

CASE 3726: Application of JOHN
YURONKA AND ROBERT CHANDLER for
COMPULSORY POOLING, LEA COUNTY.

Case No.

3726

Application, Transcript,
Small Exhibits, Etc.

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

January 25, 1979

Case 3726
Nutter

In Re: Belcher "A" (NMCOO #R-3388)

New Mexico Oil Conservation Commission
P. O. Box 3088
Santa Fe, New Mexico 87501

Gentlemen:

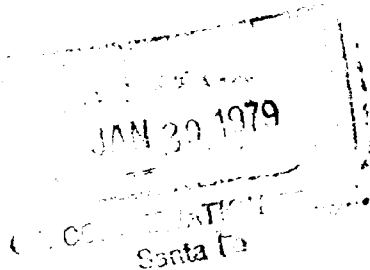
We are enclosing herewith copies of Joint Account Statements reflecting the payout status on the above captioned order. These statements are for the period July, 1976 through September, 1978.

We trust you will find this information satisfactory.

Yours very truly,

C. Arnold Brown
C. Arnold Brown, *M.D.*
President

MT
Encls.



Joint Account Statement

Belcher "A" (N10CCO No. R-3388)

Date July & Aug. 1976

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 42,507.39

July, 1976

399.13

August, 1976

406.49

43,313.01

Total

\$ 203,449.60

Plus 40%

81,379.84

\$ 284,829.44

TEXAS PACIFIC - 50% Working Interest

\$ 142,414.72

Value of Oil Runs

(After taxes & Trucking)

\$ 191,086.35

June, 1976

3,623.38

July, 1976

2,598.84

\$ 197,308.57

TEXAS PACIFIC - 40.625%

\$ 80,156.61

Net Deficit

\$ 62,258.11

134 30 1979
C. J. F.
Santa Fe

Joint Account Statement

Belcher "A" (NM10CCO No. R-3389)

Date Sept. & Oct. 1976

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 43,313.01

Sept. 1976

260.18

Oct. 1976

200.18
734.64

44,307.83

Total

\$ 204,444.42

Plus 40%

81,777.77

\$ 286,222.19

TEXAS PACIFIC - 50% Working Interest

\$ 143,111.10

Value of Oil Runs

(After taxes & Trucking)

\$ 197,308.57

Aug. 1976

3,655.95

Sep. 1976

2,895.42

\$ 203,859.94

TEXAS PACIFIC - 40.625%

\$ 82,818.10

Net Deficit

\$ 60,293.00

1979

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date Nov. & Dec. 1976

Balance

\$ 160,136.59

Well Costs

Operating Costs

Nov. 1976

Dec. 1976

\$ 44,307.83

584.44

660.58

45,552.85

Total

Plus 40%

\$ 205,689.44

82,275.78

\$ 287,965.22

TEXAS PACIFIC - 50% Working Interest

\$ 143,982.61

Value of Oil Runs

(After taxes & Trucking)

Oct. 1976

Nov. 1976 (gas only)

\$ 203,859.94

5,453.22

379.50

\$ 209,692.66

TEXAS PACIFIC - 40.625%

\$ 85,187.64

Net Deficit

\$ 58,794.97

1979

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (NE40000 No. R-3388)

Date Jan. & Feb. 1977

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 45,552.85

January, 1977

466.56

February, 1977

248.33

46,267.74

Total

\$ 206,404.33

Plus 40%

82,561.73

\$ 288,966.06

TEXAS PACIFIC - 50% Working Interest

\$ 144,483.03

Value of Oil Runs

(After taxes & Trucking)

\$ 209,692.66

December, 1976

5,831.72

January, 1977

5,862.77

\$ 221,387.13

TEXAS PACIFIC - 40.625%

\$ 89,938.52

Net Deficit

\$ 54,544.51

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (NFMOCCO No. R-3388)

Date March & April, 1977

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 46,267.74

March, 1977

422.60

April, 1977

525.86

47,216.20

Total

\$ 207,352.79

Plus 40%

82,941.12

\$ 290,293.91

TEXAS PACIFIC - 50% Working Interest

\$ 145,146.96

Value of Oil Runs

(After taxes & Trucking)

\$ 221,387.13

February, 1977

3,103.56

March, 1977

4,576.57

\$ 229,067.26

TEXAS PACIFIC - 40.625%

\$ 93,058.57

Net Deficit

\$ 52,088.39

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date May & June, 1977

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 47,216.20

May, 1977

309.63

June, 1977

181.63

47,707.46

Total

\$ 207,844.05

Plus 40%

83,137.62

\$ 290,981.67

TEXAS PACIFIC - 50% Working Interest

\$ 145,490.83

Value of Oil Runs

(After taxes & Trucking)

\$ 229,067.26

April, 1977

3,058.54

May, 1977

3,120.99

\$ 235,246.79

TEXAS PACIFIC - 40.625%

\$ 95,569.01

Net Deficit

\$ 49,921.82

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (N40CCO No. R-3388)

Date July & Aug. 1977

Balance

\$ 160,136.59

Well Costs

Operating Costs
July 1977
Aug. 1977

\$ 47,707.46
571.04
681.77

48,960.27

\$ 209,096.86
83,638.74
\$ 292,735.60

Total
Plus 40%

\$ 146,367.80

TEXAS PACIFIC - 50% Working Interest

Value of Oil Runs
(After taxes & Trucking)
June, 1977
July, 1977

\$ 235,246.79
4,580.20
3,070.36

\$ 242,897.35

\$ 98,677.05

TEXAS PACIFIC - 40.025%

\$ 47,690.75

Net Deficit

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (NW40000 No. R-3388)

Date Sept. & Oct. 1977

Balance

Well Costs

\$ 160,136.59

Operating Costs

Sept. 1977

\$ 48,960.27

Oct. 1977

592.12
400.49

49,952.88

Total

\$ 210,089.47

Plus 40%

84,035.79

\$ 294,125.26

TEXAS PACIFIC -- 50% Working Interest

\$ 147,062.63

Value of Oil Runs

(After taxes & Trucking)

Aug. 1977 (gas only)

Sept. 1977

\$ 242,897.35

408.79

3,300.29

\$ 246,606.43

TEXAS PACIFIC - 40.625%

\$ 100,183.86

Net Deficit

\$ 46,878.77

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (NM0000 No. R-3388)

Date Nov. & Dec. 1977

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 49,952.88

Nov. 1977

609.98

Dec. 1977

477.42

51,040.28

Total

\$ 211,176.87

Plus 40%

84,470.75

\$ 295,647.62

TEXAS PACIFIC - 50% Working Interest

\$ 147,823.81

Value of Oil Runs

(After taxes & Trucking)

\$ 246,606.43

Oct. 1977

4,250.59

Nov. 1977

3,887.33

\$ 254,744.35

TEXAS PACIFIC - 40.625%

\$ 103,489.89

Net Deficit

\$ 44,333.92

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (NEOCCO No. R-3388)

Date January & February 1978

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 51,040.28

Jan. 1978

417.66

Feb. 1978

554.20

52,012.14

Total

\$ 212,148.73

Plus 40%

84,859.49

\$ 297,008.22

TEXAS PACIFIC - 50% Working Interest

\$148,504.11

Value of Oil Runs

(After taxes & Trucking)

\$ 254,744.35

Dec. 1977

3,518.09

Jan. 1978

254.56

\$ 258,517.00

TEXAS PACIFIC - 40.625%

\$105,022.53

Net Deficit

\$ 43,481.58

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher, "A" (NEOCCO No. R-3388)

Date March & April, 1978

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 52,012.14

March, 1978

543.82

April, 1978

521.35

53,077.31

Total

\$ 213,213.90

Plus 40%

85,285.56

\$ 298,499.46

TEXAS PACIFIC - 50% Working Interest

\$149,249.73

Value of Oil Runs

(After taxes & Trucking)

\$ 258,517.00

Feb. 1978

8,120.94

March, 1978

4,850.05

\$ 271,487.99

TEXAS PACIFIC - 40.625%

\$110,292.00

Net Deficit

\$ 38,957.73

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date May & June, 1978

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 53,077.31

May, 1978

929.92

June, 1978

4,880.78

58,888.01

Total

\$ 219,024.60

Plus 40%

87,609.84

\$ 306,634.44

TEXAS PACIFIC - 50% Working Interest

\$ 153,317.22

Value of Oil Runs

(After taxes & Trucking)

\$ 271,487.99

April, 1978

4,282.05

May, 1978

307.96

\$ 276,078.00

TEXAS PACIFIC - 40.625%

\$ 112,156.69

Net Deficit

\$ 41,160.53

MABEE PETROLEUM CORP., Suite 2532, First Place, Tulsa, Oklahoma 74103/(918) 584-5218

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date July, Aug. & Sept. 1978

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 58,888.01

July, 1978

383.05

Aug. 1978

448.20

Sept. 1978

536.44

60,255.70

Total

\$ 220,392.29

Plus 40%

88,156.92

\$ 308,549.21

TEXAS PACIFIC - 50% Working Interest

\$ 154,274.61

Value of Oil Runs

(After taxes & Trucking)

\$ 276,078.00

June, 1978

6,292.79

July, 1978

836.37

August, 1978

2,234.06

\$ 285,351.22

TEXAS PACIFIC - 40.625%

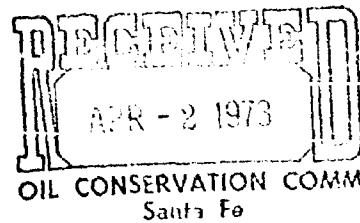
\$ 115,923.93

Net Deficit

\$ 38,350.68



MABEE PETROLEUM CORP.
1916 First Natl. Bldg.,
Tulsa Oklahoma 74103



March 29, 1973

In Re: Belcher #1 (NMOCO #R-3263-A)
Belcher "A" (NMOCO #R-3388)

New Mexico Oil Conservation Commission
P. O. Box 3088
Santa Fe, New Mexico 87501

*File Case
3726*

Gentlemen:

We are enclosing herewith copies of Joint Account Statements reflecting the payout status on the above captioned orders.

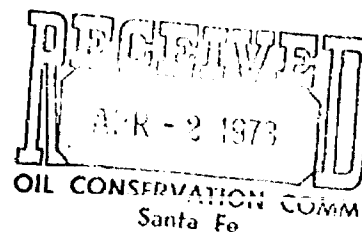
These statements are for the period June, 1972 through February, 1973. We trust you will find these statements satisfactory.

Yours very truly,

C. D. Forrest
C. D. Forrest
President

MI
Encls.

