

# ENRON

## Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

August 6, 1993

CERTIFIED - RETURN RECEIPT

TO ALL WORKING INTEREST OWNERS:  
(See Addressee List Attached)

RE: Cedar Lake "35" Federal Com. No. #2  
990' FSL & 990' FEL Section 35,  
Township 17 South, Range 30 East  
Eddy County, New Mexico  
Cedar Lake Prospect

Gentlemen:

Pursuant to the meeting with Camterra Resources Partners, Ltd. and Meridian Oil on August 4, 1993, Enron Oil & Gas Company hereby proposes an 11,600' Morrow test as set forth on the attached AFE.

If you elect to participate in the drilling of this well, please execute, date and return one (1) copy of this letter and one (1) AFE to the undersigned.

In the event your company is not inclined to participate in this test, Enron would be willing to entertain a Farmout from your company under mutually agreeable terms.

Insofar as El Paso Production Company (a/k/a Meridian Oil) and Anadarko Petroleum Corporation are concerned, should you elect to participate, Enron will prepare a Joint Operating Agreement and forward same for your approval. Camterra's election should be made pursuant to that certain Joint Operating Agreement dated February 15, 1992.

Thank you for your prompt attention to this matter. If you have any questions, please call me at 915/686-3758.

Sincerely,

ENRON OIL & GAS COMPANY

*Patrick J. Tower*  
Patrick J. Tower  
Project Landman

PJT/mbs  
Enclosures

The undersigned hereby elects to participate in the operation proposed hereinabove on this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

COMPANY: \_\_\_\_\_

BY: \_\_\_\_\_  
Typed/Printed Name and Title

*extra  
original*

September 17, 1993

**Transmitted by Facsimile**

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

Attention : Mr. Robert G. Stovall, General Counsel

**RE: Case Number 10827; Application of Enron Oil & Gas Company for Compulsory Pooling and an Unorthodox Gas Well Location; S/2 of Section 35, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.**

Gentlemen:

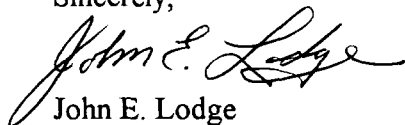
Reference is hereby made to the captioned application submitted on behalf of Enron Oil & Gas Company that is set for hearing before a Division Examiner on September 23, 1993. Please be advised that Atlantic Richfield Company is the owner of a leasehold interest covering land located in the N/2SW/4 of Section 36, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. This letter is to advise you that Atlantic Richfield Company currently plans to protest the above captioned application on the basis of protection of correlative rights, encroachment and drainage.

Please further be advised that the following named individuals may be available to present testimony in support of such protest:

John Lodge	Landman
Ken McDowell	Geophysicist
Eugene Safley	Geologist
Gary Smallwood	Engineer

Atlantic Richfield Company will be represented by counsel; however, until further notice, please direct all correspondence concerning this matter to the undersigned.

Sincerely,



John E. Lodge  
Senior Landman

**PADILLA & SNYDER**

ATTORNEYS AT LAW  
200 W. MARCY, SUITE 216  
P.O. BOX 2523  
SANTA FE, NEW MEXICO 87504-2523

FACSIMILE: (505) 988-7592  
TELEPHONE: (505) 988-7577

September 21, 1993

Robert G. Stovall  
General Counsel  
New Mexico Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Enron Application for  
Unorthodox Location  
Case No. 10827

Dear Bob:

I was retained this morning by Enron Oil & Gas, to represent it in the above-referenced matter after disqualification, due to conflicts of interest, of their regular counsel.

It is Enron's understanding that ARCO has requested a continuance in this matter. ARCO opposes the application.

The continuance will prejudice Enron because it is ready for hearing on September 23. Apparently ARCO is not, but has had notice of the application in accordance with the Division's rules.

I will be in trial on October 7, the date that the case will be continued. A continuance for four weeks is unreasonable because Enron strongly believes that drainage is occurring from offsetting properties.

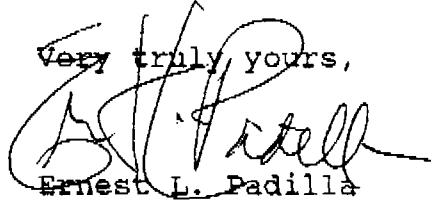
Enron generally does not oppose reasonable requests for continuances and has done so by continuing two other cases on the September 23 docket.

