

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

HAROLD D. STRATTON, JR.†††
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STEPHEN D. INGRAM†

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†NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES - OIL AND GAS LAW

January 29, 1996

VIA FACSIMILE TRANSMISSION TO 505/827-8177
AND VIA FIRST CLASS MAIL

William J. LeMay, Director
Oil Conversation Division
New Mexico Department of Energy,
Minerals and Natural Resources
P.O. Box 6429
Santa Fe, New Mexico 87505

**Re: Motion to Reopen Case or, in the Alternative, Application for Hearing *De Novo* in
Case No. 10656, Order No. R-9845**

Dear Mr. LeMay:

Enclosed are the original and two copies of the Motion to Reopen Case or, in the Alternative, Application for Hearing *De Novo* in Case No. 10656, Order No. R-9845. This Motion is being filed on behalf of various Movants as listed in the Motion. We respectfully request that this matter be placed on the docket for the February 22, 1996 Examiner hearings.

Sincerely,

STRATTON & CAVIN, P.A.

By: 

Harold D. Stratton, Jr.

HDS/skc

Enclosures (Motion w/o Exhibits Via Facsimile Transmission)
(Motion w/Exhibits Via First Class Mail)

cc: W. Thomas Kellahin, Esq. (Motion w/o Exhibits Via Facsimile Transmission)
(Motion w/Exhibits Via First Class Mail)

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Case No. 10656
Order No. R-9845

APPLICATION OF MITCHELL ENERGY
CORPORATION FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO

**MOTION TO REOPEN CASE OR, IN THE
ALTERNATIVE, APPLICATION FOR HEARING *DE NOVO***

Branko, Inc., a New Mexico Corporation, Duane Brown, S. H. Cavin, Robert W. Eaton, Terry and Barb Kramer, husband and wife, Landwest, a Utah General Partnership, Candace McClelland, Stephen T. Mitchell, Permian Hunter Corporation, a New Mexico Corporation, George L. Scott, III, Scott Exploration, Inc., a New Mexico Corporation, Charles I. Wellborn, Winn Investments, Inc., a New Mexico Corporation, Lori Scott Worrall and Xion Investments, a Utah General Partnership ("Movants") hereby request that the Division reopen Case No. 10656, or, in the alternative, request a hearing *de novo* pursuant to NMSA 1978, §70-2-13 (1995 Repl.). The basis of this request is the failure of Mitchell Energy Corporation ("Mitchell") to give proper notice of the application in this case, as required by law, and the failure of Mitchell to provide Movants with an opportunity to participate in Mitchell's Tomahawk "28" Federal Com No. 1 Well ("Tomahawk 28 Well"), located 1980 FWL and 1650 FNL of Section 28, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico. In support of its request, Movants state:

Notice is Deficient

1. In Case No. 10656, Mitchell requested approval of an unorthodox location and for compulsory pooling with respect to its Tomahawk 28 Well. The location requested by Mitchell and approved by the Division was 1980 FWL and 1650 FNL of Section 28, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico. Mitchell requested and was granted a W/2 spacing unit for all intervals spaced on 320 acres. Mitchell also made a request for compulsory pooling. Mitchell's application was granted by Order No. R-9845.

2. All of the Movants acquired and owned interests in the S/2SW/4 of Section 28 as to all depths on or before April 1, 1990 which was prior to the docketing of this action by the Division of the hearing in this matter held on January 21, 1993. The interests of the Movants are described in the letter dated January 13, 1993 by Strata Production Company ("Strata") to Mitchell (see Exhibit A attached hereto), various Affidavits by Movants (see Exhibits B through Q attached hereto) and an Affidavit of Mark B. Murphy (see Exhibit R attached hereto)

3. Mitchell was provided with actual notice on several occasions of the interest of Movants in the S/2SW/4 of Section 28 prior to the hearing on this matter. In addition, Mitchell was encouraged on more than one occasion to provide notice to Movants of the hearing. See Exhibits S and T attached hereto.

