

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501
AUG 26 1982

O. C. D.
ARTESIA, OFFICE

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LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No. N/A
7. Unit Agreement Name
8. Form or Lease Name Mesa - Kirtland 11
9. Well No. #1- 2
10. Field and Pool, or Wildcat Basin Dakota
12. County San Juan

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

a. Type of Work
 DRILL ☒ DEEPEN ☐ PLUG BACK ☐
 b. Type of Well
 OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐
 c. Name of Operator
 R. E. Lauritsen
 d. Address of Operator
 P. O. Box 2364 3005 Northridge, Suite I, Farmington, N.M. 87401
 e. Location of Well
 UNIT LETTER C LOCATED 1850 FEET FROM THE West LINE
 NO. 1190 FEET FROM THE North LINE OF SEC. 11 TWP. 29 RGE. 15 NADP
 13. Proposed Depth 5200'
 19A. Formation Dakota
 20. Rotary or C.T. Rotary
 1. Elevations (Show whether D.F., R.T., etc.) 5157.0 Gr.
 21A. Kind & Status Plug. Bond
 21B. Drilling Contractor Four Corners
 22. Approx. Date Work will start 9-30-82

3. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4	8 5/8	24	250'	250	Circulate
7 7/8	5 1/2	15.50	5200'	900	

APPROVAL VALID
FOR 60 DAYS UNLESS
DRILLING COMMENCED,
EXPIRES 3-03-83



150' will be used below surface sp

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

By R. E. Lauritsen Title Operator Date 8-18-82

(This space for State Use)
 APPROVED BY Frank J. Day TITLE SUPERVISOR DISTRICT #3 DATE AUG 31 1982
 CONDITIONS OF APPROVAL, IF ANY: Hold C104 for communitization or forced pooling

All distances must be from the outer boundaries of the Section.

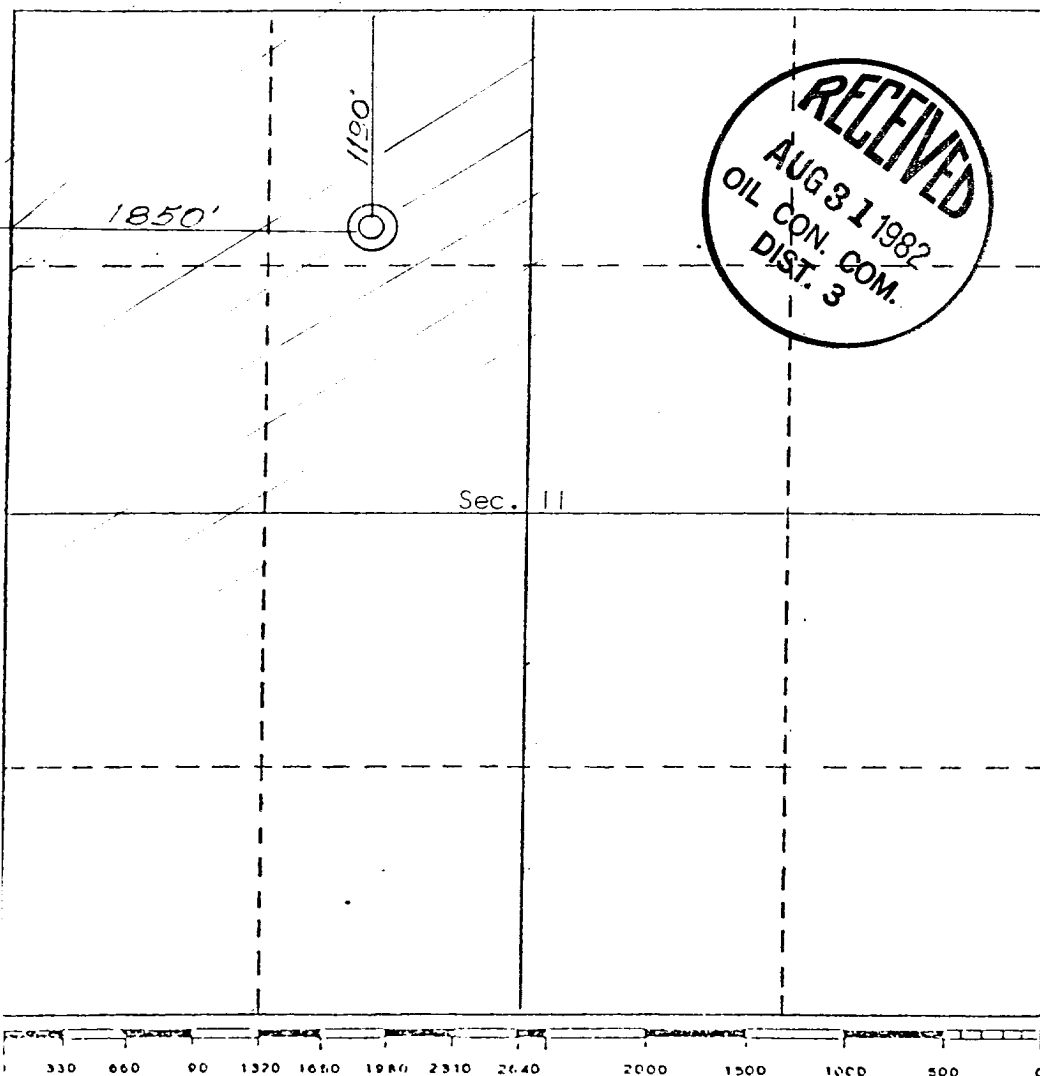
Operator R. E. LAURITSEN DRILLING		Lease Mesa Kirtland II Various fee		Well No. #1- 21
Unit Letter C	Section 11	Township 29 NORTH	Range 15 WEST	County SAN JUAN
Actual Footage Location of Well: 1190 feet from the NORTH line and 1850 feet from the WEST line				
Ground Level Elev. 5157.0	Producing Formation Dakota	Pool Basin	Dedicated Acreage: W320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation In process of force-pooling

