

PADILLA & SNYDER
ATTORNEYS AT LAW
200 W. MARCY, SUITE 212
P.O. BOX 2523
SANTA FE, NEW MEXICO 87504-2523
(505) 988-7577

March 15, 1988

HAND-DELIVERED

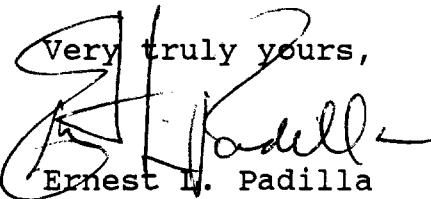
Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

Re: Application of Sun Exploration and Production
Company for Compulsory Pooling, Case No. 9310

Dear Mr. Catanach:

Enclosed for your consideration please find our Motion
to Dismiss in the above-referenced case.

If you have any questions please do not hesitate to
contact me.

Very truly yours,

Ernest L. Padilla

ELP:njp

Enclosures as stated

cc: Karen Aubrey, Esquire, w/ enc.
Hand-Delivered

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

IN THE MATTER OF THE APPLICATION
OF SUN EXPLORATION AND PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 9310

MOTION TO DISMISS

COMES NOW, Santa Fe Exploration Company, by its undersigned attorneys, and moves for dismissal of the above-captioned Amended Application and in support thereof states:

1. Attached hereto as Exhibit A and incorporated herein by reference, is a copy of Communitization Agreement dated January 1, 1988, duly executed and ratified by Santa Fe Exploration Company, through its president, William A. McAlaine, Jr., and which has been delivered to the Applicant in this case.

2. Attached hereto as Exhibit B and incorporated herein by reference is a copy of an Authority For Expenditure Drilling which Santa Fe Exploration, through its president, William A. McAlpine, Jr., has executed and delivered to Applicant.

3. Through the execution of Exhibit A and B, Santa Fe Exploration Company has agreed to the pooling and drilling of the well proposed by Applicant and as a result, is not a

nonconsenting party within the meaning of Section 70-2-17(C), N.M.S.A., 1978 Compilation.

WHEREFORE, Santa Fe Exploration Company requests that the Amended Application of Applicant be dismissed in its entirety.

Respectfully submitted,

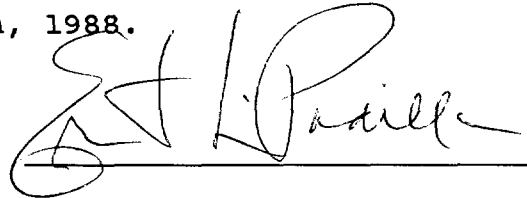
PADILLA & SNYDER

By: 

Ernest L. Padilla
Post Office Box 2523
Santa Fe, New Mexico 87504-2523
(505) 988-7577

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Motion to Dismiss was hand-delivered to Karen Aubrey, Esquire, 117 North Guadalupe, Santa Fe, New Mexico 87501, this 15th day of March, 1988.



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

May 6, 1988

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

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9310
ORDER NO. R-8646

Applicant:

Sun Exploration and Production Company

Dear Sir:

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

Sincerely,

Florence Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Ernest L. Padilla



**Sun Exploration and
Production Company**

Sun Tower
ClayDesta Plaza
No 24 Smith Rd Suite 600
Midland TX 79705
915 688 0532

May 10, 1988

State of New Mexico
Energy, Minerals and Natural
Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

M.S.

Attn: Mr. William J. LeMay

Re: Order of ~~Force~~ Pooling No. R-8646
Case No. 9310
Application of Sun Exploration and
Production Company for Compulsory Pooling
Lea County, New Mexico

Gentlemen:

Pursuant to the captioned order, attached please find a copy of an itemized schedule of estimated well costs. Additional copies of these estimated well costs have been duly furnished to each prospective working interest owner.

If anything further is needed, please advise.

Yours very truly,

SUN EXPLORATION AND PRODUCTION COMPANY

A handwritten signature in cursive script, reading "Michael A. Morgenthaler".

