

CASE 5603: BURLESON & HUFF FOR
COMPULSORY POOLING, NON-STANDARD
PRORATION UNIT, UNORTHODOX LOCA-
TION, LEA COUNTY, NEW MEXICO

CASE NO.

5603

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
April 21, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

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

Re: CASE NO. 5603
ORDER NO. R-5202

Applicant:

Burleson and Huff

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

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. 5603
Order No. R-5202

APPLICATION OF BURLESON & HUFF
FOR COMPULSORY POOLING, A NON-
STANDARD GAS PRORATION UNIT, AND
AN UNORTHODOX LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 20, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of April, 1976, 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, Burleson & Huff, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, and establishing said 160-acre tract as a non-standard gas proration unit for said pool.

(3) That the applicant also seeks the pooling of all mineral interests in the Langlie-Mattix Pool underlying each of the following tracts in said Section 35 to form three standard 40-acre oil proration units:

the NE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35;

the SE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North and West lines of said Section 35; and

the SW/4 NW/4, to be dedicated to a well to be drilled on said tract at a standard Langlie-Mattix Pool location.

(4) That the applicant also seeks authority, in the event re-entry into the aforesaid Dabbs Well No. 1 or Dabbs Well No. 3 is unsuccessful, to drill and complete a replacement well for such unsuccessful re-entry, and to dedicate the appropriate 40-acre tract thereto.

(5) That the applicant further seeks to dedicate the 160-acre tract described in Finding No. (2) above to its Dabbs Well No. 1 or to its Dabbs Well No. 3, or to the replacement well thereof, or to the new well which is proposed to be drilled in the SW/4 NW/4 of said Section 35, after determining which of said wells is to be dually completed to produce gas from the Jalmat Gas Pool and oil from the Langlie-Mattix Pool.

(6) That the applicant has the right to drill or re-enter as described above, and proposes to do so.

(7) That there are interest owners in the proposed 160-acre gas proration unit and the three 40-acre oil proration units who have not agreed to pool their interests.

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the hydrocarbons in the Jalmat Gas Pool and the Langlie-Mattix Pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

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

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

(11) 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 150 percent thereof as a reasonable charge for the risk involved in the drilling or recompletion of the wells.

(12) 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.

(13) 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.

(14) That \$600.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) while drilling or recompleting operations are in progress on a well, and that \$100.00 per month per well should be fixed as a reasonable charge for supervision while producing; that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(15) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(16) That the applicant should be allowed 90 days after date of entry of this order in which to commence operations on the first of the subject wells; that it should be allowed 120 days after commencement of operations on any of said wells within which to complete such operations; and that it should be allowed 120 days after completion of operations on one well within which to commence operations on the next.

(17) That upon failure of applicant to comply with any part of the time schedule hereinabove described, unless extension thereto has been granted by the Commission for good cause shown, this order should become null and void as to the remainder of the well or wells, or unit or units, involved.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a non-standard 160-acre gas spacing and proration unit.

(2) That all mineral interests, whatever they may be, in the Langlie-Mattix Pool underlying the NE/4 NW/4 of the aforesaid Section 35 are hereby pooled to form a standard 40-acre oil proration unit to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and

-4-

Case No. 5603
Order No. R-5202

2310 feet from the West line of said Section 35, or in the event re-entry of said well is unsuccessful, to a new well to be drilled at a standard Langlie-Mattix location on said 40-acre tract.

(3) That all mineral interests, whatever they may be, in the Langlie-Mattix Pool underlying the SE/4 NW/4 of the aforesaid Section 35 are hereby pooled to form a standard 40-acre oil proration unit to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North line and 1980 feet from the West line of said Section 35, or in the event re-entry of said well is unsuccessful, to a new well to be drilled at a standard Langlie-Mattix location on said 40-acre tract.

(4) That all mineral interests, whatever they may be, in the Langlie-Mattix Pool underlying the SW/4 NW/4 of the aforesaid Section 35 are hereby pooled to form a standard 40-acre oil proration unit to be dedicated to a well to be drilled at a standard Langlie-Mattix location on said 40-acre tract.

(5) That the 160-acre non-standard gas proration unit approved and pooled by Order No. (1) above shall be dedicated to one of the wells described in Orders Nos. (2), (3), and (4) above, provided that said well has been dually completed to produce from the Jalmat Gas Pool and from the Langlie-Mattix Pool and the dual completion thereof has been approved by the Commission.

(6) That the location of the Dabbs Well No. 1, described in Order No. (2) above, is hereby approved as an unorthodox Jalmat Gas Pool location in the event that said Dabbs Well No. 1 becomes the dedicatory well for the 160-acre gas proration unit herein approved and pooled.

(7) That Burleson & Huff is hereby designated the operator of the above-described wells and units.

(8) That the operator shall select the sequence in which operations are carried out on each of the pooled units and the wells thereon.

(9) That the operator shall commence drilling or re-entry operations on the first of the above-described three wells on or before the 19th day of July, 1976, and shall thereafter continue such operations with due diligence to completion or abandonment.

PROVIDED HOWEVER, that in the event said operator does not commence drilling or re-entry operations on said well on or before the 19th day of July, 1976, Order (1) of this order shall be null and void and of no effect whatsoever, unless

said operator obtains a time extension from the Commission for good cause shown.

(10) That within 120 days following completion of said first well, operator shall commence operations on the second of the three herein authorized wells and within 120 days following completion thereof, shall commence operations on the third of said wells.

PROVIDED HOWEVER, that in the event operator fails to complete operations on any of said wells within 120 days after commencement thereof, or if operator fails to commence operations on the next well within 120 days after completing operations on the preceding well, this order shall become null and void as to any unit upon which such delinquent well is located and any other unit or units upon which wells succeeding such delinquent well are located, unless the Commission, for good cause shown, has granted an extension of time for commencement or completion of operations.

(11) That after the effective date of this order and within 30 days prior to commencing operations on the first of the herein authorized wells, and within 30 days prior to commencing operations on each of the succeeding wells, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(12) That within 30 days from the date the schedule of estimated well costs for each well 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.

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

(14) That within 60 days following determination of reasonable well costs for each well, 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

-6-

Case No. 5603

Order No. R-5202

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.

(15) That the operator is hereby authorized to withhold the following costs and charges from production from each of the herein authorized wells:

(A) The pro rata share of that well's 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 or recompletion of the well, 150 percent of the pro rata share of that well's 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.

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

(17) That \$600.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) of each of the herein authorized wells while drilling or recompletion operations are in progress, and that \$100.00 per month is hereby fixed as a reasonable charge for supervision of each well while producing; 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 each such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(18) 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.

(19) 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-

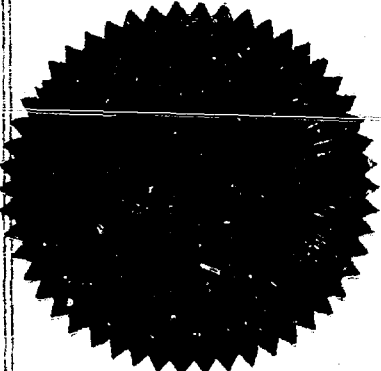
Case No. 5603
Order No. R-5202

(20) That all proceeds from production from each of the subject wells 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.

(21) 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



Phil R. Lucero

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 7, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Burleson and Huff for
compulsory pooling, a non-standard gas
proration unit, and an unorthodox
location, Lea County, New Mexico.

CASE
5603

Application of Burleson and Huff for a
waterflood project, Lea County,
New Mexico.

CASE
5604

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

For the Applicant:

Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

1 MR. STAMETS: The hearing will please come to
2 order.

3 At this time we will call Case 5603, being the
4 application of Burleson and Huff for compulsory pooling, a
5 non-standard gas proration unit and an unorthodox location,
6 Lea County, New Mexico.

7 MR. KELLAHIN: If the Examiner please, I would
8 request that both Case 5603 and Case 5604, the application
9 of Burleson and Huff for a waterflood project be continued to
10 the next Examiner hearing.

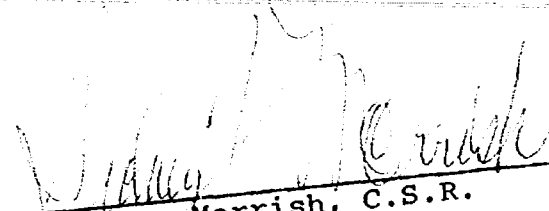
11 MR. STAMETS: Case Number 5603 and Case 5604 will
12 be continued to the next Examiner hearing.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

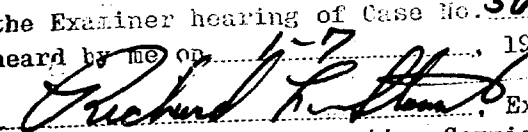
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5603-5604
heard by me on 7-7, 19 76.

Richard R. Stone, Examiner
New Mexico Oil Conservation Commission

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 20, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Burleson and Huff for) CASE
compulsory pooling, a nonstandard gas) 5603
proration unit, and an unorthodox loca-) (Cont.)
tion, Lea County, New Mexico.)

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

For the Applicant: Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 2

I N D E X

	<u>Page</u>
<u>JACK HUFF</u>	
Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Nutter	13

EXHIBIT INDEX

	<u>Page</u>
Applicant's Exhibit No. One, Land Map	10
Applicant's Exhibit No. Two, Plat	10
Applicant's Exhibit No. Three, Cost Estimate	10
Applicant's Exhibit No. Four, Cost Estimate	10
Applicant's Exhibit No. Five, Cost Estimate	10
Applicant's Exhibit No. Six, Letter & Return Receipts	-

1 MR. NUTTER: We will call Case 5603.

2 MR. CARR: Case 5603 continued from the January 7,
3 1976 Examiner Hearing. Application of Burleson and Huff for
4 compulsory pooling, a nonstandard gas proration unit, and
5 an unorthodox location, Lea County, New Mexico.

6 MR. KELLAHIN: If the Commission please, Jason
7 Kellahin of Kellahin and Fox, Santa Fe, appearing for the
8 applicant. We have one witness.

9 (THEREUPON, the witness was duly sworn.)

10
11 JACK HUFF

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

14
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you state your name, please?

18 A Jack Huff.

19 Q What business do you engage in, Mr. Huff?

20 A Oil operations, partner in Burleson and Huff.

21 Q Are you a partner in Burleson and Huff?

22 A Yes, sir.

23 Q Have you ever testified before the Oil Conservation
24 Commission before?

25 A Yes, I have.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 4

1 Q And made your qualifications a matter of record?

2 A Yes, sir.

3 MR. KELLAHIN: Are the witness's qualifications
4 acceptable?

5 MR. NUTTER: Yes, they are.

6 Q (Mr. Kellahin continuing.) Mr. Huff, are you
7 familiar with the application of Burleson and Huff in Case
8 5603?

9 A I am.

10 Q What is proposed by the applicant in this case?

11 A We propose to force pool three locations in the
12 northwest quarter of Section 35, which is in Township 25
13 South, Range 37 East, Lea County. The locations are the
14 northeast quarter of the northwest quarter and the southeast
15 quarter of the northwest quarter and the southwest quarter
16 of the northwest quarter of Section 35.

