

CASE 3328: Application of TEXACO
for force pooling, San Juan
County, New Mexico.

CASE NO.
3328

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

Memo

From
IDA RODRIGUEZ
Secretary to Director

To

Joseph Seagram & Sons, Inc.
P. O. Box 747
Dallas, Texas

Evko Development Company
Room 22 - Geary Street
San Francisco, California

166

*Worked
Mailed
10-28-65*
OK
*Worked Mailed again
10-28-65*

dearnley-meier reporting service, inc.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 3, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco Inc. for force
pooling, San Juan County, New Mexico.
Applicant, in the above-styled cause,
seeks an order force pooling all
mineral interests in the Basin-Dakota
Pool underlying the N/2 of Section 36,
Township 30 North, Range 12 West, San
Juan County, New Mexico.

Case No. 3328

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING



MR. UTZ: We will take up next Case 3328.

MR. DURRETT: Application of Texaco Inc. for force pooling, San Juan County, New Mexico.

(Whereupon, Applicant's Exhibits Nos. 1 through 5, both inclusive, marked for identification.)

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly on behalf of the Applicant. I have one witness and ask that he be sworn.

MR. UTZ: Are there any other appearances?

(Witness sworn.)

MR. KELLY: Has the Commission had any response from anyone on this case, do you know?

MR. UTZ: I don't believe so.

MR. DURRETT: We don't have any correspondence in our file, Mr. Kelly.

A. G. WALSH

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

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, position and employer?

A My name is A. G. Walsh and I am District Engineer for Texaco Inc. in Farmington, New Mexico.

Q You have previously qualified as an expert witness



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before this Commission?

A Yes, sir.

Q Would you state what Texaco seeks in this application, referring to what has been marked Exhibit No. 1?

A Exhibit No. 1 is a plat of the area surrounding the North Half of Section 36, Township 30 North, Range 12 West in San Juan County, New Mexico. This plat depicts the development of the Basin-Dakota Field in this area. Texaco is the operator or the leaseholder of 160 acres in the North Half of this section, and has gone to the other leaseholders in the section and requested that the North Half of the section be unitized to allow for the development of the Dakota acreage.

Q Now the area outlined in green is the force pooling area?

A That's right. That's the 320-acre unit.

Q You will locate the proposed well in the south?

A It will be the Southwest of the Northwest.

Q The Southwest of the Northwest. That says T. R. Oil Company. What is the present ownership of that?

A Joseph Seagrams and Sons.

Q Would you show the Examiner how you feel that this acreage will be productive?

A If the Examiner will notice, there are productive wells in virtually all directions around this particular half

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section. Directly to the north in Section -- I don't have the section number, but there are two wells to the north. To the northwest there are two wells. To the west there is one well. To the southwest there are two wells. To the south there are two wells. To the southeast, two wells, and directly south of the proposed unit there is one well.

The well to the northeast tested a small amount of gas in the Dakota, but completion was not attempted. I have noted on this map also the cumulative production from these wells, both gas and condensate, the production during the year 1964, and the current deliverability of all these wells. So it is evident from this plat that the acreage is proven to be productive, that significant withdrawals of gas and condensate have occurred over the past years, and that in order to protect correlative rights it is absolutely necessary that a well be drilled in the North Half of Section 36.

Q What attempts has Texaco made to voluntarily pool this 320 acres?

A Our Exhibit No. 2 is a copy of a letter which was written on October 16, 1964, to Pan American Petroleum Corporation, Evko Development Company, and Texas Pacific Oil Company, who are the predecessors of Joseph Seagrams. This letter invited these operators to join with Texaco in drilling a well in this unit. Since that time Pan American and Joseph Seagrams have

agreed to communitize their acreage. However, we have been unsuccessful in obtaining the approval of Evko Development Corporation.

MR. UTZ: Did you get any correspondence from them?

A Yes, sir. We have conducted a number of correspondence efforts with Evko. We have received -- I don't have it as an exhibit, but they have chosen not to join us. There has been efforts made to farm out their acreage, also, which were unsuccessful.

Q (By Mr. Kelly) Has the operating agreement between the other operators actually been signed?

A No, it has not been signed. We have a letter from Pan American, it indicates that they will sign it. We don't have anything back from Joseph Seagrams yet but it is anticipated that they will sign, also.

MR. KELLY: I can state to the Examiner that I have been in contact with the attorneys for Texaco and they have oral assurance that they will go into the operating agreement.

Q Now referring to what has been marked Exhibit No. 3, would you go over that briefly for the Examiner?

A This is the cost estimate that was made in October of 1964 and attached to our letter to the other operators. It breaks down the cost of this well if it were a dry hole, and then the additional cost of this well if it were a producer.





It also includes the cost of the producing equipment necessary on the surface. The total cost of this is \$92,670.00.

Q Are these figures based on other wells that Texaco has drilled in the area?

A That's right. Texaco has drilled a number of wells in the Basin-Dakota Field, and these costs are based on our experience in the past.

Q Are these costs also applicable to the experience of other operators in the field?

A Yes, sir.

Q You have also prepared a calculation of direct operating costs. Would you briefly go over that and describe how those were arrived at?

