

CASE NO.

7486

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

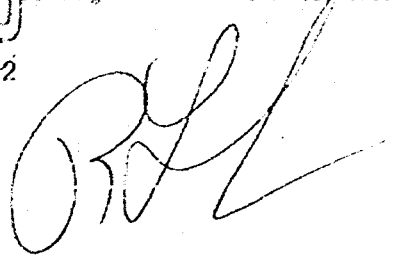
MGF

OIL CORPORATION

MAILING ADDRESS:
P.O. Box 360 • Midland, Texas 79702-0360

CORPORATE HEADQUARTERS:
Seventh Floor, Vaughn Building
March 10, 1982

TELEPHONE:
915/685-9700



State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

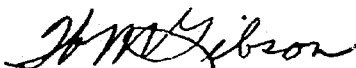
Re: Case Nos. 7486 and 7487
Order No. R-6915
East Nadine (M11)
Lea County, New Mexico

Gentlemen:

Pursuant to the above referenced orders, enclosed are the itemized schedules of estimated well costs, relative to the compulsory pooling of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 6, T-20-S, R-39-E, and SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 31, T-19-S, R-39-E, NMPM, Lea County, New Mexico.

Very truly yours,

MGF OIL CORPORATION


W. M. Gibson
Landman

WMG/sh
Enclosures

AUTHORITY FOR EXPENDITURES

Operator: MGF Type of Operation: Drilling: Oil Well Date: 1/81
 By: H. Schenck Well No. 1 Field: House County: Lea
 Location: 660' FN&EL, Sec. 6, T20S, R39E, Lea Co. Prospect: Nadine
 Well No. _____ Proposed T.D. 7800

INTANGIBLE DRILLING COSTS

		Completed Well	To Casing Point
-009	Road, Location & Survey	10,000	10,000
-008	Damages	5,000	5,000
-002	Drilling-Footage: ft. @ /ft.	-	-
-003	Drilling, daywork: 25 days @ 6800 /day	170,000	170,000
-021	Fuel	20,000	20,000
-033	Water	15,000	15,000
-020	Bits	15,000	15,000
-004	Mud and Chemicals	10,000	10,000
-006	Cement Services	25,000	10,000
-025	DST's 5 Coring ft. Mud Logging 10 Days	15,000	15,000
-015	Logging	15,000	10,000
-016	Perforating	5,000	-
-011	Treating-Acidize/frac	20,000	-
-014	Well Service Unit	20,000	-
-013	Rental Equipment	5,000	3,000
-005	Trucking	35,000	30,000
-022	Frac Oil & Wash Oil	-	-
-023	Labor	5,000	3,000
-034	Direct Supervision	10,000	8,000
-036	Contingencies 8 %	32,000	25,000

WELL EQUIPMENT

						\$432,000	\$349,000
Casing	Footage	Size	Grade Thread	Weight	Price		
-001	Surf.						
-002	Inter.	1600	8 5/8 K-ST&C	24	13.55	21,680	21,680
-003	Prod.	6680	5 1/2 K-ST&C	15.5	7.95	52,438	-
		1120	5 1/2 K-ST&C	17	9.17	10,270	-
	Pipe Insp					6,000	1,200
	Coated	1500	5 1/2		2.75	4,125	-
-004	Tubing	7000	2 3/8 J-EUE	47	3.65	25,550	-
-015	Well Head	8 5/8 x 5 1/2 x 2 3/8				10,000	3,000
-005	Pumping Equipment	228 w/ Electric Motor				34,000	-
	Rods & Pump					16,000	-
-014	Packers/Anchors	TAC				1,000	-

Total \$ 181,063 \$ 25,880

LEASE EQUIPMENT

-011	Tanks 2-500 BBL	1-210 BBL	17,000	-
-024	Separation Equipment	4 x 20 Heater	7,000	-
-012	Line Pipe		2,000	-
-013	Fittings		3,000	-
-016	Installation		10,000	-

APPROVAL: Working Interest Owners

Total \$ 39,000 \$ -

Engineering WMS 10/8/81

Geologic WMS 10-8-81

and FF 10/8/81

Managerial WMS 10/8/81

Total AFE \$ 652,063 \$ 374,883

W.I. TO \$ \$

Working Interest Owner Approval:

This AFE is approved for the account of _____

By: _____ Date: _____

Remarks:

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

17 February 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of MGF Oil Corporation
for compulsory pooling, Lea County,
New Mexico.

CASE
7486

and

Application of MGF Oil Corporation
for compulsory pooling, Lea County,
New Mexico.

CASE
7487

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.
CAMPBELL, BYRD, & BLACK P.A.
Jefferson Place
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WENDALL M. GIBSON

Direct Examination by Mr. Carr	4
Cross Examination by Mr. Stamets	12

JACK BIRCHUM

Direct Examination by Mr. Carr	13
--------------------------------	----

E X H I B I T S

Applicant Exhibit One, Plat	5
Applicant Exhibit Two, Plat	6
Applicant Exhibit Three, Letters	9
Applicant Exhibit Four, AFE's	9
Applicant Exhibit Five, Plat	14
Applicant Exhibit Six, Map	15

1
2 MR. STAMETS: We'll call next Case
3 7486.

4 MR. PEARCE: Application of MGF Oil
5 Corporation for compulsory pooling, Lea County, New Mexico.

6 MR. CARR: May it please the Examiner,
7 my name is William F. Carr, with the law firm Campbell, Byrd,
8 and Black, P. A., of Santa Fe, appearing on behalf of the
9 applicant.

10 We would request that this case be con-
11 solidated with the next case inasmuch as they involve the
12 pooling of two adjacent 40-acre tracts and the ownership
13 under the tracts is --

14 MR. STAMETS: If there is no objection,
15 these two cases will be consolidated for purposes of testi-
16 mony.

17 MR. CARR: And I have two witnesses who
18 need to be sworn.

19
20 (Witnesses sworn.)

21
22 WENDALL M. GIBSON
23 being called as a witness and being duly sworn upon his oath,
24 testified as follows, to-wit:
25

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name, please?

A Wendall M. Gibson.

Q Mr. Gibson, by whom are you employed?

A MGF Oil Corporation.

Q And in what capacity?

A Division Landman.

Q And where are you stationed?

A Midland, Texas.

Q Have you previously testified before this Commission or one of its examiners and had your credentials as a landman accepted and made a matter of record?

A Yes, I have.

Q Are you familiar with the applications filed in these cases for MGF?

A Yes, I am.

Q Are you familiar with the subject lands and the proposed wells?

A Yes, I am.

MR. CARR: Are the witness' qualifications acceptable.

MR. STAMETS: They are.

Q Mr. Gibson, will you briefly state what

MGF seeks in these cases?

A. We seek to force pool from the surface down to the Abo formation, approximately 7800 feet, under the southeast quarter of the southeast quarter of Section 31, and the northeast quarter of the northeast quarter of Section 6, Lea County, New Mexico.

We also drilled at a standard location. We also want to consider the cost of drilling and completing said wells and the actual operating cost and charges for supervision, designation of applicant as operator, and the charge for risk involved in drilling the wells.

Q. Now, Section 6 is Section 6 of Township 20 South, Range 39 East, is that correct?

A. Yes, sir.

Q. And Section 31 is in 19 South, 39 East.

A. Right.

Q. Will you refer to what has been marked for identification as MGF Exhibit Number One, and review this for Mr. Stamets?

A. This plat depicts the location, what we're calling our Jay State Well in an orthodox location in the southeast quarter of the southeast quarter of Section 31, said location being 660 feet from the east line and 660 feet from the south line of Section 31, Township 19 South,

Range 39 East.

Also, we -- MGF Oil Corporation has offset ownership surrounding the proposed well locations.

Q Are MGF leases indicated on this plat?

A Yes, they are.

Q And how are they indicated?

A MGFOC.

Q And have you marked the boundary of the MGF leases in any manner?

A Yes, we have hatched marks on all that we have interest in, hatched marks around the boundary of Section 31, 32, 5, and 6, what portions we own leases.

Q And does this plat reflect the current status of the lands in the area?

A Yes, it does.

Q Will you now refer to what has been marked for identification as MGF Exhibit Two and explain -- review this for the Examiner?

A It's similar to the other plat. It's depicting the location for our H Schenk Well and it also is located at an orthodox location, 660 feet from the north and 660 feet from the east line of Section 6. This is Township 20 South, Range 39 East.

