

CASE NO.

7623

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

12
Please provide
Hansen - 15 or 20 in person
K. so he
can find
to for address

DOCKET MAILED

Date 7/12/82

R.6901
R.6901-A ^{ELANET} for Strawn
poured ~~to~~ dry

PB to A60-made
oil well

in A60 only:
14.426505% of WI
have not joined

want:
\$1750/mo delg
\$200/mo prod
200% penalty

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
21 July 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of C & K Petroleum,
Inc., for compulsory pooling, Lea
County, New Mexico.

CASE
7623

BEFORE: Daniel S. Nutter

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:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
Santa Fe, New Mexico 87501

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I N D E X

JOHN MOFFITT

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 10

GARY R. HALL

Direct Examination by Mr. Kellahin 15

E X H I B I T S

Applicant Exhibit One, Letter 4

Applicant Exhibit Two, Letter 7

Applicant Exhibit Three, List 8

Applicant Exhibit Four, List 8

Applicant Exhibit Five, Map 16

Applicant Exhibit Six, Cross Section 17

1
2 MR. NUTTER: We will call next Case Number
3 7623.

4 MR. PEARCE: That is on the application of
5 C & K Petroleum, Inc., for compulsory pooling, Lea County,
6 New Mexico.

7 MR. KELLAHIN: If the Examiner please,
8 I'm Tom Kellahin, of Santa Fe, New Mexico, appearing on be-
9 half of the applicant, and I have two witnesses to be sworn.

10
11 (Witnesses sworn.)

12
13 JOHN H. MOFFITT
14 being called as a witness and being duly sworn upon his oath,
15 testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. KELLAHIN:

19 Q Mr. Moffitt, for the record would you please
20 state your name and occupation?

21 A I'm John Moffitt. I'm an Exploration
22 Manager for C & K Petroleum in Midland, Texas.

23 Q Would you spell your last name, please?

24 A M-O-F-F-I-T-T.

25 Q Mr. Moffitt, have you previously testified

1
2 before the Oil Conservation Division?

3 A. Yes, I have.

4 Q. In what capacity was that, Mr. Moffitt?

5 A. That was as Exploration Manager for Union
6 Oil Company of California in Midland.

7 Q. As Exploration Manager for C & K Petroleum,
8 Inc., have you had an opportunity to review the status of the
9 land ownership with regards to the proration unit that is the
10 subject matter of this application?

11 A. Yes, I have.

12 Q. Pursuant to that study, Mr. Moffitt, have
13 you identified who the working interest and royalty owners
14 are for this proration unit?

15 A. Yes, these are set out in Exhibits.

16 Q. Is this a function that is normally per-
17 formed by you or under your direction with regards to the
18 putting together of voluntary units?

19 A. Yes, the land department operates under
20 my supervision.

21 MR. KELLAHIN: Mr. Examiner, we tender Mr.
22 Moffitt as an expert witness.

23 MR. NUTTER: Mr. Moffitt is so qualified.

24 Q. Mr. Moffitt, let me direct your attention
25 to what is marked as our Exhibit Number One and have you

1
2 identify for the Examiner the proration unit that you're
3 seeking compulsory pooling for.

4 A. The proration unit that we're seeking
5 compulsory pooling for is the southeast 40-acre tract in
6 Section 28, Township 16 South, Range 37 East, Lea County,
7 New Mexico.

8 Q. This will be the southeast quarter of the
9 southeast quarter?

10 A. Yes.

11 Q. Has this acreage been the subject of a
12 previous Oil Commission hearing and order?

13 A. Yes, it was, for a Strawn hearing.

14 Q. Let's look at that order.

15 A. I have it here also.

16 Q. What is the previous Division order number,
17 Mr. Moffitt, for which the Division entered a compulsory
18 pooling order?

19 A. That was Division Order R-6901 and R-6901A
20 for a Strawn well in the east half of the southeast quarter
21 of Section 28, previously mentioned.

22 Q. All right, sir, and was that Strawn well
23 drilled?

24 A. Yes, sir, it was.

25 Q. And what was the results of the Strawn

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test?

A. The well was drilled to a total depth of 11,650 feet and the Strawn was tested and was water-bearing, not oil productive.

Q. All right, sir. What is the reason you're seeking a compulsory pooling application today?

A. A show was noted in the Abo during the drilling operation, however, it was not tested at that time. It was a very thin zone.

Since the well was dry in the Strawn, it was plugged back for completion attempt in the Abo, and we have swabbed oil and potentialized the well from the Abo. It has not been filed but there is a potential that has been made up.

Q. And you're seeking a compulsory pooling order today, then, to cover the working interest and royalty ownership for the Abo formation.

A. That is correct.

Q. And this is the same well, then, that was drilled under the first order?

A. Yes, it is.

Q. All right. I direct your attention, then, to Exhibit Number One, Mr. Moffitt. What is the purpose of this letter?

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A. The Exhibit Number One is the letter that we wrote to the landowner and the mineral owners, the parties subject to the prior pooling, to notify them that the well was to be completed in the Abo, and they could elect to join in the Abo or to remain under the pooling order.

Q. All right, sir.

A. It's just a preliminary mailing.

Q. Attached to that letter is a tabulation of the names of the owners and their addresses, where available, and their interest in the minerals underlying that proration unit.

A. Yes. Their interest is shown and those that answered are also noted in the margin of that exhibit.

Q. All right, sir. After that initial letter was sent with regards to the Abo formation, what's the next thing that occurred?

A. The next step was a second letter that was which will be shown in Exhibit Number One here. It's listed with a tab here as Exhibit Number Two, and the letter was dated July 1st, 1982, sent by certified mail to all of the parties that they wished pooling, and that letter advised them of this application for compulsory pooling of the 40 acres to the Abo completion.

Q. Would you turn to Exhibit Number Three and

1
2 identify that for us?

3 A. Exhibit Number Three shows a list of the
4 parties that were subject to the prior pooling and it is
5 marked as to their present status.

6 The only real change that's on these is
7 a Mr. Byers, who elected to participate in the completion of
8 the Abo; Mr. McGinley had previously requested that he be al-
9 lowed to join for one-half of his working interest and re-
10 quested he be pooled for the other half, which we did.

11 Q. All right, sir, if you'll turn then to Ex-
12 hibit Number Four and identify that for us.

13 A. Exhibit Number Four shows the working in-
14 terest owners in the Abo completion under the existing oper-
15 ating agreement.

16 Q. All right, sir, what percentage as of to-
17 day of the working interest ownership is going to be subject
18 to a compulsory pooling order?

19 In other words, what portion of the working
20 interest owners have not agreed to participate in the Abo?

21 A. The compulsory pooling interest would be
22 14.426505 percent.

23 Q. And that's found on page three of Exhibit
24 Four?

25 A. Page three of Exhibit Four in this folder.

1
2 Q All right, sir.

3 A As I previously mentioned, Mr. Byers is
4 shown directly below that with his working interest.

5 Q Then apart from the fourteen plus percent
6 ownership that has not agreed to participate, C & K Petroleum
7 either has a lease or other contractual relationships with
8 the balance of the ownership.

9 A That is correct, with all of the remaining
10 owners.

11 Q Have the remaining owners executed an oper-
12 ating agreement, Mr. Moffitt?

13 A Not all of those have operated the -- exe-
14 cuted the operating agreement. They have joined in the
15 drilling of the well but they did not execute the operating
16 agreement.

17 Q The operating agreement that you propose
18 to use for the Abo completion designates C & K Petroleum as
19 the operator?

20 A Yes, it does.

21 Q And what does that operating agreement
22 provide with regards to the overhead charges to be applied
23 while drilling and then during production?

24 A While drilling would be \$1750 per month;
25 during operations it would be \$200 per month.

Q In your opinion are those fair and reasonable charges to be assessed against the nonconsenting working interest owners?

A Yes, those are fair.

Q Now, Mr. Moffitt, were Exhibits One through Four prepared by you or compiled under your direction and supervision?

A Yes, they were.

MR. KELLAHIN: That concludes our examination of Mr. Moffitt.

CROSS EXAMINATION

BY MR. NUTTER:

Q Now, Mr. Moffitt, this land was originally pooled and it was the east half of the section that was pooled for Strawn, right?

A Yes.

Q Then the Strawn was dry.

A The Strawn was dry.

Q And plugged back to the Abo and you're making a well, or made a well.

A We're making -- attempting to make a well in it, yes.

Q Okay.

1
2 A. It is capable of producing at the present
3 time.

4 Q And in this letter that's dated June the
5 15th you're advising these people that you were dry in the
6 Strawn and that you're asking if they want to join in the Abo?

7 A. That is correct.

8 Q Okay. Then on Exhibit Two you write them
9 again and -- no, it's still Exhibit One, but you state that
10 their proportionate part of 663,800 dollars would be due.

11 Now, the \$663,800, that's not the cost of
12 the Strawn test, is it?

13 A. No, it is not. That is an estimated cost
14 for the drilling of an Abo producer, had we originally set
15 out to drill an Abo well.

16 Q Uh-huh. Now, are there poolees in the
17 east half that are participants in the southeast southeast?

18 A. No, they're common ownership there.

19 Q It's undivided interest throughout the
20 east half.

21 A. It's -- I believe that the east half of
22 the southeast quarter that we're pooling on that.

23 Q I see.

24 A. And it is the same interest in there.

25 Q So nobody's interest changed in the well?

1
2 A. No, there's no change.

3 Q I see. The only thing that changed is the
4 name of the formation and the amount that would be due.

5 A That is correct.

6 Q And you did have some parties that were
7 willing to join in the Abo that previously didn't join in
8 the Strawn test.

9 A There's one party tht elected to join in
10 the Abo.

11 Q That was Byers.

12 A That was Byers.

13 Q And what did you say McGinley wanted to
14 do?

15 A McGinley, he elected to continue. He had
16 requested originally that he would go under the pooling order
17 for one-half of his interest and that he would join for one-
18 half of his interest.

19 Q That was in the Strawn?

20 A That was in the Strawn.

21 Q And his status still stays the same now.

22 A And he elected to stay the same in the
23 Abo.

24 Q Okay.

25 A And we do have -- there is a letter in the

1
2 file from him concerning that.

3 Q What was the AFE for the Strawn, do you
4 recall?

5 A No, sir. It was a little over a million.
6 The figure was \$1,190,000 for the Strawn.

7 Q I see. Now, I was having a little bit of
8 trouble figuring out on page three of the Exhibit Number Four,
9 Mr. Moffitt, how that total arrives there.

10 Now you stated that the pooled interest is
11 14.426505.

12 A Yes, sir.

13 Q Percent.

14 A Yes, sir.

15 Q Now, what numbers here add up to that
16 14.426505?

17 A Those would be the interests from the Ex-
18 hibit Three here that shows the one six hundred sixty-four
19 hundred unleased mineral interest starting there at number
20 one. These are the pooled interests. This is page one of
21 Exhibit Three in the folder and it shows the various interests
22 of the pooled interests, and these add up to the 14. interest
23 in -- on page three.

24 Q Okay, in other words, we take Exhibit
25 Three, and we've got all of these parties that have not joined,

1
2 and on page four, then, of Exhibit Three, we add those up
3 and it would be equal to 14.426?