A Exhibit No. 4 is a calculation of direct operating costs that Texaco has experienced in the Basin-Dakota Field. Texaco operates four wells on a hundred percent basis in the Basin-Dakota Field, so we have accurate operating cost data. I reviewed our cost information for the first eight months of 1965 for these four wells, and it comes out that the direct operating costs are \$80.23 per well per month.

Q In your proposed operating agreement which you have oral consent with two other operators, what is your overhead cost item?

A We have consent of the Pan American and oral consent

from Joseph Seagram for an overhead cost of \$100.00 per well per month. This overhead includes such indirect costs as district expense, administrative overhead, and warehouse expense.

Q Now Exhibit No. 5, you have prepared your anticipated income and cost. Would you briefly go through that for the Examiner?

A This is the tabulation of what we expect to receive in income up until the time that the well pays out. We have tabulated our estimate of gas production, liquid production, our estimate of royalty, taxes, our operating and overhead cost, and we come up with an annual net income, and then accumulated that on the extreme right through seven years. This is the expected payout time for this well.

Q Now Texaco has requested a risk factor of 50 percent in this case. What are the factors that you consider relevant as far as risk in this case?

A Well, as the Commission well knows, there are a number of unforeseen risks in the drilling of a well, such as loss of circulation, lengthy fishing jobs and blowouts which can eliminate or wipe out the profits originally anticipated for such drilling ventures. You may also notice from looking at the plat that there are some rather poor wells in the area. Our economics are based on obtaining a well with a deliverability



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of 400 MCF per day, and if we can get a well with 400 MCF per day, our payout will be on the order of seven years.

If you will look on the plat, however, you will see that to the north of us there are wells that have deliverabilities of 83 MCF and 143 MCF per day. In the same section with us there's a well with a deliverability of 220 MCF per day, so for this reason there is a great deal of risk involved, and we request a drilling risk factor of 50 percent for this well.

Q What would be the effect of not having this acreage communitized or force pooled?

A If it is not communitized and a well drilled, there would be continued production in the Basin-Dakota Field on adjacent acreage, and there has been sufficient evidence presented in prior hearings that the drainage is in excess of 320 acres, so this means that gas and condensate which are under this section will be produced by the other wells.

Q Were Exhibits 1 through 5 prepared by you or under your supervision?

A That's correct.

Q With the exception of the letter which shows the author?

A Yes, that's correct. I just reproduced the letter.

MR. KELLY: We move the introduction of Exhibits 1



through 5.

MR. UTZ: Without objection, Exhibits 1 through 5 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits Nos. 1 through 5, both inclusive, were offered and admitted in evidence.)

MR. KELLY: I have no further questions on direct.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Walsh, on your Exhibit No. 5, I notice you used \$150.00 a month for operating overhead. How did this figure get from eighty over here on your Exhibit 4 to one hundred fifty?

A The \$150.00 per month which we show on the Exhibit No. 5 is, if you'll notice, it's tabulated operating and overhead. Actually, I have stated that we expect \$100.00 a month approval on overhead, an \$80.00 direct cost which would give you somewhat more than \$1800.00 per year. This tabulation of the \$1800.00 per year was made before the overhead factor was well settled at \$100.00 per month. So actually our anticipated net annual income might be somewhat less than what is shown on Exhibit 5.

Q So \$80.00 doesn't show overhead?

A No, that's actual cost, pump and gauge, lease cleanup work and so forth.



Q I am not sure I understand your Exhibit No. 3, particularly in respect to dry hole being 45,000 and a producer being 35,000. Is that 35,000 in addition?

A In addition, yes, sir. If we have a dry hole, we expect it to be approximately \$46,000.00, and then we will have to spend another approximately 36,000 to make a well out of it.

Q And this cost estimate is about normal for the Dakota wells in this area?

A Yes, sir, I think it is. In this particular case we made arrangements to run a drill stem test in the Mesaverde zone. There's a possibility that the Mesaverde could be productive and arrangements are made so that a drill stem test could be run, and also, if practical, a dual completion could be made in the Mesaverde.

Q If the well was also completed in the Mesaverde, do the other people own the Mesaverde rights?

A A separate unit would have to be formed for the Mesaverde, I believe. As I recall, in this particular area this is an undesignated Mesaverde area, so that this would probably be a 160-acre unit in the Mesaverde, so some sort of arrangements would have to be made to have a separate communitization.

Q How close is this area to Blanco-Mesaverde Pool?



A I couldn't tell you exactly, Mr. Examiner. There are in the area, I don't have them noted on the map, but in the area there are a few undesignated Mesaverde wells, and our geological interpretation is that there is a possibility that we would have a few feet of Mesaverde at this location. Our log and testing program is set up to evaluate this.

Q Is this in the area between Farmington and Aztec and close to the highway?

A Yes.

Q In your correspondence with Evko, what was the result of that? Have they just absolutely refused to do anything? They want to sell or what?

A Well, I think that my interpretation of the correspondence is that they feel like it's just too high a risk. They feel there is a chance we won't get as good a well as we anticipate, and they're reluctant to spend their money for this lengthy payout.

Q Well, they are aware that their cost can come out of production through a Commission order, are they not?

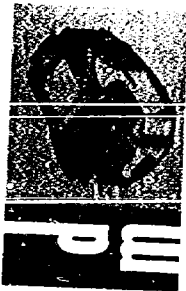
A I am sure they are.

Q They didn't want to voluntarily join because they would have to put out the money under the agreement that you offer?