Q And both of the wells are -- proposed

1 wells are anticipated to be oil wells, is that --

2 A. Yes, sir.

3 Q. -- correct?

4 A. Yes, sir.

5 Q. How deep do you propose to drill each
6 of the wells?

7 A. We're going through the Abo formation
8 or approximately 7800 feet.

9 Q. Does this plat also show other wells
10 in the immediate area?

11 A. Yes, it does.

12 Q. Are any of the offsetting wells current-
13 ly producing from the Abo formation?

14 A. No, they're not.

15 Q. Mr. Gibson, what percent of the working
16 interest ownership, or the mineral interest ownership, has
17 been committed to each of these wells?

18 A. Well, the State Well, or the southeast
19 quarter southeast quarter Section 31, we have 40 percent of
20 the leases under this location. And in the northeast quarter
21 northeast quarter of Section 6 we have approximately 21.25
22 percent of the leases.

23 Now, I'd like to point out that North
24 American has leased in this area, too, and we've got a letter
25

here that they will either join or farmout their interest, which will give us over 60 percent under each well.

Q So you will represent over 60 percent of the working interest ownership and the mineral interest ownership?

A Yes, we will.

Q On these properties.

What efforts have you made to obtain voluntary joinder of all the owners of working interest or unleased mineral interest in each of the proposed spacing units?

A We have started since 1979 and have contacted all the parties that can be located and we've mailed letters, offered leases, and we did that about three we've done that about three times on some of these parties that have not shown any interest in leasing.

Q There are some individuals that you've been unable to locate?

A Yes.

Q And how many parties have you been unable to locate?

A Out of the nineteen ownerships there's only three.

Q And who are they?

1
2 here that they will either join or farmout their interest,
3 which will give us over 60 percent under each well.

4 Q So you will represent over 60 percent
5 of the working interest ownership and the mineral interest
6 ownership?

7 A Yes, we will.

8 Q On these properties.

9 What efforts have you made to obtain
10 voluntary joinder of all the owners of working interest or
11 unleased mineral interest in each of the proposed spacing
12 units?

13 A We have started since 1979 and have
14 contacted all the parties that can be located and we've
15 mailed letters, offered leases, and we did that about three
16 we've done that about three times on some of these parties
17 that have not shown any interest in leasing.

18 Q There are some individuals that you've
19 been unable to locate?

20 A Yes.

21 Q And how many parties have you been un-
22 able to locate?

23 A Out of the nineteen ownerships there's
24 only three.

25 Q And who are they?

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

A The Thurman Oca Mason heirs and Libby P. Wright.

Q Have you made a good faith effort to locate each of these individuals?

A We have made a diligent effort through brokers and we have written a letter to Chamber of Commerce, Bureau of Vital Statistics, churches, banks, trust departments, in my opinion we've made more than a diligent effort in the last two years to located these three people, or their heirs.

Q Have you provided all of those being pooled today with notice of today's hearing?

A Yes, we have.

Q And is Exhibit Three copies of letters that were sent to each of these people being pooled?

A Yes, it is.

Q Will you now refer to what has been marked for identification as MGF Exhibit Number Four, identify this, please?

A This is Authority for Expenditure, or AFE of drilling the wells.

Q Are these two -- there are two AFE's. Are the figures identical on the two?

A Yes, yes, it is.

Q Would you please summarize the informa-

1
2 A. The Thurman Oca Mason heirs and Libby
3 P. Wright.

4 Q. Have you made a good faith effort to
5 locate each of these individuals?

6 A. We have made a diligent effort through
7 brokers and we have written a letter to Chamber of Commerce,
8 Bureau of Vital Statistics, churches, banks, trust departments,
9 in my opinion we've made more than a diligent effort in the
10 last two years to located these three people, or their heirs.

11 Q. Have you provided all of those being
12 pooled today with notice of today's hearing?

13 A. Yes, we have.

14 Q. And is Exhibit Three copies of letters
15 that were sent to each of these people being pooled?

16 A. Yes, it is.

17 Q. Will you now refer to what has been
18 marked for identification as MGF Exhibit Number Four, identi-
19 fy this, please?

20 A. This is Authority for Expenditure, or
21 AFE of drilling the wells.

22 Q. Are these two -- there are two AFE's.
23 Are the figures identical on the two?

24 A. Yes, yes, it is.

25 Q. Would you please summarize the informa-

1
2 tion contained on this exhibit?

3 A. Well, to casing point our dry hole
4 would be \$374,883 and for a completed well would be \$652,063
5 for a completed well.

6 Q And the cost would be the same for each
7 of the wells you're proposing?

8 A. Yes, it is.

9 Q How soon do you propose to drill these
10 wells?

11 A. As soon as we can get our order.

12 Q Are the costs reflected on this AFE
13 in line with what is being charged by other operators for
14 similar wells in the area?

15 A. It is.

16 Q Have you made an estimate of the over-
17 head and administrative costs while drilling and while pro-
18 ducing each of the subject wells?

19 A. We have.

20 Q And what are those?

21 A. It's \$3500 for the drilling and \$400
22 monthly for a producing.

23 Q And \$3500 is a monthly figure for
24 drilling?

25 A. While drilling, yes.

Q. Are these costs also in line with what is being charged by other operators?

A. Yes.

Q. And do you recommend that these figures be incorporated into any order which will result from today's hearing?

A. I do.

Q. Does MGF request to be designated operator of each of the proposed wells?

A. It does.

Q. And will we call a geological witness who can also testify as to risk?

A. Yes, we'll call Mr. Birchum.

Q. In your opinion, Mr. Gibson, will granting this application be in the best interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes.

Q. Were Exhibits One through Four prepared by you or can you testify from your own knowledge as to their accuracy?

A. Yes.

MR. CARR: At this time, Mr. Stamets, we would offer into evidence MGF Exhibits One through Four.

1
2 MR. STAMETS: These exhibits will be
3 admitted.

4 MR. CARR: And that concludes my direct
5 examination of this witness.

6
7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Mr. Gibson, are the parties to be
10 pooled the same under each tract?

11 A Yes, sir, it's common ownership.

12 Q In your attempts to contact these
13 people were letters written to each of those that you had
14 an address for?

15 A Yes, sir, all known addresses. We've
16 written to all the known addresses.

17 Q Okay. Now, on the -- your operating
18 costs, \$3500 and \$400, are those the costs that are in your
19 current voluntary agreements?

20 A Yes, sir, and we've used it in that
21 area before, and with several other oil companies, and they
22 have accepted it.

23 MR. STAMETS: Any other questions of
24 this witness? He may be excused.

25 MR. CARR: We call Mr. Birchum.

JACK R. BIRCHUM

being called as a witness and being duly sworn upon his oath,
testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your name and place of
residence?

A Jack Birchum, and I live in Midland,
Texas.

Q By whom are you employed?

A MGF Oil Corporation.

MR. STAMETS: I'm sorry, I missed the
witness' name.

MR. CARR: Jack Birchum, B-I-R-C-H-U-M.

Q Mr. Birchum, you're employed as a
geologist by MGF?

A I am.

Q Have you previously testified before
this Commission or one of its examiners and had your creden-
tials accepted and made a matter of record, as a geologist?

A Yes, I have.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q Are you familiar with the applications
filed on behalf of MGF in each of these consolidated cases?

A Yes.

Q Are you familiar with the proposed wells
and the proposed spacing units?

A Yes, sir.

MR.CARR: Are the witness' qualifications
acceptable?

MR. STAMETS: They are.

Q Mr. Birchum, have you prepared certain
exhibits for introduction in this case?

A Yes, I have.

Q Will you please refer to what has been
marked for identification as MGF Exhibit Number Five, ident-
ify this and explain what it shows?

A Exhibit Number Five shows the two pro-
posed well locations and offset production by cumulative
numbers and the decimal showing 1000 barrels of oil cums.

Q All right, and the figures you have
on each well, the large figure is cumulative production and
then there is a smaller figure. Does that indicate the
total depth of the well?

A The TD is underneath the well symbol
and the large numbers are written in decimals and are the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

cumulative production for the San Andres oil production.

Q Now what is the primary objective in each of the subject wells?

A The primary objective is deeper than the San Andres. It's the Abo formation, 7800 feet.

Q How many wells in the immediate area have gone to the Abo formation?

A There are probably 10 wells on this plat that have penetrated the Abo.

Q Are there any wells in the immediate area that are producing from the Abo?

