

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 800
ALBUQUERQUE, NEW MEXICO 87102-2121
(505) 768-1500

FAX (505) 768-1529

OF COUNSEL
D. M. CALHOUN
MACR EASLEY
JOE W. WOOD
RICHARD S. MORRIS

CLARENCE E. HINKLE 900-9851
W. E. BONDURANT, JR. 983-9731
ROY C. BHOODGRASS, JR. 984-9897

October 5, 1990

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4801
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9236
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554
FAX (505) 982-8623

LEWIS C. COX
PAUL R. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANDOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY JR.
MARSHALL D. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUMSFORD
JOHN J. KELLY
T. CALDER EZZELL JR.
WILLIAM B. BURFORD
RICHARD E. OLSON
RICHARD J. WILFONG
THOMAS J. MCBRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD
JEFFREY W. HELLBERG
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS
MICHAEL A. GROSS
THOMAS D. HANES, JR.

FRANKLIN H. MCCALLUM
GREGORY J. HIBERT
DAVID T. MARWETTE
MARK C. DOW
KAREN M. RICHARDSON
FRED W. SCHWENDEHANN
JAMES M. HUDSON
STANLEY K. ROTOWSKY JR.
BETTY K. LITTLE
JEFFREY S. BAIRD
RUTH S. HUSGRAVE
HOWARD R. THOMAS
PATRICIA A. WATTS
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
WILLIAM R. JOHNSON
ELLEN S. CASEY
B. BARRY PAISNER
MARGARET CARTER LUDEWIG
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. RULBETH JR.
LISA K. SMITH

*NOT LICENSED IN NEW MEXICO

Mr. William Lemay
Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Dear Mr. Lemay:

BHP Petroleum (Americas) Inc. hereby applies for administrative approval of an unorthodox gas well location for a well to be located 660 feet from the North line and 990 feet from the West line of Section 24, Township 8 South, Range 27 East, Chavez County, New Mexico. The well will be drilled to test the Ordovician Montoya formation (approximately 7000 feet subsurface), and the N $\frac{1}{2}$ of Section 24 will be dedicated to the well. Enclosed are three original sets of land plats and geological exhibits, together with a geological discussion by William Morris, a geologist for BHP Petroleum.

Regarding notice to offset operators, BHP Petroleum operates Section 23 to the West, Collins & Ware, Inc. operates the SE $\frac{1}{4}$ of Section 14 to the Northwest, and Hanlad Oil Corporation operates the S $\frac{1}{2}$ of Section 13 to the North. Notification of this application has been given to the offset operators.

Thank you for your consideration of this matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

James Bruce
By: James Bruce

JB:le

cc: Collins & Ware, Inc. (Certified Mail)
Hanlad Oil Corporation (Certified Mail)

PUFFER PROSPECT
N/2 SEC 24, T8S R27E
CHAVES CO., NEW MEXICO

BHP PETROLEUM(AMERICAS) PROPOSES TO DRILL AN ORDOVICIAN MONTOYA WILDCAT AT 660'FNL AND 990'FWL SECTION 24, T8S, R27E, CHAVES CO., NEW MEXICO. BHP'S PUFFER PROSPECT LIES IN A TRANSITIONAL AREA WHERE THE PROSPECTIVE FORMATION COULD BE EITHER OIL AND/OR GAS PRODUCTIVE. THE PROPOSED LOCATION IS ORTHODOX FOR AN OIL WELL. BHP IS PLANNING A NORTH/HALF PRORATION UNIT AND SEEKING STATE APPROVAL FOR AN UNORTHODOX GAS WELL. THE PROPOSED UNORTHODOX GAS LOCATION IS 990' UNORTHODOX FROM THE NEAREST END BOUNDARY.

IN CHAVES COUNTY THE MONTOYA FORMATION IS OIL AND/OR GAS PRODUCTIVE FROM NORTH-SOUTH TRENDING FAULTED ANTICLINAL TRAPS. BHP HAS TWO SEISMIC LINES THAT CROSS NEAR THE PROPOSED LOCATION (SEE ENCLOSED MAP). THIS SEISMIC DATA INDICATES THAT A HIGH STRUCTURAL POSITION CAN BE ATTAINED AT THE PROPOSED LOCATION AND THAT TWO BOUNDARY FAULTS ARE LOCATED TO THE NORTH AND EAST. SEVERAL NEARBY WELLS HAVE PENETRATED THE UPPER PORTION OF THE ORDOVICIAN DOLOMITES WITH UNSUCCESSFUL RESULTS (SEE ENCLOSED CROSS SECTION). THE WELLS IN SECTIONS 13 AND 24, SEISMICALLY, APPEAR TO BE ON THE DOWNTROWN SIDES OF THESE FAULTS AND THE WELL IN SECTION 23, DOWNDIP.

