

March 15, 1994

Bill Taylor
1106 N. Country Club
Carlsbad, New Mexico 88220

**RE: Gas Balancing Dispute Covering the Carlsbad 13 No. 1
(NMOCD Orders No. R-5332 and R-5332-A)**

Dear Mr. Taylor:

In response to your March 11, 1994 letter in which you described some of the problems you were having with gas allocations on the captioned well and interpretations of gas balancing agreements, I must inform you that the New Mexico Oil Conservation Division and New Mexico Oil Conservation Commission do not have jurisdiction over operating agreements or gas balancing agreements. This is a civil matter and I would suggest that you seek out legal advise so as to protect your rights in the courts of proper jurisdiction.

Very truly yours,

William J. LeMay
Director

WJL/sl

cc: Mueller Engineering Corp.

*This is not a operating agreement
gas balancing agreement dispute
the parties are in a good example
of a good example
of a good example
of a good example*

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Mueller Engineering Corporation
1010 First City Tower II
555 North Carancahua
Corpus Christi, Texas 78478-0501

Attn: Kay B. Boatman

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Mr. Bill Taylor
1106 N. Country Club
Carlsbad, New Mexico 88220

MUELLER ENGINEERING CORP.

PETROLEUM CONSULTANTS

1010 FIRST CITY TOWER II

555 NORTH CARANCAHUA

CORPUS CHRISTI, TEXAS 78478-0501

(512) 883-1911 FAX (512) 883-1909

November 19, 1993

To: Working Interest Owners

**RE: Carlsbad 13-1
Eddy County, New Mexico**

Attached is your copy of a Gas Balancing Statement (GBS) for the Carlsbad 13-1 well in which you have a working interest, and which is operated by Mueller Engineering Corp. (MEC) for Wadi Petroleum Inc. Based on information available, this is the first GBS prepared for this well.

As you will note from reviewing the GBS, the period covered is from July, 1992 to present, September, 1993. Although, the Carlsbad 13-1 has been producing far longer than July, 1992, the data prior to that date is not available as that is the date the property was aquired from Ultramar Oil & Gas Limited by Wadi Petroleum Inc. The Ultramar, Carlsbad files aquired by Wadi Petroleum Inc. did not indicate that a GBS had ever been prepared. Please contact this office should you wish to contribute data prior to July, 1992 in order to allow the GBS to be revised to reflect more accurate gas balances.

Please review the attached statement and advise MEC immediately of any questions. If no comments are received within the next thirty (30) days, MEC will consider the cumulative balances final and will reallocate future nominations to reduce over/under balances.

Production Month: SEPTEMBER, 1993
 Well : CARLSBAD 13-1
 BTU FACTOR: 1.0228
 Pressure base : 14.73
 Unit of Measure : MCF

MEYER ENGINEERING CORP.
 Gas Balancing Statement

Date: 10-NOV-93
 Prepared By: MEYER ENGINEERING CORP.

Working Interest Owner	Gross Working Interest (Entitlements)	Percent of Spot Sales Allocation	Entitled Sales	Spot Market Sales	Suspense & Other Sales	Total Sales MCF	Current Month Over(Under)	PRIOR MONTH Over(Under)	Payment of Suspense	Ending Gas Balance
MARCELLA GREATHOUSE	0.01072680	0.01250005	79	62		62	(17)	(66)	0	(65)
HOMECO OIL & GAS CO	0.00045060	0.00374994	594	467		467	(127)	(503)	0	(630)
PATRICK PETROLEUM	0.00045070	0.00375005	594	467		467	(127)	(503)	0	(630)
BEN M PATTERSON JR	0.13515710	0.15750000	998	785		785	(213)	(845)	0	(1,058)
SWIFT ENERGY COMPANY	0.22355250	0.26749996	1,695	1,333		1,333	(362)	(1,434)	0	(1,796)
WADI PETROLEUM INC	0.32180260	0.37500000	2,376	1,870		1,870	(506)	(2,009)	0	(2,515)
BILL TAYLOR	0.13369450		987	0	967	967	(20)	1,456	0	1,436
M A PAGE JR	0.00016520		60	0	59	59	(1)	89	0	88
Suspense Gas	0.00000000		0	0	1,373	1,373	1,373	3,817	0	5,190
Totals	1.00000000	1.00000000	7,383	4,984	2,399	7,383	(0)	0	0	0
Others	0.85814030		6,336							
Take-In-Kind	0.14185970		1,047							
CARLSBAD 13-1 - 9/93	1.00000000		7,383							

