

April 22, 1988

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

Case No.
9369

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba County, New Mexico

Dear Mr. LeMay:

Enclosed please find copies of the letters of notification to all of the interest owners concerning the subject application.

If you should have any questions regarding this matter, please do not hesitate to call me at 326-3325.

Very truly yours,

John C. Corbett

John C. Corbett
Vice President - Exploration

JCC/plc

Enclosures

April 21, 1988

Mr. Tom Dugan
Dugan Production Corp.
P. O. Box 208
Farmington, NM 87499

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., New Mexico

Ladies/Gentlemen:

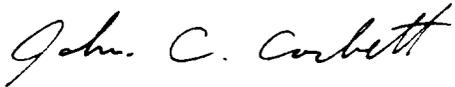
The purpose of this letter is to provide notice to you, in accordance with the rules and regulations of the New Mexico Oil Conservation Division, that Hixon Development Company has filed an application with the New Mexico Oil Conservation Division seeking an Order pooling all mineral interest in the Gavilan Mancos Oil Pool underlying all of Section 36-T26N-R2W, N.M.P.M., Rio Arriba County, New Mexico, to form a standard 640 acre oil spacing and proration unit to be dedicated to the Hixon Development Company Tapacitos Well No. 4 which is located in the SE/4 of said Section 36. Said well is currently completed in and producing from the Gavilan Mancos Oil Pool and is currently dedicated to a non-standard 320 acre oil spacing and proration unit comprising the S/2 of said Section 36. Also to be considered will be the adoption of guidelines for participation in the Hixon Development Company Tapacitos Well No. 4 to be applicable to those interest owners who have not voluntarily entered into an agreement for participation.

This application has been placed on the May 11, 1988 docket of the New Mexico Oil Conservation Division. In accordance with the rules and regulations of the New Mexico Oil Conservation Division, you are entitled to be present at the hearing and to present testimony and to submit evidence in support of your position regarding the merits of the application.

Mr. Tom Dugan
April 21, 1988
Page 2

If you should have any questions regarding this matter, please do not hesitate to call me at (505) 326-3325.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

xc: New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

CERTIFIED - RETURN RECEIPT REQUESTED
P 735 034 300

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: Mr. Tom Dugan Dugan Production Corp. P. O. Box 208 Farmington, New Mexico 87499	4. Article Number P 735 034 300
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Addressee X	8. Addressee's Address (<i>ONLY if requested and fee paid</i>)
6. Signature — Agent X	
7. Date of Delivery	

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 735 034 300
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Mr. Tom Dugan	
Street and No. P. O. Box 208	
P. O. State and ZIP Code Farmington, New Mexico 87499	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	.90
TOTAL Postage and Fees	\$ 2.00
Postmark or Date 4-21-88	

PS Form 3800, June 1985

Fold at line over top of envelope to the right of the return address

CERTIFIED

P 735 034 300

MAIL

April 21, 1988

Mr. Alan Alexander
District Land Manager
Meridian Oil, Inc.
P. O. Box 4289
Farmington, NM 87499-4289

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., New Mexico

Ladies/Gentlemen:

The purpose of this letter is to provide notice to you, in accordance with the rules and regulations of the New Mexico Oil Conservation Division, that Hixon Development Company has filed an application with the New Mexico Oil Conservation Division seeking an Order pooling all mineral interest in the Gavilan Mancos Oil Pool underlying all of Section 36-T26N-R2W, N.M.P.M., Rio Arriba County, New Mexico, to form a standard 640 acre oil spacing and proration unit to be dedicated to the Hixon Development Company Tapacitos Well No. 4 which is located in the SE/4 of said Section 36. Said well is currently completed in and producing from the Gavilan Mancos Oil Pool and is currently dedicated to a non-standard 320 acre oil spacing and proration unit comprising the S/2 of said Section 36. Also to be considered will be the adoption of guidelines for participation in the Hixon Development Company Tapacitos Well No. 4 to be applicable to those interest owners who have not voluntarily entered into an agreement for participation.

This application has been placed on the May 11, 1988 docket of the New Mexico Oil Conservation Division. In accordance with the rules and regulations of the New Mexico Oil Conservation Division, you are entitled to be present at the hearing and to present testimony and to submit evidence in support of your position regarding the merits of the application.