*File
Case 2726*



Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date June, 1972

Balance

Well Costs

\$ 160,136.59

Operating Costs
June, 1972

\$ 21,058.78
186.42

21,245.20

Total
Plus 40%

\$ 181,381.79

72,552.72

\$ 253,934.51

TEXAS PACIFIC - 50% Working Interest

\$ 126,967.26

Value of Oil Runs
(After taxes & Trucking)
May (oil & gas)

\$ 75,325.54
844.27

\$ 76,169.81

TEXAS PACIFIC - 40.625%

\$ 30,943.99

Net Deficit

\$ 96,023.27

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date July, 1972

Balance

\$ 160,136.59

Well Costs

Operating Costs \$ 21,245.20
July, 1972 269.87

21,515.07

\$ 181,651.66

72,660.07

\$ 254,311.73

Total
Plus 40%

\$ 127,155.87

TEXAS PACIFIC - 50% Working Interest

Value of Oil Runs
(After taxes & Trucking)
June (oil & gas)

\$ 76,169.81
1,460.11

\$ 77,629.92

\$ 31,537.16

TEXAS PACIFIC - 40.625%

Net Deficit

\$ 95,618.71

Joint Account Statement

Belcher "A" (NMOCOO No. R-3388)

Date August, 1972

Balance

Well Costs

\$ 160,136.59

Operating Costs
August, 1972

\$ 21,515.07
288.98

21,804.05

Total
Plus 40%

\$ 181,940.64

72,776.26

\$ 254,716.90

TEXAS PACIFIC - 50% Working Interest

\$ 127,358.45

Value of Oil Runs
(After taxes & Trucking)
July (Oil & gas)

\$ 77,629.92
823.39

\$ 78,453.31

TEXAS PACIFIC - 40.625%

\$ 31,871.66

Net Deficit

\$ 95,486.79

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date September, 1972

Balance

Well Costs

\$ 160,136.59

Operating Costs
September, 1972

\$ 21,804.05
184.65

21,988.70

Total
Plus 40%

\$ 182,125.29

72,850.12

\$ 254,975.41

TEXAS PACIFIC - 50% Working Interest

\$ 127,487.71

Value of Oil Runs
(After taxes & Trucking)
August (Oil & Gas)

\$ 78,453.31
1,519.05

\$ 79,972.36

TEXAS PACIFIC - 40.625%

Net Deficit

\$ 32,488.77

\$ 94,998.94

Joint Account Statement

Belcher "A" (NMOCOO No. R-3388)

Date October, 1972

Balance

Well Costs

\$ 160,136.59

Operating Costs
October, 1972

\$ 21,988.70
329.44

22,318.14

Total
Plus 40%

\$ 182,454.73

72,981.89

\$ 255,436.62

TEXAS PACIFIC - 50% Working Interest

\$ 127,718.31

Value of Oil Runs
(After taxes & Trucking)
September (Oil & Gas)

\$ 79,972.36
1,582.81

\$ 81,555.17

TEXAS PACIFIC - 40.625%

\$ 33,131.79

Net Deficit

\$ 94,586.52

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date November, 1972

Balance

Well Costs

\$ 160,136.59

Operating Costs
November, 1972

\$ 22,318.14
303.81

22,621.95

Total
Plus 40%

\$ 182,758.54

73,103.42

\$ 255,861.96

TEXAS PACIFIC - 50% Working Interest

\$ 127,930.98

Value of Oil Runs
(After taxes & Trucking)
Oct., (Oil & gas)

\$ 81,555.17
731.47

\$ 82,286.64

TEXAS PACIFIC - 40.625%

\$ 33,428.95

Net Deficit

\$ 94,502.03

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date December, 1972

Balance

Well Costs

\$ 160,136.59

Operating Costs
Dec. 1972

\$22,621.95
215.26

22,837.21

Total
Plus 40%

\$ 182,973.80

73,189.52

\$ 256,163.32

TEXAS PACIFIC - 50% Working Interest

\$ 128,081.66

Value of Oil Runs
(After taxes & Trucking)
Nov. 1972

\$82,286.64
1,339.39

\$ 83,626.03

TEXAS PACIFIC - 40.625%

\$ 33,973.08

Net Deficit

\$ 94,108.58

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date Jan. & Feb., 1973

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 22,837.21

Jan. 1973

250.55

Feb. 1973

226.58

23,314.34

Total

\$ 183,450.93

Plus 40%

73,380.37

\$ 256,831.30

TEXAS PACIFIC - 50% Working Interest

\$ 128,415.65

Value of Oil Runs

(After taxes & Trucking)

\$ 83,626.03

Dec. 1973

1,307.39

Jan. 1973

1,484.71

\$ 86,418.13

TEXAS PACIFIC - 40.625%

\$ 35,107.37

Net Deficit

\$ 93,308.28



MABEE PETROLEUM CORP.
1916 First Natl. Bldg.,
Tulsa Oklahoma 74103

July 13, 1972

In Re: Belcher #1 (NMOCO #R-3263-A)
Belcher "A" (NMOCO #S-3388)

file in Case No. 3726
com

New Mexico Oil Conservation Commission
P. O. Box 3088
Santa Fe, New Mexico 87501

Gentlemen:

We are enclosing herewith copies of Joint Account Statements reflecting the payout status on the above captioned orders.

These statements are for the period January, 1972 through May, 1972. We trust you will find these statements satisfactory.

Yours very truly,

C. A. Forrest
M.S.

C. D. Forrest
President

MI
Encls.

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date January & February, 1972

Balance

Well Costs

\$ 160,136.50

Operating Costs

\$18,854.53

January, 1972

219.50

February

442.93

19,516.96

Total

\$ 179,653.55

Plus 40%

71,861.42

\$ 251,514.97

TEXAS PACIFIC - 50% Working Interest

\$ 125,757.49

Value of Oil Runs

(After taxes & Trucking)

\$69,504.28

December, 1971 (oil)

1,270.13

Dec. & Jan. (gas)

324.27

\$ 71,098.68

TEXAS PACIFIC - 40.625%

\$ 28,883.84

Net Deficit

\$ 96,873.65

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date March & April, 1972

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 19,516.96

March, 1972

530.64

April

380.21

20,427.81

Total
Plus 40%

\$ 180,564.10

72,225.64

\$ 252,789.74

TEXAS PACIFIC - 50% Working Interest

\$ 126,394.87

Value of Oil Runs

(After taxes & Trucking)

\$ 71,098.68

February, 1972

1,035.29

March

1,702.90

\$ 73,836.87

TEXAS PACIFIC - 40.625%

\$ 29,996.23

Net Deficit

\$ 96,398.64

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date May, 1972

Balance

Well Costs

\$ 160,136.59

Operating Costs
May, 1972

\$ 20,427.81
630.97

21,058.78

Total
Plus 40%

\$ 181,195.37
72,478.15
\$ 253,673.52

TEXAS PACIFIC - 50% Working Interest

\$ 126,836.76

Value of Oil Runs
(After taxes & Trucking)
April, 1972

\$ 73,836.87
1,488.67

\$ 75,325.54

TEXAS PACIFIC - 40.625%

\$ 30,601.00

Net Deficit

\$ 96,235.76

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

December 15, 1969

C
O
P
Y

Mabee Royalties, Inc.
1916 First National Building
Tulsa, Oklahoma 74103

Attention: Mr. C. D. Forrest

Re: Belcher Well No. 1 - Order
No. R-3263-A, Case No. 3545

Belcher A Well - Order
No. R-3388, Case No. 3726

Gentlemen:

This will acknowledge receipt of your letter of November 25, 1969, together with Joint Account Statements reflecting payout status on the above-captioned orders.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr

MABEL ROYALTIES, INC.

DEC 1 1969

DM

Joint Account Statement

Belcher #1 (NMOCCO No. R-3263-A)

Case 3545

Date January, 1969

Balance

\$148,781.34

Well Costs

Operating Costs
Jan., 1969

\$ 7,167.26
381.65

7,548.91

TOTAL
Plus 35%

\$156,330.25

54,715.59

\$211,045.84

TEXAS PACIFIC - 50% Working Interest

\$ 105,522.92

Value of Oil Runs
(After taxes & trucking)
Dec., 1968

\$ 42,834.94
3,905.50

\$ 46,740.44

TEXAS PACIFIC - 40.625%

\$ 18,988.30

Net Deficit

\$ 86,534.62

MABEE ROYALTIES, INC.

Joint Account Statement

Belcher #1 (NMOCO No. R-3263-A)

Date March, 1969

Balance

Well Costs

\$ 148,781.34

Operating Costs

\$ 7,548.91

Feb., 1969

372.44

Mar., 1969

430.66

8,352.01

TOTAL

\$ 157,133.35

Plus 35%

54,996.67

\$ 212,130.02

TEXAS PACIFIC - 50% Working Interest

\$ 106,065.01

Value of Oil Runs

(After taxes & trucking)

\$ 46,740.44

Jan., 1969

4,811.54

Feb., 1969

3,342.70

\$ 54,894.68

TEXAS PACIFIC - 40.625%

\$ 22,300.96

Net Deficit

\$ 83,764.05

MABLE ROYALTIES, INC.

Joint Account Statement

Belcher #1 (NMOCOO No. R-3263-A)

Date May, 1969

Balance

Well Costs

\$ 148,781.34

Operating Costs

\$ 8,352.01

Apr. 1969

350.99

May, 1969

305.21

9,008.21

TOTAL

\$ 157,789.55

Plus 35%

55,226.34

213,015.89

TEXAS PACIFIC - 50% Working Interest

\$ 106,507.94

Value of Oil Runs

(After taxes & trucking)

\$ 54,894.68

Mar. 1969

3,746.01

Apr. 1969

3,793.41

\$ 62,434.10

TEXAS PACIFIC - 40.625%

\$ 25,363.85

Net Deficit

\$ 81,144.09

MABEE ROYALTIES, INC.

Joint Account Statement

Belcher #1 (NMOCCO No. R-3263-A)

Date June, 1969

Balance

Well Costs

\$ 146,781.34

Operating Costs
June, 1969

\$9,008.21
331.26

9,339.47

TOTAL
Plus 35%

\$ 158,120.81
55,342.28
\$ 213,463.09

TEXAS PACIFIC - 50% Working Interest

\$ 106,731.55

Value of Oil Runs
(After taxes & trucking)
May, 1969

\$62,434.10
3,248.20

\$ 65,682.30

TEXAS PACIFIC - 40.625%

\$ 26,683.43

Net Deficit

\$ 80,048.12

MABEE ROYALTIES, INC.

Joint Account Statement

Belcher #1 (NMOCOO No. R-3263-A)

Date September, 1969

Balance

\$148,781.34

Well Costs

Operating Costs

July, 1969

Aug. 1969

Sept. 1969

TOTAL

Plus 35%

\$9,339.47

491.84

322.65

436.45

10,590.41

\$159,371.75

55,780.11

\$215,151.86

TEXAS PACIFIC - 50% Working Interest

\$ 27,575.93

Value of Oil Runs

(After taxes & trucking)

June, 1969

July, 1969

Aug. 1969

\$65,682.30

3,672.66

3,200.50

3,342.42

\$ 75,897.88

\$ 30,833.51

TEXAS PACIFIC - 40.625%

\$ 76,742.42

Net Deficit



MABEE ROYALTIES, INC.
1916 First Natl. Bldg.,
Tulsa Oklahoma 74103

44
6
DEC 9 PM 9:44
DEC 5, 1968

In Re: Belcher "A" #1
SE/4 SW/4 Sec. 7-22S-38E
Lea County, New Mexico

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

Dear Mr. Porter:

Attached hereto is a statement of the actual well costs on the above captioned well as of November 22, 1968 as required by N.M.O.C.C. Order #R-3388. We believe this to be a complete statement of the costs, but if there should be any outstanding bills received and paid, we will forward you a supplement covering same.

It is our understanding that the Admiral Crude Oil Purchasing Company made the first oil runs from this property on October 25, 1968. They are in the process of preparing Division Orders at this time. We have recently executed a Gas Division Order to Warren Petroleum Corporation covering the gas production from this property.

It is our understanding that your office will require a statement every three or four months reflecting the costs as set out on the enclosed statement - together with the operating expenses and also an accounting of the income to this property. We wish to comply with all requirements of your office and if at any time anything is not being handled properly and to your satisfaction, we will appreciate your calling our attention to these facts.

Yours very truly,

MABEE ROYALTIES, INC.

C. D. Forrest
C. D. Forrest

CDF/je

cc: Midland Office

cc: Texas Pacific Oil Co.
Box 747
Dallas, Texas - 75221

ACTUAL WELL COSTS
as of
November 22, 1968

MABEE ROYALTIES, INC.

