

CASE 5277: Appli. of PIERCE &
DEHLINGER FOR THE AMENDMENT OF
ORDER NO. R-4560, LEA COUNTY.

CASE No.

5277

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 24, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Pierce & Dehlinger
for the amendment of Order No. R-4560
Lea County, New Mexico.

Case No.
5277

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

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

MR. STAMETS: Call the next Case, 5277.

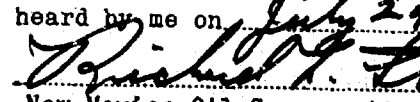
MR. CARR: Case 5277. Application of Pierce & Dehlinger for the amendment of Order No. R-4560, Lea County, New Mexico.

MR. STAMETS: The testimony to be offered in Case 5277 was heard in Case 5251 on June 19, 1974, and if there are no objections, the record in Case 5251 will be incorporated in Case 5277. If there are no objections the record will so be incorporated.

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

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.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5277 heard by me on July 24, 1977.

Examiner
New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 19, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Pierce & Dehlinger
for the Amendment of Order No.
R-4560, Lea County, New Mexico.

Case No.
5251

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Owen M. Lopez, Esq.
Montgomery, Federici,
Andrews, Hannahs & Buell
350 E. Palace Avenue
Santa Fe, New Mexico

CASE 5251

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I N D E X

PAGE

MARTIN E. DEHLINGER

Direct Examination by Mr. Lopez
Cross Examination by Mr. Stamets

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E X H I B I T S

Marked

Admitted

Applicant's Exhibit No. 1

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DEHLINGER-DIRECT

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MR. STAMETS: Call the next case, Case 5251.

MR. DERRYBERRY: Case 5251. Application of
Pierce & Dehlinger for the Amendment of Order No. R-4560,
Lea County, New Mexico.

MR. LOPEZ: Mr. Examiner, my name is Owen Lopez,
I am a member of the firm Montgomery, Federici, Andrews,
Hannahs & Buell, Santa Fe, and I have one witness.

MR. STAMETS: The Witness will stand and be
sworn, please.

(Witness sworn.)

MARTIN E. DEHLINGER

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

DIRECT EXAMINATION

BY MR. LOPEZ:

Q Would you please state your name and occupation
for the record?

A My name is Martin E. Dehlinger, I'm a partner
in Pierce & Dehlinger of Midland, Texas.

Q And are you familiar with the Application in
Case 5251?

A Yes, sir.

Q And what do you seek by this Application, Mr.

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DEHLINGER-DIRECT

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Dehlinger?

A We seek to get an extension of time to complete the fulfillment of drilling of a third well, which we obtained in a New Mexico Oil Conservation Order No. R-45-60.

Q Mr. Dehlinger, have you previously testified before the Oil and Gas Commission and had your qualifications made a matter of record?

A Yes, sir.

MR. LOPEZ: Are the Witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. LOPEZ:

Q Now, turning to the previous Order you just mentioned, Order 45-60, it is my understanding that this Order was entered in three other cases which consolidated for hearing, Cases Nos. 4955, 4956, 4957, is that correct?

A Yes, sir.

Q And what did, essentially, without going into all the details, did Order R-45-60 accomplish, and I believe when you answer this question it would be well to turn to Exhibit No. 1.

A Exhibit No. 1 is centered on Section 13, 9 South, 33 East, Lea County, New Mexico. New Mexico Oil

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Conservation Order No. R-45-60 set out three 160-acre force-pooled units consisting of the northwest 160 acres of Section 13, the southeast 160 acres of Section 13 and the northeast of Section 24, 9 South, 33 East.

Q And your Application in those cases to force pool and the appointed operators was granted, is that correct?

A Yes, sir.

Q Since the Order was entered -- and I would request, Mr. Examiner, that you take additional notice of the Order in those Cases, Order R-45-60 -- there was a schedule of drilling to which you were to adhere to, is that not correct?

A Yes, sir. We had to start the first well by September the 30th, 1973. We did start our first well in the southeast corner of Section 13 on August 18, 1973; we reached TD September the 19th, 1973; the well was ready to produce November the 8th, 1973. We drilled the second well in the northeast quarter of Section 13; it was spudded November 14th, 1973; reached TD December the 16th, 1973; ready to produce February 5th, 1974. We have one location to drill remaining which will be in the southeast of the northeast of Section 24.

DEHLINGER-DIRECT

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Q Then it is quite apparent that you are in all respects in compliance with the original Order R-45-60 in that you completed both the wells in the northeast and southeast of 13 within 120 days of commencement, and commenced the second well within 90 days of the completion of the first well?

A Yes, sir.

Q Now, turning to the well you propose to drill in the southeast of the northeast of Section 24, what are the problems that you have encountered there?

A Our problem at the minute is lack of tubular goods to put in this well. We have access to about 600 feet of 5/8ths intermediate, but we need about 4000 feet. We have two alternate sources of 5- $\frac{1}{2}$ -inch casing, or 4- $\frac{1}{2}$, for the oil string, one from a 13,000 foot well which we may be plugging shortly, and also we were talking to a man who is plugging a Bough C well about 6 miles to the southwest of this area, in which case we would have our oil string but we would still be looking for some more intermediate casing.

Q In order to be in strict compliance with Order 45-60, I believe you stated that the last well was completed in Section 13 on February 5th, 1974, therefore

in order to be in compliance with the Order you would have had to commence drilling of the well we are now discussing on or before May 6, 1974, is that correct?

A Yes, sir.

Q And, is it true that at that time you made efforts to contact the Commission to seek an extension of time in which to commence the drilling of the well due to your inability to obtain the necessary materials to drill the well?

A Yes, sir.

Q Could you tell the Commission the approximate depth of these wells and the cost to complete them?

A These wells are drilled to 9700 feet TD and it will cost \$250,000 pumping , completed on the pump.

Q All right. Now that you have mentioned the pump, have you been able to obtain a pump for this well in the northeast of Section 24, and if you have, when did you obtain the pump?

A Yes, sir. We purchased a Lufkin 456 Unit, Miller and Miller Auction, March 12th, 1974, for \$27,500.

Q So you had the pump well within the period in which you could commence the drilling of the well but just

were unable to obtain the other materials, is that correct?

A Yes, sir.

Q Is this a common problem in the oil and gas industry now, the acquiring of materials for drilling purposes?

A Yes, sir. You better have everything you need before you start.

Q How about the obtaining of rigs to drill the wells, are you also encountering difficulties in this area?

A Yes, sir. You have to get in line for one and they won't give you a commitment of a date; take it when you get it.

Q However, you are eager to drill this well in the northeast of 24, is that correct?

A Yes, sir.

Q Have you already staked this location?

A Yes, sir. This well has already been staked. It was staked at the same time we staked the other two.

Q Then, is it your opinion that the granting of your Application for an extension of time in which to commence the drilling of this well will prevent waste and protect correlative rights?

A Yes, sir.

Q Now, Mr. Dehlinger, turning to another portion of Order R-45-60, with respect to notifying other interest owners of estimated well costs, although this was not contained in your original Application, do you feel it necessary to have that provision of the Order, Paragraph 4 of the Order, amended in some respect?

A Yes, sir, in that we're not able to move and get rigs within the restricted time limit we need flexibility to get us a rig after the order is set out.

Q For the benefit of the Commission I feel I should read that portion of the Order which states that: (Reading) The operators shall furnish the Commission and each known working-interest owner in each separate unit an itemized schedule of estimated well costs at least 30 days, but no more than 45 days, prior to the commencing of said well on said unit. (End of reading.) Is it your opinion that once you have notified the other interest owners that it would be most difficult to comply with the Order in commencing the well within two weeks after they give notification of whether they intended to share in the well cost?

A Yes, sir, it would.

Q Do you have a proposal that you feel would be equitable to all parties which you would like the Commission to consider in amending this portion of the Order?

A Yes, sir, we would like to send out our AFE's and they would have 30 days to make their decision. After that time we would try to get us a rig and we would probably know within 10 days or two weeks of the date we will actually get one, and at that time we could give them a second notice that we have a rig and will be drilling in 10 days or 2 weeks, and at that point, they should either put up their money or go under the penalty clause for the original conservation forced-pooling order.

Q Is it true that all the working-interest owners in Section 13 are also the same that are in the northeast of 24?

A Well, there is a little variation but basically they are the same, yes, sir.

Q And did all the interest owners agree to share in the two wells in 13?

A Yes, sir.

Q Is it also your opinion that after you gave the 30-day notice in which they would either have to decide

to share or not to share in the well costs that you would be willing to place a maximum date after that date, or maximum period in which you would commence the drilling?

A Yes, sir.

Q What is that date; what is that time period?

A Well, we would have it within 30 or 45 days we could be drilling after that second.

Q You mean the first notification, after the 30-days notice --

A (Interrupting) We would like to have three months.

Q 90 days?

A 90 days after that first notification.

Q Then, if I could review this a little bit: The interest owners would proceed as they are under the present Order but they would be notified of the AFE and have to decide whether or not to share within the 30 days, then, rather than putting up the money at that time, you would have three months after that period in which to obtain the necessary materials and the rig and they would already have decided whether to share or not share. But upon obtaining a rig then you would give them 10 days, 2 weeks notice to get their money in and you could go ahead and

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CROSS

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proceed to drill, is that correct?

A Yes, sir.

Q And you feel that that is fair and equitable?

A Yes, sir.

MR. LOPEZ: At this time, Mr. Examiner, I would like to introduce Exhibit No. 1, but first, was Exhibit No. 1 prepared by you or under your direction?

MR. DEHLINGER: Yes, sir.

MR. LOPEZ: I would like to introduce Exhibit No. 1.

MR. STAMETS: Exhibit No. 1 will be admitted into evidence.

(Whereupon, Applicant's Exhibit No.

1 was admitted into evidence.)

MR. LOPEZ: That's all of this Witness.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Dehlinger, how long do you feel it will be between today and the date you would reasonably figure to get this well started?

A If we get a rig capable of drilling up in this country, it takes about 30 days to drill it, and if we got one that was -- starting one right now -- and he says,

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"Well, I'll move over to you," it would take a minimum of 30 days. If somebody else was ahead of us, why it would just depend on how many were ahead of us.

Q What I'm wondering is, how long should an Order give you in which to commence the drilling of this well; 90 days, 120 days?

A I think actually if we give him 30-days notice and if you can give us 90 days, that would give us 120 days to get that well started; I think we can do that.

Q You really need 120 days from the date of the order until you would actually have to start the well, actually start drilling?

A Well, 120 days from this date right here.

Q Okay. Would it be possible that you would need some sort of administrative extension to that?

A Anything is possible nowadays.

MR. LOPEZ: We would like to request such for the record.

MR. STAMETS: Okay. I don't believe that your proposal on changing the notification procedure on well cost is within the scope of this Hearing. However, we will discuss that with the legal staff subsequent to this Hearing. If there is anything that can be done on that we

may do it. However, it is possible that this would have to be readvertised, a change to Section 4 of the Order, Paragraph 4 of the Order, and if you would propose to re-advertise this Case today, including that proposed change, then we could hold up writing an order on this until it was readvertised and the time for that case came and went.

MR. LOPEZ: That would be most agreeable as far as I can get in an application and we can readvertise it, but then I don't think we would need another hearing on it, would we?

