

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

JUL 26 1985

RECEIVED

IN THE MATTER OF THE  
APPLICATION OF LeFLORE  
OIL AND GAS, INC., TO  
REOPEN CASE NO. 8457

Case No. \_\_\_\_\_

RESPONSE OF AMERIND OIL COMPANY  
TO THE APPLICATION OF LeFLORE OIL AND GAS, INC.

Amerind Oil Company ("Amerind") requests that the New Mexico Oil Conservation Commission deny the request of LeFlore Oil and Gas, Inc. ("LeFlore") to reopen Case No. 8457, and in support thereof states:

1. On January 30, 1985, the Oil Conservation Division issued Order No. R-7796 pooling all mineral interests in the Strawn formation underlying the W $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. The mineral interest owned by Shell Western Exploration and Production Company ("Shell") underlying the W $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 28 was validly pooled by Order No. R-7796. Although notified of Case No. 8457, Shell did not enter an appearance and thus was not a party of record.

3. Pursuant to paragraph 3 of Order No. R-7796, Amerind sent copies of the Order and an AFE to Shell by letter dated March 26, 1985. This letter was received by Shell on March 28, 1985.

4. By letter dated April 26, 1985, Shell notified Amerind that it had farmed out its interest in the W $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 28 to LeFlore. LeFlore acquired its interest subject to Order No. R-7796.

5. Shell's April 26, 1985 letter also informed Amerind that LeFlore wished to participate in the well. Under paragraph 4 of Order No. R-7796, Shell or its successor, LeFlore, was required to pay its share of estimated well costs to Amerind within 30 days of receiving the AFE; i.e., by April 27, 1985. LeFlore never paid or tendered its share of well costs to Amerind, and thus did not comply with Order No. R-7796.

6. Order No. R-7796 provides in paragraph 1 that drilling of a well on the W $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 28 was to be commenced on or before May 1, 1985, "unless [Amerind] obtains a time extension from the Division for good cause shown." Furthermore, paragraph 13 of Order No. R-7796 provides that "[j]urisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary."

7. Pursuant to the terms of Order No. R-7796, Amerind sought a time extension to commence drilling its Carter No. 2 Well from the Oil Conservation Division.

8. On April 15, 1985, the Oil Conservation Division granted Amerind an extension of time until July 1, 1985, to commence drilling the well, pursuant to the time extension provisions of Order No. R-7796.

9. Shell and LeFlore were provided with a copy of Order No. R-7796 and thus had knowledge or notice of its provisions. The time extension was granted pursuant to the express terms of Order No. R-7796. Therefore, the time extension is valid.


10. LeFlore, by exercising ordinary diligence, could have determined the existence of the Division's April 15, 1985 time extension before it acquired its interest from Shell. It should not be heard to complain for its own lack of care in examining public records.

11. LeFlore was aware of the time extension in May, 1985 while the Carter No. 2 Well was being drilled, yet it waited until the well was completed as a producer before bringing this action. This "wait and see" attitude toward asserting its right to participate in the well is barred by equitable principles, as well as by the terms of Order No. R-7796.

12. N.M. Stat. Ann. § 70-2-13 (1984 Supp.) provides that de novo hearings may be brought by any party of record. By analogy, since Shell was not a party of record in Case No. 8457, Shell or its successor in interest should not be allowed to attack Order No. R-7796 in a collateral proceeding.

WHEREFORE, Amerind requests that LeFlore's Application not be set for hearing, and that the relief requested in the Application be denied.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By   
James Bruce  
Post Office Box 2068  
Santa Fe, New Mexico 87504  
(505) 982-4554

Attorneys for Amerind Oil Co.

Dated July 26, 1985

cc: Karen Aubrey  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, NM 87504



TONEY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

50 YEARS



1935 - 1985

October 4, 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Karen Aubrey  
Kellahin & Kellahin  
Attorneys at Law  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Re: Case No. 8457

Dear Ms. Aubrey:

This will acknowledge receipt of your letter of October 3, 1985, objecting to admission of the Affidavit of Bill Seltzer, Amerind Exhibit 2.

The Commission reached its decision in the subject case on the day of the hearing without the affidavit. The affidavit at this point is immaterial to that decision or the pending written order. It will be placed in our file as any other post hearing correspondence including your objection. Such additions are considered part of the file but not part of the hearing record.

Sincerely,

R. L. STAMETS  
Director

RLS/fd

cc: James Bruce

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
El Patio - 117 North Guadalupe  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

October 3, 1985

(Hand-Delivered)

RECEIVED  
OCT 7 1985  
OIL CONSERVATION DIVISION

Mr. Richard L. Stamets  
Director  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

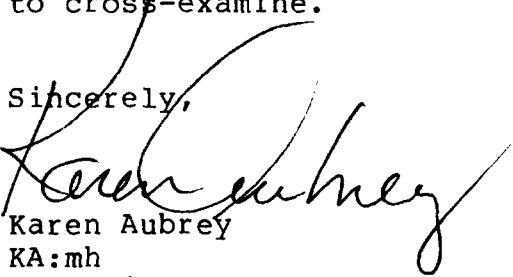
Re: Case No. 8457

Dear Mr. Stamets:

On September 18, 1985 the above case was heard by the Oil Conservation Division. On that date the Commission ruled without requiring Mr. Bruce to put on any evidence. I notice that he has asked you to admit the Affidavit of Bill Seltzer (designated Amerind Exhibit No. 2) as evidence and has asked to have it included in the record even though he did not tender it as an exhibit at the hearing.

Had he tendered the affidavit as an exhibit at the Hearing we would have objected to it on the grounds that it is hearsay and that it is not possible to cross-examine an affidavit. We believe that both of these objections would have been justified and would have been sustained. We strongly object to Mr. Bruce attempting to include in the record an exhibit which was not tendered at the hearing, which contains hearsay, and which denies Samson Resources its right to cross-examine.

