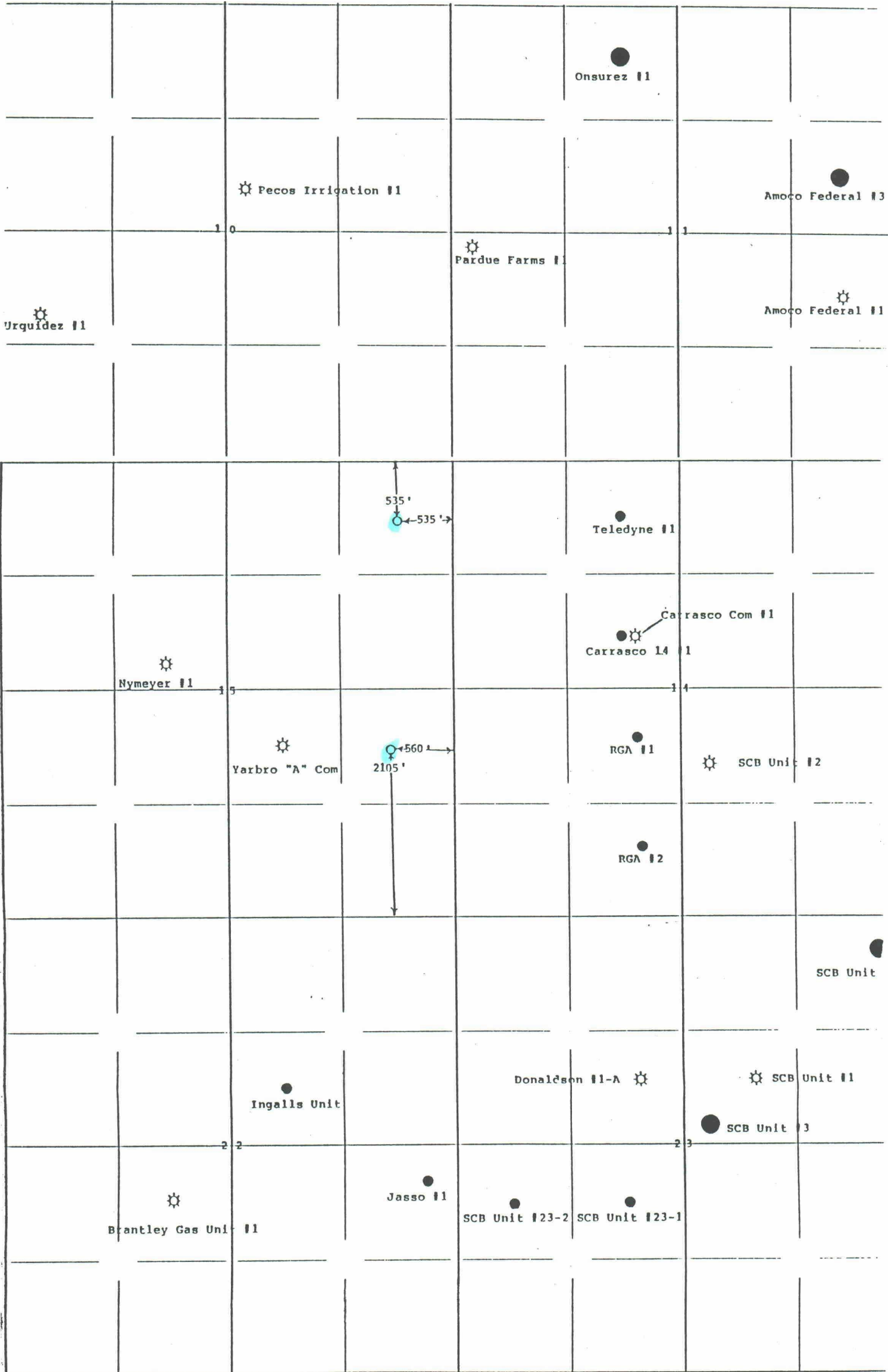


Exhibits 1 through 8  
Complete Set



- ☼ Morrow/Atoka Gas Wells
- Bone Springs Oil Wells
- Delaware Oil Wells
- Proposed Locations

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

BIRD

CREEK

EXHIBIT NO. 1

CASE NO. 9890 & 9891

# BIRD CREEK RESOURCES, INC.

February 7, 1990

Pogo Producing Co.  
P.O. Box 10340  
Midland, TX 79702

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
BIRD CREEK	EXHIBIT NO. 2
CASE NO. 9890 & 9891	

Re: Loving Prospect  
Proposed 6,300' Delaware Test  
NE/4 NE/4, Section 15-23S-28E  
Eddy County, New Mexico

Gentlemen:

This is to advise that Bird Creek Resources, Inc. hereby formally proposes the drilling of a 6,300' Delaware test at a legal location in the NE/4 NE/4 of Section 15-23S-28E, Eddy County, New Mexico. In this regard, please find enclosed two copies of our AFE and one copy of our proposed Operating Agreement with extra signature page.

