

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87304-2265

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)

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

December 14, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Application of Sea Coast, Inc.
for Compulsory Pooling
San Juan County, New Mexico
Shiotani Federal #500 Well
NMOCD Case 10625

Dear Mr. LeMay:

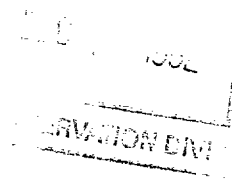
On behalf of Sea Coast Inc. represented by Mr. William. F. Carr, Esq. (Campbell, Carr, Berge & Sheridan), and Meridian Oil Inc. represented by myself, please find enclosed a First Amended Application for compulsory pooling.

We request that Case 10625, currently on the docket for December 17, 1992, be continued and readvertised for the January 7, 1993 Examiner's docket in accordance with the enclosed notification and this amended application.

The amended application substitutes Meridian Oil Inc. as the operator and revises the drilling and completing program and the costs involved for the well.

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine

Mr. William J. LeMay
December 14, 1992
Page Two



witnesses either in support of or in opposition to the application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl
Enclosure

cc: William F. Carr, Esq. (Sea Coast, Inc.)
Alan Alexander (Meridian Oil Inc.-Farmington)

BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

All parties listed in Exhibit A of the Application

PROPOSED NOTIFICATION FOR DOCKET

CASE 10625: (Continued and readvertised from
December 3, 1992, Examiner Hearing)

Application of Sea Coast, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interest from the surface to the base of the Fruitland Coal formation underlying the E/2 (equivalent) of Section 8, Township 29 North, Range 12 West, forming a standard 322.86 acre gas spacing unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not limited to the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location in Section 8. Applicant requests that Meridian Oil Inc. be designated as operator. Also to be considered will be the costs of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision and the charge for risk involved in drilling said well. Said area is located on the east end of Farmington, New Mexico.

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

IN THE MATTER OF THE APPLICATION
OF SEA COAST, INC. FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 10625

F I R S T A M E N D E D
A P P L I C A T I O N

Comes now SEA COAST INC., by its attorney, William F. Carr, Esq. (Campbell, Carr, Berge & Sheridan) and joined herein by MERIDIAN OIL INC. by its attorney, W. Thomas Kellahin, Esq. (Kellahin and Kellahin) and in accordance with Section 70-2-17(c) NMSA (1978) hereby amends its previous application in this case and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the E/2 (equivalent) of Section 8, T29N, R12W, NMPM, San Juan County, New Mexico, forming a standard 322.86-acre spacing and proration unit for any and all formations and/or pools developed on 322.86-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Basin Fruitland Coal Gas Pool.

Said unit is to be dedicated to Meridian Oil Inc.'s Shiotani Federal #500 Well to be drilled and completed at a standard location within the E/2 of said Section 8. Applicant further proposes that Meridian Oil Inc. be designated the operator and in support states:

1. Applicant, Sea Coast, Inc. has a working interest ownership in the oil and gas minerals underlying the E/2 of Section 8, T29N, R12W, NMPM, San Juan County, New Mexico.

2. Based upon information and belief, the working interest ownership in the oil & gas minerals underlying the E/2 of Section 8 is believed by the Applicant to as described in Exhibit A, attached hereto.

3. Applicant originally proposed that a well be drilled and located within a standard drilling window in the E/2 of Section 8 to a depth sufficient to test the Basin Fruitland Coal Gas Pool. See Exhibit B, attached hereto.

4. Applicant has proposed the subject well to all parties but, as of the date of this Application, has not be able to obtain a voluntary agreement from all those parties.

WHEREFORE, Sea Coast, Inc., as Applicant, requests that Case 10625 be continued and readvertised in accordance with this First Amended Application and this matter be set for hearing on January 7, 1993 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 in this spacing unit for the drilling of the subject well upon terms and conditions which includes that:

- (1) Meridian Oil Inc. be designated as operator;
- (2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty to be determined by the Division;
- (4) The adoption of COPAS accounting procedures to apply to this well and its spacing unit;
- (5) The adoption of appropriate provisions set forth in the A.A.P.L. Form 610 Joint Operating Agreement; and

5. Applicant has filed its Application in this matter with the New Mexico Oil Conservation Division as Case 10625 and was docketed for hearing on December 3, 1993.