Sincerely,



Karen Aubrey

KA:mh

cc: Jim Bruce, Esq.  
Mr. Chuck Lundeen

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE  
APPLICATION OF LeFLORE  
OIL AND GAS, INC. TO  
REOPEN CASE NO. 8457

Case No. 8457

AFFIDAVIT OF BILL SELTZER

STATE OF TEXAS       )  
                              )  
COUNTY OF MIDLAND   )

8457 2  
Amerind Oil Co.  
9/18/85

Bill Seltzer, being duly sworn upon oath, states:

1. I am over the age of eighteen years and I have personal knowledge of the matters stated herein.

2. I am an independent land consultant in Midland, Texas. I worked as the landman for Amerind Oil Company in matters related to Case No. 8457, which was a compulsory pooling case involving a tract of land in Lea County, New Mexico, on which Amerind sought to drill and has drilled its Carter #2 Well.

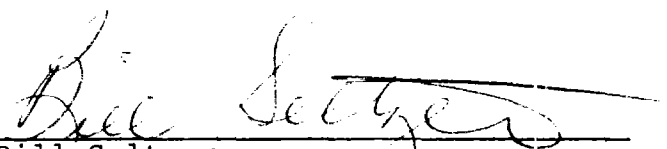
3. After a hearing on Case No. 8457 the Oil Conservation Division promulgated its Order No. R-7796 force pooling, among others, Shell Western Exploration & Production, Inc. Order No. R-7796 required a well to be commenced on or before May 1, 1985.

4. Due to well completion problems on an Amerind well on land adjoining the Carter #2 unit, I sought an extension of time on behalf of Amerind in which to commence drilling the Carter #2 well. This request was made by my letter to the OCD dated April 11, 1985, a copy of which is attached hereto as Exhibit A.

5. Prior to requesting the extension of time from the OCD, I informed Mr. Terry Enders of Shell Western Exploration & Production, Inc. by phone on April 4, 1985 that Amerind was

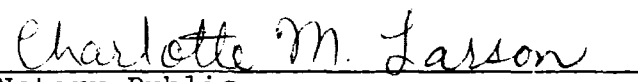
requesting a 30 day extension of time to drill the #2 Carter well and the extension of time for the drilling of the #2 Carter would not extend the time that Shell must respond to the compulsory pooling notice (30 days from March 26, 1985). A copy of a portion of my telephone bill for April 1985 is attached hereto as Exhibit B, indicating the call to Shell.

6. On April 26, 1985, I returned a call that Mr. Terry Enders of Shell had placed to me and again informed him the OCD had granted the extension of time but Amerind would commence operations immediately after the OCD approved our request for an unorthodox location. A copy of a portion of my telephone bill for April 1985 is attached as Exhibit C, indicating the call to Shell.

  
Bill Seltzer  
507 Petroleum Building  
Midland, Texas 79701

SUBSCRIBED AND SWORN TO before me this 13th day of September, 1985, by Bill Seltzer.

My Commission Expires:  
8-2-88

  
Notary Public

CHARLOTTE M. LARSON, NOTARY PUBLIC  
STATE OF TEXAS  
MY COMMISSION EXPIRES: 8-2-88



**BILL SELTZER**  
507 PETROLEUM BUILDING  
MIDLAND, TEXAS 79701

April 11, 1985

Re: Case No. 8457  
Order No. R-7796  
T-16-S, R-37-E  
Section 28: W/2 NE/4  
Amerind #2 Carter

Case No. 8458  
Order No. R-7797  
T-16-S, R-37-E  
Section 28: E/2 NE/4  
Amerind #1 Carter

Lea County, New Mexico

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

Attn: Mr. R.L. Stamets, Director

Gentlemen:

On January 30, 1985 the above orders were issued by the Oil Conservation Division to which reference is hereby made and orders are attached hereto.

Amerind Oil Co. commenced drilling their #1 Carter under order No. 7797 on February 28, 1985 and said well reached a total depth of 11,775 feet on March 29, 1985. Amerind ran logs, set pipe to the total depth and perforated the Strawn formation in said well. On a 24 hour swabbing test the #1 Carter is producing 140 barrels of oil and 300 barrels of water. Amerind is now installing a pumping system, building tank batteries and electrical connection preparatory to placing the well on production. Due to the fact the #1 Carter is producing an excessive amount of water, the completion of said well has been delayed. We anticipate this well to be completed in the first week of May 1985. Amerind plans to use the same drilling rig now on location of the #1 Carter for the drilling of their #2 Carter which had a commencement date of May 1, 1985.

Simultaneously with this request Amerind is making an application to be heard on the May 8th, 1985 docket for an unorthodox location for their #2 Carter in order that the well may be drilled at a more favorable geological location. Therefore we respectfully request the Division to grant Amerind Oil Co. a 30 day extension of time to commence the drilling of their #2 Carter under Order No. 7796.

EXHIBIT A

If anything additionally is needed in order to grant this request, please call.

Yours very truly,

Amerind Oil Co.

By: Bill Seltzer  
Bill Seltzer

BS/kp

Attachments: 1. Copy of Order No. R-7796  
2. Copy of Order No. R-7797

DATE	NUMBER CALLED	CITY CALLED	PROJ CODE	DURATION MIN:SEC	TOTAL COST	BELL COST
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JR AUTHORIZATION CODE BILL SELTZER