17 Our first proposed location will be in the northeast
18 quarter of the northwest quarter and we will reenter the
19 Number 1 Dabbs well and attempt completion in the Queens
20 formation at a depth of about thirty-two hundred feet.

21 Do you want me to identify these?

22 Q Would you refer to what has been marked as Burleson
23 and Huff's Exhibit Number One and identify that, please?

24 A Yes, that's a copy of a land map which shows our
25 two proposed reentries, our acreage is colored in yellow and

1 the two proposed reentries are circled in red, being our
2 Numbers 1 and 3 Dabbs wells and our proposed drilling well,
3 our Number 4 well, is the location circled in green.

4 Q Now, referring to what has been marked as Exhibit
5 Number Two, would you identify that exhibit?

6 A Yes, that is a plat which shows the existing wells
7 in the northwest quarter of Section 35. The Number 2 well
8 shown there is a producing well which is presently operated
9 by us and we show the actual footage locations of the Numbers
10 1 and 3 wells on the plat.

11 Q Now, as to some of those locations, they would
12 be nonstandard for some formations, is that correct?

13 A Yes, the Number 1 well would be nonstandard in
14 the event that we should get a Jalmat gas well.

15 Q And you are asking approval for the location in
16 that event?

17 A Yes, as a nonstandard.

18 Q Now, is that the only nonstandard well you would
19 have?

20 A Yes, sir.

21 Q And the other wells would be standard for any
22 formation?

23 A The 3 and the 4 would be standard for Jalmat or
24 Queen either.

25 Q Part of these will be recompletions, is that correct?

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 A. Yes, the Numbers 1 and 3 wells will be recompletions.

2 Q. And your Number 2 well, are you presently drilling
3 it?

4 A. No, we are presently producing it.

5 Q. It has been drilled?

6 A. It has been drilled and it was drilled under a prior
7 forced pooling order of the Commission.

8 Q. Would the Commission have to change that forced
9 pooling order in light of this case?

10 A. No, because it applies now only to the forty-acre
11 tract surrounding the Number 2 well and we did not get a
12 Jalmat gas well in that entry.

13 Q. In the event that your recompletion efforts are not
14 successful, do you ask for approval of alternate locations?

15 A. Yes, we do.

16 Q. And what would they be, do you have any idea?

17 A. Well, on the Number 1 well we would move to a
18 standard six-sixty location in the center of the forty-acre
19 tract there in the northeast quarter of the northwest quarter.
20 In the event that we fail to be able to get to total depth on
21 the Number 3 well, we would probably move a hundred feet west
22 of that location.

23 Q. Now, you do ask for dedication of a hundred and
24 sixty acres to the Jalmat, is that correct?

25 A. Yes, sir.

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 7

1 Q Do you know which well would be the producing well
2 or would you have more than one well, possibly?

3 A It's possible we would have more than one and I can't
4 predict in advance which one would have the Jalmat gas in it.

5 Q But in no event would you produce in excess of the
6 allowable assigned to a hundred and sixty acres?

7 A No, sir.

8 Q Do you ask to be permitted to produce the allowable
9 from any well or wells in any proportion?

10 A Yes, sir, we do.

11 Q Now, you are asking for compulsory pooling in this
12 case, what efforts have you made to obtain voluntary agree-
13 ments?

14 A Well, we offered to purchase a lease from the non-
15 joining mineral owners. I might explain first that these are
16 mineral owners that are not joining with us, that are not
17 presently subject to any lease. And we offered to purchase a
18 lease from them and failed in that and then offered an
19 increased royalty for a short-term lease, that would be more
20 in the nature of a development and failed in that and asked
21 them to join with us in our operations and failed in that too.

22 Q So you have been unable to obtain voluntary agree-
23 ment?

24 A Yes, sir.

25 Q Have you made an estimate of the cost of drilling

1 the one well and the recompletion of the other wells?

2 A. Yes, I have.

3 Q Referring to what has been marked Exhibits Three,
4 Four and Five, would you discuss those exhibits, please?

5 A. Exhibit Number Three is our estimated cost for the
6 reentry of the Number 1 Dabbs well. It contains a little
7 short paragraph at the top of the page there, which sets out
8 briefly the well history and what we propose to do to it and
9 below that are our estimated cost figures, showing a total
10 estimated cost on that reentry of twenty-nine thousand, nine
11 hundred dollars.

12 Exhibit Number Four are estimated costs for the Dabbs
13 Number 3 reentry, with the same sort of set up insofar as
14 what's contained on that exhibit, as is contained on Exhibit
15 Number Three. Here the total estimated costs are twenty-eight
16 thousand, seven hundred and fifty dollars.

17 Exhibit Number Five, our estimated costs for the
18 drilling of the Number 4 Dabbs well, which will be drilled to
19 a depth of about thirty-four hundred feet, which is sufficient
20 to test the Queen sand and our estimated total there is ninety-
21 seven thousand, three hundred dollars.

22 Q In the event this unit is pooled, are you asking for
23 pooling all interests in the northwest quarter of Section 35?

24 A. Yes, we are.

25 Q And does Burleson and Huff ask to be designated as

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 the operator?

2 A. Yes, sir.

3 Q. Do you ask for a provision for the recovery of your
4 cost as to the individual wells?

5 A. Yes, we do.

6 Q. And the cost of supervision or drilling?

7 A. The cost of supervision and drilling and operating.

8 Q. What cost of supervision do you ask for?

9 A. For supervision while drilling, six hundred dollars
10 per month per well, for supervision of operating a producing
11 well, one hundred dollars per month per well.

12 Q. Are those the usual charges imposed by Burleson and
13 Huff?

14 A. Yes, sir, they are.

15 Q. Are they common to the area -- other operators?

16 A. We have found that they are, yes, sir.

17 Q. Do you ask for a risk factor in the drilling or
18 recompletion of these wells?

19 A. Yes, we do.

20 Q. What risk factor would you ask for?

21 A. Two hundred percent.

22 Q. On what would you base that, Mr. Huff?

23 A. Well, on the reentries, of course, you never know
24 what you will encounter there and sometimes they are a lot
25 more risky than you anticipate. In fact, often times you

sid morish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 10

1 wish you hadn't made a reentry but you wish you had just
2 drilled a new well to start with. Our estimate of costs, of
3 course, are about a third on the reentries of what they are
4 for the drilling well but it's all proportionate in terms
5 of dollars anyway insofar as actual loss that you might incur
6 on the risk, so we feel basically that the reentries are just
7 as risky, going into them, as the drilling well, except that
8 we don't really anticipate that they will cost as much.

9 Q In other words, you would be asking for two hundred
10 percent recovery on twenty-nine thousand, nine hundred on
11 the Number 1 well as opposed to two hundred percent on the
12 Number 4 well at ninety-seven thousand, three hundred dollars?

13 A Yes, sir.

14 Q Were Exhibits One through Five prepared by you or
15 under your supervision?

16 A Yes, they were.

17 MR. KELLAHIN: At this time I offer into evidence
18 Exhibits One through Five.

19 MR. NUTTER: Applicant's Exhibits One through Five
20 will be admitted into evidence.

21 (THEREUPON, Applicant's Exhibits One
22 through Five were admitted into evidence.)

23 MR. KELLAHIN: If the Examiner please, Exhibit
24 Number Six, Mr. Huff is not familiar with it. That is a
25 letter directed by me to the non-consenting owners with a

1 photo copy of the return receipts received, showing receipt of
2 the letter. I would like to offer it as an exhibit also.

3 MR. NUTTER: Are these the same parties that were
4 mentioned in your application?

5 MR. KELLAHIN: I believe so, yes, sir.

6 MR. NUTTER: Okay, we've got Crabb, Kite, Galeasy,
7 ^{Kyte Galesi}
^{Lyeth} Rooney and Lyette. Okay.

8 Q (Mr. Kellahin continuing) Now, Mr. Huff, are you
9 going to complete these wells all at once?

10 A No, we are asking that we be authorized to conduct
11 operations of one hundred and twenty days between wells so
12 we can handle our operations sucessively. We propose to
13 reenter the Number 1 Dabbs well first and go to the Number 3
14 Dabbs well and then drill our Number 4 Dabbs well.

15 Q And you ask for a period of a hundred and twenty
16 days between each well?

17 A Between each of these three wells, yes, sir.

18 Q And the completion date to --

19 A To the commencement of the operation of the next
20 well.

21 Q Would you be willing to inform the Commission of
22 the completion date of each of the wells?

23 A Yes, sir, we would. I might add that the reason
24 we ask for a hundred and twenty days is that it conforms to
25 our farmout with two of the mineral owners from whom we have

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 farmcut agreements. We have a hundred and twenty days between
2 wells from them too.

3 Q Now, do you ask for an administrative procedure
4 for extending that time in the event that it is necessary?

5 A Yes, we do.

6 Q Do you anticipate that there will be any dual
7 completions involved in these wells?

8 A I think there very well might be a dual completion
9 of Queens and Jalmat.

10 Q Do you ask for administrative procedure whereby
11 approval of this dual completion could be obtained without
12 the necessity for further hearing?

13 A Yes, sir.

14 Q And would the dual completion be made in a
15 conventional manner?

16 A Yes, it would.

17 Q In other words, produced through the tubing and under
18 a packer?

19 A Yes, sir.

20 Q And one zone through the annulus and one through
21 the tubing?

22 A We would produce the Yates through the annulus
23 and the Queens through the tubing.

24 Q In the same manner as the Commission has approved
25 for other dual completions?

1 A. Yes, sir.

2 MR. KELLAHIN: That's all I have of the witness
3 at this time.

4 MR. NUTTER: I believe there is an administrative
5 procedure for approval of such a dual completion. It would
6 be Langlie-Mattix and Jalmat, would it not?

7 A. Yes, sir, Langlie-Mattix and Jalmat.

8 MR. NUTTER: There is administrative procedure.

9
10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q First of all, Mr. Huff, Exhibit Number Five, which
13 is estimated cost for the Number 4 well. I think that
14 probably has some error in the description there. What would
15 the location of that well be?

16 A. Well, I think I will stay with this location as is
17 set out here. My partner who is a geologist, apparently wants
18 to hold that location.

19 Q Well, that would be an exceptional location. It is
20 thirteen twenty from the north line, for example, which is
21 right on the unit line and the Commission doesn't approve wells
22 like that and it has been advertised for a well in the -- let
23 me find it, this is such a lengthy ad -- and you are pooling
24 the southwest quarter, northwest quarter, to be dedicated to
25 a well to be drilled on said tract at a standard Langlie-Mattix

1 Pool location.

2 A. I believe that must just be an error in our
3 proposed location.

4 Q And I think looking at your Exhibit Number One that
5 it looks like that well may be nineteen eighty from the north
6 line and nine ninety from the west line?

