

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

APPLICATION OF SOUTHWESTERN ENERGY
PRODUCTION COMPANY FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 12407

BTA OIL PRODUCERS' MOTION TO DISMISS POOLING APPLICATION

BTA Oil Producers ("BTA") hereby moves the Examiner for an order dismissing the application of the Southwestern Energy Production Company ("Southwestern") which seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 18, Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico for a well to be drilled in the NE/4 NE/4 of this section. In support of this motion BTA states:

I.

**THE SE/4 OF SECTION 18 MAY NOT BE DEDICATED TO SOUTHWESTERN'S
PROPOSED WELL.**

1. BTA is the leaseholder of record of all working interest in the S/2 of Section 18 and therefore is an owner of interest in the mineral estate sought to be pooled by Southwestern.
2. BTA, as the owner of all working interest in the S/2 of Section 18, intends to develop this acreage by drilling a Morrow gas well at a standard location in the SE/4 of this section.
3. On January 3, 2000, the Bureau of Land Management approved BTA's Application For Permit To Drill the Bell Lake 7909 JV-P Well No. 2 to an approximate depth of 13,600 feet at a standard gas well location 660 feet from the South line and 1980 feet from the East line (Unit O)

of Section 18. The BLM Permit To Drill remains in effect until January 3, 2001. *See Attachment*

1. BTA intends to commence drilling this well prior to the expiration of the BLM Permit to Drill.

4. A 315.62-acre spacing and proration unit in the Morrow formation comprised of the S/2 Equivalent of Section 18 is dedicated to the well. *See Attachment 1.*

5. Because the BLM has issued a Permit to Drill a well on the S/2 of Section 18, the BLM has advised Southwestern that it will not approve an application for a permit to drill a well on the E/2 spacing unit proposed by Southwestern. The BLM has also advised Southwestern that the location and extent of the Morrow channels in this area remain unknown and that the BLM believes it is best to independently develop the federal leases in the S/2 of this section. The BLM has recently addressed this issue in correspondence with the Oil Conservation Division concerning Southwestern's plans to develop a W/2 unit in offsetting Section 17 where Santa Fe is proposing to develop the N/2 of the Section. *See Attachment 2.*

6. BTA's development of the S/2 of Section 18 will not prevent Southwestern from drilling its well at its proposed location 660 feet from the North and East lines of Section 18 since this location is also standard for a spacing unit comprised of the N/2 of Section 18.

7. The N/2 of Section 18 is a single fee tract of which Southwestern controls 9.45%, Santa Fe Snyder Controls 58.45% and the balance of 32.10% is unleased and controlled by Sugarberry Oil & Gas Corporation. In contrast, the S/2 of Section 18 is comprised of two federal leases with BTA the leaseholder of record of all working interests.

8. BTA has advised Southwestern that it does not oppose a proration unit for the N/2 of this section.

9. Approval of Southwestern's application to pool the E/2 of Section 18 would impair correlative rights for it would deny BTA, leaseholder for the entire S/2 of Section 18, the opportunity to produce the reserves as a 100% working interest owner under its S/2 spacing and proration unit.

10. Denying Southwestern's application will protect BTA's correlative rights without impairing the correlative rights of Southwestern, who can still drill a well on the NE/4 of Section 18 and, if it desires, pool the N/2 of Section 18.

II.

SOUTHWESTERN HAS FAILED TO PROVIDE PROPER NOTICE OF ITS COMPULSORY POOLING APPLICATION

11. In addition to the above stated grounds, Southwestern's application should be dismissed for failure to afford proper notice of its application to BTA.

12. Oil Conservation Division Rules 1207(A)(1) and 1207(B) require Southwestern to provide BTA notice of the application to pool by certified mail at least 20 days prior to the date of the hearing.


13. Although Southwestern's notice letter is dated May 25, 2000, the return receipt and the post mark demonstrate that the notice was not mailed until June 3, 2000. BTA did not receive notice of Southwestern's application until June 5th, only ten days before the hearing. *See Attachment 3.*

14. Southwestern's failure to afford BTA proper notice provides additional grounds for dismissing Southwestern's application.

WHEREFORE, BTA respectfully requests that the Examiner dismiss Southwestern's application on the grounds that the area sought to be pooled is already subject to a Permit to Drill issued by the BLM to BTA and may not now be dedicated to the proposed Southwestern well, and because BTA was not afforded proper notice of the application as required by the rules of the Division.

Respectfully submitted,

CAMPBELL, CARR, BERGE
AND SHERIDAN, P.A.

By: 

William F. Carr
Michael H. Feldewert
Post Office Box 2208
Santa Fe, New Mexico 87501
(505) 988-4421

Attorneys for BTA Oil Producers

CERTIFICATE OF SERVICE

THIS WILL CERTIFY that a true and correct copy of the foregoing Motion to Dismiss was hand-delivered this 12th day of June, 2000 to the following:

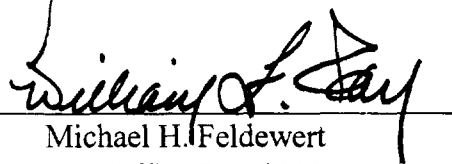
Marilyn Hebert
Legal Counsel
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
Attorney for Southwestern Energy Production
Company

Respectfully Submitted,

CAMPBELL, CARR, BERGE
AND SHERIDAN, P.A.

