec-94	188782	200000	-11218	M				
Jan-95	181271	200000	-18729	M				
Feb-95	173233	200000	-26767	M				
Mar-95	194811	200000	-5189	M		-77078		
Apr-95	184339	200000	-15661	M			-15661	
May-95	185570	200000	-14430	M			-30090	
Jun-95	176458	200000	-23542	M			-53633	
Jul-95	180685	200000	-15939	M			-69572	
Aug-95	184074	200000	-15926	M			-85498	
Sep-95	188372	200000	-11628	M			-97126	
Oct-95	175997	200000	-24003	M			-121129	
Nov-95	178655	200000	-21345	M			-142474	
Dec-95	181542	200000	-18458	M			-160932	
Jan-96	171125	200000	-28875	M			-189807	
Feb-96	154063	200000	-45937	M			-235744	
Mar-96	170216	200000	-29784	M		-265528	-265528	
Apr-96	107507	200000	-92493	M			-358021	-92493
May-96	155091	200000	-44909	M			-402930	-137402
Jun-96	152537	200000	-47463	M			-450393	-184865
Jul-96	235082	200000	35082	M			-415311	-149783
Aug-96	240360	200000	40360	M			-374951	-109423
Sep-96	233877	200000	33877	M			-341074	-75546
Oct-96	239799	200000	39799	M	NM		-301275	-35747
Nov-96	231337	200000	31337	M	NM		-269938	-4410
Dec-96	236146	200000	36146	M	NM		-233792	31736
Jan-97	233489	200000	33489	M	NM		-200303	65225
Feb-97	207324	200000	7324	M	NM		-192979	72549
Mar-97	177136	200000	-22864	M	NM	49685	0	49685
Apr-97	175400	200000	-24600	M	NM		-24600	25085
May-97	219481	200000	19481	M	NM		-5119	44566
Jun-97	226080	200000	26080	M	NM		20961	70646
Jul-97	221221	200000	21221	M	NM		42182	91867
Aug-97	197348	200000	-2652	M	NM		39530	89215
Sep-97	201841	200000	1841	M	NM		41371	91056
Oct-97	189357	200000	-10643	M	NM		30728	80413
Nov-97	210756	200000	10756	M	NM		41484	91169
Dec-97	202679	200000	2679	M	NM		44163	93848

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 6

Submitted by: Chevron U.S.A. Production Company

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**APPLICATIONS OF CHEVRON USA PRODUCTION
COMPANY FOR REINSTATEMENT OF UNDERPRODUCTION,
INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL,
EDDY COUNTY, NEW MEXICO**

- | | | |
|------------|--|-------------------|
| (1) | Federal Gas Com "33" Well Nos. 1 & 2
Section 33, T21S, R23E | CASE 11935 |
| (2) | Bogel Flats Unit Well Nos. 5 & 18
Section 16, T22S, R23E | CASE 11936 |
| (3) | Bogel Flats Unit Well Nos. 3 & 17
Section 9, T22S, R23E | CASE 11937 |
| (4) | Bogel Flats Unit Well Nos. 1 & 10
Section 3, T22S, R23E | CASE 11938 |

STIPULATED AGREEMENT

Cornes now Chevron U.S.A. Production Company ("Chevron"), by and through its attorney, William F. Carr of Campbell, Carr, Berge & Sheridan, and Marathon Oil Company ("Marathon"), by and through its attorney, W. Thomas Kellahin of Kellahin & Kellahin and stipulate as follows:

(1) Chevron is the operator of the following 640-acre gas proration and spacing units in the Indian Basin-Upper Pennsylvanian Gas Pool:

- (1) CASE 11935
Federal Gas Com "33" Well Nos. 1 & 2
Section 33, T21S, R23E

- (2) CASE 11936
Bogel Flats Unit Well Nos. 5 & 18
Section 16, T22S, R23E
- (3) CASE 11937
Bogel Flats Unit Well Nos. 3 & 17
Section 9, T22S, R23E
- (4) CASE 11938
Bogel Flats Unit Well Nos. 1 & 10
Section 3, T22S, R23E

(2) In each instant case, Chevron seeks the reinstatement of underproduction in this prorated gas pool in accordance with Order R-8170-H dated December 10, 1990.

(3) Marathon is an operator of other gas proration and spacing units in the Indian Basin-Upper Pennsylvanian Gas Pool and is an interested party affected by this application.

