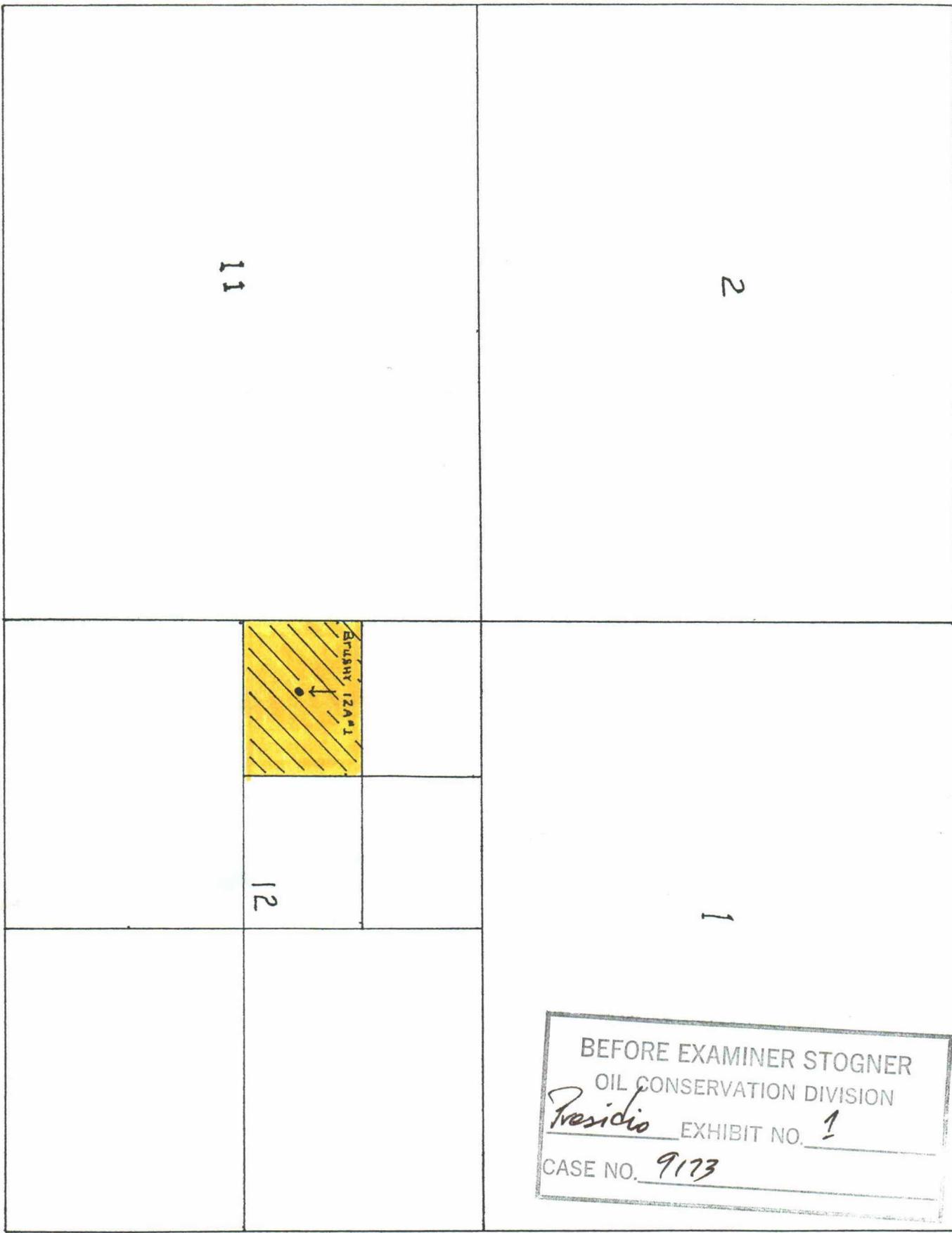


LAND PLAT SHOWING BRUSHY 12A#1 WELL LOCATION AND PROPOSED UNIT

TOWNSHIP 26 South, Range 29 East, Eddy County, New Mexico



BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
Presidio EXHIBIT NO. 1
CASE NO. 9173

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
Presidio	DATE: 2 3
CASE NO. 9173	
Case No.	

