

**ROBERT G. ELLIOTT**  
Attorney at Law

P.O. Box 5  
Midland, Texas 79702  
(915) 687-6750

CONSERVATION DIVISION  
RECEIVED  
JAN 27 9 29

January 23, 1992

Mr. Michael Stogner  
Oil Conservation Division  
P.O. Box 2088  
Snate Fe, NM 87501

Case 10445

Re: Application for Compulsory Pooling  
Western Reserves Oil Company, Inc.  
NE NE Sec. 9, T-9-S, R-34-E  
Lea County, New Mexico

Dear Mr. Stogner:

Enclosed is the Application for Compulsory Pooling by Western Reserves Oil Company, Inc. in triplicate. It is anticipated that this application will not be opposed and therefore the additional information required under Rule 1207 (2) is included in the application.

I understand that the next hearing docket is February 20, 1992 and request to be placed on that docket. My client has a lease expiration on March 28, 1992 and therefore an early docket would be helpful. If anything else is required please do not hesitate to call me.

Very truly yours,



Robert G. Elliott  
Attorney for Applicant  
Western Reserves Oil Company, Inc.

APPLICATION FOR COMPULSORY POOLING

Case 10445

Western Reserves Oil Company, Inc. is the applicant for a Compulsory Pooling hearing and pursuant to Rule 1203 makes this application.

Rule 1203:

- (1) Applicant: Western Reserves Oil Company, Inc.
- (2) Common source of supply: Jenkins NW (San Andres)  
Area: NE/4 NE/4 Section 9, T-9-S, R-34-E  
Lea County, New Mexico
- (3) Order sought: Compulsory pooling for the re-entry of the Trice Production No. 2 Hutcherson well.
- (4) Other: The first lease expiration in the spacing unit is on March 28, 1992 and therefore an expedited order is requested.

No opposition for hearing is expected and therefore the following is included in this application pursuant to Rule 1207.

Rule 1207 A.(2)

- (i) Map & ownership: See attached Exhibit A.
- (ii) Parties to be pooled:

James Petroleum Trust  
P.O. Box 4648  
Tulsa, OK 74159  
12.5% unleased & uncommitted mineral interest

C.D. Sands  
no known address  
.2083% unleased & uncommitted mineral interest

Amoco Production Company  
P.O. Box 3092  
Houston, TX 77253  
.2083% unleased & uncommitted mineral interest

(iii) Pool: Jenkins NW (San Andres)

(iv) Oil or Gas: Oil

(v) Written attempts to voluntarily pool:  
See attached Exhibit B.

(vi) Geological Map: See attached Exhibit C.

Risk Assessment: Geological and engineering  
risk of economic success is 1 chance out of 3.

Risk penalty: Recovery of 200% above the recovery of 100% of re-entry, completion and operating costs. See Statement of Ronald O. Johnson for support of risk assessment.

(vii) Proposed overhead charges:

Drilling well rate: \$3,000/month

Producing well rate: \$300/month

The median monthly combined fixed overhead rates for West Texas and Eastern New Mexico for 1990 was \$3000 for drilling wells and \$300 for producing wells. Source: Survey by Ernst & Young.

(viii) Re-entry of the Trice Production No. 2 Hutcherson well located 660' FN&EL of Section 9, T-9-S, R-34-E, Lea County, New Mexico to test the San Andres from 4,611' to 4,634'.

(ix) Copy of AFE: See attached Exhibit D.

Attached are statements, sworn and notarized, by Ronald O. Johnson, geologist, concerning the geological map and risk assessment and by Robert G. Elliott, attorney and petroleum landman, concerning the evidence of attempts made to gain voluntary agreement to pool.

Favorable action on this application by the Oil Conservation Division will result in the prevention of

waste and the protection correlative rights. Due to the early lease expiration, the Applicant is requesting an expedited decision on its application.

APPLICANT

Western Reserves Oil Company, Inc.

A handwritten signature in cursive script, appearing to read "Robert G. Elliott". The signature is written in dark ink and is positioned above a horizontal line.

