

SEAY EXPLORATION INC.
407 N. Big Spring, Suite 200
Midland, Texas 79702

AUTHORIZATION FOR EXPENDITURE

Category: ☐ Wildcat
☐ Development
☐ Injection/SJO

Type: ☐ Drilling
☐ Completion
☐ Workover

Lease and Well No. <u>Bilberry #1</u>	Depth, Formation <u>7800' ABO</u>
Location <u>SW/4 NE/4 Section 6, T-20-S, R-39-E</u>	
County and State <u>Lea County, New Mexico</u>	Field <u>House</u>
Operator <u>Seay Exploration, Inc.</u>	Spud Date <u>January, 1991</u>
Description of Work <u>Drill ABO Test</u>	

INTANGIBLE WELL COST (\$)

Code	Description	Dry Hole	Producer
3-10	Location and Roads + New Mexico Bond	\$ 19,000	\$ 19,000
3-05	Right of Way and Surface Damages	2,500	2,500
3-15	Drilling Footage: 7800 ft. @ 12.75/ft.	99,500	99,500
3-20	Drilling Day Work: 3 days @ 4440 \$/day	13,300	13,300
3-35	Bits and Reamers	--	--
3-50	Fuel and Water	12,000	12,000
3-30	Mud and Chemicals	7,000	7,000
3-40	Cementing and Services	7,500	18,000
3-70	Drill Stem Testing and Coring 2 DST	7,000	7,000
3-75	Open Hole Logs and Surveys	17,500	17,500
3-60	Contract Labor (Mud Log., Consul., etc.)	9,800	14,000
4-55	Perforating and Cased Hole Logging	--	5,000
4-65	Stimulation	--	20,000
3-45	Transportation		
3-85	Drilling Overhead and Supervision	2,600	4,000
3-55	Equipment Rental	500	3,000
4-10	Completion Rig 7 days @ 1400 \$/day	--	9,800
3-90	Other Drilling Expense + Insurance	6,700	10,000
	Contingencies		
	TOTAL INTANGIBLE COSTS	\$204,900	\$261,600

TANGIBLE WELL COST (\$)

2-05	Conductor Casing		
2-05	Surface Casing 1700' 8-5/8" 24#/ft J-55	\$ 15,500	\$ 15,500
2-10	Intermediate Casing		--
2-15	Production Casing 7800' 5-1/2" 15.5 & 17#/ft J-55		48,100
2-17	Liner		--
2-20	Tubing 7600' 2-7/8" 6.5#/ft		24,200
2-25	Well Head Equipment		3,500
2-35	Tanks, Flowlines, Connections		11,000
2-45	Heater Treaters and Separators		3,000
2-55	Pumping Unit, Motor, Controller		35,000
2-40	Sucker Rods, Pump, Misc. Pump Eqpt.		10,300
2-60	Compressor		--
2-05	Other Equipment		
2-30	Non Controllable Equipment		1,000
2-18	Liner Equipment		
4-50	Supervision		
4-45	Contract Labor		3,000
	Contingencies		
	TOTAL TANGIBLE COSTS	\$ 15,500	\$154,600

TOTAL WELL COSTS

\$220,400

\$416,200

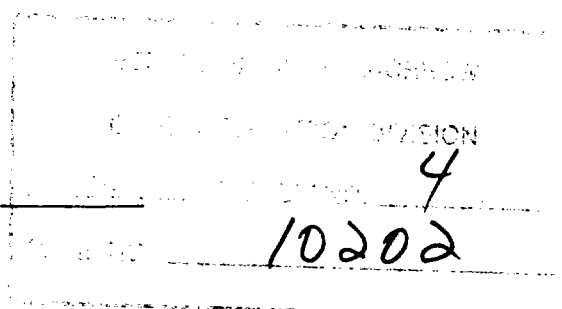
SEAY EXPL. INC APPROVAL _____
DATE _____

AFE DATE _____
AFE NUMBER _____

Dec. 28, 1990
1502

JOINT OPERATOR APPROVAL _____
DATE _____

EXHIBIT



NADINE

Alpha 21
Werta-Fed.

TO3248

+683Sct

+708

+713

Stano
Call
TD7800

Exxon
NM-St.
TD9713

+696

+708

+727

+719
TD7200

+732

TD7190

TD4156

+731

+736

+737

+716

+720

+710

+723

+732

+711

NL

NL

TD7200

+713
TD7210

+730

+716

+716

+750 Pan Amer.
House

+751

+734

+721

+720

+723

1935 SA(NL)

+741

+751

+721

+709

+715

+755

+719

+719

Lowe
Amerada
TD9570

+751

+750

TD9671

+743

McVey Stanf.
Corrigan
TD4667

+740

Amer. Petro.
Dawson
TD7120

+699

+709

+698

+680

Alpha-21
Calvin-Fed.

+667

F. Allison
Howse

+651

T20S R39E

Penrose
State
TD4435

+633

Olsen
Carter-Lee
TD9543

+717

+717

Adobe
(Antweil)
Linda-Fed.

+731

TD3233

+733

+726

+723

LEGEND

Subject Well
Seay Exploration, Inc.
1 Bilberry



Yates - 7 Rivers
Producer



Seay Exploration, Inc.

407 North Big Spring, Suite 2000 • Midland, Texas 79701 • 915/682-8319

HOUSE PROSPECT
LEA COUNTY, NEW MEXICO

STRUCTURE TOP
YATES

C.I. = 10'