7 A That's where we would like to put it, nineteen
8 eighty from the north line and nine ninety from the west line.

9 Q So then Exhibit Five should say -- change that
10 word "east" to "west".

11 A "East" to "west" and nineteen eighty on the thirteen
12 twenty.

13 Q Then change the thirteen twenty to nineteen eighty.
14 That would be a standard location, it would meet the adver-
15 tisement and correspond then to Exhibit One?

16 A Yes, sir. I apologize for the error.

17 Q Now, this cost estimate for the Number 4, that
18 is for a complete new well from surface to TD is that right?

19 A That's right, yes, sir.

20 Q Now, you have also said that in the event you can't
21 reenter the Number 1 or Number 3 successfully, that you would
22 drill a replacement well for those two wells?

23 A Yes, sir.

24 Q Would this cost estimate be applicable to those
25 two wells?

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 A Yes, sir, it would, it would be just the same cost.

2 Q So this could be for the replacement of Number 1,
3 Number 3 or a new well for Number 4?

4 A Yes, sir.

5 Q Okay, now, these parties that you mentioned and
6 that are covered by Exhibit Number Six, are they working
7 interest owners in the acreage?

8 A Well, in the sense that they have unleased minerals.
9 They are not owners of leases.

10 Q Do you own all of the working interest that has
11 been leased?

12 A Yes, sir.

13 Q And are these people also royalty owners then?

14 A Mineral and royalty. In other words fully
15 participating mineral owners that would be subject to their
16 share of the royalty in the event they leased.

17 Q And these are the same parties that were subject
18 to the hearing that was brought for the northwest of the
19 northwest and Order Number R-5040 was entered in it?

20 A Yes, sir, they are.

21 Q And has that well been put in production under the
22 provisions of that forced pooling order?

23 A Yes, it has. It is presently producing from the
24 Queen.

25 Q Now, your recommendations as to risk factor and

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 operating costs, overhead and such as that, are those similar
2 to the recommendations that were made and entered in the
3 Commission Order Number R-5040?

4 A. They are similar to the recommendations that we
5 made but I'm not sure that the two hundred percent conforms
6 to what was granted to us. Let me see. One hundred and
7 fifty percent.

8 Q And what is the overhead operating charge that
9 was permitted?

10 A. Six hundred and one hundred.

11 Q Six hundred. Is that satisfactory for this order?

12 A. Yes, sir.

13 Q You recommended two hundred in that previous case?

14 A. Yes, I did.

15 Q And the Commission allowed one hundred and fifty
16 percent?

17 A. One hundred and fifty, yes.

18 Q Then you are recommending two hundred percent here
19 also?

20 A. Yes, sir.

21 Q And six hundred dollars and one hundred dollars?

22 A. Yes, sir.

23 Q And you request a hundred and twenty days between
24 wells?

25 A. Yes, sir.

1 Q Now, these cost estimates, Mr. Huff, these are for
2 completing a well in the Queen formation of the Langlie-Mattix
3 Pool, with a pump and ready to produce, is that correct?

4 A Yes, sir.

5 Q In the event that one of these wells is dually
6 completed as a Jalmat, there would be some additional costs on
7 that, wouldn't there?

8 A Yes, sir, there would be.

9 Q Have you prepared any estimate of the dual completion
10 costs?

11 A I would give you an estimate, I don't have one
12 prepared.

13 Q Would you give us a rough estimate now and then
14 submit a detailed estimate which would be an amendment to
15 these exhibits in the event you get a dual completion?

16 A The rough estimate would be approximately six
17 thousand dollars.

18 Q Additional, above the costs shown here?

19 A Over and above the costs shown here, yes, sir.

20 Q At any rate, and that might be applicable to any
21 of the three wells?

22 A It could be, yes, sir.

23 Q Whichever ones would be dually completed?

24 A Yes, sir.

25 Q And would you furnish us with a description of

1 Q Now, these cost estimates, Mr. Huff, these are for
2 completing a well in the Queen formation of the Langlie-Mattix
3 Pool, with a pump and ready to produce, is that correct?

4 A Yes, sir.

5 Q In the event that one of these wells is dually
6 completed as a Jalmat, there would be some additional costs on
7 that, wouldn't there?

8 A Yes, sir, there would be.

9 Q Have you prepared any estimate of the dual completion
10 costs?

11 A I would give you an estimate, I don't have one
12 prepared.

13 Q Would you give us a rough estimate now and then
14 submit a detailed estimate which would be an amendment to
15 these exhibits in the event you get a dual completion?

16 A The rough estimate would be approximately six
17 thousand dollars.

18 Q Additional, above the costs shown here?

19 A Over and above the costs shown here, yes, sir.

20 Q At any rate, and that might be applicable to any
21 of the three wells?

22 A It would be, yes, sir.

23 Q Whichever ones would be dually completed?

24 A Yes, sir.

25 Q And would you furnish us with a description of

1 what that detailed cost would be?

2 A. Yes, I sure would.

3 MR. NUTTER: Are there any further questions of

4 Mr. Huff? He may be excused.

5 (THEREUPON, the witness was excused.)

6 MR. NUTTER: Do you have anything further, Mr.

7 Kellahin?

8 MR. KELLAHIN: No, sir.

9 MR. NUTTER: Does anyone have anything they wish

10 to offer in Case Number 5603? We will take the case under

11 advisement.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212


12
13
14
15
16
17
18
19
20
21
22
23
24
25

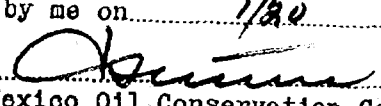
sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

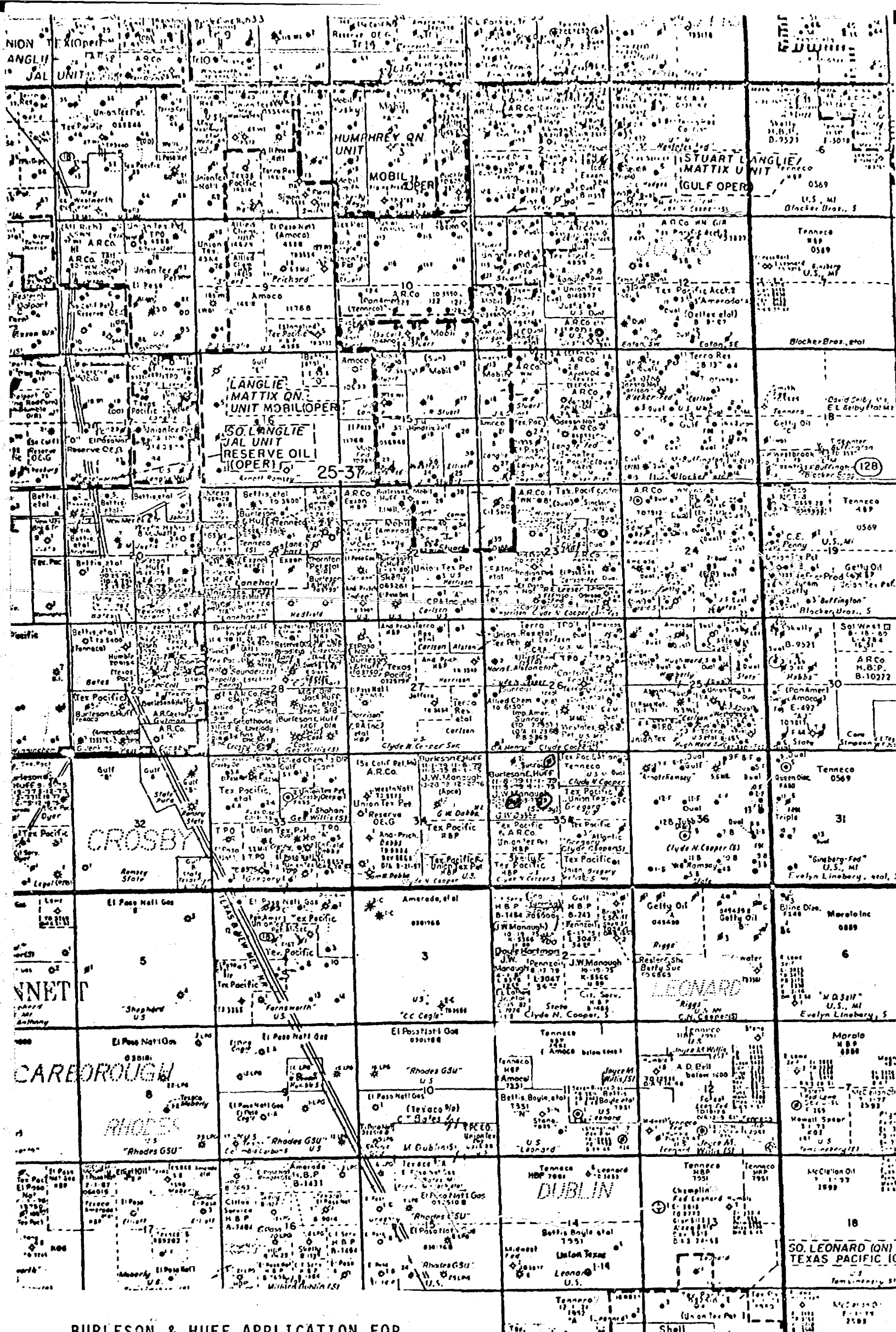
Page 19

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5603
heard by me on 1/20, 1976.
, Examiner
New Mexico Oil Conservation Commission