Belcher A, #1
1980' FWL & 660' FSL, Section 7-22S-38E
Lea County, New Mexico

<u>INTANGIBLE COSTS</u>		
<u>Drilling Costs</u>		\$ 44,206.36
7340' @ \$4.45 per foot	\$ 33,925.30	
Sample Bags	10.61	
Completion costs	10,270.45	
<u>Material & Supplies</u>		8,293.26
Bits & Equip. Rental	2,755.04	
Drilling Mud & Chemicals	5,254.99	
Other	283.23	
<u>Specialized Services</u>		28,134.50
Well Surveys & Testing Services	3,376.63	
Cementing Casing	5,627.29	
Shooting, Acidizing & Perforating	19,130.58	
<u>Other Intangible Drilling Costs</u>		2,144.55
Geological & Engineering	576.63	
Overhead & Supervision	1,267.92	
Loss & Damage	300.00	
<u>Truck & Service Equipment</u>		4,708.70
Prepare location & roads	4,002.00	
Hauling drilling equipment, etc.	374.78	
Clean-up location, fill pits, etc.	331.92	
<u>Contract Labor</u>		1,779.63
TOTAL INTANGIBLE COSTS		\$ 89,267.00
<u>TANGIBLE COSTS</u>		
<u>Casing, Tubing & Line Pipe</u>		\$ 39,424.57
1387' of 9-5/8" Surface Casing	5,901.66	
7430' of 7" Casing	23,588.40	
12,480' of 2-3/8" Tubing	9,169.60	
2549' of 2-3/8" Tubing for flow lines	764.93	
Dual Completion Wellhead		2,793.09
<u>Commingle Tank Battery</u>		7,932.85
2 HI-500 Welded Tanks, Separator, Treater, etc.		
<u>Pumping Unit Installations</u>		20,719.06
2 Lufkin Units w/ bases, electric motors, electrify lease, sucker rods & subsurface pump		
TOTAL TANGIBLE COSTS		\$ 70,869.59
TOTAL WELL COSTS		\$160,136.59

MABEE ROYALTIES, INC.

BY Ed. P. [Signature]
Vice President

Case 3726

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. 3773
Order No. R-3263-A - *Case 3545*
and R-3388-A *Case 3726*

APPLICATION OF MABEE ROYALTIES, INC.,
AND YURONKA AND CHANDLER, FOR AN
AMENDMENT TO ORDERS NOS. R-3263 AND
R-3388, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8 a.m. on May 22, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29th day of May, 1968, 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 by Order No. R-3263, dated June 27, 1967, certain
mineral interests were pooled to form a number of proration units
to be dedicated to a certain well, all as set forth in said order.

(3) That Order (4) of said Order No. R-3263 designated
John Yuronka and Robert E. Chandler as the operators of the
subject well and units.

(4) That by Order No. R-3388, dated March 13, 1968, certain
mineral interests were pooled to form a number of proration units
to be dedicated to certain wells, all as set forth in said order.

(5) That Order (4) of said Order No. R-3388 designated
John Yuronka and Robert Chandler as the operators of the subject
wells and units.

-2-

CASE No. 3773
Order No. R-3263-A
and R-3388-A

(6) That the applicants, Mabee Royalties, Inc., and Yuronka and Chandler, seek the amendment of said Orders Nos. R-3263 and R-3388 to designate Mabee Royalties, Inc., as operator of the subject wells and units.

(7) That all owners of working interests in the aforementioned wells and units have agreed to the designation of Mabee Royalties, Inc., as the operator of said wells and units.

(8) That Orders Nos. R-3263 and R-3388 should be amended to designate Mabee Royalties, Inc., as operator of the aforesaid compulsorily pooled units.

IT IS THEREFORE ORDERED:

(1) That Order (4) of Order No. R-3263 is hereby amended to read in its entirety as follows:

"(4) That Mabee Royalties, Inc., is hereby designated the operator of the subject well and units."

(2) That Order (4) of Order No. R-3388 is hereby amended to read in its entirety as follows:

"(4) That Mabee Royalties, Inc., is hereby designated the operator of the subject well and units."

(3) 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

DAVID F. CARGO, Chairman

S E A L

GUYTON B. HAYS, Member

esr/

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

March 26, 1968

Mr. Frank A. Bolen
Texas Pacific Oil Company
P. O. Box 4067
Midland, Texas 79701

*File
Case 3726*

Re: Farmout Proposal on
Belcher Lease, S/2 SW/4
& NE/4 SW/4 of Sec. 7,
T-22-S, R-3P-E, Lea
County, New Mexico

Dear Mr. Bolen:

Reference is made to your letter dated March 22, 1968, on
the captioned subject.

Please prepare the necessary agreement without any undue
delay for our examination and approval.

Very truly yours,

John Yuronka

John Yuronka

cc: New Mexico Oil Conservation Commission

68 MAR 27 AM 8 39

P. O. Box 4067

Midland, Texas 79701

March 22, 1968

*File Carl
3726*

Mr. John Yuronka
120-C Central Building
Midland, Texas 79701

Re: Farmout Proposal
Belcher Lease
S/2 SW/4 & NE/4 SW/4
Sec. 7, T-22-S, R-38-E
Lea County, New Mexico
MAR 25 AM 8 28

Dear Mr. Yuronka:

This letter will serve to advise you that our management has approved our recommendation to farmout to you certain leasehold rights underlying the above described lands.

We agree to farmout to you our undivided one-half of the working interest in the above described 120 acres of land on the same terms and conditions as those set out in detail in letter of agreement dated June 23, 1966, between John Yuronka and Robert E. Chandler as farnees and the Bauerdorf Estate and W. P. Prentiss as farmers.

Since the initial well provided for in your letter of agreement with the Bauerdorf Estate and W. P. Prentiss has been drilled and completed under authority of New Mexico Conservation Order No. R-3263 on a portion of the lands which will be subject to our agreement it will be necessary to include language in our agreement which will make the overriding royalty retained by our company retroactive to first production from your well.

In order that we may prepare the necessary agreement etc., without undue delay your early notification that you find our offer acceptable will be appreciated.

Yours very truly,

TEXAS PACIFIC OIL COMPANY

Frank A. Bolen
Frank A. Bolen

FAB:flh

cc: New Mexico Oil Conservation Comm.
M. M. Slagle, Jr.
H. D. Holloway

GOVERNOR
DAVID F. CARGO
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

March 13, 1968

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

Re: Case No. 3726
Order No. R-3388
Applicant:

John Yuronka and Robert Chandler

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.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Mr. John Russell

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. 3726
Order No. R-3388

APPLICATION OF JOHN YURONKA AND
ROBERT CHANDLER FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 28, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of March, 1968, 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 applicants, John Yuronka and Robert Chandler, seek an order pooling all mineral interests from the surface of the ground down to a depth of 7400 feet underlying the E/2 SW/4 of Section 7, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, to form two 40-acre proration units for Drinkard, Paddock, Blinebry, Tubb or other oil production to be dedicated to two wells to be drilled in Units K and N of said Section 7, or to form an 80-acre non-standard gas proration unit in the event gas production is encountered in the Tubb Gas Pool.

(3) That the applicants have the right to drill and propose to drill a well in each of the aforesaid quarter-quarter sections to test any and all formations, particularly the Drinkard, Paddock, Blinebry, and Tubb formations, from the surface of the ground down to a depth of 7400 feet.

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

(5) That the evidence indicates that the W/2 SW/4 of said Section 7 is not productive of gas in the Tubb formation.

(6) That the evidence indicates that the E/2 SW/4 of said Section 7 may be productive of gas from the Tubb formation.

(7) That the evidence indicates that the SE/4 SW/4 and the NE/4 SW/4 of said Section 7 may be productive of oil from any or all of the Drinkard, Paddock, Blinebry, and Tubb formations.

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the E/2 SW/4 of said Section 7 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Tubb Gas Pool, all mineral interests, whatever they may be in the Tubb Gas Pool, within the E/2 SW/4 of said Section 7 should be pooled.

(9) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 SW/4 of said Section 7 the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the Drinkard, Paddock, Blinebry, and Tubb formations, all mineral interests, whatever they may be in said formations, within the SE/4 SW/4 of said Section 7 should be pooled.

(10) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the NE/4 SW/4 of said Section 7 the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the Drinkard, Paddock, Blinebry, and Tubb formations, all mineral interests, whatever they may be in said formations, within the NE/4 SW/4 of said Section 7 should be pooled.

(11) That the applicants should be designated the operators of the subject wells and units.

(12) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be drilled in the SE/4 SW/4 of said Section 7 should have withheld from production from said well his share of the reasonable well

-3-

CASE No. 3726

Order No. R-3388

costs of said well plus an additional 40% thereof as a reasonable charge for the risk involved in the drilling of the well.

(13) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be drilled in the NE/4 SW/4 of said Section 7 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 40% thereof as a reasonable charge for the risk involved in the drilling of the well.

(14) That any non-consenting interest owner should be afforded the opportunity, as to each well, 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.

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

(16) That \$50.00 per month for each completed productive zone in each of the subject wells should be fixed as a reasonable charge for supervision of each of the subject wells; that the operators of the subject wells 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 operators should be authorized to withhold from production the proportionate share of actual operating costs of said wells attributable to each non-consenting working interest.

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

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Tubb Gas Pool underlying the E/2 SW/4 of Section 7, Township 22 South, Range 38 East, NMMN, Lea County, New Mexico, are hereby pooled to form an 80-acre non-standard gas proration unit for

said pool to be dedicated to a well to be drilled in either the SE/4 SW/4 or the NE/4 SW/4 of said section; provided, however, that neither of said quarter-quarter sections shall be simultaneously dedicated to an oil well and a gas well in the Tubb formation.

(2) That all mineral interests, whatever they may be, in the Drinkard, Paddock, Blinebry, and Tubb Pools underlying the SE/4 SW/4 of Section 7, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing unit for each pool to be dedicated to a well to be drilled in said quarter-quarter section.

(3) That all mineral interests, whatever they may be, in the Drinkard, Paddock, Blinebry, and Tubb Pools underlying the NE/4 SW/4 of Section 7, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing unit for each pool to be dedicated to a well to be drilled in said quarter-quarter section.

(4) That John Yuronka and Robert Chandler are hereby designated the operators of the subject wells and units.

(5) That the operators shall furnish the Commission and each known working interest owner in the SE/4 SW/4 of said Section 7 an itemized schedule of estimated well costs, as to the well to be drilled on that tract, within 30 days following the date of this order.

(6) That the operators shall furnish the Commission and each known working interest owner in the NE/4 SW/4 of said Section 7 an itemized schedule of estimated well costs, as to the well to be drilled on that tract, within 60 days following the completion of the well in the SE/4 SW/4 of said Section 7.

(7) That within 30 days from the date the schedules of estimated well costs, as to each well, are furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs, as to each well, to the operators in lieu of paying his share of reasonable well costs, as to each well, 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.

(8) That the operators shall furnish the Commission and each known working interest owner in the subject units an itemized

schedule of actual well costs as to each well within 60 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 90 days following completion of each 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 90-day period, the Commission will determine reasonable well costs after public notice and hearing.

(9) That within 30 days following determination of reasonable well costs, as to 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 operators his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operators his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(10) That the operators are hereby authorized, as to each well, 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, 40% 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.

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

(12) That \$50.00 per month for each completed productive zone in each of the subject wells is hereby fixed as a reasonable charge for supervision for each of the subject wells; that the operators are hereby authorized, as to each of the subject wells, to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and

-6-

CASE No. 3726

Order No. R-3388

in addition thereto, the operators are hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) 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.

