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Ex # 4

LAW OFFICES
MCKENNA & SOMMER
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302 E. PALACE AVENUE
SANTA FE, NEW MEXICO

THOMAS F. MCKENNA, SR.
JOSEPH A. SOMMER

TELEPHONE 3-4901

April 19, 1961

Oil Conservation Commission of New Mexico
Santa Fe, New Mexico

Re: Case No. 2249, Application of
Southern Union Production Company
for an Order forcing pooling a
standard 160 acre proration
unit in the Tapacito-Picture
Cliffs Gas Pool, SW $\frac{1}{4}$ of Sec. 2,
T. 25 N., R. 3 W., NMPM

Gentlemen:

In connection with the above identified matter Joseph A. Sommer and Thomas F. McKenna each is the owner of an undivided one-sixth interest in the said SW $\frac{1}{4}$ of Section 2. Our statutes, Sec. 65-3-14, 1953 Compilation, Sub-section C, referring to pooling, states that the cost of development and operation of the pooled unit shall be "limited to the lowest actual expenditures required for such purpose" including a reasonable charge for supervision." The section also deposits jurisdiction in the Commission to determine the proper cost in case of any dispute.

We do not of course oppose the pooling but reserve the right to inquire into the actual costs expended. Also the statute indicates that the cost of development and operation shall be based on the lowest actual expenditures. This apparently would appear to preclude the recovering of anything over and above 100% of the cost of development and operation.

Our position is that the applicant should be limited to the lowest actual expenditures plus a reasonable charge for supervision after the well is completed and put on production if such is the case.

Please consider this letter as an appearance in the matter by Joseph A. Sommer and Thomas F. McKenna in accordance with the above.

Yours very truly

McKenna & Sommer

By *Thomas F. McKenna*
Thomas F. McKenna

Oil Conservation Division
Case No. _____
Exhibit No. *F*

Sommer

TFMcK:b