

KELLAHIN, KELLAHIN AND AUBREY

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Santa Fe, New Mexico 87504-2265

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Area Code 505

W. Thomas Kellahin  
Karen Aubrey

Jason Kellahin  
Of Counsel

May 26, 1987

RECEIVED

MAY 27 1987

OIL CONSERVATION DIVISION

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

"Hand Delivered"

Re: Estoril Producing Corporation  
Application for Compulsory Pooling  
and Unorthodox Location  
Section 1, T16S, R36E, NMPM  
Lea County, New Mexico

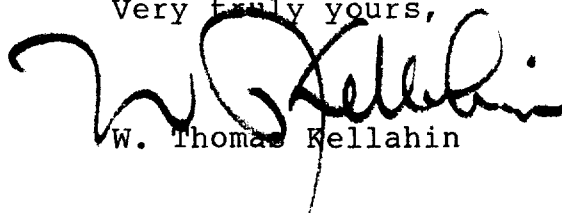
Case 9153

Dear Mr. LeMay:

On behalf of Estoril Producing Corporation, we would appreciate you setting the enclosed application for a public hearing on the Division's Examiner docket now scheduled for June 17, 1987.

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:ca  
Enc.

cc: All parties listed in application - Certified Mail  
Estorial Producing Corp. (Flynt Chancellor)

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

RECEIVED  
MAY 27 1987  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF ESTORIL PRODUCING CORPORATION,  
FOR COMPULSORY POOLING AND  
UNORTHODOX LOCATION  
LEA COUNTY, NEW MEXICO.

CASE: 9153

A P P L I C A T I O N

COMES NOW ESTORIL PRODUCING CORPORATION, by and through its attorneys, Kellahin, Kellahin & Aubrey and in accordance with Section 70-2-17(c) NMSA (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Northeast Lovington Penn Pool, Lea County, New Mexico, underlying the N/2SE/4 of Section 1, T16S, R36E, NMPM, for the formation of an 80-acre spacing and proration unit for its well which will be drilled at an Unorthodox Location 2300' FSL and 1100' FEL, and in support thereof would show the Division:

1. Applicant has obtained the voluntary consent of 75% of the working interests underlying the N/2SE/4 of Section 1, T16S, R36E, Lea County, New Mexico authorizing applicant to drill the subject well.

2. Applicant has drilled a well at a unorthodox location 2300' FSL and 1100' FEL of Section 1 to a total depth of 11,750 feet for production in the Strawn Formation.

3. Applicant has sought either voluntary agreement for pooling or farmout from the remaining 25% of the other mineral or working interest owners in the N/2SE/4 but has been unable to obtain a voluntary agreement as listed on Exhibit A attached hereto and incorporated herein.

4. Pursuant to Division notice requirements, applicant has notified all the parties shown on Exhibit A of this application for compulsory pooling and the applicant's request for a hearing before the Division to be set on June 17, 1987.

5. All the offsetting operators that may have an interest in the unorthodox well location are shown on Exhibit B.

6. 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.

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, and that the order make provisions for applicant to recover out of production its costs of drilling the subject well at an unorthodox location, completing and equipping it, costs of operation, including costs of supervision and a risk factor in the amount of 200% for the drilling of the well, for such other and further relief as may be proper.

Respectfully submitted,

  
By \_\_\_\_\_

W. Thomas Kellahin  
Kellahin, Kellahin & Aubrey  
P. O. Box 2265  
Santa Fe, New Mexico 87504

(505) 982-4285

EXHIBIT "A"

Texaco, Inc.  
500 N. Lorraine  
Midland, Texas 79701

EXHIBIT "B"

Texaco, Inc.  
500 N. Lorraine  
Midland, Texas 79701

Mesa Operating Limited Partnership  
P. O. Box 2009  
Amarillo, Texas 79189  
Attn: Mark Seale

Sequoia Petroleum Inc.  
5400 Wisenhemmer Court  
Houston, Texas 77056  
Attn: Wil Campbell

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