

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

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

June 15, 1990

RECEIVED

JUN 18 1990

OIL CONSERVATION DIVISION

HAND DELIVERED

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

9997

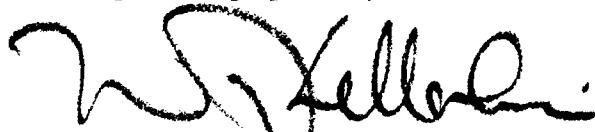
Re: TXO Production Corp.
for Compulsory Pooling
Brown Federal Com No. 1 Well
E/2 Section 20, T19S, R25E,
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of TXO Production Corp., we would appreciate you setting the enclosed Application for a public hearing on the Division's Examiner docket now scheduled for July 11, 1990.

By copy of this letter to all parties to be pooled, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. Those parties are directed to contact the Division or the Applicant's attorney to determine what additional rights they may have. In addition, they are advised that the entry of a compulsory pooling order will affect their rights to share in the production from the subject well.

Very truly yours,



W. Thomas Kellahin

WTK/tic
Enclosure

William J. LeMay
June 15, 1990
Page 2

xc: TXO Production Corp.
415 West Wall, Suite 900
Midland, Texas 79701-4468
Attn: Mr. Richard H. Coats

xc: Certified Mail-Return Receipt
All parties listed in Exhibit "D"
of Application

RECEIVED

JUN 1 1990

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF TXO PRODUCTION CORP. FOR
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

CASE NO:

9997

A P P L I C A T I O N

COMES NOW TXO PRODUCTION CORP., by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, pursuant to the provision of Section 70-2-17(c) N.M.S.A. (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 20, Township 19 South, Range 25 East, N.M.P.M., forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which includes but is not limited to the undesignated Dagger Draw Morrow, the undesignated North Cemetery-Atoka gas pool, and the SE/4 of said Section 20 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which includes but is not limited to the North Dagger Draw-Upper Pennsylvanian Pool, and the NE/4 SE/4 of said Section 20 forming a

standard 40 acre-oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent.

Said unit is to be dedicated to a well to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operation costs and charges for supervision, designation of Applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 8 miles west-northwest of Lakewood, New Mexico.

In support thereof, Applicant states:

1. Applicant is a working interest owner in the E/2 of Section 20, T19S, R25E, N.M.P.M.

2. Applicant desires to drill a well at a standard location to the base of the Morrow formation.

3. A plat of the area of the subject spacing unit is attached as Exhibit "A" to this Application.

4. A plat showing the arrangement of the various leases within the E/2 of Section 20 is attached as Exhibit "B" to this Application.

5. Applicant is informed and believes that the working interest owners within the E/2 of Section 20 are as set forth on Exhibit "C."

6. Applicant is informed and believes that the working interest/mineral owners entitled to participate in and pay for the costs of the subject well are as shown on Exhibit "C" attached hereto.

7. Applicant has sought the voluntary agreement of all those parties shown on Exhibit "C" for the formation of the appropriate spacing and proration unit for the drilling of the subject well, but has been unable to obtain a fully executed written voluntary agreement from those parties shown on Exhibit "D."

8. Pursuant to the Division notice requirements, Applicant has notified all those parties shown on Exhibit "D" of this Application for compulsory pooling and its request for a hearing on July 11, 1990 by sending those parties a copy of this Application and cover letter.

WHEREFORE, Applicant prays that this Application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described herein. Applicant further prays that it be named operator of the well, that the order make provisions for Applicant to recover out of production its costs of drilling, completing and equipping it, and costs of

operation, including costs of supervision and a risk factor in the amount of 200% for the drilling and completion of the well and for such other and further relief as may be proper.

In order to obtain its just and equitable share of the potential production underlying the above tract, Applicant needs an order pooling the mineral interests involved in order to protect Applicant's correlative rights and prevent waste.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