NOTE: This Gas Balancing Statement (GBS) was prepared by Meyer Engineering Corp. (MEC) using the best information available. Any party disputing these numbers should do so within 30 days of receipt by notifying MEC in writing of their facts. Lacking such notification, the GBS will be treated as actual after the passage of 30 days from preparation.

WADI
104 786 11- 8 35

1106 N. Country Club
Carlsbad, NM 88220
March 11, 1994

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Dear Commission:

The NMOCDC claims jurisdiction over the Carlsbad 13, #1 Well under Orders R-5332 and R-5332A. Taylor/Page were pooled. C & K Petroleum was designated as the operator. WADI claims present operatorship rights.

Since July 1992, WADI, via Mueller Engineering Corp. has controlled the Carlsbad 13 well's production. By November 19, 1993 statement, received November 27th, 1993, Mueller notified Taylor/Page their interests were (possibly) overproduced by 1524 MCF, which figures, IF ACCEPTED by all, AFTER THIRTY DAYS would result in corrections undertaken THEREAFTER FROM FUTURE PRODUCTION. Taylor responded immediately, questioning the validity and accuracy of such a surprise, unexpected revelation. Taylor/Page couldn't be! WADI controlled! (Mueller's 11/19/93 statement enclosed).

December 30, 1993, Taylor's check from gas purchaser Sioux Pointe/Transwestern for November 1993 arrived and was for one-half Taylor's share of production; Page received nothing. Why? From Sioux Pointe/TW's information, it was determined Mueller's statement of November 19, 1993 was to cover up action WADI/Mueller had covertly begun on October 21st, 1993 (a month prior WADI/Mueller composed the letter) which limited Taylor/Page's share of production and revenues for November and December, 1993, and January 1994, and increased WADI's income. Winter gas prices are highest!

WADI/Mueller promised copies of their Operator Initiated Nominations in answer to our inquires, but supplied only Gas Purchase statements, nothing self-incriminating. From Sioux Pointe, copies of WADI/Mueller's nominations showed Mueller had overnominated Taylor/Page interests for sixteen months, through two summers. Contacts to Mueller personnel only confused the issue: "Taylor/Page were not over produced, just overnominated." An agreement was made with WADI's Mr. Norm Bell to allow one-sixth of the December claimed balance of over-production (reduced already by one-half by the premature November and December curtailments) be underproduced monthly beginning in February 1994. Taylor/Page were to receive all their share of the well's January production. (Mueller letters of January 6th and 27th, 1994). Mr. Bell stated he had working interest owners who wanted their share of production curtailed in the summer time in order to benefit from a larger share of production and higher prices in the winter time, but he would not allow this. WADI had already benefited from two months exactly like this. It was thought WADI-Taylor had reached some workable solutions.

Arbitrarily, unilaterally, deceitfully, contrary all verbal and written statements, WADI/Mueller redoubled their covert actions: instead of allowing Taylor/Page the January sales and all but one-sixth the February sales, WADI/Mueller made at least six different nominations to hold Taylor/Page to less than one-half each month. At the end of February, WADI had over-

balanced Taylor/Page to underproduced. Adding injury to injury, WADI then continued to avail themselves of the winter higher prices by overnominating themselves and undernominating Taylor/Page to our further damage, withholding current balancing statements.

