

#### Primary Fuels, Inc. A Subsidiary of Houston Industries Incorporated

MARCH 3, 1988

ANADARKO P. O. BOX 2497 MIDLAND, TX 79702

ATTN: MR. WAYNE WHEELIS



RE: S/2 Section 31, T-18-S, R-39-E save and except the SW/4 of SE/4, Lea County, New Mexico, containing 280 acres, more or less

Ciudad Prospect

#### Gentlemen:

Primary hereby proposes the formation of a working interest unit covering the captioned acreage for the purpose of drilling a 4550' San Andres test, tentatively located 1980' FWL and 330' FSL of Section 31. information, we have enclosed a copy of the AFE for our proposed well (PFI Harvard #7). If you do not desire to join in the drilling of the captioned well, we respectfully request that you farmout your interest subject to the following terms and conditions:

- Within 60 days after an acceptable agreement has been signed by all 1. parties, the initial test well will be commenced at a legal location of Primary's choice on the captioned acreage (pending no surface problems, the initial test well will be located at referenced above). The initial test well will be drilled to a depth sufficient to test the San Andres formation, or 4600', whichever is the lesser. Upon completion of the initial test well as a commercial producer:
  - Anadarko will assign to Primary 100% of his interest in the initial a. drillsite proration unit, retaining the difference between present existing lease burdens and 23%, conveying to Primary no less than a 77% net revenue interest. Upon payout of the initial test well. Bennett will have the option to exchange its retained override for a 25% interest in the initial proration unit.
  - Anadarko will assign to Primary 75% of his remaining acreage as outlined in the caption.
- 2. Rights earned will be limited to 100' below total depth drilled in the initial test well.
- The initial test well after payout, and all subsequent wells will be 3. operated under the terms of an Operating Agreement acceptable to parties involved.
- Appropriate tax language will be added to protect against any adverse tax 4. consequences.

Ciudad Prospect Page Two

We would appreciate being supplied with a copy of your previous Title Opinion and any other curative matter pertaining to this acreage.

Your prompt response to this request is appreciated, since Primary would like to commence this well as early as possible. Should you have any questions, please do not hesitate to call.

Yours very trul

enneth H. Gray

KHG/syp

**Enclosure** 

cc: Don Thompson

3/10/88 - Requested T. Opinion & Curative

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Survey Results — 1987

Region: West Texas and Eastern New Mexico-5

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# BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF PRIMARY FUELS, INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 9361

### AFFIDAVIT

STATE CF NEW MEXICO)
) ss.
COUNTY OF SANTA FE )

Kenneth H. Gray, an employee and authorized representative of Primary Fuels, Inc., the Applicant herein, being first duly worn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses/provided by such rule.

Subscribed and sworn to before me this 210th day of April, 1988 by Kinneth H. Dray.

Notary Public Sallegos

My Commission Expires:

9.15.90

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## CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOPIN H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE

SUITE I - IIO NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

April 6, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Anadarko Production Corporation Post Office Box 2497 Midland, Texas 79702

Attn: Wayne Wheelis

Re: Application of Primary Fuels, Inc. for Compulsory

Pooling, Lea County, New Mexico

Dear Sirs:

This letter is to advise you that Primary Fuels, Inc. has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the San Andres formation for any and all formations and/or pools developed on 40-acre spacing, in and under the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, N.M.P.M., Lea County, New Mexico. Primary Fuels, Inc. proposes to dedicate the referenced pooled unit to a well to be located at a standard location in the SE/4 SW/4 of said Section 31.

This application has been set for hearing before a Division Examiner on April 27, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,

WILLIAM F\ CARR

ATTORNEY FOR PRIMARY FUELS, INC.