Michael A. Morgenthaler
Professional Landman

cjw

Enclosure

SUN <input type="checkbox"/> 100% CO-OP <input type="checkbox"/> OBO <input checked="" type="checkbox"/> C.O.-P.I.		ORIGINATING LOCATION Sun Exploration & Production Co. Sun Tower Bldg., Suite 600 Midland, TX 79705		POLLUTION CONTROL <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>EST. AMOUNT</th> <th>OIL</th> <th>GAS</th> </tr> <tr> <td></td> <td style="text-align: center;">X</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">AIR</td> <td></td> </tr> </table>		EST. AMOUNT	OIL	GAS		X			AIR		AFE NUMBER DATE 1/21/88	
EST. AMOUNT	OIL	GAS														
	X															
	AIR															
AMOUNT REQUESTED EST. COMPLETION DATE		EXPENDITURE BUDGETED <input type="checkbox"/> YES YEAR _____ <input type="checkbox"/> NO <input type="checkbox"/> PARTIALLY		COMPLETE FOR OBO APPROPRIATIONS ONLY <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>OPERATOR'S NAME</th> <th>AFE NUMBER</th> </tr> <tr> <td> </td> <td> </td> </tr> </table>				OPERATOR'S NAME	AFE NUMBER							
OPERATOR'S NAME	AFE NUMBER															
PROPERTY ID NUMBER		PROPERTY NAME Corbin Federal		WELL NO. 1		TOTAL DEPTH 13,700'										
PROSPECT NAME Corbin		PROSPECT ID NUMBER 4468		CLASSIFICATION NFW												
FIELD Wildcat		MUNICIPALITY/PARISH/COUNTY Lea		PROVINCE/STATE New Mexico												
PRIMARY OBJECTIVE <input type="checkbox"/> OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PLANT LIQUID				AFE COMPLETED												
SUMMARY DBI CBI II				SIGNED 		DATE 1/22/88										
NON DRILLING PROJECT DESCRIPTION Funds requested to drill and complete a 13,700' Morrow gas well. 1) Cost will increase if additional DST's are run \$10,000 each/day. 2) Cost will increase if high formation pressures are encountered. 3) Contingencies could range as high as 10% for the well.						WORKING INTEREST OWNERS SUN _____ _____ _____ _____ _____ _____ _____										
NOTICE TO NON-OPERATORS: All figures on this AFE are estimates only; approval of this authorization shall extend to the actual costs as specified in the operating agreement.																

100% COSTS			M \$		TANGIBLE			M \$	
	PRODUCER	DRY HOLE		PRODUCER	DRY HOLE		PRODUCER	DRY HOLE	
40	LOCATION	50	50	PIPE 13-3/8" (500')	12	12			
41	RIG MOVE			PIPE 9-5/8" (5300')	107	107			
42	FOOTAGE\$18/ft.	180	180	PIPE 5-1/2" (13,700')	146				
43	DAY WORK \$4200/40 days	168	168	PIPE 2-7/8" (13,700')	93				
44	BITS AND RMRS	60	60	PIPE					
45	FUEL			PIPE					
46	WATER	28	28	PIPE					
47	MUD AND CHEM	60	60	WELLHEAD	30	7			
48	CMT AND CMTG SER	70	38	OTHER	25	12			
49	DIRECTIONAL SER								
50	RENTALS	42	25						
51	MUD LOGGING	18	18						
52	DST AND TSTG EQPT (1)	6	6						
53	CORING								
54	LOGS-WLT-SWC	40	35						
55	CSG/TBG TOOLS AND SER	25	8						
56	COMPLETION RIG	22							
57	PERFORATING	12							
58	STIMULATION	11							
59	SUPERVISION	38	30						
60	TRANSPORTATION	20	9						
61	MISC/CONTINGENCY	0	0						
62	SUPERVISION								
TOTAL INTANGIBLE \$			850	\$	715				
						TOTAL TANGIBLE \$ 413 \$ 138			
						TOTAL DRILLING COST \$ 1263 \$ 853			