Mr. Alan Alexander
April 21, 1988
Page 2

If you should have any questions regarding this matter, please do not hesitate to call me at (505) 326-3325.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

xc: New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

CERTIFIED - RETURN RECEIPT REQUESTED
P 735 034 301

P 735 034 301
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Mr. Alan Alexander	
Street and No. P. O. Box 4289	
P. O. State and ZIP Code Farmington, New Mexico 87499	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	.90
TOTAL Postage and Fees	\$ 2.00
Postmark or Date	4-21-88

PS Form 3800, June 1985

Fold at line over top of envelope to the right of the return address

CERTIFIED

P 735 034 301

MAIL

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

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: Mr. Alan Alexander Meridian Oil, Inc. P. O. Box 4289 Farmington, New Mexico 87499	4. Article Number P 735 034 301 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

April 21, 1988

Billie G. Robinson
P. O. Box 1281
Santa Fe, NM 87501

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., New Mexico

Ladies/Gentlemen:

The purpose of this letter is to provide notice to you, in accordance with the rules and regulations of the New Mexico Oil Conservation Division, that Hixon Development Company has filed an application with the New Mexico Oil Conservation Division seeking an Order pooling all mineral interest in the Gavilan Mancos Oil Pool underlying all of Section 36-T26N-R2W, N.M.P.M., Rio Arriba County, New Mexico, to form a standard 640 acre oil spacing and proration unit to be dedicated to the Hixon Development Company Tapacitos Well No. 4 which is located in the SE/4 of said Section 36. Said well is currently completed in and producing from the Gavilan Mancos Oil Pool and is currently dedicated to a non-standard 320 acre oil spacing and proration unit comprising the S/2 of said Section 36. Also to be considered will be the adoption of guidelines for participation in the Hixon Development Company Tapacitos Well No. 4 to be applicable to those interest owners who have not voluntarily entered into an agreement for participation.

This application has been placed on the May 11, 1988 docket of the New Mexico Oil Conservation Division. In accordance with the rules and regulations of the New Mexico Oil Conservation Division, you are entitled to be present at the hearing and to present testimony and to submit evidence in support of your position regarding the merits of the application.

Billie G. Robinson
April 21, 1988
Page 2

If you should have any questions regarding this matter, please do not hesitate to call me at (505) 326-3325.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

xc: New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

CERTIFIED - RETURN RECEIPT REQUESTED
P 735 C34 302

P 735 034 302
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to	Billie G. Robinson
Street and No.	P. O. Box 1281
P.O. State and Zip Code	Santa Fe, New Mexico 87501
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	.90
TOTAL Postage and Fees	\$ 2.00
Postmark or Date	4-21-88

PS Form 3800, June 1985

Fold at line over top of envelope to the right of the return address

CERTIFIED

P 735 034 302

MAIL

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

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: Billie G. Robinson P. O. Box 1281 Santa Fe, New Mexico 87501	4. Article Number P 735 034 302
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

April 21, 1988

Mr. R. K. O'Connell
P. O. Box 2003
Casper, Wyoming 82602

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., New Mexico

Ladies/Gentlemen:

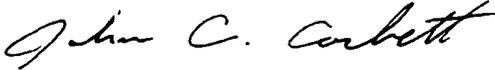
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Mr. R. K. O'Connell
April 21, 1988
Page 2

If you should have any questions regarding this matter, please do not hesitate to call me at (505) 326-3325.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

xc: New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
P O. Box 2088
Santa Fe, New Mexico 87501-2088

CERTIFIED - RETURN RECEIPT REQUESTED
P 735 034 303

P 735 1134 303
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Mr. R. K. O'Connell	
Street and No. P. O. Box 2003	
P.O. State and ZIP Code Casper, Wyoming 82602	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	.90
TOTAL Postage and Fees	2.00
Postmark or Date	4-21-88

Print at line over top of envelope to the right of the return address

CERTIFIED

P 735 034 303

MAIL

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1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: Mr. R. K. O'Connell P. O. Box 2003 Casper, Wyoming 82602	4. Article Number P 735 034 303
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED .	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

PS Form 3811, Feb. 1986 DOMESTIC RETURN RECEIPT

April 21, 1988

Mr. Virgil Hartquist
601 Colville Road
Charlotte, North Carolina 28207

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., New Mexico

Ladies/Gentlemen:

