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December 20, 1999

Mr. Harold D. Stratton, Jr.
Stratton & Cavin, P.A.
P. O. Box 1216
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Mr. W. Thomas Kellahin
Kellahin and Kellahin
P. O. Box 2265
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Ms. Marilyn S. Hebert
Special Assistant Attorney General
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

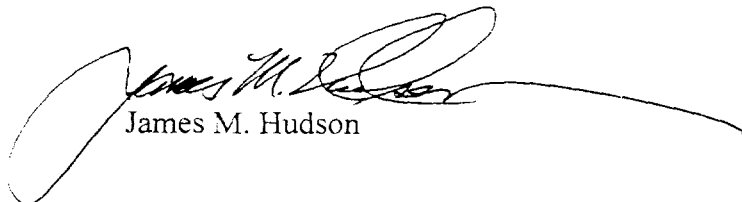
Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and
Mitchell Energy Corporation; Fifth Judicial District, Lea County, New Mexico;
Cause No. CV 97-159G*

Dear Counsel:

Enclosed is a copy of the Judgment entered December 17, 1999.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY, L.L.P.


James M. Hudson

JMH/s
Enclosure
cc: Mitchell Energy Corporation
MITCHELL ATTYS4

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FIFTH JUDICIAL DISTRICT

STATE OF NEW MEXICO

Serving Lea, Eddy and Chaves Counties

May 10, 1999

R. W. GALLINI
District Judge
Division III

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Marilyn S. Hebert, Esquire
NM Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

W. Thomas Kellahin, Esquire
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Re: Branko, Inc., et al. vs. New Mexico Oil
Conservation Commission, et al.,
Lea County No. CV-97-159-G

Dear Counsel:

I acknowledge receipt of Ms. Hebert's letter dated April 23, 1999 complaining of opposing counsel's repeated ex parte communications with the Court on the substantive issues of the above-referenced case currently awaiting decision before the Court.

Hearings have been held in this matter and are awaiting a decision by the Court. Do not send me any further information or cases unless I ask for the record to be supplemented. If I do, I will contact all attorneys. Please review the Code of Professional Responsibility and insure that you are in compliance before sending any unsolicited matter to the Court.


I will endeavor to get this case to decision as soon as possible. As you all probably know, Judge Clingman suffered a heart attack back in early March and I had to take over a large part of his

May 10, 1999

Page 2

caseload until he was able to return to work. He is back to work now and I am working on my own docket now.

Sincerely,



R. W. GALLINI, District Judge

RWG/rt



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 25, 1999

Brian J. Pezzillo
Stratton & Cavin, P.A.
Post Office Box 1216
Albuquerque, NM 87103-1216

**Re: Branko, Inc. et al. v. New Mexico Oil Conservation Commission et al.
Fifth Judicial District, No. CV-97-159-G**

Dear Brian:

As you will no doubt note, you were not copied on the April 23, 1999 letter, a copy of which is enclosed. I apologize for this oversight.

Best regards,

A handwritten signature in cursive script, appearing to read "Marilyn S. Hebert".

Marilyn S. Hebert

ccs: W. Thomas Kellahin
Harold L. Hensley, Jr. and James M. Hudson

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†**°
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

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May 24, 1999

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS
**ALSO ADMITTED IN COLORADO
°NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

Marilyn S. Hebert
New Mexico Oil Conservation Committee
2040 South Pacheco
Santa Fe, NM 87505

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

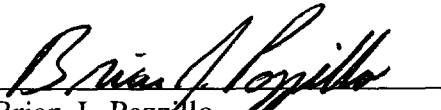
Dear Lynn:

I am writing in regard to the May 10, 1999 letter from Judge Gallini in which he refers to the letter from yourself dated April 23, 1999. In all correspondence in which we have had contact with the court, we have always included a copy to yourself with any enclosures which might have been sent. However, we are not in receipt of your April 23, 1999 letter. Therefore, I am writing to request a copy of the correspondence which you sent to Judge Gallini as this would in fact be an *ex parte* communication.

I appreciate your attention to this matter.

Sincerely,

STRATTON & CAVIN, P.A.

By: 
Brian J. Pezzillo

BJP/rd



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 23, 1999

The Honorable Ralph W. Gallini
Fifth Judicial District
100 N. Main, Box 6-C
Lovington, New Mexico 88260

**Re: Branko, Inc. et al. v. New Mexico Oil Conservation Commission et al.,
CV 97-159G**

Dear Judge Gallini:

The New Mexico Oil Conservation Commission (Commission) objects to opposing counsel's, Stratton & Cavin, P.A., repeated ex parte communication with the Court on the substantive issues of the above-referenced case currently pending before the Court. This is the second time opposing counsel has provided the Court unsolicited information and comment subsequent to the oral argument.

The Commission would happily distinguish the case provided to the Court in the proper forum, a hearing, as opposed to letters to the Court.

Again, the Commission strongly disagrees with opposing counsel's representation in their ex parte communications to the Court that *Johnson, Trustee for Ralph A. Bard, Jr., Trust U/A/D February 12, 1983, et al., v. New Mexico Oil Conservation Commission and Burlington Resources Oil & Gas Company, a corporation* contains facts and law similar to the *Branko* case pending before the Court. The issue in *Johnson* is the sufficiency of notice provided for a rule change; the issue in *Branko* is the existence of property interests.

Thank you for your consideration of this matter.

Best regards,

A handwritten signature in cursive script, appearing to read "Marilyn S. Hebert".

Marilyn S. Hebert

ccs: W. Thomas Kellahin
Harold L. Hensley, Jr. and James M. Hudson

COPY

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†***
STEPHEN D. INGRAM†
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April 20, 1999

*ALSO ADMITTED IN OKLAHOMA
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*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

Honorable Ralph W. Gallini
Fifth Judicial District
100 N. Main, Box 6-C
Lovington, NM 88260

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court; Cause No. CV 97-159G

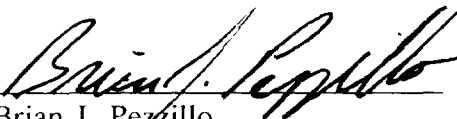
Dear Judge Gallini:

I am herewith providing the Court with supplemental authority pursuant to the rule in the form of a case out of the Supreme Court of the State of New Mexico entitled *Timothy B. Johnson, Trustee for Ralph A. Bard, Jr., Trust U/A/D February 12, 1983, et al., v. New Mexico Oil Conservation Commission and Burlington Resources Oil & Gas Company, a corporation*, Docket Nos. 25,061 and 25,062. Without providing argument, we believe that this opinion contains facts and law which are sufficiently similar to the above-referenced cause to bring it to the Court's attention. A copy of the district court case from which this appeal arose was provided to this Court and all other counsel in this case by letter dated August 14, 1998.

I am providing copies of this letter, as well as the opinion, to all other counsel in the case.

Sincerely,

STRATTON & CAVIN, P.A.

By: 
Brian J. Pezzillo

BJP/rd

Enclosure

ccs: (w/enclosure)

Marilyn S. Hebert

Harold L. Hensley, Jr. and James M. Hudson

W. Thomas Kellahin



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
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August 17, 1998

The Honorable Ralph W. Gallini
District Judge, Fifth Judicial District
100 N. Main, Box 6-C
Lovington, New Mexico 88260

**Re: Branko, Inc. et al. v. New Mexico Oil Conservation Commission et al.,
CV 97-159G**

Dear Judge Gallini:

This letter is in response to Hal Stratton's letter to you dated August 14, 1998. Mr. Stratton included with his letter a copy of a decision from the Eleventh Judicial District. The New Mexico Oil Conservation Commission appealed this decision to the Supreme Court on February 24, 1998; Burlington Resources Oil & Gas Company also appealed. The consolidated case, Nos. 25,061/25,062, has been fully briefed. The Supreme Court has assigned the case to its "briefs only calendar," a copy of this assignment is enclosed.

The Commission's does not agree with Mr. Stratton's opinion that the case in the Eleventh Judicial District's has similar issues of fact or law with the case pending before the Court in the Fifth Judicial District.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Maryn S. Hebert".
Maryn S. Hebert

cc: Harold D. Stratton, Jr. (w/encl.)
W. Thomas Kellahin (w/encl.)
James M. Hudson (w/encl.)

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

August 14, 1998

Honorable Ralph W. Gallini
District Judge, Division III
100 N. Main, Box 6-C
Lovington, New Mexico 88260

Re: ***Branko, Inc., et al. v. New Mexico Oil Conservation Commission, et al.;***
No. CV 97-159G

Dear Judge Gallini:

I am herewith providing the Court with supplemental authority pursuant to the rule in the form of a case out of the Eleventh Judicial District entitled *Timothy B. Johnson, Trustee for Ralph A. Bard, Jr. Trust U/A/D February 12, 1983, et al. vs. Burlington Resources Oil & Gas Company, a corporation, and The New Mexico Oil Conservation Commission*, Cause No. CV-97-572-3. We were unaware of this decision at the time of the hearing or briefing in this matter. Without providing argument, we believe that this opinion contains facts and law which are sufficiently similar to the above-referenced cause to bring it to the Court's attention.

I am providing copies of this letter, as well as the opinion, to all other counsel in the case.

Sincerely,

STRATTON & CAVIN, P.A.

By: 

Harold D. Stratton, Jr.

HDS/skc

Enclosures

cc: Lynn Hebert (w/encl.)
Jim Hudson (w/encl.)
Tom Kellahin (w/encl.)

**STATE OF NEW MEXICO
COUNTY OF SAN JUAN
ELEVENTH JUDICIAL DISTRICT**

FILED
DISTRICT COURT
SAN JUAN COUNTY,
NM.