6. Thereafter, Applicant and Meridian Oil Inc. discussed and agreed to revise the well program and designate Meridian Oil Inc. as operator.

7. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Sea Coast, Inc. and Meridian Oil Inc. need an order of the Division pooling the mineral interests involved in order to protect correlative rights and prevent waste.

8. Pursuant to the Division's notice requirements, Meridian has notified those parties identified in Exhibit A of this application for compulsory pooling and the Applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for January 7, 1993.

(6) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

CAMPBELL, CARR, BERG & SHERIDAN

By: 

WILLIAM F. CARR

P. O. Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421
Attorneys for Sea Coast, Inc.

KELLAHIN & KELLAHIN

By: 

W. THOMAS KELLAHIN

P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
Attorneys for Meridian Oil Inc.

EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated December 3, 1992, between Meridian Oil Inc., as Operator, and Non-Operators.

I. **LANDS SUBJECT TO OPERATING AGREEMENT:**

Township 29 North, Range 12 West

Section 8: W/2, E/2

II. **RESTRICTIONS, IF ANY, AS TO DEPTHS OR FORMATIONS:**

Limited in depth from the surface to the base of the Pictured Cliffs formation.

III. **ADDRESSES AND PERCENTAGES OR FRACTIONAL INTERESTS OF PARTIES TO THIS AGREEMENT:**

FRUITLAND COAL FORMATION (W/2, E/2)
AND
PICTURED CLIFFS FORMATION (SW/4, NE/4)

Meridian Oil Inc. c/o Land Department P.O. Box 4289 Farmington, New Mexico 87499-4289	OPERATOR
--	-----------------

WORKING INTEREST OWNERS

El Paso Production Company c/o Meridian Oil Inc. Attn: Van Goebel P.O. Box 4289 Farmington, New Mexico 87499-4289 505-326-9759	56.25%
---	--------

SeaCoast, Inc. Attn: Michael W. Briggs P.O. Box 50418 Amarillo, Texas 79159-0418 806-354-0145	25.00%
---	--------

Mr. Frederick Eugene Turner One Energy Square, #852 4925 Greenville Avenue Dallas, Texas 75206-4079 214-361-7010	1.1875%
--	---------

Mr. John Lee Turner 5801 Branding Green Plano, Texas 75093 214-248-9077	1.1875%
--	---------