TWO OF THE THREE NEARBY WELLS HAVE PRODUCED GAS FROM THE PENN CLASTIC FORMATION. THIS IS A SECONDARY OBJECTIVE IN THIS WELL. ALTHOUGH, BHP'S GEOLOGIC CONCEPT IS THAT RESERVOIR QUALITY PENN SANDS ARE PRIMARILY PRODUCTIVE ON THE FLANKS OF MONTOYA STRUCTURES, THE LOW VOLUMES FOR THE TWO PENN PRODUCERS MAKE IT AN UNATTRACTIVE PRIMARY OBJECTIVE.

THE UNORTHODOX GAS LOCATION BHP IS SEEKING IS BASED PRIMARILY ON ITS FAVORABLE STRUCTURAL POSITION AS INTERPRETTED FROM PROPRIETARY SEISMIC DATA.

William J. Morris

WILLIAM J. MORRIS
SR. GEOLOGIST
BHP PETROLEUM (AMERICAS)



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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

November 19, 1990

BHP Petroleum (Americas), Inc.
c/o James Bruce
500 Marquette, NW
Suite 800
Albuquerque, NM 87102-2121

Administrative Order NSL-2942

Dear Mr. Bruce:

Reference is made to your application on behalf of BHP Petroleum, Inc. dated October 5, 1990 for a non-standard gas well location to be drilled 660 feet from the North line and 990 feet from the West line (Unit D) of Section 24, Township 8 South, Range 27 East, NMPM, to test the Ordovician formation, Chaves County, New Mexico. The N/2 of said Section 24 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

By the authority granted me under the provisions of General Rule 104F(II) the above-described unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", with a long, sweeping horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia



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

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

April 24, 1991

Collins & Ware Inc.
c/o Bill Seltzer
214 West Texas
Suite 507
Midland, TX 79701

Attention: Bill Seltzer

Administrative Order NSL-3003

Dear Mr. Seltzer:

Reference is made to your application dated April 12, 1991 for a non-standard gas well location for your Conastoga State Well No. 1 to be located 660 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 8 South, Range 27 East, NMPM, to test the Ordovician formation, Chaves County, New Mexico. The S/2 of said Section 14 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

By the authority granted me under the provisions of General Rule 104F.(II) the above-described unorthodox location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", written over the printed name and title.

William J. LeMay
Director

WJL/MES/cjk

cc: Oil Conservation Division - Artesia
State Land Office - Santa Fe

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

July 19, 1991

HAND-DELIVERED

RECEIVED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

JUL 19 1991

OIL CONSERVATION DIVISION

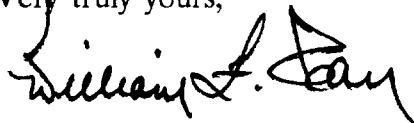
Re: Oil Conservation Division Case No. 10344:
Application of Collins & Ware, Inc. for an Unorthodox Gas Well Location,
Chaves County, New Mexico

Dear Mr. LeMay:

Collins & Ware, Inc. hereby requests that the above-referenced case scheduled for hearing before a Division Examiner on July 25, 1991 be continued to the Examiner hearings scheduled for August 8, 1991.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: Mr. Bill Seltzer
Conrad E. Coffield, Esq.

OIL CONSERVATION DIVISION
ARTESIA, NEW MEX. 88210

TO: David Catanach
FROM: Darrell Moore
DATE: 9/10/91

NUMBER OF SHEETS (INCLUDING TRANSMITTAL SHEET) 2

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL 505-748-1283.