A No, the Abo is not produced in the immediate area.

Q Would you now refer to what has been marked for identification as MGF Exhibit Number Six, and review this for Mr. Stamets?

A Exhibit Number Six is a subsurface geological map prepared by using the datum point for the top of the San Andres and it also shows a porosity limit and our structural interpretation where the two wells are proposed.

Q Now, MGF is seeking an order pooling all formations from the surface down through the Abo, is that correct?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A. Yes, sir.

Q. Why have you prepared a structure map only of the San Andres formation?

A. Lack of well control in the immediate area. The most well control is down to the southwest area, which does not have -- and then also, the complexity of the stratigraphic units from the San Andres down to my primary objective are quite complex; therefor, I think this map depicts my structural position and my best locations.

Q. So this shows that the best location for the wells in the San Andres is as you have proposed.

A. Yes.

Q. Would you drill a well to the San Andres formation alone?

A. No, sir, this would be too high risk.

Q. And why is that?

A. The cumulative production for the San Andres as shown on Exhibit Five is not satisfactory for economical conditions because of the high risk and the quite lengthy productive life of the wells.

Q. In your opinion what are the chances of making a successful commercial completion in either the Blinberry or the Tubb formations?

A. It would be extremely high risk because

1
2 the -- of the nearest production is a few miles away from
3 the subject area.

4 Q About how many miles would it be, do
5 you know?

6 A Well, the Blinebry, for instance, is
7 four miles to southwest, and the Drinkard is two miles to
8 the northwest, and then the House Field has some San Andres
9 and Drinkard production two miles to the southwest.

10 Q Where would the nearest Tubb production
11 be?

12 A The nearest Tubb production is four
13 miles, four and a half miles to the southwest near DK Field.

14 Q Now, what do you believe the chances of
15 making a commercial well to be in the Drinkard formation?

16 A In which formation?

17 Q In the Drinkard formation.

18 A It would be very high risk because of
19 the proximity of the production is so far away.

20 Q How would you characterize the Drinkard
21 formation in this area?

22 A The stratigraphic nature of that Drinkard
23 zone is very irregular and sporadic as far as the porosity
24 is concerned and we consider it high risk.

25 Q And you may have stated this, how close

1
2 is the nearest Abo production?

3 A. The nearest Abo production is in Nadine
4 Field two and a half miles to the northwest and then the
5 next reference that I have to Abo production is four and a
6 half miles south in DK Field.

7 Q Do you consider each of the proposed
8 wells to be a high risk venture?

9 A. Yes, sir, they're a high risk venture.

10 Q Are you prepared to make a recommenda-
11 tion to the Examiner as to the risk factor that should be
12 assessed against any interest owner who does not participate
13 in the drilling of each of the wells?

14 A. Yes, sir. We would ask that the Exa-
15 miner grant a 200 percent penalty clause over and above the
16 expense of the well.

17 Q Were Exhibits Five and Six prepared
18 by you?

19 A. They were.

20 MR. CARR: At this time, Mr. Stamets,
21 we would offer Applicant's Exhibits Five and Six.

22 MR. STAMETS: These exhibits will be
23 admitted.

24 MR. CARR: I have nothing further on
25 direct.

1
2 MR. STAMETS: Any questions of this
3 witness? He may be excused.

4 Anything further in this case?

5 MR. CARR: Nothing further.

6 MR. STAMETS: The case will be taken
7 under advisement.

8
9 (Hearing concluded.)
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7486, 7487
heard by me on 2-17 1982
Richard P. Stum, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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. 7486
Order No. R-6915

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 17, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 5th day of March, 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, MGF Oil Corporation, seeks an order pooling all mineral interests down through and including the Abo formation underlying the NE/4 NE/4 of Section 6, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, 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 oil in said formations, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

-2-

Case No. 7486
Order No. R-6915

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That 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.

(8) That 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.

(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 \$3500.00 per month while drilling and \$400.00 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 dedicated on or before July 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

-3-

Case No. 7486
Order No. R-6915

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, down through and including the Abo formation underlying the NE/4 NE/4 of Section 6, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of July, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Abo 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, 1982, 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 MGF Oil Corporaton is hereby designated the operator of the subject well and unit.

(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.

(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 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 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

-4-

Case No. 7486
Order No. R-6915

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 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 \$3500.00 per month while drilling and \$400.00 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

-5-

Case No. 7486
Order No. R-6915

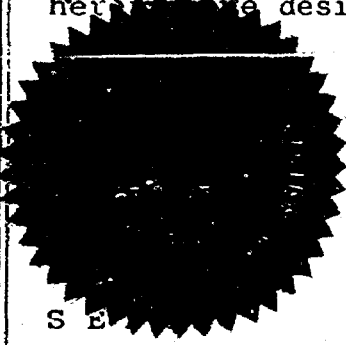
one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(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 Lea 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 hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

S E

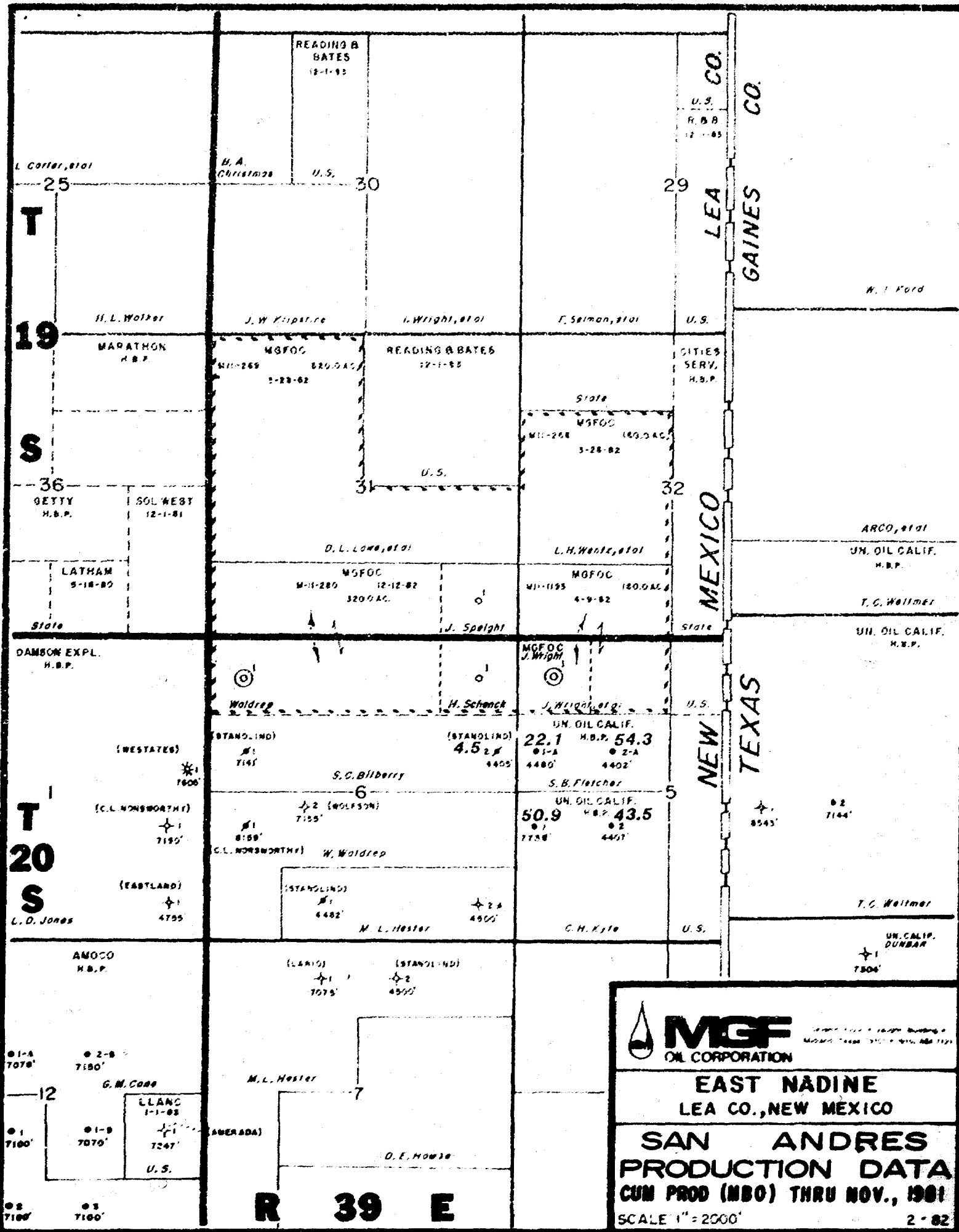
BEFORE EXAMINER STAMPED
ON CONVENTION SWIFT

