

*case file*

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

IN THE MATTER OF THE APPLICATION OF  
SOUTHWEST ROYALTIES, INC., FOR  
COMPULSORY POOLING, EDDY COUNTY,

CASE NO. 10471 (Reopened)

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Southwest Royalties, Inc.

**APPEARANCE OF PARTIES**

**APPLICANT**

Southwest Royalties, Inc.  
P.O. Box 11390  
Midland, Texas 79702-8390

**ATTORNEY**

Paul A. Cooter  
Rodey, Dickason, Sloan, Akin & Robb, P.A.  
Post Office Box 1357  
Santa Fe, New Mexico 87504-1357  
Tel. 505/984-0100

**STATEMENT OF THE CASE**

**APPLICANT**

By its Order No. R-9673 dated May 6, 1992, the Director of the Oil Conservation Division entered the Order of this Division providing, in part, that:

1) all mineral interests, whatever they may be, from the surface to the base of the Canyon Formation underlying the NE $\frac{1}{4}$  of Section 17, Township 19 South, Range 25 East NMPM, Eddy County, New Mexico were pooled to form a standard 160 acre spacing and proration unit for any and all formations and/or pools developed on 160 acre spacing within said vertical extent, which included, but not necessarily limited to the North Dagger Draw-Upper Pennsylvania Pool,

2) the unit was dedicated to a well to be drilled at a standard location within the SW $\frac{1}{4}$ NE $\frac{1}{4}$  (Unit G) of said Section 17, and

3) Applicant was designated operator of the subject well and unit, which well was to be commenced on or before August 1, 1992 and thereafter drilled with due diligence to a depth sufficient to test the Canyon Formation.

Subsequent to the entry of that Order, Applicant changed the location of that well from the SW $\frac{1}{4}$ NE $\frac{1}{4}$  (Unit G) of said Section 17 to a standard location within the NW $\frac{1}{4}$ NE $\frac{1}{4}$  (Unit B) of said Section 17. Applicant's Application for Permit to Drill, Deepen, or Plug

Back (Form C-101) at that changed location was duly filed with the appropriate office of this Division, and approved by the Division on July 16, 1992. A copy of that Application, so approved by this Division, was attached to the Application hereto filed in this case, marked Exhibit "A".

Applicant timely commenced the drilling of that well at its approved location on or before August 1, 1992, the time provided for in Order No. R-9673 and thereafter drilled the same to test the Canyon Formation. The casing has now been set in that well, and the well is awaiting completion.

Objection has been made to that change by Conoco, Inc.

### **PROPOSED EVIDENCE**

#### **APPLICANT**


WITNESSES	EST. TIME	EXHIBITS
Jon Tate	10 minutes	(1) Application for Permit to Drill, Deepen or Plug Back (Form C-101)
Richard Masterson	15 minutes	None known at this time

### **PROCEDURAL MATTERS**

None known at this time.

Respectfully submitted:

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.

By: 

Paul A. Cooter  
Post Office Box 1357  
Santa Fe, New Mexico 87504-1357  
Telephone: (505) 984-0100

Applicant's Attorneys of Record

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. 10471

APPLICATION OF SOUTHWEST  
ROYALTIES, INC. FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO

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OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CONOCO, INC.  
as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Southwest Royalties, Inc.

ATTORNEY

Paul Cooter  
The Modrall Law Firm  
P.O. Box 1357  
Santa Fe, NM 87504

OPPOSITION OR OTHER PARTY

Conoco, Inc.  
P.O. Box 4783  
Houston, TX 77210  
ATTN: Lisa B. Brown

ATTORNEY

W. Thomas Kellahin  
KELLAHIN, KELLAHIN & AUBREY  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

Yates Petroleum Company

William F. Carr  
CAMPBELL, CARR, BERGE ET AL  
P.O. Box 2208  
Santa Fe, NM 87504

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Case No. 10471  
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STATEMENT OF CASE

APPLICANT

SEE APPLICANT FILING

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OIL CONSERVATION DIVISION

OPPOSITION OR OTHER PARTY

In order to protect its rights to a DeNovo Hearing, Conoco, Inc. enters its appearance in this matter as one of the parties whose interests the applicant seeks to pool.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
SEE APPLICANT FILING		

OPPOSITION OR OTHER PARTY

WITNESSES	EST. TIME	EXHIBITS
NONE AT THIS TIME.		

