

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. Thomas Kellahin**  
New Mexico Board of Legal  
Specialization Recognized Specialist  
in the area of natural resources-  
oil and gas law

P.O. Box 2265  
Santa Fe, New Mexico 87504  
117 North Guadalupe  
Santa Fe, New Mexico 87501

Telephone 505-982-4285  
Facsimile 505-982-2047  
kellahin@earthlink.net

December 18, 2003

**HAND DELIVERED**

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Kitty Hawk Federal Well No. 1  
Unit J, E/2 Section 1, T19S, R31E  
Application of Lynx Petroleum Consultants, Inc.  
for Compulsory Pooling  
Eddy County, New Mexico

**RECEIVED**

DEC <sup>12</sup> 20 2003

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

*Case 13198*

Dear Ms. Wrotenbery:

On behalf of Lynx Petroleum Consultants, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for January 8, 2004. Also enclosed is our proposed advertisement of this case for the NMOCDD docket.

Very truly yours,



W. Thomas Kellahin

cc: Lynx Petroleum Consultants, Inc.  
Attn: Gary Fonay

**CASE 13198** Application of Lynx Petroleum Consultants, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 1, Township 19 South, Range 31 East as follows: the SE/4 for all formations and/or pools developed on 160-acre spacing which includes but is not limited to the Lusk-Strawn Gas Pool. Said units are to be dedicated to its Kitty Hawk Federal Well No. 1 which is to be drilled at a standard location in Unit J from the surface to the base of the Morrow formation (Shugart-Morrow Gas Pool) and if productive in the Morrow to be dedicated to a standard 320-acre gas spacing unit consisting of the E/2 of this section and/or if productive in the Strawn formation to be dedicated to a standard 160-acre gas spacing unit consisting of the SE/4 of this section. Also to be considered will be the costs of the drilling 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, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately 12 miles Southwest from Maljamar, New Mexico.

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

**IN THE MATTER OF THE APPLICATION OF  
LYNX PETROLEUM CONSULTANTS, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 13198**

**APPLICATION**

LYNX PETROLEUM CONSULTANTS, INC. ("Lynx") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all interests in the following described spacing and proration units in Section 1, Township 19 South, Range 31 East as follows: the SE/4 for all formations and/or pools developed on 160-acre spacing which includes but is not limited to the Lusk-Strawn Gas Pool. Said units are to be dedicated to its Kitty Hawk Federal Well No. 1 which is to be drilled at a standard location in Unit J from the surface to the base of the Morrow formation (Shugart-Morrow Gas Pool) and if productive in the Morrow to be dedicated to a standard 320-acre gas spacing unit consisting of the E/2 of this section. Also to be considered will be the costs of the drilling 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, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well.

In support of its application Lynx states:

1. Lynx has a working interest ownership in the oil and gas minerals underlying the E/2 of Section 1, T19S, R31E, NMPM, Eddy County, New Mexico and proposes to dedicate the E/2 of this section to its Kitty Hawk Well No. 1 located in unit J of this section as a standard 320-acre gas spacing and proration unit for Morrow production and the SE/4 as a standard 160-acre gas spacing and proration unit for any Strawn production

2. The subject unit is within 1 mile of the Shurgart-Morrow Gas Pool that is subject to "statewide rules" pursuant to Division Rule 104.

3. The subject unit is also within 1 mile of the Lusk-Strawn Pool that is subject to special rules including 160-acre spacing units (See Divisions Order R-2175-B).

4. More than 30-days prior to this application, Lynx proposed to Anadarko Petroleum Corporation, a working interest owner in the Strawn formation in the NE/4SE/4 of this section, the formation of this spacing unit to be dedicated to a Strawn-Morrow well to be drilled in Unit J of this section. Dispute its reasonable efforts; Lynx has been unable to obtain the voluntary agreement of Anadarko Petroleum Corporation.

5. Pursuant to Commission Order R-11992, effective August 15, 2003, Lynx requests that the 200% risk charge be applied.

6. 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, Lynx needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

7. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each 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 January 8, 2004.

WHEREFORE, Lynx, as applicant, requests that this application be set for hearing on January 8, 2004 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 the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

(1) Lynx Petroleum Consultants, Inc. be named operator;

(2) 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 mineral interest or 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) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

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

RESPECTFULLY SUBMITTED:

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

W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN

P. O. Box 2265

Santa Fe, New Mexico 87504

Telephone: (505) 982-4285

Fax: (505) 982-2047

**Exhibit "A"**

Anadarko Petroleum Corporation  
P. O. Box 1330  
Houston, Texas 77251-1330  
Attn: Kirk Ary