

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

RECEIVED

OIL CONSERVATION DIVISION

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

APPLICATION OF ROBERT E. CHANDLER
CORPORATION FOR AN AMENDMENT TO
DIVISION ORDER R-8047, LEA
COUNTY, NEW MEXICO.

CASE: 8859

A P P L I C A T I O N

Comes now ROBERT E. CHANDLER, by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an amendment of Division Order R-8047 extending the effective dates of the order, including the commencement date of the subject well and a provision declaring certain leasehold interests to be excessive burdens and authorizing the applicant to recover out of production its well costs and risk factor penalty before any such excessive leasehold interests are paid, and in support thereof would show:

1. On September 25, 1985, the Division heard Case 8686 and thereafter entered its Order R-8047 authorizing the pooling of the NE/4SW/4 of Section 7, T22S, R38E,

NMPM, Lea County, New Mexico, including the interests of Sun Exploration and Production Company.

2. The Sun Exploration and Production Company interest in said 40-acre tract consists of an undivided 50% leasehold interest which is subject to a royalty of 1/8th and an overriding royalty of 1/16th for a total royalty of 3/16th which applicant considers to be fair and reasonable.

3. In addition to the foregoing royalty interest, the Sun interest is subject to a 25% net profits interest and other possible oil payment or production payment which applicant considers to be excessive.

4. As a result of the excessive leasehold burdens upon the Sun's interest, applicant is unable to drill the subject well pursuant to the existing compulsory pooling order, R-8047.

5. That Applicant is informed and believes that the following parties may have or claim an interest in the leasehold burdens that applicant seeks to have declared excessive:

- (1) Sun Exploration & Production Company
P. O. Box 2880
Dallas, Texas 75221
- (2) John H. Hendrix, aka, John H. Hendrix Corporation
525 Midland Tower
Midland, Texas 79701
- (3) Michael L. Klein
5701 Woodway, Suite 300
Houston, Texas 77057

WHEREFORE, applicant seeks an Amendment to Division Order R-8047 declaring any leasehold burdens in excess of 3/16th royalty interest against that 50% interest now or formerly held by Sun Exploration and Production Company to be excessive and to authorize the applicant to recover out of production its well costs and risk factor penalty prior to the payment of any such excessive leasehold burdens and for an extension of the order, including the commencement date of the subject well.

Kellahin & Kellahin

By 

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, NM 87501