By: Robert G. Elliott  
Attorney for Applicant

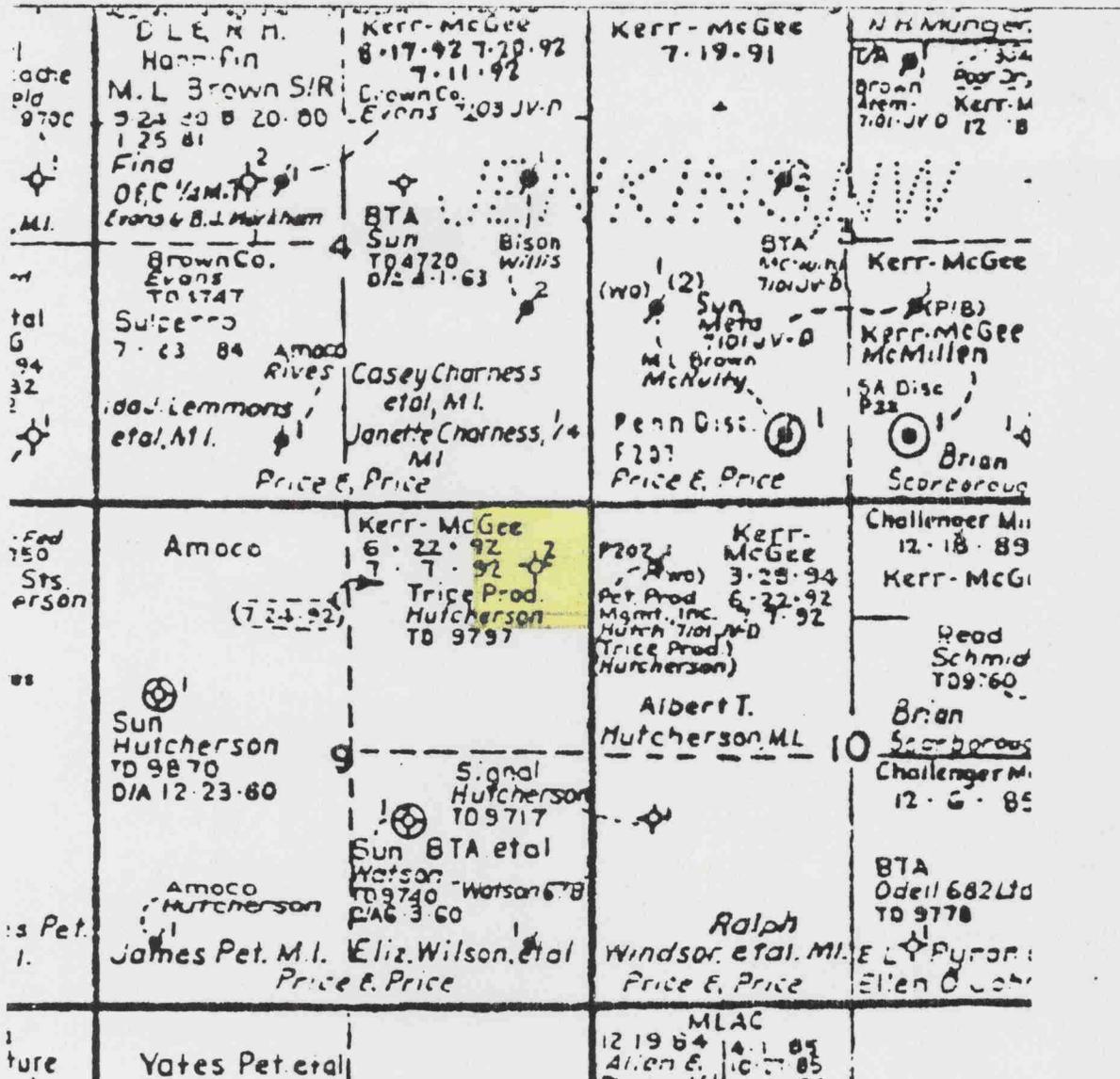


Exhibit A

Ownership

Western Reserves Oil Company, Inc.	87.0834%
James Petroleum Trust	12.5000
C.D. Sands	.2083
Amoco Production Company	.2083
	<u>100.0000%</u>

NE/4 NE/4 Section 9  
T-9-S, R-34-E  
Lea County, New Mexico

Statement of Robert G. Elliott  
Regarding Exhibit B to  
Application for Compulsory Pooling  
by Western Reserves Oil Company, Inc.

Robert G. Elliott, of lawful age, and being first duly sworn, upon his oath, deposes and says:

That he is an Attorney, licensed to practice in Kansas and Texas, and a petroleum landman, having earned a B.S. in Geography and an M.S. in Geology from the University of Kansas in 1967 and 1973 respectively and a J.D. from the University of Missouri at Kansas City in 1974, and that he was employed in the petroleum industry from 1975 to 1989 as a petroleum landman and attorney and has been a self employed petroleum landman and practicing attorney since 1989; and that he has testified before the Oil Conservation Division as an expert geological witness and landman in other matters in the past.

