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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 12, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

*Received
1-16-01
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M.S.*


**Re: Robertson "8" Well No. 1
Application of H. L. Brown, Jr.
for compulsory pooling, a non-
standard spacing and proration unit
and an unorthodox well location,
Roosevelt County, New Mexico**

Case 12589

Dear Ms. Wrotenbery:

On behalf of H. L. Brown, Jr., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for February 8, 2001. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: H. L. Brown, Jr.
Attn: Q. Peter Courtney

CASE 12589. Application of H. L. Brown, Jr. for compulsory pooling, a non-standard spacing and proration unit and an unorthodox well location, Roosevelt County, New Mexico. Applicant, in accordance with Division Rule 1207.A(2), seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the NE/4 of Section 8, ³⁴T7S, R36E, NMPM, Roosevelt County, New Mexico, forming a standard 160-acre gas spacing unit and a non-standard 160-acre oil spacing and proration unit to be dedicated to its Robertson "8" Well No. 1 to be drilled and completed at an unorthodox well location 1400 feet from the east line and 1550 feet from the north line of this section (Unit G). 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 the operator of the well and a charge for risk involved in this well. This unit is located approximately 7 miles southwest from Milnesand, New Mexico.

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

IN THE MATTER OF THE APPLICATION OF
H. L. BROWN, JR. FOR COMPULSORY POOLING,
A NON-STANDARD PRORATION UNIT AND AN
UNORTHODOX WELL LOCATION,
ROOSEVELT COUNTY, NEW MEXICO.

CASE NO. 12589

A P P L I C A T I O N

H. L. BROWN, JR., by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) and Division Rule 1207.A(2), applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the NE/4 of Section 8, T7S, R36E, NMPM, Roosevelt County, New Mexico, forming a standard 160-acre gas spacing unit and a non-standard 160-acre oil spacing and proration unit to be dedicated to its Robertson "8" Well No. 1 to be drilled and completed at an unorthodox well location 1400 feet from the east line and 1550 feet from the north line of this section (Unit G). Also to be considered will be the costs of drilling and completing said well 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 a charge for risk involved in this well.

In support of its application, H. L. Brown, Jr. states:

1. H. L. Brown, Jr. has a working interest ownership in the oil and gas minerals from the surface to the base of the Devonian formation underlying the NE/4 of Section 8, T7S, R36E, NMPM, Roosevelt County, New Mexico. **See Exhibit A.**

2. The well is to be drilled at a well location 1400 feet from the east line and 1550 feet from the north line of Unit G) Section 8 for the primary purpose of testing the Devonian formation.

3. The tract is located more than one mile from any production and is not subject to any special pool rules.

4. In the absence of special pool rules or the granting of an exception, Division's statewide oil well rules require (i) the dedication of a 40-oil spacing unit to this well and (ii) the drilling of the well not closer than 330 feet to the side boundaries of the unit.

5. The well is proposed to be located 230 feet from the north boundary and 80 feet from the east boundary of Unit G (SW/4NE/4 of Section 8).

6. Based upon 2-D seismic analysis, H. L. Brown, Jr. has identified the probability of a Devonian formation structural feature the approximate center of which underlies the intersection of the 40-acre quarter-quarter sections within the NE/4 of Section 8.

7. Because of this unusual circumstance, the optimum geologic location for this well is in Unit G but encroaching towards the north and east quarter-quarter sections. It is necessary to drill the subject well at its proposed unorthodox well location in order to prevent waste.

8. The proposed location is necessary in order to have the optimum location at which to drill this well in order to use a single wellbore to test the Devonian formation within this structural feature.

9. It is reasonable to expect that if this well is capable of production in the Devonian formation, it may be the only well necessary in order to adequately and efficiently develop this formation within this structural feature.

10. This structural feature is very risky and cannot be justified by drilling a well at a standard well location.

11. In order to protect correlative rights, H. L. Brown, Jr. proposes the Division approve a non-standard 160-acre oil proration and spacing unit and enter an appropriate compulsory pooling order in which all of the working interest, royalty interest, overriding royalty interest owners and unleased mineral owners in the NE/4 of this section participate in this well.

12. H. L. Brown, Jr. is of the opinion that the only available regulatory mechanism which protects correlative rights in these circumstances is the Division's approval of a non-standard 160-acre oil spacing and proration unit.

13. The approval of the proposed non-standard 160-acre oil proration and spacing unit will afford the opportunity to share production from the well among the owners in all four governmental quarter-quarter sections and thereby avoid the impairment of correlative rights which will occur if Unit A, B and H are excluded and are subject to potential drainage by the well.

