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JASON KELLAHIN (RETIRED 1991)

October 14, 1997

**HAND DELIVERED**

11875

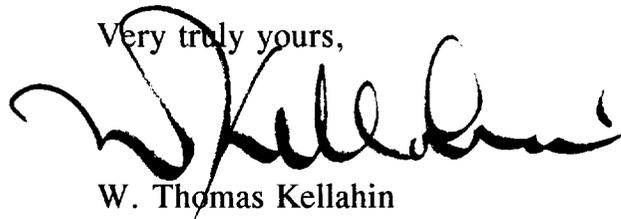
Mr. William J. LeMay, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

**Re: Terry Well No. 1  
Application of Stevens & Tull, Inc.  
for Compulsory Pooling  
Lea County, New Mexico**

Dear Mr. LeMay:

On behalf of Stevens & Tull, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for November 6, 1997. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Stevens & Tull, Inc.  
Attn: Jerry Weant

**CASE 11877:** Application of Stevens & Tull, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4NE/4 of Section 24, T20S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing, including but not limited to the Undesignated House-San Andres Pool, Blinebry Oil and Gas Pool, East Warren Tubb Oil and Gas Pool and Undesignated D-K-Abo Pool. Said unit is to be dedicated to its Terry Well No. 1 to be drilled and completed at a standard well location in Unit G of said Section 24. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in said well.

Said unit is located approximately 13 miles southeast from Hobbs, New Mexico.

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

IN THE MATTER OF THE APPLICATION  
OF STEVENS & TULL, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. 11875

A P P L I C A T I O N

STEVENS & TULL, INC. by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4NE/4 of Section 24, T20S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing, including but not limited to the Undesignated House-San Andres Pool, Blinebry Oil and Gas Pool, East Warren Tubb Oil and Gas Pool and Undesignated D-K-Abo Pool. Said unit is to be dedicated to its Terry Well No. 1 to be drilled and completed at a standard well location in Unit G of said Section 24. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in said well.

In support of its application, Stevens & Tull, Inc. states:

1. Stevens & Tull, Inc. has a working interest ownership in the oil and gas minerals from the surface to the base of the Abo formation underlying the SW/4NE/4 of Section 24, T20S, R38E, NMPM, Lea County, New Mexico.
2. The subject tract is located within one mile of the Undesignated House-San Andres Pool, Blinebry Oil and Gas Pool, East Warren Tubb Oil and Gas Pool and Undesignated D-K-Abo Pool.

## NMOCD Application

Stevens & Tull, Inc.

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3. The subject well is to be drilled at a standard oil well location in the SW/4NE/4 (Unit G) of Section 24 to test any and all formations in the pooled interval from the surface to the base of the Abo formation.

4. Stevens & Tull, Inc. has the voluntary agreement of certain of the working interest ownership of the oil & gas minerals from the surface to the base of the Abo formation underlying the SW/4NE/4 of said Section 24.

5. Stevens & Tull, Inc., despite its good faith effort, has been unable to obtain the voluntary agreement the remaining mineral and working interest owners in the spacing unit as identified on Exhibit "A."

6. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Stevens & Tull, Inc. needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for November 6, 1997.

WHEREFORE, Stevens & Tull, Inc., as applicant, requests that this application be set for hearing on November 6, 1997 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for the drilling of the subject well at a standard well location upon terms and conditions which include:

(1) Stevens & Tull, Inc. be named operator;

(2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
P. O. Box 2265  
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(505) 982-4285

EXHIBIT "A"

**INTEREST OWNER**

Liberty Trust Company  
c/o John E. Patterson, Jr.  
5555 North Grand Blvd.  
Oklahoma City, OK 73112