By: _____



Michael H. Feldewert
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPL. (E)
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. LC NMNM1065194	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR BTA OIL PRODUCERS			7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. 104 South Pecos, Midland, TX 79701 915/682-3753			8. FARM OR LEASE NAME, WELL NO. Bell Lake, 7909 JV-P No. 2	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 660 FSL & 1980' FEL SW/SE (U. tr. O) At proposed prod. zone			9. API WELL NO. 30-025-34827	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 26 Miles west of Jal			10. FIELD AND POOL, OR WILDCAT Bell Lake, Morrow Mid	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest dirg. unit line, if any) 660			11. SEC., T., R., M., OR BLK AND SURVEY OR AREA Sec. 18, T23S, R34E	
16. NO. OF ACRES IN LEASE 157.81			12. COUNTY OR PARISH Lea	
17. NO. OF ACRES ASSIGNED TO THIS WELL 315.62 (pooled)			13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. none			19. PROPOSED DEPTH 13,600	
20. ROTARY OR CABLE TOOLS Rotary			21. APPROX. DATE WORK WILL START 02/14/00	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3501 GR; 3521 RKB			22. APPROX. DATE WORK WILL START 02/14/00	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	K55, 13-3/8"	54.5#	700'	800 sx (sufficient to circulate)
12-1/4"	K55 - 9-5/8"	40#	5000'	1500 sx (Sufficient to Circulate)
8-1/2"	P110/S95, 7"	29#	11,800	Above 9-5/8" shoe
6-1/8"	P110; 5" liner	18#	11,400'-TD	Circ. around liner

I hereby certify that BTA OIL PRODUCERS is responsible under the terms and conditions of the lease to conduct lease operations in conjunction with this application. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by BTA's Statewide Bond #1556199

OPER. OGRID NO. 3002
PROPERTY NO. 2296
POOL CODE 72000
EFF. DATE 1-5-2000
API NO. 30-025-34827

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROGRAM. If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Regulatory Administrator DATE 12/07/99

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

(ORIG. SGD.) ARMANDO A. LOPEZ

Assistant Field Office Manager.
Acting Lands and Minerals

APPROVED BY _____ TITLE _____ DATE JAN 03 2000

*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I
P.O. Box 1060, Hobbs, NM 88241-1060

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Ariceo, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 71920	Pool Name Bell Lake, Morrow Mid
Property Code	Property Name 7909 JV-P BELL LAKE	Well Number 2
OGED No. 003002	Operator Name BTA OIL PRODUCERS	Elevation 3501

Surface Location

UL or lot No. 0	Section 18	Township 23 S	Range 34 E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 1980	East/West line EAST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 315.62	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				OPERATOR CERTIFICATION	
				<p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Dorothy Houghton</i> Signature DOROTHY HOUGHTON Printed Name REGULATORY ADMINISTRATOR Title December 7, 1999 Date</p>	
				SURVEYOR CERTIFICATION	
				<p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 2, 1999</p> <p>Date Surveyed JLP</p> <p>Signature & Seal of Professional Surveyor <i>James S. Eidsen</i> 3239 No. 99-14-1052 Certified by: JAMES S. EIDSON, 3239 ROBERT S. EIDSON, 12641 MCCON McDONALD, 12185</p>	



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88202

IN REPLY REFER TO
3160 (3105.2-2)
NMNM97157

MAY 31 2000

New Mexico Oil Conservation Division
Attn: Mr. Michael E. Stogner
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case 12393 (N/2 Sec. 17, T23S, R34E)
Application of Santa Fe Snyder Corporation
for Compulsory Pooling, Lea County, New Mexico

Re: NMOCD Case 12433 (W/2 Sec. 17, T23S, R34E)
Application of Southwestern Energy Production Company
for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Stogner:

This letter is to advise you that on May 17, 2000, the Bureau of Land Management (BLM), after review of geologic data submitted by Southwestern Energy Production Company (Southwestern) on May 15, 2000, and geologic data submitted by Santa Fe Snyder Corporation (Santa Fe) on May 16, 2000, approved Santa Fe's Paloma Blanco "17" Federal Well No. 1, located 1980' FNL & 660' FWL Sec. 17, T23 & R34E, NMPM with a N/2 dedication.

Based on our review of the geologic data submitted by both Southwestern and Santa Fe, BLM has concluded that there is not enough well control in the area to determine where the productive limits of any potential reservoir for the Morrow or Atoka formations exist.

Therefore, BLM has determined that pursuant to 43 CFR 3105.2-2, it was in the public interest for the BLM to approve a N/2 spacing unit for the Paloma Blanco "17" Federal Well No. 1 as submitted by Santa Fe, thereby avoiding the communitization of multiple leases.

As a result of the BLM's action, Southwestern's compulsory pooling application is moot and we consider it appropriate for you to dismiss their application in Division Case 12423.

If you have any questions regarding this matter please call Armando Lopez at (505)627-0248.

Sincerely,



Larry D. Bray
Assistant Field Manager,
Land and Minerals Division

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

May 25, 2000

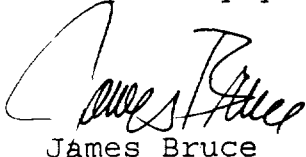
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Southwestern Energy Production Company, regarding the E $\frac{1}{4}$ of Section 18, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico. This application will be heard at 8:15 a.m. on Thursday, June 15, 2000, at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the well unit (representing yourselves and your partners), you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Southwestern
Energy Production Company

JAMES BRUCE
ATTORNEY AT LAW
POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

Fold at line over top of envelope to
the right of the return address

CERTIFIED

Z 461 509 260

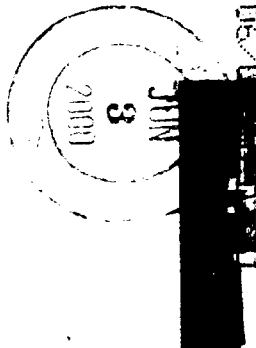
MAIL

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

RECEIVED
JUN 5 2000

BTA
OIL PRODUCERS

MIDLAND/ODESSA TX 79705



79701-5021 07