4. Notification of the hearing was purportedly given by Mitchell in compliance with Division Rule 1207. See the sworn statement of W. Thomas Kellahin dated January 19, 1993, a copy of which is attached hereto as Exhibit U.

5. Despite the interests of Movants and Mitchell's actual knowledge of such interests, Movants were not given notice of the hearing as required by law. Accordingly, as to Movants, the notice provided by Mitchell of such hearing is legally insufficient.

6. Further, Mitchell did not offer or afford Movants the opportunity to share in production from the Tomahawk 28 Well. Thus, Mitchell has not complied with the statutory pooling provision at NMSA 1978, §70-2-17 (C) (1995 Repl.).

WHEREFORE, MOVANTS request the following:

- 1) To reopen Case No. 10656 or, in the alternative, to grant Movants a hearing *de novo*;
- 2) Enjoin Mitchell from any operation on the Tomahawk 28 Well, including any workover, plug back or recompletion attempt, which may adversely affect the interests of Movants in the Tomahawk 28 Well; and
- 3) For any further relief which may be appropriate.

RESPECTFULLY SUBMITTED,

STRATTON & CAVIN, P.A.

By: 

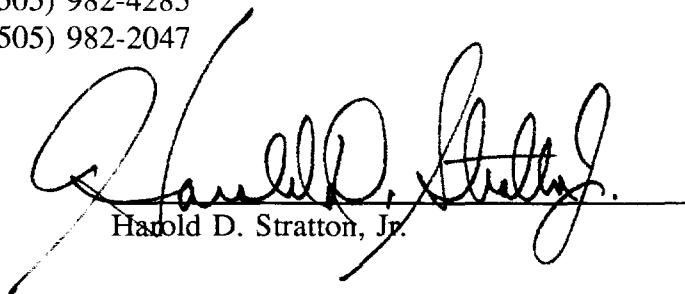
Harold D. Stratton, Jr.
Stephen D. Ingram

Attorneys for Movants
320 Gold Ave. SW, Suite 1200
P.O. Box 1216
Albuquerque, New Mexico 87103-1216
(505) 243-5400

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion to Reopen Case or, in the Alternative, Application for Hearing *De Novo* was sent via facsimile transmission (without Exhibits) and via first class mail (with Exhibits) this 29th day of January, 1996, to:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
Telephone: (505) 982-4285
Facsimile: (505) 982-2047



Harold D. Stratton, Jr.

KELLAHIN AND KELLAHIN

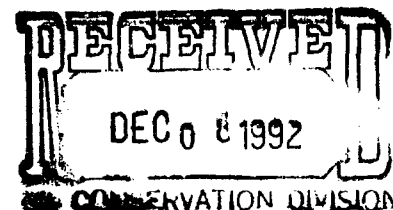
ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265



TELEPHONE (SANTA FE) 982-2285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

December 7, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

10656

Re: Application of Mitchell Energy
Corporation for Compulsory Pooling and
an Unorthodox Gas Well Location
Lea County, New Mexico
Tomahawk "28" Federal COM #1 Well

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, please find enclosed our application for compulsory pooling and an unorthodox gas well location which we request be set for hearing on the Examiner's docket now scheduled for January 7, 1993.

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, 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.

Also enclosed is our proposed notice of publication for this case.