4 A. That is correct.

5 Q. 14.426505 percent.

6 A. This would be page one, two, and three,
7 and four of --

8 Q. Exhibit Three.

9 A. -- Exhibit Three.

10 Q. Then we transfer that 14 percent over to
11 page three of Exhibit Four.

12 A. Yes.

13 Q. Okay, that's all I needed to know.

14 Now is the other witness going to testify
15 as to the risk?

16 MR. KELLAHIN: Yes, sir.

17 MR. NUTTER: Okay. Are there any further
18 questions of Mr. Moffitt? He may be excused.

19
20 GARY R. HALL

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

23
24 DIRECT EXAMINATION
25

1
2 BY MR. KELLAHIN:

3 Q Mr. Hall, would you please state your name
4 and occupation?

5 A My name is Gary R. Hall. I'm the Engineer-
6 ing Manager for C & K Petroleum Corporation, Midland, Texas.

7 Q Mr. Hall, have you previously testified
8 before the Division?

9 A No, sir, I have not.

10 Q Would you identify for Mr. Nutter when and
11 where you obtained your degree?

12 A I obtained a petroleum engineering degree
13 at Texas Tech University in 1959.

14 Q Subsequent to your graduation where have
15 you been employed, Mr. Hall, as a petroleum engineer?

16 A Following three and a half years service
17 in the United States Navy I worked for Texaco, Incorporated
18 for fourteen years in various engineering positions, and
19 during the last five years I've been employed by C & K Petro-
20 leum as Engineering Manager.

21 Q As Engineering Manager do your duties in-
22 clude the supervision of well completions in Lea County, New
23 Mexico?

24 A Yes, sir.

25 Q Are you familiar with the subject matter

1
2 of this application?

3 A. Yes, sir, I am.

4 MR. KELLAHIN: We tender Mr. Hall as an
5 expert petroleum engineer.

6 MR. NUTTER: Mr. Hall is qualified.

7 Q. Mr. Hall, let me direct your attention to
8 the packet of two exhibits contained in the yellow folder, and
9 first of all, to Exhibit Number Five.

10 Would you locate for us the subject well,
11 please?

12 A. The subject well is located on the south-
13 east quarter of the southeast quarter of Section 28.

14 Q. All right, sir, and how is that colored?

15 A. That's colored in blue with a red arrow
16 on this exhibit.

17 Q. In terms of the Abo, Mr. Hall, where does
18 that well lie in relation to the nearest known Abo production?

19 A. Approximately one mile -- our Abo well
20 is approximately one mile northeast of the existing Abo.

21 Q. All right, sir. Has C & K Petroleum al-
22 ready tested the Abo formation in this well?

23 A. Yes, sir, we have.

24 Q. Would you describe for the Examiner what
25 those tests were and what the results were?

1
2 A. Okay. The well was dry in the Strawn, as
3 Mr. Moffitt has testified. The Abo was perforated from 8579
4 to 8584, a five foot interval, with four feet of that pay
5 being considered producable pay.

6 Q All right, sir. You have five feet of the
7 Abo that you've perforated --

8 A. Yes, sir.

9 Q Let me direct your attention then to the
10 cross section, Exhibit Six, and have you identify for us
11 where the perforations will appear on the cross section in
12 the log for this well.

13 A. The C & K Shipp 28 Well No. 1 is indicated
14 at the top, second from the right. A little perforated inter-
15 val in the Abo is indicated in red on this exhibit. Below
16 that, below the log section it has completion date, perforated
17 interval, and initial potential test.

18 Q All right, sir, what was the initial poten-
19 tial test?

20 A. The well pumped 29 barrels of oil, 78 bar-
21 rels of water, and gas too small to measure, on June 28th,
22 1982.

23 Q All right, sir, what other production
24 information do you have on the well?

25 A. After acidizing the well in the Abo, it

1
2 swabbed water with a show of oil. It was re-acidized with
3 10,000 gallons of acid. It swabbed up to, I believe, 80 bar-
4 rels of oil at a daily rate. The well was shut-in to install
5 a pumping unit and tank battery, and then the well was poten-
6 tialled on June 28th for 29 barrels of oil, and since that time
7 is at a pretty rapid decline and is presently producing 7 to
8 8 barrels of oil per day and 4 to 3 barrels of water per day.

9 Q Mr. Hall, have you made any calculations
10 to determine the extent of the Abo reservoir from which this
11 well is producing?

12 A Yes, I have. It was realized when the
13 well was perforated and swabbed and tested that it would not
14 be anything but a salvage zone, and that's what it's shown
15 to be, but a salvage zone will offset operating costs and
16 continue on from that point.

17 Based on volumetric recovery analysis and
18 performance consideration, it looks like the estimated ulti-
19 mate recovery will be 11,000 barrels, and those 11,000 barrels
20 of oil will generate a profit above operating costs of approx-
21 imately \$160,000, which will obviously not pay out the
22 drilling and completion costs of the Abo, which is estimated
23 at \$663,800.

24 Q All right, sir. Let me direct your atten-
25 tion to the AFE for the Abo, and it's appended to the packet

1
2 of exhibits as the last document under Exhibit Number One.

3 This is an AFE, which is the last document
4 of Exhibit Number One, Mr. Hall, and it's dated June 14th,
5 1982. Is this the AFE that you're referring to?

6 A. Yes, sir.

7 Q. Have you had an opportunity to review that
8 Authorization for Expenditure?

9 A. Yes, sir, I have. This -- these costs were
10 prepared after the well was drilled and the Strawn was at-
11 tempted to be completed and after the well was completed in
12 the Abo, so this -- these drilling costs are based to a large
13 extent on actual costs and allocated costs, to some extent,
14 to drill it and complete an 8600 foot Abo well, excuse me, an
15 8800 foot Abo well.

16 Q. In your opinion, Mr. Hall, is the method
17 of allocation of well costs from the original Strawn test, the
18 allocation to the Abo, a reasonable and fair allocation for
19 all involved?

20 A. Yes, sir, I would say it is reasonable and
21 fair.

22 Q. Now the AFE that's presented here as an
23 exhibit, Mr. Hall, is this the same AFE that was circulated
24 to all the working interest owners?

25 A. Yes, sir, it is.

1
2 Q All right, sir. And what are those cost
3 numbers again? What are the summaries?

4 A Cost to drill and complete, \$662,800.

5 Q Do you have the actual costs of that work
6 in the Abo now? The actual bills, can you relate the actual
7 cost to the AFE?

8 A Well --

9 Q You said you had some of the actual costs.

10 A Yes, this -- this was -- this AFE was pre-
11 pared June the 14th, which was after the Abo was completed.
12 All the costs were not in but probably 85 percent of them
13 were.

14 Q All right, sir. So the AFE is in fact
15 going to represent in large part the actual costs --

16 A Yes.

17 Q -- for this work.

18 A Yes, sir, we're satisfied this is the ac-
19 tual cost.

20 MR. NUTTER: Kind of rounded off, though,
21 aren't they?

22 A We generally on all AFE's round off to the
23 nearest hundred.

24 MR. NUTTER: But usually you don't have
25 actual costs at hand.

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A. That's correct.

Q. In your opinion, Mr. Hall, will this well ever recover sufficient oil to allow the operator to pay the costs of drilling the well?

A. In my opinion, no.

Q. In terms of the steps towards a maximum 200 percent risk factor, do you have an opinion as to what would be an appropriate risk factor to assess against the non-consenting working interest owners?

A. I would recommend the same penalty as was assessed on the Strawn, 200 percent.

MR. KELLAHIN: That concludes our examination of Mr. Hall, Mr. Nutter.

We'd move the introduction of C & K Petroleum Exhibits One through Six.

MR. NUTTER: C & K Exhibits One through Six will be admitted in evidence.

Are there any other questions of Mr. Hall?

He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7623?

We'll take the case under advisement.

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 Conservation 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. 7623, heard by me on 7/21 1982.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

RECEIVED

OCT 15 10 09 AM '82

STATE LANDS DEPT
SANTA FE, N. M.

October 11, 1982

Oil Conservation Division
Energy and Minerals Department
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

Re: Case No. 7623, Order No. R-7042
Shipp 28 #1 well, Abo Completion Only
SE/4 SE/4 Section 28, T-16-S, R-37-E
Lea County, New Mexico

Gentlemen:

We herewith submit Schedule of Abo Well Costs for your consideration pursuant to the terms of the above referenced order.

Very truly yours,

Danie Lebow

Ms. Danie Lebow
Senior Landman

DL:jw
enclosure

cc: The Working Interest Owners
(Addressee List Attached)

SCHEDULE OF ABO WELL COSTS

Date Prepared September 16, 1982

CSK Petroleum, Inc. - Shipp 28 #1 well
660' FS & EL Section 28, T-16-S, R-37-E
Lea County, New Mexico

Abo Total Depth 8,800'

Oil Conservation Division
Case No. 7623
Order No. R-7042
(Abo Zone Only)

<u>INTANGIBLES:</u>	<u>Drilling</u>	<u>Completion</u>	<u>Total Cost Producer</u>
Location Pits and Roads	25,000	5,000	30,000
Water Supply	15,000		15,000
Damages and Right-of-Way	3,000		3,000
Rig Expense	140,800	20,000	160,800
Mud & Chemicals	25,000		25,000
Tool & Equipment Rental	10,000	5,000	15,000
Cement & Cementing Services	20,000	10,000	30,000
Formation Evaluation	35,000	5,000	40,000
Perforating		5,000	5,000
Stimulation		30,000	30,000
Transportation	2,500	5,000	7,500
Misc. Labor, Services & Supplies	5,000	5,000	10,000
Supervision & Professional	10,000	5,000	15,000
Drilling Overhead	2,500	1,000	3,500
Other & Contingencies	28,000	9,000	37,000
TOTAL INTANGIBLES	321,800	105,000	426,800
<u>TANGIBLES:</u>			
Casing (13-3/8" & 8-5/8" & 5-1/2")	80,000	85,000	165,000
Tubing		35,000	35,000
Wellhead Equipment	7,000	4,000	11,000
Auxilliary Casing Equip.	2,000	3,000	5,000
Miscellaneous Equipment	9,000	12,000	21,000
TOTAL TANGIBLES	98,000	139,000	237,000
TOTAL WELL COST	419,800	244,000	* 663,800
<u>PRODUCTION EQUIPMENT:</u>			
Lift Equipment & Surface Equipment			** 92,030
TOTAL COMPLETED WELL COSTS:			<u>\$755,830</u>

* These costs allocated from total costs to drill to test Strawn at 11,600'.
Original objective dry; well was plugged back for Abo completion at 8,800'.

** Actual Invoice costs.

ADDRESSEE LIST
Shipp 28 #1

RECEIVED
OCT 15 10 10 AM '82
SARATOGA

Wainoco Oil & Gas Company
1625 Broadway, Suite 1710
Denver, CO 80202

Harry J. Schafer, Jr., Trustee
of the Mary E. Grisso Trust No. 1
Box 14667
Oklahoma City, OK 73113

Heritage Resources
Box 777
Davis, OK 73030

Petroleum Corporation of Texas
Box 911
Breckenridge, TX 76024

Jack D. Bachman
P.O. Box 27276
Denver, CO 80227

John R. McGinley, III
P.O. Box 3405
Tulsa, OK 74101

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% Meridien Capital Corp.
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Roswell, NM 88201

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Harding A. Orren, Bernard Rosenberg,
Solly Robins, Lillian S. Davis Trust
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2000 Grant Building
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Henry L. Hillman
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Pittsburgh, PA 15219

John Lawrence
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Dallas, TX 75201

Arthur L. Owen
2000 Mercantile Commerce Bldg.
1712 Commerce Street
Dallas, TX 75201

ADDRESSEE LIST
Continued

Oct 15 10 10 AM '82

STATION
SANTA FE, N.M.