JAN 27 1 28 PM '98

Timothy B. Johnson, Trustee for Ralph A. Bard, Jr. Trust U/A/D February 12, 1983; et. al.,

Plaintiffs,

vs.

Burlington Resources Oil & Gas Company, a corporation, and The New Mexico Oil Conservation Commission,

Defendants.

Cause No. CV-97-572-3

OPINION AND FINAL JUDGMENT

This case involves an appeal of New Mexico Oil Conservation Commission ("Commission") Order No. R-10815 entered June 5, 1997 which, inter alia, amended the New Mexico Oil Conservation Division ("Division") Rules 104.B(2)(a) and 104.C(3)(a) and adopted new rules 104.B(2)(b) and 104.C(3)(b), by changing the spacing unit for gas production below the base of the Dakota formation in San Juan, Rio Arriba, Sandoval and McKinley Counties, New Mexico from 160 to 640 acres. After being fully briefed and the record from the Commission assembled and filed, the case came before the Court for oral argument on December 17, 1997 with the appellants appearing by their attorney, J.E. Gallegos, the appellee Commission appearing by its attorney Marilyn S. Hebert and appellee Burlington Resources Oil and Gas Company ("Burlington") appearing by its attorney W. Thomas Kellahin. The Court has considered the pleadings, briefs and legal authorities and received arguments of counsel and is fully advised. The Court concludes as follows and IT IS SO ORDERED.

A. THE PARTIES

1. Each of the appellants are the holders of operating rights interests in, inter alia, formations below the base of the Dakota formation located in Section 9, Township 31 North, Range 10 West, San Juan County, New Mexico ("Section 9") under United States Oil and Gas Lease SF 078389 and SF 078389-A covering 2,480 acres, more or less. The appellants are the owners of over 80% of the working interest in the Pennsylvanian formation in the east half and southwest quarter of Section 9. The appellants are listed on the Exhibit "A" attached hereto and incorporated herein.

2. Appellee Burlington is a prominent operator of wells in the San Juan Basin and is also a working interest owner in, inter alia, formations below the base of the Dakota formation located in Section 9. Burlington is the applicant in Commission Case 11745 which resulted in the challenged order.

3. Appellee Commission is an agency of the State of New Mexico created by statute which, inter alia regulates certain aspects of oil and gas operations within the State of New Mexico, to include the spacing of gas wells in the San Juan Basin.

B. THE SPACING CASE (COMMISSION CASE NO. 11745) AND ITS EFFECT ON THE APPELLANTS' PROPERTY RIGHTS

4. Since December 1, 1950, Division Rule 104.B.(2)(a) has required that wildcat gas wells in San Juan County be located on a designated drilling tract consisting of 160 contiguous surface acres.

5. Beginning in June, 1996, Burlington has sent correspondence at various times to the appellants seeking to either purchase or farmout the appellants' acreage in, inter alia, Section 9 for the drilling of wildcat wells to test the Deep Pennsylvanian formation. By February 20, 1996, Burlington had already selected

Section 9 as the location for one of its initial Deep Pennsylvanian test wells, the Scott Well No. 24, and had prepared a detailed Authority for Expenditure for this well.

6. At no time did Burlington's communications advise the appellants of its plans to make an application to the Commission for the purpose of changing the Rule 104 spacing requirements from 160 to 640-acres for wildcat gas wells below the base of the Dakota formation in San Juan County, New Mexico. On February 27, 1997 Burlington filed an application with the Commission to change the spacing unit for deep gas wells in the San Juan Basin from 160 to 640 acres. This case was docketed as Commission Case No. 11745 ("Case 11745").

7. At the public hearing of Case 11745 held on March 19, 1997, Burlington's counsel informed the Commission that Burlington had provided personal notice of its application and of the Commission hearing of Case 11745 by registered mail to some 267 operators in the San Juan Basin. In addition, the Commission provided notice by publication and to parties on its mailing list. However, neither Burlington nor the Commission provided personal notice of Case 11745 to the appellants. No party appeared in opposition to Burlington's application in Case 11745.

8. Appellants' names and addresses were known to Burlington well before its application in Case No. 11745 was filed. Burlington remits overriding royalty payments to each of the appellants on a monthly basis. The appellants and Burlington have been engaged in litigation since 1992. In addition, Burlington maintains a computerized database of the names and addresses of the appellants and could have given them actual notice of its application and of the public hearing in this case.

9. On June 5, 1997, the Commission entered its Order No. R-10815 finding, inter alia, that Division Rule 104 should be amended on a permanent basis to

provide for 640-acre gas spacing units for deep gas formations of the San Juan Basin. ("Order R-10815.")

10. On June 11, 1997, six days after the Commission issued Order R-10815, Burlington filed an application with the Division seeking to compulsory pool the appellants' interests in the east half and southwest quarter of Section 9 for its proposed Scott Well No 24, which was to be located in the northwest quarter of Section 9 on a 640-acre spacing unit. Obtaining Order No. R-10815 from the Commission modifying the Rule 104 wildcat well spacing requirements from 160 acres to 640 acres was a necessary condition precedent to Burlington's initiation of compulsory pooling proceedings against the appellants' interests in Section 9. Pursuant to Division Rule 104 as it existed prior to the 1997 amendment, the appellants' operating rights interest in the east half and southwest quarter of Section 9 could not have been compulsorily pooled with the northeast quarter of Section 9 to form a 640 acre spacing unit for Burlington's Scott Well No. 24.

11. On June 24, 1997, the appellants timely filed their Application for Rehearing of Order R-10815 with the Commission pursuant to NMSA 1978, §70-2-25 (A) and Division Rule 1222. Pursuant to §70-2-25 (A), the appellants' Application was considered denied on July 4, 1997 when the Commission failed to act thereon within 10 days. Such failure to act by the Commission on the appellants' Application is deemed a refusal thereof and a final disposition of such Application. The appellants properly and timely appeal this matter pursuant to NMSA 1978 §70-2-25 (B).

C. HOLDING

12. The decision in Uhden v. New Mexico Oil Conservation Commission, 112 N.M. 528, 817 P.2d 721 (1991) is controlling on this appeal. Knowing of its plan to

pool the interests of the appellants for a wildcat well on 640-acre spacing and knowing the identities and whereabouts of the appellants, Burlington's failure to provide personal notice to them of the spacing case proceeding underlying Order No. R-10815 deprived the appellants of their property without due process of law in violation of the United States and New Mexico constitutions. Burlington breached its duty of good faith by failing to provide personal notice to the appellants of the spacing case proceeding underlying Order No. R-10815.

13. Order No. R-10815 is void as to only the appellants and the 640-acre spacing provided for therein and in the amended New Mexico Oil Conservation Division Rule 104 is of no force and effect as to their property interests in the San Juan Basin. Appellants are entitled to and are hereby granted judgment in their favor and against the defendants and shall recover costs as allowed by law.

DATED: January 26, 1998.


Honorable Byron Caton, District Judge

SUBMITTED:


J.E. GALLEGOS
JASON E. DOUGHTY
460 St. Michael's Drive, Bldg. 300
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(505) 983-6686

Attorney for Plaintiffs

COPIES MAILED
TO COUNSEL
OF RECORD
1/27/98
Gallegos
Hebert
Kellahin

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

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February 25, 1998

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HAROLD D. STRATTON, JR.*†**
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*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS
**ALSO ADMITTED IN COLORADO
***NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

Attn.: Rosie, Secretary to
Judge Ralph W. Gallini
Fifth Judicial District
100 N. Main, Box 6-C
Lovington, NM 88260

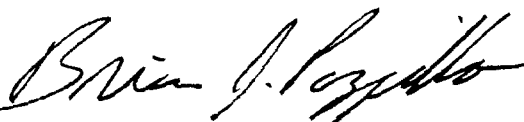
Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court; Cause No. CV 97-159G

Dear Rosie:

I am writing as a follow up to our conversation of several weeks ago regarding the setting of a date for oral argument in the above-captioned cause. I am writing to inquire as to whether any date has been set by Judge Gallini in this matter. Your assistance is greatly appreciated. If you have any questions or comments, please do not hesitate to call.

Sincerely,

STRATTON & CAVIN, P.A.

By: 
Brian J. Pezzillo

BJP/rd

cc: Marilyn S. Hebert
Harold L. Hensley, Jr. and James M. Hudson
W. Thomas Kellahin

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ANNE MARIE TURNER
KENNETH E. WESTON*
JULIA JOPLIN SWALLOW*

*NOT LICENSED IN NEW MEXICO

November 21, 1997

Ms. Janie G. Hernandez
Clerk of the District Court
100 North Main, Box 6-C
Lovington, NM 88260

Re: Branko, Inc., et al. v. The New Mexico Oil
Conservation Commission and Mitchell Energy
Corporation
Cause No. CV-97-159 G

Dear Ms. Hernandez:

Please find enclosed herewith for filing in the above
referenced matter the Answer Brief of Defendant Mitchell Energy
Corporation. I have also enclosed a copy of the first page of the
Answer Brief which I would appreciate your date stamping and
returning to me in the self addressed stamped envelope provided.
Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY, L.L.P.

James M. Hudson
James M. Hudson

JMH/tw
Enclosures

cc: Harold D. Stratton, Jr.
Marilyn S. Hebert
W. Thomas Kellahin

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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 19, 1997

Ms. Janie G. Hernandez, Clerk
Fifth Judicial District Court
100 North Main, Box 6-C
Lovington, NM 88260

Re: Branko, Inc. et al. v. New Mexico Oil Conservation Commission et al.
CV 97-159G

Dear Ms. Hernandez:

Enclosed please find the original and a copy of the Defendant New Mexico Oil Conservation Commission's Answer Brief in the above-entitled matter. Please file the original, endorse the copy and return it to me in the self-addressed, stamped envelope.