MR. STAMETS: No, and I would appreciate it if you would submit some proposed language for the revised Paragraph 4 of the original order.

Are there any other questions of the Witness?
If not he may be excused. Anything further in this Case?
We will take the Case under advisement.

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

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.

Richard L. Nye
RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5251 heard by me on 6-19-19 24.
Richard L. Nye
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 5, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Pierce and Dehlinger
for the amendment of Order No. R-4560,
Lea County, New Mexico.

Case No.
5251

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

MR. NUTTER: The Hearing will come to order, please. The first Case we will take this morning will be Case No. 5251.

MR. DERRYBERRY: Case No. 5251, application of Pierce and Dehlinger for the amendment of Order No. R-4560, Lea County, New Mexico. We have received a communication from the attorney for the applicant which requested that this Case be continued until June 19th.

MR. NUTTER: Case No. 5251 will be continued to the Examiner Hearing scheduled to be held at this same place, 9 o'clock A.M., June 19th, 1974.

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.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5201, heard by me, on 6/5, 1974.

 , Examiner
New Mexico Oil Conservation Commission

PIERCE & DEHLINGER
815 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

Case 5277
PDL

JAMES L. PIERCE
MARTIN E. DEHLINGER

TELEPHONE:
915 - 682-5731

February 6, 1975

King Resources Company
P. O. Box 9698, So. Denver Sta.
Denver, Colorado 80209

Mr. Alex Clarke, Jr.
Area Superintendent
Amoco Production Company
P. O. Box 367
Andrews, Texas 79714

Re: Pierce & Dehlinger
Exchange Oil & Gas "A" No. 1
Lea County, New Mexico

Gentlemen:

Attached is a copy of the drilling contract we have obtained from MGF Drilling Company for drilling the Pierce & Dehlinger No. 1-A Exchange Oil & Gas well, Section 24, T-9-S, R-33-E, Lea County, New Mexico, which is being drilled pursuant to New Mexico Oil Conservation Commission Order No. R-4560-A, a copy of which is attached.

We anticipate commencement of this well within ten (10) days to two (2) weeks and request an early indication of your intent to join in the well.

Very truly yours,

Martin E. Dehlinger

MED:mph
Attachments

cc: New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240



INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS
ROTARY DRILLING BID PROPOSAL AND
DAYWORK DRILLING CONTRACT

Daywork Contract
Approved July, 1974
3M 10-74

TO: _____

Please submit bid on this drilling contract form for performing the work outlined below, upon the terms and for the consideration set forth, with the understanding that if the bid is accepted by

this instrument will constitute a contract between us. Your bid should be mailed or delivered not later than _____ P.M.
on _____, 19____ to the following address:

THIS AGREEMENT, made and entered into on the date hereinafter set forth by and between the parties herein designated as "Operator" and "Contractor".

OPERATOR: Pierce & Dehlinger

ADDRESS: 815 Petroleum Building

Midland, Texas 79701

CONTRACTOR: M-G-F Drilling Co., Inc.

ADDRESS: 405 N. Big Spring Street

Midland, Texas 79701

IN CONSIDERATION of the mutual promises, conditions and agreements herein contained and the specifications and special provisions set forth in Exhibit "A" and Exhibit "B" attached hereto and made a part hereof, Operator engages Contractor as an Independent Contractor to furnish the equipment and labor to drill the hereinafter designated well or wells on a daywork basis.

Contractor agrees to furnish equipment meeting the specifications designated herein, and capable of drilling to the depth indicated herein, including equipment capable of drilling in the water depths herein indicated if this Contract involves a marine operation. Contractor further agrees, subject to all other applicable clauses of this Contract, to provide any and all services required according to the specifications stated herein. It is expressly understood and agreed to by Operator and Contractor that such services are performed at the appropriate daywork rate, and the performance of such services by Contractor in no way subjects him to liability for any risk not elsewhere assumed by him under the terms of this Contract. Contractor agrees to perform all work to be conducted by him under the terms of this Contract in accordance with the orders and directions of Operator, with due diligence and care and in a good and workmanlike manner, and agrees to provide competent supervision of the work performed hereunder.

1. LOCATION OF WELL:

Well Name and Number: Exchange Oil & Gas A-1

Parish/County: Lea State: New Mexico Field Name: _____

Well location and land description: Section 24, T-9-S, R-33-E

1.1 Additional Well Locations or Areas: _____

2. COMMENCEMENT DATE:

Contractor agrees to use best efforts to commence operations for the drilling of well by the 15 day of February, 19 75, or upon completion of Hanson Oil Amoco # 2.

3. DEPTH:

3.1 Well Depth: The well(s) shall be drilled to depth of approximately 9600 feet, or to the Bough "C" formation, whichever is deeper, but Contractor shall not be required hereunder to drill said well(s) below a maximum depth of 10,000 feet, unless Contractor and Operator mutually agree to drill to a greater depth.

4. DAYWORK RATES:

Contractor shall be paid at the following rates for the work performed hereunder.

4.1 Mobilization: Operator shall pay Contractor a mobilization fee of \$ _____ or a mobilization day rate of \$ 2650.00 per 24 hour day. This sum shall be due and payable in full at the time the rig is rigged up or positioned at the well site ready to spud. Mobilization shall include: _____

4.2 Demobilization: Operator shall pay Contractor a demobilization fee of \$ _____ or a demobilization day rate during tear down of \$ 2650.00 per 24 hour day, provided however that no demobilization fee shall be payable if the contract is terminated due to the total loss or destruction of the rig. Demobilization shall include: laying down derrick.

4.3 Moving Rate: During the time the rig is in transit to or from a drill site, or between drill sites, commencing on _____, Operator shall pay Contractor a sum of \$ 2650.00 per twenty-four (24) hour day.

4.4 Operating Day Rate: For work performed per twenty-four (24) hour day with 5 man crew the operating day rate shall be:

Depth Intervals		Without Drill Pipe	With Drill Pipe
From	To		
<u>0</u>	<u>TD</u>	\$ <u>2650.00</u> per day	\$ <u>2650.00</u> per day
		\$ _____ per day	\$ _____ per day
		\$ _____ per day	\$ _____ per day

Using Operator's drill pipe \$ _____ per day.

If under the above column "With Drill Pipe" no day rates are specified, the daywork rate per twenty-four hour day when drill pipe is in use shall be the applicable daywork rate specified in the column "Without Drill Pipe" plus compensation for any drill pipe actually used at the rates specified below, computed on the basis of the maximum drill pipe in use at any time during each twenty-four hour day.

DRILL PIPE RATES PER 24-HOUR DAY

Straight Hole			Directional or Uncontrollable Deviated Hole		
	Size	Grade		Size	Grade
\$ _____	per ft.	_____	\$ _____	per ft.	_____
\$ _____	per ft.	_____	\$ _____	per ft.	_____
\$ _____	per ft.	_____	\$ _____	per ft.	_____

Drill pipe shall be considered in use not only when in actual use but also while it is being picked up or laid down. When drill pipe is standing in the derrick, it shall not be considered in use, provided, however, that if Contractor furnishes special strings of drill pipe, drill collar, and handling tools as provided for in Exhibit "A", the same shall be considered in use at all times when on location or until released by Operator. In no event shall fractions of an hour be considered in computing the amount of time drill pipe is in use but such time shall be computed to the nearest hour, with thirty minutes or more being considered a full hour and less than thirty minutes not to be counted.

Operating rate will begin when the drilling unit is rigged up at the drilling location, or positioned over the location during marine work, and ready to commence operations; and will cease when the rig is ready to be moved off the location.

4.5 Repair Rate: In the event it is necessary to shut down Contractor's rig for repairs, excluding routine rig servicing, while Contractor is performing daywork hereunder, Contractor shall be allowed compensation at the applicable daywork rate for each period of shutdown time up to a maximum of 4 hours for any one repair job and a total of 30 hours for each thirty (30) day period. Thereafter, Contractor shall be compensated at a rate of \$ _____ per twenty-four (24) hour day.

_____ shall not be included in computing the number of hours of shutdown time.

4.6 Standby Time Rate with Crews: \$ 2650.00 per twenty-four (24) hour day. Standby time shall be defined to include time when the rig is shut down although in readiness to begin or resume operations but Contractor is waiting on orders of Operator or on materials, services or other items to be furnished by Operator.

4.7 Force Majeure Rate: \$ 2650.00 per twenty-four (24) hour day for any continuous period that normal operations are suspended or cannot be carried on due to conditions of force majeure as defined in Paragraph 16 hereof. It is, however, understood that Operator can release the rig in accordance with Operator's right to direct stoppage of the work, effective when conditions will permit the rig to be moved from the location.

4.8 Reimbursable Costs: Operator shall reimburse Contractor for the costs of material, equipment, work or services which are to be furnished by Operator as provided for herein but which for convenience are actually furnished by Contractor at Operator's request, plus 0 percent for such cost of handling.

4.9 Revision in Rates: The rates and/or payments herein set forth due to Contractor from Operator shall be revised to reflect the change in costs if the costs of any of the items hereinafter listed shall vary by more than 0 percent from the costs thereof on the date of this Contract or by the same percent after the date of any revision pursuant to this paragraph:

- (a) Labor costs, including all benefits, of Contractor's personnel;
- (b) Contractor's cost of insurance premiums;
- (c) Contractor's cost of fuel, the cost per gallon/MCF being \$ _____;
- (d) Contractor's cost of catering, when applicable;
- (e) If Operator requires Contractor to increase or decrease the number of Contractor's personnel;
- (f) Contractor's cost of spare parts and supplies with the understanding that such spare parts and supplies constitute _____ percent of the Operating Rate and that the parties shall use the U. S. Bureau of Labor Statistics Oilfield Drilling Machinery and Equipment Wholesale Price Index (Code No. 1191-02) to determine to what extent a price variance has occurred in said spare parts and supplies.

5. TIME OF PAYMENT:

Subject to Operator's right to require that Contractor furnish him with satisfactory evidence that Contractor has paid all labor and material claims chargeable to Contractor, payment becomes due by Operator to Contractor as follows:

5.1 Payment for mobilization, drilling and other work performed at applicable day rates, and all other applicable charges shall be due upon acceptance by Operator of the work performed in accordance with this Contract, upon presentation of invoice therefor upon completion of mobilization, completion of the well, or at the end of the month in which such work was performed or other charges are incurred, whichever shall first occur. All invoices may be mailed to Operator at address hereinabove shown, unless Operator does hereby designate that such invoices shall be mailed as follows:

5.2 Any sum or sums not paid within 30 days after the date of invoice shall bear interest at the rate of 11 percent per annum, or the maximum legal rate, whichever is less, from such date until paid.

5.3 Attorney's Fees: If this Contract is placed in the hands of an attorney for collection of any sums due hereunder, or suit is brought on same, or sums due hereunder are collected through bankruptcy or probate proceedings, then Operator agrees that there shall be added to the amount due reasonable attorney's fees and costs.

6. TERM:

6.1 Duration of Contract: This Contract shall remain in full force and effect until drilling operations are completed on the well or wells specified in Paragraph 1 above, or for a term of _____, commencing on the date specified in Paragraph 2 above.

6.2 Extension of Term: Operator may extend the term of this Contract for _____ well(s) or for a period of _____ by giving notice to Contractor at least _____ days prior to completion of the well then being drilled or by _____.