Robintech, Inc.
Attn: Mr. E. S. Elgin
P.O. Box 2342
Ft. Worth, TX 76101

J. F. Webre
5701 Woodway
Suite 236
Houston, TX 77057

Ronald J. Byers
1600 United Bank Tower
400 West 15th
Austin, TX 78701

Spectrum 7 - 1981 Drilling Fund
P.O. Box 50
Midland, TX 79702



POST OFFICE BOX 2068
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

July 30, 1982

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
P. O. Box 1769
Santa Fe, New Mexico

Re: CASE NO. 7623
ORDER NO. R-7042

Applicant:

C & K Petroleum, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other _____

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. 7623
Order No. R-7042

APPLICATION OF C & K PETROLEUM,
INC. 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 July 21, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of July, 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, C & K Petroleum, Inc., seeks an order pooling all mineral interests in the Abo formation underlying the SE/4 SE/4 of Section 28, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant has the right to drill and has drilled 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 gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

-2-

Case No. 7623

Order No. R-7042

(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 actual Abo 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 actual Abo 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 actual Abo costs should pay to the operator any amount that reasonable well costs exceed actual Abo well costs and should receive from the operator any amount that paid actual Abo well costs exceed reasonable well costs.

(11) That \$1750.00 per month while drilling and \$200.00 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 Division Orders Nos. R-6901 and R-6901-A, which pooled the E/2 SE/4 of Section 8, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, for a Strawn test well should be rescinded inasmuch as the Strawn formation was dry at this location.

-3-

Case No. 7623
Order No. R-7042

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Abo formation underlying the SE/4 SE/4 of Section 8, Township 16 South, Range 37 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.

(2) That C & K Petroleum, Inc. is hereby designated the operator of the subject well and unit.

(3) That within 90 days after the effective date of this order the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of actual Abo 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 actual Abo 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 actual Abo well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) 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 actual Abo costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed actual Abo well costs and shall receive from the operator his pro rata share of the amount that actual Abo 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

-4-

Case No. 7623
Order No. R-7042

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 \$1750.00 per month while drilling and \$200.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in 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 Division Orders Nos. R-6901 and R-6901-A are hereby rescinded.

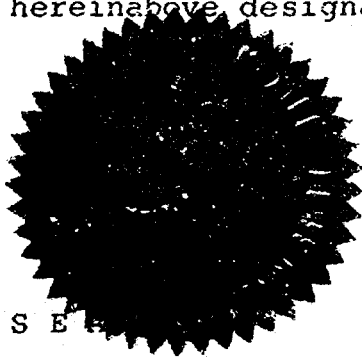
-5-

Case No. 7623

Order No. R-7042

(14) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

S E

INDEX TO EXHIBITS

RE: Abo Pooling Hearing 7-21-82
C&K Petroleum, Inc. - Shipp 28 #1
Lea County, New Mexico

EXHIBIT I:

First Notice of Abo completion attempt - letter to parties subject to prior pooling with AFE, dated 6-15-82.

Replies to First Notice

EXHIBIT II:

Second Notice by letter dated July 1, 1982, with copy of Application to Pool Abo and notice of hearing date.

Replies to Second Notice.

Copies of certified mail - return receipts, signed by recipients.

EXHIBIT III:

List of parties subject to prior pooling, marked as to present status.

EXHIBIT IV:

Amended Exhibit "A" to existing Operating Agreement showing present Working Interest owners in Abo completion.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
C & K EXHIBIT NO. 1
CASE NO. 9623



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

June 15, 1982

TO: Interest Owners now subject to
Compulsory Pooling Order R-6901
covering Strawn formation
(Addressee List Attached)

RE: C&K Petroleum, Inc. - Shipp 23 #1 well
660' FS&EL Section 28, T-16-S, R-37-E
Lea County, New Mexico

Gentlemen and Mesdames:

The subject well was drilled to TD 11,650 feet and was dry in the Strawn formation. C&K Petroleum, Inc. is now attempting a completion in the Abo from perforated interval 8579' to 8584'. This zone had swabbed at the rate of approximately 19 barrels oil per day plus 60 barrels water per day. We are presently shut-in waiting on electricity to hook up the pumping equipment.

C&K Petroleum, Inc. will now request a hearing before the Oil Conservation Division, State of New Mexico, for the purposes of pooling 40 acres to the Abo production. As required by the Division, we herewith enclose AFE covering drilling and completion costs for the Abo only. You may now elect to join in the Abo completion by paying your proportionate part of the \$663,800 shown on the attached AFE. If you now elect to join, please sign the enclosed AFE and forward to us your check.

We will forward to you copy of the Application to Pool the Abo formation as soon as we have it. We also request that you sign below and return one copy of this letter as soon as possible.

We ask your immediate attention to this request.

Very truly yours,

A handwritten signature in cursive script that reads 'Danie Lebow'.

Ms. Danie Lebow
Senior Landman

☐ I do elect to join in the Abo and my check is attached.

☐ I elect to remain under the pooling order.

Signature

Date

EX 1
CA 7623

ADDRESSEE LIST
Pooled Interests - Shipp 28 #1

<u>OWNER</u>	<u>TYPE INTEREST</u>	
1. Ethel Armentrout Peterson Address Unknown	1/6400 unleased mineral interest	
2. Florence M. Balkam Address Unknown	1/6400 unleased mineral interest	
3. Helen M. Brewer Address Unknown	1/3200 unleased mineral interest	
4. Arthur Briston Roland, IA 50236	1/6400 unleased mineral interest	
5. Louis E. Brooker Address Unknown	"	
6. R. W. Brown Address Unknown	"	
7. Jennie Anderson Buck Address Unknown	"	
8. W. C. Caldwell Address Unknown	"	
9. Evan Christainsen, Deceased Address Unknown	"	
10. Ellen A. Crepaw and the Estate of L. C. Crepaw Address Unknown	"	
11. Lillian M. Drew, widow of W. A. Drew Address Unknown	"	
12. Mae Duncan Bauman Address Unknown	"	
13. Henry R. and Effie M. Elvidge Address Unknown	"	
14. Hazel Bruggman, Wilbur C. Enfield Rudd, IA 50471	2/3 of 1/6400 unleased mineral interest	unknown
15. J. D. and Myrtle Evans Address Unknown	1/6400 unleased mineral interest	
16. Clifford K. and Hazel Ferguson John W. and Mary Ferguson Address Unknown	"	
17. Henrietta L. McDermott Fischer Address Unknown	"	
18. Frederick M. and Alta Grace Address Unknown	"	
19. Clifford and Clara Gray Address Unknown	"	
20. Ada L. and W. R. Grew Address Unknown	1/3200 unleased mineral interest	

Joel M. Bie

OWNER	TYPE INTEREST	
21. C. A. and Lillian W. Hanson Address Unknown	1/6400 unleased mineral interest	
22. Earl L. and Kathryn Hansen Swea City, IA 50590	1/3200 unleased mineral interest	Deceased
23. C. R. Hemphill Address Unknown	1/12,800 unleased mineral interest	
24. Mildred L. Hitchcock Address Unknown	1/6400 unleased mineral interest	
25. F. C. Holmes and the Estate of Eva Holmes Address Unknown	"	
26. W. A. Horn Address Unknown	"	
27. Annie L. Brown and W. Frank Porowski Address Unknown	1/3200 unleased mineral interest	
28. Mrs. Lillian Kennedy Address Unknown	1/6400 unleased mineral interest	
29. Cynthia E. Larson and Charles R. Larson, Joint Tenants Address Unknown	"	
30. Cora I. and Geo. L. Lohr Address Unknown	"	
31. Estella Maple Address Unknown	"	
32. Floy Mae Mawhinney Dennies Address Unknown	1/3200 unleased mineral interest	
33. Leonard Arthur Miller; Lois Miller Mayall 411 N. 4th Street Humboldt, IA 50548	1/6400 unleased mineral interest	
34. Dale R. and Leota F. Morgan Address Unknown	"	
35. O. G. Morgan, Kenneth E. Morgan, and Don A. Morgan Address Unknown	"	
36. Andrew E. and Bessie R. Nelson Address Unknown	"	
37. W. J. and Muriel J. Parrott Address Unknown	1/12,800 unleased mineral interest	
38. Frank O. and Ella M. Peterson Deceased Address Unknown	1/6400 unleased mineral interest	
39. Blanche L. Probert; and Shirley F. Probert Porter Address Unknown	1/3200 unleased mineral interest	
40. W. J. and Martha H. Slepicka Address Unknown	1/6400 unleased mineral interest	

OWNER	TYPE INTEREST
41. Chas. E. and Madge L. Snipps Address Unknown	1/6400 unleased mineral interest
42. Gertrude J. Scullins Address Unknown	1/3200 unleased mineral interest
43. Mae Shifflett Address Unknown	1/6400 unleased mineral interest
44. John Satoka Address Unknown	"
45. John W. Tiss Rt. 6 Box 55-A De Ridder, LA 70634	1/640 unleased mineral interest
46. C. E. and Cora M. Werthenback Address Unknown	1/6400 unleased mineral interest
47. G. L. and Christena B. Whitman and Estate of Blanche M. Whitman Address Unknown	"
48. Elizabeth H. Woodburn and Estate of Robert H. Woodburn Address Unknown	"
49. Ann C. Gossman Box 1051 SS Springfield, MO 65805	1/12,800 unleased mineral interest
50. James Roland Woods Box 1417 Socorro, NM 87801	54/19,200 unleased mineral interest
51. Ronald J. Byers 209 Westgate Building 1122-Colorado Austin, TX 78701	<i>1600 United Bank Tower 400 West 15th St. Austin 78701</i> 1/128 unleased mineral interest
52. Hanesco, Inc. Box 182 Roswell, NM 88201	57/2048 unleased mineral interest
53. J. H. Van Zant, II 1722 Commerce Building Fort Worth, TX 76101	3/320 unleased mineral interest
+ 54. J. R. McGinley, Jr. P.O. Box 3405 Tulsa, OK 74101	1/2 of 1/48 unleased mineral interest (<u>join</u> for 1/2 of 1/48)
55. Rebel Oil Company 603 Seco Hobbs, NM 88240	2.947979% leasehold interest
56. Roy G. Barton, Jr., and Norma Barton Box 978 Hobbs, NM 88240	1/64 unleased mineral interest

*Join in Abo
7-8-82*

*will not join
~~join in Abo~~*

*remain under
Pooling in 1/2*

OWNER

TYPE INTEREST

57. Cleroy, Inc.
P.O. Box 3405
Tulsa, OK 74101

1/48 unleased
mineral interest

*remain under
pooling*

58. Lanroy, Inc.
P.O. Box 3405
Tulsa, OK 74101

1/48 unleased
mineral interest

*remain under
pooling*

C & K PETROLEUM, INC.
AUTHORIZATION FOR EXPENDITURE
(DRILLING)

Date Prepared June 14, 1982Well Type: Development XActual ~~Drill~~ Spud Date *March 15, 1982

Exploration _____

Proposed Depth 8,800'Prospect Name East LovingtonAFE No. 02470-ALease Shipp "28" Well No. 1 Field Wildcat Property No. _____Location 660' FS&EL of Section 28, T-16-S, R-37-E, Lea County, New Mexico

REASON FOR REQUEST: Drill and Equip 8,800' Abo Test *Subject to OCD Compulsory
Pooling Order R-6901. Well was dry in original objective - Strawn @ 11,600'. New AFE
to Abo required by Oil Conservation Division, State of New Mexico.