Thank you for your assistance.

Sincerely,

Marilyn S. Hebert

cc: Harold D. Stratton
W. Thomas Kellahin
Harold L. Hensley, Jr.

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

SUITE 610

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HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†**
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS

**ALSO ADMITTED IN COLORADO

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

October 28, 1997

Honorable Ralph W. Gallini
District Judge, Division III
100 N. Main, Box 6-C
Lovington, New Mexico 88260
Attn: Rosie

Re: *Branko, Inc., et al. v. New Mexico Oil Conservation Commission, et al.*;
No. CV 97-159G

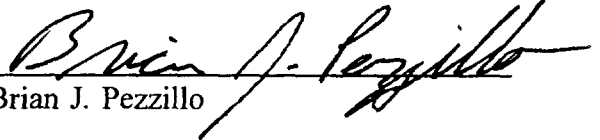
Dear Rosie:

This letter is a follow up to our telephone conversation regarding the Docketing Order set in the above-referenced cause for November 7, 1997 at 9:00 a.m. Pursuant to our conversation, it is my understanding that we do not need to appear at this Docketing Call since Judge Gallini has entered an order on September 24, 1997 establishing a briefing schedule in this case.

Please let me know if there are any changes regarding our need to appear. Thank you very much for your help and please feel free to give me a call if you have any questions.

Sincerely yours,

STRATTON & CAVIN, P.A.

By: 
Brian J. Pezzillo

BJP/skc

cc: Lynn Hebert
Jim Hudson
Tom Kellahin

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

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NATURAL RESOURCES - OIL AND GAS LAW

OCT 24 1997

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October 23, 1997

VIA FEDERAL EXPRESS

Ms. Janie G. Hernandez, Clerk
Fifth Judicial District Court
100 North Main, 2nd Floor
Lovington, New Mexico 88260

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court

Dear Ms. Hernandez:

Please find enclosed herein for filing the original and two copies of Plaintiffs' Brief-in-Chief. Please return an endorsed copy of same to our office in the enclosed self-addressed, stamped envelope. Your assistance in this matter is greatly appreciated.

STRATTON & CAVIN, P.A.

By: Brian J. Pezzillo
Brian J. Pezzillo

BJP/skc

Enclosures

cc: Marilyn S. Hebert (w/encl.) ✓
Harold L. Hensley, Jr. and James M. Hudson (w/encl.)
W. Thomas Kellahin (w/encl.)

HINKLE, COX, EATON, COFFIELD & HENSLEY,
L.L.P.

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CLARENCE E. HINKLE (1904-1985)

OF COUNSEL
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JOE W. WOOD
RICHARD L. CAZZELL*

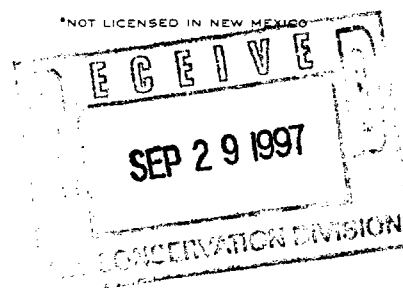
MARGARET CARTER LUDEWIG
S. BARRY PAISNER
WYATT L. BROOKS*
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JERRY F. SHACKELFORD*
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FRED W. SCHWENDIMANN
JAMES M. HUDSON
THOMAS E. HOODY*
REBECCA NICHOLS JOHNSON
STANLEY K. KOTOVSKY, JR.
ELLEN S. CASEY

September 25, 1997



Ms. Janie G. Hernandez
Clerk of the District Court
100 North Main, Box 6-C
Lovington, New Mexico 88260

Re: Branko, Inc., et al. v. The New Mexico Oil
Conservation Commission and Mitchell Energy
Corporation
Cause No. CV-97-159 G

Dear Ms. Hernandez:

Please find enclosed herewith for filing in the above
referenced matter Defendant Mitchell Energy Corporation's Response to
Appellants' Statement of Appellate Issues. I have also enclosed a
copy of the Response which I would appreciate your date stamping and
returning to me in the self addressed stamped envelope provided.

Thank you for your assistance.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY, L.L.P.

James M. Hudson
James M. Hudson

JMH/tw
Enclosures

cc: Brian J. Pezzillo
Marilyn S. Hebert
Thomas Kellahin

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STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

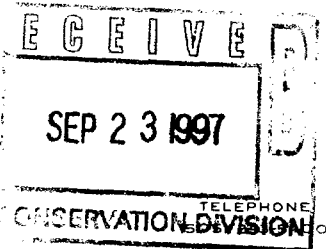
40 FIRST PLAZA

SUITE 610

ALBUQUERQUE, NEW MEXICO 87102

HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†***
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS
**ALSO ADMITTED IN COLORADO
***NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW



FACSIMILE
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MAILING ADDRESS
P. O. BOX 1216
ALBUQUERQUE, NM 87103-1216

September 22, 1997

The Honorable Ralph W. Gallini
100 N. Main, Box 6-C
Lovington, New Mexico 88260

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

Dear Judge Gallini:

Please find enclosed herein an order I have drafted in regard to our most recent hearing which has been approved by counsel representing all of the parties in the above referenced cause. If it meets with your approval, I would appreciate you forwarding it on to the clerk and having the clerk return endorsed copies to us in the prepaid addressed envelopes to the parties.

Sincerely,

STRATTON & CAVIN, P.A.

By: 

Harold D. Stratton, Jr.

HDS/dlp

Enclosure

cc: Lyn Hebert (w/encl.) ✓
Jim Hudson (w/encl.)
Tom Kellahin (w/encl.)

FIFTH JUDICIAL DISTRICT COURT
COUNTY OF LEA
STATE OF NEW MEXICO

COPY

BRANKO, INC., a New Mexico
corporation, DUANE BROWN, S.H. CAVIN,
ROBERT W. EATON, TERRY KRAMER and
BARB KRAMER, husband and wife,
LANDWEST, a Utah general partnership,
CANDACE McCLELLAN, STEPHEN T. MITCHELL,
PERMIAN HUNTER CORPORATION, a New Mexico
corporation, GEORGE S. SCOTT, III, SCOTT
EXPLORATION, INC., A New Mexico corporation,
CHARLES I. WELLBORN, WINN INVESTMENTS, INC.,
a New Mexico corporation, LORI SCOTT WORRAL
and XION INVESTMENTS, a Utah general partnership,

Plaintiffs,

v.

CV 97-159G

THE NEW MEXICO OIL CONSERVATION COMMISSION and
MITCHELL ENERGY CORPORATION,

Defendants.

ORDER

THIS MATTER, having come before the Court by telephone conference in the above referenced cause on the Plaintiffs' Motion for Filing of Appellate Briefs and for Oral Argument in the above entitled action and the Plaintiffs being represented by their attorney of record Harold D. Stratton, Jr., the Defendant, New Mexico Oil Conservation Commission, being represented by its attorney of record Lyn Hebert and the Defendant, Mitchell Energy Corporation, being represented by its attorney of record James M. Hudson and the Court after hearing arguments of counsel being fully advised on the premises,

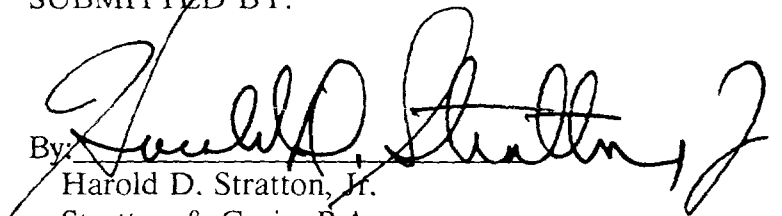
IT IS THEREFORE ORDERED, that the parties shall be allowed to file briefs in this cause pursuant to a schedule and terms to be issued by the Court.

IT IS FURTHER ORDERED that the Court shall notify the parties regarding oral argument after the Court has had an opportunity to review the briefs of the parties in the cause.

R. W. GALLINI
DISTRICT JUDGE

SUBMITTED BY:

By:



Harold D. Stratton, Jr.
Stratton & Cavin, P.A.
Attorneys for Plaintiff
P.O. Box 1216
Albuquerque, New Mexico 87103-1216
(505) 243-5400

APPROVED AS TO FORM:

By: Telephonic Approval 9/19/97

Marilyn S. Hebert
Special Assistant Attorney General
Attorney for New Mexico Oil
Conservation Commission
2040 South Pacheco
Santa Fe, NM 87505

By: Telephonic Approval 9/19/97

James M. Hudson
Hinkle, Cox, Eaton, Coffield & Hensley
Attorneys for Mitchell Energy Corporation
P.O. Box 10
Roswell, NM 88202

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

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SEALY H. CAVIN, JR.***
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
*ALSO ADMITTED IN TEXAS
**ALSO ADMITTED IN COLORADO
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MAILING ADDRESS
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September 19, 1997

VIA FACSIMILE

Marilyn S. Hebert
Special Assistant Attorney General
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, NM 87505

James M. Hudson
Hinkle, Cox, Eaton, Coffield & Hensley
P.O. Box 10
Roswell, NM 88202

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

Dear Counsel:

Please find herewith an order I have drafted pursuant to the Judge's request regarding our most recent hearing on the issue of oral argument and briefing. I would ask that you please approve it telephonically if you can. If you have any suggested changes to the order, please let me know.

Thank you very much for your cooperation in this matter.

Sincerely,

STRATTON & CAVIN, P.A.