6.3 Early Termination:

(a) By Either Party: Upon giving of written notice, either party may terminate this Contract when conditions of force majeure, total loss or destruction of the rig, or a major breakdown with indefinite repair time necessitate stopping operations hereunder.

(b) By Operator: Notwithstanding the provisions of Paragraph 3 with respect to the depth to be drilled, Operator shall have the right to direct the stoppage of the work to be performed by Contractor hereunder at any time prior to reaching the specified depth, and even though Contractor has made no default hereunder. In such event Operator shall reimburse Contractor as set forth in sub-paragraph 6.4 hereof.

(c) By Contractor: Notwithstanding the provision of Paragraph 3 with respect to the depth to be drilled, in the event Operator shall become insolvent, or be adjudicated a bankrupt, or file, by way of petition or answer, a debtor's petition or other pleading seeking adjustment of Operator's debts, under any bankruptcy or debtor's relief laws now or hereafter prevailing, or if any such be filed against Operator, or in case a receiver be appointed of Operator or Operator's property, or any part thereof, or Operator's affairs be placed in the hands of a Creditor's Committee, Contractor may, at his option, elect to terminate further performance of any work under this Contract and Contractor's right to compensation shall be as set forth in sub-paragraph 6.4 hereof. In addition to Contractor's right to terminate performance hereunder, Operator hereby expressly agrees to protect, indemnify and save Contractor harmless from any claims, demands and causes of action, including all costs of defense, in favor of Operator, Operator's joint ventures, or other parties arising out of any drilling commitments or obligations contained in any lease, farmout agreement or other agreement, which may be affected by such termination of performance hereunder.

6.4 (a) If such termination occurs prior to the spudding of the well, Operator shall pay to Contractor the sum of the following: (1) all expenses reasonably and necessarily incurred and to be incurred by Contractor by reason of the Contract and by reason of the premature termination of the work, including the expense of drilling or other crew members and supervision directly assigned to the rig; (2) Ten percent (10%) of the amount of such reimbursable expenses; and (3) a sum calculated at the standby rate for all time from the date upon which Contractor commences any operations hereunder down to such date subsequent to the date of termination as will afford Contractor reasonable time to dismantle his rig and equipment provided however, if this Contract is for a term of more than one well or for a period of time, Operator shall pay Contractor, in addition to the above, the force majeure rate less any unnecessary labor from that date subsequent to termination upon which Contractor completes dismantling his rig and equipment until the end of the term or _____.

(b) If such termination occurs after the spudding of the well, Operator shall pay Contractor (1) the amount for all applicable daywork rates and all other charges and reimbursements due to Contractor; but in no event shall such sum, exclusive of reimbursements due, be less than would be earned for _____ days at the applicable day rate "Without Drill Pipe" and the actual amount due for drill pipe used in accordance with the

above rates; or at the election of Contractor and in lieu of the foregoing, Operator shall pay Contractor for all expenses reasonably and necessarily incurred and to be incurred by reason of this Contract and by reason of such premature termination plus a lump sum of \$ _____ provided, however, if this Contract is for a term of more than one well or for a period of time, Operator shall pay Contractor, in addition to the above, the force majeure rate less any unnecessary labor from the date of termination until the end of the term or _____

7. CASING PROGRAM:

Contractor shall drill a well sufficient in size to set, at the approximate depths indicated, the size casing specified in the casing program provisions of Exhibit "A". Operator shall have the right to designate the points at which casing will be set and the manner of setting, cementing and testing. Operator may modify the casing program, however, any such modification which materially increases Contractor's hazards or costs can only be made by mutual consent of Operator and Contractor and upon agreement as to the additional compensation to be paid Contractor as a result thereof.

8. DRILLING METHODS AND PRACTICES:

8.1 Contractor shall maintain well control equipment in good condition at all times and shall use all reasonable means to control and prevent fires and blow-outs and to protect the hole.

8.2 Subject to the terms hereof, and at Operator's cost, at all times during the drilling of the well, Operator shall have the right to control the mud program, and the drilling fluid must be of a type and have characteristics and be maintained by Contractor in accordance with the specifications shown in Exhibit "A".

8.3 Contractor will conduct operations to comply with all laws, rules, orders, and regulations, Federal, State, and Local, which are applicable to Contractor, Contractor's business, equipment, and personnel engaged in operations covered by this Contract, including but not limited to those set forth in Exhibit "B".

8.4 Contractor shall keep and furnish to Operator an accurate record of the work performed and formations drilled on the IADC-API Daily Drilling Report Form or other form acceptable to Operator. A legible copy of said form signed by Contractor's representative shall be furnished by Contractor to Operator.

8.5 If requested by Operator, Contractor shall furnish Operator with copy of delivery tickets covering any material or supplies provided by Operator and received by Contractor.

9. INGRESS, EGRESS, AND LOCATION:

Operator hereby assigns to Contractor all necessary rights of ingress and egress with respect to the tract on which the well is to be located for the performance by Contractor of all work contemplated by this Contract. Should Contractor be denied free access to the location for any reason not reasonably within Contractor's control, any time lost by Contractor as a result of such denial shall be paid for at the applicable rate.

10. SOUND LOCATION:

Operator shall prepare a sound location capable of properly supporting the drilling rig, and shall be responsible for a conductor pipe program adequate to prevent soil and sub-soil wash out. It is recognized that Operator has superior knowledge of the location and access routes to the location, and must advise Contractor of any sub-surface conditions, or obstructions which Contractor might encounter while en route to the location or during operations hereunder. In the event sub-surface conditions cause a cratering or shifting of the location surface, or if seabed conditions prove unsatisfactory to properly support the rig during marine operations hereunder, and loss or damage to the rig, its associated equipment or personnel results therefrom, Operator shall, without regard to other provisions of this Contract, including Paragraph 14.1 hereof, reimburse Contractor to the extent not covered by Contractor's insurance, for all such loss or damage including payment of force majeure rate during repair and/or demobilization if applicable.

11. EQUIPMENT CAPACITY:

If applicable hereunder, operations shall not be attempted where canal or water depths are in excess of _____ feet, or under any other conditions which exceed the capacity of the equipment specified to be used hereunder. Contractor shall make final decision as to when an operation or attempted operation would exceed the capacity of specified equipment.

12. TERMINATION OF LOCATION LIABILITY:

When Contractor has complied with all obligations of the Contract regarding restoration of Operator's location, Operator shall thereafter be liable for damage to property, personal injury or death of any person which occurs as result of condition of the location and Contractor shall be relieved of such liability; provided, however, if Contractor shall subsequently reenter upon the location for any reason, including removal of the rig, any term of the Contract relating to such reentry activity shall become applicable during such period.

13. INSURANCE:

During the life of this Contract, Contractor shall at Contractor's expense maintain, with an insurance company or companies authorized to do business in the state where the work is to be performed or through a self-insurance program, insurance coverages of the kind and in the amounts set forth in Exhibit "A". Contractor shall, if requested to do so by Operator, procure from the company or companies writing said insurance a certificate or certificates that said insurance is in full force and effect and that the same shall not be cancelled or materially changed without ten (10) days prior written notice to Operator.

14. RESPONSIBILITY FOR LOSS OR DAMAGE:

14.1 Contractor's Surface Equipment: Contractor shall assume liability at all times, for damage to or destruction of Contractor's surface equipment, including but not limited to all drilling tools, machinery, and appliances for use above the surface, regardless of when or how such damage or destruction occurs, and Operator shall be under no liability to reimburse Contractor for any such loss except loss or damage under the provisions of Paragraphs 10 or 14.3.

14.2 Contractor's In-Hole Equipment: Operator shall assume liability at all times for damage to or destruction of Contractor's in-hole equipment, including but not limited to, drill pipe, drill collars, and tool joints, and Operator shall reimburse Contractor for the value of any such loss or damage; the value to be determined by agreement between Contractor and Operator as 100 percent of current new replacement cost of such equipment delivered to the well site.

14.3 Contractor's Equipment—Environmental Loss or Damage: Notwithstanding the provisions of Paragraph 14.1 above, Operator shall assume liability at all times for damage to or destruction of Contractor's equipment caused by exposure to highly corrosive or otherwise destructive elements, including those introduced into the drilling fluid.

14.4 Operator's Equipment: Operator shall assume liability at all times for damage to or destruction of Operator's equipment, including but not limited to casing, tubing, well head equipment, and platform if applicable, and Contractor shall be under no liability to reimburse Operator for any such loss or damage.

14.5 The Hole: In the event the hole should be lost or damaged, Operator shall be solely responsible for such damage or loss to the hole, including the casing therein.

14.6 Underground Damage: Operator agrees to defend and indemnify Contractor for any and all claims against Contractor resulting from operations under this Contract on account of injury to, destruction of, or loss or impairment of any property right in or to oil, gas, or other mineral substance or water, if at the time of the act or omission causing such injury, destruction, loss, or impairment, said substance had not been reduced to physical possession above the surface of the earth, and for any loss or damage to any formation, strata, or reservoir beneath the surface of the earth.

14.7 Inspection of Materials Furnished by Operator: Contractor agrees to visually inspect all materials furnished by Operator before using same and to notify Operator of any apparent defects therein. Contractor shall not be liable for any loss or damage resulting from the use of materials furnished by Operator.

14.8 Contractor's Indemnification of Operator: Subject to the provisions of Article 12 hereof, Contractor agrees to protect, defend, indemnify and save Operator and its joint owners harmless from and against all claims, demands, and causes of action of every kind and character, without limit and without regard to the cause or causes thereof or the negligence of any party, arising in connection herewith in favor of Contractor's employees, Contractor's subcontractors or their employees, on account of bodily injury, death or damage to property.

14.9 Operator's Indemnification of Contractor: Operator agrees to protect, defend, indemnify and save Contractor harmless from and against all claims, demands and causes of action of every kind and character, without limit and without regard to the cause or causes thereof or the negligence of any party, arising in connection herewith in favor of Operator's employees, Operator's contractors or their employees, other than those identified in 14.8 above, on account of bodily injury, death or damage to property.

14.10 Liability for Wild Wells: Operator shall be liable for the cost of regaining control of any wild well, as well as for cost of removal of any debris, and shall indemnify Contractor in this regard.

14.11 Pollution and Contamination: Notwithstanding anything to the contrary contained herein, except the provisions of Paragraphs 10 and 12, it is understood and agreed by and between Contractor and Operator that the responsibility for pollution and contamination shall be as follows:

(a) Contractor shall assume all responsibility for, including control and removal of, and protect, defend and save harmless Operator from and against all claims, demands and causes of action of every kind and character arising from pollution or contamination, which originates above the surface of the land or water from spills of fuels, lubricants, motor oils, normal water base drilling fluid and attendant cuttings, pipe dope, paints, solvents, ballast, bilge and garbage wholly in Contractor's possession and control and directly associated with Contractor's equipment and facilities.

(b) Operator shall assume all responsibility for, including control and removal of, protect, defend and save Contractor harmless from and against all claims, demands, and causes of action of every kind and character arising from all other pollution or contamination which may occur during the conduct of operations hereunder, including but not limited to, that which may result from fire, blowout, cratering, seepage or any other uncontrolled flow of oil, gas, water or other substance, as well as, the use or disposition of oil emulsion, oil base or chemically treated drilling fluids, contaminated cuttings or cavings, lost circulation and fish recovery materials and fluids.

