



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONY ANAYA
 GOVERNOR

April 29, 1985

POST OFFICE BOX 2086
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-5800

Mr. R. E. Ogden
 Regional Engineering Manager
 Amoco Production Company
 B010. Box 3092
 Houston, Texas 77253

Re: CASE NO. _____
 ORDER NO. 8554
 R-7898

Applicant:

Amoco Production Company

Dear Sir:

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

Sincerely,

R. L. STAMETS
 Director

RLS/fd

Copy of order also sent to:

Hobbs OCD _____
 Artesia OCD x
 Aztec OCD x

Other Randall Fort, Larry Hunnicutt

State of New Mexico



*Case
No. 8554*



JIM BACA
COMMISSIONER

Commissioner of Public Lands

March 27, 1985

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Express Mail Delivery Use:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Manforth Production, Inc.
Floyd L. Karsten
P. O. Box 508
Locust Valley, New York 11560

Re: State of New Mexico Oil and Gas Lease No. B-399-35
covering 879.37 acres (Chaves and Lea Counties) New Mexico

Gentlemen:

On April 13, 1984, you were advised by registered letter the subject lease was in default because of drainage from an oil well located 660 feet from the $W\frac{1}{2}SW\frac{1}{4}$, Section 13, T-13S, R-32E covered by this lease. This letter was in compliance with Section 13 of your lease and Chap. 19-10-20 NMSA 1978 and you were given 30 days to submit a plan to protect this portion of your lease from drainage. This default notice has not been rescinded or withdrawn.

By letter of May 7, 1984 Amoco Production Company advised they had acquired this lease and needed six months to cure title and commence drilling on a proration unit including this acreage. A six month extension was granted. Amoco's letter dated September 18, 1984 to Commissioner of Public Lands advised they reasonably expected to spud a well on this acreage within six months from May 7, 1984. By letter dated January 4, 1985 Amoco advised this office they were very close to completion of curative measures.

Most curative matters can be cured in approximately six months here in New Mexico either by administrative action such as force pooling, etc., or by legal court action by quieting title. It is our opinion Amoco has not acted in a prudent and diligent manner in curing title, therefore delaying the drilling obligation to protect this lease from drainage.

In Case No. 8532 to be heard this morning by an Examiner of the New Mexico Oil Conservation Division, Fred G. Yates, Inc. was requesting a Compulsory Pooling Order allowing him to drill a well on a 160 acre standard spacing proration unit covering the $SW\frac{1}{4}$, Section 13, T-13S, R-32E. This proposed well would have, when completed, protected the subject lease from drainage. At this hearing this morning Amoco Production Company requested a continuance of this case to a later date, thereby again further delaying the drilling of a well on a proration unit to protect this lease from drainage. It appears that Amoco is not acting in a prudent and diligent manner by their delaying tactics in this matter to get a well drilled.

March 27, 1985

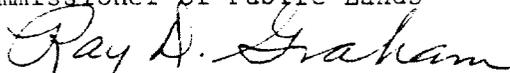
Since this lease is still under the default notice dated April 13, 1984 you are hereby given the following options to protect this lease:

1. Commence a well on or before 5:00 P.M., April 11, 1985 with a drilling rig capable of penetrating the Baum Upper Penn formation, working with a full crew 24 hours a day until such formation is penetrated, or
2. Pay Compensatory Royalty for the month of January, 1985 in the amount of \$46,766.00. Payment must be received in this office on or before 5:00 P.M., April 11, 1985, and further pay compensatory royalty, based on the value of the one-eighth (1/8) royalty of both oil and gas produced from the offending well, on or before the 65th day after the month of production until any such well is completed and placed on production on subject lease or proration unit including subject lease, or
3. Tender a Release to Commissioner of Public Lands of Lease No. B-399-35 in it's entirety on or before 5:00 P.M., April 11, 1985. A filing fee must be submitted with the release in the amount of \$10.00.

One of the above and foregoing options must be complied with on or before 5:00 P.M., April 11, 1985 or this lease will be cancelled without further notice.

Very truly yours,

Jim Baca
Commissioner of Public Lands



By: Ray D. Graham, Director
Oil and Gas Division
A/C 505-827-5744

JB:RDG:cw

cc: Amoco Production Company
Attn: Mr. Jerry D. Webb
P. O. Box 3092
Houston, Texas 77253



Amoco Production Company

Houston Region
501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

R. E. Ogden
Regional Engineering
Manager

March 22, 1985

File: JCA-986.51NM-3090

Re: Case No. 8554
Application for Administrative Approval
Non-Standard Proration Unit
Baum-Upper Pennsylvanian Oil Pool
Lea County, N.M.

