

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

RECEIVED

JUN 27 1997

OIL CONSERVATION DIVISION

CASE NO. 10498

APPLICATION OF CHARLES GILLESPIE
FOR COMPULSORY POOLING AND A NON-
STANDARD SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Applicant as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Charles Gillespie
Post Office Box 8
Midland, Texas 79702
(915) 683-1765
Attention: Bill Crow

ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

OPPOSITION OR OTHER PARTY

ATTORNEY

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Section 1 - 16 South - 35 East, for all pools or formations spaced on 40 acres, and for a non-standard spacing unit. Compulsory pooling is necessary because there are parties who have not committed their interests to the well. The non-standard unit is based on a variation in the U.S. Public Land Survey.

OPPOSITION OR OTHER PARTY

PROPOSED EVIDENCE

APPLICANT

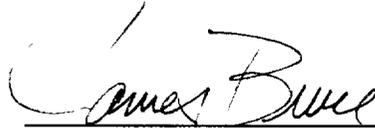
	WITNESSES	EST. TIME	EXHIBITS
1.	_____ (Landman)	10 minutes	(a) Land Plat. (b) Correspondence with parties. (c) AFE. (d) Notice letter.
2.	_____ (Geologist)	10 minutes	(a) Cross-section. (b) Production map. (c) Structure map.

OPPOSITION

PROCEDURAL MATTERS

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 10498

IN THE MATTER OF CASE NO. 10498
BEING REOPENED UPON APPLICATION
OF MONTY D. McLANE TO EXEMPT
CERTAIN WORKING INTERESTS FROM THE
COMPULSORY POOLING PROVISIONS OF
DIVISION ORDER NO. R-9690,
LEA COUNTY, NEW MEXICO.

RECEIVED
OCT 21 1999
OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

This prehearing statement is submitted by William F. Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Monty D. McLane _____
6009 Meadowview _____
Midland, Texas 79707 _____

(915) 699-0569 _____
name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

Charles Gillespie _____

() _____
name, address, phone and
contact person

ATTORNEY

William F. Carr _____
Campbell, Carr, Berge & Sheridan _____
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____

(505) 988-4421 _____

ATTORNEY

James G. Bruce _____
Hinkle, Cox, Eaton, Coffield & Hensley _____
Post Office Box 2068 _____
Santa Fe, New Mexico 87504 _____

(505) 982-4554 _____

STATEMENT OF CASE

APPLICANT

Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

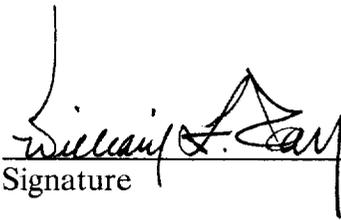
APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Monty D. McLane	15 Minutes	Approximately 10

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS



Signature

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER (505) 983-6043

October 28, 1992

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

OCT 28 1992

OIL CONSERVATION DIV.
SANTA FE

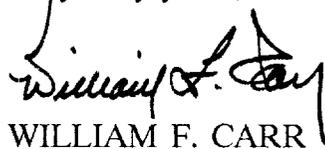
Re: Oil Conservation Division Case No. 10498:
In the Matter of Case No. 10498 Being Reopened Upon Application of
Monty D. McLane to Exempt Certain Working Interests From the
Compulsory Pooling Provisions of Division Order No. R-9690, Lea County,
New Mexico

Dear Mr. LeMay:

Monty D. McLane respectfully requests that this matter which is currently set on the
Division docket for the November 5, 1992 hearings be continued to the November 19,
1992 Examiner docket.

Your attention to this matter is appreciated.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

cc: Mr. Monty D. McLane
James G. Bruce, Esq.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 10498

IN THE MATTER OF CASE NO. 10498
BEING REOPENED UPON APPLICATION
OF MONTY D. McLANE TO EXEMPT
CERTAIN WORKING INTERESTS FROM THE
COMPULSORY POOLING PROVISIONS OF
DIVISION ORDER NO. R-9690,
LEA COUNTY, NEW MEXICO.

RECEIVED

OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

This prehearing statement is submitted by William F. Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Monty D. McLane _____
6009 Meadowview _____
Midland, Texas 79707 _____

(915) 699-0569 _____
name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

Charles Gillespie _____

() _____
name, address, phone and
contact person

ATTORNEY

William F. Carr _____
Campbell, Carr, Berge & Sheridan _____
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____

(505) 988-4421 _____

ATTORNEY

James G. Bruce _____
Hinkle, Cox, Eaton, Coffield & Hensley _____
Post Office Box 2068 _____
Santa Fe, New Mexico 87504 _____

(505) 982-4554 _____

STATEMENT OF CASE

APPLICANT

Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

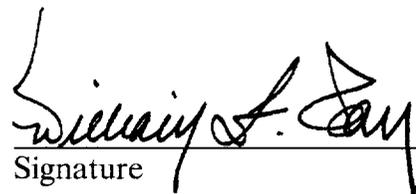
APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Monty D. McLane	15 Minutes	Approximately 10

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS


Signature

0498

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

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SANTA FE, NEW MEXICO 87504-2068

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CLARENCE E. HINKLE (903/1985)
W. E. BONDURANT, JR. (903/1973)
ROY C. SNODGRASS, JR. (904/1987)

OF COUNSEL
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MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

WASHINGTON, D.C.
SPECIAL COUNSEL
ALAN J. STATMAN

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FAX (806) 372-9761

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LEWIS C. COX
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CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
ROBERT P. TIMMIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. GUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW

KAREN M. RICHARDSON*
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
KARA L. KELLOGG

BETTY H. LITTLE*
RUTH S. MUSGRAVE
ELLEN S. CASEY
S. BARRY PAISNER
MARGARET CARTER LUDEWIG
STEPHEN M. CRAMPTON
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
MARGARET R. MCNETT
BRIAN T. CARTWRIGHT*
LISA K. SMITH*
JAMES KENT SCHUSTER*
ROBERT H. BETHEA*
BRADLEY W. HOWARD
CHARLES A. SUTTON*
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH

November 17, 1992

*NOT LICENSED IN NEW MEXICO

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Dear Florene:

Enclosed are an original and two copies each of three Pre-Hearing Statements for the Santa Fe Energy, Mewbourne Oil Company, and Monty McLane cases scheduled for Thursday's hearing.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce
James Bruce

JB: frs
Enclosures

RECEIVED
NOV 17 1992
OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

NOV 1 1991

OIL CONSERVATION DIVISION

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

CASE NO. 10,498

APPLICATION OF MONTY MCLANE TO
REOPEN CASE NO. 10,498.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Charles B. Gillespie, Jr. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Monty D. McLane

ATTORNEY

William F. Carr

OTHER PARTY

Charles B. Gillespie, Jr.
Post Office Box 8
Midland, Texas 79702
(915) 683-1765
Attention: William Crow

ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

STATEMENT OF CASE

APPLICANT

OTHER PARTY

Mr. Gillespie made a good faith search of the records in an attempt to secure joinder of the Lawton and Parks interests, and therefore they are subject to Order No. R-9690.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
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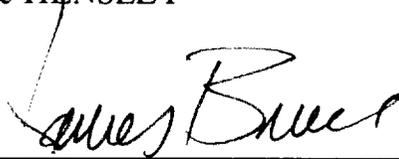
OTHER PARTY

WITNESSES	EST. TIME	EXHIBITS
Craig Hubbard	10 minutes	(a) List of Search Efforts (b) Telephone Bills

PROCEDURAL MATTERS

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Charles B. Gillespie, Jr.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Pre-Hearing Statement was hand-delivered to William F. Carr, Esq., 110 North Guadalupe, Santa Fe, New Mexico 87501, this 17th day of November, 1992.



James Bruce

Charles B. Gillespie, Jr.

RECEIVED

Oil Producer-Investor
P.O. Box Eight
Midland, Texas 79702

1992 DEC 4 AM 8 50

(915) 683-1765
Fax (915) 683-1491CERTIFIED MAIL
RETURN RECEIPT REQUESTED

December 4, 1992

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504
Attn: Mr. William J. LeMayRe: Speight Fee Well No. 1
Lots 3 and 6 of Section 1,
Township 16 South, Range 35 East,
Lea County, New Mexico

To Whom It May Concern:

Pursuant to the State of New Mexico Oil Conservation Division Order No. R-9690, a copy of which is included herewith, enclosed is an itemized schedule of actual well costs for drilling, testing, completing, equipping and operating the captioned well through November 30, 1992. Should you have any concerns regarding this schedule of costs, please notify the Division within forty five (45) days following receipt of said schedule.

If you have any questions, please do not hesitate to call.

Very truly yours,

*William R. Crow*William R. Crow
Exploration Manager

WRC/vjc

Enclosures

*Catanach**Case 10498**WJC
CASE FILE*

VENDOR	CK #	CK DATE	INV #	INV DATE	AMOUNT	CODE	WELL NO
Adventure Travel	21239	7-15-92	102378	6-12-92	182.00	5140	1
Caprock Title Company	20902	2-18-92	4492	1-21-92	31.79	5118	"
Craig Hubbard, CPL	20803	1-22-92	92-003	1-9-92	210.02	5115	"
"	21248	7-15-92	92-035	7-1-92	824.75	"	"
"	"	"	92-036	7-9-92	787.50	5118	"
Lea County Clerk	20707	12-31-92		12-31-92	7.00	"	"
"	21215	7-2-92		7-02-92	21.00	"	"
Ms. Barbara Gallagher	21210	7-1-92		7-01-92	15.50	"	"
Petroleum Information Corp.	21331	7-24-92	4188685	6-16-92	91.05	"	"
Quick Draw Drafting	21145	6-24-92		6-19-92	240.00	5132	"
Reynolds Brothers	21243	7-15-92	50272	6-16-92	3.99	5118	"
"	"	"	50368	6-17-92	26.20	"	"
"	"	"	48904	6-17-92	7.54	"	"
"	"	"	50454	6-18-92	94.85	"	"
Mike and Dan Field	21238	7-8-92			3,860.00	1220	"
Abbott Brothers Drilling	21461	8-25-92	10347	7-13-92	2,368.42	5015	"
Allstate Construction, Inc.	21469	8-25-92	H-303-92	7-17-92	9,969.75	1240	"
B & B Machine Shop, Inc.	21474	8-25-92	29466	7-27-92	161.28	5015	"
B. F. Good	21485	8-25-92		7-22-92	1,588.12	"	"
BJ Services	21431	8-25-92	70815	7-17-92	4,158.57	"	"
"	"	"	70825	7-23-92	4,991.81	"	"
Bearing Service & Supply	21264	7-17-92	9591	7-16-92	6,875.53	1240	"
Bull Rogers Laydown	21465	8-25-92	792-26FU	7-28-92	406.18	5015	"
Diamond Rental, Inc.	21453	8-25-92	28656	7-23-92	3,759.42	"	"
Double "R" Pipe & Supply			5798	7-21-92	466.95	"	"
Howard Casing & Tubing	21352	7-29-92	180-92	7-21-92	42,384.76	1240	"
"	21404	8-19-92	191-92	8-14-92	75,704.70	"	"
I & W Transportation	21433	8-25-92	26787	7-27-92	4,848.00	5015	"
Jarrel Services, Inc.	21482	8-25-92	21721-E	7-27-92	1,077.06	"	"
John West Engineering	21462	8-25-92	92110928	7-20-92	415.60	"	"
Man Welding Service	21440	8-25-92	6402	7-28-92	101.28	"	"
O & D Pump Service	21463	8-25-92	7715	7-16-92	423.44	"	"
Star Electric, Inc.	21473	8-25-92	24077	7-20-92	67.51	"	"
Star Welding Service, Inc.	21451	8-25-92	48895	7-17-92	169.80	"	"
ZIADRIL	21489	8-26-92	200504	8-17-92	203,302.29	"	"
Advance Consultants Corp.	21613	9-25-92	92155	7-17-92	5,126.32	"	"
Allen's Casing Crews, Inc.	21639	9-25-92	23089	8-16-92	699.60	"	"
Allstate Construction, Inc.	21622	9-25-92	H-327-92	8-17-92	359.76	"	"
B & B Oilfield Service	21632	9-25-92	4149	8-11-92	312.70	"	"
"	"	"	4150	8-18-92	125.08	"	"
"	"	"	4162	8-25-92	625.40	"	"
"	"	"	4164	8-25-92	782.81	"	"
"	"	"	4165	8-25-92	781.75	"	"
"	"	"	4166	8-25-92	750.48	"	"
"	"	"	4167	8-25-92	719.21	"	"
"	"	"	4168	8-25-92	511.98	"	"
Bovaird Supply Company	21597	9-25-92	740355	7-14-92	64.02	"	"
"	"	"	740774	8-12-92	88.30	1240	"
PAGE TOTAL					380,591.07		