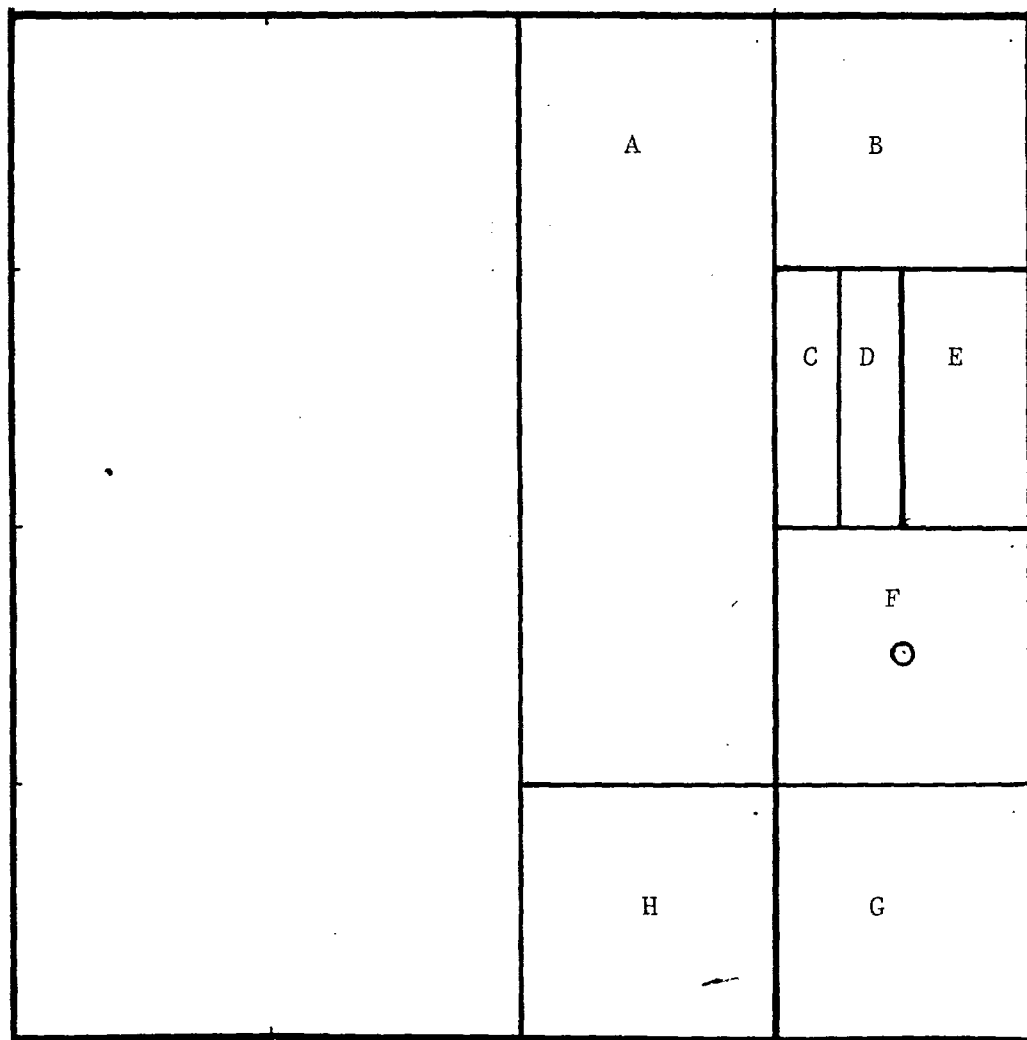
By: 

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

ATTORNEYS FOR APPLICANT

[illegible]

Eddy County, State of New Mexico
Section E/2 Section 20 Township 19-South Range 25-East



Proposed
Brown Fed
#1 Well

BROWN FEDERAL #1 WELL

1980' FSL and 660' FEL of Section 20, T-19-S, R-25-E, N.M.P.M.

Eddy County, New Mexico

B

TRACT STATUS SUMMARY
BROWN FEDERAL COM #1
E/2 of Section 20, T-19-S, R-25-E, N.M.P.M.
Eddy County, New Mexico

	<u>NET ACRES</u>	<u>INTEREST</u>
Tract A: W/2 NE/4 and NW/4 SE/4 of Section 20		
Yates Petroleum Corporation *	120.0	1.0000000
	-----	-----
	120.0	1.0000000
Tract B: NE/4 NE/4 of Section 20		
TXO Production Corp.	10.0	.2500000
Laura B. Lodewick	10.0	.2500000
Yates Petroleum Corporation *	20.0	.5000000
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	40.0	1.0000000
Tract C: W/2 W/2 SE/4 NE/4 of Section 20		
TXO Production Corp.	10.0	1.0000000
	-----	-----
	10.0	1.0000000
Tract D: E/2 W/2 SE/4 NE/4 of Section 20		
Locke Reed *	10.0	1.0000000
	-----	-----
	10.0	1.0000000
Tract E: E/2 SE/4 NE/4 of Section 20		
TXO Production Corp.	4.0	.2000000
Yates Petroleum Corporation *	12.0	.6000000
Barbara Ann Quail *	2.0	.1000000
Carol Sue Sandford *	2.0	.1000000
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	20.0	1.0000000
Tract F: NE/4 SE/4 of Section 20		
Yates Petroleum Corporation *	40.0	1.0000000
	-----	-----
	40.0	1.0000000

