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

JASON KELLAHIN (RETIRED 1991)

March 4, 1997

VIA FACSIMILE AND HAND DELIVERED

Mr. Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

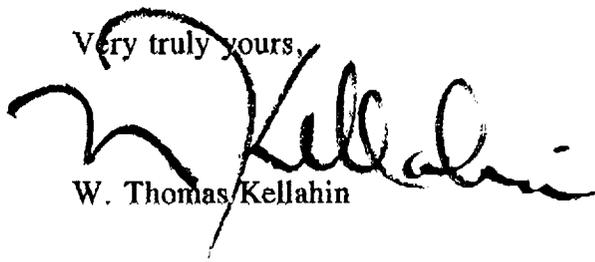
Rand Carroll, Esq.  
Division Attorney  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

**Re: MOTION TO DISMISS**  
**NMOCD Case 11723**  
**Application of Mewbourne Oil Company**  
**for an unorthodox gas well location and**  
**a non-standard gas proration unit, Eddy County, New Mexico**

Gentlemen:

On behalf of Fasken Oil and Ranch, Ltd., ("Fasken") an adversely affected interested party, please find enclosed our **MOTION TO DISMISS** the referenced case which is now set for an Examiner's hearing on March 6, 1997.

Very truly yours,



W. Thomas Kellahin

cfx: James Bruce, Esq.  
Attorney for Mewbourne  
William F. Carr, Esq.  
Attorney for Texaco, Inc.  
Fasken Oil and Ranch, Ltd.  
Attn: Sally Kvasnicka

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

**IN THE MATTER OF THE APPLICATION  
OF MEWBOURNE OIL COMPANY FOR AN  
UNORTHODOX GAS WELL LOCATION AND  
A NON-STANDARD GAS PRORATION UNIT  
EDDY COUNTY, NEW MEXICO**

**CASE 11723**

**FASKEN OIL AND RANCH, LTD.'S  
MOTION TO DISMISS**

Comes now Fasken Oil and Ranch, Ltd., ("Fasken") by its attorneys, Kellahin and Kellahin, and moves that this case be dismissed because Mewbourne Oil Company is not the operator, lacks standing to file this application and as ground therefore states:

(1) The southern portion of Irregular Section 1, T21S, R25E consists of 297.88 acres being a proposed non-standard spacing unit (NSP) in the Catclaw Draw-Morrow Gas Pool.

(2) This NSP is subject to a Joint Operating Agreement (AAPL form-1956), ("JOA") dated April 1, 1970, in which Fasken is the operator.

(3) Pending re-examination of title, Fasken believes that the working interest ownership in the southern portion of Irregular Section 1 is as follows:

(1) Fasken	30.5 %
(2) Mewbourne	42.7 % *
(3) Matador	17.7 %
(4) Devon	7.7 %
(5) Haynie, etal	1.5 %

\* 30.5 % farmed out from ICA Energy, 4.5 % purchased from Chevron and 7.7 % farmed out from UNOCAL

NMOCD Case 11723  
Motion for Dismiss  
Page 2

(4) Mewbourne has acknowledged that Fasken is the operator.

(5) Section 5 of the JOA provides that FASKEN "shall be the operator of the Unit Area and shall conduct and direct and have **full control** on the Unit Area as permitted and required by, and within the limits of, this agreement.

(6) On January 20, 1997, Mewbourne as a minority owner and non-operator, submitted an "AFE" to all working interest owners and proposed the drilling of a well in this NSP at an unorthodox location 660 feet FSL and 2310 feet FEL of Irregular Section 1.

(7) Mewbourne then extended the date in which Fasken and Matador were to elect to pay their share of the costs of this proposed well until February 26, 1997 and February 28, 1997, respectively.

(8) On January 28, 1997, contrary to the terms and conditions of the JOA, Mewbourne filed an application before the Division seeking approval of an unorthodox well location and non-standard proration unit for the southern portion of Irregular Section 1.

(9) This JOA, among other things, provides:

(a) This agreement does not restrict the number of wells that can be proposed at a time nor does it provide a procedure to resolve differing proposals.

(b) This agreement does not preclude the approval of multiple AFEs.

(c) Article 12 of this agreement provides that if any party fails to elect to participate in the cost of the proposed operation, then they are subject to a 300% penalty.

(10) Mewbourne filed its application as a device to preempt the majority of the working interest owners, including Fasken, as operator, from disputing Mewbourne' proposed well location.

