

CASE 5129: Appli. of DORCHESTER
EXPLORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

20/9/0
#190
P...

CASE No.

5129

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 3, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Dorchester
Exploration Company for
compulsory pooling, Lea County,
New Mexico.

Case No. 5129

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For New Mexico Oil Conservation
Commission:

William Carr, Esq.
Legal Counsel for the Com-
mission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Jason Kellahin, Esq.
KELLAHIN & FOX
500 Don Gasper
Santa Fe, New Mexico

I N D E X

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<u>RALPH H. VINEY</u>	
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E X H I B I T S

	<u>Marked</u>	<u>Admitted</u>
Dorchester Exhibit "A"	14	14

MR. NUTTER: We will now come back to Page 1, and call Case No. 5129.

MR. CARR: Case 5129. Application of Dorchester Exploration Company for compulsory pooling, Lea County, New Mexico.

MR. KELLAHIN: If the Chairman please, Jason Kellahin, Kellahin and Fox of Santa Fe, appearing for the Applicant. I have one witness I would like to have sworn.
(Witness sworn.)

RALPH H. VINEY

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is Ralph Viney.

Q What business are you engaged in, Mr. Viney?

A We are in the consulting business, Ralph Viney and Associates.

Q Where are you located?

A Midland, Texas.

Q Are you a petroleum engineer?

A Yes, sir.

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STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

Q Have you testified before the Oil Conservation Commission, making your qualifications a matter of record?

A Yes, sir.

Q Mr. Viney, were you employed by Dorchester Exploration Company in connection with Case No. 5129?

A Yes, sir.

Q Are you familiar with what is proposed by Dorchester in this case?

A Yes, sir.

Q Briefly, what is proposed by the Applicant?

A The Applicant wishes to drill a well on a 320-acre unit, in which case one of the mineral owners name is Texaco, Inc., had declined to join in the drilling and Dorchester is requesting forced pooling to join those interests.

Q Referring now to what has been marked as the Applicant's Exhibit "A", would you turn to the front of that and discuss the information that is shown there?

A Yes, sir, sure will.

Basically, if I may read quickly, and if the Court Reporter wishes he may use the report that I'll read verbatim.

(Reading) "Dorchester Exploration, Inc. applies for an order pooling all of the mineral interests in and under the East Half (E/2) of Section

13, Township 21 South, Range 34 East, N.M.P.M.
Lea County, New Mexico.

The applicant is the owner of right to drill
and develop the described acreage; and as
required by provisions of Commission Rule 104,
applicant proposes to dedicate the East Half
(E/2) of Section 13, Township 21 South, Range
34 East to the proration unit. The proposed
well is to be a 12,550 foot exploratory Morrow
zone test.

The applicant has obtained voluntary pooling
from all owners but Texaco, Inc. Texaco, Inc.
owns 18.75 percent of an 87½ percent working
interest in the East Half (E/2) of the North-
east quarter of Section 13 from a depth of
5,200 feet to 13,862 feet. Dorchester made
repeated requests of Texaco to join in drill-
ing this exploratory test; however, without
success.

The basic working interests under this unit,
being East Half (E/2) of Section 13, Township
21 South, Range 34 East are:

Dorchester Exploration, Inc. 93.4375 percent
(pooled voluntarily)

Phillips Petroleum Company 1.8750 percent
(pooled voluntarily)

Texaco, Inc. 4.6875 percent
(not pooled)

Exhibit 1 is a lease plat showing the well location, other unsuccessful Morrow tests in the immediate area and the Union Oil Company of California's Wilson Deep Unit, Well No. 1 located in the Southeast quarter of the Northwest quarter, Section 13, Township 21 South, Range 34 East. The Union-Wilson Deep Unit well is producing from the Morrow zones through perforations 12,207 to 12,358." (End of Reading)

I have used that in context, rather than read the individual perforations.

(Continued Reading) "Through October, 1973, the Union Wilson Deep Unit well had recovered 3,771,571 MCF of gas and 48,284 barrels of hydrocarbons. The Union well has lost 81 percent of shut-in well head pressure in producing 3.75 billion cubic feet. The current flowing well head pressure is 100 psig.

A lower member of the Morrow, Zone B, in the Union-Wilson Deep Unit well was perforated from 12,392 to 12,398' treated and produced 100 MCF per day. The perforations are now blanked off below bridge plug. Union Oil Company of California provided our firm with all production data, completion information and pressure data. Using all available data, the projected ultimate recovery of the Union-Wilson Deep Unit well is projected at 4.728 billion cubic feet; and the estimated remaining reserves as of November 1, 1973, were placed at 956,000 MCF. The applicant was fully aware of the stage of depletion in the Upper Morrow zone member. Using a gas price of \$0.45 per MCF and \$8.50 per barrel of hydrocarbons, an average gas-hydrocarbon ratio of 100,000 cubic feet to 1 and a net revenue interest of 87.5 percent, and State taxes at 6.5 percent, the net value of gas and liquid hydrocarbons to the working interest is 43.7 cents per MCF. Under these conditions, Dorchester might expect to recover:

\$208,000 before operating expenses. In the applicant's opinion this value did not justify development; consequently, Dorchester is drilling an exploratory well to evaluate Lower Morrow zone members.

The R. J. Leonard State No. 1-F, Section 19, Township 21 South, Range 35 East, was perforated over an interval from 12,406 feet to 12,562 feet and flowed water with a slight show of gas. The applicant is drilling the exploratory well to test primarily what we designate the Morrow B and C Zones in anticipation of encountering Morrow deposition with favorable formation characteristics.

In a manner of speaking, the formation characteristics of the Morrow zones vary significantly from well to well, and the remaining reserves do not warrant development drilling for a share of the known reserves. The applicant is exploring a geological feature to effect a commercial producer in a zone that was tight in the offset well and produced water in a down-dip well.

In view of the high degree of risk associated with this exploratory test, the applicant respectfully seeks forced pooling of Texaco, Inc.'s interests and requests that pooling provide a risk factor of 200 percent above well and administrative costs." (End of Reading)

The Exhibits that we have shown, Exhibit 1, is the lease plat. It shows the location of the exploratory test with relation to other wells -- other Morrow wells -- in the immediate area.

MR. NUTTER: Is that the well that's labelled Dorchester No. 1?

A Yes, sir. Wilson No. 1.

Exhibit No. 2 of Exhibit "A" is performance curve of Union California's Wilson Deep Unit Well No. 1 of which we have also placed the shut-in well head pressure for a period of time.

BY MR. KELLAHIN:

Q Does this production history indicate that that is producing from a very tight formation?

A Yes, sir.

Q Is that reflected by this Exhibit?

A Other than the shape of the Exhibit -- shape of the

decline curve -- performance curve, would suggest that a tight curve in a gas well, Counselor.

Q I turn to Exhibit 3 of Exhibit "A".

A Exhibit 3 of this Exhibit "A". We apologize for the size of it, but it wasn't reduced. Exhibit "A" is a correlative electric log cross section with all of the pertinent test data and completion data of wells in the immediate area and we have imposed the approximate location of the Dorchester exploratory well on this cross section.

Q Have these lower zones been tested in any other wells up to the present time?

A The zones have been tested, yes. In the offset well to the west in the Union or Pure Well, the "B" zone as we classify here, had been perforated, treated with acid, but did not flow more than 100 MCFs a day, which was not commercial for a well of this depth, 12,500 feet.

The zone had also been drill stem tested, perforated, acidized, in the R. J. Leonard, which is a location Southeast of the proposed Dorchester well. It flowed salt water at the rate of 65 barrels an hour with some gas.

Q Now, turning to Exhibit No. 4 of Exhibit "A".

A Exhibit No. 4 is a copy of the A.F.E., Authority For Expenditure, that was transmitted by Dorchester to Texaco.

We would like to point out that since the preparation of this A.F.E., we've run into some increasing cost like everyone else. The cost will probably exceed this A.F.E. estimate.

Exhibit 5 which is a four-page Exhibit is copies of correspondence between Dorchester, Inc. and Texaco regarding the written discourse between the two corporations in an attempt to have this thing pooled voluntarily.

Q Actually, the only dispute between Texaco and Dorchester is the amount of risk factor, is that not correct?

A This is correct, yes, sir.

Q That is indicated by this correspondence?

A Yes, sir.

Q Now, does this reflect that Texaco felt a 50 percent risk factor would be adequate for this well?

A Over and above cost, yes, sir.

Q Dorchester is asking for 200 percent?

A Yes, sir, because of the risk of exploratory nature.

Q Now, what risk factor did Phillips Petroleum agree to?

A Phillips Petroleum Company accepted the 200 percent above cost.

Q Or 300 total?

A Or 300 total.

Q In your opinion, is 50 percent risk factor adequate to a well of this nature, Morrow formation test?

A I would think not due to the vagary of Morrow deposition in this area.

Q Do you say this is a high-risk well or low-risk well or how would you characterize it?

A Not to be facetious, but I would say any Morrow well is a high-risk well.

Q Is this more or less than the average Morrow well?

A This is less than the average Morrow, because we have indications of a tight well offsetting us to the west. We have indications of water flowing from a porosity permeability down dip and we are playing a no-man's land in between. So, you really do not have adequate control other than hopefully to play up-dip type across

Q Now, the application also calls for recovery in addition to the risk factor, the recovery of the cost of drilling and developing the well and the cost of supervision. Do you have any figures on the cost of supervision for this well?

A Yes, sir. Dorchester and Phillips have executed an operating agreement in which \$190 per month administrative

cost has been agreed upon.

Q Is that what you recommend to the Commission at this time?

A Yes, sir.

Q Do you consider that a reasonable cost?

A In view of the depth, yes, sir.

Q What about cost of supervision while drilling?

A The cost that was agreed upon, Counselor, was \$1,900 and, here again, this is a basic rule of thumb measure, ten times the current monthly supervision cost. It's reasonable. It's not unreasonable.

MR. NUTTER: That's \$1,900 per month?

A No, sir.

MR. NUTTER: \$1,900 for the entire well?

A For the entire well, yes, sir.

BY MR. KELLAHIN:

Q Was Exhibit "A" prepared by you or under your supervision?

A Yes, sir, it was.

Q At this time I offer in evidence, Dorchester Exhibit "A".

MR. NUTTER: Without objection, Dorchester Exhibit "A" will be admitted into evidence.

(Whereupon, Dorchester Exhibit
"A" was marked for identification
and admitted into evidence.)

MR. KELLAHIN: That's all I have of the witness,
Mr. Nutter.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Viney, the Application was for forced pooling
of all mineral interests in the pool underlying the east
half of 13, so we would be limiting the forced pooling to
the Pennsylvanian formations, is that correct?

A Yes, sir. We could only forced pool in that inter-
val or as Texaco ownership appears.

Q Now, in talking about this risk, you mentioned that
in your testimony that the primary objective here is the
Morrow "B" in the "C" zone?

A Yes, sir.

Q Now, the Union-Wilson Deep Well which has produced
almost 4,000,000 cubic feet is completed in the "A" zone;
is this correct?

A Yes, sir. That's correct, yes, sir.

Q Do you consider the "A" zone would be depleted at
the proposed location?

A It's very possible. We have conducted some reservoir

limit tests in there, Mr. Nutter, and the zone appears to be tight. If it is not tight, and is better than what is indicated on our performance or our test data, then the zone would be depleted, either that the zone was not drained to this point or if the zone is better than appears, then it has been drained beyond this point.

Q You certainly will take a look at the "A" zone, though, and you won't limit your --

A (Interrupting) Oh, no, sir.

Q (Continuing) -- exploration to "B" and "C"?

A No. That is true, but we had to confine our exploration to the "B" and "C" zone in view of performance of the "A" zone in the offset well.

Q Now, in your testimony when you were talking about all this recoverable gas here in the liquid hydrocarbons having a total value of 208,000, you are talking about the remaining reserves in Wilson Deep Well; is that correct?

A That's a half of those remaining reserves. As you will notice there was used a half of the 956. This was assuming that the "A" zone would be in communication with Wilson Deep or Union Deep and that the two wells would then competitively attempt to share the remaining reserves.

Q I see.

A And on this basis it could not be justified as a development well with a cost of 400 --

Q (Interrupting) For that one zone alone?

A That's right. Yes, sir.

MR. NUTTER: Are there any other questions of the witness? You may be excused.

Anything further, Mr. Kellahin?

MR. KELLAHIN: Nothing.

MR. NUTTER: Does anyone have anything they wish to offer in Case 5129?

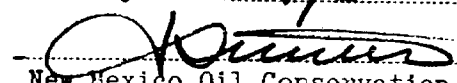
I shall take this under advisement.

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify
that the foregoing and attached Transcript of Hearing before
the New Mexico Oil Conservation Commission was reported by
me, and the same is a true and correct record of the said
proceedings, to the best of my knowledge, skill and ability.


COURT REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5129
heard by me on 1/3, 19 74.

, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386



DORCHESTER EXPLORATION, INC.
1100 MIDLAND NATIONAL BANK TOWER
MIDLAND, TEXAS 79701

(915) 683-1866

April 4, 1978

Texaco, Inc.
P.O. Box 3109
Midland, Texas 79702

CERTIFIED MAIL-RETURN RECEIPT, REQUESTED

Attention: Mr. E. H. Watkins

Re: Forced Pooling Order #R-4702
Case #5129
DEI #1 Wilson State Com.
Section 13-31S-34E
Lea County, New Mexico

*File
Case 5129*

Gentlemen:

Texaco's 4.687590% interest in the Wilson State Com. #1 Well was forced pooled under captioned order, and the penalty assessed thereunder has not paid out.

Said well has been reviewed by the Dorchester staff, and all are in agreement that the currently completed Morrow Zone (perf. 12,100'-12,108') is depleted and below the economic producing limit. The well is currently producing about 57 MCFD on compression with a 50 psi FTP, and had a cumulative of 1,580,727 MCFG and 16,355 BO at 12/1/77. No workover potential exists.

It is recommended that the captioned well be recompleted from the Morrow Zone to proposed selective Strawn perforations at 11,156-11,344' (o.a.) The proposed recompletion is expected to result in a minimum 400 MCFD initial producing rate and develop a minimum of 470 MMCFG. The workover cost of \$35,000 is expected to pay out in 3.5 months. The return on investment ratio should be about \$8.78 profit per dollar (\$1.00) invested.

The proposed zone of recompletion tried to "kick" when drilled and had a good show of gas. The section has about 26 feet of net pay which averages about 7.6% porosity and 11.6% water saturation. No reservoir pressures in this zone are available for this well, but a DST from the Union Wilson Deep #1, located 2,500' west, indicated 2,441 psi for a correlative section.

It is Dorchester's opinion, insofar as Texaco's interest is concerned, that the recompletion attempt is covered under the terms of the above mentioned forced pooling order, inasmuch as the recompletion attempt will be within the force pooled (Pennsylvanian) formation.

In accordance with the terms of said order, we hereby offer Texaco the opportunity to participate in the recompletion attempt of subject well. In this respect, we submit for your approval an AFE-Cost Estimate in the total amount of \$35,000.00, with Texaco's calculated working interest share being \$1,641.00, which would be in addition to the unrecouped portion of the costs involved in the original completion in the Morrow Zone, plus the penalty.

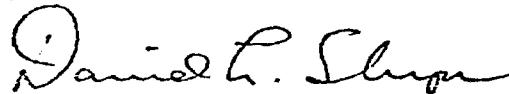
Texaco, Inc.
April 4, 1978
Page -2-

DORCHESTER EXPLORATION, INC.

Please indicate below within the thirty (30) day period as set out in Paragraph 4 of the forced pooling order whether or not you desire to participate in the subject recompletion attempt, and return one (1) copy of this letter to the writer. In the event you do elect to participate, please include an executed copy of the AFE with this letter.

Your early attention to this matter will be appreciated.

Very truly yours,



David L. Sleeper
Division Landman

DLS:kg

Enclosure

XC: New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

AFE No. 400302 is hereby _____ approved, _____ disapproved this _____ day
of April, 1978.

TEXACO, INC.

By: _____

DORCHESTER EXPLORATION, INC.

