

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF PRAIRIE SUN,
INC. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 12236

ENTRY OF APPEARANCE
AND
MOTION TO DISMISS APPLICATION

Exxon Corporation ("Exxon") enters its appearance in Case No. 12236, and moves the Division for an order dismissing the application filed herein. In support thereof, Exxon states:

I. FACTS.

On July 30, 1999, applicant Prairie Sun, Inc. ("Prairie Sun") filed an application for compulsory pooling of the E½ of Section 28, Township 23 South, Range 29 East, N.M.P.M., from the base of the Wolfcamp formation to the base of the Morrow formation, to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing. The spacing unit is to be dedicated to the Laguna Grande Well No. 1. Notice of the application was mailed to Exxon by letter dated August 6, 1999. **Exhibit A.** A well proposal for the Laguna Grande Well No. 1 was mailed by Prairie Sun to Exxon by letter dated August 9, 1999. **Exhibit B.**

II. ARGUMENT.

It is Division policy to require a sufficient time between the sending of a well proposal and the filing of a pooling application, in order to allow the parties time to negotiate in good faith, as required by statute. **NMSA 1978 §§70-2-17, 18 (1996).** In this case, the well proposal was sent to Exxon after the pooling

application was filed. Clearly, this is insufficient to satisfy the statutory mandate and Division policy. See Order No. R-10977 (case dismissed when the well proposal was made after the application was filed); Order No. R-10545 (case dismissed when the application was filed only eight days after the well proposal was mailed). Therefore, Case No. 12236 must be dismissed.

WHEREFORE, Exxon requests that Prairie Sun's application be dismissed.

Respectfully submitted,



James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Exxon Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was mailed this 22nd day of August, 1999 to:

Ernest L. Carroll
Losee, Carson, Haas & Carroll, P.A.
P.O. Box 1720
Artesia, New Mexico 88211

Rand L. Carroll
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505



James Bruce

LAW OFFICES

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ROSWELL OFFICE
400 N. PENN., SUITE 870
ROSWELL, NM 8820
PHONE (505) 623-8154

PLEASE BRING ALL CORRESPONDENCE
TO OUR ARTESIA OFFICE

~~July 30, 1999~~
Aug 6, 1999

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Exxon Company, USA
~~P.O. Box 1600~~ *28 Kaming Rd*
~~Midland, TX 79702-1600~~ *Midland TX 79706*

Re: Application of Prairie Sun, Inc. for Forced Pooling;
Laguna Grande No. 1 Well; Eddy County, New Mexico

Gentlemen:

This office represents Prairie Sun, Inc. On July 30, 1999, we filed on behalf of Prairie Sun, Inc. the above-referenced Application for Forced Pooling with the New Mexico Oil Conservation Division. A copy of the Application is enclosed herewith for your information.

This matter will most likely be heard by a Hearing Examiner of the New Mexico Oil Conservation Division on September 2, 1999. Be advised that any party wishing to appear must file a prehearing statement three days in advance of the scheduled hearing, and any party wishing to receive other parties' prehearing statements or pleadings must file an Entry of Appearance.

If you have any questions, do not hesitate to contact me.

Yours very truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.

Ernest L. Carroll
Ernest L. Carroll

ELC:bal
Enclosure



PRAIRIE SUN, INC.
P. O. Box 8280
Roswell, New Mexico 88201
505/626-4292

9 August 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Exxon Corporation
28 Kerry Road
Midland, Texas 79706

Attention: Land Services Supervisor

Re: Option to Join Federal Lease NM 19848,
W/2 E/2 Section 28, T-23-S, R-29-E, N.M.P.M.,
Eddy County, New Mexico

Gentlemen:

We are proposing to reenter the Laguna Grande No. 1 well located in the SE/4 SE/4 of Section 28, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. Our research indicates that you are the owner of the W/2 E/2 of this section pursuant to the captioned oil and gas lease.

Please find enclosed an AFE for this reentry operation. If you elect to participate, we will forward a joint operating agreement for execution.

If you determine you do not wish to join, we would be willing to farm out your acreage on the following bases: Upon reestablishment of commercial production in the Laguna Grande No. 1 well, you would deliver an assignment for 78% net revenue interest for all depths below the base of the Bone Springs formation.

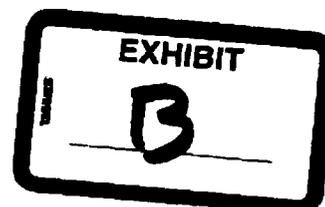
In the event you elect to farmout, we will forward our usual farmout letter to you.

Please advise within ten days of receipt of this letter your decision in this matter. Otherwise, we have instructed our attorneys to commence force pooling proceedings before the Oil Conservation Division of the State of New Mexico.

Yours very truly,

PRAIRIE SUN, INC.

H. E. Lee, Agent



MA
11-8-99

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL
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PLEASE DIRECT ALL CORRESPONDENCE
TO OUR ARTESIA OFFICE

November 5, 1999

NOV - 8 1999

VIA FAX & MAIL

Mr. Mark Ashley
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505

Re: Case No. 12236, Forced Pooling Application of Prairie Sun, Inc.

Dear Mr. Ashley:

This is to advise you that my client has been unable to reach any agreement with Exxon, and we would therefore like you to take Prairie Sun, Inc.'s application for forced pooling under advisement, and render a decision based upon the previous evidence presented to you.

Yours very truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:bal

cc: Mr. Gene Lee
Mr. Jim Bruce