MGF ALBERT C. 1

CASE NO. 7486 - 7487

Submitted by GIBSON

Hearing Date 2/17/82



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

MGF EXHIBIT NO. 2

CASE NO. 7486 + 7487

Submitted by GIBSON

Hearing Date 2/17/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BEHGE
WILLIAM G. WAROLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Bella Steiner
Fred W. Steiner, Jr.,
Executor of Estate of
Bella Steiner, deceased
P.O. Box 2171
Reno, Nevada 89505

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117916

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED —
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO	STREET AND NO.	P.O. BOX AND ZIP CODE
Bella Steiner P.O. Box 2171 Reno, Nevada 89505		
POSTAGE	CERTIFIED FEE	
	SPECIAL DELIVERY	
	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
RETURN RECEIPT SERVICE		
OPTIONAL SERVICES		
CONSULT POSTMASTER FOR FEES		
TOTAL POSTAGE AND FEES \$		
POSTMARK OR DATE		
2/10/82		

PS Form 3800, Apr. 1976

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
MGF	EXHIBIT NO. 3
CASE NO. 7486 + 7487	
Submitted by GIBSON	
Hearing Date 2/17/82	

LAWYERS

JEFFERSON PLACE
SUITE 1 • 110 NORTH GUADALUPE
POST OFFICE BOX 2206
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 986-4421
TELECOPIER: (505) 983-8043

North American Royalties, Inc.
850 Empire Plaza
Midland, Texas 79701

Gentlemen:

You may have an interest that will be affected by the above-referenced cases.

William F. Carr

Enclosure

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

P221117922

RECEIPT FOR CERTIFIED MAIL

**NO INSURANCE COVERAGE PROVIDED —
NOT FOR INTERNATIONAL MAIL**
(See Reverse)

SENT TO		P.O. STATE AND ZIP CODE	
STREET AND NO.		P.O. STATE AND ZIP CODE	
CONSULT POSTMASTER FOR FEES		P.O. STATE AND ZIP CODE	
OPTIONAL SERVICES		P.O. STATE AND ZIP CODE	
RETURN RECEIPT SERVICE		P.O. STATE AND ZIP CODE	
SPECIAL DELIVERY		P.O. STATE AND ZIP CODE	
RESTRICTED DELIVERY		P.O. STATE AND ZIP CODE	
SHOW TO WHOM AND DATE DELIVERED		P.O. STATE AND ZIP CODE	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		P.O. STATE AND ZIP CODE	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		P.O. STATE AND ZIP CODE	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		P.O. STATE AND ZIP CODE	
TOTAL POSTAGE AND FEES		P.O. STATE AND ZIP CODE	
POSTMARK CITY DATE		P.O. STATE AND ZIP CODE	

PS Form 3800, Apr. 1976

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WAROLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Georgiana S. Kane
Rouge Valley Manor
1200 Miva Mar, Apt. 821
Medford, Oregon 97501

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117923

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED —
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Georgiana S. Kane</i> STREET AND NO.		P.O., STATE AND ZIP CODE	
POSTAGE		CERTIFIED FEE	
SPECIAL DELIVERY		RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED		SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
CONSULT POSTMASTER FOR FEES		OPTIONAL SERVICES	
RETURN RECEIPT SERVICE		TOTAL POSTAGE AND FEES	
POSTMARK OR DATE		2/10/82	

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-5043

February 10, 1982

Sabine Production Company
P.O. Box 3083
Midland, Texas 79702

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117924

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED -
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Sabine Prod. Co.</i> STREET AND NO. P.O., STATE AND ZIP CODE		POSTAGE		CERTIFIED FEE		TOTAL POSTAGE AND FEES	
		SPECIAL DELIVERY					
		RESTRICTED DELIVERY					
		SHOW TO WHOM AND DATE DELIVERED					
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY					
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY					
		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY					
		RETURN RECEIPT SERVICE					
		OPTIONAL SERVICES					
		CONSULT POSTMASTER FOR FEES					
		POSTMARK OR DATE					

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Richard S. Oliver
326 Southwood Ave.
Oakdale, California 95361

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117925

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO		STREET AND NO.		P.O. STATE AND ZIP CODE	
POSTAGE		CERTIFIED FEE		\$	
OPTIONAL SERVICES		SPECIAL DELIVERY		\$	
RETURN RECEIPT SERVICE		RESTRICTED DELIVERY		\$	
CONSULT POSTMASTER FOR FEES		SHOW TO WHOM AND DATE DELIVERED		\$	
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		\$	
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		\$	
		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		\$	
TOTAL POSTAGE AND FEES				\$	
POSTMARK OR DATE					

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Linda Oliver
Star Route - Box 340
Farmington, California 95230

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P221117926
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED--
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO STREET AND NO.		P.O. STATE AND ZIP CODE	
POSTAGE		\$	
CERTIFIED FEE		\$	
SPECIAL DELIVERY		\$	
RESTRICTED DELIVERY		\$	
SHOW TO WHOM AND DATE DELIVERED		\$	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		\$	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		\$	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		\$	
OPTIONAL SERVICES		\$	
RETURN RECEIPT SERVICE		\$	
CONSULT POSTMASTER FOR FEES		\$	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		\$	

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

First Interstate Bank
Trustee of J.E. and Beulah Simmons
P.O. Box 400
Hobbs, New Mexico 88240

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REC

PS Form 3822, Jan. 1979

1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. <input type="checkbox"/> Show to whom, date, and address of delivery.		2. ARTICLE ADDRESS TO: First Interstate Bank Post Office Box 400 Hobbs, NM 88240		3. ARTICLE DESCRIPTION: REGISTERED NO. 1117927 CERTIFIED NO. 1117927 INSURED NO.		4. SIGNATURE (Always obtain signature of addressee or agent) I have received the article described above. SIGNATURE (Addressee) AUTHORIZED AGENT DATE OF DELIVERY 2/21/82		5. ADDRESS (Complete only if requested)		6. UNABLE TO DELIVER BECAUSE:	
7. POSTMARK FEB 17 1982		8. INITIALS WFC		9. RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL		10. STAR 1979-300-473					

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BEPPE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 968-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Richard Lyons Moore
404 Blanks Building
Midland, Texas 79701

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117928
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

TO		STREET AND NO.		P.O. BOX AND ZIP CODE	
POSTAGE		CERTIFIED FEE		SPECIAL DELIVERY	
RETURN RECEIPT SERVICE		RESTRICTED DELIVERY		SHOW TO WHOM AND DATE DELIVERED	
OPTIONAL SERVICES		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
CONSULT POSTMASTER FOR FEES		TOTAL POSTAGE AND FEES		POSTMARK ON DATE	

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 40 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 968-4421
TELECOPIER: (505) 963-6043

February 10, 1982

Michael H. Moore
404 Blanks Building
Midland, Texas 79701

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117929

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO STREET AND NO.		P.O. STATE AND ZIP CODE	
POSTAGE		CERTIFIED FEE	
SPECIAL DELIVERY		RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
RETURN RECEIPT SERVICE		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
ORIGINAL SERVICES		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
CONSULT POSTMASTER FOR FEES		TOTAL POSTAGE AND FEES	
POSTMARK OR DATE		2/10/82	

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1-110 NORTH GUADALUPE
POST OFFICE BOX 2206
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 958-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Stephen Scott Moore
404 Blanks Building
Midland, Texas 79701

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P221117930

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO Stephen Scott Moore STREET AND NO. P.O. STATE AND ZIP CODE		POSTAGE		CERTIFIED FEE		SPECIAL DELIVERY		RESTRICTED DELIVERY		SHOW TO WHOM AND DATE DELIVERED		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		TOTAL POSTAGE AND FEES		POSTMARK OR DATE	
																				2/10/82	

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTNEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Priscilla A. Kyte
Conservator of the Estate
of David Bond Kyte
802 Alameda Padre Serra
Santa Barbara, California 93103

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil
Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-
referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117931