SCALE IN FEET



J.G. Seay

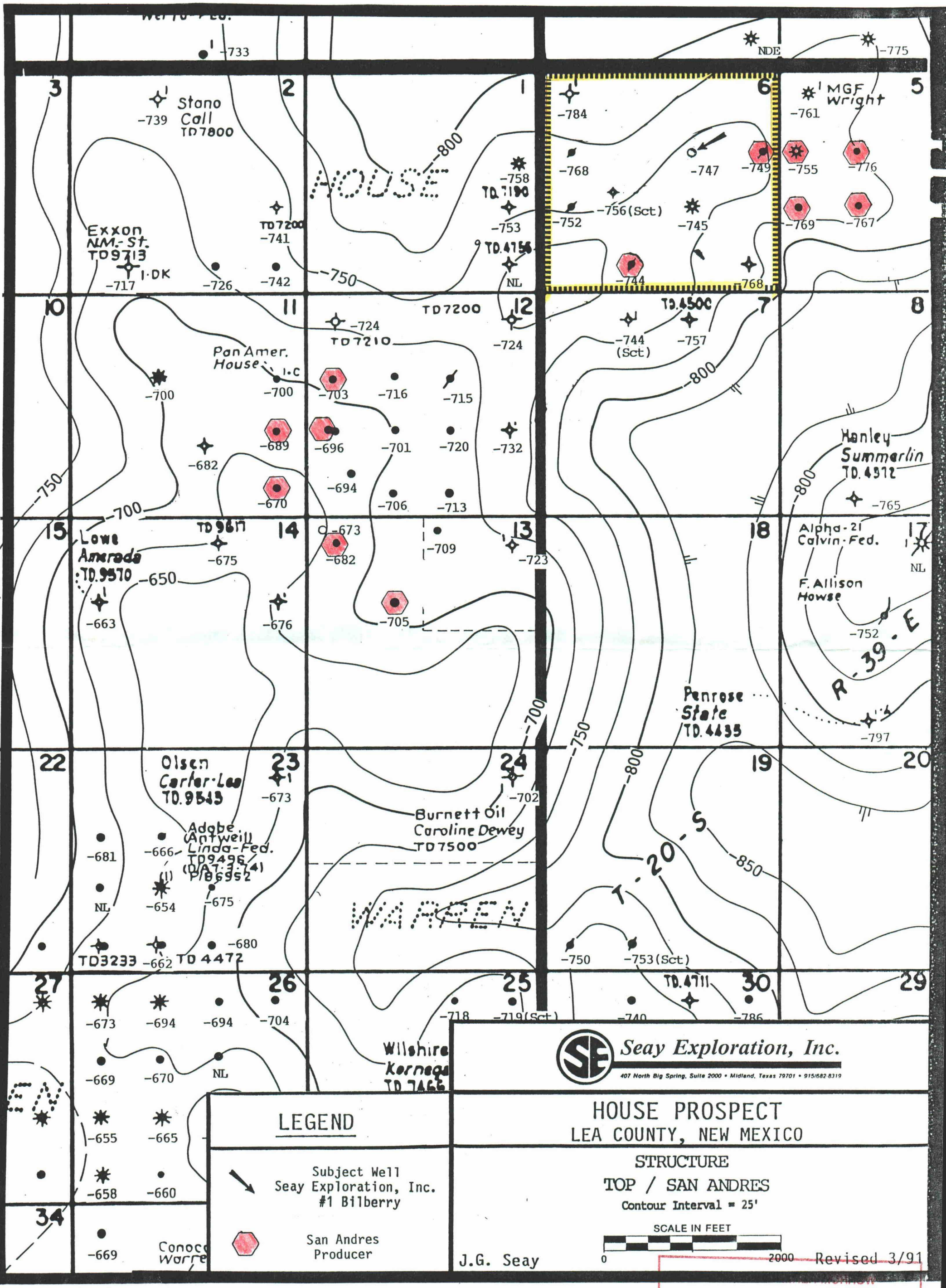
2000 Revised 3/91

EXHIBIT

OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 10202



LEGEND

Subject Well
Seay Exploration, Inc.
#1 Bilberry

San Andres
Producer

SE Seay Exploration, Inc.
407 North Big Spring, Suite 2000 • Midland, Texas 79701 • 915/682-8319

HOUSE PROSPECT
LEA COUNTY, NEW MEXICO

STRUCTURE
TOP / SAN ANDRES
Contour Interval = 25'

SCALE IN FEET
0 2000

J.G. Seay

Revised 3/91

OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. 10202

NADINE

Alpha 21
Werta-Fed.

TD3248

NDE

NDE

NDE

Stand
Call
TD7800

-3750

Exxon
NM-St.
TD9713

-3822

NDE

TD7200

-3684

HOUSE

-3815

TD7190

NDE

TD4114

NDE

TD7200

TD7210

Pan Amer.
House

3683

NDE

NDE

NDE

NDE

Low
Amerade
TD9570

-3700

TD9570

-3657

Meyer, Stanl.
Corrigan
TD4607

NDE

3631

NDE

Amer. Petro.
Dawson
TD7120

-3652

NDE

Alpha-21
Calvin-Fed.

F. Allison
House

T20S R39E

Penrose
State
TD4695

Olsen
Carler-Lee
TD9545

-3658

Adobe
Antweil
Linda-Fed.
TD9445

Bur
Car
TD

LEGEND



Subject Well
Seay Exploration, Inc.
#1 Bilberry



ABO (Wichita Albany)
Penetrations



Seay Exploration, Inc.

407 North Big Spring, Suite 2000 • Midland, Texas 79701 • 915/682-8319

HOUSE PROSPECT
LEA COUNTY, NEW MEXICO

STRUCTURE TOP
ABO (WICHITA ALBANY) DOLOMITE

C.I. = 25'

SCALE IN FEET



J.G. Seay

BEFORE EXAMINATION 2000 Revised 3/91

OIL CONSERVATION DIVISION

EXHIBIT

EXHIBIT NO. 7

CASE NO. 10202

Schlumberger

SIMULTANEOUS
**COMPENSATED NEUTRON-
LITHO-DENSITY**

COUNTY Lea	FIELD Wildcat	LOCATION 1980' 1st & 1980' 1st of	WELL BH Berry #1	COMPANY Seay Exploration Inc.	COMPANY Seay Exploration Inc.					1.
					WELL Bil Berry #1					
					FIELD Wildcat					
					COUNTY Lea STATE New Mexico					
LOCATION 1980' 1st & 1980' 1st of Sec. 6.					Other Services: Ldi/Cnl DII/MsII Cyberlook					
API SERIAL NO.					SECT. 6	TWP. 20S	RANGE 39E			
Permanent Datum					Ground Level	Elev.	3597.0 F			Elev.: K.B.3607.0 F
Log Measured From					R.k.b.	10.0 F	above Perm. Datum			D.F.3606.0 F
Drilling Measured From					R.k.b.					G.L.3597.0 F
Date		16-FEB-1991								
Run No.		One								
Depth Driller		7750.0 F								
Depth Logger (SchL)		7749.0 F								
Btm. Log Interval		7746.0 F								
Top Log Interval		0.0 F								
Casing-Driller		8 5/8 @ 1696.0 F		@		@				
Casing-Logger		1702.0 F								
Bit Size		7 7/8"								
Type Fluid in Hole		Salt Gel								
Dens.	Visc.	10.40 LB/G		32.0 S						
PH	Fld. Loss	9.0		24.5 C3						
Source of Sample		MUD PIT								
1m @ Meas. Temp.		.106 OHMM		@ 80.0 DEGF		@				
1mf @ Meas. Temp.		.053 OHMM		@ 80.0 DEGF		@				
1mc @ Meas. Temp.		.159 OHMM		@ 80.0 DEGF		@				
Source: Rmf		Rmc		Calc.		Calc.				
1m @ BHT		.082 OHMM		@ 106. DEGF		@				
Circulation Ended		2/16 16:30								
Logger on Bottom		2/16 23:52								
Max. Rec. Temp.		106. DEGF								
Equip.	Location		8277		Monahans, Texas					
Recorded By		Andrews								
Witnessed By		Mr. John Seay								

The well name, location and borehole reference data were furnished by the customer.

