



Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

Fax: 505/982-2047

September 11, 1989

HAND-DELIVERED

Mr. William LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Case 9771

RECEIVED

SEP 12 1989

OIL CONSERVATION DIVISION

Re: Application for OGS Operating Company, Inc.
for Compulsory Pooling,
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of OGS Operating Company, Inc. we would appreciate you setting the enclosed application for a public hearing on the Division's Examiner docket now scheduled for October 4, 1989.

By copy of this letter to all parties to be pooled, 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. In addition, they are advised that the entry of a Compulsory Pooling Order will affect their rights to share in the production from the subject well.

Very truly yours,

W. Thomas Kellahin

WTK/lw
Encl.

cc: Mr. Thom O'Brien - OGS Operating Company
Certified Mail Return-Receipt Requested
all parties to be pooled

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

IN THE MATTER OF THE APPLICATION OF
OGS OPERATING COMPANY
FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO

RECEIVED
SEP 12 1979
OIL CONSERVATION DIVISION
CASE NO. 9721

A P P L I C A T I O N

COMES NOW, OGS OPERATING COMPANY, by and through its attorneys, Kellahin, Kellahin & Aubrey and in accordance with Section 70-2-17(c) NMSA (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest underlying the following described acreage in S/2 Section 5, T24S, R25E, Eddy County, New Mexico, in the following described manner:

S/2 of said section to form a standard 320-acre spacing and proration unit for any gas production from the top of Wolfcamp to base of Strawn Formation, and SW/4 of said section to form a standard 160-acre gas spacing and proration for gas production above the top of the Wolfcamp formation and SE/4 SW/4 of said section to form a standard 40-acre spacing and proration unit for any oil production.

The above described unit is to be dedicated to a well to be drilled to base of the Strawn Formation in the Mosley Canyon Strawn gas pool at a standard gas well location 1980 feet from the West line and 600 feet from the South line of said Section 5.

1. Applicant, OGS Operating Company, Inc. is working interest owner in the S/2 of said Section 5.
2. Applicant has sought a voluntary agreement for the formation of S/2 spacing unit for gas and a 40-acre spacing unit for oil for the drilling, completing, and production of the subject well, but has been unable to obtain a voluntary agreement from the parties shown on Exhibit "A" attached hereto.
3. Pursuant to the Division notice requirements, Applicants notified all parties to be pooled as shown on Exhibit "A" of this application for compulsory pooling and the Applicant's request for a hearing before the Division to be set on October 4, 1989.
4. In order to obtain its just and equitable share of the potential production underlying the above tract, Applicant needs an order pooling the mineral interest involved in order to protect Applicant's correlative rights and prevent waste.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter

its order approving the unorthodox location and pooling the mineral interest described herein. Applicant further prays that it be named operator of the well, and that the order make provisions for Applicant to recover out of production its consists of drilling, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completing of the well, for such other and further relief as may be proper.

Respectfully submitted,

By: 

W. Thomas Kellahin

Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285

E X H I B I T " A "

<u>LEASEHOLD/WORKING INTEREST OWNERS</u>	<u>INTEREST</u>
Yates Petroleum Corporation 105 S. 4th Street Artesia, NM 88210 Att: Mr. Rob Bullock	25.000%
Amoco Production Company P.O. Box 3092 501 Westlake Blvd. Houston, TX 77253 Att: Ms. Emily Goodfellow	25.000%
Great Western Drilling Company P.O. Box 1659 Midland, TX 79702	9.375%
Jack McIntosh 45 Pizarro Brownsville (Rancho Viejo), TX 78250	1.250%
A. B. Sam P.O. Box 1736 Midland, TX 79702	1.250%
Santa Fe Energy Company 500 W. Illinois Suite 500 Midland, TX 79701 Att: Mr. Gary Green	27.875%