VENDOR	CK #	CK DATE	INV #	INV DATE	AMOUNT	CODE	WELL NO
Clyde's Pumping & Backhoe	21637	9-25-92	4645 C	7-9-92	124.16	5015	1
Craig Hubbard, CPL	21534	9-4-92	92-051	9-9-92	306.25	5115	"
Craig Hubbard, CPL	"	"	92-052	9-9-92	43.75	"	"
Curley's Inspection Service	21640	9-25-92	62095	8-15-92	1,044.28	5015	"
Double "R" Pipe & Supply	21610	9-25-92	5803	7-22-92	270.62	"	"
"	"	"	5821	8-18-92	254.70	"	"
Halliburton Services	21599	9-25-92	HR R05711	8-4-92	1,432.21	"	"
"	"	"	HR R05712	8-6-92	2,249.40	"	"
Higginbotham-Bartlett	21595	9-25-92	L 28652	8-19-92	7.15	"	"
"	"	"	L 28902	8-20-92	54.55	"	"
"	"	"	L 28937	8-21-92	5.43	"	"
Horizon Mud Company	21493	8-28-92	4571	8-19-92	18,676.30	"	"
Howard Casing & Tubing	21540	9-9-92	200-92	8-31-92	34,275.91	"	"
I & W Transportation	21593	9-25-92	27055	8-27-92	192.62	"	"
John West Engineering	21615	9-25-92	92141201	8-18-92	683.12	"	"
J.W. Mulloy Associates, Inc.	21641	9-25-92	3839	8-4-92	1,375.15	"	"
Mack's Rentals	21638	9-25-92	6588	7-16-92	703.40	"	"
Man Welding Service	21598	9-25-92	3265	9-26-92	101.28	"	"
O & D Pump Service	21616	9-25-92	7718	8-11-92	922.55	"	"
"	"	"	7719	8-19-92	1,082.48	"	"
Redman Pipe & Supply	21624	9-25-92	322070427	7-29-92	48.90	"	"
Star Electric, Inc.	21626	9-25-92	24178	8-12-92	344.01	"	"
T-N-T Construction, Inc.	21642	9-25-92	1057	8-13-92	127.20	"	"
"	"	"	1064	8-18-92	424.00	"	"
"	"	"	1065	8-19-92	466.40	"	"
"	"	"	1067	8-20-92	424.00	"	"
"	"	"	1068	8-21-92	466.40	"	"
Hinkle, Cox, Eaton, Etc.	21546	9-10-92	102029	8-1-92	1,050.21	1220	"
Allen's Casing Crews	21639	9-25-92	23318	8-16-92	2,379.70	5015	"
Advance Consultants Corp.	21751	10-26-92	92166	9-9-92	74.44	"	"
B & B Oilfield Service	21765	10-26-92	4178	9-1-92	1,284.72	"	"
"	"	"	4179	9-1-92	222.60	"	"
"	"	"	4180	9-1-92	750.48	"	"
"	"	"	4181	9-1-92	719.21	"	"
"	"	"	4182	9-1-92	44.52	"	"
"	"	"	4183	9-1-92	719.21	"	"
"	"	"	4184	9-1-92	406.51	"	"
"	"	"	4185	9-1-92	719.21	"	"
"	"	"	4198	9-10-92	500.32	"	"
"	"	"	4200	9-10-92	625.40	"	"
"	"	"	4203	9-10-92	678.40	"	"
"	"	"	4204	9-10-92	531.59	"	"
BJ Services	21656	9-30-92	70862	8-16-92	13,278.18	"	"
"	"	"	70872	9-1-92	(889.37)	"	"
Baker Performance Chemicals	21773	10-26-92	2092419-0	9-24-92	673.20	5011-008	"
Bovaird Supply Company	21727	10-26-92	741035	8-31-92	1,150.93	1240	"
"	"	"	741036	8-31-92	429.11	"	"
"	"	"	741037	8-31-92	1,203.79	"	"
PAGE TOTAL					92,658.58		

VENDOR	CK #	CK DATE	INV #	INV DATE	AMOUNT	CODE	WELL NO
Bovaird Supply Company	21727	10-26-92	741038	8-31-92	200.95	1240	1
"	"	"	741039	8-31-92	1,320.78	"	"
"	"	"	741040	8-31-92	454.77	"	"
"	"	"	741041	8-31-92	208.34	"	"
"	"	"	741042	8-31-92	417.79	"	"
"	"	"	741043	8-28-92	170.17	"	"
"	"	"	741044	8-28-92	312.82	"	"
"	"	"	741045	8-28-92	1,006.15	"	"
"	"	"	741046	8-28-92	729.50	"	"
"	"	"	741047	8-31-92	877.59	"	"
"	"	"	741048	8-31-92	1,347.34	"	"
"	"	"	741049	8-31-92	472.34	"	"
"	"	"	741051-00	9-11-92	6,355.79	"	"
"	"	"	741056	8-31-92	933.24	"	"
"	"	"	741148-00	9-10-92	48.04	"	"
"	"	"	741318-00	9-23-92	512.27	"	"
Clyde's Pumping & Backhoe	21770	10-26-92	4836 C	8-20-92	208.00	5015	"
Double "R" Pipe & Supply	21610	9-25-92	5806	7-27-92	488.18	1240	"
Fifty-Five Well Service	21740	10-26-92	9417	9-15-92	6,242.25	5015	"
Gandy Corporation	21716	10-26-92	68693	9-17-92	464.79	"	"
Halliburton Logging Service	21752	10-26-92	HL L88224	9-8-92	1,707.00	"	"
"	"	"	CK 089911	9-28-92	(332.33)	"	"
Hamilton Production Equip.	21750	10-26-92	1912	8-23-92	27,260.32	1240	"
"	"	"	1913	9-1-92	1,260.24	"	"
"	"	"	1914	9-1-92	9,395.80	"	"
Higginbotham-Bartlett	21722	10-26-92	L 29593	8-26-92	34.82	5015	"
"	"	"	L 29594	8-27-92	2.91	"	"
"	"	"	L 29971	8-31-92	9.52	"	"
"	"	"	L 30381	9-2-92	34.93	"	"
I & W Transportation	21718	10-26-92	27238	9-16-92	902.59	"	"
J.W. Mulloy Associates	21771	10-26-92	3849	9-1-92	853.25	"	"
M and S Service	21730	10-26-92	389949	9-22-92	193.06	"	"
McLain Truck Service, Inc.	21736	10-26-92	30636	9-28-92	54.04	"	"
Packer Sales & Rental	21720	10-26-92	21953	9-9-92	4,947.79	1240	"
Scarborough, Inc.	21756	10-26-92	M-1080	8-26-92	4,892.00	"	"
Schlumberger Well Services	21759	10-26-92	63402	8-31-92	995.00	5015	"
Star Tool Co.	21733	10-26-92	H0016835	9-16-92	742.35	"	"
Star Welding Service, Inc.	21739	10-26-92	49127	8-21-92	62.41	"	"
"	"	"	94141	8-27-92	5.08	"	"
T-N-T Construction, Inc.	21772	10-26-92	1073	8-31-92	424.00	"	"
"	"	"	1074	9-1-92	318.00	"	"
Two State Tank Rental	21738	10-26-92	7086	7-31-92	708.96	"	"
Vann Systems	21753	10-26-92	HR 955839	9-8-92	13,427.77	"	"
Wallach Concrete, Inc.	21737	10-26-92	7655	9-1-92	127.35	"	"
Wellhead Recycling, Inc.	21547	9-10-92	630	7-16-92	1,887.78	5250	"
CBG-Wellhead to 5 1/2" csg.					5,569.71	5250	"
Elliott & Waldron Title	21350	6-1-92	12093	5-22-92	3,623.08	1220	"
American Valve & Meter	21885	11-25-92	16929	10-14-92	13,218.75	1240	"
PAGE TOTAL					115,097.28		

VENDOR	CK #	CK DATE	INV #	INV DATE	AMOUNT	CODE	WELL NO
Bovaird Supply Company	21870	11-25-92	741129-00	9-9-92	39.27	1240	1
Double "R" Pipe & Supply	21887	"	5826	9-2-92	191.03	5015	"
"	"	"	5881	10-14-92	334.29	"	"
Higginbotham-Bartlett	21867	"	L 35240	10-15-92	11.63	"	"
Hobbs Anchor, Inc.	21913	"	000884	8-28-92	528.75	"	"
J & R Welding	21914	"	1157	8-31-92	135.04	"	"
J.W. Mulloy Associates, Inc	21904	"	3872	10-1-92	488.55	"	"
Perry and Perry	21714	10-23-92	99217	9-30-92	1,104.00	5115	"
"	"	"	99218	9-30-92	293.44	"	"
Two-State Tank Rental	21882	11-25-92	008082	8-31-92	1,315.59	5015	"
Wallach Concrete, Inc.	21881	"	7625	8-24-92	249.39	"	"
ZIADRIL, Inc.	21749	10-26-92	200504-B	9-25-92	522.42	"	"
Hinkle, Cox, Eaton, etc.	21258	7-17-92	0100277	7-1-92	1,636.44	"	"
Lea County Clerk	21381	8-03-92	"	8-3-92	9.00	5118	"
Bridge Oil (U.S.A.) Inc.	21379	8-03-92	"	8-3-92	500.00	1220	"
Hinkle, Cox, Eaton, etc.	21499	8-31-92	0101368	8-1-92	706.34	5015	"
"	21779	10-28-92	0103257	10-1-92	184.66	"	"
"	21806	11-04-92	0103785	10-1-92	165.00	"	"
"	21779	10-28-92	0103786	10-1-92	198.70	1220	"
Lea County Clerk	21694	10-20-92	"	10-20-92	14.00	5118	"
ARC Pressure Data, Inc.	"	"	11-1017	11-16-92	2,677.50	5011-050	"
"	"	"	11-1018	11-16-92	500.00	"	"
B & B Oilfield Service	"	"	4311	11-02-92	500.32	5015	"
"	"	"	4312	11-2-92	562.85	"	"
"	"	"	4326	11-9-92	156.35	"	"
Higginbotham-Bartlett	"	"	L 35987	10-22-92	8.72	1240	"
Hy-Bon Engineering	"	"	034111	10-27-92	7,638.75	"	"
CB6-Vapor Recovery Unit	"	"	"	"	5,150.00	"	"
McLain Truck Service, Inc.	"	"	32732	10-31-92	385.23	5011-008	"
"	"	"	33089	11-17-92	277.25	5011-050	"
Perry & Perry	21937	12-02-92	10036	10/92	209.80	5115	"
Hinkle, Cox, Eaton, Coffiel	21845	11-23-92	104393	11-01-92	708.66	5124	"
Craig Hubbard, CPL	21357	6-01-92	92-027	5-20-92	201.94	5115	"
CB6-42' 13 3/8" casing	"	"	"	"	764.40	1240	"
CB6-200' 8 5/8" casing	"	"	"	"	1,800.00	"	"
CB6-160' 5 1/2" casing	"	"	"	"	1,080.00	"	"
CB6-95 bbls. oil	"	"	"	"	950.00	5015	"
Schlumberger Well Services	21759	10-26-92	767876	8-18-92	13,391.56	"	"
"	"	"	768849	9-23-92	(2,904.84)	"	"
"	"	"	767907	8-13-92	3,677.01	"	"
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PAGE TOTAL					45,118.36		

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10498
Order No. R-9690

APPLICATION OF CHARLES GILLESPIE
FOR COMPULSORY POOLING AND A NON-
STANDARD OIL SPACING AND PRORATION
UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 25, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of July, 1992, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Charles Gillespie, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon.

(3) The applicant has the right to drill and proposes to drill its Speight Well No. 1 at a standard oil well location as described above.

(4) The proposed non-standard oil proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey.

(5) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(6) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid waste, and to afford to the owner of each interest in said unit the opportunity to recover or receive

without unnecessary expense his just and fair share of the production in any pool completion resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(7) The applicant should be designated the operator of the subject well and unit.

(8) 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.

(9) 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.

(10) Any non-consenting working interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) 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.

(12) \$5000.00 per month while drilling and \$500.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); 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.

(13) 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.

(14) Upon the failure of the operator of said pooled unit to commence the drilling of the well to which said unit is dedicated on or before October 1, 1992, the order pooling said unit should become null and void and of no effect whatsoever.

(15) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(16) The operator of the well and unit shall notify the

Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, are hereby pooled forming a non-standard 51.08-acre oil spacing and proration unit, also hereby approved. Said unit shall be dedicated to the applicant's proposed Speight Well No. 1 to be drilled at a standard oil well location thereon.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of October, 1992, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of October, 1992, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division Director for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) Charles Gillespie is hereby designated the operator of the subject well and unit.

(3) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) 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 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 charges.

(5) 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; 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, if there is objection to actual well costs within

said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated well 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) 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) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$5000.00 per month while drilling and \$500.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby 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 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) Any unleased 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) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in

escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; 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.

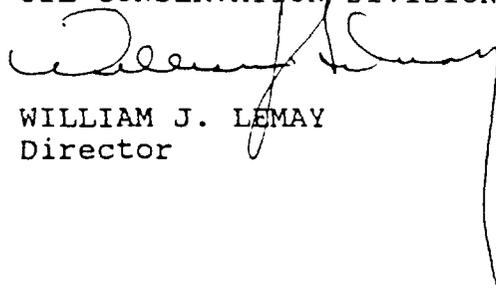
(13) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(14) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(15) Jurisdiction is hereby 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



WILLIAM J. LEMAY
Director

S E A L

HINKLE, COX, EATON, COFFIELD & HENSLEY

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AMARILLO, TEXAS 79105
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FAX (806) 372-9761

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POST OFFICE BOX 2043
ALBUQUERQUE, NEW MEXICO 87103
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FAX (505) 768-1529

December 23, 1992

HAND DELIVERED

*NOT LICENSED IN NEW MEXICO

Michael E. Stogner
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

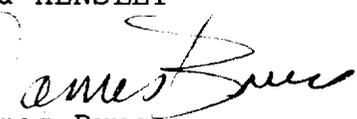
Re: Case No. 10,498 (Reopened)

Dear Mr. Stogner:

Enclosed for filing are an original and two copies of Charles B. Gillespie, Jr.'s Brief in the above matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

JB:lmw
Enclosures

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION
RECEIVED

'92 DE 12 3 AM 3 39

IN THE MATTER OF CASE NO.
10498 BEING REOPENED UPON
APPLICATION OF MONTY D.
McLANE, LEA COUNTY, NEW
MEXICO

Case No. 10498 (Reopened)
Order No. R-9690

BRIEF OF CHARLES B. GILLESPIE, JR.