I question the legality of WADI as operator; C & K Petroleum was designated as operator under the force-pooling orders, with the Commission keeping jurisdiction for the future. WADI has not sought NMOCD approval to be operator. Secondly, WADI/Mueller is not protecting our correlative, pooled rights, but have circumvented all such intents of the order, by:

1. Overnominating and overproducing our interests for 16 months at WADI/Mueller's sole direction and discretion;
2. Undernominating Taylor/Page for three months prior Taylor/Page learned of such, not from WADI/Mueller, but from Sioux Pointe gas checks;
3. Violating terms expressed in their own imbalance notification letter by curtailing Taylor/Page beginning even PRIOR fabrication of the letter;
4. Deceitfully curtailing January 1994 Taylor/Page's share of production to less than one-half, contrary their statements to allow full share; again learned from Sioux Pointe's gas check and, subsequently, nomination copies;
5. Curtailing February 1994 Taylor/Page's share of production to less than one-half, contrary their agreement to curtail February only by one-sixth; again learned from nominations obtained from Sioux Pointe;
6. Failing to provide current balance statements, thereby hiding the fact they have already exceeded their claims for Taylor/Page balance;
7. Continuing to underproduce Taylor/Page by one-sixth monthly, increasing the Taylor/Page negative balance achieved by WADI/Mueller;
8. Deceitfully and fraudently, contrary their own verbal and written statements, WADI has positioned themselves to monetarily benefit from underproducing Taylor/Page interests and overproducing their interests during higher gas price periods. Correlative rights are betrayed. PAGE HAS RECEIVED NOTHING SINCE OCTOBER 1993 PRODUCTION! WADI CONTROLS!

WADI/Mueller actions are creating legal problems between TW/Sioux Pointe and Taylor/Page concerning contractual obligations forced and approved by initial operator C & K Petroleum, particularly take or pay provisions; as well as depriving TW/Sioux Pointe and Taylor/Page of their rights to the higher market prices for gas during winter months.

If these are just mistakes, errors, they do not reflect prudent operatorship and are harming Taylor/Page; if they are deliberate, as results and volumes of evidence support, they do not represent an operator seeking to comply with the NMOCD orders and State regulations.

Do you desire to exercise jurisdiction and initiate corrections, possibly replacing WADI as operator? Or shall I seek civil action directly? You understand time is of the essence to correct WADI/Mueller's aggressive failure to protect correlative rights which allows them unjust profiting and benefits.

Sincerely,



enclosures

copies: Ada Page Coffman
Sioux Pointe, Jim Simons
WADI, Norm Bell

MUELLER ENGINEERING CORP.

PETROLEUM CONSULTANTS

1010 FIRST CITY TOWER II

555 NORTH CARANCAHUA

CORPUS CHRISTI, TEXAS 78478-0501

(512) 883-1911 FAX (512) 883-1909

1994 Rev.
January 6, 1993

VIA FEDERAL EXPRESS

Mr. Bill Taylor
1106 N. Country Club
Carlsbad, NM 88220

Re: Carlsbad 13-1
Gas Balancing

Dear Mr. Taylor:

Attached you will find copies of Transwestern Pipeline Company's document of Allocated and Scheduled Transport Volumes by Operator Contract for the months of July, 1992 through October, 1993, which is our basis for preparing the Gas Balancing Statements.

These documents will also provide you with the scheduled nominations, which you requested from Norm Bell, Wadi Petroleum. By using the September, 1993 document as an example, we have traced the numbers from the Transwestern document to the Gas Balancing Statement.

As a temporary measure, we have re-nominated January daily confirmed volumes from 14 to 28 MMBTU. January will not be adjusted for gas balancing.

We have taken this step to allow you time to review the documents attached and are hopeful we can come to a mutually acceptable plan for resolving the out-of-balance position of the well.

If you have any questions or need further information, please call me at (512) 883-1911.

Sincerely,

Kay B. Boatman

Kay B. Boatman
Agent for Wadi Petroleum, Inc.

cc: Norm Bell
Patty Mueller

KBB/yp

MUELLER ENGINEERING CORP.

PETROLEUM CONSULTANTS
1010 FIRST CITY TOWER II
555 NORTH CARANCAHUA
CORPUS CHRISTI, TEXAS 78478-0501
(512) 883-1911 FAX (512) 883-1909

January 27, 1994

Mr. Bill Taylor
1106 N. Country Club
Carlsbad, NM 88220

Re: Carlsbad 13-1
Nomination adjustment

Dear Mr. Taylor:

Nominations for February, 1994 have been submitted to the pipeline and a copy of the schedule is attached. This schedule will be mailed to you on a monthly basis, as you requested.