(c) In the event a third party commits an act or omission which results in pollution or contamination for which either Contractor or Operator, for whom such party is performing work, is held to be legally liable, the responsibility therefor shall be considered, as between Contractor and Operator, to be the same as if the party for whom the work was performed had performed the same and all of the obligations respecting defense, indemnity, holding harmless and limitation of responsibility and liability, as set forth in (a) and (b) above, shall be specifically applied.

14.12 Consequential Damages: Neither party shall be liable to the other for special, indirect or consequential damages resulting from or arising out of this Contract, including, without limitation, loss of profit or business interruptions, however same may be caused.

15. NO WAIVER EXCEPT IN WRITING:

It is fully understood and agreed that none of the requirements of this Contract shall be considered as waived by either party unless the same is done in writing, and then only by the persons executing this Contract, or other duly authorized agent or representative of the party.

16. FORCE MAJEURE:

Neither Operator nor Contractor shall be liable to the other for any delays or damage or any failure to act due, occasioned or caused by reason of any laws, rules, regulations or orders promulgated by any Federal, State or Local governmental body or the rules, regulations, or orders of any public body or official purporting to exercise authority or control respecting the operations covered hereby, including the procurement or use of tools and equipment, or due, occasioned or caused by strikes, action of the elements, water conditions, inability to obtain fuel or other critical materials, or other causes beyond the control of the party affected thereby. In the event that either party hereto is rendered unable, wholly or in part, by any of these causes to carry out its obligation under this Contract, it is agreed that such party shall give notice and details of Force Majeure in writing to the other party as promptly as possible after its occurrence. In such cases, the obligations of the party giving the notice shall be suspended during the continuance of any inability so caused except that Operator shall be obligated to pay to Contractor the Force Majeure Rate provided for in Paragraph 4.7 above.

17. INFORMATION CONFIDENTIAL:

Upon written request by Operator, information obtained by the Contractor in the conduct of drilling operations on this well, including, but not limited to, depth, formations penetrated, the results of coring, testing, and surveying, shall be considered confidential and shall not be divulged by Contractor or his employees, to any person, firm, or corporation other than Operator's designated representatives.

18. SUBCONTRACTS BY OPERATOR:

Operator may employ other contractors to perform any of the operations or services to be provided or performed by it according to Exhibit "A".

19. ASSIGNMENT:

Neither party may assign this Contract to anyone other than an affiliated company without the prior written consent of the other, and prompt notice of any such intent to assign shall be given to the other party. In the event of such assignment, the assigning party shall remain liable to the other party as a guarantor of the performance by the assignee of the terms of this Contract. If any assignment is made that materially alters Contractor's financial burden, Contractor's compensation shall be adjusted to give effect to any increase or decrease in Contractor's operating costs.

20. NOTICES AND PLACE OF PAYMENT:

All notices to be given with respect to this Contract unless otherwise provided for shall be given to the Contractor and to the Operator respectively at the addresses hereinabove shown. All sums payable hereunder to Contractor shall be payable at his address hereinabove shown unless otherwise specified herein.

21. SPECIAL PROVISIONS:

22. ACCEPTANCE OF CONTRACT:

The foregoing Contract is agreed to and accepted by Operator this _____ day of _____, 19 _____.

OPERATOR: Pierce & Dehlinger

By: _____

Title: _____

ACCEPTED by Contractor this 5 day of February, 19 75 which is the effective date of this Contract.

CONTRACTOR: M-G-F Drilling Co., Inc.

By: _____

Title: Drilling Superintendent

Well Name and Number Exchange Oil & Gas A-1

1. CASING PROGRAM (See Par. 7)

	Size		Weight		Approximate Settling Depth
Conductor		in.		lbs./ft.	ft.
Surface	12 3/4	in.		lbs./ft.	400
Protection	8 5/8	in.		lbs./ft.	4000
Oil String	4 1/2 or 5 1/2	in.		lbs./ft.	9600
Liner		in.		lbs./ft.	ft.
Tubing		in.		lbs./ft.	ft.

2. MUD CONTROL PROGRAM (See Par. 8.2)

Depth Interval (ft.)		Type Mud	Weight (lbs./gal.)	Viscosity (Secs)	Water Loss (cc)
From	To				
		PER MUD CO.			

Other mud specifications:

3. INSURANCE (See Par. 13)

- 3.1 Adequate Workmen's Compensation Insurance complying with State Laws applicable to Employers' Liability Insurance with limits of \$ 100,000.00 covering all of Contractor's employees working under this agreement.
- 3.2 Comprehensive Public Liability Insurance or Public Liability Insurance with limits of \$ 100,000.00 for the death or injury of any one person and \$ 300,000.00 for each accident.
- 3.3 Comprehensive Public Liability Property Damage Insurance or Public Liability Property Damage Insurance with limits of \$ 100,000.00 for each accident and \$ 100,000.00 aggregate per policy.
- 3.4 Automobile Public Liability Insurance with limits of \$ 100,000.00 for the death or injury of each person and \$ 100,000.00 for each accident; and Automobile Public Liability Property Damage Insurance with limits of \$ 100,000.00 for each accident.
- 3.5 In the event operations are over water, Contractor shall carry in addition to the Statutory Workmen's Compensation Insurance, endorsements covering liability under the Longshoremen's & Harbor Workers' Compensation Act and Maritime liability including maintenance and cure with limits of \$ _____ for death or injury to one person and \$ _____ for any one accident.
- 3.6 Other Insurance: _____

4. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY CONTRACTOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the location at the expense of Contractor unless otherwise noted hereon.

4.1 Drilling Rigs

Complete drilling rig, designated by Contractor as his Rig No. 10, the major items of equipment being:

Drawworks: Continental Emsco M-58-B

Engines: Make, Model, and H.P. Leroi L-3000 ^(MAKE AND MODEL) 466 H P each

No. on Rig 2

Pumps: No. 1 Make, Size, and Power GCI 450 Bethlehem 8" X 18"

No. 2 Make, Size, and Power EXQ Gardner - Denver 7 3/4" X 16" Driven by L-3000 engine.

Mud Mixing Pump: Make, Size, and Power

Boilers: Number, Make, H.P. and W.P.

Derrick or Mast: Make, Size, and Capacity 131' Lee C. MooreSubstructure: Size and Capacity 9' Substructure**Rotary Drive: Type**

Drill Pipe: Size 5 in. 3950 ft.; Size 4 1/2 in. 9600 ft.

Drill Collars: Number and Size 25 - 8 1/4", 32 - 6 1/4"

Blowout Preventers:

Size	Series or Test Pr.	Make & Model	Number
10	900-6000 Test	Schaffer Type " 39"	2
B.O.P. Closing Unit:			
B.O.P. Accumulator:			

- 4.2 Derrick timbers.
- 4.3 Normal strings of drill pipe and drill collars specified above.
- 4.4 Conventional drift indicator.
- 4.5 Circulating mud pits.
- 4.6 Necessary pipe racks and rigging up material.
- 4.7 Normal storage for mud and chemicals.
- 4.8 STOCKS/STOCK

- 4.9 _____
- 4.10 _____
- 4.11 _____
- 4.12 _____
- 4.13 _____
- 4.14 _____
- 4.15 _____
- 4.16 _____
- 4.17 _____

5. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY OPERATOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the location at the expense of Operator unless otherwise noted hereon.

- 5.1 Furnish and maintain adequate roadway and/or canal to location, right-of-way, including rights-of-way for fuel and water lines, river crossings, highway crossings, gates and cattle guards.
- 5.2 Stake location, clear and grade location, and provide turnaround, including surfacing when necessary.
- 5.3 Test tanks with pipe and fittings.
- 5.4 Mud storage tanks with pipe and fittings.
- 5.5 Separator with pipe and fittings.
- 5.6 Labor to connect and disconnect mud tank, test tank, and separator.
- 5.7 Labor to disconnect and clean test tanks and separator.
- 5.8 Drilling mud, chemicals, lost circulation materials and other additives.
- 5.9 Pipe and connections for oil circulating lines.
- 5.10 Labor to lay, bury and recover oil circulating lines.
- 5.11 Drilling bits, reamers, reamer cutters, stabilizers and special tools.
- 5.12 Contract fishing tool services and tool rental.
- 5.13 Wire line core bits or heads and wire line core catchers if required.
- 5.14 Conventional core bits and core catchers.
- 5.15 Diamond core barrel with head.
- 5.16 Cement and cementing service.
- 5.17 Electrical and Gamma-Neutron and Micro logging services.
- 5.18 Directional, caliper, or other special services.
- 5.19 Gun or jet perforating services.
- 5.20 Explosives and shooting devices.
- 5.21 Formation testing, hydraulic fracturing, acidizing and other related services.
- 5.22 Equipment for drill stem testing.
- 5.23 Mud logging services.
- 5.24 Sidewall coring service.
- 5.25 Welding service for welding bottom joints of casing, guide shoe, float shoe, float collar and in connection with installing of well head equipment if required.
- 5.26 Casing, tubing, lines, screen, float collars, guide and float shoes and associated equipment.
- 5.27 Casing scratchers and centralizers.
- 5.28 Well head connections and all equipment to be installed in or on well or on the premises for use in connection with testing, completion and operation of well.
- 5.29 Special or added storage for mud and chemicals.
- 5.30 Casinghead, API series, to conform to that shown for the blowout preventers specified in Paragraph 4.1 above.
- 5.31 Blowout preventer testing packoff.

- 5.32 _____
- 5.33 _____
- 5.34 _____
- 5.35 _____
- 5.36 _____
- 5.37 _____
- 5.38 _____
- 5.39 _____
- 5.40 _____
- 5.41 _____

6. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY DESIGNATED PARTY:

The machinery, equipment, tools, materials, supplies, instruments, services, and labor listed as the following numbered items including any transportation required for such items unless otherwise specified, shall be provided at the location and at the expense of the party hereto as designated by an X mark in the appropriate column.