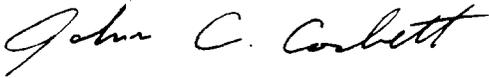
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Mr. Virgil Hartquist
April 21, 1988
Page 2

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Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

xc: New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

CERTIFIED - RETURN RECEIPT REQUESTED
P 735 034 304

P 735 034 304
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Mr. Virgil T. Hartquist	
Street and No. 601 Colville Road	28207
P.O. Station and ZIP Code Charlotte, North Carolina	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	.90
TOTAL Postage and Fees	\$ 2.00
Postmark or Date	4-21-88

PS Form 3800, June 1985

Fold at line over top of envelope to the right of the return address

CERTIFIED

P 735 034 304

MAIL

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1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: Mr. Virgil T. Hartquist 601 Colville Road Charlotte, North Carolina 28207	4. Article Number P 735 034 304
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

Also to be considered will be the adoption of guidelines for participation in the Tapacitos Well No. 4 applicable to those interest owners who have voluntarily entered into an agreement.

not

April 27, 1988

New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
Post Office Box 2088
Santa Fe, New Mexico 87501-2088

DMC
Case 9369

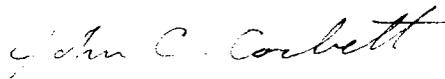
Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba County, New Mexico

Dear Mr. LeMay:

Enclosed please find a copy of the letter of notification to the BLM concerning the subject application.

If you should have any questions regarding this matter, please do not hesitate to call me at 326-3325.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

Enclosures

April 25, 1988

United States Department of the Interior - BLM
Post Office Box 1449
Santa Fe, New Mexico 87504-1449

Case 9369

Subject: Federal Oil and Gas Lease NM 7993
Federal Oil and Gas Lease NM 31577
Federal Oil and Gas Lease NM 55821

Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., New Mexico

Ladies/Gentlemen:

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United States Department of the Interior - BLM
April 25, 1988
Page 2

If you should have any questions regarding this matter, please do not
hesitate to call me at (505) 326-3325.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

xc: New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

CERTIFIED - RETURN RECEIPT REQUESTED
P 735 034 310

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

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: BLM United States Dept. of Interior- P. O. Box 1449 Santa Fe, New Mexico 87504-1449		4. Article Number P 735 034 310
		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
		Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature - Agent X		
7. Date of Delivery		

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 735 034 310
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Bureau of Land Management	
Street and No. P. O. Box 1449	
P. O. State and ZIP Code Santa Fe, NM 87504-1449	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	.90
TOTAL Postage and Fees	\$ 2.00
Postmark or Date	4-25-88

PS Form 3800, June 1985

Fast! At top, over top of envelope to the right of the return address.

CERTIFIED

P 735 034 310

MAIL

LAW OFFICES

TANSEY, ROSEBROUGH, GERDING & STROTHER, P.C.

621 WEST ARRINGTON
FARMINGTON, NEW MEXICO 87401
TELEPHONE: (505) 325-1801

OF COUNSEL
Charles M. Tansey

Austin E. Roberts
1921--1983

Douglas A. Echols
Richard L. Gerding
Connie R. Martin
Michael T. O'Loughlin
James B. Payne
Tommy Roberts
Haskell D. Rosebrough
Robin D. Strother

Handwritten initials and date: M.C. 5/5

Mailing Address:
P. O. Box 1020
Farmington, N.M. 87499

May 5, 1988

State of New Mexico
Energy and Minerals Department
New Mexico Oil Conservation Division
P. O. Bcx 2088
Santa Fe, New Mexico 87501

Attn: David R. Catanach, Hearing Examiner

Re: Application for Compulsory Pooling
Hixon Development Company Tapacitos #4 Well
Rio Arriba County, New Mexico
Case No. 9369

Application for Approval of Voluntary Reformation
Hixon Development Company Tapacitos #2 Well
Rio Arriba County, New Mexico
Case No. 9377

Gentlemen:

Each of the above-referenced cases has been set for the Examiner Hearing scheduled for May 11, 1988. The purpose of this letter is to request that each of these cases be continued to the Examiner Hearing scheduled for May 25, 1988.

Please contact me should you have any questions regarding this request.