If you desire to participate in this test, please execute one copy of the AFE and forward to this office. In addition, if the Operating Agreement meets with your approval, we would request that you execute the extra signature page and forward it along with the executed AFE. In the event you have some problem with any provision of the Operating Agreement, please let us know and we will see if we can accommodate your concerns. Also please be advised that Bird Creek owns or has the right to interest making it the largest working interest owner in the NE/4 NE/4 of Section 15.

If you do not desire to participate, we hereby offer to take a farmout of your interest on the following basis:

1. On or before June 1, 1989, Bird Creek Resources, Inc. shall commence or cause to be commenced the actual drilling of a 6,300' Delaware test at a legal location in the NE/4 NE/4 of Section 15-23S-28E, Eddy County, New Mexico.
2. Upon completion of the initial test as a well capable of producing oil and/or gas in commercial quantities, farmoutor shall assign to Bird Creek all of its interest in the NE/4 NE/4 of Section 15 from the surface down to

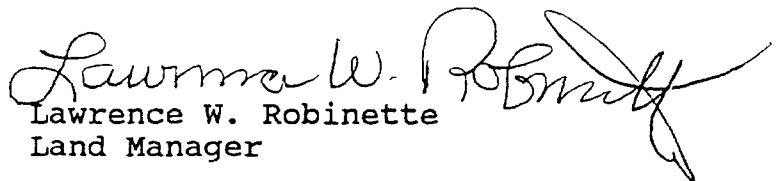
100 feet below the stratigraphic equivalent of the total depth drilled or to the base of the Delaware formation, whichever is the lesser.

3. Farmoutor shall reserve an overriding royalty interest equal to the difference between the existing leasehold burdens and 25%. At payout of the test well, said override shall be convertible to a proportionately reduced 25% working interest.
4. Bird Creek shall have the option to conduct a continuous drilling program in the remainder of the E/2 of Section 15 with no more than 120 days between the completion of the preceding test well and the spudding of the next test to earn the same rights in remaining farmout acreage on a well-by-well basis.
5. Bird Creek shall furnish all geological and well information on any well drilled on the farmout acreage.
6. Each proration unit shall be covered by a Joint Operating Agreement.

We are requesting that you reply within 30 days from the date of this letter after which time it will be necessary for us to file with the Oil Conservation Division for a force pooling hearing so that this operation may be commenced on schedule.

If you have any questions or require further information in this regard, please do not hesitate to contact me.

Sincerely,

  
Lawrence W. Robinette  
Land Manager

Enclosures

### WELL COST ESTIMATE

6,300' Delaware Test, NE/4 NE/4, Section 15-23S-28E  
Eddy County, New Mexico

	<u>Producer</u>	<u>Dry Hole</u>
<u>Tangible Well Cost</u>		
Tubulars - 500' 8-5/8 @ \$ 9.40/ft	\$ 4,700	\$ 4,700
6,300' 5-1/2 @ \$ 5.60/ft	35,300	-
6,300' 2-7/8 @ \$ 3.00/ft	18,900	-
Transportation and hauling	3,500	3,500
Wellhead Assembly	6,500	1,500
Subsurface Equipment	4,000	-
Separation Facilities	4,000	-
Tanks	15,000	-
Flow Lines	3,000	-
Pumping Unit & Compressor	-	-
Other Equipment	2,000	-
<hr/> Total Tangibles	<hr/> \$ 96,900	<hr/> \$ 9,700
<u>Intangible Well Cost</u>		
Permits, Surveys	\$ 2,000	\$ 2,000
Location, Road & Damages	8,000	8,000
Contract Drilling---6300 @ \$12/ft	75,600	75,600
3 days @ \$4300/day	12,900	8,000
Bits	1,000	1,000
Completion Unit 5 days @ \$1200/day	6,000	-
Cementing	22,000	5,000
Drilling Fluids	10,000	10,000
Fuel and Water	1,000	1,000
Supplies	500	500
Mud Logging	2,000	2,000
Wireline Service - Logging	8,000	8,000
Perforating	3,000	-
Formation Treating	18,000	-
Transportation and Hauling	5,000	2,000
Rentals and Miscellaneous	5,000	3,000
Contract Labor	6,000	3,000
Direct Supervision	6,000	5,000
Engineering Supervision	3,000	3,000
Geological Supervision	2,000	2,000
Insurance and Tax	1,000	1,000
Overhead	3,600	3,000
Contingencies	23,000	16,000
<hr/> Total Intangibles	<hr/> \$224,600	<hr/> \$159,100
 TOTAL	 \$321,500	 \$168,800

COMPANY \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

# BIRD CREEK RESOURCES, INC.

February 13, <sup>1990</sup>~~1989~~

J. R. Rowan, Inc.  
P.O. Box 162  
Midland, TX 79708

Re: Loving Prospect  
Proposed 6,300' Delaware Test  
NE/4 SE/4, Section 15-23S-28E  
Eddy County, New Mexico

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
BIRD CREEK EXHIBIT NO. 3  
CASE NO. 9890 & 9891

Dear Mr. Rowan,

This is to advise that Bird Creek Resources, Inc. hereby formally proposes the drilling of a 6,300' Delaware test at a legal location in the NE/4 SE/4 of Section 15-23S-28E, Eddy County, New Mexico. In this regard, please find enclosed two copies of our AFE and one copy of our proposed Operating Agreement with extra signature page.

