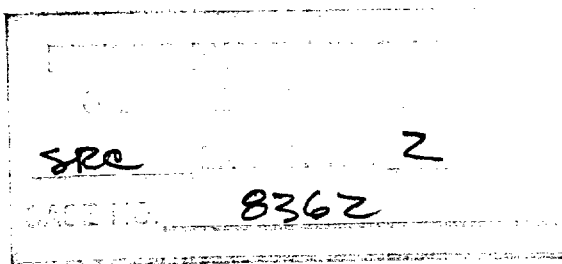


SRC-Empire State "16" Com. #1
 BREAKDOWN OF INTEREST
 Effective 10-2-84
 (W/2 Section 16, T-18-S, R-29-E)

<u>COMPANY</u>	<u>TYPE OF SUPPORT</u>	<u>WORKING INTEREST</u>
Southland Royalty Company	Join	74.1666%
T. J. Sivley	Join	6.2500%
A. T. Carlton	Join	.2500%
Cal-Mon Oil Company	Join	4.2500%
Jack Markham	Join	1.6668%
J. M. Welborn	Join	1.6666%
Marshal & Winston	Join	5.0000%
Robert L. Monaghan	Join	.5000%
J. H. Trigg	No Support	6.2500%
	Total	100.0000%



BEFORE EXAMINER QUINCY	
OIL CONSERVATION DIVISION	
8RC	EXHIBIT NO. 3
CASE NO.	8362

June 28, 1984

Mr. John H. Trigg
P. O. Box 520
Roswell, New Mexico 88201

Re: Farmout Request
SW/4 NW/4, NW/4 NE/4, SE/4 SE/4
Sec. 16, T18S, R29E,
Eddy County, New Mexico
Loco Hills Deep Prospect #1873

Dear Mr. Trigg:

Reference is made to the above subject acreage which, according to a recent federal takeoff, is currently held under lease by John H. Trigg. Southland is presently attempting to secure support from the leasehold owners in Section 16 for the drilling of an approximate 11,300' Morrow test. Upon verification that your ownership as shown in the captioned is correct, Southland request that you support our proposed well by the granting of a farmout of your interest under the following general terms:


1. On or before 120 days from execution of a mutually acceptable farmout agreement between John H. Trigg, (farmor) and Southland (farmee), farmee will commence the drilling of an approximate 11,300' Morrow test at a location of 1980' FNL and 660' FWL of Section 16. Completion of the initial test as a dry hole will earn Southland no interest in the farmout lands, but farmee will be allowed the option of drilling an additional well at a legal location on the balance of the farmout acreage. Completion of the initial test well as a producer of oil and/or gas in commercial quantities will earn farmee 100% of farmor's interest in the drilled proration unit to a depth of 100' below the total depth drilled, as well as earning farmee 50% of farmor's interest in the balance of farmout lands.
2. Farmor will retain in the proration unit around the initial test well an overriding royalty interest equal to 1/16ths of 6/8ths of production, delivering to farmee no less than a 75% net revenue interest. Farmor will also retain the right and option of converting the retained override to a 25% working interest after payout of the initial well (all proportionately reduced).

Subject: Farmout Request
Eddy County, New Mexico

If the above proposal meets with your approval, please notify me and I will have the appropriate instrument prepared. If you have any questions concerning the proposal, please contact the undersigned.

Yours very truly,

SOUTHLAND ROYALTY COMPANY


Don W. Davis
Landman

DWD/slw

DWD

September 28, 1984

Mr. J. H. Trigg
P. O. Box 520
Roswell, NM 88201

RE: SRC-Empire "16" State Com. #1
W/2 Section 16, T18S, R29E
Eddy Co., NM
JO #501372

Dear Mr. Trigg,

Reference is made to my earlier letter requesting a farmout of your interest in the W/2 of Section 16, T18S, R29E. I have not, as of yet, received a rejection or an acceptance of our proposal. Attached, please find three (3) originals of an AFE prepared to cover this well. If you choose to join in the Empire "16" State Com. #1, please execute all originals of this AFE returning two (2) executed originals to our Midland office.

If you have any questions concerning this matter, please contact me.