A They are aware of the force pool rules in the State

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PAGE

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of New Mexico.

MR. KELLY: The last letter I saw when they were informed that nothing could be worked out and they were going to be force pooled, they said, "Go ahead and do whatever you please."

MR. UTZ: They are agreeable. Are there other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? The case will be taken under advisement.

* * * *

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Court Reporter - Notary Public, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.
WITNESS my Hand and Seal this 10th day of November, 1965.

Ada Dearnley
Court Reporter - Notary Public

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3325, heard by me on 11-15-65, 1965.

Thos. A. [Signature], Examiner
New Mexico Oil Conservation Commission

DRAFT

JMD/esr

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. 3328

Order No. R-2993

APPLICATION OF TEXACO INC.
FOR COMPULSORY POOLING, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
November 3, 1965, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of November, 1965, 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, Texaco Inc.,
seeks an order pooling all mineral interests in the Basin-
Dakota Gas Pool underlying the N/2 of
Section 36, Township 30 ~~South~~ North, Range 12 ~~East~~ West, NMPM,
San Juan County, New Mexico.

(3) That the applicant has the right to drill and proposes
to drill a well in the SW/4 NW/4 of said Section 36 to the
Basin-Dakota Gas Pool.

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

(5) That to avoid the drilling of unnecessary wells, to
protect correlative rights, and to afford to the owner of each

interest in said unit the opportunity to recover or receive with-
out unnecessary expense his just and fair share of the gas in said
pool, the subject application should be approved by pooling all
mineral interests, whatever they may be, within said unit.

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

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

(8) That any non-consenting working interest owner that
does not pay his share of estimated well costs should have with-
held from production his share of the reasonable well costs plus
an additional 25 % thereof as a reasonable charge for the risk
involved in the drilling of the well.

(9) That any non-consenting interest owner should be
afforded the opportunity to object to the actual well costs
but that said actual well costs should be adopted as the
reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs,
any non-consenting working interest owner that has paid his share
of estimated costs should pay to the operator any amount that
reasonable well costs exceed estimated well costs and should
receive from the operator any amount that paid estimated well
costs exceed reasonable well costs.

(11) That \$ 75 per month should be fixed as the reason-
able cost of operating the subject well and each non-consenting
working interest owner should be assessed with his share of such
cost, to be paid out of production.

(12) That all proceeds from production from the subject
well which are not disbursed for any reason should be placed in

escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the N/2 of Section 36, Township 30 ~~SOUTH~~ ^{North}, Range 12 ~~East~~ ^{West}, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320 - ~~oil-spacing~~ acre gas proration unit to be dedicated to the Texaco State of New Mexico Unit "N" Well No. 1 to be located in the SW/4 NW/4 of said Section 36.

(2) That Texaco Inc. is hereby designated the operator of the subject well and unit.

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

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

(5) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following completion of the well, the actual well

costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 30 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

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

(B) As a charge for the risk involved in the drilling of the well, 25 % of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That \$ 75 per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is

hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

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

MAIN
OCT 14 1965

1 BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO
2
3 IN THE MATTER OF THE APPLICATION OF
4 TEXACO, INC. TO FORCE POOL
5 THE N $\frac{1}{2}$ OF SECTION 36, TOWNSHIP 30
6 NORTH, RANGE 12 WEST SAN JUAN COUNTY
7 NEW MEXICO

3378

A P P L I C A T I O N

8 Comes now Texaco, Inc. by their attorneys White, Gilbert, Koch and
9 Kelly and by their application state:

10 1. Texaco, Inc. holds an interest in and is the proposed operator
11 of State of New Mexico Unit N Lease comprising the N $\frac{1}{2}$ of Section 36,
12 Township 30 North, Range 12 West, San Juan County, New Mexico.

13 2. Texaco, Inc. in good faith has been unsuccessful in its attempt
14 to voluntarily pool the mineral interests in the N $\frac{1}{2}$ of Section 36 to form
15 a 320 Acre standard gas unit.

16 3. Texaco as operator proposes to drill a gas well to the Basin
17 Dakota formation and seeks an order voluntarily pooling all interests in
18 said above described tract.

19 4. The working interest ownership in the above described tract is as
20 follows:

21 This Applicant the W $\frac{1}{2}$ NE $\frac{1}{4}$, the NW $\frac{1}{4}$ NW $\frac{1}{4}$, the SE $\frac{1}{4}$ NW $\frac{1}{4}$;

22 Pan American Petroleum Corporation, the NE $\frac{1}{4}$ NE $\frac{1}{4}$,
23 the NE $\frac{1}{4}$ NW $\frac{1}{4}$;

24 Joseph Seagram and Sons, Inc. SE $\frac{1}{4}$ NW $\frac{1}{4}$;

25 Evko Development Company SE $\frac{1}{4}$ NE $\frac{1}{4}$;

26 5. Applicant further seeks an order requiring all working interest
27 owners to pay their proportionate share of drilling and operating costs and
28 a drilling risk factor allowance of fifty percent.

29 6. The granting of this application will prevent waste and protect
the correlative rights of all parties concerned.

WHITE, GILBERT, KOCH & KELLY
ATTORNEYS AT LAW
P. O. BOX 787
SANTA FE, NEW MEXICO

Calvin Chan White
10-15-65
R

DOCKET MARED

WHITE, GILBERT, KOCH & KELLY

By M B Kelly

Attorneys for Texaco, Inc.