AUTHORITY FOR EXPENDITURE

DATE NUMBER 400302	
PROPERTY NUMBER	
TOWN FIELD Don Penn	OPERATOR Dorchester
COUNTY Lea	LEASE NAME OR NUMBER Wilson State Com.
LOCATION 1980' FSL & 990' FEL, Sec. 13, T-21-S, R-34E	WELL NUMBER 1
PROPOSED TD 12,000	FORMATION Strawn
PURPOSE OF EXPENDITURE Recomplete from Morrow to Strawn Form.	
CONTRACTOR W.O. Unit	
DRILL/COMPL. <input type="checkbox"/> LAND <input checked="" type="checkbox"/> SINGLE <input checked="" type="checkbox"/> EXPLORATORY <input type="checkbox"/> OIL <input type="checkbox"/> WATER DISP/INJ. <input type="checkbox"/> WORKOVER <input type="checkbox"/> OFFSHORE <input type="checkbox"/> DUAL <input type="checkbox"/> DEVELOPMENT <input checked="" type="checkbox"/> GAS <input checked="" type="checkbox"/> WATER SUPPLY <input type="checkbox"/> RE-COMplete <input checked="" type="checkbox"/> INLAND WATER <input type="checkbox"/> OTHER <input type="checkbox"/> SEC. REC. <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>	

LINE	INTANGIBLE EXPENSE	CASING POINT COST	COMPLETION COST	COMPLETED WELL COST
10	LOCATION, ROADS, SURVEY, DAMAGES, RESTORE			
12	RIG MOVE IN AND OUT			
12	FOOTAGE OR TURNKEY			
12	DAYWORK			
17	FUEL, POWER, WATER		2,500	
18	MUD, ADDITIVES, DIESEL, PKR FLUID		3,000	
19	BITS: DRILLING AND COMPLETION		2,000	
20	EQUIPMENT RENTAL		1,000	
20	CASING CREW, TONGS, TOOLS			
20	DIRECTIONAL DRILLING: SERVICE AND EQUIPMENT			
20	FISHING TOOLS AND SERVICES			
22	CEMENT AND SERVICES		2,500	
24	OPEN HOLE LOGS, F. T.			
24	DST, CORING, SWC, ANALYSIS			
24	MUD LOGGING: CREW AND EQUIPMENT		500	
28	TRANSPORTATION: LAND AND MARINE		1,000	
29	EQUIPMENT INSPECTION AND TESTING			
29	MISC AND CONTINGENCY			
29	OTHER			
30	SUPERVISION		2,500	
30	OVERHEAD			
41	COMPLETION, W. O., SWAB UNIT		5,000	
41	WELL TESTING, PROD TEST, BHP TEST		1,500	
42	CASED HOLE LOGS, PERF		3,500	
43	STIMULATION SERVICES		10,000	
62	FLOAT EQUIP, CENTRALIZER, SCRATCHER			
TOTAL INTANGIBLE EXPENSE			35,000	

TANGIBLE EXPENSE

60	Drive Casing-Ft.	O.D.	Grade	Wt.	Thd.	@	\$/Ft			
60	Cond Casing-Ft.	O.D.	Grade	Wt.	Thd.	@	\$/Ft			
60	Surf Casing-Ft.	O.D.	Grade	Wt.	Thd.	@	\$/Ft			
60	Inter Casing-Ft.	O.D.	Grade	Wt.	Thd.	@	\$/Ft			
71	Prod Casing-Ft.	O.D.	Grade	Wt.	Thd.	@	\$/Ft			
71	Liner Casing-Ft.	O.D.	Grade	Wt.	Thd.	@	\$/Ft			
71	Tubing -Ft.	O.D.	Grade	Wt.	Thd.	@	\$/Ft			
61	WELLHEAD EQUIPMENT									
70	SURF PROD EQUIPMENT									
72	ARTIFICIAL LIFT EQUIPMENT									
73	DOWNHOLE EQUIPMENT									
73	MISC AND CONTINGENCY									
74	LEASE EQUIPMENT									
TOTAL TANGIBLE EXPENSE										
TOTAL WELL COST									35,000	

OWNER	WRK INTEREST TCP	ACP	CASING POINT COST	COMPLETED WELL COST	DORCHESTER APPROVAL	
Coquina Oil Corp.		0.50000		\$ 17,500	OPERATIONS	DATE 2/7/78
Dorchester Expl. Inc.		0.144375		5,053	EXPLORATION	DATE 2/7/78
Fortney H. Stark, Jr.		0.09000		3,150	LAND	DATE 2/7/78
Upper Miss. Towing Corp.		0.06250		2,188		
XXL, Inc. - XXL 73-B		0.06250		2,188		
Barrons Drlg. 73-1		0.06045		2,115		
Phillips Petr. Co.		0.01875		656		
Gregg Wardell		0.01455		509		
Texaco, Inc.		0.046875		1,641		
TOTAL:		1.0000		\$ 35,000	JOINT INTEREST APPROVAL	
					COMPANY	
					APPROVED BY	DATE



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMUJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

January 15, 1974

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5129
ORDER NO. R-4702
Applicant:
Dorchester Exploration

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other Texaco Inc., Box 3109, Midland, Texas 79701

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5129
Order No. R-4702

APPLICATION OF DORCHESTER EXPLORATION
COMPANY FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 3, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of January, 1974, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Dorchester Exploration Company, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 13, Township 21 South, Range 34 East, NMPM, Wilson-Pennsylvanian Pool, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location in Unit I of said Section 13.
- (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 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 that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200% 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 that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$190.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge 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 April 1, 1974, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the E/2 of Section 13, Township 21 South, Range 34 East, NMPM, Wilson-Pennsylvanian Pool, Lea County, New Mexico, are hereby pooled to form a standard 320 acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location in Unit I of said Section 13.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of April, 1974, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of April, 1974, Order (1) of this order shall be null and void and of no effect whatsoever;

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 Commission and show cause why Order (1) of this order should not be rescinded.

-3-
CASE NO. 5129
Order No. R-4702

(2) That Dorchester Exploration Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Commission 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 Commission and the Commission 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 Commission 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 that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200% 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 \$190.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision

-4-
CASE NO. 5129
Order No. R-4702

charge 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 interests 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 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 Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. Trujillo
I. R. TRUJILLO, Chairman

Alex J. Amadio
ALEX J. AMADIO, Member

M. L. Porter, Jr.
M. L. PORTER, JR., Member & Secretary

S E A L

Jr/

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 3, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
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:

CASE 5000: (Continued from the June 20, 1973, Regular Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Aztec Totah Unit Wells Nos. 17 and 18, located in Unit E of Section 20, and Unit H of Section 19, respectively, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5006: (Continued from the June 20, 1973, Regular Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Southeast Cha Cha Unit Well No. 1 located in Unit M of Section 32, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5128: Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 SW/4 and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, both in Township 21 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its J. N. Carson Wells Nos. 4 and 9 located in Units O and K, respectively, of Section 28.

CASE 5129: Application of Dorchester Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Wilson-Pennsylvanian Pool underlying the E/2 of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location in Unit I of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5130: Application of Mesa Petroleum Company for the amendment of Order No. R-4658, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4658, which order promulgated special

(Case 5130 continued from Page 1)

pool rules for the North Shoe Bar-Strawn Pool, Lea County, New Mexico. Applicant seeks the amendment of said rules to provide for a special gas-oil ratio limitation of 4000 to one.

CASE 5131: Application of Jake Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from 12,935 feet to 12,946 feet and the open-hole interval from 12,960 feet to 13,023 feet in his Getty State L-736 Well No. 1 located in Unit D of Section 32, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 5132: Application of American Quasar Petroleum Company of New Mexico for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the White City Unit Area comprising 5,120 acres, more or less, of Federal, State and fee lands in Township 25 South, Ranges 25 and 26 East, Eddy County, New Mexico.

CASE 5133: Application of Atlantic Richfield Company for four non-standard gas proration units and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following 320-acre non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

The N/2 of Section 34 to be dedicated to its Curran Jones Wells Nos. 1 and 10 located in Units A and C, respectively, of Section 34;

McDonald State Lease:

The N/2 of Section 14 to be dedicated to Wells Nos. 11 and 25 both located in Unit D of Section 14;

The E/2 of Section 26 to be dedicated to Wells Nos. 22, 9, and 8 located in Units A, G, and P, respectively, of Section 26;

The W/2 of Section 24 to be dedicated to Wells Nos. 26 and 12 located in Units D and M, respectively, of Section 24.

CASE 5134: Application of Atlantic Richfield Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of four wells to a standard 640-acre unit comprising all of Section 15, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said wells being applicant's McDonald State WN Wells Nos. 23, 14, 15, and 13, located in Units C, G, L, and P, respectively, of Section 15.

CASE 5135: Application of Atlantic Richfield Company for the amendment of Order No. R-4549, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 1 of the Special Rules for the Empire-Abo Pressure Maintenance Project as promulgated by Order No. R-4549 to expand the project area as defined therein to include the

(Case 5135 continued from Page 2)

SW/4 SE/4 of Section 27 and the S/2 SE/4 of Section 34, both in Township 17 South, Range 28 East, and the NW/4 NE/4 and the SE/4 SW/4 of Section 6, Township 18 South, Range 28 East, Empire-Abo Pool, Eddy County, New Mexico.

Applicant further seeks the amendment of Rules 3 and 4 of said special rules to provide that effective January 1, 1974, the maximum allowable for the project area be 33,000 barrels per day rather than 30,000 as presently provided.

CASE 5136: Application of Coastal States Gas Producing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well location of its McGuffin Well No. 2 at a point 1980 feet from the North line and 660 feet from the West line of Section 29, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, Lea County, New Mexico.

CASE 5137: Application of Skelly Oil Company for two unorthodox locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill two producing wells at two unorthodox locations, one 2630 feet from the North line and 1330 feet from the West line and the other 1330 feet from the South line and 10 feet from the West line, both in Section 22, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 5138: Application of Skelly Oil Company for a waterflood project and four dual completions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Seven Rivers formation, Fren Pool, through six injection wells in its Skelly Unit Area in Sections 21, 22 and 28, Township 17 South, Range 31 East, Eddy County, New Mexico, three of which wells would be dually completed for injection into the Seven Rivers formation and the existing Grayburg-Jackson waterflood project. Applicant further seeks authority to dually complete its Skelly Unit Well No. 76 located in Unit 0 of said Section 21 as a dual completion to produce from the Fren Seven Rivers Pool and the Grayburg-Jackson Pool through parallel strings of tubing.

CASE 5139: Application of Skelly Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through three wells on its Lea "C" Lease in Section 11, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 5141: Application of David Fasken for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter an existing well, the unorthodox surface location of which is 660 feet from the South and West lines of Section 7, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico,

(Case 5141 continued from Page 3)

and to directionally drill said well in such a manner as to bottom the well in the Morrow formation at a point 915 feet from the South line and 660 feet from the West line of said Section 7.

CASE 5142: Application of Amoco Production Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Black River-Pennsylvanian Gas Pool, Eddy County, New Mexico, including a provision for 320-acre drilling and proration units. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing.

CASE 5140: (This case will be continued to January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24; Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.

CASE 4956: (Reopened) (This case will be continued to January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

Case 5129

PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION



PETROLEUM PRODUCTS

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

October 1, 1974

206689 - STATE OF NEW MEXICO
LEA COUNTY, NEW MEXICO
NMOCC Order No. R-4702

Dorchester Exploration, Inc.
1204 Vaughn Building
Midland, Texas 79701

Attention: Mr. R. L. Thigpen, Jr.

Gentlemen:

Texaco is in receipt of itemized cost schedules totalling \$458,022.45 for the drilling of your Wilson State Com. Well No. 1. This letter will advise that these well costs are reasonable to Texaco under the terms of the above Order.

Yours very truly,

Darrell Smith
Division Manager

File Case No 5129

By *R. G. Brown*
R. G. Brown
Assistant to Division Manager

BEH-JM

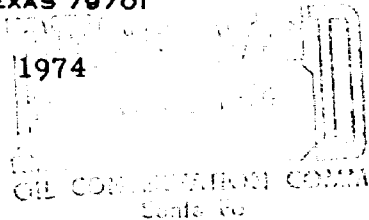
cc: Oil Conservation Commission
State of New Mexico
P. O. Box 2068
Santa Fe, New Mexico 87501

DORCHESTER EXPLORATION, INC.

1204 VAUGHN BUILDING
MIDLAND, TEXAS 79701

May 28, 1974

AREA CODE 915 683-1866

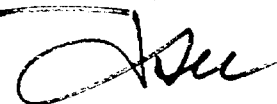


Texaco, Inc.
P. O. Box 3109
Midland, Texas 79701

Attention: Mr. R. G. Brown

Re: West Wilson Prospect
Wilson State Com. No. 1
Lea County, New Mexico
Texaco No. 206689
NMOCC Order No. R-4702

Gentlemen:

Comm. 5189 

Reference is made to our letter of March 26, 1974, on the captioned pooling order. We enclose herewith schedules of additional well costs on the subject well.

Very truly yours,



R. L. THIGPIN, JR.

RLT/ch
Enclosures

cc: Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501
w/copies of schedules

WILSON STATE COM NO 1-ACP
WEST WILSON 7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 MARCH

WAT 20 1074

JOINT OPERATIONS

1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
347 5	HALLIBURTON SERVICES INV NO 7182 3-20-74 CREDIT FOR LOGGING	13.02--
375	D E NIX EXPENSES FROM 3-1-74 TO 4-1-74	33.23
380 1	OTIS ENGINEERING CORPORATION INV O 514876 3-30-74 DELIVER SAFETY VALVE TO LOCATION	28.60
539	R L THIGPIN JR PROFESSIONAL SERVICE FOR MARCH 1974	56.25
3090	GLOBE CONSTRUCTION CO INC INV O 374-64 3-27-74 LABOR & EQUIP TO CUT MUD OUT OF PITS FOR DRYING & INCOMPLETE CLEANUP	458.64
5025 1	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-963 2-12-74 HAUL BLOCKS FOR PUMP EQUIPMENT	62.40
5025 2	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3364 2-27-74 TURN ON WELL & ADJUST EQUIPMENT	156.00
5025 3	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3365 2-23-74 BLOW DOWN CASING	62.40
5025 4	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3431 2-27-74 HAULING LUMBER & CEMENT BLOCKS, INSTALL SAFETY VALVE	256.88
5025 10	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3302 3-14-74 BATTERY HOOK-UP & CLEAN LOCATION	247.00
5030 1	MCVEAN & BARLOW	

CORCHESTER EXPLORATION INC
 7 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 MARCH

1974 PAGE 2

REFERENCE	DESCRIPTION	AMOUNT
	INV NO 4799 2-27-74 WELL NO 1 HYDROSTATIC TEST PLUS 4% TAX	3,657.13
5030 2	MCVEAN & BARLOW INV NO 4799-1 2-27-74 WATER FOR HYDROSTATIC TESTING #1	4.00
5068 2	J W -JIM- PAYNE JR CONSULTANT INV NO 7407 3-21-74 WELL NO 1 SUPERVISE COMPLETION OPERATIONS, MEALS, AUTO EXPENSE & MILEAGE	1,636.70
6007 2	STEVENSON - ROACH TANK CO INV NO 7198 -L-15-74 FROM ABOVE LEASE TO OUR YARD LABOR & EQUIP TO TRANSFER RENTAL TANK WELL NO 1	72.38
6022	TWO-STATE TANK RENTAL COMPANY INV NO 320 3-14-74 WELL NO 1 1 500 BBL TANK RENTAL 5-DAY MIN 9 EXTRA DAYS ON 1 TANK -SET 2/28-74 CHARGED THRU 3-13-74-- TAX	125.00 90.00 8.60
6053 1	VANN TOOL CO INV NO 602 03-18-74 LOG & PERFORATE - 13,000 FT CASH DISCOUNT	2,744.28 27.44--
6053 2	VANN TOOL CO INV NO 603 03-18-74 PERFORATING - 12,001 FT - 13,000 FT CASH DISCOUNT	1,425.94 14.26--
6053 3	VANN TOOL CO INV NO 604 03-18-74 PERFORATING - 12,001 FT - 13,000 FT FIRST HORROW CASH DISCOUNT	1,725.36 17.25--
6053 4	VANN TOOL CO	