APPLICATION OF PRESIDIO
OIL COMPANY FOR
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

APPLICATION

Presidio Oil Company hereby makes application for an Order pooling all interests from the surface to the base of the Canyon formation in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 12.

2. Applicant proposes to drill a well in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12, at a standard location, to a depth of approximately 5600 feet or the base of the Canyon formation. Applicant seeks to dedicate the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12 to the well.

3. Applicant has in good faith sought to join all other mineral interest owners in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have refused to join in dedicating their acreage. Therefore, Applicant seeks an Order pooling all mineral interest owners underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12, pursuant to § 70-2-17 N.M.S.A. 1978.

5. Applicant asks that the Division consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty for the risk involved in drilling the well.

6. The pooling of all interests underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the July 15, 1987 Examiner hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By James Bruce
James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554
Attorneys for Applicant

Dated: June 18, 1987

REGISTERED NO. ~~R 261957~~ R 261957/16

POSTMARK OF [Stamp]

Post Office Completion	Reg. Fee	\$ 3.60	Special Delivery	\$
	Handling Charge	\$	Return Receipt	\$ 70
	Postage	\$ 98	Restricted Delivery	\$
	Received by	[Signature]	Intl	<input type="checkbox"/>

Customer must declare Full value \$ 0

With Postal Insurance \$25,000 Domestic Ins. Limit
 Without Postal Insurance

Customer Completion (Please Print)

FROM THE PETROIEUM CORP. OF DELEWARE
 3131 TURTLE CREEK BLVD., Ste. 400
 DALLAS, TX. ZIP CODE 75219

TO NU ENERGY OIL & GAS
 171 W. ESPLANADE, Suite 500
 N. VANCOUVER, B.C. CANADA V7M 1A1 ZIP CODE

PS FORM 3806 RECEIPT FOR REGISTERED MAIL (Customer Copy)
 Apr. 1985 (See Information on Reverse)

Registered article or recommended Colis avec valeur déclarée

Letter Lettre Printed Matter Imprimé Other Autre Express Mail International

Insured parcel Colis avec valeur déclarée Insured Value Valeur déclarée Article No. R 261957/16

Office of mailing Bureau de dépôt DALLAS TX 75219 Date of posting Date de dépôt 6-23-87

Addressee (Name or firm) Nom ou raison sociale du destinataire NU ENERGY OIL & GAS

Street and No. Rue et No. 171 W. ESPLANADE, SUITE 500

Place and country Lieu et Pays N. VANCOUVER, B.C. V7M 1A1 CANADA

This receipt must be signed by the addressee or by a person authorized to do so by virtue of the regulations of the country of destination, or, if those regulations so provide, by the employee of the office of destination, and returned by the first mail directly to the sender.
 Cet avis doit être signé par le destinataire ou par une personne y autorisée en vertu des règlements du pays de destination, ou, si ces règlements le comportent, par l'agent du bureau de destination, et renvoyé par le premier courrier directement à l'expéditeur.

The article mentioned above was duly delivered. L'envoi mentionné ci-dessus a été dûment livré. Date June 27/87

Signature of the addressee Signature du destinataire [Signature] Signature of the employee of the office of destination. Signature de l'agent du bureau de destination. [Signature]

Postmark of the office of destination Timbre du bureau de destination [Stamp]

THE PETROLEUM CORPORATION
OF DELAWARE

EXHIBIT NO. 3

3131 Turtle Creek Boulevard
Dallas, Texas 75219-5415

ESTIMATE OF COSTS

AUTHORIZATION FOR EXPENDITURE

Page 1 of 2

Date: May 21, 1987

AFE No.: NM-574

Authority is requested to

Drill and Complete: **Brushy 12-A Federal No. 1**
Prospect Name: Brushy Draw
Location: 2,021 feet FNL and 630 feet FWL, Section 12, T-26-S, R-29-E
County and State: Eddy County, New Mexico
Estimated Total Depth: 3,500 feet

SUMMARY OF ESTIMATED COST:

	Total Cost (100%)
<u>Completed Well Costs</u>	
Intangible Drilling Cost	\$ 77,500
Tangible Drilling Cost	19,000
Intangible Completion Cost	17,700
Lease Equipment and Installation	40,800
Total Completed Cost	<u>\$155,000</u>
<u>Dry Hole Costs</u>	
Intangible Drilling Cost	\$ 71,400
Tangible Drilling Cost	1,500
Intangible Completion Cost	1,100
Total Dry Hole Cost	<u>\$ 74,000</u>
Geological-Land-Legal	<u>-</u>