Date 10-22-65

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 3, 1965

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3327: Application of Texaco Inc. for an allowable increase, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to statewide Rule 505 (a) and 505 (b) to increase the 40-acre proportional factor from 1.33 to 1.77 for the Vacuum-Glorieta Pool, Lea County, New Mexico.

CASE 3328: Application of Texaco Inc. for force pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Basin-Dakota Pool underlying the N/2 of Section 36, Township 30 North, Range 12 West, San Juan County, New Mexico.

CASE 3329: Application of Tenneco Oil Company for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to recomplete by means of directional drilling the following wells:

Township 29 North, Range 9 West
Florance No. 24, Unit A, Section 23

Township 30 North, Range 8 West
Florance No. 36, Unit H, Section 3
Florance No. 35, Unit A, Section 18

Township 30 North, Range 9 West
Florance No. 5, Unit A, Section 22
Mansfield No. 1, Unit P, Section 16

All of the above wells are presently completed in the Blanco-Mesaverde Pool. Applicant proposes to set a whipstock above the Mesaverde producing interval and to directionally drill, recompleting said wells in the Mesaverde formation, and in some instances, to further drill to the Dakota producing interval thereby permitting dual completion of the wells to produce gas from the Blanco-Mesaverde and Basin-Dakota Gas Pools. Applicant further proposes to conduct appropriate deviation tests to ensure that none of the wells is completed nearer than 200 feet to the outer boundaries of its proration unit.

CASE 3330: Application of Anadarko Production Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Grayburg Premier Sand formation through five wells in Sections 25 and 26, Township 17 South, Range 30 East, Grayburg Jackson Pool, Eddy County, New Mexico.

- 2 -

NOVEMBER 3, 1965 EXAMINER HEARING

CASE 3331: Application of Marathon Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Paddock-Yeso formation in its Federal Well No. 1 in Unit K of Section 24, Township 21 South, Range 23 East, Eddy County, New Mexico.

CASE 3323: (Continued from the October 19, 1965, Examiner Hearing)
Application of David Fasken for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of his Belmont-Collier Well No. 1 located in Unit H of Section 9, Township 11 South, Range 33 East, Lea County, New Mexico, to produce oil from the North Bagley Upper and Lower Pennsylvanian Pools through parallel strings of tubing.

EVKO DEVELOPMENT COMPANY

ROOM 22 • 166 GEARY STREET
SAN FRANCISCO, CALIFORNIA
SUITE 1-0144

Nov. 2, 1965

Re: Case 3328

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

Gentlemen:

I have your notice of hearing of the above case which is scheduled for Nov. 3, 1965 at 9:00 A.M. This notice was received yesterday Nov. 1, 1965, allowing only 48 hours for presentation of our side of the case.

Unfortunately my partner is out of town and since I am just a week out of the hospital from a serious illness, we are unable to attend the hearing and present our case in person.


However, I enclose, herewith, a copy of a letter which we sent to Texaco under date of Nov. 24, 1964 which states our case explicitly and which should be self-explanatory.

We wish to go on record that we have no objection to a forced pooling of our acreage but in view of past circumstances we feel that Texaco should not be allowed any additional charge for risk as provided for in paragraph two of the New Mexico Compulsory Pooling Law. (Sec. 65-3-14(c), New Mexico Statutes Annotated, 1953 Compilation, As Amended)

We respectfully request your consideration of our submittal before arriving at a decision in this case.

Yours very truly,

Evko Development Co.


Harold Kogan, Partner

C O P Y

EVKO DEVELOPMENT COMPANY

ROOM 22 • 166 GEARY STREET
SAN FRANCISCO, CALIFORNIA
SUITE 1-0144

Nov. 24, 1964

Re: Proposed Texaco
State of N.M. Unit "H"
San Juan County, N.M.

Texaco Inc.
P.O. Box 2100
Denver 1, Colorado

Attention: Mr. P.J. De Niro

Gentlemen:

With reference to your letter of Nov. 11, 1964 regarding the above, we have given the matter considerable thought.

We prefer to participate in the drilling of the well but due to past experience with Texaco as operator, we are hesitant about making a commitment.

In the past we committed our interests in a couple of other locations which Texaco operated. Although both were completed with quite favorable daily flow, one was not put on production until almost two years after completion and the other, completed over a year ago, to our knowledge, has not yet been placed on production. We are not inclined to tie up capital in units capable of production but which are held back by the operator.