JOINT OWNER APPROVAL

NAME_____

BY_____

DATE_____

JOINT OWNER APPROVAL	
NAME _____	
BY _____	
DATE _____	

APPROVED BY	DATE	JOINT OWNER(S) APPROVAL OBTAINED

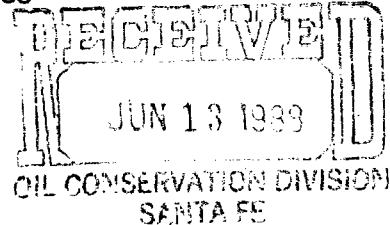


SANTA FE
EXPLORATION COMPANY

(915) 685-3368
300 WEST TEXAS ST. - SUITE 533
MIDLAND, TEXAS 79701

(505) 623-2733
P. O. Box 1136
ROSWELL, NEW MEXICO 88202

June 9, 1988



Manzano Oil Corporation
P. O. Box 2107
Roswell, New Mexico 88202-2107

Attention: Mr. Jim Ball

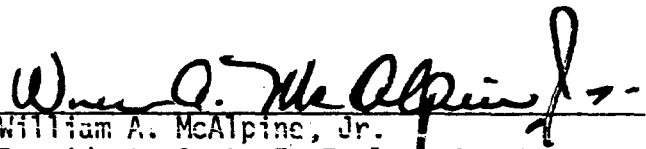
Re: Sun Federal Com. #1
N.M. Oil Conservation Division
Case #9310, Order #R-8646

Gentlemen:

Santa Fe Exploration Company has elected to pay its part of the above captioned well as outlined in your letter to us dated May 11, 1988. Please find attached our check in the amount of \$168,007.50, together with a copy of your AFE that has been executed by Santa Fe Exploration Company.

We would appreciate receiving, at your earliest convenience, a copy of any and all logs and tests, together with any analyzation of same.

Sincerely,


William A. McAlpine, Jr.
President, Santa Fe Exploration Company

WAM/lrs

Encls.

cc: ✓ William J. LeMay, Director
N.M. State Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Sun Exploration and Production Company
Attention: Mr. Michael A. Morgenthaler
24 Smith Road, Suite 600
Midland, Texas 79705

MBank El Paso

A Momentum Bank
P.O. Box 1072
El Paso, Texas 79958

#5

June 8, 1988

PAY TO THE ORDER OF Manzano Oil Corporation \$ 168,007.50

-- One Hundred Sixty-Eight Thousand Seven and 50/100----- DOLLARS

THIS CHECK IS DELIVERED IN CONNECTION WITH THE FOLLOWING ACCOUNTS.

	15% of Total AFE Costs			
	Sun Fed. Com. #1 Well			
	Sec. 26, T18S, R33E			
	Lea County, NM			

Santa Fe Exploration Company, Trustee

Don O. McAlpin

⑆112000066⑆7483514902⑈



Manzano Oil Corporation

P.O. Box 2107
Roswell, New Mexico 88202-2107
(505) 623-1996

May 11, 1988

Mr. William McAlpine, Jr.
Santa Fe Exploration Company
2200 West Mescalero Road
P.O. Box 1136
Roswell, New Mexico 88202-1136

Re: Sun Federal Com #1
Case No. 9310
Order No. R-8646

Dear Mr. McAlpine:

Manzano Oil Corporation is now the designated Operator of the captioned well. Pursuant to the Order of the Division, we have enclosed our estimated well costs. If you decide to participate with your interest, your proportionate part of \$1,120,050.00 must be received by Manzano thirty (30) days from your receipt of this submittal. Our calculation shows your share of estimated cost to be \$168,007.50 ($\$1,120,050.00 \times 15\%$).

In the event a successful Morrow completion is not obtained, the working interest owners will be billed additional sums necessary for testing and completion costs associated with other, if any, potential producing zones.

Please contact the undersigned at your earliest convenience if you have any questions. Thank you.