Sincerely,

Tommy Roberts

TOMMY ROBERTS, Attorney
for Hixon Development Company

TR:nk

xc: John Corbett
Hixon Development Company

W. Thomas Kellahin, Esq.

May 4, 1988

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

Subject: Case 9369 *M. S.*
Concerning the Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., NM

Dear Mr. Stogner:

Per our telephone conversation today I am sending you a copy of my February 16, 1988 letter to Mr. LeMay. As I told you on the phone, Hixon Development has twice settled with other working interest owners in the Gavilan pool using the present value method. We would like to be able to present it as a fair means of balancing the equities in the referenced case.

If you have any questions regarding our proposal please feel free to call me at (505) 326-3325 or write to me at the letterhead address.

Very truly yours,

John C. Corbett

John C. Corbett
Vice President - Exploration

JCC/plc

Enclosure

February 16, 1988

Mr. William LeMay
Director
New Mexico Oil Conservation Division
P.O. Box 2008
Santa Fe, New Mexico 87501

Subject: Case No. 7980 concerning
Rule 2(a) of Order No. R-7407-E

Dear Mr. LeMay:

Hixon Development Company currently operates two wells in the Gavilan Mancos pool that produce from 320 acre proration units where there is no other well in the same section. We also own the majority working interest in a non-producing half section where there is a well on a nonstandard proration unit in the opposite half of the section. Because of our acreage position we have taken an interest in the referenced case and the manner in which 320 acre proration units are being expanded to 640 acres.

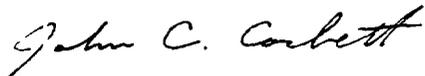
In the cases noted above our approach to expansion has been to calculate the present value of the producing well. The adjacent lease owners seeking to join the well then pay their proportionate share of this value and pool their acreage to form the larger proration unit. Because this is done without regard to the cost of drilling and completion there is no penalty for joining a poor well and there is no incentive to force pool to join a good well. We also feel that this is consistent with industry practice, which is to buy and sell properties based on their market value and not on drilling costs.

February 16, 1988
Mr. William LeMay
Page 2

The point left unresolved by this approach is the rate of return the parties joining the well are entitled to. If the operators cannot work this out among themselves a second well should then be allowed on a nonstandard proration unit. The threat of being drained by a second well would cause operators of good wells to negotiate in good faith, and the risk of drilling an uneconomic well would cause owners of nonproducing interests to accept lower returns on investments in joining poor wells.

If you are interested in discussing this matter further or if the commission should wish to hear this presented as evidence in the referenced case, please call me in Farmington at 326-3325 or write to me at the letterhead address.

Very truly yours,



John C. Corbett
Vice President - Exploration

/j:c

LAW OFFICES

TANSEY, ROSEBROUGH, GERDING & STROTHER, P.C.

621 WEST ARRINGTON
FARMINGTON, NEW MEXICO 87401
TELEPHONE: (505) 325-1801

OF COUNSEL
Charles M. Tansey

Austin E. Roberts
1921--1983

Douglas A. Echols
Richard L. Gerding
Connie R. Martin
Michael T. O'Loughlin
James B. Payne
Tommy Roberts
Haskell D. Rosebrough
Robin D. Strother

Mailing Address:
P. O. Box 1020
Farmington, N.M. 87499

June 6, 1988

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

Attn: Michael E. Stogner

Re: Application for Compulsory Pooling
Hixon Development Company Tapacitos No. 4 Well
Rio Arriba County, New Mexico
Case No. 9369

Dear Mr. Stogner:

Enclosed, per your request, is proposed order in Case No. 9369,
as referenced above.

Please feel free to contact me should you have any questions
or require any additional information.

Sincerely,



TOMMY ROBERTS

TR:nk
Enclosure

xc: John Corbett
W. Thomas Kellahin, Esq.

May 27, 1988

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

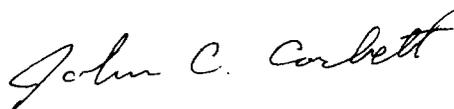
Subject: NMOCD Case #9369 - Application of Hixon
Development Company for Compulsory Pooling

Dear Mr. Stogner:

Enclosed please find evidence of Hixon Development Company's efforts to notify Mr. Virgil Hartquist of the subject case and to acquire his written consent to our action. This is intended to supplement the evidence submitted in item #27 of exhibit #1 in the case.

