

PACIFIC ENTERPRISES OIL COMPANY (USA)

DIVISION

CERTIFIED RRR

October 31, 1990

'90 NOV 5 AM 8 40

SOUTHWEST REGION

200 N. Loraine #400

P.O. Box 3083

Midland TX 79702-3083

(915) 684-3861

(915) 684-6426 (Fax)

State of New Mexico
Energy and Mineral Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501-2088

Attention: Mr. William J. Lemay

RE: Empire South Prospect #6254
Eddy County, New Mexico

E/2 Section 34, T-17-S, R-28-E
PEOC "34" State Com #1 Well
State of NM Case #9977
State of NM Order #R-9242

Gentlemen:

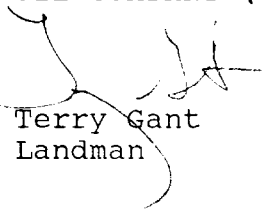
Please be advised, pursuant to the subject Case/Order, that Pacific Enterprises Oil Company (USA) has reached voluntary agreements with the parties set out on the attached Exhibit "A" hereto, with DeKalb Energy Corporation and The Moore Trust electing to go non-consent under the subject Force Pooling Order.

Further, please be advised that Pacific Enterprises Oil Company (USA) has assigned all of its rights under the subject Force Pooling Order to Bettis Brothers, Inc.

If you have any questions, please contact the undersigned.

Very truly yours,

**PACIFIC ENTERPRISES
OIL COMPANY (USA)**


Terry Gant
Landman

TG/dsr

cc: Montgomery and Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307
ATTN: Mr. Perry Pearce

Bettis Brothers, Inc.
500 West Texas, Suite 830
Midland, TX 79701
ATTN: Mr. Harry Bettis

ORDER NUMBER 9242
CASE NUMBER 9977
E/2 OF SECTION 34, T-17-S, R-28-E, EDDY COUNTY, NEW MEXICO,
LIMITED TO DEPTHS BELOW THE BASE OF THE ABO FORMATION

ELECTION OF OWNERS

<u>OWNER NAME AND ADDRESS</u>	<u>WI-LEASE</u>	<u>WI-UNIT</u>	<u>OWNER ELECTION</u>
<u>TRACT 1 - W/2NE/4, CONTAINING 80 ACRES, MORE OR LESS</u> State of New Mexico Lease E-7116			
PACIFIC ENTERPRISES OIL COMPANY (USA) (Through Amoco Production Company Farmout) Post Office Box 3083 Midland, Texas 79702 ATTN: Mr. Terry Gant	75.00000%	18.75000%	Applicant
YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210 ATTN: Mr. Robert H. Bullock	9.02778%	2.25695%	Participate
DEKALB ENERGY CORPORATION 1625 Broadway Denver, Colorado 80202-4731 ATTN: Mr. Keith C. Ranum	7.98611%	1.99652%	No Election
MARATHON OIL COMPANY Post Office Box 552 Midland, Texas 79702 ATTN: Mr. Curtis Smith	7.98611%	1.99653%	Participate
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SUBTOTAL	100.00000%	25.00000%	

TRACT 2 - NE/4NE/4, CONTAINING 40 ACRES, MORE OR LESS
State of New Mexico Lease E-7832

PACIFIC ENTERPRISES OIL COMPANY (USA) (Through Amoco Production Company Farmout) Post Office Box 3083 Midland, Texas 79702 ATTN: Mr. Terry Gant	100.00000%	12.50000%	Applicant
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<u>OWNER NAME AND ADDRESS</u>	<u>WI-LEASE</u>	<u>WI-UNIT</u>	<u>OWNER ELECTION</u>
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TRACT 3 - SE/4NE/4, CONTAINING 40 ACRES, MORE OR LESS
State of New Mexico Lease B-2071

PACIFIC ENTERPRISES OIL COMPANY (USA) (Through Amoco Production Company Farmout) Post Office Box 3083 Midland, Texas 79702 ATTN: Mr. Terry Gant	50.0000%	6.25000%	Applicant
THE MOORE TRUST 310 West Wall Suite 404 Midland, Texas 79701 ATTN: Mr. Ms. Cynthia L. Bennett	50.0000%	6.25000%	No Election
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SUBTOTAL	100.00000%	25.00000%	

TRACT 4 - N/2SE/4, CONTAINING 80 ACRES, MORE OR LESS
State of New Mexico Lease 647

