

KAREN AUBREY

ATTORNEY AT LAW

236 MONTEZUMA

SANTA FE, NEW MEXICO 87501

TELEPHONE (505) 982-4287

TELEFAX (505) 986-8349

ALSO ADMITTED IN ARIZONA

March 7, 1994

HAND DELIVERED

William J. LeMay  
Director, New Mexico Oil Conservation Division  
310 Old Santa Fe Trail, Second Floor  
Santa Fe, New Mexico 87501

MAR 8 1994

10950

Re: Application of Samedan Oil Corporation for Redesignation of the Cline-Tubb Pool as the Cline-Tubb Associated Pool, Expansion of Pool Boundaries for Special Pool Rules and Regulations, for Approval of Two Non-Standard Gas Proration Units, and Approval of Two Unorthodox Gas Well Locations, Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Samedan Oil Corporation, I enclose the above referenced application which I request be set for hearing on the Examiner's Docket on March 31, 1994.

By copy of this letter and application, sent by Certified Mail, Return Receipt Requested, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application, and further that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, all parties are informed that if they intend to appear in this case, they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 p.m. on March 25, 1994, and to send a copy to the undersigned.

Sincerely,

  
Karen Aubrey

KA/mm

enclosure

xc: By Certified Mail: All Parties listed in Paragraph 22 of the Application

LTR0307.593

# STELBAR PRODUCTION COMPANY

A DIVISION OF STELBAR OIL CORPORATION, INC.

155 NORTH MARKET, SUITE 500

WICHITA, KANSAS 67202

(316) 264-8378

March 24, 1994

VIA - Airborne Express

William J. LeMay, Director  
New Mexico Oil Conservation Division  
310 Old Santa Fe Trail, Second Floor  
Santa Fe, NM 87501

RE: Application of Samedan Oil Corporation for Redesignation of the Cline-Tubb Pool as the Cline-Tubb Associated Pool, Expansion of Pool Boundaries for Special Pool Rules and Regulations, Two Non-Standard Gas Proration Units, and Approval of Two Unorthodox Gas Well Locations.  
Lea County, New Mexico

Dear Mr. LeMay:

This letter is in response to the above mentioned application dated March 7, 1994 and pursuant to the Division's Memorandum 2-90 as it relates to the filing of a Pre-Hearing Statement.

Stelbar Production Company, a working interest owner in wells within the proposed boundaries of the Cline-Tubb Associated Pool is in general agreement with the application to the above mentioned requests. However, Stelbar requests that any approval of non-standard proration units provide for a production allowable proportionately reduced to the amount of acreage dedicated to the well.

The Operator of our wells has undertaken a study of the wells located within the proposed area and finds that each individual well is different in production capacities and Gas-Oil Ratio. We, therefore, propose that approval for this application be based on determination of Gas-Oil Ratio tests to classify each well individually completed as a 40-acre proration oil well or 160 acre proration gas well. If the ruling will not allow a 30,000:1 GOR on oil wells, we also suggest that a 40-acre standard oil well proration unit have a minimum GOR of 6000:1, to eliminate additional hearings.

Stelbar further requests that we be noticed as a party of record, and advise of our intention to be represented at the hearing.

Sincerely,

STELBAR PRODUCTION COMPANY



Brian T. Gaudreau  
Acquisitions Manager

BTG/glk-2

cc: Kelton Operating Corporation  
Samedan Oil Corporation

==== Kelton Operating Corporation ====

Post Office Box 276  
Andrews, Texas 79714

Office : 915-523-6535  
Mobile: 915-523-1178

RECEIVED  
NEW MEXICO OIL CONSERVATION DIVISION  
MARCH 24 8 39 AM '94

March 24, 1994

VIA FACSIMILE 505-827-5741/HARD COPY U.S. MAIL

William J. LeMay, Director  
New Mexico Oil Conservation Division  
310 Old Santa Fe Trail, Second Floor  
Santa Fe, New Mexico 87501

Re: Application of Samedan Oil Corporation for Redesignation of the Cline-Tubb Pool as the Cline-Tubb Associated Pool, Expansion of Pool Boundaries for Special Pool Rules and Regulations, Two Non-Standard Gas Proration Units, and Approval of Two Unorthodox Gas Well Locations  
Lea County, New Mexico

Dear Mr. LeMay:

This letter is in response to the above mentioned application received by your office March 8, 1994. Kelton Operating Corporation (herein "Kelton") is in agreement with the application to the above mentioned requests. However, Kelton requests that upon approval of the non-standard proration units that the production allowable be proportionately reduced to the amount of acreage dedicated to the well.