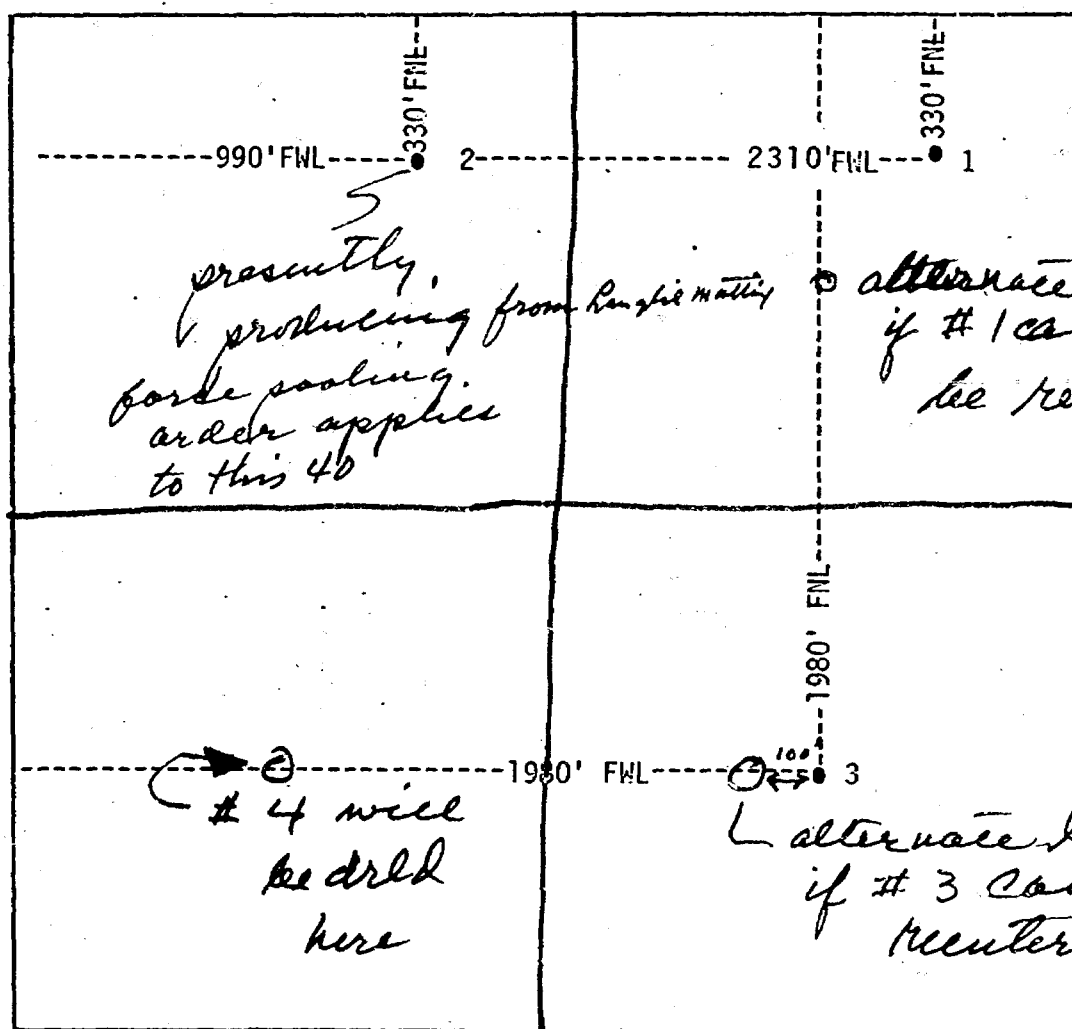


○ B & H Dabbs # 1 & # 3 Re-Entries

○ B & H Dabbs # 4 Drilling Well

①

BURLESON & HUFF DABBS LEASE



NW/4 Section 35
Township 25 South, Range 35 East
LEA COUNTY, NEW MEXICO

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Burleson & Huff EXHIBIT NO. 2

CASE NO. 5603

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. 2

ESTIMATED COSTS FOR BURLESON & HUFF DABBS # 1
RE-ENTRY

Originally drilled by Culbertson & Irwin in the NE/4 NW/4 of Section 35, to a TD of 3331'. Open holed with 6-5/8" pipe set at 2944'. This well was purchased by Sunray Oil Company, who set a liner from 2929' to 3320' with 125' perforated, exact interval not known, and treated with 20,000 gals Gel Water and 20,000# sand and tested 56 bbls of oil per day plus 72 bbls of water and 577 MCFGPD. This well has made 40,508 bbls of oil, which is somewhat smaller than the other producers in this area from the Queen Sand. We propose to clean out to a depth of 3300', log and re-perforate if necessary the producing section, acidize and chemically treat and put on production. There has never been a pumping unit put on this well.

The estimated well costs for the above operations are as follows:

INTANGIBLES:

Drill Out	\$ 3,000.00
Acidize	2,000.00
Unit for 5 days	2,000.00
Log and perforate	1,000.00
	<u>\$ 8,000.00</u>

TANGIBLES:

Pumping Unit	\$ 7,000.00
Rods	3,000.00
Tubing	4,000.00
Miscellaneous	3,000.00
	<u>\$17,000.00</u>

Supervision	\$ 1,000.00
-------------	-------------

TOTAL	\$26,000.00
+ 15% Contingency	<u>3,900.00</u>

GRAND TOTAL	\$29,900.00
-------------	-------------

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Burleson EXHIBIT NO. 3
Huff
CASE NO. 5603

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. 3

ESTIMATED COSTS FOR BURLESON & HUFF DABBS #3
RE-ENTRY

Drilled by Broncho Oil Company in 1967 to a TD of 3350', plugged back to 3250'. Potential for 90 bbls of oil and 64 bbls of water through perforations 3190' to 3322', after 500 gals of acid, water sand frac, 40,000 gals & 40,000#. This well produced 4130 bbls before being abandoned. The Queen sand section was cored in this well and shows a section comparable to the other producers on this structure. The core analysis suggests that this well should have produced about 30,000 to 40,000 bbls of oil. We believe that a remedial operation, re-entering, cleaning out, re-acidizing and chemically treating should enable us to possibly recover the above reserves from this well.

8-5/8" casing set @ 375' and 5-1/2" casing set @ 3344'.

The estimated well costs for the above operations are as follows:

INTANGIBLES:

Drill out	\$ 3,000.00
Acidize	2,000.00
Unit for 5 days	2,000.00
	<u>\$ 7,000.00</u>

TANGIBLES:

Pumping Unit	\$ 7,000.00
Rods	3,000.00
Tubing	4,000.00
Miscellaneous	3,000.00
	<u>\$17,000.00</u>

Supervision	\$ 1,000.00
-------------	-------------

TOTAL	\$25,000.00
+15% Contingency	<u>3,750.00</u>

GRAND TOTAL	\$28,750.00
-------------	-------------

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Burleson & Huff EXHIBIT NO. 4
CASE NO. 5603

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. 4

ESTIMATED COSTS FOR BURLESON & HUFF DABBS # 4 WELL

If our operations on the # 1 and # 3 prove successful, we propose to dig a well 990' from the East line and 1320' from the north line of Section 35, T-25-S, R-37-E, to a depth of 3400' to test the Queen Sand.

Estimated Costs:

INTANGIBLES:

Drilling, 3400' @ \$8.00 per foot	\$27,200.00
Mud	3,000.00
Water	2,000.00
Location	3,000.00
Log & Perforate	5,000.00
Supervision	1,000.00
Day Work	1,000.00
Treating	6,000.00
Completion	5,000.00
Miscellaneous	3,000.00
	<hr/>
	\$56,200.00

TNAGIBLES:

800', 8-5/8" @ \$5.00 per foot	\$ 4,000.00
3400' of 4-1/2" @ \$1.00 per foot	13,600.00
3400' of tubing @ \$2.00 per foot	6,800.00
Cementing	6,000.00
3400' of rods @ 50¢ per foot	1,700.00
Pumping Unit	6,000.00
Misc.	3,000.00
	<hr/>
	\$41,100.00

TOTAL TANGIBLES & INTANGIBLES

\$97,300.00

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Burleson
& Huff EXHIBIT NO. 5
CASE NO. 5603

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. 5

December 9, 1975

Mr. Roscoe C. Crabb, Jr.
Coyanosa, Texas 79730

Mr. David Bond Kyte
802 Alameda, Padre Serra
Santa Barbara, Calif. 93103

Jessie & Hollis Galesi
c/o H. Michael Galesi
No. 50 Galesi
Rt. 46 at 23,
Wayne, New Jersey 07470

Mr. Onoz Norman Rooney
c/o Lytle, Soule & Emery
2210 1st National Center
Oklahoma City, Ok. 73102

Mr. Munro Leagear Lyeth
c/o Lytle, Soule & Emery
2210 1st National Center
Oklahoma City, Ok. 73102

Gentlemen:

Enclosed is a copy of an application of Burleson and Huff for compulsory pooling in land under which you hold an interest. The application will be heard before the Oil Conservation Commission at their second hearing in January, 1976.

Yours very truly,

Jason W. Kellahin

CC: Oil Conservation Commission
Mr. Jack Huff

JWK:kjf

Enclosure

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Burleson</i> <i>& Huff</i>	EXHIBIT NO. <u>6</u>
CASE NO. <u>5603</u>	

No. 005151

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO <i>Mr. Robert C. Crutcher, Jr.</i>		POSTMARK OR DATE <i>12-17-75</i>
STREET AND NO.		
P.O., STATE AND ZIP CODE <i>Coyanville, Texas 75730</i>		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢	
DELIVER TO ADDRESSEE ONLY 50¢		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

No. 005150

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO <i>Mr. David Bond Kyte</i>		POSTMARK OR DATE <i>12-9-75</i>
STREET AND NO. <i>863 Alameda, Pasadena</i>		
P.O., STATE AND ZIP CODE <i>Santa Barbara, Calif. 93103</i>		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢	
DELIVER TO ADDRESSEE ONLY 50¢		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

No. 005148

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO <i>Mr. Morris Suggs, Jr.</i>		POSTMARK OR DATE <i>12-8-75</i>
STREET AND NO. <i>414 1/2 S. 4th, Suite 480, New York, N.Y.</i>		
P.O., STATE AND ZIP CODE <i>Atlanta, Ga. 30302</i>		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢	
DELIVER TO ADDRESSEE ONLY 50¢		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

No. 005149

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO <i>Mr. (unclear) (unclear)</i>		POSTMARK OR DATE <i>12-8-75</i>
STREET AND NO. <i>1010 1st St., San Francisco</i>		
P.O., STATE AND ZIP CODE <i>San Francisco, Calif. 94101</i>		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢	
DELIVER TO ADDRESSEE ONLY 50¢		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

No. 005153

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO <i>Mr. (unclear) (unclear)</i>		POSTMARK OR DATE <i>12-8-75</i>
STREET AND NO. <i>1010 1st St., San Francisco</i>		
P.O., STATE AND ZIP CODE <i>San Francisco, Calif. 94101</i>		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢	
DELIVER TO ADDRESSEE ONLY 50¢		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.	① ② ③	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 005148		SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.		
DATE DELIVERED 12-12-75		SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.	① ② ③	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 005151		SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.		
DATE DELIVERED 12-19-75		SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

JWK

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.	① ② ③	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 005150		SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.		
DATE DELIVERED		SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

DEC 26 1975
MILPAS STA.