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		STREET AND NO.		P.O. STATE AND ZIP CODE	
POSTAGE		CERTIFIED FEE		SPECIAL DELIVERY	
OPTIONAL SERVICES		RESTRICTED DELIVERY		SHOW TO WHOM AND DATE DELIVERED	
RETURN RECEIPT SERVICE		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
CONSULT POSTMASTER FOR FEES		TOTAL POSTAGE AND FEES		POSTMARK OR DATE	

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Betty M. Dreessen
27447 Edgerton Rd.
Los Altos Hills, California 94022

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117932

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Betty M. Dreessen</i> STREET AND NO.	P.O., STATE AND ZIP CODE	POSTAGE	CERTIFIED FEE	SPECIAL DELIVERY	RESTRICTED DELIVERY	SHOW TO WHOM AND DATE DELIVERED	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	OPTIONAL SERVICES	RETURN RECEIPT SERVICE	CONSULT POSTMASTER FOR FEES	TOTAL POSTAGE AND FEES	POSTMARK OR DATE
														2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL O. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Betty M. Dreessen and
Ingrid D. Powell, Trustees
P.O. Box 416
Los Altos Hills, California 94022

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P22 1117933

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED--
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Betty M. Dreessen</i> STREET AND NO. <i>110 North Guadalupe</i> P.O. STATE AND ZIP CODE <i>2208 Santa Fe, NM 87501</i>		POSTAGE \$		CERTIFIED FEE \$		SPECIAL DELIVERY \$		RESTRICTED DELIVERY \$		SHOW TO WHOM AND DATE DELIVERED \$		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY \$		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY \$		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY \$		TOTAL POSTAGE AND FEES \$		POSTMARK OR DATE	
CONSULT POSTMASTER FOR FEES																					

PS Form 3800, Apr. 1976

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

The Bank of California
Trustee for Betty K. Dreessen
P.O. Box 45000
San Francisco, California 94145

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P 243 075 654
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Bank of California</i> STREET AND NO. P.O. STATE AND ZIP CODE		POSTAGE		CONSULT POSTMASTER FOR FEES		TOTAL POSTAGE AND FEES	
		CERTIFIED FEE				POSTMARK OR DATE	
		SPECIAL DELIVERY					
		RESTRICTED DELIVERY					
		SHOW TO WHOM AND DATE DELIVERED					
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY					
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY					
		RETURN RECEIPT SERVICE					
		OPTIONAL SERVICES					
		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY					

PS Form 3800, Apr. 1976

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

The Bank of California
Trustee for Cecile Mariee Dreessen
P.O. Box 45000
San Francisco, California 94145

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P 243 075 655

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED —
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO STREET AND NO. <i>Bank of California</i>	P.O., STATE AND ZIP CODE	POSTAGE	CERTIFIED FEE	SPECIAL DELIVERY	RESTRICTED DELIVERY	SHOW TO WHOM AND DATE DELIVERED	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	CONSULT POSTMASTER FOR FEES	OPTIONAL SERVICES	RETURN RECEIPT SERVICE	TOTAL POSTAGE AND FEES	POSTMARK OR DATE
														2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL O. BYRD
BRUCE O. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1140 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Craig C. Powell and
Ingrid D. Powell
Trustees for the C & I Powell Trust
P.O. Box 416
Los Altos Hills, California 94022

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P 243 075 656
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED -
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		STREET NO.		P.O. STATE AND ZIP CODE	
POSTAGE		CERTIFIED FEE		TOTAL POSTAGE AND FEES	
SPECIAL DELIVERY		RESTRICTED DELIVERY		RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
CONSULT POSTMASTER FOR FEES		OPTIONAL SERVICES		POSTMARK OR DATE	

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 10, 1982

Edward T. Dreessen, Jr.
27447 Edgerton Rd.
Los Altos Hills, California 94022

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P 243 075 657

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED —
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO <i>Edward T. Dreessen Jr.</i> STREET AND NO.	P.O., STATE AND ZIP CODE	POSTAGE		TOTAL POSTAGE AND FEES		POSTMARK OR DATE
		CERTIFIED FEE				
		SPECIAL DELIVERY				
		RESTRICTED DELIVERY				
		SHOW TO WHOM AND DATE DELIVERED				
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY				
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY				
		SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY				
		OPTIONAL SERVICES				
		RETURN RECEIPT SERVICE				
		CONSULT POSTMASTER FOR FEES				

2/10/82

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 963-6043

February 10, 1982

Roy G. Barton
P.O. Box 978
300 West Taylor Street
Hobbs, New Mexico 88240

Re: New Mexico Oil Conservation Division Cases 7486 and 7487

Gentlemen:

Enclosed is a copy of the docket for the February 17, 1982 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced cases.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUIRED

110-3

1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom, date, and address of delivery.		2. ARTICLE ADDRESSED TO: Roy G. Barton Post Office Box 978 Hobbs, New Mexico 88240		3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO. P 243 075 658		4. SIGNATURE OF ADDRESSEE (Authorized agent) I have received the article described above. SIGNATURE DATE [Signature] 2/11/82		5. ADDRESS (if different from that on envelope) [Address]		6. UNABLE TO DELIVER BECAUSE: [Reason]		7. CLERK'S INITIALS [Initials]	
--	--	---	--	--	--	---	--	--	--	---	--	-----------------------------------	--

PS Form 3811, Jan. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

17-800-1-1979-200-455

LAWYERS

JEFFERSON PLACE
SUITE 1 - 40 NORTH GUADALUPE
POST OFFICE BOX 2806
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 968-4421
TELECOPIER: (505) 963-6043

Kirby Exploration Company
P.O. Box 1745
Houston, Texas 77001

Gentlemen:

You may have an interest that will be affected by the above-referenced cases.

William F. Carr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P 243 075 659
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED--
NOT FOR INTERNATIONAL MAIL
(See Reverse)

[illegible]

AUTHORITY FOR EXPENDITURES

Operator: WGE Type of Operation: Drilling: Oil Well Date: 1/81
 Well No. 1 Field: Houma County: Lea
 Location: 660' P&M, Sec. 31, T19S, R39E, Lea Co. Prospect: Madine
 FE No. _____ Proposed T.D. 7200

INTANGIBLE DRILLING COSTS

		Completed Well	To Casing Point
-009	Roat. Location & Survey	10,000	10,000
-008	Damages	5,000	5,000
-002	Drilling-Footage: ft. @ /ft.		
-003	Drilling, daywork: 25 days @ 6800 /day	170,000	170,000
-021	Fuel	20,000	20,000
-033	Water	15,000	15,000
-020	Bits	15,000	15,000
-004	Mud and Chemicals	10,000	10,000
-006	Cement Services	25,000	10,000
-025	OST's 5 Coring ft. Mud Logging 10 Days	15,000	15,000
-015	Logging	15,000	10,000
-016	Perforating	5,000	-
-011	Treating-Acidize/frac	20,000	-
-014	Well Service Unit	20,000	-
-013	Rental Equipment	5,000	3,000
-005	Trucking	25,000	20,000
-022	Frac Oil & Wash Oil	-	-
-023	Labor	5,000	3,000
-034	Direct Supervision	10,000	8,000
-036	Contingencies 3 %	32,000	25,000
		<u>\$432,000</u>	<u>\$349,000</u>

WELL EQUIPMENT

	Casing	Footage	Size	Grade Thread	Weight	Price		
-001	Surf.							
-002	Inter.	1600	8 5/8	K-ST2C	24	13.55	21,680	21,680
-003	Prod.	6620	5 1/2	K-ST3C	15.5	7.85	52,438	-
		1120	5 1/2	K-ST2C	17	9.17	10,270	-
	Pipe Insp						6,000	1,200
	Coated	1500	5 1/2			2.75	4,125	-
-004	Tubing	7000	2 3/8	J-FINE	47	3.65	25,550	-
-015	Well Head	8 5/8 x 5 1/2 x 2 3/8					10,000	3,000
-005	Pumping Equipment	228 w/ Electric Motor					34,000	-
	Rods & Pump						16,000	-
-014	Packers/Anchors	TAC					1,000	-

Total \$ 121,063 \$ 25,880

LEASE EQUIPMENT

-011	Tanks	2-500 BBL	1-210 BBL	17,000		-
-024	Separation Equipment	4 x 20 Heater		7,000		-
-012	Line Pipe			2,000		-
-013	Fittings			3,000		-
-016	Installation			10,000		-