WFC/mlh

## P 312 385 397

POTENT TON CERTIFIED MAIL

A CONTRACTOR OF THE STATE OF

in the contract of the contrac	
Anadarko Production Corporation	Attn
Post Office Box 2497	n:
Midland, Texas 79702	Wayne Wheel
	S
.90	
2.00	

April 6,1988

DOMESTIC RETURN RECEIPT	<b>6 Form 3811,</b> Feb. 1986
	7. Date of Délivery 7. See See See See See See See See See Se
	* X Zaudus domo
8. Addressee's Address (ONLY if requested and fee paid)	5. Signature – Addressee
Always obtain signature of addressee or agent and DATE DELIVERED.	e de la companya de l
R Certified COD	Midland, Texas 79702
- I	Anadarko Production Corporation Type of Service: Post Office Box 2497
<b>4. Article Number</b> P 112 385 397	3. Article Addressed to:
s. 2. 🗌 Restricted Delivery.	1. XI Show to whom delivered, date, and addresse's address.
side. Feliure to do this will 'prevent'stils' provide you the name of the person following services are evallable. Consult of requested.	Put your address in the "RETURN TO" space on the reverse side. Failure to do this will previent this ward 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 evallable. Consult pestmaster for fees and check box(es) for additional service(s) requested.
as are desired, and complete items 3 and 4.	SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

## CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILL AM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN M. BEMIS
MARTE D. L GHTSTONE

GUADALUPE PLACE

SUITE I - 110 NORTH GUADALUFE

POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE. (505) 988-4421

TELECOP ER: (505) 983-6043

April 6, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Barton Brothers Land and Royalty Company Post Office Box 968 Hobbs, New Mexico 88201

Attn: Roy G. Barton, Jr.

Re: Application of Primary Fuels, Inc. for Compulsory Pooling, Lea County, New Mexico

Dear Sirs:

This letter is to advise you that Primary Fuels, Inc. has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the San Andres formation for any and all formations and/or pools developed on 40-acre spacing, in and under the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, N.M.P.M., Lea County, New Mexico. Primary Fuels, Inc. proposes to dedicate the referenced pooled unit to a well to be located at a standard location in the SE/4 SW/4 of said Section 31.

This application has been set for hearing before a Division Examiner on April 27, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR PRIMARY FUELS, INC.

WFC/mlh

P 112 385 394

HELLIST FOR CERTIFIED MAIN

Barton Brothers Land & Royalty Company

Post Office Box 968

Hobbs, New Mexico 88201

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.90 2.00

April 6,1988

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 that are from being returned to you. The return meeting fee will provide you the name of the man of the will prevent that are from being returned to and the said check box (es) for additional services; requested.

1. At show to whom delivered, date, and addresses's address.

2. I Restricted Delivery.

3. Article Addressed to:

A. Article Number

Post Office Box 968

Royalty Company

Post Office Box 968

Attn: Roy G. Barton, Jr.

Signature - Agent

X.

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Post Office Roy G. Barton, Jr.

Signature - Agent

Type of Service:

Registered

A. Article Number

Type of Service:

Registered

A. Article Number

A. Art

an Harring

## CAMPBELL & BLACK, P.A.

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARP
BRADEDAD C. BERGE
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GUADALUFE PLACE
SUITE I - 110 NORTH GUADALUFE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-442:
TELECOPIER: (505) 983-6043

April 6, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

M. Brad Bennett, Inc. Post Office Box 2062 Midland, Texas 79702

Re: Application of Primary Fuels, Inc. for Compulsory Pooling, Lea County, New Mexico

Dear Sirs:

This letter is to advise you that Primary Fuels, Inc. has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the San Andres formation for any and all formations and/or pools developed on 40-acre spacing, in and under the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, N.M.P.M., Lea County, New Mexico. Primary Fuels, Inc. proposes to dedicate the referenced pooled unit to a well to be located at a standard location in the SE/4 SW/4 of said Section 31.

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR PRIMARY FUELS, INC.

