

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
Attorneys at Law  
El Patio - 117 North Guadalupe  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

September 20, 1985

Mr. Richard L. Stamets  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

"Hand Delivered"

Re: New Mexico Oil Conservation  
Division Order R-7968  
Case 8557, application of  
Southland Royalty Company  
for Compulsory Pooling,  
Eddy County, New Mexico

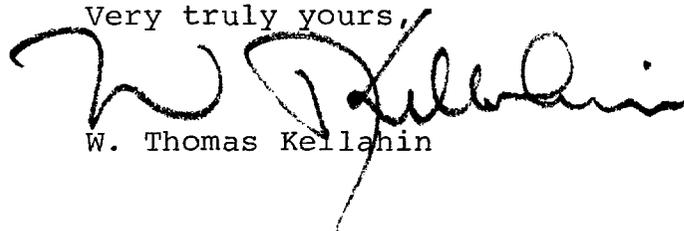
*Case File*

Dear Mr. Stamets:

Our firm represents Mr. Don Link and Mr. Dennis Link and appeared in opposition to Southland Royalty Company's application which resulted in the entry by the Division of the above referenced Order.

That compulsory pooling order, R-7968, requires Southland Royalty Company to commence the subject well on or before October 1, 1985. In the event Southland Royalty should request that this date be extended, we respectfully would request notice and an opportunity to be heard before the Division acts on such a request.

Very truly yours,



W. Thomas Kellahin

WTK:ca

cc: William F. Carr, Esq.  
Attorney for Southland

Mr. Don R. Link

*Already extended  
when this received*



TONEY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

50 YEARS



1935 - 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

September 19, 1985

Mr. William F. Carr  
Campbell & Black  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico 87501

Re: Division Order No. R-7968

Dear Mr. Carr:

Under the authority granted me by the provisions of Division Order No. R-7968 and based upon your letter of September 17, 1985, Southland Royalty Company is hereby granted an extension until November 1, 1985, to begin the well on the unit pooled under said order.

Sincerely,

R. L. STAMETS  
Director

RLS/fd

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
LOURDES A. MARTINEZ

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

September 17, 1985

Mr. R. L. Stamets, Director  
Oil Conservation Division  
New Mexico Department of  
Energy and Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

RECEIVED

SEP 17 1985

OIL CONSERVATION DIVISION

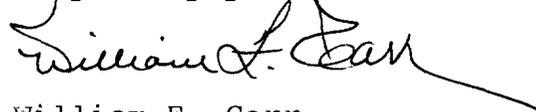
Re: New Mexico Oil Conservation Division Case 8557  
Application of Southland Royalty Company for  
Compulsory Pooling, Eddy County, New Mexico.

Dear Mr. Stamets:

On June 21, 1985, Division Order R-7968 was entered in the above-referenced case granting the compulsory pooling application of Southland Royalty Company. This Order provides that a well shall be commenced on the pooled unit prior to October 1, 1985 or the Order shall become void unless the operator obtains an extension from the Division.

Southland has a drilling rig under contract to drill a well on this unit but due to delays in drilling another well, the rig will not be available and cannot be moved onto the subject unit until shortly after October 1, 1985. Southland Royalty Company therefore requests that Order paragraph 1 of Order R-7968 be extended from October 1, 1985 to November 1, 1985. Your attention to this request is appreciated.

Very truly yours,



William F. Carr  
Attorney for Southland  
Royalty Company

WFC/cv

cc: Mr. Don Davis



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

TONY ANAYA  
GOVERNOR

June 21, 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. William F. Carr  
Campbell & Black  
Attorneys at Law  
Post Office Box 2203  
Santa Fe, New Mexico

Re: CASE NO. 8557  
ORDER NO. R-7968

Applicant:

Southland Royalty Company

Dear Sir:

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

Sincerely,

R. L. STAMETS  
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD   x    
Artesia OCD   x    
Aztec CCD           

Other Thomas Kellahin

---

---



**Southland Royalty Company**

August 28, 1985

Mr. R. L. Stamets  
Director, State of New Mexico  
Oil Conservation Division  
Energy & Minerals Department  
State Land Office Bldg.  
Oil Conservation Division  
Room 206  
310 Old Santa Fe Trail  
Santa Fe, NM 87501

PLEASE FILE IN R-7968  
CASE FILE.