FAX NUMBER: (505) 748-9720

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

CONSERVATION DIVISION

R. E. USU BRER
SANTA FE, NEW MEXICO 87501Form C-122
REVISED 10-1-78

MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Type Test		<input checked="" type="checkbox"/> Initial		<input type="checkbox"/> Annual		<input type="checkbox"/> Special		Test Date		2-26-91	
Company				Connection							
BHP PETROLEUM AMERICAS INC.				FLARE							
Pool				Formation				Unit			
WILDCAT <i>Montoya</i>				MONTOKA				N/A			
Completion Date		Total Depth		Plug Back TD		Elevation		Form or Lease Name			
2-23-91		6810		6600		3940		PUFFER STATE			
Coq. Size	Wt.	d	Set At	Perforations:		Well No.					
5.50	15.5	4.950	6810	From 6371 To 6452		#1					
Tq. Size	Wt.	d	Set At	Perforations:		Unit		Sec.	Twp.	Rge.	
2.875	6.5	2.441	6265	From - To -		D		24	8S	27E	
Type Well - Single - Brdenhead - C.C. or G.C. Multiple				Packer Set At		County					
SINGLE(GAS)				6265		CHAVES					
Producing Thru		Reservoir Temp. °F		Mean Annual Temp. °F		Baro. Press. - P ₀		State			
TBG. (GAS)		128 # 6412		60.0		13.2		N.M.			
L	H	G ₀	% CO ₂	% N ₂	% H ₂ S	Prover	Meter Run	Tops			
6412	6412	0.660	1.70	4.37	0.0	0	4.0	FLG.			
FLOW DATA				TUBING DATA				BHP DATA			
NO.	Prover Line Size	x	Orifice Size	Press. p.s.i.g.	Diff. h _w	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.	Temp. °F	Duration of Flow
51									2450	128	72.0
1.	4.00 x 1.500		520	26.0	72	0	0	0	2325	128	1.0
2.	4.00 x 1.500		520	34.0	72	0	0	0	2290	128	1.0
3.	4.00 x 1.500		520	58.0	68	0	0	0	2204	128	1.0
4.	4.00 x 2.000		520	61.0	62	0	0	0	1788	128	1.0
5.											
RATE OF FLOW CALCULATIONS											
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P _m	Flow Temp. Factor F _t	Gravity Factor F _g	Super. Compress. Factor, F _{sp}	Rate of Flow O. Mcd				
1	10.85	117.74	533.2	0.9887	1.2309	1.0458	1625				
2	10.85	134.64	533.2	0.9887	1.2309	1.0458	1858				
3	10.85	175.86	533.2	0.9924	1.2309	1.0471	2440				
4	19.83	180.35	533.2	0.9981	1.2309	1.0493	4611				
5											
NO.	R ₁	Temp. °R	T ₁	Z	Gas Liquid Hydrocarbon Ratio		Mcf/bbl.				
1	0.80	532	1.47	0.914	A.P.I. Gravity of Liquid Hydrocarbons		Deg.				
2	0.80	532	1.47	0.914	Specific Gravity Separator Gas		0.660				
3	0.00	520	1.46	0.913	Specific Gravity Flowing Fluid		XXXXXX				
4	0.80	522	1.44	0.908	Critical Pressure		669		P.S.I.A.		
5					Critical Temperature		362		°R		
$P_c = 2051.0$ $P_r = 4207$											
NO.	P ₁ ²	P _w	P _w ²	P ₁ ² - P _w ²	(1) $\frac{P_c^2}{P_1^2 - P_w^2} = 2.1754$		(2) $\left[\frac{P_c^2}{P_1^2 - P_w^2} \right]^n = 1.7155$				
1	5468	1948	3794	412							
2	5303	1919	3681	525							
3	4916	1848	3417	790							
4	3243	1508	2273	1934							
5											
$AOF = 0 \left[\frac{P_c^2}{P_1^2 - P_w^2} \right]^n = 7910$											
Absolute Open Flow				7910		Mcd @ 15.025		Angle of Slope @		55.2	
								Slope, n		0.694	
Remarks:											
CHOKE SIZES 7.5/64 , 9/64 , 11/64 , 14.5/64											
Approved By Division				Conducted By:				Calculated By:			
				BENNETT-CATHEY				JIM SMITH			
								Checked By:			



BRUCE KING
GOVERNOR

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

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 20, 1991

CAMBELL & BLACK
Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10344
ORDER NO. R-9583

Dear Sir:

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

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM Roswell Office
J. Bruce

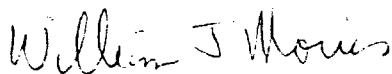
PUFFER PROSPECT
N/2 SEC 24, T8S R27E
CHAVES CO., NEW MEXICO

BHP PETROLEUM(AMERICAS) PROPOSES TO DRILL AN ORDOVICIAN MONTOYA WILDCAT AT 660'FNL AND 990'FWL SECTION 24, T8S, R27E, CHAVES CO., NEW MEXICO. BHP'S PUFFER PROSPECT LIES IN A TRANSITIONAL AREA WHERE THE PROSPECTIVE FORMATION COULD BE EITHER OIL AND/OR GAS PRODUCTIVE. THE PROPOSED LOCATION IS ORTHODOX FOR AN OIL WELL. BHP IS PLANNING A NORTH/HALF PRORATION UNIT AND SEEKING STATE APPROVAL FOR AN UNORTHODOX GAS WELL. THE PROPOSED UNORTHODOX GAS LOCATION IS 990' UNORTHODOX FROM THE NEAREST END BOUNDARY.