Yours very truly,

SOUTHLAND ROYALTY COMPANY

Original Signed By
DON W. DAVIS

Don W. Davis
Landman

DWD:pjs

Enclosure

Southland Royalty Company



RECORD ID 02
2-3
SEO 000
14-16

SOUTHLAND ROYALTY COMPANY
1100 Wall Towers West
Midland, Texas 79701

COMPANY NO. 01

AUTHORIZATION FOR EXPENDITURE

AFE NUMBER 10 13

ADD A CHANGE 17 DELETE 17

LEASE/UNIT NO. 19 26

AFE DATE 6 / 21 / 84 NAME SRC-Empire "16" State Com No. 1

ORIGINAL 0 SUPPLEMENTAL 73 SRC OPERATOR Y

AUTHORITY IS REQUESTED TO: Drill and complete a 11,300' Lower Morrow step-out

WILDCAT 77 DEV. 77

LOCATION: 1980' FNL & 660' FWL, Sec. 16, T-18-S, R-29-E, Eddy County, New Mexico

FOOTAGE		TANGIBLE—249	ESTIMATED COST	
			PRODUCING	TO CASING PT.
			\$	\$
<u>350'</u>	01 01	Conductor or Drive Pipe		
<u>2100'</u>	01 02	Casing <u>13 3/8" 48# H-40 ST&C @ \$25.58/ft</u>	<u>8,953</u>	<u>8,953</u>
<u>1000'</u>	03	<u>8 5/8" 24# K-55 ST&C @ \$12.94/ft</u>	<u>27,174</u>	<u>27,174</u>
<u>5910'</u>	04	<u>8 5/8" 28# S-80 ST&C @ \$15.51/ft</u>	<u>15,510</u>	<u>15,510</u>
<u>5390'</u>	05	<u>5 1/2" 17# N-80 IT&C @ \$11.49/ft</u>	<u>67,906</u>	
	06	<u>5 1/2" 17# K-55 IT&C @ \$9.36/ft</u>	<u>50,450</u>	
	07			
	08			
<u>11100'</u>	02 09	Tubing <u>2 3/8" 4 7# N-80 EUE @ \$4.70/ft</u>	<u>52,170</u>	
	03 10	Wellhead	<u>35,000</u>	<u>10,000</u>
	04 11	Packer	<u>5,000</u>	
	04 12	Artificial Lift		
	05 13	Tank Battery	<u>45,000</u>	
	10 14	Other Equipment	<u>3,837</u>	<u>2,363</u>
	15	TOTAL TANGIBLE 100%	<u>\$ 311,000</u>	<u>\$ 64,000</u>
	16	SRC <u>0</u>	\$	\$
		INTANGIBLE—248		
	22 17	Drilling <u>11300 ft. @ \$ 16 /ft.</u>	<u>\$ 180,800</u>	<u>\$ 180,800</u>
	18	Rig, Day Work <u>6 days @ \$ 4800 /day</u>	<u>28,800</u>	<u>28,800</u>
	01 19	Rig Moving Costs	<u>-0-</u>	<u>-0-</u>
	02 20	Completion Rig <u>days @ \$ /day</u>	<u>9,600</u>	<u>-0-</u>
	03 21	Roustabout & Miscellaneous Labor	<u>20,000</u>	<u>15,000</u>
	04 22	Auto, Trucking, Barge, Tug	<u>25,000</u>	<u>20,000</u>
	05 23	Roads, Canals, Location, Damages, Cleanup	<u>25,000</u>	<u>20,000</u>
	06 24	Mud, Oil, Water, Chemicals	<u>60,000</u>	<u>50,000</u>
	07 25	Drill Stem Tests	<u>-0-</u>	<u>-0-</u>
	08 26	Electric Logs & Bond Logs	<u>23,000</u>	<u>23,000</u>
	09 27	Cement, Centralizer, Scratchers, Service	<u>50,000</u>	<u>40,000</u>
	10 28	Bits, Fuel	<u>1,000</u>	<u>-0-</u>
	11 29	Rental Equipment	<u>25,000</u>	<u>20,000</u>
	12 30	Core & Analyses	<u>-0-</u>	<u>-0-</u>
	13 31	Bottle Tests & Sidewall Cores	<u>-0-</u>	<u>-0-</u>
	14 32	Perforate	<u>10,000</u>	<u>-0-</u>
	15 33	Acid & Frack	<u>6,000</u>	<u>-0-</u>
	16,23 34	Geological & Engineering	<u>6,000</u>	<u>4,000</u>
	17 35	Mud Logger	<u>10,000</u>	<u>10,000</u>
	18 36	Cost of Control Insurance (SRC Only)	<u>4,500</u>	<u>4,500</u>
	240.07 37	Miscellaneous & Unforeseen <u>@ 10%</u>	<u>49,300</u>	<u>42,900</u>
	19,20,21 38	District & Overhead Expense	<u>9,000</u>	<u>9,000</u>
		39. TOTAL INTANGIBLE 100%	<u>\$ 543,000</u>	<u>\$ 468,000</u>
		40. SRC <u>0</u>	\$	\$
		41. GRAND TOTAL COSTS	<u>\$ 854,000</u>	<u>\$ 532,000</u>
		42. SRC <u>0</u>	\$	\$

Premium pricing may be used for tubular goods. Such pricing will be limited to mill base plus "out-of-stock" charges. Do you wish to furnish tubulars in kind?

YES _____ NO _____

DDR

Prepared by D. Roberts

AUTHORIZATION REQUESTED

AUTHORIZATION APPROVED

SRC
4
Company
8362
By

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
RUTH S. MUSGRAVE
LOURDES A. MARTINEZ

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 24, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John H. Trigg
201 E. Hobbs
Roswell, New Mexico 88201

Re: Application of Southland Royalty Company for
Compulsory Pooling, Eddy County, New Mexico.

Dear Mr. Trigg:

Enclosed is a copy of the docket for the Oil Conservation
Division Examiner hearings scheduled for Wednesday, October 3,
1984. You have an interest which may be affected by the above-
referenced case.