4/01/85	9:13 AM 505-396-5846	LOVINGTON NM		3:00	.99	1.24
4/01/85	1:45 PM 915-653-9328	SAN ANGELO TX		15:00	4.80	6.00
4/01/85	4:27 PM 915-336-2211	FTSTOCKTON TX		8:00	2.82	3.53
4/01/85	7:27 PM 214-386-7169	ADDISON TX		9:00	2.27	2.84
4/02/85	10:17 AM 915-653-9328	SAN ANGELO TX		8:00	2.56	3.20
4/03/85	9:27 AM 306-885-3505	HURLWOOD TX		4:00	1.34	1.68
4/03/85	11:01 AM 918-583-0178	TULSA OK		6:00	2.06	2.58
4/03/85	11:33 AM 915-387-5394	SONORA TX		1:00	.34	.42
4/03/85	12:57 PM 915-387-5394	SONORA TX		12:00	4.03	5.04
4/03/85	8:35 PM 317-293-9520	EDGECLIFF TX		2:00	.50	.63
4/03/85	9:45 PM 214-386-7169	ADDISON TX		20:00	5.04	6.30
4/04/85	9:11 AM 915-336-2211	FTSTOCKTON TX		6:00	2.12	2.65
4/04/85	9:33 AM 713-870-3485	BUFFALO TX		8:00	2.69	3.36
4/04/85	11:12 AM 915-336-2211	FTSTOCKTON TX		7:00	2.47	3.09
4/04/85	1:27 PM 214-387-5005	ADDISON TX		12:00	4.03	5.04
4/04/85	1:51 PM 214-891-8181	DALLAS TX		5:00	1.68	2.10
4/04/85	2:27 PM 505-982-5537	SANTA FE NM		3:00	1.06	1.33
4/04/85	2:37 PM 214-391-8181	DALLAS TX		15:00	5.04	6.30
4/04/85	3:57 PM 713-893-1708	BAMMEL TX		9:00	3.02	3.78
4/05/85	10:44 AM 512-379-4583	SEGUIN TX		7:00	2.35	2.94
4/05/85	11:07 AM 214-555-1212	DIR ASST TX		1:00	.34	.42
4/05/85	11:13 AM 505-555-1212	DIR ASST NM		1:00	.44	.55
4/05/85	11:14 AM 505-884-5942	ALBUQUERQUE NM		3:00	1.06	1.33
4/05/85	11:35 AM 916-346-2007	COLFAX CA		3:00	1.14	1.42
4/05/85	1:25 PM 214-392-0116	DALLAS TX		4:00	1.34	1.68
4/05/85	2:15 PM 512-478-6745	AUSTIN TX		4:00	1.34	1.68
4/05/85	2:17 PM 512-472-1893	AUSTIN TX		7:00	2.35	2.94
4/05/85	2:33 PM 618-235-6981	BELLEVILLE IL		2:00	.78	.98
4/05/85	4:21 PM 618-235-6981	BELLEVILLE IL		3:00	1.10	1.38

EXHIBIT B

# Econo Line

ECONO LINE OF  
MIDLAND/ODESSA, INC.  
PO BOX 9802 #680  
AUSTIN, TEXAS 78766-0680  
915-561-8225

1-01416-6 BILL SELTZER

DATE 5/01/85 INVOICE NO: 38893 PAGE

CALL DATE	CALL TIME	NUMBER CALLED	CITY CALLED	PROJ CODE	DURATION MIN:SEC	TOTAL COST	SELL COST
4/24/85	10:53 AM	505-982-5537	SANTA FE	NM	2:00	.75	.94
4/24/85	11:23 AM	317-370-2999	FORT WORTH	TX	3:00	1.01	1.26
4/24/85	11:23 AM	505-982-5537	SANTA FE	NM	2:00	.75	.94
4/24/85	2:13 PM	214-960-6055	ADDISON	TX	17:00	5.71	7.14
4/25/85	9:22 AM	918-587-1342	TULSA	OK	3:00	1.10	1.38
4/25/85	9:34 AM	918-587-1342	TULSA	OK	1:00	.46	.58
4/25/85	9:41 AM	918-587-1342	TULSA	OK	4:00	1.42	1.78
4/25/85	11:21 AM	303-573-3636	DENVER	CO	2:00	.78	.98
4/25/85	2:13 PM	915-336-2211	FTSTOCKTON	TX	4:00	1.42	1.77
4/25/85	2:22 PM	505-982-5537	SANTA FE	NM	10:00	3.25	4.06
4/25/85	4:03 PM	915-336-2211	FTSTOCKTON	TX	1:00	.36	.45
4/25/85	4:27 PM	915-336-2211	FTSTOCKTON	TX	1:00	.36	.45
4/26/85	10:51 AM	505-938-2311	SANTA FE	NM	4:00	1.38	1.72
4/26/85	11:39 AM	505-982-5537	SANTA FE	NM	6:00	2.00	2.50
4/26/85	3:42 PM	505-326-3521	LOVINGTON	NM	5:00	1.55	1.94
4/26/85	3:57 PM	713-870-3485	BUFFALO	TX	1:00	.34	.42
4/27/85	7:53 AM	214-386-7169	ADDISON	TX	3:00	1.62	2.02
4/29/85	5:05 PM	918-583-3178	TULSA	OK	3:00	1.10	1.38
4/29/85	7:25 PM	214-386-7169	ADDISON	TX	1:00	.26	.32
4/29/85	7:23 PM	214-336-7169	ADDISON	TX	19:00	4.79	5.99
4/30/85	1:35 PM	214-387-5005	ADDISON	TX	7:00	2.35	2.94

96 CALLS FOR BILL SELTZER

537:00 167.14 208.99

96 TOTAL CALLS BILL SELTZER

537:00 167.14 208.99

\* OUR SERVICE HAS SAVED YOU \$41.85 THANK YOU FOR YOUR PATRONAGE \*  
FOR ASSISTANCE WITH YOUR BILL PLEASE CALL 915-561-8225

EXHIBIT C

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION  
OF LeFLORE OIL AND GAS, INC., TO  
REOPEN CASE NO. 8457

Case No. 8457  
*R-7796 - force Pooling*  
*R-7796-A - Unorthodox location*

MEMORANDUM IN SUPPORT OF LEFLORE'S  
APPLICATION TO REOPEN CASE 8457

COMES NOW, LeFlore Oil and Gas, Inc., by and  
through its attorneys of record, Kellahin and Kellahin,  
and files its memorandum in support of its application  
to reopen Case 8457 and in response to Amerind Oil Company's  
July 26, 1985 memorandum.

FACTS

The relevant facts in this case are set forth  
in the Chronology attached hereto.