Very truly yours,


Jim Ball
Landman

JB:aw

Enclosures

MANZANO OIL CORPORATION

P. O. BOX 571

ROSWELL, NEW MEXICO 88201

AUTHORIZATION FOR EXPENDITURE

DATE: May 11, 1988

Lease/Well Sun Fed Com #1 Location 1650' FNL & 1980' FWL, Section 26, T18S, R33E
County Lea State NM Prospect Sun Corbin Prospect Proposed TD 13,700'
Objective zones Morrow Type Well Gas Est. Start Date March 15, 1988

ITEM	DRY HOLE	COMPLETION	TOTAL
INTANGIBLE COSTS:			
Surveying.....	\$ 1,000	\$	\$ 1,000
Location & Roads.....	13,000		13,000
Drilling-Footage:Depth <u>12,500</u> @ \$ <u>20.95</u> /Ft.	262,000		262,000
Drilling-Daywork: <u>20</u> Days @ \$ <u>4,200</u> /Day	84,000		84,000
Completion Rig: <u>10</u> Days @ \$ <u>1,300</u> /Day		13,000	13,000
Mud Logging.....	12,000		12,000
Drill Stem Tests: No <u>4</u>	20,000		20,000
Roustabouts & Trucking.....	3,500	1,500	5,000
Mud Chemicals.....	60,000		60,000
Cement & Services - Surface.....	6,500		6,500
- Intermediate.....	25,000		25,000
- Production.....		18,000	18,000
Open Hole Logging.....		22,000	22,000
Tie-In Logging & Perforation.....		11,000	11,000
Acidizing & Fracturing.....		12,000	12,000
Engineering & Geological Services.....	10,000	5,000	15,000
Well Supervision.....	5,000	2,500	7,500
Administrative Overhead.....	12,000	5,000	17,000
Rental Tools & Equipment.....	20,000	15,000	35,000
Permits, Title & Damages.....	5,000	2,500	7,500
Water.....	28,000		28,000
Miscellaneous & Contingencies.....	20,000	10,000	30,000
Gross Receipts Tax.....	29,400	5,700	35,100
TOTAL INTANGIBLE COSTS:	\$616,400	\$123,200	\$ 739,600

TANGIBLE COSTS:

Casing - Surface <u>500</u> 'of <u>13-3/8</u> " @ \$ <u>23.50</u> /Ft.	11,750		11,750
- Inter. <u>5,400</u> 'of <u>8-5/8</u> " @ \$ <u>12.28</u> /Ft.	66,400		66,400
- Prod. <u>13,700</u> 'of <u>5-1/2</u> " @ \$ <u>10.58</u> /Ft.		145,000	145,000
Tubing <u>13,700</u> 'of <u>2-7/8</u> " @ \$ <u>4.75</u> /Ft.		65,100	65,100
Wellhead Equipment.....	6,000	20,000	26,000
Sucker Rods.....			
Packer & Sleeves.....		5,000	5,000
Down Hole Pump.....			
Pumping Unit & Prime Mover.....			
Float & Other Equipment.....	3,500	5,500	9,000
Tanks, Flow Lines & Fittings.....		15,000	15,000
Separator/Heater-Treater.....			
Gas Lines & Meters.....		4,000	4,000
Miscellaneous.....	5,000	10,000	15,000
Gross Receipts Tax.....	4,700	13,500	18,200
TOTAL TANGIBLE COSTS:	\$ 97,350	\$283,100	\$ 380,450
TOTAL WELL COSTS:	\$713,750	\$406,300	\$1,120,050

IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATION SPECIFIED, WHETHER MORE OR LESS THAN THAT SET OUT HEREIN. THE ABOVE ESTIMATES ARE BASED UPON A FLOWING WELL.

MANZANO OIL CORPORATION

COMPANY SANTA FE EXPLORATION COMPANY

APPROVED BY: [Signature]

APPROVED BY: [Signature]

DATE: 5/11/88

DATE: June 8, 1988
William A. McAlpine, Jr., Pres.

SS# OR TAX ID# 85-0291652