SEALING AND CEMENTING

CUTTING AND CEMENTING

CUTTING AND CEMENTING

CUTTING AND CEMENTING

CUTTING AND CEMENTING

CUTTING AND CEMENTING

CUTTING AND CEMENTING

CUTTING AND CEMENTING

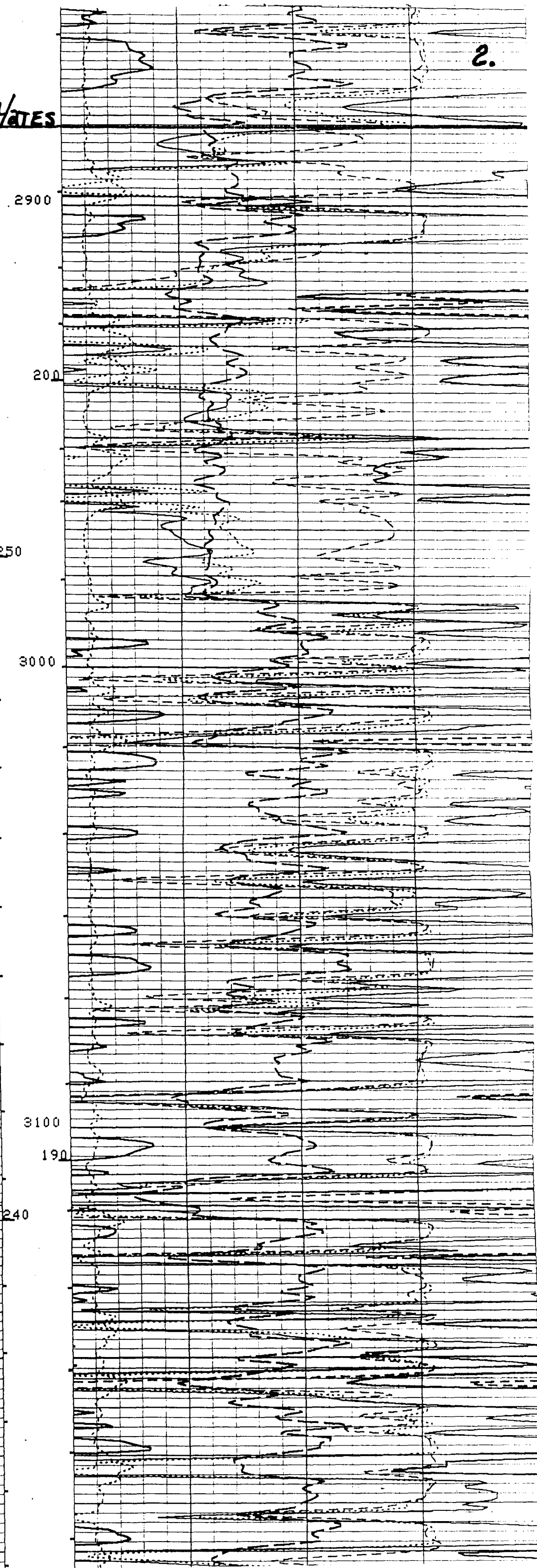
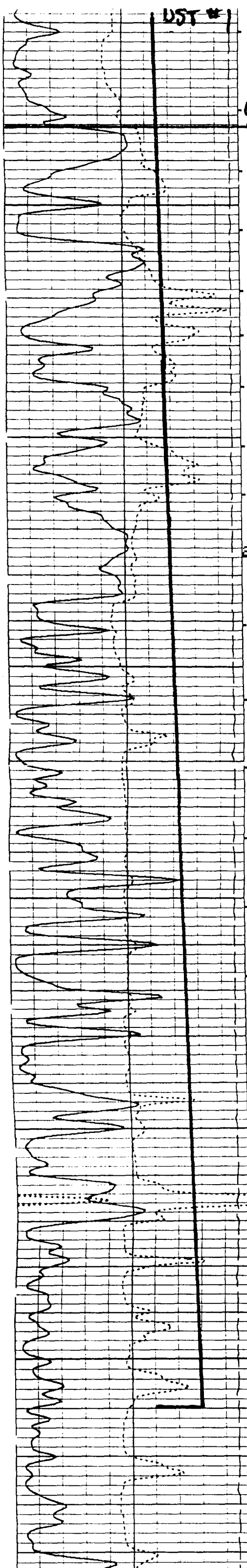
CUTTING AND CEMENTING

