

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

MAR 1 1981

IN THE MATTER OF THE APPLICATION  
OF CONSOLIDATED OIL & GAS, INC.  
TO AMEND DIVISION ORDER R-9178  
WHICH PROVIDED FOR COMPULSORY POOLING,  
SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.

CASE NO. 10956

A P P L I C A T I O N

Comes now CONSOLIDATED OIL & GAS, INC., 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 amending Order R-9178 which pooled all mineral interests in the Basin Fruitland Coal Gas Pool underlying the N/2 (equivalent) of irregular Section 11, T32N, R6W, NMPM, San Juan and Rio Arriba Counties, New Mexico, forming a non-standard 232.80-acre spacing and proration unit dedicated to the Miller "11" Well No. 1 which was drilled by Richmond Petroleum Inc. at an unorthodox location within Unit E of said Section 11 and in support states:

1. Applicant, Consolidated Oil & Gas, Inc., ("Consolidated") is the successor in interest to Richmond Petroleum Inc. ("Richmond") and now has a working interest ownership in the oil and gas minerals underlying the N/2 equivalent of irregular Section 11, T32N, R6W, NMPM, San Juan and Rio Arriba Counties, New Mexico.

2. On May 23, 1990, the Division issued Order R-9178 which granted the application of Richmond Petroleum Inc. in NMOCD Case 9894, designated Richmond Petroleum Inc. as operator and authorized the pooling of all mineral interest underlying the N/2 equivalent of said irregular Section 11 in the Basin Fruitland Coal Gas Pool for the drilling of the Miller "11" Well No. 1 to be drilled at an unorthodox gas well location in Unit E of said Section 11.

3. Division records reflect that the following interested parties were pooled by this order:

- (a) Richard G. Clark  
9295 South Kalil Drive  
Scottsdale, Arizona 85260
- (b) Manuel A. Rodriguez  
9295 South Kalil Drive  
Scottsdale, Arizona 85260
- (c) J. Glenn Turner, Jr.  
500 Tramell Crow Center  
2001 Ross Avenue  
Dallas, Texas 75201-2916
- (d) Fred E. Turner  
4925 Greenville Avenue  
Dallas, Texas 75206
- (e) John L. Turner  
8585 North Stemmons  
Dallas, Texas 75247
- (f) Elizabeth Turner Callaway  
4801 St. Johns  
Dallas, Texas 75205
- (g) Ameritrust N.A., as Trustee of  
Mary Frances Turner, Jr. Trust  
P. O. Box 2320  
Dallas, Texas 75221-2320  
Attn: Ms. Iris B. Gleiser
- (h) Frank A. Schultz  
500 North Ackard, Suite 2160  
Dallas, Texas 75201

- (i) Benson-Montin-Greer Drilling Corp.  
221 Petroleum Center Bldg.  
Farmington, New Mexico 87401
- (j) William G. Webb  
500 Tramell Crow Center  
2001 Ross Avenue  
Dallas, Texas 75201-2916

4. Order R-9178 provided among other things that (a) the subject well should be commenced on or before August 1, 1990, unless extended by the Division Director; and (b) it should be completed within 120 days after commencing drilling.

5. On June 23, 1990, Richmond commenced the well and drilled to total depth on June 26, 1990, cased the wellbore and then suspended operations until December 1990 when the well was perforated. The well is awaiting fracture completion and installation of pipeline facilities.

6. On January 24, 1994, Consolidated acquired the interests of Richmond in this wellbore and this spacing unit and has assumed operations therein.

7. Consolidated seeks the following amendments to Order R-9178:

(a) that Ordering paragraph (1) be amended to designate Consolidated as operator;

(b) that all parties previously pooled or to be now pooled shall be afforded an election to participate in this well by paying their proportionate share of actual and future costs;

(c) that any non-consenting party shall be subject to a 156% penalty;

(d) that the overhead rates shall be amended to provide for a \$3,500 per month drilling/completing rate and a \$350 per month producing rate; and

(e) that the overhead rates shall be amended to provide for a \$3,500 per month drilling/completing rate and a \$350 per month producing rate; and

(f) for such other relief as is necessary to re-issue or otherwise affirm the validity of the subject pooling order.

8. Consolidated seeks to having this order apply to the following parties and interests:

<u>PARTY</u>	<u>INTEREST</u>
Mr. James Rubow Passport Energy, Inc. 1645 Court Place, Suite 324 Denver, Colorado 80202	0.3/232.80=0.0128866
Mr. Buddy W. Baker P. O. Box 9190 Denver, Colorado 80209	0.3/232.80=0.0128866

9. Consolidated has proposed the subject well to all parties but, as of the date of this application, Consolidated has not be able to obtain a voluntary agreement from all those parties.

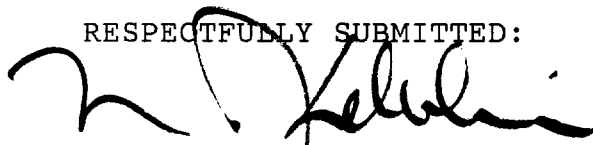
10. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Consolidated needs an order of the Division pooling the mineral interests involved in order to protect correlative rights and prevent waste.

11. Pursuant to the Division's notice requirements, Consolidated has notified those parties identified this application for compulsory pooling and the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for April 14, 1994.

WHEREFORE, Consolidated, as applicant, requests that this application be set for hearing on April 14, 1994 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order amending Order R-9178 and pooling the mineral interest described in this spacing unit for drilling and completing the subject well upon terms and conditions which included that:

- (1) Consolidated be named as successor 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 to be determined by the Division;
- (4) The adoption of COPAS accounting procedures to apply to this well and its spacing unit;
- (5) The adoption of appropriate provisions set forth in the A.A.P.L. Form 610 Joint Operating Agreement-1982; and
- (6) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



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(505) 982-4285