

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

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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)

October 12, 1999

HAND DELIVERED

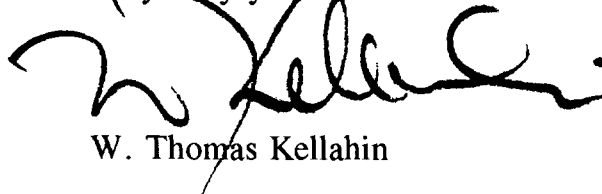
Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Arco State Well No. 1
Unit P Section 16, T18S, R35E, NMPM
Application of Pride Energy Company for a Division Order
rescinding approval of the change of operator for the referenced
well from Pride Energy Company to EGL Resources, Inc.
Lea County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Pride Energy Company, please find enclosed our
referenced application which we request be set for hearing on the next
available Examiner's docket now scheduled for November 4, 1999. Also
enclosed is our proposed notice for the advertisement.

Very truly yours,



W. Thomas Kellahin

cc: Pride Energy Company
Attn: Matthew L. Pride

12278

59 OCT 13 AM 3:13

OIL CONSERVATION DIV.

12278

Case _____: Application of Pride Energy Company for a Division Order rescinding approval of the change of operator, Lea County, New Mexico. Applicant seeks a Division order rescinding its October 5, 1999 approval of a request by EGL Resources Inc. for a change of operator (Division form C-104) from Pride Energy Company to EGL Resources, Inc. for the Arco State Well No 1 located in Unit P, Section 16, Township 18 South, Range 35 East NMPM, Lea County, New Mexico. This well is located approximately 19 miles west from Hobbs, New Mexico.

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

**IN THE MATTER OF THE APPLICATION
OF PRIDE ENERGY COMPANY FOR A
DIVISION ORDER RESCINDING ITS APPROVAL
OF A CHANGE OF OPERATOR,
LEA COUNTY, NEW MEXICO**

CASE: 12278

APPLICATION

Comes now PRIDE ENERGY COMPANY by and through its attorneys, KELLAHIN and KELLAHIN, and applies for a Division order rescinding its October 5, 1999 approval of a request by EGL Resources Inc. for a change of operator (Division form C-104) from Pride Energy Company to EGL Resources, Inc. for the Arco State Well No. 1 located in Unit P, Section 16, Township 18 South, Range 35 East NMPM, Lea County, New Mexico,

In support thereof, Applicant states:

1. Pride Energy Company is the Division designated operator of the Arco State Well No. 1 located in Unit P, Section 16, Township 18 South, Range 35 East NMPM, Lea County, New Mexico.
2. Pride Energy Company has not failed or refused to carry out its duties in accordance with the Joint Operating Agreement applicable to this well.
3. Without notice to Pride Energy Company and without its knowledge, EGL Resources Inc. balloted the other working interest owners in an attempt to improperly remove Pride Energy Company as operator of this well.

4. Without notice to Pride Energy Company and without its knowledge, authorization or approval, EGL Resources Inc. filed a Division Form C-104 requesting a change in operator from Pride Energy Company to EGL Resources, Inc. for the Arco State Well No. 1 located in Unit P, Section 16, Township 18 South, Range 35 East NMPM, Lea County, New Mexico.

5. On October 5, 1999, and without Pride Energy Company's knowledge, the Division approved EGL Resources, Inc.'s request for change in operator. **See Exhibit "A"**


6. EGL Resources, Inc. represents that the Division's approval was made only after review of the Joint Operating Agreement and ballots" **See Exhibit "B"**

7. EGL Resources, Inc. has failed to comply with the provisions of the Joint Operating Agreement and, without cause, has improperly attempted to remove Pride Energy Company as operator.

8. Notification of this application has been sent to those persons listed on Exhibit "C"

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

BY
W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Division I
PO Box 1000, Hobbs, NM 88241-1000
Division II
PO Box 100, Artesia, NM 88211-0100
Division III
1000 Rio Bravo Rd., Alamogordo, NM 87410
Division IV
PO Box 1000, Santa Fe, NM 87504-1000

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-104
Revised February 10, 1999
Instructions on back
Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

Operator Name and Address E.G.L. Resources, Inc. P.O. Box 10686 Midland, Texas 79702		OGDP Number 173413 OGDP Form File Code CH 9-1-1999
API Number 20 - U 25 27321	Well Name Vacuum, South (Wellcamp)	Well Code 62360
Primary Casing 24 9 35	Well State New Mexico	Well Number 1

II. Surface Location

UT or lat lon	Section	Township	Range	Lot/Sec	Feet from top	North/South Line	Feet from top	East/West Line	County
P	16	18 S	26 E	P	330'	South	900'	East	Lea

III. Bottom Hole Location

UT or lat lon	Section	Township	Range	Lot/Sec	Feet from top	North/South Line	Feet from top	East/West Line	County
P	16	18 S	26 E	P	330'	South	900'	East	Lea

IV. Oil and Gas Transporters

Transporter OGDP	Transporter Name and Address	POD	G/B	POD ULTRA Location and Description
021726	SNOCO	2450210	O	
9171	QPM Gas Corporation	2450230	G	

V. Produced Water

POD	POD ULTRA Location and Description

VI. Well Completion Data

Fluid Type	Ready Date	TD	PERD	Perforation
2450250				

VII. Well Test Data

Date New Oil	Gas Delivery Date	Test Date	Test Length	Thy. Pressure	Cap. Pressure
Choke Size	Oil	Water	Gas	ADP	Test Method

OIL CONSERVATION DIVISION

I hereby certify that the data of the Oil Conservation Division have been examined and that the information given herein is true and complete to the best of my knowledge and belief.

Signature: *W. J. Jolley*
Printed name: W. J. Jolley, Perry
Title: President
Date: 10.5.99
Phone: 915.682.1305

Approved by: *Paul J. Jolley*
Title: Geologist
Approval Date: OCT-05-1999

STATE ENERGY COMMISSION

Division Director Signature: _____ Printed Name: _____ Title: _____ Date: _____



EGL RESOURCES

P. O. BOX 371
MIDLAND, TEXAS 79702
915 687-6560 915 682-5852

October 6, 1999

Mr. Matt Pride
Pride Energy Company
P.O. Box 701602
Tulsa, Oklahoma 74170-1602

Dear Matt,

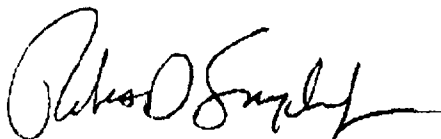
EGL Resources is the operator of record, as indicated on the enclosed c-104 form, for the Arco State #1 well located in section 16, T8S, R35E, Lea, County, NM. The NMOC approved the change on October 5, 1999 after reviewing the JOA and ballots. The effective date is September 1, 1999.

Many of the working interest owners believe revenue is due them from oil and gas sales and SWD credits of 6-98 to present. Please provide copies of LOE's and revenue from oil and gas sales for this period. EGL will review the documents and determine the most efficient method of collection, if monies are due owners, or payment, if monies are due Pride Energy.

Oil and gas purchasers and the pumper have been notified of the change of operator.

If you have any questions, call me at 915-687-6560.

Sincerely,



Robert D. Snyder, Jr. Vice President



Exhibit "C"

EGL Resources, Inc.
P. O. Box 371
Midland, Texas 79702
Attn: Robert D. Snyder, Jr.