

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

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

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)

November 2, 1993

HAND DELIVERED

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: Application of James C. Brown, Trustee
and Bayshore Production Company to
Vacate and Void NMOCD Administrative
Orders NSP-1633(L) and NSP-1632(L)(SD),
Lea County, New Mexico

10882

Dear Mr. LeMay:

On behalf of James C. Brown, Trustee, and Bayshore Production Company, please find enclosed our application to vacate and void the two referenced administrative orders which we request be set for hearing on the next available Examiner's docket now scheduled for December 2, 1993. Also enclosed is our proposed advertisement to be used for the OCD docket.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that:

(1) 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 and

(2) advising that failure to appear at the time of the hearing and become a party of record will preclude them from challenging this application at a later date.

Oil Conservation Division
November 2, 1993
Page 2.

In accordance with Division Memorandum 2-90, parties who may appear in this case are hereby requested to file a Pre-Hearing Statement with the Division, copy to Applicant, not later than 4:00 PM on Friday, November 26, 1993.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', is written over the typed name. The signature is stylized with a large initial 'W' and a long, sweeping horizontal stroke.

W. Thomas Kellahin

cc: James Bruce, Esq.
cc: James C. Brown

cc: **CERTIFIED MAIL:**
All parties shown in application

Proposed notification/advertisement for OCD docket

Case 10882: Application of James C. Brown, Trustee, and Bayshore Production Co., Limited Partnership, to vacate and void Division Administrative Orders NSP-1632(L)(SD) and NSP-1633(L), Lea County, New Mexico. Applicants seek approval of an order from the Division vacating and voiding Administrative Order NSP-1633(L) covering the N/2N/2 (equivalent) and Administrative Order NSP-1632(L)(SD) covering S/2N/2 (equivalent) of Section 7, T23, R37E, NMPM, Jalmat Gas Pool. The said units are located approximately 8 miles south-southwest of Eunice, New Mexico.

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

IN THE MATTER OF THE APPLICATION OF
JAMES C. BROWN, TRUSTEE, AND BAYSHORE
PRODUCTION CO., LIMITED PARTNERSHIP, TO
VACATE AND VOID DIVISION ADMINISTRATIVE
ORDERS NSP-1633(L) AND NSP-1633(L)(SD),
LEA COUNTY, NEW MEXICO

CASE: 10882

A P P L I C A T I O N

Comes now JAMES C. BROWN, TRUSTEE, by and through his attorneys, KELLAHIN and KELLAHIN, and BAYSHORE PRODUCTION CO., LIMITED PARTNERSHIP, by and through its attorneys HINKLE, COX, EATON, COFFIELD & HENSLEY, and apply to the New Mexico Oil Conservation Division to vacate and void Division Administrative Orders NSP-1632(L)(SD) and NSP-1633(L), Lea County, New Mexico. Applicants seek an order from the Division vacating and voiding Administrative Order NSP-1633(L) covering the N/2N/2 (equivalent) and Administrative Order NSP-1632(L)(SD) covering S/2N/2 (equivalent) of Section 7, T23, R37E, NMPM, Jalmat Gas Pool.

In support thereof, Applicants state:

1. Applicant, James C. Brown, Trustee, has an oil and gas ownership interest underlying the N/2N/2 of Section 7, T23S, R37E, N.M.P.M, Lea County, New Mexico.

2. Applicant, Bayshore Production Co., Limited Partnership, has an oil and gas ownership interest underlying the N/2N/2 of Section 7, T23S, R37E, N.M.P.M, Lea County, New Mexico.

3. The N/2 of said Section 7 was communitized by a Communitization Agreement dated September 20, 1948

4. On December 27, 1948, Conoco (formerly Continental Oil Company) drilled and on January 19, 1949 completed its Stevens B-7 Com No 1 Well in Unit D of Section 7 as a producing gas well in the Yates and Seven Rivers formations of the Langmat Pool.

8. On December 17, 1953, Conoco filed an acreage dedication plat for its Stevens Unit B-7 No 1 Well dedicating a 160-acre tract consisting of the NW/4 of said Section 7 to production from the Yates and Seven Rivers formations of the Langmat Pool.