Also attached is the Gas Balancing Statement for December, 1993 production. The Ending Gas Balance was divided by six to arrive at the monthly adjustment to be made for the next six months beginning with February, 1994 nominations. Transwestern Pipeline Company's schedule of "Allocated and Scheduled Transport Volumes by Operator Contract for Production Period 12/93" is attached for support to the December Gas Balancing Statement.

If you have any questions or need further explanation, please call me at (512) 883-1911.

Sincerely,

Kay B. Boatman

Kay B. Boatman
Agent for Wadi Petroleum, Inc.

cc: Norm Bell
Patty Mueller
Michael Kerls



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

March 7, 1994

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

James Bruce, Esq.
Hinkle, Cox, Eaton, Coffield & Hensley
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Re: OCC Case 10887
Application of Kaiser-Francis Oil Company for Directional Drilling

Gentlemen:

Kaiser-Francis Oil Company has filed a motion to dismiss this case on the basis that Santa Fe Energy Operating Partners, L.P. has no standing to bring a De Novo appeal before the Commission. Based upon the motion and upon information provided by Commission Counsel from a prehearing conference held on February 28, 1994, it appears that the determination of this motion can best be made upon the record and argument of counsel.

Therefore, at the Commission hearing to be held on March 10, 1994, no party will be permitted to present testimony by witnesses. The Commission will on its own motion incorporate the record of the hearing held before the examiner and hear argument of counsel. Counsel should be prepared to address the question of whether the Commission can even enter the relief sought by Santa Fe based upon the reasons set forth in Santa Fe's response. The Commission questions whether or not it can deny this application based upon the argument that the operator did not seek regulatory relief from the BLM.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY
Commission Chairman

Post-It * brand fax transmittal memo 7671		# of pages > 1
To FLORENE	From BOB	
Co. OCC	Co.	
Dept.	Phone # 438-9176	
Fax # 827-5741	Fax #	

March 7, 1994

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, NM 87504-2265

James Bruce, Esq.
HINKLE, COX, EATON, COFFIELD & HENSLEY
P.O. Box 2068
Santa Fe, NM 87504-2068

RE: OCC Case 10887
Application of Kaiser-Francis Oil Company for Directional Drilling

Gentlemen:

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Sincerely,

William J. LeMay,
Commission Chairman

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2205

W. THOMAS KELLAHIN*

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

TELEPHONE (505) 982-4225

TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

March 3, 1994

VIA FACSIMILE
(505) 827-5741Robert G. Stovall, Esq.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501Re: REQUEST FOR ORAL ARGUMENT BEFORE THE COMMISSION
NMOCD Case 10887 (DeNovo) Order R-10048
Application of Kaiser-Francis Oil Company
for Directional Drilling, Eddy County, N.M.

Dear Mr. Stovall:

On behalf of Kaiser-Francis Oil Company and in accordance with the agreement of counsel attending the prehearing conference on February 28, 1994, I request that the DeNovo hearing of the referenced case now set for March 10, 1994 be conducted as follows:

(1) that the hearing be limited to oral argument concerning Kaiser's Motion to Dismiss the DeNovo Application of Santa Fe Energy Operating Partners, L.P.;

(2) that all witnesses shall be excused from attending the March 10th hearing and that the Commission will not take testimony or admit any evidence except that the transcript including the exhibits made at the examiner's hearing in this case held on December 16, 1993 shall be admitted in the Commission's DeNovo proceeding;

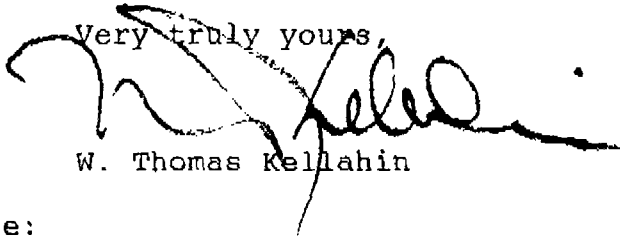
(3) that no further pleadings, memorandums, or affidavits shall be filed prior to the March 10th hearing;

Robert G. Stovall, Esq.
March 3, 1994
Page 2.