Very truly yours,

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

W. Thomas Kellahin

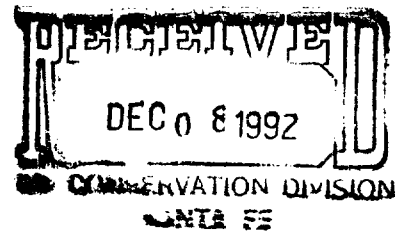
WTK/jcl/App1201.031

Enclosure

cc: Mr. Steve J. Smith (Mitchell-Midland)
Mr. Mark Stephenson (Mitchell-Woodlands)
BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

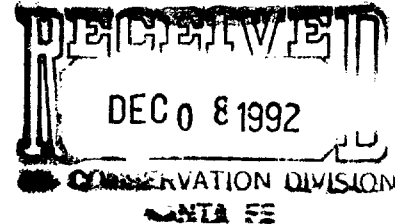
All parties listed in Paragraphs 3 and 7 of the Application

CASE 10656: Application of Mitchell Energy Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian underlying the W/2 of Section 28, T20S, R33E, NMPM, Lea County, New Mexico, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Salt Lake-Morrow Gas Pool. Said unit is to be dedicated to its Tomahawk "28" Federal COM #1 Well to be drilled and completed at an unorthodox gas well location 1980 feet from the West line and 1650 feet from the North line (Unit F) of said Section 28. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 22 miles southeast from Maljamar, New Mexico.



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

IN THE MATTER OF THE APPLICATION
OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY POOLING, AND AN
UNORTHODOX GAS WELL LOCATION
LEA COUNTY, NEW MEXICO.



CASE NO. 10656

A P P L I C A T I O N

Comes now MITCHELL ENERGY CORPORATION, by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian underlying the W/2 of Section 28, T20S, R33E, NMPM, Lea County, New Mexico, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Salt Lake-Morrow Gas Pool. Said unit is to be dedicated to Mitchell Energy Corporation's Tomahawk "28" Federal COM #1 Well to be drilled and completed at an unorthodox gas well location 1980 feet from the West line and 1650 feet from

the North line (Unit F) of said Section 28. Applicant further proposes that it be designated the operator and that the Division set a charge for the risk involved in drilling and completing said well.

In support of its application, Mitchell Energy Corporation ("Mitchell") states:

1. Mitchell has a working interest ownership in the oil and gas minerals underlying the W/2 of Section 28, T20S, R33E, NMPM, Lea County, New Mexico.

2. Mitchell proposes that a standard 320-acre spacing unit be pooled and dedicated to its Tomahawk "28" Fed COM #1 Well to be drilled and located at an unorthodox gas well location 1980 feet from the West line and 1650 feet from the North line (Unit F) of said Section 28.

3. All of the working interest ownership of the oil & gas minerals from the top of the Wolfcamp formation to the base of the Pennsylvanian formation underlying the W/2 of Section 28 has voluntarily agreed to the formation of this spacing unit for this well WITH THE EXCEPTION OF:

<u>Party:</u>	<u>Interest:</u>
Strata Production Company	25%
648 Petroleum Building	
Roswell, New Mexico 88201	
Attn: Mr. Mark B. Murphy	

4. Mitchell has proposed the subject well to all parties but, as of the date of this application, Mitchell has not be able to obtain a voluntary agreement from Strata Production Company.

5. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Mitchell needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent to Strata Production Company and the offset operators identified in paragraph 7 (below) notifying it of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for December 7, 1993.

7. Because of a combination of geological and topographical reasons, applicant must locate the subject well at the proposed unorthodox well location rather than the closest standard location. Said well encroaches towards the following operators:

- (a) Southwestern Resources, Inc.
111 West Country Club Road
Roswell, New Mexico 88201

- (b) Enerlock Resources, Inc.
616 Mechem Drive
Ruidoso, New Mexico 88345-6903
- (c) Santa Fe Energy Operating Partners, L. P.
550 West Texas
Suite 1330
Midland, Texas 79701
- (d) Maralo, Inc.
P.O. Box 832
Midland, Texas 79702
- (e) Phillips Petroleum Co.
4001 Penbrook, Suite 401
Odessa, Texas 79762
- (f) Oryx Energy Corp. (formerly Sun Exploration &
Production Co.)
Box 2880
Dallas, Texas 75221-2880
- (g) Grace Petroleum Corporation
6501 North Broadway
Oklahoma City, Oklahoma 73116-8246

