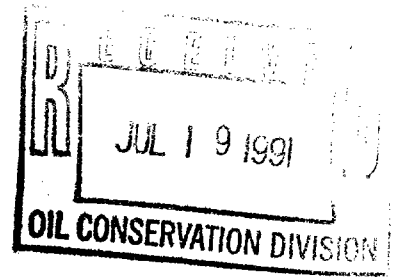


STRATTON & CAVIN, P.A.
Attorneys at Law
3235 Calle de Deborah, NW
Albuquerque, New Mexico 87104
(505) 243-2262



July 18, 1991

VIA CERTIFIED MAIL

Case 10361

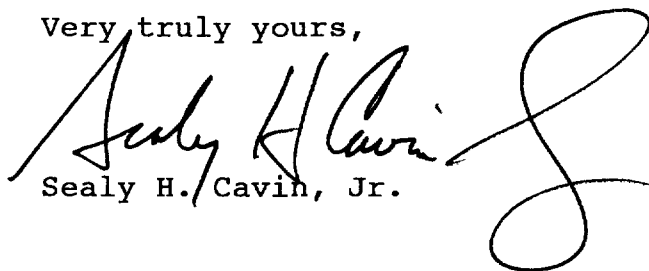
Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

**Re: Application of Seay Exploration, Inc. for Compulsory Pooling,
Lea County, New Mexico**

Dear Mr. LeMay:

Enclosed please find triplicate originals of the above-referenced Application for public hearing scheduled for Thursday, August 8, 1991. If you have any questions, please give me a call.

Very truly yours,


Sealy H. Cavin, Jr.

SHC/jas

Enclosures

STRATTON & CAVIN, P.A.

Attorneys at Law
3235 Calle de Deborah, NW
Albuquerque, New Mexico 87104
(505) 243-2262

July 16, 1991

VIA FAX

Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

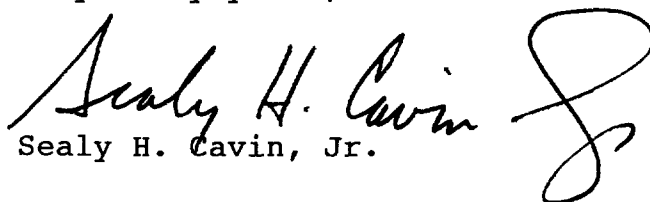
Case 10361

**Re: Application of Seay Exploration, Inc. for Compulsory Pooling,
Lea County, New Mexico**

Dear Mr. LeMay:

On behalf of Seay Exploration, Inc., we would appreciate your setting the enclosed Application for public hearing before a Division Examiner on the Docket now scheduled for Thursday, August 8, 1991. Please provide notice of this case by publication as required by Rules 1204 and 1205 of the Division's regulations. We are providing additional notice to affected interest owners as required by Rule 1207. Thank you for your consideration.

Very truly yours,


Sealy H. Cavin, Jr.

SHC/jas

Enclosures

cc: John Seay, President, Seay Exploration, Inc. (w/Enclosures)
Dan Leonard, President, Leonard Resource Investment
Corporation (w/Enclosures)

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

IN THE MATTER OF THE APPLICATION OF
SEAY EXPLORATION, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

CASE NO: 10361

A P P L I C A T I O N

COMES NOW SEAY EXPLORATION, INC. by and through its attorneys,
STRATTON & CAVIN, P.A., and applies to the New Mexico Oil
Conservation Division for an order pooling all mineral interests as
follows:

From the surface of the earth to the base of the Seven
Rivers Formation (approximately 3,300 feet subsurface)
for the formation of a 160-acre gas spacing and proration
unit consisting of the NW1/4 of Section 6, Township 20
South, Range 39 East, N.M.P.M., Lea County, New Mexico
for any production so spaced.

In support thereof, Applicant states:

1. Applicant is a working interest owner in the NW1/4 of
Section 6, Township 20 South, Range 39 East, N.M.P.M., Lea County,
New Mexico as shown on Exhibit A hereto.
2. Applicant desires to drill its proposed well at a
standard location to a total depth of approximately 3,300 feet to
test the Seven Rivers Formation.

3. Applicant has sought the voluntary agreement of all parties shown on Exhibit B hereto 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 from such parties.