5. The Jalmat Gas Pool was created by the Oil Conservation Division effective September 1, 1954 from a consolidated of the Jalco and the Langmat Pools and 640-acre gas spacing and proration units were established.

6. The Jalmat Gas Pool underlying Section 7 now extends from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation.

7. As of September 1, 1989, the Stevens B-7 Com No. 1 Well located in Unit D was still dedicated to a 160-acre spacing and proration unit consisting of the NW/4 of said Section 7 for production from the Jalmat Gas Pool.

8. On September 1, 1989, Doyle Hartman acquired Conoco's interest in the N/2 of Section 7 and became operator of the four existing wells:

- (a) Stevens B-7 Com No 1 Well (Unit D)
- (b) Stevens B-7 Com No 13 Well (Unit E)
- (c) Stevens B-7 Com No 2 Well (Unit G)
- (d) Stevens B-7 Com No 21 Well (Unit H)

9. On March 7, 1991, Hartman recompleted the Steven B-7 Com No 13 Well (Unit E) of said Section 7 into the Jalmat Gas Pool and established production in paying quantities.

10. On May 29, 1991, Hartman filed an administrative application with the New Mexico Oil Conservation Division seeking to terminate the existing 160 acre Jalmat Gas spacing unit consisting of the NW/4 of Section 7 and to substitute two new non-standard proration and spacing units as follows:

- (a) S/2N/2 of Section 7 for the Stevens B-7 Nos 13 and 2 Wells, and
- (b) N/2N/2 of Section 7 for the Stevens B-7 No 1 Well.

11. At the request of Hartman and without prior notice to James C. Brown, Trustee, or to Bayshore Production Co., Limited Partnership, who were working interest owners in the NW/4 of said Section 7, the Division granted Hartman's administrative applications and issued orders as follows:

- (a) Administrative Order NSP-1632(L)(SD) for the S/2N/2 of said Section 7, and
- (b) Administrative Order NSP-1633(L) for the N/2N/2 of said Section 7,

12. That there is no provision under Division Order R-8170, as amended, for the granting of these two administrative applications or for issuing these two administrative orders.

13. That there is no provision under the Division's general statewide rules for the granting of these two administrative applications or for granting these two administrative orders.

14. That these two orders were issued without prior notice to James C. Brown, Trustee and Bayshore Production Co., Limited Partnership, and thereby deny to those parties procedural due process as required by Uhden v. New Mexico Oil Conservation Commission et al, 112 N.M. 528 (1991), and other cases.

15. James C. Brown, Trustee, and Bayshore Production Co., Limited Partnership, have been denied their share of Jalmat Gas Pool production from the Stevens B-7 Com No. 13 Well as a result of state action taken at the request of Doyle Hartman.

16. For some 44 years, the oil and gas interest owners in the N/2NW/4 of said Section 7 shared production from the Stevens B-7 Com No 1 Well with the oil and gas interest owners in the S/2NW/4 of that section.

17. The N/2NW/4 of said Section 7 is being drained by the Hartman operated Stevens B-7 Com No 13 Well, yet those parties are being denied the right to share in that production.

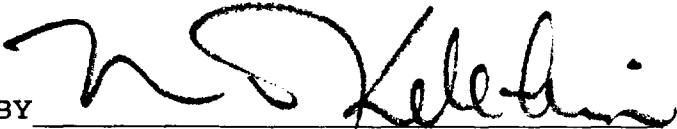
18. That unless these two orders are vacated, the correlative rights of James C. Brown, Trustee and Bayshore Production Co., Limited Partnership, will have been violated.