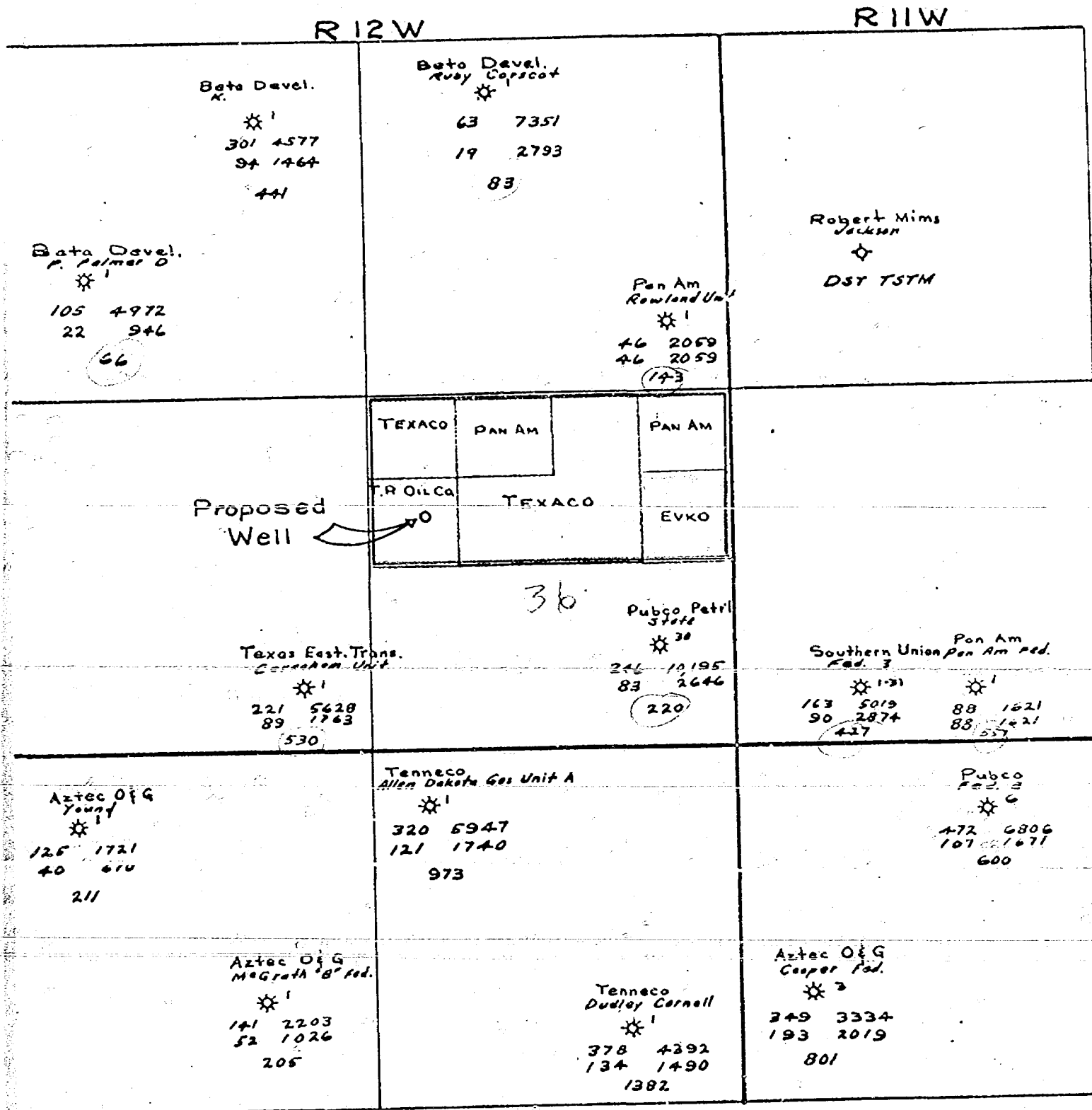
Therefore, we are willing to co-operate with Texaco to this extent. We will farmout our interest in the above for a Dakota Test on a 1/8 of 8/8th override but with the provision that we have an option to convert the override to a full working interest by payment of our proportionate share of the costs within 60 days from the first day of actual production of the well.

If such an arrangement is agreeable to Texaco we can go into further details.

Very truly yours,

Evko Development Co.

H. Kogan



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LEGEND

*
Cum. Prod. 1-1-65 125 MMCF 1721 80
1964 Prod. 40 MMCF 670 80
Deliverability 211 MCFD

TEXACO Inc.
BASIN DAKOTA FIELD
SAN JUAN COUNTY, NEW MEXICO
PLAT SHOWING PROPOSED
STATE OF NEW MEXICO UNIT "N" NO. 1

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Appl</i> CASE NO. <u>3328</u>	EXHIBIT NO. <u>1</u>

Ex No. 1

3228.

Heard 11-3-65

Rec. 11-4-65

1. Grant Texaco's request for forced pooling of all ~~other~~ W.P. interests in the $N\frac{1}{2}$ sec. 36-30 N-12W for the Basin-Dakota Pool.

2. Grant 75% W.P. for operating costs of the unit well.

3. Grant 125% of well costs.

This is a development well.

The usual pooling order for other details.

Shuohi

Received OCT 19 1964

RECEIVED			
DEP			
10-19			
DEP			
FILE			

October 15, 1964

MM-1089 - 3/7 TEXACO-UTZ
NEW MEXICO LAND UNIT
SAN JUAN COUNTY,
NEW MEXICO

Pan American Petroleum Corp.
P. O. Box 480
Farmington, New Mexico
Attn: Mr. B. F. Proko

Texas Pacific Oil Company
1700 Broadway
Denver, Colorado
Attn: Mr. Gene O'Connor

Evko Development Company
Room 22, 155 Geary Street
San Francisco, California

MM-134077

Gentlemen:

Texaco requests your joinder in a Joint Operation and Communitization covering the N₂ Section 36, Township 30 North, Range 12 West, San Juan County, New Mexico, to provide for the drilling of a well in the SE_{1/4} Section 36, Township 30 North, Range 12 West, to a depth of 150 feet below the top of the Dakota formation or to 5,540 feet, whichever is the lesser depth, with all parties paying their proportionate share of drilling costs. We propose to form the N₂ Section 36, 30N, 12W as the spacing unit for the well. Ownership within the N₂ Section 36 appears to be as follows:

Company	Land	Percent
Pan American Petroleum Corp.	NE _{1/4} , NW _{1/4}	25.0
Texas Pacific Oil Company	SW _{1/4}	12.5
Evko Development Company	SE _{1/4}	12.5
Texaco Inc.	W _{1/2} , NW _{1/2} , SE _{1/4}	50.0 100.0

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3378
CASE NO.