(5) should the Commission grant Kaiser's Motion then it will enter an appropriate order;

(6) should the Commission deny Kaiser's motion then the hearing will be continued to the April Commission hearing at which time the parties of record may present witnesses and evidence.

Very truly yours,



W. Thomas Kellahin

cc: Via Facsimile:
James Bruce, Esq.

cc: James Wakefield (Kaiser-Francis)

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*

*NOW MEMBER BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-LAW AND LAND LAW

JASON KELLAHIN RETIRED 1991

TELEPHONE (505) 962-4265
TELEFAX (505) 962-3047**FACSIMILE COVER SHEET**

DATE: March 3, 1994
TIME: 2:20 PM
TO: Robert G. Stovall
OF: Oil Conservation Division
FAX NO: (505) 827-5741
RE: Meridian Oil Inc.
IBLA appeal

NUMBER OF PAGES: -3-
(including cover sheet)

FROM: W. Thomas Kellahin, Esq.**SPECIAL INSTRUCTIONS:**

URGENT
FOR YOUR INFORMATION
FOR YOUR REVIEW
FOR YOUR APPROVAL
FOR YOUR REPLY
PER YOUR REQUEST

MESSAGE: Bob: Attached is a copy of my notice of appeal
to the IBLA of the BLM State Director's
decision which rejected Meridian's request to
have the BLM use the NMOCD downhole commingling
orders as the basis for approving DHC on certain
federal tracts.
I have listed the NMOCD as a party. I would
appreciate you discussing this with Bill LeMay
and letting me know if the NMOCD will participate.

Regards,
Tom

A HARD COPY WILL XXX WILL NOT FOLLOW BY U.S. MAIL.

The information contained in this Facsimile Message and Transmission is ATTORNEY PRIVILEGED AND CONFIDENTIAL information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this Facsimile Transmission in error, please immediately notify us by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

94 FEB 22 AM 10:11

W. THOMAS KELLAHIN

NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES OIL AND GAS LAWSANTA FE, NEW MEXICO
JASON KELLAHIN (RETIRED 1991)

February 22, 1994

HAND DELIVERED

UNITED STATES DEPARTMENT OF INTERIOR
Bureau of Land Management
1474 Rodeo Road
Santa Fe, New Mexico 87502-0115

Re: 3165.3 (920)

San Juan 28-4 Unit

San Juan 28-5 Unit

San Juan 29-4 Unit

SDR 94-006

Order to Submit Technical Data for
Approval to Downhole Commingle Production

NOTICE OF APPEAL

COMES NOW MERIDIAN OIL INC. by and through its attorneys, Kellahin & Kellahin, and pursuant to the provisions of Title 43 CFR Part 4.400 et. seq., hereby gives notice of an Appeal to the Office of the Secretary, Interior Board of Land Appeals from a decision of Reed L. Smith, Deputy State Director, Lands and Minerals, whereby the Bureau of Land Management ("BLM") has rejected Meridian Oil Inc.'s request to have the BLM approve the downhole commingling of production from certain wells located on federal lands by relying upon downhole commingling orders entered by the New Mexico Oil Conservation Division and has upheld a BLM order requiring Meridian Oil Inc. to submit all such technical data to the BLM for a separate and independent review.

Notice of Appeal by Meridian Oil Inc.
February 22, 1994
Page 2.

A true and correct copy of the foregoing was placed in the United States Post Office, Santa Fe, New Mexico, on February 22, 1994, postage prepaid, certified mail-return receipt requested to the following:

ADVERSE PARTIES: None

OTHERS: Field Solicitor
U.S. Department of the Interior
P. O. Box 1042
Santa Fe, New Mexico 87504

Director, Oil Conservation Division
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87504

Farmington District Office
Branch of Reservoir Management
1235 La Plata Highway
Farmington, New Mexico 87401

KELLAHIN & KELLAHIN

BY 

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
Attorneys for Appellants

CERTIFICATION

I hereby certify that I have executed the foregoing Notice of Appeal for an on behalf of Meridian Oil Inc; that I am a practicing attorney, duly admitted to the practice of law before the Supreme Court of the State of New Mexico and all federal courts within New Mexico.