James C. Brown and
Bayshore Production Company
NMOCD Application
Page 5


19. In accordance with Division Rule 1207, Applicant has notified affected parties, with the names and addresses of those parties set forth on Exhibit A.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
ATTORNEYS FOR JAMES C. BROWN, TRUSTEE

BY 

James Bruce, Esq.
Hinkle, Cox, Eaton, Coffield & Hensley
P. O. Box 2066
Santa Fe, New Mexico 87504
ATTORNEYS FOR BAYSHORE PRODUCTION CO.,
LIMITED PARTNERSHIP

Exhibit "A"

Amerada Hess Corp.
P.O. Box 910834
Dallas, Tx 75391-0834

Bayshore Production Company
5801 N. Broadway, Suite 300
Oklahoma City, Oklahoma 73118

Bayshore Production Co
Limited Partnership
5801 N. Broadway, Suite 300
Oklahoma City, OK 73118-7486

Grace B. Bockman
P.O. Box 716
Roswell, NM 88202

Delta Perkins Boyle Trust
Texas Commerce Bank San Angelo,
Trustee U/w/o Ralph W. Leftwich
P.O. Box 5291
San Angelo, TX 76902-5291

Dorothy Boyle Trust
Texas Commerce Bank San Angelo,
Trustee U/w/o Ralph W. Leftwich
P.O. Box 5291
San Angelo, TX 76902-5291

John O. Boyle, Jr. Trust
Texas Commerce Bank San Angelo,
Trustee W/w/o Ralph W. Leftwich
P.O. Box 5291
San Angelo, TX 76902-5291

Texas Commerce Bank
San Angelo Trust for
Verniece Boyle Trust
P.O. Box 5291
San Angelo, TX 76902

Exhibit "A"

Page 2

James C Brown and William C. Couch,
co-Trustees of Margaret Couch Trust
c/o James C. Brown
P.O. Box 10621
Midland, Texas 79702

James C. Brown and Rufus Gordon "Pete" Clay,
Co-Trustees of Rufus Gordon "Pete" Clay Trust
c/o James C. Brown
P.O. Box 10621
Midland, Texas 79702

James C. Brown, Trustee
P.O. Box 10621
Midland, Texas 79702

Evelyn Clay O'Hara, Individually
3774 W. 6th Street
Ft. Worth, Texas 76107

Evelyn Clay O'Hara Trust
3774 West 6th Street
Ft. Worth, Texas 76107

Clay Trusts 1,2,3, Acct 936A
Amerituust Texas N.A., Trustee
P.O. Box 901004
Ft. Worth, Tx 76101-2004

Rufus Gordon "Pete" Clay Trust
James C. Brown, Successor Co-Trustee
P.O. Box 10621
Midland, Tx 79702-0621

Margaret Clay Couch Trust
James C. Brown, Successor Co-Trustee
P.O. Box 10621
Midland, Tx 79702-0621

Exhibit "A"

Page 3

MTrust Fort Worth N.A.
and Margret B. Clay
co-Trustees of Clay Tr.
1-2-3 A/C No. 936A
P.O. Box 951414
Dallas, TX 75397

Jeanette E. Clift Trust
AmeriTrust Texas, Trustee
Acct. # 4815011406
P.O. Box 3285
Houston, Tx 77253-3285

Jeanette E. Clift Trust
AmeriTrust Texas, Trustee
Acct. # 4815011434
P.O. Box 3285
Houston, Tx 77253-3285

Hubert E. Clift Trust
AmeriTrust Texas, Trustee
Acct. # 4815011415
P.O. Box 3285
Houston, Tx 77253-3285

Jeanette E. Clift Trust
AmeriTrust Texas, Trustee
Acct. # 4815011406
P.O. Box 3285
Houston, Tx 77253-3285

Jeanette E. Clift Trust
AmeriTrust Texas, Trustee
Acct. # 4815011434
P.O. Box 3285
Houston, Tx 77253-3285

CME Oil & Gas, Inc.
P.O. Box 10621
Midland, TX 79702

Exhibit "A"

Page 4

Timothy D. Collier
4000 N. Big Spring
Midland, Tx 79705

Miller Daniel
Unkown

Greg Dodd
c/o Sandra Dodd Roles
2900 W. Anderson Lane
Box 20-123
Austin, Texas 79757

Monte SU Dodd Bond
P.O. Box 50664
Nashville, TN 37205-0664

Dorothy Habura Trust
Texas Commerce Bank San Angelo,
Trustee
P.O. Box 5291
San Angelo, TX 76902-5291

