

Jason Kellahin
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Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
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Telephone 982-4285
Area Code 505

June 5, 1985

HAND DELIVERED

RECEIVED

JUN 5 1985

Mr. Richard L. Stamets
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION
Case 8640

Re: In the Matter of the Application of Caulkins Oil
Company, For Compulsory Pooling, Rio Arriba
County, New Mexico

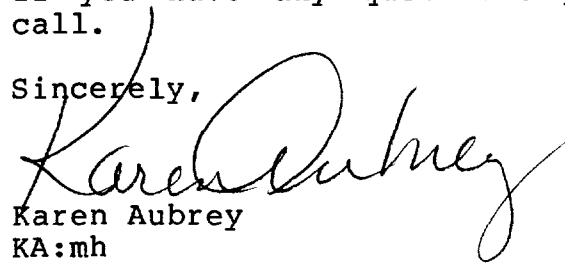
Dear Mr. Stamets:

I enclose an Application which we file in triplicate
on behalf of Caulkins Oil Company. We request that
this matter be set for hearing on the regularly
scheduled docket on July 2, 1985.

In addition, we request that you dismiss Case No.
8623 filed by Caulkins Oil Company for a non-standard
proration unit concerning this acreage which has been
continued to July 2, 1985.

If you have any questions please don't hesitate to
call.

Sincerely,



Karen Aubrey

KA:mh

Enclosure

cc: El Paso Natural Gas Company "Certified Mail"
Post Office Box 990
Farmington, New Mexico 87499
ATTN: Mr. Van Gobel

Mr. Charles Verquer
Caulkins Oil Company
Post Office Box 780
Farmington, New Mexico 87401

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

RECEIVED

JUN 5 1985

OIL CONSERVATION DIVISION

IN THE MATTER OF THE
APPLICATION OF CAULKINS
OIL COMPANY, FOR
COMPULSORY POOLING,
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 8640

A P P L I C A T I O N

COME NOW, CAULKINS OIL COMPANY, by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Dakota, including the Blanco Mesa Verde, Dakota, Pictured Cliffs, and Chacra Formations, Section 20, Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, for ~~the~~ formation of a proration and spacing unit for the said production and in support thereof would show:

1. Applicant is the owner of the right to drill and develop the N/2 NE/4; the SW/4 NE/4, and the SE/4 NW/4 of Section 20, Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

2. Applicant proposes to drill a well at a

standard location and to dedicate the N/2 of Section 20 to said well in the Blanco Mesa Verde and Basin Dakota Formations and to dedicate the NE/4 of said Section to the Pictured Cliffs and Chacra Formations.

3. Applicant has sought to obtain the cooperation of all parties.

4. In order to obtain their just and equitable share of their production underlying the above lands, Applicant needs an order pooling the mineral interests involved.

5. Those who have not consented to join in the drilling of a well with their addresses to the best of Applicant's information and belief are as follows:

El Paso Natural Gas Company
Post Office Box 990
Farmington, New Mexico 87499
ATTN: Mr. Van Gobel

The foregoing interest totals 50% working interest.

6. The parties named in paragraph 5 above have been furnished a copy of this application by certified mail.

7. Applicant seeks approval of downhole commingling of the Mesa Verde and Dakota production, and authority to then dually complete said production with the Pictured Cliff and Chacra production which

will also be downhole commingled in the Kaime #1-R Well.

8. That downhole commingling of the Mesa Verde and Dakota production is the most effective and economical method of completion of the subject well.

9. That the downhole commingling of production from the Pictured Cliffs and Chacra formations also is the most effective and economical method of completion for those two zones.

10. That the commingled zones can be effectively produced in a dually completed wellbore.

WHEREFORE, Applicant prays that this application be set for hearing on July 2, 1985, before the Division's duly appointed examiner, and, after notice and hearing as required by law, the Division enter its order pooling the mineral interests as described herein.

Applicant further prays that it be named operator of the well, and that the order make provision for Applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of operation, including costs of supervision, any risk factor in the amount of 200% for the drilling of the well, and, further, that the Division approve the downhole commingling of the

Dakota and Mesa Verde formations, the downhole
commingling of the Pictured Cliffs and Chacra
formations, and the dual completion of the well.