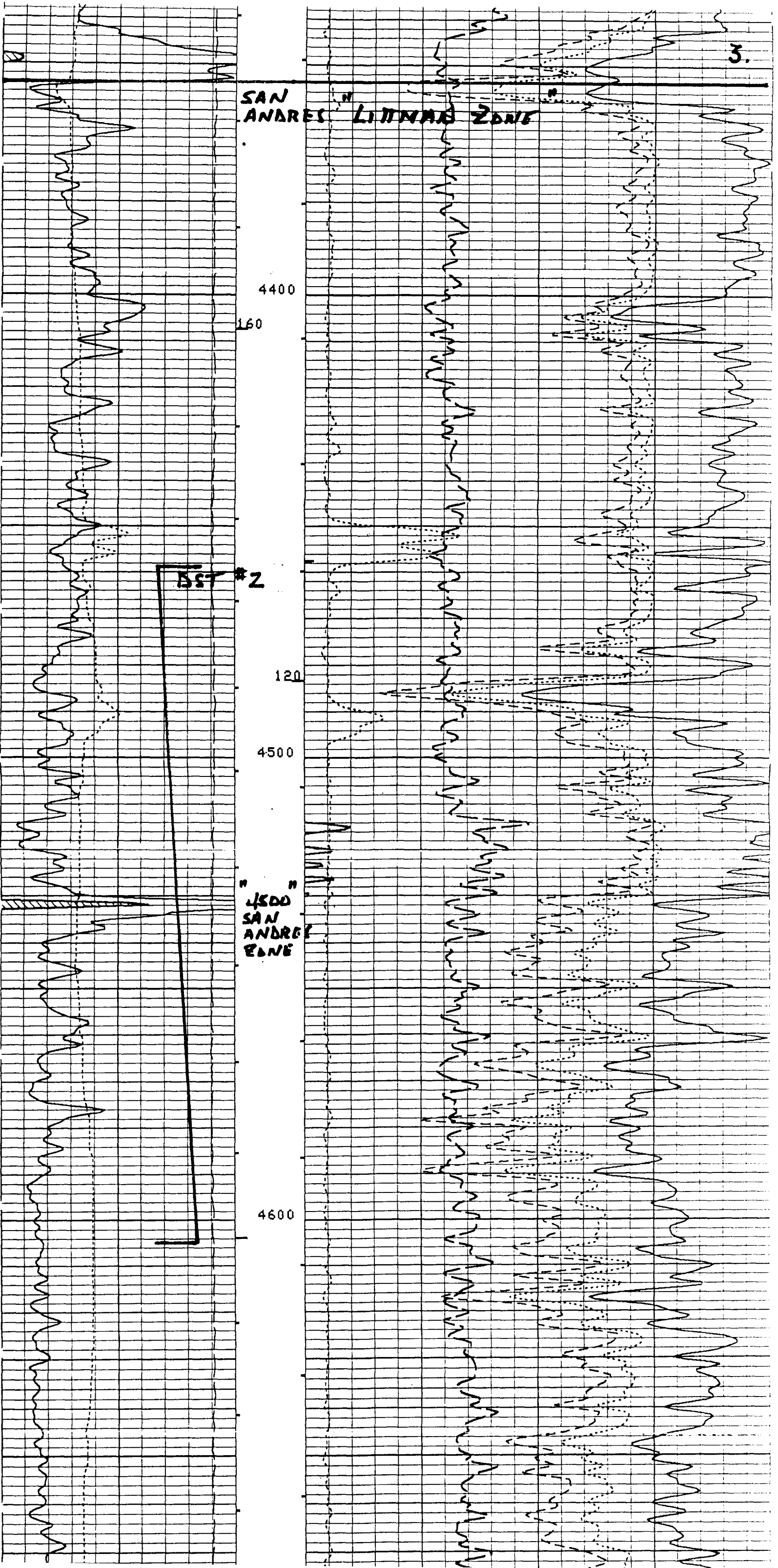
CUTTING AND CEMENTING

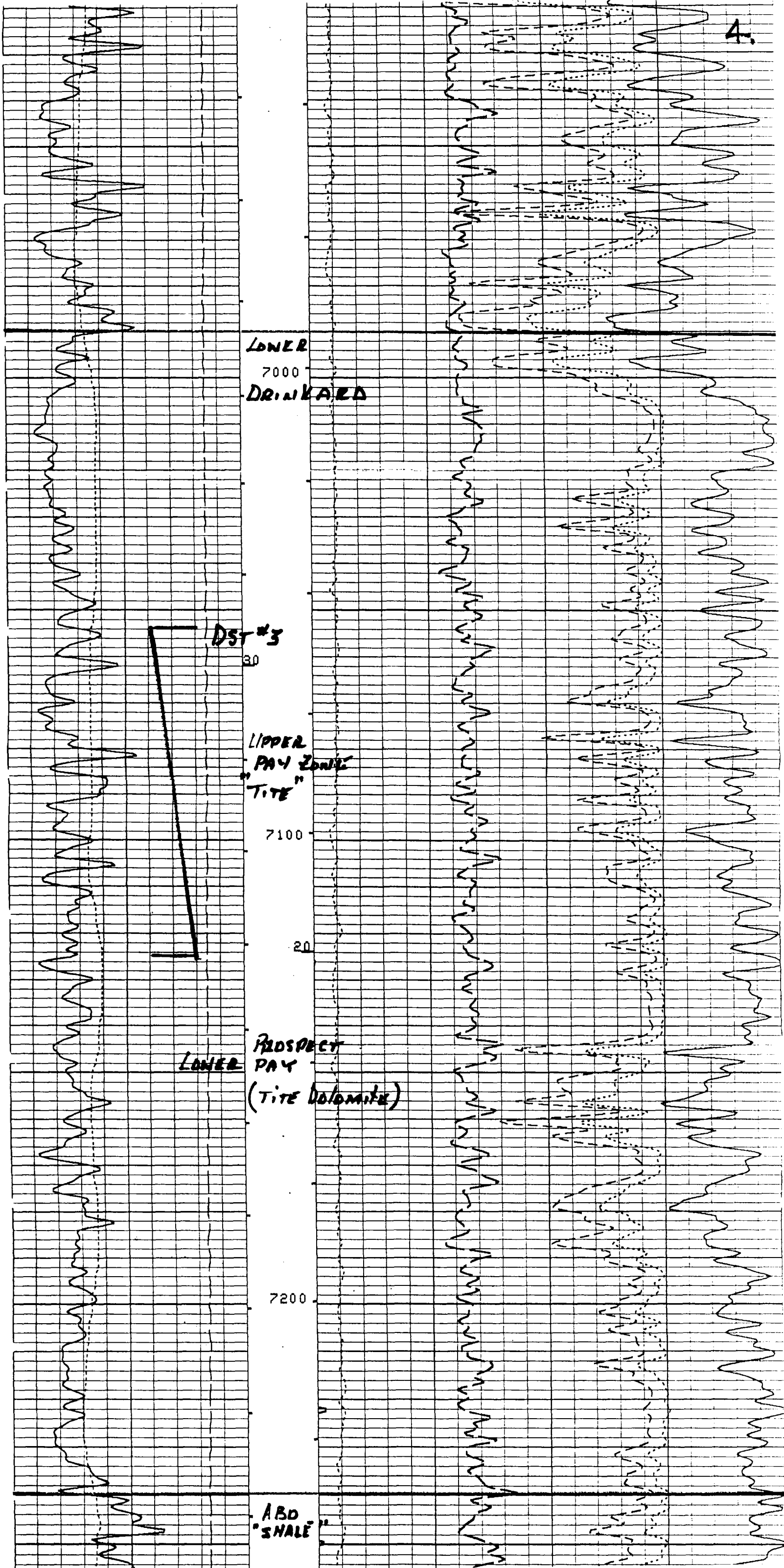
CUTTING AND CEMENTING

CUTTING AND CEMENTING

CUTTING AND CEMENTING







Wichita
AIBANY
ABO
DOLomite

10

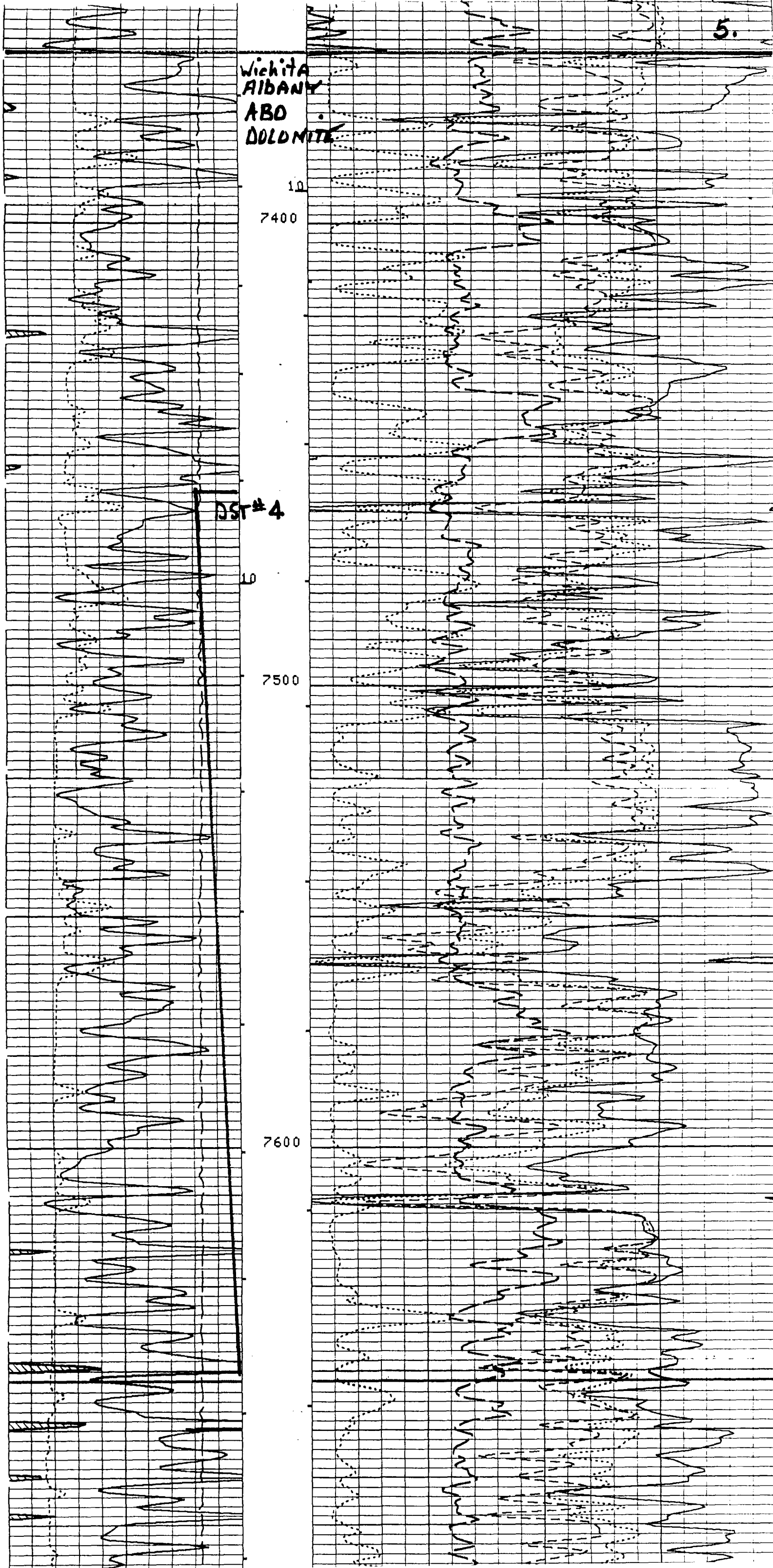
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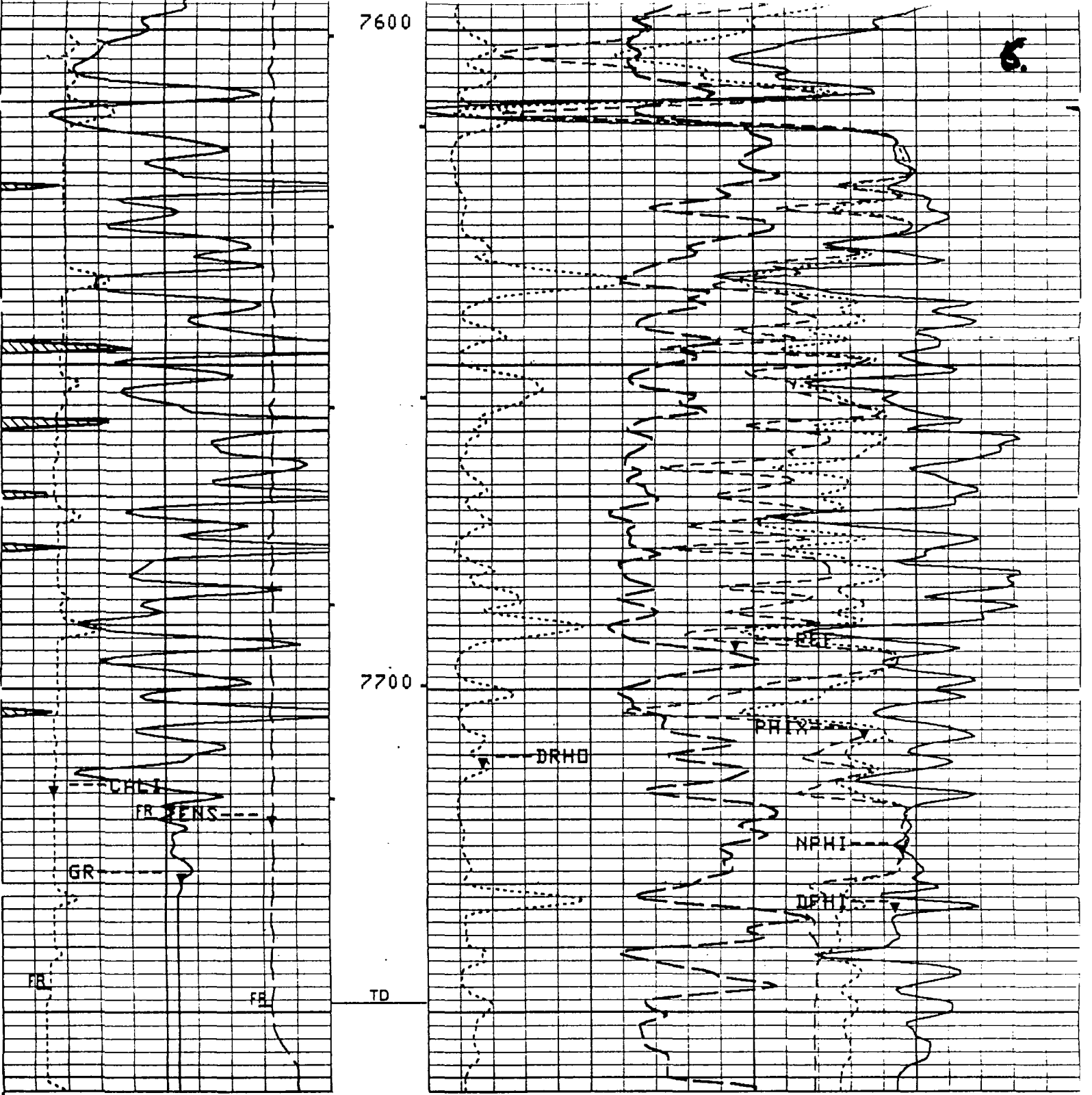
DST#4