APPROVAL:	Working Interest Owners	Total	\$ 39,000	\$ -
Engineering <u>WGE 10/8/81</u>				
Geologic <u>WGE 10-8-81</u>				
Land <u>WGE 10-8-81</u>		Total AFE	\$ 652,063	\$374,883
Managerial <u>WGE 10/8/81</u>				

W.I. TO \$ \$

Working Interest Owner Approval:
 This AFE is approved for the account of _____
 By: _____ Date: _____

Remarks:

AUTHORITY FOR EXPENDITURES

Operator: WGF Type of Operation: Drilling: Oil Well Date: 1/81
 By: H. Schenck Well No. 1 Field: House County: Lea
 Location: 660' FNOEL, Sec. 6, T20S, R39E, Lea Co. Prospect: Hadine
 AFE No. _____ Proposed T.O. 7800

INTANGIBLE DRILLING COSTS

		Completed Well	To Casing Point
-009	Road, Location & Survey	10,000	10,000
-008	Damages	5,000	5,000
-002	Drilling-Footage: ft. 0 /ft.	-	-
-003	Drilling, daywork: 25 days @ 6800 /day	170,000	170,000
-021	Fuel	20,000	20,000
-033	Water	15,000	15,000
-020	Bits	15,000	15,000
-004	Mud and Chemicals	10,000	10,000
-006	Cement Services	25,000	10,000
-025	OST's 5 Coring ft. Mud Logging 10 Days	15,000	15,000
-015	Logging	15,000	10,000
-016	Perforating	5,000	-
-011	Treating-Acidize/frac	20,000	-
-014	Well Service Unit	20,000	-
-013	Rental Equipment	5,000	3,000
-005	Trucking	35,000	30,000
-022	Frac Oil & Wash Oil	-	-
-023	Labor	5,000	3,000
-034	Direct Supervision	10,000	8,000
-036	Contingencies 8 %	32,000	25,000
		\$432,000	\$349,000

WELL EQUIPMENT

WELL EQUIPMENT						\$432,000	\$349,000	
	Casing	Footage	Size	Grade Thread	Weight	Price		
-001	Surf.							
-002	Inter.	1600	8 5/8	K-ST&C	24	13.55	21,680	21,680
-003	Prod.	6680	5 1/2	K-ST&C	15.5	7.85	52,438	-
		1120	5 1/2	K-ST&C	17	9.17	10,270	-
	Pipe Insp						6,000	1,200
	Coated	1500	5 1/2			2.75	4,125	-
-004	Tubing	7000	2 3/8	J-EUF	47	3.65	25,550	-
-015	Well Head	8 5/8 x 5 1/2 x 2 3/8					10,000	3,000
-005	Pumping Equipment	228 w/ Electric Motor					34,000	-
	Rods & Pump						16,000	-
-014	Packers/Anchors	TAC					1,000	-

LEASE EQUIPMENT

-011	Tanks 2-500 BBL	1-210 BBL	17,000	-
-024	Separation Equipment	4 x 20 Heater	7,000	-
-012	Line Pipe		2,000	-
-013	Fittings		3,000	-
-016	Installation		10,000	-

APPROVAL:	Working Interest Owners	Total	\$ 39,000	\$ -
Engineering <u>WGS 10/8/81</u>				
Geologic <u>WGS 10-8-81</u>				
Land <u>LF 10/12/10.8.81</u>				
Managerial <u>WGS 10/8/81</u>				
		Total AFE	\$ 652,063	\$374,883

M.I. TO \$ \$

Working Interest Owner Approval:
 This AFE is approved for the account of _____
 By: _____ Date: _____

Remarks:

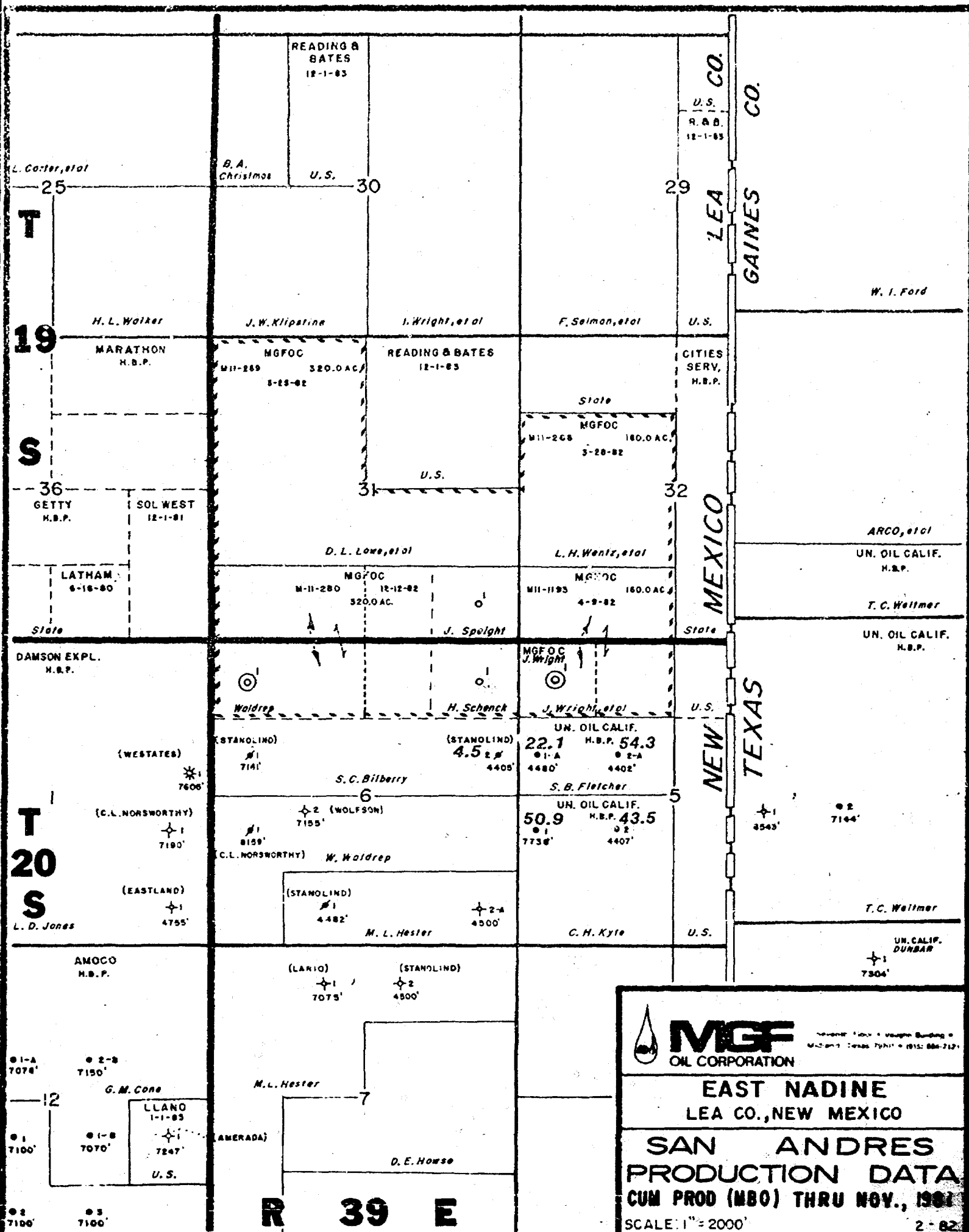
BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

