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To: jamesbruc <jamesbruc@aol.com>; Michael Feldewert <MFeldewert@hollandhart.com>
Cc: Ezeanyim, Richard, EMNRD, EMNRD <richard.ezeanyim@state.nm.us>
Subject: Case No. 14662; Application of Approval of a Non-Standard Unit and Compulsory Pooling
Date: Thu, Jun 30, 2011 11:22 am

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2011 JUL -5 P 12:

Gentlemen:

Unfortunately there is a problem in this case that I did not identify at the hearing.

The request to include the south 34 acres of the N/2 N/2 of Section 32, in addition to the S/2 N/2 equivalent, means that portions of standard spacing units are being excluded from the proposed non-standard unit. Rule 4.12.A(3) requires that in non-standard unit cases, "owners of interest in the mineral estate to be excluded from the proration unit the quarter-quarter section" be noticed. As I interpret this rule as applied to the present request, it requires notice to mineral and royalty owners, as well as working interest owners, in each of the quarter-quarters comprising the N/2 N/2 of Section 32, since a part of each of those quarter-quarters is to be excluded from the proposed non-standard unit.

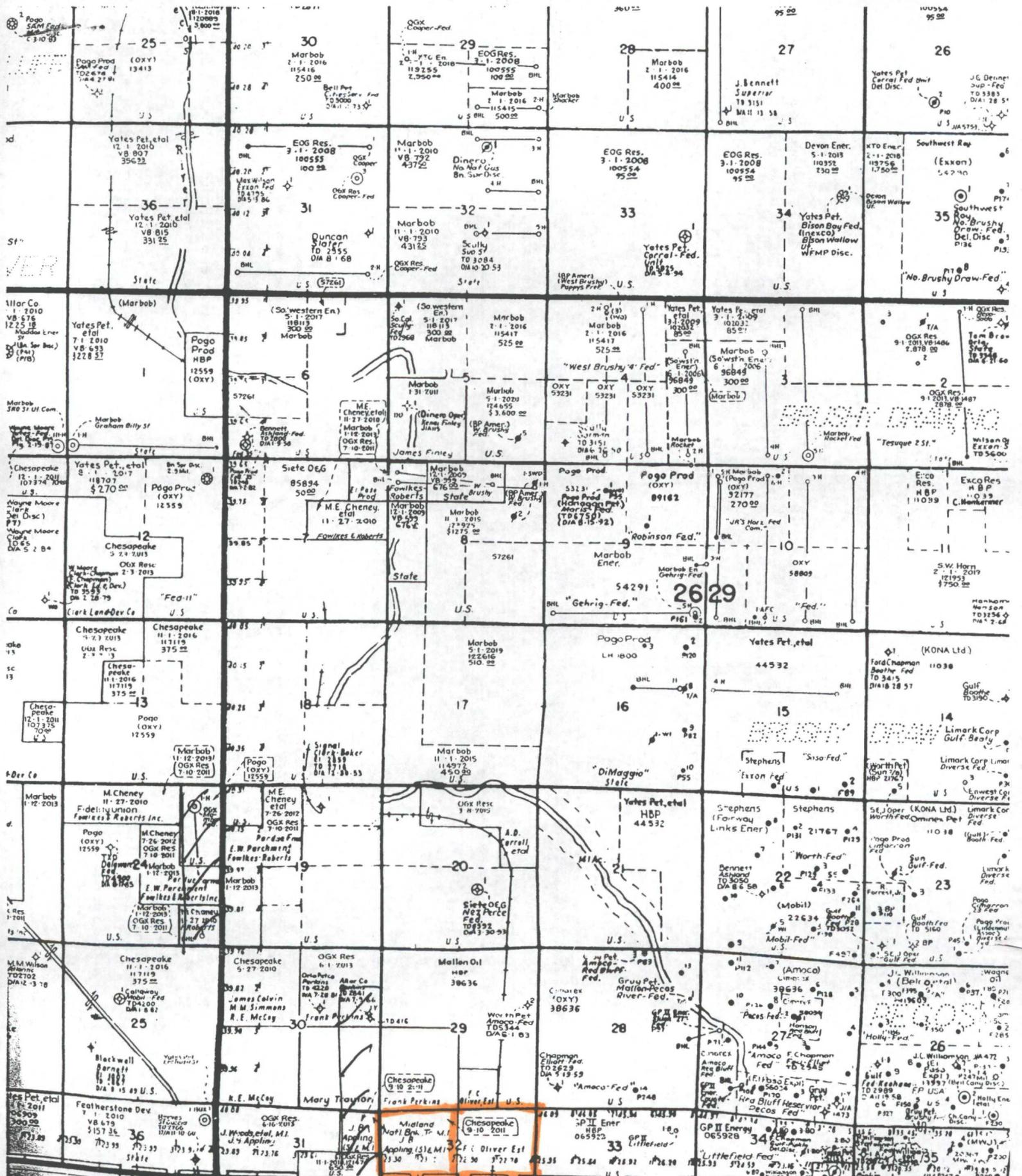
I am accordingly directing Florine to set this case for re-hearing on the August 4 docket (to give you time to get these notices out). No further presentation of evidence will be necessary in the absence of response by any noticed party.

Sincerely

David K. Brooks
Legal Examiner

*7/2/11
David - - I think
reattached affidavit
answers your question
Jan*

cc: M. Feldewert



BERSON, East

REEVES, North

Oil Conservation Division
Case No. _____
Exhibit No. A