Pre-Hearing Statement  
Case No. 10471  
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PROPERTY DIVISION

**PROCEDURAL MATTERS**

Conoco, Inc. is informed and believes that Yates Petroleum Company may claim an interest in this proceeding which is in opposition to the interests of Conoco, Inc. Conoco, Inc. will move that Yates has no standing to participate. The issue between Conoco and Yates is in District Court litigation and involves a contract matter over which this division has no jurisdiction.

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin

P.O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

ATTORNEYS FOR OTHER PARTY-  
CONOCO, INC.

BEFORE THE OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF SOUTHWEST ROYALTIES, INC., FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. 10471

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OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

This prehearing statement is submitted by Yates Petroleum Corporation as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

ATTORNEY

Southwest Royalties, Inc.

Paul A. Cooter  
Rodey, Dickason, Sloan, Akin  
& Robb, P.A.  
P. O. Box 1357  
Santa Fe, NM 87504-1357

OPPOSITION OR OTHER PARTY

ATTORNEY

Yates Petroleum Corporation  
105 S. Fourth Street  
Artesia, NM 88210

Ernest L. Carroll  
Losee, Carson, Haas  
& Carroll, P. A.  
P. O. Drawer 239  
Artesia, NM 88211-0239

STATEMENT OF CASE

APPLICANT

See Pre-hearing Statement of Southwest Royalties, Inc.

OPPOSITION

Yates Petroleum Corporation's only interest in this matter is by virtue of its claim for back in after payout, which is the subject of a lawsuit entitled "Yates Petroleum Corporation, et al. v. Conoco, Inc." No. CV-91-305-W filed in the Eddy County District Court of New Mexico. Yates does intends to enter an appearance at the hearing of this matter and make a brief statement; it will not present any witnesses or evidence.

PROPOSED EVIDENCE


APPLICANT

See Pre-hearing Statement of Southwest Royalties, Inc.

OPPOSITION

See Statement of Case, Opposition.

YATES PETROLEUM CORPORATION

By:   
Ernest L. Carroll  
LOSEE, CARSON, HAAS & CARROLL, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88211-0239  
(505) 746-3505

Attorneys for Yates Petroleum Corp.

I hereby certify that I caused to be  
mailed a true and correct copy of the  
foregoing to all counsel of record  
this April 28, 1992.

  
Ernest L. Carroll

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

IN THE MATTER OF THE APPLICATION OF  
SOUTHWEST ROYALTIES, INC., FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

CASE NO. 10471

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Southwest Royalties, Inc. as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Southwest Royalties, Inc.  
407 North Big Spring  
Midland, Texas 79701-4326  
  
Post Office Box 11390  
Midland, Texas 79702-8390

**ATTORNEY**

Paul A. Cooter  
Rodey, Dickason, Sloan, Akin & Robb, P.A.  
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(505) 984-0100

**STATEMENT OF THE CASE**

Applicant owns or represents 12.5% of the working interest in and under the NE¼ Section 17, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico and seeks an order pooling all of the mineral interests from the surface to the base of the Upper Pennsylvanian Formation, North Dagger Draw - Upper Pennsylvanian Pool, a depth of approximately 8,000 feet. Applicant has sought and has been unable to obtain voluntary agreement for the development of this acreage from Conoco, Inc. (whose interests are questioned by Yates Petroleum Corporation, a New Mexico corporation, Yates Drilling Company, a New Mexico corporation, Frank Yates, Jr., S.P. Yates and Peyton Yates, personal representatives of the Estate of Martin Yates, III, deceased, Frank Yates, Jr., S.P. Yates and B.W. Harper, personal representatives of the Estate of Lillie M. Yates, deceased, John A. Yates and Peggy A. Yates, his wife), Scarlett Nunes, Christopher M. W. Horton and Albert P. Nicklaus.

In addition to pooling, Applicant requests appropriate provisions to recover its costs of (i) drilling, equipping and completing the well and (ii) supervision while drilling and after



completion, including overhead charges, and (iii) imposing a risk factor for the risk assumed by Applicant in drilling, completing and equipping the well.