ORDER NO. R-7796 IS NULL AND VOID  
AND OF NO EFFECT WHATSOEVER

Order No. R-7796, issued by the Oil Conservation  
Division on January 30, 1985, force pooled the interests  
of Shell Western Exploration and Production Company, among  
others, in the Strawn formation underlying the W/2 NE/4 of  
Section 28, T16S, R37E, Lea County, New Mexico. Such order  
required that drilling of a well on this location commence  
on or before the first day of May, 1985, or Order No. R-7796  
"shall be null and void and of no effect whatsoever."

The Carter #2 Well was drilled on May 12, 1985. On April 11, 1985, Amerind Oil Company, the operator of the Carter #2, simultaneously sought an extension of time to commence drilling this well and filed an application for unorthodox location of the well with the Oil Conservation Division. An extension of time was granted for the commencement of drilling by R. L. Stamets on April 15, 1985 and the application for unorthodox location of the well was docketed for May 8, 1985. All this was done without notice to Shell Western Exploration and Production Company, or its successor-in-interest, LeFlore Oil and Gas, Inc.

On March 28, 1985, Shell has received a copy of Division Order No. R-7796 and a copy of a January 2, 1985 Approval for Expenditure ("AFE") from Amerind. According to this division order, Shell had thirty days to decide whether or not to participate in the well. On April 26, 1985, Shell wrote to Amerind advising that they had farmed out their interest in this well to LeFlore and that LeFlore would participate. This advice was sent to Amerind without benefit of the knowledge to either Shell or LeFlore that an extension had been obtained on the drilling date of the well and that Amerind had applied for an unorthodox location.

LeFlore had no means of ascertaining that an extension of time had been granted for drilling the Carter #2, other than receiving notice from the operator of the well, Amerind, who had obtained such an extension. Contrary to Amerind's argument,

such an extension of time was granted by means of a letter from Director Stamets to Amerind and was not published anywhere. While the OCD case files are open to the public, neither Shell nor LeFlore, would have no reason to check these files without some notice that further action had been taken in this case.

Amerind further argues that Shell was not a party of record at the January 30, 1985 hearing and thus cannot institute a de novo hearing before the Commission. LeFlore, Shell's successsor-in-interest, submits that this is not a de novo hearing, but simply a hearing to request the Commission to reopen the examiner hearing.

Failure to give notice of both the extension of time and the application for an unorthodox location to Shell or its successor-in-interest, LeFlore, is a violation of due process. Amerind knew of Shell and, subsequently, LeFlore's interest underlying the location covered by Order R-7796, had sufficient information to serve them with personal notice, and failed to do so. The United States Supreme Court has determined that notice by publication is constitutionally deficient, if it was reasonably possible to give actual notice to a party. See, Walker v. Hutchinson, 352 U.S. 112, 1 L.Ed.2d 178, 77 S.Ct. 200 (1956); Schroeder v. New York, 371 U.S. 208, 9 L.Ed.2d 255, 83 S.Ct. 279 (1962).

The Carter #2 Well was not spudded within the time allowed by Order R-7796. Failure of Amerind to give notice of either an extension of time for drilling or of a change in the location of the well from a standard to an unorthodox location constitutes a violation of applicant's correlative rights, as set forth in §70-2-17, N.M.S.A. (1978).

THEREFORE, for the reasons stated herein, LeFlore's Application to Reopen Case No. 8457 should be granted and Order R-7796 be declared null and void.

KELLAHIN and KELLAHIN

By Karen Aubrey  
Karen Aubrey  
Post Office Box 2265  
117 North Guadalupe  
Santa Fe, New Mexico 87504  
(505) 982-4285



### CHRONOLOGY

12/28/84 Amerind proposed well to Shell in the NE/4 of Section 28, T16S, R37E, Lea County, New Mexico, and requested farmout of Shell's interest to Amerind.

1/2/85 Amerind prepared AFE for Carter #2 well in W/2, NE/4, Section 28.

1/17/85 Amerind filed application to force pool Shell, et al., in Case 8457.

1/30/85 OCD Order No. R-7796 issued force pooling Shell, et al. Order required drilling of well by May 1, 1985.

2/28/85 Carter #1 well spudded.

3/26/85 Amerind sent to Shell a copy of Order No. R-7796 and the January 2, 1985 AFE for the Carter #2.

4/11/85 Amerind requested by letter to R. L. Stamets, a 30-day extension of time to commence drilling the Carter #2, stating Carter #1 well will be completed in the first week of May, 1985, and they wish to use same drilling rig for the Carter #2. No notice to Shell.

Amerind filed application for unorthodox location of Carter #2, requesting it be set for hearing on May 8, 1985. No notice to Shell.

4/12/85 First casinghead gas sold to Phillips Petroleum from Carter #1 well.

4/15/85 R. L. Stamets letter to Amerind granting extension of time until July 1, 1985 to begin drilling Carter #2.

4/16/85 Carter #1 well completed.

4/19/85 Shell declined to farmout its interest in Carter #2 well to Amerind.

Chronology Continued:

4/26/85 Shell sent letter to Amerind advising of farmout of its interest to Le Flore Oil and Gas and advising that Le Flore will participate in the Carter #2.

5/1/85 Le Flore sent letter to Amerind requesting updated AFE and copy of Joint Operating Agreement.

5/6/85 Amerind filed application for permit to drill Carter #2, stating approximate date work is to start as May 10, 1985.

5/8/85 OCD hearing on application for unorthodox location of Carter #2.

5/9/85 Amerind sent letter to Le Flore refusing to allow Le Flore to participate.

5/12/85 Carter #2 well spudded.

5/14/85 OCD Order No. R-7796-A issued allowing unorthodox location.

5/15/85 Le Flore receives Amerind letter refusing to allow Le Flore to participate in well.

6/7/85 Le Flore sent letter to Amerind attempting to negotiate Le Flore's participation in the Carter #2.

6/15/85 Carter #2 well completed.

6/21/85 Amerind sent letter to Le Flore advising of completion of Carter #2.