6

7500

7600





CP 32.4

FILE 3

17-FEB-1991 12:07

INPUT FILE(S)
2

DATA ACQUIRED
00- -1900 01:34

Gamma Ray Backup

CALI(IN)		DRHO(G/C3)	
0.0000	10.000	-0500	.45000
TENS(LBF)		PEF	
10000.	0.0	0.0	10.00C
GR(GAPI)		PHIX(V/V)	
0.0	100.00	.30000	-.100C
GR(GAPI)		NPHI(V/V)	
100.00	200.00	.30000	-.100C
		DPHI(V/V)	
		.30000	-.100C

BILBERRI 1 (SAN ANDRES COMP)
HOUSE (SAN ANDRES)
LEA CO., NM
SEAY EXPLORATION

DATE: 02/18/91
TIME: 00:42.47
FILE: VINCE
GET#: 19

RESERVES AND ECONOMICS

AS OF MARCH 1, 1991

-END- MO-YR	---GROSS PRODUCTION---				---PRICES---		---OPERATIONS, M\$---				.00 PCT		
	OIL, MMBL	GAS, MMCF	NET PRODUCTION	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV+ WF TAXES	NET OPER EXPENSES	CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	CUM. DISC BTAX, M\$
12-91	4.498	.000	3.441	.000	20.00	.00		68.820	2.581	12.000	100.000	-45.761	-45.761
12-92	3.438	.000	2.630	.000	20.00	.00		52.600	1.973	14.400	.000	36.227	-9.534
12-93	2.511	.000	1.921	.000	20.00	.00		38.420	1.441	14.400	.000	22.579	13.045
12-94	2.002	.000	1.532	.000	20.00	.00		30.640	1.149	14.400	.000	15.091	28.136
12-95	1.677	.000	1.283	.000	20.00	.00		25.660	.962	14.400	.000	10.298	38.434
12-96	1.448	.000	1.108	.000	20.00	.00		22.160	.831	14.400	.000	6.929	45.363
12-97	1.279	.000	.978	.000	20.00	.00		19.560	.734	14.400	.000	4.426	49.789
12-98	1.148	.000	.878	.000	20.00	.00		17.560	.659	14.400	.000	2.501	52.290
12-99	1.044	.000	.799	.000	20.00	.00		15.980	.599	14.400	.000	.981	53.271
12- 0	.237	.000	.181	.000	20.00	.00		3.620	.136	3.459	.000	.025	53.296
12- 1													
12- 2													
12- 3													
12- 4													
12- 5													
12- 6													
12- 7													
12- 8													
12- 9													
S TOT	19.282	.000	14.751	.000	20.00	.00		295.020	11.065	130.659	100.000	53.296	53.296
REM.	.000	.000	.000	.000	.00	.00		.000	.000	.000	.000	.000	53.296
TOTAL	19.282	.000	14.751	.000	20.00	.00		295.020	11.065	130.659	100.000	53.296	53.296
CUM.	.000	.000						295.020					
ULT.	19.282	.000						295.020					
				NET OIL REVENUES (M\$)				295.020	-----PRESENT WORTH PROFILE-----				
				NET GAS REVENUES (M\$)				.000	DISC	PW OF NET	DISC	PW OF NET	
				TOTAL REVENUES (M\$)				295.020	RATE	BTAX, M\$	RATE	BTAX, M\$	
BTAX RATE OF RETURN (PCT)				29.13	PROJECT LIFE (YEARS)			9.240	.0	53.296	30.0	-9.978	
BTAX PAYOUT YEARS				2.42	DISCOUNT RATE (PCT)			.000	2.0	47.368	35.0	-5.872	
BTAX PAYOUT YEARS (DISC)				2.42	GROSS OIL WELLS			1.000	5.0	39.411	40.0	-10.166	
BTAX NET INCOME/INVEST				1.53	GROSS GAS WELLS			.000	8.0	32.409	45.0	-13.962	
BTAX NET INCOME/INVEST (DISC)				1.53	GROSS WELLS			1.000	10.0	28.191	50.0	-17.347	
									12.0	24.286	60.0	-23.124	
INITIAL W.I. FRACTION				1.000000	INITIAL NET OIL FRACTION			.765000	15.0	18.950	70.0	-27.886	
FINAL W.I. FRACTION				1.000000	FINAL NET OIL FRACTION			.765000	18.0	14.155	80.0	-31.887	
PRODUCTION START DATE				3- 1-91	INITIAL NET GAS FRACTION			.000000	20.0	11.218	90.0	-35.301	
MONTHS IN FIRST LINE				12.00	FINAL NET GAS FRACTION			.000000	25.0	4.659	100.0	-38.256	

10202

FILE NAME: VINCE (19)