Kelton's research of the wells, that were previously producing from the Tubb formation, located within the proposed area finds that each individual well is different in production capacities and Gas-Oil Ratio. Based on production history from the Kelton Lineberry #2 the GOR has been at 6000 to 7000:1, Kelton requests to be included in this application that in the event a well is classified as an oil well, on a 40 acre standard oil well proration unit having a GOR of 2000:1, that the GOR be increased to have a minimum GOR of 6000:1 to eliminate the need for additional hearings. In our telephone conversations with Samedan, they have no objection to this proposal. Therefore, Kelton is submitting their approval for Samedan's application based on determination of Gas-Oil Ratio tests to classify each well individually completed as a 40 acre proration oil well or 160 acre proration gas well as per the Associated Pool Rules.

Kelton requests that we be noticed as a party of record, and furthermore, Kelton will attend the hearing.

Sincerely,

KELTON OPERATING CORPORATION

A handwritten signature in black ink, appearing to read 'C. Dale Kelton', with a long horizontal stroke extending to the right.

C. Dale Kelton  
President

CDK/clw  
CC: Samedan Oil Corporation  
Chuza Operating  
Karen Aubrey

KELTON OPERATING CORPORATION  
POST OFFICE BOX 276  
ANDREWS, TEXAS 79714-0276  
915-524-5400

DATE MARCH 25, 1994

TRANSMITTING FROM FAX NO : (915) 524-6502

FROM : C Dale Kelton  
TO: William J. LeMay  
COMPANY: New Mexico Oil Conservation Division

TRANSMITTING TO FAX NO: 505-827-5741

TRANSMISSION OF 3 PAGES INCLUDING COVER SHEET

PLEASE ADVISE IMMEDIATELY OF ANY TRANSMISSION FAULTS:

(915) 524-6400

MESSAGE INSTRUCTIONS TO ADDRESSEE:

Dear Mr. LeMay :

Please accept this facsimile in response to the application  
filed by Samdan Oil Corporation to be heard on March 31, 1994.

Sincerely,



C. Dale Kelton

**== Kelton Operating Corporation ==**

Post Office Box 276  
Andrews, Texas 79714

Office: 915-523-6536  
Mobile: 915-523-1178

March 24, 1994

VIA FACSIMILE 505 827-5741/HARD COPY U.S. MAIL

*Case 10950*

William J. LeMay, Director  
New Mexico Oil Conservation Division  
310 Old Santa Fe Trail, Second Floor  
Santa Fe, New Mexico 87501

Re: Application of Samedan Oil Corporation for Redesignation of the Cline-Tubb Pool as the Cline-Tubb Associated Pool, Expansion of Pool Boundaries for Special Pool Rules and Regulations, Two Non-Standard Gas Proration Units, and Approval of Two Unorthodox Gas Well Locations  
Lea County, New Mexico

Dear Mr. LeMay:

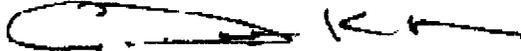
This letter is in response to the above mentioned application received by your office March 8, 1994. Kelton Operating Corporation (herein "Kelton") is in agreement with the application to the above mentioned requests. However, Kelton requests that upon approval of the non-standard proration units that the production allowable be proportionately reduced to the amount of acreage dedicated to the well.

Kelton's research of the wells, that were previously producing from the Tubb formation, located within the proposed area finds that each individual well is different in production capacities and Gas-Oil Ratio. Based on production history from the Kelton Lineberry #2 the GOR has been at 6000 to 7000:1, Kelton requests to be included in this application that in the event a well is classified as an oil well, on a 40 acre standard oil well proration unit having a GOR of 2000:1, that the GOR be increased to have a minimum GOR of 6000:1 to eliminate the need for additional hearings. In our telephone conversations with Samedan, they have no objection to this proposal. Therefore, Kelton is submitting their approval for Samedan's application based on determination of Gas Oil Ratio tests to classify each well individually completed as a 40 acre proration oil well or 100 acre proration gas well as per the Associated Pool Rules.