7/2/85 Le Flore received Amerind's letter of 6/21/85.

7/8/85 Le Flore filed application to reopen Case No. 8457.

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

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SANTA FE, NEW MEXICO 87504-2068

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(915) 583-4691

1700 TEXAS AMERICAN BANK BUILDING  
POST OFFICE BOX 12118  
AMARILLO, TEXAS 79101  
(806) 372-5569

700 UNITED BANK PLAZA  
POST OFFICE BOX 10  
ROSWEIL, NEW MEXICO 88201  
(505) 622-6510

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CONRAD E. COFFIELD  
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STUART D. SHANOR  
C. D. MARTIN  
PAUL J. KELLY JR.  
OWEN M. LOPEZ  
DOUGLAS L. LUNSFORD  
T. CALDER EZZELL JR.  
WILLIAM B. BURFORD\*  
RICHARD E. OLSON  
RICHARD A. SIMMS  
DEBORAH NICHWOOD\*  
JAMES H. ISBELL\*  
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ALEERT L. PITTS  
THOMAS D. HAINES JR.  
THOMAS M. WNASKO  
MICHAEL E. MILLERICK  
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GARY M. LADEN\*  
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PAUL R. NEWTON\*

OF COUNSEL  
CLARENCE E. HINKLE  
ROY C. SNODGRASS JR.  
O. W. CALHOUN  
MACK EASLEY  
GORDON L. LLEWELLYN

W. E. BONDURANT JR. (1913-1973)  
ROBERT A. STONE (1905-1981)

\*NOT LICENSED IN NEW MEXICO

October 2, 1985

RECEIVED  
OCT 7 1985  
OIL CONSERVATION DIVISION

R. L. Stamets, Director  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87503

HAND DELIVERED

Re: Case No. 8457

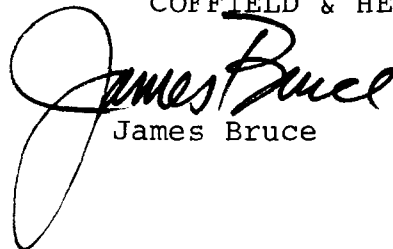
Dear Mr. Stamets:

Enclosed is Amerind's proposed Order No. R-7796-B regarding the Application of LeFlore Oil & Gas, Inc. to reopen the above case.

Also enclosed is an original Affidavit of Bill Seltzer, designated Amerind Exhibit No. 2. Due to the course of the proceedings, I was unable to submit it as an exhibit at the hearing. However, I request that it be included in the record.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

  
James Bruce

JGB:jr  
Enclosures

cc: Karen Aubrey, Esq. w/enc.  
Mr. Robert C. Leibrock, w/enc.  
Mr. Bill Seltzer, w/enc.  
Conrad E. Coffield, Esq. w/enc.



LeFlore Oil and Gas, Inc.

March 15, 1985

Cleroy, Inc.  
512 Mayo Building  
P.O. Box 3405  
Tulsa, Oklahoma 74101

8457  
Amerind Oil Co.  
9/18/85

Re: NE/4 Section 28-16S-37E  
Lea County, New Mexico  
Casey Prospect

Gentlemen:

Our records indicate that you own an interest in the captioned unit and were named as a respondent in Amerind Oil Company's applications to force pool (Case 8457 - W/2 NE/4 Section 28 and Case 8458 - E/2 NE/4 Section 28).

In the event that you have not already committed your interest in this unit, LeFlore Oil & Gas, Inc. respectfully requests that you consider the following:

1. Sell your interest for a mutually agreeable price;
2. In lieu of a cash bonus, farmout your leasehold or lease your minerals, reserving an overriding royalty interest of 1/8 of 8/8 inclusive (i.e., you would deliver a 75% net revenue interest lease to LeFlore). At 100% payout, you would have the option to convert a 1/16th of your reserved overriding royalty interest to a proportionately reduced 25% working interest.

Inasmuch as the above pooling hearings have been heard by the Conservation Commission, your earliest review and response to this proposal is necessary.

If you have any questions, please do not hesitate to call.

Very truly yours,

LEFLORE OIL & GAS, INC.

  
Gene Tate

GT:lr



LeFlore Oil and Gas, Inc.

March 15, 1985

Cleroy, Inc.  
512 Mayo Building  
P.O. Box 3405  
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8457  
Amerind Oil Co.  
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# HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX  
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PAUL J. KELLY JR.  
OWEN M. LOPEZ  
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RICHARD E. OLSON  
RICHARD A. SIMMS  
DEBORAH NORWOOD  
JAMES H. SELL  
RICHARD R. WILFONG  
STEVEN D. ARNOLD  
JAMES J. WECHSLER  
NANCY S. CUSACK  
JEFFREY L. FORNACARI  
ROBERT D. SIMPSON

DAVID L. SPOEDE  
JEFFREY D. HEWETT  
JAMES BRUCE  
ALBERT L. RITTS  
THOMAS D. HAINES JR.  
THOMAS M. HNASKO  
MICHAEL E. MILLERICK  
GREGORY J. NIBERT  
JUDY K. MOORE  
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JAMES M. HUDSON  
DONALD R. FENSTERMACHER  
DAVID B. GROCE  
ROBERT M. BRISTOL  
GARY M. LADEN  
CHRISTOPHER S. RAY  
REECECA J. NICHOLS  
MACDONNELL GORDON  
PAL L. R. NEWTON

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

200 BLANKS BUILDING  
POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 583-4691

1700 TEXAS AMERICAN BANK BUILDING  
POST OFFICE BOX 12118  
AMARILLO, TEXAS 79101  
(806) 372-5569

700 UNITED BANK PLAZA  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88201  
(505) 622-6510

October 4, 1985

OF COUNSEL  
CLARENCE E. HINKLE  
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O. M. CALHOUN  
WACK EASLEY  
GORDON L. LEWELLYN

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ROBERT A. STONE (1909-1981)

\*NOT LICENSED IN NEW MEXICO

Mr. R. L. Stamets, Director  
New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

Re: Case No. 8457

*Case File*

Dear Mr. Stamets:

Regarding Samson Resources' objection to Amerind's tendered exhibit by Bill Seltzer: First, the affidavit contains no hearsay evidence. The statements in the affidavit are made on the personal knowledge of Mr. Seltzer. Second, the strict rules of evidence are not adhered to at hearings. OCD Rules on Procedure 1210, 1212. Third, I was informed that witnesses were not to appear, and therefore Mr. Seltzer did not appear personally.

