

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



November 5, 1993

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Ms. Mary Lou Drywater
Minerals Leasing Section
Bureau of Indian Affairs
Navajo Area Office
P. O. Box 1060
Gallup, New Mexico 87305-1060

Case 10615

Re: Division Order R-9811

Dear Ms. Drywater:

The Division has received the Bureau's letter requesting withdrawal of Order R-9811 which order pooled interest in the NW/4 of Section 5, Township 25 North, Range 11 West, San Juan County, New Mexico, which are Navajo Allotted lands.

Pursuant to the terms of that order, should all parties reach agreement the order is of no effect. Since Pro New Mexico has acquired the lease on the above-described lands presumably they have placed it into the affected proration unit by agreement and therefore this provision of the order is controlling and the order would be of no further affect.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY,
Director

WJL/RGS/dr

cc: Pro New Mexico
Gallegos Law Firm
141 E. Palace
Santa Fe, New Mexico 87501



United States Department of the Interior



GENERAL INVESTIGATION DIVISION

BUREAU OF INDIAN AFFAIRS

NAVAJO AREA OFFICE

P.O. BOX 1060

GALLUP, NEW MEXICO 87305-1060

IN REPLY REFER TO:

ARES/543

OCT 08 1993

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

*Case 10615
Patanach*

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Gentlemen:

On December 18, 1992, the Division Director issued compulsory pooling Order No. R-9811, Oil Conservation Division Case No. 1061, which included the NW/4 Section 5, Township 25 North, Range 11 West, San Juan County, New Mexico, Navajo Allotted land.

Although, the Bureau of Indian Affairs does not believe that the Division had proper jurisdiction to issue the order, it is no longer necessary to argue the point. Effective September 15, 1993, the Bureau of Indian Affairs approved an Oil and Gas Mining Lease between the original Allottee, Rena Etcitty, and Pro New Mexico, Inc., on the above described land. Therefore, we are requesting that the Order No. R-9811 be withdrawn.

If you should have any further questions, please contact Ms. Mary Lou Drywater, Section Chief for the Minerals Leasing Section at (602) 871-5151, Extension 5338.

Sincerely,

ACTING Area Director

PRO NEW MEXICO INC.

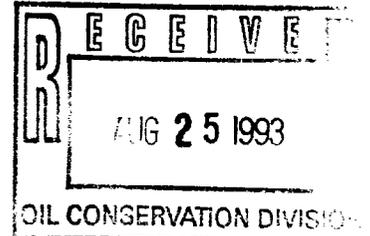
OIL & GAS PRODUCTION AND PROPERTIES

(505) 988-4171 • FAX (505) 988-4548 • 141 E. Palace Ave. • Santa Fe, NM 87501

*CAPE FILE
10615
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DL*

DELIVERED BY HAND

August 25, 1993



William J. LeMay
Chairman and Director
Oil Conservation Division
State of New Mexico
Energy, Minerals and Natural Resources Dept.
310 Old Santa Fe Trail
Santa Fe, NM 87504

Re: Case No. 10615 - Order No. R-9811
Application of Pro New Mexico, Inc. for a Non-Standard Gas Proration
Unit or, In the Alternative, for Compulsory Pooling,
San Juan County, NM

Dear Mr LeMay:

In accordance with ordering paragraph (14) of Order No. R-9811 pooling the mineral interests underlying the W/2 Sec. 5, T25N, R11W, this letter is to advise you that on August 12, 1993 Pro New Mexico, Inc. entered into an oil and gas mining lease with Rena F. Etcitty, allottee of the Navajo-allotted lease consisting of Lots 3, 4, S/2NW/4, Section 5, T25N, R11W, San Juan County, New Mexico.

Ordering paragraph (13) states: "Should all the parties to this forced pooling order reach voluntary agreement subsequent to the entry of this order, this order shall thereafter be of no further effect." It is our understanding that execution of the lease between Pro New Mexico, Inc. and Ms. Etcitty constitutes agreement of the parties, and that the order is, in effect, lifted by that action.

If the Division requires additional documentation, or if our understanding concerning the Order is incorrect, please let me know.

Very truly yours,

PRO NEW MEXICO, INC.

By

Jolene Dicks

Jolene Dicks

Contract Representative

cc: Mary Lou Drywater, Bureau of Indian Affairs

PRO NEW
MEXICO
INC.

OIL & GAS PRODUCTION AND PROPERTIES

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*not
file*

Case 10615

February 15, 1993

Edwin Winstead, Esq.
Regional Solicitor's Office
U.S. Department of the Interior
6100 Uptown Blvd., NE
Albuquerque, NM 87110

Re: Gracia Navajo 5-K No. 2 Well
Section 5: W/2, T25N, R11W
San Juan County, New Mexico
NM Oil Conservation Division Order No. R-9811

Dear Mr. Winstead:

You telephoned our office in late December and spoke with me concerning the Department of Interior/BIA's position concerning the Oil Conservation Division's Order No. R-9811 pooling the mineral interests in the Basin-Fruitland Coal Gas Pool underlying the above-referenced acreage. You informed me that it was the BIA's position that the State of New Mexico had no jurisdiction over the BIA and that you were considering what action, if any, the BIA would take.

