

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

RECEIVED

IN THE MATTER OF THE APPLICATION  
OF PENNZOIL EXPLORATION AND  
PRODUCTION COMPANY  
FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO.

NOV 1 1983

OIL CONSERVATION DIVISION

CASE: 9530

A P P L I C A T I O N

COMES NOW, PENNZOIL EXPLORATION AND PRODUCTION COMPANY, 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 underlying the following described acreage in Section 1, T17S, R37E, Lea County, New Mexico, in the following described manner:

S/2SW/4 of said section to form standard 80 acre spacing and proration unit for any oil production from the Shipp-Strawn Oil Pool, and SE/4SW/4 of said section to form a standard 40 acre spacing and proration unit for any other oil production from the surface to total depth.

The above described unit is to be dedicated to a well to be drilled to the base of the Atoka formation at an unorthodox oil well location 900 feet from the South line and 1750 feet from the West line of said Section 1. This location is the subject of Case 9522 on the November 9th docket.

1. Applicant is a working interest owner in the SW/4 of said Section 1.

2. Applicant has sought a voluntary agreement for the formation of an 80 spacing unit for strawnoil and a 40 acre spacing unit for all other oil for the drilling, completion and production of the subject well but has been unable to obtain a voluntary agreement from the parties shown on Exhibit "A" attached hereto:

3. Pursuant to the Division notice requirements, applicant has notified by certified mail all parties to be pooled of this application for compulsory pooling and the applicant's request for a hearing before the Division to be set on November 22, 1988.

4. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interest 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 approving the 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, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completing of the well, for such other and further relief as may be proper.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

By  
W. Thomas Kellahin  
Kellahin, Kellahin, & Aubrey  
P.O. Box 2265  
Santa Fe, NM 87504

(505) 982-4285

#2 PRICE FAMILY TRUST WORKING INTEREST OWNERS  
S/2SW/4 Section 1-17S-37E Lea County, New Mexico

David Petroleum Corporation  
116 West First  
Roswell, NM 88201

B & S Enterprises  
116 West First  
Roswell, NM 88201

Nearburg Petroleum Company  
5447 Glen Lakes Drive  
Dallas, TX 75231

Colin R. McMillan  
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Fred J. Schlicher  
116 West First  
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Ed Orr & Associates  
201 West 5th, Suite 500  
Tulsa, OK 74103

Ashland Exploration, Inc.  
14701 St. Mary's, Suite 200  
Houston, TX 77079

UNLEASED MINERAL OWNERS

None

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1. Applicant is a working interest owner in the SW/4 of said Section 1.

KELLAHIN, KELLAHIN and AUBREY

*Attorneys at Law*

W. Thomas Kellahin  
Karen Aubrey

El Patio - 117 North Guadalupe  
Post Office Box 2265

Telephone 982-4285  
Area Code 505

Jason Kellahin  
Of Counsel

Santa Fé, New Mexico 87504-2265  
November 1, 1988

Mr. William J. LeMay  
Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail  
Santa Fe, NM 87504

HAND DELIVERED

Re: Pennzoil Exploration and  
Production Company, Inc.  
for Compulsory Pooling  
Lea, New Mexico

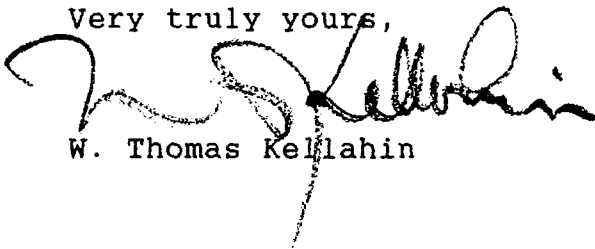
*Case 9530*

Dear Mr. LeMay:

On behalf of Pennzoil Exploration and Production Company, Inc., we would appreciate you setting the enclosed application for a public hearing on the Division's Examiner docket now scheduled for November 22, 1988.

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/dm  
Encl.

cc: Pennzoil Exploration and  
Production Co.

"Certified Return-Receipt Requested"  
all parties to be pooled

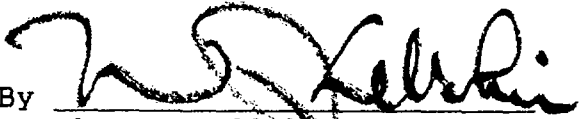
2. Applicant has sought a voluntary agreement for the formation of an 80 spacing unit for strawnoil and a 40 acre spacing unit for all other oil for the drilling, completion and production of the subject well but has been unable to obtain a voluntary agreement from the parties shown on Exhibit "A" attached hereto:

3. Pursuant to the Division notice requirements, applicant has notified by certified mail all parties to be pooled of this application for compulsory pooling and the applicant's request for a hearing before the Division to be set on November 22, 1988.

4. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interest 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 approving the 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, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completing of the well, for such other and further relief as may be proper.

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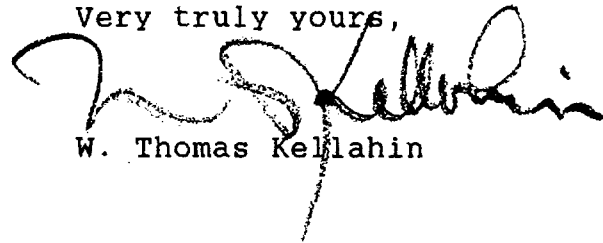
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