Very truly yours,

William F. Carr
William F. Carr

WFC/cv
enclosure

BEFORE EXAMINER OIL CONSERVATION DIVISION	
EXHIBIT NO. <u>5</u>	
CASE NO. <u>8362</u>	

PS Form 3800, April 1976

SENT TO SHEET AND NO. 201 E. Hobbs Roswell, N.M. 88201	CONDUIT POSTMASTER FOR FEES		POSTAGE \$ 2.04 75	
	OPTIONAL SERVICE			CERTIFIED MAIL \$ 1.55
	RETURN RECEIPT SERVICE			
TOTAL POSTAGE AND FEES 9-24-84		1.55		

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

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
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JEFFERSON PLACE
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SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
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September 24, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

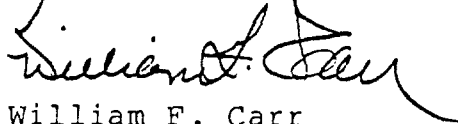
Mr. Danny Kidwell
Cities Service Company
Box 1919
Midland National Bank Towers
Midland, Texas 79701

Re: Application of Southland Royalty Company for
Compulsory Pooling, Eddy County, New Mexico.

Dear Mr. Kidwell:

Enclosed is a copy of the docket for the Oil Conservation
Division Examiner hearings scheduled for Wednesday, October 3,
1984. Cities Service Company has an interest which may be
affected by the above-referenced case.

Very truly yours,



William F. Carr

WFC/cv
enclosure

P 243 076 896

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO Denny Kidwell, Citis Service Co. Box 1919 Midland, TX 79701	
TO, STATE AND ZIP CODE	
POSTAGE \$ 2.04	
CERTIFIED FEE \$ 1.55	
CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RETURN RECEIPT	
TOTAL POSTAGE AND FEES \$ 1.55	
POSTMARK ON DATE 9-24-84	

PS Form 3811, Dec. 1983

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. ARTICLE ADDRESSED TO: D. Kidwell Citis Service Co. Box 1919 Midland, TX 79701	
TOTAL \$ 3.59	
2. 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	
ARTICLE NUMBER 9243076896	
(Always obtain signature of addressee or agent)	
I have received the article described above.	
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent	
DATE OF DELIVERY 9.24.84	
POSTMARK	
6. ADDRESSEE'S ADDRESS (Only if registered)	
7. UNABLE TO DELIVER BECAUSE:	

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 24, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

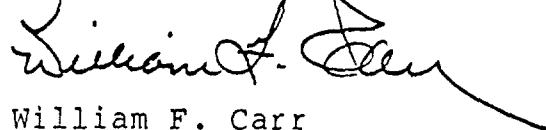
Mr. Boyd Nelson
Conoco, Inc.
Five Greenway Plaze E.
Houston, Texas 77001

Re: Application of Southland Royalty Company for
Compulsory Pooling, Eddy County, New Mexico.

Dear Mr. Nelson:

Enclosed is a copy of the docket for the Oil Conservation
Division Examiner hearings scheduled for Wednesday, October 3,
1984. Conoco, Inc. has an interest which may be affected by the
above-referenced case.

Very truly yours,


William F. Carr

WFC/cv
enclosure

<p>● SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.</p>		<p>(CONSULT POSTMASTER FOR FEES)</p> <p>1. The following service is requested (check one). <input checked="" type="checkbox"/> Show to whom and date delivered <input type="checkbox"/> Show to whom, date, and address of delivery <input type="checkbox"/> RESTRICTED DELIVERY (The restricted delivery fee is charged in addition to the return receipt fee.)</p>		<p>TOTAL \$</p>	
<p>3. ARTICLE ADDRESSED TO: Boyd Nelson Conoco, Inc. Five Greenway Plaza E. Houston, TX 77001</p>		<p>4. 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</p>		<p>ARTICLE NUMBER P243076 895</p>	
<p>I have received the article described above. (Always obtain signature of addressee or agent)</p>					
<p>SIGNATURE <input type="checkbox"/> Addressee <input checked="" type="checkbox"/> Authorized agent</p>		<p>5. DATE OF RECEIPT SEP 26 1984</p>			
<p>6. ADDRESSEE'S ADDRESS (Only if requested)</p>		<p>7. UNABLE TO DELIVER BECAUSE:</p>			
<p>8. EMPLOYEE'S INITIALS</p>		<p>9. POSTMARK</p>			

PS Form 3811, Dec. 1980

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

PS Form 3811, Apr. 1976

<p>CONSULT POSTMASTER FOR FEES</p>		<p>POSTAGE</p>
<p>CERTIFIED MAIL</p>		<p>\$ 2.00</p>
<p>RESTRICTED DELIVERY</p>		<p>\$.45</p>
<p>RETURN RECEIPT SERVICE</p>		<p>\$.10</p>
<p>OTHER FEES</p>		<p>\$.00</p>
<p>TOTAL POSTAGE AND FEES</p>		<p>\$ 2.55</p>

9-24-84

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

P 243 076 895