4. Application has made a good-faith diligent effort to find the correct address of all interested persons entitled to receive notice pursuant to the Division's notice requirements. Applicant has, however, been unable to locate the parties shown on Exhibit C hereto.

5. Pursuant to the Division's notice requirements, Applicant has notified all parties shown on Exhibit B of its request for a hearing on August 8, 1991, by sending such parties a copy of this Application with a letter apprising such parties of the nature and pendency of the proposed action.

6. Pursuant to the Division's notice requirements, applicant has made a good-faith diligent effort to locate the parties listed on Exhibit C hereto and to find the correct address for such parties. Applicant has sent a copy of this Application with a letter to the parties listed on Exhibit C hereto at their last known address.

7. The pooling of interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

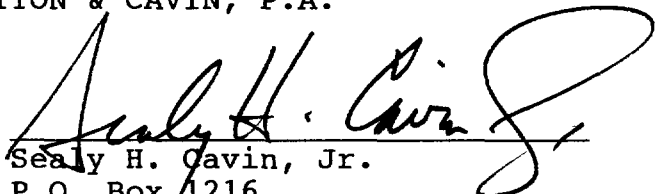
8. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and the Applicant should be designated the operator of the well.

WHEREFORE, Applicant prays that this Application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 8, 1991, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, completing, and equipping the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant completing and equipping the wells, and making such other further provisions as may be proper in the premises.