If I can be of any further assistance in this matter please do not hesitate to call me at (505) 326-3325 or write to me at our letterhead address.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

Enclosure

May 10, 1988

Mr. Virgil Hartquist
100 S. Wacker Dr., Room 202
Chicago, Illinois 60606

Subject: Federal Oil and Gas Lease NM 31577
insofar as it covers
T26N-R2W, N.M.P.M.
Section 25: NE/4
Section 36: NW/4NE/4, S/2NE/4
Rio Arriba County, New Mexico

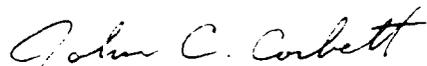
Dear Mr. Hartquist:

As you know, Hixon Development Company is scheduled for a hearing before the New Mexico Oil Conservation Division (NMOCD) on May 25, 1988 to reform two proration units in the subject sections. The new units will encompass leases on which you have an overriding royalty interest. You can assist us in expediting this procedure if you don't have any objection to what we are planning to do. If this is the case, I ask that you review the attached letters. They essentially detail your desire to not oppose our plans.

If you agree to the terms of the letters, I respectfully request that you sign both copies of the letters and send one copy of each letter to the NMOCD on our behalf in the postage paid envelope that I have provided for your use. I have also included a second envelope for you to use for a copy of the same letter to be mailed back to me for our files.

Should you have any questions regarding this matter, please do not hesitate to call me at 326-3325 or write to me at the letterhead address.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

Enclosure

RECEIVED
MAY 12 1988
NEW MEXICO OIL CONSERVATION DIVISION

May 10, 1988

New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
Post Office Box 2088
Santa Fe, New Mexico 87501-2088

Subject: Application for Order Approving
Voluntary Reformation of Non-Standard
Oil Spacing and Proration Unit
Hixon Development Company
Tapacitos Well No. 2
Section 25, T26N-R2W, N.M.P.M.
Rio Arriba County, New Mexico

Dear Mr. LeMay:

The intent of this letter is to express my consent to the subject Application for Order Approving Voluntary Reformation of Non-Standard Oil Spacing and Proration Unit as applied for by Hixon Development Company.

I, Virgil Hartquist, as owner of an overriding royalty interest in the proposed Oil Spacing and Proration Unit applicable to the subject well, do hereby acknowledge receipt of a letter dated May 10, 1988 giving notice to me by Hixon Development Company that the subject application has been placed on the May 25, 1988 docket of the New Mexico Oil Conservation Division. Furthermore, I hereby state that I have no objection to the subject application and I hereby grant my consent and approval to the application which this letter is the subject of.

Very truly yours,

Virgil Hartquist
100 S. Wacker Dr., Room 202
Chicago, Illinois 60606

cc: Hixon Development Company
Post Office Box 2810
Farmington, New Mexico 87499

RECEIVED
MAY 11 1988
NEW MEXICO
SANTA FE

May 10, 1988

New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
Post Office Box 2088
Santa Fe, New Mexico 87501-2088

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N-R2W, N.M.P.M.
Rio Arriba County, New Mexico

Dear Mr. LeMay:

The intent of this letter is to express my consent to the subject Application for Compulsory Pooling as applied for by Hixon Development Company.

I, Virgil Hartquist, as owner of an overriding royalty interest in the proposed Oil Spacing and Proration Unit applicable to the subject well, do hereby acknowledge receipt of a letter dated May 10, 1988 giving notice to me by Hixon Development Company that the subject application has been placed on the May 25, 1988 docket of the New Mexico Oil Conservation Division. Furthermore, I hereby state that I have no objection to the subject application and I hereby grant my consent and approval to the application which this letter is the subject of.

Very truly yours,

Virgil Hartquist
100 S. Wacker Dr., Room 202
Chicago, Illinois 60606

cc: Hixon Development Company
Post Office Box 2810
Farmington, New Mexico 87499

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

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

3. Article Addressed to: Mr. Virgil Hartquist 100 S. Wacker Dr., Room 202 Chicago, Illinois 60606	4. Article Number P 735 034 319 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Virgil Hartquist					
Street and No. 100 S. Wacker Dr., Room 202					
City, State and ZIP Code Chicago, Illinois 60606					
Postage	\$.65			
Certified Fee		.85			
Special Delivery Fee					
Restricted Delivery Fee					
Return Receipt showing to whom and Date Delivered					
Return Receipt showing to whom, Date, and Address of Delivery					.90
TOTAL Postage and Fees	\$				2.40
Postmark or Date	5-10-88				

