

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

October 1, 1986

RECEIVED

OCT 1 1986

OIL CONSERVATION DIVISION

Mr. Richard L. Stamets
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered"

Re: Sun Exploration & Production Company
T18S, R33E, NMPM
Section 24: N/2

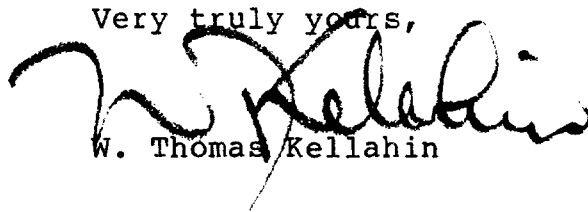
Case 9007

Dear Mr. Stamets:

On behalf of Sun Exploration and Production Company,
please set the enclosed compulsory pooling application
for hearing on October 22, 1986.

By copy of this letter to Arco Oil & Gas Company, we
are notifying Arco of its right to appear at the hearing
either in support or opposition of the application.
Failure to appear can result in a compulsory pooling
order being entered against their interest.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Charles Gray
Sun Exploration & Production Company
P. O. Box 2880
Dallas, Texas 75221-2880

Arco Oil & Gas Company ("Certified Mail")
300 North Pecos
Midland, Texas 79701
Attn: Ms. Rita Buress



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

November 5, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9007
ORDER NO. R-3342

Applicant:

Sun Exploration and Production Company

Dear Sir:

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

Sincerely,

Sincerely,
B. L. Lamb

R. L. STAMETS
Director

RLS / fd

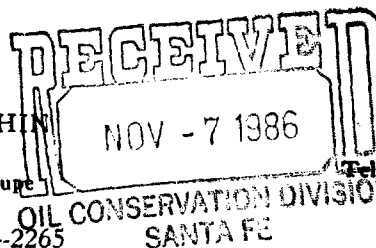
Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other _____

W. Thomas Kellahin
Karen Aubrey
Jason Kellahin
Of Counsel

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265



Telephone 982-4285
Area Code 505

November 6, 1986

Catanach
Case File - 9007

ARCO Oil and Gas Company
300 N. Pecos
Midland, Texas 79701

"Certified"
Return Receipt Requested

Attn: Rita A. Buress

Re: New Mexico Federal Comm #1
2080' FNL & 600' FEL
Section 24-T18S-R33E
Lea County, New Mexico
Sun's Mescalero Ridge Prospect

Dear Ms. Buress:

In accordance with the terms of the enclosed New Mexico Oil Conservation Division Order R-8342, we are sending you a copy of this order and a copy of the estimated costs of the subject well as set forth on the AFE for the subject well.

On behalf of Sun Exploration & Production Company, you are hereby notified that pursuant to paragraph (4) of the order you have thirty (30) days from receipt of this letter to pay your share of the subject well costs and avoid the penalty which will apply if your share of the costs is taken out of production.

Should you elect to exercise your right to participate under this order, then you are required to timely prepay your total share of the cost of this well by tendering a certified cashier's check to Sun Exploration & Production, c/o Douglas A. Noah, Sun Tower, ClayDesta Plaza, No. 24 Smith Rd., Suite 600, Midland, Texas 79705, in the proper amount prior to the end of the thirty day period.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Douglas Noah (w/enc)
Mr. Charles Gray (w/enc)
Mr. Richard L. Stamets-OCD (w/1 enc)

SUN <input type="checkbox"/> 100% CO-OP <input type="checkbox"/> OBO <input checked="" type="checkbox"/> C.O.-P.I.		ORIGINATING LOCALITY Sun Exploration & Production Co. Sun Tower Bldg, Midland, TX 79705		POLLUT. CONTROL EST. AMOUNT WATER AIR		OIL GAS X		AFE NUMBER DATE 8-7-86	
AMOUNT REQUESTED		EXPENDITURE BUDGETED <input type="checkbox"/> YES YEAR _____ <input type="checkbox"/> NO <input type="checkbox"/> PARTIALLY		COMPLETE FOR OBO APPROPRIATIONS ONLY OPERATOR'S NAME AFE NUMBER					
EST. COMPLETION DATE		PROPERTY ID NUMBER *726550*		PROPERTY NAME New Mexico Federal		WELL NO. #1		TOTAL DEPTH 13700'	
PROSPECT NAME Mescalero Ridge				PROSPECT ID NUMBER 4465		CLASSIFICATION NFW			
FIELD Wildcat				MUNICIPALITY/PARISH/COUNTY Lea		PROVINCE/STATE New Mexico			
PRIMARY OBJECTIVE <input type="checkbox"/> OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PLANT LIQUID				AFE COMPLETED					
SUMMARY DBI CBI II				SIGNED Walter A. Burks		DATE 8-7-86			
NON DRILLING PROJECT DESCRIPTION Funds requested to drill and complete a 13700' Morrow test.						WORKING INTEREST OWNERS SUN:			

NOTICE TO NON-OPERATORS: All figures on this AFE are estimates only; approval of this authorization shall extend to the actual costs as specified in the operating agreement.

100% COSTS			M \$		TANGIBLE			M \$	
	INTANGIBLE	PRODUCER		DRY HOLE		PRODUCER		DRY HOLE	
40	LOCATION	25		25	PIPE 13-3/8" (500')	12		12	
41	RIG MOVE				PIPE 8-5/8" (5200')	72		72	
42	FOOTAGE \$24/ft.	333		333	PIPE 5-1/2" (13700')	136			
43	DAY WORK	32		32	PIPE 2-7/8" (13500')	70			
44	BITS AND RMRS	1			PIPE				
45	FUEL				PIPE				
46	WATER	20		20	PIPE				
47	MUD AND CHEM	70		70	WELLHEAD	30		12	
48	CMT AND CMTG SER	70		45	OTHER	20		9	
49	DIRECTIONAL SER								
50	RENTALS	45		25					
51	MUD LOGGING	18		18					
52	DST AND TSTG EQPT (2)	8		8					
53	CORING								
54	LOGS-WLT-SWC	35		32					
55	CSG/TBG TOOLS AND SER	30		10					
56	COMPLETION RIG	20							
57	PERFORATING	10							
58	STIMULATION	15							
59	SUPERVISION	32		28					
60	TRANSPORTATION	15		8					
61	MISC/CONTINGENCY	71		56					
62	SUPERVISION								
TOTAL INTANGIBLE \$		850		\$ 710	TOTAL TANGIBLE \$		340	\$ 105	
					TOTAL DRILLING COST \$		1190	\$ 815	
NOTE: TANGIBLE ITEMS ARE PRICED AT CURRENT <u>MILL</u> PRICE.									
<div>JOINT OWNER APPROVAL</div> <div>NAME _____</div> <div>BY _____</div>									

NOTE: TANGIBLE ITEMS ARE PRICED AT CURRENT MILL PRICE.

JOINT OWNER APPROVAL

NAME _____

BY _____

DATE _____

APPROVED BY

DATE

JOINT OWNER(S)
APPROVAL OBTAINED

SUN EXHIBIT NO. 4

C.O. NO. 9007