WHEREFORE, Mitchell, as applicant, requests that this application be set for hearing on December 7, 1993 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 in this spacing unit for the drilling of the subject well at the proposed unorthodox gas well location upon terms and conditions which include:

- (1) Mitchell Energy Corporation be named operator;

(2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin", written over the typed name below.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285
Attorneys for Applicant

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

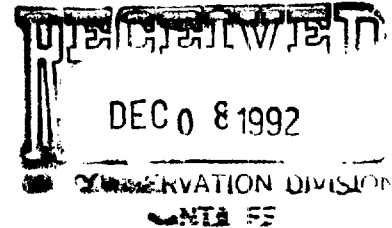
JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

December 7, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED



Re: Application of Mitchell Energy
Corporation for Compulsory Pooling and
an Unorthodox Gas Well Location
Lea County, New Mexico
Tomahawk "28" Federal COM #1 Well

10656

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, please find enclosed our application for compulsory pooling and an unorthodox gas well location which we request be set for hearing on the Examiner's docket now scheduled for January 7, 1993.

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, 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.

Also enclosed is our proposed notice of publication for this case.

Very truly yours,

W. Thomas Kellahin

WTK/jcl/App1201.031

Enclosure

cc: Mr. Steve J. Smith (Mitchell-Midland)
Mr. Mark Stephenson (Mitchell-Woodlands)

BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

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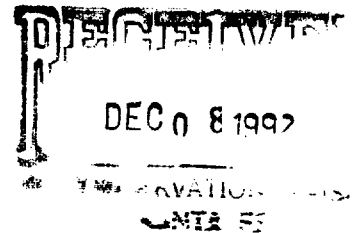
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REGISTRATION DIVISION
UNIT 55

CASE 10656: Application of Mitchell Energy Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian underlying the W/2 of Section 28, T20S, R33E, NMPM, Lea County, New Mexico, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Salt Lake-Morrow Gas Pool. Said unit is to be dedicated to its Tomahawk "28" Federal COM #1 Well to be drilled and completed at an unorthodox gas well location 1980 feet from the West line and 1650 feet from the North line (Unit F) of said Section 28. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 22 miles southeast from Maljamar, New Mexico.

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

IN THE MATTER OF THE APPLICATION
OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY POOLING, AND AN
UNORTHODOX GAS WELL LOCATION
LEA COUNTY, NEW MEXICO.



CASE NO. 10656

A P P L I C A T I O N

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Party:
Strata Production Company
648 Petroleum Building
Roswell, New Mexico 88201
Attn: Mr. Mark B. Murphy

Interest:
25%

4. Mitchell has proposed the subject well to all parties but, as of the date of this application, Mitchell has not been able to obtain a voluntary agreement from Strata Production Company.

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- (b) Enerlock Resources, Inc.
616 Mechem Drive
Ruidoso, New Mexico 88345-6903
- (c) Santa Fe Energy Operating Partners, L. P.
550 West Texas
Suite 1330
Midland, Texas 79701
- (d) Maralo, Inc.
P.O. Box 832
Midland, Texas 79702
- (e) Phillips Petroleum Co.
4001 Penbrook, Suite 401
Odessa, Texas 79762
- (f) Oryx Energy Corp. (formerly Sun Exploration &
Production Co.)
Box 2880
Dallas, Texas 75221-2880
- (g) Grace Petroleum Corporation
6501 North Broadway
Oklahoma City, Oklahoma 73116-8246

WHEREFORE, Mitchell, as applicant, requests that this application be set for hearing on December 7, 1993 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 in this spacing unit for the drilling of the subject well at the proposed unorthodox gas well location upon terms and conditions which include:

- (1) Mitchell Energy Corporation be named operator;

(2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read "W. Thomas Kellahein", written over the typed name and address below.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285
Attorneys for Applicant

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

January 5, 1993

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Post Office Box 2088
Santa Fe, New Mexico 87504

VIA FACSIMILE
(505) 827-5741

RE: NMOCD Case No. 10656
Application of Mitchell Energy
Corporation for Compulsory Pooling
and an Unorthodox Gas Well
Location, Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, we respectfully request that the above case be continued to the January 21, 1993 Hearing Examiner's Docket. The case is currently set on the January 7 Docket.