Item	To Be Provided By and At The Expense Of	
	Operator	Contractor
6.1 Cellar and runways	X	
6.2 Fuel (located at _____)	X	
6.3 Fuel Lines (length _____)	X	
6.4 Water at source	X	
6.5 Water well	X	
6.6 Water lines	X	
6.7 Water storage tanks _____ 500 capacity		X
6.8 Labor to operate water well or water pump		X
6.9 Maintenance of water well, if required	X	
6.10 Mats for engines and boilers, or motors and mud pumps		X
6.11 Transportation of Contractor's property:		
Move in	X	
Move out	N/A	
6.12 Materials for "boxing in" rig and derrick		X
6.13 Special strings of drill pipe and drill collars as follows:		
_____	N/A	

Item (Continued)	To Be Provided By And At The Expense Of	
	Operator	Contractor
6.14 Kelly joints, subs, elevators and slips for use with special drill pipe	N/A	
6.15 Drill pipe protectors for Kelly joint and each joint of drill pipe running inside of Surface Casing as required, for use with normal strings of drill pipe	N/A	
6.16 Drill pipe protectors for Kelly joint and drill pipe running inside of Protection Casing	N/A	
6.17 Coring reel with wire line of sufficient length for coring at maximum depth specified in Contract	N/A	
6.18 Wire line core barrel	N/A	
6.19 Conventional core barrel	N/A	
6.20 Rate of penetration recording device		X
6.21 Extra labor for running and cementing casing	X	
6.22 Casing tools	X	
6.23 Power casing tongs	X	
6.24 Tubing tools	N/A	
6.25 Power tubing tong	N/A	
6.26 Swabbing unit with swabbing line	N/A	
6.27 Swab	N/A	
6.28 Swab lubricator	N/A	
6.29 Swab rubbers	N/A	
6.30 Crew Boats, Number _____	N/A	
6.31 Service Barge	N/A	
6.32 Service Tug Boat	N/A	
6.33 Helicopter service	N/A	
6.34 Rat Hole	X	
6.35 Mouse Hole	X	
6.36 Reserve Pits	X	
6.37 Erect and Dismantle Derrick	X	
6.38 Upper Kelly Cock	N/A	
6.39 _____		
6.40 _____		
6.41 _____		
6.42 _____		
6.43 _____		

7. OTHER PROVISIONS:

For Contractor _____

For Operator _____

Signed by the
Parties as correct:

EXHIBIT "B"

(See Paragraph 8.3)

1. EQUAL EMPLOYMENT OPPORTUNITY

A. Operator is an Equal Opportunity Employer. It is agreed as a condition of this Contract that unless any or all work performed hereunder is exempt under Executive Order 11246 (30 Fed. Reg. 12319) as amended, or under the rules and regulations issued thereunder, during the performance of this Contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, color, sex or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
2. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex or national origin.
3. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
4. The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
5. The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
6. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
7. The Contractor will include the provisions of Paragraphs 1 through 7 in every subcontract or purchase order unless exempted by rules, regulations, or orders of Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; Provided, however, That in the event the Contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

B. Filing Standard Form 100 (EEO-1) and Development of Affirmative Action Program.

1. Contractor acknowledges that he may be required to file Standard Form 100 (EEO-1) promulgated jointly by the Office of Federal Contract Compliance, the Equal Employment Opportunity Commission and Plans for Progress within thirty (30) days of contract award, if such report has not been filed for the current year and otherwise comply with or file such other compliance reports as may be required under Executive Order 11246, as amended and Rules and Regulations adopted thereunder.
2. Contractor further acknowledges that he may be required to develop a written affirmative action compliance program as required by the Rules and Regulations approved by the Secretary of Labor under authority of Executive Order 11246 and supply Operator with a copy of such program if Operator so requests.

C. Nonsegregated Facilities.

Contractor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. He certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. Contractor agrees that a breach of his certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex, age or national origin, because of habit, local custom or otherwise; Contractor's policies and practices must assure appropriate physical facilities to both sexes. He further agrees that (except where he has obtained identical certifications from proposed subcontractors for specific time periods) he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of Equal Opportunity Clause; that he will retain such certifications in his files; and that he will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods): "NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES. A Certification of Nonsegregated Facilities as required by the May 21, 1968, order on Elimination of Segregated Facilities, by the Secretary of Labor (33 Fed. Reg. 7804, May 28, 1968), must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity Clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually)."

D. Penalties

Contractor further understands and agrees that a breach of the assurance contained in Paragraphs A through C above subjects it to the provisions of the Order at 41 CFR Chapter 60 of the Secretary of Labor dated May 21, 1968. In the event of Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations, or orders, such noncompliance shall constitute sufficient grounds, and the parties hereto agree to immediate cancellation of this Contract on the basis of such noncompliance with no further obligation whatsoever on the part of the Operator.

2. LISTING OF EMPLOYMENT OPENINGS

The undersigned Contractor further agrees, if the value of any contract or purchase order is \$2,500 or more, that it will be bound by the following provisions contained in 41 CFR 50-250 promulgated pursuant to Executive Order No. 11701:

- A. The Contractor, to provide special emphasis to the employment of qualified disabled veterans and veterans of the Vietnam era, agrees that all suitable employment openings of the Contractor which exist at the time of the execution of this Contract and those which occur during the performance of this Contract, including those not generated by this Contract and including those occurring at an establishment of the Contractor other than the one wherein the Contract is being performed but excluding those of independently operated corporate affiliates, shall be offered for listing at an appropriate local office of the State employment service system wherein the opening occurs and to provide such reports to such local office regarding employment openings and hires as may be required; Provided, That this provision shall not apply to openings which the Contractor fills from within the Contractor's organization or are filled pursuant to a customary and traditional employer-union hiring arrangement.
- B. Listing of employment openings with the employment service system pursuant to this clause shall be made at least concurrently with the use of any other recruitment service or effort and shall involve the normal obligations which attach to the placing of a bonafide job order, including the acceptance of referrals of veterans and nonveterans. The listing of employment openings does not require the hiring of any particular job applicant or from any particular group of job applicants, and nothing herein is intended to relieve the Contractor from any requirements in any Executive Orders or regulations regarding nondiscrimination in employment.

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. 5251
CASE NO. 5277

Order No. R-4560-A

APPLICATION OF PIERCE & DEHLINGER
FOR THE AMENDMENT OF ORDER NO.
R-4560, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of August, 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 Order No. R-4560, dated June 25, 1973, compulsorily pooled all mineral interests in the Vada-Pennsylvanian Pool underlying three standard 160-acre spacing and proration units consisting of the NE/4 of Section 13, the SE/4 of Section 13, and the NE/4 of Section 24, all in Township 9 South, Range 33 East, NMPM, Lea County, New Mexico, and set forth a schedule for the drilling of wells on the pooled units and deadlines for the submission of estimated well costs to the Commission and to working interest owners in the respective units.

(3) That the applicant, Pierce & Dehlinger, in Case No. 5251 and Case No. 5277, consolidated, seeks an extension of time of 120 days from the date of this order in which to commence the drilling of the third well covered by Order No. R-4560, to be drilled in the NE/4 of said Section 24.

Cases Nos. 5251 and 5277
Order No. R-4560-A

(4) That the applicant has further requested an administrative procedure provided whereby additional extensions of time beyond the 120-day period herein requested may be granted without the necessity of notice and hearing.

(5) That the applicant has further requested the amendment of Order No. R-4560 to alter the method whereby working interest owners are informed of estimated well costs and given the opportunity to contribute their proportionate share of such costs to the operator of the pooled unit.

(6) That the applicant has made a good faith effort to comply with the drilling schedule set forth in Order No. R-4560, but has been prevented from complying by reason of its inability to obtain well casing and the services of a drilling rig.

(7) That in view of the past and probable future difficulty of the applicant in this regard, its request for an extension of time should be approved; that a procedure should be established whereby additional extensions of time for the drilling of the third well beyond the extension herein granted may be approved without the necessity for notice and hearing; and that Order No. R-4560 should be amended to change the method whereby working interest owners are informed of estimated well costs and given the opportunity to contribute their share of the same.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pierce & Dehlinger is hereby granted an extension of time to December 1, 1974, to commence the drilling of the third well specified in Order No. R-4560, which well is to be drilled in the NE/4 of Section 24, Township 9 South, Range 33 East, NMPM, Vada-Pennsylvanian Pool, Lea County, New Mexico.

(2) That the Secretary-Director may grant further such extensions of time for good cause shown, upon proof of notification of the request to all known working interest owners concerned and if no objection to the request is received by the Commission within 15 days of receipt of the request. The 15-day waiting period may be waived by the Secretary-Director if waivers of objection to the extension are given by all known working interest owners in the pooled unit.

(3) That Order (4) on Page 4 of Order No. R-4560 is hereby amended to read as follows:

"(4) That the operator shall furnish to the Commission and to each known working interest owner in each separate unit an itemized schedule

-3-

Cases Nos. 251 and 5277
Order No. R-4560-A

of estimated well costs at least 30 but no more than 120 days prior to commencing said well on said unit."

(4) That Order (5) on Page 4 of Order No. R-4560 is hereby amended to read as follows:

"(5) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall notify the operator whether or not he elects 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 so elects shall remain liable for operating costs but shall not be liable for risk charges; that such working interest owner who elects to pay his pro rata share of well costs shall pay the same to the operator no more than 14 days after such working interest owner is notified by the operator that the operator has a drilling rig available and intends to commence drilling.

"PROVIDED HOWEVER, that the operator shall commence drilling operations no later than 90 days after the termination of the 30-day period in which the working interest owner must elect whether or not to pay his share of estimated well costs;

"PROVIDED FURTHER, that failure of a working interest owner to notify the operator of his election to pay his share of reasonable well costs within the period herein prescribed, or his failure to pay his share of estimated well costs within the period for payment herein prescribed shall be deemed an election by that working interest owner to pay his share of reasonable well costs, together with the risk charge specified herein, out of production."


(4) That jurisdiction of these causes is retained for the entry of such further orders as the Commission may deem necessary.

-4-

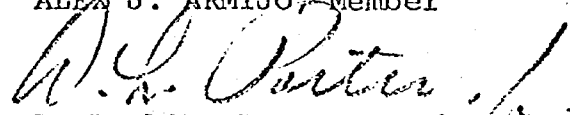
Cases Nos. 251 and 5277
Order No. R-4560-A

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

January 20, 1975

C
O
P
Y

Montgomery, Federico, Andrews,
Hanna & Buell
Attorneys and Counselors at Law
350 East Palace Avenue
Santa Fe, New Mexico 87501

Attention: Owen M. Lopez

Re: Case No. 5251 and 5277 ✓
and Order No. R-4560-A

Dear Mr. Lopez:

Your request on the behalf of the applicants in the above-referenced cases, Pierce and Delinger, for an extension of time until April 1, 1975, in which to commence the drilling of the third well pooled under Commission Order No. R-4560 has been received.

As it appears that tubular goods have been obtained for the well, that the applicants have contacted a drilling contractor for the drilling of the well, and that no objection has been received from any working interest owner, the request for the extension of time is hereby granted in accordance with the provisions of Commission Order No. R-4560-A.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/RLS/dr

J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. R. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
SUMNER G. BUELL
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ

JEFFREY R. BRANNEN
JOHN BENNETT POUND

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & BUELL

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87501

January 3, 1975

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3876

Mr. A. L. Porter, Jr.
Secretary-Director
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 5251
Case No. 5277

Order No. R-4560-A

Dear Mr. Porter:

On behalf of our client Pierce & Dehlinger whom we represented in the above referenced cases, and in accordance with paragraph 2 of the above referenced Order, we respectfully request an administrative extension of time in which to commence the drilling of the third well specified in Order No. R-4560, which well is to be drilled in the NE 1/4 of Section 24, Township 9 South, Range 33 East, N.M.P.M., Vada-Pennsylvanian Pool, Lea County, New Mexico. In support of our request, please be advised that our client Pierce & Dehlinger has purchased all the surface pipe necessary for the drilling of said well together with 4,000 feet of intermediate piping, together with 9,700 feet of 5 1/2-inch production casing. Our client also has all of the tanks and other equipment necessary for the drilling of the well.

Please be further advised that our client has its name on the list of Hondo Drilling Company and MGF Drilling Company for the purposes of having the well drilled at the earliest possible time and is making diligent efforts to follow all leads with respect to other drilling companies who might be able to perform the necessary services at an earlier date.

As the result of our client's inability to obtain a driller to commence drilling of the above well, Pierce & Dehlinger

Mr. A. L. Porter, Jr.
Page 2
January 3, 1975

was unable to commence the drilling as of December 1, 1974, and respectfully requests an administrative extension of time until April 1, 1975 in which to commence drilling of the aforesaid well.