By: [Signature] Date: [Blank] 1974

DORCHESTER EXPLORATION INC
 7 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 MARCH

1974 PAGE 3

REFERENCE	DESCRIPTION	AMOUNT
	INV NO 605 03-18-74 EQUIPMENT RENTAL: PLUG BACK TO FIRST MORROW CASH DISCOUNT	286.78 2.87--
6055	STUBBEMAN, MCRAE, SEALY, LAUGHLIN & BROWDER INV NO 4341 3-4-74 WILSON-STATE COM#1, LEA CTY NEW MEX, PREPARATION & FILING TELEGRAPHIC NOTICE TO FPC FROM DORCH & COQUINA RE COMMENCEMENT OF 180 DAY EMERGENCY SALE TO EL PASO NATURAL GAS CO. PREPARATION & FILING WITH FPC LETTER OF DETAILS RE SALE OF EMERGENCY GAS	100.00 13,162.73 *
*****	LEASE + WELL EQUIP	
9 34	MATERIAL TRANSFER #J-31 1-21-74 FROM DORCHESTER LALEDO-WATSON-- TO WILSON STATE NO 1 1367.47 FT -35 JTS- 9 5/8 IN OD 40# XS-95 R-3 LT&C CASING 3399.62 FT -81 JTS- 9 5/8 IN OD 43.5# N-80 R-3 LT&C CASING	8,804.49 21,015.51
9 35	MATERIAL TRANSFER #J-32 1-21-74 FROM WILSON STATE NO 1 TO DORCHESTER -ODESSA-- 259.20 FT -6 JTS- 9 5/8 IN OD 36# K-55 OR CASING 32.00 FT -1 JT- 9 5/8 IN OD 43.5# N-80 LT&C CASING WITHOUT PIN END THREAD	1,296.00-- 263.75--
310	ANTHONY SIGN CO INC INV NO 2942 3-29-74 LEASE & WELL SIGNS	7.72
353 1	I S & S INCORPORATED	

2

ROCHESTER EXPLORATION INC
 1 BANK OF THE SOUTHWEST BL.
 AMARILLO TEXAS 79109

JOINT OPERATIONS

1974 PAGE 4

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 MARCH

REFERENCE	DESCRIPTION	AMOUNT
	INV NO J 09505 3-28-74 MISC BATTERY CONNECTIONS CASH DISCOUNT	186.76 1.79--
353 3	I S & S INCORPORATED INV NO J 09599 3-28-74 2 2 IN 1DP 0-30 PRESSURE GAUGES BACK CONN. 1/8 IN 1 2 1/2 IN 1DP 0-600 PRESSURE GAUGE TAX CASH DISCOUNT	13.80 5.60 .78 .19--
380 2	OTIS ENGINEERING CORPORATION INV NO 514877 3-30-74 WELLHEAD SAFETY VALVE	1,385.13
3061	EQUIPMENT RENEWAL COMPANY INV NO 5527-OD 3-22-74 WELL NO 1 CASINGHEAD, CASINGHEAD SPOOL, TUBINGHEAD & VALVES	5,698.04
3089	GLOBE CONSTRUCTION CO INC INV NO 374-20 3-6-74 LABOR & EQUIP TO BUILD CALICHE TANK GRADE, CUT MUD OUT OF PITS FOR DRYING	535.60
5010 1	I S & S INCORPORATED INV NO J09350 3-13-74 TANK BATTERY & SEPARATOR FITTINGS CASH DISCOUNT	253.14 2.53--
5010 2	I S & S INCORPORATED INV NO J09466 3-13-74 TANK BATTERY & SEPARATOR FITTINGS CASH DISCOUNT	209.42 2.09--
5010 3	I S & S INCORPORATED INV NO J09469 3-13-74 TANK BATTERY FITTINGS CASH DISCOUNT	416.58 4.16--
5025 5	MATHIS PUMPING & ROUSTABOUT SERVICE	

FORCHESTER EXPLORATION INC
 1 BANK OF THE SOUTHWEST BL
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 MARCH

1974 PAGE 5

REFERENCE	DESCRIPTION		AMOUNT
	INV NO 74-3447 3-9-74		
	HOOK-UP STOCK TANKS		148.20
5025: 6	MATHIS PUMPING & ROUSTABOUT SERVICE		
	INV NO 74-3448 3-11-74		
	HOOK-UP STOCK TANKS		263.20
5025: 7	MATHIS PUMPING & ROUSTABOUT SERVICE		
	INV NO 74-3449 3-11-74		
	HOOK-UP STOCK TANKS		33.28
5025: 8	MATHIS PUMPING & ROUSTABOUT SERVICE		
	INV NO 74-3450 3-12-74		
	SET & HOOK-UP STOCK TANKS		247.00
5025: 9	MATHIS PUMPING & ROUSTABOUT SERVICE		
	INV NO 74-3801 3-13-74		
	CLEAN AND PAINT WELLHEAD, TANKS & SEPARATORS		247.00
5025: 11	MATHIS PUMPING & ROUSTABOUT SERVICE		
	INV NO 74-4076 2-22-74		
	HOOK UP EQUIPMENT		287.04
5030 1	MCVEAN & BARLOW		
	INV NO 4799 2-27-74		
	WELL NO 1		
	LAY 2036 FT OF 4 IN PIPE FROM #1 TO EL PASO LINE AND INSTALL EQUIPMENT		5,898.59
5030 3	MCVEAN & BARLOW		
	INV NO 4799-2 2-27-74		
	WELD UP .674 WALL PIPE FROM WELLHEAD TO TREATER		858.24
	TIEING IN AFTER TEST ON #1		833.69
	TAX		67.68
5052 1	NATIONAL TANK COMPANY		
	INV NO 145071 3-1-74		
	WELL NO 1		
	LABOR & PARTS ON STAK PAK UNIT AND HAULING FROM HOBBS TO LEASE		586.84
5061 3	P & M SERVICES		

2

WINCHESTER EXPLORATION INC
 1 BANK OF THE SOUTHWEST BL
 AMARILLO TEXAS 79109

JOINT OPERATIONS

1974 PAGE 6

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 MARCH

REFERENCE	DESCRIPTION	AMOUNT
	INV NO 74-22 3-13-74	322.50
	WELL NO 4	
	SETTING 1 - 436 BBL STEEL WELDED TANK	1,352.00
5007 1	WELL NO 1	
	1-USED H-500 BBL TANK	
	STEVENSON - ROACH TANK CO	
	INV NO 7191 3-12-74	
5042	WRIGHT SPECIALTY COMPANY	195.00
	INV NO 3758 3-16-74	48,302.32 *
	375 FT 2 IN LINE PIPE FOR HOOKUP	
	UNIT TOTAL	61,465.05 **

PORCHESTER EXPLORATION INC
7 BANK OF THE SOUTHWEST BL
AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
WEST WILSON #7399
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2 MARCH

1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
5048.	MORANCO INV NO 29773 3-21-74 DRILLING WELL NO 1 LOCATED IN SEC 13 T21S R34E LEA COUNTY NEW MEXICO THIRD PARTY CHARGES ABC RENTAL TOOL INV #1-65 TANK BITS INV #3-08366 3-08001 3-08965 3-09373 WATER	374.40 9,529.07 3,336.55
5058 1	J W -JIM- PAYNE JR CONSULTANT INV NO 7406 3-9-74 SUPERVISE FINAL DRILLING OPERATIONS, OPEN-HOLE TESTING, OPEN-HOLE LOGGING, RUNNING & CEMENTING PRODUCTION CASING	4,479.90 17,719.92 *
	UNIT TOTAL	17,719.92 *

CORCHESTER EXPLORATION INC
7 BANK OF THE SOUTHWEST BL
AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
WEST WILSON #7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 3. MARCH

1974 PAGE 1

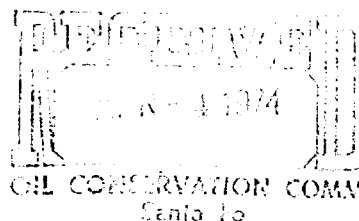
REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
5048	MONANCO INV NO 29773 3-21-74 DRILLING WELL NO 1 LOCATED IN SEC 13 T21S R34E LEA COUNTY NEW MEXICO THIRD PARTY CHARGES ABC RENTAL TOOL INV #1-65 TANK BITS INV #3-08366 3-08001 3-08965 3-09373 WATER	374.40 9,529.07 3,336.55
5068 1	J W --JIM-- PAYNE JR CONSULTANT INV NO 7406 3-9-74 SUPERVISE FINAL DRILLING OPERATIONS, OPEN-HOLE TESTING, OPEN-HOLE LOGGING, RUNNING & CEMENTING PRODUCTION CASING	4,479.90 17,719.92 *
	UNIT TOTAL	17,719.92 **

DORCHESTER EXPLORATION, INC.
1204 VAUGHN BUILDING
MIDLAND, TEXAS 79701

AREA CODE 915 683-1866

April 2, 1974

Care 5129



Texaco, Inc.
P. O. Box 3109
Midland, Texas 79701

Attention: Mr. D. D. Farris

[Signature]
Re: West Wilson Prospect
Wilson State Com. No. 1
Lea County, New Mexico
Texaco No. 206689
NMOCC Order No. R-4702

Gentlemen:

Reference is made to our letter of March 26, 1974, on the captioned pooling order. We enclose herewith schedules of additional well costs on the subject well.

Very truly yours,

[Signature]
R. L. Thigpin, Jr.

RLTjr/kaj
Enclosures

cc: Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501
w/copies of schedules

DORCHESTER EXPLORATION INC
(07 BANK OF THE SOUTHWEST ()G
AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
WEST WILSON #7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2 FEBRUARY 1974 PAGE 1

REFERENCE	DESCRIPTION		AMOUNT
*****	INTANGIBLE DEV COSTS		
580 1	DRESSER INDUSTRIES INC INV NO 7301 2-20-74 WELL NO 1 RENTAL ON PIT VOLUME TOTALIZER		351.00
580 2	DRESSER INDUSTRIES INC INV NO 7302 2-20-74 WELL NO 1 RENT ON FLO SENSON		351.00
583 1	MUSTANG MUD INC INV NO 3864 1-31-74 WELL NO 1 MUD CREDIT		1,409.28-
583 2	MUSTANG MUD INC INV NO 3865 1-31-74 WELL NO 1 MUD CREDIT		3,106.22-
583 3	MUSTANG MUD INC INV NO 3866 1-31-74 MUD CREDIT		8,633.04- 12,446.54-*
	UNIT TOTAL		12,446.54-**

2-

(ORCHESTER EXPLORATION INC
807 BANK OF THE SOUTHWEST BLDG
AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
WEST WILSON 7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 FEBRUARY 1974 PAGE 2

REFERENCE	DESCRIPTION	AMOUNT
351	I S & S INCORPORATED INV NO J09301 2-28-74 WELL NO 1 LINE PIPE AND FITTINGS FOR HOOKUP CASH DISCOUNT	332.45 3.19-
393 1	NATCO NATIONAL TANK COMPANY INV NO 145159 2-18-74 WELL NO 1 USED C-E NATCO 30 IN X 10 FT X 1440# 6 24 IN X 7 1/2 FT X 125 # W P SEPARATOR COMPLETE WITH STANDARD ACCESSORIES	4,420.00
3023	MERCHANT LIVESTOCK COMPANY STATEMENT 2-5-74 RELEASE OF DAMAGE FOR THE RIGHT OF WAY FOR THE GAS SALES LINE	96.00 4,845.26 *
	UNIT TOTAL	10,368.07 **

ORCHESTER EXPLORATION INC
807 BANK OF THE SOUTHWEST BLDG
AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
WEST WILSON 7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 FEBRUARY 1974 PAGE 1

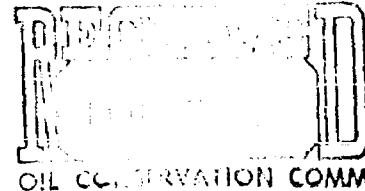
REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
339	EQUIPMENT RENEWAL CO INV NO 5484-0D 2-25-74 CLEAN, TEST, LUBE & PAINT VALVE DISMANTLE VALVES FROM TREE	24.00 72.00
352 1	DON JOHNSON CO INV NO 1-547 2-22-74 WELL NO 1 ANCHORS	198.38
352 2	DON JOHNSON CO INV NO A-664 2-27-74 WELL NO 1 BOP RENTAL	356.03
374	MCCASLAND HOT OIL SERVICE INC INV NO 57479 2-19-74 WELL NO 1 HAUL 280 BBLs FRESH WATER	88.25
395	D E NIX STATEMENT 2-28-74 WILSON STATE #1	125.02
545	STEVENSON-ROACH TANK CO INV NO 7167 3-5-74 LABOR & EQUIP TO TEST TANK & RENTAL OF TEST TANK	194.48
567	WELL UNITS INC INV O 7402027 2-20-74 WELL COMPLETION 2-1 THRU 2-8-74	4,466.20
582 1	HALLIBURTON SERVICES INV NO 6936VC 2-20-74 CREDIT FOR MUD	35.30-
585	R L THIGPIN JR PROFESSIONAL SERVICES FOR FEB 1974	33.75 5,522.81 *
*****	LEASE + WELL EQUIP	

Case 5129



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION



OIL CONSERVATION COMM.
TEXACO INC.
P. O. BOX 3100
MIDLAND, TEXAS 79701

February 25, 1974

206689 - STATE OF NEW MEXICO
LEA COUNTY, NEW MEXICO

Dorchester Exploration, Inc.
1204 Vaughn Building
Midland, Texas 79701

Attention: Mr. R. L. Thigpen, Jr.

Gentlemen:

This is to acknowledge receipt of your letter of January 22, 1974, by which you submitted to Texaco a copy of Order No. R-4702 of the New Mexico Oil Conservation Commission relative to the pooling of the Pennsylvanian rights in the E/2 Section 13, T-21-S, R-34-E, along with an AFE covering the drilling of your Wilson State COM Well No. 1.

It is our understanding that the subject well may be completed already, and we assume that, in accordance with Paragraph 5 of the above mentioned order, you will furnish Texaco with an itemized schedule of actual well costs within 90 days from completion. It is also our understanding that this well has been connected, or will be connected in the near future, by El Paso Natural Gas.

For our file completion, we shall appreciate your furnishing us with a copy of the Gas Sales Contract. In addition, we would sincerely appreciate your advising us periodically, preferably on a monthly basis, as to the production and revenues derived from this well.

Yours very truly,

E. H. Watkins
Division Landman

By

D. D. Farris

DDF-ES

cc: Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

DORCHESTER EXPLORATION, INC.

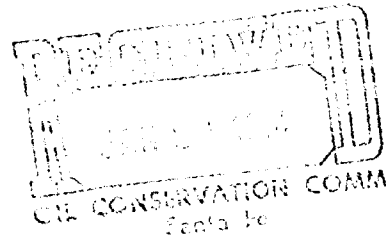
1204 VAUGHN BUILDING
MIDLAND, TEXAS 79701

AREA CODE 915 683-1865

January 22, 1974

Texaco, Inc.
P. O. Box 1270
Midland, Texas 79701

Attention: Mr. J. D. Larremore



*File
Case 5129*

Re: West Wilson Prospect
Wilson State Com. No. 1
Lea County, New Mexico
Texaco No. 206689

Gentlemen:

In accordance with the New Mexico Oil Conservation Commission Order No. R-4702 pooling the E/2 of Section 13, T-21-S, R-34-E, Wilson-Pennsylvanian Pool, Lea County, New Mexico, a copy of which is attached, we enclose herewith in duplicate our AFE for the subject well. Please have the AFE executed by Texaco and return one copy thereof to this office.

If Texaco elects to join and pay their share of the estimated well costs, please furnish us with Texaco's check representing their prorata share of said costs of \$17,890.31, being 4.6875 per cent of \$381,660.00.

Your earliest assistance in this matter will be appreciated.

Very truly yours,

R. L. Thigpin, Jr.

RLTjr/kaj
Enclosures

cc: ✓ Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501
w/AFE enclosed

CHESTER EXPLORATION, INC.