NMOCD Case 11723  
Motion for Dismiss  
Page 3

(11) On February 26, 1997, Fasken, as operator:

(a) submitted an "AFE" to all working interest owners proposing that this well be located 750 feet FWL and 2080 feet FSL in this NSP; and

(b) in order to preserve its right to participate in the Mewbourne location in the event that the Mewbourne proposed location prevails over the Fasken proposed location, Fasken elected to pay its share of the costs of the proposed Mewbourne well.

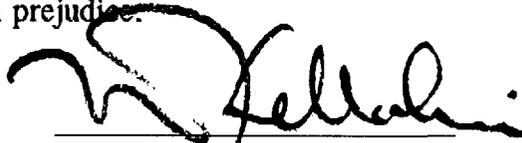
(12) On February 28, 1997, Matador wrote Mewbourne stating among other things, that Matador "protested Mewbourne status to request an unorthodox well location before the Division as a non-operator of the unit" and further objected to "any party proceeding with the drilling of a well until our objections to title have been satisfied." **See exhibit 1 attached.**

(13) All parties have until March 30, 1997, to elect to pay their share of the costs of the well proposed by Fasken.

(14) FASKEN has the exclusive right and authority to file an application for permit to drill ("APD") and any applications before the Division concerning operations.

(15) Correspondingly, Mewbourne is specifically precluded from engaging in any operations concerning this spacing unit and its application must be dismissed.

Wherefore, Fasken Oil and Ranch, Ltd, hereby moves that Division case 11723 be dismissed with prejudice.

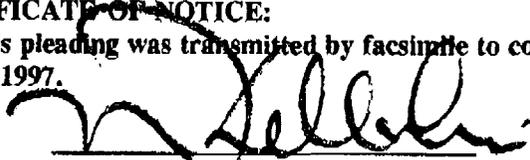


W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504

NMOCD Case 11723  
Motion for Dismiss  
Page 4

**CERTIFICATE OF NOTICE:**

I certify that a copy of this pleading was transmitted by facsimile to counsel of record this 4th day of March, 1997.

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over a horizontal line.

W. Thomas Kellahin

February 28, 1997

Mr. Steve Cobb  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701

Via Fax & Mail

Re: Election to Participate  
Mewbourne's Proposed Catchlaw Draw  
"1" Federal #1 Well  
23 10' FEL and 660' FSL  
Section 1, T21S, R25E  
Eddy County, NM

Dear Steve:

Matador Petroleum Corporation has received Mewbourne Oil Company's letter dated January 20, 1997, which proposed that the referenced well to be drilled at an unorthodox location and dedicated to a 297.88 acre non-standard gas proration and spacing unit consisting of the southern portion of Section 1 for the production from the Catchlaw Draw-Morrow Gas Pool, Eddy County, New Mexico ("Mewbourne Location"). Matador is also in receipt of a well proposal from Fasken Oil and Ranch, Ltd. for a well to be located 2080' FSL and 750' FWL of Section 1, T21S, R25E, Eddy County, New Mexico, to be dedicated to the same non-standard spacing unit proposed by Mewbourne ("Fasken Location").

Matador feels the Fasken Location is better situated for the geological potential in this section; however, in order to preserve our right to participate in the Mewbourne Location in the event that such location prevails in the current on-going discussions, Matador formally elects to participate in your well proposal. Matador, however, specifically reserves its right to protest the Mewbourne Location in any hearing conducted before the New Mexico Oil Conservation Division and to support the Fasken Location should any election between the two arise. Matador also reserves the right to protest Mewbourne's status to request an unorthodox well location before the New Mexico Oil Conservation Division as a non-operator of the unit.

Further, pursuant to Section 31 of the Joint Operating Agreement, there is a provision stating that "no well shall be drilled on the unit area for the joint account until both operator and each working interest owner have approved title to the land upon which the well is to be drilled...". In our review of the title situation as well as the ownership as set forth in the Joint Operating



Mr. Steve Cobb  
February 28, 1997  
Page 2

Agreement, due to the complicated nature of the beneficial interest unit, as well as the nature of the transactions that have taken place in acquiring title to the various interests in this section, we believe that there are some title issues that are yet to be resolved and we, therefore, object to any party proceeding with the drilling of a well until our objections to title have been satisfied.

If you have any questions, please do not hesitate to give me a call.

Sincerely,

C. Barry Osborne

CBO/dm