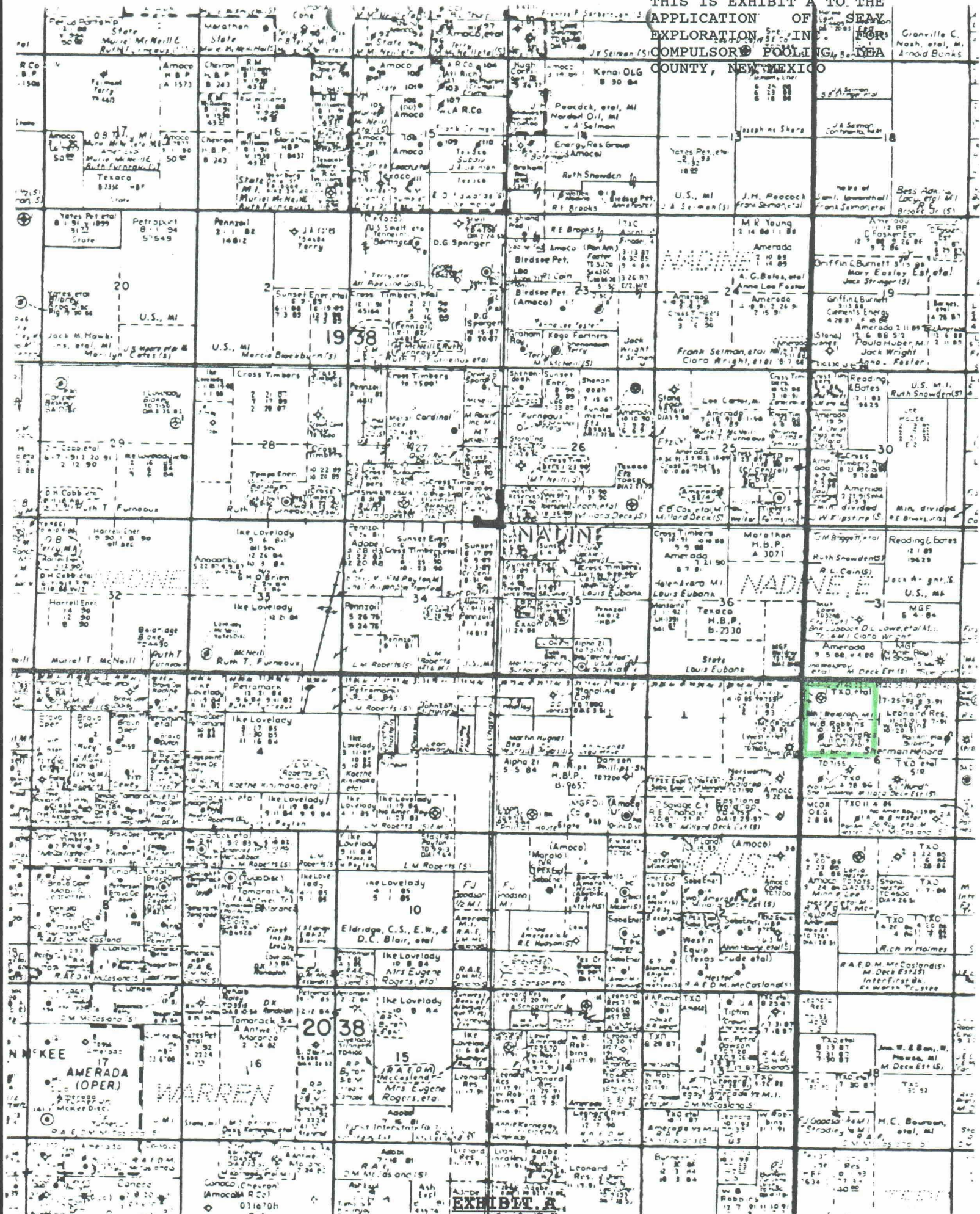
Respectfully submitted,

STRATTON & CAVIN, P.A.

By:


Sealy H. Cavin, Jr.
P.O. Box 1216
Albuquerque, NM 87103-1216
ATTORNEYS FOR APPLICANT

Gronville C.
Nash, et al, M.
Arnold Banks



THIS IS EXHIBIT B TO THE
APPLICATION OF SEAY
EXPLORATION, INC. FOR
COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO

EXHIBIT B

R. A. Hefner, Jr. Estate
c/o GHK Company
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

GHK Company, a Limited Partnership (formerly the R. A. Hefner Trust
#1 and Eva Hefner Trust #1)
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

THIS IS EXHIBIT C TO THE
APPLICATION OF SEAY
EXPLORATION, INC. FOR
COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO

EXHIBIT C

Harold W. Herndon, Deceased
Fort Worth, Texas

Libby P. Wright
Alameda County, California

Jean Marie Johansen et vir, Dan Johansen
Weston, Wyoming

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
SEAY EXPLORATION, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

CASE NO: 10361

A P P L I C A T I O N

COMES NOW SEAY EXPLORATION, INC. by and through its attorneys,
STRATTON & CAVIN, P.A., and applies to the New Mexico Oil
Conservation Division for an order pooling all mineral interests as
follows:

From the surface of the earth to the base of the Seven
Rivers Formation (approximately 3,300 feet subsurface)
for the formation of a 160-acre gas spacing and proration
unit consisting of the NW1/4 of Section 6, Township 20
South, Range 39 East, N.M.P.M., Lea County, New Mexico
for any production so spaced.

In support thereof, Applicant states:

1. Applicant is a working interest owner in the NW1/4 of
Section 6, Township 20 South, Range 39 East, N.M.P.M., Lea County,
New Mexico as shown on Exhibit A hereto.
2. Applicant desires to drill its proposed well at a
standard location to a total depth of approximately 3,300 feet to
test the Seven Rivers Formation.

3. Applicant has sought the voluntary agreement of all parties shown on Exhibit B hereto 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 from such parties.

4. Application has made a good-faith diligent effort to find the correct address of all interested persons entitled to receive notice pursuant to the Division's notice requirements. Applicant has, however, been unable to locate the parties shown on Exhibit C hereto.

5. Pursuant to the Division's notice requirements, Applicant has notified all parties shown on Exhibit B of its request for a hearing on August 8, 1991, by sending such parties a copy of this Application with a letter apprising such parties of the nature and pendency of the proposed action.

6. Pursuant to the Division's notice requirements, applicant has made a good-faith diligent effort to locate the parties listed on Exhibit C hereto and to find the correct address for such parties. Applicant has sent a copy of this Application with a letter to the parties listed on Exhibit C hereto at their last known address.

7. The pooling of interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

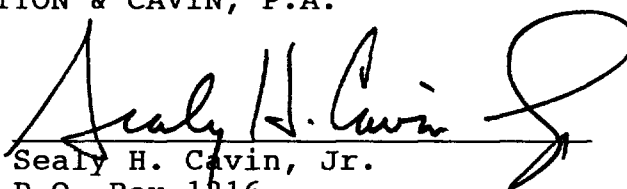
8. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and the Applicant should be designated the operator of the well.