A copy of this request has been sent to all known working interest owners concerned as of this date, as shown on the enclosed copy of a letter to them, and their names and addresses are listed immediately following:

The Midland National Bank
Trust Department (B. R. Greathouse Estate)
Midland, Texas 79701

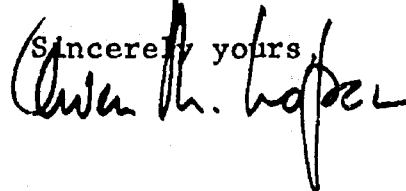
Mrs. Helen L. Greathouse
105 Gihls Tower East
Midland, Texas

King Resources Company
P.O. Box 9698, South Denver Station
Denver, Colorado 80209

Mrs. Lynelle Kestler
105 Gihls Tower East
Midland, Texas 79701

In accordance with the order of the Commission, if no objection to our request is received by the Commission within fifteen days of receipt of this request, the Secretary-Director may grant such further extension of time for good cause shown.

Thank you for your cooperation in this matter.

Sincerely yours,


OML:rmb
5086-73-1

J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. R. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
SUMNER G. BUELL
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ

JEFFREY R. BRANNEN
JOHN BENNETT POUND

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & BUELL

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3876

January 3, 1975

The Midland National Bank
Trust Department (B. R. Greathouse Estate)
Midland, Texas 79701

Mrs. Helen L. Greathouse
105 Gihls Tower East
Midland, Texas

King Resources Company
P.O. Box 9698, South Denver Station
Denver, Colorado 80209

Mrs. Lynelle Kestler
105 Gihls Tower East
Midland, Texas 79701

Re: Our File No. 5086-73-1

Gentlemen:

Please find enclosed a copy of the letter addressed to the Secretary-Director of the New Mexico Oil Conservation Commission which is self-explanatory. If you have any objections to the request for an extension of time in which to commence drilling by Pierce & Dehlinger, please address your comments directly to the Secretary-Director within fifteen days. As you are no doubt aware, Pierce & Dehlinger has been making every diligent effort to drill the subject well but has encountered substantial difficulties in obtaining the necessary materials and personnel.

Very truly yours,

OML:rmb



OIL CONSERVATION COMMISSION

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

August 13, 1974

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

Re: CASE NO. 5251
5277
ORDER NO. R-4560-A

Mr. Owen Lopez
Montgomery, Federici, Andrews, Hannahs
& Buell
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Applicant:
Pierce & Dehlinger

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 _____

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. 5251
CASE NO. 5277

Order No. R-4560-A

APPLICATION OF PIERCE & DEHLINGER
FOR THE AMENDMENT OF ORDER NO.
R-4560, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of August, 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 Order No. R-4560, dated June 25, 1973, compulsorily pooled all mineral interests in the Vada-Pennsylvanian Pool underlying three standard 160-acre spacing and proration units consisting of the NE/4 of Section 13, the SE/4 of Section 13, and the NE/4 of Section 24, all in Township 9 South, Range 33 East, NMPM, Lea County, New Mexico, and set forth a schedule for the drilling of wells on the pooled units and deadlines for the submission of estimated well costs to the Commission and to working interest owners in the respective units.

(3) That the applicant, Pierce & Dehlinger, in Case No. 5251 and Case No. 5277, consolidated, seeks an extension of time of 120 days from the date of this order in which to commence the drilling of the third well covered by Order No. R-4560, to be drilled in the NE/4 of said Section 24.

Cases Nos. 5251 and 5277
Order No. R-4560-A

(4) That the applicant has further requested an administrative procedure provided whereby additional extensions of time beyond the 120-day period herein requested may be granted without the necessity of notice and hearing.

(5) That the applicant has further requested the amendment of Order No. R-4560 to alter the method whereby working interest owners are informed of estimated well costs and given the opportunity to contribute their proportionate share of such costs to the operator of the pooled unit.

(6) That the applicant has made a good faith effort to comply with the drilling schedule set forth in Order No. R-4560, but has been prevented from complying by reason of its inability to obtain well casing and the services of a drilling rig.

(7) That in view of the past and probable future difficulty of the applicant in this regard, its request for an extension of time should be approved; that a procedure should be established whereby additional extensions of time for the drilling of the third well beyond the extension herein granted may be approved without the necessity for notice and hearing; and that Order No. R-4560 should be amended to change the method whereby working interest owners are informed of estimated well costs and given the opportunity to contribute their share of the same.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pierce & Dehlinger is hereby granted an extension of time to December 1, 1974, to commence the drilling of the third well specified in Order No. R-4560, which well is to be drilled in the NE/4 of Section 24, Township 9 South, Range 33 East, NMPM, Vada-Pennsylvanian Pool, Lea County, New Mexico.

(2) That the Secretary-Director may grant further such extensions of time for good cause shown, upon proof of notification of the request to all known working interest owners concerned and if no objection to the request is received by the Commission within 15 days of receipt of the request. The 15-day waiting period may be waived by the Secretary-Director if waivers of objection to the extension are given by all known working interest owners in the pooled unit.

(3) That Order (4) on Page 4 of Order No. R-4560 is hereby amended to read as follows:

"(4) That the operator shall furnish to the Commission and to each known working interest owner in each separate unit an itemized schedule

-3-

Cases Nos. 5251 and 5277
Order No. R-4560-A

of estimated well costs at least 30 but no more than 120 days prior to commencing said well on said unit."

(4) That Order (5) on Page 4 of Order No. R-4560 is hereby amended to read as follows:

"(5) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall notify the operator whether or not he elects 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 so elects shall remain liable for operating costs but shall not be liable for risk charges; that such working interest owner who elects to pay his pro rata share of well costs shall pay the same to the operator no more than 14 days after such working interest owner is notified by the operator that the operator has a drilling rig available and intends to commence drilling.

"PROVIDED HOWEVER, that the operator shall commence drilling operations no later than 90 days after the termination of the 30-day period in which the working interest owner must elect whether or not to pay his share of estimated well costs;

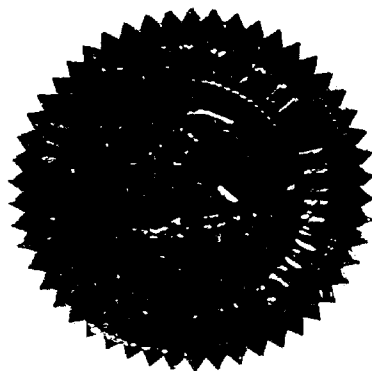
"PROVIDED FURTHER, that failure of a working interest owner to notify the operator of his election to pay his share of reasonable well costs within the period herein prescribed, or his failure to pay his share of estimated well costs within the period for payment herein prescribed shall be deemed an election by that working interest owner to pay his share of reasonable well costs, together with the risk charge specified herein, out of production."

(4) That jurisdiction of these causes is retained for the entry of such further orders as the Commission may deem necessary.

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Cases Nos. 5251 and 5277
Order No. R-4560-A

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. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

S E A L

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 NOS. 4955, 4956 and 4957
Order No. R-4560

APPLICATION OF PIERCE AND DEHLINGER
FOR NON-STANDARD UNITS OR IN THE
ALTERNATIVE COMPULSORY POOLING,
VADA-PENNSYLVANIAN POOL, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of June, 1973, 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 seeks approval of a 160-acre non-standard oil proration unit comprising the SW/4 NE/4 and S/2 NW/4 of Section 13, and the SE/4 NE/4 of Section 14, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, to be dedicated to a well to be drilled in Unit G of said Section 13, or in the alternative, applicant seeks approval of a 120-acre non-standard unit comprising only the above-described lands in Section 13, to be dedicated to the aforesaid proposed well. As an alternative to either of the above-described non-standard units, applicant seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NE/4 of the aforesaid Section 13 to be dedicated to a well which would be drilled in Unit H of said Section 13.

(3) That the applicant seeks approval of a 160-acre non-standard oil proration unit comprising the S/2 S/2 of Section 13, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, to be dedicated to its Sheridan Well No. 1, located in Unit M of said Section 13. In the

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Case Nos. 4955, 4956 and 4957
Order No. R-4560

alternative, applicant seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the SW/4 of said Section 13 to be dedicated to said well; and also pooling all said mineral interests underlying the SE/4 of said Section 13 to be dedicated to a well which would be drilled in Unit P of said Section 13.

(4) That the applicant seeks approval of a 160-acre non-standard oil proration unit comprising the S/2 N/2 of Section 24, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, to be dedicated to a well to be drilled in Unit H of said Section 24. In the alternative, applicant seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NE/4 of said Section 24 to be dedicated to the aforesaid proposed well.

(5) That should any or all of the proposed compulsory poolings be approved, the applicant seeks to be named the operator of such well or wells, adoption of a formula for the allocation of well costs and charges for operation, charges for supervision and the establishment of a 200 percent risk factor.

(6) That the operator has the right to drill and proposes to drill the wells which are the subject of this order.

(7) That the approval of either the proposed 160-acre or 120 acre non-standard unit described in Finding (2) above would result in the necessity for the formation of from 1 to 3 additional non-standard units in the N/2 of Section 13 and the NE/4 of Section 14, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.

(8) That offset operators have objected to the formation of each and every one of the proposed non-standard units described in Findings (2), (3), and (4) above.

(9) That to protect correlative rights and to insure the orderly development of the Vada-Pennsylvanian Pool, the application for each and every one of the proposed non-standard units should be denied.

(10) That the alternative applications for the compulsory pooling of the four standard units described in Findings (2), (3), and (4) above should be approved.

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

(12) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said units the opportunity to recover or receive

-3-

Case Nos. 4955, 4956 and 4957
Order No. R-4560

without unnecessary expense his just and fair share of the oil in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(13) That the applicant should be designated the operator of the subject wells and units.

(14) 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.

(15) 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 120% thereof as a reasonable charge for the risk involved in the drilling of the well.

(16) 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.

(17) 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.

(18) That \$125.00 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 wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(19) That all proceeds from production from the subject wells 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.

(20) That upon the failure of the operator of said pooled units to commence the drilling of the well to which the unit is to be dedicated on or before September 20, 1973, that portion of the order pooling said unit should become null and void and of no effect whatsoever.

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Case Nos. 4955, 4956 and 4957
Order No. R-4560

IT IS THEREFORE ORDERED:

(1) That the application of Pierce and Dehlinger for each and every one of the proposed non-standard proration units described in Findings (2), (3), and (4) of this order is hereby denied.

(2) That all mineral interests, whatever they may be, in the Vada-Pennsylvanian Pool underlying the NE/4 of Section 13, the SE/4 of Section 13, and the NE/4 of Section 24, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico, are hereby pooled to form three standard 160-acre oil spacing and proration units to be dedicated to wells to be drilled in Unit H and P of said Section 13 and Unit H of said Section 24, respectively.

PROVIDED HOWEVER, that the operator of said units shall commence drilling the first of said wells on or before the 30th day of September, 1973, and shall thereafter continue the drilling of said wells with due diligence to a depth sufficient to test the Vada-Pennsylvanian Pool, allowing not more than 90 days to elapse between the completion of one well and the commencement of the next.

PROVIDED FURTHER, that in the event said operator does not commence the drilling of the first of said wells on or before the 30th day of September, 1973, Order (2) of this order shall be null and void and of no effect whatsoever as to that specific well and unit.

