

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

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SANTA FE, NEW MEXICO 87504-2265

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August 2, 1991

RECEIVED

AUG 02 1991

OIL CONSERVATION DIV.
SANTA FE

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

HAND DELIVERED

Re: Application of Anschutz
Corporation for Compulsory
Pooling, Lea County, New Mexico

10380

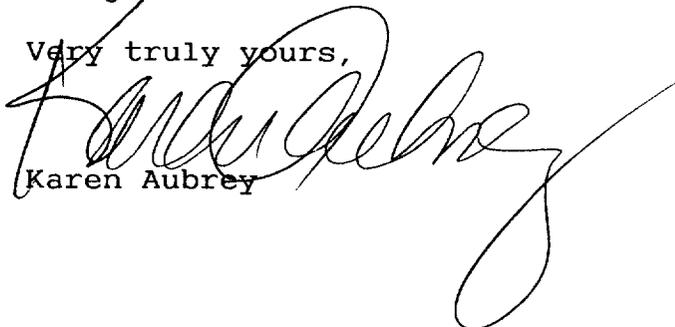
Dear Mr. LeMay:

On behalf of Anschutz Corporation we would appreciate you setting the enclosed Application for a public hearing on the Division's Examiner's docket now scheduled for September 5, 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 pre-hearing statement with the Division and send a copy to the undersigned not later than 4:00 PM on August 30, 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

Mr. William J. LeMay
August 2, 1991
Page 2

cc: Mr. Phil Whitsitt
Anschutz Corporation
4000 N. Big Spring, Suite 209
Midland, Texas 79705

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

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

IN THE MATTER OF THE APPLICATION
OF ANSCHUTZ CORPORATION FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

OIL CONSERVATION DIV.
SANTA FE

AUG 02 1991

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A P P L I C A T I O N

COMES NOW ANSCHUTZ CORPORATION, by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Devonian formation, South Knowles Devonian Pool, underlying the following described acreage in Section 18, Township 17 South, Range 9 East, N.M.P.M., Lea County, New Mexico in the following manner:

The E/2SW/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 South Knowles Devonian Pool. In support thereof, Applicant states:

1. Applicant has the right to drill and develop in the NE/4SW/4 of Section 18, T17S, R9E, N.M.P.M., Lea County, New Mexico.

2. Applicant desires to drill a well at a standard location in the NE/4SW/4 of said Section 18 and dedicate the E/2SW/4 (80 acres) to its Anschutz Corporation Arco 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 September 5, 1991, by sending those parties a copy of this application and cover letter.

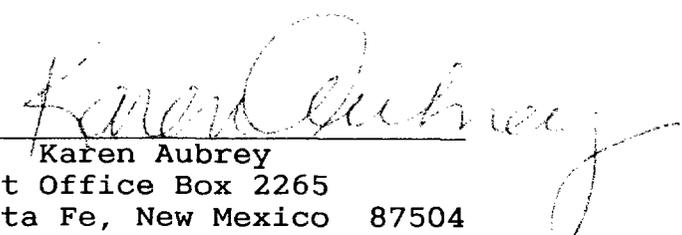
6. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interest

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"

Enron
P.O. Box 2267
Midland, TX 79702

25% approx.

Stanford Clinton, Jr.
P.O. Box 375
Wilson, WY 83014

.0104166%

SOUTH KNOWLES-DEVONIAN POOL
Lea County, New Mexico

Order No. R-638-B, Adopting Operating Rules for the South Knowles-Devonian Pool, Lea County, New Mexico, September 15, 1955, as Amended by Order No. R-638-C, September 13, 1956, Order No. R-4454, January 5, 1973, and Order No. R-638-E, May 13, 1985.

In the Matter of the Application of Jake L. Hamon and Warren Petroleum Corporation for an Order Establishing 80 Acre Well Spacing and an Allocation Factor Determined as the Product of a Standard 40 Acre Allowable and the Appropriate Depth Factor for the Common Source of Supply, Designated as the South Knowles-Devonian Pool in Lea County, New Mexico.

CASE NO. 819
Order No. R-638-B

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m., on July 14, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 15th day of September 1955, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearing being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of rehearing having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That geological and engineering data now available to the Commission indicate that one well apparently will drain 80 acres and that the South Knowles-Devonian Oil Pool should be developed on the basis of 80 acre proration units, said proration units to consist of the E/2 and W/2 of each quarter section.