DATA REPORT

DATE: 02/18/91

TIME: 00:42.47

CASE NAME: BILBRY

101 BILBERR1 1 (SAN ANDRES COMP)

102 HOUSE (SAN ANDRES)

103 LEA CO., NM

104 SEAY EXPLORATION

117 CASE \$COM

* 120 1 90 12 3 1 91 0 2

* 121 1*2 1*10

* 600 SET RPTFRM 3

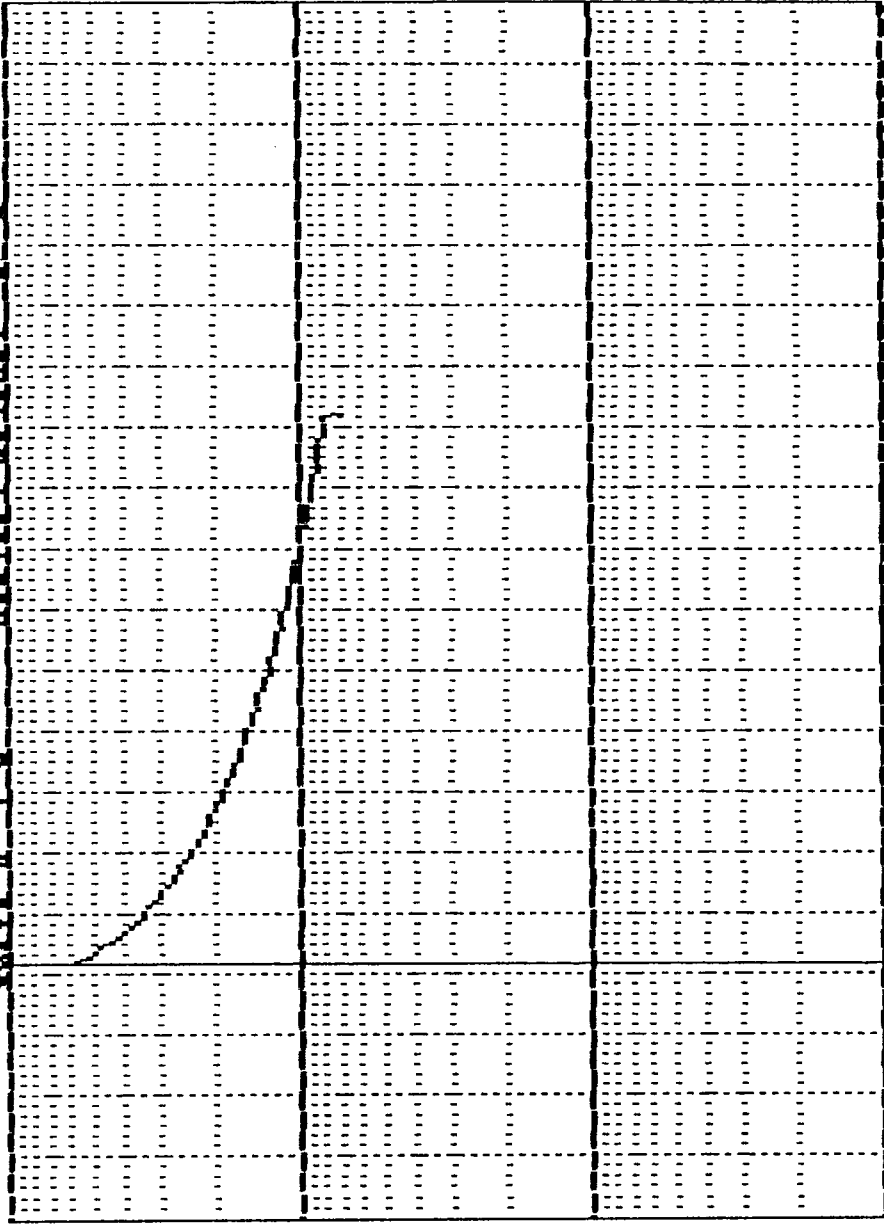
	W.I. FRACTION	OP. COST (\$/W/MO)	OP. COST (\$/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)
210	1.00000000	1200.00	.00	.000	OIL	3/ 1/91

	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE (\$/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH
221	OIL	.000	.76500000	20.000	3.750	1.0	

	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT	(M OR Y)	CALC VALUE
410	OIL	120.000	60.000	600.000	EL	X X	M	
CALC	OIL	120.000END=	8.009	600.000	81.487	10.240 YRS	M	19.282 MBBL

	INV NAME	INV. POINT	(G OR N)	TANG-M\$	INTANG-M\$	LSEHLD-M\$	RISK FRAC
802	INVEST	.000 YR	G	45.000	55.000	.000	

File : VINCE Case Name: BILBRY
 Get #: 19 Line 101 : BILBERRY 1 (SAN ANDRES COMP)
 Curve # : 2 History begins: 0/0
 Date : 2/18/91
 Time : 0:29:20
 PSD : 3/91
 Phase: OIL
 Cum. : .000
 Remn. : 19.282
 Ult. : 19.282
 CM220: .000
 UI220: 19.282
 Ratio:



LEGEND

 OIL

87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06

SUMMARY
DUAL (SAN ANDRES - YATES)

DATE: 02/18/91
TIME: 00:42.47
FILE: VINCE
GET#: 0

RESERVES AND ECONOMICS

AS OF MARCH 1, 1991

-END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		---PRICES---		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$.00 PCT CUM. DISC BTAX, M\$
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV+ WF TAXES	NET OPER EXPENSES			
12-91	4.498	46.670	3.441	35.703	20.00	1.30	115.234	4.322	19.000	150.000	-58.088	-58.088
12-92	3.438	38.639	2.630	29.559	20.00	1.30	91.027	3.414	22.800	.000	64.813	6.725
12-93	2.511	30.497	1.921	23.330	20.00	1.30	68.749	2.578	22.800	.000	43.371	50.096
12-94	2.002	25.870	1.532	19.791	20.00	1.30	56.368	2.114	22.800	.000	31.454	81.550
12-95	1.677	22.796	1.283	17.439	20.00	1.30	48.331	1.812	22.800	.000	23.719	105.269
12-96	1.448	20.567	1.108	15.734	20.00	1.30	42.614	1.598	22.800	.000	18.216	123.485
12-97	1.279	18.859	.978	14.427	20.00	1.30	38.315	1.437	22.800	.000	14.078	137.563
12-98	1.148	17.497	.878	13.385	20.00	1.30	34.961	1.312	22.800	.000	10.849	148.412
12-99	1.044	16.377	.799	12.528	20.00	1.30	32.266	1.210	22.800	.000	8.256	156.668
12- 0	.237	15.391	.181	11.774	20.00	1.30	18.926	.710	11.859	.000	6.357	163.025
12- 1	.000	14.468	.000	11.068	.00	1.30	14.388	.540	8.400	.000	5.448	168.473
12- 2	.000	13.600	.000	10.404	.00	1.30	13.525	.507	8.400	.000	4.618	173.091
12- 3	.000	12.784	.000	9.780	.00	1.30	12.714	.477	8.400	.000	3.837	176.928
12- 4	.000	12.017	.000	9.193	.00	1.30	11.951	.448	8.400	.000	3.103	180.031
12- 5	.000	11.296	.000	8.641	.00	1.30	11.233	.421	8.400	.000	2.412	182.443
12- 6	.000	10.618	.000	8.123	.00	1.30	10.560	.396	8.400	.000	1.764	184.207
12- 7	.000	9.981	.000	7.635	.00	1.30	9.926	.372	8.400	.000	1.154	185.361
12- 8	.000	9.382	.000	7.177	.00	1.30	9.330	.350	8.400	.000	.580	185.941
12- 9	.000	5.162	.000	3.949	.00	1.30	5.134	.193	4.853	.000	.088	186.029
S TOT	19.282	352.471	14.751	269.640	20.00	1.30	645.552	24.211	285.312	150.000	186.029	186.029
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	186.029
TOTAL	19.282	352.471	14.751	269.640	20.00	1.30	645.552	24.211	285.312	150.000	186.029	186.029
CUM.	.000	.000					NET OIL REVENUES (M\$)	295.020	-----PRESENT WORTH PROFILE-----			
							NET GAS REVENUES (M\$)	350.532	DISC	PW OF NET	DISC	PW OF NET
ULT.	19.282	352.471					TOTAL REVENUES (M\$)	645.552	RATE	BTAX, M\$	RATE	BTAX, M\$
BTAX RATE OF RETURN (PCT)			49.12	PROJECT LIFE (YEARS)				18.578	.0	186.029	30.0	33.499
BTAX PAYOUT YEARS			1.90	DISCOUNT RATE (PCT)				.000	2.0	165.325	35.0	22.769
BTAX PAYOUT YEARS (DISC)			1.90	GROSS OIL WELLS				1.000	5.0	139.429	40.0	13.614
BTAX NET INCOME/INVEST			2.24	GROSS GAS WELLS				1.000	8.0	118.253	45.0	5.702
BTAX NET INCOME/INVEST (DISC)			2.24	GROSS WELLS				2.000	10.0	106.165	50.0	-1.217
									12.0	95.385	60.0	-12.776
									15.0	81.245	70.0	-22.084
									18.0	69.073	80.0	-29.770
									20.0	61.855	90.0	-36.242
									25.0	46.293	100.0	-41.782