PROVIDED FURTHER, that should any one or more of said wells 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 (2) of this order should not be rescinded as to that specific well and unit.

(3) That Pierce and Dehlinger are hereby designated the operators of each of the subject wells and units.

(4) That the operators shall furnish the Commission and each known working interest owner in each separate unit an itemized schedule of estimated well costs at least 30 days but no more than 45 days prior to commencing said well on said unit.

(5) 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.

(6) That the operator shall furnish the Commission and each affected known working interest owner an itemized schedule of actual well costs within 90 days following completion of each 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.

(7) 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.

(8) That for each individual well and unit 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, 120% 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.

(9) That for each individual well and unit the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(10) That for each individual well and unit \$125.00 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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Case Nos. 4955, 4956 and 4957
Order No. R-4560

(11) That for each individual well and unit 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.

(12) That for each individual well and unit 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.

(13) That for each individual well and unit 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.

IT IS FURTHER ORDERED:

(1) That all mineral interests, whatever they may be, in the Vada-Pennsylvanian Pool underlying the SW/4 of Section 13, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard oil spacing and proration unit to be dedicated to applicant's Sheridan Well No. 1 located in Unit M of said Section 13.

(2) That Pierce and Dehlinger are hereby designated the operators of the subject well and unit.

(3) That \$125.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is authorized to withhold from production the proportionate share of the charges for supervision and the actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(4) 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.

(5) 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.

-7-

Case Nos. 4955, 4956 and 4957
Order No. R-4560

(6) 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.

(7) 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, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

Case 5277

Grant extension of time in which
to start 3rd well covered by
Order R4560 - Ry & equipment supply
problems

Grant relief requested relative
to filing schedule of well costs,
determination of participation, and
14 days notice to pay up.

The original order and the
two separate applications
have some good potential
findings - good faith effort -
unavoidable delay - need for
flexibility in ~~and~~ requiring
submission of ~~the~~ working interest #.

Dockets Nos. 19-74 and 20-74 are tentatively set for hearing on July 16 and July 24. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 19, 1974

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

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

CASE 5256: Application of Monsanto Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to plug back its Arco Federal Well No. 2 located 990 feet from the North line and 2310 feet from the East line of Section 13, Township 21 South, Range 26 East, Burton Flats Field, Eddy County, New Mexico, to a depth of 9314 feet and to set a whipstock and directionally drill said well in such a manner as to bottom it in the Morrow formation within a 50-foot radius of a point 660 feet from the North line and 1980 feet from the East line of said Section 13.

CASE 5257: Application of Mobil Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 12 Com Well No. 1 to be drilled to the Morrow formation at a point 1300 feet from the South line and 660 feet from the East line of Section 12, Township 21 South, Range 26 East, Eddy County, New Mexico, the E/2 of said Section 12 to be dedicated to the well.

CASE 5258: Application of Texas Pacific Oil Company for two waterflood projects and downhole commingling or dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" Act. 1 Well No. 42 located in Unit A of Section 4, Township 23 South, Range 36 East, Lea County, New Mexico, for the purpose of injecting water into the Upper Seven-Rivers formation of the Jalmat Pool and the Lower Seven-Rivers formation of the Langlie-Mattix Pool for the purpose of secondary recovery. Applicant further seeks approval for the downhole commingling in the wellbore of Jalmat and Langlie-Mattix production in the off-setting wells Nos. 44, 45, and 87, located in Units B, H, and G, respectively, of said Section 4; in the alternative applicant seeks approval for the dual completion of the aforesaid three wells to produce oil from said pools through parallel strings of tubing.

CASE 3608: (Reopened)

In the matter of Case No. 3608 being reopened pursuant to the provisions of Order No. R-3282, which order established temporary rules for the Carlsbad Permo-Penn Gas Pool, Eddy County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

- CASE 5259: Application of Read & Stevens, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for a well proposed to be drilled 660 feet from the South line and 990 feet from the East line of Section 30, Township 20 South, Range 25 East, Eddy County, New Mexico, in exception to the pool rules for the Indian Basin-Morrow Gas Pool or the Cemetary-Morrow Gas Pool, whichever is applicable.
- CASE 5260: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit R & G Drilling Company and all other interested parties to appear and show cause why Order No. DC-1026, which authorized dual completion in the Blanco-Mesaverde and Basin-Dakota Pools, should not be rescinded and the Hammond Well No. 47 located in Unit K, Section 35, Township 27 North, Range 8 West, San Juan County, New Mexico, be recompleted as a single zone well.
- CASE 5261: Application of Amerada Hess Corporation 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 openhole interval from 11,160 feet to 11,230 feet of its H. C. Posey "A" Well No. 1 located in Unit O of Section 11, Township 12 South, Range 32 East, East Caprock-Devonian Pool, Lea County, New Mexico.
- CASE 5262: Application of Petro-Lewis Corporation for pool contraction, creation, and special pool rules, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Media-Entrada Oil Pool by the deletion of the NW/4 of Section 22, Township 19 North, Range 3 West, Sandoval County, New Mexico, and the creation of a new pool for Entrada production comprising said lands. Applicant further seeks the promulgation of special rules for said pool, including a provision for 160-acre proration units and the establishment of a special depth bracket allowable for said pool of up to 750 barrels per day.
- CASE 5263: Application of Reading & Bates Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for a well proposed to be drilled at a point 660 feet from the South and West lines of Section 8, Township 18 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 8 to be dedicated to the well.
- CASE 5251: (Continued from the June 5, 1974, Examiner Hearing)
- Application of Pierce & Dehlinger for the Amendment of Order No. R-4560, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4560 to provide for an extension of time in which to comply with the schedule set forth in said order for the drilling and completion of the third well covered by said order, to be located in the NE/4 of Section 24, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.

Docket No. 15-74

Dockets Nos. 17-74 and 18-74 are tentatively set for hearing on June 19 and July 10. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 5, 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 5249: Application of Read & Stevens, Inc., for Pool Extension, Eddy County, New Mexico. Applicants, in the above-styled cause, seek the extension of the Cemetery-Morrow Gas Pool to include therein all of Sections 20, 29, and 30, Township 20 South, Range 25 East, Eddy County, New Mexico.

CASE 5250: Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Allied "A" Com Well No. 1 located in Unit N of Section 22, Township 20 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce oil from the Bone Spring formation through the tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

CASE 5251: Application of Pierce & Dehlinger for the Amendment of Order No. R-4560, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4560 to provide for an extension of time in which to comply with the schedule set forth in said order for the drilling and completion of the third well covered by said order, to be located in the NE/4 of Section 24, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.

CASE 5252: Application of Roger C. Hanks for the Amendment of Order No. R-4158, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Order No. R-4158 which authorized use of applicant's Foster Well No. 1, located in Unit D of Section 5, Township 20 South, Range 25 East, Eddy County, New Mexico, as a salt water disposal well with injection through 2 3/8-inch plastic lined tubing set in a packer at 10,000 feet. Applicant seeks authority to dispose through 2 7/8-inch non-plastic lined tubing set in a packer at 10,000 feet.

CASE 5253: Application of The Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Superior Federal Well No. 3 to be drilled to the Morrow formation at a point 660 feet from the South and West lines of Section 4, Township 20 South, Range 29 East, Eddy County, New Mexico.

CASE 5254: Southeastern nomenclature case calling for the creation, abolishment, and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Forty Niner Ridge-Morrow Gas Pool. The discovery well is the Skelly Oil Company Forty Niner Ridge Unit Well No. 1 located in Unit J of Section 16, Township 23 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 16: S/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Kennedy Farms-Morrow Gas Pool. The discovery well is the Hanson Oil Corporation Kennedy Farms Com Well No. 1 located in Unit F of Section 34, Township 17 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 34: N/2

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Logan Draw-Wolfcamp Gas Pool. The discovery well is the Amoco Production Company Arco Federal Gas Com Well No. 1 located in Unit L of Section 26, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 26: SW/4

(d) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Los Medanos-Morrow Gas Pool. The discovery well is the Belco Petroleum Corporation James Ranch Unit Well No. 3 located in Unit J of Section 1, Township 23 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 1: E/2

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 6: W/2

(e) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Los Medanos-Strawn Gas Pool. The discovery well is the Belco Petroleum Corporation James Ranch Unit Well No. 3 located in Unit J of Section 1, Township 23 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 1: E/2

(f) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Malaga-Morrow Gas Pool. The discovery well is the Phillips Petroleum Company Malaga A Well No. 1 located in Unit L of Section 2, Township 24 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 1: W/2

(g) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Quahada Ridge-Morrow Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 38 located in Unit C of Section 34, Township 21 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 34: N/2

(h) Abolish the Chambers-Wolfcamp Pool in Lea County, New Mexico, described as:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 26: SW/4
Section 35: N/2 and SW/4

(i) Extend the Townsend-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 26: SW/4
Section 35: N/2 and SW/4

(j) Extend the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 11: N/2

(k) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 15: SE/4
Section 22: E/2 NE/4, SW/4 NE/4 and
NE/4 SE/4

(l) Extend the Hare-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 27: W/2
Section 28: S/2

Examiner Hearing - Wednesday - June 5, 1974

Docket No. 15-74

-4-

(m) Extend the Humble City-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 15: NE/4

(n) Extend the Sawyer-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 24: SW/4

(o) Extend the North Shoebar-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 7: SE/4

(p) Extend the Townsend-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 14: All

Jan

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following public hearing to be held at 9 o'clock a.m. on AUGUST 21, 1974, at the Oil Conservation Commission Conference Room, State Land Office Building, Santa Fe, New Mexico, before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner, both duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian, whether or not so stated.)

CASE 5294:

Application of Shenandoah Oil
Corporation for a buffer zone allowable,
Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks the assignment of a special buffer zone allowable to its Gissler "A" Wells Nos. 1 and 3, located 430 feet from the North line and 1720 feet from the West line, and 1320 feet from the North line and 2310 feet from the West line, respectively, of Section 23, Township 17 South, Range 30 East, Grayburg Jackson Pool, Eddy County, New Mexico. These wells offset an active waterflood project and have received an apparent response to water injection.

CASE 5295:

Application of Amoco Production Company
for a non-standard proration unit and
simultaneous dedication, Lea County,
New Mexico.

Applicant, in the above-styled cause, seeks approval for a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 24, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Gillully Federal Gas Com Well No. 4 and its Gillully "A" Federal Well No. 7 located in Units B and O, respectively, of said Section 24.

CASE 5296:

Application of Texaco Inc. for
downhole commingling, Lea County,
New Mexico.

Applicant, in the above-styled cause, seeks authority to commingle Vacuum-Upper Pennsylvanian production with the presently commingled North Vacuum-Abo and North Vacuum-Wolfcamp production in the wellbore in its New Mexico "Q" State Well No. 4 located in Unit P of Section 25, Township 17 South, Range 34 East, Vacuum Field, Lea County, New Mexico.

CASE 5297:

Application of Exxon Corporation
for a non-standard 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 of Section 35, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Eumont Gas Com 3 Well No. 1 and its Fopeano Federal A/C Well No. 7, located in Units A and G, respectively, of said Section 35.

