

JASON W. KELLAHIN
ROBERT E. FOX

*Case 2496 }
Case 2416 }
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copy case file*

KELLAHIN AND FOX
ATTORNEYS AT LAW
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October 3, 1963

Southwest Production Company
3108 Southland Center
Dallas 1, Texas

Re: Ollie Sullivan Well No. 1,
Irene Brown Well, East Half,
Section 22, T30N, R21W,
San Juan County, New Mexico

Gentlemen:

By Order No. R-2068-B, the above acreage was forced pooled for production from the Basin-Dakota Gas Pool; and by Order No. R-2151-A, it was forced pooled for production from the Flora Vista Mesaverte Gas Pool. Under the terms of both of these orders, any unsevered mineral interest is considered as a 7/8 working interest and a 1/8 royalty interest for the purposes of allocating costs and charges. Southwest Production was further authorized to withhold proceeds from production attributable to the non-consenting working interest until the proportionate costs and 25% risk factor have been recovered.

We are representing Julian Coffey, who is a non-consenting owner of an uncommitted mineral interest in the above tract. Mr. Coffey advises us that to date, there has been no accounting submitted to him on production from either of the above wells nor has there been any payment accounted for or tendered for the land owners 1/8 royalty interest for the acreage owned by him. Under the terms of the Commission's orders royalties must be paid on the 1/8 interest.

May we hear from you in connection with this matter.

Very truly yours,

JASON W. KELLAHIN

jwk:mas

cc - Oil Conservation Commission of New Mexico
Mr. Julian Coffey

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Lease Name: Ollie Sullivan No. 1

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<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
6-68	B. F. Walker, Inc., 8-11-61 Haul 4-1/2" casing	\$ 559.68 559.68*
18416	Lane Wells Company, 8-13-61 E-Gun perforations 77 holes from 6452' to 6432' 60 holes from 6351' to 6331' 2% N. M. State Tax	935.90 18.72 954.62*
12794	Western Company, 8-16-61 Acidizing 2% N. M. State Tax	745.00 14.90 759.90*
12760	Western Company, 8-14-61 Fracing at depth of 6001'-7000' 2% N. M. State Tax	5,481.60 106.83 5,588.43*
61-756	B & R Service, Inc., 8-17-61 Furnish and set 2" W mandrel plug choke N. M. State Tax	150.00 3.00 153.00*
31806	Baker Oil Tools, Inc., 8-17-61 Packing element 2% N. M. State Tax	27.60 .55 28.15*
6-79	B. F. Walker, Inc., 8-17-61 Hauling 2-5/8" tubing	240.13 240.13*
716	Lohmann Oil Well Service, Inc., 8-21-61 Completion unit 8-12 thru 8-18 2% N. M. School Tax	5,088.08 101.76 5,189.84*
T28754	Industrial Supply Company, 8-23-61 3 - 4-1/2" OD metal petal baskets 4-1/2" OD 8rd M&F differential fillup collar 4-1/2" OD Slip joint cement guide shoe 15 - 4-1/2" Clark hinged centralizers 20 - 4-1/2" Clark cement spinners 150' (30 - 5' sections) Clark rotating scratchers Locking compound and yellow paint sticks 2% N. M. Sales Tax	154.05 160.00 26.45 272.25 199.00 298.50 11.14 22.43 1,143.82*
32145	Baker Oil Tools, Inc., 8-24-61 Model D retrievamatic cementer w/accessory equipment and service 2% N. M. Sales Tax	402.00 8.04 410.04*
T28755	Industrial Supply Company, 8-29-61 Slip and seal assy. "CA" 10"x4-1/2" incl. allen wrench Seal Assy. type "R" 10" x 4-1/2" Spool tubing head "F" 10" x 6" 2000# WP w/2-2" std. outlets Bit pilot w/wire retainer, flange, bull plug and gaskets 2% N. M. State Tax	235.40 80.01 344.50 68.62 14.57 743.10*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
T28756	Industrial Supply Company, 8-29-61 Valve tree cameron, single string solid block btm. flg. 6" 2000# Studs, nuts, tees, and other misc. fittings Less 1% freight allowance 2% N. M. Sales Tax	\$ 550.00 47.36 (5.50) 11.84 603.70*
T28757	Industrial Supply Company, 8-29-61 Flanges, nipples, rings and other misc. fittings 2% N. M. Sales Tax	75.93 1.52 77.45*
T28758	Industrial Supply Company 8 - 2" welds 2000# WP 2 - Gauge pr. marsh 4-1/2" face 3000# Hanger tubing FBB 6"x2" EUE Needle valves, bull plug, and other misc. fittings 2 - valve cameron gate "F" 2"x5-1/16" 2000# Freight charges on 1286# @ 4.25 2% N. M. Sales Tax	40.00 47.28 59.92 53.52 NC 54.66 5.11 260.49*
119-61	Aspen Drilling Co., 8-22-61 Third party services by Schlumberger for sonic log	571.06 571.06*
Stmt.	San Juan Engineering Co., 5-4-61 Stake location and survey elevation 2% N. M. School Tax	100.00 2.00 102.00*
65591	Valley Steel Products Co., 8-24-61 Sale of thread protector	(16.57) (16.57)*
28782	Industrial Supply Co., 8-31-61 6433' 4" of 1-1/2" 10rd non EUE JCW-50 tubing T&C W/J-55 2.75# beveled coupling 17,692# freight from mill @ 1.62 Hauling to location 2% N. M. Sales Tax	2,795.93 286.61 61.20 62.87 3,206.61*
28808	Industrial Supply Co., 8-31-61 3-7/8" Tricone bit Freight on 10# @ 4.43 2% N. M. Sales Tax	95.63 .44 1.92 97.99*
3578	Panhandle Steel Products Co., 9-26-61 210 bbl. 1/4-3-3 API flat bottom welded steel storage tank 1" Rolling line, 2" downcomer, 4' landing, API stairway, tar paper, 2" stack valve 16" x 7-1/2" production unit w/3-phase separator, all std. accessories submerged in 30" x 7' indirect heater w/split coil bundle w/submerged choke, 3-phase controls all mounted and piped up 2- Reinforced concrete foundation blocks 2% N. M. State Tax	1,188.50 267.08 3,911.07 40.00 108.13 5,514.78*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
7535	Monarch Construction Co., 10-12-61 Lay flow line, connect tank, fence pit	\$ 218.50 218.50*
29181	Industrial Supply Co., 10-18-61 94.08' of 2" EUE 8rd 4.70# J-55 tubing T&C 147' of 2" blk. API line pipe T&C 21.20' of 1" blk. API line pipe T&C Freight from mill 2% N. M. Sales Tax	58.85 80.51 5.57 3.54 2.97 151.44*
3299	Goodman & Sons, 10-18-61 Surface damages	500.00 500.00*
26	Key, Inc., 10-15-61 D-6 cat to clean location 2% N. M. School Tax	84.00 1.68 85.68*
29197	Industrial Supply Co., 10-25-61 Nipples, plug valves, bull plugs, ells 2% N. M. Sales Tax	82.50 1.65 84.15*
7643	Monarch Construction Co., 10-31-61 Fill with glycol and water	21.70 21.70*
J10-1	Rental of 2" EUE J-55 tubing for drill out string for the period Aug. 12 thru Aug. 16	500.00 500.00*
J-10-3	Drilling well overhead for the period July 25 thru Sept. 16 (53/30 of \$250)	441.49 441.49*
J10-9	Direct salary and auto expense charges stake location and make settlement for surface damages 8 hrs. @ 7.41 Auto expense 65 mi. @ 10¢ Drilling engineer and geologist; check samples to TD and run casing 55 hrs. @ 6.41 Auto expense 110 mi. @ 10¢ Completion engineer; perforate and sand-water frac, completion 158 hrs. @ 7.41 Auto expense 210 mi. @ 10¢ Production foreman; clean well, potential test, set production equipment, and clean up location 52 hrs. @ 4.43 Auto expense 72 mi. @ 10¢	59.28 6.50 352.55 11.00 1,170.78 21.00 230.36 7.20 1,858.67*
28793	Industrial Supply Co., 9-30-61 2 - 8" x 10" - 20' W/G Fir 2% N. M. Sales Tax	59.33 1.19 60.52*
29180	Industrial Supply Co., 11-15-61 Ells, tees, unions and other misc. fittings 2% N. M. Sales Tax	44.44 .89 45.33*