For the foregoing reasons, Amerind requests that the objection of Samson Resources be overruled.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

*James Bruce*  
James Bruce

JGB:jr

cc: Karen Aubrey, Esq.

HINKLE, COX, EATON, COFFIELD & HENSLEY

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October 2, 1985

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W. E. BONDURANT, JR. (1933-1973)  
ROBERT A. STONE (1905-1980)

\*NOT LICENSED IN NEW MEXICO

*Cox file*

R. L. Stamets, Director  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87503

HAND DELIVERED

Re: Case No. 8457

Dear Mr. Stamets:

Enclosed is Amerind's proposed Order No. R-7796-B regarding the Application of LeFlore Oil & Gas, Inc. to reopen the above case.

Also enclosed is an original Affidavit of Bill Seltzer, designated Amerind Exhibit No. 2. Due to the course of the proceedings, I was unable to submit it as an exhibit at the hearing. However, I request that it be included in the record.

Very truly yours,

HINKLE, COX, EATON,  
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*James Bruce*  
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Enclosures

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Mr. Bill Seltzer, w/enc.  
Conrad E. Coffield, Esq. w/enc.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION COMMISSION

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

CASE NO. 8457  
Order No. R-7796--B

APPLICATION OF LeFLORE OIL  
AND GAS, INC., TO REOPEN  
CASE NO. 8457

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on September 18, 1985, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this \_\_\_\_ day of October, 1985, the Commission, a quorum being present, having considered the testimony presented, the exhibits received, the statements of counsel, and being fully advised in the premises,

FINDS:

(1) That public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, LeFlore Oil and Gas, Inc. ("LeFlore"), seeks an order reopening Case No. 8457.

(3) That Case No. 8457 came on for hearing before the Oil Conservation Division on January 30, 1985, upon the application



of Amerind Oil Company ("Amerind") seeking an order pooling all mineral interests in the Strawn formation underlying the W/2NE/4 of Section 28, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico. Proper notice of Case No. 8457 was given to all parties interested therein.

(4) That on January 30, 1985, the Oil Conservation Division issued Order No. R-7796 pooling all mineral interests in the Strawn formation underlying the W/2NE/4 of Section 28, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico. Order No. R-7796 authorized Amerind to form a standard 80-acre oil spacing and proration unit to be dedicated to a well drilled at an orthodox location.

(5) That the mineral interest owned by Shell Western Exploration & Production, Inc. ("Shell") underlying the W/2NE/4 of said Section 28 was validly pooled by Order No. R-7796. Although notified of Case No. 8457, Shell did not enter an appearance nor object to the entry of Order No. R-7796.

(6) That pursuant to paragraph 3 of Order No. R-7796, Amerind sent copies of Order No. R-7796 and an itemized schedule of estimated well costs (an "AFE") to Shell by letter dated March 26, 1985. The letter, Order, and AFE were received by Shell on March 28, 1985.

(7) That by letter dated April 26, 1985, Shell notified Amerind that it had farmed out its interest in the W/2NE/4 of Section 28 to LeFlore, and informed Amerind that LeFlore wished to participate in the well located on the W/2NE/4 of said Section 28. LeFlore acquired its interest from Shell subject to Order

No. R-7796 and the AFE received by Shell, and Amerind was not required to subsequently furnish an Order or AFE to LeFlore.

(8) That under paragraph 4 of Order No. R-7796, Shell or its successor, LeFlore, was required to pay its share of estimated well costs to Amerind within 30 days of the date the AFE was furnished to Shell. Neither Shell nor LeFlore paid or tendered its share of well costs to Amerind within 30 days of March 26, 1985, and thus did not comply with Order No. R-7796.

(9) That Order No. R-7796 provides in paragraph 1 that the drilling of a well on the W/2NE/4 of Section 28 was to be commenced on or before May 1, 1985, "unless [Amerind] obtains a time extension from the Division for good cause shown." Furthermore, paragraph 13 of Order No. R-7796 provides that "[j]urisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary."

(10) That pursuant to the terms of Order No. R-7796, and by letter dated April 11, 1985, Amerind sought a time extension to commence drilling its Carter No. 2 Well on the above described spacing and proration unit from the Oil Conservation Division.

(11) That by letter dated April 15, 1985, the Oil Conservation Division granted Amerind an extension of time until July 1, 1985, to commence drilling the well, pursuant to the time extension provisions of Order No. R-7796.

(12) That by Case No. 8587, Amerind sought an amendment of Division Order No. R-7796 to change the proposed location of the Carter No. 2 Well to an unorthodox oil well location 1330 feet from the North line and 1980 feet from the East line of said

Section 28. Notice of Case No. 8587 was given according to the rules of the Division.

(13) That Case No. 8587 was heard by the Division on May 8, 1985.

(14) That on May 14, 1985, the Division issued Order No. R-7796-A, amending Order No. R-7796 as requested by Amerind. All other provisions of Order No. R-7796 remained in effect.

(15) That Amerind commenced drilling the Carter No. 2 Well before July 1, 1985, and timely drilled and completed the well.

(16) That on July 8, 1985, application was made by LeFlore to reopen Case No. 8457, claiming that Order No. R-7796 was extended without notice to LeFlore and that Amerind failed to timely commence drilling the Carter No. 2 Well.

(17) That Shell and its successor, LeFlore, have received such notice of the proceedings in Case Nos. 8457 and 8587 and notification of events as required by Order No. R-7796 as they were entitled to.

