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W. Thomas Kellahin  
Karen Aubrey

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June 5, 1985

HAND DELIVERED

RECEIVED

JUN 5 1985

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

OIL CONSERVATION DIVISION  
*Case 8640*

Re: In the Matter of the Application of Caulkins Oil  
Company, For Compulsory Pooling, Rio Arriba  
County, New Mexico

Dear Mr. Stamets:

I enclose an Application which we file in triplicate  
on behalf of Caulkins Oil Company. We request that  
this matter be set for hearing on the regularly  
scheduled docket on July 2, 1985.

In addition, we request that you dismiss Case No.  
8623 filed by Caulkins Oil Company for a non-standard  
proration unit concerning this acreage which has been  
continued to July 2, 1985.

If you have any questions please don't hesitate to  
call.

Sincerely,



Karen Aubrey

KA:mh

Enclosure

cc: El Paso Natural Gas Company "Certified Mail"  
Post Office Box 990  
Farmington, New Mexico 87499  
ATTN: Mr. Van Gobel

Mr. Charles Verquer  
Caulkins Oil Company  
Post Office Box 780  
Farmington, New Mexico 87401

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

RECEIVED

JUN 5 1985

OIL CONSERVATION DIVISION

IN THE MATTER OF THE  
APPLICATION OF CAULKINS  
OIL COMPANY, FOR  
COMPULSORY POOLING,  
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 8640

A P P L I C A T I O N

COME NOW, CAULKINS OIL COMPANY, by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Dakota, including the Blanco Mesa Verde, Dakota, Pictured Cliffs, and Chacra Formations, Section 20, Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, for ~~the~~ formation of a proration and spacing unit for the said production and in support thereof would show:

1. Applicant is the owner of the right to drill and develop the N/2 NE/4; the SW/4 NE/4, and the SE/4 NW/4 of Section 20, Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

2. Applicant proposes to drill a well at a

standard location and to dedicate the N/2 of Section 20 to said well in the Blanco Mesa Verde and Basin Dakota Formations and to dedicate the NE/4 of said Section to the Pictured Cliffs and Chacra Formations.

3. Applicant has sought to obtain the cooperation of all parties.

4. In order to obtain their just and equitable share of their production underlying the above lands, Applicant needs an order pooling the mineral interests involved.

5. Those who have not consented to join in the drilling of a well with their addresses to the best of Applicant's information and belief are as follows:

El Paso Natural Gas Company  
Post Office Box 990  
Farmington, New Mexico 87499  
ATTN: Mr. Van Gobel

The foregoing interest totals 50% working interest.

6. The parties named in paragraph 5 above have been furnished a copy of this application by certified mail.

7. Applicant seeks approval of downhole commingling of the Mesa Verde and Dakota production, and authority to then dually complete said production with the Pictured Cliff and Chacra production which

will also be downhole commingled in the Kaime #1-R Well.

8. That downhole commingling of the Mesa Verde and Dakota production is the most effective and economical method of completion of the subject well.

9. That the downhole commingling of production from the Pictured Cliffs and Chacra formations also is the most effective and economical method of completion for those two zones.

10. That the commingled zones can be effectively produced in a dually completed wellbore.

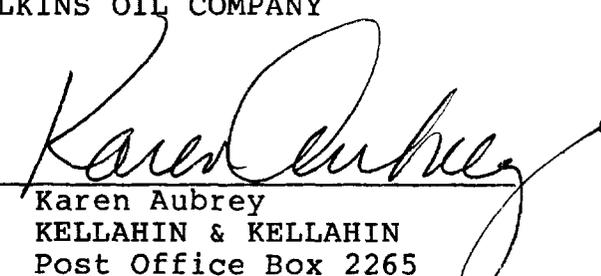
WHEREFORE, Applicant prays that this application be set for hearing on July 2, 1985, before the Division's duly appointed examiner, and, after notice and hearing as required by law, the Division enter its order pooling the mineral interests as described herein.