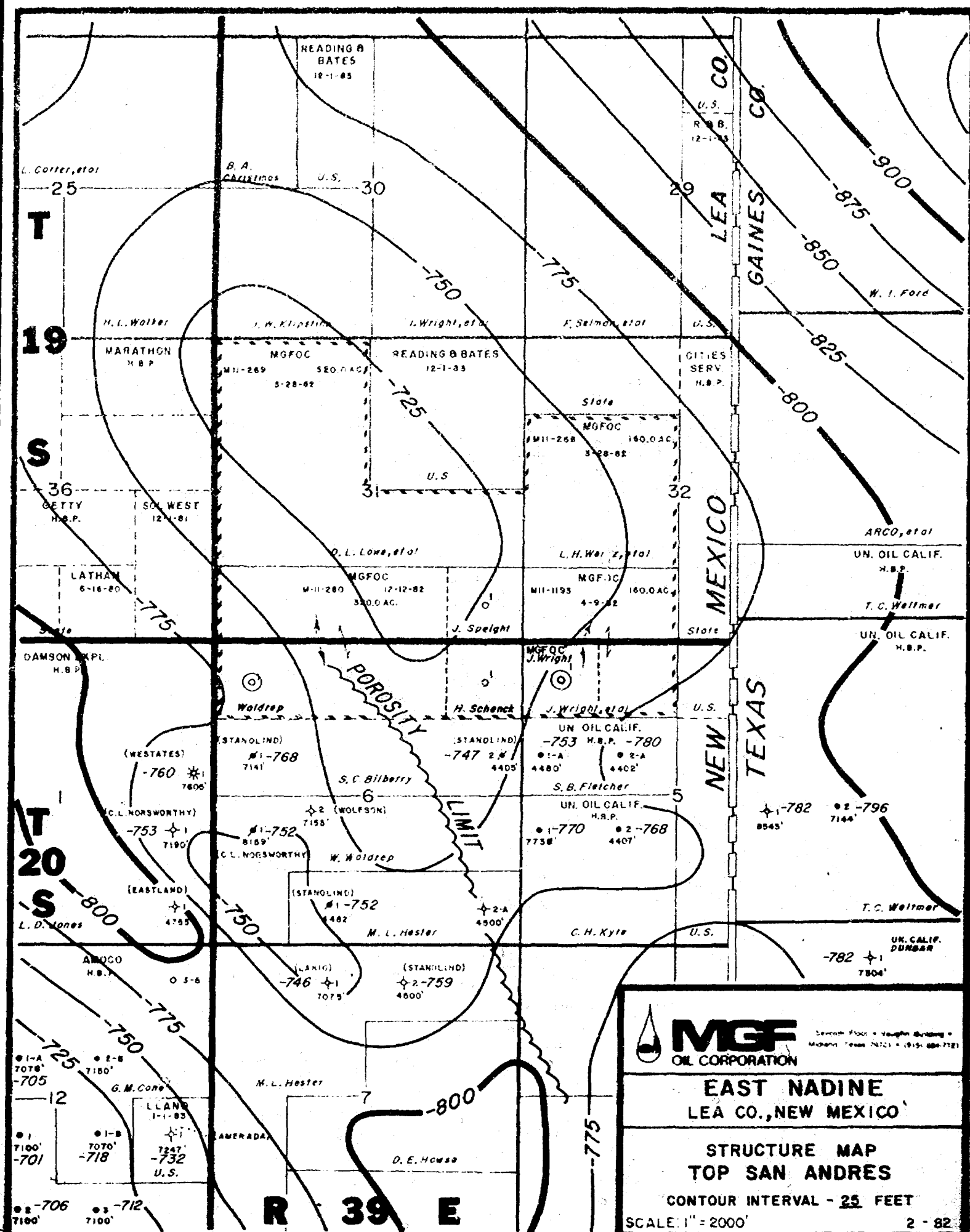
MGF EXHIBIT NO. 4

CASE NO. 7486 • 7487

Submitted by GIBSON

Hearing Date 2/17/82





BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

MGF EXHIBIT NO. 5

CASE NO. 7486 + 7487

Submitted by BIRCHUM

Hearing Date 2/17/82

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

MGF EXHIBIT NO. 6

CASE NO. 7486 + 7487

Submitted by BIRCHUM

Hearing Date 2/17/82

Dockets Nos. 7-82 and 8-82 are tentatively set for March 3 and March 17, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for March, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for March, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1982, for both of the above areas.

CASE 7445: (Continued from December 16, 1981, Examiner Hearing)
(THIS CASE WILL BE CONTINUED TO THE EXAMINER HEARING ON MARCH 17, 1982)

Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASE 7479: Application of Northwest Pipeline Corporation for amendment of Order No. R-2046, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-2046, which authorized approval of six non-standard proration units, Basin-Dakota Gas Pool.

The amendment sought is for the creation of the following non-standard proration units to be drilled at standard locations thereon: Township 31 North, Range 6 West, Section 25: N/2 (272.16 acres) and S/2 (273.3 acres); Section 36: N/2 (272.56 acres) and S/2 (272.88 acres); Township 30 North, Range 6 West; Section 1: N/2 (272.81 acres) and S/2 (273.49 acres).

CASE 7480: Application of Arco Oil & Gas Company for pool creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Upper Devonian gas pool for its Custer Well No. 1 located 1810 feet from the North line and 2164 feet from the West line of Section 6, Township 25 South, Range 37 East, Custer Field.

CASE 7481: Application of Arco Oil & Gas Company for amendment of Order No. R-6792, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6792, which authorized the directional drilling of applicant's Custer Wells Well No. 1 to an unorthodox location in the Devonian and Ellenburger formations and imposed a penalty in the Devonian. By stipulation applicant and the offset operator have agreed that the subject well is not affecting the offsetting property and applicant herein seeks removal of the penalty imposed for so long as the well produces only from the present perforated interval in the Upper Devonian.

CASE 7459: (Continued from January 20, 1982, Examiner Hearing)

Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.

CASE 7410: (Continued from January 20, 1982, Examiner Hearing)

Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

CASE 7457: (Continued from January 20, 1982, Examiner Hearing)

Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dore Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 SW/4 and NE/4 NE/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

CASE 7482: Application of Wiser Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1295 feet from the South line and 1345 feet from the West line of Section 32, Township 21 South, Range 37 East, Penrose-Skelly Pool.CASE 7483: Application of Adams Exploration Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4176 feet to 4293 feet in its Griffin Well No. 4 located in Unit A, of Section 10, Township 8 South, Range 32 East, Chaveroo-San Andres Pool.CASE 7462: (Continued from February 3, 1982, Examiner Hearing)

Application of Marathon Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinberry production in the wellbore of its C. J. Saunders Well No. 3, located in Unit C of Section 1, Township 22 South, Range 36 East.

CASE 7474: (Continued from February 3, 1982, Examiner Hearing)

Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn, Atoka and Morrow formations underlying the E/2 of Section 25, Township 19 South, Range 33 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision; designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7484: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the E/2 of Section 1, Township 19 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the the well, and a charge for risk involved in drilling said well.CASE 7485: Application of Berge Exploration for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying two 160-acre proration units, the first being the NW/4 and the second being the SW/4 of Section 27, Township 7 South, Range 26 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.CASE 7486: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation underlying the NE/4 NE/4 of Section 6, Township 20 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.CASE 7487: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation underlying the SE/4 SE/4 of Section 31, Township 19 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7488: Application of Burkhart Petroleum Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 NW/4 of Section 13, Township 8 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7073: (Reopened and Readvertised)

In the matter of Case 7073 being reopened pursuant to the provisions of Order No. R-6558, which order promulgated special rules for the South Elkins-Fusselman Pool in Chaves County including provisions for 80-acre spacing units and a limiting gas-oil ratio of 3000 to one. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units with a limiting gas-oil ratio of 2000 to one.

CASE 7074: (Reopened and Readvertised)

In the matter of Case 7074 being reopened pursuant to the provisions of Orders Nos. R-6565 and R-6565-B, which created the South Elkins-Fusselman Gas Pool in Chaves County. All interested parties may appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is determined that said pool is producing from a retrograde gas condensate reservoir.

CASE 6373: (Reopened and Readvertised)

In the matter of Case 6373 being reopened pursuant to the provisions of Orders Nos. R-5875 and R-5875-A, which created the East High Hope - Abo Gas pool in Eddy County, and promulgated special rules therefor, including a provision for 320-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 7489: Application of Curtis J. Little for designation of a tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Township 25 North, Range 6 West, containing 6,720 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7490: Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Atoka-Morrow formation, underlying the N/2 of Section 19, Township 8 South, Range 30 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7491: Application of Harvey E. Yates Company for designation of a tight formation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka formation underlying portions of Townships 12, 13, and 14 South, Ranges 35 and 36 East, containing 46,720 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705, said area being an eastward and westward extension of previously approved tight formation area.