### PROPOSED EVIDENCE


WITNESSES	EST. TIME	EXHIBITS
Jon T. Tate, Land Manager	10 minutes	(1) Land map, (2) Schedule of the acreage holdings in the proposed spacing unit, (3) an AFE for the well, (4) an Affidavit of mailing to those working interest owners, heretofore named, giving them notice of the hearing date,
Richard Masterson, Geologist	15 minutes	(5) Structure map, (6) Cross Section of the wells offsetting the (proposed) well, and (7) Production plat.

### PROCEDURAL MATTERS

None.

Respectfully submitted:

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.



By: \_\_\_\_\_

Paul A. Cooter  
Post Office Box 1357  
Santa Fe, New Mexico 87504-1357  
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## 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)

FACSIMILE COVER SHEET

DATE: September 14, 1992

NUMBER OF PAGES: 4  
(including cover sheet)

TIME:

TO: William J. LeMay

FROM: W. Thomas Kellahin

OF: Oil Conservation Division

## SPECIAL INSTRUCTIONS:

FAX NO.: 827-5741

\_\_\_\_\_ URGENT

RE: NMOCD Cases 10560 and

\_\_\_\_\_ FOR YOUR INFORMATION

10471 (Reopened)

\_\_\_\_\_ FOR YOUR REVIEW

\_\_\_\_\_ PLEASE REPLY

\_\_\_\_\_ FOR YOUR APPROVAL

\_\_\_\_\_ PER YOUR REQUEST

MESSAGE: Our Pre-Hearing Statements for the above cases on  
behalf of Conoco, Inc. follows. The original and  
two copies will follow by mail.

A HARD COPY \_\_\_\_\_ WILL \_\_\_\_\_ WILL NOT FOLLOW BY U.S. MAIL.

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

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

APPLICATION OF CONOCO INC. FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

CASE NO. 10560

APPLICATION OF SOUTHWEST ROYALTIES,  
INC. FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.

CASE NO. 10471

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CONOCO INC.  
as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

CONOCO INC.  
10 Desta Drive West  
Midland, TX 79702  
ATTN: Jerry Hoover

ATTORNEY

W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

OPPOSITION OR OTHER PARTY

Southwest Royalties, Inc.  
407 North Big Spring  
Midland, Texas 79701  
Attn: Mr. Jon Tate

ATTORNEY

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Santa Fe, New Mexico 87501  
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Pre-Hearing Statement  
Case No. 10560 and 10471 (Reopened)  
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#### STATEMENT OF CASE

##### APPLICANT

On May 6, 1992, the Division issued Order R-9673 which pooled Conoco's interest in the NE/4 of Section 17 for the drilling of a well specifically ordered to be drilled in the SW/4NE/4 of Section 17.

On July 17, 1992, in violation of Order R-9673 and without notice to Conoco, Inc, Southwest Royalties commenced the well in the wrong quarter-quarter section, the NW/4NE/4 of Section 17.

On August 17, 1992, the Division Director issued its decision advising Southwest Royalties that Order R-9673 was void.

On August 13, 1992, Conoco, Inc. proposed to Southwest Royalties that Conoco be designated as operator of the well, that Conoco participate in the well and pay its share of reasonable actual costs of the well.

Southwest Royalties has refused to enter into voluntarily discussions with Conoco concerning the well located in the NW/4NE/4 of Section 17.

Southwest Royalties filed its application in Case 10471 (reopened) prior to making any effort to reach a voluntarily agreement with Conoco concerning the well now located in the NW/4NE/4 of Section 17.

Conoco has been unable to reach voluntary agreement and now seeks a compulsory pooling order.

##### OPPOSITION OR OTHER PARTY

SEE OPPOSITION FILING

Pre-Hearing Statement  
Case No. 10560 and 10471 (Reopened)  
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### PROPOSED EVIDENCE

#### APPLICANT

WITNESSES	EST. TIME	EXHIBITS
David Scott Landman	30-45 min.	Approx. 17
Bill Hardie Geologist	45 min.	Approx. 4
Brian Ary Petroleum Engineer	45 min.	Approx. 9

#### OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
SEE OPPOSITION FILING		

### PROCEDURAL MATTERS

None at this time.

KELLAHIN and KELLAHIN

By: 

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