KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

.7 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

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

JASON KELLAHIN OF COUNSEL

KAREN AUBREY

W. THOMAS KELLAHIN

June 28, 1991

RECEIVED

JUL 2 1041

OIL CONSERVATION DIVISION

Mr. William J. LeMay Oil Conservation Division State Land Office Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Application of Owens Petroleum Inc. for Compulsory Pooling,

Lea County, New Mexico

Care 10350

Dear Mr. LeMay:

On behalf of Owens Petroleum Inc., we would appreciate you setting the enclosed Application for a public hearing on the Division's Examiner's docket now scheduled for July 25, 1991.

By copy of this letter to all parties to be pooled, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application. Those parties are directed to file a prehearing statement with the Division and send a copy to the undersigned not later than 4:00 PM on July 19, 1991.

In addition, these potential parties are advised that the entry of a compulsory pooling order will affect their rights to share in the production from the subject well.

Very truly yours,

Karen Aubrey

KA/tic Enclosures

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

RECEIVED

July 1991

IN THE MATTER OF THE APPLICATION OF OWENS PETROLEUM INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

.

OIL CONSERVATION DIVISION

NO. /0350

APPLICATION

COMES NOW OWENS PETROLEUM INC., by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest from the surface to the base of the Abo formation underlying the following described acreage in Section 18, Township 17 South, Range 35 East, N.M.P.M., Lea County, New Mexico in the following manner:

The E/2SE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Northern Vacuum-Abo Pool. In support thereof, Applicant states:

1. Applicant has the right to drill in the NE/4SE/4 of Section 18, T17S, R35E, N.M.P.M., Lea County, New Mexico.

- 2. Applicant desires to drill a well at a standard location 1980 from the South line and 660 from the East line in the NE/4SE/4 of said Section 18 and dedicate the E/2SE/4 (80 acres) to its Shell State No. 1 well.
- 3. Applicant is informed and believes that the working interest/mineral owners entitled to participate in and pay for the costs of the subject well are as shown on Exhibit "A" attached hereto.
- 4. Applicant has sought the voluntary agreement of all those parties shown on Exhibit "A" for the formation of the appropriate spacing and proration unit for the drilling of the subject well, but has been unable to obtain a voluntary agreement.
- 5. Pursuant to the Division notice requirements, applicant has notified all those parties shown on Exhibit "A" of this application for compulsory pooling and its request for a hearing on July 25, 1991, by sending those parties a copy of this application and cover letter.
- 6. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interest involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, applicant prays that this application be set for hearing 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 herein. Applicant further prays that it be named operator of the well, that the order make provisions for applicant to recover out of production its costs of drilling, completing and equipping it, and costs of operation, including costs of supervision and a risk factor in the amount to be determined by the Division for the drilling and completion of the well and for such other and further relief as may be proper.

Respectfully submitted,
KELLAHIN, KELLAHIN & AUBREY

By:

Karen Aubrey

Post Office Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

EXHIBIT "A"

Texaco, Inc. P.O. Box 2100 Denver, Colorado 80201

50.00%

State Land Office 310 Old Santa Fe Trail Santa Fe, New Mexico 87501

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW EL PATIO BUILDING 17 NORTH GUADALUPE POST OFFICE BOX 2265

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

W. THOMAS KELLAHIN KAREN AUBREY

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN OF COUNSEL

June 28, 1991

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OIL CONSERVATION DIV. SION

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truly yours,

KA/tic Enclosures Mr. William J. LeMay June 28, 1991 Page 2

Cc: Mr. Ken Owens
Owens Petroleum Inc.
Post Office Box 2911
Midland, Texas 79702

<u>Certified mail return receipt</u> All parties listed on Exhibit "A" of application

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

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Jun 2 1991

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF OWENS PETROLEUM INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

NO. /0350

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- 3. Applicant is informed and believes that the working interest/mineral owners entitled to participate in and pay for the costs of the subject well are as shown on Exhibit "A" attached hereto.
- 4. Applicant has sought the voluntary agreement of all those parties shown on Exhibit "A" for the formation of the appropriate spacing and proration unit for the drilling of the subject well, but has been unable to obtain a voluntary agreement.
- 5. Pursuant to the Division notice requirements, applicant has notified all those parties shown on Exhibit "A" of this application for compulsory pooling and its request for a hearing on July 25, 1991, by sending those parties a copy of this application and cover letter.
- 6. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interest involved in order to protect applicant's correlative rights and prevent waste.

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Respectfully submitted,
KELLAHIN, KELLAHIN & AUBREY

Vanan Aubman

Post Office Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

EXHIBIT "A"

Texaco, Inc. P.O. Box 2100 Denver, Colorado 80201 50.00%

State Land Office 310 Old Santa Fe Trail Santa Fe, New Mexico 87501

KELLAHIN, KELLAHIN AND AUBREY

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.:7 NORTH GUADALUPE
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Karen Aubrey

KA/tic Enclosures Mr. William J. LeMay June 28, 1991 Page 2

Cc: Mr. Ken Owens
Owens Petroleum Inc.
Post Office Box 2911
Midland, Texas 79702

Certified mail return receipt All parties listed on Exhibit "A" of application

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

SECEI/ED

35. 2 1991

IN THE MATTER OF THE APPLICATION OF OWENS PETROLEUM INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

oil conservation division inc. /0350

APPLICATION

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KELLAHIN, KELLAHIN & AUBREY

Bv:

Karen Aubrey

Post Office Box 2265

Santa Fe, New Mexico

87504

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EXHIBIT "A"

Texaco, Inc. P.O. Box 2100 Denver, Colorado 80201

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State Land Office 310 Old Santa Fe Trail Santa Fe, New Mexico 87501 Mr. William J. LeMay June 28, 1991 Page 2

cc: Mr. Ken Owens Owens Petroleum Inc. Post Office Box 2911 Midland, Texas 79702

Certified mail return receipt All parties listed on Exhibit "A" of application