Ex. No. 2

Pan American Petr. Corp.
Petro Development Co.
Texas Pacific Oil Co.

- 2 -

October 15, 1964

Enclosed are two copies of a rough draft of Operating Agreement and Communitization Agreement we propose to use. Please advise if the Agreements are satisfactory whereupon we will prepare the Agreements in final form for your execution. Please insert complete lease ownership data on pages 1 and 3 to the Communitization Agreement and on Exhibit "A" to the Operating Agreement and return one copy of the rough draft to us.

Enclosed are two copies of AFE for subject well. If the AFE is satisfactory, please execute both copies, retain one copy, and return the remaining copy to us.

In addition to the above well, Texaco is considering the drilling of two other wells in the area. We wish to let one drilling contract for the three wells to effect a savings in drilling costs for each well.

Please let us have your early decision, informing if you will participate so that we may invite bids on a three-well basis. We wish to be ready to drill the above well no later than 11-15-64 and your prompt attention to the above will be appreciated.

Very truly yours,

A. L. PROSSMAN

By

P. J. ROBERTS
Contract Section

PJDER-WH

Attach.

(Blind) FEB ✓

P.S. We request that Texas Pacific forward to us (with rental receipts) and copies of any title opinions for the proposed drillsite (SW/4NW/4 Section 36)

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. _____
CASE NO. 3278

Ex No. 2

COST ESTIMATE
 TEXACO-STATE OF NEW MEXICO UNIT "N"
 TYPE: DEVELOPMENT
 LOCATION: SW¹/₄NW¹/₄ SEC.
 36, T. 30N, R. 12W
 SAN JUAN COUNTY, NEW MEXICO
 TEXACO INC. OPERATOR
 Date: October 28, 1965
 9 1964

	Dry Hole	Producer
8-5/8" OD, 24#, J-55 Casing	\$ 1,740	\$ 9,275
5-1/2" OD, 14#, J, ST&C		2,356
5-1/2" OD, 15.5#, J, ST&C		5,899
2-1/16" JCW 55 Tubing	200	300
Casing Clamps, Shoes, etc.	100	2,900
Well Head Equipment	150	150
Centralizers & Scratchers	600	2,000
Cement	500	1,400
Cementing Service	4,000	
Mud Materials	500	
Location Cost: Contract Labor	2,000	
Location & Roads		
Bridges, Culverts, etc.	26,200	
Contract Drilling: Footage 6540 @ \$4.00	2,700	
Contract Drilling: Day Work 3 Days @ \$900		200
Bits	600	
Drill Stem Tests - 1 Tool	900	
Rig Cost	1,700	
Logging Service	400	
Rig Cost		1,200
Perforating Service - 12' & 30'		300
Rig Cost		6,000
Acidizing or Fracing Service		600
Rig Cost		2,300
Misc. Services & Materials - Cathodic Protection	200	300
Company Supervision	3,000	
Water		
Transportation - Company	500	500
Contract		
	\$45,990	\$35,680

TOTAL

Total for Dry Hole
 Total for Producer

\$45,990
 35,680

\$81,670

Pumping Equipment

11,000

TOTAL FOR EQUIPPED PRODUCER

\$92,670

Share of Costs of Producing Well:

Pan American Petroleum Corporation
 Texas Pacific Oil Company
 Evko Development Company
 Texaco Inc.

Per Cent

Cost

25.00

\$23,167

12.50

11,584

12.50

11,584

50.00

46,335

100.00

\$92,670

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

EXHIBIT NO.

CASE NO.

Ex. No. 3

TEXACO INC.
BASIN DAKOTA FIELD
SAN JUAN COUNTY, NEW MEXICO

CALCULATION OF DIRECT
OPERATING COST

<u>LEASE</u>	<u>NO. WELLS</u>	<u>OPERATING COST 1965 THRU AUGUST</u>
H. J. LOE FEDERAL "B"	2	\$1,331.77
NAVAJO TRIBE "AA"	1	598.91
STATE OF NEW MEXICO KEYS	<u>1</u>	<u>636.83</u>
TOTALS	4	\$2,567.51

$$\frac{\$2,567.51}{4 \times 8} = \$80.23 \text{ per well per month}$$

Ex No. 4

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
Appd	EXHIBIT NO. 4
CASE NO.	5328