If you desire to participate in this test, please execute one copy of the AFE and forward to this office. In addition, if the Operating Agreement meets with your approval, we would request that you execute the extra signature page and forward it along with the executed AFE. In the event you have some problem with any provision of the Operating Agreement, please let us know and we will see if we can accommodate your concerns. Also please be advised that Bird Creek owns or has the right to interest making it the largest working interest owner in the NE/4 SE/4 of Section 15.

If you do not desire to participate, we hereby offer to take a farmout of your interest on the following basis:

1. On or before July 1, 1989, Bird Creek Resources, Inc. shall commence or cause to be commenced the actual drilling of a 6,300' Delaware test at a legal location in the NE/4 SE/4 of Section 15-23S-28E, Eddy County, New Mexico.
2. Upon completion of the initial test as a well capable of producing oil and/or gas in commercial quantities, farmoutor shall assign to Bird Creek all of its interest in the NE/4 SE/4 of Section 15 from the surface down to 100 feet below the stratigraphic equivalent of the total depth drilled or to the base of the Delaware formation, whichever is the lesser.

3. Farmoutor shall reserve an overriding royalty interest equal to the difference between the existing leasehold burdens and 25%. At payout of the test well, said override shall be convertible to a proportionately reduced 25% working interest.
4. Bird Creek shall have the option to conduct a continuous drilling program in the remainder of the E/2 of Section 15 with no more than 120 days between the completion of the preceding test well and the spudding of the next test to earn the same rights in remaining farmout acreage on a well-by-well basis.
5. Bird Creek shall furnish all geological and well information on any well drilled on the farmout acreage.
6. Each proration unit shall be covered by a Joint Operating Agreement.

We are requesting that you reply within 30 days from the date of this letter after which time it will be necessary for us to schedule a force pooling hearing so that this operation may be commenced on schedule.

If you have any questions or require further information in this regard, please do not hesitate to contact me.