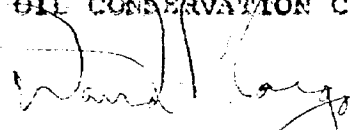
(14) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

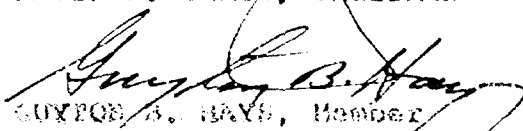
(15) That all proceeds from production from the subject wells which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operators shall notify the Commission of the name and address of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


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

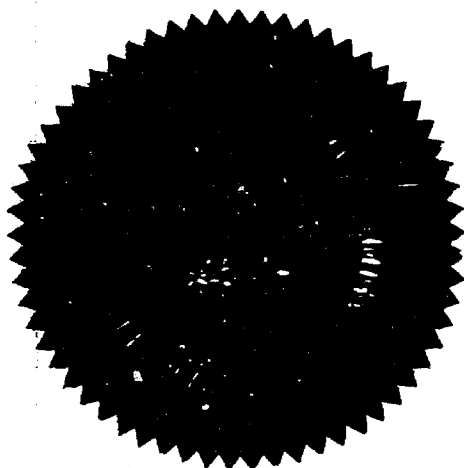
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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



escr/

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 28, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of John Yuronka and
Robert Chandler for compulsory
pooling, Lea County, New Mexico.

CASE NO. 3726

BEFORE: DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The Hearing will come to order, please.
We will take next Case 3726.

MR. HATCH: Case 3726, Application of John Yuronka
and Robert Chandler for compulsory pooling, Lea County, New
Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin,
Kellahin and Fox, Santa Fe, appearing for the applicant. I have
one witness I would like to have sworn, please.

MR. RUSSELL: John F. Russell, Roswell, New Mexico,
representing Texas Pacific Oil Company, and I have one witness.

(Witness sworn.)

(Whereupon, Applicant's
Exhibits 1 through 3 were
marked for identification)

JOHN YURONKA,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A John Yuronka, Midland, Texas.

Q Mr. Yuronka, are you one of the applicants in Case
Number 3726?

A I am.

Q What business are you engaged in?

A I am a consulting petroleum engineer and oil producer.

Q Have you testified before the Oil Conservation Commission of New Mexico and made your qualifications as a petroleum engineer a matter of record?

A I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: They are.

Q (By Mr. Kellahin) Mr. Yuronka, briefly what does the application in Case 3726 propose?

A We propose to force pool the interest under the East half of the Southwest Quarter of Section 7, Township 22, South, Range 38 East, Lea County, New Mexico, to a depth of 7400 feet.

Q Now, you had a previous case involved in this particular area on a forced pooling, did you not?

A We did.

Q Where is the acreage under consideration today in relation to that acreage?

A It is east of it.

Q It's immediately adjacent to it?

A Yes, sir.

Q What is the working interest under the acreage under consideration in this case?

A Fifty percent of it belongs to Texas Pacific Oil Company and the other fifty percent is divided as follows: three-eighths to Mabee Royalties, Inc.; one-quarter to Guy Mabee; one-eighth to John B. Chester; John Yuronka, 7.03125; Robert E. Chandler, the same; Wright McMillan, one-sixteenth; Ken Merren, 3.125; and W. C. Montgomery, 1.5625.

Q What percentage of the working interest do you have under operating agreement or farm-out agreement?

A We have a fifty percent working interest under this eighty-acre tract.

Q Has this been committed to the purpose of drilling a well on the eighty-acre tract or two wells?

A Yes, sir, we must start our second well by our farm-out agreement, which would be in the Southeast of the Southwest, by April the 22nd.

Q That is the well you propose to drill first, is that correct?

A Yes.

Q Do you propose to drill a well on the other forty-acre tract?

A Depending on what we get in the first well.

Q What is your reason, then, for applying for forced pooling of the two forty-acre tracts at this time?

A Because the drilling of the second well would be contingent on what is obtained in the first well.

Q Would you drill the well, assuming that you get a producing well on the first one?

A If it warrants drilling, we would.

Q What zones are you talking about in connection with the forced pooling application?

A The Paddock, the Blinebry, the Tubb, and the Drinkard.

Q Can you put a footage depth on the zones to be forced pooled?

A Our farm-out agreement reads to 7400 feet, which should be from the well we have recently completed in the area, and offset wells should be well below the perforation, the perforations that have been opened in the Drinkard formation.

Q Have you any indication, Mr. Yuronka, that the Drinkard, Paddock, Blinebry, and the Tubb are productive in this area?

A Yes, we have.

Q What is the basis of that?

A The lease is virtually surrounded by producers in the

Q Now, sir, did you have the intention to drill now or soon?

A Yes, sir, I intend to.

Q Yes, sir.

Q Have you made any effort to obtain the number of Texas Pacific Oil Company in the drilling of the well you propose in the Southwest of the Southwest?

A Yes, sir, we have.

Q What did you do in connection with that?

A On December the 27th --

Q Just a minute. Now, referring to what has been marked as Exhibit 1, would you identify that exhibit?

A Exhibit No. 1 is a plat of the area with the acreage that we are requesting for forced pooling outlined in red. The contours are on top of the Blinberry formation.

Q Now, referring to what has been marked as Exhibit No. 2, would you identify that exhibit?

A Yes, sir. Exhibit No. 2 is a letter dated December 27th, 1934, addressed to Mr. W. H. Slagle, Junior, manager of the Texas Pacific Oil Company, as a formal request for a leasehold or lease fifty percent acreage interest in the land.

Q Now, sir, did you have any other exhibits?

A Yes, sir, I have one more exhibit, which is a map of the

a joinder. Did you ask them to join you in the drilling of a well?

A This letter specifically sets out my request for a farm-out. In addition to this, I stated, and I will read from the letter, "Should Texas Pacific Oil Company be unable to farm-out on the above basis, it is requested that they join as a non-operator with their one-half (1/2) leasehold interest."

Q Did you get an answer to this letter, Mr. Yuronka?

A No, sir, the last paragraph of the letter states, "If no response is received by January 15, 1968, it will be assumed that Texas Pacific Oil Company does not wish to farm-out or join in operations." Now, I have not received anything formally in writing. I received a phone call from Mr. Bowlin.

Q Who is Mr. Bowlin?

A Mr. Bowlin is the manager of land in the Midland office. Shortly after, about the second or third of January, he called me and said they would like to send someone over to obtain information on the well and were wondering if we would give it to them, and he sent over a Mr. Bill Thurston, a geologist in the Midland office, to obtain this information.

Q Now, you say "obtain information on the well." Is this the well that you had already drilled?

A This is the well that we had drilled under the previous forced pooling order.

Q Where is it located?

A The Southwest, Southwest of said section.

Q Did you give him the information that he requested?

A Yes, I gave him all the information we had on the well at the time, and I gave him a set of logs. Then on January the fifth, Mr. Dale Holloway, the engineer in the Texas Pacific office, called me and requested another set of logs on the well. With this, I delivered another set of logs to him, and if I may just jump ahead, Exhibit No. 3 is a letter dated January the fifth, addressed to Mr. Holloway, showing that I delivered two sets of logs on the well to the Midland office.

Q As a result of the information you gave them and this later letter transmitting such logs, did you hear anything further from Texas Pacific Oil Company?

A At the time this was done, two sets of logs had been submitted to Texas Pacific. We had filed a dual completion application to the Commission to dual complete the first well in the Tubb. It had already been completed in the Blinbry. Well, since Texas Pacific is an offset operator, they received an application and approved the waiver. We went ahead and

dual completed the well. In addition, we gave Texas Pacific a daily report on the completion of the Tubb formation. This was done approximately January the 10th.

We gave them the full report, including the potential test; in fact, we went about a week, we gave them about a week's subsequent production on the well after the potential test. After that, we did not hear anything from Texas Pacific and on January the 29th, I called the Texas Pacific Midland office and called Mr. Frank Bowlin. He was out at the time and I requested Mr. Dale Holloway and he was also out. Consequently, I talked to Charles West, who is a geologist in the Midland office, and notified him that unless we had something in writing by Wednesday, the 31st, Mr. Chandler and myself would file another forced pooling application for the Southeast Quarter of the Southwest Quarter of said Section 7.

On the following day, I called Mr. Bowlin to see if he had received my message. He explained to me that Texas Pacific could not make a decision on this matter until, the earliest possible date would be the fifth of February. The gentleman who had to make the decision, Mr. Scrafford, was out of the country and would not be back until that time.

Consequently, I informed him that we would file our

forced pooling application, but if they would be willing to sit down and talk to us about the matter, we would be happy to do so. I did not hear anything more from Texas Pacific, and on February the fourteenth, I contacted Mr. Bowlin again to see if Texas Pacific would pursue this forced pooling or would not render any decision in regard to the matter and if we would have to go to force pooling. He said that he assumed, pardon me, he said the matter was being handled by Dallas and he assumed that a hearing would be held and he stated that the only reason he would not know if a hearing would be held except for the fact that he was in Mr. Russell's office at the time Ronald Freels called him in regard to the matter.

Now, during all of these telephone conversations, I asked Mr. Bowlin, it was about the time they had submitted the entire matter to Dallas for consideration, and I inquired of him if they had recommended that they participate from the Midland office. His statement was that they did not make any recommendations for the simple reason that they did not know any more about the situation than before the first well was drilled.

Q At any time, did Texas Pacific Oil Company propose to you that they drill a well and you join them?

A Not in this particular case, no, sir.

Q Did you suggest to them at the time you were negotiating with them that they join you in wells on both of these forty-acre tracts or only one of them?

A Just one of them.

Q One of them. That would be the Southeast of the Southwest, is that right?

A Yes, sir.

Q Mr. Yuronka, in Case Number 3545, Order R-3263, which was the order for pooling the Southwest of the Southwest of this section, you were allowed a thirty-five percent charge for the risk of drilling the well?

A Yes, sir.

Q Have you had any experience with that well, that particular well, which would change your opinion as to what the risk factor ought to be?

A We would very definitely request the maximum of one hundred fifty percent for several reasons. Number one, we encountered lost circulation in this well in drilling it. We were never able to get a real decent set of samples. Number two, the second location will be further down dip, which will make a difference in the quality of the pay. Number three, when we are talking about a thirty-five percent,

anyone who invests in this well has to go the minimum amount of money, pardon me, the minimum interest that is obtainable to borrow money to invest in this well right now is seven percent. If you talk about a three to four-year payout on this well, you are talking about twenty-one to twenty-eight percent, so consequently what we're talking about is a figure that leaves very little room for compensation for people who invest in the drilling of the well and the completion of it.

Q Then are you requesting a hundred fifty percent recovery before Texas Pacific Oil Company will participate unless they contribute their share of the well costs?

A Yes, sir.

Q Was Exhibit 1 prepared by you or under your supervision?

A Yes, sir.

Q And Exhibits 2 and 3, are those copies of letters from your business files which were addressed to and mailed to Texas Pacific Oil Company?

A Yes, sir.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1, 2, and 3.

MR. NUTTER: Applicant's Exhibits 1, 2, and 3 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1, 2, and 3 were offered and admitted in evidence.)

MR. KELLAHIN: That's all I have on direct examination.

MR. HATCH: Mr. Kellahin, we don't have any information at all regarding estimated well costs or operating costs and so forth.

MR. KELLAHIN: Well, we'll re-open and put that on, if you wish.

Q (By Mr. Kellahin) Mr. Yuronka, have you had experience in drilling costs and completion costs in this area?

A Yes, sir.

Q Could you give the Examiner some information on well costs and what you will participate?

A Yes, sir, in the Belcher Number 1, which is in the Southwest of the Southwest Quarter.

CROSS EXAMINATION

BY MR. NUTTER:

Q First of all, this well is projected to test the Paddock, Blinebry, Drinkard, and Tubb?

A Yes, Mr. Nutter.

Q Did the other one go to similar depth and similar formation?

A Yes, it went down to 3700 feet.

MR. KELLAHIN: You are projecting this to a maximum of 7400 feet to test the formation?

A Yes.

Q So the figures on your first well would be comparable to the figures you are giving here?

