



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

GARREY CARRUTHERS
GOVERNOR

September 27, 1990

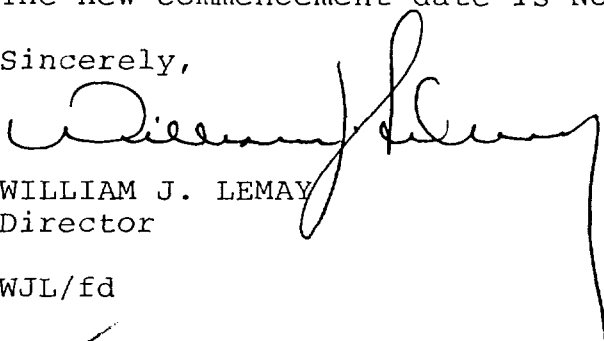
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Dear Mr. Kellahin:

Based upon your letter of September 27, 1990, Grand Production Company is hereby designated as operator for the well to be drilled pursuant to Division Order No. R-9186. In accordance with the provisions of said Order No. R-9186, Grand Production Company is hereby granted an additional extension of 30 days in which to begin the well on the unit pooled by said order. The new commencement date is November 1, 1990.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/fd

cc: ✓ Case No. 9933
Jerry Sexton

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

September 27, 1990

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

RE: Request for Change of Operator
and Extension of Pooling
Order Commencement Date
NMOCD Case No. 9933
Order No. R-9186

Dear Mr. LeMay:

On behalf of Grand Production Company, we request that it be designated as operator for the well to be drilled pursuant to Order R-9186 and that the commencement date of the well be extended from October 1, 1990 to November 1, 1990.

In support of our request, I wish to inform you that Amerind Oil Company, Ltd. was originally designated as operator by Order R-9186 (copy enclosed) and Grand Production Company was one of the working interest owners involved in that pooling. Thereafter, Amerind and Grand have reached an agreement which will allow Grand Production Company to operate the well. Enclosed is Mr. Leibrock's letter of August 14, 1990 on behalf of Amerind verifying its consent to change operator.

In addition, I have enclosed a copy of your letter dated July 24, 1990, showing the current commencement date is on or before October 1, 1990.

While Grand is actively pursuing the building of the well location and is currently processing with your office, the necessary single well cash bond, with the expectation that the well can be commenced on this coming Monday, October 1st, it is possible that they may miss the commence date now required under the order.

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RECEIVED
SEP 26 1990
SEP 27 1990
OIL CONSERVATION DIVISION
OIL CONSERVATION DIVISION

Mr. William J. LeMay
September 27, 1990
Page 2

Accordingly, we respectfully request that the order be extended an additional 30 days until November 1, 1990 commencing this well without having to obtain a new pooling order.

Very Truly Yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', is written over the typed name. The signature is fluid and cursive, with a large initial 'W' and a long, sweeping underline.

W. Thomas Kellahin

WTK/et
Enclosure

cc: Grand Production Company

AMERIND OIL COMPANY, LTD.

ROBERT M. LEIBROCK
ROBERT C. LEIBROCK

SUITE 500, WILCO BUILDING
415 WEST WALL STREET
MIDLAND, TEXAS 79701-4467

TELEPHONE (815) 692-8217
FACSIMILE (815) 692-0727

August 14, 1990

Grand Production Company
1001 N.W. 63rd, Suite 305
Oklahoma City, Oklahoma 73116

Attention: Mr. Tony Viale

RE: Warren No. 1 Well
SW/4 SE/4 Section 5, T17S, R37E
Lea County, New Mexico

Gentlemen:

Contingent upon the approval by Grand Production Company of Farmout Agreement dated August 13, 1990 covering the S/2 Section 5, T17S, R37E, Lea County, New Mexico, Amerind Oil Company Limited Partnership hereby agrees to the change of operator for the referenced well from Amerind to Grand Production Company.

Very truly yours,


Robert C. Leibrock

RCL:MAB/ms



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

July 24, 1990

AMERIND
JUL 27 1990
OIL CO.