Sincerely,

  
Lawrence W. Robinette  
Land Manager

Enclosures

### WELL COST ESTIMATE

6,300' Delaware Test, NE/4 SE/4, Section 15-23S-28E  
Eddy County, New Mexico

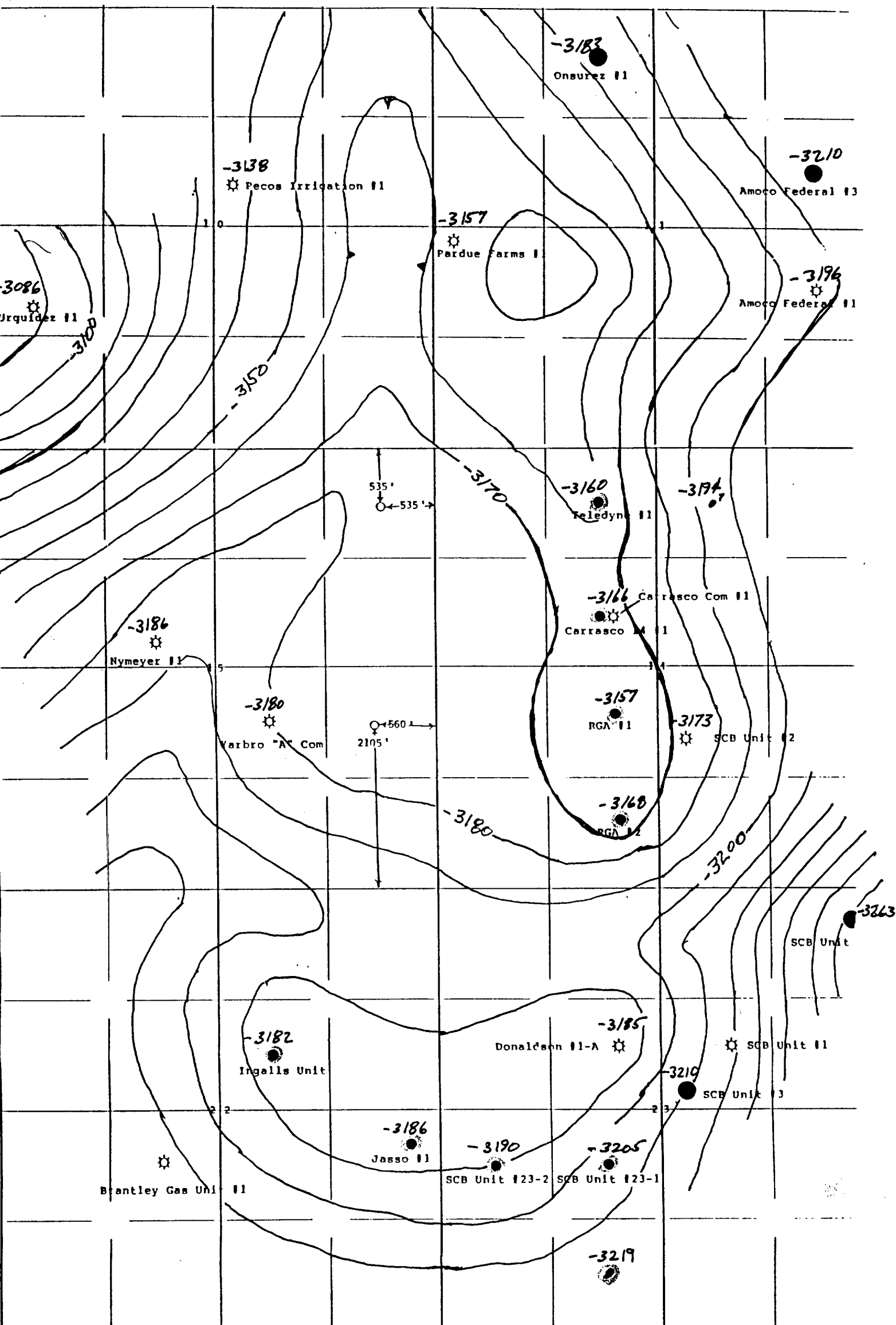
	<u>Producer</u>	<u>Dry Hole</u>
<u>Tangible Well Cost</u>		
Tubulars - 500' 8-5/8 @ \$ 9.40/ft	\$ 4,700	\$ 4,700
6,300' 5-1/2 @ \$ 5.60/ft	35,300	-
6,300' 2-7/8 @ \$ 3.00/ft	18,900	-
Transportation and hauling	3,500	3,500
Wellhead Assembly	6,500	1,500
Subsurface Equipment	4,000	-
Separation Facilities	4,000	-
Tanks	15,000	-
Flow Lines	3,000	-
Pumping Unit & Compressor	-	-
Other Equipment	<u>2,000</u>	-
<u>Total Tangibles</u>	<u>\$ 96,900</u>	<u>\$ 9,700</u>
<u>Intangible Well Cost</u>		
Permits, Surveys	\$ 2,000	\$ 2,000
Location, Road & Damages	8,000	8,000
Contract Drilling---6300 @ \$12/ft	75,600	75,600
3 days @ \$4300/day	12,900	8,000
Bits	1,000	1,000
Completion Unit 5 days @ \$1200/day	6,000	-
Cementing	22,000	5,000
Drilling Fluids	10,000	10,000
Fuel and Water	1,000	1,000
Supplies	500	500
Mud Logging	2,000	2,000
Wireline Service - Logging	8,000	8,000
Perforating	3,000	-
Formation Treating	18,000	-
Transportation and Hauling	5,000	2,000
Rentals and Miscellaneous	5,000	3,000
Contract Labor	6,000	3,000
Direct Supervision	6,000	5,000
Engineering Supervision	3,000	3,000
Geological Supervision	2,000	2,000
Insurance and Tax	1,000	1,000
Overhead	3,600	3,000
Contingencies	<u>23,000</u>	<u>16,000</u>
<u>Total Intangibles</u>	<u>\$224,600</u>	<u>\$159,100</u>
<u>TOTAL</u>	<u>\$321,500</u>	<u>\$168,800</u>

COMPANY J. R. Rowan, Inc.

BY: J. R. Rowan

DATE: March 7, 1990





☆ Horrow/Atoka Gas Wells  
● Bone Springs Oil Wells  
● Delaware Oil Wells  
○ Proposed Locations  
3-17-90  
III

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
BIRD CREEK  
EXHIBIT NO. 4  
CASE NO. 9890 & 9891

Structure:  
Top Bone Springs  
CI = 10 FT.

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

BIRD

CREEK

EXHIBIT NO.

5

CASE NO.

9890 & 9891

0  
Onsuez #1

Amoco Federal #3

Amoco Federal #1

Teledyne #1

Carrasco Com #1

Carrasco L4 #1

RGA #1

SCB Unit #2

RGA #2

SCB Unit

Donaldson #1-A

SCB Unit #1

SCB Unit #3

SCB Unit #23-2 SCB Unit #23-1

Jasso #1

Brantley Gas Unit #1

Ingalls Unit

Yarbrow "A" Com

Pardue Farms #1

Pecos Irrigation #1

Arquidez #1

Nymeyer #1

Horror/Atoka Gas Wells

Bone Springs Oil Wells

Delaware Oil Wells

Proposed Locations

3-17-90

Net Basal Delaware Sand

$\phi_x$  (neutron-density)

CI = 10 PT.

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

IN THE MATTER OF THE APPLICATION  
FOR BIRD CREEK RESOURCES, INC.  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. 9891

CERTIFICATE OF MAILING


AND

COMPLIANCE WITH ORDER R-8054

In Accordance with Division Rule 1207 (Order R-8054) I hereby certify that on February 28, 1990, I caused to be mailed by certified mail return receipt requested notice of this hearing and a copy of the Application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for March 21, 1990, to the parties shown in the Application as evidence by the attached copies of return receipt cards.

  
Karen Aubrey

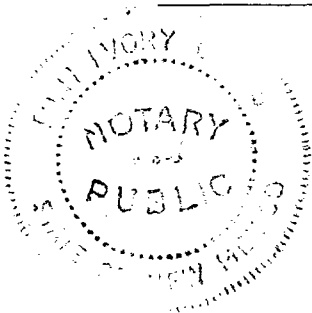
SUBSCRIBED AND SWORN to before me this 20th day of March, 1990.