TEXACO STATE OF NEW MEXICO UNIT "N" NO. 1
BASIN DAKOTA FIELD

YEAR	GAS PRODUCED AND INCOME		Plus	LIQUID PROD. AND INCOME		TOTAL INCOME	LESS		LESS	LESS	NET ANNUAL INCOME	CUMULATIVE ANNUAL INCOME
							ROYALTY	TAXES	OPERATING AND OVERHEAD			
1966	97,000 MCF @ \$0.14	\$13,600	+	2,430 bbls. @ 2.20	\$5,350	\$18,950	-\$2,370	-\$1,140	-\$1,800		\$13,640	\$13,640
1967	97,000 MCF @ 0.14	13,600	+	2,430 bbls. @ 2.20	5,350	18,950	- 2,370	- 1,140	- 1,800		13,640	27,280
1968	97,000 MCF @ 0.14	13,600	+	2,430 bbls. @ 2.20	5,350	18,950	- 2,370	- 1,140	- 1,800		13,640	40,920
1969	97,000 MCF @ 0.15	14,550	+	2,430 bbls. @ 2.20	5,350	19,900	- 2,490	- 1,190	- 1,800		14,420	55,340
1970	97,000 MCF @ 0.15	14,550	+	2,430 bbls. @ 2.20	5,350	19,900	- 2,490	- 1,190	- 1,800		14,420	69,760
1971	90,000 MCF @ 0.15	13,500	+	2,250 bbls. @ 2.20	4,950	18,450	- 2,310	- 1,110	- 1,800		13,230	82,990
1972	84,000 MCF @ 0.15	12,600	+	2,250 bbls. @ 2.20	4,620	17,220	- 2,150	- 1,030	- 1,800		12,240	95,230

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3358
CASE NO. 3358

Ex No 5

Docket No. 31-65

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 3, 1965

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3327: Application of Texaco Inc. for an allowable increase, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to statewide Rule 505 (a) and 505 (b) to increase the 40-acre proportional factor from 1.33 to 1.77 for the Vacuum-Glorieta Pool, Lea County, New Mexico.

CASE 3328: Application of Texaco Inc. for force pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Basin-Dakota Pool underlying the N/2 of Section 36, Township 30 North, Range 12 West, San Juan County, New Mexico.

CASE 3329: Application of Tenneco Oil Company for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to recomplete by means of directional drilling the following wells:

Township 29 North, Range 9 West
Florance No. 24, Unit A, Section 23

Township 30 North, Range 8 West
Florance No. 36, Unit H, Section 3
Florance No. 35, Unit A, Section 18

Township 30 North, Range 9 West
Florance No. 5, Unit A, Section 22
Mansfield No. 1, Unit P, Section 19

All of the above wells are presently completed in the Blanco-Mesaverde Pool. Applicant proposes to set a whipstock above the Mesaverde producing interval and to directionally drill, recompleting said wells in the Mesaverde formation, and in some instances, to further drill to the Dakota producing interval thereby permitting dual completion of the wells to produce gas from the Blanco-Mesaverde and Basin-Dakota Gas Pools. Applicant further proposes to conduct appropriate deviation tests to ensure that none of the wells is completed nearer than 200 feet to the outer boundaries of its proration unit.

CASE 3330: Application of Anadarko Production Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Grayburg Premier Sand formation through five wells in Sections 25 and 26, Township 17 South, Range 30 East, Grayburg Jackson Pool, Eddy County, New Mexico.

NOVEMBER 3, 1965 EXAMINER HEARING

CASE 3331: Application of Marathon Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Paddock-Yeso formation in its Federal Well No. 1 in Unit K of Section 24, Township 21 South, Range 23 East, Eddy County, New Mexico.

CASE 3323: (Continued from the October 19, 1965, Examiner Hearing)
Application of David Fasken for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of his Felmont-Collier Well No. 1 located in Unit H of Section 9, Township 11 South, Range 33 East, Lea County, New Mexico, to produce oil from the North Bagley Upper and Lower Pennsylvanian Pools through parallel strings of tubing.

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. 3328
Order No. R-2993

APPLICATION OF TEXACO INC.
FOR COMPULSORY POOLING, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 3, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of November, 1965, 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, Texaco Inc., seeks an order pooling all mineral interests in the Basin-Dakota Gas Pool underlying the N/2 of Section 36, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well in the SW/4 NW/4 of said Section 36 to the Basin-Dakota Gas Pool.

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

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each

-2-

CASE No. 3328
Order No. R-2993

interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 25% thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$75.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

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

-3-

CASE No. 3328
Order No. R-2993

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the N/2 of Section 36, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit to be dedicated to the Texaco State of New Mexico Unit "N" Well No. 1 to be located in the SW/4 NW/4 of said Section 36.

(2) That Texaco Inc. is hereby designated the operator of the subject well and unit.

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

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

(5) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 30 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

-4-

CASE No. 3328

Order No. R-2993

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

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

(B) As a charge for the risk involved in the drilling of the well, 25% of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That \$75.00 per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan 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.

-5-

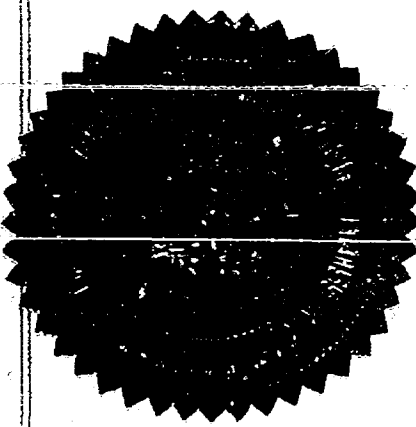
CASE No. 3328

Order No. R-2993

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

esr/

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

March 11, 1966

C
O
P
Y

Texaco Inc.
P. O. Box 2100
Denver, Colorado 80201

Attention: Mr. P. J. De Niro

Re: Case No. 3328 ✓

Order No. R-2293

2993

Gentlemen:

We have your letter of March 7, 1966, concerning the itemized schedule of actual well costs required by the above order.