ARCO OIL & GAS COMPANY Post Office Box 1610 Midland, Texas 79702 ATTN: Mr. Tim Derigo	50.00000%	12.50000%	Farmout
YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210 ATTN: Mr. Robert H. Bullock	18.05556%	4.51389%	Participate
DEKALB ENERGY CORPORATION 1625 Broadway Denver, Colorado 80202-4731 ATTN: Mr. Keith C. Ranum	15.97222%	3.99306%	No Election
MARATHON OIL COMPANY Post Office Box 552 Midland, Texas 79702 ATTN: Mr. Curtis Smith	15.97222%	3.99305%	Participate
	-----	-----	
SUBTOTAL	100.00000%	25.00000%	

<u>OWNER NAME AND ADDRESS</u>	<u>WI-LEASE</u>	<u>WI-UNIT</u>	<u>OWNER ELECTION</u>
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TRACT 5 - S/28E/4, CONTAINING 80 ACRES, MORE OR LESS
State of New Mexico Lease B-11538

FINA OIL AND CHEMICAL COMPANY	50.00000%	12.50000%	Farmout
Post Office Box 2990			
Midland, Texas 79702			
ATTN: Mr. Kevin Pfister			

CONOCO INC.	50.00000%	12.50000%	Farmout
Post Office Box 1959			
Midland, Texas 79702			
ATTN: Mr. Warren D. Richardson			

SUBTOTAL	100.00000%	25.00000%	
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<u>TOTAL</u>		100.00000%	
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OWNERSHIP RECAP

	<u>WI-UNIT</u>	<u>OWNER ELECTION</u>
Pacific Enterprises Oil Company (USA)	37.50000%	Applicant
Fina Oil and Chemical Company	12.50000%	Farmout
Arco Oil & Gas Company	12.50000%	Farmout
Conoco Inc.	12.50000%	Farmout
Yates Petroleum Corporation	6.77084%	Participate
The Moore Trust	6.25000%	No Election
Dekalb Energy Corporation	5.98958%	No Election
Marathon Oil Company	5.98958%	Participate
TOTAL	100.00000%	

PACIFIC ENTERPRISES OIL COMPANY (USA) DIVISION
CERTIFIED, RETURN RECEIPT

August 15, 1990

'90 AUG 20 AM 9 09

SOUTHWEST REGION
200 N. Loraine, #400
P.O. Box 3083
Midland TX 79702-3083
(915) 684-3861
(915) 684-6426 (Fax)

Catanach

TO: See Attached List

Case 9977
RE: Empire South Prospect #6254
Eddy County, New Mexico

E/2 Section 34, T-17-S, R-28-E
PEOC "34" State Com #1 Well
State of New Mexico Case No. 9977
State of New Mexico Order #R-9242

Gentlemen:

Pursuant to the subject Case/Order (copy attached), please find attached an itemized schedule of estimated well costs (AFE) pertaining to the captioned well.

We respectfully request, if you desire to participate, to please execute and return a copy of said Authority For Expenditure to this office.

Also, if you desire to participate, please find attached a Joint Operating Agreement to govern said well and land that Pacific Enterprises Oil Company (USA) desires that you execute and return to this office. If you so desire to be a party to said JOA, please execute and return only the extra JOA signature page attached. Note that a revised Exhibit "A" to said Joint Operating Agreement, if needed, will be sent to all executing parties after all elections have been made.

Further, please find enclosed a copy of that certain June 8, 1990 Drilling Title Opinion covering said land for your file.

If you have any questions regarding the above or attachments hereto, please contact the undersigned.

Very truly yours,

PACIFIC ENTERPRISES
OIL COMPANY (USA)

Terry Gant
Terry Gant
Landman

TG/dsr
Attachments

cc: State of New Mexico
Energy and Minerals Dept., OCD
P.O. Box 2088
Santa Fe, NM 87501-2088
ATTN: Ms. Florence Davidson
w/copy of AFE

Mr. Perry Pearce
Montgomery and Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307

CASE NUMBER 9977
ORDER NUMBER 9242

PEOC 34 State Com #1 Well
E/2 Section 34, T-17-S, R-28-E
Eddy County, N.M.