  
Toni Ivory Carter  
Notary Public

My Commission Expires:

7-6-91

BEFORE EXAMINER STOOGNER	
OIL CONSERVATION DIVISION	
BIRD CREEK	EXHIBIT NO. 6
CASE NO.	9890 & 9891



SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Pogo Producing Company P.O. Box 10340 Midland, TX 79703 KA-Bird Creek NE/4SE/4	4. Article Number P 572 124 934
Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid) <i>per note</i>
6. Signature - Agent X <i>M. Ochoa</i>	
7. Date of Delivery MAR - 2 1988	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: R.C. Roberts P.O. Box 640 Gilmer, TX 75644 KA-Bird Creek NE/4SE/4	4. Article Number P 572 124 931
Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Oxy USA, Inc. P.O. Box 50250 Midland, TX 79710 KA-Bird Creek NE/4SE/4	4. Article Number P 572 124 932
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>Zelly Roberts</i>	
7. Date of Delivery 3/3	

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Ruth D. Roberts c/o Mr. Dan Roberts P.O. Box 801 Austin, TX 78767 KA-Bird Creek NE/4SE/4	4. Article Number P 572 124 930
Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	3-6-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested. 1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:	4. Article Number
T. Calder Ezze P.O. Box 10 Roswell, NM 88201 KA-Bird Creek NE/4SE/4	P 572 124 928
5. Signature - Agent	Type of Service:
<i>T. Calder Ezze</i>	<input type="checkbox"/> Registered <input type="checkbox"/> Insured
7. Date of Delivery	<input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD
2-3-90	<input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
	8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested. 1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:	4. Article Number
Liberty National Bank P.O. Box 1627 Lovington, NM 88260 Attn: Mr. Mike Abbott (KA-Bird Creek NE/4SE/4)	P 572 124 926
5. Signature - Agent	Type of Service:
<i>Mr. Mike Abbott</i>	<input type="checkbox"/> Registered <input type="checkbox"/> Insured
7. Date of Delivery	<input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD
3-2-90	<input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
	8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested. 1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:	4. Article Number
C. Ray Allen P.O. Box 630 Midland, TX 79701 KA-Bird Creek NE/4SE/4	P 572 124 927
5. Signature - Agent	Type of Service:
<i>C. Ray Allen</i>	<input type="checkbox"/> Registered <input type="checkbox"/> Insured
7. Date of Delivery	<input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD
3-5-90	<input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
	8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested. 1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:	4. Article Number
C. Ray Allen P.O. Box 2373 Midland, TX 79702 KA-Bird Creek NE/4SE/4	P 572 124 843
5. Signature - Agent	Type of Service:
<i>C. Ray Allen</i>	<input type="checkbox"/> Registered <input type="checkbox"/> Insured
7. Date of Delivery	<input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD
3-9-90	<input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
	8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**Santa Fé, New Mexico 87504-2265**

## MAIL

200

id, TX 79467

1. *Introduction*  
 2. *Background*  
 3. *Methodology*  
 4. *Results*  
 5. *Discussion*  
 6. *Conclusion*  
 7. *References*  
 8. *Appendix*  
 9. *Index*  
 10. *Summary*

1

ALBUQUERQUE  
JUN 10 1962  
10178 W

STAVE MEET THE CHALLENGE  
FEE 2809  
COMETER 1434878

RECEIVED MAR 12 1966

[illegible][illegible]

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

IN THE MATTER OF THE APPLICATION  
FOR BIRD CREEK RESOURCES, INC.  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

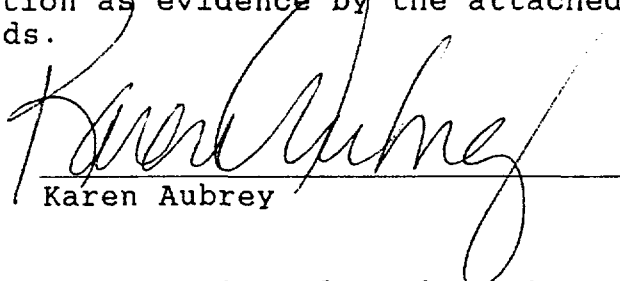
CASE NO. 9890

CERTIFICATE OF MAILING

AND

COMPLIANCE WITH ORDER R-8054

In Accordance with Division Rule 1207 (Order R-8054) I hereby certify that on February 28, 1990, I caused to be mailed by certified mail return receipt requested notice of this hearing and a copy of the Application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for March 21, 1990, to the parties shown in the Application as evidence by the attached copies of return receipt cards.

  
Karen Aubrey

SUBSCRIBED AND SWORN to before me this 20th day of March, 1990.

