

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

April 7, 1983

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

Mr. J. Scott Hall
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9333
ORDER NO. R-8630

Applicant:
Terra Resources, Inc.

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other James Bruce

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 29, 1988

HAND DELIVERED

RECEIVED

Bill Lemay, Chairman
New Mexico Oil Conservation Division
New Mexico State Land Office Bldg.
Santa Fe, New Mexico 87504-2088

MAR 29 1988

OIL CONSERVATION DIVISION

Re: Case No. 9333 - Application of Terra Resources, Inc. for
Compulsory Pooling and Unorthodox Well Location, Section 22
T-15 S, R-27 E, N.M.P.M., Chaves County, New Mexico

Dear Mr. Lemay:

On behalf of the applicant, Terra Resources, Inc, we request
that the above application be dismissed.

Your cooperation is appreciated.

Very truly yours,



J. Scott Hall

JSH/dmg

cc: Kevin Pfister
Jim Bruce, Esq.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

March 29, 1988

Mr. James Bruce
P.O. Box 2068
Santa Fe, NM 87504-2068

RE: Case No. 9333
Application of Terra
Resources, Inc. for
Compulsory Pooling
and an Unorthodox
Location, Chaves
County, New Mexico

Dear Mr. Bruce:

Your request by letter dated March 28, 1988 to hear the subject case on March 30, 1988 is hereby denied. This case will be continued, as requested by the applicant, to the Examiner Hearing set for April 13, 1988.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner
Chief Hearing Officer

MES/ag

M.S.

cc: J. Scott Hall
Case No. 9333 File

A large, hand-drawn circle in black ink that encircles the "cc:" line and the name "J. Scott Hall".

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

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WILLIAM B. BURFORD*
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GREGORY J. NIBERT
DAVID T. MARKETTE*

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JAMES R. McADAMS*
JAMES M. HUDSON
MACDONNELL, GORDON
REBECCA NICHOLS JOHNSON
PAUL R. NEWTON
WILLIAM R. JOHNSON
KAREN M. RICHARDSON*
ELLEN S. CASEY
JAMES C. BROCKMANN
SUSAN L. NIESER*
MARK A. WILSON*
GREGORY S. WHEELER
ANDREW J. CLOUTIER*

OF COUNSEL
O. M. CALHOUN
MACK EASLEY
JOE W. WOOD
STEPHEN L. ELLIOTT

CLARENCE E. HINKLE (1904-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNOODGRASS, JR. (1915-1987)

*NOT LICENSED IN NEW MEXICO

March 28, 1988

Mr. William LeMay
New Mexico Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Case No. 9333, the Application of Terra Resources, Inc.
for Compulsory Pooling, and Unorthodox Gas Well
Location, and an Exception to Special Pool Rules,
Chaves County, New Mexico.

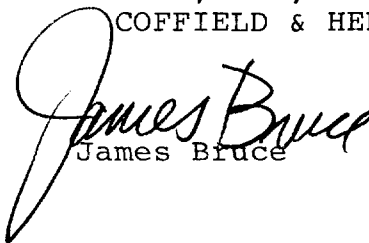
Dear Mr. LeMay:

We represent Read & Stevens, Inc., which has previously
filed a Motion to Dismiss in this case. We understand that this
matter is set for hearing on March 30, 1988. Because our client
has plans to commence a well in the E½ of Section 22, Township 15
South, Range 27 East, we respectfully request that this matter be
heard as scheduled on March 30th.

Thank you for your consideration of this matter.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JGB:jr

cc: J. Scott Hall (Hand Delivered)

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
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March 28, 1988

Mr. William LeMay
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

HAND-DELIVERED

Re: Case No. 9333, the Application of Terra Resources, Inc.
for Compulsory Pooling, and Unorthodox Gas Well
Location, and an Exception to Special Pool Rules,
Chavez County, New Mexico.

Dear Mr. LeMay:

On behalf of the Applicant Terra Resources, we request that
the above Application be continued until the examiner hearing
set for April 13, 1988.

Thank you for your consideration of this matter.

Sincerely,



J. Scott Hall

JSH/ko

cc: James Bruce (Hand-Delivered)

NEW MEXICO OIL CONSERVATION DIVISION

MAR 28 1988

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Florine



9333 Terra Res. Inc.

Cont. to 4/13/88

Called in by Scott Hall

3/28/88

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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MARTE D. LIGHTSTONE

DEC

GUADALUPE PLACE
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TELEPHONE: (505) 988-4421
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March 12, 1988

HAND DELIVERED

Mr. David Catanach
New Mexico Oil Conservation Division
New Mexico State Land Office Bldg.
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: NMOCD Case No. 9333 - Application of Terra Resources, Inc.
for Compulsory Pooling; Section 22, T-15 S, R-27 E, Chaves
County, New Mexico

Dear Mr. Catanach:

On behalf of the applicant Terra Resources, Inc., we request
that the above referenced matter be dismissed from the examiner
docket of March 16, 1988 and instead be set for hearing before
the Oil Conservation Commission at the next available hearing
date.