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
State Land Office Building
Old Santa Fe Trail
P.O. Box 2088
Santa Fe, New Mexico, 87501

Attention: Mr. R. L. Stamets

Gentlemen:

Reference is made to Case No. 8554, Amoco Production Company's application for an 80 acre non-standard proration unit consisting of the W/2 SW/4 Section 13, T-13-S, R-32-E, Lea County, New Mexico. We understand this case has been set for Examiners Hearing, April 10, 1985.

Amoco Production Company hereby respectfully requests the subject application be dismissed. This confirms verbal request for dismissal by Mr. Jim Allen to Ms. Florene Davidson, March 22, 1985.

R. E. Ogden

JCA/dch
/07

cc: Sunburst Exploration Co.
P.O. Box 2608
Roswell, N.M. 88201

Sun Exploration & Production
Four North Park East
5656 Blackwell
P.O. Box 2880
Dallas, Texas 75221

Read and Stevens
P.O. Box 1518
Roswell, N.M. 88201

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton, Coffield & Hensley
Attorneys at Law
200 Blanks Building
P.O. Box 3580
Midland, Texas 79702

SUNBURST EXPLORATION, INC.
P.O. Box 2608
Roswell, New Mexico 88202

Larry Hunnicutt
David S. Harle

(505) 624-2066

March 13, 1985

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
State Land Office Building
Old Santa Fe Trail
Santa Fe, New Mexico 87501

ATTN: Mr. Mike Stogner

RE: Notice of Application of Non-Standard
Proration Unit
Lea County, New Mexico

File 8554

Dear Mr. Stogner:

In response to the application made by Amoco Production Company to the New Mexico Oil Conservation Division, requesting an 80 acre non-standard proration unit being the W/2SW/4, Section 13, T-13-S, R-32-E, N.M.P.M., Lea County, New Mexico,, please be advised that Sunburst Exploration, Inc., as an offset operator, objects to the approval of said application.

Based on geological and economic consideration, it is our opinion that the application will not serve to prevent the drilling of unnecessary wells and otherwise prevent waste and will not protect correlative rights.

Sincerely,



Larry Hunnicutt
President
Sunburst Exploration, Inc.

LTH/fb

RECEIVED MAR 11 1985



Amoco Production Company

Houston Region
501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

R. E. Ogden
Regional Engineering
Manager

LH _____
DH _____
ED _____
KM _____

March 7, 1985

File: JCA-986.51-3084

Re: Notice of Application for Administrative Approval
of Non-Standard Proration Unit
Baum-Upper Pennsylvanian Oil Pool
Lea County, New Mexico

Offset Operators
(see attached list)

Gentlemen:

Amoco Production Company has made application to the New Mexico Oil Conservation Division for the administrative approval of an 80 acre non-standard proration unit under the provision of Rule 3 of the Special Rules and Regulations for the referenced pool. The proposed non-standard proration unit will consist of the W/2 SW/4, Section 13, T-13-S, R-32-E, Lea County, New Mexico (Attachment No. 1). Amoco proposes to dedicate the non-standard unit to a Baum-Upper Pennsylvanian well to be drilled at an orthodox location in Unit M of Section 13.

The allowable assigned the well will be 1/2 of the allowable assignment associated with a standard 160 acre proration unit. Amoco has asked that in the absence of objection to this application by offset operators, approval be granted administratively by the New Mexico Oil Conservation Division Director.