  
Notary Public

My Commission Expires:

7-6-91

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
BIRD CREEK	EXHIBIT NO. 7
CASE NO. 9890 & 9891	

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check boxes for additional services requested.  
1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

Article Addressed to:

NAVALIS, INC.  
P.O. Box 133  
Midland, TX 79702  
KA-Bird Creek NE/4NE/4

Signature - Agent  
Date of Delivery  
3-2-90

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check boxes for additional services requested.  
1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

Article Addressed to:

T. Calder Ezzell  
P.O. Box 10  
Roswell, NM 88201  
KA-Bird Creek NE/4NE/4

Signature - Agent  
Date of Delivery  
3-2-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check boxes for additional services requested.  
1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

Article Addressed to:

Ed E. Phillips  
P.O. Box 11313  
Midland, TX 79702  
KA-Bird Creek NE/4NE/4

Signature - Agent  
Date of Delivery  
MAR 06 1990

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check boxes for additional services requested.  
1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

Article Addressed to:

C. Ray Allen  
P.O. Box 630  
Midland, TX 79702  
KA-Bird Creek NE/4NE/4

Signature - Agent  
Date of Delivery  
3-5-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT



**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: CHL Energy, Inc.  
c/o Mr. Charles Hopkins  
407 N. Big Spring  
Midland, TX 70701  
KA-Bird Creek NE/4NE/4

4. Article Number P 572 124 939

Type of Service: ☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature - Address *[Signature]*

6. Signature - Agent *[Signature]*

7. Date of Delivery 3-5-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

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1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Concise Oil & Gas  
P.O. Box 378111  
Denver, CO 80237  
KA-Bird Creek NE/4NE/4

4. Article Number P 572 124 941

Type of Service: ☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature - Address *[Signature]*

6. Signature - Agent *[Signature]*

7. Date of Delivery 3-2-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Quinoco Consolidated Partners  
P.O. Box 378111  
Denver, CO 80237  
KA-Bird Creek NE/4NE/4

4. Article Number P 572 124 940

Type of Service: ☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature - Address *[Signature]*

6. Signature - Agent *[Signature]*

7. Date of Delivery 3-2-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Betsy Ann Stillwagon  
11,711 Memorial #717  
Houston, TX 77024  
KA-Bird Creek NE/4NE/4

4. Article Number P 572 124 942

Type of Service: ☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature - Address *[Signature]*

6. Signature - Agent *[Signature]*

7. Date of Delivery 3-2-90

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:		4. Article Number P 572 124 943	
James E. Kiehn 201 W. Wall Midland, TX 79701 KA-Bird Creek NE/4NE/4		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature - Address		8. Addressee's Address (ONLY if requested and fee paid) <i>James E. Kiehn</i>	
6. Signature - Agent <i>D. J. Fort</i>			
7. Date of Delivery MAR - 8 1990			

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:		4. Article Number P 572 124 943	
R.F. Fort P.O. Box 1044 Midland, TX 79701 KA-Bird Creek NE/4NE/4		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature - Address		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature - Agent <i>R.F. Fort</i>			
7. Date of Delivery			

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:		4. Article Number P 572 124 944	
Gary L. Kiehn 201 W. Wall Midland, TX 79701 KA-Bird Creek NE/4NE/4		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature - Address		8. Addressee's Address (ONLY if requested and fee paid) <i>James E. Kiehn</i>	
6. Signature - Agent <i>D. J. Fort</i>			
7. Date of Delivery 3/5/90			

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:		4. Article Number P 572 124 946	
Westway Petro, Texas Joint Venture Lock Box 70 500 N. Akard Street Dallas, TX 75201 KA-Bird Creek NE/4NE/4		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature - Address		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature - Agent <i>D. J. Fort</i>			
7. Date of Delivery MAR 06 1990			

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

<p>● <b>SENDER:</b> Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.</p> <p>Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.</p> <p>1X <input checked="" type="checkbox"/> Show to whom delivered, date, and addressee's address.      2. <input type="checkbox"/> Restricted Delivery (Extra charge)</p>	
<p>3. Article Addressed to:</p> <p>Harken Oil &amp; Gas, Inc. P.O. Drawer 61200/ Dallas, TX 75261 KA-Bird Creek NE/4NE/4</p>	
<p>4. Article Number</p> <p>P 572 124 947</p>	
<p>Type of Service:</p> <p><input type="checkbox"/> Registered      <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Certified      <input type="checkbox"/> COD</p> <p><input type="checkbox"/> Express Mail      <input type="checkbox"/> Return Receipt for Merchandise</p>	
<p>Always obtain signature of addressee or agent and <b>DATE DELIVERED</b>.</p>	
<p>5. Signature — Address</p> <p>X</p>	
<p>6. Signature — Agent</p> <p>X <i>Gary W. Barker</i></p>	
<p>7. Date of Delivery</p> <p>MAR 05 1990</p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p>	
<p>US Form 3811, Mar. 1988      * U.S.G.P.O. 1988-212-865      DOMESTIC RETURN RECEIPT</p>	