This brief is submitted by Charles B. Gillespie, Jr., as requested at the hearing on December 3, 1992.

I. INTRODUCTION.

By Order No. R-9690, Charles B. Gillespie, Jr. ("Gillespie") force pooled several mineral interest owners, including Henry H. Lawton and Amanda K. Parks. The basis for pooling was that Lawton and Parks were unlocatable, despite efforts to locate them by Gillespie's landman. Thus, notice was provided to them by publication.

After pooling, Gillespie drilled and completed a well on the pooled acreage (Lot 3, Section 1, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico). Subsequently, Monty D. McLane ("McLane") located and leased the Lawton and Parks interests.¹

¹ According to testimony presented at the December 3, 1992 hearing, Mr. Lawton and Ms. Parks are now deceased, and leases were taken from their heirs or devisees. However, for ease of reference, they are referred to herein as the Lawton and Parks interests.

II. ARGUMENT.

A. Legal Principle.

The applicable legal principal in this case is not disputed by either party hereto. In New Mexico, personal notice of Division proceedings must be given to parties if their names and addresses are (1) known, or (2) easily ascertainable by the exercise of due diligence. Uhdén v. Oil Conversation Commission, 112 N.M. 528, 817 P.2d 721 (1991) (personal notice of Commission proceedings is required if a party's identity or whereabouts is known or could be ascertained through due diligence); Brown v. Greig, 106 N.M. 202, 740 P.2d 1186 (Ct. App.), cert. denied, 106 N.M. 174, 740 P.2d 1158 (1987) (personal notice of a tax sale is required if the names of the parties are reasonably ascertainable). In the above cases, the courts relied on Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306 (1950); Cravens v. Corporation Commission, 613 P.2d 442 (Okla. 1980), cert. denied, 450 U.S. 964 (1981); and Louthan v. Amoco Production Company, 652 P.2d 308 (Okla. Ct. App. 1982).

Thus, if Gillespie exercised due diligence, and the addresses of Lawton and Parks were not easily ascertainable, then he satisfied the notice requirements mandated by the above cases, and the Lawton and Parks interests (and the McLane interest) are subject to Order No. R-9690. Therefore, the Division must make a factual determination as to the above elements.

B. Facts.

Gillespie hired Craig Hubbard, CPL, a landman, to examine title and identify leased and unleased interests in the subject acreage. He testified that after identifying and leasing or farming out interests from the easily locatable lessees or mineral interest owners, there were four interests he could not locate, including Lawton and Parks. See Gillespie Exhibit A, page 2.

In searching the Lea County records, Mr. Hubbard searched the tract and miscellaneous indexes at an abstractor's office, together with the grantor-grantee index at the Lea County Clerk's office. In doing so, Mr. Hubbard determined that: (1) Lawton and Parks had not leased their interests in the subject tract since the mid-1950's; (2) Lawton's and Parks' addresses were listed as Olean (Cattaraugus County), New York; and (3) Lawton's and Parks' names last appeared in the Lea County records over 20 years ago. Furthermore, even though the subject tract had been in an active play since the early 1980's, other oil companies such as Exxon, Sun, Mitchell Energy and Rio Pecos Corporation were also unable to locate and lease the Lawton and Parks interests.

Mr. Hubbard then called the Cattaraugus County Clerk's Office and requested a probate search on both Lawton and Parks. The verbal report given to Mr. Hubbard was in the negative. He also searched Polk's directory for Western New York State, which revealed no information.

III. CONCLUSION.

The Division has to make its determination of whether a reasonable search was made as of the date of the original pooling hearing. If it determines such a search was made, then the Division has jurisdiction and the pooled parties are subject to a pooling order even if they are located after the fact.

Gillespie submits that under the above facts, he conducted a diligent, good faith search to locate the Lawton and Parks interests. McLane's search was obviously more successful, primarily because he received verbal probate information on Lawton and Parks from the Cattaraugus County Clerk's office. Why he received that information and Mr. Hubbard did not is unknown. However, both men followed similar procedures. Just because McLane was more fortunate, however, does not mean that Gillespie's search did not comply with the standards set forth in Uhden² and Brown. Mr. Hubbard conducted a reasonable search to locate people who had been "AWOL" from the Lea County records for over 20 years, and Gillespie submits that is sufficient to subject the Lawton and Parks interests to Order No. R-9690.

Gillespie made a good faith, diligent search to locate Lawton and Parks, whose addresses were not easily ascertainable as of the date of the original pooling hearing (June 25, 1992). Therefore,

² Uhden is factually distinguishable from the present case because Mrs. Uhden's address was known to Amoco Production Company, who had been sending royalty checks for years. Similar facts apply in the other cases he cited in Uhden.

the Lawton, Parks, and McLane interests are subject to Order No. R-9690, and McLane's application should be denied.

HINKLE, COX, EATON, COFFIELD
& HENSLEY

By James Bruce
James Bruce
Post Office Box 2068
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Attorneys for Charles B.
Gillespie, Jr.

CERTIFICATE OF SERVICE

It is hereby certified that a true and correct copy of the foregoing **Brief of Charles B. Gillespie, Jr.** was mailed to the following person on this 23rd day of December, 1992:

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

James Bruce
James Bruce

CAMPBELL, CARR, BERGE

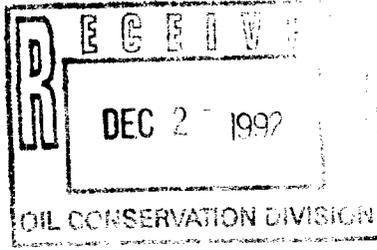
& SHERIDAN, P.A.

LAWYERS

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December 23, 1992

HAND-DELIVERED

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Case 10498 (Reopened)
In the Matter of Case No. 10498 being reopened upon the application of
Monty D. McLane to exempt certain working interests from the compulsory
pooling provisions of Division Order No. R-9690, Lea County, New Mexico

Dear Mr. Stogner:

Pursuant to your request at the November 19, 1992 hearing in the above-referenced case,
I am enclosing for your consideration the Hearing Memorandum of Monty D. McLane.

If you need anything further from Monty D. McLane concerning this application, please
advise.

Very truly yours,

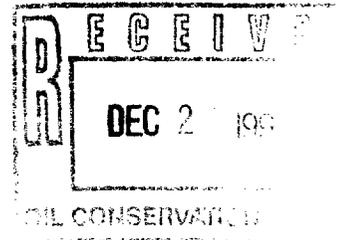
A handwritten signature in black ink that reads "William F. Carr".

WILLIAM F. CARR

WFC:mlh

enc.

cc w/enc.: Mr. Monty D. McLane
Post Office Box 9451
Midland, Texas 79708



BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF CASE NO. 10498
BEING REOPENED UPON THE APPLICATION
OF MONTY D. McLANE, TO EXEMPT
CERTAIN WORKING INTERESTS FROM
THE COMPULSORY POOLING PROVISIONS
OF DIVISION ORDER NO. R-9690,
LEA COUNTY, NEW MEXICO.

CASE NO. 10498
(Reopened)

**HEARING MEMORANDUM OF
MONTY D. McLANE**

Oil Conservation Division Case 10498 was reopened on November 19, 1992 on the application of Monte D. McLane to determine whether certain working interests should be exempted from the provisions of Division Order No. R-9690 which pooled an oil spacing unit in Lea County, New Mexico. At the hearing before Examiner Michael E. Stogner, the parties were asked to brief certain questions for the Division.

BACKGROUND:

On July 1, 1992 the Division entered Order No. R-9690 which granted the application of Charles Gillespie and compulsory pooled "All Mineral Interests, whatever they may be, from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico" This order formed a 51.08 oil spacing and proration unit for Gillespie's Speight Well No. 1 which he proposed to drill to test the Strawn formation. The order pooled the interests of Henry H. Lawton, Florence Lawton, Amanda K. Parks and others and established a 1/8th royalty for these interest owners. It also authorized Gillespie to recover an amount out of production

equal to 200% of the non-joining interest owners respective share of the costs of the well to compensate Gillespie for the risks taken in drilling. The owners of the working interest held by Henry H. Lawton, Florence Lawton and Amanda K. Parks did not receive actual notice of the hearing on Gillespie's application. These interests are now owned by Monty D. McLane.

At the initial hearing in this case, Craig Hubbard, Gillespie's land witness, testified that he had "searched all the records of Lea County, New Mexico" to locate the owners of interests in this acreage. (Case 10498, transcript at 9, June 25, 1992). He presented an exhibit which reported that these interest owners "Last appeared in County records on Oil & Gas lease 11-15-55". (Case 10498, Gillespie Exhibit 3, June 25, 1992). Mr. Hubbard also testified that he had checked the records in Lea County Abstract, used directory assistance, consulted Polk's Directory and had called the Probate Clerk in Cattaraugus County, New York but that his search had "proved futile". (Case 10498, transcript at 9, June 25, 1992).

Subsequent to the entry of Order No. R-9690, Monty D. McLane located the owners of these interests and obtained oil and gas leases from the heirs of Henry H. Lawton, Florence Lawton and Amanda K. Parks. These leases were obtained after negotiations with these owners in which they reserved a 1/5th royalty.

Mr. McLane knew of the Gillespie well and made an independent search of the records in an attempt to ascertain the whereabouts of these owners. His search was dramatically different from that of Mr. Gillespie and produced different results which demonstrate that the whereabouts of the heirs of Henry H. Lawton, Florence Lawton and Amanda K. Parks are easily ascertainable. The McLane and Gillespie searches differed in the following ways:

(1) **Lea County records search:**

Gillespie search focused on the records of the tract being pooled and reported he found no documents from Lawton or Parks after November 15, 1955. (Case 10498, Gillespie's Exhibit 3, June 25, 1992). Mr. Hubbard also stated that he did not check all of the Miscellaneous records of Lea County in an effort to identify the whereabouts of these interest owners. (Case 10498 (Reopened), transcript at 40 and 41, November 19, 1992).

Mr. McLane searched the direct and indirect indexes of Miscellaneous records in the Lea County courthouse and he found numerous documents after November 15, 1955 from the Lawtons effecting interest in oil and gas properties in this county. All documents from the Lawtons either showed their address in Olean, New York or were executed in Cattaraugus County, New York. (Case 10498 (Reopened) McLane Exhibit 4, November 19, 1992).

(2) **County records search in Cattaraugus County, New York:**

Gillespie's witness testified he called the County Clerk in Cattaraugus County, New York, who reported no Probate records on Henry H. Lawton or Amanda K. Parks. He admits that he made no effort to determine the whereabouts of Florence Lawton and furthermore did not check the tax records or deed records in Cattaraugus County, New York. (Case 10498 (Reopened), transcript at 50, November 19, 1992).

McLane also checked the Cattaraugus County Records. He called the County Tax Assessor's office who was able to confirm that the Lawtons had resided at 834 South Union Street, Olean, New York until 1988. (Case 10498 (Reopened), transcript at 14, November 19, 1992). Next he called the County Clerk and requested that the deed records be checked. The Clerk located a deed to the Union Street property and by telephone was able to provide current addresses for each of the heirs of the Lawton and Parks interests. (Case 10498 (Reopened), transcript at 14 and 15, November 19, 1992). The Clerk not only located the Lawton heirs in the deed records, she also found Probate files for Henry H. Lawton, Florence Lawton and Amanda K. Parks which identified the heirs of the Lawtons and Parks. The Clerk mailed certified copies of all documents to Mr. McLane. (Case 10498 (Reopened), transcript at 16, 17 and 23, November 19,

1992).

(3) **Telephone contacts:**

Gillespie's witness reports having called information to determine whether or not there was a Henry H. Lawton in the Olean, New York area. He reports this call was unsuccessful. (Case 10498 (Reopened), transcript at 41, November 19, 1992).

Mr. McLane called information and was given the telephone number of Henry W. Lawton, the son of Henry H. Lawton and Florence Lawton who still resides in Cattaraugus County. (Case 10498 (Reopened), transcript at 18, November 19, 1992).

(4) **Search for Amanda K. Parks:**

Although Mr. Gillespie was unable to locate Amanda K. Parks. Each time Mr. McLane attempted to locate the Lawtons' he also attempted to find Amanda K. Parks. The results of his search, unlike those of Gillespie, showed that the estate of Amanda K. Parks was probated in Cattaraugus County, New York and the current addresses of her heirs are contained in the Probate records. (Case 10498 (Reopened), transcript at 17, November 19, 1992).

After locating each of the interest owners, Mr. McLane advised the Lawton and Parks heirs that their mineral interests had been pooled, a well drilled on their property and that he was interested in purchasing their interest. (Case 10498 (Reopened) transcript at 19, November 19, 1992). Although Henry H. Lawton originally agreed to sell his interest to Mr. McLane, he subsequently changed his mind and negotiated a 20% royalty lease. Following these negotiations, Mr. McLane offered to lease the property interests of all other owners under the same terms and was successful in doing so. (Case 10498 (Reopened) transcript at 19 through 21, November 19, 1992).

McLane now asks the Oil Conservation Division to reopen and set aside the pooling orders as they relate to the Lawton and Parks interests because the whereabouts of the

owners of these interests are easily ascertainable and that due diligence was not exercised in attempting to identify and obtain their voluntary joinder in this well.

