

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



February 21, 1995

PermOK Oil, Inc.
c/o Hinkle, Cox, Eaton, Coffield & Hensley
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Case 11227

RE: Administrative Application for an 80-acre Non-Standard Gas Spacing and Proration Unit in the Rhodes Yates-Seven Rivers Gas Pool for its proposed Leonard Brothers "A" Federal Well No. 2 consisting of the N/2 NW/4 of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

Dear Mr. Bruce:

The subject application was received by the Division on February 9, 1995, on February 20, 1995 an objection was received from Meridian Oil, Inc., see copy of letter attached. This matter will therefore be set for hearing before a Division Hearing Examiner on the March 16, 1995 docket. PermOK Oil, Inc. will be required to provide notice pursuant to Division General Rule 1207.A(6) and to submit a "Pre-hearing Statement" as requested by Division Memorandum 2-90, dated April 30, 1990 (see copy attached). You should also be ready to present evidence as to why a standard 160-acre gas spacing and proration unit comprising the NW/4 of said Section 23 can not be formed either voluntary or through forced pooling.

It would appear that PermOK Oil, Inc. has a case docketed on March 2, 1995 before the Division in a matter that is similar to the above-referenced application in as much as the same proposed well is to be dedicated to a non-standard 160-acre gas spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprising the SW/4 NE/4, N/2 NW/4, and SE/4 NW/4 of said Section 23. The Division at this time will have Case 11214, which is the proposed 160-acre unit, continued to the March 16, 1995 Examiners Hearing. This will help to alleviate confusion, help defray costs, and give PermOK the chance to explain further why they can not or choose not to develop this gas production in the normal 160-acre-quarter section pattern already in existence.

Should you have any questions, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
Meridian Oil, Inc., Attn: W. Thomas Kellahin - Santa Fe, NM
William J. LeMay, O.C.D. Director - Santa Fe
Eugene M. Strauss, PermOK Oil, Inc. - Kansas City, MO
Meridian Oil, Inc., Attn: Trey Sheperd - Midland, TX
File: Case 11214

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7485

2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827-7131

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

February 20, 1995

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

RECEIVED

FEB 20 1995

Oil Conservation Division

Re: *Application of PermOK Oil, Inc. for an
80-acre Non-Standard Gas Proration and
Spacing Unit in the Rhodes Yates-Seven
Rivers Gas Pool for its Leonard Brothers
"A" Federal Well No.2 consisting of the
N/2NW/4 of Section 23, T26S, R37E,
Lea County, New Mexico*

Dear Mr. Stogner:

By letter dated February 9, 1995, James Bruce, attorney for PermOK Oil Inc., informed Meridian Oil Inc. of the referenced application pending before the New Mexico Oil Conservation Division.

In accordance with Division rules, this letter constitutes Meridian Oil Inc.'s objection to the PermOK Oil Inc. request for approval of the referenced non-standard proration and spacing unit.

Please advise us when this matter will be set for hearing so that we can be available to present our evidence in opposition.

Very truly yours,


W. Thomas Kellahin

cc: James Bruce, Esq.

Attorney for PermOK Oil Inc.

cc: Meridian Oil Inc. (Midland)

Attn: Trey Sheperd

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2066
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

2-90

MEMORANDUM

TO: All Parties Appearing Before OCD Examiners or the Commission

FROM: William J. LeMay, Director *WJL*

SUBJECT: Prehearing Statement to be Filed Prior to Hearing

DATE: April 30, 1990

In order to improve the management of hearing dockets before Oil Conservation Division examiners and the Oil Conservation Commission, parties appearing in any cases are hereby requested to file a **PREHEARING STATEMENT** substantially in the form attached to this memorandum by **4:00 p.m. on the Friday before a scheduled hearing** beginning with the **Docket set for May 30, 1990**. The statements should be filed by the attorney who will be representing the party at the hearing. Two copies should be provided for examiner hearings and four copies for Commission hearings with an additional copy provided to the reporter on the day of the hearing. The statement must be served on any party who has entered an appearance pursuant to Rule 1208.

There are several benefits to be derived from the statements. First the examiner or Commission will be able to anticipate the approximate length of a case in order to schedule the court reporter and plan their own schedules. Hopefully it will also enable parties to better determine when they can expect their case to be heard. By identifying the issues and evidence in advance, the examiners and the parties will be better prepared for the hearings. Changes in witnesses and exhibits will normally be allowed.

Parties subject to this memorandum include applicants and any other party planning to appear either in opposition or support of an application. Applicants should include in the notice required under Division Rules a statement that a prehearing statement is required by any person planning to appear and that anyone wishing to receive other parties' prehearing statements or pleadings must file an entry of appearance.

If any party in a case fails to file a prehearing statement the examiner or the Commission reserves the right to make such adjustments to the docket as are appropriate in a given circumstance, such as moving the case to the end of the docket after all cases in which parties have filed their statements. Because this procedure is intended to improve the hearing process, it is hoped that the high level of support and cooperation normally shown in OCD and OCC proceedings will continue.

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. _____

APPLICATION OF

PRE-HEARING STATEMENT

This prehearing statement is submitted by _____
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

ATTORNEY

name, address, phone and
contact person

Pre-hearing Statement
NMOCD Case No. ____
Page 2

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

Signature