SUMMARY
DUAL (SAN ANDRES - YATES)

DATE: 02/18/91
TIME: 00:42.47
FILE: VINCE
GET#: 0

RESERVES AND ECONOMICS

AS OF MARCH 1, 1991

---GROSS PRODUCTION---		---NET PRODUCTION---		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$.00 PCT CUM. DISC BTAX, M\$
LEASE	OIL, MMBL GAS, MMCF	OIL, MMBL GAS, MMCF		NET OPER REVENUES	SEV+ADV+ WF TAXES	NET OPER EXPENSES			
***** FILE: VINCE									
(19)BILBERRI 1 (SAN ANDRES COMP)									
	19.282 .000	14.751 .000		295.020	11.065	130.659	100.000	53.296	53.296
(20)BILBERRY 1 (YATES-7R COMP.)									
	.000 352.471	.000 269.640		350.532	13.146	154.653	50.000	132.733	132.733
(0)SUMMARY: SUMMARY									
	19.282 352.471	14.751 269.640		645.552	24.211	285.312	150.000	186.029	186.029

BILBERRY 1 (YATES-7R COMP.)
HOUSE (SAN ANDRES)
LEA CO., NM
SEAY EXPLORATION

DATE: 02/18/91
TIME: 00:42.47
FILE: VINCE
GET#: 20

RESERVES AND ECONOMICS

AS OF MARCH 1, 1991

-END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		---PRICES---		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$.00 PCT CUM. DISC BTAX, M\$
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV+ WF TAXES	NET OPER EXPENSES			
12-91	.000	46.670	.000	35.703	.00	1.30	46.414	1.741	7.000	50.000	-12.327	-12.327
12-92	.000	38.639	.000	29.559	.00	1.30	38.427	1.441	8.400	.000	28.586	16.259
12-93	.000	30.497	.000	23.330	.00	1.30	30.329	1.137	8.400	.000	20.792	37.051
12-94	.000	25.870	.000	19.791	.00	1.30	25.728	.965	8.400	.000	16.363	53.414
12-95	.000	22.796	.000	17.439	.00	1.30	22.671	.850	8.400	.000	13.421	66.835
12-96	.000	20.567	.000	15.734	.00	1.30	20.454	.767	8.400	.000	11.287	78.122
12-97	.000	18.859	.000	14.427	.00	1.30	18.755	.703	8.400	.000	9.652	87.774
12-98	.000	17.497	.000	13.385	.00	1.30	17.401	.653	8.400	.000	8.348	96.122
12-99	.000	16.377	.000	12.528	.00	1.30	16.286	.611	8.400	.000	7.275	103.397
12- 0	.000	15.391	.000	11.774	.00	1.30	15.306	.574	8.400	.000	6.332	109.729
12- 1	.000	14.468	.000	11.068	.00	1.30	14.388	.540	8.400	.000	5.448	115.177
12- 2	.000	13.600	.000	10.404	.00	1.30	13.525	.507	8.400	.000	4.618	119.795
12- 3	.000	12.784	.000	9.780	.00	1.30	12.714	.477	8.400	.000	3.837	123.632
12- 4	.000	12.017	.000	9.193	.00	1.30	11.951	.448	8.400	.000	3.103	126.735
12- 5	.000	11.296	.000	8.641	.00	1.30	11.233	.421	8.400	.000	2.412	129.147
12- 6	.000	10.618	.000	8.123	.00	1.30	10.560	.396	8.400	.000	1.764	130.911
12- 7	.000	9.981	.000	7.635	.00	1.30	9.926	.372	8.400	.000	1.154	132.065
12- 8	.000	9.382	.000	7.177	.00	1.30	9.330	.350	8.400	.000	.580	132.645
12- 9	.000	5.162	.000	3.949	.00	1.30	5.134	.193	4.853	.000	.088	132.733
S TOT	.000	352.471	.000	269.640	.00	1.30	350.532	13.146	154.653	50.000	132.733	132.733
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	132.733
TOTAL	.000	352.471	.000	269.640	.00	1.30	350.532	13.146	154.653	50.000	132.733	132.733
CUM.	.000	.000					NET OIL REVENUES (M\$)	.000				
ULT.	.000	352.471					NET GAS REVENUES (M\$)	350.532				
							TOTAL REVENUES (M\$)	350.532				
									-----PRESENT WORTH PROFILE-----			
									DISC PW OF NET DISC PW OF NET			
									RATE RATE RATE RATE			
									BTAX, M\$ BTAX, M\$			
BTAX RATE OF RETURN (PCT)		86.92	PROJECT LIFE (YEARS)				18.578	.0	132.733	30.0	34.477	
BTAX PAYOUT YEARS		1.43	DISCOUNT RATE (PCT)				.000	2.0	117.957	35.0	28.641	
BTAX PAYOUT YEARS (DISC)		1.43	GROSS OIL WELLS				.000	5.0	100.018	40.0	23.780	
BTAX NET INCOME/INVEST		3.65	GROSS GAS WELLS				1.000	8.0	85.844	45.0	19.664	
BTAX NET INCOME/INVEST (DISC)		3.65	GROSS WELLS				1.000	10.0	77.974	50.0	16.130	
								12.0	71.099	60.0	10.348	
INITIAL W.I. FRACTION		1.000000	INITIAL NET OIL FRACTION				.000000	15.0	62.295	70.0	5.802	
FINAL W.I. FRACTION		1.000000	FINAL NET OIL FRACTION				.000000	18.0	54.918	80.0	2.117	
PRODUCTION START DATE		3- 1-91	INITIAL NET GAS FRACTION				.765000	20.0	50.637	90.0	-.941	
MONTHS IN FIRST LINE		12.00	FINAL NET GAS FRACTION				.765000	25.0	41.634	100.0	-3.526	

FILE NAME: VINCE (20)

DATA REPORT

DATE: 02/18/91

TIME: 00:42.47

CASE NAME: BILBRYYA7R

101 BILBERRY 1 (YATES-7R COMP.)

102 HOUSE (SAN ANDRES)

103 LEA CO., NM

104 SEAY EXPLORATION

117 CASE \$COM

* 120 1 90 12 3 1 91 0 2

* 121 1*2 1*10

* 600 SET RPTFRM 3

	W.I. FRACTION	OP. COST (\$/W/MO)	OP. COST (\$/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)
210	1.00000000	700.00	.00	.000	GAS	3/ 1/91

	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE (\$/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH
222	GAS	.000	.76500000	1.300	3.750	1.0	

	PH. NAME	CURVE TP	DECLINE%	Q1 RATE	Q1 RATE	CUM. LIMIT	(M OR Y)	CALC VALUE
410	GAS	180.000	60.000	200.000	X	6.000	%	D
CALC	GAS	180.000END=	6.000	200.000	44.745	9.539	YRS	D
411	GAS	EXP	LAST	LAST	EL	X	X	D
CALC	GAS	EXP	END=	6.000	44.745	24.043	19.578	YRS
								D
								352.471
								MMCF