INTANGIBLES	Sub	Drilling 701	Completion 703	Total Cost Producer	Revisions	Total Cost Revised
Location Pits and Roads	091	25,000	5,000	30,000		
Water Supply	093	15,000		15,000		
Damages and Right-of-Way	095	3,000		3,000		
Rig Expense	097	140,800	20,000	160,800		
Drilling Bits	099					
Mud & Chemicals	103	25,000		25,000		
Tool & Equipment Rental	035	10,000	5,000	15,000		
Fuel & Power	105					
Cement & Cementing Services	107	20,000	10,000	30,000		
Formation Evaluation	110	35,000	5,000	40,000		
Perforating	117		5,000	5,000		
Stimulation	119		30,000	30,000		
Transportation	041	2,500	5,000	7,500		
Pipe Inspection & Testing	127					
Misc. Labor, Services & Supplies	073	5,000	5,000	10,000		
Supervision & Professional	125	10,000	5,000	15,000		
Drilling Overhead	213	2,500	1,000	3,500		
Other & Contingencies	490	28,000	9,000	37,000		
TOTAL INTANGIBLES		321,800	105,000	426,800		
TANGIBLES	Sub	702	704			
Casing 13-3/8 & 8-5/8 & 5-1/2	301	80,000	85,000	165,000		
Tubing	302		35,000	35,000		
Wellhead Equipment	307	7,000	4,000	11,000		
Packers & Anchors	309					
Auxilliary Casing Equip.	318	2,000	3,000	5,000		
Miscellaneous Equipment	320	9,000	12,000	21,000		
TOTAL TANGIBLES		98,000	139,000	237,000		
TOTAL WELL COST		419,800	244,000	663,800		
PLUGGING COST	Sub	708				
Clean-up Location	091	20,000				
Casing Pulling & Plugging	225	25,000				
TOTAL PLUGGING		45,000				
TOTAL DRY HOLE COST		464,800				



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

June 15, 1982

RECEIVED
JUN 21 1982

TO: Interest Owners now subject to
Compulsory Pooling Order R-6901
covering Strawn formation
(Addressee List Attached)

RE: C&K Petroleum, Inc. - Shipp 28 #1 well
660' FS&EL Section 28, T-16-S, R-37-E
Lea County, New Mexico

Gentlemen and Mesdames:

The subject well was drilled to TD 11,650 feet and was dry in the Strawn formation. C&K Petroleum, Inc. is now attempting a completion in the Abo from perforated interval 8579' to 8584'. This zone had swabbed at the rate of approximately 19 barrels oil per day plus 60 barrels water per day. We are presently shut-in waiting on electricity to hook up the pumping equipment.

C&K Petroleum, Inc. will now request a hearing before the Oil Conservation Division, State of New Mexico, for the purposes of pooling 40 acres to the Abo production. As required by the Division, we herewith enclose AFE covering drilling and completion costs for the Abo only. You may now elect to join in the Abo completion by paying your proportionate part of the \$663,800 shown on the attached AFE. If you now elect to join, please sign the enclosed AFE and forward to us your check.

We will forward to you copy of the Application to Pool the Abo formation as soon as we have it. We also request that you sign below and return one copy of this letter as soon as possible.

We ask your immediate attention to this request.

Very truly yours,

Danie Lebow

Ms. Danie Lebow
Senior Landman

☒ I do elect to join in the Abo and my check is attached.

☐ I elect to remain under the pooling order.

H. Amato, Jr.
By D. K. H. H. H.
Signature
Vice President

6/17/82
Date

*check not
attached.
DH*

*Sanjour advised
on 7-9-82 that
Hansen will NOT
participate.*

TELEPHONE NUMBER
(918) 585 5853

J. R. McGINLEY, JR.
512 MAYO BUILDING
TULSA, OKLAHOMA 74103

MAILING ADDRESS:
P. O. BOX 3405
TULSA, OK 74101

July 7, 1982

RECEIVED
JUL 12 1982

C&K Petroleum Inc.
P. O. Drawer 3546
Midland, Texas 79702

ATTENTION: Danie Lebow

RE: Shipp 28 #1 Well
Lea County, New Mexico

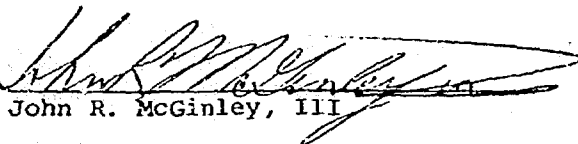
Gentlemen:

Enclosed find letters executed by Lanroy Inc. and Cleroy Inc. indicating their desire to remain under the pooling order covering the Strawn formation as it regards the Abo completion. As you are aware, J. R. McGinley, Jr. participated for half of his interest and was carried as to the other half under compulsory pooling order R-6901 covering the Strawn formation. The enclosed letter executed by J. R. McGinley, Jr. evidencing his desire to elect similarly and be carried under the pooling order as to half of his interest and participate for the other half.

Yours truly,

J. R. McGINLEY, Jr.
LANROY INC.
CLEROY INC.

By:


John R. McGinley, III

JRM, III/jbo

Enclosures



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

June 15, 1982

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We ask your immediate attention to this request.

Very truly yours,

A handwritten signature in cursive script that reads 'Danie Lebow'.

Ms. Danie Lebow
Senior Landman

☐ I do elect to join in the Abo and my check is attached.

☒ I elect to remain under the pooling order.

LANROY INC.
By: A handwritten signature in cursive script that reads 'R. C. Burke'.
Signature Vice-President

7/7/82
Date



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

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Ms. Danie Lebow
Senior Landman

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☒ I elect to remain under the pooling order.

CLEROY INC

BY: A handwritten signature in cursive script that reads 'R. D. Burke'.
Signature Vice-President

7/7/82
Date



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

June 15, 1982

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We ask your immediate attention to this request.

Very truly yours,

Ms. Danie Lebow
Senior Landman

☒ I do elect to join in the Abo and my check is attached in the amount of \$5,185.94.

☐ I elect to remain under the pooling order.

Signature

July 1, 1982
Date

PLEASE NOTE MY NEW ADDRESS:

1600 UNITED BANK TOWER
400 WEST FIFTEENTH STREET
AUSTIN, TEXAS 78701

RECEIVED

JUL 8 1982

C & K PETROLEUM, INC.
AUTHORIZATION FOR EXPENDITURE
(DRILLING)


Well Type: Development X Date Prepared June 14, 1982
 Exploration _____ Actual ~~Proposed~~ Spud Date *March 15, 1982
 Proposed Depth 8,800'
 Prospect Name East Lovington AFE No. 02470-A
 Lease Shipp "28" Well No. 1 Field Wildcat Property No. _____
 Location 660' FS&EL of Section 28, T-16-S, R-37-E, Lea County, New Mexico

REASON FOR REQUEST: Drill and Equip 8,800' Abo Test *Subject to OCD Compulsory
Pooling Order R-6901. Well was dry in original objective - Strawn @ 11,600'. New AFE
to Abo required by Oil Conservation Division, State of New Mexico.

INTANGIBLES	Sub	Drilling 701	Completion 703	Total Cost Producer	Revisions	Total Cost Revised
Location Pits and Roads	091	25,000	5,000	30,000		
Water Supply	093	15,000		15,000		
Damages and Right-of-Way	095	3,000		3,000		
Rig Expense	097	140,800	20,000	160,800		
Drilling Bits	099					
Mud & Chemicals	103	25,000		25,000		
Tool & Equipment Rental	035	10,000	5,000	15,000		
Fuel & Power	105					
Cement & Cementing Services	107	20,000	10,000	30,000		
Formation Evaluation	110	35,000	5,000	40,000		
Perforating	117		5,000	5,000		
Stimulation	119		30,000	30,000		
Transportation	041	2,500	5,000	7,500		
Pipe Inspection & Testing	127					
Misc. Labor, Services & Supplies	073	5,000	5,000	10,000		
Supervision & Professional	125	10,000	5,000	15,000		
Drilling Overhead	213	2,500	1,000	3,500		
Other & Contingencies	490	28,000	9,000	37,000		
TOTAL INTANGIBLES		321,800	105,000	426,800		
TANGIBLES	Sub	702	704			
Casing 13-3/8 & 8-5/8 & 5-1/2	301	80,000	85,000	165,000		
Tubing	302		35,000	35,000		
Wellhead Equipment	307	7,000	4,000	11,000		
Packers & Anchors	309					
Auxilliary Casing Equip.	318	2,000	3,000	5,000		
Miscellaneous Equipment	320	9,000	12,000	21,000		
TOTAL TANGIBLES		98,000	139,000	237,000		
TOTAL WELL COST		419,800	244,000	663,800		
PLUGGING COST	Sub	708				
Clean-up Location	091	20,000				
Casing Pulling & Plugging	225	25,000				
TOTAL-PLUGGING		45,000				
TOTAL DRY HOLE COST		464,800				

Actual costs adjusted as Abo costs

APPROVED: JULY 1, 1982


 Ronald J. Byers

1600 UNITED BANK TOWER
 400 WEST FIFTEENTH STREET
 AUSTIN, TEXAS 73701

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

CVK EXHIBIT NO. II
CASE NO. 7623



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

July 1, 1982

To Interest Owners Now Subject to
Compulsory Pooling Order R-6901
covering Strawn formation
(Addressee List Attached)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Application to Pool Abo
C&K Petroleum, Inc. - Shipp 28 #1 well
660' FS & EL Section 28, T-16-S, R-37-E
Lea County, New Mexico

Gentlemen and Mesdames:

By letter dated June 15, 1982, we advised you that we would file application for compulsory pooling of 40 acres to the Abo completion of the subject well. We also forwarded to you an AFE covering drilling and completion costs to the Abo only.

Attached you will find copy of the Application which was filed with the State of New Mexico Department of Energy and Minerals, Oil Conservation Division, on June 23, 1982. This application will be heard by the Division on July 21, 1982.

Please let us know if you need or require other information in this regard.

Very truly yours,

A handwritten signature in cursive script that reads 'Danie Lebow'.

Ms. Danie Lebow
Senior Landman

DL:jw

enclosure

RECEIVED
JUL 1 1982

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

June 22, 1982

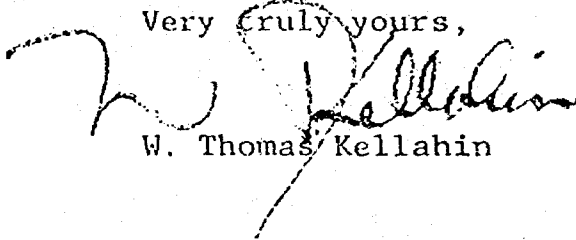
Mr. Joe D. Ramey
OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, NM 87501

Re: C & K Petroleum

Dear Mr. Ramey:

Please set the enclosed application for compulsory pooling for hearing on July 21, 1982.

Very truly yours,


W. Thomas Kellahin

WTK:rb
Enclosure
cc: C & K Petroleum
All Interest Owners
on Exhibit A

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

IN THE MATTER OF THE APPLICATION OF
C & K PETROLEUM, INC., FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

CASE _____

A P P L I C A T I O N

COMES NOW C & K Petroleum, Inc., by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order pooling the Abo formation underlying the SE/4SE/4 of Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico and in support thereof would show:

1. Applicant is an oil and gas operator and previously obtained Division Order R-6901 and R-6901-A for a Strawn well in the E/2SE/4 of said Section 28 and drilled a dry hole.

2. Applicant now proposes to complete this well at a standard location to test the Abo formation and to dedicate the SE/4SE/4 of said Section as the spacing and proration unit for this well.

3. Applicant has sought the cooperation of all interested parties involved in the proposed unit and has been unable to obtain the necessary approvals or commitments to form a voluntary unit for this well.

4. Those interested parties who have not joined in the subject well for this unit are attached hereto as Exhibit A,

and incorporated by reference herein.

5. Copies of this Application have been mailed to the parties shown on Exhibit A.

6. Applicant desires to be designated operator of the pooled unit.

7. 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 unit, all mineral interest, whatever they may be, underlying the subject unit, should be pooled.

8. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the subject well.

9. Applicant should be authorized to withhold from production, the proportionate share of reasonable supervision charge for drilling, completing and producing well attributable to each non-consenting working interest owner.

WHEREFORE, Applicant prays that:


A. This Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing, the Division enter its order granting the Application as requested.