By: Harold D. Stratton, Jr.

HDS/dlp

Enclosure

FIFTH JUDICIAL DISTRICT COURT
COUNTY OF LEA
STATE OF NEW MEXICO

BRANKO, INC., a New Mexico
corporation, DUANE BROWN, S.H. CAVIN,
ROBERT W. EATON, TERRY KRAMER and
BARB KRAMER, husband and wife,
LANDWEST, a Utah general partnership,
CANDACE McCLELLAN, STEPHEN T. MITCHELL,
PERMIAN HUNTER CORPORATION, a New Mexico
corporation, GEORGE S. SCOTT, III, SCOTT
EXPLORATION, INC., A New Mexico corporation,
CHARLES I. WELLBORN, WINN INVESTMENTS, INC.,
a New Mexico corporation, LORI SCOTT WORRAL
and XION INVESTMENTS, a Utah general partnership,

Plaintiffs,

v.

CV 97-159G

THE NEW MEXICO OIL CONSERVATION COMMISSION and
MITCHELL ENERGY CORPORATION,

Defendants.

ORDER

THIS MATTER, having come before the Court by telephone conference in the above referenced cause on the Plaintiffs' Motion for Filing of Appellate Briefs and for Oral Argument in the above entitled action and the Plaintiffs being represented by their attorney of record Harold D. Stratton, Jr., the Defendant, New Mexico Oil Conservation Commission, being represented by its attorney of record Lyn Hebert and the Defendant, Mitchell Energy Corporation, being represented by its attorney of record James M. Hudson and the Court after hearing arguments of counsel being fully advised on the premises,

IT IS THEREFORE ORDERED, that the parties shall be allowed to file briefs in this cause pursuant to a schedule and terms to be issued by the Court.

IT IS FURTHER ORDERED that the Court shall notify the parties regarding oral argument after the Court has had an opportunity to review the briefs of the parties in the cause.

R. W. GALLINI
DISTRICT JUDGE

SUBMITTED BY,

By: _____
Harold D. Stratton, Jr.
Stratton & Cavin, P.A.
Attorneys for Plaintiff
P.O. Box 1216
Albuquerque, New Mexico 87103-1216
(505) 243-5400

By: _____
Marilyn S. Hebert
Special Assistant Attorney General
Attorney for New Mexico Oil
Conservation Commission
2040 South Pacheco
Santa Fe, NM 87505

By: _____
James M. Hudson
Hinkle, Cox, Eaton, Coffield & Hensley
Attorneys for Mitchell Energy Corporation
P.O. Box 10
Roswell, NM 88202



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 16, 1997

Ms. Janie G. Hernandez
District Court Clerk
100 N. Main, Box 6-C
Lovington, NM 88260

**Re: Branko, Inc. et al. v. New Mexico Oil Conservation Commission et al.
CV 97-159G**

Dear Ms. Hernandez:

Enclosed please find the original and a copy of the Defendant New Mexico Oil Conservation Commission's Statement of Appellate Issues. Please file the original, endorse the copy and return it to me in the self-addressed, stamped envelope.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Marilyn S. Hebert".

Marilyn S. Hebert

cc: Harold D. Stratton
W. Thomas Kellahin
Harold L. Hensley, Jr.

HINKLE, COX, EATON, COFFIELD & HENSLEY,
L.L.P.

ATTORNEYS AT LAW

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LEWIS C. COX, JR. (1924-1993)
CLARENCE E. HINKLE (1904-1985)

OF COUNSEL
C. M. CALHOUN*
JOE W. WOOD
RICHARD L. CAZZELL*

MARGARET CARTER LUDEWIG
S. BARRY PAISNER
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NANCY L. STRATTON
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JAMES C. MARTIN
MATTHEW E. FORBES*
GIANNA M. MENDOZA
DAVID B. LAWRENZ

*NOT LICENSED IN NEW MEXICO

PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
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FRED W. SCHWENGMANN
JAMES M. HUDSON
THOMAS E. HODD*
REBECCA NICHOLS JOHNSON
STANLEY K. KOTOVSKY, JR.
ELLEN S. CASEY

September 12, 1997

Ms. Janie G. Hernandez
Clerk of the District Court
100 North Main, Box 6-C
Lovington, New Mexico 88260

Re: Branko, Inc., et al. v. The New Mexico Oil
Conservation Commission and Mitchell Energy
Corporation
Cause No. CV-97-159 G

Dear Ms. Hernandez:

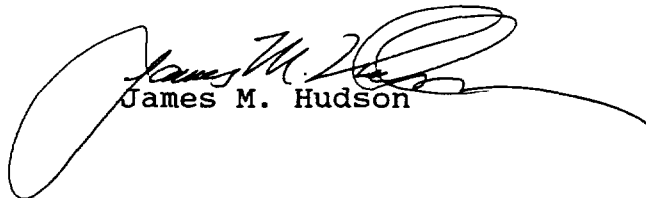
Please find enclosed herewith for filing in the above
referenced matter Defendant Mitchell Energy Corporation's Motion for
Extension of Time. As the Motion is unopposed, I have also enclosed
a proposed Order which I would appreciate your presenting to Judge
Gallini for his consideration.

I have also enclosed copies of both the Motion and Order
which I would appreciate your date stamping and returning to me in
the self addressed stamped envelope provided.

Thank you for your assistance.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY, L.L.P.



James M. Hudson

JMH/tw
Enclosures

cc: Brian J. Pezzillo
Marilyn S. Hebert
Thomas Kellahin

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*ALSO ADMITTED IN OKLAHOMA
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*NEW MEX.CO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

September 8, 1997

James M. Hudson
Hinkle, Cox, Eaton, Coffield & Hensley
P.O. Box 10
Roswell, New Mexico 88201

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

Dear Jim:

This is a follow-up to our telephone conversation of last week regarding the hearing set on September 17, 1997. As we discussed in that conversation, Rosie of Judge Gallini's office has informed me that we are first on the 9:00 trailing docket. She further informs me, however, that there is a 8:30 hearing set and that it might go past 9:00. Under those circumstances, she is going to call me as soon as that hearing is concluded. I will then call you, you can call Lyn and I will then place the conference call to the Court.

Please find enclosed herein a letter I have sent to Rosie confirming this arrangement. I am also sending copies of this letter to Lyn Hebert as well as Tom Kellahin so that they might be aware of the arrangement with the Court.

I will keep you informed if there are any changes in this plan. In the meantime, if anything comes up on your end, please let me know.

Very truly yours,

STRATTON & CAVIN, P.A.

By:

Harold D. Stratton, Jr.

HDS/dlp

cc: Lyn Hebert
Tom Kellahin

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

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BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS

**ALSO ADMITTED IN COLORADO

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
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MAILING ADDRESS
P. O. BOX 1216
ALBUQUERQUE, NM 87103-1216

September 8, 1997

The Honorable Ralph W. Gallini
100 N. Main, Box 6-C
Lovington, New Mexico 88260

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

Dear Rosie:

This letter is a follow-up to our telephone conversation regarding the motion hearing set in the above referenced cause for September 17th. It is my understanding we are number one on the 9:00 docket. As soon as you are ready for us you will give me a call. I will then place a conference call to opposing counsel and call you back for the telephonic hearing before Judge Gallini.

Please let me know if there are any changes. Thanks very much for your help and consideration in regard to this hearing.

Very truly yours,

STRATTON & CAVIN, P.A.

By: 

Harold D. Stratton, Jr.

HDS/dlp

cc: Lyn Hebert
Tom Kellahin
Jim Hudson

**HINKLE, COX, EATON, COFFIELD & HENSLEY,
L.L.P.**

ATTORNEYS AT LAW

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LEWIS C. COX, JR. (1924-1993)
CLARENCE E. HINKLE (1910-1995)

OF COUNSEL
D. M. CALHOUN*
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CHRISTOPHER M. MOODY
JOHN D. PHILLIPS
EARL R. NORRIS
JAMES A. GILLESPIE
MARGARET E. MCNETT
DARREN T. GROCE*

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LISA K. SMITH*
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PAUL G. NASON
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NANCY L. STRATTON
TIMOTHY R. BROWN
JAMES C. MARTIN
KATHLEEN H. HALL
DANNY W. JARRICK
MATTHEW E. FORBES*

*NOT LICENSED IN NEW MEXICO

PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TANNIN, JR.
MARSHALL D. MARTIN
MASTON C. COURTNEY*
DON L. PATTENSON*
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NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
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RICHARD M. WILSON*
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W. H. BRIAN, JR.*
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STEVEN D. ARNOLD
THOMAS D. HAINES, JR.
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FRED W. SCHWENDIMANN
JAMES H. HUDSON
THOMAS E. HOOD*
REBECCA NICHOLS JOHNSON
STANLEY K. KOTOVSKY, JR.

August 29, 1997

VIA TELECOPY

Mr. Harold D. Stratton, Jr.
Stratton & Cavin, P.A.
P. O. Box 1216
Albuquerque, New Mexico 87103-1216

Ms. Marilyn S. Hebert
Special Assistant Attorney General
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and
Mitchell Energy Corporation; Fifth Judicial District, Lea County, New Mexico;
Cause No. CV 97-159G*

Dear Counsel:

Please excuse my delay in responding to the suggestion that the September 17, 1997 hearing be held by telephone. I have no objection to a telephone hearing as long as the time can be specifically set. I assume that the motion will be on a trailing docket. I already have a pretrial conference set before Judge Clingman at 4:30 that afternoon, and will have to be traveling to Lovington anyway. If our hearing is in the morning, I will appear by phone, but if it is not until the afternoon, I will appear in person. Please let me know when the hearing is set.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY, L.L.P.