This case is no different from other unorthodox location cases which require technical data for their support. Enron is ready and so should ARCO. In fact, Enron presented its data to ARCO on September 17 in hopes of mutual agreement. Not one of the other interested parties (i.e. El Paso Natural Gas Company a.k.a Meridian Oil, Camperra Resources Partners, Ltd., Anadarcko Petroleum Corporation, Read & Stevens, Inc., Anne Mitchell Keenan, and

Lee Roy Brigham) have voiced a need for additional time. My own late involvement in this case should not affect the outcome of this case.

For the foregoing reasons, we ask that you reconsider your decision - if such a decision has been made - to continue this case.

Very truly yours,

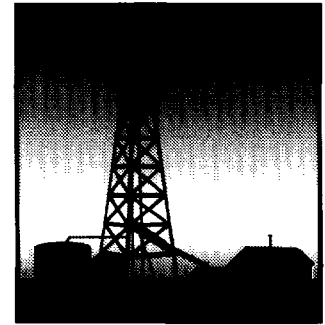


Ernest L. Padilla

ELP/mg

cc: Enron Oil & Gas  
Ernest Carroll, Esq.

# Camterra Resources, Inc.



September 27, 1993

Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

Attention: Robert Stovall, General Council

Re: Enron Cedar Lake 35 Federal Com #2  
990 FSL & 990 FEL  
Section 35, T17S-R30E  
Eddy County, New Mexico  
OCD Case No. 10827

Dear Robert:

Please find enclosed the original letter that was supposed to have been hand delivered to you prior to hearing for the above-mentioned OCD Case No. 10827. This letter was telefaxed to Ernest Padilla, counsel for Enron Oil and Gas and read at the pre-hearing. Due to the objecting parties making an agreement, Mr. Gary Pitts found it unnecessary to attend but wanted to be sure that you did receive your original copy of this letter.

Sincerely,

CAMTERRA RESOURCES PARTNERS, LTD.  
By: Camterra Resources, Inc.  
Managing General Partner

Jeanette Sons  
Executive Secretary/Geo Tech

/js

cc: Ernest L. Padilla, Esq.  
Patrick J. Tower, CPL

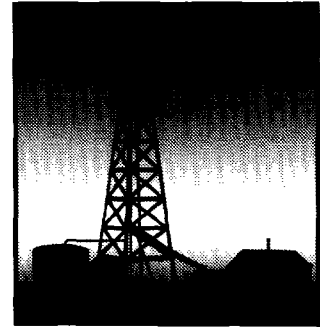
## Houston

Five Post Oak Park  
Suite 1500  
Houston, Texas 77027  
Tel. (713) 965-9898, FAX (713) 964-3228

## Corporate

2615 East End Blvd. South  
P.O. Box 2069  
Marshall, Texas 75671  
Tel. (903) 938-9949, FAX (903) 935-0521

# Camterra Resources, Inc.



September 22, 1993

**VIA TELEFAX 9/22/93 AND  
HAND DELIVERED 9/23/93**

Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

Attention: Robert Stovall, General Council

**Re: Enron Cedar Lake 35 Federal Com #2  
990 FSL & 990 FEL  
Section 35, T17S-R30E  
Eddy County, New Mexico**

Gentlemen:

At approximately 4:00 p.m. on September 21, 1993, Enron Oil & Gas Company notified Camterra Resources, Inc. that a prehearing had been set for 1:30 p.m. on September 22, 1993 to hear arguments from Enron and Arco regarding Enron's exception location (990 FSL and 990 FEL, Section 35, T17S-R30E). Due to the short notification time and scheduling difficulties, Camterra will be unable to have any representation present at the prehearing; however, Camterra will have a representative at the originally scheduled hearing set for Thursday, September 23, 1993.

It is Camterra's expressed desire to inform all concerned that as an interested party and mineral lessor with a 37.5% Working Interest in S/2 Section 35 that Camterra unanimously supports Enron's unorthodox proposed location. Interpretation of Camterra's subsurface mapping shows that the Morrow sand, which Mewborne is currently producing from, (Section 2, T18S-R30E) is present in the SE/4 of Section 35 and can most effectively and efficiently be drilled and produced by drilling a location at 990 FSL & 990 FEL of Section 35. Camterra's interpretation also shows very little to no sand in Section 36 and objects not only to Arco's reasoning and protest of the proposed Enron location but as to why their protest of this proposed location has not come forth until the last week prior to hearing.