AUTHORITY FOR EXPENDITURE

WELL NAME AND NO. Wilson State Com No. 1 AFE NO. 400302
 LOCATION NE SE Section 13-21S-34E COUNTY Lea STATE New Mexico
 WORK DESCRIPTION Drill and complete -Morrow test

CODE	ITEM	AMOUNT	CODE TOTAL
	LEASEHOLD		
1	Bonus, Commission, etc.		5,000
3	Legal, Recording, Licenses, Permits, etc.		
	TOTAL LEASEHOLD		5,000
	DRILLING/WORKOVER		
	Road and Location		
	Surveying, Damages, etc.		
10	Dirt Work	650	3,500
	Drilling Contract		
	Moving Costs		
	Footage <u>12,000</u> Ft. @ <u>11.28</u> /Ft.	135,360	
	<u>8</u> Days WDP @ <u>1910</u>	15,280	
12	<u>2</u> Days WDP @ <u>1860</u>	3,720	154,360
17	Fuel and Water		5,000
18	Mud and Chemicals		30,000
19	Bits and Reamers		2,000
20	Rental Equipment		3,000
21	Boiler/Camp		
	Cement and Cementing Services		
	Conductor/Surface Casing	1,250	
22	Intermediate Casing	5,600	6,850
	Formation Evaluation		
	Logging - Open Hole <u>3</u> @ <u>1500</u>	7,200	
	Drill Stem Tests	4,500	
24	Coring, Core Analysis and Mud Logger	6,000	
	Well Site Geological	2,000	19,700
28	Trucking and Hauling		2,000
29	Misc. Expense - Welding, etc.		1,000
30	Supervision and Overhead		4,000
	INTANGIBLE COST TO C. P.		231,410
	DRILLING EQUIPMENT		
	Casing		
	Conductor/Surface	3,700	
60	Intermediate	36,000	39,700
61	Wellhead Equipment		6,000
62	Float Equipment, Centralizers, etc.		650
	TOTAL EQUIPMENT TO C. P.		46,350
	TOTAL COST TO CASING POINT		277,760
	ABANDONMENT		
31	Cement and Cementing Services, Rig Time, etc.		4,000
	DRY HOLE COST		281,760
	COMPLETION		
40	Cement and Cementing		3,000
41	Completion Rig _____ Hours @ \$ _____ /Hr.		6,000
42	Log and Perforate		2,400
	Stimulation		
	Acid _____ gallons		
43	Frac _____ gallons	3,500	3,500
44	Rental Equipment		1,500
45	Trucking and Hauling		1,000
46	Other - Pump truck, bits, etc.		1,000
47	Location Work		500
48	Misc. - Welding, swab cups, labor, etc.		500
49	Supervision and Overhead		2,500
	COMPLETION INTANGIBLE		21,900
	COMPLETION EQUIPMENT		
	Surface Well Equipment		
	Wellhead, valves, choke, pumping tee, etc.	5,000	
70	Pumping Unit and Engine/Motor		5,000
	Tubular		
	Production Casing/Liner	38,000	
71	Tubing	16,500	54,500
72	Suction Rods and Pump		
	Downhole - Non Controllable		
	Float Equipment, Liner Hanger, etc.	500	
73	Packers, Mandrels, Sleeves, etc.	3,000	3,500
	Lease Equipment		
	Storage Tanks	4,000	
	Separators, Treaters, etc.	8,000	
	Other - Compressor, building		
	Flow Line and Connection	1,000	
74	Installation Costs	1,000	14,000
	TOTAL COMPLETION EQUIPMENT		77,000
	TOTAL COMPLETION COST		98,900
	WELL COST		376,660
	TOTAL COST INCLUDING LEASEHOLD		381,660

APPROVED: _____, 19____
 COMPANY: _____
 BY: _____
 WORKING INTEREST: _____

COST BREAKDOWN			
WELL COST		TOTAL COST	
AMOUNT	%	AMOUNT	%
253,310	67.8	253,310	66.9
123,350	32.2	123,350	33.1
EXPANDED			
CAPITALIZED			

It is understood that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than herein set out.

DORCHESTER EXPLORATION, INC.

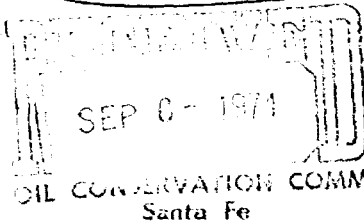
1204 VAUGHN BUILDING

MIDLAND, TEXAS 79701

September 4, 1974

AREA CODE 915 683-1866

File
Texaco, Inc.
P. O. Box 3109
Midland, Texas 79701



Attention: Mr. B. E. Hellman

Re: W. Wilson Prospect
Wilson State Com No. 1
Lea County, New Mexico
Texaco No. 206689
NMOCC Order No. R-4702

Gentlemen:

Enclosed please find Schedules of Additional Well Costs on the subject well for April, May and June, 1974, which schedules supplement our letter of April 2, 1974. Also enclosed for your information, please find a copy of our cost report through June of 1974.

It appears that the bulk of the cost is now in and we will appreciate Texaco approving same.

Your assistance in this matter is appreciated.

Very truly yours,

R. L. THIGPIN, JR.

RLTjr/jb
Enclosures

cc: Oil Conservation Commission w/copies
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

CHESTER EXPLORATION INC
 807 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79105

AUG 30 1974
 JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
 WEST WILSON NO 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 4 APRIL

1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
12 34	J W PAYNE JR CONSULTANT 1-26 THRU 1-31 MEALS AUTO	750.00 178.51 247.65 1,176.16 *
*****	LEASE + WELL EQUIP	
9 7	MATERIAL TRANSFER NO J-43 FROM DORCHESTER TO WILSON STATE NO 1 10,445.72 FT 335 2 3/8 DD 4.7# DUE 8R N-80	20,901.44
9 13	MATERIAL TRANSFER NO J-49 04-17-74 FROM NUTT #1 TO WILSON STATE NO 1 1 436 BBL WELDED STEEL SUMP BOTTOM TANK	2,340.00
084 1	I S & S INCORPORATED INV NO 09762 4-16-74 1 HL-320 VIKING PUMP CASH DISCOUNT	198.64 1.91--
084 2	I S & S INCORPORATED INV NO 09825 4-16-74 RELIEF VALVE FOR VIKING PUMP CASH DISCOUNT	20.90 20-- 23,458.87 *
	UNIT TOTAL	24,635.03 **

CHESTER EXPLORATION INC
807 BANK OF THE SOUTHWEST BLDG
AMARILLO TEXAS 79109

JOINT OPERATIONS

UNIT 400302 SUB 3 APRIL

1974 PAGE 1

WILSON STATE COM NO 1-BCP
EST WILSON 47389
LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
*****	I TANGIBLE DEV COSTS	
12 34	JIM - JIM - PAYNE JR CONSULTANT INV NO 7405 3-9-74 SUPERVISE FINAL DRILLING OPERATIONS, OPEN-HOLE TESTING, OPEN-HOLE LOGGING, RUNNING & CEMENTING PRODUCTION CASING JIM PAYNE JR CONSULTANT 1-5 THRU 1-25 RENTS AUTO	4,479.90- 2,625.00 50.99 247.65 1,556.26-*
	UNIT TOTAL	1,556.26-*

CHESTER EXPLORATION INC
 307 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2 APRIL

1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
12 34	TURNER BROS TRUCKING CO INC INV NO 101919 9-30-74 HAUL 4,739 FT OF 9 5/8 IN CASING JIM -JIM- PAYNE JR CONSULTANT INV NO 7408 3-9-74 SUPERVISE FINAL DRILLING OPERATIONS, OPEN-HOLE TESTING, OPEN-HOLE LOGGING, RUNNING & CEMENTING PRODUCTION CASING JIM PAYNE JR CONSULTANT 1-5 THRU 1-25 MEALS AUTO	2,312.22 4,479.90- 2,625.00 50.99 247.65 755.96 *
*****	LEASE + WELL EQUIP	
12 34	TURNER BROS TRUCKING CO INC INV NO 101919 9-30-73 HAUL 4,739 FT OF 9 5/8 IN CASING	2,312.22- 2,312.22-*
	UNIT TOTAL	1,556.26-*

CHESTER EXPLORATION INC ()
 607 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

ILSO STATE COM NO 1-ACP
 EST ILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 APRIL

1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	LEASE OPERATING EXP	
4 1	PRODUCING WELL OVERHEAD FOR 4-74 1 WELL @ \$199.88	199.88
315	BUCKER OIL COMPANY INC INV NO 21243 4-4-74 CLEANING SOLVENT	32.88
372	CECIL HORNE WIRE LINE WELL SERVICE CO INV NO 11590 4-25-74 FISH BOTTOM HOLE PRESSURE INSTRUMENT FROM 12,208 FT IN 5 1/2 IN CASING	202.38
381	R L THIGPIN JR PROFESSIONAL SERVICES FOR APRIL 1974	112.50
433	CONE & KERLEY INV NO 4-163-74 WELL NO 1 POTENTIAL TEST	1,064.60
498	R L MCLEAN INV NO 374-128 3-28-74 THAW OUT SEPARATOR	78.00
472	WILSON OIL COMPANY STATEMENT 04-03-74 FEBRUARY AND MARCH, 1974 -- 32 DAYS-- PUMPING CONTRACT EXPENSE DIRECT CHARGE FOR SUPERVISION AND PUMPING CHARGE OVER AND ABOVE CONTRACT	156.00 122.72 1,968.96 *
	UNIT TOTAL	1,968.96 **

ROCHESTER EXPLORATION INC
607 BANK OF THE SOUTHWEST BLDG
AMARILLO TEXAS 79109

JOINT OPERATIONS

1974 PAGE 1

WILSON STATE COM NO 1-BCP
WEST WILSON NO 7399
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 5 MAY

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
12 20	DRILLING TIME OVERHEAD 11-23-74 THRU 2-8-74 @ \$1900.00 PER MONTH 2 1/2 MONTHS	4,750.00 4,750.00 *
	UNIT TOTAL	4,750.00 **

ROCHESTER EXPLORATION INC
807 BANK OF THE SOUTHWEST BLDG
AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
WEST WILSON 7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 MAY

1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	LEASE OPERATING EXP	
4 1	PRODUCING WELL OVERHEAD FOR MAY 1974 1 WELL @ \$199.88	199.88
503	NATIONAL TANK COMPANY INV NO 145514 5-23-74 1 2 IN DIAPHRAGM OPERATED, SPRING- LOADED BACK PRESSURE VLV TAX	176.78 7.07
555	R L THIGPIN JR PROFESSIONAL SERVICES FOR MAY 1974	90.00
573	WILSON OIL COMPANY WELL NO 1 CONTRACTING PUMPING FOR APRIL & MAY 1974	312.00 785.73 *
	UNIT TOTAL	785.73 **

(DORCHESTER EXPLORATION INC (
 607 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
WEST WILSON NO 7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 4 JUNE

1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
9 41	MATERIAL TRANSFER NO J-122: 6-28-74 FROM DORCHESTER TO WILSON STATE #1 1 STAK PAK	1,000.00
9 42	MATERIAL TRANSFER NO J-123. 6-28-74 FROM WILSON STATE #1 TO DORCHESTER 1 STAK PAK USED	1,000.00 *
*****	LEASE + WELL EQUIP	
9 34	MATERIAL TRANSFER NO J-113. 6-20-74 FROM DORCHESTER TO WILSON-STATE 3671.90 FT 2 3/8 IN 4.6# N80 EUE 8RD TUBING	11,933.68 11,933.68 *
	UNIT TOTAL	12,933.68 *

DORCHESTER EXPLORATION INC
607 BANK OF THE SOUTHWEST BLDG
AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
WEST WILSON #7339
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 3 JUNE

1974- PAGE 1

REFERENCE		DESCRIPTION	AMOUNT
*****		LEASE + WELL EQUIP	
9	1	MATERIAL TRANSFER #J-62 6-12-74 FROM WILSON-STATE #1 TO DORCHESTER-SUMMIT YARD 30.50 FT -1 JT- 13 3/8 IN OD 63# PIPE NEW	13.07- 13.07-*
		UNIT TOTAL	13.07-**

(ROCHESTER EXPLORATION INC ()
 507 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

WILSON STATE COM NO 1-BCP
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

JNIT 400302 SUB 2 JUNE

JOINT OPERATIONS
 1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	LEASE + WELL EQUIP	
9 1	MATERIAL TRANSFER #J-62 6-12-74 FROM WILSON-STATE #1 TO DORCHESTER-SUMMIT YARD 30.50 FT -1 JT- 13 3/8 IN OD 68# PIPE NEW	
	UNIT TOTAL	13.07- 13.07-*
		13.07-**

ORCHESTER EXPLORATION INC
 607 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

1974 PAGE 1

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 JUNE

REFERENCE	DESCRIPTION		AMOUNT
*****	LEASE OPERATING EXP		
4 1	PRODUCING WELL OVERHEAD FOR JUNE 1974 1 WELL @ \$199.88		199.88
330	COTTON, BLEDSOE, TIGHE & MORROW INV NO 415 6-28-74 PREPARATION OF ASSIGNMENTS OF OPERATING RIGHTS WILSON STATE COM #1		125.00
545	R L THIGPIN JR. PROFESSIONAL SERVICES FOR JUNE 1974		45.00 369.88 *
	UNIT TOTAL		369.88 **

COMPANY NO.
503

DORCHESTER EXPLORATION, INC. - U.S.
AUTHORITY FOR EXPENDITURE - COST REPORT THROUGH 06/74

PAGE 351

LEASE NAME WILSON STATE COM NO 1-BCP
PROSPECT WEST WILSON #7389
LOCATION LEA COUNTY NEW MEXICO

AFE
400302 2

DESCRIPTION	AUTHORIZED AMOUNT	EXPENDITURES TO DATE	UNDER/OVER- EXPENDED
1 BONUS AND COMMISSION	5,000.00		
TOTAL GENERAL LEDGER 301	5,000.00	.00	5,000.00 **
10 SURVEYING, DAMAGES, DIRT WORK	3,500.00	5,651.68	2,151.68-
12 DRILLING COSTS-DAYWORK, MOVING, ETC	154,360.00	195,041.28	40,681.28-
17 FUEL AND WATER	5,000.00	6,858.62	1,858.62-
18 MUD AND CHEMICALS	30,000.00	50,748.56	20,748.56-
19 BITS AND REAMERS	2,000.00	9,529.07	7,529.07-
20 RENTAL EQUIPMENT	3,000.00	2,437.65	562.35
22 CEMENT AND CEMENTING SERVICES	6,850.00	4,172.72	2,677.28
24 FORMATION EVALUATION-LOGGING D S TESTS	19,700.00	24,100.48	4,400.48-
28 TRUCKING AND HAULING	2,000.00	6,815.49	4,815.49-
29 MISCELLANEOUS EXPENSE	1,000.00	1,079.09	79.09-
30 SUPERVISION / OVERHEAD	4,000.00	3,248.09	751.91
31 ABANDONMENT SERVICES	4,000.00		4,000.00
40 CEMENT AND CEMENTING SERVICES	3,000.00		3,000.00
41 WELL COMPLETION RIG	6,000.00		6,000.00
42 LOG AND PERFORATE	2,400.00		2,400.00
43 STIMULATION-ACIDIZING AND FRACTURING	3,500.00		3,500.00
44 RENTAL EQUIPMENT	1,500.00		1,500.00
45 TRUCKING AND HAULING	1,000.00		1,500.00
46 OTHER - BITS, PUMP TRUCK	1,000.00	1,568.53	568.53-
47 LOCATION, DIRT WORK, CONCRETE-COMPLETION	500.00		1,000.00
48 MISCELLANEOUS - LABOR, WELDING, ETC	500.00		500.00
49 SUPERVISION / OVERHEAD	2,500.00	878.96	378.96-
TOTAL GENERAL LEDGER 311	257,310.00	312,130.22	54,820.22-*
60 CASING	39,700.00	8,707.76	30,992.24
61 WELLHEAD EQUIPMENT	6,000.00	1,727.28	4,272.72
62 NON-CONTROLLABLE EQUIP-FLOAT EQUIP, ETC	650.00	96.24	553.76
70 SURFACE WELL EQUIP.-INCL ENGINE/MOTOR	5,000.00		5,000.00
71 TUBULAR - CASING AND TUBING	54,500.00		54,500.00
73 NON-CONTROLLABLE EQUIPMENT	3,500.00		3,500.00
74 LEASE EQUIP.-TANKS, SEPARATORS, HEATERS	14,000.00		14,000.00
TOTAL GENERAL LEDGER 312	123,350.00	10,531.28	112,818.72 *
TOTAL A.F.E.	385,660.00	322,661.50	62,998.50 **