14. H. L. Brown, Jr. has 100% of the working interest in the S/2NE/4 and also has the voluntary agreement of certain interest owners of the oil & gas minerals from the surface to the base of the Devonian formation underlying the N/2NE/4 of this section.

15. H. L. Brown, Jr. despite its good faith effort, has been unable to obtain the voluntary agreement the remaining 11.346 percent of the mineral interest owners in the N/2NE/4 of this proposed spacing unit as identified on **Exhibit "B"**.

16. 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, H. L. Brown, Jr. needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

17. In the unlikely event that this well is classified as a gas well for any formation spaced upon 160-acre gas spacing, then H. L. Brown, Jr. requests that any compulsory pooling order entered in this case also include such gas spacing units.

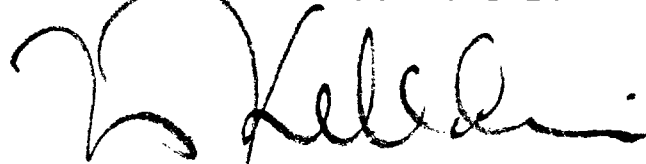
18. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "B" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for February 8, 2001.

19. In addition, H. L. Brown, Jr. has sent notice of hearing to all the other interest owners in the NE/4 of this section as set forth on **Exhibit "C"**.

WHEREFORE, H. L. Brown, Jr., as applicant, requests that this application be set for hearing on February 8, 2001 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 the drilling of this well at an unorthodox well location upon terms and conditions which include:

- (1) H. L. Brown, Jr. 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', written over the typed name and address.

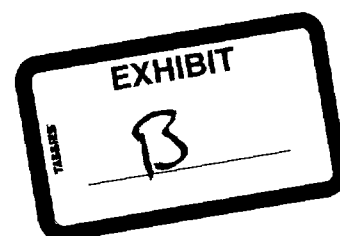
W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

A

Unleased Mineral Owners
 N/2 NE/4 Section 8
 T7S-R36E
 Roosevelt County, New Mexico
 Robinson."8"#!

| <u>Mineral Owner</u> | <u>Interest Owned</u> | <u>Net Acres</u> | <u>Reason Unleased</u> |
|---|-----------------------|------------------|--|
| George French P.O. Box 523 Zephyr, Texas 76890 | .02380952 | 1.90476 | Deceased, cannot locate heirs |
| Velma Keith RR 1, Box 112 Globe, Arizona 88501 | .02777778 | 2.22222 | Cannot locate |
| Irene French Braswell C/o Roy French Braswell 45 Hanurest Ramat Poleg Natanga, Isreal 42671 | .02380952 | 1.90476 | Last known address in Isreal Cannot locate |
| Earl French 2108 FM 920 Weatherford, Texas 76086 | .00793651 | .63492 | No response |
| Tony Cauthorn 1700 Airport Road Conway, South Carolina 29527 | .00231481 | .185185 | Trying to trade |
| Betty Cauthorn | .00231481 | .185185 | Cannot locate, Whereabouts Unknown |
| Grace Bible Fellowship Church 33990 McFarland Drive Tangent, Oregon 97303 | .00069444 | .055555 | Trying to trade |
| Helen Ruth Williamson 860 Cade Keizer, Oregon 97303 | .00396825 | .317460 | Trying to trade |
| Dorothy Jean Lander | <u>.02083333</u> | <u>1.66667</u> | Cannot to locate |
| Totals 10/18/00 | .11345897 | 9.26190 | |

PC 1/12/01



LEASED MINERAL OWNERS
SECTION 8: N/2 NE/4 &
S/2 NE/4
T07S-R38E
ROOSEVELT COUNTY,
NEW MEXICO

Robert Cedric Williamson
1905 Waverly SE #80
Albany, OR 97321

Wyno Lee Murphey
904 W. Dry
San Saba, TX 76877

Majorie Sewell, ET VIR
Lynn Sewell
Rt. 1 Box 811 BB
Paradise, Tx 76073

Roy L French
1616 Oakridge Drive
Arlington TX 76103

Ester Ruth Robertson, ET VIR
William R. Robertson
942 Stratton Dr.
Stafford AZ 85548