THANKS,  
DWD  
Z

RE: SRC-Duffield Federal  
"21" Com. #1  
1980' FNL & 990' FWL  
Section 21, T16S, R27E  
Eddy County, New Mexico  
Duffield Prospect #1864

Dear Mr. Stamets:

Pursuant to Provision (3) of the New Mexico Oil Conservation Division Order No. R-7968, attached, please find one (1) original of an itemized schedule of estimated well costs (AFE) for the SRC-Duffield Federal "21" Com. #1. Please be advised that three (3) originals of this AFE have been forwarded to Mr. Don R. Link, the remaining leasehold interest owner under this proposed well, for his approval and execution.

If you have any questions or comments concerning this matter, please contact me.

Yours very truly,

SOUTHLAND ROYALTY COMPANY

  
Don W. Davis  
Sr. Landman

DWD:pjs

# Southland Royalty Company



**SOUTHLAND ROYALTY COMPANY**  
 1100 Wall Towers West  
 Midland, Texas 79701

RECORD ID 02  
 2-3  
 SEQ 000  
 14-16

## AUTHORIZATION FOR EXPENDITURE

COMPANY NO. 01  
 AFE NUMBER 10 13  
 LEASE/UNIT NO. 19 26

ADD A CHANGE 17 DELETE 17

AFE DATE 2 / 6 / 85 NAME SRC-Duffield Fed "21" Com No. 1

ORIGINAL 0 SUPPLEMENTAL 73 SRC OPERATOR Y

AUTHORITY IS REQUESTED TO: Drill & equip an 8800' Morrow/Atoka gas well

WILDCAT 77 DEV. 77

LOCATION: 1980' ENI & 990' FWL Sec 21, T-16-S, R-27-E, Eddy County, New Mexico

FOOTAGE	TANGIBLE — 249	ESTIMATED COST	
		PRODUCING	TO CASING PT.
	01 01 Conductor or Drive Pipe	\$	\$
<u>350'</u>	01 02 Casing <u>13 3/8" 48# H-40 ST&amp;C @ \$25.58/ft</u>	8,953	8,953
<u>1500'</u>	03 <u>8 5/8" 24# K-55 ST&amp;C @ \$12.94/ft</u>	19,410	19,410
<u>3690'</u>	04 <u>4 1/2" 11.60# K-55 ST&amp;C @ \$6.51/ft</u>	24,022	
<u>4910'</u>	05 <u>4 1/2" 10.50# K-55 ST&amp;C @ \$5.80/ft</u>	28,478	
<u>200'</u>	06 <u>4 1/2" 11.60# K-55 LT&amp;C @ \$6.80/ft</u>	1,360	
	07		
	08		
<u>8300'</u>	02 09 Tubing <u>2 3/8" 4.7# N-80 EUE @ \$4.70/ft</u>	39,010	
	03 10 Wellhead	15,000	6,000
	04 11 Packer	5,000	
	04 12 Artificial Lift		
	05 13 Tank Battery	30,000	
	10 14 Other Equipment	8,767	3,637
	15		
	TOTAL TANGIBLE 100%	\$180,000	\$38,000
	16		
	SRC <u>1,000</u>	\$180,000	\$38,000
	INTANGIBLE — 248		
	22 17 Drilling <u>8800</u> ft. @ \$ <u>14</u> ft.	\$123,200	\$123,200
	19 Rig. Day Work <u>3</u> days @ \$ <u>4500</u> day	13,500	13,500
	01 19 Rig Moving Costs		
	02 20 Completion Rig <u>8</u> days @ \$ <u>1200</u> day	9,600	-0-
	03 21 Roustabout & Miscellaneous Labor	15,000	10,000
	04 22 Auto, Trucking, Barge, Tug	12,000	10,000
	05 23 Roads, Canals, Location, Damages, Cleanup	20,000	15,000
	06 24 Mud, Oil, Water, Chemicals	50,000	40,000
	07 25 Drill Stem Tests	-0-	-0-
	08 26 Electric Logs & Bond Logs	20,000	20,000
	09 27 Cement, Centralizer, Scratchers, Service	40,000	20,000
	10 28 Bits, Fuel	1,000	-0-
	11 29 Rental Equipment	20,000	15,000
	12 30 Core & Analyses	-0-	-0-
	13 31 Bottle Tests & Sidewall Cores	-0-	-0-
	14 32 Perforate	10,000	-0-
	15 33 Acid & Frack	6,000	-0-
	16 23 34 Geological & Engineering	4,000	3,000
	17 35 Mud Logger	9,000	9,000
	18 36 Cost of Control Insurance (SRC Only)	3,000	3,000
240.07	37 Miscellaneous & Unforeseen	36,700	29,300
19.20.21	38 District & Overhead Expense	8,000	8,000
	39. TOTAL INTANGIBLE 100%	\$401,000	\$319,000
	40. SRC <u>1,000</u>	\$401,000	\$319,000
	41. GRAND TOTAL COSTS	\$581,000	\$357,000
	42. SRC <u>1,000</u>	\$581,000	\$357,000