W. THOMAS KELLAHIN

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2203

SANTA FE, NEW MEXICO 87504-2203

TELEPHONE (505) 982-2047
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN

NEW MEXICO BOARD OF LOCAL SPECIALIZATION
REGISTERED SPECIALIST IN THE AREA OF
NATURAL RESOURCES, OIL AND GAS LAW

JASON KELLAHIN (REGISTERED 1991)

FACSIMILE COVER SHEET

DATE: March 3, 1994 NUMBER OF PAGES: -3-
TIME: .. 2:50 PM (including cover sheet)
TO: Robert G. Stovall, Esq. FROM: W. Thomas Kellahin, Esq.
OF: Oil Conservation Division SPECIAL INSTRUCTIONS:
FAX NO: 827-5741
RE: NMOCC Case 10887 (DeNovo)
Kaiser-Francis Oil Company

URGENT
FOR YOU INFORMATION
FOR YOUR REVIEW
FOR YOUR APPROVAL
FOR YOUR REPLY
PER YOUR REQUEST

MESSAGE: Bob: Please find attached my Request for Oral Argument
before the Commission in the referenced case.

Regards,Tom

A HARD COPY XXX WILL WILL NOT FOLLOW BY U.S. MAIL.

The information contained in this Facsimile Message and Transmission is ATTORNEY PRIVILEGED AND CONFIDENTIAL information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this Facsimile Transmission in error, please immediately notify us by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C COX
PAUL W EATON
CONRAD E COFFIELD
HAROLD L HENSLEY, JR.
STUART D SHANOR
ERIC D LANPHERE
C D MARTIN
ROBERT P TINNIN, JR
MARSHALL G MARTIN
OWEN M LOPEZ
DOUGLAS L LUNSFORD
JOHN J KELLY
NICHOLAS J NOEDING
T CALDER EZZELL, JR.
WILLIAM B BURFORD*
RICHARD E OLSON
RICHARD R WILFONG*
THOMAS J MCBRIDE
JAMES J WECHSLER
NANCY S CUSACK
JEFFREY L FORNACIARI
JEFFREY D HEWETT
JAMES BRUCE
JERRY F SHACKELFORD*
JEFFREY W HELLBERG*
ALBERT L PITTS
THOMAS M HNASKO
JOHN C CHAMBERS*
GARY D COMPTON*
MICHAEL A GROSS
THOMAS D HAINES, JR
GREGORY J NIBERT
DAVID T MARKETTE*

MARK C DOW
FRED W SCHWENDIMANN
JAMES M HUDSON
JEFFREY S BAIRD*
REBECCA NICHOLS JOHNSON
WILLIAM P JOHNSON
STANLEY K KOTOVSKY, JR
H R THOMAS
ELLEN S CASEY
MARGARET CARTER LUDEWIG
CHRISTOPHER M MOODY
S BARRY PAISNER
MARTIN MEYERS
GREGORY S WHEELER
ANDREW J CLOUTIER
JAMES A GILLESPIE
GARY W LARSON
STEPHANIE LANDRY
JOHN R KULSETH, JR
MARGARET R MCNETT
LISA K SMITH*
ROBERT H BETHEA*
BRADLEY W HOWARD
NORMAN D EWART
DARREN T GROCE*
MOLLY MCINTOSH
MARCIA B LINCOLN
SCOTT A SHUART*
DARREN L BROOKS
PAUL G NASON
DARLA M SILVA

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

CLARENCE E. HINKLE (1901-1985)
W E BONDURANT, JR (1913-1973)
ROY C SNODGRASS, JR (1914-1987)

OF COUNSEL
O M CALHOUN*
MACK EASLEY
JOE W WOOD
RICHARD S MORRIS

AUSTIN AFFILIATION
HOFFMAN & STEPHENS, P.C.
KENNETH R HOFFMAN
TOM D STEPHENS
RONALD C SCHULTZ, JR

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA CENTER
6 DESTA DRIVE
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 BANK ONE CENTER
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
POST OFFICE BOX 2043
ALBUQUERQUE, NEW MEXICO 87103
(505) 768-1500
FAX (505) 768-1529