WFC/mlh

P 112 385 396

RECEIPT FOR CERTIFIED MAIL

B. Brad Bennett, Inc.
Post Office Box 2062
Midland, Texas 79702
.25

182

2.00

Apizil 6,1988

DOMESTIC RETURN RECEIPT	<b>PB Form 3811,</b> Feb. 1986
	APR 1 1988
	* Tom dander
FEE NOI DATE	S. Supporture - Agent
requested and fee paid)	×
8. Addresses's Address (QNLY If	5. Signature — Addressee
Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
Certified COD	Midland, Texas 79702
Specific   Property	Post Office*Box 2062
P 112 385 396	M. Brad Bennett, Inc.
4. Article Number	8. Jurticle Addressed to:
s. 2. 🗆 Restricted Delivery.	1. 35 Show to whom delivered, date, and addresses's address.
s) requested.	permaneter for fees and check box(es) for additional services
raide, Failure to do this will prevent the provide you the name of the person to the p	Put your address in the "RETURIN TO" space on the reverse side. Failure to do this will prevent use of from being returned to you. The return receipt fee will provide you the name of the person and to and the date of delivery. For additional fees the following senders are smallerly.
Se are desired, and complete items 3 and 4.	TENDER: Complete Items 1 and 2 when exercise are desired, and complete items 3 and 4.
	Little 1760. Commisse teams 1 and 3 when additional and

OFFICE PHONE 505 393-5515 OR 397-3925
RESIDENCE 505 397-7002

Roy G. Banton, In.

Oil and Gas Producer HOBBS. NEW MEXICO 88241

MAIN OFFICE 1919 N. TURNER

March 11, 1988

MAILING ADDRESS

Primary Fuels, Inc. 319 W. Texas, Suite 201 Midland, Texas 79701

Re: S/2 Section 31, T-18-S, R-39-E,

Lea County, New Mexico #34-18-S

Attention: Kenneth Gray

Dear Mr. Gray:

Please be advised Barton Bros. Land & Royalty Co. will participate in the drilling of the above referenced property. Enclosed is the AFE executed by Roy G. Barton, Jr., General Partner.

If you need any additional information, please let me know.

Thank you.

Yours truly,

Joan Reynolds

Cran Regreco

Enclosure



Original: Don Thompson Copy: Cindad Prospect File.