Premium pricing may be used for tubular goods. Such pricing will be limited to mill base plus "out-of-stock" charges. Do you wish to furnish tubulars in kind?

YES \_\_\_\_\_ NO \_\_\_\_\_

DDR

Prepared by D. Roberts

AUTHORIZATION REQUESTED

AUTHORIZATION APPROVED

Company \_\_\_\_\_

By \_\_\_\_\_

Date \_\_\_\_\_

LINK EXHIBITS

1-9

;

PROPOSED ORDER

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
El Patio - 117 North Guadalupe  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

May 23, 1985

RECEIVED

MAY 23 1985

OIL CONSERVATION DIVISION

Mr. Gilbert P. Quintana  
Hearing Examiner  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

"Hand Delivered"

Re: Case 8557; application of  
Southland Royalty Company  
for Compulsory Pooling,  
Eddy County, New Mexico

Dear Mr. Quintana:

In accordance with your direction at the hearing of the referenced case on May 8, 1985, please find enclosed our proposed order on behalf of Don and Dennis Link denying the application of Southland Royalty Company.

Very truly yours,



W. Thomas Kellahin

WTK:ca  
Enc.

cc: Dennis Link  
William F. Carr, Esq.  
William LeMay

STATE OF NEW MEXICO  
ENERGY AND MINRALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

APPLICATION OF SOUTHLAND ROYALTY  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 8557  
Order No. R-

DONALD R. AND DENNIS R. LINK  
PROPOSED  
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 8, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this \_\_\_\_ day of May, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Southland Royalty Company, ("Southland") seeks an order pooling all mineral interests from the surface to the top of Wolfcamp formation underlying the NW/4 of Section 21, Township 16 South, Range 27 East, NMPM, Eddy County, New Mexico, and all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of said Section 21.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location on said pooled unit.

(4) That Donald R. Link and Dennis R. Link ("Link") appeared in opposition to the application and contested Southland's proposed location and its proposed West-half proration and spacing unit.

(5) That Southland's proposed location is 1980 feet FNL and 990 feet FWL of said Section 21 and its principal target is the Atoka-Morrow formation.

(6) That Link's proposed location is a standard location either 1980 feet FEL and 990 feet FNL or 1980 feet FWL and 990 feet FNL with a spacing and proration unit consisting of the N/2 of Section 21.

(7) That on April 1, 1982, Southland paid \$2,000/acre for a State of New Mexico lease covering the S/2 of Section 16, the section immediately to the north of the subject Section 21.

(8) That on December 1, 1982, Southland paid \$501 per acre for acreage, including the SW/4 of the subject Section 21.