(18) That Amerind has fully complied with the terms of Orders No. R-7796 and No. 7796-A.

IT IS THEREFORE ORDERED:

(1) That Case No. 8457 should not be reopened.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO

-5-

Case No. 8457

Order No. R-7796-B

OIL CONSERVATION DIVISION

JIM BACA, MEMBER

ED KELLEY, MEMBER

R. L. STAMETS, CHAIRMAN  
AND SECRETARY

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE  
APPLICATION OF LeFLORE  
OIL AND GAS, INC. TO  
REOPEN CASE NO. 8457

AFFIDAVIT OF BILL SELTZER Santa Fe, New Mexico

STATE OF TEXAS )  
COUNTY OF MIDLAND )

Case No. 8457	
BEFORE THE OIL CONSERVATION COMMISSION	
Case No. 8457	Exhibit No. 2
Submitted by Amerind Oil Co.	
Hearing Date 9/18/85	

Bill Seltzer, being duly sworn upon oath, states:

1. I am over the age of eighteen years and I have personal knowledge of the matters stated herein.

2. I am an independent land consultant in Midland, Texas. I worked as the landman for Amerind Oil Company in matters related to Case No. 8457, which was a compulsory pooling case involving a tract of land in Lea County, New Mexico, on which Amerind sought to drill and has drilled its Carter #2 Well.

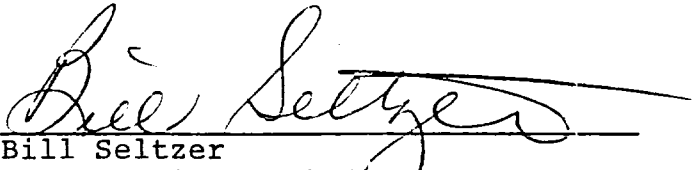
3. After a hearing on Case No. 8457 the Oil Conservation Division promulgated its Order No. R-7796 force pooling, among others, Shell Western Exploration & Production, Inc. Order No. R-7796 required a well to be commenced on or before May 1, 1985.

4. Due to well completion problems on an Amerind well on land adjoining the Carter #2 unit, I sought an extension of time on behalf of Amerind in which to commence drilling the Carter #2 well. This request was made by my letter to the OCD dated April 11, 1985, a copy of which is attached hereto as Exhibit A.

5. Prior to requesting the extension of time from the OCD, I informed Mr. Terry Enders of Shell Western Exploration & Production, Inc. by phone on April 4, 1985 that Amerind was

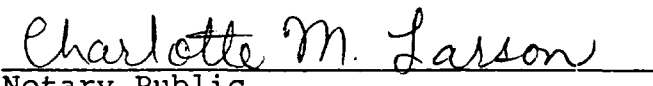
requesting a 30 day extension of time to drill the #2 Carter well and the extension of time for the drilling of the #2 Carter would not extend the time that Shell must respond to the compulsory pooling notice (30 days from March 26, 1985). A copy of a portion of my telephone bill for April 1985 is attached hereto as Exhibit B, indicating the call to Shell.

6. On April 26, 1985, I returned a call that Mr. Terry Enders of Shell had placed to me and again informed him the OCD had granted the extension of time but Amerind would commence operations immediately after the OCD approved our request for an unorthodox location. A copy of a portion of my telephone bill for April 1985 is attached as Exhibit C, indicating the call to Shell.

  
Bill Seltzer  
507 Petroleum Building  
Midland, Texas 79701

SUBSCRIBED AND SWORN TO before me this 13th day of September, 1985, by Bill Seltzer.

My Commission Expires:  
8-2-88

  
Notary Public

CHARLOTTE M. LARSON, NOTARY PUBLIC  
STATE OF TEXAS  
MY COMMISSION EXPIRES: 8-2-88

**BILL SELTZER**  
507 PETROLEUM BUILDING  
MIDLAND, TEXAS 79701

April 11, 1985

Re: Case No. 8457  
Order No. R-7796  
T-16-S, R-37-E  
Section 28: W/2 NE/4  
Amerind #2 Carter

Case No. 8458  
Order No. R-7797  
T-16-S, R-37-E  
Section 28: E/2 NE/4  
Amerind #1 Carter

Lea County, New Mexico

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

Attn: Mr. R.L. Stamets, Director

Gentlemen:

On January 30, 1985 the above orders were issued by the Oil Conservation Division to which reference is hereby made and orders are attached hereto.

Amerind Oil Co. commenced drilling their #1 Carter under order No. 7797 on February 28, 1985 and said well reached a total depth of 11,775 feet on March 29, 1985. Amerind ran logs, set pipe to the total depth and perforated the Strawn formation in said well. On a 24 hour swabbing test the #1 Carter is producing 140 barrels of oil and 300 barrels of water. Amerind is now installing a pumping system, building tank batteries and electrical connection preparatory to placing the well on production. Due to the fact the #1 Carter is producing an excessive amount of water, the completion of said well has been delayed. We anticipate this well to be completed in the first week of May 1985. Amerind plans to use the same drilling rig now on location of the #1 Carter for the drilling of their #2 Carter which had a commencement date of May 1, 1985.

Simultaneously with this request Amerind is making an application to be heard on the May 8th, 1985 docket for an unorthodox location for their #2 Carter in order that the well may be drilled at a more favorable geological location. Therefore we respectfully request the Division to grant Amerind Oil Co. a 30 day extension of time to commence the drilling of their #2 Carter under Order No. 7796.

EXHIBIT A

If anything additionally is needed in order to grant this request, please call.

Yours very truly,

Amerind Oil Co.

