

Kelton Operating Corporation

Post Office Box 276
Andrews, Texas 79714

OIL CONSERVATION DIVISION
RECEIVED

95 MAR 9 AM 8:52
Office: 815-528-6595
Mobile: 815-523-1178
524-6400

API No. 30-025
02596

February 22, 1995

ATTENTION : Mr. MICHAEL STOGNER

New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501-2088

Re: Wilson Prospect NM-565
Lea County, New Mexico
State "L" #1 Well
SW/4 NW/4 Section 25
T-21-S, R-34-E, N.M.P.M.
State Lease E-2385-5
State Lease E-2385-6

Dear Mr. Stogner:

Please find enclosed copies of letters from the State of New Mexico Commissioner of Public Lands, consent to change proration unit from Pogo Producing Company, and Form C-102 in reference to the above mentioned lease.

Kelton Operating Corporation (Kelton) purchased the above mentioned lease from Caprock Oil and Gas (Caprock) in January 1994.. On November 16, 1994 Kelton received a notice from Commissioner of Public Lands stating that since there were two lease holders on the 80 acre tract that a Communitization Agreement should be entered into. At this time I notified the lease holders, Pogo Producing (Pogo) and Caprock, and initiated the process. After review by Pogo's Senior Landman Terry Gant, he informed me that they had conveyed to Caprock the SW/4 NW/4 containing 40 acres. At this point I contacted Mr. Jeff Albers of the Commissioner of Public Lands office and informed him of my findings. Mr. Albers contacted Mr. Gant and decided that a communitization agreement was not needed. However, the district office informed me that I needed to file a C-102 changing the proration unit to a 40 acre tract. After filing the C-102 I was contacted by the district office informing me that the 80 acre proration unit covering the S/2 of the NW/4 was governed by Order Number NSP-1659L allowing a non-standard gas proration unit of 80 acres.

Under direction from the district office, Kelton respectfully requests that the Commission review the Order Number NSP-1456L and revise the order to allow a 40 Acre Non-Standard Proration Unit under an administrative approval for the above mentioned lease. Kelton truly believes that all correlative rights will be protected as the State "L" #1 well is a marginal producer with production averaging 5 - 7 MCFPD.

Should you need anything further please contact the undersigned at the following number 915-524-6400.

Very truly yours,

KELTON OPERATING CORPORATION

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small arrow-like flourish.

C. Dale Kelton
President

Enclosures

CDK/clw

cc: Oil Conservation Division - Hobbs
Pogo Producing Company
Caprock Oil and Gas



COPY

State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

November 3, 1994

(505) 827-5760
FAX (505) 827-5766

Kelton Operating Corp.
P.O. Box 276
Andrews, Texas 79714-0276

RECEIVED NOV 10 1994

Re: Communitization Agreement (Wilson YSR Assoc.)
State L Well No. 1
Sec. 25, T-21-S, R-34-E
Lea County, New Mexico

Gentlemen:

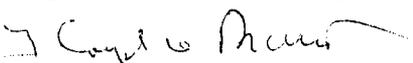
A review of your well file indicates that the above mentioned well is completed in the Wilson Yates Seven Rivers Associated pool with the south half of the northwest quarter of Section 25, Township 21 South, Range 34 East, Lea County, New Mexico dedicated to the well.

By statute and regulation, an approved communitization agreement is required prior to production whenever different State leases, lessees, or State and Federal or Fee lands are included in the same proration unit for a well.

You are hereby requested to submit for approval by the Commissioner of Public Lands, a fully executed communitization agreement, in duplicate, together with a \$30.00 filing fee. Only signatures of the lessees of record are required. The enclosed communitization form must be used and this form cannot be altered or changed in any manner. The form may be duplicated but not re-typed. No agreements will be returned for your files, so please retain any copies you may need for filing in the county.

If you have any questions, please do not hesitate to call Jeff Albers at (505) 827-5759.

Sincerely,
Ray Powell, M.S., D.V.M.
Commissioner of Public Lands


By: Floyd O. Prando, Director
Oil, Gas & Minerals Division
(505) 827-5744
RP/FOP/JJA

COPY



POGO PRODUCING COMPANY

February 21, 1995

Kelton Operating Corporation
P. O. Box 276
Andrews, Texas 79714-0276
Attention: Mr. Dale Kelton

Re: Wilson Prospect NM-565
Lea County, New Mexico
State "L" #1 Well
SW/4 NW/4 Section 25,
T-21-S, R-34-E, N.M.P.M.
State Lease E-2385
Pogo Lease NM-4464

Gentlemen:

Reference is made to our recent telephone conversations and correspondence regarding the captioned well and its corresponding proration unit.

As requested by the New Mexico Oil Conservation Division to you, Pogo hereby advises that as owner of the SE/4 NW/4 of said Section 25, being the remaining lands covered by the subject State Lease, it concurs and agrees with the SW/4 NW/4 of said Section 25 being designated as the subject well's proration unit.

If you and/or the New Mexico Oil Conservation Division should need any additional information, please contact the undersigned.

Very truly yours,

POGO PRODUCING COMPANY



Terry Gant
Senior Landman

TG:lf/c:Kelton.StateL#1

COPY

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

' API Number 30-02502596		' Pool Code		' Pool Name 64600	
' Property Code 015108		' Property Name State "L"			' Well Number 1
' OGRID No. 012444		' Operator Name Kelton Operating Corporation			' Elevation 3666

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	25	21S	34E		1650	North	330	West	Los

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

' Dedicated Acres 40	' Joint or Infill	' Consolidation Code	' Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <u>C. Dale Kelton</u></p> <p>Printed Name: <u>C. Dale Kelton</u></p> <p>Title: <u>President</u></p> <p>Date: <u>February 13, 1995</u></p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number: _____</p>



STATE OF NEW MEXICO

OIL CONSERVATION DIVISION
ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBBS DISTRICT OFFICE
95 MAR 8 AM 8 52

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

Kelton Operating Corp State L #1-E 25-21-34
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed