

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

IN THE MATTER OF THE APPLICATION
OF SUN EXPLORATION & PRODUCTION
COMPANY FOR COMPULSORY POOLING OF
A 640-ACRE PRORATION AND SPACING
UNIT, GAVILAN MANCOS OIL POOL,
RIO ARRIBA COUNTY, NEW MEXICO.

CASE: 9326

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on February 9, 1988, notice of the hearing, and a copy of the application for the above referenced case, was mailed at least twenty days prior to hearings originally set for March 2, 1988, and continued to March 30, 1988 to the operators and interested parties listed in Exhibit "A" of the Application.



W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 29th day of
March, 1988.



Cassie Aguilar
Notary Public

My Commission Expires:

9-26-91

BEFORE EXAMINER STOGNER
Oil Conservation Division
<u>SUN</u> Exhibit No. <u>2</u>
Case No. <u>9326</u>

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

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
 Dugan Production Corporation
 Attn: Mr. John Roe
 P. O. Box 208
 Farmington, NM 87401

4. Article Number
 P 131 072 152

Type of Service:
 Registered
 Certified
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent
 John

7. Date of Delivery
 2-12-88

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

PS Form 3811, Feb. 1986 Jun 3/2/88 DOMESTIC RETURN RECEIPT

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

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

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

3. Article Addressed to:
 Ms. Jeannette P. Kurtz
 P. O. Box 6227
 Denver, Colorado 80206

4. Article Number
 P-484 057 419

Type of Service:
 Registered
 Certified
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent
 J.P. Kurtz

7. Date of Delivery
 3-14-88

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

PS Form 3811, Mar. 1987 Sun - Case 9326 U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

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

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
 Hixon Development Company
 Attn: Mr. Alarich Kuchera
 Box 2810
 Farmington, NM 87401

4. Article Number
 P 131 072 153

Type of Service:
 Registered
 Certified
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent
 Kevin

7. Date of Delivery
 2-12-88

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

PS Form 3811, Feb. 1986 Jun 3/2/88 DOMESTIC RETURN RECEIPT

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

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

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

3. Article Addressed to:
 Mr. Frank Pace, Jr.
 In't. Exec. Serv. Corp.
 32 nd Floor
 622 3rd Avenue
 New York, New York

4. Article Number
 P-484 057 420

Type of Service:
 Registered
 Certified
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 Mary

6. Signature - Agent

7. Date of Delivery
 3/17/88

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

PS Form 3811, Mar. 1987 Sun - Case 9326 U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult Postmaster for fees and check box(es) for additional service(s) requested.

Show to whom delivered, date, and addressee's address. Restricted Delivery ^{†/Extra charge/†}

3. Article Addressed to: Mr. Michael W. Murphy 200 North Jefferson Suite 500 Eldorado, Arkansas 71730		4. Article Number P-484 057 418
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
6. Signature - Agent X <i>[Signature]</i>		Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery 3-11-88		8. Addressee's Address (ONLY if requested and fee paid) <i>200 N Jefferson Suite 500 Eldorado 71730</i>

PS Form 3811, Mar. 1987 * U.S. POSTAL SERVICE * DOMESTIC RETURN RECEIPT
Sum Date 4326

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

February 9, 1988

Mr. William J. LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Application of Sun Exploration and
Production Company for Compulsory Pooling
for the Wildfire Well, Gavilan Mancos
Oil Pool

Dear Mr. LeMay:

On behalf of Sun Exploration and Production Company, please find enclosed our application for compulsory pooling for the Wildfire Well #1 in Section 26, T26N, R2W, Rio Arriba County, New Mexico. This case involves the same subject matter as the Hixon Case 9295 set for hearing on February 17, 1988. We would request that the Hixon case be continued and consolidated with this case.

The following is a suggested advertisement for this case:

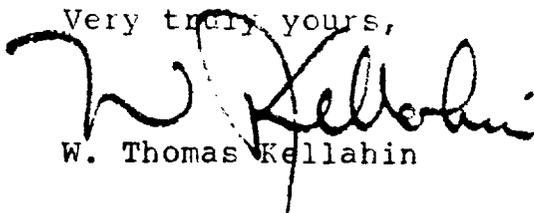
Application of Sun Exploration and Production Company for an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying a certain 640-acre tract of land in Rio Arriba County, New Mexico. Applicant in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 26, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit in said pool. Said unit is to be dedicated to the Sun Exploration and Production Company Wildfire Well No. 1 in Unit N of said Section 26 which is presently completed in and producing from the Gavilan-Mancos Oil Pool. Also to be considered will be the method for cost allocation and participation thereof as well as actual operating costs and charges for supervision. Applicant further requests that Sun Exploration and Production Company remain as operator of

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
February 9, 1988
Page 2

the well and that the effective date of any order issued in the case be retroactive to June 8, 1987. Said well is located approximately 4.5 miles east-northeast of Ojitos Post Office.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Ken Mueller
Sun Exploration and Production Company
Cherry Creek Place
3151 South Vaughn Way
Aurora, Colorado 80014

Allen Tubb, Esq.
Sun Exploration & Production Company
Four North Park East
Dallas, Texas 75231

"Certified Return-Receipt Requested"

All Parties Listed in Application

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

IN THE MATTER OF THE APPLICATION
OF SUN EXPLORATION AND PRODUCTION
COMPANY FOR COMPULSORY
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO.

A P P L I C A T I O N

Comes now SUN EXPLORATION AND PRODUCTION 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 in the Gavilan Mancos Oil Pool underlying Section 26, T26N, R2W, NMPM, Rio Arriba County, New Mexico to form a 640-acre oil spacing and proration unit in said pool to be dedicated to the Sun Exploration and Production Company Wildfire Well No. 1 located in Unit N of said Section 26 which is presently being completed for production from the Gavilan Mancos Oil Pool and dedicated to a previously approved 320 acre non-standard oil spacing and proration unit as promulgated by Rule 2(a) of Division Order R-7407-E, and in support thereof would show:

1. Applicant is the operator of the Wildfire Well No. 1 located in Unit N of Section 26, T26N, R2W, NMPM, Rio Arriba County, New Mexico.

2. Applicant has drilled its Wildfire Well in Section 26 and is in the process of completing and testing the subject well.

3. Applicant seeks to dedicate all of Section 26, being 640 acres, to the well with respect to production from the Gavilan Mancos Oil Pool.

4. The New Mexico Oil Conservation Commission issued Order R-7407-E effective June 8, 1987 provides for 640 acre spacing and proration units for the Gavilan Mancos Oil Pool.

5. Hixon Development Company is a working interest owner in the E/2 of said Section 26 and has filed an application with the Oil Conservation Division which is docketed as Division Case 9295 seeking the approval of a 320-acre non-standard oil proration and spacing unit consisting of the E/2 of said Section 26.

6. Sun is seeking the voluntary agreement from all mineral interest owners in Section 26 for the participation in the Wildfire Well and the formation of a 640 acre unit for the subject well but has been unable to reach an agreement with all parties on the method for participation in the Wildfire Well.

7. Applicant seeks to have this matter heard at the Examiner's hearing now scheduled for March 2, 1987 and further seeks that the Hixon Case 9295 now set for February 17, 1988 be continued and consolidated for hearing on the same docket with the Sun application.

8. That the parties listed in Exhibit A attached hereto have been provided with a copy of this application as notification of the application and request for hearing pursuant to Division notice rules.

9. The pooling of all the Gavilan Mancos Oil interest underlying Section 26 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that this application be set for hearing before the duly appointed Division examiner on March 2, 1988 and that after hearing the Division enter its order pooling the mineral interest described herein. Applicant further seeks that it be named operator of the well, that the order make provisions for applicant to recover reasonable compensation for the investment made on behalf of the mineral owners in Section 26, and that the effective date of the allocation of production be June 8, 1987, and that if after the election period expires, any party who has failed to pay its fair share of the participation costs

be assessed a risk factor in the amount of 200% and for such other and further relief as may be proper.

Respectfully submitted,



By
W. Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, New Mexico 87504

Attorneys for Sun
Exploration and Production
Company

EXHIBIT "A"

Hixon Development Company
Attn: Mr. Aldrich L. Kuchera
Box 2810
Farmington, New Mexico 87401

Dugan Production Corporation
Attn: Mr. John Roe
P. O. Box 208
Farmingotn, New Mexico 87401

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

IN THE MATTER OF THE APPLICATION
OF SUN EXPLORATION & PRODUCTION
COMPANY FOR COMPULSORY POOLING OF
A 640-ACRE PRORATION AND SPACING
UNIT, GAVILAN MANCOS OIL POOL,
RIO ARRIBA COUNTY, NEW MEXICO.

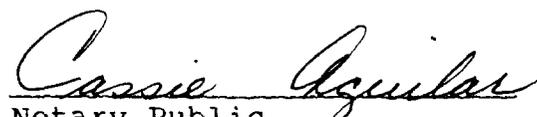
CASE: 9326

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054)
I hereby certify that on March 9, 1988, notice of the
hearing, and a copy of the application for the above
referenced case, was mailed at least twenty days prior to
hearings originally set for March 30, 1988 to the
interested parties listed on Exhibit "A" attached hereto.


W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 29th day of
March, 1988.


Notary Public

My Commission Expires:

9-26-91

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

March 9, 1988

"Certified"
Return-Receipt Requested

Mr. Frank Pace, Jr.
In't. Exec. Serv. Corp.
32nd Floor
622 3rd Avenue
New York, New York 10017

Re: Sun Exploration & Production Company
Wildfire Well No. 1
Section 26, T26N, R2W, NMPM
Rio Arriba County, New Mexico
NMOCD Case 9326 (Sun)
NMOCD Case 9295 (Hixon)

Dear Mr. Pace:

Our firm represents Sun Exploration and Production Company before the New Mexico Oil Conservation Division. I have been advised that you have an interest in the referenced well, and therefore, am providing you with notification of two hearings set before the Division on March 16, 1988, as shown on the enclosed copy of that docket.