WHEREFORE, Applicant prays that this Application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 8, 1991, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, completing, and equipping the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant completing and equipping the wells, and making such other further provisions as may be proper in the premises.

Respectfully submitted,

STRATTON & CAVIN, P.A.

By:


Sealy H. Cavin, Jr.
P.O. Box 1216
Albuquerque, NM 87103-1216
ATTORNEYS FOR APPLICANT

THIS IS EXHIBIT A TO THE
APPLICATION OF SEAY
EXPLORATION COMPANY IN
COMPULSORY POOLING
COUNTY, NEW MEXICO

Granville C. Nash, et al. M. Anod Banks

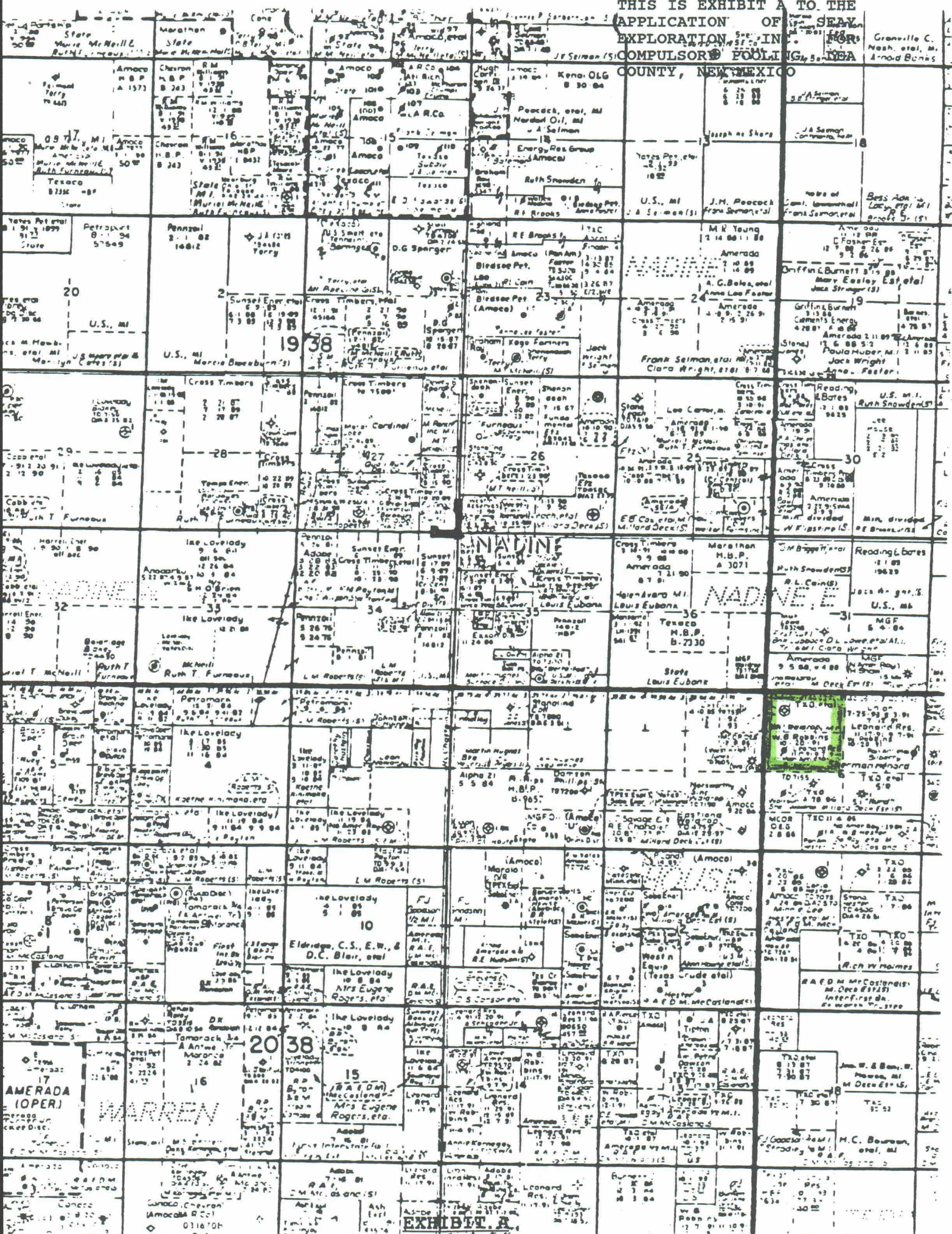


EXHIBIT B

R. A. Hefner, Jr. Estate
c/o GHK Company
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

GHK Company, a Limited Partnership (formerly the R. A. Hefner Trust
#1 and Eva Hefner Trust #1)
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