(9) That Southland valued the Link acreage in Section 21 at \$650/acre but offered Link only \$300/acre and then increased the offer to only \$350.00.

(10) That Southland has failed to negotiate in good faith with Link, offering Link less for his acreage than is fair and reasonable.

(11) That Southland's latest offer to Link is \$350.00 per acre and a 6.25% ORR.

(12) That should Link accept that offer, then, the net revenue interest Southland receives from a W/2 proration unit is less than 2% different from the net revenue interest Southland receives with a N/2 proration unit.

(13) That should Link accept the Southland offer, and the W/2 of the Section be dedicated to the well, the Link's net revenue interest is 1.5625% (6.25% ORR x 25%).

(14) Than should Link accept the Southland offer and the N/2 of the Section be dedicated to the well, the Link's net revenue interest is 3.90625% (6.25% ORR x 62.5%).

(15) That the economic impact upon Link between a W/2 and a N/2 proration unit is significant.

(16) That a W/2 proration unit violates the correlative rights of Link, but a N/2 proration unit does not violate the correlative rights of Southland.

(17) That Conoco, Inc. completed its Duffield #1 well in the Atoka-Morrow formation, Unit K (SW/4) of Section 21 in 1952, and produced a total of 4.421 billion cubic feet of gas from said well before its abandonment.

(18) That Coquina Oil Company drilled its Dean-Fed well in Unit O (SW/4) of Section 21 to test the Atoka-Morrow and drilled a dry hole.

(19) That the geological and engineering evidence presented demonstrates that Southland's proposed W/2 proration and spacing unit would consist of Southland's acreage in the SW/4 which is depleted acreage.

(20) That the geological and engineering evidence presented demonstrates that the N/2 of Section 21 would be an area that can be efficiently and economically drained and developed and would include the maximum available undepleted acreage.

(21) That Southland's desire to have two possible well locations, one in the NW/4 and one in the NE/4, is not precluded by requiring that the proration and spacing unit be a N/2 dedication.

(22) That Southland has provided insufficient evidence that approval of its application will be upon terms and conditions that are just and reasonable and will afford Link the opportunity to receive without unnecessary expense his just and fair share of the gas underlying his acreage.

(23) That Southland's acreage is not being drained, is not subject to an expiring lease and there is no compelling urgency in granting a forced pooling order at this time.

(24) That the Southland application should be denied in order to prevent waste, protect correlative rights and promote conservation.

IT IS THEREFORE ORDERED:

(1) That the application of Southland herein is hereby DENIED.

(2) That 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

R. L. Stamets  
Director

SOUTHLAND ROYALTY

EXHIBITS 1-8

1  
E  
,

PROPOSED ORDER

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
LOURDES A. MARTINEZ

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 21, 1985

RECEIVED  
MAY 21 1985  
OIL CONSERVATION DIVISION

Gilbert P. Quintana  
Hearing Examiner  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

HAND-DELIVERED

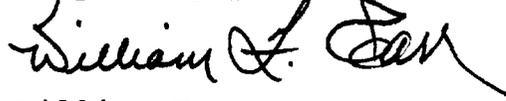
Re: Case 8557: Application of Southland Royalty  
Company for Compulsory Pooling, Eddy County,  
New Mexico.

Dear Mr. Quintana:

Pursuant to your request, please find enclosed Southland  
Royalty Company's proposed Order of the Division in the above-  
referenced case.

If you need anything further from Southland, please advise.

Very truly yours,



William F. Carr

WFC/ba  
enclosure

cc: (w/encl.)  
Mr. Don Davis  
W. Thomas Kellahin, Esq.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

Case No. 8557  
Order No. R-

APPLICATION OF SOUTHLAND ROYALTY  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 8, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this \_\_\_\_ day of May, 1985, the Division Director having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Southland Royalty Company, seeks an order pooling all mineral interests from the surface to the top of Wolfcamp formation underlying the NW/4 of Section 21, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico and all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of said Section 21.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location on said pooled unit.