Kelton requests that we be noticed as a party of record, and furthermore, Kelton will attend the hearing.

Sincerely,

KELTON OPERATING CORPORATION



C. Dale Kelton  
President

CDK/clw  
CC: Samedan Oil Corporation  
Chuza Operating  
Karen Aubrey

# CHUZA OPERATING

P. O. Box 51010  
MIDLAND, TEXAS 79710

OFFICE PHONE:  
(915) 686-8985

FAX PHONE:  
(915) 683-3654

March 25, 1994

*Case 10950*

William J. LeMay, Director  
New Mexico Oil Conservation Division  
310 Old Santa Fe Trail, Second Floor  
Santa Fe, New Mexico 87501

Re: Application of Samedan Oil Corp for Redesignation of the  
Cline-Tubb Associated Pool, Expansion of Pool Boundaries  
for Special Pool Rules and Regulations, Two Non-Standard  
Gas Proration Units, and Approval of Two Unorthodox Gas  
Well Locations  
Lea County, New Mexico

Dear Mr. LeMay:

This letter is in response to the above mentioned application received by your office March 8, 1994. Chuza Operating (herein "Chuza") is in agreement with the application to the above mentioned requests. However, Chuza requests that upon approval of the non-standard proration units that the production allowable be proportionately reduced to the amount of acreage dedicated to the well.

Chuza's research of the wells, that were previously producing from the Tubb formation, located within the proposed area finds that each individual well is different in production capacities and Gas-Oil Ratio. Based on production history from the Kelton Lineberry 2 the GOR has been at 6000 to 7000:1. Chuza requests to be included in this application that in the event a well is classified as an oil well, on a 40 acre standard oil well proration unit having a GOR of 2000:1, that the GOR be increased to have a minimum GOR of 6000:1, to eliminate the need for additional hearings. In our telephone conversations with Samedan, they have no objection to this proposal. Therefore, Chuza is submitting their approval for Samedan's application based on determination of Gas-Oil Ratio tests to classify each well



Page 2

individually completed as a 40 acre proration oil well or 160 acre proration gas well as per the Associated Pool Rules.

Chuza requests that we be noticed as a party of record, and furthermore, Chuza will attend the hearing.

Sincerely,

Chuza Operating

  
\_\_\_\_\_

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

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

CASE NO. 10950

**APPLICATION OF** Samedan Oil Corporation for  
Redesignation of the Cline-Tubb Pool as the  
Cline-Tubb Associated Pool, Expansion of Pool  
Boundaries, for Special Pool Rules and  
Regulations, for Approval of Two Non-Standard  
Gas Proration Units, and Approval of Two  
Unorthodox Gas Well Locations, Lea County,  
New Mexico.

MAR 25 1994

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Samedan Oil Corporation as  
required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

APPLICANT

Samedan Oil Corporation

ATTORNEY

Karen Aubrey  
LAW OFFICE OF KAREN AUBREY  
236 Montezuma Avenue  
Santa Fe, NM 87501  
(505) 982-4287 Fax(505) 986-8349

OPPOSITION OR OTHER PARTY      ATTORNEY

see opposition filing

### STATEMENT OF CASE

APPLICANT Applicant seeks the reclassification of the Cline-Tubb Pool as an "associated Pool" and to adopt the "General Rules and Regulations for Associated Pools in Southeast New Mexico", as promulgated by Division Order No. R-5353, as amended, as the governing procedures for said pool and to include provisions for 40-acre oil and 160-acre gas spacing and proration units. Applicant further requests to extend the horizontal limits of said pool to include the SW/4 of Section 1 and the W/2 of Section 12, both in Township 23 South, Range 37 East. If said pool is reclassified and placed under the "associated pool rules" then the applicant further requests approval for two non-standard 80-acre gas spacing and proration units, being the E/2 NW/4 and the E/2 SW/4 of said Section 12. Further approval for two gas well locations, both considered to be unorthodox, will also be sought: (1) the Sarah "B" Well No. 2 located 2310 feet from the South line and 1653 feet from the West line (Unit K) of said Section 12; and, (2) the Branex Federal Well No. 1 to be drilled 2310 feet from the South Line and 660 feet from the West line (Unit L) of said Section 12. Finally, the applicant requests that any order issued in this matter be applied retroactively to the date of first production from said Sarah "B" Well No. 2. This area is approximately 8 miles south by east of Eunice, New Mexico.