Ralph S. Harris II
209 9th Ave. SW, BSMT. #2
Rochester, MN 55902-2957

Robert S. Harris
7624 E. Morales Place
Tucson, AZ 85710

Doyle Hartman
P.O. Box 10426
Midland, Texas 79702

Michael Alan Huntington
Box 1051
Jal, NM 88252-1051

Exhibit "A"

Page 5

Verna Jean (Huntington) Jinkins
P.O. Box 237
Socorro, NM 87801-0237

Alice Jones
1915 30th
Lubbock, Texas 79408

Jacque Jones
Unknown

Jerry D. Jones
1702 31st Street
Lubbock, TX 79411

Estate of Vivian Jones,
NCNB Texas National Bank, Trustee
P.o. Box 852057
Dallas, Texas 75283-2057

Roma Jean Henson
P.O. Box 208
South Fork, Co 81154-0208

W. V. Leftwich Trust
Texas Commerce Bank San Angelo,
Trustee U/w/o Ralph W. Leftwich
P.O. Box 5291
San Angelo, TX 76902-5291

Minerals Management Service
Onshore Federal # 17555
P.O. Box 5810
Denver, CO 80217

Phillip Tinsley and Evelyn Clay O'Hara, Co Trustees of The Evelyn
Clasy O'Hara Trust
3774 W. 6th Street
Ft. Worth, Texas 76107

Exhibit "A"

Page 6

Oryx Energy Company
P.O. box 2880
Dallas, Ts 75221-2280

Ken Perkins Oil & Gas Inc
P.O. Drawer 1237
Kingsville, TX 78363-1237
Sandra Dodd Roles
6808 Esther Drive
Austin, Texas 78752

Patricia Well Rigg
1303 N. Walnut
Tucson, AZ 85712

Brenda Ronaldson Trust
Texas Commerce Bank San Angelo,
Trustee U/w/o Ralph W. Leftwich
P.O. Box 5291
San Angelo, TX 76902-5291

Vanessa H. Shotwell
2200 196th St., SE # 18
Bothell, WA 98011

Brian M. Sirgo
214 W. Texas Avenue
Midland, TX 79705

M.A. Sirgo III
214 W. Texas Avenue
Midland, TX 79701

Belinda Jones Smith
1905 55 Street
Lubbock, Texas 79412

Margaret W. Smith
3616 Oakwood Place
Riverside, Ca 92506

Exhibit "A"

Page 7

Cynthia Mart (Walker) Spillar
25918 Lake Lawn
Spring, TX 77380

Benny Lynn Stone
P.O. Box 667
Stanton, TX 79782-0667

Johnny Paul Stone
P.O. Box 915
Stanton Tx, 79782-0915

Nancee Gay Stephens
3201 Kari Lane #911
Greenville, Texas 75401

Norman L. Stevens, Jr.
Petroleum bldg., suite 510
P.O. Box 278
Roswell, Nm 88202

Chris Lee Tietz
9501 E. Myra Drive
Tucson, AZ 85730

Noel C. Warwich Trust
Texas Commerce Bank San Angelo,
Trustee U/w/o Ralph W. Leftwich
P.O. Box 5291
San Angelo, TX 76902

Vicki Jo Walker
P.O. Box 30772
Tucson, AZ 85751-0772

Jerry Ann (Walker) Winter
1112 Sharpes Drive
Harrisburg, VA 22801

Exhibit "A"

Page 8

Robert G. Wright Trust
Texas Commerce Bank San Angelo,
Trustee U/w/o Ralph W. Leftwich
P.O. Box 5291
San Angelo, TX 76902-5291

William C. Wright Trust
Texas Commerce Bank San Angelo,
Trustee U/w/o Ralph W. Leftwich
P.O. Box 5291
San Angelo, TX 76902

Linda Kay (Walker) Wynn
3414 Ann Arbor
Houston, TX 77063

De'Ann Yarbrough
Rt. 2, Box 270A
Clyde, Texas 79510