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

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



CERTIFICATION

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

Name

R. E. LAURITSEN

Position

R. E. LAURITSEN DRILLING

Company

OPERATOR

Date

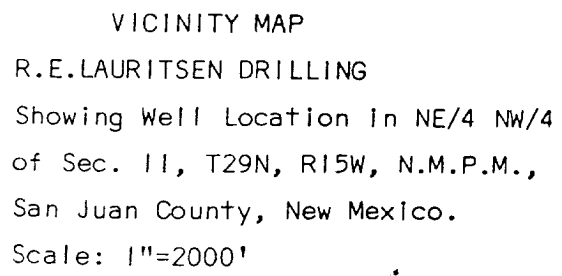
8-23-82

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.

16 AUGUST 1982
Date
REGISTERED LAND 1982
NEW MEXICO
Registered Professional Engineer
and/or Land Surveyor
Curt C. Stocking
No. 5980

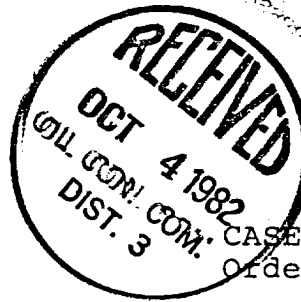
Certificate No.
5980

4357 IV SE
(YOUNGS LAKE)



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:



APPLICATION OF R. E. LAURITSEN FOR
COMPULSORY POOLING, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 15, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of September, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, R. E. Lauritsen, seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the W/2 of Section 11, Township 29 North, Range 15 West, NMPM, San Juan County, New Mexico.

(3) That the spacing for the Gallup formation is 80 acres and only the E/2 NW/4 of said Section 11 should be pooled as to said formation.

(4) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(5) That there are interest owners in the proposed proration units who have not agreed to pool their interests.

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the

hydrocarbons in said pools, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(7) That Lobo Production Company is the new operating name for the applicant and as such should be designated the operator of the subject well and units.

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his appropriate share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(9) That any non-consenting working interest owner who does not pay his appropriate 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.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That 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.

(11) That \$2500.00 per month while drilling and \$300.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that 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.

(12) That 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.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is

Case No. 7684
Order No. R-7092

dedicated on or before January 1, 1983, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Dakota formation underlying the W/2 of Section 11, Township 29 North, Range 15 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit and that all such interests in the Gallup formation underlying the E/2 NW/4 are additionally pooled to form a standard 80-acre oil spacing and proration unit, each unit to be dedicated to a single well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said units shall commence the drilling of said well on or before the 1st day of January, 1983, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Gallup and Dakota formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of January, 1983, Order (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 Order (1) of this order should not be rescinded.

(2) That Lobo Production Company is hereby designated the operator of the subject well and units.

(3) That 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 such schedule being appropriate to the costs which should be borne by the individual owners under each unit for the Gallup and Dakota formations.

(4) That 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 appropriate share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that 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) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs attributable to the Gallup and to the Dakota zones within 90 days following completion of the well; that 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, that 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) That 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) That 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 appropriate estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$2500.00 per month while drilling and \$300.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that 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) That 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) That 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) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that 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) That 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



JOE D. RAMEY,
Director

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