BEFORE EXAMINER STOGNER
 OIL CONSERVATION DIVISION
Presidio EXHIBIT NO. 3
 CASE NO. 9173

INTERNAL APPROVAL:

Prepared By:	Date:	Approved By:	Date:
Ralph P. Watkins	5/21/87	<u>Larry C. Shannon</u> Larry C. Shannon	May 21, 1987

NONOPERATOR APPROVAL:

By execution hereof, the undersigned recognizes and acknowledges that the above cost figures are estimates only, and that the undersigned is responsible for its or his share of the actual costs incurred even if such actual costs exceed said estimates.

Interest Owner	Working Interest (%)	Net (DHC) Amount (\$)	Compl. & Equip. (\$)	Approved	Date
The Petroleum Corp. <i>Per</i>	41.25%	30,525.00	63,937.50		
Mokeen Limited Part.	35.00	25,900.00	54,250.00		
Challenger Minerals	18.75	13,875.00	29,062.50		
Paloma Petroleum	2.50	1,850.00	3,875.00		
Nu Energy	2.50	1,850.00	3,875.00		
TOTAL	<u>100.000%</u>	<u>\$74,000.00</u>	<u>\$155,000.00</u>		

Larry C. Shannon

**THE PETROLEUM CORPORATION
OF DELAWARE**

3131 Turtle Creek Boulevard
Dallas, Texas 75219-5415

Page 2 of 2

Detail Estimate of Costs

AUTHORIZATION FOR EXPENDITURE

Well Name: **Brushy 12-A Federal No. 1**
Prospect Name: Brushy Draw
Estimated Total Depth: 3,500 feet

Date: May 21, 1987
AFE No.: NM-574

<u>Item and Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Completed Well Cost</u>	<u>Dry Hole Cost</u>
INTANGIBLE DRILLING COSTS:				
Drilling Cost - Rotary Turnkey			\$ 58,000	\$ 58,000
Day Work - Rotary	1 day	4,000	4,000	-
Labor - Company and Contract			-	-
Transportation and Inspection			-	-
Bridges, Roads, Locations, Etc.			2,500	4,500
Rental Equipment			1,500	-
Testing (Drill Stem)			-	-
Well Control Insurance			1,500	1,500
Core Analysis			-	-
Geological and Engineering			1,750	1,750
District and Overhead Expense			4,500	2,300
Miscellaneous and Unforeseen			3,750	3,350
Total Intangible Drilling Costs			<u>\$ 77,500</u>	<u>\$ 71,400</u>
TANGIBLE DRILLING COSTS:				
Casing - 5½" 14# J-55 Used	3,500 feet	3.25	11,375	-
Tubing - 2-7/8" EUE 6.5# J-55 Used	3,500 feet	1.25	4,375	-
Subsurface Equipment			750	450
Well Head Equipment			1,000	550
Miscellaneous			1,500	500
Total Tangible Drilling Costs			<u>\$ 19,000</u>	<u>\$ 1,500</u>
INTANGIBLE COMPLETION COSTS:				
Day Work	5 days	\$ 1,050	\$ 5,250	\$ -
Contract Labor			1,500	-
Engineering Services			-	-
Perforating and Bond Log			2,550	-
Stimulation Treatment			5,600	-
Cement and Cementing			2,200	1,100
Contract Services			-	-
Transportation			600	-
Total Intangible Completion Costs			<u>\$ 17,700</u>	<u>1,100</u>
TANGIBLE INSTALLATION AND LEASE EQUIPMENT COSTS:				
Tanks, Separators, Etc.			\$ 7,500	-
Heater Treater, Flow Line Heater, LTX, Etc.			5,000	-
Lease Lines			750	-
Other Major Expense Pumping Equip. & Rods			23,000	-
Miscellaneous Connections & Contingency			3,000	-
Installation			1,550	-
Total Tangible Installation Cost			<u>\$ 40,800</u>	<u>\$ -</u>
TOTAL AFE COST			<u><u>\$ 155,000</u></u>	<u><u>\$ 74,000</u></u>