C. And for such other relief as may be just in the premises.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
Post Office Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285

ATTORNEYS FOR APPLICANT

ADDRESSEE LIST
Pooled Interests - Shipp 28 #1

<u>OWNER</u>	<u>TYPE INTEREST</u>
1. Ethel Armentrout Peterson Address Unknown	1/6400 unleased mineral interest
2. Florence M. Balkam Address Unknown	1/6400 unleased mineral interest
3. Helen M. Brewer Address Unknown	1/3200 unleased mineral interest
4. Arthur Briston Roland, IA 50236	1/6400 unleased mineral interest
5. Louis E. Brooker Address Unknown	"
6. R. W. Brown Address Unknown	"
7. Jennie Anderson Buck Address Unknown	"
8. W. C. Caldwell Address Unknown	"
9. Evan Christainsen, Deceased Address Unknown	"
10. Ellen A. Crepaw and the Estate of L. C. Crepaw Address Unknown	"
11. Lillian M. Drew, widow of W. A. Drew Address Unknown	"
12. Mae Duncan Bauman Address Unknown	"
13. Henry R. and Effie M. Elvidge Address Unknown	"
14. Hazel Bruggman, Wilbur C. Enfield Rudd, IA 50471	2/3 of 1/6400 unleased mineral interest
15. J. D. and Myrtle Evans Address Unknown	1/6400 unleased mineral interest
16. Clifford K. and Hazel Ferguson John W. and Mary Ferguson Address Unknown	"
17. Henrietta L. McDermott Fischer Address Unknown	"
18. Frederick M. and Alta Grace Address Unknown	"
19. Clifford and Clara Gray Address Unknown	"
20. Ada L. and W. R. Grew Address Unknown	1/3200 unleased mineral interest

OWNER	TYPE INTEREST
21. C. A. and Lillian W. Hanson Address Unknown	1/6400 unleased mineral interest
22. Earl L. and Kathryn Hansen Swea City, IA 50590	1/3200 unleased mineral interest
23. C. R. Hemphill Address Unknown	1/12,800 unleased mineral interest
24. Mildred L. Hitchcock Address Unknown	1/6400 unleased mineral interest
25. F. C. Holmes and the Estate of Eva Holmes Address Unknown	"
26. W. A. Horn Address Unknown	"
27. Annie L. Brown and W. Frank Porowski Address Unknown	1/3200 unleased mineral interest
28. Mrs. Lillian Kennedy Address Unknown	1/6400 unleased mineral interest
29. Cynthia E. Larson and Charles R. Larson, Joint Tenants Address Unknown	"
30. Cora I. and Geo. L. Lohr Address Unknown	"
31. Estella Maple Address Unknown	"
32. Floy Mae Mawhinney Dennies Address Unknown	1/3200 unleased mineral interest
33. Leonard Arthur Miller; Lois Miller Mayall 411 N. 4th Street Humboldt, IA 50548	1/6400 unleased mineral interest
34. Dale R. and Leota F. Morgan Address Unknown	"
35. O. G. Morgan, Kenneth E. Morgan, and Don A. Morgan Address Unknown	"
36. Andrew E. and Bessie R. Nelson Address Unknown	"
37. W. J. and Muriel J. Parrott Address Unknown	1/12,800 unleased mineral interest
38. Frank O. and Ella M. Peterson Deceased Address Unknown	1/6400 unleased mineral interest
39. Blanche L. Probert; and Shirley F. Probert Porter Address Unknown	1/3200 unleased mineral interest
40. W. J. and Martha H. Slepicka Address Unknown	1/6400 unleased mineral interest

OWNER	TYPE INTEREST
41. Chas. E. and Madge L. Snipps Address Unknown	1/6400 unleased mineral interest
42. Gertrude J. Scullins Address Unknown	1/3200 unleased mineral interest
43. Mae Shifflett Address Unknown	1/6400 unleased mineral interest
44. John Satoka Address Unknown	"
45. John W. Tiss Rt. 6 Box 55-A De Ridder, LA 70634	1/640 unleased mineral interest
46. C. E. and Cora M. Werthenback Address Unknown	1/6400 unleased mineral interest
47. G. L. and Christena B. Whitman and Estate of Blanche M. Whitman Address Unknown	"
48. Elizabeth H. Woodburn and Estate of Robert H. Woodburn Address Unknown	"
49. Ann C. Gossman Box 1051 SS Springfield, MO 65805	1/12,800 unleased mineral interest
50. James Roland Woods Box 1417 Socorro, NM 87801	54/19,200 unleased mineral interest
51. Ronald J. Byers 209 Westgate Building 1122 Colorado Austin, TX 78701	1/128 unleased mineral interest
52. Hanesco, Inc. Box 182 Roswell, NM 88201	57/2048 unleased mineral interest
53. J. H. Van Zant, II 1722 Commerce Building Fort Worth, TX 76101	3/320 unleased mineral interest
54. J. R. McGinley, Jr. P.O. Box 3405 Tulsa, OK 74101	1/2 of 1/48 unleased mineral interest (join for 1/2 of 1/48)
55. Rebel Oil Company 603 Seco Hobbs, NM 88240	2.947979% leasehold interest
56. Roy C. Barton, Jr., and Norma Barton Box 978 Hobbs, NM 88240	1/64 unleased mineral interest

OWNER

TYPE INTEREST

57. Cleroy, Inc.
P.O. Box 3405
Tulsa, OK 74101

1/48 unleased
mineral interest

58. Lanrey, Inc.
P.O. Box 3405
Tulsa, OK 74101

1/48 unleased
mineral interest



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

July 1, 1982

To Interest Owners Now Subject to
Compulsory Pooling Order R-6901
covering Strawn formation
(Addressee List Attached)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Application to Pool Abo
C&K Petroleum, Inc. -- Shipp 28 #1 well
660' FS & EL Section 28, T-16-S, R-37-E
Lea County, New Mexico

Gentlemen and Mesdames:

By letter dated June 15, 1982, we advised you that we would file application for compulsory pooling of 40 acres to the Abo completion of the subject well. We also forwarded to you an AFE covering drilling and completion costs to the Abo only.

Attached you will find copy of the Application which was filed with the State of New Mexico Department of Energy and Minerals, Oil Conservation Division, on June 23, 1982. This application will be heard by the Division on July 21, 1982.

Please let us know if you need or require other information in this regard.

Very truly yours,

Danie Lebow

Ms. Danie Lebow
Senior Landman

DL:jw

enclosure

To:
A. L. Stanigin -

*Thanks for return letter dated 6-17-82
telling me that you (Staniges) will
join in Abo completion.*

*You did not send back executed A.F.E.,
nor you check for your 2.783203%
of Abo costs.*

*Thanks -
Danie Lebow*

D. L. HANNIFIN
P. O. BOX 182
ROSWELL, NEW MEXICO 88201

RECEIVED
JUL 13 1982

505-623-4618

July 9, 1982

C & K Petroleum, Inc.
P. O. Drawer 3546
Midland, Texas 79702

Attention: Ms. Danie Lebow
Senior Landman

Re: Application to Pool Abo
Shipp 28 #1 Well
660' FS & EL Sec. 28,
T-16S, R-37E, Lea Co., NM

Dear Ms. Lebow:

In reference to the above well, Hanesco, Inc. does not wish to participate in the completion of the Abo. Thank you.

Sincerely,

HANESCO, INC.

D. L. Hannifin
lymah

D. L. Hannifin
Vice-President

DLH/mah

1. The following service is requested (check one).
☒ Show to whom and date delivered.
☐ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 James Roland Woods
 Box 1417
 Socorro, NM 87801

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 POO 7247820

1 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

1. The following service is requested (check one).
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 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Leonard Arthur Miller; Lois M. Mayall
 411 N. 4th Street
 Humboldt, IA 50548

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 POO 7247817

1 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

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● SENDER: Complete items 1, 2, and 3.
 Add your address in the "RETURN TO" space on reverse.

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 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Arthur Briston
 Roland, IA 50236

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 POO 7247814

1 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

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 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 J. H. Van Zant, II
 1722 Commerce Bldg.
 Fort Worth, TX 76101

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 POO 7247823

1 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

PS Form 3811, Aug. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

SENDER: Complete items 1, 2, and 3.
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 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 John W. Tiss
 Rt. 6 Box 55-A
 De Ridder, LA 70634

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 P00 7247818

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
John W. Tiss

DATE OF DELIVERY *7-6-82* POSTMARK *LA 70634*

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

PS Form 3811, Aug. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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 Show to whom and date delivered. _____
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$ _____
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Ronald J. Byers
 209 Westgate Building
 1122 Colorado
 Austin, TX 78701

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 P00 7247821

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Ronald J. Byers

DATE OF DELIVERY *6 Jul 82* POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

PS Form 3811, Aug. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$ _____
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Rebel Oil Company
 603 Seco
 Hobbs, NM 88240

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 P00 7247825

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Rebel Oil Company

DATE OF DELIVERY *6 Jul 82* POSTMARK *1982*

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

PS Form 3811, Aug. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$ _____
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Hanesco, Inc.
 Attn: D. L. Hanifin
 Box 182
 Roswell, NM 88201

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 P00 7247822

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Ann Hodges

DATE OF DELIVERY *2 Jul 82* POSTMARK *2 1982*

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

SENDER: Complete items 1, 2, and 3.
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 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Roy G. Barton, Jr., and Norma Barton
 Box 978
 Hobbs, NM 88240

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 POO 7247826

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

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 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Lanroy, Inc.
 P.O. Box 3405
 Tulsa, OK 74101

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 POO 7247828

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

SENDER: Complete items 1, 2, and 3.
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☐ RESTRICTED DELIVERY.
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 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Cleroy, Inc.
 P.O. Box 3405
 Tulsa, OK 74101

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 POO 7247827

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

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2. ARTICLE ADDRESSED TO:
 J. R. McGinley, Jr.
 P.O. Box 3405
 Tulsa, OK 74101

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 POO 7247824

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

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6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1978-272-382

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

3570m 3571, Aug. 1978

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(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Ann C. Gossman
Box 1051 SS
Springfield, MO 65805

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
POO 7247819

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

SPRINGFIELD, MO. JUL 7 1982

GPO: 1978-272-342

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

3570m 3571, Aug. 1978

1. The following service is requested (check one):
☒ Show to whom and date delivered.
☐ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY
Show to whom and date delivered.
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery. \$
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Earl L. and Kathryn Hansen
Swea City, IA 50590

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
POO 7247816

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

POSTMARK
JUL 7 1982
CLERK'S INITIALS
D.J.S.