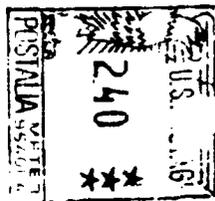
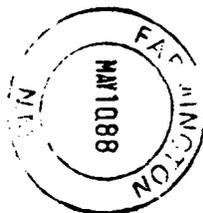
PS Form 3800, June 1985

Place stamp over top of envelope to the right of the return address

CERTIFIED

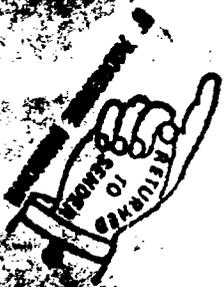
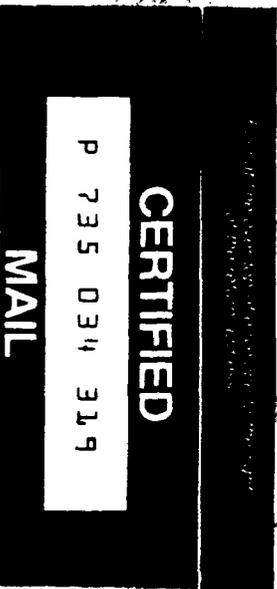
P 735 034 319

MAIL



Hixon Development
COMPANY

Mr. Virginia Hartquist
100 S. Wacker Drive, Room 203
Chicago, Illinois 60606



Claim Check
No. **371685**

Hold

Date

5/21/88
1ST Notice

2ND Notice

Return

Download Form
99 Form 990-A
Oct. 1983

<p>● SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional services the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery †(Extra charge)†</p>	
<p>3. Article Addressed to:</p> <p>Mr. Virgil Hartquist 100 S. Wacker Dr., Room 202 Chicago, Illinois 60606</p>	
<p>4. Article Number</p> <p>P 735 034 319</p>	
<p>Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD</p> <p><input type="checkbox"/> Express Mail</p> <p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>	
<p>5. Signature — Addressee</p> <p>X</p>	
<p>6. Signature — Agent</p> <p>X</p>	
<p>7. Date of Delivery</p>	
<p>8. Addressee's Address (<i>ONLY if requested and fee paid</i>)</p>	

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-176-208 DOMESTIC RETURN RECEIPT

May 10, 1988

Mr. Virgil Hartquist
100 S. Wacker Dr., Room 202
Chicago, Illinois 60606

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., New Mexico

Ladies/Gentlemen:

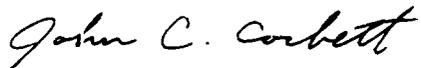
The purpose of this letter is to provide notice to you, in accordance with the rules and regulations of the New Mexico Oil Conservation Division, that Hixon Development company has filed an application with the New Mexico Oil Conservation Division seeking an Order pooling all mineral interest in the Gavilan Mancos Oil Pool underlying all of Section 36-T26N-R2W, N.M.P.M., Rio Arriba County, New Mexico, to form a standard 640 acre oil spacing and proration unit to be dedicated to the Hixon Development Company Tapacitos Well No. 4 which is located in the SE/4 of said Section 36. Said well is currently completed in and producing from the Gavilan Mancos Oil Pool and is currently dedicated to a non-standard 320 acre oil spacing and proration unit comprising the S/2 of said Section 36. Also to be considered will be the adoption of guidelines for participation in the Hixon Development Company Tapacitos Well No. 4 to be applicable to those interest owners who have not voluntarily entered into an agreement for participation.

This application has been placed on the May 25, 1988 docket of the New Mexico Oil Conservation Division. In accordance with the rules and regulations of the New Mexico Oil Conservation Division, you are entitled to be present at the hearing and to present testimony and to submit evidence in support of your position regarding the merits of the application.

Mr. Virgil Harto t
May 10, 1988
Page 2

If you should have any questions regarding this matter, please do not hesitate to call me at (505) 326-3325.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/ylc

xc: New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

CERTIFIED - RETURN RECEIPT REQUESTED
P 735 034 318

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

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

3. Article Addressed to: Mr. Virgil Hartquist 100 S. Wacker Dr., Room 202 Chicago, Illinois 60606	4. Article Number P 735 034 318
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery	

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

P 735 034 318
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Virgil Hartquist	
Street and No. 100 S. Wacker Dr., Room 202	
City, State, and ZIP Code Chicago, Illinois 60606	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	.90
TOTAL Postage and Fees	\$ 2.00
Postmark or Date	5-10-88

PS Form 3800, June 1985

Fast! Put line over top of envelope to the right of the return address.