Thank you for your attention to this matter. If you have questions or require further information, please call.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

xc: Mark Stephenson
Mitchell Energy Corporation

lrr104.031

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

17 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

DJC

W. THOMAS KELLAHIN*

NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

TELEPHONE (505) 982-4235

TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

January 5, 1993

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Post Office Box 2088
Santa Fe, New Mexico 87504

VIA FACSIMILE
(505) 827-5741

RE: NMOCD Case No. 10656
Application of Mitchell Energy
Corporation for Compulsory Pooling
and an Unorthodox Gas Well
Location, Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, we respectfully request that the above case be continued to the January 21, 1993 Hearing Examiner's Docket. The case is currently set on the January 7 Docket.

Thank you for your attention to this matter. If you have questions or require further information, please call.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

cc: Mark Stephenson
Mitchell Energy Corporation

Encl 01

File

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 6, 1993

VIA FACSIMILE
(505) 243-1700

Sealy H. Cavin, Jr., Esq.
Stratton & Cavin
P. O. Box 1216
Albuquerque, New Mexico 87103

Re: OCD Case 10656
Application of Mitchell Energy Corporation
for Compulsory Pooling and Unorthodox Gas well
Location, Lea County, New Mexico.

Dear Mr. Cavin:

On December 7, 1992, in behalf of Mitchell Energy Corporation, I sent notification of the NMOCD hearing to be held on January 7, 1993 to Strata Production Company dated which it received on December 9, 1992.

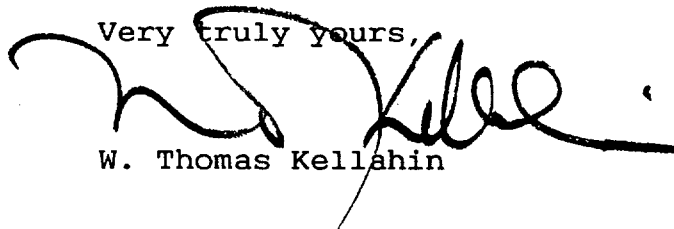
Almost thirty days later, on Wednesday, January 6, 1993 at 3:10 PM, the afternoon before the hearing, I receive from you notification that you represent Strata Production Company. This is the first indication I had that either you or Strata were entering an appearance in this matter.

Please be advised that I have continued this case until the hearing set on January 21, 1993.

As you should know, in compliance with NMOCD procedures, you should have filed a prehearing statement on behalf of Strata Production Company by 4:00 PM on Friday, January 1, 1993. Enclosed is a copy of a

prehearing statement form. The purpose of the procedure is to avoid delays and surprises caused by parties appearing at the last minute. I would appreciate you completing the form and sending me a copy by January 15, 1993.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

cc: Mitchell Energy Corporation
cc: Robert G. Stovall, Esq. (OCD)

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

320 GOLD AVENUE, S.W.

SUITE 1200

P. O. BOX 1216

ALBUQUERQUE, NEW MEXICO 87103-1216

HAROLD D. STRATTON, JR.

SEALY H. CAVIN, JR.