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.	① ② ③	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 005149		SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.		
DATE DELIVERED 12-17-75		SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.
005153

(1)

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.
005148

INSURED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.
005150

INSURED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.
005151

INSURED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

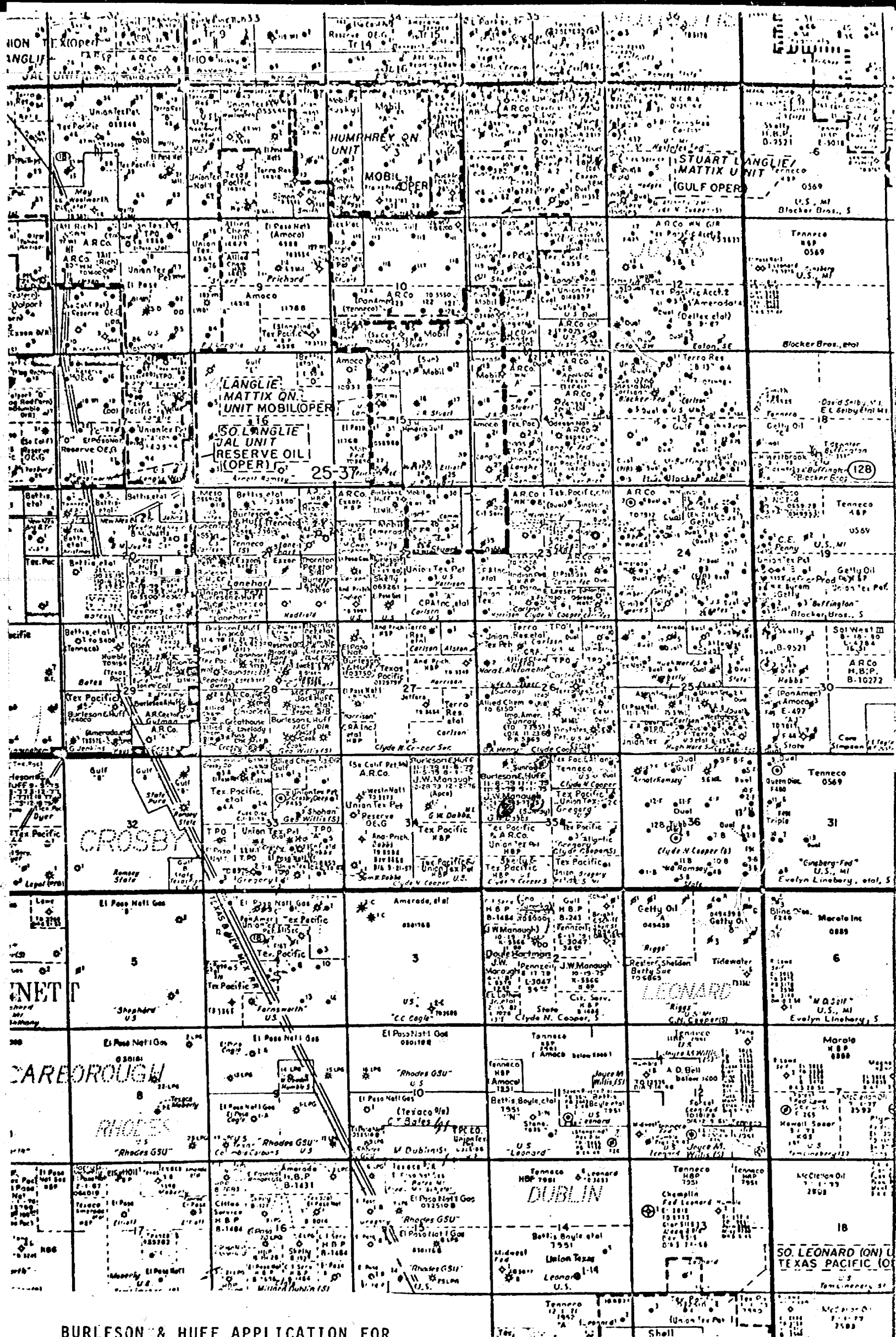
CERTIFIED NO.
005149

INSURED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

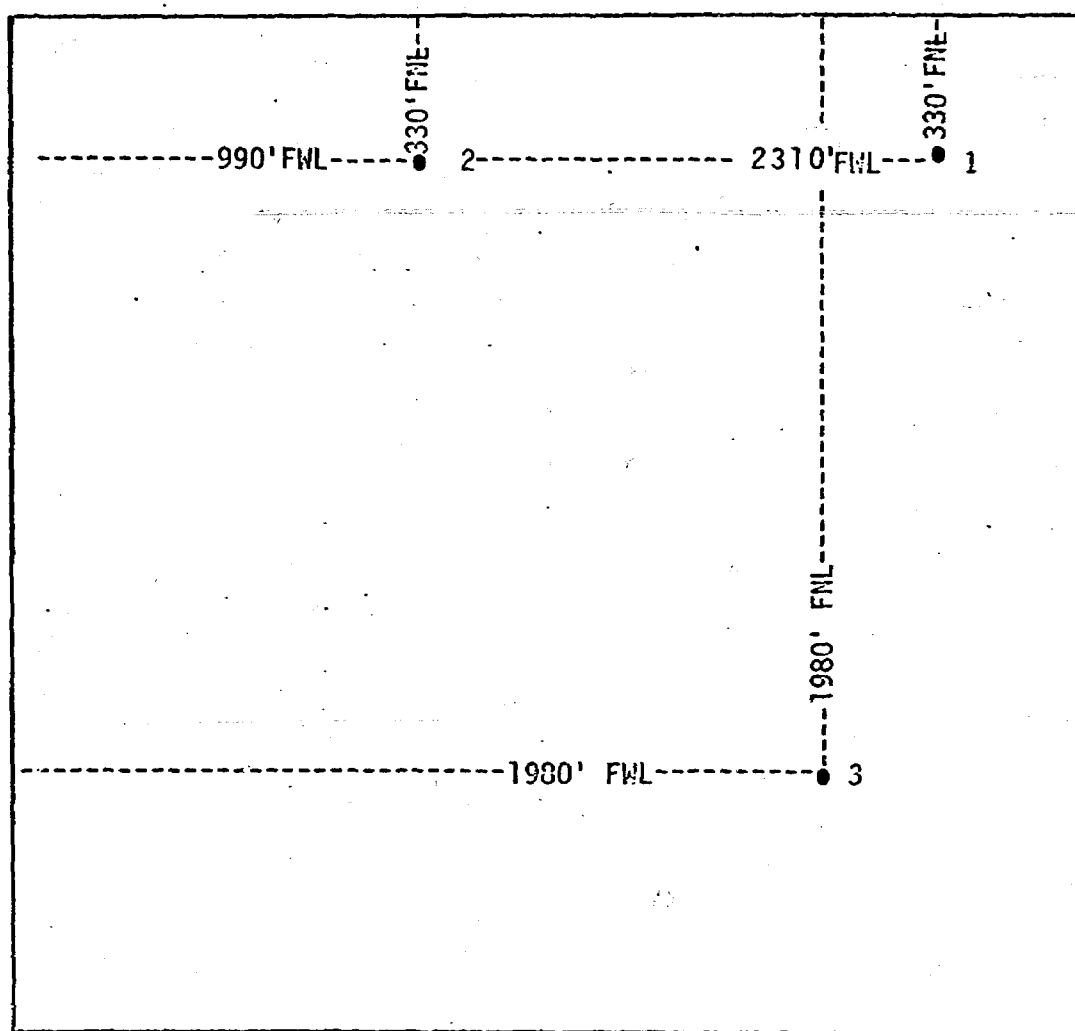
SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)



BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. 1

- B & H Dabbs # 1 & # 3 Re-Entries
- B & H Dabbs # 4 Drilling Well

BURLESON & HUFF DABBS LEASE



NW/4 Section 35
Township 25 South, Range 35 East
LEA COUNTY, NEW MEXICO

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. 2

**ESTIMATED COSTS FOR BURLESON & HUFF DABBS # 1
RE-ENTRY**

Originally drilled by Culbertson & Irwin in the NE/4 NW/4 of Section 35, to a TD of 3331'. Open holed with 6-5/8" pipe set at 2944'. This well was purchased by Sunray Oil Company, who set a liner from 2929' to 3320' with 125' perforated, exact interval not known, and treated with 20,000 gals Gel Water and 20,000# sand and tested 56 bbls of oil per day plus 72 bbls of water and 577 MCFGPD. This well has made 40,508 bbls of oil, which is somewhat smaller than the other producers in this area from the Queen Sand. We propose to clean out to a depth of 3300', log and re-perforate if necessary the producing section, acidize and chemically treat and put on production. There has never been a pumping unit put on this well.

The estimated well costs for the above operations are as follows:

INTANGIBLES:

Drill Out	\$ 3,000.00
Acidize	2,000.00
Unit for 5 days	2,000.00
Log and perforate	1,000.00
	<u>\$ 8,000.00</u>

TANGIBLES:

Pumping Unit	\$ 7,000.00
Rods	3,000.00
Tubing	4,000.00
Miscellaneous	3,000.00
	<u>\$17,000.00</u>

Supervision	\$ 1,000.00
-------------	-------------

TOTAL	\$26,000.00
+ 15% Contingency	<u>3,900.00</u>

GRAND TOTAL	\$29,900.00
-------------	-------------

ESTIMATED COSTS FOR BURLESON & HUFF DABBS #3
RE-ENTRY

Drilled by Broncho Oil Company in 1967 to a TD of 3350', plugged back to 3250'. Potential for 90 bbls of oil and 64 bbls of water through perforations 3190' to 3322', after 500 gals of acid, water sand frac, 40,000 gals & 40,000#. This well produced 4130 bbls before being abandoned. The Queen sand section was cored in this well and shows a section comparable to the other producers on this structure. The core analysis suggests that this well should have produced about 30,000 to 40,000 bbls of oil. We believe that a remedial operation, re-entering, cleaning out, re-acidizing and chemically treating should enable us to possibly recover the above reserves from this well.

8-5/8" casing set @ 375' and 5-1/2" casing set @ 3344'.

The estimated well costs for the above operations are as follows:

INTANGIBLES:

Drill out	\$ 3,000.00
Acidize	2,000.00
Unit for 5 days	2,000.00
	<u>\$ 7,000.00</u>

TANGIBLES:

Pumping Unit	\$ 7,000.00
Rods	3,000.00
Tubing	4,000.00
Miscellaneous	3,000.00
	<u>\$17,000.00</u>

Supervision	\$ 1,000.00
-------------	-------------

TOTAL	\$25,000.00
+15% Contingency	<u>3,750.00</u>

GRAND TOTAL	\$28,750.00
-------------	-------------

ESTIMATED COSTS FOR BURLESON & HUFF DABBS # 4 WELL

If our operations on the # 1 and # 3 prove successful, we propose to dig a well 990' from the East line and 1320' from the north line of Section 35, T-25-S, R-37-E, to a depth of 3400' to test the Queen Sand.