The Hixon Case 9295 seeks to create a 320-acre non-standard unit consisting of acreage in the E/2 of this section, while Sun who operates the Wildfire Well in the W/2 of the same section, seeks to have the Division enlarge the spacing unit for this well from 320-acres to 640-acres. Spacing of 640 acres was authorized by the Division in Order R-7407-E.

Sun believes that such action is necessary in order to avoid having Hixon drill what Sun believes to be an unnecessary well that will compete for the same reserves that may be produced by the Wildfire Well. If Sun is successful, it may affect your interest in the well because all of the owners, including Sun, will have to share production and income with the owners in the E/2.

KELLAHIN, KELLAHIN & AUBREY

Mr. Frank Pace, Jr.
March 9, 1988
Page 2

Accordingly, because you are an owner potentially affected by these cases, we are providing you with notice and advising you that you have the right to appear at this hearing, with or without an attorney, either in support or opposition to either or both cases.

Should you have any questions, please call me.

Very truly yours,

Original signed by
W. THOMAS KELLAHIN
W. Thomas Kellahin

WTK:ca
Enc.

cc: Allen Tubb, Esq. (Sun)

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

March 9, 1988

"Certified"

Return-Receipt Requested

Ms. Jeannette P. Kurtz
P. O. Box 6227
Denver, Colorado 80206

Re: Sun Exploration & Production Company
Wildfire Well No. 1
Section 26, T26N, R2W, NMPM
Rio Arriba County, New Mexico
NMOCD Case 9326 (Sun)
NMOCD Case 9295 (Hixon)

Dear Ms. Kurtz:

Our firm represents Sun Exploration and Production Company before the New Mexico Oil Conservation Division. I have been advised that you have an interest in the referenced well, and therefore, am providing you with notification of two hearings set before the Division on March 16, 1988, as shown on the enclosed copy of that docket.

The Hixon Case 9295 seeks to create a 320-acre non-standard unit consisting of acreage in the E/2 of this section, while Sun who operates the Wildfire Well in the W/2 of the same section, seeks to have the Division enlarge the spacing unit for this well from 320-acres to 640-acres. Spacing of 640 acres was authorized by the Division in Order R-7407-E.

Sun believes that such action is necessary in order to avoid having Hixon drill what Sun believes to be an unnecessary well that will compete for the same reserves that may be produced by the Wildfire Well. If Sun is successful, it may affect your interest in the well because all of the owners, including Sun, will have to share production and income with the owners in the E/2.

KELLAHIN, KELLAHIN & AUBREY

Ms. Jeannette P. Kurtz
March 9, 1988
Page 2

Accordingly, because you are an owner potentially affected by these cases, we are providing you with notice and advising you that you have the right to appear at this hearing, with or without an attorney, either in support or opposition to either or both cases.

Should you have any questions, please call me.

Very truly yours,

Original signed by

W. THOMAS KELLAHIN

W. Thomas Kellahin

WTK:ca
Enc.

cc: Allen Tubb, Esq. (Sun)

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

March 9, 1988

"Certified"

Return-Receipt Requested

Mr. Michael W. Murphy
200 North Jefferson
Suite 500
Eldorado, Arkansas 71730

Re: Sun Exploration & Production Company
Wildfire Well No. 1
Section 26, T26N, R2W, NMPM
Rio Arriba County, New Mexico
NMOCD Case 9326 (Sun)
NMOCD Case 9295 (Hixon)

Dear Mr. Murphy:

Our firm represents Sun Exploration and Production Company before the New Mexico Oil Conservation Division. I have been advised that you have an interest in the referenced well, and therefore, am providing you with notification of two hearings set before the Division on March 16, 1988, as shown on the enclosed copy of that docket.

The Hixon Case 9295 seeks to create a 320-acre non-standard unit consisting of acreage in the E/2 of this section, while Sun who operates the Wildfire Well in the W/2 of the same section, seeks to have the Division enlarge the spacing unit for this well from 320-acres to 640-acres. Spacing of 640 acres was authorized by the Division in Order R-7407-E.

Sun believes that such action is necessary in order to avoid having Hixon drill what Sun believes to be an unnecessary well that will compete for the same reserves that may be produced by the Wildfire Well. If Sun is successful, it may affect your interest in the well because all of the owners, including Sun, will have to share production and income with the owners in the E/2.

KELLAHIN, KELLAHIN & AUBREY

Mr. Michael W. Murphy
March 9, 1988
Page 2

Accordingly, because you are an owner potentially affected by these cases, we are providing you with notice and advising you that you have the right to appear at this hearing, with or without an attorney, either in support or opposition to either or both cases.

Should you have any questions, please call me.

Very truly yours,

Original signed by

W. THOMAS KELLAHIN

W. Thomas Kellahin

WTK:ca
Enc.

cc: Allen Tubb, Esq. (Sun)