At the November 19, 1992 Examiner hearing, the Division asked the parties to prepare a Memorandum of authority addressing each of the following questions:

- (1) Since the only notice to the owners of the Lawton and Parks interests was by publication, does the Oil Conservation Division have jurisdiction over these interests?
- (2) Were the Lawton and Parks interests pooled by order No. R-9096 since Gillespie failed to locate and attempt to secure the voluntary joinder of these mineral interest owners in his proposed well?
and
- (3) Should Order No. R-9096 be amended to exempt the Lawton and Parks interests?

ARGUMENT:

POINT I:

**THE DIVISION LACKS JURISDICTION OVER THE
LAWTON AND PARKS' INTERESTS**

For administrative agencies, "jurisdiction" is defined as the power given by law to the agency to hear and decide a cause. 2 Am. Jur. 2d. Admin. Law § 328. Acquisition of jurisdiction depends on whether service of process has been made in a manner required by law and whether due notice has been given. 20 Am. Jur. 2d. Courts § 143. The question presented to the Division in this case is whether due notice has been provided thereby giving it jurisdiction to pool the Lawton and Parks interests, create a 1/8th royalty interest in these

minerals and impose a 200% risk penalty.

The Division is empowered to pool interests only where the conditions of statute are met and where it otherwise acts in accordance with law. Since mineral interests are real property in New Mexico, *Duvall v. Stone*, 54 NM 27, 213 P.2d 212 (1949); *Terry v. Humphreys*, 27 NM 564, 203 P.2d 539 (1922), the Lawton and Parks interests are protected from state action by the federal and state constitutions and due process requirements apply. U.S. Const., Amend. XIV; N.M. Const., Art. II § 18. Accordingly, the owners of these interests were entitled to notice and an opportunity to be heard at the hearing on Gillespie's compulsory pooling application. *See, Jones v. Nuclear Pharmacy Inc.*, 714 F.2d 322 (10th Cir. 1984); *McCoy v. N.M. Real Estate Comm.*, 94 N.M. 602, 614 P.2d 14 (1980).

The Division requires that actual notice be given to known individuals who own interests which have not been voluntarily committed to a well and are thereby subject to a compulsory pooling action. Oil Conservation Division Rule 1207 A(1). Therefore, the Division permits notice by publication only when the whereabouts of the affected mineral owner is unknown. This rule is consistent with general authority in New Mexico which provides that notice by publication is only sufficient if a person cannot be located. *Houchen v. Hubbell*, 80 NM 764, 461 P.2d 413 (1969).

In New Mexico, the courts have defined the standards to apply in determining when personal notice must be provided. These standards were initially developed in cases involving decisions of the Department of Taxation and Revenue *Fulton v. Cornelius*, 107 N.M. 362, 758 P.2d 312, 315 (1988); *Brown v. Creig*, 106 N.M. 202, 740 P.2d 1186, 1190 (1987); *Cano v. Lovato*, 105 N.M. 522, 734 P.2d 762 (Ct. App. 1986), and recently applied to the Oil Conservation Commission in *Uhdén v. Oil Conservation Commission*, 112 NM 528, 817

P.2d 721 (1991). Under these decisions it is clear that indirect service through notice by publication does not satisfy constitutional due process requirements ... "if a party's identity and whereabouts are known or could be ascertainable through due diligence." *Id.* at 724.

In this case, as clearly demonstrated by the results of the McLane search, the names and addresses of the owners of the Lawton and Parks interests were easily ascertainable by the exercise of diligence. Therefore, notice by publication of the Division's pooling hearing does not meet constitutional due process requirements and the Division does not have jurisdiction to pool the Lawton and Parks interests.

POINT II

THE INTEREST OF LAWTON AND PARKS WERE NOT POOLED BY ORDER NO. R-9690 BECAUSE GILLESPIE FAILED TO COMPLY WITH THE LAWS AND REGULATIONS GOVERNING POOLING APPLICATIONS

Oil Conservation Division Rule 1204 requires that actual notice of a compulsory pooling application be given to all known owners of mineral interests subject to a pooling application. Notice by publication of a pooling hearing is not sufficient if the names and addresses are ascertainable by the exercise of diligence. In these circumstances notice by publication does not satisfy constitutional due process requirements and the resulting orders are invalid as to those owners who did not receive due notice. *Fulton* at 316.

The search made by Gillespie failed to ascertain the names and addresses of the owners of the Lawton and Parks interests. Although at the November 19, 1992 hearing, Gillespie contended a diligent search had been made, such an effort does not meet the test announced in *Uhdén* for he admitted that he made no effort to locate the Florence Lawton interest, that his search in the Lea County records was incomplete and that he failed to

check the deed and tax records in Cattaraugus County, New York. This is not due diligence. Furthermore, the test is not whether the Gillespie search was adequate or if the owners of the Lawton and Parks interests were ascertained. The test is whether the names and addresses of these owners "could be ascertained" by the exercise of diligence. *See, Fulton* at 310; *Brown* at 1190.

The facts of this case, as previously summarized in this Memorandum, show that the owners of the Lawton and Parks interests were easily ascertainable by exercise of diligence. Every place Mr. McLane looked, he found them -- in the probate records, the tax records, the miscellaneous deed records and through telephone directory assistance.

The burden in a pooling case is on the applicant to make a diligent search. If he fails to do so, he is still charged with knowledge of what a proper search would reveal. *Id.*

Under *Uden* and the other New Mexico authority cited above, the Lawton and Parks interests can not be pooled by the Division by Order No. R-9690 for the names and addresses of the owners of these interests are easily ascertainable through the exercise of due diligence and under New Mexico law and Oil Conservation Division Rules, these owners were entitled to actual notice of the pooling hearing.

POINT III

ORDER NO. R-9690 SHOULD BE AMENDED TO EXEMPT THE LAWTON AND PARKS INTERESTS FROM THIS POOLING ACTION

Division Order No. R-9096 pools "All mineral interests, whatever they may be, from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East" As noted in Points I and II of this Memorandum, notice of this pooling order was not given to the owners of the Lawton and Parks interests and therefore

the Division therefore lacked jurisdiction to pool these interests.

The *Uhdén* case provides guidance as to what course of action should now be pursued by the Division. In *Uhdén*, once a notice problem was discovered, the Division reopened the case. The Supreme Court approved this procedure for it declared that the Division order in *Uhdén* was void as to her interests prior to the time she had a hearing in which she could appear and present her case. *Uhdén* at 724.

In this case, like *Uhdén*, the Division has before it an error in the compliance with notice rules. Also, like *Uhdén*, it has reopened the pooling case and now should correct the error in its pooling order by expressly exempting the Lawton and Parks interests.

Gillespie will then be required to seek Mr. McLane's voluntary joinder in this well or, if that effort is unsuccessful, seek a new pooling order. *See*, N.M.Stat. Ann. § 70-2-18A (1978). Any other course of action by the Division will violate the express provisions of the New Mexico Oil and Gas Act and will contravene the protection provided to these mineral owners by the due process clauses of the United States and New Mexico Constitutions.

CONCLUSION

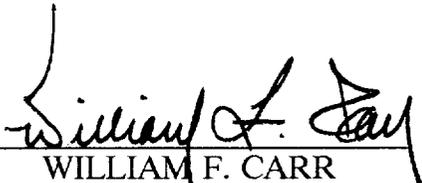
When Gillespie obtained an order from the Oil Conservation Division pooling Lot 3 of Section 1, Township 16 South, Range 35 East, he failed to make a diligent search of the records to ascertain the names and addresses of certain interest owners in this property. The failure of Mr. Gillespie's search does not change the fact that the whereabouts of these owners is easily ascertainable through the exercise of due diligence. Since these owners were "unknown" only to Gillespie, and the only notice he gave them was by publication. On these facts this notice is inadequate.

Since Gillespie failed to give these interest owners notice required by law, the

Division lacks jurisdiction to pool their interests and Order No. R-9690 must now be amended to exempt the Lawton and Parks interests from this compulsory pooling action.

Respectfully submitted,

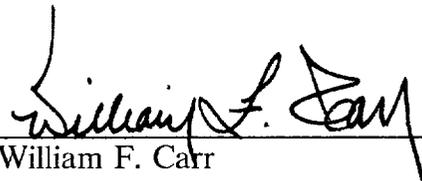
CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MONTY D. McLANE

CERTIFICATE OF SERVICE

I hereby certify that I have caused to be mailed a true and correct copy of this Hearing Memorandum of Monty D. McLane to James G. Bruce, Hinkle, Cox, Eaton, Coffield & Hensley, Post Office Box 2068, Santa Fe, New Mexico 87504-2068 on this 23rd day of December, 1992.


William F. Carr

has power to pool separately owned tracts within a spacing or proration unit, as well as concomitant authority to establish oversize nonstandard spacing units, commission also has authority to pool separately owned tracts within an oversize nonstandard spacing unit. *Rutter & Wilbanks Corp. v. Oil Conservation Comm'n*, 87 N.M. 286, 532 P.2d 582 (1975).

Elements of property right of natural gas owners. — The legislature has stated definitively the elements contained in property right of natural gas owners. Such right is not absolute or unconditional. It consists of merely (1) an opportunity to produce, (2) only insofar as it is practicable to do so, (3) without waste, (4) a proportion, (5) insofar as it can be practically determined and obtained without

waste, (6) of gas in the pool. *Continental Oil Co. v. Oil Conservation Comm'n*, 70 N.M. 310, 373 P.2d 809 (1962).

Law reviews. — For article, "Compulsory Pooling of Oil and Gas Interests in New Mexico," see 3 *Nat. Resources J.* 316 (1963).

For comment on *El Paso Natural Gas Co. v. Oil Conservation Comm'n*, 76 N.M. 268, 414 P.2d 496 (1966), see 7 *Nat. Resources J.* 425 (1967).

For comment on geothermal energy and water law, see 19 *Nat. Resources J.* 445 (1979).

Am. Jur. 2d, A.L.R. and C.J.S. references. — 38 *Am. Jur. 2d Gas and Oil* §§ 159, 161, 164.

38 *C.J.S. Mines and Minerals* §§ 229, 230.

70-2-18. Spacing or proration unit with divided mineral ownership.

A. Whenever the operator of any oil or gas well shall dedicate lands comprising a standard spacing or proration unit to an oil or gas well, it shall be the obligation of the operator, if two or more separately owned tracts of land are embraced within the spacing or proration unit, or where there are owners of royalty interests or undivided interests in oil or gas minerals which are separately owned or any combination thereof, embraced within such spacing or proration unit, to obtain voluntary agreements pooling said lands or interests or an order of the division pooling said lands, which agreement or order shall be effective from the first production. Any division order that increases the size of a standard spacing or proration unit for a pool, or extends the boundaries of such a pool, shall require dedication of acreage to existing wells in the pool in accordance with the acreage dedication requirements for said pool, and all interests in the spacing or proration units that are dedicated to the affected wells shall share in production from the effective date of the said order.

B. Any operator failing to obtain voluntary pooling agreements, or failing to apply for an order of the division pooling the lands dedicated to the spacing or proration unit as required by this section, shall nevertheless be liable to account to and pay each owner of minerals or leasehold interest, including owners of overriding royalty interests and other payments out of production, either the amount to which each interest would be entitled if pooling had occurred or the amount to which each interest is entitled in the absence of pooling, whichever is greater.

C. Nonstandard spacing or proration units may be established by the division and all mineral and leasehold interests in any such nonstandard unit shall share in production from that unit from the date of the order establishing the said nonstandard unit.

History: 1953 Comp., § 65-3-14.5, enacted by *Laws 1969*, ch. 271, § 1; 1977, ch. 255, § 52.

Constitutionality. — Standards of preventing waste and protecting correlative rights, as laid out in 70-2-11 NMSA 1978, are sufficient to allow commission's power to prorate and create standard or nonstandard spacing units to remain intact, and this section is not unlawful delegation of legislative power under N.M. Const., art. III, § 1. *Rutter & Wilbanks Corp. v. Oil Conservation Comm'n*, 87 N.M. 286, 532 P.2d 582 (1975).

The terms "spacing unit" and "proration unit" are not synonymous and commission has power to fix spacing units without first creating proration units. *Rutter & Wilbanks Corp. v. Oil Conservation Comm'n*, 87 N.M. 286, 532 P.2d 582 (1975).

Authority to pool separately owned tracts. — Since commission has power to pool separately owned tracts within a spacing or proration unit, as well as concomitant authority to establish oversize nonstandard spacing units, the commission also has authority to pool separately owned tracts within an oversize nonstandard spacing unit. *Rutter & Wilbanks Corp.*

v. Oil Conservation Comm'n, 87 N.M. 286, 532 P.2d 582 (1975).

Creation of proration units, force pooling and participation formula upheld. — Commission's (now division's) findings that it would be unreasonable and contrary to spirit of conservation statutes to drill an unnecessary and economically wasteful well were held sufficient to justify creation of two nonstandard gas proration units, and force pooling thereof, and were supported by substantial evidence. Likewise, participation formula adopted by commission, which gave each owner a share in production in same ratio as his acreage bore to the acreage of whole, was upheld despite limited proof as to extent and character of the pool. *Rutter & Wilbanks Corp. v. Oil Conservation Comm'n*, 87 N.M. 286, 532 P.2d 582 (1975).

Law reviews. — For comment on geothermal energy and water law, see 19 *Nat. Resources J.* 445 (1979).

Am. Jur. 2d, A.L.R. and C.J.S. references. — 38 *Am. Jur. 2d Gas and Oil* §§ 159, 164, 172.