COMPANY NO
503

DORCHESTER EXPLORATION, INC. - U.S.
AUTHORITY FOR EXPENDITURE - COST REPORT THROUGH 06/74

PAGE 352

LEASE NAME WILSON STATE COM NO 1-BCP
PROSPECT WEST WILSON #7389
LOCATION LEA COUNTY NEW MEXICO

AFE
400302 3

DESCRIPTION	AUTHORIZED AMOUNT	EXPENDITURES TO DATE	UNDER/OVER- EXPENDED
10 SURVEYING, DAMAGES, DIRT WORK		5,651.68	5,651.68-
12 DRILLING COSTS-DAYWORK, MOVING, ETC		195,041.28	195,041.28-
17 FUEL AND WATER		6,858.62	6,858.62-
18 MUD AND CHEMICALS		50,748.56	50,748.56-
19 BITS AND REAMERS		9,529.07	9,529.07-
20 RENTAL EQUIPMENT		2,437.65	2,437.65-
22 CEMENT AND CEMENTING SERVICES		4,172.72	4,172.72-
24 FORMATION EVALUATION-LOGGING D S TESTS		24,100.48	24,100.48-
28 TRUCKING AND HAULING		6,815.49	6,815.49-
29 MISCELLANEOUS EXPENSE		1,079.09	1,079.09-
30 SUPERVISION / OVERHEAD		3,248.09	3,248.09-
45 TRUCKING AND HAULING		1,568.53	1,568.53-
48 MISCELLANEOUS - LABOR, WELDING, ETC		878.96	878.96-
TOTAL GENERAL LEDGER 311	.00	312,130.22	312,130.22-*
60 CASING		8,707.76	8,707.76-
61 WELLHEAD EQUIPMENT		1,727.28	1,727.28-
62 NON-CONTROLLABLE EQUIP-FLOAT EQUIP, ETC		96.24	96.24-
TOTAL GENERAL LEDGER 312	.00	10,531.28	10,531.28-*
TOTAL A.F.E.	.00	322,661.50	322,661.50-*

COMPANY NO
503

LEASE NAME
PROSPECT
LOCATION

DORCHESTER EXPLORATION, INC. - U.S.
AUTHORITY FOR EXPENDITURE - COST REPORT THROUGH 06/74
WILSON STATE COM NO 1-BCP
WEST WILSON NO 7389
LEA COUNTY NEW MEXICO

PAGE 353

AFE
400302 4

DESCRIPTION	AUTHORIZED AMOUNT	EXPENDITURES TO DATE	UNDER/OVER- EXPENDED
30 SUPERVISION / OVERHEAD		1,176.16	1,176.16-
34 RENTAL EQUIPMENT		1,000.00	1,000.00-
TOTAL GENERAL LEDGER 311		2,176.16	2,176.16-*
70 SURFACE WELL EQUIP.-INCL ENGINE/MOTOR	.00	217.43	217.43-
71 TUBULAR - CASING AND TUBING		32,835.12	32,835.12-
74 LEASE EQUIP.-TANKS, SEPARATORS, HEATERS		2,340.00	2,340.00-
TOTAL GENERAL LEDGER 312		35,392.55	35,392.55-*
TOTAL A.F.E.	.00	37,568.71	37,568.71-*

COMPANY NO:
503

DORCHESTER EXPLORATION, INC. - U.S.
AUTHORITY FOR EXPENDITURE - COST REPORT THROUGH 06/74

PAGE 354

LEASE NAME WILSON STATE COM NO 1-BCP
PROSPECT WEST WILSON NO 7389
LOCATION LEA COUNTY NEW MEXICO

AFE
400302 5

DESCRIPTION	AUTHORIZED AMOUNT	EXPENDITURES TO DATE	UNDER/OVER- EXPENDED
30 SUPERVISION / OVERHEAD		4,750.00	4,750.00-
TOTAL GENERAL LEDGER 311	.00	4,750.00	4,750.00-*
TOTAL A.F.E.	.00	4,750.00	4,750.00-*

COMPANY NO
503

DORCHESTER EXPLORATION, INC. - U.S.
AUTHORITY FOR EXPENDITURE - COST REPORT THROUGH 06/74

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LEASE NAME WILSON STATE COM NO 1-ACP
PROSPECT WEST WILSON 7389
LOCATION LEA COUNTY NEW MEXICO

AFE
400302 1

DESCRIPTION	AUTHORIZED AMOUNT	EXPENDITURES TO DATE	UNDER/OVER- EXPENDED
40 CEMENT AND CEMENTING SERVICES		4,492.94	4,492.94-
41 WELL COMPLETION RIG		4,554.45	4,554.45-
42 LOG AND PERFORATE		9,182.65	9,182.65-
43 STIMULATION-ACIDIZING AND FRACTURING		11,699.48	11,699.48-
44 RENTAL EQUIPMENT		1,254.66	1,254.66-
45 TRUCKING AND HAULING		993.84	993.84-
47 LOCATION, DIRT WORK, CONCRETE-COMPLETIO		1,034.70	1,034.70-
48 MISCELLANEOUS = LABOR, WELDING, ETC		6,868.55	6,868.55-
49 SUPERVISION / OVERHEAD		1,794.95	1,794.95-
TOTAL GENERAL LEDGER 311	.00	41,876.22	41,876.22-*
70 SURFACE WELL EQUIP.-INCL ENGINE/MOTOR		6,775.34	6,775.34-
71 TUBULAR - CASING AND TUBING		75,885.31	75,885.31-
73 NON-CONTROLLABLE EQUIPMENT		750.68	750.68-
74 LEASE EQUIP.-TANKS, SEPARATORS, HEATERS		18,426.11	18,426.11-
TOTAL GENERAL LEDGER 312	.00	101,837.94	101,837.94-*
TOTAL A.F.E.	.00	143,714.16	143,714.16-*

Case File

DORCHESTER EXPLORATION, INC.

1204 VAUGHN BUILDING
MIDLAND, TEXAS 79701

March 26, 1974

Case 5129
AREA CODE 915 683-1865

Texaco, Inc.
P. O. Box 3109
Midland, Texas 79701

Attention: Mr. D. D. Farris

[Signature]

Re: West Wilson Prospect
Wilson State Com. No. 1
Lea County, New Mexico
Texaco No. 206689
NMOCC Order No. R-4702

Gentlemen:

In accordance with Paragraph 5 of the captioned pooling order,
we enclose herewith itemized schedules of actual well costs on the subject
well.

Very truly yours,

[Signature]
R. L. Thigpin, Jr.

RLTjr/kaj

cc: Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501
w/copies of Schedules

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DORCHESTER EXPLORATION INC
 (7 BANK OF THE SOUTHWEST B()
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 JANUARY 1974 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
332	CLIFF BRASWELL COMPANY INV NO 3561 2-1-74 WELL NO 1 HAUL 100 JTS 2 3/8 IN EUE BRD 4.70% N-80 R-2 TUBING, 25 2 3/8 I. EUE BRD N-80 TUBING COUPLINGS	101.50
336	NOLAN H BRUNSON INC INV NO 74-2050 2-12-74 WELL NO 1 FOUR 6 IN X 6 IN X 4 FT SILLS	66.64
358	CLARY PIPE INSPECTION INV NO 174-887 1-9-74 WELL NO 1 LABOR & MATERIAL TO CLEAN, REPAIR AND INSPECT 5-1/2 IN CASING	1,032.92
390	GLOBE CONSTRUCTION COMPANY INC INV NO 174-102 1-31-74 WELL NO 1 LABOR & EQUIP TO LEVEL AROUND WELL FOR PULLING UNIT	72.18
506 3	HALLIBURTON SERVICES INV NO 708981 2-6-74 WELL NO 1 SQUEEZE PERF	2,003.41
507 1	HALLIBURTON SERVICES INV NO 6700 1-22-74 CREDIT FOR CEMENT VOLUME	8.15-
507 17	HALLIBURTON SERVICES INV NO 614432 1-31-74 WELL NO 1 CEMENT 5 1/2 IN CASING	4,536.39
530	KELLAHIN AND FOX STATEMENT 2-8-74	

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DORCHESTER EXPLORATION INC
 7 BANK OF THE SOUTHWEST B()
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 JANUARY 1974 PAGE 2

REFERENCE	DESCRIPTION	AMOUNT
	LEGAL SERVICES-NEW MEXICO OIL CONSERVATION COMM CASE #5129, APPLICATION FOR COMPULSORY POLLING, WILSON-PENN POOL, LEA CTY NEW MEX, PREPARATION & HEARING JAN 3 1974 STATE TAX PHOTOCOPIES	225.00 9.56 1.30
543	LONE STAR WELDERS INV NO 7083 2-1-74 WELL NO 1 LABOR TO CUT OFF 5 1/2 IN PIPE AND BEVEL TO 45 DEGREE ANGLE	53.82
546	HAN WELDING SERVICE INV NO 6710 1-26-74 WELL NO 1 LABOR TO CUT OFF 5-1/2 IN CASING & TACK PLATE	59.80
547 1	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3241 2-4-74 WELL NO 1 HOOK UP TEST EQUIPMENT	280.80
547 2	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3242 2-4-74 WELL NO 1 FLOW TESTING WELL	72.80
547 3	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3243 2-7-74 WELL NO 1 FLOW TESTING WELL	88.40
547 4	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3244 2-8-74 WELL NO 1 FLOW TESTING WELL	156.00
547 5	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3245 2-2-74 WELL NO 1 HAULING 150 FT 3 IN PIPE	59.28

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DORCHESTER EXPLORATION INC
 7 BANK OF THE SOUTHWEST B(1
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

JOINT 400302 SUB 1 JANUARY 1974 PAGE 3

REFERENCE	DESCRIPTION	AMOUNT
547 6	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3247 2-3-74 WELL NO 1 MOVE & HOOK-UP TEST EQUIPMENT	336.96
547 8	MATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3466 2-9-74 WELL NO 1 BREAK OUT TESTING HOOK-UP	118.56
562	DISCO-UNITED SUPPLY INC INV NO 52192 2-7-74 5 GAL PAIL TOOL JOINT COMPOUND	19.03
563	DISCO-UNITED SUPPLY INC INV NO 5230029 2-14-74 WATER FINDING PASTE	2.81
578 1	NITROGEN OIL WELL SERVICE COMPANY INV NO 60324 2-11-74 WELL NO 1 NITROGEN REPLACEMENT	663.20
578 2	NITROGEN OIL WELL SERVICE COMPANY INV NO 60324 2-11-74 NITROGEN REPLACEMENT	692.43
564 2	P & G SERVICES INV NO 74-13 2-8-74 WELL NO 1 LABOR & EQUIP TO HAUL CASING, & TUBING FROM SUMMIT YARD TO LOCATION	455.00
626	SONNYS OIL FIELD SERVICES INC INV NO 4309 2-8-74 WELL NO 1 WATER FOR COMPLETION	321.33
653	R L THIGPAIN JR PROFESSIONAL SERVICES FOR JAN 1974	46.88
658	TAD STATE TANK RENTAL CO INV NO 216 2-8-74	

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DORCHESTER EXPLORATION INC
 7 BANK OF THE SOUTHWEST B()
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 JANUARY 1974 PAGE 4

REFERENCE	DESCRIPTION	AMOUNT
	TANK RENTAL	130.00
562	VANN TOOL CO INV NO 563 2-10-74 ON-OFF TOOL ASSEMBLY & PACKER CASH DISCOUNT	1,776.01 17.76-
671	THE WESTERN CO INV NO 84419 2-4-74 ACIDIZE WELL	9,619.87
680	XL TRANSPORTATION CO INV NO 23924 2-12-74 HAUL WATER	93.08
3037 2	MCCLATCHY BROS INC INV NO 25579 1-2-74 HAUL 5 1/2 IN CASING	121.60 23,190.68 *
*****	LEASE + WELL EQUIP	
9 1	MATERIAL TRANSFER #J-13 1-9-74 TO WILSON STATE NO 1 FROM ALEDO WATSON 1 VALVE PLUG 1 12 IN 900 X 10 IN SPOOL 2 GATE VALVE-OCT MODEL 20 5000# WP 1 GATE VALVE-OCT MODEL 20 3000# WP 3 2 IN COMP FLANGES	23.05 1,395.33 2,691.57 1,154.31 86.45
9 3	MATERIAL TRANSFER #J-15 1-9-74 TO WILSON STATE #1 FROM DORCHESTER WAREHOUSE 5001.15 FT -151 JTS- 5-1/2 IN OD 20# N-80 LT&C CASING & 5712.30 FT -205 JTS- 5 1/2 IN OD 17# N-80 LT&C CASING CORD NEW	37,117.22
9 10	MATERIAL TRANSFER #J-22 1-9-74 TO WILSON STATE #1	

DORCHESTER EXPLORATION INC
 (7 BANK OF THE SOUTHWEST B()
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE CO# NO 1-ACP
 WEST WILSON 7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 1 JANUARY 1974 PAGE 5

REFERENCE	DESCRIPTION	AMOUNT
	FROM DORCHESTER -RODMAN- 1332.4 -41 JTS- 5-1/2 IN OD 17 1/2 N-80 LT&C RANGE 2 CF&I CASING COND NEW	4,917.90
357 1	COLONA INV NO 14730 1-26-74 SALE OF 5-1/2 IN THREAD PROTECTORS	108.10--
391	GLOBE CONSTRUCTION COMPANY INC INV NO 274-42 2-12-74 LABOR & EQUIP TO BUILD TANK GRADE, WATER & GRADE	208.26
392	GLOBE CONSTRUCTION COMPANY INC INV NO 274-52 2-15-74 WELL NO 1 LABOR & EQUIP TO RE-BUILD TANK GRADE, WATER & GRADE	260.21
521 1	L S & S INC INV NO J09036 2-8-74 WELL NO 1 UNIONS, ELLS, NIPPLES & MISC PIPE FITTINGS	464.42
521 2	L S & S INC INV NO J09037 2-8-74 WELL NO 1 ELLS, NIPPLES & MISC PIPE FITTINGS	278.54
547 7	HATHIS PUMPING & ROUSTABOUT SERVICE INV NO 74-3248 2-3-74 WELL NO 1 150 FT 3 IN LINE PIPE 100 FT 2 IN LINE PIPE	109.20 52.00 48,690.36 *
	UNIT TOTAL	71,881.04 **

DORCHESTER EXPLORATION INC
 (7 BANK OF THE SOUTH-WEST B(1
 AMARILLO TEXAS 79109

JOINT OPERATIONS
 1974 PAGE 1

WILSON STATE COA NO 1-BCP
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2 JANUARY

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
371 1	DRESSER INDUSTRIES INC INV NO 92070 1-18-74 WELL NO 1 PIT VOLUME TOTALIZER RENTAL	210.60
371 2	DRESSER INDUSTRIES INC INV NO 92071 1-18-74 WELL NO 1 FLO SENSOR RENTAL	210.60
396	DEC 12-17-73 THRU 1-23-74-LOGGING UNIT RENTAL 12-17-73 THRU 1-23-74-GEOLOGICAL SERVICES	2,280.00 4,750.00
397	GRANT OIL TOOL COMPANY INV NO 15197 2-12-74 DRILLING EQUIPMENT RENTAL DISCOUNT	1,320.80 6.35-
526 1	JOHNSTON SCHLUMBERGER INV NO A483 1-29-74 WELL NO 1 9 EXTRA REPORT FOLDERS	60.84
526 2	JOHNSTON SCHLUMBERGER INV NO A546 1-31-74 WELL NO 1 DRILLSTEM TEST #2	1,812.41
527 1	JOHNSTON SCHLUMBERGER INV NO A371 1-23-74 DRILLSTEM TEST #1	1,262.56
549	MCCASLAND HOT OIL SERVICE INC INV NO 57388 2-7-74 WELL NO 1 HAUL & FURNISH 280 BBLs FRESH WATER	81.54
565	MORANCO	