☆ GPO: 1978-272-342

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

CK EXHIBIT NO. III

CASE NO. 7623

ADDRESSEE LIST
Pooled Interests - Shipp 28 #1

OWNER	TYPE INTEREST	
1. Ethel Armentrout Peterson Address Unknown	1/6400 unleased mineral interest	
2. Florence M. Balkam Address Unknown	1/6400 unleased mineral interest	
3. Helen M. Brewer Address Unknown	1/3200 unleased mineral interest	
4. Arthur Briston Roland, IA 50236	1/6400 unleased mineral interest	Return Receipt dated 7-6-82
5. Louis E. Brooker Address Unknown	"	
6. R. W. Brown Address Unknown	"	
7. Jennie Anderson Buck Address Unknown	"	
8. W. C. Caldwell Address Unknown	"	
9. Evan Christainsen, Deceased Address Unknown	"	
10. Ellen A. Crepaw and the Estate of L. C. Crepaw Address Unknown	"	
11. Lillian M. Drew, widow of W. A. Drew Address Unknown	"	
12. Mae Duncan Bauman Address Unknown	"	
13. Henry R. and Effie M. Elvidge Address Unknown	"	
14. Hazel Bruggman, Wilbur C. Enfield Rudd, IA 50471	2/3 of 1/6400 unleased mineral interest	undeliverable addressee Unknown
15. J. D. and Myrtle Evans Address Unknown	1/6400 unleased mineral interest	
16. Clifford K. and Hazel Ferguson John W. and Mary Ferguson Address Unknown	"	
17. Henrietta L. McDermott Fischer Address Unknown	"	
18. Frederick M. and Alta Grace Address Unknown	"	
19. Clifford and Clara Gray Address Unknown	"	
20. Ada L. and W. R. Grew Address Unknown	1/3200 unleased mineral interest	

(Second Mailing - July 1, 1982)
Application to Pool Abo
Certified Mail

<u>OWNER</u>	<u>TYPE INTEREST</u>	
21. C. A. and Lillian W. Hanson Address Unknown	1/6400 unleased mineral interest	
22. Earl L. and Kathryn Hansen Suea City, IA 50590	1/3200 unleased mineral interest	Return Receipt dated 7-7-82
23. C. R. Hemphill Address Unknown	1/12,800 unleased mineral interest	
24. Mildred L. Hitchcock Address Unknown	1/6400 unleased mineral interest	
25. F. C. Holmes and the Estate of Eva Holmes Address Unknown	"	
26. W. A. Horn Address Unknown	"	
27. Annie L. Brown and W. Frank Porowski Address Unknown	1/3200 unleased mineral interest	
28. Mrs. Lillian Kennedy Address Unknown	1/6400 unleased mineral interest	
29. Cynthia E. Larson and Charles R. Larson, Joint Tenants Address Unknown	"	
30. Cora I. and Geo. L. Lohr Address Unknown	"	
31. Estella Maple Address Unknown	"	
32. Floy Mae Mawhinney Dennies Address Unknown	1/3200 unleased mineral interest	
33. Leonard Arthur Miller; Lois Miller Mayall 411 N. 4th Street Humboldt, IA 50548	1/6400 unleased mineral interest	Return Receipt dated 7-6-82
34. Dale R. and Leota F. Morgan Address Unknown	"	
35. O. G. Morgan, Kenneth E. Morgan, and Don A. Morgan Address Unknown	"	
36. Andrew E. and Bessie R. Nelson Address Unknown	"	
37. W. J. and Muriel J. Parrott Address Unknown	1/12,800 unleased mineral interest	
38. Frank O. and Ella M. Peterson Deceased Address Unknown	1/6400 unleased mineral interest	
39. Blanche L. Probert; and Shirley F. Probert Porter Address Unknown	1/3200 unleased mineral interest	
40. W. J. and Martha H. Slepicka Address Unknown	1/6400 unleased mineral interest	

OWNER	TYPE INTEREST	
41. Chas. E. and Madge L. Snipps Address Unknown	1/6400 unleased mineral interest	
42. Gertrude J. Scullins Address Unknown	1/3200 unleased mineral interest	
43. Mae Shifflett Address Unknown	1/6400 unleased mineral interest	
44. John Saroka Address Unknown	"	
45. John W. Tiss Rt. 6 Box 55-A De Ridder, LA 70634	1/640 unleased mineral interest	Return Receipt dated 7-6-82
46. C. E. and Cora M. Werthenback Address Unknown	1/6400 unleased mineral interest	
47. G. L. and Christena B. Whitman and Estate of Blanche M. Whitman Address Unknown	"	
48. Elizabeth H. Woodburn and Estate of Robert H. Woodburn Address Unknown	"	
49. Ann C. Gossman Box 1051 SS Springfield, MO 65805	1/12,800 unleased mineral interest	Return Receipt dated 7-9-82
50. James Roland Woods Box 1417 Socorro, NM 87801	54/19,200 unleased mineral interest	Return Receipt dated 7-7-82
51. Ronald J. Byers 209 Westgate Building 1122 Colorado Austin, TX 78701	1/128 unleased mineral interest	Return Receipt signed 7-6-82
52. Hanesco, Inc. Box 182 Roswell, NM 88201	57/2048 unleased mineral interest	Return Receipt signed 7-2-82
53. J. H. Van Zant, II 1722 Commerce Building Fort Worth, TX 76101	3/320 unleased mineral interest	Return Receipt dated 7-6-82
54. J. R. McGinley, Jr. P.O.-Box 3405 Tulsa, OK 74101	1/2 of 1/48 unleased mineral interest (join for 1/2 of 1/48)	Return Receipt signed 7-6-82
55. Rebel Oil Company 603 Seco Hobbs, NM 88240	2.947979% leasehold interest	Return Receipt signed 7-6-82
56. Roy G. Barton, Jr., and Norma Barton Box 978 Hobbs, NM 88240	1/64 unleased mineral interest	Return Receipt signed 7-7-82

OWNER

57. Cleroy, Inc.
P.O. Box 3405
Tulsa, OK 74101

58. Lanroy, Inc.
P.O. Box 3405
Tulsa, OK 74101

TYPE INTEREST

1/48 unleased
mineral interest

1/48 unleased
mineral interest

*Return Receipt
Signed 7-6-82*

*Return Receipt
Signed 7-6-82*

*14.426505 % of
WI*

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

C+K EXHIBIT NO. II
CASE NO. 7623

EXHIBIT "A"

Attached to Operating Agreement dated January 4, 1982,
between C&K Petroleum, Inc., Operator, and Wainoco Oil &
Gas Company, et al, as Non-Operators

- I CONTRACT AREA: SE $\frac{1}{4}$ of Section 28, Twp. 16 South, Rge. 37 East, NMPM, Lea County, New Mexico, containing 160 acres, more or less.
- II DEPTH RESTRICTIONS: From the surface to 100 feet below the deepest depth attained in the initial test well.
- III INTERESTS AND ADDRESSES OF THE PARTIES: (Abo formation only)

<u>PARTY</u>	<u>WORKING INTEREST PERCENT</u>	<u>AFTER PAYOUT #1</u>	<u>AFTER PAYOUT #2</u>
Wainoco Oil & Gas Company 1625 Broadway, Suite 1710 Denver, CO 80202	12.355142	12.355142	12.355142
Harry J. Schafer, Jr., Trustee of the Mary E. Grisso Trust No. 1 Box 14667 Oklahoma City, OK 73113	.250000	.250000	.250000
* Heritage Resources Box 777 Davis, OK 73030	1.250000	1.250000	1.250000
* Petroleum Corporation of Texas Box 911 Breckenridge, TX 76024	1.666667	1.666667	1.666667
Jack D. Bachman P.O. Box 27276 Denver, CO 80227	.046875	.046875	.046875
John R. McGinley, III P.O. Box 3405 Tulsa, OK 74101	1.041666	1.041666	1.041666
Peppermill Oil Company, Inc. % Meridien Capital Corp. 767 Third Avenue New York, New York 10017	12.355142	12.355142	12.355142
E. L. Latham, Jr. Box 1392 Hobbs, NM 88240	1.562500	1.562500	1.562500
Douglas L. Cone Box 6217 Lubbock, TX 79413	.312500	.312500	.312500
Tom R. Cone Box 126 Southwest City, MO 64863	.312500	.312500	.312500
Clifford Cone Box 6010 Lubbock, TX 79413	.312500	.312500	.312500
Kenneth G. Cone Box 5838 Austin, TX 78763	.312500	.312500	.312500

EXHIBIT "A", continued

<u>PARTY</u>	<u>WORKING INTEREST PERCENT</u>	<u>AFTER PAYOUT #1</u>	<u>AFTER PAYOUT #2</u>
Cathie Cone Auvenshine Route 6, Box 79N Austin, TX 78737	.312500	.312500	.312500
Harvey E. Yates Company Box 1933 Roswell, NM 88201	1.759684	1.759684	1.759684
Mrs. Maxine Wendle 713 Los Zafiros Green Valley, AZ 85614	.156250	.156250	.156250
M. T. Charlton 5701 Woodway Suite 236 Houston, TX 77057	.793528	.704979	.704979
Harding A. Orren	.093356	.082939	.082939
Bernard Rosenberg	.093356	.082939	.082939
Solly Robins	1.493701	1.327021	1.327021
Lillian S. Davis Trust 33 South 5th Street Minneapolis, MN 55402	1.493701	1.327020	1.327020
R. H. Fulton Box 1526 Lubbock, TX 79400	1.587057	1.409960	1.409960
Wesley C. Adams The Hillman Companies 2000 Grant Building Pittsburgh, PA 15219	3.265569	2.901169	2.901169
Juliet L. Hillman Trust			
Audrey H. Hillman Trust			
Henry L. Hillman, Jr., Trust			
William T. Hillman Trust			
Juliet L. Hillman Trust			
Audrey H. Hillman Trust			
Henry L. Hillman, Jr., Trust			
William T. Hillman Trust			
Henry L. Hillman 2000 Grant Building Pittsburgh, PA 15219	3.265569	2.901169	2.901169
John Lawrence 2929 LTV Tower Dallas, TX 75201	1.587057	1.409960	1.409960
Arthur L. Owen 2000 Mercantile Commerce Bldg. 1712 Commerce St. Dallas, TX 75201	.793528	.704979	.704979
Robintech, Inc. Attn: Mr. E. S. Elgin P.O. Box 2342 Ft. Worth, TX 76101	3.174114	2.819919	2.819919
J. F. Webre 5701 Woodway Suite 236 Houston, TX 77057	1.587057	1.409960	1.409960

EXHIBIT "A", continued

<u>PARTY</u>	<u>WORKING INTEREST PERCENT</u>	<u>AFTER PAYOUT #1</u>	<u>AFTER PAYOUT #2</u>
C&K 1974 Exploration, Ltd. P.O. Drawer 3546 Midland, TX 79702	13.062283	11.604682	11.604682
Spectrum 7 - 1981 Drilling Fund P.O. Box 50 Midland, TX 79702	6.250000	5.552572	5.552572
C&K Petroleum, Inc. P.O. Drawer 3546 Midland, TX 79702	12.245943		
Force Pooled Interest <u>14.426505</u>	26.672448	25.305941	10.879436
Ronald J. Byers 1600 United Bank Tower 400 West 15th Austin, Texas 78701	.781250	.781250	.781250

Farmouts:

**	Shell Oil Company P.O. Box 991 Houston, TX 77001	-0-	2.343750	2.343750
**	Sun Production Company P.O. Box 2880 Dallas, TX 75221	-0-	.833325	.833325
**	Sohio Petroleum Company 50 Penn Place Oklahoma City, OK 73118	-0-	1.562500	1.562500
**	Enserch Exploration, Inc. P.O. Box 4815 Midland, TX 79704	-0-	.102540	.102540
**	Felmont Oil Corporation P.O. Box 2266 Midland, TX 79702	-0-	.825000	.825000

EXHIBIT "A", continued

<u>PARTY</u>	<u>WORKING INTEREST PERCENT</u>	<u>AFTER PAYOUT #1</u>	<u>AFTER PAYOUT #2</u>
Forced Pooled Interests:			
*** Hanesco, Inc. Box 182 Roswell, NM 88201			2.783203
*** J. R. McGinley, Jr. P.O. Box 3405 Tulsa, OK 74103 (1/2 of 2.083333)			1.041667
*** Cleroy, Inc. P.O. Box 3405 Tulsa, OK 74103			2.083333
*** Lanroy, Inc. P.O. Box 3405 Tulsa, OK 74103			2.083333
*** Rebel Oil Company 603 Seco Hobbs, NM 88240			2.947979
*** Roy Barton, Jr., and Norma Barton Box 978 Hobbs, NM 88240			1.562500
*** J. H. Van Zant II 1722 Commerce Building Fort Worth, TX 76101			.937500
*** Others			.986990
	<u>100.000000</u>	<u>100.000000</u>	<u>100.000000</u>

* Heritage Resources and Petroleum Corporation of Texas have joined in drilling Shipp 28 #1 well under terms of Compulsory Pooling Order #R-6901 dated 2-15-82, as amended, and these companies will NOT execute this Operating Agreement.