401 WEST 15TH STREET, SUITE 800
AUSTIN, TEXAS 78701
(512) 476-7137
FAX (512) 476-5431

*NOT LICENSED IN NEW MEXICO

March 2, 1994

HAND DELIVERED

Robert Stovall
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Re: **Case No. 10887 (Kaiser-Francis)**

Dear Bob:

Enclosed is Santa Fe's Response to Motion to Dismiss in the above matter. Please let Tom and me know as soon as possible what, if anything, the Commission wants to hear next Thursday.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JB:jr
Enclosure
cc: W. Thomas Kellahin w/enc. HAND DELIVERED

MAR 2 1994



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

April 11 1994

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

RE: CASE NO. 10887
ORDER NO. R-10048

Dear Sir:

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

Sincerely,

Sally E. Martinez
Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
James Bruce

100-100

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

APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR DIRECTIONAL DRILLING,
EDDY COUNTY, NEW MEXICO.

No. 10887

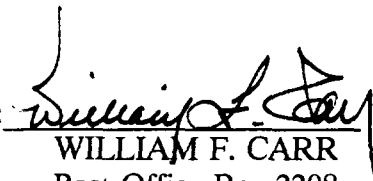
ENTRY OF APPEARANCE

COMES NOW CAMPBELL, CARR, BERGE & SHERIDAN, P.A., and hereby
enters its appearance in the above referenced case on behalf of Yates Petroleum
Corporation.

Respectfully submitted,

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

By:



WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

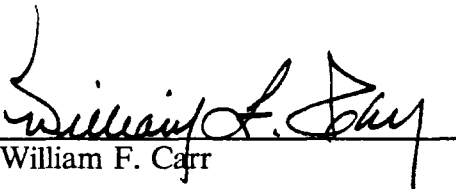
DEC

ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CERTIFICATE OF MAILING

I hereby certify that on this 15th day of December, 1993, I have caused to be hand-delivered a copy of our Entry of Appearance in the above-captioned case to:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe Street
Santa Fe, New Mexico 87504-2068


William F. Carr

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2288

SANTA FE, NEW MEXICO 87504-2288

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)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047FACSIMILE COVER SHEETDATE: Dec 28, 1993NUMBER OF PAGES: 3
(including cover sheet)TIME: 3:30 pmTO: Jim Morrow

FROM: W. Thomas Kellahin, Esq.

OF: NMOC

SPECIAL INSTRUCTIONS:

FAX NO: 827-5741RE: Case 10887☐ URGENT☐ FOR YOU INFORMATION☐ FOR YOUR REVIEW☐ FOR YOUR APPROVAL☐ FOR YOUR REPLY☐ PER YOUR REQUEST

MESSAGE: _____

A HARD COPY ☒ WILL _____ WILL NOT FOLLOW BY U.S. MAIL.

The information contained in this Facsimile Message and Transmission is ATTORNEY PRIVILEGED AND CONFIDENTIAL information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this Facsimile Transmission in error, please immediately notify us by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN

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

JASON KELLAHIN (RETIRED 1993)

December 28, 1993

VIA TELECOPY
(505) 827-5741Mr. Jim H. Morrow
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504Re: NMOCD Case 10887
Application of Kaiser-Francis Oil Company
for Directional Drilling,
Eddy County, New Mexico

Dear Mr. Morrow:

Yesterday I received a copy of a letter dated December 21, 1993 which was sent to you by Mr. Gregory J. Nibert on behalf of his client, Pogo Producing Company.

On behalf of Kaiser-Francis Oil Company, I wish to express to you my concern that Mr. Nibert is now doing what he failed to do at the hearing. On December 16, 1993 you heard the referenced case, closed the record by taking the case under advisement and adjourned the hearing. You did not request nor did opposing counsel timely seek permission to submit to you any post-hearing evidence or arguments.

The proper time for Mr. Nibert to make these assertions and to present any relevant evidence was the hearing. His letter to you constitutes an inappropriate attempt to influence you outside of the record in this case by introducing technical arguments which either he failed to support or assert at the hearing. For example, while Mr. Nibert presented no technical witness or evidence to you at the time of the hearing, he now chooses to assert a drainage argument to you by a post-hearing letter.

Oil Conservation Division
December 28, 1993
Page 2.