58 *C.J.S. Mines and Minerals* §§ 230, 240.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

October 8, 1992

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(505) 827-5800

Charles B. Gillespie, Jr.
c/o James Bruce
P.O. Box 2068
Santa Fe, NM 87504-2068

Administrative Order NSP-1652

Dear Mr. Bruce:

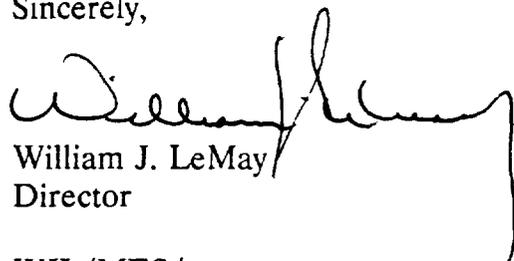
Reference is made to your application dated October 6, 1992 on behalf of Charles B. Gillespie, Jr. for a 91.08-acre non-standard oil proration unit consisting of the following acreage in the Undesignated East Big Dog Strawn Pool:

LEA, NEW MEXICO
TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 1: Lots 3 and 6

It is my understanding that this unit is to be dedicated to the existing Speight Fee Well No. 1 located at a standard oil well location 660 feet from the North line and 2310 feet from the West line (Unit C) of said Section 1.

By authority granted me under the provisions of Rule 3 of the Special Rules and Regulations for the East Big Dog-Strawn Pool, as promulgated by Division Order No. R-9722, the above non-standard oil proration unit is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs

HINKLE, COX, EATON, COFFIELD & HENSLEY

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October 6, 1992

RECEIVED

OCT 06 1992

OIL CONSERVATION DIVISION

VIA HAND DELIVERY

William J. LeMay
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Re: Application of Charles B. Gillespie, Jr. for
~~Administrative Approval of a Non-Standard Unit;
Speight Fee Well No. 1, Lots 3 and 6 (E $\frac{1}{2}$ NW $\frac{1}{4}$
equivalent) of Section 1, Township 16 South,
Range 35 East, N.M.P.M., Lea County, New Mexico~~

Dear Mr. LeMay:

On behalf of Charles B. Gillespie, Jr., we hereby apply for a non-standard unit for the above well. The well was drilled and completed in the Strawn formation on 40 acre spacing (Statewide Rules). Pursuant to Division Order No. R-9722, the East Big Dog-Strawn Pool was created and spacing for the subject pool was increased to 80 acres. Mr. Gillespie desires to dedicate Lots 3 (51.08 acres) and 6 (40 acres), comprising 91.08 acres, to the subject well, and thus the unit is non-standard pursuant to Rule 6 of Order No. R-9722. The non-standard unit is necessitated by a variation in the U.S. Public Land Survey.

JGB5\92345.c

William J. LeMay
October 6, 1992
Page 2

Concurrent with this letter, Mr. Gillespie is filing a Form C-102 with the Division office in Hobbs.

Please call me if you have any questions.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

JB:frs

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

CLARENCE E. HINKLE (901-985)
W. E. BONDURANT, JR. (913-1973)
ROY C. SNODGRASS, JR. (914-1987)

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY*
JOE W. WOOD
RICHARD S. MORRIS

WASHINGTON, DC
SPECIAL COUNSEL
ALAN J. STATMAN

July 28, 1992

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA CENTER
6 DESTA DRIVE
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
POST OFFICE BOX 2043
ALBUQUERQUE, NEW MEXICO 87103
(505) 768-1500
FAX (505) 768-1529

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW

KAREN M. RICHARDSON*
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
KARA L. KELLOGG

BETTY H. LITTLE*
RUTH S. MUSGRAVE
ELLEN S. CASEY
S. BARRY PAISNER
MARGARET CARTER LUDEWIG
STEPHEN M. CRAMPTON
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
MARGARET R. MCNETT
BRIAN T. CARTWRIGHT*
LISA K. SMITH*
JAMES KENT SCHUSTER*
ROBERT H. BETHEA*
BRADLEY W. HOWARD
CHARLES A. SUTTON*
NORMAN D. EWART
DARRIN T. GROCE*
MOLLY MCINTOSH

*NOT LICENSED IN NEW MEXICO

RECEIVED

JUL 28 1992

OIL CONSERVATION DIVISION

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

10530

Dear Florene:

Enclosed are an original and two copies of an Application for an unorthodox well location filed on behalf of Pogo Producing Company, and an original two copies of an Application for special pool rules filed on behalf of Charles B. Gillespie, Jr. Please set both of these cases for the August 20, 1992 Examiner Hearing. Please call me if you have any questions.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce
James Bruce

JB:frs
Enclosures

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CHARLES B. GILLESPIE,
JR. FOR SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.

RECEIVED No. 10530

JUL 28 1992

APPLICATION OIL CONSERVATION DIVISION

Charles B. Gillespie, Jr., for his application, states:

1. Applicant is the operator of the Hamilton Federal Well No. 1, located 330 feet from the South line and 2145 feet from the East line of Section 33, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

2. The Hamilton Federal Well No. 1 was completed on June 30, 1992 as a wildcat Strawn oil well, producing from perforations at 11,500 - 11,570 feet subsurface.

3. Upon information and belief, this new discovery will be designated by the Division as the Patience-Strawn Pool.

4. Applicant seeks special pool rules for said pool, or for wells completed or recompleted as Strawn oil wells within one mile thereof, including the following provisions:

- (a) 80 acre oil well spacing, with a standard unit consisting of the $N\frac{1}{2}$, $E\frac{1}{2}$, $S\frac{1}{2}$, or $W\frac{1}{2}$ of a governmental quarter section;
- (b) for wells to be located in either quarter-quarter section of the 80 acres dedicated to a well;
- (c) for wells to be located not closer than 330 feet from the boundary of a governmental quarter-quarter section; and

(d) all other pool rules to be in conformance with
Division statewide rules.

5. Applicant will dedicate the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 33 to the
Hamilton Federal Well No. 1.

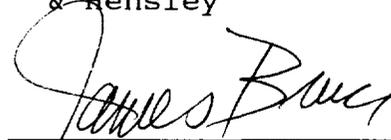
6. Applicant requests approval of a discovery allowable for
the Hamilton Federal Well No. 1 pursuant to Division Rule 509.

7. This application is in the interests of conservation, the
prevention of waste, and the protection of correlative rights.

8. Applicant requests that this matter be heard at the
August 20, 1992 hearing.

DATED: 7/28/92.

Hinkle, Cox, Eaton, Coffield
& Hensley



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION
 RECEIVED

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

**REQUEST FOR ALLOWABLE AND AUTHORIZATION
 TO TRANSPORT OIL AND NATURAL GAS**

03 JAN 4 AM 9 55

I.

Operator <u>Charles B. Gillespie, Jr.</u>		Well API No. <u>30-025-31646</u>
Address <u>P.O. Box 8 Midland, TX 79702</u>		
Reason(s) for Filing (Check proper box)		<input type="checkbox"/> Other (Please explain)
New Well <input type="checkbox"/>	Change in Transporter of:	
Recompletion <input type="checkbox"/>	Oil <input checked="" type="checkbox"/>	Dry Gas <input type="checkbox"/>
Change in Operator <input type="checkbox"/>	Casinghead Gas <input type="checkbox"/>	Condensate <input type="checkbox"/>
If change of operator give name and address of previous operator _____		

II. DESCRIPTION OF WELL AND LEASE

Lease Name <u>Speight Fee</u>	Well No. <u>1</u>	Pool Name, including Formation <u>East Big Strawn</u>	Kind of Lease State, Federal or Fee	Lease No. -----
Location				
Unit Letter <u>C</u>	: <u>660</u>	Feet From The <u>North</u>	Line and <u>2310</u>	Feet From The <u>West</u> Line
Section <u>1</u>	Township <u>16-S</u>	Range <u>35-E</u>	, <u>NMPM</u> ,	Lea County

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)	
<u>Amoco Pipeline Company</u>	<u>502 N. West Avenue Levelland, TX 79336</u>	
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)	
<u>Warren Petroleum Company</u>	<u>P.O. Box 1150 Midland, Tx 79702</u>	
If well produces oil or liquids, give location of tanks.	Unit Sec. Twp. Rge.	Is gas actually connected? When ?
<u>C</u> <u>1</u> <u>16-S</u> <u>35-E</u>	<u>Yes</u>	<u>9/08/92</u>

If this production is commingled with that from any other lease or pool, give commingling order number: _____

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v	Diff Res'v
Date Spudded	Date Compl. Ready to Prod.		Total Depth			P.B.T.D.		
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay			Tubing Depth		
Perforations								Depth Casing Shoe
TUBING, CASING AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET			SACKS CEMENT		

V. TEST DATA AND REQUEST FOR ALLOWABLE

OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)

Date First New Oil Run To Tank	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil - Bbls.	Water - Bbls.	Gas- MCF

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

William R. Crow
 Signature
 William R. Crow Exploration Manager
 Printed Name Title
12/23/92 (915) 683-1765
 Date Telephone No.

OIL CONSERVATION DIVISION

Date Approved DEC 29 '92
 By [Signature]
 Title DISTRICT 1 SUPERVISOR

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

- 1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.
- 2) All sections of this form must be filled out for allowable on new and recompleted wells.
- 3) Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.
- 4) Separate Form C-104 must be filed for each pool in multiply completed wells.

DISTRICT CONSERVATION DIVISION OIL CONSERVATION DIVISION
 P.O. Box 1980, Hobbs, NM 88240
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer 218, Lordsburg, NM 88050

DISTRICT III
 1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CHARLES B. GILLESPIE, Jr.		Lease SPEIGHT FEE		Well No. 1	
Unit Letter C	Section 1	Township 16 SOUTH	Range 35 EAST	County LEA	

Actual Footage Location of Well:

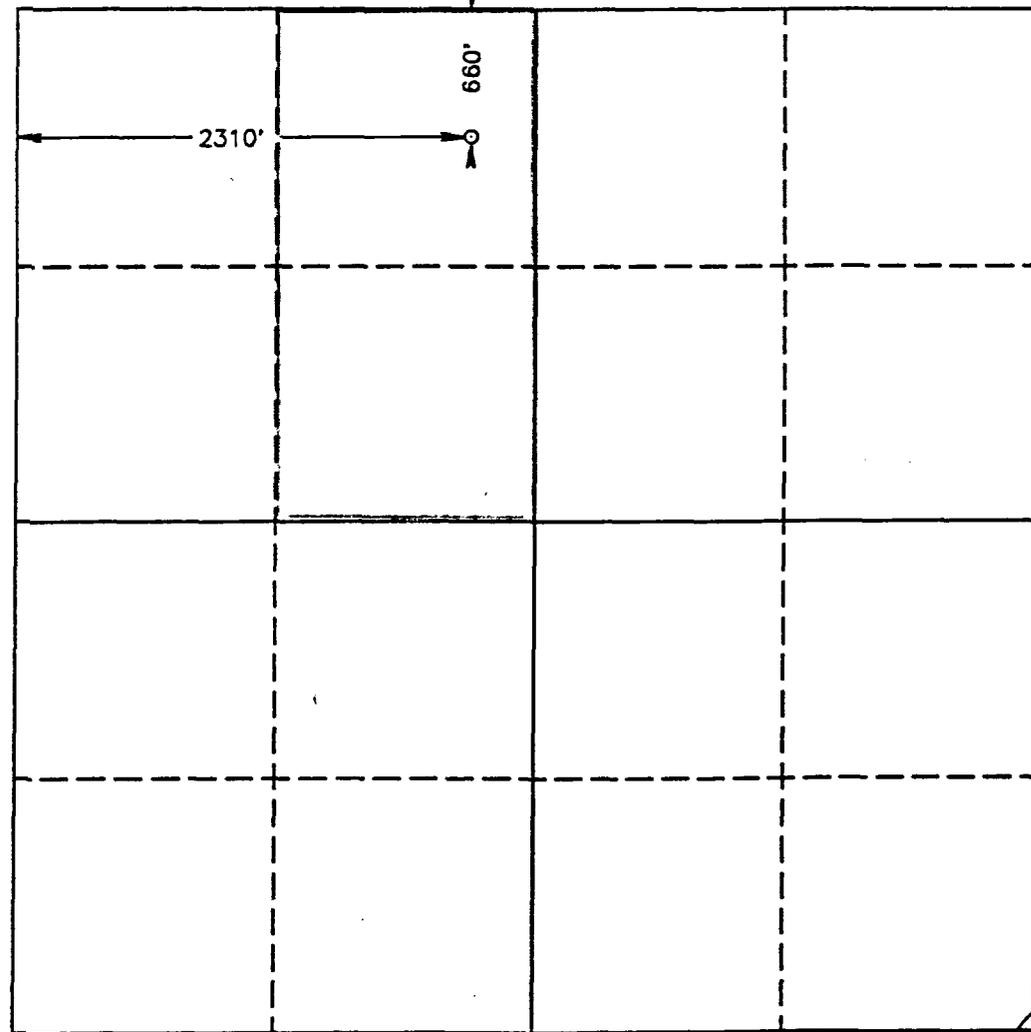
660 feet from the NORTH line and 2310 feet from the WEST line

Ground Level Elev. 3980.7'	Producing Formation Strawn	Pool Big Dog Strawn East	Dedicated Acreage: 91.08 Acres
-------------------------------	-------------------------------	-----------------------------	-----------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. (OCD Order No. R-9722)
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)

No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *William R. Crow*
 Printed Name: William R. Crow
 Position: Exploration Manager
 Company: Charles B. Gillespie, Jr.
 Date: October 9, 1992

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: _____
 Signature: _____
 Professional Engineer
 REGISTERED PROFESSIONAL ENGINEER AND LAND SURVEYOR
 NO. 676
 GARY L. JONES
 Certified: _____
 ROBERT J. EDSON, 3239
 GARY L. JONES, 7877