Opposition or Other Party

see opposition filing

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Dave Smith	1/2 Hr.	Area Map Notification Information
Joe D. Ramey	1/2 Hr.	Production Data Logs

OPPOSITION

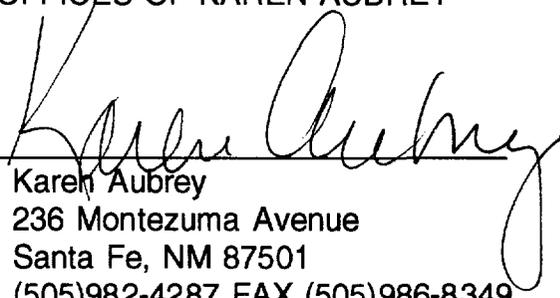
WITNESSES	EST. TIME	EXHIBITS
SEE OPPOSITION FILING		

**PROCEDURAL MATTERS**

None applicable at this time.

LAW OFFICES OF KAREN AUBREY

By: \_\_\_\_\_

  
Karen Aubrey  
236 Montezuma Avenue  
Santa Fe, NM 87501  
(505)982-4287 FAX (505)986-8349

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

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

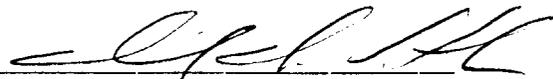
**CASE NO. 10950**

The Application of Samedan Oil Corporation for  
Redesignation of the Cline-Tubb Pool as the  
Cline-Tubb Associated Pool, Expansion of Pool  
Boundaries, for Special Pool Rules and  
Regulations, for Approval of Two Non-Standard  
Gas Proration Units, and Approval of Two Unorthodox  
Gas Well Locations, Lea County, New Mexico.

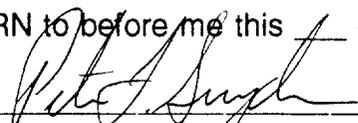
**APR 1 1994**

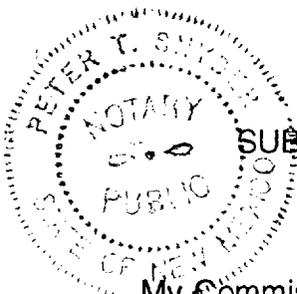
**CERTIFICATE OF MAILING  
AND  
COMPLIANCE WITH ORDER R-8054**

David Smith, Landman and authorized representative of Samedan Oil Corporation, states that he has personally searched the title records for the applicable portions of the lands shown on Exhibit 1, attached hereto, for the purpose of determining those parties entitled to Notice of the Application filed in the above captioned case, and that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with; that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice; that on the 7th day of March 1994, I caused to be mailed by certified mail return-receipt requested, notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for March 31, 1994, to the parties shown in the application as evidenced by the copies of return receipt cards attached as Exhibit 2, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

  
\_\_\_\_\_  
David Smith

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of March, 1994.

  
\_\_\_\_\_  
Notary Public



My Commission Expires:

Nov. 16, 1997

OPERATORS OF WELLS WITHIN EXPANDED AREA  
(Samedan Oil Corporation Excluded)

T23S - R37E

Section 11: Kelton Operating Company  
Linebery #1 NE/4 SE/4  
Linebery #2 NE/4 SE/4  
Flat C Sharp #1 SE/4 NE/4

Section 12: Chuza Operating  
Gambi #1 SW/4 NW/4

OPERATORS OF WELLS WITHIN ONE MILE

T22S - R37E

Section 35: None

Section 36: Highland Resources  
#2 State BD 36  
SE/4 SE/4

T22S - R38E

Section 31: Texaco Exploration & Production, Inc.  
#4 A. H. Blinebry Fed. NCT 4  
SW/4 SW/4