A Yes, the cost figures submitted to the Commission, actual cost figures as of February 22, the total well cost is one hundred twenty-six thousand one hundred ninety-five dollars and fifty cents. Now, in this particular well, we ran 9 5/8ths-inch casing and seven-inch casing. We are considering the possibility of running eight and five and five and a half on the second well, which would cut the cost. In addition, we have had some expenditures on the well that we feel that we can further cut. Then, in addition, we have had to put both zones on pump.

Q What formation is that other well completed in?

A The Tubb and the Drinkard. We have had to put both zones on pump. The cost figures as submitted in this letter or tabulation dated February 22 is twelve thousand four hundred seventy-three dollars and sixty-six cents for the Drinkard and three thousand one hundred seventy dollars and ninety-four cents for the Tubb. Now, since this was written, I have received invoices totaling approximately sixty-five

hundred dollars, which would be added to the pumping unit installation for the Tubb.

Q Now, those costs are in addition to the one hundred twenty-six thousand dollars?

A Yes, sir, the one hundred twenty-six is the actual drilling of the well. I estimate the total actual well cost of this well, including the pumping unit installations, will be approximately one hundred fifty thousand dollars.

Q That's the No. 1 well?

A Yes, sir.

Q How much do you think you'll be able to cut those costs in the drilling of the second well?

A Well, in the AFE submitted, we have already cut the cost in this particular well. In the AFE submitted as ordered by the Commission in Order R-3263, we estimated the cost of the well at that time to be just slightly over one hundred thirty-five thousand dollars flowing into the tanks. For instance, the drilling was thirty-five thousand dollars. This also includes the mud. So we have already cut the cost from what we originally estimated in the original AFE under Order R-3263, and by cutting some other expenses in regard to some of the other items involved on this thing, I feel if we run eight and five and five and a half, I think we can

probably complete the well for somewhere in the neighborhood of one hundred ten thousand dollars.

Q That's as a flowing well?

A Yes, sir.

Q Now, you estimated a while ago, or you stated that the Drinkard installation cost twelve thousand four hundred seventy-three dollars, that the tabulation you submitted to the Commission for the Tubb totalled three thousand one hundred seventy dollars, and you have received another sixty-five hundred dollars --

A Approximately sixty-five. I have them in my briefcase. I could add them up if you would --

Q I am just trying to get a rough estimate.

A Yes, sir.

Q So we have --

A A dual pumping unit installation should cost somewhere, oh, about twenty-two thousand dollars.

Q How much?

A About twenty-two thousand dollars.

Q Well, these things so far have totalled up to twenty-one thousand one hundred forty-three, so you figure you can get the well drilled for how much?

A Approximately one hundred ten thousand.

Q One hundred ten flowing?

A If we go to nine and five and seven⁶, it will be more. If we can use what I stated, it will be less.

Q You are talking about one hundred ten thousand to complete and drill the well and another twenty-two thousand dollars? *(for pumping eqpt)*

A Yes.

Q What about the tank battery costs?

A We have them in.

Q A portion of the cost of the tank battery would be allocated to this well?

A The tank battery in the cost figure that I have submitted here, the tank battery is included in the one hundred twenty-six thousand dollars. It was twelve thousand nine hundred forty-eight dollars. This is a co-mingled tank battery by which we have received permission from the Commission to co-mingle the oil. There's a possibility we might have to add another tank to the battery, but other than that, I don't anticipate any major costs on the tank battery itself.

Q What about operating costs?

A We are operating it at about fifty dollars per producing zone per well combined fixed rate.

Q Now, you will notice our docket there that this case was advertised for the forced pooling. Also to be considered will be the cost of drilling said wells. We have that now?

A Yes, sir.

Q And a charge for the risk involved?

A Yes.

Q You stated you were asking for the maximum one hundred fifty percent?

A Yes.

Q And for a provision for the allocation of actual operating costs, which would be the actual expenditures to operate the well?

A Yes.

Q And establishment of charges for supervision of the said wells?

A Yes.

Q That's at the rate of fifty per month per well?

A Per producing zone, yes; if it is a dual, it's a hundred per month.

Q ⁴50 Per month per zone. That's supervising, and actual operating costs would be separate from that?

A Yes, sir.

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

Kellahin?

MR. KELLAHIN: No, that's all I have.

MR. NUTTER: Does anyone have any questions of Mr. Yuronka? Mr. Russell?

MR. RUSSELL: Yes, I have a couple.

CROSS EXAMINATION

BY MR. RUSSELL:

Q Mr. Yuronka, on these supervisory costs, is that what you called it, fifty dollars per zone per month?

A Yes.

Q What would that include?

A Combined fixed rate charge that was covered in the last Hearing, and what it amounts to is this covers all expenses other than direct charges to the lease.

Q All expenses other than direct?

A Yes.

Q Which would include expenses and so forth?

A Right.

Q Among other things, your paper work and things of that nature is what you are referring to?

A Yes, sir.

Q Now, I want to go back a moment to the figures you used, Mr. Yuronka, at the very beginning. I believe you said

Texas Pacific had a fifty percent interest?

A In this eighty-acre tract that we are forced pooling, yes, sir.

Q Right?

A Yes, sir.

Q What was the next one, was it Mabee Royalty, thirty-seven and a half?

A They have a three-eighths of the fifty percent.

Q That's what I didn't get. In other words, when you gave three-eighths, it was three-eighths of a half?

A Right.

Q As were all of the subsequent figures?

A Right.

Q Because what you were giving there was the breakdown of the half interest that you obtained from Bauerdorf and Prentiss?

A Yes, sir.

Q Assuming you get a producing well on one or both of the units you are asking for the forced pooling, will these people own the same interest in those?

A If they desire to participate, yes, sir.

Q If they want to participate?

A Yes.

Q But at this time you are asking that it be forced pooled as to John Yuronka and Mr. Chandler?

A Yes.

Q And you will be the operator?

A Yes, sir.

Q Now, under the present well, what percent do you actually own, working interest?

A Me personally?

Q Yes.

A It's a 9/128ths, which is 7.023125.

Q Is that before or after payout?

A That's before payout.

Q Now, after payout, what are you going to have working interest?

A Half of that.

Q Half of it?

A Yes.

Q That was three, about four percent, correct?

A It was three and a half and three and three-quarters percent.

Q And Mr. Chandler the same?

A Yes.

Q So you wind up with a little better than seven percent

working interest after the well pays out?

A Yes.

Q That's a small percent in relation to the fifty percent that Texas Pacific owns, is that not correct?

A Well, yes, sir, it's undeniable.

Q Now, assuming that you may want to dispose of your three and three-quarter percent, whatever it is, would you remain the operator?

A No, under an operating agreement, if I would dispose of my interest, there would have to be other operators, I'm sure.

Q Did you not discuss with Texas Pacific Oil Company a proposed operating agreement for the operation of this first well?

A Yes, sir.

Q Did you not strike out the portion which provided for a successor operator if the operator sold his interest?

A Yes, sir, because I don't intend to sell my interest.

Q Well, then, why didn't you leave it in? That's what I am getting at, your crossing it out would indicate that perhaps you were going to stay operator even though you sold your minor interest?

A No, sir, no, sir, I don't see how I could. I don't

think it would be fair to be an operator of something if you don't have an interest.

Q Do you think it would be unfair for the Commission in its order, assuming that it approves your force pooling request and you are designated as operator, do you think it would be unfair for the Commission to say that if you discontinued as operator that Texas Pacific should be able to take over as operator?

A I would strongly object.

Q Why?

A Because Texas Pacific has not invested any money in this thing.

Q You are talking about, now, prior to payout?

A Yes, sir.

Q But you are not referring to after that period?

A I would, even at that time I would.

Q Why?

A Because I just don't feel that Texas Pacific should be an operator.

Q Why not?

A This is --

Q A fifty percent against a three and three-quarters percent and you are not going to buy it?

A Well, there are various reasons. We can go into this if you'd like but I would prefer not to, but I would just prefer not to have Texas Pacific operate anything that I own.

Q Well, but you are not going to own it.

A Well, referring to a hypothetical case, Mr. Russell, which I don't anticipate right now and I don't want to dwell on this at this stage of the game, it's kind of ridiculous to me personally.

MR. KELLAHIN: I submit the question is speculative and has no bearing on this Hearing.

MR. RUSSELL: Well, it would seem to me that with a fifty percent interest, we would like to know, we have no objection to Mr. Yuronka operating it, but with the breakdown of the working interest being so small among the others, we have a definite interest as to who and how a successor will be appointed.

A What assurance can Texas Pacific give me that they will not sell?

MR. KELLAHIN: If the Examiner please, Texas Pacific has a remedy before this Commission, as was indicated in ^V and F Petroleum Company transferring the operations of their well over to Major and ^{Glebel} Gimbell. If they want to change the operation of this well, they can file a change with the

Commission and let it be resolved at that point. To delay the question at this hearing is fruitless and highly speculative. I don't think it has any bearing on the case.

MR. RUSSELL: I don't care to pursue it any further.

MR. NUTTER: Mr. Russell let me interrupt just a second. I want to get something cleared in my mind. When the Commission enters -- and I want the advice of Mr. Kellahin and Mr. Russell both on this point -- when the Commission enters an order force pooling a piece of property and designates according to the statute we must designate an operator for that, if that operator no longer has an interest in the well, sells his share, what is the status of that order that the Commission has entered?

MR. KELLAHIN: It would be my opinion that until an order was entered changing the operator, the original designee would continue to be operator.

MR. RUSSELL: I concur.

MR. KELLAHIN: I would also say that anyone holding an interest in the well would have standing to appear before the Commission to ask that the operator be changed.

MR. NUTTER: And everybody that owned an interest in it could come in and ask to be designated the operator and it would be up to the Commission to decide who is the new

operator, if they decide that this should be done?

MR. KELLAHIN: That is my opinion.

MR. NUTTER: Is that your opinion, Mr. Russell?

MR. RUSSELL: I agree with that.

MR. NUTTER: Go ahead with your questions.

Q (By Mr. Russell) You indicated that you tried to get a farm-out of this acreage from Texas Pacific by your letter of December 27th to Mr. Slagle?

A Yes, sir.

Q You have a copy of that letter, do you not?

A Yes, sir.

Q Now, you made a proposal under points one and two as to what Texas Pacific Oil Company is to retain?

A Yes, sir.

Q Now, under Number one, will you compare that with what Texas Pacific is to retain in the form of an override in what you gave Bauerdorf and Prentiss for the one-half interest you acquired from them?

A I believe I state in there I gave them a 1/32nd interest.

Q Of eight-eighths?

A Based on their leasehold interest.

Q Well, do you have the letter?

A Yes.

Q Would you read it?

A A $1/32$ of eight-eighths overriding royalty for a single completion and a $1/16$ of eight-eighths overriding royalty for a dual completion, reduced proportionately according to their fifty percent leasehold interest.

Q Which on a single completion would mean $1/64$ of eight-eighths?

A Yes.

Q Is that what you gave --

A No, sir.

Q -- the other people for this farm-out?

A No.

Q What did you grant to them?

A A $3/32$ nd of eight-eighths based on their leasehold interest.

Q $3/32$?

A Yes.

Q But you did not make the same offer to Texas Pacific?

A Well, if you will recall, Mr. Russell, in the last Hearing when I obtained the farm-out from Bauerdorf and Prentiss, the first people I took it to was Texas Pacific. They turned it down. I then submitted a request to them on

the same basis that we had given it to the Bauerdorfs and, first of all, they turned my request down. They said it was too heavily burdened and then they turned around and said that they could not farm-out on this basis because they could not make money on it.

Q But I am referring to this one that you are working on now.

A Yes.

Q You did not make as good an offer to Texas Pacific as you made to the people --

A No, sir, but I also made the option to them that if they did not wish to farm-out on the above basis, we would be happy to have them join us as a non-operator.