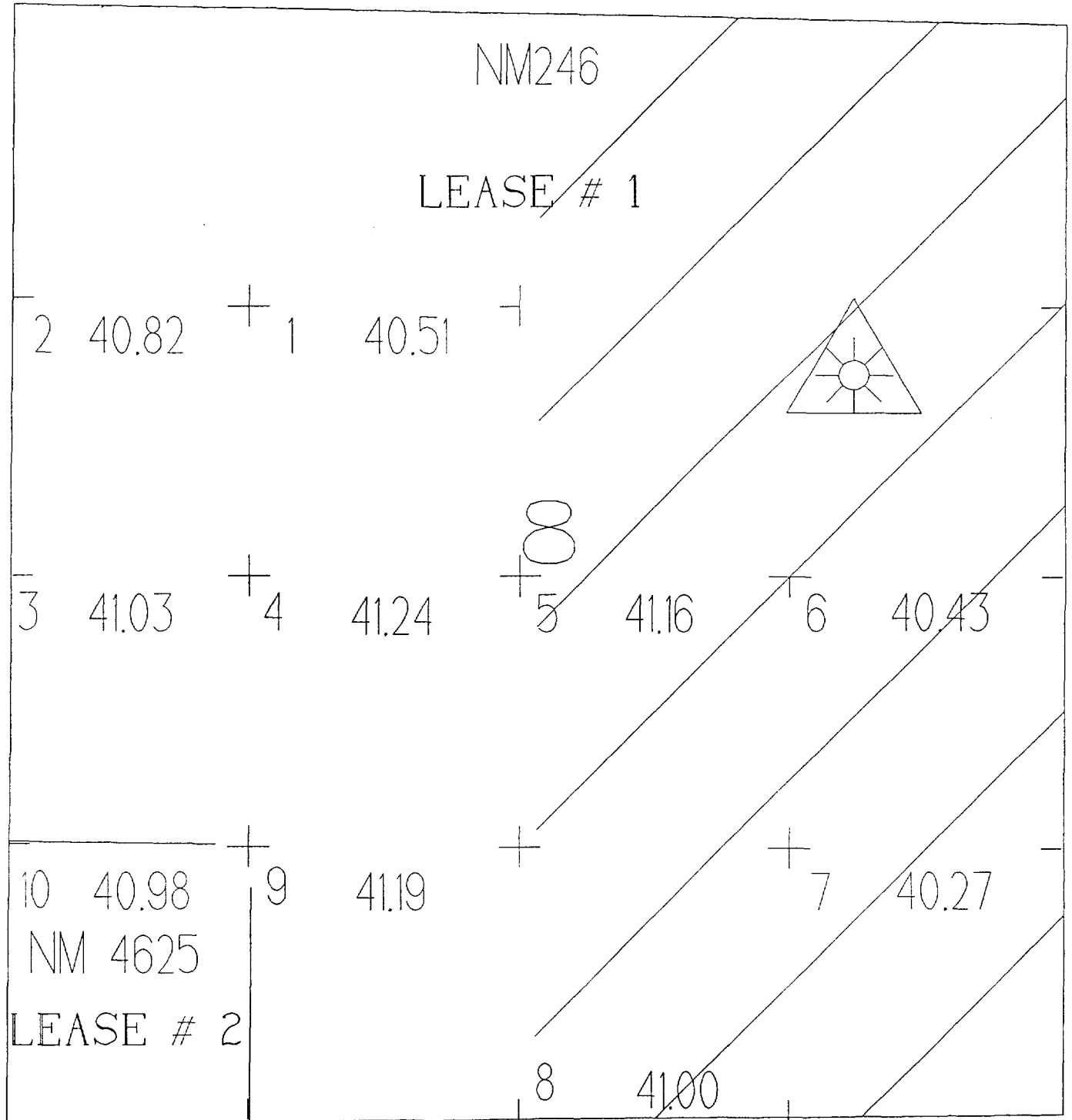
Ms. Elizabeth Jeanne Turner Calloway 4801 St. Johns Dallas, Texas 75205 214-969-7422	1.1875%
---	---------

Mr. James Glenn Turner, Jr. 3131 Turtle Creek Blvd., Suite 1201 Dallas, Texas 75219 214-521-2800	1.1875%
---	---------

EXHIBIT "A" CONTINUED

Mary Frances Turner Trust Attn: Iris Gleiser 1201 Elm Street, 31st Floor Dallas, Texas 75270 214-712-3460	1.1875%
Mr. William Webb 1525 Elm Street, 2nd Floor Dallas, Texas 75201 214-954-0989	0.3125%
Mr. Frank A. Shultz Attn: Aaron L. Colvin Lincoln Plaza Suite 2160 LB-1 500 North Akard Dallas, Texas 75201-3318 214-954-0030	6.2500%
C. W. Merchison Estate-Trust Attn: R. J. Smith 2626 Cole Avenue, Suite 603 Dallas, Texas 75204 214-526-0511	<u>6.2500%</u>
TOTAL	100.00%

SHIOTANI FEDERAL # 500
1700'FNL,1055'FEL
SECTION 8-29N-12W
SAN JUAN CO. NEW MEXICO
T29N,R12W



CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE

SUITE 1 - 110 NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 983-6043

November 12, 1992

HAND-DELIVERED

RECEIVED

NOV 12 1992

OIL CONSERVATION DIVISION

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Case 10624

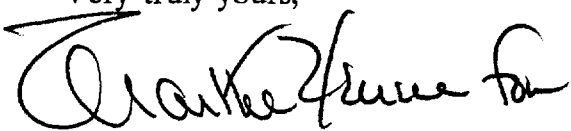
Re: Applications of Sea Coast, Inc. for Compulsory Pooling, San Juan County,
New Mexico