(4) That Donald R. Link appeared in opposition to the application.

(5) That the evidence also showed that development of said Section 21 with stand-up units would result in the most prudent development of the section.

(6) That approval of the application will not impair correlative rights, for the evidence established that the production offsetting this section to the North is from a well which can drain little if any of the reserves from Section 21.

(7) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford 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 the NW/4 of said Section 21 in all formations above the top of the Wolfcamp formation and within the W/2 of Section 21 in the Wolfcamp and Pennsylvanian formations.

(8) That the applicant in this case should be designated the operator of the subject well and unit.

(9) That 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.

(10) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(11) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs, but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(12) That 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.

(13) That \$4,600.00 per month while drilling and \$460.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that 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.

(14) That 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.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be from the surface to the top of the Wolfcamp formation underlying the NW/4 of Section 21, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and all mineral interests, whatever they may be in the Wolfcamp and Pennsylvanian formations underlying the W/2 of said Section 21, are hereby pooled to form standard gas spacing and proration units to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said units shall continue the drilling of the well on these spacing or proration units with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that should said well not be drilled to completion or abandonment, within 120 days after date of this order, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Southland Royalty Company is hereby designated the operator of the subject well and units.

(3) That after the effective date of this order, the operator shall furnish the Division and each known working interest owner in the subject units an itemized schedule of estimated well costs.

(4) That 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 that 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 coverage.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That 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.

(7) That 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.

(B) As a charge for the risk involved in the drilling of the well, 200 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.

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

(9) That \$4,600.00 per month while drilling and \$460.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interests, 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.

(10) That any unsevered 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.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that 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.

(13) That 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 designed.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

R. L. STAMETS, Director

S E A L

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
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POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

April 10, 1985

Ms. Karen Aubrey  
Kellahin & Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Re: Cases 8556 and 8557: Applications of Southland Royalty  
Company for Compulsory Pooling, Eddy County, New Mexico.

Dear Karen:

As you are aware, the notice provided Mr. Donald R. Link concerning the above-referenced cases fully complies with the rules and regulations of the New Mexico Oil Conservation Division and is consistent with established practice before the Division.

As you may or may not be aware, when first contacted by Randy Richardson, attorney for Mr. Link, Southland immediately agreed to Mr. Link's request for additional time to enable him to prepare for the hearing.

I do request in the future that you not communicate directly or indirectly with any client we are representing in a case, but confine your correspondence and communications directly to members of this firm as their counsel. See Disciplinary Rule 7-104(a)(1) and Ethical Consideration 718.

Very truly yours,



William F. Carr

WFC/cv

cc: ✓ R. L. Stamets, Director  
Oil Conservation Division

Mr. Don Davis  
Southland Royalty Company



Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
El Patio - 117 North Guadalupe  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

April 9, 1985

"HAND-DELIVERED"

William F. Carr, Esq.  
CAMPBELL & BLACK  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Re: Application of Southland Royalty Company for  
Compulsory Pooling, Eddy County, New Mexico  
Cases No. 8556 and 8557

Dear Mr. Carr:

This letter will confirm our telephone conversation of April 9, 1985 in which you indicated that the above captioned cases will be continued until the Examiner Hearing on May 8, 1985. In addition, this letter constitutes our entry of appearance in the above cases on behalf of Donald R. Link.

We wish to take this opportunity to protest Southland Royalty Company's failure to give adequate or proper notice to Mr. Link of the above captioned cases. On April 5, 1985 Mr. Link received your April 1, 1985 letter enclosing a copy of the docket for the hearings to be held on April 10th. Mr. Link has yet to receive a copy of the Application which you have filed in connection with the compulsory pooling case in which he is a working interest owner. Receipt of a docket five (5) days prior to the hearing certainly does not constitute adequate notice which comports with the due process requirements of the New Mexico Constitution.

Finally, by this letter, we request that you provide us with the following documents and information:

1. A list of the witnesses which you propose to call at the May 8, 1985 hearing, together with an outline or summary of their proposed testimony.
2. Copies of all exhibits which you propose to introduce at the May 8, 1985 hearing.