EXHIBIT C

Harold W. Herndon, Deceased
Fort Worth, Texas

Libby P. Wright
Alameda County, California

Jean Marie Johansen et vir, Dan Johansen
Weston, Wyoming

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

IN THE MATTER OF THE APPLICATION OF
SEAY EXPLORATION, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

CASE NO: 10361

A P P L I C A T I O N

COMES NOW SEAY EXPLORATION, INC. by and through its attorneys,
STRATTON & CAVIN, P.A., and applies to the New Mexico Oil
Conservation Division for an order pooling all mineral interests as
follows:

From the surface of the earth to the base of the Seven
Rivers Formation (approximately 3,300 feet subsurface)
for the formation of a 160-acre gas spacing and proration
unit consisting of the NW1/4 of Section 6, Township 20
South, Range 39 East, N.M.P.M., Lea County, New Mexico
for any production so spaced.

In support thereof, Applicant states:

1. Applicant is a working interest owner in the NW1/4 of
Section 6, Township 20 South, Range 39 East, N.M.P.M., Lea County,
New Mexico as shown on Exhibit A hereto.
2. Applicant desires to drill its proposed well at a
standard location to a total depth of approximately 3,300 feet to
test the Seven Rivers Formation.

3. Applicant has sought the voluntary agreement of all parties shown on Exhibit B hereto 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 from such parties.

4. Application has made a good-faith diligent effort to find the correct address of all interested persons entitled to receive notice pursuant to the Division's notice requirements. Applicant has, however, been unable to locate the parties shown on Exhibit C hereto.

5. Pursuant to the Division's notice requirements, Applicant has notified all parties shown on Exhibit B of its request for a hearing on August 8, 1991, by sending such parties a copy of this Application with a letter apprising such parties of the nature and pendency of the proposed action.

6. Pursuant to the Division's notice requirements, applicant has made a good-faith diligent effort to locate the parties listed on Exhibit C hereto and to find the correct address for such parties. Applicant has sent a copy of this Application with a letter to the parties listed on Exhibit C hereto at their last known address.

7. The pooling of interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

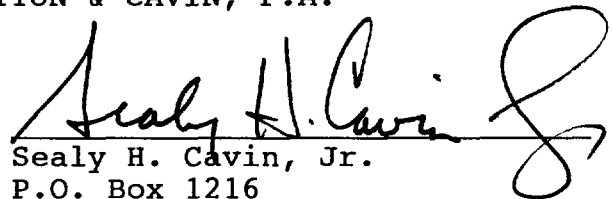
8. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and the Applicant should be designated the operator of the well.

WHEREFORE, Applicant prays that this Application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 8, 1991, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, completing, and equipping the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant completing and equipping the wells, and making such other further provisions as may be proper in the premises.

Respectfully submitted,

STRATTON & CAVIN, P.A.

By:

A handwritten signature in dark ink, appearing to read "Sealy H. Cavin, Jr.", written over a horizontal line.

Sealy H. Cavin, Jr.
P.O. Box 1216
Albuquerque, NM 87103-1216
ATTORNEYS FOR APPLICANT

THIS IS EXHIBIT A TO THE
APPLICATION OF SEAY
EXPLORATION, INC. FOR
COMPULSORY FOLDING, TIA
COUNTY, NEW MEXICO

EXHIBIT B

R. A. Hefner, Jr. Estate
c/o GHK Company
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

GHK Company, a Limited Partnership (formerly the R. A. Hefner Trust
#1 and Eva Hefner Trust #1)
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

THIS IS EXHIBIT C TO THE
APPLICATION OF SEAY
EXPLORATION, INC. FOR
COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO

EXHIBIT C

Harold W. Herndon, Deceased
Fort Worth, Texas

Libby P. Wright
Alameda County, California

Jean Marie Johansen et vir, Dan Johansen
Weston, Wyoming

STRATTON & CAVIN, P.A.