CASE 7492: Application of Harvey E. Yates Company for designation of a tight formation, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka-Morrow formation underlying all or portions of Townships 7, 8, and 9 South, Ranges 29, 30, and 31 East, containing 115,200 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7493: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Bootleg Ridge-Morrow Gas Pool. The discovery well is Getty Oil Company Getty 15 Federal Well No. 1 located in Unit J of Section 15, Township 22 South, Range 33 East. NMPM. Said Pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 15: S/2

EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the North King-Devonian Pool. The discovery well is Saredan Oil Corporation Speight Well No. 1 located in Unit B of Section 3, Township 13 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Loving-Atoka Gas Pool. The discovery well is Gulf Oil Corporation Eddy GR State Well No. 1 located in Unit E of Section 16, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 12: N/2

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 4: S/2
Section 7: All
Section 8: All
Section 9: All
Section 16: All
Section 17: All
Section 18: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Drinkard production and designated as the Teague-Drinkard Pool. The discovery well is Alpha Twenty-One Production Company Lea Well No. 1 located in Unit B of Section 17, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 17: NE/4

(e) EXTEND the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 23: All
Section 24: W/2

(f) EXTEND the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 16: W/2

(g) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 2: Lots 1 through 8

(h) EXTEND the Brunson-Fusselman Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 5: SE/4

(i) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 26: E/2

(j) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 23: All
Section 26: All

PAGE 5
EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

(k) EXTEND the Cary-Montoya Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 4: W/2 SW/4
Section 5: SE/4
Section 9: W/2 W/2

(l) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 35: E/2
Section 36: W/2

(m) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2 SW/4
Section 27: SW/4

(n) EXTEND the Elkins-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 21: NE/4

(o) EXTEND the Empire-Abo Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2 SW/4

(p) EXTEND the Henshaw-Queen Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 19: NE/4 NW/4

(q) EXTEND the Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 26: W/2

(r) EXTEND the West Nadine-Blaine Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 8: NW/4

(s) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 28: NW/4

(t) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2 SW/4
Section 18: NW/4 and N/2 SW/4 and SW/4 SW/4

PAGE 6

EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

(u) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 2: NE/4 and E/2 NW/4

(v) EXTEND the Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2
Section 8: SW/4
Section 18: E/2 NW/4

(w) EXTEND THE West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 5: SW/4

(x) EXTEND the Turkey Track-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 15: All

(y) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 13: SE/4
Section 24: NE/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM
Section 12: S/2 NE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 7: S/2
Section 8: NW/4

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

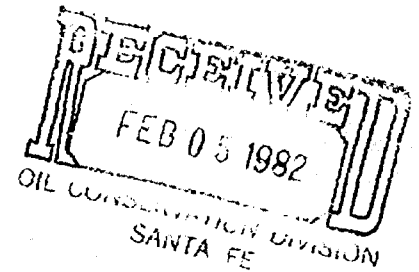
JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 5, 1982

Case 7486

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501



Re: Application of MGF Oil Corporation for
Compulsory Pooling, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of MGF Oil Corporation in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on February 17, 1982.

Very truly yours,

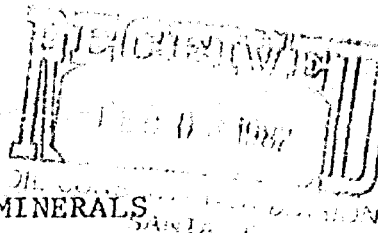
William F. Carr

WFC:lr

Enclosures

cc: Mr. W. M. Gibson

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS



IN THE MATTER OF THE APPLICATION
OF MGF OIL CORPORATION FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE 7486

APPLICATION

Comes now, MGF OIL CORPORATION, by and through its under-
signed attorneys and, as provided by Section 70-2-17, New Mexico
Statutes Annotated, 1978 Compilation, hereby makes application
for an order pooling all of the mineral interests from the
surface down through and including the Abo Formation in and under
the ~~N/2~~ ^{NE/4} NE/4 of Section 6, Township 20-S, Range 39-E, N.M.P.M.,
Lea County, New Mexico, and in support thereof would show the
Division:

1. Applicant is the owner of 21.25% of the working
interest in and under the N/2 NE/4 of said Section 6, and
applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced
pooled unit to its H. Schenck, etal. No. 1 to be drilled
at an orthodox location in NE/4 NE/4 of said Section 6.
3. Applicant has sought and obtained either voluntary
agreement for pooling or farmout from all other working
interest owners in the N/2 NE/4 of said Section 6 except
the following:

SEE ATTACHED SCHEDULE

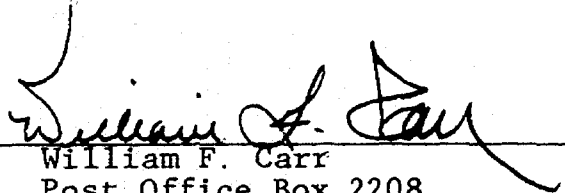
4. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interest should be pooled, and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges, and assessing a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,
CAMPBELL, BYRD & BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

SCHEDULE TO BE ATTACHED TO AND
MADE A PART OF PARA. 3
OF APPLICATION

Oca Mason Heirs	-	.0062500 W.I.	1 acre
Bella Steiner	-	.0093750 W.I.	1.5 acres
Georgiana S. Kane	-	.0093750 W.I.	1.5 acres
Louis F. Breuner	-	.0031250 W.I.	.5 acre
Ellis Rudy	-	.0093750 W.I.	1.5 acres
Henry Schaefer	-	.0015625 W.I.	.25 acre
Janice R. Magee and			
Betty J. Catlin	-	.0031250 W.I.	.5 acre
Joseph F. Woodsum	-	.0062500 W.I.	1 acre
Suits E. Strasinger	-	.0031250 W.I.	.5 acre
Dr. Edwin Merrithew	-	.0015625 W.I.	.25 acre
Ruby R. Fulmor	-	.0031250 W.I.	.5 acre
Alice C. Hardy	-	.0031250 W.I.	.5 acre
Irving G. Downs	-	.0015625 W.I.	.25 acre
A. C. Edler	-	.0062500 W.I.	1 acre
Edward S. Osborne	-	.0062500 W.I.	1 acre
Libby P. Wright	-	.0031250 W.I.	.5 acre
Andrew W. Oliver	-	.0031250 W.I.	.5 acre
Lottie Oliver	-	.0031250 W.I.	.5 acre
R. A. Thurmon	-	.0031250 W.I.	.5 acre
Richard Lyons Moore	-	.0091145 W.I.	1.46 acres
Michael H. Moore	-	.0091145 W.I.	1.46 acres
Stephen Scott Moore	-	.0091145 W.I.	1.46 acres
Priscilla A. Kyte,			
Conservator of the Est. of			
David Bond Kyte	-	.0078125 W.I.	1.25 acres
Betty M. Dreessen	-	.0039062 W.I.	.625 acre
Betty M. Dreessen, Tr.	-	.0039062 W.I.	.625 acre
Marilee I. Kyte &			
Betty M. Dreessen, Trustees	-	.0078125 W.I.	1.25 acres
The Bank of Calif., Nat'l.			
Assoc., Tr. for Betty			
K. Dreessen	-	.0050000 W.I.	.8 acre
The Bank of Calif., Tr.			
for Cecile M. Dreessen	-	.0009375 W.I.	.15 acre
Craig C. Powell and			
Ingrid D. Powell, Tr. for			
Craig and Ingrid Powell			
Living Trust	-	.0009375 W.I.	.15 acre
Edward Dreessen, Jr. a/k/a			
Edward T. Dreessen, Jr.	-	.0009375 W.I.	.15 acre
Roy G. Barton	-	.0273437 W.I.	4.375 acres
Gladys Berry	-	.0015625 W.I.	.25 acre
Sabine Production Co.	-	.0500000 W.I.	8 acres
Kirby Exploration Co.	-	.0703125 W.I.	11.25 acres

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To February 17

Called in by Bill Carr
1/28/52

MGF Oil Corporation

Compulsory Pooling

From surface down thru

Alb formation

NE 1/4 NE 1/4

6-205-39E

jet

OIL CONSERVATION COMMISSION-SANTA FE

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. 7486

Order No. R-6915

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 17,
1982, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this _____ day of February, 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, MGF Oil Corporation, seeks an order pooling all mineral interests down through and including the Abo formation underlying the NE/4 NE/4 of Section 6, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico.

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

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

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, 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 ^{oil} ~~gas~~ in said ~~pool~~ ^{formation}, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That 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.

(8) That 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.

(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 \$ 3500⁰⁰ per month while drilling and \$ 400⁰⁰ 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 dedicated on or before July 1, 1982, 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, down through and including the Abo formation underlying the NE/4 NE/4 of Section 6, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre ^{oil}~~gas~~ spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of July, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Abo formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of July, 1982, 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 MGF Oil Corporaton is hereby designated the operator of the subject well and unit.

(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.

(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 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 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 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 \$ 3500⁰⁰ per month while drilling and \$ 400⁰⁰ 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 Lea 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
GIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L