Please file the schedule as soon as you have received the statements of the contractor who drilled the well.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr

TEXACO
MAIN OFFICE OGC INC.

PETROLEUM PRODUCTS

MAR 9 PM 1:02

DOMESTIC PRODUCING DEPARTMENT

DENVER DIVISION

A. L. PROTSMAN, DIVISION LANDMAN



P. O. BOX 2100
DENVER, COLO. 80201

March 7, 1966

NM-1085 - J/O TEXACO-STATE OF NEW MEXICO
UNIT "N" - N $\frac{1}{2}$ SEC. 36-30N-12W
SAN JUAN COUNTY, NEW MEXICO

Re: Case No. 3328
Order No. R-2293
N $\frac{1}{2}$ Sec. 36-30N-12W
San Juan County, New Mexico

Oil & Gas Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Gentlemen:

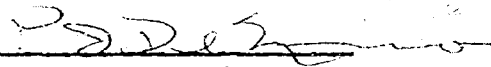
Paragraph 5 of Page 3 of your captioned Order dated November 9, 1965, provides in part that the Operator (Texaco) shall furnish the Commission and each Working Interest Owner an itemized schedule of actual well costs within thirty days following completion of the well. The Unit "N" Well drilled on the captioned land was completed on February 10, 1966, and we request an extension of time to June 10, 1966, to furnish the itemized schedule.

Our request is made necessary because all of the statements of the contractor who drilled the well have not yet been submitted, and we expect that all such statements will be received prior to June 10, 1966.

Very truly yours,

A. L. PROTSMAN

By


P. J. De Niro
Contract Section

PJDeN:SG

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

November 9, 1965

Mr. Booker Kelly
White, Gilbert, Koch & Kelly
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: Case No. 3328 & 3329
Order No. R-2993 and R-2994
Applicant:
Texaco and Tenneco

Dear Sir:

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

Very truly yours,

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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC x

Other Case 3328 - copies of order mailed to Joseph Seagram & Sons, Inc., and Evko Development Company

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
DENVER DIVISION

A. L. PROTSMAN, DIVISION LANDMAN

MAIN OFFICE 000

MAY 25 PM 1 11

P.O. BOX 2100
DENVER, COLO. 80201

May 20, 1966

NM-1085 - J/O TEXACO-STATE OF
NEW MEXICO UNIT "N"
N $\frac{1}{2}$ SEC. 36-30N-12W
SAN JUAN COUNTY,
NEW MEXICO

Re: Case No. 3322
Order No. R-2293 dated
November 9, 1965

File
3328

Oil and Gas Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico

Joseph E. Seagram & Sons Inc.
P. O. Box 747
Dallas, Texas 75221
Attn: Mr. S. C. Leeman

Pan American Petroleum Corporation
Security Life Building
Denver, Colorado 80202
Attn: Mr. B. F. Pracko

Evko Development Company
Room 22, 122 Geary Street
San Francisco, California
Attn: Mr. H. Kogan
Certified Mail

Gentlemen:

Paragraph 5 of Page 3 of the captioned order provides in part, that the operator shall furnish the Commission and each known working interest owner in the unit an itemized schedule of actual well costs for well, State of New Mexico Unit "N".

Accordingly, there is enclosed a statement of well costs for the above well.

Very truly yours,

A. L. PROTSMAN

By

P. J. De Niro
P. J. De Niro
Contract Section

PJDeN:JJJ
Encl.

MAINTENANCE
25 MAY 1966

ACTUAL WELL COST FOR STATE OF NEW MEXICO WELL UNIT "N"

LOCATION: TOWNSHIP 30 NORTH, RANGE 12 WEST
SAN JUAN COUNTY, NEW MEXICO
SECTION 36: SW $\frac{1}{4}$ NW $\frac{1}{4}$

TEXACO INC. - OPERATOR

DATED MAY 23, 1966

Description	Amount
8-5/8" x 10" Ser 900 OCT Casing Head complete with 4 $\frac{1}{2}$ " x 10" C-22 Casing Hanger	\$ 380.64
10" x 6" Ser 900 Christmas Tree Complete	1,429.15
8-5/8" 24# J-55 R-2 ST&C Casing	815.57
4 $\frac{1}{2}$ " 9.50# J-55 R-2 ST&C Casing	5,893.02
4 $\frac{1}{2}$ " 11.6# J-55 R-2 LT&C Casing	302.41
4 $\frac{1}{2}$ " 10.5# J-55 R-2 ST&C Casing	700.39
2-3/8" 4.70# J-55 EUE Tubing	3,760.70
Transportation	750.93
Roads, Dirt Work, Pits	1,760.61
Contract Drilling - Footage	18,272.82
Contract Completion Work	2,064.18
Bits	190.64
Other Rental Tools & Equipment	296.29
Drilling Mud and Additives	1,693.39
Cement and Cementing Services	2,789.10
Water	2,963.90
Perforating	1,096.81
Stimulation	7,871.90
Electric Logging & Surveys	1,811.05
Other Distributed Services	341.51
Other Drilling Costs	1,927.61
Total	\$57,082.62