DORCHESTER EXPLORATION INC
 7 BANK OF THE SOUTHWEST B()
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2 JANUARY 1974 PAGE 2

REFERENCE	DESCRIPTION	AMOUNT
	INV NO 29758 2-7-74	
	DAYWORK WITH DRILL PIPE	60,096.30
	DAYWORK WITHOUT DRILL PIPE	3,588.59
	FOOTAGE 11,197 FT @ \$10.85 PER FT	121,497.45
	TAX	7,406.89
	THIRD PARTY CHARGES	64.49
	WATER	
	BALANCE FORWARD	5,352.48
	LESS WATER LIMIT	5,000.06-
573 1	MUSTANG MUD INC	
	INV NO 3725 1-18-74	
	DRILLING MUD	586.56
573 2	MUSTANG MUD INC	
	INV NO 3726 1-18-74	
	DRILLING MUD	547.46
573 3	MUSTANG MUD INC	
	INV NO 3727 1-18-74	
	DRILLING MUD	5,146.34
573 4	MUSTANG MUD INC	
	INV NO 3728 1-18-74	
	DRILLING MUD	586.56
573 5	MUSTANG MUD INC	
	INV NO 3729 1-18-74	
	DRILLING MUD	586.56
573 6	MUSTANG MUD INC	
	INV NO 3730 1-18-74	
	DRILLING MUD	5,199.69
573 7	MUSTANG MUD INC	
	INV NO 3804 1-25-74	
	DRILLING MUD	674.13
573 8	MUSTANG MUD INC	
	INV NO 3805 1-25-74	
	DRILLING MUD	6,008.19
573 9	MUSTANG MUD INC	
	INV NO 3806 1-25-74	

WILSON STATE COM NO 1-BCP
WEST WILSON #7389
LEA COUNTY NEW MEXICO

PORCHESTER EXPLORATION INC
(7 BANK OF THE SOUTHWEST B()
AMARILLO TEXAS 79109

UNIT 400302 SUB 2 JANUARY

JOINT OPERATIONS
1974 PAGE 3

REFERENCE	DESCRIPTION	AMOUNT
		2,302.15
	DRILLING MUD	586.56
573 10	MUSTANG MUD INC INV NO 3807 1-25-74 DRILLING MUD	13.50
579	D E NIX EXPENSE STATEMENT FOR JANUARY 1974	
620 4	SCHLUMBERGER WELL SERVICES INV NO 4-732 1-14-74 WELL NO 1 COMPENSATED NEUTRON LOG - COMBINED WITH DENSITY GR FDC DENSITY - COMBINED WITH COMPENSAT NEUTRON GR	4,191.78 1,890.54
620 6	SCHLUMBERGER WELL SERVICES INV NO 4-1494 1-22-74 WELL NO 1 SIMULTANEOUS DUAL LATEROLOG COMPENSATED NEUTRON LOG-COMBINED WITH DENSITY GR DENSITY-COMBINED WITH COMPENSATED NEUTRON GR	3,065.62 2,325.98 1,873.36
624	SIPES, WILLIAMSON & AYCOCK INC INV NO 1773 12-31-73 WELL NO 1 COMPULSORY POOLING	424.07 463.74
3043 1	MUSTANG MUD INC INV NO 3653 1-10-74 BARITE	547.46
3043 2	MUSTANG MUD INC INV NO 3654 1-10-74 BARITE	
3043 3	MUSTANG MUD INC INV NO 3655 1-10-74 STARCH, CAUSTIC & DRISPAC	3,209.67 245,209.12
*****	LEASE + WELL EQUIP	
9 1	MATERIAL TRANSFER #J-13 1-9-74	

DORCHESTER EXPLORATION INC
(7 BANK OF THE SOUTHWEST S(3
AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1-BCP
WEST WILSON #7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2 JANUARY 1974 PAGE 4

REFERENCE	DESCRIPTION	AMOUNT
	TO WILSON STATE NO 1 FROM ALEDO WATSON 1 CASINGHEAD OCT C-22 13-3/8 IN W/BASE PLATE 1 12 IN X 9 5/8 CASINGHANGER	1,248.18 479.10
628	SOONER PIPE & SUPPLY CORPORATION INV NO 837184 1-21-74 WELL NO 1 81.65 13-3/8 IN OD 68# K-55 CASING ST&C R-3	1,019.19
3010	THE BOVAIRD SUPPLY CO INV NO 10545 12-31-73 DISCOUNT ON 13 3/8 IN CASING	58.05-- 2,688.42 *
	UNIT TOTAL	247,897.54 **

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DORCHESTER EXPLORATION INC.
 37 BANK OF THE SOUTHWEST ()G
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2. DECEMBER 1973 PAGE: 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
12: 34	TURNER BROS TRUCKING CO INC INV NO 101919 9-30-73 HAUL 4,739 FT OF 9 5/8 IN CASING	2,312.22
512: 1	HALLIBURTON SERVICES INV NO 6448 12-14-73 DRILLING MUD CREDIT	.38--
512: 4	HALLIBURTON SERVICES INV NO 614454 12-12-73 WELL NO 1 LOST CIRCULATION PLUG	1,479.32
533:	FANNIE LEE MITCHELL INC INV NO 38437 1-1-74 LOAD, HAUL & DELIVER 151 JTS 5 1/2 IN 20# N-80 LTC 5001.15 FT 205 JTS 5 1/2 IN 17# J-55 LTC 6712.30 FT	1,568.53
538: 1	MUSTANG MUD INC INV NO 3533 12-27-73 DRILLING MUD & CHEMICALS	1,582.32
538: 2	MUSTANG MUD INC INV NO 3534 12-27-73 DRILLING MUD & CHEMICALS	1,321.43
538: 3	MUSTANG MUD INC INV NO 3553 12-28-73 BARITE & TRUCKING	586.56
538: 4	MUSTANG MUD INC INV NO 3554 12-28-73 BARITE & TRUCKING	586.56
538: 5	MUSTANG MUD INC INV NO 3555 12-28-73 BARITE & TRUCKING	625.25
538: 6	MUSTANG MUD INC	

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DORCHESTER EXPLORATION INC.
 107 BANK OF THE SOUTHWEST (JG)
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2: DECEMBER 1973 PAGE 2

REFERENCE	DESCRIPTION	AMOUNT
	INV NO 3556 12-28-73 DRILLING MUD & CHEMICALS	6,756.19
538 7	MUSTANG MUD INC INV NO 3557 12-28-73 BARITE, PALLETS & TRUCKING	606.89
538 8	MUSTANG MUD INC INV NO 3558 12-28-73 BARITE & TRUCKING	586.56
538 9	MUSTANG MUD INC INV NO 3559 12-28-73 BARITE, PALLETS & TRUCKING	664.77
538 10	MUSTANG MUD INC INV NO 3560 12-28-73 BARITE, DESCO & TRUCKING	1,071.83
538 11	MUSTANG MUD INC INV NO 3561 12-28-73 BARITE & TRUCKING	586.56
538 12	MUSTANG MUD INC INV NO 3562 12-28-73 BARITE & TRUCKING	586.56
538 13	MUSTANG MUD INC INV NO 3563 12-28-73 BARITE & TRUCKING	1,670.24
538 14	MUSTANG MUD INC INV NO 3564 12-28-73 BARITE & TRUCKING	586.56
538 15	MUSTANG MUD INC INV NO 3565 12-28-73 BARITE & TRUCKING	1,670.24
538 16	MUSTANG MUD INC INV NO 3566 12-28-73 BARITE & TRUCKING	625.25
538 17	MUSTANG MUD INC	

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DORCHESTER EXPLORATION INC
 07 BANK OF THE SOUTHWEST (JG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

UNIT 400302 SJ3 2. DECEMBER 1973 PAGE 3

WILSON STATE COM NO 1
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
	INV NO 3567 12-28-73 BARITE & TRUCKING	586.56
533 13	MUSTANG MUD INC INV NO 3568 12-28-73 BARITE & TRUCKING	586.56
533 19	MUSTANG MUD INC INV NO 3569 12-28-73 BARITE & TRUCKING	586.56
533 20	MUSTANG MUD INC INV NO 3607 12-31-73 BARITE & TRUCKING	583.32
533 21	MUSTANG MUD INC INV NO 3610 12-31-73 CORTON R 127 & TRUCKING	808.41
533 22	MUSTANG MUD INC INV NO 3611 12-31-73 STARCH, BARITE & TRUCKING	1,209.65
533 23	MUSTANG MUD INC INV NO 3535 12-27-73 STARCH, FIBER, KWIK SEAL & TRUCKING	2,131.48
541	D E NIX EXPENSE STATEMENT TO 1-1-74	221.90
542 2	P & M SERVICES INV NO 73-07 12-22-73 HAUL 19 JTS 9 5/8 IN CASING & HAUL 3 LOADS 9 5/8 IN CASING	1,170.00
543 1	P & M SERVICES INV NO 74-02 1-6-74 LOAD & HAUL 6 JTS 9 5/8 IN & 1 JT 13 3/8 IN CASING	217.00
555	SPENCER & HUTSON OIL INV NO 1 1-7-74 PREPARATION OF EXHIBITS FOR SANTA FE HEARING CONCERNING THE DORCHESTER #1	

DORCHESTER EXPLORATION INC
 07 BANK OF THE SOUTHWEST ()
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SJ8 2. DECEMBER 1973 PAGE 4

REFERENCE	DESCRIPTION	AMOUNT
	WILSON STATE	75.00
561	RALPH H. VINEY & ASSOCIATES STATEMENT 1-16-74 NEW MEXICO OIL CONSERVATION COMMISSION, EXAMINERS HEARING CASE NO 5129	803.96
5015 2	HALLIBURTON SERVICES INV NO 600203 12-9-73 CEMENT 9 5/8 INT CASING	2,287.22
5033	MAN WELDING SERVICE INV NO 6270 12-9-73 WELDOR & UNIT TO CUT OFF & BEVEL 9 5/8 STRING	71.76
5034 1	MCCASLAND HOT OIL SERVICE INC INV NO 56879 12-10-73 HAUL & FURNISH BRINE WATER	358.18
5034 2	MCCASLAND HOT OIL SERVICE INC INV NO 56896 12-11-73 HAUL & FURNISH BRINE WATER	298.48
5034 3	MCCASLAND HOT OIL SERVICE INC INV NO 56900 12-11-73 HAUL & FURNISH BRINE WATER	179.09
5035 1	MCCASLAND HOT OIL SERVICE INC INV NO 56809 11-26-73 HAUL & FURNISH BRINE WATER	358.18
5035 2	MCCASLAND HOT OIL SERVICE INC INV NO 56813 11-28-73 HAUL & FURNISH BRINE WATER	238.78
5035 3	MCCASLAND HOT OIL SERVICE INC INV NO 56831 11-30-73 HAUL & FURNISH BRINE WATER	59.70
5035 4	MCCASLAND HOT OIL SERVICE INC INV NO 56840 11-30-73 HAUL & FURNISH BRINE WATER	59.70

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DORCHESTER EXPLORATION INC
 107 BANK OF THE SOUTHWEST (DG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2. DECEMBER 1973. PAGE 5

REFERENCE	DESCRIPTION	AMOUNT
5035 5	MCCASLAND HOT OIL SERVICE INC INV NO 56844 12-3-73 HAUL & FURNISH BRINE WATER	119.39
5035 6	MCCASLAND HOT OIL SERVICE INC INV NO 56852 12-3-73 HAUL & FURNISH BRINE WATER	417.87
5035 7	MCCASLAND HOT OIL SERVICE INC INV NO 56854 12-3-73 HAUL & FURNISH BRINE WATER	298.48
5035 8	MCCASLAND HOT OIL SERVICE INC INV NO 56859 12-6-73 HAUL & FURNISH BRINE WATER	477.57
5035 9	MCCASLAND HOT OIL SERVICE INC INV NO 56866 12-6-73 HAUL & FURNISH BRINE WATER	417.87
5035 10	MCCASLAND HOT OIL SERVICE INC INV NO 56875 12-6-73 HAUL & FURNISH BRINE WATER	238.78
5049 1	MUSTANG MUD INC INV NO 3369 12-10-73 FLO SAL & GROUND PAPER	1,600.82
5049 2	MUSTANG MUD INC INV NO 3413 12-14-73 DRILLING MUD & CHEMICALS	2,194.11
5049 3	MUSTANG MUD INC INV NO 3414 12-14-73 DRILLING MUD & CHEMICALS	1,249.69
5049 4	MUSTANG MUD INC INV NO 3415 12-14-73 DRILLING MUD & CHEMICALS	711.20--
5049 5	MUSTANG MUD INC INV NO 3504 12-21-73 DRILLING MUD & CHEMICALS	1,640.86

1

DORCHESTER EXPLORATION INC
 107 BANK OF THE SOUTHWEST (JG)
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2. DECEMBER 1973 PAGE 6

REFERENCE	DESCRIPTION	AMOUNT
5049 6	MUSTANG MUD INC INV NO 3505 12-21-73 DRILLING MUD & CHEMICALS	415.74
5050	D E NIX SUPERVISION FOR 12-73	89.05
5067 1	SHANNICK OIL CO INV NO SR-1009 12-7-73 TRANSPORT DRILLING FLUID	776.50
5067 2	SHANNICK OIL CO INV NO SR-1010 12-7-73 TRANSPORT DRILLING FLUID	776.50
5083 3	UNION SUPPLY CO INC INV NO 6692 12-14-73 SAND SAMPLE BAGS CASH DISCOUNT	18.24 .35--
5095	WELL ANALYSIS COMPANY INC INV NO 601761 12-18-73 MATERIALS & TRACER	598.31
6009	YELLOW JACKET TOOLS SERVICE INC INV NO 12-125 12-12-73 REGULAR TEST	569.50 49,552.68 *
*****	LEASE + WELL EQUIP	
12 20	MATERIAL TRANSFER DATED 12-31-73 FROM STORAGE TO NO 1 WILSON 796.40 FT 9 5/8 IN 36# K-55 8RD CASING 287.20 FT 9 5/8 IN 40# K-55 8RD CASING TAX	4,252.78 1,533.65 231.46
12 34	TURNER BROS TRUCKING CO INC	

DORCHESTER EXPLORATION INC
107 BANK OF THE SOUTHWEST () OG
AMARILLO TEXAS 79109

JOINT OPERATION

WILSON STATE COM NO 1
WEST WILSON #7389
LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2 DECEMBER 1973 PAGE

REFERENCE	DESCRIPTION	AMOUNT
	INV NO 101919 9-30-73 HAUL 4,739 FT OF 9 5/8 IN CASING	2,312.20
313. 2	THE BOVAIRD SUPPLY CO INV NO 10545 12-31-73 13- 3/8 IN OF 48# GRADE H-40 LSS API EW CASING	3,128.40
506	COLONA INV NO 6240 12-15-73 WELL NO 1 9 5/8 IN COLONA PROTECTORS	21.54
3090	COLONA INV NO 14659 12-11-73 SALE OF THREAD PROTECTORS	61.75
5072. 1	SUMMIT SUPPLY COMPANY INV NO 73-1019 12-10-73 156.80 FT 13 3/8 IN 54# API 8RD CASING, 60.90 FT RETURNED DAMAGED	925.55 7,719.48
	UNIT TOTAL	57,272.16