Dear Mr. LeMay:

Enclosed in triplicate are four applications for Sea Coast, Inc. for compulsory pooling, San Juan County, New Mexico. Sea Coast requests that these cases be included on the docket for the December 3, 1992 Examiner hearings.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR SEA COAST, INC.

WFC:mlh

Enclosures

cc w/enclosures: Mr. Mike Briggs

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

IN THE MATTER OF THE APPLICATION
OF SEA COAST, INC. FOR
COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

RECEIVED

NOV 12 1992

CASE NO. 10625

OIL CONSERVATION DIVISION

APPLICATION

SEA COAST, INC., by its undersigned attorneys, pursuant to the provisions of N.M.Stat. Ann. § 70-2-17 (1978), hereby makes application for an order pooling all of the mineral interests in the E/2 of Section 8, for all formations developed on 320-acre spacing and in the NE/4 of Section 8 for all formations developed on 160-acre spacing in Township 29 North, Range 12 West, N.M.P.M., San Juan County, New Mexico, from the surface to the base of the Pictured Cliffs formation, and in support thereof would show the Division:

1. Applicant owns or represents 25% of the working interest in and under the E/2 of Section 8, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at a standard location in the NE/4 of Section 8 to a depth sufficient to test the Fruitland formation, Basin-Fruitland Coal (Gas) Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs Gas Pool.
3. Applicant has sought and has been unable to obtain either voluntary agreement for pooling or farmout from all other interest owners in the E/2 of said Section

8.

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

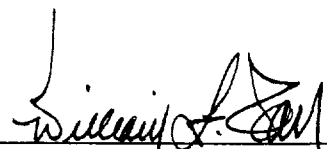
5. Applicant requests that Marlex Resources, Inc. be designated operator of this well and pooled unit.

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

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on December 3, 1992, and, 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, equipping and completing 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 in drilling, completing and equipping the well, and making such other and further provisions as may be proper.

Respectfully submitted,

CAMPBELL, CARR, BERGE &
SHERIDAN, P.A.

By: 

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR SEA COAST, INC.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 10, 1992

F/2 - 8-29N-12W

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

NOV 10 1992

OIL CONSERVATION DIVISION

Case 10625

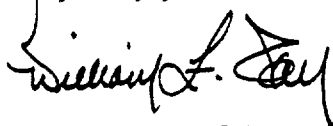
Re: Applications of Sea Coast, Inc. for Compulsory Pooling, San Juan County,
New Mexico

Dear Mr. LeMay:

Enclosed are legal advertisements for four applications of Sea Coast, Inc. for compulsory pooling, San Juan County, New Mexico. Sea Coast requests that these cases be included on the docket for the December 3, 1992 Examiner hearings.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR SEA COAST, INC.

WFC:mlh

Enclosures

cc w/enclosures: Robert G. Stovall, Esq.
General Counsel

CASE _____: Application of Sea Coast, Inc., for Compulsory Pooling, San Juan 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 in the E/2 of Section 8, for all formations developed on 320-acre spacing and in the NE/4 of Section 8 for all formations developed on 160-acre spacing in Township 29 North, Range 12 West, N.M.P.M., San Juan County, New Mexico. Said unit is to be dedicated to a well at a standard location in the NE/4 of said Section 8 to be drilled to a depth sufficient to test the Fruitland formation, Basin-Fruitland Coal (Gas) Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs Gas Pool. Also to be considered will be the cost of drilling and completing said well, and the allocation of the costs thereof as well as actual operating costs and charges for supervision, and a charge for risk involved in drilling said well. Applicant will request that Marlex Resources, Inc. be designated operator of this well. Said unit is located approximately ____ miles east of Farmington, New Mexico.