** After Payout 1: After recovery of 100% of costs from production to these interests, Farmers (Shell, Sun, Sohio, Enserch & Felmont) have option to convert to the interests stated above pursuant to the terms and provisions of separate farmout agreements with each Farmer.

*** After Payout 2: After recovery of 100% of costs from production to these interests, plus _____ risk penalty, these uncommitted interests revert to the record owners thereof, all subject to and in accordance with New Mexico Oil Conservation Division Compulsory Pooling Order No. _____, dated _____.

D. L. HANNIFIN
P. O. BOX 182
ROSWELL, NEW MEXICO 87501

JUL 19 1982

508-623-4618

July 16, 1982

Kellahin and Kellahin
Attorneys at Law
P. O. Box 1769
Santa Fe, New Mexico 87501

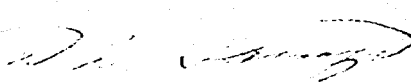
Re: Case No. 7623

Gentlemen:

In reference to the above, this letter is to advise you that
RanESCO, Inc. is going non-consent. Thank you.

Sincerely,

HANESCO, INC.


By D. L. Hannifin
Vice-President

DLH/mah

cc: Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

Dockets Nos. 25-82 and 26-82 are tentatively set for August 4 and August 18, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 21, 1982

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7560: (Continued from July 7, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Charles H. Heisen, Fidelity and Deposit Company of Maryland, Surety, and all other interested parties to appear and show cause why the Crownpoint Well No. 1, located in Unit F, Section 18, Township 18 North, Range 13 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7599: (Continued from June 9, 1982, Examiner Hearing)

Application of Barber Oil Inc. for an Exception to Rule 705-A Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Rule 705-A of the Division Rules and Regulations to permit 37 temporarily abandoned injection wells in its Russell Pool waterflood project to remain inactive for a period of up to three years without the required cement or bridge plugs being installed therein to isolate the injection zone.

CASE 7622: Application of El Ran, Inc. for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Chaveroo-San Andres Pool by the injection of water into the perforated interval from 4169 feet to 4276 feet in its U. S. Well No. 1, located in Unit N of Section 34, Township 7 South, Range 32 East.

CASE 7516: (Continued from May 12, 1982, Examiner Hearing)

Application of Benson-Montin-Greer for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Canada Ojitos Unit Area, comprising 12,361 acres, more or less, of Jicarilla Apache Indian lands in Township 27 North, Range 1 West.

CASE 7623: Application of C & K Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the SE/4 SE/4 of Section 28, Township 16 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 the applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7620: (Continued from July 7, 1982, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface through the base of the Abo formation underlying the SW/4 of Section 8, Township 5 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 well and a charge for risk involved in drilling said well.

CASE 7624: Application of John Yurenka for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalpat Gas Pool underlying the SW/4 of Section 31, Township 22 South, Range 37 East, to form a non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South line and 330 feet from the West line of said Section 31. 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 7618: (Readvertised)

Application of Doyle Hartman for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled 1450 feet from the South line and 1960 feet from the East line of Section 20, Township 20 South, Range 37 East, Sunont Gas Pool, the SE/4 of said Section 20 to be simultaneously dedicated to said well and to the State A-20 Well No. 1 located in Unit I of said Section 20.

CASE 7625: Application of GSW Corp. for designation of a tight formation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pawnee Strawn Reservoir underlying Sections 9 and 10, 14 thru 16, 21 thru 24, and 26 and 27, Township 26 South, Range 36 East, containing 7,040 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 7626: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Rio Arriba, San Juan, McKinley, and Sandoval Counties, New Mexico.

- (a) That the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby contracted by excluding:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 35: W/2 SW/4

- (b) That a new pool in Rio Arriba County, New Mexico, classified as a Chacra Pool for gas production, is hereby created and designated the Adobe-Chacra Pool, comprising the following described area:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 13: S/2
24: E/2

- (c) That a new pool in San Juan County, New Mexico, classified as a Gallup Pool for oil production, is hereby created and designated the Armenta-Gallup Oil Pool, comprising the following described area:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Sections 26: SW/4
27: S/2
28: E/2 SW/4 and SE/4
33: E/2 NW/4 and NE/4
34: N/2
35: N/2 and N/2 SE/4

- (d) That a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production, is hereby created and designated the Glades-Fruitland Pool, comprising the following described area:

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
Section 31: NW/4

TOWNSHIP 32 NORTH, RANGE 12 WEST, NMPM
Sections 35: N/2 and SE/4
36: N/2 and SW/4

- (e) That a new pool in Sandoval County, New Mexico, classified as a Mancos pool for oil production, is hereby created and designated the San Ysidro-Mancos Oil Pool, comprising the following described area:

TOWNSHIP 21 NORTH, RANGE 3 WEST, NMPM
Section 29: S/2 SW/4
30: E/2 E/2 and SW/4 SE/4

- (f) That the Albino-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM
Sections 11: S/2
13: W/2 and NE/4
14: E/2 and SW/4
26: NE/4

TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM
Section 18: NW/4

- (g) That the Angel Peak-Gallup Associated Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Sections 22: All
27: N/2

- (h) That the Aztec-Fruitland Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
Section 9: SE/4

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Sections 25: SE/4
33: N/2

- (i) That the Aztec-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM
Sections 14: SE/4
35: NE/4

- (j) That the B S Mesa Gallup Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 9: W/2 and SE/4

- (k) That the Ballard-Pictured Cliffs Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM
Sections 25: All
36: N/2

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM
Sections 6: NW/4
16: SE/4

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Sections 27: SW/4
34: N/2
35: NW/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
Section 19: N/2 and SE/4

TOWNSHIP 26 NORTH, RANGE 8 WEST, NMPM
Sections 9: SE/4
10: All
15: NE/4

- (l) That the Bisti-Farmington Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM
Section 3: SW/4

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Sections 31: E/2
32: All

- (m) That the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM
Section 9: N/2 NW/4

- (n) That the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Sections 8: E/2
16: All
17: All
20: N/2
21: W/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Sections 1: All
2: All

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM
Sections 17: W/2
18: E/2
20: W/2
27: S/2

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Sections 23: All
24: W/2

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM
Section 6: E/2

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Sections 7: All
15: N/2
18: All
19: All
30: All

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Sections 1, 12, 13, 24, 25: All

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Sections 8: All
9: All

TOWNSHIP 31 NORTH, RANGE 5 WEST, NMPM
Sections 7: All
8: W/2

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM
Section 31: All

- (o) That the Blanco-Pictured Cliffs Pool in Rio Arriba, San Juan, and Sandoval Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM
Section 8: All

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM
Section 31: SE/4

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM
Section 20: S/2

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM
Section 25: NW/4

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM
Section 29: NE/4

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
Section 10: W/2

TOWNSHIP 32 NORTH, RANGE 12 WEST, NMPM
Sections 15: S/2
35: NW/4

- (p) That the East Blanco-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM
Sections 11: SE/4
14: E/2
26: W/2
35: NW/4

- (q) That the South Blanco-Pictured Cliffs Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM
Sections 17: SW/4
18: W/2

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
Section 17: SE/4

TOWNSHIP 26 NORTH, RANGE 8 WEST, NMPM
Sections 3: S/2 and NW/4
4: SE/4

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM
Sections 10: All
11: All
15: NW/4

- (c) That the Bloomfield-Chacara Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 30: N/2

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Sections 20: W/2
25: SE/4
28: S/2
29: All
30: NE/4
31: N/2
32: N/2
33: N/2 and SE/4

- (s) That the Bloomfield-Farmington Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Sections 25: SW/4
26: SE/4 SE/4

- (t) That the Cha Cha-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM
Section 22: W/2 SW/4

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM
Sections 7: S/2 SW/4
18: N/2

TOWNSHIP 29 NORTH, RANGE 15 WEST, NMPM
Sections 1: S/2 SW/4
13: NW/4

- (u) That the Chacon-Dakota Associated Pool in Rio Arriba and Sandoval Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 22 NORTH, RANGE 2 WEST, NMPM
Section 7: SW/4

TOWNSHIP 22 NORTH, RANGE 3 WEST, NMPM
Sections 1: E/2
3: NW/4
10: E/2
11: All
12: All

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM
Sections 2: W/2
11: NE/4
36: SW/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Sections 15: SW/4
16: E/2 and NW/4
22: NW/4
26: NW/4
27: NE/4

- (v) That the Choza Mesa-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 3 WEST, NMPM
Section 29: SW/4

- (w) That the Crouch Mesa-Mesaverde Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Section 6: SE/4

- (x) That the Cuervo-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 20: SW/4 SW/4

- (y) That the Dufers Point Gallup-Dakota Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Sections 3: S/2 SW/4
4: S/2 SE/4

- (z) That the Farmer-Fruitland Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Sections 8: All
9: W/2

- (aa) That the Flora Vista-Fruitland Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM
Section 34: SE/4

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
Section 15: NW/4

- (bb) That the Flora Vista-Gallup Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
Sections 5: N/2
6: NE/4
11: NW/4

- (cc) That the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM
Sections 1: W/2
12: W/2

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
Section 36: W/2

- (dd) That the South Gallegos Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 18: NE/4

- (ee) That the Gallegos-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 12: SW/4

- (ff) That the Gobernador-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 5 WEST, NMPM
Sections 4: SW/4
9: NE/4
15: NE/4
25: NE/4
26: NE/4

TOWNSHIP 30 NORTH, RANGE 5 WEST, NMPM
Section 34: SW/4

- (gg) That the Gonzales-Mesaverde Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Sections 4: E/2 and NW/4
9: NE/4
10: All

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM
Sections 31: NW/4
32: SE/4
33: W/2

- (hh) That the Harris Mesa-Chacra Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM
Sections 5: NW/4
6: NE/4

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM
Sections 19: SE/4
29: NW/4
30: NE/4

- (ii) That the Horseshoe-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 15 WEST, NMPM
Section 19: N/2 SW/4

- (jj) That the Hoshan-Dakota Oil Pool in McKinley County, New Mexico, as heretofore, classified, defined and described, is hereby extended to include:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM
Section 6: SW/4 SE/4

- (kk) That the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 5: NW/4

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM
Sections 11: W/2
29: W/2
30: All
31: All
32: NW/4
33: All
34: W/2

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
Sections 34: NE/4
35: All

- (ll) That the Largo-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM
Section 22: NE/4

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM
Sections 2: SW/4
9: NW/4

- (mm) That the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM
Section 3: NW/4 NE/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Sections 27: S/2 S/2
28: SE/4
33: E/2
34: All

- (nn) That the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 6: N/2

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Sections 10: SW/4
14: SE/4
26: NE/4

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
Sections 14: SE/4
15: NE/4
35: E/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 35: SW/4

- (oo) That the North Los Pinos-Fruitland Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM
Section 23: N/2

- (pp) That the South Los Pinos Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM
Sections 7: SE/4
10: SW/4
12: W/2

TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM
Sections 26: SW/4
27: SE/4
34: NE/4
36: NW/4

Examiner Hearing - Wednesday- July 21, 1982

- (qq) That the Lybrook-Gallup Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM
 Section 29: E/2 NW/4

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
 Sections 2: W/2 NW/4
 6: NE/4 SE/4
 9: N/2 SW/4

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
 Sections 22: SE/4 SE/4
 25: SE/4 NW/4, SW/4 NE/4, and NW/4 SE/4
 26: NW/4, W/2 NE/4, and NE/4 SE/4
 27: N/2, N/2 SW/4, and NW/4 SE/4

- (rr) That the Marcelina-Dakota Oil Pool in McKinley County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 16 NORTH, RANGE 10 WEST, NMPM
 Section 13: S/2 SE/4