PRIMARY FUELS, INC. AUT! RIZATION FOR EXPENDITURE DRILLING AND COMPLETION OPERATOR COMPLETION AFE NO. Midland 187 Primary Fuels, Inc. PROPOSED FORMATION PROPOSED WELL DEPTH B DEVELOPMENT - EXPLORATORY San Andres 4550 A RECOMPLETE REPAIR PROPOSED 5/2 01 WELL NAME AND NO. ANIOINAL Sec. 31, T185, R39E Harvard No. 1 SUPPLEMENT 11/06/87 CO./FLANS PROSPECT STATE FIELD OR AREA LEA N.M. Cuidad Foster San Andres Sub 0100-1822-XXX INTANGIBLES DRY HOLE COMPLETION TOTAL 29575 6.50/Ft. 29575 Contract Drilling 001 Ft. @ \$ Drilling on Day Work /Dey Days 🗣 \$ CONTRACT 3500 3500 7000 3500 /Day 002 Other Day Work Days # \$ DAY 6400 1600 /Day 6400 002 Completion Rig Davi @ S WORK 003 Other Contractors Charges (Rig Up / Down) 12000 2500 14500 004 Location, Roads, Pits, Survey, Permits, Dredging, Damages 500 005 Bits, Coreheads, Stabilizers, Reamers, etc. 300 5000 1000 009 Well Evaluation & Logging 6000 4000 1000 006 Mud and Chemicals 5000 2500 007 2500 Fuel, Power, Water 5000 6000 11000 008 Cement and Cementing Services, Cementing Equipment, Hangers, Packers Land Transportation 500 500 016 1000 017 Merine Transportation 018 Air Transportation 3000 3000 011 Contract Services 013 1000 500 1500 Tool Rental Including Small Diameter Drill Pipe 5000 5000 014 1000 012 1000 Stimulation Treatment 3000 022 P& A Include Restore Location and Roads 3000 5400 3600 1800 010 Supervision: Engineering, Geological, Consultants 1800 030 2700 900 750 1500 015 Other Well Services <u>750</u> Miscellaneous Cost and Contingencies @ 20% . 15% 11583 15986 4403 \$ 122561 TOTAL INTANGIBLES S 91808 30753 0100-1823-XXX TANGIBLES DRY HOLE COMPLETION TOTAL CASING LB. GR. 9\$ Conductor 3900 3900 001 Surface 300 8-5/8 24 K55 002 Protection 4550 6 5-1/2 14 **X53** Production 27300 27300 003 2-3/8 4450 4.7 **J**55 2.50 004 Tubine 11125 11125 800 2000 007 Wellheed Equipment 2800 500 006 Other Controllable Subsurface Equipment 500 000 500 Non-Controllable Subsurface Equipment 500 008 Miscellaneous & Contingencies # 10% 470 4143 4613 5170 45568 TOTAL TANGIBLES 50738 Total Well Cost Thru Christmas Tree 76321 96978 173299 0100-1823-XXX PRODUCTION EQUIPMENT 013 Tanks and Accessory Equipment 4000 012 Non Controlleble Surface Equipment & Contingencies @ 15% 8925 008 Pumping Unit and Engines & sucker rods 35000 010 Meters and Regulating Equipment 1500 014 Processing, Dehydration & Separation Equipment 15000 017 009 Field Pipelines and Lesse Equipment 1500 015 Installetion 2500 VAR Facilities (018) Water Supply (019) Secondary Recovery (020) 016 Compressors TOTAL PRODUCTION EQUIPMENT 68425 TOTAL PROJECT COST 96978 76321 \$ 241724 COMPANY OWNERSHIP COMPANY COST - COMPLETED COMPANY COST - DRY HOLE ITIO DATE PREPARED BY PRESIDENT V TWM 11/06/87 LAND DATE DISTRICT DATE ENGINEERING JOINT INTEREST APPROVAL (Attach Saparate Page if Necessary) COMPANY NAME WI M BARTON BROS. LAND & ROYALTY CO 3.125% COMPANY NAME

POETINELIT

-- ---



#### Primary Fuels, Inc. A Subsidiary of Houston Industries Incorporated

APRIL 19, 1988

ANADARKO P. O. BOX 2497 MIDLAND, TX 79702

ATTN: MR. WAYNE WHEELIS

RE: S/2 Section 31, T-18-S, R-39-E save and except the SW/4 of SE/4, Lea County, New Mexico, containing 280 acres, more or less

Ciudad Prospect

## Dear Wayne:

As a follow-up to our letter of March 3, 1988 and to various telephone conversations, enclosed herewith is a copy of an Operating Agreement for the captioned acreage, accompanied by an extra copy of the signature pages. It is requested that one copy of the signature page and AFE be returned to our Midland office at your earliest convenience. However, should you elect not to join with us, we again request that you consider our farmout terms as requested in our letter of March 3, 1988.

Should you have any questions, please do not hesitate to call.

KHG/syp

**Enclosures** 

319 W. Texas Suite 201 Midland, Texas 79701 915/686-8721

#### STATE OF NEW MEXICO



## ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

May 6, 1988

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE. NEW MEXICO 87501 (505) 827-5800

	D	anan wo	
Mr. Scott Hall Campbell & Black	ke:	CASE NO. 9361 ORDER NO. R-8649	
Attorneys at Law Post Office Box 2208		Applicant:	
Santa Fe, New Mexico		Primary Fuels, Inc.	
Dear Sir:			
Enclosed herewith are two cop Division order recently enter	oies o ed in	f the above-referenced the subject case.	
Sincerely,			
Florene Davidson			1
FLORENE DAVIDSON OC Staff Specialist			
oo bear spectarist			
Copy of order also sent to:			
Hobbs OCD x Artesia OCD x Aztec OCD			
Other			