Q Which brings us to another point.

A Fine.

Q Now, you have drilled your first well under the other order?

A Yes, sir.

Q Where was it completed?

A It was completed in the Tubb and Drinkard.

Q And at the Hearing on that case, you testified that in your opinion the cost of completing a dual in the Tubb and the Drinkard was ninety thousand fifty dollars?

A That was a dual tubingless.

Q And the AFE you submitted in July was one hundred forty-five thousand three hundred ten?

A Yes.

Q Now, then, you came up, well you really haven't gotten the actual cost yet, have you?

A No, sir.

Q You are not sure?

A No, sir, but it will be in the neighborhood of one hundred fifty thousand dollars.

Q Have you submitted an AFE to Texas Pacific on this proposed well?

A No, sir. I originally submitted them a farm-out request. If they had turned down my farm-out request and said they would be willing to join us, I would have submitted an AFE to them. I have not heard one word from them.

Q But you haven't given them any indication of what the well might cost?

A No, sir.

Q And at that point you had not submitted any actual cost of completing the first well?

A No, sir, but Texas Pacific made out an AFE for Cornell, the same type of AFE that I made out, and I remember the figure

was one hundred forty-eight thousand dollars, the same type of completion, nine and five and seven-inch triple flowing into the tanks.

Q The figures on the actual completion which you are furnishing to Texas Pacific is subject to their examination and determination as to the reasonableness of them or they can object to the actual costs as being the reasonable cost?

A It is so provided for.

Q Wouldn't you think that before they had to commit themselves on the second well, that they ought to know what the cost of the first well was and what you anticipate the cost of the second well would be and what your production figures from the first well might be?

A Well, it's kind of which comes first, the chicken or the egg. They have to indicate to me first whether they are interested in joining us as a non-operator; then we can sit down and submit a figure to them, an AFE; if they object to something on the AFE, this is something we would have to sit down and work out among ourselves.

Q But the reverse is also true. In other words, if someone came to me and said, "Would you like to buy a new Cadillac?", I am not going to deal with them until I know how much. I would like to know the ballpark I am playing in.

A I think in this situation, I think anyone in the oil business will tell you that you have to indicate a desire to join something before you give any idea of cost.

Q You haven't furnished them that?

A The letter is a formal farm-out request.

Q Right.

A This is the basic point of the letter. Now, the letter very specifically states that if they don't wish to farm-out on the basis shown above, we would be willing to have them talk to us about joining us as a non-operator, and this is as far as it ever got.

Q Mr. Yuronka, would you be pleased to receive an offer for a half interest in the same property that the offeror had made a better deal for the other half? Wouldn't you try to get as good a deal?

MR. KELLAHIN: If the Examiner please --

MR. RUSSELL: We are talking about a hold-up of negotiations.

MR. KELLAHIN: This is argumentative.

MR. RUSSELL: This is a very practical valid reason.

MR. KELLAHIN: It is not a valid reason because the witness testified there weren't any negotiations and Texas Pacific never inquired as to costs or indicated they would or

would not farm-out. They just didn't answer the man's letter. If you are talking about negotiations, that is something else again. Texas Pacific is competent to make a counter-proposal if they felt like making one, but they didn't make any. This is argumentative.

MR. RUSSELL: This proposal of December 27th indicates what the deal is and in the other case, Mr. Yuronka's deal with the other people is in the record. It is obvious that they are not the same, that this is not as good.

A Well, Texas Pacific has a copy --

Q (By Mr. Russell) That's right, you furnished them a copy.

A -- of the farm-out agreement with Bauerdorf and Prentiss. If they did not think it was a valid offer, they could have come to me and said something about it and if we couldn't come to an agreement, they could have joined us as a non-operator. It is that simple. I have never heard one word from them as to what they want to do.

Q Let's go to another subject. Mr. Yuronka, at the last Hearing, I believe you testified that there was no particular risk in drilling this first well other than the normal risk encountered in getting a producing well in a proven area, but the element of risk, as far as you were

concerned primarily was will the well pay out?

A Yes, it was a completion risk more than anything else.

Q Right.

A This lost circulation we encountered, it was a problem. It didn't give us a real big headache but it was a constant problem.

Q On this payout you testified that using fifteen barrels per day to estimate the payout of the cost of the well, a Tubb and Drinkard would pay out in 54.8 months.

A That was on the dual tubing that's used for both zones, fifteen barrels a day.

Q Right. Now, from what you have discovered or the history of this well to date, will that period not be reduced?

A I don't know, Mr. Russell.

Q You haven't figured that?

A The well, at the present time, is producing approximately one hundred ten barrels a day. As I say, we have recently dually completed it. Approximately ninety barrels a day is from the Tubb and approximately twenty barrels a day from the Drinkard. Since we are pumping under packer, we are having some problems with our Drinkard formation. How long this will sustain itself, any engineer will tell you in a reservoir of this type that this will eventually stabilize.

How long it will hold at this rate, I don't know. We do know this, that the Drinkard came in at a very good clip and in a very short period of time it fell down to approximately where it was; in fact, it fell down within just a couple of weeks' time down to fifteen barrels a day.

Q But the actual well potential was much greater, of course, than what you used, the fifteen barrels?

A Right now it is.

Q You are figuring it over?

A Yes, right now it is.

Q You figured if it was only fifteen barrels a day, it --

A Right.

Q -- it would pay out at 54.8 months?

A Right.

Q You had to add some additional cost on your original estimate and you are making one hundred ten barrels now?

A Yes.

Q So actually your risk of payout appears much less than you thought it was at the time of the Hearing, since you used fifteen barrels?

A Yes, sir, because the well right now is making more.

MR. RUSSELL: I have no further questions.

MR. NEPPER: Are there any other questions on Mr. Yuronka Mr. Kellahan?

MR. KELLAHAN: I would like to ask a couple.

REDIRECT EXAMINATION

BY MR. KELLAHAN:

Q Mr. Yuronka, you say you owned individually something, you and Mr. Chandler, something less than four percent in this well, is that correct?

A That will be correct, no, at the present time we own a seven percent working interest, slightly over seven percent this is only in effect while the one hundred thirty-five percent is in effect.

Q I am talking about the acreage we are seeking to force pool today.

A Yes.

Q We are not talking about one hundred thirty-five percent. We trust we are talking about one hundred fifty percent, is that correct?

A Yes.

Q You own what, seven percent working interest?

A Mr. Chandler and I would both own seven percent working interest.

Q You do have a farm out from the other working interest

owners to getting one-half of the other working interest in this tract?

A Yes.

Q So you do have a right to drill and develop this area?

A Yes.

Q Did Texas Pacific Oil Company at any time make a counter proposal to any request that you ever made to them?

A No, sir.

Q Did they ever ask for the same deal -- and I am talking about in connection with the acreage which is under consideration here today -- did they ask for the same deal as Bauerdorf and Prentiss?

A No, I never heard word one from them.

Q Did they ever inquire as to the possible cost of drilling a well on this tract?

A No, sir.

Q Did they ever indicate in any way that they were interested in participating in the drilling of a well?

A They indicated nothing.

Q And according to the wording of your letter, you assume that they were just not interested, is that correct?

A Well, my letters state, the last sentence, that if I

did not hear from them by a certain day, I assumed that they did not wish to farm-out or join as a non-operator.

Q And you did not hear?

A That is right.

Q In connection with the risk factor, Mr. Russell inquired as to the production from the well that was drilled in the Southwest of the Southwest pursuant to Order R-3263. Actually, the production from this well was more than you anticipated, was it not?

A Yes, sir.

Q Would you anticipate the same production from a well drilled in the Southeast of the Southwest?

A It is further down dip. The quality of the pay could very well change as we go down dip.

Q Would that factor affect your estimate of the risk factor involved in drilling this well?

A Yes, sir.

Q In what way will it affect it?

A There is a greater risk by going down dip in the quality of the pay involved.

Q You mentioned this lost circulation zone. Did that cause additional costs?

A We did have some problems, yes, sir, we had to

circulate several times in attempting to get samples and what have you, and we did have a problem in this regard.

Q Now, this is a risk that you had not anticipated in connection with the first well you drilled, is that correct?

A Yes, sir.

Q Do you anticipate you might encounter it in a second well?

A Yes, sir, I would have to anticipate it as an operator.

MR. KELLAHIN: That's all I have.

RE CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Yuronka, your drilling contract called for the contractor to pay for the mud, so the lost circulation didn't cost you anything in so far as mud is concerned?

A No, sir, but I set up the mud program and the situation was this, we, I consulted with the mud company in regard to the mud program and we specifically set out the properties of the mud we wanted in this particular well. If we had to change the quality of the mud in any way, then we would have to pay some additional money for it.

Q Did you have to change the mud program as a result of the lost circulation?

A No, sir, all we did, there was a possibility at one

time, that we might have to put some oil in there. We did not want to put oil in there for the reason we were trying to get some samples to check. Fortunately, I had a competent drilling contractor that we were able to do this. He did, in four thousand twelve feet he twisted off six drill collars. Then he eventually recovered the fish. This took, well, he went from 3751 to 4194 in three days. This is not normal for this particular thing. You should be able to cover that in about four days.

Q And how long did it take him?

A Well, my report on October the 30th was that he had twisted off six drill collars and this was two days, pardon me, on the 28th, he was drilling at 3751. On the morning of the 29th he informed me that he had twisted off drill collars and he did not give me a depth that he was fishing. The next day, on the 30th, he said -- I have the report -- he recovered the fish and then he was drilling at that time at 4012 feet.

Q I see. What are the provisions of the previous order, Mr. Yuronka, by what time does Texas Pacific make its election whether to join or to pay its share before the well was drilled?

A Before the well was drilled. The order provided that within thirty days after the order was issued, which I believe

was June the 7th, we had to submit an AFE and an operating agreement to them to participate in this well. The operating agreement that was submitted to them is dated July the 19th. On July the 31st we have a letter -- I don't even know how to say this -- Mr. L. B. Jeffries wrote it; he did not sign it -- and stating that Texas Pacific elected to take the one hundred thirty-five percent.

Q So they're being carried as far as ^{their} ~~the~~ share costs in the first well?

A Yes, sir.

Q You are taking that out of the production?

A Yes, sir.

MR. KELLAHIN: If the Examiner please, I would correct the witness. I think Paragraph 6 of the order portion of Order R-3263 provides that within thirty days from the date the scheduled estimated well costs is furnished a non-consenting owner.

MR. NUTTER: Not the date of the order.

MR. KELLAHIN: As the witness testified, they elected not to participate.

MR. NUTTER: Are there any other questions of Mr. Yuronka?

MR. RUSSELL: Yes.

RECROSS EXAMINATION

BY MR. RUSSELL:

Q Mr. Yuronka, I think you said you acquired a half interest under the lease from some other people and Texas Pacific has the other half, right?

A Yes, sir.

Q Would you accept a farm-out from Texas Pacific on the same terms as you took from the other people for their half?

A Yes.

Q You would?

A I would certainly give it serious consideration.

Q Would you submit such an offer to the company?

A I feel that I would; I would have to give it some more thought.

Q Will you let them know?

A If a farm-out would be considered by Texas Pacific, I would want the entire one hundred twenty.

Q Well --

A To get them out of the picture completely.

Q You are talking about the same acreage that you got from the Bauerdorf?

A Yes.

Q Will you submit such an offer to them prior to the time

when they will have to elect whether to join under this order, assuming one comes out? In other words, let's not get too far down the line. You would like to speed things up, I am sure, from what you have testified, and maybe I can help you.

MR. NUTTER: Mr. Russell, it almost sounds like you are asking him to make an offer to accept an offer. Are you making an offer, Mr. Russell?

MR. RUSSELL: I have no authority.

