

CERTIFICATE OF MAILING
and
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that notice of the hearing on March 5, 1986, and a copy of this application were mailed, certified mail, return receipt, at least twenty days prior to hearing to the following operators and interested parties. Each said party is advised that they are not required to attend this hearing, but as interested parties may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date:

Mrs. Opal Poovy February 12, 1986
P. O. Box 341
Shaputa, Mississippi 39360

W. Jim Nagel
88 Everett Drive
Colorado Springs, CO

Alva Hagen February 13, 1986
c/o Fay Robinson
411 Riggs Circle
Mesquite, Texas 75149


W. Thomas Kellahin

[illegible]

The foregoing instrument was acknowledged before me by W. Thomas Kellahin on this 4th day of March, 1986.

Cassie Aguilar
Notary Public

My Commission Expires:

9-26-87

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
MANZANO EXHIBIT NO. 4
CASE NO. 8844

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

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

Telephone 982-4285
Area Code 505

February 12, 1986

"Certified"
Return-Receipt Requested

Mrs. Opal Poovy
P. O. Box 341
Shaputa, Mississippi 39360

Re: Manzano Oil Corporation
Forced Pooling
Southeast Lovington Prospect
Hudgens Well #1
Section 11, T16S, R36E, NMPM
Lea County, New Mexico

Dear Mrs. Poovy:

Our firm represents Manzano Oil Corporation, which has set the enclosed compulsory pooling application for hearing on March 5, 1986, in Santa Fe, New Mexico, before the New Mexico Oil Conservation Division. I am advised by Mr. John Anderson, who is doing the land title work for Manzano, that your interest in the S/2SE/4 of Section 11, T16S, R36E, NMPM, is approximately 29/8192 mineral interest, and that it is not yet leased to Manzano.

I am enclosing to you a copy of my letter dated February 10, 1986, to the Oil Conservation Division. This letter constitutes notice to you that your interest in the spacing unit will be pooled at the referenced hearing.

Please call me or Mr. Anderson if you have any questions.

Very truly yours,

Original signed by
W. THOMAS KELLAHIN
W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. William Bahlburg

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

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

Telephone 982-4285
Area Code 505

February 13, 1986

"Certified"
Return-Receipt Requested

Mrs. Alva Hagen
c/o Fay Robinson
411 Riggs Circle
Mesquite, Texas 75149

Re: Manzano Oil Corporation
Forced Pooling
Southeast Lovington Prospect
Hudgens Well #1
Section 11, T16S, R36E, NMPM
Lea County, New Mexico

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Very truly yours,

Original signed by
W. THOMAS KELLAHIN
W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. William Bahlburg

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

- Print your name, address, and ZIP Code in the space below.
- Complete Items 1, 2, 3, and 4 on the reverse.
 - Attach to front of article if space permits, otherwise affix to back of article.
 - Endorse article "Return Receipt Requested" adjacent to number.



PENALTY FOR PRIVATE USE, \$300

RETURN
TO



Kellahin & Kellahin (WTK)

(Name of Sender)

P. O. Box 2265

(No. and Street, Apt., Suite, P.O. Box or R.D. No.)

Santa Fe, New Mexico 87501

(City, State, and ZIP Code)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983 447-848

SENDER: Complete items 1, 2, 3 and 4.

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

1. ☒ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:

Mrs. Alva Hagen
c/o Fay Robinson
411 Riggs Circle
Mesquite, Texas 75149

4. Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Article Number

P131072091

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

X

6. Signature - Agent

X

7. Date of Delivery

2-15-86

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

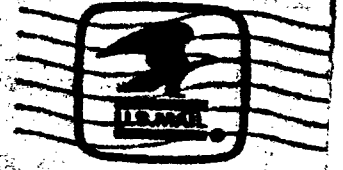
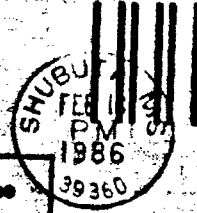
411 Riggs
75149

Manzano 3/5/86

**UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS**

SENDER INSTRUCTIONS

- Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, 3, and 4 on the reverse.
 - Attach to front of article if space permits, otherwise affix to back of article.
 - Endorse article "Return Receipt Requested" adjacent to number.



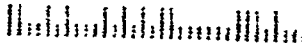
PENALTY FOR PRIVATE USE, \$300

RETURN TO ➔

Kellahin & Kellahin (WTK)
(Name of Sender)

P. O. Box 2265
(No. and Street, Apt., Suite, P.O. Box or R.D. No.)

Shaputa Fe, New Mexico 87501
(City, State, and ZIP Code)



SENDER: Complete items 1, 2, 3 and 4.

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

- ☐ Show to whom, date and address of delivery.
- ☐ Restricted Delivery.

