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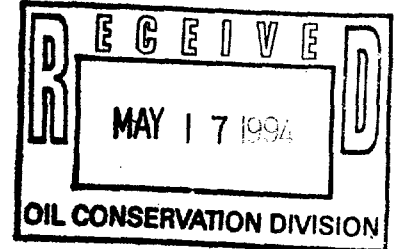
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NATURAL RESOURCES-OIL AND GAS LAW

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May 17, 1994

HAND DELIVERED



Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

10996

Re: Querecho Plains Unit Well No. 1
W/2 Section 22, T18S, R32E, NMPM
Application of Anadarko Petroleum Corporation
for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Stogner:

On behalf of Anadarko Petroleum Corporation, please find enclosed our application for compulsory pooling which we request be set for hearing on the Examiner's docket now scheduled for June 9, 1994. Also enclosed is our proposed notice of publication for this case.

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application.

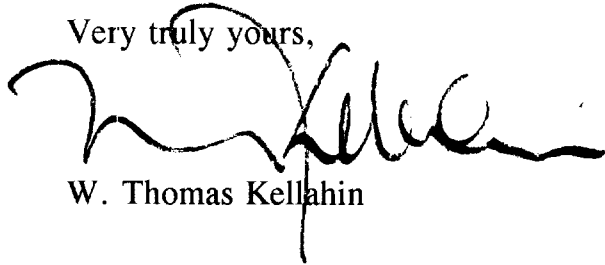
Oil Conservation Division

May 17, 1994

Page 2.

Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in the case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 pm on Friday, June 3, 1994, with a copy delivered to the undersigned.

Very truly yours,

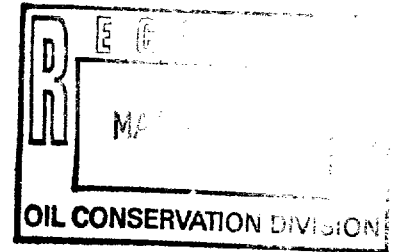
A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. Thomas Kellahin

Enclosure

cc: Anadarko Petroleum Corporation
Attn: Mr. Patrick A. Smith

cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED
to all parties listed in application



10996

CASE____: Application of Anadarko Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 22, T18S, R32E, NMPM, Lea County, New Mexico, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said unit is to be dedicated to its Querecho Plains Unit Well No. 1 which was drilled at a standard gas well location 1980 feet from the South and West lines (Unit K) of said Section 22. Also to be considered will be the value of the existing wellbore and the costs of recompleting said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in said well. Said unit is located approximately 8 miles south-southwest from Maljamar, New Mexico.

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

IN THE MATTER OF THE APPLICATION
OF ANADARKO PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 10996

A P P L I C A T I O N

Comes now ANADARKO PETROLEUM CORPORATION, by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 22, T18S, R32E, NMPM, Lea County, New Mexico, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Applicant proposes to dedicate this pooled unit to its Querecho Plains Unit Well No. 1 which was originally drilled at a standard gas well location 1980 feet from the South and West lines (Unit K) of said Section 22. Also to be considered will be the valuation of the existing wellbore and the costs of recompleting said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in drilling and recompleting said well.

In support of its application, Anadarko Petroleum Corporation, ("Anadarko") states:

1. Anadarko has acquired 100% ownership of the wellbore now known as the Querecho Plains Unit Well No. 1. Anadarko has a 87.5% of the working interest ownership in the oil and gas minerals in the Morrow formation underlying the W/2 of Section 22, T18S, R32E, NMPM, Lea County, New Mexico.

2. This tract should be subject to the Division's general statewide 320-acre gas spacing rules. The closest "Morrow" gas pool is the located approximately 2.5 miles to the east and is the Querecho Plains-Pennsylvanian Gas Pool, said pool being created by Division Order R-982 issued effective April 23, 1957.

3. The Querecho Plains Unit Well No. 1 was originally drilled by Gary L. Bennett, as operator, to a total depth of 14,217 feet at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 22, then isolated by setting a packer at a depth of 12,400 feet and produced from the Strawn formation.

4. Anadarko has acquired ownership of the Querecho Plains Unit Well No. 1 and intends to recomplete it as a Morrow formation well capable of gas production.

5. Anadarko owns all of the working interest in the proposed spacing unit with the exception of the 40-acre tract consisting of the NE/4NW/4 (Unit C) which is subject to a federal lease NM-25457 with the operating rights below 11,746 feet held by the parties identified on Exhibit "A."

6. Anadarko has proposed the subject well and its spacing unit to all the parties who collectively own the remaining 12.5% working interest of the spacing unit.

7. Despite its good faith efforts, Anadarko has been unable to obtain a written voluntary agreement from any of these parties.

8. 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, Anadarko needs an order of the Division pooling the identified and described mineral interests set forth in Exhibit "A" in order to protect correlative rights and prevent waste.

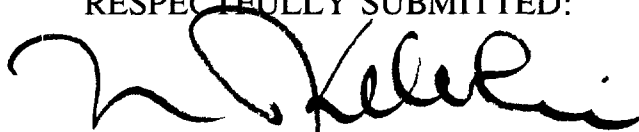
9. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of them of this case and of the

applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for June 9, 1994.

WHEREFORE, Anadarko, as applicant, requests that this application be set for hearing on June 9, 1994 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 this spacing unit for the recompletion of the subject well upon terms and conditions which include:

- (1) Anadarko Petroleum Corporation be named operator;
- (2) Provisions for each working interest owners to participate in any Morrow production by reimbursing the applicant for the value of the existing wellbore and the costs of recompleting, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, reimbursement to the applicant for the value of the existing wellbore and for the costs of the recompleting, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) Provision for overhead rates of \$5,439 per month drilling and \$863 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS; and
- (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.

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

EXHIBIT "A"
ANADARKO COMPULSORY POOLING
APPLICATION

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Box 12666
Fort Worth, Texas 76116
0.055469

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1400 Rankin Highway, Suite 28
Midland, Texas 79701
0.018490

Demar Johnson Hopson
1400 Rankin Highway, Suite 28
Midland, Texas 79701
0.018490

F. Kirk Johnson III
1832 Hilcrest
Fort Worth, Texas 76107
0.010169

Ann H. Johnson McReynolds
Managing Conservator for F. Kirk Johnson IV and
Marsland Holt Johnson c/o John W. McReynolds
2001 Byran Tower
Dallas, Texas 75201
0.008320

C. Daniel Walker
6729 Grants Lane
Fort Worth, Texas 76116
0.007813

C.W. Stumhoffer
1007 Ridglea Bank Bldg.
Fort Worth, Texas 76116
0.006250