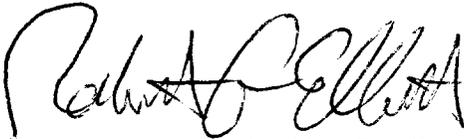
That he personally contacted the James Petroleum Trust with an offer to lease for the going rate in the immediate area by letter dated December 30, 1991, a copy of which is marked Exhibit B-1, and by telephone; that James Petroleum Trust made no written response to the offer to lease and that attempts to talk to them by telephone on January 10 were unsuccessful but that on January 13 he did reach Robert James who rejected the offer to lease and indicated they would rather be "force pooled" than to lease for the terms offered; that a letter dated January 14, a copy of which is marked Exhibit B-3, was sent to James Petroleum Trust requesting it to indicate that it would not oppose the application; that no written response was received and that by telephone on January 22 Robert James indicated that they would not oppose the application but would probably not return the letter indicating such.

That he personally contacted Amoco Production Company by telephone and by letter dated January 3, 1992, a copy of which is marked Exhibit B-2, regarding buying its interest; that based on a telephone conversation with Amoco's Tim Custer on January 23, it is anticipated that Amoco will agree to sell its interest in the near future and that in such event Applicant will ask the Oil Conservation Division to dismiss Amoco from this proceeding.

That an unsuccessful, diligent effort was made to locate C.D. Sands; that C.D. Sands acquired his mineral interest on June 1, 1960 and that he does not appear in the records for this tract

of land since that time, that a diligent search was made in the Midland County Library, Midland, Texas in all of the existing city directories for the years 1959 through 1962 in the cities of Midland, Odessa, Andrews, Abilene, Lubbock, Fort Worth and Dallas, Texas and Lovington, Hobbs, Roswell, Carlsbad and Albuquerque, New Mexico and Tulsa and Oklahoma City, Oklahoma with no trace of C.D. Sands or any other Sands with a similar name in any of the city directories.

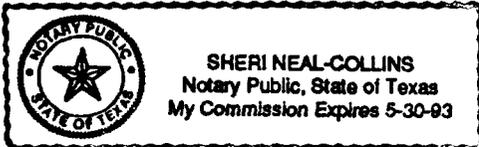
That the information contained in this statement and the correspondence marked Exhibit B-1, B-2 and B-3 is true and complete to the best of his knowledge.



Robert G. Elliott

Subscribed and sworn before me this 23rd day of January, 1992.

My commission expires:



Sheri Neal-Collins  
Notary Public for the  
State of Texas

**ROBERT G. ELLIOTT**

Oil & Gas Properties  
P.O. Box 5  
Midland, Texas 79702  
(915) 687-6750

Exhibit B-1

December 30, 1991

*Case 10445*

Mr. David E. James  
James Petroleum Trust  
P.O. Box 4648  
Tulsa, OK 74159

*918-744-0424  
1-10 am Not I left it  
1-10 pm No answer  
1-10 pm No answer*

Re: NE/4 Sec. 9 & NW/4 Sec. 10  
T-9-S, R-34-E  
Lea County, New Mexico

Dear Mr. James:

I represent Western Reserves Oil Company, Inc. located in Midland, Texas. Western would like to lease your undivided 1/8th mineral interest in the captioned land for \$25 per net mineral acre for a three year term providing for a 1/6th royalty. Your 1/8th interest amounts to a total of 40 net mineral acres and therefor your total bonus calculates to be \$1000.00.

If these terms are acceptable to you please return one signed copy of this letter to me and I will prepare the lease and draft for your execution.

*Mon 3:15 pm*

Very truly yours,

*Robert James*  
\_\_\_\_\_

Robert G. Elliott

AGREED AND ACCEPTED this \_\_\_\_\_ day of January, 1992.

JAMES PETROLEUM TRUST

By \_\_\_\_\_  
David E. James

**ROBERT G. ELLIOTT**

Oil & Gas Properties  
P.O. Box 5  
Midland, Texas 79702  
(915) 687-6750

Exhibit B-2

January 3, 1992

Mr. Tim Custer  
Amoco Production Company  
P.O. Box 3092  
Houston, TX 77253

713-556-3011

Re: E/2 Sec. 8, W/2 Sec. 9,  
NE/4 Sec. 9 & NW/4 Sec. 10  
T-9-S, R-34-E  
Lea County, New Mexico

Dear Tim:

As we discussed by telephone today, I represent Western Reserves Oil Company, Inc. located in Midland, Texas. Western would like to purchase the undivided .002083 mineral interest owned by Amoco in the captioned land which amounts to a total of 2 net acres. Western will pay Amoco a total of \$250.00 for all of its mineral interest which is more than 4 to 5 times the going rate for an oil and gas lease.

At the December 1991 New Mexico lease sale Western bought four leases in Section 2 for \$29.50 per net acre. All of the fee leases in this prospect cost \$25 per net acre. The oil and gas target is the San Andres which produces about 15 barrels of heavy crude and 30 barrels of water per day from each of 2 wells located in Section 3 operated by Western and by Kerr McGee.