- (ss) That the Meadows-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 15 WEST, NMPM
 Sections 2: SW/4 SW/4
 3: NW/4, NE/4 SW/4, N/2 SE/4 and SE/4 SE/4
 4: NE/4 and NW/4 SE/4
 10: NE/4 NE/4

TOWNSHIP 30 NORTH, RANGE 15 WEST, NMPM
 Sections 28: SW/4 SW/4
 29: SE/4 SE/4
 33: N/2 NW/4 and SE/4 NW/4

- (tt) That the Miguel Creek-Gallup Oil Pool in McKinley County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 16 NORTH, RANGE 6 WEST, NMPM
 Sections 20: S/2 NE/4
 21: W/2 SW/4 and NE/4 SW/4
 28: SW/4 NW/4

- (uu) That the Mt. Nebo-Fruitland Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include:

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM
 Sections: 23: NW/4
 29: E/2
 32: NE/4

- (vv) That the Ojito Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 3 WEST NMPM
 Sections 7: W/2
 18: W/2 and NE/4
 20: N/2
 21: W/2 NW/4

- (ww) That the Otero-Chacra Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 5 WEST NMPM
 Sections 13: SW/4
 14: SE/4
 23: NE/4
 34: S/2
 35: SW/4
 36: SE/4

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

Sections 23: SW/4
26: NW/4

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Sections 24: SW/4
25: NW/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Sections 2: W/2
16: NE/4

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM

Sections 34: S/2
35: W/2

- (xx) That the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM

Section 3: N/2 NE/4

- (yy) That the North Pinon-Fruitland Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM

Sections 9: All
16: NE/4

- (zz) That the Pinon-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM

Section 13: W/2 NW/4

- (aaa) That the Potwin-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 8: NE/4

- (bbb) That the Ute Dome-Dakota Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM

Section 31: N/2

- (ccc) That the Ute Dome-Paradox Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM

Section 19: All

- (ddd) That the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 5: NE/4

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 9: S/2

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Section 25: NE/4

- (eee) That the Whitewash Mancos-Dakota Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM
Sections 10: SE/4 SE/4
11: W/2 SW/4

- (fff) That the Wildhorse-Gallup Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
Section 18: NE/4

KELLAHIN and KELLAHIN

Attorneys at Law

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

June 22, 1982

Mr. Joe D. Ramey
OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, NM 87501

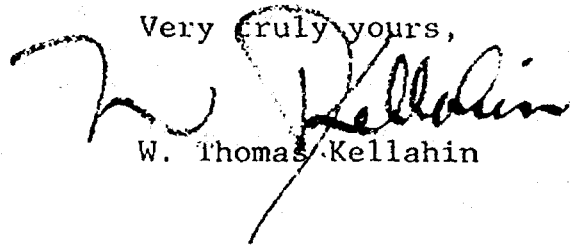
JUN 23 1982

Re: C & K Petroleum

Dear Mr. Ramey:

Please set the enclosed application for compulsory pooling for hearing on July 21, 1982.

Very truly yours,


W. Thomas Kellahin

WTK:rb

Enclosure

cc: C & K Petroleum
All Interest Owners
on Exhibit A

Case 7623

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

JUN 23 1982

IN THE MATTER OF THE APPLICATION OF
C & K PETROLEUM, INC., FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

CASE 74-23

A P P L I C A T I O N

COMES NOW C & K Petroleum, Inc., by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order pooling the Abo formation underlying the SE/4SE/4 of Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico and in support thereof would show:

1. Applicant is an oil and gas operator and previously obtained Division Order R-6901 and R-6901-A for a Strawn well in the E/2SE/4 of said Section 28 and drilled a dry hole.
2. Applicant now proposes to complete this well at a standard location to test the Abo formation and to dedicate the SE/4SE/4 of said Section as the spacing and proration unit for this well.
3. Applicant has sought the cooperation of all interested parties involved in the proposed unit and has been unable to obtain the necessary approvals or commitments to form a voluntary unit for this well.
4. Those interested parties who have not joined in the subject well for this unit are attached hereto as Exhibit A,

and incorporated by reference herein.

5. Copies of this Application have been mailed to the parties shown on Exhibit A.

6. Applicant desires to be designated operator of the pooled unit.

7. 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 unit, all mineral interest, whatever they may be, underlying the subject unit, should be pooled.

8. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the subject well.

9. Applicant should be authorized to withhold from production, the proportionate share of reasonable supervision charge for drilling, completing and producing well attributable to each non-consenting working interest owner.

WHEREFORE, Applicant prays that:

A. This Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing, the Division enter its order granting the Application as requested.

C. And for such other relief as may be just in the premises.

KELLAHIN & KELLAHIN

By 

W. Thomas Kellahin
Post Office Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285

ATTORNEYS FOR APPLICANT

ADDRESSEE LIST
Pooled Interests - Shipp 28 #1

<u>OWNER</u>	<u>TYPE INTEREST</u>
1. Ethel Armentrout Peterson Address Unknown	1/6400 unleased mineral interest
2. Florence M. Balkam Address Unknown	1/6400 unleased mineral interest
3. Helen M. Brewer Address Unknown	1/3200 unleased mineral interest
4. Arthur Briston Roland, IA 50236	1/6400 unleased mineral interest
5. Louis E. Brooker Address Unknown	"
6. R. W. Brown Address Unknown	"
7. Jennie Anderson Buck Address Unknown	"
8. W. C. Caldwell Address Unknown	"
9. Evan Christainsen, Deceased Address Unknown	"
10. Ellen A. Crepaw and the Estate of L. C. Crepaw Address Unknown	"
11. Lillian M. Drew, widow of W. A. Drew Address Unknown	"
12. Mae Duncan Bauman Address Unknown	"
13. Henry R. and Effie M. Elvidge Address Unknown	"
14. Hazel Bruggman, Wilbur C. Enfield Rudd, IA 50471	2/3 of 1/6400 unleased mineral interest
15. J. D. and Myrtle Evans Address Unknown	1/6400 unleased mineral interest
16. Clifford K. and Hazel Ferguson John W. and Mary Ferguson Address Unknown	"
17. Henrietta L. McDermott Fischer Address Unknown	"
18. Frederick M. and Alta Grace Address Unknown	"
19. Clifford and Clara Gray Address Unknown	"
20. Ada L. and W. R. Grew Address Unknown	1/3200 unleased mineral interest

OWNER	TYPE INTEREST
21. C. A. and Lillian W. Hanson Address Unknown	1/6400 unleased mineral interest
22. Earl L. and Kathryn Hansen Swea City, IA 50590	1/3200 unleased mineral interest
23. C. R. Hemphill Address Unknown	1/12,800 unleased mineral interest
24. Mildred L. Hitchcock Address Unknown	1/6400 unleased mineral interest
25. F. C. Holmes and the Estate of Eva Holmes Address Unknown	"
26. W. A. Horn Address Unknown	"
27. Annie L. Brown and W. Frank Porowski Address Unknown	1/3200 unleased mineral interest
28. Mrs. Lillian Kennedy Address Unknown	1/6400 unleased mineral interest
29. Cynthia E. Larson and Charles R. Larson, Joint Tenants Address Unknown	"
30. Cora I. and Geo. L. Lohr Address Unknown	"
31. Estella Maple Address Unknown	"
32. Floy Mae Mawhinney Dennies Address Unknown	1/3200 unleased mineral interest
33. Leonard Arthur Miller; Lois Miller Mayall 411 N. 4th Street Humboldt, IA 50548	1/6400 unleased mineral interest
34. Dale R. and Leota F. Morgan Address Unknown	"
35. O. G. Morgan, Kenneth E. Morgan, and Don A. Morgan Address Unknown	"
36. Andrew E. and Bessie R. Nelson Address Unknown	"
37. W. J. and Muriel J. Parrott Address Unknown	1/12,800 unleased mineral interest
38. Frank O. and Ella M. Peterson Deceased Address Unknown	1/6400 unleased mineral interest
39. Blanche L. Probert; and Shirley F. Probert Porter Address Unknown	1/3200 unleased mineral interest
40. W. J. and Martha H. Slepicka Address Unknown	1/6400 unleased mineral interest

OWNER	TYPE INTEREST
41. Chas. E. and Madge L. Snipps Address Unknown	1/6400 unleased mineral interest
42. Gertrude J. Scullins Address Unknown	1/3200 unleased mineral interest
43. Mae Shifflett Address Unknown	1/6400 unleased mineral interest
44. John Satoka Address Unknown	"
45. John W. Tiss Rt. 6 Box 55-A De Ridder, LA 70634	1/640 unleased mineral interest
46. C. E. and Cora M. Werthenback Address Unknown	1/6400 unleased mineral interest
47. G. L. and Christena B. Whitman and Estate of Blanche M. Whitman Address Unknown	"
48. Elizabeth H. Woodburn and Estate of Robert H. Woodburn Address Unknown	"
49. Ann C. Gossman Box 1051 SS Springfield, MO 65805	1/12,800 unleased mineral interest
50. James Roland Woods Box 1417 Socorro, NM 87801	54/19,200 unleased mineral interest
51. Ronald J. Byers 209 Westgate Building 1122 Colorado Austin, TX 78701	1/128 unleased mineral interest
52. Hanesco, Inc. Box 182 Roswell, NM 88201	57/2048 unleased mineral interest
53. J. H. Van Zant, II 1722 Commerce Building Fort Worth, TX 76101	3/320 unleased mineral interest
54. J. R. McGinley, Jr. P.O. Box 3405 Tulsa, OK 74101	1/2 of 1/48 unleased mineral interest (join for 1/2 of 1/48)
55. Rebel Oil Company 603 Seco Hobbs, NM 88240	2.947979% leasehold interest
56. Roy G. Barton, Jr., and Norma Barton Box 978 Hobbs, NM 88240	1/64 unleased mineral interest

OWNERTYPE INTEREST

57. Cleroy, Inc.
P.O. Box 3405
Tulsa, OK 74101

1/48 unleased
mineral interest

58. Lanroy, Inc.
P.O. Box 3405
Tulsa, OK 74101

1/48 unleased
mineral interest

Orders

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:

BSH

JAR

CASE NO. 7623

Order No. R-7042

APPLICATION OF C & K PETROLEUM,
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Don

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 21, 1982,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of July, 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, C & K Petroleum, Inc., seeks an order pooling all mineral interests in the Abo ^{formation} underlying the SE/4 SE/4 of Section 28, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and ^{has} ~~proposes~~ ^{drilled} ~~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 gas in said pool, 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 ^{actual Abo} ~~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 ^{actual Abo} ~~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~~ ^{actual Abo} costs should pay to the operator any amount that reasonable well costs exceed ~~estimated~~ ^{actual Abo} well costs and should receive from the operator any amount that paid ~~estimated~~ ^{actual Abo} well costs exceed reasonable well costs.

(11) That \$ 1750.00 per month while drilling and \$ 200.00 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 _____, the order pooling said unit should become null and void and of no effect whatsoever.~~

(13) That Division Orders Nos. R-6901 and R-6901-A, which pooled the E/2 SE/4 of Section 8, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, for a Strawn test well should be rescinded inasmuch as the Strawn formation was dry at this location.
IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Abo formation underlying the SE/4 SE/4 of Section 8, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre ~~gas 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 _____ day of _____, 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 _____ day of _____, 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 C & K Petroleum, Inc. is hereby designated the operator of the subject well and unit.

within 90 days

(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~~ *actual Abo* 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~~ *actual Abo* 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~~ *actual Abo* 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~~ *actual Abo* 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~~ *actual Abo*

receive from the operator his pro rata share of the amount that ~~estimated~~ ^{actual Abo} 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 \$ 1750.00 per month while drilling and \$ 200.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in 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 Division Orders Nos R-6901 and R-6901-A are hereby rescinded.

(14) ~~13~~ That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L