T23S - R37E

Section 2: Seely Oil Co.  
#1 Gulf State  
NW/4 NW/4

Section 10: Texaco Exploration & Production, Inc.  
Skelly Penrose A Unit #41  
NE/4 NE/4

Texaco Exploration & Production, Inc.  
Skelly Penrose A Unit #51  
SW/4 NE/4

Texaco Exploration & Production, Inc.  
Skelly Penrose A Unit #54  
SE/4 NE/4

Section 12: Chuza Operating  
Phillips - Federal #1  
NW/4 SE/4

T23S - R38E

Section 6: Chevron U.S.A., Inc.  
#2 H.V. Pike  
NE/4 NW/4

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Kellon Operating Corporation  
P.O. Box 276  
Andrews, TX 79714

4a. Article Number

0670 814 394

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

3/11/90

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

*[Handwritten Signature]*

PS Form 3811, November 1990 \*U.S. GPO: 1991-287-066 **DOMESTIC RETURN RECEIPT**

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Chuza Operating  
P.O. Box 51010  
Midland, Texas 79710-1010

4a. Article Number

0670 814 393

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

MAR 10 1990

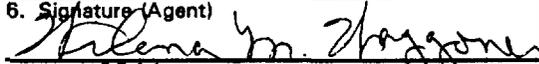
5. Signature (Addressee)

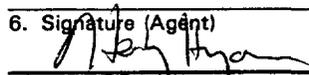
6. Signature (Agent)

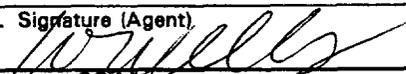
*[Handwritten Signature]*

8. Addressee's Address (Only if requested and fee is paid)

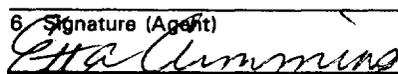
PS Form 3811, November 1990 \*U.S. GPO: 1991-287-066 **DOMESTIC RETURN RECEIPT**

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Seely Oil Co. 815 W. 10th St. Ft. Worth, TX 76102-3528		4a. Article Number P670 814574	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery MAR 10 1994	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) 			
PS Form 3811, November 1990 * U.S. G.P.O. 1991-287-068 <b>DOMESTIC RETURN RECEIPT</b>			

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Texaco U.S.A. P.O. Box 3109 Midland, Texas 79702		4a. Article Number P670 814392	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery MAR 11 1994	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) 			
PS Form 3811, November 1990 * U.S. G.P.O. 1991-287-068 <b>DOMESTIC RETURN RECEIPT</b>			

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Meridian Oil Inc. (Southland Royalty) P.O. Box 51810 Midland, TX 70710		4a. Article Number P 670 814 395	
		4b. Service Type <input checked="" type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 3-15	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid) MAR 10 1994	
6. Signature (Agent) 			

PS Form 3811, November 1990 ☆ U.S. GPO: 1991-287-068 **DOMESTIC RETURN RECEIPT**

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Chevron USA, Inc. P.O. Box 1150 Midland, TX 70702		4a. Article Number P 670 814 396	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery MAR 13 1994	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) 			

PS Form 3811, November 1990 ☆ U.S. GPO: 1991-287-068 **DOMESTIC RETURN RECEIPT**

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address
2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Highland Production Company  
310 N. Dixie - Suite 202  
Odessa, TX 79767

4a. Article Number

P670814397

4b. Service Type

- Registered       Insured  
 Certified       COD  
 Express Mail       Return Receipt for Merchandise

7. Date of Delivery

3-11-94

5. Signature (Addressee)

6. Signature (Agent)

*Francis*

8. Addressee's Address (Only if requested and fee is paid)

**KAREN AUBREY**

ATTORNEY AT LAW

236 MONTEZUMA

SANTA FE, NEW MEXICO 87501

TELEPHONE (505) 982-4287  
TELEFAX (505) 986-8349

ALSO ADMITTED IN ARIZONA

April 8, 1994

HAND DELIVERED

Michael Stogner  
Hearing Examiner  
New Mexico Oil Conservation Division  
310 Old Santa Fe Trail, Second Floor  
Santa Fe, NM 87501