You further informed me that Ms. Mary Lou Drywater, of the Navajo Area Office - Real Property Management was investigating the matter, among other things, the possibility of leasing the Navajo allottees' tract (NW/4 of Section 5) to Pro New Mexico through private negotiations.

As we have not heard from you in some time, we are vitally concerned as to the BIA's position relating to the matter of compulsory pooling. Pro New Mexico would still be pleased, as stated in our earlier correspondence to Ms. Drywater, to attempt to negotiate a lease on the NW/4 of Section 5. Please advise us promptly about lease negotiations proceeding, or whether the BIA accepts the OCD Order or what action you intend to take with regard to this tract.

The Gracia Navajo 5-K No. 2 well has been drilled and is pending completion. A copy of our drilling report is enclosed for your information. We hesitate to go forward with the cloud of a legal challenge from the BIA hanging in the air.

Edwin Winstead, Esq.
Page 2
February 15, 1993

Thank you for your immediate attention and assistance in this matter.
If I can provide any information concerning the subject acreage or well, please call.

Very truly yours,

PRO NEW MEXICO, INC.

By 
Jolene Dicks
Contract Representative

Enclosure

cc: Bob Stovall, Esq.
New Mexico Oil Conservation Division

PRO New Mexico
Gracia Navajo 5K #2
SW/4 - Section 5, T35N, R11W
San Juan County, New Mexico

12-30-92

Current Operation - WOC

Daily Summary - MI Sidewinder Drilling on 12-29-92. RU and spud 8 3/4" hole at 9:00 pm on 12-29-92. Deviation at 140' - 1/4 degree. Ran 3 jts. 7", 23 ppf, J-55, LT&C casing. Casing set at 139.15' KB. Cement: nose guide shoe + 1-7" centralizer set on bottom joint. Cemented with 65 sxs Class B + 2% CaCl₂ + 1/4#/SK flocele. Displaced with 5 BBLs fresh water. All rates 2 BPM and 50 psi. Good circulation throughout job. Circulated 5 BBLs good cement to surface. Plug down to 119.15' KB @ 2:45 am on 12-30-92. WOC.

Daily Well Cost - \$11,962.75
Estimated Cumulative Cost - \$11,962.75

12-31-92

Current Operation - Drilling

Daily Summary - NU casing head & BOPE. Test BOP and shoe to 600 psi for 30 minutes at 11:00 am on 12/30/92. Test OK. Drill cement at 120' KB and formation from 139' KB to 1175' KB. Deviations at 760' - 1/2 degree.

Daily Well Cost - \$8,906.00
Estimated Cumulative Cost - \$20,868.75

1-1-93

Current Operation - Wait on Completion

Daily Summary - Drill formation from 1175' KB to 1375' KB (TD). Deviation at 1375' - 3/4 degree. Short trip 6 stds. 3' of fill. TOOH, stand back DP & DC. RU loggers. Run compensated neutron - density log. TIH to condition for casing. TOOH, LD DP & DC. RU casers, X-out ram blocks, install 4 1/2" csg. rams. Run 1348.23' 4 1/2" 10.5 ppf casing. RU Halliburton. Circ hole w/ mud bottoms up. No fill. Cement production casing w/ 125 sxs (42 bbls.) 65/35/6 + 2% CaCl₂ + 1/4#/sx flocele and 65 sxs (14 bbls.) Cl B + 2% CaCl₂. Displace w/ 20.7 bbls. fresh water. All rates 3 BPM, 200 psig. Plug down to 1303.88' @ 4:45 pm, 12-31-92. Bump @ 1000 psig. Float held OK. Good circulation throughout job. Circulated 10 bbls. good cement to surface. Set slips & cut-off @ 5:30 pm, 12-31-92, rig released. Temporary plate welded to csg. to secure wellbore. Will install bell nipple and tubing head on 1-2-93. Completion pending.

Daily Well Cost - \$12,650.00
Estimated Cumulative Cost - \$33,518.75 *Costs for 1/2/93 included

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

December 13, 1992

GALLEGOS LAW FIRM
Attorneys at Law
141 East Palace
Santa Fe, New Mexico 87501

RE: CASE NO. 10615
ORDER NO. R-9811

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script that reads "Sally E. Leichtle".

Sally E. Leichtle
Administrative Secretary

cc: BLM Farmington Office
BIA
OCD Aztec Office
Steve Keene



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
NAVAJO AREA OFFICE

P. O. Box 1060
Gallup, New Mexico 87305-1060

TAKE
PRIDE IN
AMERICA
1992 DEC 14 AM 10 16

IN REPLY
REFER TO:

ARPM/Minerals

DEC 08 1992

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Gentlemen:

We are in receipt of a Pre-Hearing Statement, Case No. 10615, in connection with compulsory pooling of all mineral interest in and under the W/2 Section 5, Township 25 North, Range 11 West, San Juan County, New Mexico.

This is to advise your office that we are in objection to this action. This property is allotted Navajo land and is under the jurisdiction of the Bureau of Indian Affairs and the State of New Mexico does not have any authority in this situation.

Sincerely,

Acting Assistant Area Director