

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:

RECEIVED  
DEC 1 1995  
Oil Conservation Division

CASE NO. 11432

APPLICATION OF SOUTHLAND ROYALTY COMPANY  
FOR COMPULSORY POOLING, HILL FEDERAL WELL  
NO. 2Y, RIO ARRIBA COUNTY, NEW MEXICO

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by SOOUTHLAND ROYALTY  
COMPANY as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Southland Royalty Company  
PO Box 4289  
Farmington, NM 87499  
Attn: Alan Alexander

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN AND KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

**STATEMENT OF CASE**

**APPLICANT:**

Southland Royalty Company seeks approval to pool all mineral interests in the Blanco Mesaverde Gas Pool underlying the N/2 of Section 25, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico.

Southland Royalty Company is the operator of the Hill Federal Well No. 2Y which is an existing Mancos/Dakota well which Meridian proposes to recomple into the Blanco Mesaverde Gas Pool dedicating a spacing and proration unit consisting of above mentioned location.

Southland Royalty Company has proposed the voluntary formation of a 320-acre spacing unit consisting of the N/2 of said Section 25 to be dedicated to the subject well if the proposed recompletion is successful.

Southland Royalty Company request the Division enter its order pooling the mineral interest described in this spacing unit for the recompleting and operation the subject well at a standard gas well location upon terms and terms and conditions which include:

- (1) Southland Royalty company be named operator;
- (2) Provisions for each working interest owner to participate in any Blanco Mesaverde Gas Pool production by reimbursing the applicant for the costs of recompleting, equipping and operting said well'
- (3) In the event a working interest owner fails to elect to participate, then provisions be made to recover out of production, reimbursement to the applicant for the cost of drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) Provision for overhead rates of \$4950.05 per month drilling and \$494.98 per month operation and a provision for an

adjustment method of the overhead rates as provided by COPAS; and

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

**PROPOSED EVIDENCE**

**APPLICANT**

<b>WITNESSES</b>	<b>EST. TIME</b>	<b>EXHIBITS:</b>
Van Goebel (Landman)	20 min.	8 total
Bill Hobbs (Geologist)	20 min.	
Alan Alexander (Senior Landman)	10 min.	
Curtis Newstrom (Reservoir Engineer)	10 min.	

**PROCEDURAL MATTERS**

None anticipated at this time.

KELLAHIN AND KELLAHIN

By: 

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