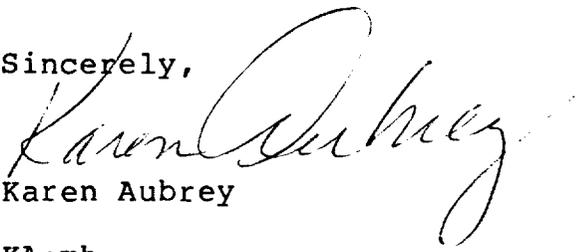
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William F. Carr, Esq.,  
Page -2-  
April 9, 1985

We would appreciate receiving these documents and witness lists and testimony summaries by April 15, 1985. In the event that you are unable to provide those items to us, we will request the Oil Conservation Commission to issue a subpoena for production of those documents at the next regular scheduled hearing of the Oil Conservation Division April 24, 1985.

Please call me if you have any questions.

Sincerely,

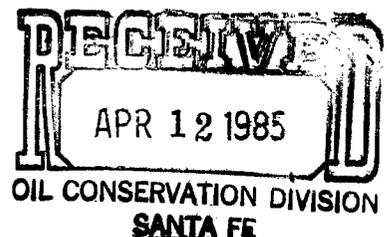
  
Karen Aubrey

KA:mh

cc: Mr. Don Davis  
Southland Royalty  
21 Desta Drive  
Midland, Texas 79705

✓ Mr. Richard L. Stamets  
Director  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Mr. Don R. Link



CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
LOURDES A. MARTINEZ

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

April 8, 1985

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OIL CONSERVATION DIVISION

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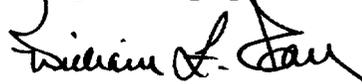
Mr. R. L. Stamets, Director  
Oil Conservation Division  
New Mexico Department of  
Energy and Minerals  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Case 8557: Application of Southland Royalty Company  
for Compulsory Pooling, Eddy County, New Mexico.

Dear Mr. Stamets:

We have been advised on this date that Randy Richardson, attorney for Don Link, has requested that the above-referenced case be continued to enable Mr. Link additional time to prepare for the hearing. This letter is to advise that Southland Royalty Company does not oppose a continuance of this case to the Examiner hearings scheduled on April 24, 1985.

Very truly yours,



William F. Carr

WFC/cv

cc: Randy Richardson, Esq.  
Mr. Don Davis

GENGLER & GENGLER

ATTORNEYS AT LAW

350 BLAKE STREET BUILDING

1441 EIGHTEENTH STREET

DENVER, COLORADO 80202

RAYMOND J. GENGLER  
TED J. GENGLER

TELEPHONE  
(303) 292-8222

April 8, 1985

William F. Carr, Esq.  
Campbell & Black, P.A.  
P.O. Box 2208  
Santa Fe, New Mexico 87501

Re: Case 8556  
Case 8557  
New Mexico Oil & Gas  
Commission

Dear Mr. Carr:

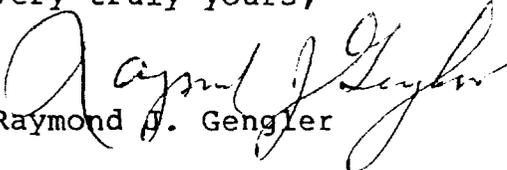
Reference is made to your letter of April 1, 1985, addressed to Mr. Donald R. Link regarding Case No. 8557.

As you are aware, the Docket of the Oil and Gas Commission identified not only Case No. 8557 but also the above Case No. 8556.

I was informed by Mr. Quintana of the Commission that both cases have been stricken from the Docket set for Wednesday, April 10, 1985, and are reset for hearing on April 24, 1985.

Thank you for your cooperation in this matter.

Very truly yours,

  
Raymond J. Gengler

RJG:kmf

cc: Oil and Gas Commission  
Donald R. Link

APR 10 1985

ACCOUNTS DIVISION