Attorneys at Law
3235 Calle de Deborah, NW
Albuquerque, New Mexico 87104
(505) 243-2262

July 16, 1991

CERTIFIED RETURN RECEIPT REQUESTED

Addresses listed at Exhibit A hereto

**Re: Application of Seay Exploration, Inc. for Compulsory Pooling,
Lea County, New Mexico**

Gentlemen:

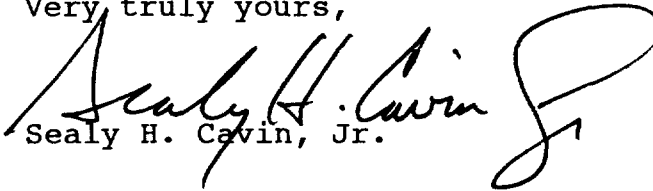
This letter is to advise you that Seay Exploration, Inc. has filed the enclosed Application with the New Mexico Oil Conservation Division seeking the forced pooling of all mineral interests as follows:

From the surface of the Earth to the base of the Seven Rivers Formation (approximately 3,300 feet subsurface) for the formation of a 160-acre gas spacing and proration unit consisting of the NW1/4 of Section 6, T20S, R39E, N.M.P.M., Lea County, New Mexico for any production so spaced.

Seay Exploration, Inc. proposes to dedicate the referenced pooled unit to a well which will be located at a standard location.

This application has been set for hearing before a Division Examiner on August 8, 1991. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record may preclude you from challenging this application at a later date.

Very truly yours,


Sealy H. Cavin, Jr.

SHC/jas

Enclosures

cc: William J. LeMay, Oil Conservation Division ✓
John Seay, President, Seay Exploration, Inc.
Dan M. Leonard, President, Leonard Resource Investment
Corporation

THIS IS EXHIBIT A TO THE LETTER DATED
July 16, 1991 REGARDING APPLICATION OF
SEAY EXPLORATION, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

EXHIBIT A

Harold W. Herndon, Deceased
Fort Worth, Texas

Libby P. Wright
Alameda County, California

Jean Marie Johansen et vir, Dan Johansen
Weston, Wyoming

R. A. Hefner, Jr. Estate
c/o GHK Company
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

GHK Company, a Limited Partnership (formerly the R. A. Hefner Trust
#1 and Eva Hefner Trust #1)
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

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

IN THE MATTER OF THE APPLICATION OF
SEAY EXPLORATION, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

CASE NO: 10361

A P P L I C A T I O N

COMES NOW SEAY EXPLORATION, INC. by and through its attorneys,
STRATTON & CAVIN, P.A., and applies to the New Mexico Oil
Conservation Division for an order pooling all mineral interests as
follows:

From the surface of the earth to the base of the Seven
Rivers Formation (approximately 3,300 feet subsurface)
for the formation of a 160-acre gas spacing and proration
unit consisting of the NW1/4 of Section 6, Township 20
South, Range 39 East, N.M.P.M., Lea County, New Mexico
for any production so spaced.

In support thereof, Applicant states:

1. Applicant is a working interest owner in the NW1/4 of
Section 6, Township 20 South, Range 39 East, N.M.P.M., Lea County,
New Mexico as shown on Exhibit A hereto.

2. Applicant desires to drill its proposed well at a
standard location to a total depth of approximately 3,300 feet to
test the Seven Rivers Formation.

RECEIVED

JUL 16 1991

OIL CONSERVATION DIV.
SANTA FE

ILLEGIBLE

3. Applicant has sought the voluntary agreement of all parties shown on Exhibit B hereto 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 from such parties.

4. Application has made a good-faith diligent effort to find the correct address of all interested persons entitled to receive notice pursuant to the Division's notice requirements. Applicant has, however, been unable to locate the parties shown on Exhibit C hereto.

5. Pursuant to the Division's notice requirements, Applicant has notified all parties shown on Exhibit B of its request for a hearing on August 8, 1991, by sending such parties a copy of this Application with a letter apprising such parties of the nature and pendency of the proposed action.

6. Pursuant to the Division's notice requirements, applicant has made a good-faith diligent effort to locate the parties listed on Exhibit C hereto and to find the correct address for such parties. Applicant has sent a copy of this Application with a letter to the parties listed on Exhibit C hereto at their last known address.