OIL CONSERVATION DIVISION

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

OIL CONSERVATION DIVISION

RECEIVED

REQUEST FOR ALLOWABLE AND AUTHORIZATION

I. TRANSPORT OIL AND NATURAL GAS

Operator Charles B. Gillespie, Jr.	Well API No. 30-025-31646
Address P. O. Box 8 Midland, TX 79702	
Reason(s) for Filing (Check proper box) <input type="checkbox"/> Other (Please explain)	
New Well <input checked="" type="checkbox"/>	Change in Transporter of:
Recompletion <input type="checkbox"/>	Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/>
Change in Operator <input type="checkbox"/>	Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/>

CONFIDENTIAL

If change of operator give name and address of previous operator

II. DESCRIPTION OF WELL AND LEASE

Lease Name Speight Fee	Well No. 1	Pool Name, Including Formation Wildcat - Strawn	Kind of Lease State, Federal or Fee	Lease No. -----
Location Unit Letter <u>C</u> : <u>660</u> Feet From The <u>North</u> Line and <u>2310</u> Feet From The <u>West</u> Line Section <u>1</u> Township <u>16-S</u> Range <u>35-E</u> , NMPM, Lea County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> Amoco Pipeline ICT	Address (Give address to which approved copy of this form is to be sent) 502 N. West Avenue Levelland, TX 79336					
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/> Warren Petroleum Company	Address (Give address to which approved copy of this form is to be sent) P.O. Box 1150 Midland, TX 79702					
If well produces oil or liquids, give location of tanks.	Unit C	Sec. 1	Twp. 16-S	Rge. 35-E	Is gas actually connected? Yes	When? 9/08/92

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well <input checked="" type="checkbox"/>	Gas Well	New Well <input checked="" type="checkbox"/>	Workover	Deepen	Plug Back	Same Res'v	Diff Res'v
Date Spudded 7/17/92	Date Compl. Ready to Prod. 9/08/92		Total Depth 11,800'		P.B.T.D. 11,751'			
Elevations (DF, RKB, RT, GR, etc.) 3980.7' GR, 3997' KB	Name of Producing Formation Strawn		Top Oil/Gas Pay 11,424'		Tubing Depth 11,375'			
Perforations 11,424 - 11,548'					Depth Casing Shoe 11,800'			
TUBING, CASING AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET		SACKS CEMENT			
17 1/2"	13 3/8"		408'		440			
11"	8 5/8"		4,740'		475			
7 7/8"	5 1/2"		11,800'		800			
5 1/2" csg.	2 7/8"		11,375'		---			

V. TEST DATA AND REQUEST FOR ALLOWABLE

OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)			
Date First New Oil Run To Tank 9/08/92	Date of Test 9/09/92	Producing Method (Flow, pump, gas lift, etc.) Flowing	
Length of Test 24 hrs.	Tubing Pressure 1750#	Casing Pressure 0#	Choke Size 14/64"
Actual Prod. During Test 520	Oil - Bbls. 520	Water - Bbls. 0	Gas- MCF 1081.6

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

William R. Crow

Signature
William R. Crow Exploration Manager
Printed Name
9/11/92 Date
(915) 683-1765 Telephone No.

OIL CONSERVATION DIVISION

Date Approved SEP 14 '92
By *[Signature]*
Title DISTRICT 1 SUPERVISOR

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

- 1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.
- 2) All sections of this form must be filled out for allowable on new and recompleted wells.
- 3) Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.
- 4) Separate Form C-104 must be filed for each pool in multiply completed wells.

OIL CONSERVATION DIVISION
RECEIVED

WELL NAME AND NUMBER: ~~Sperry 18-20-3-110~~ No. 1
 LOCATION: Section 1, T16S, R35E 660/N + 2310/W
 OPERATOR: Charles B. Gillespie, Jr.
 DRILLING CONTRACTOR: ZIADRIL, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above-described well and that he has conducted deviation tests and obtained the following results:

<u>DEGREES and DEPTH</u>	<u>DEGREES and DEPTH</u>	<u>DEGREES and DEPTH</u>
3/4	200'	
1/2	408'	
1	915'	
1 1/4	1,415'	
1	1,815'	
3/4	2,210'	
1	2,632'	
1 1/4	2,944'	
3/4	3,440'	
1 1/4	3,936'	
1	4,433'	
3/4	4,740'	
1	5,236'	
1/4	5,736'	
3/4	6,237'	
1	6,739'	
3/4	6,976'	
1	7,488'	
3/4	8,357'	
1	8,603'	
1 1/4	9,319'	
1 1/4	9,818'	
1/2	10,323'	
1 1/2	10,832'	
1 1/2	11,328'	
1 1/2	11,800'	

Drilling Contractor ZIADRIL Inc.

By: Michael Chan

Subscribed and sworn to before me this 17 day of August, 1992.

My commission expires:

September 13, 1992

Virginia G. Perry
 Notary Public
 Lea County, New Mexico

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210
 DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

**REQUEST FOR ALLOWABLE AND AUTHORIZATION
 TO TRANSPORT OIL AND NATURAL GAS**

I.

Operator Charles B. Gillespie, Jr.	Well API No. 30-025-31646
Address P.O. Box 8 Midland, Texas 79702	
Reason(s) for Filing (Check proper box) <input checked="" type="checkbox"/> Other (Please explain) Request for authorization to transport 6000 barrels of oil while testing well prior to actual 24 hour potential test. <i>Sept 1992</i>	
New Well <input checked="" type="checkbox"/>	Change in Transporter of:
Recompletion <input type="checkbox"/>	Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/>
Change in Operator <input type="checkbox"/>	Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/>
If change of operator give name and address of previous operator _____	

II. DESCRIPTION OF WELL AND LEASE

Lease Name Speight Fee	Well No. 1	Pool Name, Including Formation Wildcat - Strawn	Kind of Lease State, Federal or Fee	Lease No.
Location Unit Letter C : 660 Feet From The North Line and 2310 Feet From The West Line Section 1 Township 16-S Range 35-E , NMPM , Lea County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> Amoco Pipeline ICT	Address (Give address to which approved copy of this form is to be sent) 502 N. West Avenue Levelland, TX 79386			
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/> Warren Petroleum Company	Address (Give address to which approved copy of this form is to be sent) P.O. Box 1150 Midland, TX 79702			
If well produces oil or liquids, give location of tanks.	Unit C	Sec. 1	Twp. 16-S	Rge. 35-E
Is gas actually connected? Yes	When? 9/8/92			

If this production is commingled with that from any other lease or pool, give commingling order number: _____

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v	Diff Res'v
Date Spudded	Date Compl. Ready to Prod.		Total Depth			P.B.T.D.		
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay			Tubing Depth		
Perforations 11424-11548				Depth Casing Shoe				
TUBING, CASING AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET			SACKS CEMENT		

V. TEST DATA AND REQUEST FOR ALLOWABLE

OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)

Date First New Oil Run To Tank	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil - Bbls.	Water - Bbls.	Gas- MCF

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

William R. Crow
 Signature
William R. Crow Exploration Manager
 Printed Name
9/9/92 Title
(915) 683-1765
 Date Telephone No.

OIL CONSERVATION DIVISION

Date Approved **SEP 11 '92**
 By *[Signature]*
 Title **DISTRICT 1 SUPERVISOR**

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

- 1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.
- 2) All sections of this form must be filled out for allowable on new and recompleted wells.
- 3) Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.
- 4) Separate Form C-104 must be filed for each pool in multiply completed wells.

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

RECEIVED Santa Fe, New Mexico 87504-2088

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

92 SEP 14 AM 8 57

WELL API NO. 30-025-31646

5. Indicate Type of Lease STATE [] FEE [X]

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE 'APPLICATION FOR PERMIT' (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name Speight Fee

1. Type of Well: OIL WELL [X] GAS WELL [] OTHER []

8. Well No. 1

2. Name of Operator Charles B. Gillespie, Jr.

9. Pool name or Wildcat Wildcat

3. Address of Operator P.O. Box 8 Midland, TX 79702

4. Well Location Unit Letter C : 660 Feet From The North Line and 2310 Feet From The West Line

Section 1 Township 16-S Range 35-E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3980.7' GR, 3997' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data. NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [], PLUG AND ABANDON [], TEMPORARILY ABANDON [], PULL OR ALTER CASING [], OTHER []. SUBSEQUENT REPORT OF: REMEDIAL WORK [], ALTERING CASING [], COMMENCE DRILLING OPNS. [], PLUG AND ABANDONMENT [], CASING TEST AND CEMENT JOB [], OTHER: Perforating [X]

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

9/08/92: Perforated 5 1/2" casing at 11,424 - 11,548' with 1 shot per foot, total 124 holes.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE William R. Crow TITLE Exploration Manager DATE 9/9/92 TYPE OR PRINT NAME William R. Crow TELEPHONE NO. (915) 683-1765

(This space for State Use) APPROVED BY Jerry [Signature] TITLE DISTRICT I SUPERVISOR DATE SEP 11 '92

CONDITIONS OF APPROVAL, IF ANY:

OIL CONSERVATION DIVISION
RECEIVED

'92 SEP 14 AM 8 57

WELL NAME AND NUMBER: Speight Fee Well No. 1
LOCATION: Section 1, T16S, R35E 660/N + 231/W
OPERATOR: Charles B. Gillespie, Jr.
DRILLING CONTRACTOR: ZIADRIL, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above-described well and that he has conducted deviation tests and obtained the following results:

<u>DEGREES and DEPTH</u>	<u>DEGREES and DEPTH</u>	<u>DEGREES and DEPTH</u>
3/4	200'	
1/2	408'	
1	915'	
1 1/4	1,415'	
1	1,815'	
3/4	2,210'	
1	2,632'	
1 1/4	2,944'	
3/4	3,440'	
1 1/4	3,936'	
1	4,433'	
3/4	4,740'	
1	5,236'	
1/4	5,736'	
3/4	6,237'	
1	6,739'	
3/4	6,976'	
1	7,488'	
3/4	8,357'	
1	8,603'	
1 1/4	9,319'	
1 1/4	9,818'	
1/2	10,323'	
1 1/2	10,832'	
1 1/2	11,328'	
1 1/2	11,800'	

Drilling Contractor ZIADRIL Inc.

By: Melvin A. Chavez

Subscribed and sworn to before me this 17 day of August, 1992.

My commission expires:

September 13, 1992

Virginia G. Perry
Notary Public
Lea County, New Mexico

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

10 43 P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-025-31646
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name Speight Fee
8. Well No. 1
9. Pool name or Wildcat Wildcat

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>
2. Name of Operator Charles B. Gillespie, Jr.
3. Address of Operator P.O. Box 8 Midland, TX 79702

4. Well Location Unit Letter <u>C</u> : <u>660</u> Feet From The <u>North</u> Line and <u>2310</u> Feet From The <u>West</u> Line Section <u>1</u> Township <u>16S</u> Range <u>35E</u> NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3980.7' GR, 3997' KB
--

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

8/16/92: Drilled 7 7/8" hole to 11,800'. Ran 278 jts. 5 1/2" 17#, N-80 and S-95 casing set at 11,800' KB. Cemented with 800 sx Class "H" cement containing .7% FL-20, 3% A-9, .2% FWC-2 and .2% FP-8. Plug down at 7:00 p.m. 8-16-92. Ran temperature survey. Top of cement at 8310'. Released rig at 11:30 p.m. 8-16-92. Waiting on completion unit.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE William R. Crow TITLE Exploration Manager DATE 8/18/92
TYPE OR PRINT NAME William R. Crow TELEPHONE NO. 915-683-1765

(This space for State Use)
APPROVED BY [Signature] TITLE DISTRICT 1 SUPERVISOR DATE AUG 21 '92
CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies to Appropriate District Office

OIL CONSERVATION DIVISION State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

WELL API NO. 30-025-31646

5. Indicate Type of Lease STATE FEE

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE 'APPLICATION FOR PERMIT' (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name

Speight Fee

1. Type of Well: OIL WELL GAS WELL OTHER

8. Well No.

1

2. Name of Operator Charles B. Gillespie, Jr.

3. Address of Operator P. O. Box 8 Midland, Texas 79702

9. Pool name or Wildcat

Wildcat

4. Well Location Unit Letter C : 660 Feet From The North Line and 2310 Feet From The West Line Section 1 Township 16S Range 35E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3980.7' GR, 3997' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data. NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK, PLUG AND ABANDON, TEMPORARILY ABANDON, CHANGE PLANS, PULL OR ALTER CASING, OTHER. SUBSEQUENT REPORT OF: REMEDIAL WORK, ALTERING CASING, COMMENCE DRILLING OPNS., PLUG AND ABANDONMENT, CASING TEST AND CEMENT JOB, OTHER.