Yours very truly,

R. E. Ogden
SPS

R. E. Ogden

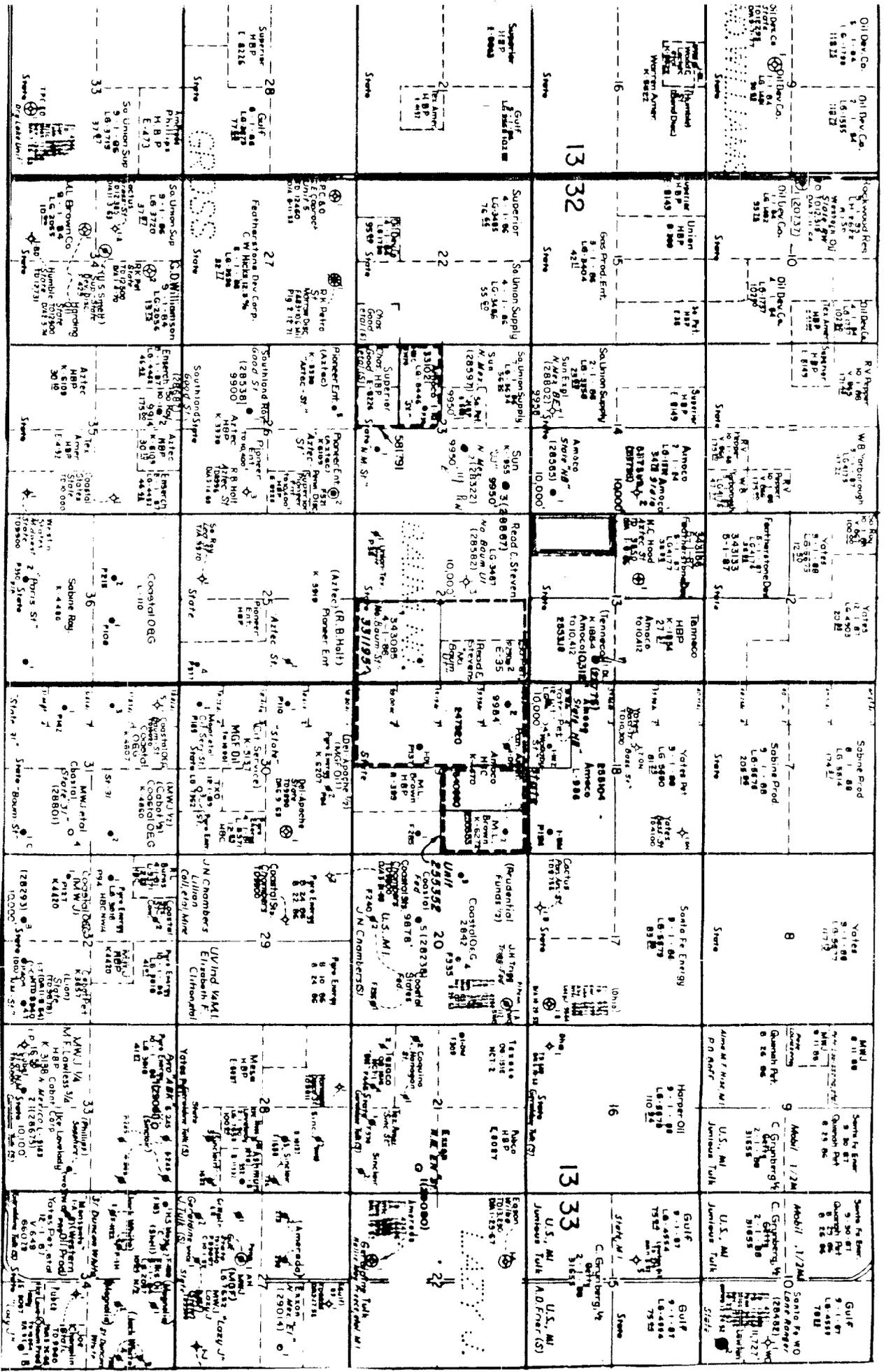
SPS/dch

Attachment

cc: State of New Mexico
Energy and Minerals Department
Oil Conservation Division
State Land Office Building
Old Santa Fe Trail
Santa Fe, N.M. 87501

List of Offset Operators

<u>Location</u>	<u>Operator</u>
Section 13 NW/4, E/2 SW/4	Sunburst Exploration Co. P.O. Box 2608 Roswell, N.M. 88201
Section 14 W/2	Amoco Production Company P.O. Box 3092 Houston, Texas 77253
Section 23 WE/4	Sun Exploration & Production Four North Park East 5656 Blackwell P.O. Box 2880 Dallas, Texas 75221
Section 24 All	Read and Stevens P.O. Box 1518 Roswell, N.M. 88201



Attachment No. 1

Location Plat
80 acre non standard
provision unit w/2 SW/4
Section 13

UNITED BANK PLAZA
400 N. PENN. SUITE 1000

PHONE 505 622-3770

CHARLES B. READ
PRESIDENT

NORMAN L. STEVENS, JR.
VICE-PRESIDENT

Read & Stevens, Inc.

Oil Producers

P. O. Box 1518

Roswell, New Mexico 88201

March 20, 1985

use 8554

New Mexico State Land Office
Oil Conservation Division
P.O. Box 1148
Santa Fe, New Mexico 87504

RE: Notice By Amoco Production Company
Of Non-Standard Proration Unit
Baum-Upper Pennsylvanian Oil Pool
Section 13: 13 South, 32 East
Lea County, New Mexico

Gentlemen:

Amoco Production Company notified us by letter dated March 7, 1985 of the above referenced Application. Read & Stevens, Inc., as an offset operator, objects to the approval of said Application. We feel that approval of the Application will lead to the drilling of unnecessary wells as well as possible drainage of offsetting acreage. We will appreciate your refusal of said Application. If you need additional information please let us know.

Sincerely,

READ & STEVENS, INC.

Joe Wigley, Land Manager



Randall Fort
Land Representative

RF:mp