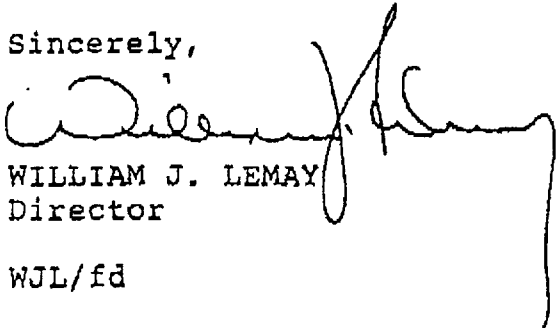
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon your letter of July 24, 1990, and in accordance with the provisions of Division Order No. R-9186, Amerind Oil Company Limited Partnership is hereby granted an extension of 60 days in which to begin the well on the unit pooled by said order. The new commencement date is October 1, 1990.

Sincerely,


WILLIAM J. LEMAY
Director

WJL/fd

cc: Case No. 9933
Jerry Sexton

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. 9933
Order No. R-9186

APPLICATION OF AMERIND OIL COMPANY
LIMITED PARTNERSHIP FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 2, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of May, 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) The applicant, Amerind Oil Company Limited Partnership, seeks an order pooling all mineral interests in the Undesignated Shipp-Strawn Pool underlying the W/2 SE/4 of Section 5, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 5.

(3) The applicant has the right to drill and proposes to drill a well at the standard oil well location described above.

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

CASE NO. 9933
Order No. R-9186
Page -2-

(5) Tex/Con Oil & Gas Company, an interest owner of record who has not agreed to pool its interest, appeared at the hearing but presented no evidence or testimony in this case.

(6) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid waste, and to afford to the owner of each interest without unnecessary expense his just and fair share of the production in any pool completion 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 the 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.

(12) \$5000.00 per month while drilling and \$500.00 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.

CASE NO. 9933
Order No. R-9186
Page -3-

(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 the drilling of the well to which said unit is dedicated on or before August 1, 1990, the order pooling said unit should become null and void and of no effect whatsoever.

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

(16) 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 forced pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Undesignated Shipp-Strawn Pool underlying the W/2 SE/4 of Section 5, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled forming a standard 80-acre oil spacing and proration unit for said pool. Said unit shall be dedicated to a well to be drilled at a standard oil well location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 5.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of August, 1990, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of August, 1990, Ordering 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 Director 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 Ordering Paragraph No. (1) of this order should not be rescinded.

CASE NO. 9933
Order No. R-9186
Page -4-

(2) Amerind Oil Company Limited Partnership 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 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 well costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) 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.

CASE NO. 9933
Order No. R-9186
Page -5-

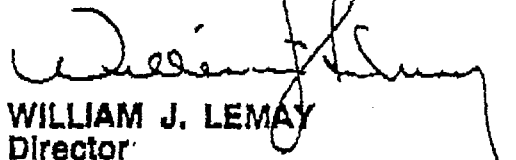
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs 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) \$5000.00 per month while drilling and \$500.00 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.
- (12) All proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea 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 parties to this forced pooling order 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 forced pooling provisions of this order.

CASE NO. 9933
Order No. R-9186
Page -6-

(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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

OIL CONSERVATION DIVISION
RECEIVED

'90 AUG 27 AM 9 15

BILL SELTZER214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701*Catanach*

August 22, 1990

Re: T-17-S, R-37-E
Section 5: W/2 SE/4
Lea County, New Mexico
Case No. 9933
Order No. R-9186Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay

Dear Mr. LeMay:

Please be advised Mr. Charles B. Read of Roswell, New Mexico, has executed an AFE and Amerind Oil Co. is in receipt of his advance money for his proportionate share in drilling and completing a test well under the above order.