CASE 5298:

Application of General American Oil Company
of Texas for compulsory pooling, Eddy County,
New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 29, Township 17 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. 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 5299:

Application of Coquina Oil Corporation
for compulsory pooling, Eddy County,
New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 23, Township 22 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. 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 5300:

Application of Mesa Petroleum Company
for compulsory pooling, Lea County,
New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 7, Township 16 South, Range 36 East, North Shoe Bar-Wolfcamp Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 555 feet from the South line and 2085 feet from the East line of said Section 7. 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.

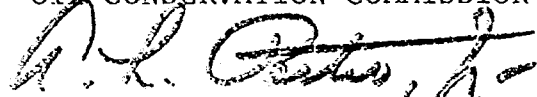
CASE 5301:

Application of Cleary Petroleum
Corporation for a unit agreement,
Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval of the
Quarry Unit Area comprising 5177 acres, more or less, of Fee and
Federal lands in Township 22 South, Range 32 East, Lea County, New
Mexico.

GIVEN under the seal of the New Mexico Oil Conservation
Commission at Santa Fe, New Mexico, on this 1st day of August,
1974.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



A. L. PORTER, Jr., Secretary-Director

S E A L

<p>Cit Serv 3-15-76 K 5775 1515 Burlington Huff Pure St. TD 4622 O/A 2-5-65</p> <p>11</p> <p>Coastal States "Pure St." TD 12,480 D/A 5-10-63</p> <p>State</p>	<p>Del-Apache 12-7-75</p> <p>Del-Apache 12-7-75</p> <p>A.B. Caldwell M.I.</p> <p>Del-Apache 12-9-75</p> <p>Del-Apache 12-3-75</p> <p>Del-Apache 12-15-75</p> <p>J.R. Cerver M.I.</p> <p>Magnolia Johnson TD 12,828 D/A 8-14-66</p> <p>S.P. Johnson M.I.</p> <p>Jane D. Dickinson M.I.</p> <p>Robert W. Duncan S.E. M.I.</p>	<p>3848A Midwest 4-8-73</p> <p>Del-Apache 1-1-81</p> <p>Del-Apache Sun 7-1-73</p> <p>12848 U.S. M.I. HBC US M.I.</p> <p>3861A Apache Expl. Young Fed.</p> <p>0111 Ainsworth M.I.</p> <p>3866A Apache Expl. Keohane</p> <p>3861A Apache Expl. Keohane</p> <p>3895 S.E. Cone, M.I.</p> <p>L.N. Waldrip, 1/4 M.I.</p> <p>R.W. Duncan (S)</p> <p>J.H. Moore 5-6-72 HBC Dov. 4.4</p> <p>Del-Apache S 1-75 0556873 U.S. M.I.</p> <p>J.H. Moore 5-6-72 A.H. Price, S</p>
<p>Hardin Zimmerman 3-1-82 15027</p> <p>King Res. 13-15-73 Jane D. Sheridan M.I.</p> <p>J.L. Pierce 16-9-75 5-12-74 Exchange O.G. M.I.</p> <p>4-Humble HBP (6-12-74 11-10-73)</p> <p>Kern Co. Ld. 1/2</p> <p>Agnes Robinson M.I.</p> <p>U.S. M.I.</p> <p>Exalee Howard</p>	<p>King Resources 3-15-73</p> <p>Jane De Vere Sheridan M.I.</p> <p>Midwest 12-16-73</p> <p>J.L. Pierce 6-9-75</p> <p>Exchange O.G. 1/2 M.I.</p> <p>13-King Resources 3-15-73</p> <p>J.P. Pierce 11-10-73</p> <p>Jane De Vere Sheridan M.I.</p> <p>South King Res C. Disc. Sheridan (C.E. Neeley 11-10-73)</p> <p>Exchange O.G. 1/2 M.I.</p> <p>Robert W. Duncan (S)</p>	<p>3871A Read E. Stevens P125</p> <p>3874A "Gray" Read E. Stevens 1/4 M.I.</p> <p>3874A Lovie L. Gray M.I.</p> <p>3874A Robert W. Duncan (S)</p> <p>3874A Read E. Stevens 12-22-71</p> <p>3874A etal P110 Jane De Vere Sheridan Dickinson M.I.</p> <p>3898A "Duncan Comm" R.W. Duncan (S.E. 1/2 M.I.)</p> <p>Midwest 2-B P175</p> <p>1-B</p> <p>Vada Lee Pruitt, etal</p>
<p>South-west Prod.</p> <p>(Humble) S. Boren etal to 9884</p> <p>Agnes Robinson (Kern Co. Ld. 1/2)</p> <p>Abc. Disc. #172</p> <p>J.C. Ainsworth</p> <p>Sam Boren Ainsworth TD 355</p> <p>23-Monterey Ainsworth to 9884 (D/A 8-22-59) P/B 9822</p> <p>Midwest 1-1-C (34-13)</p> <p>Ainsworth Gober Rch's. Inc. (S)</p>	<p>King Resources 1-1-A "Sheridan"</p> <p>Jane D. Dickinson, M.I.</p> <p>King Resources 9-18-70</p> <p>J.L. Pierce 6-12-74</p> <p>Midwest 6-20-74 6-20-73</p> <p>Exchange O.G. M.I.</p> <p>Robt. W. Duncan</p> <p>24-Midwest 1-29-73</p> <p>Rebel 2-16-75</p> <p>J.D. Dickinson M.I.</p> <p>King Resources 2-18-74</p> <p>Exchange O.G. M.I.</p> <p>Ainsworth Gober Rch's. Inc. (S) S 1/2</p>	<p>3871A (Midwest) HBP</p> <p>3871A Read E. Stevens Sheridan</p> <p>3871A Jane De Vere Sheridan Robert W. Duncan, S</p> <p>3871A Read E. Stevens HBP</p> <p>3871A Robt W. Duncan S</p> <p>3871A Midwest 11-1-76</p> <p>3871A Jane De Vere Sheridan M.I.</p> <p>3871A Read E. Stevens 3-23-72</p> <p>3871A Robt W. Duncan S</p> <p>3871A Exalee Howard, etal</p> <p>19-Read E. Stevens</p> <p>Read Ainsworth TD 9882 D/A 12-8-67</p> <p>"Ainsworth" Belle Norton, 1/2 M.I.</p> <p>F320</p>

Received June 27, 1974

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF PIERCE &)
DEHLINGER TO REOPEN CASE)
NO. 4957 FOR MODIFICATIONS)
TO ORDER NO. R-4560.)

No. 5277

A P P L I C A T I O N

Comes now Pierce & Dehlinger, a partnership, by its attorneys, and applies to the New Mexico Oil Conservation Commission for an amendment to Order No. R-4560, and in support of its application states:

1. On June 25, 1973, this Commission entered its Order for compulsory pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the Northeast Quarter of Section 13, the Southeast Quarter of Section 13 and the Northeast Quarter of Section 24, all in Township 9 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

2. The Order entered by this Commission, in paragraph (2) of that Order, contained provisos outlining drilling and completion schedules for the three standard 160-acre tracts.

3. Applicant has complied with the drilling schedules for the wells in the Northeast Quarter of Section 13 and the Southeast Quarter of Section 13, Township 9 South, Range 33 East, N.M.P.M., Lea County, New Mexico. Due to a shortage of materials, specifically well-casing, Applicant is informed and believes and therefore states that it will be unable to comply with the drilling and completion schedule for the well to be located in the Northeast Quarter of Section 24, Township 9 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

DUCKET MAILED

Date 7-12-74

4. The Order entered by the Commission, in paragraph (4) of that Order, contains provisos requiring Applicant to furnish the Commission and each known working interest owner in each of the above described units an itemized schedule of estimated well costs at least 30 days, but not more than 45 days, prior to commencing said well on said unit. Again, due to the shortage of materials as well as the uncertainty and unavailability of obtaining the necessary drill rigs to commence the drilling of said wells, Applicant is informed and believes and therefore states that the requirements of said paragraph (4) of the Order are unduly burdensome, and requests an amendment which Applicant believes will be fair to all working interest owners.

WHEREFORE, Applicant respectfully requests that this Commission amend its Order No. R-4560, specifically paragraph (4) thereof, to require Applicant as operator to furnish the Commission and each known working interest owner in the unit to be drilled an itemized schedule of estimated well costs, and that said working interest owners within 30 days after receipt of the schedule shall notify Applicant whether or not they intend to participate in the estimated well costs and pay their pro rata share of same. Applicant further requests the Commission to amend the Order to require those working interest owners who agree to pay their pro rata share of the well costs to pay the same to Applicant no more than 14 days after said working interest owners have been notified that Applicant has a drilling rig available and intends to commence drilling. In any event, Applicant shall be required to commence drilling no more than 90 days after the termination of the 30-day period in which the

working interest owners must decide whether or not they will bear their pro rata share of the estimated well costs.

Applicant further requests the Commission for administrative approval of any extension of time in the event it becomes impossible to comply with the 90-day requirement for drilling due to the unavailability of materials and equipment with which to commence drilling.

Applicant asks that this matter be advertised for hearing before one of the Commission's examiners at the next regularly scheduled examiner hearing.

The names and addresses of any person who may have an interest in the subject property appear attached to an affidavit filed in New Mexico Oil Conservation Cases Nos. 4955, 4956 and 4957.

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL

By 

P.O. Box 2307

Santa Fe, New Mexico 87501

Attorneys for Applicant

RECEIVED

MAY 13 1974

OIL CONSERVATION COMMISSION

Case 5251

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF PIERCE &)
DEHLINGER TO REOPEN CASE)
NO. 4957 FOR MODIFICATIONS)
TO ORDER NO. R-4560.)

No. 4957

A P P L I C A T I O N

Comes now Pierce & Dehlinger, a partnership, by its attorneys and applies to the New Mexico Oil Conservation Commission for an amendment to Order No. R-4560 and in support of its application states:

1. On June 25, 1973, this Commission entered its Order for compulsory pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the Northeast Quarter of Section 13, the Southeast Quarter of Section 13 and the Northeast Quarter of Section 24 all in Township 9 South, Range 33 East N.M.P.M., Lea County, New Mexico.

2. The Order entered by this Commission, in Paragraph 2 of that Order, contained provisos outlining drilling and completion schedules for the three standard 160 acre tracts.

3. Applicant has complied with the drilling schedules for the wells in the Northeast Quarter of Section 13 and the Southeast Quarter of Section 13, Township 9 South, Range 33 East, N.M.P.M., Lea County, New Mexico. Due to a shortage of materials, specifically well-casing, Applicant is informed and believes and therefore states that it will be unable to comply with the drilling and completion schedule for the well to be located in the Northeast Quarter of Section 24, Township 9 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

WHEREFORE, Applicant asks that this Commission amend its Order No. R-4560 and grant to Applicant an extension of time until materials become available for the drilling and completion or abandonment of its well to be located in the Northeast

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DOCKET MAILED

Date 6-7-74

Date 5-23-74

Quarter of Section 24, Township 9 South, Range 33 East, N.M.P.M.,
Lea County, New Mexico.

Applicant asks that this matter be set for hearing before
one of the Commission's examiners at the next regularly scheduled
examiner hearing.

The names and addresses of any persons who may have an interest
in the subject property appear attached to an affidavit filed
in New Mexico Oil Conservation Cases Nos. 4955, 4956 and 4957.

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL

By *G. B. Buell*
Post Office Box 2307
Santa Fe, New Mexico 87501
Attorneys for Applicant