IN CHAVES COUNTY THE MONTOYA FORMATION IS OIL AND/OR GAS PRODUCTIVE FROM NORTH-SOUTH TRENDING FAULTED ANTICLINAL TRAPS. BHP HAS TWO SEISMIC LINES THAT CROSS NEAR THE PROPOSED LOCATION (SEE ENCLOSED MAP). THIS SEISMIC DATA INDICATES THAT A HIGH STRUCTURAL POSITION CAN BE ATTAINED AT THE PROPOSED LOCATION AND THAT TWO BOUNDARY FAULTS ARE LOCATED TO THE NORTH AND EAST. SEVERAL NEARBY WELLS HAVE PENETRATED THE UPPER PORTION OF THE ORDOVICIAN DOLOMITES WITH UNSUCCESSFUL RESULTS (SEE ENCLOSED CROSS SECTION). THE WELLS IN SECTIONS 13 AND 24, SEISMICALLY, APPEAR TO BE ON THE DOWNTOWN SIDES OF THESE FAULTS AND THE WELL IN SECTION 23, DOWNDIP.

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THE UNORTHODOX GAS LOCATION BHP IS SEEKING IS BASED PRIMARILY ON ITS FAVORABLE STRUCTURAL POSITION AS INTERPRETTED FROM PROPRIETARY SEISMIC DATA.



WILLIAM J. MORRIS
SR. GEOLOGIST
BHP PETROLEUM (AMERICAS)

TO: ERNIE CARROL, DAVE BONEAU
FROM: LESLIE BENTZ

RE: COMMENTS ON ORDER

- 5) NOTE HOW THEY CONVIENTLY IGNORE BHP'S UNORTHODOX LOCATION
- 7) THEY DID ACCEPT TOPOGRAPHIC EVIDENCE ALTHOUGH PLAINLY GEOLOGICAL INTENT
- 9) 3) 50% ACREAGE IS PRODUCTIVE I BELIEVE THIS WAS USED FOR PENALTY ASSESMENT AS WELL.
- 11) BELIEVE COLLINS AND WARE BECAUSE BHP DOESN'T HAVE DATA AND CHANGED THEIR MAP
- I HAVE BOTH SETS OF DATA, PLUS SOME PROPRIETARY DATA
- 15) I BELIEVE WE MAY BE BETTER OFF NOT ASKING NOT TO BE PENALIZED OR A SMALL PENALTY... I BELIEVE DAMAGES CREDIBILITY
- 18) 50% PENALTY 330/660 AGAIN CONVIENTLY FORGETS BHP UNORTHODOX

I REALIZE WE HAVE OUR WORK CUT OUT FOR US BUT I BELIEVE WE HAVE SOME ADVANTAGES... WE HAVE MORE DATA THAN BHP... AND WE KNOW WHAT THERE DEFENSE IS BUT WE HAVE TO HONE IN ON THERE UNORTHDOX LOCATION WITHOUT MAKING THE OCD DEFENSIVE ABOUT GRANTING IT FREE OF PENALTIES WE HAVE TO BE BETTER TECHNICALLY AND I BELIEVE WE HAVE A BETTER STORY THAT COULD SHED LIGHT ON DIFFERENT INTERPRETATIONS I.E. UPTHURST BLOCKS MODIFIED AND DISTORTED THROUGH TIME BY CONTINED MOVEMENT ALONG CONVERGENT WRENCH FAULTS. THE REAL PROBLEM ARISES BY JUSTIFYING SUBSTANTIAL RESERVES ON OUR ACREAGE AND PROPOSING A 330 LOCATION... I BELIEVE THE WAY IS TO SUBTRACT RESERVES FROM BHP AND SHOW THAT SUBSTANTIAL RESERVES UNDERLY ONLY THE NW/4 OF SECTION 24. IF NOT THEY WOULD HAVE DRILLED A WEST HALF SPACING UNIT ON THERE ORIGINAL INTERPRETATION. THEY NEEDED THAT 660 FNL LOCATION AND KNEW IT WOULD BE LESS OFFENSIVE TO GO 990 FROM THE 1980. IT WORKS OR THE OCD WOULD NOT GRANT ADMINSTRATIVE APPROVAL FOR THEM. THEY ARE PRODUCING 4 MMCFGPD WITH NO PENALTY AND THEY HAVE PROBABLY BEEN DRAINING THE SW/4 OF SEC. 13.