7. The pooling of interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

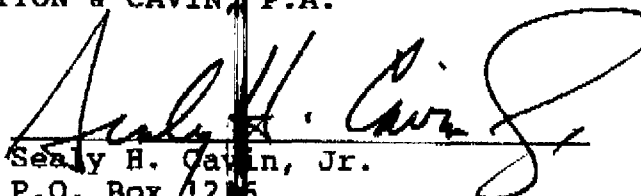
8. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and the Applicant should be designated the operator of the well.

WHEREFORE, Applicant prays that this Application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 8, 1991, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, completing, and equipping the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant completing and equipping the wells, and making such other further provisions as may be proper in the premises.

Respectfully submitted,

STRATTON & CAVIN, P.A.

By:


Sealy H. Cavin, Jr.
P.O. Box 1216
Albuquerque, NM 87103-1216
ATTORNEYS FOR APPLICANT

APPLICATION OF SEAN EXPLORATION, INC. FOR COMPULSORY POOLING OF OIL AND GAS IN GRANT COUNTY, NEW MEXICO

Grant County, New Mexico

Section 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

NADINE

WARREN

AMERADA (OPER)

EXHIBIT A

THIS IS EXHIBIT B TO THE
APPLICATION OF SEAY
EXPLORATION, INC. FOR
COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO

EXHIBIT B

R. A. Hefner, Jr. Estate
c/o GHK Company
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

GHK Company, a Limited Partnership (formerly the R. A. Hefner Trust
#1 and Eva Hefner Trust #1)
3030 NW Expressway, 18th Floor
Oklahoma City, Oklahoma 73112

ILLEGIBLE

THIS IS EXHIBIT C TO THE
APPLICATION OF SEAY
EXPLORATION, INC. FOR
COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO

EXHIBIT C

Harold W. Herndon, Deceased
Fort Worth, Texas

Libby P. Wright
Alameda County, California

Jean Marie Johansen et vir, Dan Johansen
Weston, Wyoming

ILLEGIBLE

STRATTON & CAVIN, P.A.

Attorneys at Law
3235 Calle de Deborah, NW
Albuquerque, New Mexico 87104
(505) 243-2262

RECEIVED

July 16, 1991

JUL 16 1991

VIA FAX

OIL CONSERVATION DIV.
SANTA FE

Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

**Re: Application of Seay Exploration, Inc. for Compulsory Pooling,
Lea County, New Mexico**

Dear Mr. LeMay:

On behalf of Seay Exploration, Inc., we would appreciate your setting the enclosed Application for public hearing before a Division Examiner on the Docket now scheduled for Thursday, August 8, 1991. Please provide notice of this case by publication as required by Rules 1204 and 1205 of the Division's regulations. We are providing additional notice to affected interest owners as required by Rule 1207. Thank you for your consideration.

Very truly yours,


Sealy H. Cavin, Jr.

SHC/jas

Enclosures

cc: John Seay, President, Seay Exploration, Inc. (w/Enclosures)
Dan Leonard, President, Leonard Resource Investment
Corporation (w/Enclosures)

ILLEGIBLE

Case
- 10202 -
R-9468

Seay Corwin

10361

Aug 8th Hearing

Seay Exploration Inc.
surface to base of Seay Reservoir
formation.

- NW/4 6 - 205-39 E

Lee County

Standard Oil well
location.

CASE 10156: (Continued from December 19, 1990, Examiner Hearing.)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation, underlying the S/2 of Section 32, Township 20 South, Range 37 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said unit be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in the drilling of said well. Said unit is located approximately 2 miles north-northwest of Oil Center, New Mexico.

CASE 10201: Application of Blackwood & Nichols Co. a Limited Partnership for directional drilling and an unorthodox coal gas well location, Rio Arriba and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Northeast Blanco Unit Well No. 475 from a proposed surface location 2560 feet from the South line and 1695 feet from the West line (Unit K) of Section 20, Township 30 North, Range 7 West, in such a manner as to bottom the well in the Basin-Fruitland Coal (Gas) Pool within 50 feet of a point 1750 feet from the North line and 54 feet from the East line (Unit H) of adjoining Section 19, which is an unorthodox coal well location for said pool. The E/2 equivalent of said Section 19 which is in both Rio Arriba and San Juan Counties is to be dedicated to said well forming a standard 320-acre, more or less, gas spacing and proration unit for said pool. Said unit is located 1/4 mile east of the Navajo Reservoir Dam.