A Are you saying for Texas Pacific that they would accept an offer on this basis?

MR. RUSSELL: I am John F. Russell from Roswell.

A Well, I can't make one either. If you want to make a firm offer, I might tell you what I might do. If you can make a firm offer or Mr. Freels can, I can't comment.

Q (By Mr. Russell) In other words, you are not willing to come back the same as you did in your letter of December 27?

A No, I am not saying that.

Q Yes, you are.

A No, I am saying that, I am saying if Texas Pacific will make a counter proposal, I will give them my answer.

Q In other words, if they come back to you now and say that "we will farm out the entire one twenty on the same basis that you acquired a farm-out from Baucordorf and Prentiss," then

you will let them know right away?

A Yes, I would let them know my feeling within forty-eight hours.

MR. RUSSELL: All right.

MR. NUTTER: Are there any other questions of Mr. Yuronka?

MR. RUSSELL: One moment, please.

Q (By Mr. Russell) What Mr. Freels has indicated is really in the form of a statement rather than a question, and that is the fact that Texas Pacific does not have any serious objection to the granting of Mr. Yuronka's request, but they would like time to evaluate the cost figures on this first well which were just received Monday.

A Yes, sir.

Q And then make a decision as to whether to join as non-operator. That's the only thing, and of course, we don't want one hundred fifty percent. We would like one hundred. We would settle for twenty-five. If necessary we would take the same risk factor as in the other one.

A No comment, Mr. Russell.

MR. NUTTER: Are there any other questions? Mr. Yuronka may be excused.

(Witness excused)

MR. NUTTER: Is that your only witness, Mr. Kellahin?

MR. WATKINS: I have no statement to make. Am
you putting on a witness?

MR. WATKINS: I have no statement to make.

MR. WATKINS: Does anyone have anything they wish to
offer in case 1226? Are there any statements to be made?

MR. RUSSELL: No statement.

MR. KELLAM: No statement.

MR. WATKINS: If not, we will take the case under
advisement and recess the Court until 1:30.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
JOHN YURONKA	
Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Nutter	14
Cross Examination by Mr. Russell	20
Redirect Examination by Mr. Kellahin	36
Recross Examination by Mr. Nutter	39
Recross Examination by Mr. Russell	42

E X H I B I T S

<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's 1 thru 3	3	13

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, 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 4th day of March, 1968.

Ada Dearnley
 Notary Public

My Commission Expires:

June 19, 1971

I do hereby certify that the foregoing is a true and correct copy of the transcript of the hearing held at the Bernalillo County Courthouse on March 4, 1968.

Notary Public for the State of New Mexico

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
JOHN YURONKA AND ROBERT E. CHANDLER
FOR AN ORDER FORCE POOLING LAND IN
SECTION 7, TOWNSHIP 22 SOUTH, RANGE
38 EAST, LEA COUNTY, NEW MEXICO

Case 3726
MAIN OFFICE

'68 FEB 5 AM 8 04

A P P L I C A T I O N

Come now JOHN YURONKA and ROBERT E. CHANDLER, and apply to the Oil Conservation Commission of New Mexico for an order force-pooling all interest in and under the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 7, Township 22 South, Range 38 East, N.M.P.M., Lea County, New Mexico, from the surface to a depth of 7400 feet, and in support thereof would show the Commission.

1. The Oil Conservation Commission, by its Order No. R-3263, entered June 27, 1967, pooled the ~~NE $\frac{1}{4}$ SW $\frac{1}{4}$~~ of said Section 7, Township 22 South, Range 38 East as a portion of a non-standard gas proration unit. insofar, but only insofar as the Tubb Gas Pool is concerned.

2. That applicants are the owners of a right to drill and produce oil or gas, or both, from the E $\frac{1}{2}$ SW $\frac{1}{4}$ of said Section 7, Township 22 South, Range 38 East.

3. That there are separately owned interests in the oil and gas minerals embraced within such tract, and the owner or owners thereof have not agreed to pool their interests for the drilling of a well to any common source of supply underlying said tract. Applicants are informed and believe that Texas Pacific Oil Company is the owner of an undivided one-half working interest in and under said lands.

4. That said tract is underlaid by multiple producing horizons, to the best of applicants' information and belief, such horizons include the Paddock, Blinebry, Tubb and Drinkard formations.

5. Applicants propose to drill a well, to be located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7 to adequately test any and all formations between the surface and a depth of 7400 feet, or such lesser depth at which production may be obtained. Applicants further propose to drill a second well, to be located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 7 to adequately test any and all formations between the surface and a depth of 7400 feet, or such lesser depth at which production may be obtained.

6. That there is a reasonable possibility that oil production will be encountered from one or more zones between the surface and 7400 feet below the surface, and therefore force-pooling of all mineral interests should be ordered to facilitate the drilling of wells on said tract, and to avoid multiple hearings for the purpose of force-pooling the interest in and under said tract.

7. Applicants will incur expense in the drilling, completion, supervision and operation of any well or wells located on the tract, and any order entered should include a suitable provision for the risk involved in the drilling of a well or wells on said tract, to be recovered from any non-consenting working interest owner's prorata share of production, together with provision for the recovery of the cost of drilling, completing, operating and supervising said well, all to be recovered out of production as provided by law.

3. The approval of this application is in the interests of conservation, will result in the protection of the correlative rights of the applicants and other owners, and will enable applicants to recover their just and equitable share of the oil or gas, or both, underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 7, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

WHEREFORE, applicants pray that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order force-pooling the above-described tract as prayed for.

Respectfully submitted,

JOHN YURONKA and ROBERT E. CHANDLER

Original Signed By
BY: Jason W. Kellahin
Kellahin & Fox
Post Office Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANTS

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 28, 1968

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
Elvis A. Utz, Alternate Examiner:

CASE 3714: (Continued from the January 24, 1968, Examiner Hearing)

Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "O" Well No. 1 located in Unit F of Section 16, Township 17 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the perforated interval 3140 to 3160 feet, Maljamar-Queen Gas Pool, and the injection of water for secondary recovery purposes into the Grayburg-San Andres formations in the interval from 3700 to 4050 feet through parallel strings of 2-inch tubing.

CASE 3724: Application of El Paso Natural Gas Company for a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its San Juan 27-4 Unit Well No. 30 (GD) located in Unit N of Section 32, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Gallup formation and the Basin-Dakota Pool through tubing and the casing-tubing annulus, respectively, by means of a cross-over.

CASE 3725: Application of Continental Oil Company for two non-standard gas proration units and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following two non-standard gas proration units in the Jalmat Gas Pool:

A 160-acre unit comprising the E/2 E/2 of Section 1, Township 25 South, Range 36 East, Lea County, New Mexico, to be dedicated to its Wells B-1 Well No. 1 located 660 feet from the North and East lines of said Section 1; and a 200-acre unit comprising the W/2 E/2 and NE/4 NW/4 of said Section 1 to be dedicated to its Wells B-1 Well No. 3 located at an unorthodox location 660 feet from the North line and 1650 feet from the West line of said Section 1.

February 26, 1956, Examiner Hearing

CASE 3726: Application of John Yuronka and Robert Chandler for compulsory pooling, Lea County, New Mexico. Applicants, in the above-styled cause, seek an order force-pooling all mineral interests from the surface down to a depth of 7400 feet underlying the E/2 SW/4 of Section 7, Township 22 South, Range 38 East, Lea County, New Mexico, to form two 40-acre proration units for Drinkard, Paddock, Blinbry, Tubb or other oil production to be dedicated to two wells to be drilled in Units K and N of said Section 7, or to form an 80-acre non-standard gas proration unit in the event gas production is encountered in the Tubb Gas Pool. Also to be considered will be the costs of drilling said wells and a charge for the risk involved, and a provision for the allocation of actual operating costs and the establishment of charges for supervision of said wells.

CASE 3727: Application of Monsanto Company for an unorthodox gas well location, a non-standard proration unit, a dual completion, and temporary special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Rock Tank Unit Well No. 1 located 660 feet from the North line and 920 feet from the West line of Section 7, Township 23 South, Range 25 East, Eddy County, New Mexico, said well to be dedicated to the proposed non-standard proration unit comprising the W/2 of said Section 7 and the E/2 of Section 12, Township 23 South, Range 24 East. Applicant also seeks approval of the dual completion (conventional) of said well to produce gas from the Upper Morrow and Lower Morrow formations through the casing-tubing annulus and the tubing, respectively. Applicant further seeks the creation of Upper Morrow and Lower Morrow gas pools for said well and the promulgation of temporary special rules therefor, including a provision for 640-acre spacing.

CASE 3728: Application of Tenneco Oil Company for an amendment to Order No. R-3127, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3127 for the expansion of the Grayburg-Jackson West Cooperative Unit Area by some 400 additional acres of State land in Section 16, Township 17 South, Range 29 East, Eddy County, New Mexico.

CASE 3729: Application of Pan American Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to

February 28, 1968, Examiner Hearing

CASE 3729: (Continued from Page 2)

drill a well at an unorthodox location 510 feet from the South line and 1830 feet from the East line of Section 15, Township 24 South, Range 37 East, Fowler-Ellenburger Pool, Lea County, New Mexico, in exception to the pool rules that require that wells be drilled in the NW/4 or the SE/4 of the quarter section.

CASE 3730: Application of Tamarack Petroleum Company, Inc., for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the South Pearl Queen Unit Area comprising 1523 acres, more or less, of Fee and Federal lands in Township 20 South, Range 35 East, Lea County, New Mexico.

CASE 3731: Application of Tamarack Petroleum Company, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through 14 wells in its South Pearl Queen Unit, Township 20 South, Range 35 East, Pearl-Queen Pool, Lea County, New Mexico.

CASE 3732: Application of Weier Drilling Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through its V. L. Foster Well No. 6 located 2310 feet from the North line and 1650 feet from the East line of Section 17, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 3733: Application of Daryi Davis to re-enter a well, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the State "A" Well No. 1 located 1980 feet from the South and West lines of Section 1, Township 4 South, Range 26 East, Chaves County, New Mexico, and attempt to complete said well as a producer from the San Andres formation.

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
2414 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

February 2, 1968

RECEIVED

Case
3726

1968 FEB 5 AM 8 03

Texas Pacific Oil Company DOCKET MAILED
Post Office Box 747
Dallas, Texas 75221

Date 2-15-68

Gentlemen:

Enclosed is a copy of an application which has been filed with the New Mexico Oil Conservation Commission of New Mexico, seeking forced-pooling of the lands described. This application has been filed on behalf of John Yuronka and Robert Chandler.

It is anticipated that the Oil Conservation Commission will set this application for hearing before the Commission's examiner on February 28, in Santa Fe, New Mexico.

Yours very truly,

JASON W. KELLAHIN

jwk:peg

Enc.

cc Oil Conservation Commission

C
O
P
Y

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
JOHN YURONKA AND ROBERT E. CHANDLER
FOR AN ORDER FORCE POOLING LAND IN
SECTION 7, TOWNSHIP 22 SOUTH, RANGE
38 EAST, LEA COUNTY, NEW MEXICO

58 FEB 5 AM 8 03
Case 3726

A P P L I C A T I O N

Come now JOHN YURONKA and ROBERT E. CHANDLER, and apply to the Oil Conservation Commission of New Mexico for an order force-pooling all interest in and under the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 7, Township 22 South, Range 38 East, N.M.P.M., Lea County, New Mexico, from the surface to a depth of 7400 feet, and in support thereof would show the Commission.

1. The Oil Conservation Commission, by its Order No. R-3263, entered June 27, 1967, pooled the ^{SW $\frac{1}{4}$ of said} ~~NE $\frac{1}{4}$ SW $\frac{1}{4}$~~ of said Section 7, Township 22 South, Range 38 East as a portion of a non-standard gas proration unit, insofar, but only insofar as the Tubb Gas Pool is concerned.