HARRY T. NUTTER

TELEPHONE (505) 243-5400

FACSIMILE (505) 243-1700

February 8, 1993

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
310 Old Santa Fe Trail - Room 219
Santa Fe, New Mexico 87501

Re: OCD Case No. 10656 -- Application of Mitchell Energy Corporation for Compulsory Pooling and an Unorthodox Gas Well Location, Lea County, New Mexico

Dear Mr. Stogner:

We have briefly reviewed the proposed order prepared by Mr. Kellahin on behalf of Mitchell Energy Corporation and have the following comments:

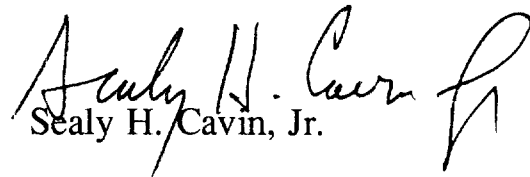
1. There is insufficient geologic information to support the unorthodox location requested.
2. Mitchell has indicated that the principal justification for the orientation of the proposed spacing unit is so Mitchell can drill two wells in the N½ of the section. This does not, in our view, justify an unorthodox location. This is particularly true in this case where the geologic information is quite limited.
3. Strata has proposed a Morrow Well with an orthodox location for a S½ spacing unit and is taking the necessary actions to drill such well.
4. The proposed order contains numerous errors regarding the notice issue. We believe the record from the hearing adequately states Strata's position. We note that the Operator, Mitchell, is obligated "to obtain voluntary agreements pooling said lands or interests or an order of the division pooling said lands . . ." See Section 70-2-18 NMSA 1978. We believe that Section 70-2-18 clearly contemplates that the burden is on the Operator to notify all interested parties.

Mr. Michael E. Stogner
February 8, 1993
Page 2

For the reasons stated above and those provided at the hearing, Mitchell's application should be denied.

If you have any questions or require anything else with regard to this matter, please call.

Very truly yours,


Sealy H. Carr, Jr.

SHC/jas

cc: Mark B. Murphy, President -- Strata Production Company
W. Thomas Kellahin, Esq.
William F. Carr, Esq.

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

320 GOLD AVENUE, S.W.

SUITE 1200

P. O. BOX 1218

ALBUQUERQUE, NEW MEXICO 87109-1218

HAROLD D. STRATTON, JR.
SEALY H. CAVIN, JR.

TELEPHONE (505) 243-5400
FACSIMILE (505) 243-1700

HARRY T. NUTTER

March 11, 1993

VIA FAX (827-5741) AND CERTIFIED MAIL

Mr. William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

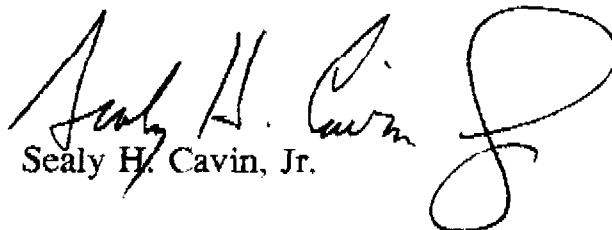
Re Oil Conservation Division Case No. 10656
the Matter of the Application of Mitchell Energy Corporation for
Compulsory Pooling and an Unorthodox Gas Well Location,
Lea County, New Mexico

Dear Mr. LeMay:

Strata Production Company respectfully requests that the above-captioned case be set for hearing **De Novo** before the Commission on April 2, 1993.

Your attention to this matter is appreciated.

Very truly yours,


Sealy H. Cavin, Jr.

SHC/jas

Enclosure

cc: Mark B. Murphy, President -- Strata Production Company, w/Enclosure
W. Thomas Mahin, Esq., w/Enclosure

**BEFORE THE
OIL CONSERVATION COMMISSION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS
AND NATURAL RESOURCES**

**IN THE MATTER OF THE APPLICATION
OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY POOLING AND AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO**

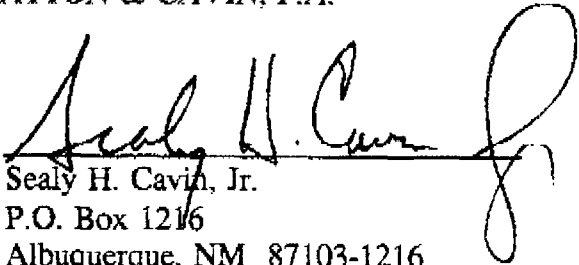
**CASE NO. 10656
ORDER NO. R-9845**

APPLICATION FOR HEARING DE NOVO

STRATA PRODUCTION COMPANY, a party of record adversely affected by the decision of the Oil Conservation Division herein, hereby applies for a hearing De Novo before the full Commission, pursuant to Section 70-2-13 NMSA 1978.