Yours very truly,


Bill Seltzer

BS/kp

cc: (1) Amerind Oil Co.
(2) Bill Carr
c/o Campbell & Black*DC*
CASE FILE - 9933



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

GARREY CARRUTHERS
GOVERNOR

July 24, 1990

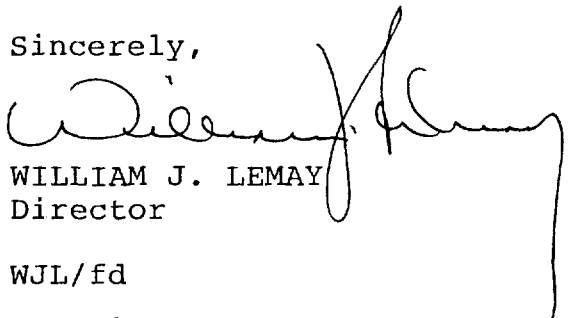
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon your letter of July 24, 1990, and in accordance with the provisions of Division Order No. R-9186, Amerind Oil Company Limited Partnership is hereby granted an extension of 60 days in which to begin the well on the unit pooled by said order. The new commencement date is October 1, 1990.

Sincerely,


WILLIAM J. LEMAY
Director

WJL/fd

cc: Case No. 9933
Jerry Sexton

CAMPBELL & BLACK, P.A.
LAWYERS

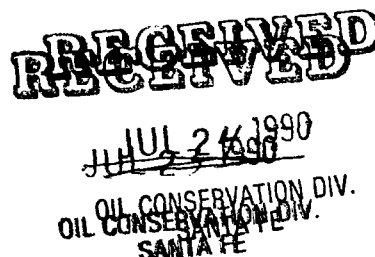
JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

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 24, 1990

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
State Land Office Building
Santa Fe, New Mexico 87501



Re: Order No. R-9186

Dear Mr. LeMay:

Order No. R-9186 was entered by the Division on May 30, 1990 granting the application of Amerind Oil Company Limited Partnership for compulsory pooling in the W/2 SE/4 of Section 5, Township 17 South, Range 37 East, Lea County, New Mexico.

The purpose of this letter is to request a ninety (90) day extension of Order No. R-9186. This extension is necessary to permit Amerind to complete certain curative work on a title matter and will enable Amerind to have all title questions resolved and all interests committed to the well prior to spudding.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read 'William F. Carr', written over a horizontal line.

WILLIAM F. CARR
ATTORNEY FOR AMERIND OIL COMPANY LIMITED PARTNERSHIP
WFC:mlh

cc: Mr. Bill Seltzer
214 West Texas, Suite 507
Midland, Texas 79701

OIL CONSERVATION DIVISION
RECEIVED

'90 JUL 2 AM 9 59

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701*DO CASE FILE 9933*

Certified #P 154 192 198

June 27, 1990

Re: Order No. R-9186
T-17-S, R-37-E
Section 5: W/2 SE/4
Lea County, New Mexico
Your interest: .25/80Mr. Charles B. Read
Read & Stevens, Inc.
P.O. Box 1518
Roswell, New Mexico 88202*Case 9933
Catanach*

Dear Mr. Read:

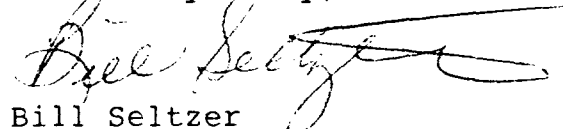
Amerind Oil Co. is in receipt of your letter of June 26, 1990, expressing your desire to join in the cost of drilling and completing the above test well.

Please make reference to the above Order No. R-9186 issued by the Oil Conservation Division, State of New Mexico.

If you desire to join in the proposed test well please forward your check in advance to cover the cost of drilling and completing the test well within 30 days from the date you received our letter of May 31, 1990 (due date July 4, 1990) as set out in paragraph 4 of the above order.

If you have any questions, please call.

Yours very truly,


Bill Seltzer

BS/kp

cc: Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504
Attn: Mr. Bill LeMayMr. Bill Carr
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87501

CHARLES B. READ
PRESIDENT

Read & Stevens, Inc.

Oil Producers

P. O. Box 1518

Roswell, New Mexico 88202

June 26, 1990


Mr. Bill Seltzer
Amerind Oil Co.
214 W. Texas, Suite 507
Midland, TX 79701

RE: W/2 SE/4 Section 5, T17S-R37E
Lea County, New Mexico

Dear Bill:

Enclosed is executed AFE covering the Amerind Oil Company #1 North Midway located in the SW/4 of the SE/4 of Section 5. When you are ready to commence drilling operations, send me your invoice covering my 1/320th interest of cost to casing point. If you elect to complete the well, you may bill me at casing point for completion cost. Please send me a copy for execution of the unit and operating agreement.