(4) Chevron and Marathon stipulate that the reinstatement of underproduction in these gas proration units ("GPUs") in this prorated gas pool are subject to the following applicable rules contained in Division Order R-8170-H dated December 10, 1990:

(a) Rule 14(b) REINSTATEMENT OF STATUS:

A GPU reclassified to non-marginal under the provisions of Rule 14(a) shall have reinstated to it all underproduction which accrued or would have accrued as a no-marginal GPU from the current production¹(sic) period. Under production from the prior proration period may be reinstated after notice and hearing. All uncompensated-for overproduction accruing to the GPU while marginal shall be chargeable upon reclassification to non-marginal.

¹ This is a typographical error and ~~should be "proration"~~

(b) Rule 10(a) UNDERPRODUCTION:

Any non-marginal GPU which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward in the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period.² Any underproduction carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.³

(5) In each instant case, and in accordance with paragraph (4) above, Chevron seeks the reinstatement of underproduction in this prorated gas pool in accordance with Division Order R-8170-H dated December 10, 1990 in such amounts that all overproduction for each GPU shall be eliminated as of the date indicated below. In addition, each GPU shall have any excess underproduction cancelled so that the GPU shall be neither overproduced nor underproduced as of the date indicated:

CASE 11935:

No under or overproduction as of April 1, 1997
Federal Gas Com "33" Well Nos. 1 & 2 (Unit 233)
Section 33, T21S, R23E

CASE 11936:

No under or overproduction as of April 1, 1997
Bogel Flats Unit Well Nos. 5 & 18 (Unit 316)
Section 16, T22S, R23E

CASE 1193:

No under or overproduction as of April 1, 1998
Bogel Flats Unit Well Nos. 3 & 17 (Unit 309)
Section 9, T22S, R23E

² For example, in Case 11935 this means that this GPU is not eligible for a credit for any underproduction prior to April 1, 1995.

³ For example, in Case 11935, this means that for this GPU if there is any underproduction credit not used by April 1, 1997, it is automatically canceled.

CASE 11938:

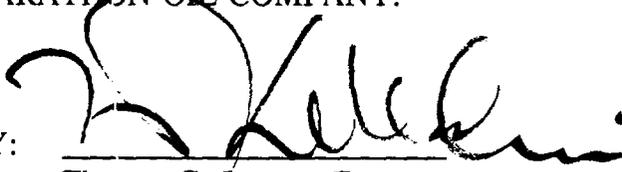
No under or overproduction as of April 1, 1998
Bogel Flats Unit Well Nos. 1 & 10 (Unit 303)
Section 3, T22S, R23E

(6) This stipulation shall be made a part of the record in the Examiner's hearing

This stipulation is executed this ___ day of February, 1998 by the respective attorneys of record for the parties indicated on behalf of said parties.

MARATHON OIL COMPANY:

BY:

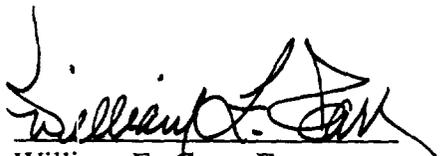

Thomas C. Lowry, Esq.

W. Thomas Kellahin, Esq.

FOR CHEVRON U.S.A. PRODUCING COMPANY:

BY:

Greg Roberts


William F. Carr, Esq.

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 8

Submitted by: Chevron U.S.A. Production Company

Hearing Date: March 5, 1998

SUBSCRIBED AND SWORN to before me this 4th day of March, 1998 by William F. Carr.

[Handwritten Signature]
Notary Public

My Commission Expires: August 19, 1999

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 7

Submitted by: Chevron U.S.A. Production Company

Hearing Date: March 5, 1998

All Pool Operators

EXHIBIT A

Citation Oil & Gas Corporation
Post Office Box 4537
Odessa, Texas 79760

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Citation Oil & Gas Corporation
8223 Willow Place South
Suite 250
Houston, Texas 77070-5623