We take exception to his letter most of which contains irrelevant arguments beyond the jurisdiction of the Division to address or unsupported technical allegations and argumentative conclusions.

We request that you ignore Mr. Nibert's post hearing communication.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a long horizontal flourish extending to the right.

W. Thomas Kellahin

cc: Robert G. Stovall, Esq. (NMOCD)
cc: Gregory J. Nibert, Esq.
cc: James Bruce, Esq.
cc: Ernest Carroll, Esq.
cc: William F. Carr, Esq.
cc: James Wakefield (Kaiser-Francis Oil Company)

RECEIVED
OIL CONSERVATION DIVISION
JAN 9 34
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)

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW
EL PATIO BUILDING
117 NORTH GUADALUPE
POST OFFICE BOX 2265
SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

December 28, 1993

VIA TELECOPY
(505) 827-5741

Mr. Jim H. Morrow
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: NMOCD Case 10887
Application of Kaiser-Francis Oil Company
for Directional Drilling,
Eddy County, New Mexico

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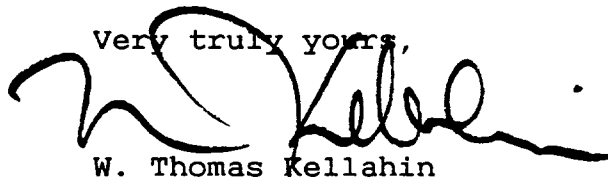
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W. Thomas Kellahin

cc: Robert G. Stovall, Esq. (NMOCD)
cc: Gregory J. Nibert, Esq.
cc: James Bruce, Esq.
cc: Ernest Carroll, Esq.
cc: William F. Carr, Esq.
cc: James Wakefield (Kaiser-Francis Oil Company)

OIL CONSERVATION DIVISION
RECEIVED

HINKLE, COX, EATON, COFFIELD & HENSLEY

'93 DE 23

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

WASHINGTON, D.C.
SPECIAL COUNSEL
ALAN J. STATMAN*

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA CENTER
6 DESTA DRIVE
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
POST OFFICE BOX 2043
ALBUQUERQUE, NEW MEXICO 87103
(505) 768-1500
FAX (505) 768-1529

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINKIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NEEDEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
JAMES J. WECHSLEP
NANCY S. CUSACK
JEFFREY L. FORNACIAR
JEFFREY D. HEWITT
JAMES BRUCE
JERRY F. SHACAELEFORD*
JEFFREY W. HELBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
ELLEN S. CASEY
MARGARET CARTER LUDEWIG
S. BARRY PAISNER
STEPHEN M. GRAMPTON
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. G. LESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
MARGARET P. MCNETT
BRIAN T. CARTWRIGHT*
LISA K. SMITH*
ROBERT H. BETHEA*
BRADLEY W. HOWARD
CHARLES A. SUTTON
NORMAN D. EWART
DARRIN T. GROCE*
WOLLY MCINTOSH
MARCIA B. LINCOLN
SCOTT A. SHUART*
DARRIN L. BROOKS
CHRISTINE E. LALE
PAUL G. NASON
DARLA M. SILVA

*NOT LICENSED IN NEW MEXICO

December 20, 1993

Jim Morrow
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Dear Mr. Morrow:

At the Kaiser-Francis hearing on Case No. 10887 last week, you asked about the directional drilling orders Pogo received on two wells. These are:

Administrative Order DD-75 (Mobil Fed. No. 3 Well); and

Administrative Order DD-74 (Mobil Fed. No. 8 Well).

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JB:jr



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

January 13, 1994

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

RE: CASE NO. 10887
ORDER NO. R-10048

Dear Sir:

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

Sincerely,

Sally E. Martinez
Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
Rick Brown - OCD
David Abbey - DFA

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. 10829
ORDER NO. R-10064

APPLICATION OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 17, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of February, 1994, the Division Director, having considered 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, Mewbourne Oil Company, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying portion of ~~the~~ Section 32, Township 18 South, Range 34 East, Lea County, New Mexico.

(3) Prior to the hearing, the applicant requested this case be dismissed.

(4) The applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED THAT:

Case No. 10829 is hereby dismissed.

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