WILSON STATE COM NO 1
WEST WILSON #7339
LEA COUNTY NEW MEXICO

JOINT OPERATIONS

UNIT 400302 SUB 2 NOVEMBER 1973 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
318	NOLAN H BRUNSON INC INV NO 73-12010 12-6-73 LABOR & EQUIP TO HAUL 9 5/8 IN CASING	539.34
330	FALCON EQUIPMENT COMPANY INV NO 2547 11-30-73 LABOR & MATERIAL TO LINE CIRCULATING PIT	695.76
336 10	HALLIBURTON INV NO 711048 11-24-73 CEMENT SURFACE CASING	1,885.88
351	MAN WELDING SERVICE INV NO 6135 11-25-73 LABOR & EQUIP TO WELD ON STRING & CUT OFF 13 3/8 & WELD ON SLIPS ON HEAD	119.60
398	B F WALKER INC STATEMENT 12-3-73 & JTS 9 5/8 IN CASING	60.87
514	GLOBE CONSTRUCTION CO INC INV NO 1173-108 11-15-73 LABOR & EQUIP TO CUT ROAD, LEVEL LOC, PUSH CALICHE, BUILD ROAD & DRILLING MAT, WATER & GRADE	4,595.92
524 1	MUSTANG MUD INC INV NO 3317 11-30-73 DRILLING MUD & CHEMICALS	847.45
524 2	MUSTANG MUD INC INV NC 3318 11-30-73 DRILLING MUD & CHEMICALS	960.75
524 3	MUSTANG MUD INC INV NO 3319 11-30-73 DRILLING MUD & CHEMICALS	1,094.50

1

DORCHESTER EXPLORATION INC
() 7 BANK OF THE SOUTHWEST G
AMARILLO TEXAS 79109

JOINT OPERATIONS

UNIT 400302 SUB 2 NOVEMBER 1973 PAGE 2

WILSON STATE COM NO 1
WEST WILSON #7389
LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
3058	MERCHANT LIVESTOCK CO DAMAGES TO LOCATION & ROAD	360.00 11,160.07 *
*****	LEASE + WELL EQUIP	
513	GIST OIL TOOLS INC INV NO 10763 11-30-73 9-5/8 IN #1310 GEMOCO LATCH ON CENTRALIZERS	136.45 136.45 *
	UNIT TOTAL	11,296.52 **

()RCHESER EXPLORATION INC
 507 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WILSON STATE COM NO 1
 WEST WILSON #7389
 LEA COUNTY NEW MEXICO

UNIT 400302 SUB 2 OCTOBER 1973 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
*****	INTANGIBLE DEV COSTS	
12 2	MIDLAND MAP CO INV NO 14626 6-26-73 REPRODUCTION WORK EQUIPMENT RENEWAL COMPANY INV NO OK-2303 9-29-73 WELL NO 1 PICK UP SALVAGED WELLHEAD EQUIP MIDLAND MAP COMPANY INV NO 14963 9-26-73 REPRODUCTION WORK B F WALKER INC INV NO 5-15672 10-9-73 LOAD & MOVE 22 JTS 9-5/8 IN CASING	14.44 56.00 12.50 66.30
380	MIDLAND MAP COMPANY INV NO 15073 10-26-73 REPRODUCTION WORK	29.77 179.01 *
*****	LEASE +- WELL EQUIP	
3054	TURNER BROS TRUCKING CO INC INV NO 101919 9-30-73 HAUL 4,739 FT OF 9 5/8 IN CASING	2,312.22 2,312.22 *
	UNIT TOTAL	2,491.23 **

AMARILLO TEXAS

DORCHESTER EXPLORATION INC
07 BANK OF THE SOUTHWEST (29
AMARILLO TEXAS 79109

JOINT OPERATIONS

UNIT 7389 SUB 1 DECEMBER 1973 PAGE 1

WEST WILSON

LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
*****	LEASEHOLD COSTS-PRODUCING	
399	R L THIGPIN JR. PROFESSIONAL SERVICES DURING DEC 1973 1/3 DAY-W WILSON PROSPECT, LEA COUNTY, NEW MEXICO	9.38 9.38 *
	UNIT TOTAL	9.38 *

CORCHESTER EXPLORATION INC
37 BANK OF THE SOUTHWEST BLDG
AMARILLO TEXAS 79109

JOINT OPERATIONS

WEST WILSON

UNIT 7389 SUB 1 NOVEMBER 1973 PAGE 1

LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
*****	LEASEHOLD COSTS-PRODUCING	
529	R L THIGPIN JR YOUR PORTION OF PROFESSIONAL SERVICES RENDERED DURING OCT 1973 @ \$75/DAY	131.25
3123	STATE OF NEW MEXICO-COMMISSIONER OF PUBLIC LANDS INV NO 3-15 11-13-73 FILING FEE	10.00
3138	ROBERT L THIGPIN STATEMENT 11-12-73 COMMISSION <i>Not Applicable To TEXACO</i>	5,000.00
3142	R L THIGPIN JR YOUR PORTION OF PROFESSIONAL SERVICES RENDERED DURING OCT 1973 @ \$75/DAY	75.00 5,216.25 +
	UNIT TOTAL	5,216.25 + - 5,000.00 216.25

ORCHESTER EXPLORATION INC
 507 BANK OF THE SOUTHWEST BLDG
 AMARILLO TEXAS 79109

JOINT OPERATIONS

WEST WILSON

UNIT 7389 SUB 1 OCTOBER 1973 PAGE 1

LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
*****	LEASEHOLD COSTS-PRODUCING	
12. 2	R L THIGPIN JR PROFESSIONAL SERVICES FOR JUNE 1973 3/8 DAY-WEST WILSON PROSPECT, LEA COUNTY, NEW MEXICO	28.12
	R L THIGPIN JR PROFESSIONAL SERVICES FOR AUG 1973 LOVINGTON ABSTRACT COMPANY INV NO 7-1973 7-19-73	140.62
	ABSTRACTING OF E 1/2 SEC 13, TOWNSHIP 21 S, RANGE 34 E, N.M.P.M., LEA COUNTY N M	15.60
	SCHUTZ ABSTRACT CO INC STATEMENT 7-20-73 SUPPLEMENTAL ABSTRACT SEC 13 T-21-S R-34E	36.49
	PHOTOCOPIES	7.00
	R L THIGPEN JR PROFESSIONAL SERVICES-JULY 1973	18.75
	R L THIGPIN JR PROFESSIONAL SERVICES FOR SEPT 1973 2-3/4 DAYS-W WILSON PROSPECT LEA CTY NEW MEXICO	206.25
	MILEAGE	5.40
		458.23 *
	UNIT TOTAL	458.23 **

(DORCHESTER EXPLORATION INC
307 BANK OF THE SOUTHWEST LOG
AMARILLO TEXAS 79109

JOINT OPERATIONS

WEST WILSON

UNIT NO 7389 SUB 1 OCTOBER: 1973 PAGE: 1

LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION		AMOUNT
12. 2	TO CHARGE OUT ON CORRECT DDI		607.47-- 607.47--*
	UNIT TOTAL		607.47--**

DORCHESTER EXPLORATION INC
807 BANK OF THE SOUTHWEST(.DG
AMARILLO TEXAS 79109

JOINT OPERATIONS

WEST WILSON NO 115 NO DDI

UNIT NO 7389 SUB 1 SEPTEMBER 1973 PAGE 1

LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
373	EQUIPMENT RENEWAL COMPANY INV NO OK-2303 9-29-73 WELL NO 1 PICK UP SALVAGED WELLHEAD EQUIP	56.00 56.00 *
526 1	MIDLAND MAP COMPANY INV NO 14963 9-26-73 REPRODUCTION WORK	12.50 12.50 *
625	R L THIGPIN JR PROFESSIONAL SERVICES FOR SEPT 1973 2-3/4 DAYS-W WILSON PROSPECT LEA CTY NEW MEXICO MILEAGE	206.25 5.40 211.65 *
635	B F WALKER INC INV NO 5-15672 10-9-73 LOAD & MOVE 22 JTS 9-5/8 IN CASING	66.30 66.30 *
	UNIT TOTAL	346.45 **

DORCHESTER EXPLORATION INC
7 BANK OF THE SOUTHWEST
AMARILLO TEXAS 79109

JOINT OPERATIONS

WEST WILSON NO 115 NO DDI

UNIT NO 7389 SUB 1 JULY

1973 PAGE 1

LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
561	LOVINGTON ABSTRACT COMPANY INV NO 7-1973 7-19-73 ABSTRACTING OF E 1/2 SEC 13, TOWNSHIP 21 S, RANGE 34 E, N.M.P.M., LEA COUNTY, N M	15.60 15.60 *
611	SCHUTZ ABSTRACT CO INC STATEMENT 7-20-73 SUPPLEMENTAL ABSTRACT SEC 13 T-21-S R-34E PHOTOCOPIES	36.49 7.00 43.49 *
626	R L THIGPIN JR PROFESSIONAL SERVICES-JULY 1973	18.75 18.75 *
	UNIT TOTAL	77.84 **

DORCHESTER EXPLORATION INC.
307 BANK OF THE SOUTHWEST (.DG
AMARILLO TEXAS 79109

JOINT OPERATIONS

WEST WILSON NO 115 NO DDI

UNIT NO 7389 SUB 1 JUNE

1973 PAGE 1

LEA COUNTY NEW MEXICO

REFERENCE	DESCRIPTION	AMOUNT
369	MIDLAND MAP COMPANY INV NO 14626 6-26-73 REPRODUCTION WORK	14.44 14.44 *
505	R L THIGPIN JR PROFESSIONAL SERVICES FOR JUNE 1973 3/8 DAY-WEST WILSON PROSPECT, LEA COUNTY, NEW MEXICO	28.12 28.12 *
	UNIT TOTAL	42.56 **

RCHESER EXPLORATION INC.
607 BANK OF THE SOUTHWEST BLDG
AMARILLO TEXAS 79109

WEST WILSON NO 115 NO DDI
LEA COUNTY NEW MEXICO

UNIT NO 7389 SUB 1 AUGUST

JOINT OPERATIONS

1973 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
549	R L THIGPIN JR PROFESSIONAL SERVICES FOR AUG 1973	
	UNIT TOTAL	140.62 140.62 * 140.62 **

CASE NO. 5129

NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING
THURSDAY, JANUARY 3, 1974

NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING
THURSDAY, JANUARY 3, 1974

CASE NO. 5129

APPLICATION OF DORCHESTER EXPLORATION, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

Dorchester Exploration, Inc. applies for an order pooling all of the mineral interests in and under the East Half (E/2) of Section 13, Township 21 South, Range 34 East, N. M. P. M., Lea County, New Mexico.

The applicant is the owner of right to drill and develop the described acreage; and as required by provisions of Commission Rule 104, applicant proposes to dedicate the East Half (E/2) of Section 13, Township 21 South, Range 34 East to the proration unit. The proposed well is to be a 12,550' exploratory Morrow zone test.

The applicant has obtained voluntary pooling from all owners but Texaco, Inc. Texaco, Inc. owns 18.75% of an 87½% working interest in the East Half (E/2) of the Northeast quarter of Section 13 from a depth of 5200 feet to 13,862 feet. Dorchester made repeated requests of Texaco to join in drilling this exploratory test; however, without success.

The basic working interests under this unit, being East Half (E/2) of Section 13, Township 21 South, Range 34 East are:

Dorchester Exploration, Inc.	93.4375%	(pooled voluntarily)
Phillips Petroleum Company	<u>1.8750%</u>	(pooled voluntarily)
	95.3125%	
Texaco, Inc.	<u>4.6875%</u>	(not pooled)
	100.0000%	

Exhibit 1 is a lease plat showing the well location, other unsuccessful Morrow tests in the immediate area and the Union Oil Company of California's Wilson Deep Unit, Well No. 1 located in the Southeast quarter of the Northwest quarter (SE/4 of NW/4), Section 13, Township 21 South, Range 34 East. The Union-Wilson Deep Unit well is producing from the Morrow zones through perforations 12,207-12,213', 12,317-12,341', 12,354-12,358'. Through October, 1973, the Union-Wilson Deep Unit well had recovered 3,771,571 MCF of gas and 48,284 barrels of hydrocarbons. The Union well has lost 81% of shut-in well head pressure in producing 3.75 billion cubic feet. The current flowing well head pressure is 100 psig.

A lower member of the Morrow, Zone B, in the Union-Wilson Deep Unit well was perforated from 12,392-12,398' treated and produced 100 MCF per day. The perforations are now blanked off below a bridge plug. Union Oil Company of California provided our firm with all production data, completion information and pressure data. Using all the available data, the projected ultimate recovery of the Union-Wilson Deep Unit well is 4.728 billion cubic feet; and the estimated remaining reserves as of November 1, 1973, were placed at 956,000 MCF. The applicant was fully aware of the stage of depletion in the Upper Morrow zone member. Using a gas price of \$0.45 per MCF and \$8.50 per barrel of hydrocarbons, an average gas-hydrocarbon ratio 100,000 cubic feet to 1 barrel of hydrocarbon, a net revenue interest of 87.5%, and State taxes at 6.5%, the net value of gas and liquid hydrocarbons to the working interest is 43.7¢ per MCF. Under these conditions, Dorchester might expect to recover:

$$\frac{1}{2} (956,000 \text{ MCF}) (\$0.437) = \$208,886$$

will

before operating expenses. In the applicant's opinion this value did not justify development; consequently, Dorchester is drilling an exploration well to evaluate Lower Morrow zone members.

The R. J. Leonard State No. 1-F, Section 19, Township 21 South, Range 35 East, was perforated over an interval from 12,406 feet to 12,562 feet and flowed water with a slight show of gas. The applicant is drilling the exploratory well to test primarily what we designate the Morrow B and C Zones in anticipation of encountering Morrow deposition with favorable formation characteristics.

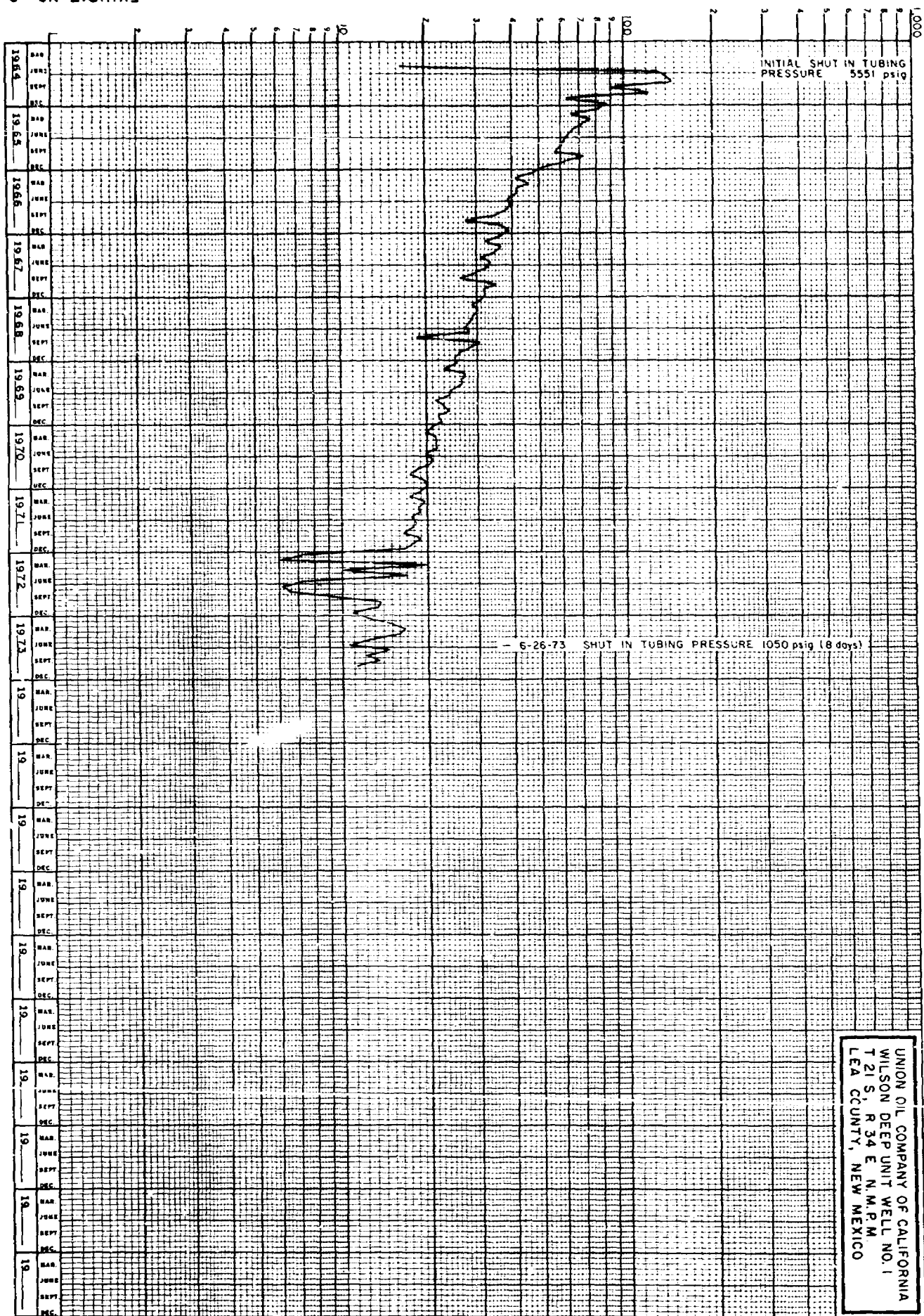
In a manner of speaking, the formation characteristics of the Morrow zones vary significantly from well to well, and the remaining reserves do not warrant development drilling for a share of the known reserves. The applicant is exploring a geological feature to effect a commercial producer in a zone that was tight in the offset well and produced water in a down-dip well.