I WILL GET IN TOUCH WITH BOTH OF YOU AS SOON AS I GET MAPS AND STORY TOGETHER. I HAVE SEVERAL COMPETING THINGS GOING ON NOW WITH THE SAME DEADLINES.

PERTINENT FACTS AS PERTAIN TO THE HANLAD "AKZ" ST.2
UNORTHODOX LOCATION 1225FWL-330FSL S/2 13-T8S-R27E, CHAVES CO.,NM

OCT. 5, 1990,-

BHP APPLIES FOR ADMINISTRATIVE APPROVAL FOR UNORTHODOX LOCATION
PUFFER ST. #1 660FNL-990FWL N/2 24-T8S-R27E.

SEE ATTACHED APPLICATION.... APPROVED BUT DO NOT HAVE COPY OF OCD ORDER
NO OPPOSITION

MARCH 5,1991 BHP COMPLETES MONTOYA (SILURO-ORDOVICIAN) PRODUCER
7.9 MMCFGPD

JULY 8,1991 FILES COMPLETION WITH OCD SEE ATTACHED COMPLETION REPORT.

JULY 1991- PUFFER WELL PUT ON PRODUCTION LINE SEE ATTACHED PRODUCTION
AS FILED WITH THE OCD. NOTE JAN.1992 IS MISSING, EITHER NOT FILED OR IS
MISPLACED BY THE OCD. PRODUCTION AS FILED WITH OCD TO DATE IS 799,693 MCFG.

AUG.1991- APPLICATION FOR UNORTHODOX LOCATION COLLINS AND WARE
CASE 10344. SEE ATTACHED TRANSCRIPT AND EXHIBITS.330S-990E 14-T8S-R27E.

SEPT.1991 ORDER ISSUED 50% PENALTY TO COLLINS AND WARE

OCT.1991- YPC BUYS S/2 13-8-27 COMPETITIVE BID STATE LAND SALE

OCT.1991-JAN.1992 YPC WORKS OUT SETTLEMENT WITH MANZANO CONCERNING THE
HANLAD ST.#1 AN UNPLUGGED WELL ON S/2 13-8-27.BILL OF SALE JAN.

PURCHASE STEVENS LINE IN SEC. 13 AND WORK SEISMIC TRADE FOR CRITICAL DATA
FROM BOTH COLLINS AND WARE AND BHP.YPC ALREADY OWNS LINE JOINTLY SHOT WITH
BHP FROM JAN.1990.

MARCH 1992- COLLINS AND WARE LOCATION.... OPERATED BY MANZANO, CONESTOGA ST.
WELL #1 330FSL-990FEL 14-8S-27E. DRILLED AND ABANDONED AS A DRY HOLE IN THE
MONTOYA .

APRIL 1992- YPC SHOOTS 3 MILES OF PROPRIETARY DATA TO CHOOSE LOCATION.

MAY 1992 - YPC APPLIES FOR UNORTHODOX LOCATION HANLAD AKX ST. #2

MAY 1992- ELK OIL APPLIES FOR UNORTHODOX LOCATION 1650N-990W N/2 13-8S-27E.

HEARING SET FOR JUNE 11,1992 FROM COLLINS AND WARE CASE AT LEAST A 50% PENALTY
IS EXPECTED, BUT IN LIGHT OF THE DRY HOLE IN 14, THE CASE IS STRONGER FOR
SUBSTANTIAL RESERVES IN SECTION 13. AS BHP IS UNORTHODOX LOCATION
THAT IS TAKING ADVANTAGE OF THE RESERVES IN THE NW/4 OF 14, BUT ALSO THE
SW/4 OF 13. I THINK WE CAN MAKE A CASE FOR A 25% -35% PENALTY. THIS IS MUCH MORE
APPROPRIATE.

TO: ERNIE CARROLL, DAVE BONEAU, ROB BULLOCH
FROM: LESLIE BENTZ