James M. Hudson

POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(817) 883-4891
FAX (817) 883-6518

POST OFFICE BOX 9800
AMARILLO, TEXAS 79105
(806) 372-9589
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(505) 768-1500
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1 505 623 9332 P. 02/03

HINKLE LAW FIRM

13:26 7661-6232 AUG-29-1997

Mr. Stratton and Ms. Hebert
August 29, 1997
Page 2

JMH/s

cc:

Mr. Ralph K. Harrison

Mr. W. Thomas Kellahin

Mr. Harold L. Hensley, Jr. (Firm)

HINKLE, COX, EATON, COFFIELD & HENSLEY, L.L.P.

1 505 623 9332 P.03/03

HINKLE LAW FIRM

AUG-29-1997 13:27



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Via Facsimile Transmission

August 27, 1997

Harold D. Stratton, Jr.
Stratton & Cavin, P.A.
Post Office Box 1216
Albuquerque, NM 87103-1216

**Re: Branko, Inc. et al. V. New Mexico Oil Conservation Commission et al.
No. CV 97-159G**

Dear Hal:

I would much prefer to have this September 17 hearing by telephone rather than travel to Lovington. Thank you for making this suggestion.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marilyn S. Hebert".

Marilyn S. Hebert

cc: W. Thomas Kellahin
James M. Hudson

TRANSACTION REPORT

P. 01

AUG-27-97 WED 04:56 PM

SEND (M)

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#
AUG-27	04:54 PM	99822047	1' 09"	2	SEND	(M) OK	030

* P. 01 *
* TRANSACTION REPORT *
* AUG-27-97 WED 05:04 PM *
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* DATE START RECEIVER TX TIME PAGES TYPE NOTE M# *
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* AUG-27 05:01 PM 915052431700 1'23" 2 SEND OK *
*

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

SUITE 610

ALBUQUERQUE, NEW MEXICO 87102

HAROLD D. STRATTON, JR.,^{1**}
SEALY H. CAVIN, JR.,^{1**}
STEPHEN D. INGRAM[†]
BRIAN J. PEZZILLO

¹ALSO ADMITTED IN OKLAHOMA
[†]ALSO ADMITTED IN TEXAS
¹ALSO ADMITTED IN COLORADO
[†]NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
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TELEPHONE
(505) 243-5400

FACSIMILE
(505) 243-1700

MAILING ADDRESS
P. O. BOX 1215
ALBUQUERQUE, NM 87103-1215

TO: COMPANY: _____

ATTENTION: Marilyn HebertFAX #: 505/827-8177

SUBJECT: _____

FROM: Harold D. Stratton, Jr.DATE: August 27, 1997NUMBER OF PAGES, INCLUDING COVER SHEET: 2MESSAGE:

IMPORTANT

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS CONFIDENTIAL AND INTENDED SOLELY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION, COPYING, OR UNAUTHORIZED USE OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE, AND RETURN THE FACSIMILE TO THE SENDER AT THE ABOVE ADDRESS VIA THE UNITED STATES POSTAL SERVICE. THANK YOU.

OUR FILE NO.2307.001

If you have any problems receiving this fax, please contact Debbie at (505) 243-5400.

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

SUITE 610

ALBUQUERQUE, NEW MEXICO 87102

HAROLD G. STRATTON, JR. ***
SEALY H. CAVIN, JR. ***
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August 27, 1997

VIA FACSIMILE

Marilyn S. Hebert
Special Assistant Attorney General
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, NM 87505

W. Thomas Kellahin
Kellahin and Kellahin
El Patio Building
P. O. Box 2265
Santa Fe, NM 87504-2265

James M. Hudson
Hinkle, Cox, Eaton, Coffield & Hensley
P.O. Box 10
Roswell, NM 88202

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and
Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-
159G

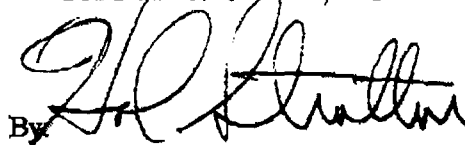
Dear Counsel:

I have contacted Judge Gallini's office and his secretary indicates that he is willing to hear the motion to file briefs and for oral argument in this case via telephone if it is the desire of counsel. It would be my position that to save all parties time and money in regard to this case that we agree to have that hearing now scheduled for September 17th via telephone conference with the Court.

Please let me know your position on this matter as soon as possible so I can inform the Court as to our position.

Sincerely,

STRATTON & CAVIN, P.C.

By 
Harold D. Stratton, Jr.

HDS/dlp

TOTAL P.02

TO: <i>Lyn Herbert</i> <i>occ</i>	FROM: <i>KELLAHIN</i>	DATE: <i>8/26/97</i> PAGES INCLUDING THIS PAGE: <i>1</i>
FAX #:	FAX #:	PHONE #:

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

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

August 26, 1997

VIA FACSIMILE (505) 243-1700

Hal Stratton, Esq.
P. O. Box 1216
Albuquerque, New Mexico 87103-1216

Ref: *Branko v. Commission & Mitchell Energy*
Fifth Judicial District Appeal CV-97-159G

Dear Hal:

In response to your letter of August 22, 1997, I have visited with Lyn Hebert concerning your request for our concurrence to file a brief with the District Court in this matter.

She and I are opposed to preparing and filing more briefs in this case. There were briefs filed in the Division hearing and more briefs filed in the Commission case. Now the Statements of Appellate Issues you filed and the one we are preparing for filing repeat all of the issues and arguments. At this point, we do not believe it will aid the Court in addressing this appeal for the parties to prepare and file yet another brief to reargue the same matters already adequately briefed.

My recollection is your motion for additional briefs is set for hearing before Judge Gallini on September 17, 1997. I will ask Jim Hudson to appear on behalf of Mitchell in opposition to that motion.

Very truly yours,


W. Thomas Kellahin

cfx: Lyn Herbert, Esq.
Jim Hudson, Esq.
Mitchell Energy Corporation
Attn: Mark Stephenson
Ralph K. Harrison, Esq.

COPY

COPY

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

SUITE 610

ALBUQUERQUE, NEW MEXICO 87102

August 20, 1997

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HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†**
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS

**ALSO ADMITTED IN COLORADO

†NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

Janie G. Hernandez
Clerk of the Court
Fifth Judicial District
100 N. Main, Box 6-C
Lovington, NM 88260

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court

Dear Ms. Hernandez:

Please find enclosed for filing the following:

1. An original and two copies of Plaintiffs' Statement of Appellate issues; and
2. An original and two copies each of Plaintiffs' Unopposed Motion to File Supplemental Record and order pertaining thereto.

Please return endorsed copies in the enclosed pre-addressed, stamped envelope. Your assistance in this matter is greatly appreciated.

Sincerely,

STRATTON & CAVIN, P.A.

By: 
Brian J. Pezzillo

BJP/rd
Enclosures

AUG - 6 1997

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

SUITE 610

ALBUQUERQUE, NEW MEXICO 87102

COPY

HAROLD D. STRATTON, JR.††
SEALY H. CAVIN, JR.†††
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS
††ALSO ADMITTED IN COLORADO
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ALBUQUERQUE, NM 87103-1216

August 5, 1997

Janie G. Hernandez
Clerk of the District Court
Fifth Judicial District Court
100 N. Main, Box 6-C
Lovington, NM 88260

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

Dear Ms. Hernandez:

Enclosed please find the following pleadings for filing, forwarding to Judge Gallini, and return of endorsed copies to counsel:

1. Plaintiffs' Unopposed Motion for Extension of Time to Submit Appellants' Statement of Appellate Issues (an original and 5 copies enclosed); and
2. Order Granting Plaintiffs' Request for Extension of Time to Submit Statement of Appellate Issues (an original and 4 copies enclosed).

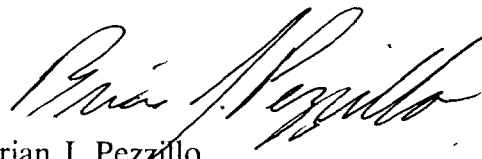
I have enclosed pre-addressed stamped envelopes for your convenience in distributing the endorsed Motion and Order to counsel. Should you have any questions, please do not hesitate to call. Your attention to this matter is greatly appreciated.

Sincerely,

STRATTON & CAVIN, P.A.

By:

Brian J. Pezzillo



BJP/rd
Enclosures
cc: All Counsel



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 30, 1997

Ms. Janie G. Hernandez
District Court Clerk
Fifth Judicial District
100 N. Main, Box 6-C
Lovington, New Mexico 88260

Re: Branko, Inc. et al. v. New Mexico Oil Conservation Commission et al.
CV 97-159G

Dear Ms. Hernandez:

Enclosed please find the original and a copy of the Defendant New Mexico Oil Conservation Commission's Response to Plaintiffs' Motion for Filing Appellate Briefs and for Oral Argument. Please file the original, endorse the copy and return it to me in the self-addressed, stamped envelope.

Thank you for your assistance.

Sincerely,



Marilyn S. Hebert

cc: Harold D. Stratton
W. Thomas Kellahin
Harold L. Hensley, Jr.

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

SUITE 610

ALBUQUERQUE, NEW MEXICO 87102

HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†***
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
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ALBUQUERQUE, NM 87103-1216

July 22, 1997

Clerk of the District Court
Fifth Judicial District Court
100 N. Main, Box 6-C
Lovington, NM 88260

COPY

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

Dear Clerk:

Please find enclosed, for court filing, an original and two copies of the following documents:


1. Plaintiffs' Motion for Filing of Appellate Briefs and for Oral Argument; and
2. Notice of Hearing.

Once the above have been court filed, please return the endorsed copies to my office in the self-addressed, stamped envelope I have provided for your convenience.