The Moore Trust
310 W. Wall, Suite 404
Midland, TX 79701
Attn: Ms. Cynthia L. Bennett

Conoco Inc.
P. O. Box 1959
Midland, Texas 79702
Attn: Mr. Warren Richardson

ARCO Oil & Gas Company
P. O. Box 1610
Midland, TX 79702
Attn: Mr. Tim Derigo

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attn: Mr. Robert H. Bullock

DeKalb Energy Company
1625 Broadway
Denver, CO 80202-4731
Attn: Mr. Keith C. Ranum

Marathon Oil Co.
P. O. Box 552
Midland, TX 79702
Attn: Mr. Curtis Smith

PACIFIC ENTERPRISES OIL COMPANY (USA)**ORIGINAL****AUTHORITY FOR EXPENDITURE**

SOUTHWEST REGION
200 N. Loraine, #400
P.O. Box 3083
Midland TX 79702-3083
(915) 684-3861
(915) 684-6426 (Fax)

DIVISION: Permian Basin Exploration Team**DATE:** 8-15-90**DEPARTMENT:** Exploration and Development

Midland, Texas

PROSPECT: Empire South Prospect #6254**WELL NAME:** PEOC "34" State Com #1**LOCATION:** 1980' FSL and 1980' FEL of Section 34, T-17-S, R-28-E
Eddy County, New MexicoDrill and Test Cost
Completion\$395,350.00
266,700.00

TOTAL

\$662,050.00

JUSTIFICATION:

Proposed 10,800' well to test the Morrow Formation.
See attached detailed Drilling and Completion Cost Estimate.

PARTICIPANTS	WORKING INTEREST	COST	GROSS AFE AMOUNT
PACIFIC ENTERPRISES	.5000000	\$331,025.00	
THE MOORE TRUST	.0625000	41,378.13	
CONOCO INC.	.1250000	82,756.25	
ARCO OIL & GAS CO.	.1250000	82,756.25	
YATES PETROLEUM CORP.	.0677084	44,826.35	
DEKALB ENERGY CO.	.0598958	39,654.01	
MARATHON OIL CO.	.0598958	<u>39,654.01</u>	
	1.0000000	\$662,050.00	

APPROVED____ **DISAPPROVED**____**COMPANY REPRESENTATIVE****COMPANY****DATE**

4, May/1990

PACIFIC ENTERPRISES OIL CO. (USA)
 DRILLING & COMPLETION DETAILED COST ESTIMATE

Prospect: PEOC 34 State Comm #1 Field Empire South Morrow

Well Location 1980' FSL & 1980' FEL Legal Description Sec 34, T17S, R28E

County Eddy State NM Proposed Depth 10,800'

Objective Formation Morrow AFE No. _____ Terra H.I. _____

CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION	TOTAL
Survey - Stake Location	1	1,000	xxx	0	1,000
Permits & Hearings	2	100	83	0	100
Building Road, bridges, canals	3	4,000	84	0	4,000
Building Location & Pits	4	10,000	85	3,500	13,500
Insurance (for Terra only)	5	3,300	86	0	3,300
Move in - Rig up - Rig down - Move out	6	0	87	0	0
Rat Hole	7	0	xxx	0	0
Footage Contract <u>10,800' @ \$16.25/ft</u>	8	175,500	xxx	0	175,500
Day work contract <u>5/3 days @ \$3,900/day</u>	9	17,600	88	9,800	27,400
Turnkey Agreement	10	0	90	0	0
Rig for Completion <u>\$1400/day x 8 days</u>	xxx	0	101	11,200	11,200
Drill Bits	12	0	102	500	500
Rental Equipment	13	10,000	103	3,500	13,500
Fishing Tools & Service	14	0	104	0	0
Company Labor	15	0	107	2,400	2,400
Auto & Travel	16	100	108	0	100
Contract Labor	17	15,900	113	3,100	19,000
Trucking, Hauling, Service Equipment	18	2,500	114	3,500	6,000
Power & Fuel	19	0	115	0	0
Water	20	8,500	116	1,500	10,000
Mud & Chemicals	21	16,000	117	2,000	18,000
Drill Pipe, Casing, Rod Inspection	22	2,000	125	3,500	5,500
Formation Testing (incl 2 DST)	23	8,000	xxx	0	8,000
Coring _____ ft of core @ \$ _____/ft	24	0	xxx	0	0
Mud Logging	25	7,500	xxx	0	7,500
Logs	26	22,000	126	3,500	25,500
Temperature Survey	27	0	148	0	0
Bottom Hole Pressure Test	28	0	149	2,500	2,500
Directional Services	29	0	152	0	0
Engineering, Geological, Geophysical	30	1,000	153	500	1,500
Cmtg, Conductor or Surf Csg (incl Float equip)	31	6,000	xxx	0	6,000
Cmtg, Interm or Prod Csg (incl Float equip)	32	10,000	154	15,000	25,000
Squeeze Jobs	33	0	155	0	0
Perf or Shooting	34	0	156	3,500	3,500
Frac	xxx	0	157	4,000	4,000
Swabbing	36	0	158	0	0
Plugging, if dry	37	6,000	159	0	6,000
Damage Claims	38	1,900	165	0	1,900
Cleaning Location	39	2,500	166	1,500	4,000
District Expense	40	9,000	172	1,200	10,200
Communications	41	200	177	200	400
Environmental & Safety Equipment	42	0	178	0	0
Misc Material & Service (Contingency)	43	10,000	179	2,600	12,600
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TOTAL INTANGIBLES		350,600		79,000	429,600