(3) That in order to prevent waste, the maximum per well allowable for the pool shall be set at 150 barrels for each proration unit.

IT IS THEREFORE ORDERED:

1. (As Amended by Order No. R-638-C, September 13, 1956, and Order No. R-638-E, May 13, 1985.) That 80-acre proration units are hereby established for the South Knowles-Devonian Pool, said proration units to consist of the N/2, S/2, E/2 or W/2 of a governmental quarter section.

2. (As Amended by Order No. R-638-C, September 13, 1956.) That all wells drilled in the South Knowles-Devonian Pool may be located on either 40-acre portion of the 80-acre proration unit, provided however that the well shall be located in the center of the 40-acre tract with a tolerance of 150 feet in any direction to avoid surface obstructions.

3. (As Amended by Order No. R-638-C, September 13, 1956.) That no well shall be drilled and produced except in conformity with the spacing pattern set for the above without special order of the Commission after due notice and hearing.

4. (As Amended by Order No. R-638-C, September 13, 1956, and Order No. R-4454, January 5, 1973.) That the maximum allowable assigned to any well on an 80-acre proration unit in the South Knowles-Devonian Pool shall be determined in accordance with the 80-acre depth bracket allowable set forth in Rule 505 of the Commission Rules and Regulations for pools in the 12,000-12,999 foot depth range, subject to the Commission's market demand percentage factor.

5. (As Amended by Order No. R-638-C, September 13, 1956.) That this order shall cover all of the South Knowles-Devonian Pool as heretofore delineated and any extension thereof as may be determined by further development and shall continue in full force and effect until further order of the Commission.

6. That applicants shall appear before the Commission during the regularly scheduled hearing in July, 1956, to show cause why said 80 acre drilling and proration units in the South Knowles-Devonian Pool, as herein ordered, should be continued.

7. That all operators in the South Knowles-Devonian Pool shall submit complete data on all future wells; said data to consist of drill stem test records, core records and core analyses, bottom hole pressure surveys, electrical logs and any other pertinent data.

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

CAPROCK-QUEEN OIL POOL
Chaves and Lea Counties, New Mexico

Order No. R-660, Combining the North Caprock-Queen Oil Pool, the Caprock Oil Pool, the Drickey-Queen Oil Pool and the South Drickey-Queen Oil Pool, Creating the Caprock-Queen Oil Pool and Adopting Rules, July 14, 1955.

The Application of the Commission on its Own Motion for an Order (a) Consolidating the North Caprock-Queen Oil Pool, the Caprock Oil Pool, the Drickey-Queen Oil Pool and the South Drickey-Queen Oil Pool into a Single Oil Pool to be Known as the Caprock-Queen Oil Pool and (b) Establishing Pool Rules for the Proposed Caprock-Queen Oil Pool.

CASE NO. 888
Order No. R-660

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on April 20, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 14th day of July, 1955, the Commission, a quorum being present, having considered the record and the testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the North Caprock-Queen Oil Pool, the Caprock Oil Pool, the Drickey-Queen Oil Pool, and the South Drickey-Queen Oil Pool, as such pools are presently defined by the Commission, are producing from the same source of supply, that being the Queen Formation: therefore the aforementioned pools should be consolidated to form a single oil pool to be known as the Caprock-Queen Oil Pool.

(3) That, in order to prevent waste, it is necessary to establish a limiting gas-oil ratio for oil wells producing from within the horizontal and vertical boundaries of said oil pool.

(4) That, in order to prevent the dissipation of reservoir energy, it is necessary to define a gas well in the Caprock-Queen Oil Pool and to provide for the regulation of production from such wells.

(5) That, in order to protect potable waters in the area, it is necessary to adopt special rules pertaining to the casing program for wells to be drilled in the Caprock-Queen Oil Pool, and that such special rules for the casing program in the Caprock-Queen Oil Pool have been formulated and presented in a directive issued by the Commission on September 1, 1954.