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103. 7/24/92: Drilled 11" hole to 4740'. Ran 113 jts. 8 5/8" 32#, J-55 and S-80 casing set at 4740' KB. Cemented with 275 sx Class "C" 35/65 Poz cement containing 3 lbs./sx salt and 1 lb./sx Gilsonite followed by 200 sx Class "C" cement containing 1% CaCl2. Plug down at 5:15 a.m. 7/24/92. Ran temperature survey. Top of cement at 2850'. Wait on cement 12 hrs. Tested BOP and 8 5/8" casing to 1500# for 15 minutes, tested o.k. Commenced drilling 7 7/8" hole.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE William R. Crow TITLE Exploration Manager DATE 7/27/92

TYPE OR PRINT NAME William R. Crow TELEPHONE NO. (915)683-1765

(This space for State Use) APPROVED BY [Signature] TITLE DISTRICT 1 SUPERVISOR DATE JUL 30 '92

Submit 3 Copies to Appropriate District Office

OIL CONSERVATION DIVISION State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240
DISTRICT II P.O. Drawer DD, Artesia, NM 88210
DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

WELL API NO. 30-025-31646
5. Indicate Type of Lease STATE [] FEE [X]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Speight Fee
8. Well No. 1
9. Pool name or Wildcat Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL [X] GAS WELL [] OTHER
2. Name of Operator Charles B. Gillespie, Jr.
3. Address of Operator P. O. Box 8 Midland, TX 79702
4. Well Location Unit Letter C : 660 Feet From The North Line and 2310 Feet From The West Line
Section 1 Township 16S Range 35E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3980.7' GR, 3997' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING []
OTHER: []
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [X] PLUG AND ABANDONMENT []
CASING TEST AND CEMENT JOB [X]
OTHER: []

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.
7/17/92: Ziadril, Inc. Rig No. 2 spudded 17 1/2" hole @ 7:00 a.m. 7/17/92. Drilled 17 1/2" hole to 408'. Ran 11 jts. 13 3/8" 54.50# J-55 and 48# H-40 casing set at 408' KB. Cemented with 440 sx. Class "C" cement containing 2% CaCl2. Plug down at 1:45 p.m. 7/17/92. Cement circulated 35 sx.
7/18/92: Wait on cement 12 hrs. Tested BOP and 13 3/8" casing to 600# for 15 minutes, tested o.k. Commenced drilling 11" hole.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE William R. Crow TITLE Exploration Manager DATE 7/20/92
TYPE OR PRINT NAME William R. Crow TELEPHONE NO. (915)683-1765

(This space for State Use)
APPROVED BY [Signature] TITLE OIL & GAS INSPECTOR DATE JUL 22 '92
CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-101
 Revised 1-1-89

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

30-025-31646

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
 DRILL RE-ENTER DEEPEN PLUG BACK
 b. Type of Well:
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

7. Lease Name or Unit Agreement Name
 Speight Fee

2. Name of Operator
 Charles B. Gillespie, Jr.

8. Well No.
 1

3. Address of Operator
 P.O. Box 8 Midland, TX 79702

9. Pool name or Wildcat
 Undesignated wildcat-strawn

4. Well Location
 Unit Letter C : 660 Feet From The North Line and 2310 Feet From The West Line
 Section 1 Township 16S Range 35E NMPM Lea County

10. Proposed Depth 11,800'
 11. Formation Strawn
 12. Rotary or C.T. Rotary

13. Elevations (Show whether DF, RT, GR, etc.) 3980.7' GR
 14. Kind & Status Plug. Bond Blanket
 15. Drilling Contractor Ziadril, Inc.
 16. Approx. Date Work will start ASAP

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	48#	400'	400	Circulated
11"	8 5/8"	32#	4750'	750	2500'
7 7/8"	5 1/2"	17#	TD	750	9500'

We propose to drill and test to Atoka and intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Approximately 4750' of intermediate casing will be set and cemented back to ±500' above the top of the Yates formation at 3000'. Production casing will be set to TD and cemented back to approximately 9500'.

Mud Program: fresh water, native mud to 10,000'. Mud up at 10,000' with salt gel.

BOP Program: BOP's will be installed at offset and tested daily.

The well will be drilled in accordance with Division Order No. R-9690 dated July 1, 1992.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE William R. Crow TITLE Exploration Manager DATE 7/8/92

TYPE OR PRINT NAME William R. Crow TELEPHONE NO. (915)683-1765

(This space for State Use)
 APPROVED BY [Signature] TITLE DISTRICT 1 SUPERVISOR DATE JUL 13 '92

CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval Date Unless Drilling Underway

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

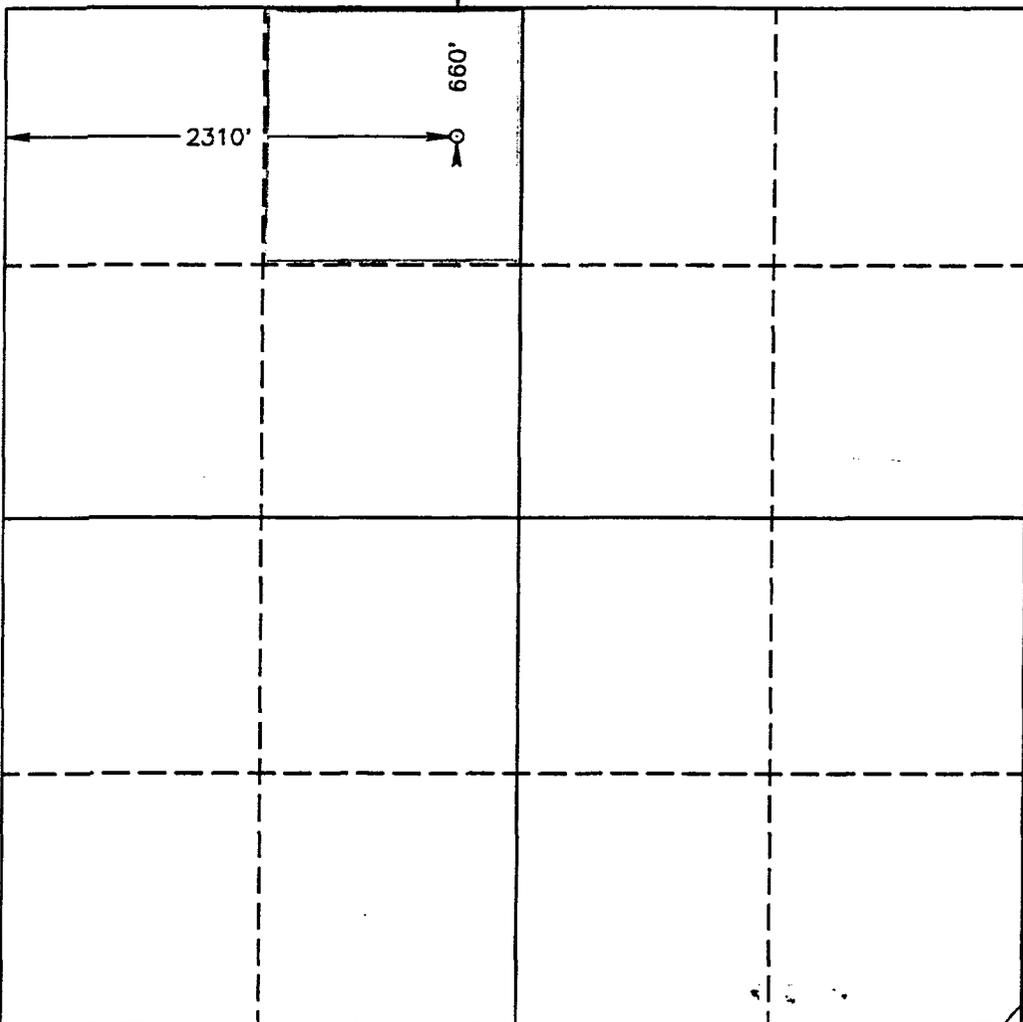
All Distances must be from the outer boundaries of the section

Operator CHARLES B. GILLESPIE, Jr.			Lease SPEIGHT FEE		Well No. 1
Unit Letter C	Section 1	Township 16 SOUTH	Range 35 EAST	NMPM	County LEA

Actual Footage Location of Well:
 660 feet from the NORTH line and 2310 feet from the WEST line

Ground Level Elev. 3980.7'	Producing Formation Strawn	Pool Undesignated	Dedicated Acreage: 51.08 Acres
-------------------------------	-------------------------------	----------------------	-----------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
 - If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 - If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?
 - Yes No If answer is "yes" type of consolidation Force Pooling R-9690
- If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
- No allowable will be assigned to the well unit all interests have been consolidated (by communization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: William R. Crow
 Printed Name: William R. Crow
 Position: Exploration Manager
 Company: Charles B. Gillespie, Jr.
 Date: July 9, 1992

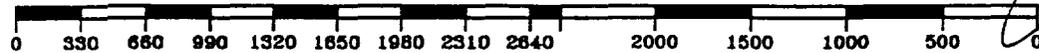
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: _____
 Signature: _____
 Professional Surveyor

REGISTERED PROFESSIONAL ENGINEER AND LAND SURVEYOR
 NO. 676
 NEW MEXICO

Certificate No. _____ 676
 RONALD J. EIDSON, 3239
 GARY L. JONES, 7977



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

NOMENCLATURE
CASE NO. 10530
ORDER NO. R-9722

**APPLICATION OF CHARLES B. GILLESPIE, JR.
FOR POOL CREATION AND SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 3, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 23rd day of September, 1992 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Charles B. Gillespie, Jr., is the owner and operator of the Hamilton Federal Well No. 1 located 330 feet from the South line and 2145 feet from the East line (Unit O) of Section 33, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico, which was completed in June 1992 as a wildcat Strawn oil well from perforations at 11,500 to 11,520 feet subsurface.

(3) The applicant now seeks the creation of a new pool for the production of oil from the Strawn formation comprising the W/2 SE/4 of Section 33, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico, and the promulgation of special rules therefor including provisions for 80-acre spacing and designated well location requirements whereby wells would be no closer than 330 feet to the outer boundary of a spacing unit.

(4) Evidence presented by the applicant at the time of the hearing indicates that the newly discovered reservoir is similar in nature to other Strawn producing oil pools in the general area such as the Humble City, Shipp, and Casey Strawn Pools and the Northeast Lovington Pennsylvanian Pool, which is primarily a Strawn producing pool, all of which produce from localized high porous algal reef mounds within the Strawn interval. Such evidence further indicates that the Strawn formation encountered in the above-described well is of high permeability and is capable of draining an area in excess of 40 acres.

(5) In order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for said pool.

(6) The proposed 330-foot set-back requirement is a departure from the established set-back requirements for 80-acre pools which restricts well locations to an area of 150 feet radius of the center of either quarter-quarter section or lot in the unit.

(7) Numerous location exceptions have been granted over the years in the four above-mentioned pools based on geology so as to increase the likelihood for a well to intercept these numerous "patch reefs" found in the Strawn formation in this area of Lea County, New Mexico.

FINDING: The 330-foot set-back request would serve to provide the operators in the subject pool maximum flexibility in locating wells at more favorable positions on the reef mound or mounds in the immediate area.

(8) In order to assure orderly development of the pool and to deter the grouping of wells at intersections of spacing units, a requirement of 1020 feet between wells should be adopted for said pool. (1020 feet being the minimum distance two wells could be from one another in pools with 80-acre spacing and the 150-foot radius setback requirements.)

(9) In the best interest of conservation and to protect correlative rights, the temporary special rules and regulations should include set-back requirements that incorporate the above-described restrictions.

(10) The applicant proposes to designate the above-described pool as the Patience-Strawn Pool; however the name "Patience" does not appear to correspond to the Division's long-standing policy of referencing nearby geographical place names to a pool name. On the recommendation of the Hobbs District Office, said pool should instead be designated the East Big Dog-Strawn Pool.

(11) A new pool classified as an oil pool for Strawn production should be created and designated the East Big Dog-Strawn Pool, with vertical limits to include the Strawn formation and the horizontal limits comprising the W/2 SE/4 of Section 33, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico. Further, the proposed pool should be established for a two-year period in order to allow the operators in the subject pool to gather sufficient reservoir information to determine that the area can be sufficiently and economically drained and developed by one well.

(12) This case should therefore be reopened at an examiner hearing in September, 1994, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the East Big Dog-Strawn Pool should not be rescinded.

IT IS THEREFORE ORDERED THAT:

(1) A new pool in Lea County, New Mexico, classified as an oil pool for Strawn production is hereby created and designated the East Big Dog-Strawn Pool, with vertical limits comprising the Strawn formation and the horizontal limits comprising the following described area:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 33: W/2 SE/4.

(2) The Temporary Special Rules and Regulations for the East Big Dog-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

**TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
EAST BIG DOG-STRAWN POOL**

RULE 1: Each well completed or recompleted in the East Big Dog-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another Strawn oil pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2: Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in that unit.

RULE 3: The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within thirty days after the Director has received an application.

RULE 4: Each well shall be located no closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1020 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5: The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within twenty days after the Director has received the application.

RULE 6: A standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth-bracket allowable of 445 barrels of oil per day. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

(3) The locations of all wells presently drilling to or completed in the East Big Dog-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

(4) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the East Big Dog-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

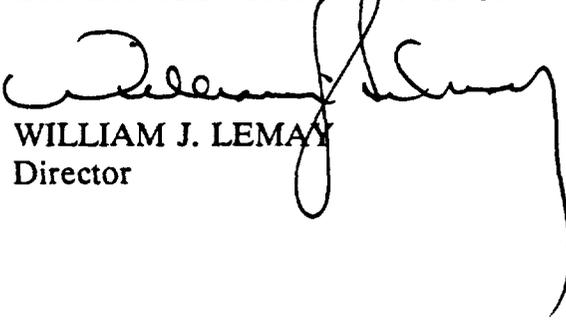
Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the East Big Dog-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(5) Unless called earlier upon the motion of the Division, this case shall be reopened at an examiner hearing in September, 1994, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the East Big Dog-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

(6) 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


WILLIAM J. LEMAY
Director

SEAL

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
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OF COUNSEL
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(505) 768-1500
FAX (505) 768-1529

January 25, 1993

*NOT LICENSED IN NEW MEXICO

Robert G. Stovall, Esq.
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Re: Monty McLane/Charles Gillespie

Dear Mr. Stovall:

This letter is to notify you that I have not yet spoken with my client about potential settlement in the above matter. My client has been in the hospital for the last couple of weeks with congestive heart failure, and I have not been able to speak with him. I hope to speak with someone in his office this week.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



James Bruce

JB:frs
c: William F. Carr, Esq.