If \$250.00 is acceptable to Amoco please return one signed copy of this letter to me and I will prepare the mineral deed and draft for execution.

Very truly yours,

Robert G. Elliott

AGREED AND ACCEPTED this \_\_\_\_\_ day of January, 1992.

AMOCO PRODUCTION COMPANY

By

**ROBERT G. ELLIOTT**

Attorney at Law

P.O. Box 5  
Midland, Texas 79702  
(915) 687-6750  
Exhibit B-3

January 14, 1992

Mr. Robert James  
James Petroleum Trust  
P.O. Box 4648  
Tulsa, OK 74159

CERTIFIED MAIL  
RETURN RECEIPT  
#P987 118 413

Re: NE/4 NE/4 Section 9  
T-9-S, R-34-E  
Lea County, New Mexico

Dear Mr. James:

This letter confirms our telephone conversation of January 13, 1992 wherein you turned down the offer to lease your undivided 1/8th mineral interest set forth in my letter of December 30, 1991. You indicated that you would rather be force pooled.

An Application for Compulsory Pooling will be filed shortly for the re-entry by Western Reserves Oil Company, Inc. of the Trice Production No. 2 Hutcherson located 660' FN&EL of Section 9, T-9-S, R-34-E, Lea County, New Mexico. The proposed operation will test the San Andres formation at 4,610' feet below the surface.

By signing and returning one copy of this letter you are indicating that you do not intend to oppose the application for compulsory pooling for the above operation.

Very truly yours,

Robert G. Elliott

AGREED AND ACCEPTED this \_\_\_\_\_ day of January, 1992.

JAMES PETROLEUM TRUST

By \_\_\_\_\_  
Robert James

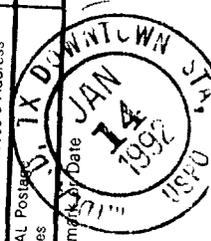
P 987 118 413



**Receipt for Certified Mail**

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to	James
Street and No.	Bx 4648
P.O., State and ZIP Code	74159
Postage	\$ 29
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 229
Postmark Date	JAN 14 1992



PS Form 3800, June 1991

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  James Bx 4648 74159	4a. Article Number P987118 413
5. Signature (Addressee)  6. Signature (Agent)	4b. Service Type <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
	7. Date of Delivery 1-21-92
	8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, November 1990 ☆ U.S. GPO: 1991-287-066

**DOMESTIC RETURN RECEIPT**

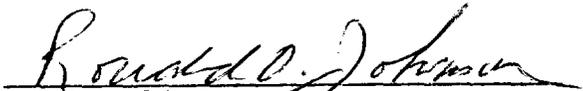
Statement of Ronald O. Johnson  
Regarding Exhibit C to  
Application for Compulsory Pooling  
by Western Reserves Oil Company, Inc.

Ronald O. Johnson, of lawful age, and being first duly sworn,  
upon his oath, deposes and says:

That he is a Certified Petroleum Geologist, having earned a B.S. and an M.S. in Geology from the University of Texas at Arlington in 1971 and 1973 respectively, and that he was employed in the petroleum industry from 1973 to 1984 as a petroleum geologist and has been a self employed petroleum geologist since 1984; that he is currently President of the Southwest Section of the American Association of Petroleum Geologists and that he has testified before the Oil Conservation Division as an expert geological witness in other matters in the past.

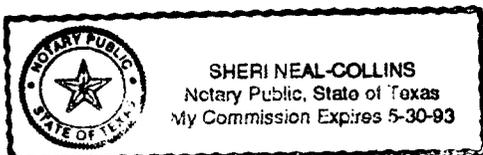
That he personally prepared the geological map marked Exhibit C-1 to the application for Compulsory Pooling in his endeavors to search for and locate oil and gas and that the information contained in said map is true and complete to the best of his knowledge and that Exhibit C-2 is a copy of the San Andres interval of all of the logs run in the Trice Production No. 2 Hutcherson well.

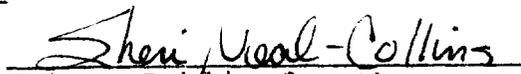
That the risk assessment of 1 in 3 is based upon his knowledge of the geological nature of the reservoir and stratigraphy of the prospect and his analysis of the logs from the Trice Production No. 2 Hutcherson well to determine the porosity of the San Andres formation and his estimate of the mechanical risk of re-entering said well; that the risk penalty is normal for this type of venture and is the same risk penalty agreed to by Western Reserves investors in this prospect and that the foregoing is true and complete to the best of his knowledge.

  
Ronald O. Johnson

Subscribed and sworn before me this 23rd day of January, 1992.

My commission expires:



  
Notary Public for the  
State of Texas