Mobil Producing Texas
and New Mexico
Post Office Box 633
Midland, TX 79702

Enervest Operating L.L.C.
1001 Fannin Street
Suite 900
Houston, Texas 77002

Asher Resources
14100 San Pedro Avenue
Suite 314
San Antonio, TX 78232

~~Non-operators~~

Kerr-McGee Corporation
1400 North Grandview
Odessa, Texas 79761

*Devon =
successor*

Amax Inc.
c/o UPRC
801 Cherry Street
Fort Worth, TX 76102

Kerr-McGee Corporation
Post Office Box 25861
Oklahoma City, Oklahoma 73125

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702

MW Petroleum Corporation
2000 Post Oak Blvd.
Suite 100
Houston, Texas 77056

Oryx Energy Company
Post Office Box 2880
Dallas, Texas 75221-2880

Texaco Exploration and Production Inc.
Post Office Box 2100
Denver, CO 80201
Attn: David Sleeper

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbpsa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Citation Oil & Gas Corporation
Post Office Box 4537
Odessa, Texas 79760

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

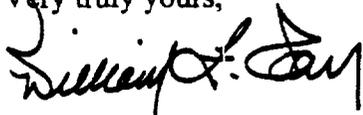
Gentlemen:

This letter is to advise you that Chevron U.S.A. Production Company has filed the enclosed applications seeking the reinstatement of underproduction in four Gas Proration Units in the Indian Basin-Upper Permian Gas Pool, Eddy County, New Mexico.

These applications have been set for hearing before an Examiner of the Oil Conservation Division on March 5, 1998. You are not required to attend this hearing, but as the owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging these applications at a later date.

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

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY

Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

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.

- I also wish to receive the following services (for an extra fee):
1. Addressee's Address
 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Citation Oil & Gas Corporation
 Post Office Box 4537
 Odessa, Texas 79760

4a. Article Number

P 551 044 575

4b. Service Type

- Registered
- Certified
- Express Mail
- Insured
- Return Receipt for Merchandise
- COD

7. Date of Delivery

2-17-98

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

[Handwritten Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 575

US Postal Service
Receipt for Certified Mail

Citation Oil & Gas Corporation
 Post Office Box 4537
 Odessa, Texas 79760

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	FEB 12 1998

PS Form 3800, April 1995

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbsp@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Citation Oil & Gas Corporation
8223 Willow Place South, Suite 250
Houston, Texas 77070-5623

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of
Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

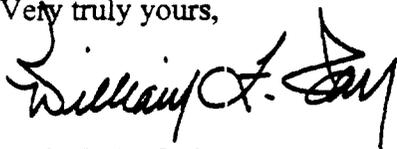
Gentlemen:

This letter is to advise you that Chevron U.S.A. Production Company has filed the enclosed applications seeking the reinstatement of underproduction in four Gas Proration Units in the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

These applications have been set for hearing before an Examiner of the Oil Conservation Division on March 5, 1998. You are not required to attend this hearing, but as the owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging these applications at a later date.

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

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY

Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

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.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Citation Oil & Gas Corporation
8223 Willow Place South
Suite 250
Houston, Texas 77070-5623

4a. Article Number

P 551 044 576

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

2-17-98

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 576

US Postal Service

Receipt for Certified Mail

Citation Oil & Gas Corporation
8223 Willow Place South
Suite 250
Houston Texas 77070-5623

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	FEB 12 1998

PS Form 3800, April 1995

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbps@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Enervest Operating L.L.C.
1001 Fannin Street, Suite 900
Houston, Texas 77002

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

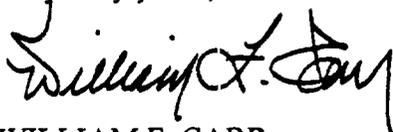
Gentlemen:

This letter is to advise you that Chevron U.S.A. Production Company has filed the enclosed applications seeking the reinstatement of underproduction in four Gas Proration Units in the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

These applications have been set for hearing before an Examiner of the Oil Conservation Division on March 5, 1998. You are not required to attend this hearing, but as the owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging these applications at a later date.

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

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY

Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

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.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Enervest Operating L.L.C.
1001 Fannin Street
Suite 900
Houston, Texas 77002

4a. Article Number

P 551 044 577

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

2-12-98

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

[Handwritten Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 577

US Postal Service
Receipt for Certified Mail

Enervest Operating L.L.C.
1001 Fannin Street
Suite 900
Houston Texas 77002

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	FEB 12 1998

PS Form 3800, April 1995

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kerr-McGee Corporation
1400 North Grandview
Odessa, Texas 79761

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

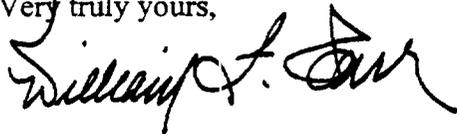
Gentlemen:

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These applications have been set for hearing before an Examiner of the Oil Conservation Division on March 5, 1998. You are not required to attend this hearing, but as the owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging these applications at a later date.