## **Houston**

Five Post Oak Park  
Suite 1500  
Houston, Texas 77027  
Tel. (713) 965-9898, FAX (713) 964-3228

## **Corporate**

2615 East End Blvd. South  
P.O. Box 2069  
Marshall, Texas 75671  
Tel. (903) 938-9949, FAX (903) 935-0521

Oil Conservation Commission  
Robert Stovall, General Council  
September 22, 1993  
Page 2

Camterra sees this action as a delay and should this location not be approved, it only allows Mewborne to drain even more reserves currently under lease by Camterra.

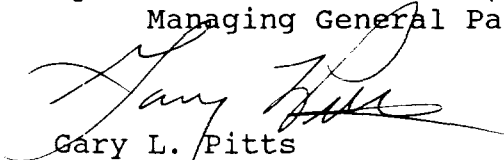
In summary, Camterra Resources, Inc. is in support of the location proposed by Enron.

Sincerely,

CAMTERRA RESOURCES PARTNERS, LTD.

By: Camterra Resources, Inc.

Managing General Partner

A handwritten signature in dark ink, appearing to read "Gary L. Pitts", is written over the typed name.

Gary L. Pitts

Executive Vice President Operations

GLP/js

CC: Ernest L. Padilla, Esq.  
Patrick J. Tower, CPL  
Allen C. Staggers, Esq.  
K. David Goughnour, Land Mgr.

**PADILLA & SNYDER**  
ATTORNEYS AT LAW  
200 W. MARCY, SUITE 216  
P.O. BOX 2523  
SANTA FE, NEW MEXICO 87504-2523

FACSIMILE: (505) 988-7592  
TELEPHONE: (505) 988-7577

October 5, 1993

**Hand-Delivery**

Michael Stogner  
Hearing Examiner  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: OCD Case 10827  
Application of Enron Oil & Gas Company

Dear Mr. Stogner:

Enclosed is a proposed order, as you requested, for the above referenced case. Also enclosed is a floppy disk containing the proposed order.

Should you require anything else please let me know.

Very truly yours,

  
Ernest L. Padilla

ELP/mg

cc: Patrick Tower - Enron Oil & Gas Company, w/enc.  
W. Thomas Kellahin, Esq., w/enc.  
Ernest Carroll, Esq., w/enc.

**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. 10827  
ORDER NO. R-\_\_\_\_\_

**APPLICATION OF ENRON OIL & GAS  
COMPANY FOR COMPULSORY POOLING AND  
AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 9:00 a.m. on September 27, 1993 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1993, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Enron Oil & Gas Company, seeks an order pooling all mineral interests from the surface of the earth to the base of the Morrow formation, underlying the following described acreage in Section 35, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico:

the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes, but is not necessarily limited to the Wolfcamp, Strawn, Atoka, and Morrow formations.

(3) Said unit is to be dedicated to applicant's Cedar Lake 35 Federal Com No. 2 (proposed well) to be drilled 990 feet from the South line and 990 feet from the East line (Unit P) of said Section 35, which is considered to be an unorthodox gas well location for those intervals developed on 320-acre spacing.

(4) ARCO Oil & Gas Company (ARCO), an interest owner of the N/2 SW/4, Section 36, Township 17 South, Range 30 East, NMPM appeared at the hearing, but did not oppose the application.

(5) Meridian Oil Inc., an interest owner in the subject spacing and proration unit also appeared at the hearing, in support of the application.

(6) The parties at the hearing presented an agreement between and among the interest owners in the subject proration and spacing unit and ARCO under which applicant accepted a production limitation factor of 70 percent (30% penalty factor) for and on account of its proposed unorthodox location which appears to be fair and protects the correlative rights of the various parties.

(7) The geologic evidence presented by Enron in this case generally showed the following:

- (a) The "Arnold Sand" member of the morrow formation currently being produced in Enron's Cedar Lake 35" Federal Com Well No. 1 is not likely to be encountered in applicant's proposed well.
- (b) A well at the proposed unorthodox location should penetrate a thicker portion of the Cedar Lake Morrow interval than a well drilled at a standard location thereon, thereby increasing the chances of intersecting a gas bearing zone within the Morrow formation.
- (c) The subject reservoir is bounded on the west and east by faults running in north-south directions.
- (d) The subject reservoir is limited in size.

