

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

CASE NO. 10003

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

J. Scott Hall
J. SCOTT HALL

Rose, A. Otero

3/22/92

EXHIBIT NO. 8

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

IN THE MATTER OF THE APPLICATION OF
MESA OPERATING LIMITED PARTNERSHIP
FOR COMPULSORY POOLING, SAN JUAN
COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

MESA OPERATING LIMITED PARTNERSHIP by its undersigned attorneys, Miller, Stratvert, Torgerson & Schlenker, P.A., hereby makes application pursuant to section 70-2-17, N.M.S.A. (1978) for an order pooling all of the mineral interests in the Fruitland formation for development on 320-acre spacing in and under the W/2 of Section 36, Township 29 North, Range 10 West, N.M.P.M., San Juan County, New Mexico, and in support thereof would show the Division:

1. Applicant owns approximately 62½% of the working interest in and under the W/2 of Section 36, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Mesa FC State Com #17 well to be located at a standard location in the W/2 of said Section 36.
3. Applicant has been unable to obtain voluntary agreement for pooling or farmout from all other interest owners in the W/2 of said Section 36.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 11, 1990, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

By

J. Scott Hall
J. Scott Hall
Suite 303
125 Lincoln Avenue
Santa Fe, New Mexico 87501
Telephone: (505) 989-9614

ATTORNEYS FOR MESA OPERATING
LIMITED PARTNERSHIP

MILLER, STRATVERT, TORGERSON & SCHLENKER, P. A.

LAW OFFICES

RANNE B. MILLER
WILLIAM K. STRATVERT
ALAN C. TORGERSON
KENDALL O. SCHLENKER
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June 19, 1990

PLEASE REPLY TO SANTA FE

KENNETH R. BRANDT (1946 - 1981)

Evko Development Company
4710 Cabrillo Street
San Francisco, CA 94121

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RE: Application of Mesa Operating Limited Partnership for
Compulsory Pooling, San Juan County, New Mexico:
(FC State Com #17)

Dear Sirs:

This will advise that Mesa Operating Limited Partnership has filed an application with the New Mexico Oil Conservation Division seeking an order for the compulsory pooling of all mineral interests in the Fruitland formation in and under the W/2 Section 36, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico. (A copy of the application is enclosed.) Mesa Operating Limited Partnership proposes to dedicate the referenced pooled unit to a well to be drilled at a standard location in the SW/4 of said Section 36.

This application will be set for hearing before a Division Examiner on July 11, 1990 at the New Mexico State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

By: J. Scott Hall

J. Scott Hall

cc: Mark Seale,
Mesa Limited Partnership

P 561 862 069

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
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PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

Sent to		Evco Development CO.
Street and No.		4710 Cabrillo Street
P.O. State and ZIP Code		San Francisco, CA 94121
Postage	\$.25
Certified Fee		.90
Special Delivery Fee		
Restricted Delivery Fee		
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TOTAL Postage and Fees	\$	2.00
Postmark or Date		

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1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Evco Development Company 4710 Cabrillo Street San Francisco, CA 94121		4. Article Number: P561 862 069	
5. Signature - Addressee <i>Markella Roman</i>		Type of Service: <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	
6. Signature - Agent <i>Markella Roman</i>		Always obtain signature of addressee or agent and DATE DELIVERED.	
7. Date of Delivery 6-21-90		8. Addressee's Address (ONLY if requested and fee paid)	

Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

MILLER, STRATVERT, TORGERSON & SCHLENKER, P. A.

LAW OFFICES

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June 19, 1990

PLEASE REPLY TO SANTA FE

KENNETH R. BRANDT (1946 - 1981)

Texaco, Inc.
3300 N. Butler
Farmington, NM 87401

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RE: Application of Mesa Operating Limited Partnership for
Compulsory Pooling, San Juan County, New Mexico:
(FC State Com #17)

Dear Sirs:

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Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

By: 

J. Scott Hall

cc: Mark Seale,
Mesa Limited Partnership

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

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☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

Article Addressed to:

Texaco, Inc.
3300 N. Butler
Farmington, New Mexico 87401

4. Article Number
P 561 862 068

Type of Service:
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☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

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8. Addressee's Address (ONLY if requested and fee paid)

Signature of Addressee
Signature — Agent

Date of Delivery 6-20-90

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P.O. State and ZIP Code Farmington, NM 87401	
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Certified Fee	.90
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Return Receipt showing to whom, Date, and Address of Delivery	.85
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MILLER, STRATVERT, TORGERSON & SCHLENKER, P. A.