JGB5\93222.c

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
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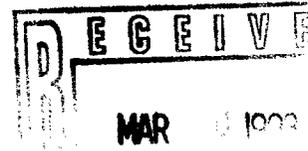
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 30, 1993

HAND-DELIVERED

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503



Re: Case No. 10498:
Application of Monty D. McLane to Reopen Case No. 10498 to Exempt
Certain Working Interests from the Compulsory Pooling Provision of Division
Order No. R-9690, Lea County, New Mexico

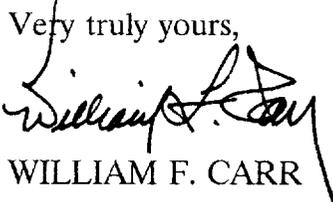
Dear Mr. Stogner:

At your request, Jim Bruce and I have met on several occasions to discuss the possibility of resolving the questions raised in the above-referenced case without the necessity of an Oil Conservation Division Order.

I regret to inform you that Mr. Bruce and I are unable to reach a voluntary agreement between Mr. Gillespie and Mr. McLane and, therefore, must request that the Division proceed with its consideration of Mr. McLane's application.

Your attention to this matter is appreciated.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

cc: Monty D. McLane
6009 Meadowview
Midland, TX 79702

James Bruce, Esq.
Robert Stovall, Esq.

Monty

April 7, 1993

Campbell, Carr, Berge & Sheridan, P.A.
Attn: William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Hinkle, Cox, Eaton, Coffield & Hensley
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Re: Case 10498 - Application of Monty D. McLane to Reopen Case No. 10498 to Exempt Certain Working Interests From the Compulsory Pooling Provisions of Division Order No. R-9690, Lea County, New Mexico.

Dear Messrs. Carr and Bruce:

I am in receipt of Mr. Carr's letter dated March 30, 1993 on behalf of Monty D. McLane informing the Division of the unsuccessful attempt by both parties in this matter, Monty D. McLane and Charles B. Gillespie, Jr., to reach a settlement outside of the hearing proceedings.

I have reviewed this matter further with other Division personnel, including Larry Van Ryan, Robert G. Stovall, and William J. LeMay. The particulars surrounding this well and the designated pool in which it was placed, being the West Lovington-Strawn Pool (formerly the East Big Dog-Strawn Pool), were discussed; to recap:

- the well in question, Charles B. Gillespie, Jr.'s Speight Fee Well No. 1, located 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 1, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico was spudded on July 17, 1992;
- on August 16, 1992, total depth of 11,800 feet was reached;

*4/16/93
Subsequent to conference w/
Bob, Larry and myself,
it was decided an
Order ~~should~~ should be
issued. BOP. This
letter was never
sent.*

M.S

- on September 8, 1992 the well was completed in the Strawn formation through perforations from 11,424 feet to 11,548 feet, at that time the well was dedicated to a non-standard 51.08-acre oil spacing and proration unit pursuant to General Rule 104.B and Division Order No. R-9690;
- by Division Order No. R-9722, issued in Case No. 10530 and dated September 23, 1992, the East Big Dog Strawn Pool underlying the W/2 SE/4 of Section 33, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico, was created and special pool rules were promulgated including a provision for 80-acre spacing and proration units, the subject well being well within one mile of the new pool boundary immediately became subject to these rules;
- on October 8, 1992 the Division issued Administrative Order NSP-1652 approving a non-standard 91.08-acre oil spacing and proration unit for the subject well comprising Lots 3 and 6 of said Section 1; and,
- by Division Order No. R-9722-A, dated January 26, 1993, the name "East Big Dog-Strawn Pool" was changed to "West Lovington-Strawn Pool".

Since the current compulsory pooling order for the subject well was based on 40-acre spacing for a well that is now dedicated to a non-standard 91.08-acre oil proration unit in a pool spaced on 80-acre units, the additional acreage assigned the well on October 8, 1992, Lot 6 of said Section 1, is not covered by this order. Assuming all parties owning an interest in the 91.08-acre unit have not consented to the voluntary pooling of their shares, a new forced pooling order would be necessary. It is our determination to postpone issuing an order in this matter at this time and make a determination along with and at the same time the Division issues an order in the compulsory pooling request for the 91.08-acre unit.

To expedite this matter I strongly urge the Gillespie representative to act on filing with the Division an application for the pooling of the 91.08-acre unit as soon as possible.

Should you have any questions or comments concerning this matter, please contact Mr. Robert G. Stovall at (505) 827-5800.

Thank you for your cooperation in resolving this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: Larry Van Ryan - Chief Engineer, OCD Santa Fe
Robert G. Stovall - General Counsel, OCD Santa Fe
William J. LeMay - Director, OCD Santa Fe
OCD - Hobbs



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



MEMORANDUM

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

TO: Robert G. Stovall, General Counsel
Larry Van Ryan, Chief Engineer

FROM: Michael E. Stogner, Hearing Examiner *MS*

SUBJECT: Case 10498 - Application of Monty D. McLane to
Reopen Case No. 10498 to Exempt Certain Working
Interests From the Compulsory Pooling Provisions of
Division Order No. R-9690, Lea County, New Mexico.

DATE: April 7, 1993

Attached is a draft letter to Bill Carr and Jim Bruce laying out my proposal in this matter. Please review and when its convenient I would like to get together and discuss this plan. Thanks.

Monty

April 7, 1993

Campbell, Carr, Berge & Sheridan, P.A.
Attn: William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Hinkle, Cox, Eaton, Coffield & Hensley
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Re: Case 10498 - Application of Monty D. McLane to Reopen Case No. 10498 to Exempt Certain Working Interests From the Compulsory Pooling Provisions of Division Order No. R-9690, Lea County, New Mexico.

Dear Messrs. Carr and Bruce:

I am in receipt of Mr. Carr's letter dated March 30, 1993 on behalf of Monty D. McLane informing the Division of the unsuccessful attempt by both parties in this matter, Monty D. McLane and Charles B. Gillespie, Jr., to reach a settlement outside of the hearing proceedings.

I have reviewed this matter further with other Division personnel, including Larry Van Ryan, Robert G. Stovall, and William J. LeMay. The particulars surrounding this well and the designated pool in which it was placed, being the West Lovington-Strawn Pool (formerly the East Big Dog-Strawn Pool), were discussed; to recap:

- the well in question, Charles B. Gillespie, Jr.'s Speight Fee Well No. 1, located 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 1, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico was spudded on July 17, 1992;
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Since the current compulsory pooling order for the subject well was based on 40-acre spacing for a well that is now dedicated to a non-standard 91.08-acre oil proration unit in a pool spaced on 80-acre units, the additional acreage assigned the well on October 8, 1992, Lot 6 of said Section 1, is not covered by this order. Assuming all parties owning an interest in the 91.08-acre unit have not consented to the voluntary pooling of their shares, a new forced pooling order would be necessary. It is our determination to postpone issuing an order in this matter at this time and make a determination along with and at the same time the Division issues an order in the compulsory pooling request for the 91.08-acre unit.

To expedite this matter I strongly urge the Gillespie representative to act on filing with the Division an application for the pooling of the 91.08-acre unit as soon as possible.

Should you have any questions or comments concerning this matter, please contact Mr. Robert G. Stovall at (505) 827-5800.

Thank you for your cooperation in resolving this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: Larry Van Ryan - Chief Engineer, OCD Santa Fe
Robert G. Stovall - General Counsel, OCD Santa Fe
William J. LeMay - Director, OCD Santa Fe
OCD - Hobbs

Charles B. Gillespie, Jr.

Oil Producer-Investor
P.O. Box Eight
Midland, Texas 79702

(915) 683-1765
Fax (915) 683-1491

July 2, 1993

State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. William J. LeMay
Director

Re: Speight Fee Well No. 1
Lots 3 and 6 of Section 1,
Township 16 South, Range 35 East,
Lea County, New Mexico

RECEIVED
OIL CONSERVATION DIVISION
JUL 9 1993

Case 10498
Catanach

WRC
CASE FILE

Gentlemen:

Pursuant to the State of New Mexico Oil Conservation Division Order No. R-9690, enclosed is an itemized schedule of actual well costs for drilling, testing, completing, equipping and operating the captioned well through May 31, 1993. Please be advised that the well reached a cost plus 200% payout at the end of May for the non-consenting working interest owners subject to said Order.

If you have any questions or comments regarding this matter, please do not hesitate to call.

Yours very truly,

William R. Crow

William R. Crow
Exploration Manager

WRC:ksy

Enclosure

CHARLES R. GILLESPIE, JR.
 SPEIGHT FEE #1
 LOTS 3 & 6 OF SECTION 1, T16S, R35E
 LEA COUNTY, NEW MEXICO

Month/Year	DRILLING & COMPLETION EQUIPMENT	JOB	100%		100%		100%		47.5%		NET TO PAYOUT				
			TOTAL COSTS FOR MONTH	CUMULATIVE COSTS	RELS OIL	GROSS VALUE	SEVERANCE TAXES	MONTHLY NET INCOME	MOE GAS	GROSS VALUE		GROSS TAXES	MONTHLY NET INCOME	MONTHLY NET INCOME	CUMULATIVE NET INCOME
January, 1992	248.00		248.00	248.00		0.00					0.00				248.00
February			0.00	248.00		0.00					0.00				248.00
March			0.00	248.00		0.00					0.00				248.00
April			0.00	248.00		0.00					0.00				248.00
May	3,025.02		3,025.02	4,073.82		0.00					0.00				4,073.82
June	645.63		645.63	4,719.45		0.00					0.00				4,719.45
July	45,544.00	67,308.01	112,852.01	117,571.46		0.00					0.00				117,571.46
August	321,277.16	119,580.21	442,723.64	560,295.10		0.00					0.00				560,295.10
September	34,708.13	22,559.20	583.75	57,851.08	616,146.18	9,410.18	199,698.75	16,214.04	183,484.71	22,274.00	44,666.51	3574.57	24,686.51	199,149.12	199,647.92
October	508.90	27,023.44	2,702.30	30,234.64	646,380.82	14,424.50	303,112.54	24,610.47	278,502.07	32,784.00	70,330.49	5,751.63	44,575.64	300,195.64	499,845.44
November	(25.16)	3,789.75	3,552.01	7,316.60	655,697.42	12,492.77	244,810.71	19,676.80	224,933.91	28,765.00	59,667.70	4,079.80	54,787.90	244,756.58	744,602.04
December	297.10	4,495.69	12,302.72	17,095.51	672,792.93	13,906.65	280,174.33	21,124.20	239,050.13	30,963.00	64,362.86	5,057.05	59,305.51	261,061.18	1,005,663.92
	407,029.58	244,756.30	21,007.05	672,792.93		50,234.10	1,007,796.33	81,825.51	925,970.82	114,786.00	239,047.54	15,688.94	221,358.59	1,005,663.92	

HINKLE, COX, EATON, COFFIELD & HENSLEY, IN DIVISION

ATTORNEYS AT LAW

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SPECIAL COUNSEL
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CHRISTINE E. LALE
PAUL G. NASON
DARLA M. SILVA

*NOT LICENSED IN NEW MEXICO

July 2, 1993

William J. LeMay, Chairman
Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

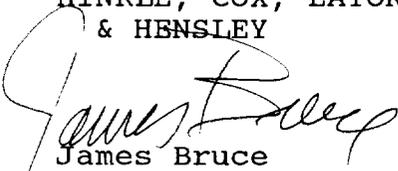
Re: Reopened Case No. 10,498 (De Novo)

Dear Mr. LeMay:

The above hearing is scheduled for the July 22 Commission hearing. On behalf of Charles B. Gillespie, Jr., we hereby request a one month continuance of the above matter. The parties are discussing settlement, and this will give them extra time to negotiate. Mr. McLane does not oppose the continuance.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

Attorneys for Charles B.
Gillespie, Jr.

c: William F. Carr, Esq.

JGB5\93B71.c

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

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August 18, 1993

William J. LeMay, Chairman
Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

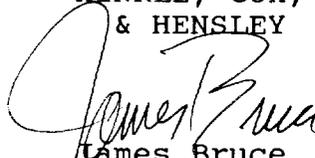
Re: Reopened Case No. 10,498 (de novo)

Dear Mr. LeMay:

Charles B. Gillespie, Jr. hereby requests that the above case be continued for one month. The parties have reached an agreement, but the documents have not yet been finalized. Mr. Carr does not object to the continuance.

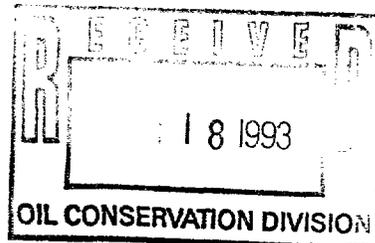
Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

c: William F. Carr, Esq.

VIA HAND DELIVERY



JGB5\93F12.c

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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October 11, 1993

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

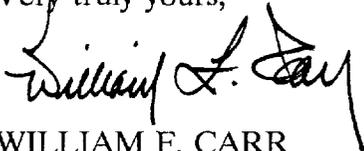
Re: Oil Conservation Commission Case No. 10498 (**De Novo**):
In the Matter of Case No. 10498 being reopened upon application of Monty
D. McLane to exempt certain working interests from the compulsory pooling
provisions of Division Order No. R-9690, Lea County, New Mexico

Dear Mr. LeMay:

Monty D. McLane respectfully requests that the above-referenced case which is currently
set on the October 14, 1993 Commission docket be dismissed.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

cc: James G. Bruce, Esq.
Mr. Monty D. McLane