Lease Name: Ollie Sullivan No. 1
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<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
29198	Industrial Supply Co., 11-21-61 1/2 drum Diethylene glycol 2% N. M. Sales Tax	\$ 58.89 1.17 60.06*
L-117	Key, Inc., 11-22-61 D-6 cat and operator to clean up location 2% N. M. School Tax	120.00 2.40 122.40*
TOTAL		<u>\$ 74,493.91</u>

Southwest Production Company
3108 Southland Center
Dallas 1, Texas

Cost Statement

Forced Pooling Order No. R-2068-B

Lease Name:

Ollie Sullivan No. 1 (DK)
E/2, Sec. 22-30N-12W
San Juan County, New Mexico

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
120-61	Aspen Drilling Company, 8-22-61 Contract drilling	\$ 32,500.00 32,500.00*
S501574	Halliburton Company, 8-3-61 4-1/2" 8r multi-stage D. V. cementers N. M. State Tax	808.00 16.16 824.16*
C116	P&C, Inc., 8-7-61 Hauling water 2% N. M. School Tax	73.50 1.47 74.97
BC- 607207	Halliburton Company, 8-8-61 425 cu. ft. Pozmix-S Cement mixed 1:1 N. M. State Tax	1,165.99 23.32 1,189.31*
CS- 373765	Halliburton Company, 8-8-61 Cementing production string N. M. State Tax	937.00 18.74 955.74*
55514	Industrial Supply Company, 8-8-61 6566'7" of 4-1/2" 10.50# J-55 8rt R-2 API Smls. casing ST/C Special testing 2% N. M. Sales Tax	7,928.49 175.52 162.08 8,266.09*
2551	Goodno Welding & Mfg., Inc., 8-8-61 Cutoff 4-1/2" casing 2% N. M. School Tax	17.50 .35 17.85*
T27242	Industrial Supply Company, 8-9-61 "WF" Casinghead housing 10" S/600x9-5/8" OD 8rd female W/2-2" LP outlets w/gasket, studs and nuts 2" Nordstrom lub plug valve Bull plug and nipple Freight charges 2% N. M. Sales Tax	241.85 38.28 5.03 16.24 6.03 307.43*
T28657	Industrial Supply Company, 8-9-61 1 gal. Kopr Kot thread lubricant 2% N. M. Sales Tax	9.30 .19 9.49*
8554	Little Tool Company, Inc., 8-10-61 Weld pipe on shoe 2% N. M. State Tax	10.50 .21