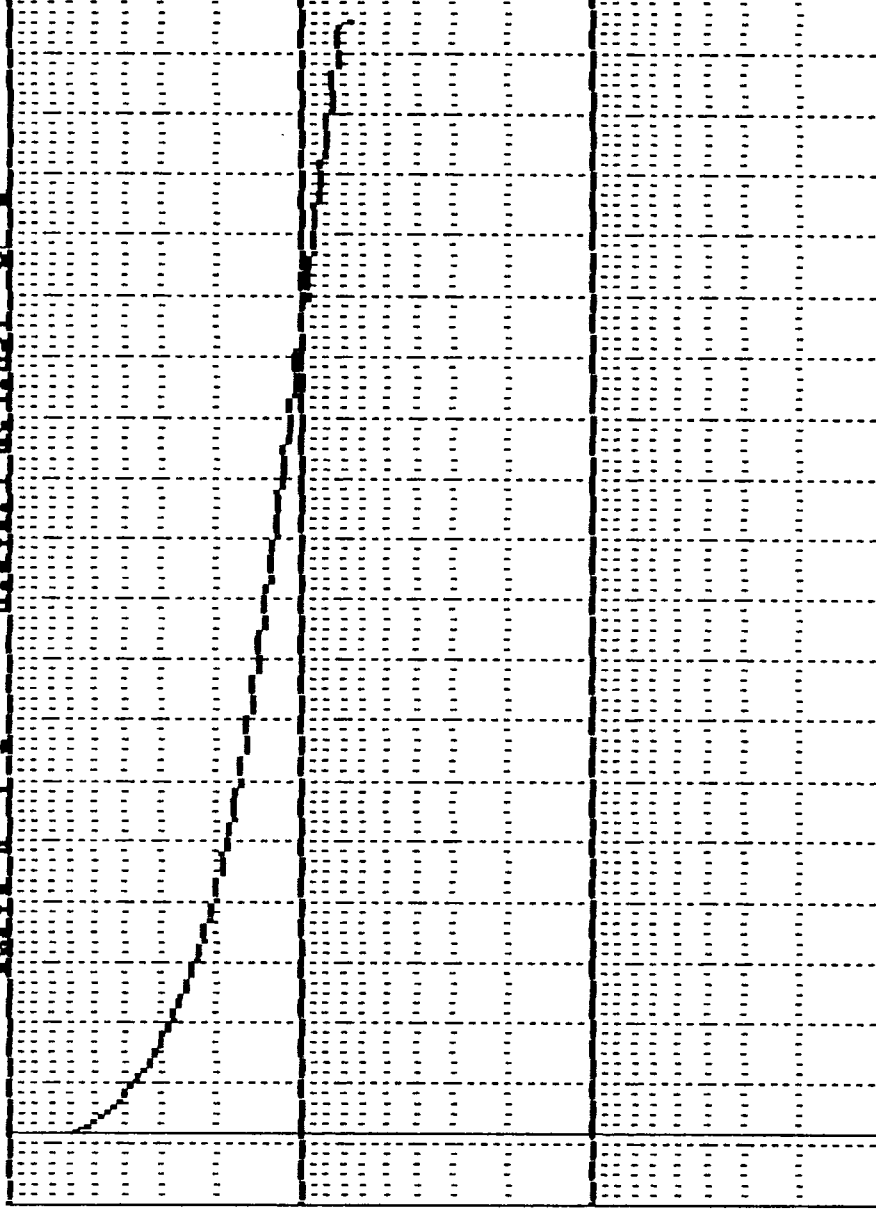
	INV NAME	INV. POINT	(G OR N)	TANG-M\$	INTANG-M\$	LSEHLD-M\$	RISK FRAC
802	INVEST	.000 YR	G	5.000	45.000	.000	

File : VINCE Case Name: BILBRYVA7R

Get #: 20 Line 101 : BILBERRY I (YATES-7R COMP.)

Curve # : 1 History begins: 0/0

Date : 2/18/91
Time : 0:41:40
PSD : 3/91
Phase: GAS
Cum. : .000
Remn. : 352.471
Ult. : 352.471
CM220: .000
UI220: 352.471
Ratio:



LEGEND

GAS

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. 10202
ORDER NO. R-9468

APPLICATION OF SEAY EXPLORATION, INC.
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 March 7, 1991, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 25th day of March, 1991, 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, Seay Exploration, Inc., seeks an order pooling all mineral interests from the surface to the base of the Abo Formation underlying the following described acreage in the following manner: Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico, forming a 160.12-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing, which presently includes but is not necessarily limited to the House-Yates-Seven Rivers Gas Pool and the SW/4 NE/4 of said Section 6 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the House-San Andres, Undesignated House-Blinbry and House-Drinkard Pools.

(3) The applicant has the right to drill, has drilled, and is planning to complete a well at a standard location in the SW/4 NE/4 (Unit G) of said Section 6. The applicant has the right to produce hydrocarbons underlying said proration unit(s). Applicant plans to attempt to complete the well as a Yates-San Andres dual.

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

(5) Applicant proposes to compulsory pool very small unleased mineral interests whose owners cannot be located. Extensive efforts to locate the owners of these interests have been unsuccessful. All other interest owners in the proposed proration unit(s) have agreed to pool their interests.

(6) The well involved in the pooling application is the Seay Exploration Inc. Bilberry Well No. 1 located 1980 feet from the North line and 1980 feet from the East line (Unit G) of said Section 6.

(7) Applicant's witness testified that the well was spudded and drilled to a total depth of approximately 7,750 feet prior to obtaining a compulsory pooling order because of time limits on two farmout agreements.

(8) 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(s) the opportunity to recover or receive without unnecessary expense his just and fair share of the production from 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(s).

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

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) At the hearing, applicant's witness proposed that combined fixed rate overhead charges be set at \$3,500 per month while drilling and \$350.00 per month while producing. Based on Ernst and Young survey results for 1990, \$3,500 per month while drilling and \$300.00 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.

(15) 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.

(16) 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.

(17) The operator of the well and unit(s) 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 Abo formation, underlying the following described acreage in Section 6, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico, are hereby pooled in the following manner:

Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) to form a 160.12-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing, which presently includes but is not necessarily limited to the House-Yates-Seven Rivers Gas Pool;

The SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the House-San Andres, Undesignated House-Blinberry and House-Drinkard Pools.

(2) Said unit(s) are to be dedicated to the applicant's Bilberry Well No. 1 located 1980 feet from the North line and 1980 feet from the East line (Unit G) of said Section 6.

PROVIDED THAT, should said well not be completed or abandoned 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.

(3) Seay Exploration, Inc. is hereby designated the operator of the subject well and unit.

(4) Within 60 days of the effective date of this order, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

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

(10) \$3,500 per month while drilling and \$300.00 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.

(11) 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.

(12) 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.

(13) All proceeds from production from the subject well which are not disbursed for any reason shall 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.

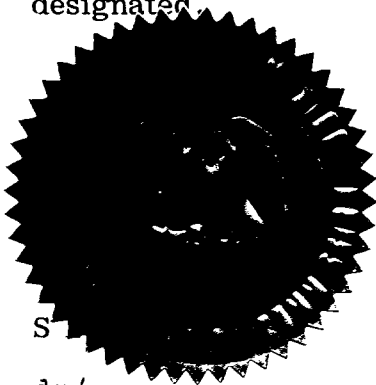
Case No. 10202
Order No. R-9468
Page 6

(14) 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.

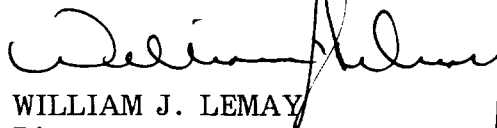
(15) The operator of the subject well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(16) 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
dr/