Should you have any questions, please do not hesitate to call. Your attention to this matter is greatly appreciated.

Sincerely,

STRATTON & CAVIN, P.A.

By: 

Deborah L. Padilla
Secretary to Harold D. Stratton, Jr.

:dlp

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

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SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

FACSIMILE COVER SHEET

DATE: July 9, 1997

NUMBER OF PAGES: - -
(including cover sheet)

TIME: 9:25 AM (Santa Fe Time)

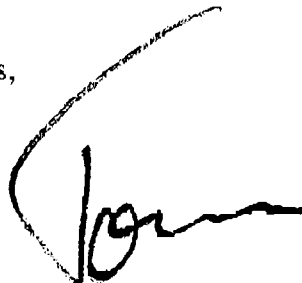
TO: Lyn Hebert, Esq.
OF: Oil Conservation Commission
FAX NO: (505) 827-8177REF: LEA COUNTY CAUSE CV97-159G
NMOCD Case 11510 (Branko v. Mitchell)

Dear Lyn:

Mitchell's Exhibit 1 introduced at the May 2, 1996 examiner hearing consists of the following eight letters:

Mitchell's Feb 17, 1993 letter to Strata
Strata's February 19, 1993 letter to Mitchell
Strata's February 24, 1993 letter to Mitchell
Strata's February 25, 1993 letter to Mitchell
Mitchell's March 3, 1993 letter to Strata
Strata's March 16, 1993 letter to Mitchell (MS 45)
Strata's April 20, 1993 letter to Mitchell
Mitchell's signature on Strata's April 20th letter

Regards,



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KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4288

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

FACSIMILE COVER SHEET

DATE: July 8, 1997

NUMBER OF PAGES: **- 2 -**
(including cover sheet)

TIME: 10:25 AM (Santa Fe Time)

TO: Lyn Hebert, Esq.

OF: Oil Conservation Commission

FAX NO: (505) 827-8177

REF: LEA COUNTY CAUSE CV97-159G

NMOCD Case 11510 (Branko v. Mitchell)

Dear Lyn:

In accordance with our telephone conversation this morning, I have reviewed my files and the following appear to me to be the minimum items to include on behalf of Mitchell Energy Corporation in the Commission's submittal of the record to Judge Gallini. If you see anything I have overlooked, please call me.

(1) Examiner Hearing (Case 10656):

✓ Transcript of testimony Jan 31, 1993

Mitchell Exhibits 1-21

✓ Order R-9845 (Attached as Ex A to M's Reply to Reopen Case)
p. 329 RP

(2) Examiner Hearing (Case 11510):

✓ Mitchell's Reply to Motion to Reopen Case 10656 p. 77 RP

✓ Transcript of testimony May 2, 1996

Mitchell Exhibit 1

✓ Order R-10672 p. 145 RP

✓ (3) Mitchell's Memorandum and Statement of Fact in Opposition to Motion to Reopen Case 10656 filed on May 13, 1996 p. 126 RP

(4) Mitchell's Request for Hearing DeNovo of Case 11510 (Order R-10672 p. 178 RP

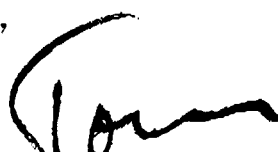
(5) Mitchell's Memorandum and Statement of Fact filed on January 13, 1997 p. 200 RP

(6) Commission Hearing (Case 11510):

✓ Transcript of arguments January 16, 1997

✓ Order R-10672-A entered March 19, 1997. p. 251 RP

Regards,





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 9, 1997

Ms. Janie G. Hernandez
District Court Clerk
Fifth Judicial District
100 N. Main, Box 6-C
Lovington, New Mexico 88260

10654

Re: Branko, Inc. et al. v. New Mexico Oil Conservation Commission

Dear Ms. Hernandez:

Pursuant to SCRA 1-074 the Oil Conservation Commission hereby requests that the following be filed as the record on appeal in the above-referenced case:

1. Title page.
2. Copies of all papers and pleadings filed with the Oil Conservation Division (OCD) and the Oil Conservation Commission (OCC) for Case No. 11510 heard on the merits before the OCD on May 2, 1996 and before the OCC on January 16, 1997.
3. Copy of OCC Order No. 10672-A in Case No. 11510, the final order sought to be reviewed, with the date of issuance thereon.
4. Exhibits from the following hearings: 1993 OCD hearing; 1996 OCD hearing; and 1997 OCC hearing.
5. Transcripts from the following hearings: 1993 OCD hearing; 1996 OCD hearing; and 1997 OCC hearing.

Thank you for your attention to this matter.

Sincerely,

Marilyn S. Hebert
Special Assistant Attorney General
Attorney for the New Mexico Oil Conservation Commission

cc: Harold D. Stratton, (w/o encl.)
W. Thomas Kellahin (w/o encl.)
Harold L. Hensley, Jr. (w/o encl.)

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†***
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS
**ALSO ADMITTED IN COLORADO
***NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

40 FIRST PLAZA

SUITE 610

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MAILING ADDRESS
P. O. BOX 1216
ALBUQUERQUE, NM 87103-1216

July 8, 1997

Honorable Ralph W. Gallini
District Judge, Division III
100 N. Main, Box 6-C
Lovington, New Mexico 88260

Re: *Branko, Inc., et al. v. New Mexico Oil Conservation Commission, et al.*; No. CV
97-159G

Memorandum of June 19, 1997

Dear Judge Gallini:

I am writing in regard to your Memorandum of June 19, 1997 concerning *Branko, Inc., et al. vs. New Mexico Oil Conservation Commission, et al.* In complying with SCRA 1-074, the transcripts of the hearings before the Oil Conservation Division and the Oil Conservation Commission have been forwarded to Marilyn S. Hebert, Special Assistant Attorney General, at the New Mexico Oil Conservation Commission. The records from these hearings are being verified and certified for their accuracy. The Oil Conservation Commission will then forward the transcripts of the various proceedings as well as the evidence submitted at the hearings to the Court forthwith.

Further, pursuant to SCRA 1-074(O), the Appellant will be seeking permission of the District Court to file briefs in the above-entitled case. As well, pursuant to SCRA 1-074(P), the Appellant will also be seeking the Court's permission to present oral argument in this case.

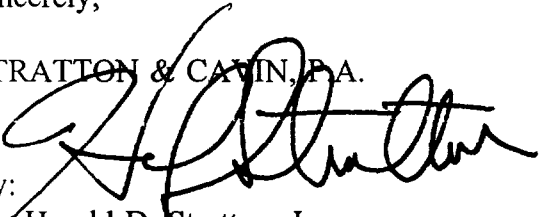
Having spoken with Ms. Hebert it appears that the procedures as outlined in SCRA 1-074 have not traditionally been applied to appeals taken from the Oil Conservation Commission. Accordingly, we apologize for any delay which may have occurred in this proceeding. Appellants will continue to work with Ms. Hebert regarding submission of all necessary material required for this appeal.

Ralph W. Gallini
July 8, 1997
Page 2

If you have any further questions or if you feel there is anything further we need to do at this time, please do not hesitate to contact me.

Sincerely,

STRATTON & CAVIN, P.A.


By: Harold D. Stratton, Jr.

HDS/skc

cc: Marilyn S. Hebert ✓
Harold L. Hensley, Jr.
W. Thomas Kellahin

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

40 FIRST PLAZA

SUITE 610

ALBUQUERQUE, NEW MEXICO 87102

June 30, 1997

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HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†**
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS
**ALSO ADMITTED IN COLORADO
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

VIA FEDERAL EXPRESS

Marilyn S. Hebert
Special Assistant Attorney General
New Mexico Oil Conservation Commission
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: Exhibits to be Submitted for Branko, et al. v. Mitchell Appeal

Dear Lynn:

Please find enclosed a copy of the exhibits from the various hearings before the Oil Conservation Division and Oil Conservation Commission, which are to be submitted to the Court for purposes of our appeal. Should you find that any exhibit is missing or there are any other problems, please let me know.

Pursuant to our discussion regarding the procedure to follow for an appeal from the Oil Conservation Commission to District Court, please let me know if you anticipate there will be any changes in the procedure from the way in which it was outlined in Judge Gallini's memo. If you have any other questions or comments, please feel free to contact me.

Thank you for your help in this matter.

Sincerely yours,

STRATTON & CAVIN, P.A.

By: 
Brian J. Pezzillo

BJP/skc

Enclosures

cc: Harold L. Hensley, Jr. (w/o encl.)
W. Thomas Kellahin (w/o encl.)
James M. Hudson (w/o encl.)