Thank you for your cooperation.

Very truly yours,

J. Scott Hall

J. Scott Hall

RECEIVED

MAR 11 1988

OIL CONSERVATION DIVISION

JSH/dmg

cc: James Bruce, Esq.
Kevin Pfister

cc: James Bruce, Esq. & Kevin Pfister

HINKLE, COX, EATON, COFFIELD & HENSLEY

Dec

LEWIS C. COX
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February 29, 1988

OF COUNSEL
O. M. CALHOUN
MACK EASLEY
JOE W. WOOD
STEPHEN L. ELLIOTT

CLARENCE E. HINKLE (1904-1985)
W. E. BONDJRANT, JR. (1913-1973)
ROY C. SNOODGRASS, JR. (1915-1987)

*NOT LICENSED IN NEW MEXICO

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FEB 27 1988

OIL CONSERVATION DIVISION

William LeMay
Director
New Mexico Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico

HAND DELIVERED

Re: Case No. 9333

Dear Mr. LeMay:

Enclosed is a Motion to Dismiss submitted by Read & Stevens in the above case.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

James Bruce
James Bruce

JGB:jr
Enclosure

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

IN THE MATTER OF THE
APPLICATION OF TERRA
RESOURCES, INC. FOR
COMPULSORY POOLING AND
UNORTHODOX WELL LOCATION,
CHAVES COUNTY, NEW MEXICO

Case No. 9333

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MOTION TO DISMISS

OIL CONSERVATION DIVISION

Read & Stevens, Inc., through its attorneys, hereby moves the Division for an order dismissing this case, and in support thereof states:

1. Terra Resources has filed its application to force pool the N $\frac{1}{2}$ of Section 22, Township 15 South, Range 27 East, N.M.P.M., to approve an unorthodox well location, and to approve an exception to the Buffalo Valley-Pennsylvanian Gas Pool Rules to permit the drilling of a well in the NE $\frac{1}{4}$ of Section 22.

2. Read & Stevens is the record lessee of United States Oil & Gas Lease NM 068043 which covers, among other lands, the entire E $\frac{1}{2}$ of Section 22, Township 15 South, Range 27, East, N.M.P.M.

3. Federal regulations regarding communitization of federal leases for drilling provide:

When a lease or a portion thereof cannot be independently developed and operated in conformity with an established well-spacing or well-development program, the authorized officer may approve communitization or drilling agreements for such lands with other lands....

43 C.F.R. § 3105.2-2 (emphasis added).

4. The special pool rules for the Buffalo Valley-Pennsylvanian Gas Pool provide for standard proration units consisting of 320 acres. (Order Nos. R-1670-H and R-8170). As a result, the E½ of Section 22, which is covered entirely by one federal lease, can be independently developed in conformity with an established well-spacing program. Therefore, Terra Resources is prevented by federal regulations from pooling the NE¼ of Section 22 into its proposed unit.

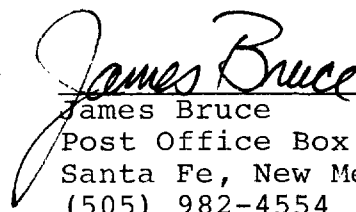
5. Read & Stevens has staked a location for a well to be drilled at a standard location in the SE¼ of § 22, and is filing appropriate applications for permit to drill with the BLM and the Division. It has funds available to drill the well and is ready, willing, and able to commence drilling as soon as its location is permitted.

WHEREFORE, due to the requirements of the federal regulations and the desire of Read & Stevens to commence its well as soon as practical, Read & Stevens requests the Division to dismiss the application of Terra Resources in Case No. 9333 without hearing or further proceedings.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By


James Bruce
Post Office Box 2068
Santa Fe, New Mexico
(505) 982-4554

87504-2068

Attorneys for Read & Stevens, Inc.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Motion to Dismiss was mailed this 29th day of February, 1988 to J. Scott Hall, Post Office Box 2208, Santa Fe, New Mexico 87504; the Oil Conservation Division, District II, Post Office Drawer DD, Artesia, New Mexico 88210; and the Bureau of Land Management, 1717 West Second Street, Roswell, New Mexico 88201.


James Bruce

cc: Charles Read