LAW OFFICES

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June 19, 1990

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KENNETH R. BRANDT (1946 - 1981)

Texaco, Inc.
P. O. Box 3109
Midland, TX 79702

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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(FC State Com #17)

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MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

By: J. Scott Hall

J. Scott Hall

cc: Mark Seale,
Mesa Limited Partnership

P 561 862 067

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3. Article Addressed to: Texaco, Inc. P.O. Box 3109 Midland, Texas 79702	4. Article Number P 561 862 067
5. Signature — Addressee X	Type of Service: <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 Always obtain signature of addressee or agent and DATE DELIVERED.
6. Signature — Agent X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
7. Date of Delivery JUN 21 1990	

PS Form 3811, Apr. 1989

*U.S.G.P.O. 1989-236-815

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June 19, 1990

PLEASE REPLY TO SANTA FE

KENNETH R. BRANDT (1946 - 1981)

Amoco Production Company
P. O. Box 800
Denver, Colorado 80201

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RE: Application of Mesa Operating Limited Partnership for
Compulsory Pooling, San Juan County, New Mexico:
(FC State Com #17)

Dear Sirs:

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Very truly yours,

MILLER, STRATVERT, TORGERSON
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By: J. Scott Hall
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3. Article Addressed to:		4. Article Number P 561 862 070	
Amoco Production Company P.O. Box 800 Denver, Colorado 80201		Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
5. Signature — Addressee X		Always obtain signature of addressee or agent and DATE DELIVERED.	
6. Signature — Agent X		8. Addressee's Address (ONLY if requested and fee paid)	
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P 561 862 070

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Sent to Amoco Production CO	
Street and No. P.O. Box 800	
P.O. State and ZIP Code Denver, Colorado 80201	
Postage	\$.25
Certified Fee	.90
Special Delivery Fee	
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Return Receipt showing to whom and Date Delivered	.85
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TOTAL Postage and Fees	\$ 2.00
Postmark or Date	

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

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. 10003
ORDER NO. R-9233

APPLICATION OF MESA OPERATING
LIMITED PARTNERSHIP FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 11, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of July, 1990, 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) At the time of the hearing, this case was consolidated with Case No. 9986 for the purpose of testimony.
- (3) The applicant, Mesa Operating Limited Partnership, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 36, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for said pool.
- (4) Said unit is to be dedicated to the existing F.C. State Com Well No. 17 located at a standard coal gas well location 1580 feet from the South line and 1335 feet from the West line (Unit K) of said Section 36.

Case No. 10003
Order No. R-9233
Page No. 2

(5) The applicant has the right to produce hydrocarbons underlying said proration unit, in which there are interest owners who have not agreed to pool their interests.

(6) 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 unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(7) The applicant should be designated the operator of the subject well and unit.

(8) 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.

(9) 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 156 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) 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.

(11) 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.

(12) \$3831.00 per month while drilling and \$382.00 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 what are reasonable, attributable to each non-consenting working interest.

Case No. 10003
Order No. R-9233
Page No. 3

(13) 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.

(14) 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.

(15) The operator of the well and unit 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, in the Basin-Fruitland Coal Gas Pool, underlying the W/2 of Section 36, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit for said pool.

(2) Said unit shall be dedicated to the existing F.C. State Com Well No. 17 located at a standard coal gas well location 1580 feet from the South line and 1335 feet from the West line (Unit K) of said Section 36.

(3) Mesa Operating Limited Partnership is hereby designated the operator of the subject well and unit.

(4) Within 30 days after the effective date of this order 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) Any non-consenting working interest owner may, at least 45 days after receiving the schedule of actual well costs but not more than 90 days after such receipt, file with the Division an objection to such costs; if no objection to the actual well costs is received by the Division and the Division has not objected within the period from at least 45 days to within 90 days following receipt of said schedule, the actual well costs

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shall be the reasonable well costs; provided however, if there is an objection to actual well costs within the aforesaid 45th to 90th day period, the Division will determine reasonable well costs after public notice and hearing.

(7) Within 60 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, 156 percent of 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.

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

(10) \$3831.00 per month while drilling and \$382.00 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.

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(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.

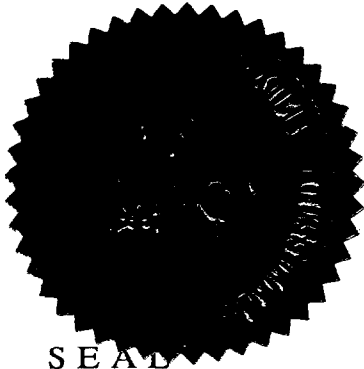
(13) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow 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, this order shall thereafter be of no further effect.

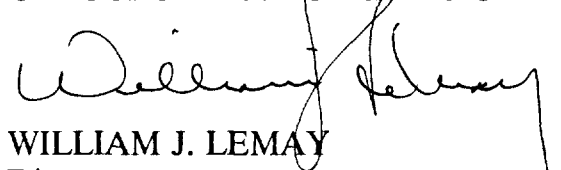
(15) The operator of the subject well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(16) 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