Yours very truly,


CHARLES B. READ
President

CBR:lma

Enclosure

BILL SELTZER214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

'00 JUN 4 AM 9 34

Certified #P 154 192 167

May 31, 1990

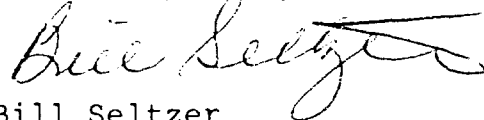
Re: T-17-S, R-37-E
Section 5: W/2 SE/4
Lea County, New Mexico*the*
*CASE FILE - 9933*TEX/CON Oil and Gas Co.
9401 Southwest Freeway
Suite 1200
Houston, Texas 77074-9913*Case 9933*
Catanach

Attn: Mr. George Banitch

Dear Mr. Banitch:

Enclosed herewith please find Order No. R-9186 issued by the Oil Conservation Division, State of New Mexico, along with an AFE covering the above captioned lands.

Yours very truly,

Bill Seltzer
For Amerind Oil Co.
A Limited PartnershipBS/kp
~~Enclosures~~cc: Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87504
Attn: Mr. William J. LeMay

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

Certified #P 154 192 165

May 31, 1990

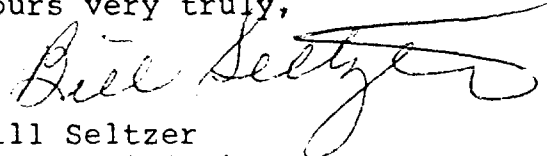
Re: T-17-S, R-37-E
Section 5: W/2 SE/4
Lea County, New Mexico

Margaret Burns Fitzgerald
Anne Fitzgerald Dechant
Jean Fitzgerald Curry
c/o Mr. Keys A. Curry, Jr.
6123 Willers Way
Houston, Texas 77057

Dear Ms. Fitzgerald, Ms. Dechant, and Ms. Curry:

Enclosed herewith please find Order No. R-9186 issued by the Oil Conservation Division, State of New Mexico, along with an AFE covering the above captioned lands.

Yours very truly,



Bill Seltzer
For Amerind Oil Co.
A Limited Partnership

BS/kp
Enclosures

cc: ✓ Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87504
Attn: Mr. William J. LeMay

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

Certified #P 154 192 164

May 31, 1990

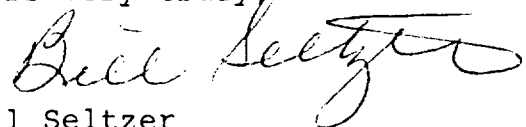
Re: T-17-S, R-37-E
Section 5: W/2 SE/4
Lea County, New Mexico

Mr. Charles B. Read
P.O. Box 1518
Roswell, New Mexico 88202

Dear Mr. Read:

Enclosed herewith please find Order No. R-9186 issued by the Oil Conservation Division, State of New Mexico, along with an AFE covering the above captioned lands.

Yours very truly,



Bill Seltzer
For Amerind Oil Co.
A Limited Partnership

BS/kp
Enclosures

cc: ✓ Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87504
Attn: Mr. William J. LeMay

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

Certified #P 154 192 166

May 31, 1990

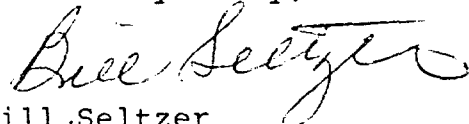
Re: T-17-S, R-37-E
Section 5: W/2 SE/4
Lea County, New Mexico

Estate of Doris Sanders
c/o Mr. Bill Sanders
Bill's Bottle Shop
2601 N. Midland Drive
Midland, Texas 79707

Dear Mr. Sanders:

Enclosed herewith please find Order No. R-9186 issued by the Oil Conservation Division, State of New Mexico, along with an AFE covering the above captioned lands.