Malcomb D Cauthorn
3424 Ferndale Dr.
Eugene, OR 97404

Darrel M. Williamson
3473 River Road N
Keizer, OR 97303

Robert P. Williamson
P.O. Box 235, Post Oak Dr.
Boonville, AR 72927

Rodger D. Williamson
P.O. Box 32
Rose Lodge, OR 97372

Mary Nelson
11778 Barber Road
Boonville, AR 72927

Pearl Boyster
14019 Hwy 45
FT. Smith, AR 72916

Modean Warren
P.O. Box 185
Mansfield AR 72944

Faye French Wagner
1618 Main Blvd.
Brownwood, TX 76801

Greg Heyne
203725 Quail Valley Lane
Prineville, OR 97754

Ethel L Metz
C/O Bernice Jones
804 N. Ross
Commache, TX 76442

John Stratton, ET UX
Hazel Stratton
2575 SW 49th St.
Corvallis, OR 97333

Linda Adams
724 Neptune
Leucadia, CA 92024

Ruth August
4531 N. Via Noriega
Tucson, AZ 85749

Virginia Williamson Cruz
4200 Calle Ladero-D
Sierra Vista, AZ 85838

Pauline T. Loerke ET VIR,
James S Loerke
P.O. Box 398
Creswell, OR 97426-0398

Fredrick Romtvedt
345404 Grimes Road
Prinville, Or 97754

Majorie Ruth Williamson
Box 178 NM 262
Minesand, NM 88125

Majorie Ruth Williamson
Trustee
Box 178 NM 262
Minesand, NM 88125

A.E. Williamson, Jr, Et Ux
Faye Williamson
708 Three Cross Dr,
Roswell, NM 88201

Jim Williamson
P.O. Box 49
Pep, NM 88128

Jack Williamson
Box 671
Portales, NM 88130

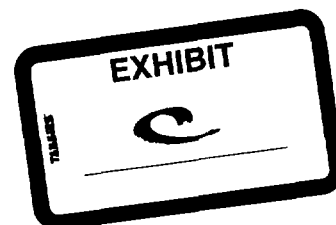
Estate Of Katie Littlefield
Larry Littlefield Executor
2442 NW Market #554
Seattle, WA 98107

Betty Jane Williamson
P.O. Box 49
Pep, NM 88126

Phillip Glen Adams
14A Carlson Rd.
Santa Fe, NM 87505

Alfred Adams
2767 Fairmont St.
La Cresenta, CA 91214

Henry Adams
617 W. New York
Smith Center, KS 66967



Pauline Mitchell Schwada
2684 Cheryl St.
Eugene, OR 97408

Richard P. Cauthorn
838 SE 3rd
Albany, OR 97330

Robert Marks ET UX,
Gertrude A Marks
133357 3rd Ave. NE
Seattle WA 98125

Charles Dunn
1217 S. 1st.
Lovington, NM 88260

Mitchell Allmon
635 E. Simpson
McPherson, KS 67460

American Heart Association
Oregon Affiliate, INC
Attn. Carolyn Black
4414 Woodland Park Ave N
Seattle, WA 98103

The Hasley- Shedd Rural Fire
Protection District
Attn. Skip Smith
P.O. Box 421
Halsey, OR 97348

The American Cancer
Society, Oregon Division
241 Commercial Street, NE
Salem, Or 97301

United Methodist Church
Of Halsey
591 W. Third
Halsey, OR 97348

Blanche W. Feely
3233 SE 43rd
Portland, OR 97206

Irene W Fee
18083 Driftwood Lane #38
Brookings, OR 97415

Anna W. Williamson
Rt. 1 Box 242
Brownsville, OR 97327

Dixie Hasbrouck ET VIR
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400 Arrowhead CT.
Vallejo, CA 94589

Dona Malkason ET VIR
William
401 View Crest Rd.
Bellingham, WA 98228

Wanda Hoover
321 Douglas
Hereford TX 79045

Faye Whalen
P.O. Box 2637
Chino Valley, AZ 86323

Edward D Williamson
721 Cheltenham
El Paso TX 79912

Frances D. Williamson Snipes
102 Calle Bella Loma
San Clemente, CA 92672

James Clayton Cauthorn
102 Hampton Drive
Atlanta, TX 75551

Johnnie Edwards Allmon
104 Juniper Street
Lovington, NM 88260

Jones Robinson, Ltd.
P.O. Box 2076
Roswell, NM 88202

Robert Merrick Semple and
Wife, Becky Semple
P. O. Box 761
Battleboro, NC 27809

Samuel Foster Semple and
Wife, Sarah S. Semple
201 Vanderpool #133
Houston, TX 77024

Inalind Farmere Bane
3303 S. Edgefield
Dallas, TX 75224-3103

Ellen Farmere Drysdale
235 Colonial Trail
Hot Springs, AK 71901