

OIL CONSERVATION DIVISION

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JAMES J. RUBOW

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David Catanach
Hearing Examiner
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

July 6, 1994

Re: NMOCD Cases #10956 & 10957
Miller 32-6-11 Well &
Carnes 32-6-11 Well
Consolidated Oil & Gas Inc.
San Juan and Rio Arriba Counties, NM

Dear Mr. Catanach:

I hereby request a De Novo Hearing before the Commission in accordance with Rule 1220 of the Rules and Regulations of the Energy and Minerals Department Oil Conservation Division.

Issues which I wish considered are as follow:

1. No Release of Oil and Gas Lease covering my minerals has been recorded in the county records. T.H. McElvain, Jr., the original Lessee has executed a "Partial Release of Lease" covering my mineral interest but (a) this document is not of record in Rio Arriba County and (b) a "Partial Release" is not an unconditional release as required. In addition, other parties (Richmond Petroleum, Inc. and Consolidated Oil & Gas Inc.) claim or have claimed an interest in this lease through various assignments. They have also failed to file appropriate documents of release or quitclaim. I am unable to exercise my rights as an "owner" due to the various claims which they have asserted against my property. I ask that the Commission require those entities which have created clouds on my title be required to execute the documents necessary to remove same.

2. A risk penalty has been set which would apply to a non-consenting party for "drilling costs" associated with the subject wells. These wells were drilled by a party other than the original applicant, Consolidated Oil & Gas Inc. To allow a penalty to be assessed against the "drilling" portion of well costs is contrary to Section 70-2-17 C. of the Oil and Gas Act and would allow unjust enrichment to accrue to Consolidated Oil & Gas Inc.

I ask that the Commission revise Orders 10956 and 10957 to remove risk penalties against the "drilling" portion of total well costs.

3. Consolidated Oil & Gas Inc. has refused to provide any of the information which an operator would normally provide to its non-operating co-owners, i.e. copies of logs, test data or drilling reports. They have stated that I am not entitled to such information. At the same time, however, they have asked that I reimburse them for the costs associated with obtaining this information, i.e. drilling and completion costs. They have further refused to discuss the terms of an Operating Agreement and the related issues of gas balancing and the sale and transportation of gas.

These are the heart of an oil and gas deal and represent the essence of the relationship between an operator and a non-operator. Their refusal to enter into good faith negotiations requires that the Commission exercise its authority to ensure that fairness and equity are protected.

I ask that the Commission require the operator to provide information to its co-owners which exists only in operators files and is available only to operator. I further ask that the Commission exercise its authority under RULE 601. ALLOCATION OF GAS PRODUCTION and RULE 902. RATABLE TAKE to ensure that all parties are treated fairly and "without unreasonable discrimination".

Thank you for considering this request.

Sincerely,



James J. Rubow

CC: Ed Anderson
Tom Kellahin