3. Article Addressed to:
Mrs. Opal Poovy
P. O. Box 341
Shaputa, Mississippi 39360

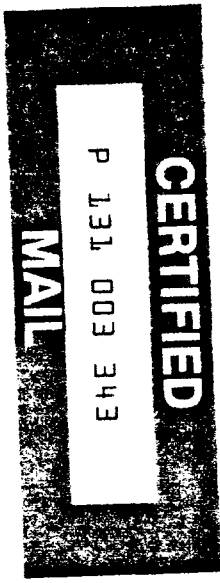
4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail	P131072085

Always obtain signature of addressee or agent and
DATE DELIVERED:

5. Signature - Addressee	X
6. Signature - Agent	<i>Edward R. Poovy</i>
7. Date of Delivery	2-18-86
8. Addressee's Address (ONLY if returned and for paid)	

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

Unkown
R. H. ...
Feb 11 1988



Opal Poovy
510 Drexel
El Dorado, Arkansas

no record
Guadalupe

CLAIM CHECK
N 9492779

☐ HOLD

FEB 5 1988

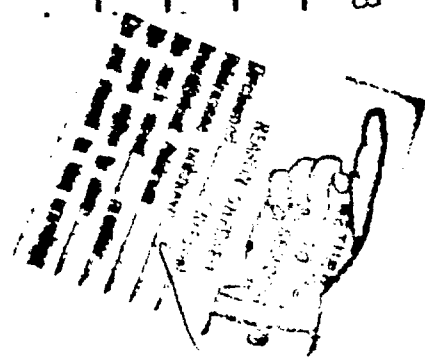
1ST NOTICE

2ND NOTICE

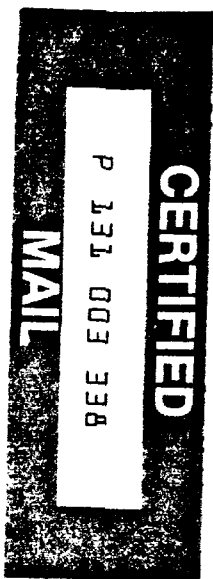
RETURN

Delivered from
PS Form 3849-A
Oct. 1980

U.S. 1980



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



PLEASE RETURN TO SENDER
Unkown
Address
88 Waverlet Drive
Colorado Springs, CO
No such office in state
Do not forward to this address

UNKNOWN
Hall G

049212

☐ HOLD

DATE

FEB 3 1988

1ST NOTICE

2ND NOTICE

RETURN

Delivered from
PS Form 3849-A
Oct. 1980

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8844
Order No. R-8192

APPLICATION OF MANZANO OIL CORPORATION
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 5, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of March, 1986, 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, Manzano Oil Corporation, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following manner underlying the following acreage in Section 11, Township 16 South, Range 36 East:

the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing;

the SE/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing;

the NW/4 SE/4 to form a standard 40-acre oil spacing and proration unit within said vertical limits.

All of the above-described acreage is to be dedicated to a single well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 11.

(3) At the time of the hearing the applicant requested those portions of this application seeking to force pool the SE/4 (160-acre unit) and the NW/4 SE/4 (40-acre unit) of said Section 11 be dismissed. The applicant also requested that no risk penalty be assessed for the drilling of the well.

(4) The applicant has the right to drill and proposes to drill a well in the above described location.

(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 gas 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 only his share of the reasonable well costs.

(10) Any non-consenting 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) \$4860.00 per month while drilling and \$490.00 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 drilling of the well to which said unit is dedicated on or before July 1, 1986, the order pooling said unit should become null and void and of no effect whatsoever.

(15) Should all the parties to this forced pooling 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, in any and all formations and/or pools developed on 320-acre spacing to the base of the Morrow formation underlying the S/2 of Section 11, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 11.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the first day of July, 1986, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation;

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the first day of July, 1986, 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 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) Manzano Oil Corporation 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.

(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 an 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 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 from production 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) \$4860.00 per month while drilling and \$490.00 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 unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) 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 parties to this forced pooling 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.

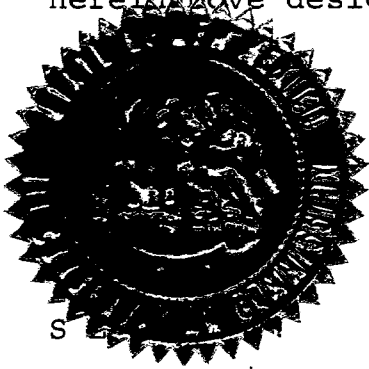
(15) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-6-

Case No. 8844

Order No. R-8192

DONE at Santa Fe, New Mexico, on the day and year
hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS,
Director