CASE 10154: (Continued from December 19, 1990, Examiner Hearing.)

Application of Greenhill Petroleum Corporation for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Lovington San Andres Unit Waterflood Project, Lovington-San Juan Andres Pool, located in Townships 16 and 17 South, Ranges 36 and 37 East, by converting 18 producing wells into water injection wells. Said project area is located approximately 6 miles south-southeast of Lovington, New Mexico.

CASE 10202:

Application of Seay Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to be base of the Abo formation underlying the following described acreage and in the following described manner: Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, Township 20 South, Range 39 East, forming a 160.12-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing, which presently includes but is not necessarily limited to the House-Yates Seven Rivers Gas Pool and the SW/4 NE/4 of said Section 6 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the House-San Andres, Undesignated House-Blinberry and House-Drinkard Pools. Said units are to be dedicated to a single well to be drilled at a standard location in the SW/4 NE/4 (Unit G) of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles east-southeast of the community of Madine, New Mexico.

CASE 10203: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 14, Township 19 South, Range 24 East, to test both the Undesignated Penasco Draw-Permo Pennsylvanian Gas Pool and Boyd-Morrow Gas Pool, the N/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both zones. The proposed well site is located approximately 14.5 miles southeast of Hope, New Mexico.

CASE 10204: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Morrow, Mississippian, Devonian and Ellenburger formations in the perforated interval from approximately 8,925 feet to 11,150 feet in its Mimosa "AHS" Federal Well No. 1 located 1980 feet from the South line and 810 feet from the East line (Unit I) of Section 4, Township 20 South, Range 24 East. Said well is located approximately 9.5 miles west of Seven Rivers, New Mexico.

CASE 10175: (Continued from December 19, 1990, Examiner Hearing.)

Application of Maralex Resources, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Hammond W. N. Federal Well No. 11 to be drilled 205 feet from the North line and 130 feet from the East line (Unit A) of Section 34, Township 27 North, Range 8 West, Basin-Fruitland Coal Gas Pool, the E/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 7 miles east of Huerfano Peak.

Sec. 6 Township No. 20 of Range No. 30

30.00	30.03	30.05	30.07

ILLEGIBLE

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10361
Order No. R-9571

8/22/91
ms-C
126 8/22/91
8-22-91

APPLICATION OF SEAY EXPLORATION, INC.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 8 and August 22, 1991, at Santa Fe, New Mexico, before Examiners David R. Catanach and Jim Morrow, respectively.

NOW, on this _____ day of August, 1991, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Seay Exploration, Inc., seeks an order pooling all mineral interests from the surface to the base of the Seven Rivers formation underlying Lots 3 & 4 and the S/2 NW/4 (NW/4 equivalent) of Section 6, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico, forming a standard 160.04-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the House*Yates-Seven Rivers Gas Pool. Said unit is to be dedicated to the applicant's proposed Bilberry Well No. 2 to be drilled at a standard gas well location thereon.

(3) The applicant has the right to drill and proposes to drill its Bilberry Well No. 2 as described above.

(4) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid waste, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the production in any pool completion resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) The applicant should be designated the operator of the subject well and unit.

(7) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) Any non-consenting working interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) \$3500.00 per month while drilling and \$350.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) Upon the failure of the operator of said pooled unit to commence the drilling of the well to which said unit is dedicated

on or before December 1, 1991, the order pooling said unit should become null and void and of no effect whatsoever.

(14) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(15) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from the surface to the base of the Seven Rivers formation underlying Lots 3 & 4 and the S/2 NW/4 (NW/4 equivalent) of Section 6, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico, are hereby pooled forming a standard 160.04-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the House*Yates-Seven Rivers Gas Pool. Said unit shall be dedicated to the applicant's proposed Bilberry Well No. 2 to be drilled at a standard gas well location thereon.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of December, 1991, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Seven Rivers formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of December, 1991, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division Director for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) Seay Exploration, Inc. is hereby designated the operator of the subject well and unit.

(3) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) Within 30 days from the date the schedule of estimated

well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated well costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) The operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$3500.00 per month while drilling and \$350.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of

actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(14) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(15) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L