CERTIFIED

P 735 034 318

MAIL

April 27, 1988

Mr. Virgil Hartquist
601 Colville Road
Charlotte, North Carolina 28207

Subject: Federal Oil and Gas Lease NM 31577
insofar as it covers
T26N-R2W, N.M.P.M.
Section 25: NE/4
Section 36: NW/4NE/4, S/2NE/4
Rio Arriba County, New Mexico

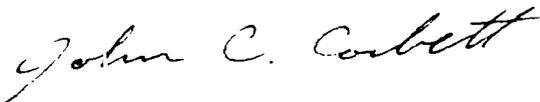
Dear Mr. Hartquist:

As you know, Hixon Development Company is scheduled for a hearing before the New Mexico Oil Conservation Division (NMOCD) on May 11, 1988 to reform two proration units in the subject sections. The new units will encompass leases on which you have an overriding royalty interest. You can assist us in expediting this procedure if you don't have any objection to what we are planning to do. If this is the case, I ask that you review the attached letters. They essentially detail your desire to not oppose our plans.

If you agree to the terms of the letters, I respectfully request that you sign both copies of the letters and send one copy of each letter to the NMOCD on our behalf in the postage paid envelope that I have provided for your use. I have also included a second envelope for you to use for a copy of the same letter to be mailed back to me for our files.

Should you have any questions regarding this matter, please do not hesitate to call me at 326-3325 or write to me at the letterhead address.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

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

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

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

3. Article Addressed to: Mr. Virgil Hartquist 601 Colville Road Charlotte, North Carolina 28207	4. Article Number P 735 034 311
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

PS Form 3811, Mar. 1987

U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

P 735 034 311
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Mr. Virgil Hartquist	
Street and No. 601 Colville Road	28207
P.O. State and Zip Code Charlotte, North Carolina	
Postage	\$.65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	.90
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	4-26-88

PS Form 3800, June 1985

Place it only over top of envelope to the right of the return address.

CERTIFIED

P 735 034 311

MAIL

April 27, 1988

New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
Post Office Box 2088
Santa Fe, New Mexico 87501-2088

Subject: Application for Order Approving
Voluntary Reformation of Non-Standard
Oil Spacing and Proration Unit
Hixon Development Company
Tapacitos Well No. 2
Section 25, T26N-R2W, N.M.P.M.
Rio Arriba County, New Mexico

Dear Mr. LeMay:

The intent of this letter is to express my consent to the subject Application for Order Approving Voluntary Reformation of Non-Standard Oil Spacing and Proration Unit as applied for by Hixon Development Company.

I, Virgil Hartquist, as owner of an overriding royalty interest in the proposed Oil Spacing and Proration Unit applicable to the subject well, do hereby acknowledge receipt of a letter dated April 21, 1988 giving notice to me by Hixon Development Company that the subject application has been placed on the May 11, 1988 docket of the New Mexico Oil Conservation Division. Furthermore, I hereby state that I have no objection to the subject application and I hereby grant my consent and approval to the application which this letter is the subject of.

Very truly yours,

Virgil Hartquist
601 Colville Road
Charlotte, North Carolina 28207

cc: Hixon Development Company
Post Office Box 2810
Farmington, New Mexico 87499

April 27, 1988

New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
Post Office Box 2088
Santa Fe, New Mexico 87501-2088

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N-R2W, N.M.P.M.
Rio Arriba County, New Mexico

Dear Mr. LeMay:

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I, Virgil Hartquist, as owner of an overriding royalty interest in the proposed Oil Spacing and Proration Unit applicable to the subject well, do hereby acknowledge receipt of a letter dated April 21, 1988 giving notice to me by Hixon Development Company that the subject application has been placed on the May 11, 1988 docket of the New Mexico Oil Conservation Division. Furthermore, I hereby state that I have no objection to the subject application and I hereby grant my consent and approval to the application which this letter is the subject of.