Estimated Costs:

INTANGIBLES:

Drilling, 3400' @ \$8.00 per foot	\$27,200.00
Mud	3,000.00
Water	2,000.00
Location	3,000.00
Log & Perforate	5,000.00
Supervision	1,000.00
Day Work	1,000.00
Treating	6,000.00
Completion	5,000.00
Miscellaneous	3,000.00
	<hr/>
	\$56,200.00

TNAGIBLES:

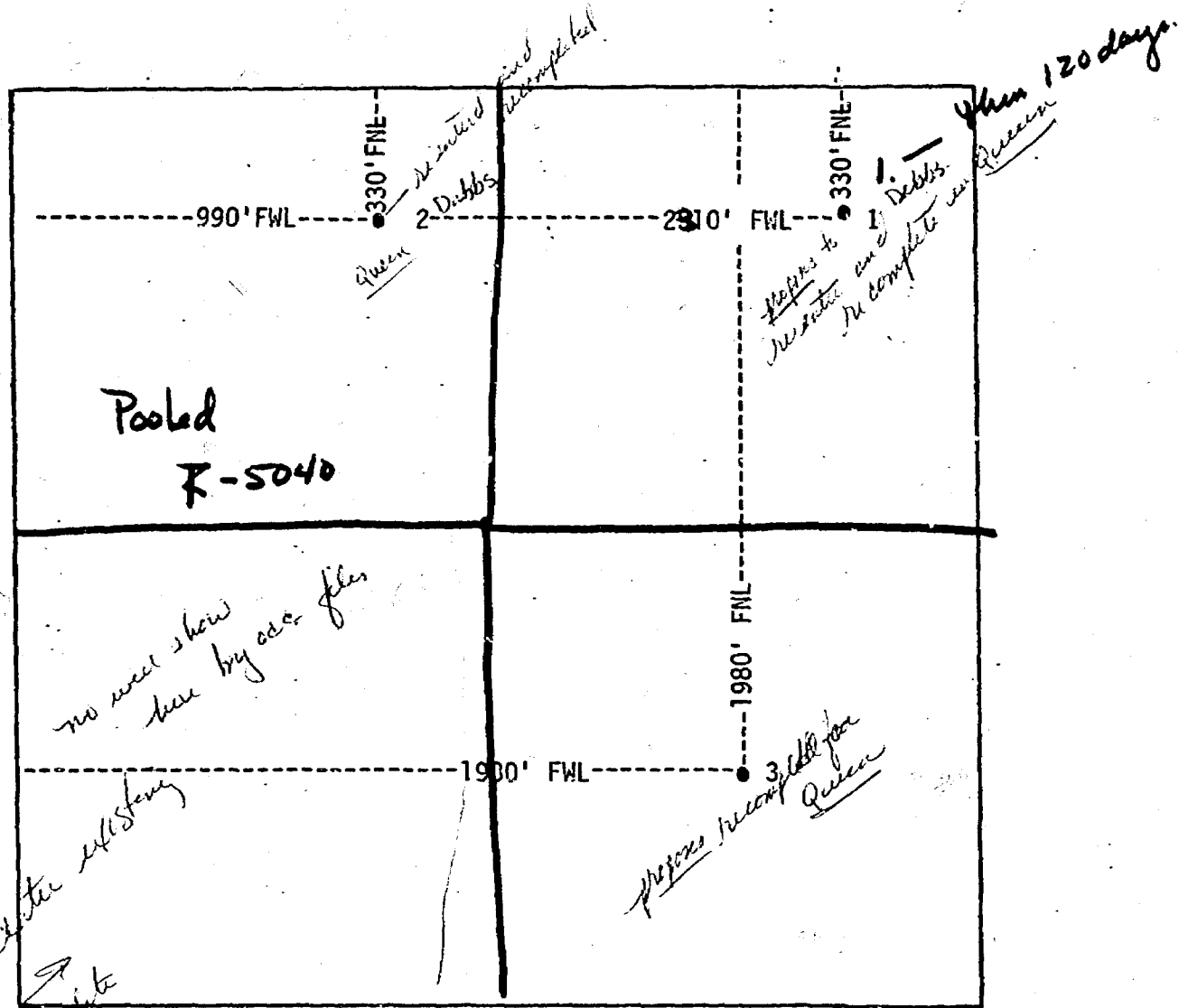
800', 8-5/8" @ \$5.00 per foot	\$ 4,000.00
3400' of 4-1/2" @ \$1.00 per foot	13,600.00
3400' of tubing @ \$2.00 per foot	6,800.00
Cementing	6,000.00
3400' of rods @ 50¢ per foot	1,700.00
Pumping Unit	6,000.00
Misc.	3,000.00
	<hr/>
	\$41,100.00

TOTAL TANGIBLES & INTANGIBLES \$97,300.00

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. 5

Case 5603

BURLESON & HUFF DABBS LEASE



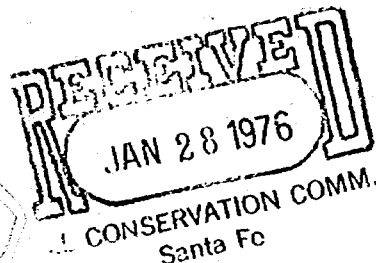
NW/4 Section 35 37
Township 25 South, Range 95 East
LEA COUNTY, NEW MEXICO

propose to re-complete a well in SW 1/4 as dual completion conventional to dedicate SW 1/4 for oil & gas production

if don't re-enter wants authority to drill a new well at standard location.

LEWIS R. BURLESON

JACK HUFF



BURLESON & HUFF

OIL PROPERTIES

P. O. Box 2479 ~~XXXX~~ - PHONE 683-4747
MIDLAND, TEXAS 79701

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

Attention: Mr. Daniel S. Nutter

Gentlemen:

Enclosed are three copies of Exhibit pursuant to Case No. 5603 showing estimated additional costs required to complete a Langlie-Mattix oil well also as a Jalmat Pool gas well. These costs are only for completion in the Jalmat Gas zone and should be added to our previous estimates for re-entering or drilling and completing a Langlie-Mattix oil well.

We also enclose a schematic drawing showing the proposed completion of our No. 6 well in our Querecho Plains Queen Field Waterflood Unit, Case No. 5604.

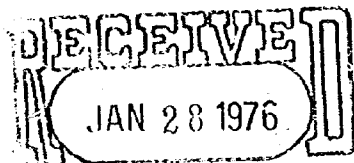
Yours very truly,

BURLESON & HUFF


Jack Huff

JH/sw

Enc:



OIL CONSERVATION COMM.
Santa Fe

ESTIMATED ADDITIONAL COSTS FOR COMPLETION OF A LANGLIE-MATTIX WELL ALSO AS A JALMAT GAS POOL WELL AT A LOCATION IN THE BURLESON & HUFF DABBS LEASE IN THE NE/4 NW/4 AND S/2 NW/4 OF SECTION 35, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

In addition to costs previously submitted to the New Mexico Oil Conservation Commission in Case No. 5603 for re-entering or drilling a well on the above tract and completing it as a Langlie-Mattix oil well, the following costs are estimated as the additional amounts required to dually complete such a well as a Jalmat Gas Pool gas well:

Unit time for four days	\$2000.00
Perforating	1000.00
Packer	1200.00
Acidizing	800.00
Miscellaneous	<u>1000.00</u>
	\$6000.00

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. _____

ESTIMATED ADDITIONAL COSTS FOR COMPLETION OF A LANGLIE-MATTIX
WELL ALSO AS A JALMAT GAS POOL WELL AT A LOCATION IN THE
BURLESON & HUFF DABBS LEASE IN THE NE/4 NW/4 AND S/2 NW/4 OF
SECTION 35, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW
MEXICO.

In addition to costs previously submitted to the New Mexico
Oil Conservation Commission in Case No. 5603 for re-entering or
drilling a well on the above tract and completing it as a Langlie-
Mattix oil well, the following costs are estimated as the additional
amounts required to dually complete such a well as a Jalmat Gas
Pool gas well:

Unit time for four days	\$2000.00
Perforating	1000.00
Packer	1200.00
Acidizing	800.00
Miscellaneous	<u>1000.00</u>
	\$6000.00

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. _____

**ESTIMATED ADDITIONAL COSTS FOR COMPLETION OF A LANGLIE-MATTIX
WELL ALSO AS A JALMAT GAS POOL WELL AT A LOCATION IN THE
BURLESON & HUFF DABBS LEASE IN THE NE/4 NW/4 AND S/2 NW/4 OF
SECTION 35, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW
MEXICO.**

In addition to costs previously submitted to the New Mexico
Oil Conservation Commission in Case No. 5603 for re-entering or
drilling a well on the above tract and completing it as a Langlie-
Mattix oil well, the following costs are estimated as the additional
amounts required to dually complete such a well as a Jalmat Gas
Pool gas well:

Unit time for four days	\$2000.00
Perforating	1000.00
Packer	1200.00
Acidizing	800.00
Miscellaneous	<u>1000.00</u>
	\$6000.00

BURLESON & HUFF APPLICATION FOR
COMPULSORY POOLING
New Mexico Oil Conservation
Commission Case No. 5603
Exhibit No. _____

Docket No. 1-76

Dockets Nos. 2-76 and 3-76 are tentatively set for hearing on January 14 and January 21, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 7, 1976

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 5600: Application of Champlin Petroleum Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing.

CASE 5601: Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Tapacito-Pictured Cliffs and Basin-Dakota gas production in the wellbore of its Tribal "C" Well No. 10-7, located in Unit J of Section 7, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 5602: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Fulcher Kutz-Pictured Cliffs and Artec-Fruitland gas production in the wellbore of its Collins Well No. 1, Manley Well No. 1, and Walz Well No. 1, located, respectively, in Units E, P, and L of Section 31, Township 29 North, Range 10 West, San Juan County, New Mexico.

CASE 5603: Application of Burleson and Huff for compulsory pooling, a non-standard gas proration unit, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalnat Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit; applicant further seeks the pooling of all mineral interests in the Langlie-Matrix Pool underlying each of the following tracts in said Section 35: to form three standard 40-acre proration units: the NE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35; the SE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North and West lines of said Section 35; and the SW/4 NW/4, to be dedicated to a well to be drilled on said tract at a standard Langlie Matrix Pool location. In the event re-entry into either the Dabbs Well No. 1 or No. 3 is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tract. Applicant further proposes to dedicate the 160-acre Jalnat proration unit to one of the three above-described wells, and in the event it should be the Dabbs Well No. 1, applicant seeks approval for the unorthodox Jalnat location for said well. Also to be considered will be the cost of re-entering, drilling, and completing said wells and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as operator of the wells and a charge for the risk involved in re-entering, drilling, and completing said wells.

CASE 5604: Application of Burleson & Huff for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Querecho Plains-Queen Pool by the injection of water into the Queen formation through its Anadarko Federal Well No. 6 to be drilled at an unorthodox location in the approximate center of the SW/4 of Section 27, Township 18 South, Range 32 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional wells at standard and non-standard locations within the project area.

CASE 5605: Application of Saguaro Oil Company for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Table Mesa-Dakota Oil Pool, San Juan County, New Mexico, including a provision for 2 1/2-acre spacing.