EXHIBIT NOTEBOOK

Harold D. Stratton, Jr., Esq.
Stratton & Cavin, P.A.
P.O. Box 1216
Albuquerque, New Mexico 87103-1216
Telephone: (505) 243-5400

21. January 6, 1993 Correspondence by Strata Production Company to Mitchell Energy Corporation
22. January 7, 1993 Correspondence by Mitchell Energy Corporation to Strata Production Company
23. January 12, 1993 Correspondence by Strata Production Company to Mitchell Energy Corporation
24. January 13, 1993 Correspondence by Strata Production Company to Mitchell Energy Corporation
25. April 28, 1993 Correspondence by Sealy H. Cavin, Jr. to W. Thomas Kellahin
26. May 11, 1993 Correspondence by Sealy H. Cavin, Jr. to W. Thomas Kellahin
27. November 6, 1995 Correspondence by Strata Production Company to North Gavilon Prospect Leasehold Owners
28. Certificate of Mailing and Compliance with Order R-8054 dated January 9, 1993 and Submitted by W. Thomas Kellahin as Mitchell Energy Corporation Exhibit No. 19 in Case No. 10656
29. Duane Brown Affidavit
30. S. H. Cavin Affidavit
31. Robert W. Eaton Affidavit
32. Landwest, a Utah General Partnership Affidavit (by Larry V. Lunt)
33. Permian Hunter Corporation Affidavit (by Larry V. Lunt)
34. Charles I. Wellborn Affidavit
35. Xion Investments, a Utah General Partnership Affidavit (by Larry V. Lunt)
36. Warren, Inc. Affidavit (by John M. Warren)
37. Branko, Inc. Affidavit (by Branko Jankovic)
38. Terry S. Kramer Affidavit
39. Candace McClelland Affidavit
40. Stephen T. Mitchell Affidavit
41. Scott Exploration, Inc. Affidavit (by Charles Warren Scott)
42. George L. Scott, III Affidavit
43. Winn Investments, Inc. Affidavit (by Susan Scott Murphy)
44. Lori Scott Worrall Affidavit
45. March 16, 1993 Correspondence by Strata Production Company to Mitchell Energy Corporation
46. April 23, 1993 Correspondence by W. Thomas Kellahin to Sealy H. Cavin, Jr.
47. Movants' Brief in Support of its Motion to Reopen Case or, in the Alternative, Application for Hearing *De Novo*
48. Movants' Reply Memorandum to Mitchell Energy Corporation's Memorandum of Law and Statement of Facts

EXHIBITS FROM JANUARY 21, 1993 HEARING REGARDING OCD CASE NO. 10656

1. Strata Exhibit No. 1
2. Strata Exhibit No. 2
3. Strata Exhibit No. 3
4. Strata Exhibit No. 4
5. Strata Exhibit No. 5
6. Strata Exhibit No. 6
7. Strata Exhibit No. 7

EXHIBITS FROM MAY 2, 1996 HEARING REGARDING OCD CASE NO. 11510

1. Branko, Inc. Affidavit (by Branko Jankovic)
2. Duane Brown Affidavit
3. S. H. Cavin Affidavit
4. Robert W. Eaton Affidavit
5. Terry S. Kramer Affidavit
6. Landwest, a Utah General Partnership Affidavit (by Larry V. Lunt)
7. Candace McClelland Affidavit
8. Permian Hunter Corporation Affidavit (by Larry V. Lunt)
9. Scott Exploration, Inc. Affidavit (by Charles Warren Scott)
10. Charles I. Wellborn Affidavit
11. Winn Investment, Inc. Affidavit (by Susan Scott Murphy)
12. Lori Scott Worrall Affidavit
13. Xion Investments, a Utah General Partnership Affidavit (by Larry V. Lunt)
14. George L. Scott, III Affidavit
15. Stephen T. Mitchell Affidavit
16. Scott Exploration, Inc. Affidavit (by Charles Warren Scott (regarding the geologic override))
17. Strata Production Affidavit (by Mark B. Murphy)
18. November 20, 1992 Correspondence by Mitchell Energy Corporation to Strata Production Company
19. December 9, 1992 Correspondence by Strata Production Company to Mitchell Energy Corporation
20. December 30, 1992 Correspondence by Strata Production Company to Mitchell Energy Corporation

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

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SANTA FE, NEW MEXICO 87504-2265

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W. THOMAS KELLAHIN

NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

FACSIMILE COVER SHEETDATE: April 23, 1993TIME: 4:45 PMTO: Sealy H. Cavin, Jr.OF: 1-243-1700FAX NO.: NMOCE Case 10656RE: Settlement AgreementNUMBER OF PAGES: 5
(including cover sheet)FROM: W. Thomas Kellahin

SPECIAL INSTRUCTIONS:

- ☒ URGENT
☐ FOR YOUR INFORMATION
☐ FOR YOUR REVIEW
☒ PLEASE REPLY
☐ FOR YOUR APPROVAL
☐ PER YOUR REQUEST

MESSAGE: Sealy: Please find enclosed the signed settlement
agreement from Mitchell. I will have a notarized
original next week.Because of the proximity to hearing, Mitchell
requires Mr. Murphy's signature on the agreement
with a copy faxed to me by noon on Monday,
April 26th.I have obtained an extension from Bob Stovall
so that if the settlement fails, we can file the
prehearing statements by 4PM on Monday.

Regards,

A HARD COPY WILL XX WILL NOT FOLLOW BY U.S. MAIL.

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 PURPOSE OF CONSIDERING:

CASE NO. 10656
ORDER NO. R-9845

APPLICATION OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY POOLING AND AN UNORTHODOX
GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.

STIPULATED SETTLEMENT

This Agreement is made and entered into this 23rd day of April 1993 by and between Mitchell Energy Corporation ("Mitchell") and Strata Production Company ("Strata").

WITNESSED THAT:

Whereas Mitchell has obtained a compulsory pooling order R-9845 from the New Mexico Oil Conservation Division in Case 10656 for the pooling of all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation, underlying the W/2 of Section 28, T20S, R33E, NMPM, Lea County, New Mexico;

Whereas Strata owns record title and all operating rights (no overriding royalty) to the S/2SW/4 of said Section 28 pursuant to a federal oil and gas lease;

Whereas at all times relevant hereto, the S/2SW/4 of said Section 28 constitutes the remaining 25% working interest in the subject spacing unit and has been under the ownership and control of Strata;

Whereas Strata has filed for a DeNovo Hearing before the New Mexico Oil Conservation Commission which is set for hearing on April 29, 1993; and

Whereas Mitchell and Strata desire to settle this matter;

IT IS THEREFORE MUTUALLY AGREED THAT:

(1) ASSIGNMENT:

Strata shall assign to Mitchell 100% of the record title and operating rights for the S/2SW/4 (80-acres) from the top of the Wolfcamp to the basement and shall reserve an overriding royalty interest of six percent inclusive of existing lease burdens and thereby conveying to Mitchell a minimum 81.5% net revenue interest, proportionately reduced to the 320-acre spacing unit in which this acreage is included.

(2) DIVISION ORDER R-9845:

(a) Pursuant to the terms and conditions of Ordering Paragraph (14) of Division Order R-9845, upon the recording and approval of the necessary assignments of the interests involved in this settlement and the complete settlement of this matter, Mitchell shall notify the Division that Mitchell and Strata have reached a voluntary agreement and therefore Order R-9845 shall be of no further effect.

(b) Strata hereby agrees that its request for a DeNovo Hearing shall be dismissed and the hearing set for April 29, 1993 shall be vacated.

(3) COMMENCEMENT OF WELL:

Mitchell and Strata agree that Mitchell may immediately commence the drilling of its proposed well located in an unorthodox well location 1650 feet FNL and 1980 feet FWL (Unit F) of Section 28.

(4) STRATA PARTNERS:

Strata hereby represents and warrants to Mitchell that Strata has the right, power and authority to assign the interest described in paragraph (1) above for the benefit of all its partners.

(5) EXECUTION AND DELIVERY OF DOCUMENTS:

Mitchell and Strata shall timely execute and deliver to the other all appropriate documents required in order to implement the terms and conditions of this agreement.

(6) WARRANTY AND REPRESENTATION OF AUTHORITY:

Mitchell and Strata each hereby represent and warrant to each other that the individual signing this agreement has actual, express authority to execute this agreement and bind their respective companies to perform the terms of this agreement.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN:

MITCHELL ENERGY CORPORATION

By


Larry Cunningham
Title: Land Manager

STRATA PRODUCTION COMPANY

BY:

Mark B. Murphy, President

State of New Mexico) ss.
County of Chaves)

The foregoing stipulated settlement was acknowledged

before me by Mark B. Murphy, President of Strata
Production Company for an on behalf of said corporation.

Notary Public

My Commission Expires:

State of Texas)
) ss.
County of _____)

The foregoing stipulated settlement was acknowledged
before me by Larry Cunningham, land manager of Mitchell
Energy Corporation for an on behalf of said corporation.

Notary Public

My Commission Expires:



COURT REPORTING, INC.

JUN 27 1997

June 26, 1997

Lynn Hebert, Esq.
New Mexico Oil and Conservation Division
Energy and Mineral Resources
2040 South Pachecho Street
Santa Fe, New Mexico 87505

Re: Application of Mitchell Energy Corporation for compulsory pooling
and an unorthodox gas well location, Lea County, New Mexico.
Docket No. 3-39; Case No. 10656.
Hearing held on January 21, 1993.

Dear Ms. Hebert:

This letter is to advise you of a slight variation between the OCD transcript we provided back in February of 1993 and the condensed transcript which we just delivered to your office on June 19, 1997. The content of the transcript is exactly the same but the page and line format did not translate as an exact duplicate of the 1993 version. The 1993 version was 2 software applications ago and therefore the pages and lines will be slightly altered. As stated earlier the content is exactly the same.

Please accept our apologies for any inconvenience this may cause.

Thank you.

Cecilia Keough
Office Manager

Stratton + Carvin
6-13
Ms. Hebert
243-5400
Here are the transcripts requested by Brian
Pozzoli in Case 11,510.
Transcripts in Case 10,656 will be provided by
Cumbre Court Reporting. (984-2244).
Please call if you have any questions.
Steve Brunner 984-9317

243-1700

TRANSMITTAL COVER SHEET

**Oil Conservation Division
(505) 827-7131 (Office)
(505) 827-8177 (Fax)**

Please Deliver This Fax To:

TO: Tom Kellahan 982-2047

FROM: Lyn Herbert

SUBJECT: BRANKO

DATE: 7/1/97

PAGES: 2, including cover

***If You Have Any Problems Receiving This Fax
Please Call the Number Above***

I shall be sending the "condensed"
transcript to the District Court.
as part of the record on appeal.
I thought you would need this infor-
mation for cite purposes.