Applicant further prays that it be named operator of the well, and that the order make provision for Applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of operation, including costs of supervision, any risk factor in the amount of 200% for the drilling of the well, and, further, that the Division approve the downhole commingling of the

Dakota and Mesa Verde formations, the downhole  
commingling of the Pictured Cliffs and Chacra  
formations, and the dual completion of the well.

Respectfully submitted,

CAULKINS OIL COMPANY

By: 

Karen Aubrey  
KELLAHIN & KELLAHIN  
Post Office Box 2265  
Santa Fe, New Mexico 87501

Attorneys for Applicant

# MONTGOMERY & ANDREWS

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September 9, 1985

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REPLY TO SANTA FE OFFICE

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

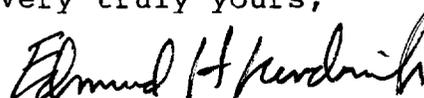
Re: Case No. 8640  
Order No. R-7998

Gentlemen:

Pursuant to Section 70-2-13 N.M.S.A. 1978, Meridian Oil Inc. ("Meridian") and El Paso Natural Gas Company ("EPNG"), as parties adversely affected by the referenced order, hereby request a hearing de novo in the referenced case before the New Mexico Oil Conservation Commission.

The request is based on a factual inaccuracy contained in ordering paragraph (3) of the Order. The Order provides at paragraph (3) that Meridian must elect whether or not to voluntarily reduce the overriding royalties which burden the N/2 NW/4 and the SW/4 NW/4 of Section 20. The overriding royalties described above are in fact held by third parties other than Meridian and EPNG, thus making it legally impossible for Meridian to make the requisite election. The Order should be amended to provide that third parties who own the overriding royalties must make the election whether or not to reduce those burdens.

Very truly yours,



Edmund H. Kendrick

EHK:dml

cc: Karen Aubrey, Esquire

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
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Area Code 505

September 12, 1985

*Set in November*  
*RLL*  
(Hand-Delivered)

OIL CO

RECEIVED

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

Re: Caulkins Oil Company Examiner Case No. 8640  
Oil Conservation Commission De Novo Case No.

Dear Mr. Stamets:

This letter will confirm that an application for stay was presented to you on September 11, 1985 by Union Oil Company of California, and that you refused to stay the application of the Examiner Order which was entered on August 8, 1985. We have received an application for De Novo hearing from El Paso Natural Gas (Meridian) and understand that this matter will be set on the docket this fall for a full Commission hearing.

We would appreciate it if you would set that Commission hearing as quickly as possible so that the rights and obligations of the party can be determined quickly. In light of the filing of the De Novo application, on behalf of Caulkins Oil Company, this letter constitutes a request to you to extend the time for drilling set forth in Order No. R-7998 from November 1, 1985, to a time period 120-days following the decision of the Commission in the above matter. We make this request because we do not believe it is possible to have the Commission hearing docketed, testimony presented, and receive an Order prior to November 1.

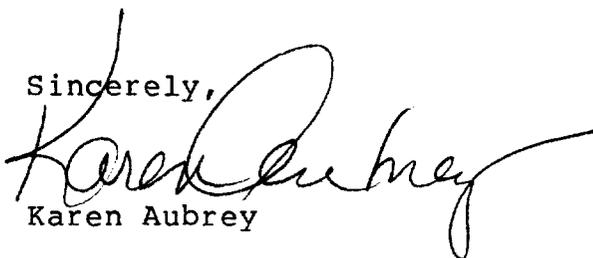
KELLAHIN and KELLAHIN

Mr. Richard L. Stamets  
September 12, 1985  
Page -2-

By copy of this letter to you we are notifying El Paso Natural Gas and Union Oil of California, through their attorneys of record, of our request for an extension of time.

If you have any questions please don't hesitate to call.

Sincerely,



Karen Aubrey

KA:mh

cc: W. Perry Pearce, Esq. "Certified"  
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Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

Scott Hall, Esq. "Certified"  
CAMPBELL & BLACK Return Receipt Requested  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Mr. Arnold Raether  
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Denver, Colorado 80202