CASE 5606: Application of Cities Service Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Tubb and Drinkard production in the wellbore of its Brunson B Well No. 3, located in Unit M of Section 3, Township 22 South, Range 27 East, Lea County, New Mexico.

CASE 5607: Application of Black River Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an undesignated Canyon formation well at an unorthodox location 280 feet from the South line and 150 feet from the West line of Section 33, Township 25 South, Range 24 East, Eddy County, New Mexico.

CASE 5608: Application of Northern Natural Gas Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Magruder Hill Unit Area comprising 2,258 acres, more or less, of Federal, State, and fee lands in Township 22 South, Range 25 and 26 East, Eddy County, New Mexico.

CASE 5609: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Nellor "EO" Well to be drilled at a point 1980 feet from the North line and 660 feet from the West line or in the alternative, 660 feet from the North and West lines of Section 30, Township 17 South, Range 26 East, Eddy County, New Mexico, the N/2 of said Section 30 to be dedicated to the well.

CASE 5610: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Caskey "EV" Well to be drilled at a point 360 feet from the South line and 1400 feet from the West line of Section 30, Township 17 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.

CASE 5611: Application of David C. Collier for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Welch State No. 7 Well located 1330 feet from the South and West lines of Section 17, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico, said well having formerly been a water injection well.

CASE 5612: Application of Dalport Oil Corporation for exception to the provisions of Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to the provisions of Commission Order No. R-3221 permission to dispose of produced salt water from its State C Wells Nos. 1, 2, and 3, located in Units D, E, and L, respectively, of Section 16, Township 15 South, Range 30 East, Double L Queen Associated Pool, Chaves County, New Mexico, in an unfired surface pit located in Unit E of said Section 16.

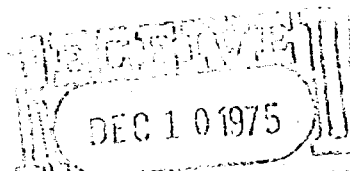
CASE 5596: (Reopened & Readvertised)

Application of Burk Royalty Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the Queen formation underlying the following-described lands, Double L-Queen Pool, Chaves County, New Mexico:

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

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

December 9, 1975



OIL CONSERVATION COMM.
Santa Fe. TELEPHONE 982-4315
AREA CODE 505

Mr. Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed are two applications, in triplicate,
of Burleson & Huff for approval of a water flood
project, Lea County and for compulsory pooling of
three proration units, Lea County, New Mexico.

It is requested that this application be set
for hearing the second hearing in January, 1976.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:kjf

Enclosure

CC: Mr. Jack Huff

Dockets Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and February 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - JANUARY 20, 1976

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 5614: Application of Amerada Hess Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota gas production and oil produced from an undesignated Gallup pool in the wellbore of its Apache "A" Well No. 7, located in Unit J of Section 26, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 5615: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Morely EW Well No. 1, located 660 feet from the South and East lines of Section 27, Township 17 South, Range 25 East, Eddy County, New Mexico, the S/2 of said Section 27 to be dedicated to the well.
- CASE 5616: Application of Atlantic Richfield Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate a previously approved 320-acre non-standard gas proration unit comprising the W/2 of Section 29, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to its W. H. Harrison "D" WN Com Well No. 1, located in Unit L of said Section 29 and its W. H. Harrison "A" WN Well No. 2, at an unorthodox location 660 feet from the North and West lines of said Section 29.
- CASE 5617: Application of Robinson Resource Development Company, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1530 feet from the North line and 330 feet from the East line of Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico, the N/2 of said Section 18 to be dedicated to the well.
- CASE 5618: Application of Mesa Petroleum Co. for a triple completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its Primo Well No. 1A, located in Unit D of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, to produce gas from the Pictured Cliffs, Chacra and Mesaverde formations.
- CASE 5117: (Reopened)
- In the matter of Case 5117 being reopened pursuant to the provisions of Order No. R-4691, which order established temporary special pool rules for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on less than 320-acre spacing and why the special depth bracket allowable should remain in effect.
- CASE 5619: Application of Agua, Inc. for an extension of time, Order No. R-4495-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a 90-day extension of the February 7, 1976, deadline to cease the disposal of produced salt water through perforations from 4,230 feet to 4,320 feet in its SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 5603: (Continued from January 7, 1976 Examiner Hearing)
- Application of Burleson and Huff for compulsory pooling, a non-standard gas proration unit, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit; applicant further seeks the pooling of all mineral interests in the Langelie-Mattix Pool underlying each of the following tracts in said Section 35 to form three standard 40-acre proration units: the NE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35; the SE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North and West lines of said Section 35; and the SW/4 NW/4, to be dedicated to a well to be drilled on said tract at a standard Langelie-Mattix Pool location. In the event re-entry into either the Dabbs Well No. 1 or No. 3 is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tract. Applicant further proposes to dedicate the 160-acre Jalmat proration unit to one of the three above-described wells, and in the event it should be the Dabbs Well No. 1, applicant seeks approval for the unorthodox Jalmat location for said well. Also to be considered will be the cost of re-entering, drilling, and completing said wells and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as operator of the wells and a charge for the risk involved in re-entering, drilling, and completing said well.
- CASE 5604: (Continued from January 7, 1976 Examiner Hearing)
- Application of Burleson & Huff for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Querecho Plains-Queen Pool by the injection of water into the Queen formation through its Anadarko Federal Well No. 6 to be drilled at an unorthodox location in the approximate center of the SW/4 of Section 27, Township 18 South, Range 32 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional wells at standard and non-standard locations within the project area.

Docket No. 4-76

Dockets Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and February 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 21, 1976

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

CASE 5592: (De Novo)

Application of Agua, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the open-hole interval from approximately 4000 to 5000 feet in its Blinbry-Drinkard SWD System Well No. A-22 located 817 feet from the North line and 965 feet from the East line of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

Upon application of Agua, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5571: (De Novo)

Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of said order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Upon application of Robert G. Cox, this case will be heard De Novo pursuant to the provisions of Rule 1220.

NOTE: Case No. 5592, above, will be dismissed at the request of applicant.

Docket No. 4-76

Dockets Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and February 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 21, 1976

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

CASE 5592: (De Novo)

Application of Agua, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the open-hole interval from approximately 4000 to 5000 feet in its Blinbry-Drinkard SWD System Well No. A-22 located 817 feet from the North line and 965 feet from the East line of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

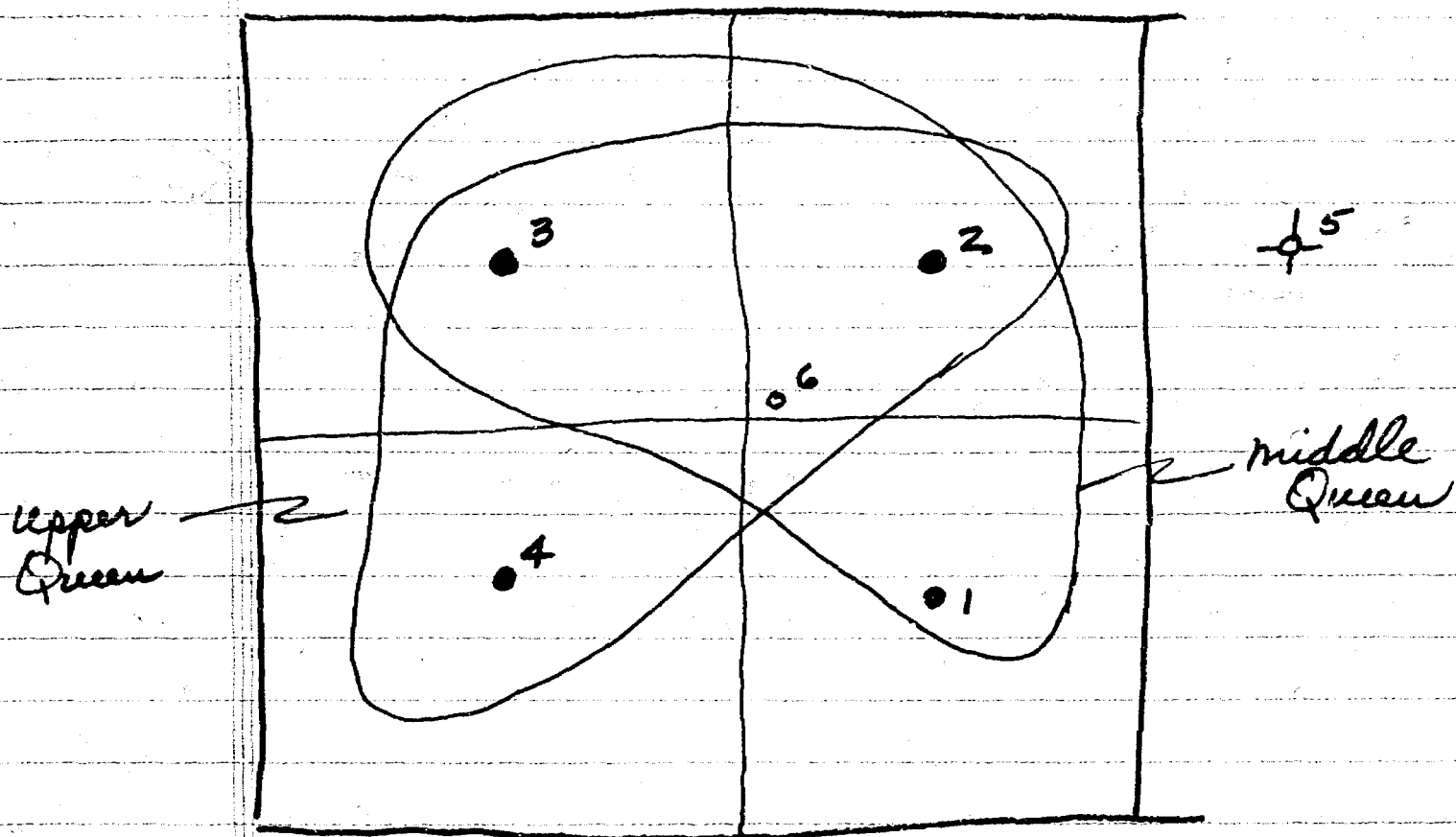
Upon application of Agua, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5571: (De Novo)

Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of said order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Upon application of Robert G. Cox, this case will be heard De Novo pursuant to the provisions of Rule 1220.

NOTE: Case No. 5592, above, will be dismissed at the request of applicant.