Respectfully submitted,

CAULKINS OIL COMPANY

By: 

Karen Aubrey
KELLAHIN & KELLAHIN
Post Office Box 2265
Santa Fe, New Mexico 87501

Attorneys for Applicant

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

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Frank Andrews (1914-1981)

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Seth D. Montgomery
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William C. Madison
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Terri M. Couleur
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September 9, 1985

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REPLY TO SANTA FE OFFICE

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

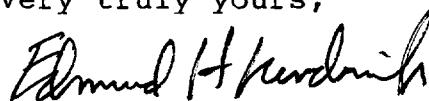
Re: Case No. 8640
Order No. R-7998

Gentlemen:

Pursuant to Section 70-2-13 N.M.S.A. 1978, Meridian Oil Inc. ("Meridian") and El Paso Natural Gas Company ("EPNG"), as parties adversely affected by the referenced order, hereby request a hearing de novo in the referenced case before the New Mexico Oil Conservation Commission.

The request is based on a factual inaccuracy contained in ordering paragraph (3) of the Order. The Order provides at paragraph (3) that Meridian must elect whether or not to voluntarily reduce the overriding royalties which burden the N/2 NW/4 and the SW/4 NW/4 of Section 20. The overriding royalties described above are in fact held by third parties other than Meridian and EPNG, thus making it legally impossible for Meridian to make the requisite election. The Order should be amended to provide that third parties who own the overriding royalties must make the election whether or not to reduce those burdens.

Very truly yours,



Edmund H. Kendrick

EHK:dml

cc: Karen Aubrey, Esquire

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
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Telephone 982-4285
Area Code 505

September 12, 1985

Set in November
RLL
(Hand-Delivered)

OIL CO.

RECEIVED

Mr. Richard L. Stamets
Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Caulkins Oil Company Examiner Case No. 8640
Oil Conservation Commission De Novo Case No.

Dear Mr. Stamets:

This letter will confirm that an application for stay was presented to you on September 11, 1985 by Union Oil Company of California, and that you refused to stay the application of the Examiner Order which was entered on August 8, 1985. We have received an application for De Novo hearing from El Paso Natural Gas (Meridian) and understand that this matter will be set on the docket this fall for a full Commission hearing.

We would appreciate it if you would set that Commission hearing as quickly as possible so that the rights and obligations of the party can be determined quickly. In light of the filing of the De Novo application, on behalf of Caulkins Oil Company, this letter constitutes a request to you to extend the time for drilling set forth in Order No. R-7998 from November 1, 1985, to a time period 120-days following the decision of the Commission in the above matter. We make this request because we do not believe it is possible to have the Commission hearing docketed, testimony presented, and receive an Order prior to November 1.

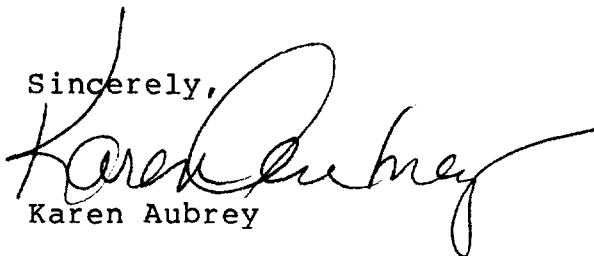
KELLAHIN and KELLAHIN

Mr. Richard L. Stamets
September 12, 1985
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By copy of this letter to you we are notifying El Paso Natural Gas and Union Oil of California, through their attorneys of record, of our request for an extension of time.

If you have any questions please don't hesitate to call.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen Aubrey".

Karen Aubrey

KA:mh

cc: W. Perry Pearce, Esq. "Certified"
MONTGOMERY & ANDREWS Return Receipt Requested
Post Office Box 2307
Santa Fe, New Mexico 87504-2307

Scott Hall, Esq. "Certified"
CAMPBELL & BLACK Return Receipt Requested
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Mr. Arnold Raether
Caulkins Oil Company
2100 Colorado Bank Building
1600 Broadway
Denver, Colorado 80202