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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY

Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

P 551 044 578

US Postal Service
Receipt for Certified Mail

Kerr-McGee Corporation
1400 North Grandview
Odessa, Texas 79761

PS Form 3800, April 1995

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 FEB 12 1998	

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kerr-McGee Corporation
Post Office Box 25861
Oklahoma City, Oklahoma 73125

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

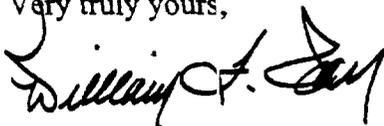
Gentlemen:

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WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY

Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

Is your **RETURN ADDRESS** completed on the reverse side?

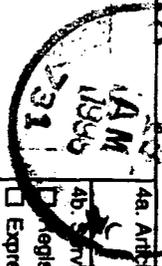
SENDER:

- 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 its 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.

- I also wish to receive the following services (for an extra fee):
- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Kerr-McGee Corporation
 Post Office Box 25861
 Oklahoma City, Oklahoma 73125



4a. Article Number
 P 551 044 579

4b. Service Type

- Registered
- Express Mail
- Certified
- Insured
- Return Receipt for Merchandise
- COD

7. Date of Delivery

5. Received By: (Print Name)
 Signature: (Address of Agent)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 579

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.

Kerr-McGee Corporation
 Post Office Box 25861
 Oklahoma City, Oklahoma 73125

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	FEB 1 2 1998

PS Form 3800, April 1995

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of
Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

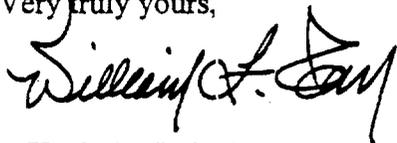
Gentlemen:

This letter is to advise you that Chevron U.S.A. Production Company has filed the enclosed applications seeking the reinstatement of underproduction in four Gas Proration Units in the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY
Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

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 Requester" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702

4a. Article Number

P 551 044 580

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

5. Received By: (Print Name)

X *Shirley Williams*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 580

US Postal Service
Receipt for Certified Mail

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702

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	FEB 12 1998

PS Form 3800, April 1995

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbpa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

MW Petroleum Corporation
2000 Post Oak Blvd.
Suite 100
Houston, Texas 77056

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of
Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

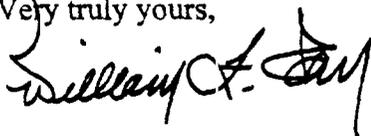
Gentlemen:

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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY

Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

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SENDER:

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

MW Petroleum Corporation
 2000 Post Oak Blvd.
 Suite 100
 Houston, Texas 77056

4a. Article Number
 P 551 044 581

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

2-17-98

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

PS Form 3811, December 1994

P 551 044 581
 US Postal Service
Receipt for Certified Mail

MW Petroleum Corporation
 2000 Post Oak Blvd.
 Suite 100
 Houston, Texas 77056

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	FEB 12 1998

PS Form 3800, April 1995

Thank you for using Return Receipt Service.

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

MICHAEL S. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Oryx Energy Company
Post Office Box 2880
Dallas, Texas 75221-2880

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

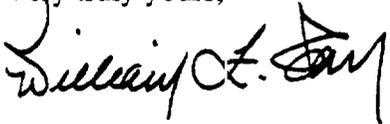
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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY

Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

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 the form so that we can return the card to you.
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- 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.

- I also wish to receive the following services (for an extra fee):
- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Oryx Energy Company
Post Office Box 2880
Dallas, Texas 75221-2880

4a. Article Number

P 551 044 583

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

FEB 12 1998

8. Addressee's Address (Only if requested and fee is paid)

5. Received By (Print Name)

E. O. Decker

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 583

US Postal Service
Receipt for Certified Mail

Oryx Energy Company
Post Office Box 2380
Dallas, Texas 75221-2880

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	FEB 12 1998

PS Form 3800 April 1995

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Texaco Exploration and Production, Inc.
Post Office Box 2100
Denver, CO 80201
Attn: David Sleeper

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of
Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

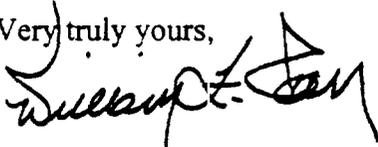
Dear Mr. Sleeper:

This letter is to advise you that Chevron U.S.A. Production Company has filed the enclosed applications seeking the reinstatement of underproduction in four Gas Proration Units in the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY
Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

Is your RETURN ADDRESS completed on the reverse side?