APR 11 1994

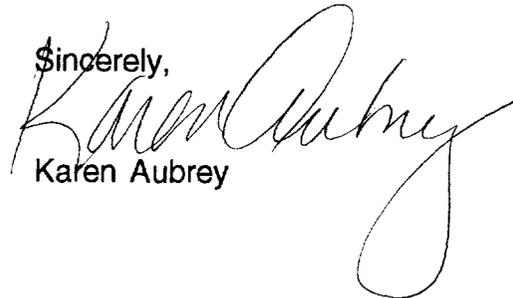
Re: Samedan Oil Corporation  
Case No. 10950

Dear Mr. Stogner:

I enclose a Proposed Order on behalf of Samedan Oil Corporation for your use in rendering a decision in the above captioned case. I also enclose a copy of Samedan Exhibit No. 2 which contains the original U.S. Post Office return receipt cards.

Please call if you have any questions or comments.

Sincerely,



Karen Aubrey

KA/mm

enclosures as stated

floppy diskette containing Order

xc: Dave Smith, Samedan Oil Corporation with copy of proposed order

Joe D. Ramey with copy of proposed order

LTR0408.593

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF

CASE NO. 10950

ORDER NO. R-            
R-5353      

CONSIDERING:

THE APPLICATION OF SAMEDAN OIL CORPORATION  
FOR REDESIGNATION OF THE CLINE-TUBB POOL  
AS THE CLINE-TUBB ASSOCIATED POOL, EXPANSION  
OF POOL BOUNDARIES, FOR SPECIAL POOL RULES  
AND REGULATIONS, FOR APPROVAL OF TWO NON-  
STANDARD GAS PRORATION UNITS, AND APPROVAL  
OF TWO UNORTHODOX GAS WELL LOCATIONS, LEA  
COUNTY, NEW MEXICO.

APR 11 1994

PROPOSED ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 31,  
1994, at Santa Fe, New Mexico, before Examiner Michael Stogner.

NOW, on this \_\_\_ day of \_\_\_\_\_, 1994, the Division Director,  
having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS THAT:

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

(2) The applicant, Samedan Oil Corporation, is the operator  
of wells in the presently designated Cline-Tubb Pool. The  
boundaries of the Cline-Tubb Pool were expanded by Order R-10091,  
dated March 28, 1994, to include the acreage covered by Samedan  
Oil Corporation's request for expansion of pool boundaries filed  
in this case. Administrative notice is taken of Order R-10091.

(3) Applicant is the operator of four wells completed in  
the Cline-Tubb Pool and is presently drilling a fifth well:

<u>NAME</u>	<u>LOCATION</u>	<u>PRODUCING</u>	<u>LOCATION</u>
Sarah B No. 1	SE/4SE/4 Sec. 11	oil	standard

CASE NO. 10950  
Order No. R-  
R-5353

Page -2-

<u>NAME</u>	<u>LOCATION</u>	<u>PRODUCING</u>	<u>LOCATION</u>
Sarah B No. 2	NE/4SW/4 Sec. 12	gas	unorthodox
Sarah B No. 3	SW/4SW/4 Sec. 1	oil	standard
Sharp No. 1	SE/4NW/4 Sec. 12	gas	standard
Branex Fed No. 1	NW/4SW/4 Sec. 12	*drilling	*unorthodox if gas

(4) The Kelton Operating Lineberry No. 2 well, located in the NW/4SE/4 of Section 11 was the initial well in the Cline-Tubb Pool. The Kelton Operating Lineberry No. 2, presently shut-in, was an oil well, formerly producing from a perforated interval in the Cline-Tubb from 5995-6179 feet.

(5) The evidence shows that the Sarah B No. 2 is a gas well with a producing GOR of 92,818:1. The evidence further shows that the Lineberry No. 2 well is 11 feet structurally higher than the Sarah B No. 2 well.

(6) The Sharp #1 has tested at a GOR of 22,167. The evidence shows that the Sharp #1 will probably become a gas well once it has been produced. The evidence further shows that the Lineberry No. 2 well is 12 feet structurally higher than the Sharp #1 well.