(8) Mewbourne Oil Company, through agreement, operates a well completed in the Cedar Lake member of the Morrow formation which is dedicated to the E/2, Section 2, Township 18 South, Range 30, NMPM, which is located at an unorthodox location, through agreement with applicant for no penalty, 990 FNL and 990 FEL of said Section 2; the flowing pressure data from this well submitted by applicant at the hearing of this case supports a conclusion that this well has enjoyed a competitive advantage to applicant's proration and spacing unit and that the reservoir is of limited size.

(9) Read & Stevens, Inc., operator of the N/2, Section 1, Township 18 South, Range 30 East, NMPM has, by agreement, obtained the right to drill a well at an unorthodox location 1980 FNL and 990 FWL of said Section 1.

(10) The applicant has the right to develop the minerals underlying the aforesaid spacing units.

(11) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(12) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of production in any pool resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(13) The applicant should be designated the operator of the subject well and units.

(14) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(15) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(16) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(17) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(18) At the time of the hearing, the applicant proposed that the reasonable monthly fixed charges for supervision while drilling and producing said well should be initially set at \$5,300.00 and \$530.00, respectively, and that any such overhead charges included in this order contain provisions for an annual adjustment based on accepted industry practices.

(19) \$5300.00 per month while drilling and \$530.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of that are reasonable, attributable to each non-consenting working interest.

(20) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(21) Upon failure of the operator of said pooled units to commence drilling of the well to which said units are dedicated on or before March 1, 1994, the order pooling said units should become null and void and of no further effect whatsoever.

(22) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(23) The operator of the well and units should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

**IT IS THEREFORE ORDERED THAT:**

(1) All mineral interests, whatever they may be, from the surface of the earth formation to the base of the Morrow formation, underlying the following described area in Section 35, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, are hereby pooled:

the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes, but is not necessarily limited to the Wolfcamp, Strawn, Atoka and Morrow formations.

(2) Said units are to be dedicated to applicant's Cedar Lake 35 Fed Com No. 2 well to be drilled 990 feet from the South line and 990 feet from the East line (Unit P) of said Section 35, which is considered to be an unorthodox gas well location for those intervals developed on 320-acre spacing.

**PROVIDED HOWEVER THAT**, the operator of said units shall commence the drilling of said well on or before the March 1, 1994, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test from the base of the Abo formation to the base of the Morrow formation.

**PROVIDED FURTHER THAT**, in the event said operator does not commence the drilling of said well on or before the March 1, 1994, Decretory Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

**PROVIDED FURTHER THAT**, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Decretory Paragraph No. (1) of this order should not be rescinded.

(3) Enron Oil & Gas Company is hereby designated the operator of the subject well and units.

(4) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(5) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(6) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is an objection to actual well costs within said 45 day period the Division will determine reasonable well costs after public notice and hearing.

(7) Within 60 working days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(8) The operator is hereby authorized to withhold the following costs and charges from production.

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him; and

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable of each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(9) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(10) \$5300.00 per month while drilling and \$530.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(11) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(12) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(13) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(14) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order shall thereafter be of no further effect.

(15) The operator of the subject well and units shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(16) The applicant's Cedar Lake 35 Federal Com Well No. 2 is hereby assigned a production limitation factor of 70 percent (30 percent royalty factor) from the Cedar Lake interval of the Morrow formation. This production limitation factor shall be applied against the well's ability to produce as determined by deliverability tests conducted on the well on a bi-annual basis. The deliverability tests shall be conducted after notice has been provided to the supervisor of the Artesia district office of the Division and to Enron Oil and Gas Company, and a reasonable opportunity is provided to each to witness such test.

(17) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

William J. Lemay  
Director

S E A L



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

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

November 18, 1993

RE: CASE NO. 10827  
Order No. R-10019

Mr. Ernest L. Padilla  
Attorney at Law  
Post Office Box 2523  
Santa Fe, New Mexico 87504-2523

Dear Mr. Padilla:

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

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson  
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD   x    
Artesia OCD   x    
Aztec OCD             
Ernest Carroll  
Thomas Kellahin



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

February 11, 1994

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

Mr. William F. Carr  
Campbell, Carr, Berge, & Sheridan  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon the reasons stated in your letter of February 11, 1994, and in accordance with the provisions of Division Order No. R-10019, Enron Oil & Gas Company is hereby granted an extension of time in which to begin the well on the unit pooled by said order until June 1, 1994.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lemay", written over the typed name and title.