<p>● <b>SENDER:</b> Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.</p> <p>Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.</p> <p>1. <input checked="" type="checkbox"/> Show to whom delivered, date, and addressee's address.      2. <input type="checkbox"/> Restricted Delivery  <i>(Extra charge)</i>      <i>(Extra charge)</i></p>	
<p>3. Article Addressed to:</p> <p>Santa Fe, Energy Operating Partners, L.P.  500 W. Illinois, 5th Floor  Midland, TX 79702  KA-Bird Creek NE/4NE/4</p>	<p>4. Article Number</p> <p>P 572 124 948</p>
<p>5. Signature - Address</p> <p>X</p>	<p>Type of Service:</p> <p><input type="checkbox"/> Registered      <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Certified      <input type="checkbox"/> COD</p> <p><input type="checkbox"/> Express Mail      <input type="checkbox"/> Return Receipt for Merchandise</p>
<p>6. Signature - Agent</p> <p>X <i>John L. Chappell</i></p>	<p>Always obtain signature of addressee or agent <u>DATE</u> DELIVERED.</p>
<p>7. Date of Delivery</p> <p><i>3-5-90</i></p>	<p>8. Addressee's Address (ONLY if requested and fee paid)</p> <p><i>Same</i></p>

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN  
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN  
OF COUNSEL

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

TRANSMITTAL MEMORANDUM

HAND DELIVERED

DATE: March 21, 1990

TO: Michael E. Stogner  
Oil Conservation Division  
State Land Office  
Santa Fe, New Mexico 87501

RE: NMOCD Case Nos. 9890 & 9891 / Bird Creek

RECEIVED

MAR 21 1990

OIL CONSERVATION DIVISION

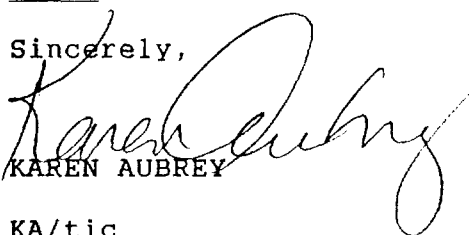
The following documents are enclosed:

Bird Creek Resources Exhibit No. 8

Please:

\_\_\_\_ Per your request  
\_\_\_\_ For your information only; no action on your part  
is required  
\_\_\_\_ For your information  
\_\_\_\_ We would appreciate a response from you on this  
matter  
\_\_\_\_ In order to proceed, we need a response from you  
by \_\_\_\_\_  
\_\_\_\_ If you have any questions on this matter, please  
do not hesitate to call  
\_\_\_\_ Please call our office, we need to discuss this  
matter with you  
\_\_\_\_ Please note that some action on your part is re-  
quired  
\_\_\_\_ Other:

Sincerely,

  
KAREN AUBREY

KA/tic  
Enclosure

xc: Lawrence Robinette

# BIRD CREEK RESOURCES, INC.

December 18, 1989

Quinoco Consolidated Partners  
P.O. Box 378111  
Denver, CO 80237

Attn: Mr. Mark Eikerman

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
BIRD CREEK	EXHIBIT NO. 8
CASE NO.	9890 & 9891

Re: Loving Prospect  
E/2, Section 15-23S-28E  
Eddy County, New Mexico

Gentlemen:

This is to request that Quinoco Consolidated Partners farmout its interest in the E/2 of Section 15-23S-28E, Eddy County, New Mexico on the following basis:

1. On or before June 1, 1989, Bird Creek Resources, Inc. shall commence or cause to be commenced the actual drilling of a 6,300' Delaware test at a legal location in the NE/4 NE/4 of Section 15-23S-28E, Eddy County, New Mexico.
2. Upon completion of the initial test as a well capable of producing oil and/or gas in commercial quantities, Quinoco Consolidated Partners shall assign to Bird Creek all of its interest in the NE/4 NE/4 of Section 15 from the surface down to 100 feet below the stratigraphic equivalent of the total depth drilled or to the base of the Delaware formation, whichever is the lesser.
3. Quinoco Consolidated Partners shall reserve an overriding royalty interest equal to the difference between the existing leasehold burdens and 25%. At payout of the test well, said override shall be convertible to a proportionately reduced 25% working interest.
4. Bird Creek shall have the option to conduct a continuous drilling program in the remainder of the E/2 of Section 15 with no more than 120 days between the completion of the preceding test well and the spudding of the next test to earn the same rights in remaining farmout acreage on a well-by-well basis.

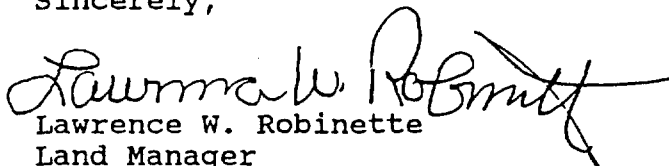
5. Bird Creek shall furnish all geological and well information on any well drilled on the farmout acreage.
6. Each proration unit shall be covered by a Joint Operating Agreement.

If this proposal meets with your approval, please so indicate by signing in the space provided below and returning one copy of this letter to our office. Upon our receipt, we will prepare the formal Farmout Agreement and forward it to you for your review and approval.

This offer shall remain open until February 1, 1989.

If you have any questions or require further information in this regard, please do not hesitate to contact me.

Sincerely,

  
Lawrence W. Robinette  
Land Manager

ACCEPTED AND AGREED TO THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1990.