C

Tract G: SE/4 SE/4 of Section 20

TXO Production Corp.	7.5022000	.1875550
Yates Petroleum Corporation *	32.4815240	.8120381
Betsy H. Keller *	.0004120	.0000103
Charles Cline Moore *	.0020640	.0000516
American National Petroleum Company *	.0071840	.0001796
E. G. Hoden Testamentary Trust *	.0004120	.0000103
Mary S. Gendron, Trustee of the		
Gendron Revocable Trust *	.0012400	.0000310
Vernon Munroe *	.0008280	.0000207
Adolph P. Schuman Marital Trust *	.0008280	.0000207
Estate of William Oliver	.0016520	.0000413
Ernie Bello	.0008280	.0000207
Frederick Van Vranken	.0008280	.0000207
	40.0000000	1.0000000

Tract H: SW/4 SE/4 of Section 20

TXO Production Corp.	2.5022000	.0625550
Charles Coll, et al	5.0000000	.1250000
Yates Petroleum Corp. *	32.4815240	.8120381
Betsy H. Keller *	.0004120	.0000103
Charles Cline Moore *	.0020640	.0000516
American National Petroleum Company *	.0071840	.0001796
F. G. Holden Testamentary Trust *	.0004120	.0000103
Mary S. Gendron, Trustee of the the		
Gendron Revocable Trust *	.0012400	.0000310
Vernon Munroe *	.0008280	.0000207
Adolph P. Schuman Marital Trust *	.0008280	.0000207
Estate of William Oliver	.0016520	.0000413
Ernie Bello	.0008280	.0000207
Frederick Van Vranken	.0008280	.0000207
	40.0000000	1.0000000

	Total	320.0000000
*Parties to be forced pooled		

SUMMARY
BROWN FEDERAL COM #1
E/2 Section 20, T-19-S, R-25-E, N.M.P.M.
Eddy County, New Mexico

FORCE POOL

Locke Reed 2606 Carver Carlsbad, NM 88220	.0312500
Carol Sue Sandford & Barbara Ann Quail 1712 S. Jackson Amarillo, TX 79102	.0125000
Harvey E. Yates P. O. Box 1933 Roswell, NM 88201	.0312500
S. P. Yates (selling to Spiral Inc.) 808 Clowe Artesia, NM 88210	.0312500
P. O. Box 1933 Roswell, NM 88201	
Essie T. & Billy G. Nix P. O. Box 440 Artesia, NM 88211	.0125000
Martin IV & Lillie M. Yates 812 Clowe Artesia, NM 88210	.0125000
Ralph & Frances Nix P. O. Box 440 Artesia, NM 88211	.0125000
Yates Petroleum Co. Yates Drilling Corp. John A. Yates Martin Yates, III ABO Petroleum Corp. 105 S. 4th Street Artesia, NM 77210	.7026631
Betsy H. Keller 2524 Union St. San Francisco, CA 94123	.0000103
Charles Cline Moore 138 Harvard Ave. Mill Valley, CA 94941	.0000516
American National Petroleum Company P. O. Box 277275 Houston, Tx 71227	.0001796
*E. G. Holden Testamentary Trust 2524 Union St. San Francisco, CA 94123	.0000103
*Mary S. Gendron, Trustee of Gendron Revocable Trust 1280 Encino Drive San Marino, CA 91108	.0000310
*Vernon Munroe Apt. 8 South 139 East 66th St. New York, NY 10021	.0000207
*Adolph P. Schuman Marital Trust James F. Crafts, Jr. Trustee c/o Orrick, Herrington & Sutcliffe 600 Montgomery San Francisco, CA 94111	.0000207
*Sent proposals 5-24-90	<u>.8467373</u>