By: Bill Seltzer  
Bill Seltzer

BS/kp

Attachments: 1. Copy of Order No. R-7796  
2. Copy of Order No. R-7797



DATE	NUMBER CALLED	CITY CALLED	PROJ CODE	DURATION MIN:SEC	TOTAL COST	BELL COST
JR AUTHORIZATION CODE BILL SELTZER						
85-9-13-AM	505-396-5846	LOVINGTON-NM		3:00	.99	1.24
4/01/85-1:45-PM	215-653-9328	SAN ANGELO-TX		15:00	4.80	6.00
4/01/85-4:27-PM	215-336-2211	FTSTOCKTON-TX		8:00	2.82	3.53
4/01/85-7:27-PM	214-386-7169	ADDISON-TX		9:00	2.27	2.84
4/02/85-10:17-AM	215-653-9328	SAN ANGELO-TX		8:00	2.56	3.20
4/03/85-9:27-AM	306-885-3505	HURLWOOD-TX		4:00	1.34	1.68
4/03/85-11:01-AM	218-583-0178	TULSA-OK		6:00	2.06	2.58
4/03/85-11:33-AM	215-387-5394	SONORA-TX		1:00	.34	.42
4/03/85-12:57-PM	215-387-5394	SONORA-TX		12:00	4.03	5.04
4/03/85-8:35-PM	317-293-9520	EDGECLIFF-TX		2:00	.50	.63
4/03/85-9:45-PM	214-386-7169	ADDISON-TX		20:00	5.04	6.30
4/04/85-9:11-AM	215-336-2211	FTSTOCKTON-TX		8:00	2.12	2.65
4/04/85-9:33-AM	713-870-3485	BUFFALO-TX		8:00	2.69	3.36
4/04/85-11:12-AM	215-336-2211	FTSTOCKTON-TX		7:00	2.47	3.09
4/04/85-1:27-PM	214-387-5005	ADDISON-TX		12:00	4.03	5.04
4/04/85-1:53-PM	214-891-8181	DALLAS-TX		5:00	1.68	2.10
4/04/85-2:27-PM	505-982-5537	SANTA FE-NM		3:00	1.06	1.33
4/04/85-2:37-PM	214-391-8181	DALLAS-TX		15:00	5.04	6.30
4/04/85-3:57-PM	713-893-1708	BAMMEL-TX		9:00	3.02	3.78
4/05/85-10:44-AM	512-379-4583	SEGUIN-TX		7:00	2.35	2.94
4/05/85-11:07-AM	214-555-1212	DIR-ASST-TX		1:00	.34	.42
4/05/85-11:13-AM	505-555-1212	DIR-ASST-NM		1:00	.44	.55
4/05/85-11:14-AM	505-884-5942	ALBUQUERQUE-NM		3:00	1.06	1.33
4/05/85-11:35-AM	216-346-2007	COLFAX-CA		3:00	1.14	1.42
4/05/85-1:25-PM	214-392-0116	DALLAS-TX		4:00	1.34	1.68
4/05/85-2:15-PM	512-478-6745	AUSTIN-TX		4:00	1.34	1.68
4/05/85-2:17-PM	512-472-1893	AUSTIN-TX		7:00	2.35	2.94
4/05/85-2:33-PM	618-235-6981	BELLEVILLE-IL		2:00	.78	.98
4/05/85-4:21-PM	618-235-6981	BELLEVILLE-IL		3:00	1.10	1.38

EXHIBIT B

# Econo Line

ECONO LINE OF  
MIDLAND/ODESSA, INC.  
PO BOX 9802 #680  
AUSTIN, TEXAS 78766-0680  
915-561-8225

1-01416-6 BILL SELTZER

DATE 5/01/85 INVOICE NO: 33893 PAGE

CALL DATE	CALL TIME	NUMBER CALLED	CITY CALLED	PROJ CODE	DURATION MIN:SEC	TOTAL COST	SELL COST
4/24/85	10:53 AM	505-982-5537	SANTA FE	NM	2:00	.75	.94
4/24/85	11:23 AM	317-370-2999	FORT WORTH	TX	3:00	1.01	1.26
4/24/85	11:23 AM	505-982-5537	SANTA FE	NM	2:00	.75	.94
4/24/85	2:13 PM	214-960-6955	ADDISON	TX	17:00	5.71	7.14
4/25/85	9:22 AM	918-587-1342	TULSA	OK	3:00	1.10	1.38
4/25/85	9:34 AM	918-587-1342	TULSA	OK	1:00	.46	.58
4/25/85	9:41 AM	918-587-1342	TULSA	OK	4:00	1.42	1.78
4/25/85	11:21 AM	303-573-3636	DENVER	CO	2:00	.78	.98
4/25/85	2:13 PM	215-336-2211	FTSTOCKTON	TX	4:00	1.42	1.77
4/25/85	2:22 PM	505-982-5537	SANTA FE	NM	10:00	3.25	4.06
4/25/85	4:03 PM	215-336-2211	FTSTOCKTON	TX	1:00	.36	.45
4/25/85	4:27 PM	915-336-2211	FTSTOCKTON	TX	1:00	.36	.45
4/26/85	10:51 AM	505-938-2311	SANTA FE	NM	4:00	1.38	1.72
4/26/85	11:39 AM	505-982-5537	SANTA FE	NM	6:00	2.00	2.50
4/26/85	3:42 PM	505-326-3521	LOVINGSTON	NM	5:00	1.55	1.94
4/26/85	3:57 PM	713-870-3485	BUFFALO	TX	1:00	.34	.42
4/27/85	7:53 AM	214-336-7169	ADDISON	TX	3:00	1.62	2.02
4/29/85	5:35 PM	214-336-7178	TULSA	OK	3:00	1.10	1.38
4/29/85	7:25 PM	214-336-7169	ADDISON	TX	1:00	.26	.32
4/29/85	7:23 PM	214-336-7169	ADDISON	TX	19:00	4.79	5.99
4/30/85	1:35 PM	214-337-5005	ADDISON	TX	7:00	2.35	2.94
96 CALLS FOR BILL SELTZER					537:00	167.14	208.99

96 TOTAL CALLS BILL SELTZER

537:00 167.14 208.99

\* OUR SERVICE HAS SAVED YOU \$41.85 THANK YOU FOR YOUR PATRONAGE \*  
FOR ASSISTANCE WITH YOUR BILL PLEASE CALL 915-561-8225

EXHIBIT C