

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
KATHERINE M. MOSS

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

June 3, 1999

HAND DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

OLC 12198-3
JUN 3 1999
PM 3:30

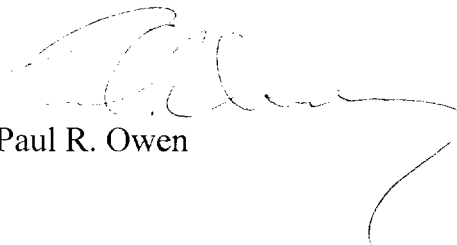
Re: ***Oil Conservation Division Case No. 12198:
Application of Ameristate Oil and Gas, Inc. for compulsory pooling, Lea
County, New Mexico***

Dear Ms. Wrotenbery:

Ameristate Oil and Gas, Inc., hereby requests that its application presently set for hearing on the June 10, 1999 Examiner's hearing docket in the above referenced case be dismissed.

Your attention to this request is appreciated.

Very truly yours,



Paul R. Owen

PRO:mlh

cc: Mark K. Nearburg
W. Thomas Kellahin, Esq. (Via Hand-Delivery)

CASE 12198: **Application of Ameristate Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following-described acreage in Section 15, Township 16 South, Range 35 East, in the following manner: (a) the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing including the North Shoe Bar-Atoka Gas Pool and the Townsend-Morrow Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing including the North Shoe Bar-Wolfcamp Gas Pool; (c) the S/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any formations and/or pools developed on 80-acre spacing; and (d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing including the Townsend-Permo-Upper Pennsylvanian Pool. Applicant proposes to dedicate these units to a well to be drilled at a standard gas well location in the SE/4 NE/4 (Unit H) of Section 15. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling the well. This area is located approximately 5.5 miles southwest of the center of the City of Lovington, New Mexico.

CASE 12086: **(Consolidated)**

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12086: **(Consolidated)**

Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12199: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Southeast Crow Flats-Morrow Gas Pool. The discovery well is the Chi Operating, Inc. Cannonball "9" State Com. Well No. 1 located in Unit K of Section 9, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 9: W/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Hackberry-Atoka Gas Pool. The discovery well is the Santa Fe Energy Resources, Inc. Hackberry "18" Federal Well No. 1 located in Unit O of Section 18, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 18: S/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Otis-Atoka Gas Pool. The discovery well is the Santa Fe Energy Resources, Inc. Weems Well No. 1 located in Unit C of Section 27, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 27: N/2

CASE 12194: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12195: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE/4 SE/4 (Unit I) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12196: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12185: **Continued from May 27, 1999, Examiner Hearing.**

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill a well to the Morrow formation, Undesignated Crow Flats-Morrow Gas Pool, at an unorthodox well location 660 feet from the North and East lines of Section 5, Township 17 South, Range 27 East. The N/2 of Section 5 is to be dedicated to the well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 5 miles east-northeast of Artesia, New Mexico.

CASE 12197: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to drill its Concho "ACT" State Com. Well No. 1 at an unorthodox Morrow gas well location 1650 feet from the North line and 660 feet from the East line (Unit H) of Section 8, Township 17 South, Range 27 East, located approximately six miles east of Artesia, New Mexico. The N/2 of Section 8 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit in the Undesignated Crow Flats-Morrow Gas Pool.

CASE 12186: **Continued from May 27, 1999, Examiner Hearing.**

Application of Chesapeake Operating Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 15, Township 16 South, Range 35 East, in the following manner: (a) the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the North Shoe Bar-Atoka Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; (c) the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre oil spacing within that vertical extent; and (d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within that vertical extent, including the Townsend-Permo Upper Pennsylvanian Pool. These units are to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit H of the section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in this well. This unit is located approximately 5 ½ miles southwest of the center of the City of Lovington, New Mexico.