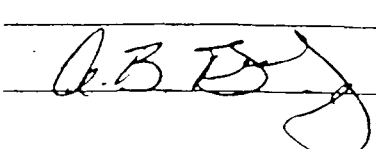
May/1990

PACIFIC ENTERPRISES OIL CO. (USA)
DRILLING & COMPLETION DETAILED COST ESTIMATE

CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION
TOTAL				
Surface Casing				
500' of 13-3/8" OD H-40 48#/ft., 8rd, ST&C @ \$18.5/ft.	50	9,250	xxx	0 9,250
Intermediate Casing				
2600' of 8-5/8" OD, 32#/ft., 8rd ST&C @ \$10.8/ft.	51	28,000	xxx	0 28,000
Production Casing				
10,800' 5-1/2" OD, 17#/ft, N-80 @ \$7.5/ft.	xxx	0	52	81,000 81,000
Liner				
___ ft of ___" OD, ___#/ft @ \$___/ft	xxx	0	53	0 0
Tubing				
10,600' of 2-3/8" OD, N-80, 4.7#/ft, 8rd, EUE @ \$3.02/ft	xxx	0	54	32,000 32,000
Xmas Tree & Tubing Head Components	55	3,500	182	12,000 15,500
Pumping Unit or Prime Mover	xxx	0	56	0 0
Production Platform - Mat. & Labor	xxx	0	58	0 0
Rods	xxx	0	59	0 0
Subsurface Pump	xxx	0	60	0 0
Tanks	xxx	0	61	15,000 15,000
Circulating Pump	xxx	0	63	0 0
Dehydrator	xxx	0	64	0 0
Heater Treater or Gunbarrel (Stakpac)	xxx	0	65	10,000 10,000
Separator/FWKO	xxx	0	66	0 0
Flowline & Connection 500' ft of 2" OD FG Linepipe @ \$2/ft	xxx	0	68	1,000 1,000
Meter, Meter Run & Connections	xxx	0	70	5,000 5,000
Buildings	xxx	0	71	0 0
Packer	xxx	0	72	8,000 8,000
Miscellaneous Equipment (fittings, etc.)	73	4,000	185	6,700 10,700
TOTAL TANGIBLES		44,750		170,700 215,450
Installation of Tubing	xxx	0	54	0 0
Installation of Pumping Unit & Prime Mover	xxx	0	56	0 0
Installation of Tanks	xxx	0	61	5,000 5,000
Installation of Dehydrator	xxx	0	64	0 0
Installation of Heater Treater or Gun Barrel	xxx	0	65	5,000 5,000
Installation of Separator/FWKO	xxx	0	66	0 0
Installation of Flowline	xxx	0	68	5,000 5,000
Installation of Miscellaneous Equipment	73	0	185	2,000 2,000
TOTAL INTANGIBLE INSTALLATION COSTS		0		17,000 17,000
		350,600		79,000 429,600
		44,750		170,700 215,450
		0		17,000 17,000
TOTAL WELL COST COMPLETED		395,350		266,700 662,050

Prepared by: _____

Date _____

Approved by: 

Date 5/4/90



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

GARREY CARRUTHERS
GOVERNOR

August 15, 1990

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

Mr. W. Perry Pearce
Montgomery & Andrews
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico 87504-2307

Re: CASE NO. 9977
ORDER NO. R-9242

Applicant:

Pacific Enterprises Oil
Company (USA)

Dear Sir:

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	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other William F. Carr