WILLIAM J. LEMAY  
Director

fd/

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

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  
TELECOPIER: (505) 983-6043

February 11, 1994

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

FEB 11 1994

Re: Oil Conservation Division Case No. 10827:  
Application of Enron Oil & Gas Company for compulsory pooling and an  
unorthodox gas well location, Eddy County, New Mexico

Dear Mr. LeMay:

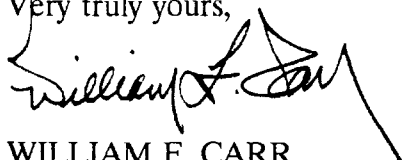
By Division Order No. R-10019, the above-referenced application of Enron Oil & Gas Company was granted pooling the S/2 of Section 35, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. This Order also approved an unorthodox gas well location in the Morrow formation, Undesignated Cedar Lake-Morrow Gas Pool, for Enron's proposed Cedar Lake "35" Federal Com Well No. 2 to be drilled 990 feet from the South and East lines of said Section 35. Decretory paragraph 2 of Order No. R-10019 provided that the drilling of said well should commence on or before March 1, 1994 or this Order would be null and void unless Enron obtained an extension of time from the Division for good cause shown.

Enron hereby requests an extension of the date on which to commence the drilling of its proposed Cedar Lake "35" Federal Com Well No. 2 from March 1, 1994 to June 1, 1994. Enron requests this extension of time because offsetting Morrow wells in the area have recently experienced a sharp decline in production and, at the same time, additional well control information is becoming available to Enron that will enable it to confirm whether or not the proposed unorthodox location is the optimum location from which to produce Morrow reserves under a S/2 spacing unit in said Section 35. Accordingly, delaying commencement of drilling will enable Enron to review new information and confirm that the well should be drilled at this location on the pooled unit.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
February 11, 1994  
Page 2

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping flourish extending from the end.

WILLIAM F. CARR  
ATTORNEY FOR ENRON OIL & GAS COMPANY  
WFC:mlh

cc: Patrick J. Tower  
Enron Oil & Gas Company  
Post Office Box 2267  
Midland, TX 79702



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

May 17, 1994

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

Mr. William F. Carr  
Campbell, Carr, Berge, & Sheridan  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon the reasons stated in your letter of May 11, 1994, and in accordance with the provisions of Division Order No. R-10019, Enron Oil and Gas Company is hereby granted an additional extension of time in which to begin the well on the unit pooled by said Order No. R-10019 until August 1, 1994.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lemay", written over the typed name and title.

WILLIAM J. LEMAY  
Director

fd/

cc: ✓ Case No. 10827  
OCD - Artesia

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
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May 11, 1994

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

MAY 11 1994

Re: Oil Conservation Division Case No. 10827:  
Application of Enron Oil & Gas Company for compulsory pooling and an  
unorthodox gas well location, Eddy County, New Mexico

Dear Mr. LeMay:

Division Order No. R-10019 granted the above-referenced application of Enron Oil & Gas Company for compulsory pooling of the S/2 of Section 35, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. This Order also approved an unorthodox gas well location in the Morrow formation, Undesignated Cedar Lake-Morrow Gas Pool, for Enron's proposed Cedar Lake "35" Federal Com Well No. 2 to be drilled 990 feet from the South and East lines of said Section 35. Decretory paragraph 2 of Order No. R-10019 provided that the drilling of said well should commence on or before March 1, 1994 or this Order would be null and void unless Enron obtained an extension of time from the Division for good cause shown. On February 11, 1994, Enron requested and thereafter received an extension of the date on which to commence the drilling of its proposed Cedar Lake "35" Federal Com Well No. 2 from March 1, 1994 to June 1, 1994 to enable Enron to review new information and confirm that the well should be drilled at this location on the pooled unit.

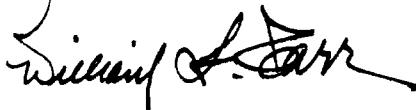
Enron plans to proceed with the Cedar Lake "35" Com Well No. 2 in the next 60-days and is currently entering a contract for the drilling of this well. Certain additional title curative work needs to be completed which should be done within this time period. Accordingly, Enron Oil & Gas Company requests an extension of time for the commencement of this well under Order No. R-10019 until August 1, 1994.

*[Handwritten signature and initials]*

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
May 11, 1994  
Page 2

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM F. CARR  
ATTORNEY FOR ENRON OIL & GAS COMPANY  
WFC:mlh

cc: Patrick J. Tower  
Enron Oil & Gas Company  
Post Office Box 2267  
Midland, TX 79702