By: \_\_\_\_\_

# BIRD CREEK RESOURCES, INC.

December 18, 1989

Oxy USA, Inc.  
P.O. Box 50250  
Midland, TX 79710

Re: Loving Prospect  
E/2, Section 15-23S-28E  
Eddy County, New Mexico

Gentlemen:

This is to request that Oxy USA, Inc. farmout its interest in the E/2 of Section 15-23S-28E, Eddy County, New Mexico on the following basis:

1. On or before June 1, 1989, Bird Creek Resources, Inc. shall commence or cause to be commenced the actual drilling of a 6,300' Delaware test at a legal location in the SE/4 SE/4 of Section 15-23S-28E, Eddy County, New Mexico.
2. Upon completion of the initial test as a well capable of producing oil and/or gas in commercial quantities, Oxy USA, Inc. shall assign to Bird Creek all of its interest in the SE/4 SE/4 of Section 15 from the surface down to 100 feet below the stratigraphic equivalent of the total depth drilled or to the base of the Delaware formation, whichever is the lesser.
3. Oxy USA, Inc. shall reserve an overriding royalty interest equal to the difference between the existing leasehold burdens and 25%. At payout of the test well, said override shall be convertible to a proportionately reduced 25% working interest.
4. Bird Creek shall have the option to conduct a continuous drilling program in the remainder of the E/2 of Section 15 with no more than 120 days between the completion of the preceding test well and the spudding of the next test to earn the same rights in remaining farmout acreage on a well-by-well basis.
5. Bird Creek shall furnish all geological and well information on any well drilled on the farmout acreage.

6. Each proration unit shall be covered by a Joint Operating Agreement.

If this proposal meets with your approval, please so indicate by signing in the space provided below and returning one copy of this letter to our office. Upon our receipt, we will prepare the formal Farmout Agreement and forward it to you for your review and approval.

This offer shall remain open until February 1, 1989.

If you have any questions or require further information in this regard, please do not hesitate to contact me.

Sincerely,

  
Lawrence W. Robinette  
Land Manager

ACCEPTED AND AGREED TO THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1990.

By: \_\_\_\_\_





STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

April 4, 1990

POST OFFICE BOX 2086  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Ms. Karen Aubrey  
Kellahin, Kellahin & Aubrey  
Attorneys at Law  
Post Office Box 2265  
Santa Fe, New Mexico

Re: CASE NO. \_\_\_\_\_  
ORDER NO. 9891  
R-9143  
Applicant: \_\_\_\_\_

Bird Creek Resources, Inc.

Dear Madam:

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

Sincerely,

*Florene Davidson*

FLORENE DAVIDSON  
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD \_\_\_\_\_  
Artesia OCD \_\_\_\_\_ **x**  
Aztec OCD \_\_\_\_\_ **x**

Other \_\_\_\_\_  
James Bruce

3

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:

CASE NO. 9891  
ORDER NO. R-9143

APPLICATION OF BIRD CREEK RESOURCES,  
INC. FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 21, 1990 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of April, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) At the time of the hearing, this case was consolidated with Case No. 9890 for purposes of testimony.

(3) The applicant, Bird Creek Resources, Inc., seeks an order pooling all mineral interests from the surface to the base of the Delaware formation, underlying the NE/4 SE/4 of Section 15, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware Pool.

Case No. 9891  
Order No. R-9143  
Page No. 2

(4) The applicant has the right to drill and proposes to drill a well at a standard oil well location 2105 feet from the South line and 560 feet from the East line (Unit I) of said Section 15.

(5) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(6) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in any pool resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(7) The applicant should be designated the operator of the subject well and unit.

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

(9) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

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

Case No. 9891  
Order No. R-9143  
Page No. 3

(12) \$4531.00 per month while drilling and \$438.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(14) Upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before June 30, 1990, the order pooling said unit should become null and void and of no further effect whatsoever.

(15) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(16) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from the surface to the base of the Delaware formation, underlying the NE/4 SE/4 of Section 15, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware Pool, said unit to be dedicated to a well to be drilled at a standard oil well location 2105 feet from the South line and 560 feet from the East line (Unit I) of said Section 15.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 30th day of June, 1990, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the vertical extent between the surface and the base of the Delaware formation.

Case No. 9891  
Order No. R-9143  
Page No. 4

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 30th day of June, 1990, Decretory Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Decretory Paragraph No. (1) of this order should not be rescinded.

(2) Bird Creek Resources, Inc. is hereby designated the operator of the subject well and unit.

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

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

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

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

Case No. 9891  
Order No. R-9143  
Page No. 5

(7) The operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him; and
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) \$4531.00 per month while drilling and \$438.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

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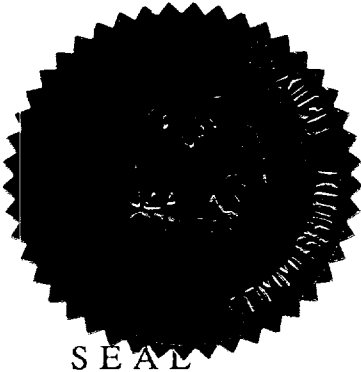
(12) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent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

(13) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(14) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

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

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



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY  
Director