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Texaco Exploration and Production Inc.
Post Office Box 2100
Denver, CO 80201
Attn: David Sleeper

4a. Article Number

P 551 044 582

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

2/16/98

8. Addressee's Address (Only if requested and fee is paid)

DCMP

6. Signature: (Address only)

[Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 582

US Postal Service
Receipt for Certified Mail

Texaco Exploration and Production Inc.
Post Office Box 2100
Denver, CO 80201
Attn: David Sleeper

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	FEB 12 1998

PS Form 3800, April 1995

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 968-4421
FACSIMILE: (505) 963-6043
E-MAIL: ccbepa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of
Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

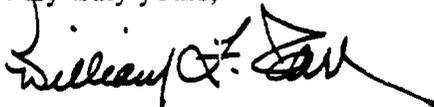
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Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock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

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHEVRON U.S.A. PRODUCTION COMPANY

Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

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.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

4a. Article Number

P 551 044 574

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Insured
- COD

Certified

7. Date of Delivery

2-17-98

8. Addressee's Address (Only if requested and fee is paid)

5. Receipt for Merchandise

Signature: *[Handwritten Signature]*
Address of Sender: *[Handwritten Address]*

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 574

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

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	FEB 12 1998

PS Form 3800 April 1995

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 968-4421
FACSIMILE: (505) 963-6043
E-MAIL: ccbspa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mobil Producing Texas
and New Mexico
Post Office Box 633
Midland, TX 79702

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of
Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

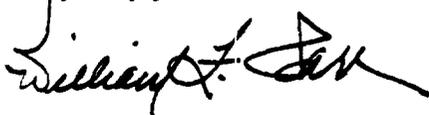
Gentlemen:

This letter is to advise you that Chevron U.S.A. Production Company has filed the enclosed applications seeking the reinstatement of underproduction in four Gas Proration Units in the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

These applications have been set for hearing before an Examiner of the Oil Conservation Division on March 5, 1998. You are not required to attend this hearing, but as the owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging these applications at a later date.

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Enclosures

cc: Greg Roberts
Chevron U.S.A. Production Company

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 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Mobil Producing Texas
and New Mexico
Post Office Box 633
Midland, TX 79702

4a. Article Number

P 551 044 586

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

FEB 18 1998

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

X *Jesse H. Reys*

6. Signature (Addressee or Agent)

Domestic Return Receipt

PS Form 3841, December 1994

Thank you for using Return Receipt Service.

P 551 044 586
US Postal Service
Receipt for Certified Mail
Mobil Producing Texas
and New Mexico
Post Office Box 633
Midland, TX 79702

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	FEB 12 1998

PS Form 3800, April 1995

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

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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbapa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Asher Resources
14100 San Pedro Avenue
Suite 314
San Antonio, TX 78232

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of
Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

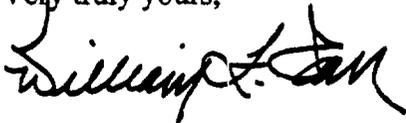
Gentlemen:

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Enclosures

cc: Greg Roberts
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TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbpa@ix.netcom.com

February 12, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Amax Inc.
c/o UPRC
801 Cherry Street
Fort Worth, TX 76102

Re: Applications of Chevron U.S.A. Production Company for Reinstatement of Underproduction for Certain Gas Proration Units, Eddy County, New Mexico

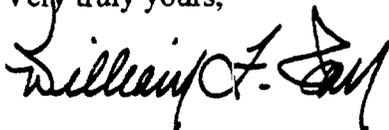
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Enclosures

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3. Article Addressed to:

Amax Inc.
c/o UPRC
801 Cherry Street
Fort Worth, TX 76102

4a. Article Number

P 551 044 588

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Insured
- Certified
- COD

7. Date of Delivery

FEB 17 1998

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1995

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 551 044 588

US Postal Service
Receipt for Certified Mail

Amax Inc.
c/o UPRC
801 Cherry Street
Fort Worth, TX 76102

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	FEB 12 1998

PS Form 3800 April 1995