TRANSMITTAL COVER SHEET

**Oil Conservation Division
(505) 827-7131 (Office)
(505) 827-8177 (Fax)**

Please Deliver This Fax To:

TO: BRIAN PEZZI 110 243-1700
FROM: Lynn HERBERT
SUBJECT: BRANCO
DATE: 7/1/97
PAGES: 2 including cover

**If You Have Any Problems Receiving This Fax
Please Call the Number Above**

I shall be sending the "condensed" transcript to the District Court as part of the record on appeal.

I thought you would need to know for cite purposes.

Lynn



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 20, 1997

Harold D. Stratton, Jr.
Stratton & Cavin, P.A.
Post Office Box 1216
Albuquerque, New Mexico 87103-1216

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Re: Branko, et al. v. New Mexico Oil Conservation Commission et al.
No. CV 97-159G - Fifth Judicial District

Dear Counsel:

The Oil Conservation Commission (Commission) has received the transcripts from the hearings before the Oil Conservation Division in 1993 and 1996 and before the Commission in 1997. The Commission will certify and transmit these transcripts to the district court for the record.

As you will recall, at the 1997 hearing before the Commission the parties introduced the following exhibits:

Branko ✓ Strata's Exhibits 1 through 9 from the 1993 examiner hearing;
✓ Branko's Exhibits 1 through 44 from the 1996 examiner hearing; and
✓ Branko's Exhibit 45 from the 1997 Commission hearing

Mitchell - Mitchell's Exhibits 1 through 21 from the 1993 examiner hearing;
Mitchell's Exhibit 1 from the 1996 examiner hearing (this also included the exhibits from the 1993 examiner hearing);
Mitchell's Exhibit 2

I believe you both may have additional copies of your respective exhibits. If so, the Commission would be willing to receive these extras, compare them to the Commission's originals and send these to the district court with a certification that they are the exhibits from the hearings below. The Commission will delay transmitting the hearing transcripts until you have responded to this letter. Of course, if extras do not exist then Mr. Stratton can arrange to have the Commission's original exhibits copied commercially, return the originals and copies to the Commission. They will then be transmitted to the district court.

Mr. Stratton
Mr. Kellahin
Page 2

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Marilyn S. Hebert", written in a cursive style.

Marilyn S. Hebert

MEMO

To: Counsel of Record
From: R. W. Gallini, District Judge
Subject: Branko Inc, et al. vs.. NM Oil Conservation Commission, et al., Lea County No. CV-97-159-G
Date: June 19, 1997

I have reviewed the court file in the above referenced case and I find that this appeal is governed by §70-2-25 NMSA 1978 and SCRA 1-074.

SCRA 1-074 sets forth the procedure for filing and perfecting the appeal to the District Court. It does not appear that the pleadings on file are in compliance with the Rule. Therefore, counsel are directed by the Court to read and comply with §70-2-25 NMSA 1978 and SCRA 1-074.

§70-2-25 B. provides that "... The trial upon appeal shall be without a jury, and the transcript of proceedings before the commission, including the evidence taken in hearings by the commission, shall be received in evidence by the court in whole or in part upon offer by either party, subject to legal objections to evidence. The commission action complained of shall be prima facie valid and the burden shall be upon the party or parties seeking review to establish the invalidity of such action of the commission. The court shall determine the issues of fact and of law and shall enter its order either affirming or vacating the order of the commission."

SCRA 1-074 sets forth the procedure an appellant must follow to perfect the appeal, including Appellant's statement of appellate issues and Appellee's statement of appellate issues and response. Please note the requirement is SCRA 1-074M regarding references in statement of appellate issues. You will further note that briefs may be filed only by leave of the district court and upon such conditions as the court may direct. Oral argument may be allowed upon motion of a party or on the court's own motion.

§70-2-25B requires that the trial of such application for relief from action of the commission shall be expedited to the fullest possible extent. Therefore, time is of the essence that you comply. The court will need a transcript of the proceedings before the commission. Therefore, the Appellant shall be responsible for providing the transcript to the Court.

6/26 - I had Brian about

*OKG, 1997
new - 1997*

Sincerely,

R. W. Gallini
R. W. Gallini, District Judge

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

320 GOLD AVENUE, S.W.

SUITE 1200

P. O. BOX 1216

ALBUQUERQUE, NEW MEXICO 87103-1216

TELEPHONE
(505) 243-5400

FACSIMILE
(505) 243-1700

HAROLD D. STRATTON, JR.*†**
SEALY H. CAVIN, JR.†**
STEPHEN D. INGRAM†
BRIAN J. PEZZILLO

*ALSO ADMITTED IN OKLAHOMA
†ALSO ADMITTED IN TEXAS

**ALSO ADMITTED IN COLORADO
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

June 10, 1997

Marilyn S. Hebert
Special Assistant Attorney General
2040 South Pacheco
Santa Fe, NM 87505

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, NM 87504-2265

Harold L. Hensley, Jr.
Hinkle, Cox, Eaton, Coffield
P. O. Box 10
Roswell, NM 88202-0010

Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

Dear Counsel:

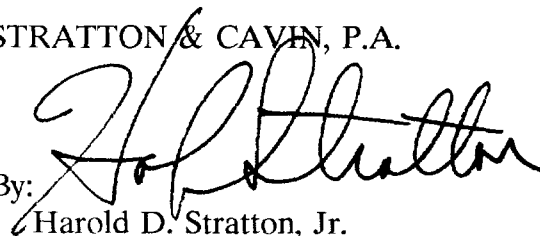
I have contacted Judge Gallini's secretary and she indicates that it will not be necessary for us to appear at the Judge's June 19, 1997 docket call in regard to this case in light of the fact that it is an appeal. She further indicates the Judge will be notifying us in regard to the briefing schedule in the case.

Please find herein a copy of my letter confirming this with Rosie Tisdale.

Sincerely,

STRATTON & CAVIN, P.A.

By:



Harold D. Stratton, Jr.

HDS/rd
Enclosure

COPY

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

HAROLD D. STRATTON, JR.†††
SEALY H. CAVIN, JR.†††
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320 GOLD AVENUE, S.W.

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*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

June 10, 1997

Ms. Rosie Tisdale
Secretary to Judge Ralph W. Gallini
Fifth Judicial District Court
100 N. Main, Box 6-C
Lovington, NM 88260

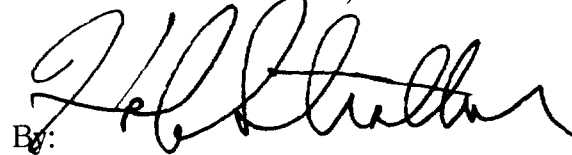
Re: *Branko, Inc. et al. v. The New Mexico Oil Conservation Commission and Mitchell Energy Corporation*; Fifth Judicial District Court, Cause No. CV 97-159G

Dear Rosie:

This is a follow-up to our telephone conversation of June 6, 1997. It is my understanding that it will not be necessary for us to appear at Judge Gallini's docket call on June 19, and further that the Judge will be notifying us of the briefing schedule in regard to the above-referenced appeal. If this is not correct, please let us know. I am notifying other counsel of this matter via copy of this letter.

Sincerely,

STRATTON & CAVIN, P.A.



By:

Harold D. Stratton, Jr.

HDS/rd

cc: Marilyn S. Hebert
W. Thomas Kellahin
Harold L. Hensley, Jr.

TO: Lyn Hebert Rand Carroll	FROM: KellaHIN	DATE: 6/2/97
FAX #: 000	FAX #:	PAGES INCLUDING THIS PAGE: 1
	PHONE #:	

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

FACSIMILE COVER SHEET

DATE: June 2, 1997

NUMBER OF PAGES: -1-
(including cover sheet)

TIME: 3:45 PM (Santa Fe Time)

TO: Harold Hensley, Jr.
Jim Hudson

OF: Hinkle Law Firm (Roswell)

FAX NO: (505) 623-9332

REF:

Lea County Case CV97-159G

NMOCD Case 11510

Branko et al Application to Reopen
Strata-Mitchell Compulsory Pooling
Case.

COPY

Dear Harold and Jim:

Rand Carroll attorney for the Division and Lyn Hebert, attorney for the Commission, called this afternoon to inform me they had just received a notice of a docket call for June 19th. I told them that I would ask one of you to cover that docket hearing for all of us.

I suggest that you ask Judge Gallini for a half day setting to argue this appeal. We will need the setting after the Petitioner files its trial brief and after we have time to respond. I would suggest Branko files its Brief within thirty days then we have thirty days for the Commission and Mitchell to file their Briefs followed by oral arguments before Judge Gallini.

Please call me if we need to discuss this.

Regards,



cfx: Lyn Hebert & Rand Carroll

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KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 2, 1997

FEDERAL EXPRESS

Ms. Janie Hernandez
Clerk of the District Court
100 N Main, Box 6-C
Lovington, New Mexico 88260

Re: Lea County District Court CV 97-159G
Branko, et al, appeal of Oil Conservation Commission
Order R-10672-A (Case 11510)

Dear Mrs. Hernandez:

On behalf of Mitchell Energy Corporation, please file the enclosed answer in the referenced case and return to me a conformed copy in the stamped self addressed envelope.

Very truly yours,



W. Thomas Kellahin

cc: Lyn Hebert, Esq.
Hal Stratton, Esq.
Harold Hensley, Esq.