



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONEY ANAYA
 GOVERNOR

April 12, 1985

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 (505) 827-5800

Mr. James Bruce
 Hinkle, Cox, Eaton,
 Coffield & Hensley
 Attorneys at Law
 Post Office Box 2068
 Santa Fe, New Mexico

Re: CASE NO. 8532
 ORDER NO. R-7873

Applicant:
Fred G. Yates, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
 Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other Scott Hall

Case # 8532

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

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 ROBERT A. STONE (1904-1981)

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700 UNITED BANK PLAZA
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 ROSWELL, NEW MEXICO 88201
 (505) 622-6510

April 10, 1985

Mr. R. L. Stamets, Director
 Oil Conservation Division
 State Land Office Building
 Santa Fe, New Mexico 87501

HAND DELIVERED

Re: OCD Case 8532; Application of
 Fred G. Yates, Inc. for Compulsory
 Pooling, Lea County, New Mexico

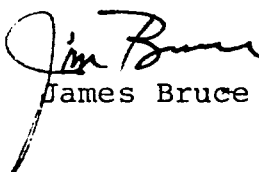
Dear Mr. Stamets:

The above matter was heard on the morning of April 10, 1985. No objections were raised. Fred G. Yates, Inc. plans to move a drilling rig onto the drillsite on the evening of April 11, 1985 or the morning of April 12, 1985, in order to comply with a deadline set by the Commissioner of Public Lands. Therefore, on behalf of Fred G. Yates, Inc., we respectfully request that an Order in this matter be executed no later than April 11, 1985.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
 COFFIELD & HENSLEY


 James Bruce

JGB: jr

State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

April 9, 1985

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Express Mail Delivery Use:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Sunburst Exploration, Inc.
P. O. Box 2608
Roswell, New Mexico 88202

Re: New Mexico Oil Conservation Division Case No. 8532

Attn: Mr. Larry T. Hunnicutt

Gentlemen:

It is my understanding that all interest owners in the SW $\frac{1}{4}$, Section 13, T-13S, R-32E, Lea County, New Mexico have reached an agreement as to who would drill a well on the approved 160 acres spacing unit and they have also agreed as to the cost. An AFE and an operating agreement has purportedly been signed by all necessary parties, and there is no further need for the compulsory pooling requested in Case No. 8532.

The Commissioner of Public Lands, however, respectfully requests this case be heard and an Order issued for compulsory pooling as there is a deceased record title owner, namely Floyd Karsten, that cannot execute a Communitization Agreement as required by our statutes, in order to pool two leases creating a 160 acre spacing unit. The Commissioner of Public Lands does recognize the authority of the Oil Conservation Division to order the pooling of more than one lease for a proration unit. In short, our reason for proceeding with this hearing is to legally pool the two State leases which cannot voluntarily be communitized because of a deceased record title owner.

Very truly yours,

Jim Baca
Commissioner of Public Lands

A handwritten signature in cursive script that reads "Ray D. Graham".

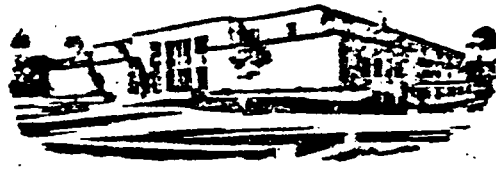
By: Ray D. Graham, Director
Oil and Gas Division
A/C 505-827-5744

JB:RDG:cw

cc: Fred G. Yates, Inc.
Sunwest Centre, Suite 919
Roswell, New Mexico 88201

cc: Mr. Richard Stamets ✓
New Mexico Oil Conservation Division
Santa Fe, New Mexico

State of New Mexico



Commissioner of Public Lands

March 27, 1985

JIM BACA
COMMISSIONER

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Express Mail Delivery Use:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Manforth Production, Inc.
Floyd L. Karsten
P. O. Box 508
Locust Valley, New York 11560