Very truly yours,

Virgil Hartquist
601 Colville Road
Charlotte, North Carolina 28207

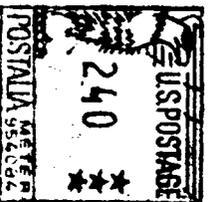
cc: Hixon Development Company
Post Office Box 2810
Farmington, New Mexico 87499

Plc

Hixon Development
COMPANY

Mr. Virgil Hartquist
601 Colville Road
Charlotte, North Carolina 28207

MOVED NOT FORWARDED



Claim Check
No. 95588

Date

MAY - 2 19

1ST Notice

2ND Notice

Return

Obtained from:
FD Form 3849
Oct. 1985

Fold at line over top of envelope to the right
of the return address

CERTIFIED

P 735 NOV 3 11

MAIL

● **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 the card from being returned to you. The return receipt fee will provide you the name of the person delivered to, and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. <i>(Extra charge)†</i>		2. <input type="checkbox"/> Restricted Delivery <i>(Extra charge)†</i>	
3. Article Addressed to: Mr. Virgil Hartquist 601 Colville Road Charlotte, North Carolina 28207		4. Article Number P 735 034 311	
5. Signature — Addressee X		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	
6. Signature — Agent X		Always obtain signature of addressee or agent and DATE DELIVERED.	
7. Date of Delivery		8. Addressee's Address (ONLY if requested and fee paid)	

PS Form 3811, Mar. 1987

* U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

April 21, 1988

Mr. Virgil Hartquist
601 Colville Road
Charlotte, North Carolina 28207

Subject: Application for Compulsory Pooling
Hixon Development Company
Tapacitos Well No. 4
Section 36, T26N, R2W
Rio Arriba Co., New Mexico

Ladies/Gentlemen:

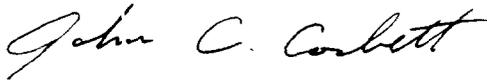
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Mr. Virgil Hartqui
April 21, 1988
Page 2

If you should have any questions regarding this matter, please do not hesitate to call me at (505) 326-3325.

Very truly yours,



John C. Corbett
Vice President - Exploration

JCC/plc

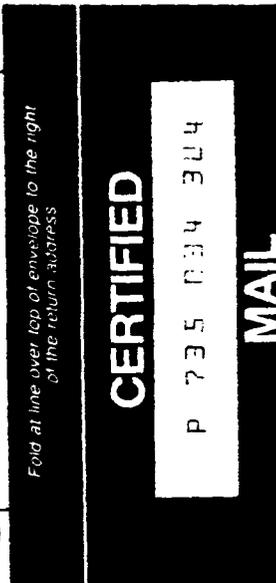
xc: New Mexico Oil Conservation Division
Attn: William J. LeMay, Division Director
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

CERTIFIED - RETURN RECEIPT REQUESTED
P 735 034 304

P 735 034 304
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Mr. Virgil T. Hartquist	28207
Street and No. 601 Colville Road	
P.O. Station and ZIP Code Charlotte, North Carolina	
Postage \$.25	
Certified Fee \$.85	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery \$.90	
TOTAL Postage and Fees \$ 2.00	
Postmark or Date 4-21-88	

PS Form 3800, June 1985



● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: Mr. Virgil T. Hartquist 601 Colville Road Charlotte, North Carolina 28207	4. Article Number P 735 034 304
	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

Hixon Development
COMPANY

CERTIFIED
P 735 034 304
MAIL



Claim Check

395646

Hold

Date
MAY - 4 1988

1ST Notice

2ND Notice

Return

Detached from
Pg Form 3848-A
Oct. 1982

8341175

Hold
 Reason Checked
No such office in State
No such address
To not return to sender
2ND NOTICE & RETURN

RETURNED TO SENDER
REASON CHECKED
Insufficient address
No such office in State
No not return to sender

Return

Detached from
Pg Form 3848-A
Oct. 1982

~~Mr. Virginia Hartquist
601 Cliville Road
Charlotte, North Carolina 28207~~

~~RETURNED TO SENDER
REASON CHECKED
Insufficient address
No such office in State
No not return to sender~~

~~RETURN TO SENDER
FORWARDING ORDER EXPIRED (RO)~~

F.O.F.

Detached from
Pg Form 3848-A
Nov. 1982

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



June 28, 1988

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
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Mr. Tommy Roberts
Attorney at Law
P. O. Box 129
Farmington, New Mexico 87499

Re: CASE NO. 9369
ORDER NO. R-8673

Applicant:

Hixon Development Company

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 X
Artesia OCD X
Aztec OCD X

Other Thomas Kellahin, Roy O'Connell