IT IS THEREFORE ORDERED: That the application of the Commission on its own motion be, and the same hereby is approved as hereinafter set out:

Insert

Color Page/Photo

Here

COUNTY *Lea*

POOL *South Knowles - Devonian*

TOWNSHIP *17 South*

RANGE *38 East*

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: *All Secs. 12 & 13 (R-512, 7-21-54)*

Ext: $\frac{N}{2}$ Sec. 24 (R-800, 5-16-56) Ext: $\frac{SW}{4}$ Sec. 24 (R-7917, 5-13-85)

18551 LAST RETURN CODE WAS 0000
* STEP 3 PRINT DRILLING WELL LIST OF SELECTED OPERATOR
// ASSGN SYS022,SYSLST
11201 SYS022 HAS BEEN ASSIGNED TO X'FEE' (TEMP)
// DLBL SYS008,'DRILLING.WORK.FILE'
// EXTENT SYS008,WIMFDA,1,0,1,1878
// DLBL IJSYSCT,'VSAM.MASTER.CATALOG',,VSAM
// DLBL IJSYSU2,'USER.VSAM.CATALOG.TWO',,VSAM,CAT=IJSYSCT
// DLBL SYS011,'OCD.MASTER.OPER',,VSAM,CAT=IJSYSU2
// EXEC DRILBOND,SIZE=64K

Dockets Nos. 27-91 and 28-91 are tentatively set for September 19, 1991 and October 3, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 5, 1991

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO**

The following cases will be heard before Michael E. Stogner, Examiner or David R. Catanach, or Jim Morrow, Alternate Examiners:

CASE 10280: (Continued from August 22, 1991, Examiner Hearing.)

Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.

CASE 10379: Application of Thomas Ray Sivley for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Federal Silver Lease Well No. 2 to be drilled 1400 feet from the South line and 1600 feet from the East line (Unit J) of Section 28, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, an existing 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of said Section 28 is to be dedicated to said well. Said unit is located approximately 5 miles south of U.S. Highway 62/180 at mile marker No. 78.

CASE 10380: Application of Anschutz Corporation 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 Devonian formation, underlying the E/2 SW/4 of Section 18, Township 17 South, Range 39 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 80-acre spacing, which presently includes only the South Knowles-Devonian Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location in the NE/4 SW/4 of said Section 18. 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 2.5 miles east-southeast of the community of Knowles, New Mexico.

CASE 10365: (Continued from August 8, 1991, Examiner Hearing.)

Application of Harvey E. Yates 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 Grayburg formation underlying the NW/4 NE/4 (Unit B) of Section 32, Township 18 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Buffalo-Yates Pool and Undesignated Buffalo-Queen Pool. Said unit is to be dedicated to a well to be drilled at a standard oil 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 drilling said well. Said well is located approximately 11 miles south-southeast of Maljamar, New Mexico.

CASE 10381: Application of Yates Petroleum Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its Woodpecker "SY" State Lease comprising the N/2 of Section 21, Township 14 South, Range 33 East, by the injection of water into the Saunders-Permo Upper Pennsylvanian Pool, through 5 producing wells to be converted to injection. Said project area is located approximately 2.75 miles north-northwest of Warren Petroleum Company's Saunders Gas Plant.

CASE 10363: (Continued from August 22, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard 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 drilling said well. Said well is located approximately 8 miles west-southwest of Seven Rivers, New Mexico.

CASE 10372: (Continued from August 22, 1991, Examiner Hearing.)

Application of Parker & Parsley Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 equivalent of Section 33, Township 31 North, Range 4 West, forming a standard 320-acre, more or less, spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes only the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 33. 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 15 miles west-southwest of Dulce, New Mexico.

CASE 10374: (Continued from August 22, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1 and 2, NE/4, and E/2 NW/4 (N/2 equivalent) of Section 7, Township 24 South, Range 29 East, forming a 319.36-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Malaga-Atoka Gas Pool, Undesignated Malaga-Morrow Gas Pool, and Undesignated Cedar Canyon-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard 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 drilling said well. Said unit is located approximately 3 miles east-northeast of Malaga, New Mexico.

CASE 10352: (Continued from August 22, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 36, Township 20 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Palmillo Draw-Strawn Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NW/4 SW/4 of said Section 36. 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 12 miles southwest of Loco Hills, New Mexico.

CASE 10353: (Continued from August 22, 1991, Examiner Hearing.)

Application of Collins & Ware, 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 the base of the Morrow formation underlying the W/2 of Section 20, Township 22 South, Range 33 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated East Red Tank-Atoka Gas Pool and Undesignated Bootleg Ridge-Morrow Gas Pool. Said unit is to 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 drilling said well. Said unit is located approximately 11.25 miles northeast by north of the Lea/Eddy County line on State Highway No. 128.