Initial injection into Middle Queen of the No. 1

DEC 10 1975
OIL CONSERVATION COMMISSION
SANTA FE

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BURLESON & HUFF FOR COM PULSORY
POOLING OF THREE PRORATION UNITS,
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Burleson & Huff and applies to the Oil Conservation Commission for compulsory pooling of the mineral interests underlying three proration units in the Langlie Mattix field, Lea County, New Mexico, for production of oil from the Queen formation, and for compulsory pooling of a 160-acre tract for production of gas from the Jalmat Gas Pool, and in support thereof would show the Commission:

Applicant proposes to re-enter existing wells, or, in the alternative, to drill new wells at orthodox locations, all in the NW/4 of Section 35, Township 25 South, Range 37 East, Lea County, New Mexico, as follows:

1. Applicant has re-entered an existing well, and has completed it for production of oil from the Queen formation at a depth of approximately 3220 feet, in the NW/4 NW/4 of Section 35, in accordance with Commission Order No. R-5040, which order pooled the Langlie Mattix and Jalmat formations.

2. Applicant proposes to re-enter an existing well, located in the NE/4 NW/4 of Section 35, said well being located at a non-standard location, 2510 feet from the West line, and 330 feet from the North line of Section 35, and to recomplete the well in the Queen formation for the production of oil.

3. Applicant proposes to re-enter an existing well in the SE/4 NW/4 of Section 35 and to recomplete said well for production of oil from the Queen formation.

4. Applicant proposes to re-enter an existing well in the SW/4 NW/4 of Section 35, and to recomplete said well for production of oil from the Queen formation.

5. Applicant further proposes to complete one of the wells in the Jalmat gas pool, as a dual completion (conventional), and to dedicate the entire ~~SW/4~~ ^{NW/4} of Section 35 to the well for Jalmat production.

6. A plat is attached hereto, showing location of the wells involved.

7. In the event applicant is unable to successfully re-enter any of the wells for technical or mechanical reasons, applicant seeks approval of drilling a new well on the unit involved, such well to be located at a standard location.

8. Applicant proposes to drill the well located in the NE/4 NW/4 as the first well, in the event this multiple application is approved, and requests a period of 120 days after completion of that well before being required to commence the second well, and another 120 days after completion, before being required to commence the next well.

9. Applicant has been unable to obtain agreement of all interest owners. The non-consenting interest owners involved in the three units as to the Queen formation, and as to the entire NW/4 as to the Jalmat formation, are as follows:

NAME	ADDRESS	INTEREST
Roscoe C. Crabb, Jr.	Coyanosa, Texas 79730	1/48
David Bond Kyte	802 Alameda, Padre Serra, Santa Barbara, California 93103	3/128

Amend 5740 to change unit well for Jalmat

Jessie & Hollis Galesi

c/o M. Michael Galesi 1/32
No. 50 Galesi
Rt. 46 at 23, Wayne
New Jersey 07470

Onez Norman Rooney

c/o Lytle, Soule & Emery 1/64
2210 1st National Center
Oklahoma City, Oklahoma
73102

Munro Longyear Lyeth,
surviving tenant

c/o Lytle, Soule & Emery 1/64
2210 1st National Center
Oklahoma City, Oklahoma
73102

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearings as required by law, the Commission enter its order or orders pooling the mineral interests underlying the three quarter-quarter sections for production from the Queen formation, and pooling the mineral interests underlying the NW/4 of Section 35 for production of gas from the Jalmat Gas Pool, together with provision designating applicant as operator in each case, and providing for the recovery of the costs of drilling and completing the wells involved, a reasonable charge for supervision in each instance, and a risk factor in the amount of 200% in each case, to be recovered out of production, and for such other and further provision as may be proper in the premises;

Applicant further prays for approval of the well location of the No. 1 Dabbs well located in the NE/4 NW/4 as a ~~non-standard~~ location for the production of oil from the Queen formation;

Applicant further prays for provision that in the event re-entry of the various wells is unsuccessful, it be permitted to drill a new well at an orthodox location for the formation involved in any of the respective units;

Dabbs #3
1980' FNL
1980' FNL

Dabbs #1
Standard
Location
330' FNL
2310' FNL

Dabbs #2
330' FNL
990' FNL

Applicant further prays for adoption of an administrative procedure for the approval of the dual completion of such well as it may designate for the production of gas from the Jalmat Gas Pool, dedicating the NW/4 of Section 35 as an unorthodox proration unit for Jalmat production;

Applicant further prays for provision for a period of 120 days from the completion of one well and the commencement of the next, with provision for an administrative procedure for an extension of time for the commencement or completion of any given well for good cause.

Respectfully submitted,

BURLESON & HUFF

By Jason W. Kellahin

Kellahin & Fox

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DOCKET MAILED

Date _____

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5603

Order No. R- 5202

APPLICATION OF BURLESON &
HUFF FOR COMPULSORY POOLING, A
NON-STANDARD GAS PRORATION UNIT,
AND AN UNORTHODOX LOCATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 20,
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 19 76, 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, Burleson & Huff, seeks an order
pooling all mineral interests in the Jalmat Gas Pool underlying
the NW/4 of Section 35, Township 25 South, Range 37 East, NMPM,
Lea County, New Mexico, and establishing said 160-acre tract as a
non-standard gas proration unit for said pool.

(3) That the applicant also seeks the pooling of all mineral interests in the Langlie-Mattix Pool underlying each of the following tracts in said Section 35 to form three standard 40-acre ^{oil} proration units:

the NE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35;

the SE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North and West lines of said Section 35; and

the SW/4 NW/4, to be dedicated to a well to be drilled on said tract at a standard Langlie-Mattix Pool location.

(4) That the applicant also seeks authority, in the event re-entry into the aforesaid Dabbs Well No. 1 or Dabbs Well No. 3 is unsuccessful, to drill and complete a replacement well for such unsuccessful re-entry, and to dedicate the appropriate 40-acre tract thereto.

(5) That the applicant further seeks to dedicate the 160-acre tract described in Finding No. (2) above to its Dabbs Well No. 1 or to its Dabbs Well No. 3, ^{or to the replacement well thereof,} or to the new well which is proposed to be drilled in the SW/4 NW/4 of said Section 35, after determining which of said wells is to be dually completed to produce gas from the Jalmat Gas Pool and oil from the Langlie-Mattix Pool.

(6) That the applicant has the right to drill or re-enter as described above, ^{and} proposes to do so.

(7) That there are interest owners in the proposed ~~proration~~ 160-acre gas proration unit and the three 40-acre oil proration units who have not agreed to pool their interests.

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the ~~gas~~ ^{hydrocarbons} in the Jalmat Gas Pool and the Langlie-Mattix Pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

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

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

(11) 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 150 percent thereof as a reasonable charge for the risk involved in the drilling or recompletion of the wells.

(12) 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.

(13) 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.

(14) That \$600.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) while drilling or recompleting operations are in progress ^{on a well,} and that \$100.00 per ^{per well} month should be fixed as a reasonable charge for supervision while producing; that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(15) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(16) That the applicant should be allowed 90 days after date of entry of this order in which to commence operations on the first of the subject wells; that it should be allowed 120 days after commencement of operations on any of said wells within which to complete such operations; and that it should be allowed 120 days after completion of operations on one well within which to commence operations on the next.

(17) That upon failure of applicant to comply with any part of the time schedule hereinabove described, unless extension thereto has been granted by the Commission for good cause shown, this order should become null and void as to the remainder of the well or wells, or unit or units, involved.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a non-standard 160-acre gas spacing and proration unit.

(2) That all mineral interests, whatever they may be, in the Langlie-Mattix Pool underlying the NE/4 NW/4 of the aforesaid Section 35 are hereby pooled to form a standard 40-acre oil proration unit to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35, or in the event re-entry of said well is unsuccessful, to a new well to be drilled at a standard Langlie-Mattix location on said 40-acre tract.

(3) That all mineral interests, whatever they may be, in the Langlie-Mattix Pool underlying the SE/4 NW/4 of the aforesaid Section 35 are hereby pooled to form a standard 40-acre oil proration unit to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North line and 1980 feet from the West line of said Section 35, or in the event re-entry of said well is unsuccessful, to a new well to be drilled at a standard Langlie-Mattix location on said 40-acre tract.

(4) That all mineral interests, whatever they may be, in the Langlie-Mattix Pool underlying the SW/4 NW/4 of the aforesaid Section 35 are hereby pooled to form a standard 40-acre oil proration unit to be dedicated to a well to be drilled at a standard Langlie-Mattix location on said 40-acre tract.

(5) That the 160-acre non-standard gas proration unit approved and pooled by Order No. (1) above shall be dedicated to one of the wells described in Orders Nos. (2), (3), and (4) above, provided that said well has been dually completed to produce from the Jalmat Gas Pool and from the Langlie-Mattix Pool and the dual completion thereof has been approved by the Commission.

(6) That the location of the Dabbs Well No. 1, described in Order No. (2) above, is hereby approved as an unorthodox Jalmat Gas Pool location in the event that said Dabbs Well No. 1 becomes the dedicatory well for the 160-acre gas proration unit herein approved and pooled.

(7) That Burleson & Huff is hereby designated the operator of the above-described wells and units.

(8) That the operator shall select the sequence in which

-6-

Case No. 5603
Order No. R-

operations are carried out on each of the pooled units and the wells thereon.

(9) That the operator shall commence drilling or re-entry operations on the first of the above-described three wells on or before the 19th day of July, 1976, and shall thereafter continue such operations with due diligence to completion or abandonment.

PROVIDED HOWEVER, that in the event said operator does not commence drilling or re-entry operations on said well on or before the 19th day of July, 1976, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Commission for good cause shown.

(10) That within 120 days following completion of said first well, operator shall commence operations on the second of the three herein authorized wells and within 120 days following completion thereof, shall commence operations on the third of said wells.

PROVIDED HOWEVER, that in the event operator fails to complete operations on any of said wells within 120 days after commencement thereof, or if operator fails to commence operations on the next well within 120 days after completing operations on the preceding well, this order shall become null and void as to any unit upon which such delinquent well is located and any other unit or units upon which wells succeeding such delinquent well are located, unless the Commission, for good cause shown, has granted an extension of time for commencement or completion of operations.

(11) That after the effective date of this order and within 30 days prior to commencing operations on the first of the herein authorized wells, and within 30 days prior to commencing operations on each of the succeeding wells, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(12) That within 30 days from the date the schedule of estimated well costs for each well 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.

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

(14) That within 60 days following determination of reasonable well costs for each well, 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.

(15) That the operator is hereby authorized to withhold the following costs and charges from production from each of the herein authorized wells:

- (A) The pro rata share of that well's 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.

while drilling or recompletion operations are in progress, and that \$100.00 per month is hereby fixed as a reasonable charge for supervision of each well while producing;

- (B) As a charge for the risk involved in the drilling or recompletion of the well, 150 percent of the pro rata share of that well's 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.

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

(17) That \$600.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) of each of the herein authorized wells, 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 each such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(18) 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.

(19) 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.

(20) That all proceeds from production from each of the subject wells 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

-9-

Case No. 5603

Order No. R-

operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(21) 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.