Re: State of New Mexico Oil and Gas Lease No. B-399-35
covering 879.37 acres (Chaves and Lea Counties) New Mexico

Gentlemen:

On April 13, 1984, you were advised by registered letter the subject lease was in default because of drainage from an oil well located 660 feet from the W $\frac{1}{2}$ SW $\frac{1}{2}$, Section 13, T-13S, R-32E covered by this lease. This letter was in compliance with Section 13 of your lease and Chap. 19-10-20 NMSA 1978 and you were given 30 days to submit a plan to protect this portion of your lease from drainage. This default notice has not been rescinded or withdrawn.

By letter of May 7, 1984 Amoco Production Company advised they had acquired this lease and needed six months to cure title and commence drilling on a proration unit including this acreage. A six month extension was granted. Amoco's letter dated September 18, 1984 to Commissioner of Public Lands advised they reasonably expected to spud a well on this acreage within six months from May 7, 1984. By letter dated January 4, 1985 Amoco advised this office they were very close to completion of curative measures.

Most curative matters can be cured in approximately six months here in New Mexico either by administrative action such as force pooling, etc., or by legal court action by quieting title. It is our opinion Amoco has not acted in a prudent and diligent manner in curing title, therefore delaying the drilling obligation to protect this lease from drainage.

In Case No. 8532 to be heard this morning by an Examiner of the New Mexico Oil Conservation Division, Fred G. Yates, Inc. was requesting a Compulsory Pooling Order allowing him to drill a well on a 160 acre standard spacing proration unit covering the SW $\frac{1}{2}$, Section 13, T-13S, R-32E. This proposed well would have, when completed, protected the subject lease from drainage. At this hearing this morning Amoco Production Company requested a continuance of this case to a later date, thereby again further delaying the drilling of a well on a proration unit to protect this lease from drainage. It appears that Amoco is not acting in a prudent and diligent manner by their delaying tactics in this matter to get a well drilled.

March 27, 1985

Since this lease is still under the default notice dated April 13, 1984 you are hereby given the following options to protect this lease:

1. Commence a well on or before 5:00 P.M., April 11, 1985 with a drilling rig capable of penetrating the Baum Upper Penn formation, working with a full crew 24 hours a day until such formation is penetrated, or
2. Pay Compensatory Royalty for the month of January, 1985 in the amount of \$46,766.00. Payment must be received in this office on or before 5:00 P.M., April 11, 1985, and further pay compensatory royalty, based on the value of the one-eighth (1/8) royalty of both oil and gas produced from the offending well, on or before the 65th day after the month of production until any such well is completed and placed on production on subject lease or proration unit including subject lease, or
3. Tender a Release to Commissioner of Public Lands of Lease No. B-399-35 in its entirety on or before 5:00 P.M., April 11, 1985. A filing fee must be submitted with the release in the amount of \$10.00.

One of the above and foregoing options must be complied with on or before 5:00 P.M., April 11, 1985 or this lease will be cancelled without further notice.

Very truly yours,

Jim Baca
Commissioner of Public Lands



By: Ray D. Graham, Director
Oil and Gas Division
A/C 505-827-5744

JB:RDG:cw

cc: Amoco Production Company
Attn: Mr. Jerry D. Webb
P. O. Box 1092
Houston, Texas 77253

Called in by Larry Hannicutt
3/4/85 March 25, 1985

Memo

From
FLORENE DAVIDSON
Staff Specialist

To

Fred. D. Gates, Inc
Compulsory Pooling
Surface to Pennsylvanian
(Baum-Pennsylvanian)

SW14 13-T135-R32E

Lea County

9900'

Sunwest Centre
Suite 919
Roswell, New Mexico
85201

Fred G. Yates

Memo

From
FLORENE DAVIDSON
Staff Specialist

To

Larry Hunnicutt
called 3/5/85

wants surface through
Wolfcamp and Upper
Pennsylvanian pooled.

623
4935