(7) The evidence shows that dry holes in Section 6, 13, and 2 appear to isolate the Cline-Tubb Associated Pool from the main Tubb Pool to the North and East. There is no evidence that a gas cap is present.

(8) The evidence shows that wells which produced or are producing from the Cline-Tubb are located on a distinct geological structure isolated from any other structures in the immediate area.

(9) The evidence shows that the producing intervals of the Sarah B No. 1, 2, 3, the Sharp No. 1 and the Kelton Operating Lineberry No. 2 wells all correlate as producing or having produced from the Cline-Tubb Associated Pool.

(10) No operator of wells within the proposed pool boundaries or unleased mineral owners appeared at the hearing to present evidence and testimony or to oppose this application.

(11) Applicant cannot predict whether any well drilled will be a gas well or an oil well, and, therefore, requests that a well drilled at a standard oil well location be deemed drilled at

CASE NO. 10950  
Order No. R-                      
            R-5353            

Page -3-

a standard location in the event that the well is completed or becomes a gas well.

(12) Applicant requests that a non-standard proration unit consisting of the E/2SW/4 of Section 12, T23S R37E be approved and dedicated to the Sarah B No. 2 Well.

(13) Applicant requests that a non-standard proration unit consisting of the W/2SW/4 of Section 12, T23S R37E be approved and dedicated to the Branex Federal No. 1 Well, in the event said well is completed as a gas well.

(14) Applicant requests that non-standard proration unit consisting of the E/2NW/4 Section 12, T23S R37E be approved and dedicated to the Sharp No. 1 Well.

IT IS THEREFORE ORDERED THAT:

(1) Effective September 1, 1993 the Cline-Tubb Pool in Lea County, New Mexico is hereby reclassified as an associated pool and redesignated the Cline-Tubb Associated Pool.

(2) The Cline-Tubb Associated Pool shall be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, as promulgated by Order R-5353, as amended insofar as said General Rules and Regulations are not inconsistent with the Special Rules and Regulations for the subject pool as hereinafter set forth, in which event the Special Rules shall apply:

SPECIAL RULES AND REGULATIONS  
FOR THE  
CLINE-TUBB ASSOCIATED POOL

Rule \_\_\_ A standard oil proration unit shall be 40 acres.  
          A standard gas proration unit shall be 160 acres.

Rule \_\_\_ A well drilled at a standard oil well location  
          which produces at a gas-oil ratio of more than  
          30,000:1 shall be deemed to be drilled at a  
          standard location.

(3) The Cline-Tubb Associated Pool is a separate and distinct pool.

CASE NO. 10950

Order No. R-                      
          R-5353          

Page -4-

IT IS FURTHER ORDERED:

(4) The location of all wells presently drilling to or completed in the Cline-Tubb Associated Pool, or in the Tubb formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within 30 days from the date of this order.

(5) Pursuant to Paragraph A of Section 70-2-18 N.M.S.A. (1978 Comp.), existing oil wells and gas wells in the Cline-Tubb Associated Pool shall have dedicated thereto 40 and 160 acres, respectively, in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating the appropriate acreage to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Cline-Tubb Associated Pool or in the Tubb formation within one mile thereof shall receive no more than a 40 acre allowable.

(6) A non-standard gas proration unit consisting of the E/2SW/4 of Section 12, T23S R37E, Lea County, New Mexico, dedicated to the Sarah B No. 2 Well is hereby approved.

(7) A non-standard gas proration unit consisting of the E/2NW/4 of Section 12, T23S R37E, Lea County, New Mexico, dedicated to the Sharp No. 1 Well is hereby approved.

(8) In the event that the Branex Federal No. 1 Well located in the NW/4SW/4 of Section 12, T23S R37E, Lea County, New Mexico is completed as a gas well, a non-standard gas proration unit consisting of the W/2SW/4 of Section 12, T23S R37E is hereby approved.

(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

CASE NO. 10950

Order No. R-\_\_\_\_\_

R-5353\_\_\_\_\_

Page -5-

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY  
Director

SEAL