Yours very truly,



Bill Seltzer
For Amerind Oil Co.
A Limited Partnership

BS/kp
Enclosures

cc: ✓ Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87504
Attn: Mr. William J. LeMay

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. 9933
Order No. R-9186

APPLICATION OF AMERIND OIL COMPANY
LIMITED PARTNERSHIP FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 2, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of May, 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) The applicant, Amerind Oil Company Limited Partnership, seeks an order pooling all mineral interests in the Undesignated Shipp-Strawn Pool underlying the W/2 SE/4 of Section 5, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 5.

(3) The applicant has the right to drill and proposes to drill a well at the standard oil well location described above.

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

(5) Tex/Con Oil & Gas Company, an interest owner of record who has not agreed to pool its interest, appeared at the hearing but presented no evidence or testimony in this case.

(6) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid waste, and to afford to the owner of each interest without unnecessary expense his just and fair share of the production in any pool completion 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 the 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.

(12) \$5000.00 per month while drilling and \$500.00 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.

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(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 the drilling of the well to which said unit is dedicated on or before August 1, 1990, the order pooling said unit should become null and void and of no effect whatsoever.

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

(16) 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 forced pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Undesignated Shipp-Strawn Pool underlying the W/2 SE/4 of Section 5, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled forming a standard 80-acre oil spacing and proration unit for said pool. Said unit shall be dedicated to a well to be drilled at a standard oil well location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 5.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of August, 1990, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of August, 1990, Ordering 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 Director 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 Ordering Paragraph No. (1) of this order should not be rescinded.

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(2) Amerind Oil Company Limited Partnership 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 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 well costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) 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.

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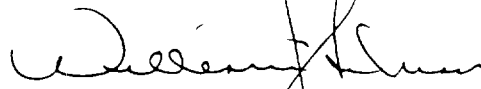
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs 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) \$5000.00 per month while drilling and \$500.00 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.
- (12) All proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea 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 parties to this forced pooling order 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 forced pooling provisions of this order.

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(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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY
Director

S E A L

AMERIND OIL CO.

AUTHORIZATION FOR EXPENDITURE

N. Midway No. 1
660' FSL & 1980' FEL
W/2 SE/4 Section 5, T17S, R37E
Midway Strawn Field
Lea County, New Mexico

To drill and complete in the Strawn formation:

<u>INTANGIBLE</u>	<u>Casing Point</u>	<u>Pumping Completion</u>	<u>Total</u>
Drilling 11,000' @ \$13.00	\$143,000	\$	\$
Daywork - 3 @ \$4,250	13,000		
Drilling mud and water	10,000		
Location and surface damages	15,000		
Drill stem test	3,000		
Log and perforate	20,000	5,000	
Cementing - surface 400 sx	5,000		
- inter. 1,800 sx	18,000		
- prod. 300 sx		5,000	
Supervision	5,000	5,000	
Geological & mud logging	8,000		
Contract services & equipment rentals	5,000	15,000	
Completion unit		5,000	
Acid treatment - cleanup		5,000	
Drilling and completion overhead	5,000	2,000	
Insurance	3,000		
TOTAL INTANGIBLE	\$253,000	\$ 42,000	\$295,000

TANGIBLE

Casing						
Surface 400' 12 3/4" 35.0# J55STC	\$ 7,000	\$		\$		
Inter. 2,500' 8 5/8" 24.0# J55STC	25,000					
1,700' 8 5/8" 32.0# J55STC	25,000					
Prod. 11,000' 5 1/2" 17.0# N80LTC			90,000			
Tubing 11,800' 2 7/8" 6.4# N80LTC			35,000			
Pumping equipment			60,000			
Wellhead and packer	6,000		7,000			
Tank battery & misc.			40,000			
TOTAL TANGIBLE	\$ 63,000	\$232,000		\$295,000		
Contingencies	<u>19,000</u>	<u>11,000</u>		<u>30,000</u>		
TOTAL	\$335,000	\$285,000		\$620,000		

RECOMMENDED BY:

APPROVED BY:



Robert C. Leibrock

Date: March 30, 1990

Date: _____