

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:

CASE NO. 10531


APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION AND DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO

CERTIFICATE OF MAILING

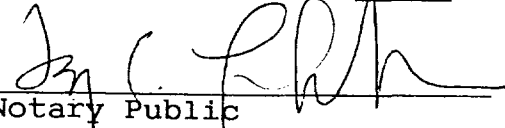
AND

COMPLIANCE WITH ORDER R-8054

W. THOMAS KELLAHIN, attorney in fact and authorized representative of SOUTHLAND ROYALTY COMPANY, states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on JULY 30, 1992, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for AUGUST 20, 1992 to the parties shown in the application as evidenced by the attached copies of return receipt cards or receipts, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.


W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 18TH day of
AUGUST, 1992.


Notary Public

JAY C. LAUBSCHER

My Commission Expires:

10/1/95

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

McKenzie Corporation
1625 Broadway, Suite 2580
Denver, CO 80202

4a. Article Number

P 670689-651

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

8-3-92

5. Signature (Addressee)

Betty Falk

6. Signature (Agent)**8. Addressee's Address (Only if requested and fee is paid)**

PS Form 3811, November 1990 ★ U.S. GPO: 1991-287-066

DOMESTIC RETURN RECEIPT

WTK-Southland Roy Hankson

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Amoco Production Co.
P.O. Box 800
Denver, CO 80201

4a. Article Number

P 670689-652

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

8-3-92

5. Signature (Addressee)**6. Signature (Agent)****8. Addressee's Address (Only if requested and fee is paid)**

PS Form 3811, November 1990 ★ U.S. GPO: 1991-287-066

DOMESTIC RETURN RECEIPT

WTK-Southland Hankson

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

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)

OIL CONSERVATION DIVISION
RECEIVED

'92 SEP 4 PM 9 01
TELEPHONE (505) 982-4288
TELEFAX (505) 982-2047

September 2, 1992

Paul A. Cooter
Rodey, Dickason, Sloan, Akin & Robb, P. A.
Post Office Box 1357
Santa Fe, New Mexico 87504-1357

VIA FACSIMILE
(505) 989-9542

Re: NMOCDC Case 10531
Application of Southland Royalty
Company for approval of an unorthodox
location and downhole commingling,
San Juan County, New Mexico

Dear Mr. Cooter:

At the New Mexico Oil Conservation Division hearing of the referenced case on August 20, 1992, you appeared for McKenzie Methane Corporation seeking a stipulation from Southland Royalty Company that if it located a Basin Fruitland Coal Gas well in the NW/4 of Section 12 then it would never infill drill the SW/4 of that Section.

I understand that while McKenzie Methane Corporation has no objection to the Southland Royalty's Hanks 501 well being located in the NW/4 of Section 12 it does object to having Basin Fruitland Coal Gas Pool wells producing simultaneously in both the NW/4 and in the SW/4 of this section.

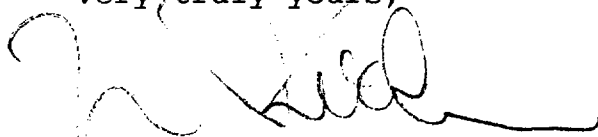
Although Southland Royalty Company has no plans for infill drilling to 160 acre spacing units in this section, it is unable to predict its future needs. In addition, I have advised Southland Royalty that the protection McKenzie Methane seeks by this stipulation is unnecessary under the current Basin Fruitland Coal Gas Pool Rules which preclude infill drilling without first obtaining a Division Order issued after notice to your client and an evidentiary hearing at which McKenzie Methane may participate.

Therefore, I wish to inform you that my client is unable to stipulate as you desire. However, I also think

Paul A. Cooter, Esq.
September 2, 1992
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it is an unnecessary stipulation because McKenzie Methane is asking for protection against a request that Southland Royalty Company has not yet made and in fact may never make. Accordingly, by copy of this letter to Mr. Catanach of the Division I am advising him that we are unable to stipulate and requesting that he enter the order as requested.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', with a stylized, flowing script.

W. Thomas Kellahin

WTK/jcl

xc: Alan Alexander - Southland Royalty - Farmington
 ✓ David Catanach - OCD - Santa Fe
 Robert G. Stovall, Esq. - OCD - Santa Fe

1trt831.330

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 9, 1992

KELLAHIN, KELLAHIN & AUBREY
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 10531
ORDER NO. R-9717

Dear Sir:

Enclosed herewith are two copies of the each of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script, appearing to read "Florene".

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM - Farmington
Paul Cooter
OCD Aztec Office
Steve Keene