Respectfully submitted,

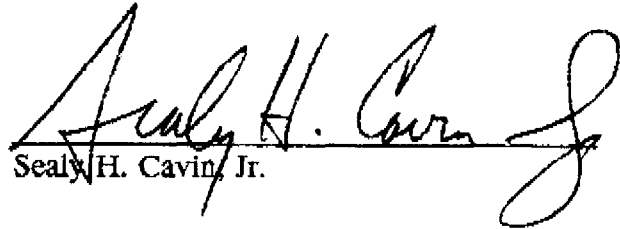
STRATTON & CAVIN, P.A.

By: 
Sealy H. Cavin, Jr.
P.O. Box 1216
Albuquerque, NM 87103-1216
Telephone: (505) 243-5400

ATTORNEYS FOR STRATA PRODUCTION COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application for Hearing De Novo was mailed this 11th day of March, 1993 by depositing same in the United States Mail, first class postage prepaid to W. Thomas Kellahin, Esq., Kellahin and Kellahin, P.O. Box 2265, Santa Fe, NM 87504-2265.


Sealy H. Cavin, Jr.

STRATTON & CAVIN, P.A.
ATTORNEYS & COUNSELORS AT LAW

HAROLD D. STRATTON, JR.
SEALY H. CAVIN, JR.
HARRY C. NUTTER

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SUITE 1200
P. O. BOX 1216
ALBUQUERQUE, NEW MEXICO 87103-1216

TELEPHONE (505) 243-5400
FACSIMILE (505) 243-1700

TO: COMPANY:

OCD

ATTENTION:

William J. LeMay

FAX #:

827-5741-122051

SUBJECT:

FROM:

Sealy H. Cavin, Jr., Esq.

DATE:

3-11-93

NUMBER OF PAGES, INCLUDING COVER SHEET:

4

MESSAGE:

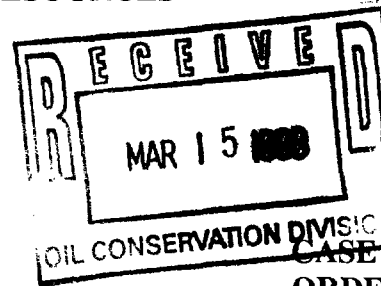
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BEFORE THE
OIL CONSERVATION COMMISSION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS
AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY POOLING AND AN
UNORTHODOX GAS WELL LOCATION,
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CASE NO. 10656
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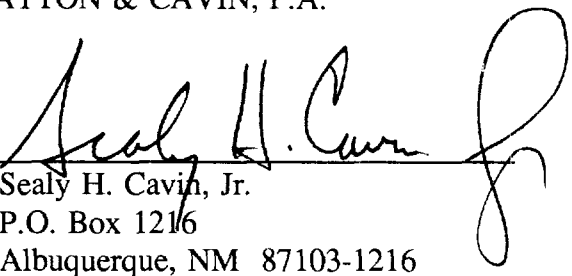
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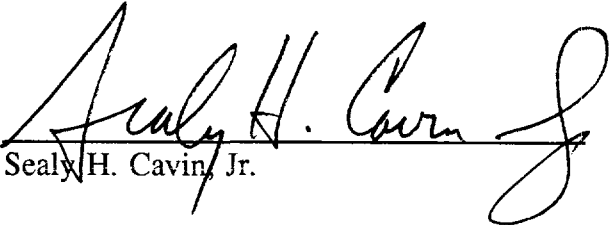
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Sealy H. Cavin, Jr.