In view of the high degree of risk associated with this exploratory test, the applicant respectfully seeks forced pooling of Texaco, Inc.'s interests and requests that pooling provide a risk factor of 200% above well and administrative costs.

EXHIBITS

- | | |
|-----------|---|
| EXHIBIT 1 | Lease Plat |
| EXHIBIT 2 | Production History, Union Oil of California,
Wilson Deep Unit, Well No. 1 |
| EXHIBIT 3 | Cross Section |
| EXHIBIT 4 | Authority for Expenditure (AFE)
Dorchester Exploration, Inc. Well
E/2 Section 13, Township 21 South,
Range 35 East |
| EXHIBIT 5 | Copies of Correspondence Between Dorchester
Exploration, Inc. and Texaco, Inc. Regarding
Request for Pooling |

GAS PRODUCTION (MMCF / MO.)



RCHESTER EXPLORATION, I
AUTHORITY FOR EXPENDITURE

EXHIBIT NO. 4
CASE NO. 5129

WELL NAME AND NO. Wilson State Com No. 1 APP NO. 400302
LOCATION NE SE Section 13-21S-34E COUNTY Lea STATE New Mexico
WORK DESCRIPTION Drill and complete -Morrow test

CODE	ITEM	AMOUNT	COST TOTAL
1	LEASEHOLD Bonus, Commission, etc.		5,000
3	Legal, Recording, Licenses, Permits, etc.		
	TOTAL LEASEHOLD		5,000
	DRILLING/WORKOVER		
	Road and Location Surveying, Damages, etc.	650	
10	Dirt Work	2,850	3,500
	Drilling Contract Moving Costs		
	Footage <u>12,000</u> Ft. @ <u>11.28</u> /ft.	135,360	
	<u>8</u> Days WOP @ <u>1910</u>	15,280	
12	<u>2</u> Days WOP @ <u>1860</u>	3,720	154,360
17	Fuel and Water		5,000
18	Mud and Chemicals		30,000
19	Bits and Reamers		2,000
20	Rental Equipment		3,000
21	Boiler/Camp		
	Cement and Cementing Services	1,250	
22	Conductor/Surface Casing Intermediate Casing	5,600	6,850
	Formation Evaluation		
	Logging - Open Hole <u>3</u> @ <u>1500</u>	7,200	
	Drill Stem Tests	4,500	
	Coring, Core Analysis and Mud Logger	6,000	
24	Well Site Geologist	2,000	19,700
28	Trucking and Hauling		2,000
29	Misc. Expense - Welding, etc.		1,000
30	Supervision and Overhead		4,000
	INTANGIBLE COST TO C. P.		231,410
	DRILLING EQUIPMENT		
	Casing	3,700	
60	Conductor/Surface Intermediate	36,000	39,700
61	Wellhead Equipment		6,000
62	Float Equipment, Centralizers, etc.		650
	TOTAL EQUIPMENT TO C. P.		46,350
	TOTAL COST TO CASING POINT		277,760
	ABANDONMENT		
31	Cement and Cementing Services, Rig Time, etc.		4,000
	DRY HOLE COST		281,760
	COMPLETION		
40	Cement and Cementing		3,000
41	Completion Rig _____ Hours @ \$ _____ /H.		6,000
42	Log and Perforate		2,400
	Stimulation	3,500	
	Acid _____ gallons		3,500
43	Frac _____ gallons		1,500
44	Rental Equipment		1,000
45	Trucking and Hauling		1,000
46	Other - Pump truck, bits, etc.		1,000
47	Location Work		500
48	Misc. - Welding, swab cups, labor, etc.		500
49	Supervision and Overhead		2,500
	COMPLETION INTANGIBLE		21,900
	COMPLETION EQUIPMENT		
	Surface Well Equipment	5,000	
70	Wellhead, valves, chokes, pumping tea, etc. Pumping Unit and Engine/Motor		5,000
	Tubular		
	Production Casing/Liner	38,000	
71	Tubing	16,500	54,500
72	Suction Rods and Pump		
	Downhole - Non Controllable	500	
73	Float Equipment, Liner Hanger, etc. Packers, Mandrels, Sleeves, etc.	3,000	3,500
	Lease Equipment		
	Storage Tanks	4,000	
	Separators, Treaters, etc.	8,000	
	Other - Compressor, building	1,000	
74	Flow Line and Connection Installation Costs	1,000	14,000
	TOTAL COMPLETION EQUIPMENT		77,000
	TOTAL COMPLETION COST		98,900
	WELL COST		376,660
	TOTAL COST INCLUDING LEASEHOLD		381,660

APPROVED: _____ 19 _____
COMPANY: _____
BY: _____
WORKING INTEREST: _____

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than herein set out.

COST BREAKDOWN			
WELL COST		TOTAL COST	
AMOUNT	%	AMOUNT	%
INTANGIBLE	253,310	67.8	253,310 66.9
CAPITALIZED	123,350	32.2	128,350 33.1

NOV 26 1973



PETROLEUM PRODUCTS

P. O. Box 3109

Midland, Texas 79701

November 21, 1973

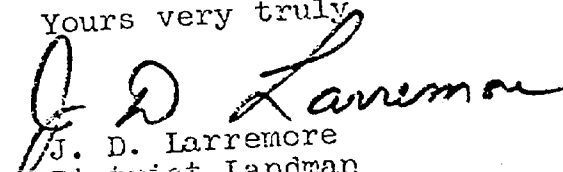
206689 - State of New Mexico Lease
Lea County, New Mexico

Mr. R. L. Thigpin, Jr.
Dorchester Exploration
1204 Vaughn Building
Midland, Texas 79701

Dear Sir:

This is to confirm information discussed in our personal visit in your office on November 13, 1973, wherein we advised that Texaco does not consent to a 300% penalty provision for the proposed Wilson State Com Well #1. We hand carried to you that day all of the copies of the Communitization Agreement and related instruments which you requested to be returned to you.

Yours very truly


J. D. Larremore
District Landman

JDL/sas

EXHIBIT NO. 5 Page 1
CASE NO. 5129

DORCHESTER EXPLORATION, INC.

1204 VAUGHN BUILDING
MIDLAND, TEXAS 79701

AREA CODE 915 683-1866

November 7, 1973

Texaco, Inc.
P. O. Box 1270
Midland, Texas 79701

Attention: Mr. J. D. Larremore

Re: West Wilson Prospect
Wilson State Com. No. 1
Lea County, New Mexico
Texaco No. 206689

Gentlemen:

Reference is made to our letter of October 24, 1973, your letter of November 6, 1973, and to our various telephone conversations concerning same.

Dorchester is not agreeable to carrying Texaco on a 150% non-consent basis. The 300% penalty is reasonable for a Morrow Sand test in this area, which is expected at approximately 12,550'. Also, all the other parties involved in this unit have been agreeable to a 300% penalty provision from the start.

We respectfully request that Texaco join us on the reasonable basis of 300% or advise us to the contrary as soon as possible. In any event, we would appreciate the return of the Operating Agreement and AFE, if applicable, at your earliest convenience.

Very truly yours,

R. L. Thigpin, Jr.

RLTjr:bm



PETROLEUM PRODUCTS

NOV 7 1973

P. O. Box 1270

Midland, Texas 79701

November 6, 1973

206689 - State of New Mexico Lease
Lea County, New Mexico

Mr. R. L. Thigpin, Jr.
Dorchester Exploration
1204 Vaughn Building
Midland, Texas 79701

Dear Mr. Thigpin:

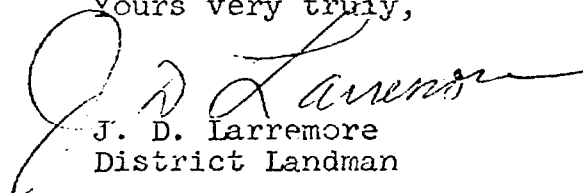
We have received your letter of October 24, 1973, along with certain instruments pertaining to the communitization of the E/2 of Section 13, T-21-S, R-34-E, Lea County, New Mexico, for the drilling of the proposed Morrow test.

We note that the Operating Agreement has been drawn containing a 300% penalty and that your letter advises Texaco has previously agreed to join.

Our last correspondence advising of Texaco's plans toward the subject test was dated June 21, 1973, addressed to Mr. N. Raymond Lamb, Box 457, Artesia, New Mexico, in which we stated that Texaco would be agreeable to joining the unit and will go on 150% non-consent basis. Dorchester would be allowed to recover 150% of the cost of the well. Upon recovery of this percentage of the cost, Texaco would then come in for its working interest.

This is the only authority Texaco has to join in the drilling of the subject test and to divert from these terms would require Texaco to again submit this proposal to management for further consideration. In recent telephone conversations, we have discussed this matter with you, and you have affirmed that it was your intention to have the 300% penalty apply to Texaco's joinder on a non-consent basis. Please advise if you are agreeable to allowing Texaco to join in the venture but go on a 150% non-consent basis and along with the type of agreement necessary to effect such an arrangement.

Yours very truly,


J. D. Larremore
District Landman

JDL/sas

682-0241
EXHIBIT NO. 5 Page 3
CASE NO. 5129

DORCHESTER EXPLORATION, INC.

1204 VAUGHN BUILDING
MIDLAND, TEXAS 79701

October 24, 1973

AREA CODE 915 683-1866

Texaco, Inc.
P. O. Box 1270
Midland, Texas 79701

Attention: Mr. J. A. Patterson

Re: West Wilson Prospect
Wilson State Com. No. 1
Lea County, New Mexico
Texaco No. 206689

Gentlemen:

Enclosed please find the following items on the captioned:

1. Copy of the proposed well location plat.
2. Copy of the Communitization Agreement forming the 320 acre unit for this well.
3. Triplicate originals of Operating Agreement on this Unit.
4. Duplicate copies of our AFE for the subject well.

Inasmuch as Texaco has indicated their desire to join us in this Unit, the above items are furnished for your consideration and approval. Please return two fully executed originals of the Operating Agreement and one approved copy of the AFE at your earliest convenience.

We will appreciate your earliest assistance in this matter.

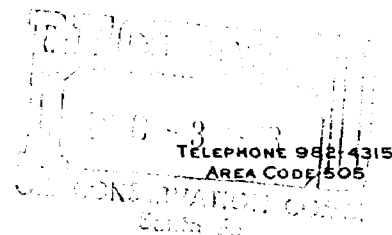
Very truly yours,

R. L. Thigpin, Jr.

RLTjr/kaj
Enclosures

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
800 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501



November 29, 1973

Plan 5129

Mr. A. L. Porter
New Mexico Oil Conservation Commission
P. O. Box 2008
Santa Fe, New Mexico 87501

Re: Dorchester Exploration Company applica-
tion for forced pooling, Wilson-Morrow
Pool, Lea County, New Mexico

Dear Mr. Porter:

Please find enclosed an original and three
copies of the above referenced application in behalf
of Dorchester Exploration Company.

I would appreciate you scheduling this applica-
tion for the examiner hearing scheduled for January 3,
1974.

Very truly yours,

W. Thomas Kellahin

WTK:ks

Enclosure

DOCKET MAILED

Date 12-18-73

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
DORCHESTER EXPLORATION COMPANY FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

A P P L I C A T I O N

COMES NOW DORCHESTER EXPLORATION COMPANY and as provided by Section 65-3-14, New Mexico Statutes 1953, as amended, applies to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interests in and under the E/2 of Section 13, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the following described acreage: E/2 of Section 13, Township 21 South, Range 34 East, N.M.P.M.

2. Applicant has obtained voluntary agreement for pooling from all but the following:

Texaco Inc.
Box 3109
Midland, Texas 79701
With a net working interest of 4.6875% of the 320 acre unit and more specifically described as 18.75% of an 87 1/2% working interest in the E/2 of NE/4 of Section 13 from a depth of 5,200 feet to 13,862 feet.

DOCKET MAILED
Date 12-18-73

3. As required by the provisions of Commission Rule 104, applicant proposes to dedicate the E/2 of Section 13, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico to the well.

4. Applicant requests that it be designated operator of the pooled unit requested above.

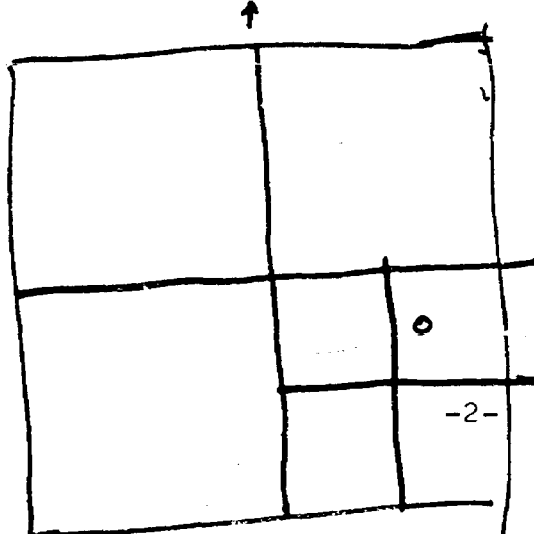
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Date 12-18-73

Wilson-Morrow Pool

5. Applicant proposes to drill a well to test the Wilson-Morrow Pool at an orthodox well location 1980 feet from the South line and 990 feet from the East line in Section 13, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

6. Applicant has been unable to obtain voluntary agreement for the pooling of the unpooled interests indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent waste, the Commission should pool all interests in the spacing or proration unit as a unit.

WHEREFORE, applicant respectfully requests that the Commission set this matter for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling all interest underlying the E/2 of Section 13, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and designating applicant operator of the pooled unit, together with provision for applicant to recover its costs out of production including a risk factor to be determined by the Commission and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest may appear and for further orders as may be proper in the premises.



Respectfully submitted,
DORCHESTER EXPLORATION COMPANY

BY KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT.

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5129

APPLICATION OF DORCHESTER EXPLORATION
COMPANY FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

Order No. R-4702

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 3, 1974
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of January, 1974, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Dorchester Exploration Company,
seeks an order pooling all mineral interests in the
Pennsylvanian formation underlying the E/2
of Section 13, Township 21 South, Range 34 East,
NMPM, Wilson-Pennsylvanian Pool, Lea County, New
Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location in Unit I of said Section 13.

(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 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 that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200% 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 that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

Case No.
Order No. R

(11) That \$190.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge 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 April 1, 1974, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the ~~Wilson~~ Pennsylvanian formation underlying the E/2 of Section 13, Township 21 South, Range 34 East, NMPM, Wilson-Pennsylvanian Pool, Lea County, New Mexico, are hereby pooled to form a standard 320 acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location in Unit I of said Section 13.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of April, 1974, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the ~~Wilson~~ Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of April, 1974, Order (1) of this order shall be null and void and of no effect whatsoever;

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 Commission and show cause why Order (1) of this order should not be rescinded.

(2) That Dorchester Exploration Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and ~~at least~~ ^{within} 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Commission 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 Commission and the Commission 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 Commission 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 that has paid his share of estimated costs in advance as provided

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200% 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 \$190.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge 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.

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(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 interests 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 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 Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

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