

BILL CLEMENT
PARTNER

JEFF SMITH
PARTNER

July 18, 1994

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Compulsory Pooling Hearings
NE/4 SW/4, NW/4 SE/4
Section 33-16S-38E and
NW/4NE/4 Section
8-17S-38E, all three (3) in
Lea County, New Mexico

Gentlemen:

Our Company recently received three (3) separate Applications for Compulsory Pooling on each of the three (3) tracts cited above. In that no Case Numbers are noted on the Applications, copies of each of those Applications is enclosed for your ready reference. You will note that the hearings are scheduled for July 21, 1994.

Our leasehold interest is but one-fourth (1/4th) of an acre under each tract, but it seems unfair to us to be forced to make an election on all three (3) proposed wells at the same time. It would appear that the Applicant is seeking to gain an unfair advantage by filing this Compulsory Pooling Application so as to coerce us to make an untimely election. Because our interest is so small we cannot justify the expense of a trip to Santa Fe nor the retaining of a New Mexico attorney.

Further, we are not even sure that they intend to drill all three (3) of the wells. And, in their zeal to compel premature elections from us they have formally proposed a fourth location to be drilled in the SE/4NW/4 of Section 33-16S-38E; no doubt an Application for Compulsory Pooling will soon be made on that location as well.

Accordingly, Smith-Clement Exploration, Inc. respectfully requests that the Division Examiner not compel us to make all these elections at the same time. Neither protection of correlative rights nor prevention of waste will be accomplished by their attempt to coerce premature elections out of us. We respectfully request that either (a) two of the hearings be continued until after the first well is down, or (b) deferred elections be granted pending the testing and completion of the first well to be drilled.

Thank you in advance for your consideration of our request.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Smith", with a long horizontal flourish extending to the right.

Jeff Smith

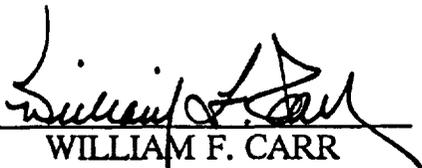
Encl.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on July 21, 1994 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.

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 ANSON GAS
CORPORATION

BEFORE THE
OIL CONSERVATION DIVISION

11 2 0 1901

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF ANSON GAS CORPORATION FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

ANSON GAS CORPORATION, through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the NW/4 SE/4 of Section 33, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

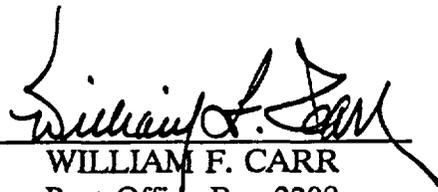
1. Applicant owns or represents approximately 96% of the working interest in the NW/4 SE/4 of Section 33, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Anderson 33 Well No. 1 to be drilled at a standard oil well location in the NW/4 SE/4 of said Section 33, to a depth of approximately 11,800 feet, more or less, to test any and all formations from the surface to the base of the Strawn formation.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the NW/4 SE/4 of said Section 33.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on July 21, 1994 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.

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APPLICATION

ANSON GAS CORPORATION, through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the NE/4 SW/4 of Section 33, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant owns or represents approximately 68% of the working interest in the NE/4 SW/4 of Section 33, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Lawrence 33 Well No. 1 to be drilled at a standard oil well location in the NE/4 SW/4 of said Section 33, to a depth of approximately 11,800 feet, more or less, to test any and all formations from the surface to the base of the Strawn formation.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the NE/4 SW/4 of said Section 33.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on July 21, 1994 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.

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