2. That applicants are the owners of a right to drill and produce oil or gas, or both, from the E $\frac{1}{2}$ SW $\frac{1}{4}$ of said Section 7, Township 22 South, Range 38 East.

3. That there are separately owned interests in the oil and gas minerals embraced within such tract, and the owner or owners thereof have not agreed to pool their interests for the drilling of a well to any common source of supply underlying said tract. Applicants are informed and believe that Texas Pacific Oil Company is the owner of an undivided one-half working interest in and under said lands.

4. That said tract is underlaid by multiple producing horizons, to the best of applicants' information and belief, such horizons include the Paddock, Blinebry, Tubb and Drinkard formations.

5. Applicants propose to drill a well, to be located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7 to adequately test any and all formations between the surface and a depth of 7400 feet, or such lesser depth at which production may be obtained. Applicants further propose to drill a second well, to be located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 7 to adequately test any and all formations between the surface and a depth of 7400 feet, or such lesser depth at which production may be obtained.

6. That there is a reasonable possibility that oil production will be encountered from one or more zones between the surface and 7400 feet below the surface, and therefore force-pooling of all mineral interests should be ordered to facilitate the drilling of wells on said tract, and to avoid multiple hearings for the purpose of force-pooling the interest in and under said tract.

7. Applicants will incur expense in the drilling, completion, supervision and operation of any well or wells located on the tract, and any order entered should include a suitable provision for the risk involved in the drilling of a well or wells on said tract, to be recovered from any non-consenting working interest owner's prorata share of production, together with provision for the recovery of the cost of drilling, completing, operating and supervising said well, all to be recovered out of production as provided by law.

8. The approval of this application is in the interests of conservation, will result in the protection of the correlative rights of the applicants and other owners, and will enable applicants to recover their just and equitable share of the oil or gas, or both, underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 7, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

WHEREFORE, applicants pray that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order force-pooling the above-described tract as prayed for.

Respectfully submitted,

JOHN YURONKA and ROBERT E. CHANDLER

BY: Jason W. Kellahin
Kellahin & Fox
Post Office Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANTS

May 31, 1968

*File Case
3726*

Mr. M. M. Slagle, Jr.
Texas Pacific Oil Company
P. O. Box 747
Dallas, Texas

Re: Belcher Lease, S/2 SW/4 &
NE/4 SW/4 of Section 7,
T-22-S, R-38-E, Lea County,
New Mexico

Dear Mr. Slagle:

In a letter dated May 10, 1968, we requested a status report on the captioned acreage on the farmout proposal made in a letter of March 22, 1968, by Mr. Frank A. Bolen of your Midland Office and on which we have had subsequent telephone conversations since Mr. Bolen's letter. As of this date, we have not received a reply to our letter of May 10th.

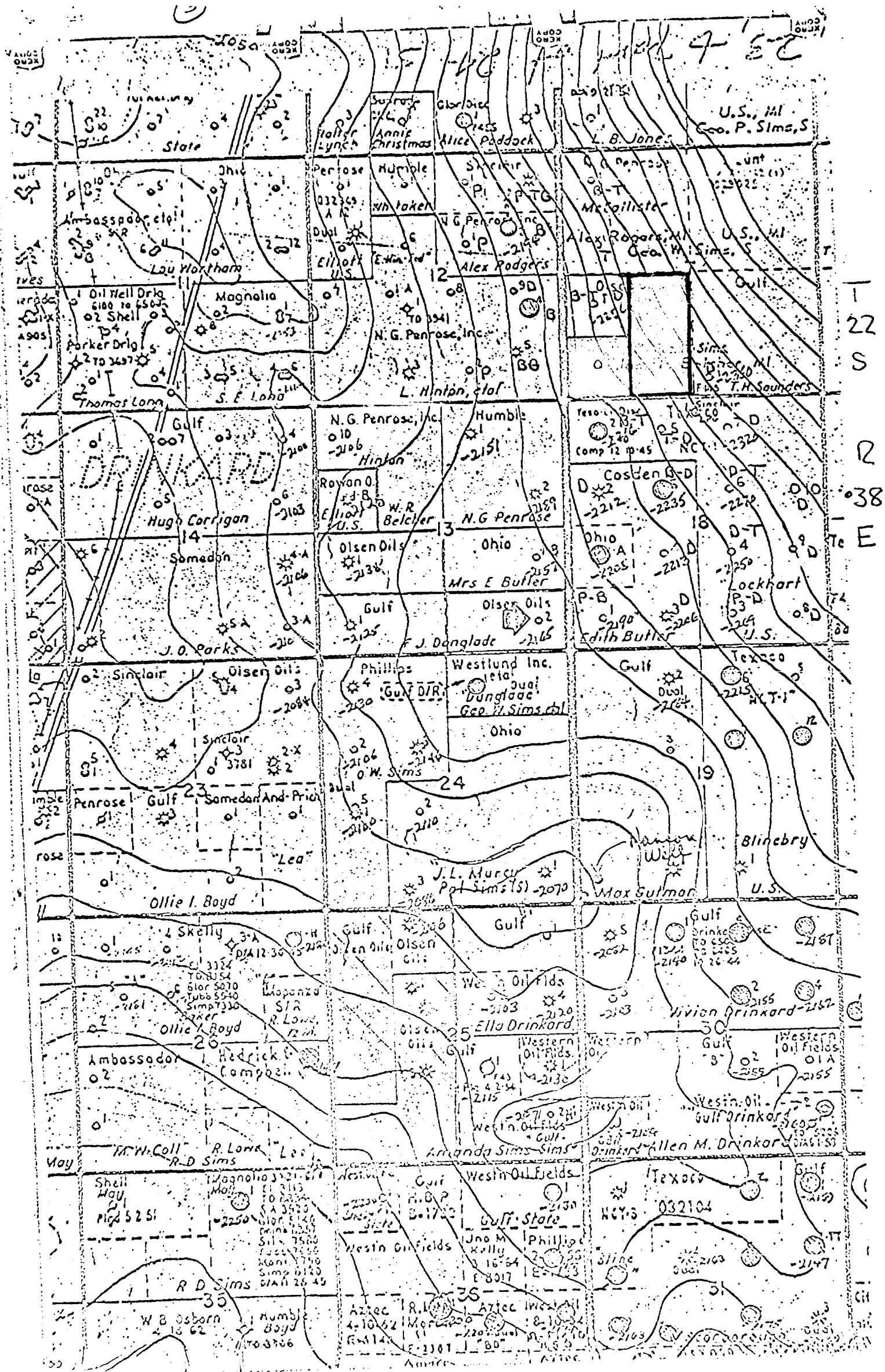
We are anxious to pursue this matter to a conclusion equitable for all concerned. However, because of obligations to our assignors and working interest participants, we can not leave this matter open indefinitely. Consequently, unless we have some notification in writing from you by June 12, 1968, we will notify the crude oil purchaser to pay the participants on the basis of the New Mexico Oil Conservation Commission's forced-pooling orders rather than on the basis of a farmout from Texas Pacific Oil Company and make the necessary plans to drill an obligatory well. Should Texas Pacific be able to reduce the obligations on the subject acreage in order that a negative cash flow would not occur to them after the June 12, 1968, deadline, we would like to pursue the farmout proposal further at that time.

Very truly yours,

John Yuronka

Robert E. Chandler

cc: New Mexico Oil Conservation Commission



December 27, 1967

Mr. M. M. Slagle, Jr.
Texas Pacific Oil Company
P. O. Box 747
Dallas, Texas 75221

Dear Mr. Slagle:

Please consider this letter as a formal request from Robert E. Chandler and the undersigned for a farm-out of the oil, gas and casinghead gas rights under the following described leasehold, to-wit:

AREA: Paddock, Blinbry, Tubb and Drinkard

ACREAGE: E/2 SW/4 of Section 7, T-22-S,
R-38-S, Lea County, New Mexico,
totalling approximately 80 acres.

TEXAS PACIFIC OIL COMPANY TO RETAIN:

1. A $1/32$ of $8/8$ overriding royalty for a single completion and a $1/16$ of $8/8$ overriding royalty for a dual completion, reduced proportionally according to their 50% leasehold interest.
2. All rights below 7400' or 100' below total depth drilled, whichever is the lesser depth.

I AGREE AS FOLLOWS:

1. To drill or cause to be drilled, a well to thoroughly test the formations mentioned above to an approximate depth of 7300'.
2. Location of Initial Well: SE/4 SW/4 of Section 7.

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	2
CASE NO.	3111

3. Commencement Date: Within 40 days after final execution of the farmout agreement but in no event later than February 20, 1968, as per farmout agreement with other parties.
4. Assignment of Acreage: Within 30 days after commercial production has been established.
5. Continuous Development: Yes, 90 days between wells.
6. Well Density: Per Field Rules.
7. Depth to Be Assigned: 100' below total depth drilled or to 7400', whichever is the lesser depth.
8. Penalty for Non-Performance: Re-assignment of all undrilled acreage.

Should Texas Pacific Oil Company be unable to farm-out on the above basis, it is requested that they join as a non-operator with their one-half (1/2) leasehold interest.

If no response is received by January 15, 1968, it will be assumed that Texas Pacific Oil Company does not wish to farm-out or join in operations.

Very truly yours,

John Yuronka

CC: New Mexico Oil Conservation Commission
Bauerdorf Estate
W. P. Prentiss

January 5, 1968

Mr. Dale Holloway
Texas Pacific Oil Company
511 West Ohio
Midland, Texas 79701

Re: Belcher Farm-out
Request, Lea County,
New Mexico

Dear Mr. Holloway:

On December 27, 1967, a farm-out request on the captioned lease was submitted to Mr. M. M. Slagle, Jr. In order for Texas Pacific Oil Company to properly evaluate this request, two sets of logs on the Yuronka and Chandler Belcher Well No. 1 have been delivered to the Midland Office.

Your cooperation on this matter is appreciated.

Very truly yours,

John Yuronka

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
APPROVED	EXHIBIT NO. 3
CASE NO.	5726



MABEE PETROLEUM CORP.
1916 First Natl. Bldg.,
Tulsa Oklahoma 74103

August 23, 1976

File
Case 3726

In Re: Belcher #1 (NMOCO #R-3263-A)
Belcher "A" (NMOCO #R-3388)

Case
3726

Examiner
Nuttall

New Mexico Oil Conservation Commission
P. O. Box 3088
Santa Fe, New Mexico 87501

Gentlemen:

We are enclosing herewith copies of Joint Account Statements reflecting the payout status on the above captioned orders. Also enclosed find copy of letter to Tesoro Petroleum Corporation advising of the payout of the Belcher #1.

These statements are for the period April, 1975 through June, 1976.

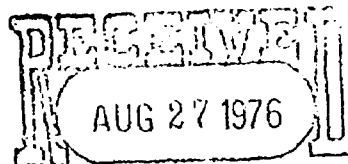
We trust you will find this information satisfactory.

Yours very truly,

C. Arnold Brown

C. Arnold Brown,
President

MI
Encls.



OIL CONSERVATION COMM.
Santa Fe

Joint Account Statement

Belcher "A" (NMCCO No. R-3388)

Date April & May, 1975

Case 3126

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 35,235.07

April, 1975

542.16

May, 1975

977.65

36,754.88

Total

\$ 196,891.47

Plus 40%

78,756.59

\$ 275,648.06

TEXAS PACIFIC - 50% Working Interest

\$ 137,824.03

Value of Oil Runs

(After taxes & Trucking)

\$ 141,059.86

March, 1975

3,844.95

April, 1975

4,011.23

\$ 148,916.04

TEXAS PACIFIC - 40.625%

\$ 60,497.14

Net Deficit

\$ 77,326.89

Joint Account Statement

Belcher "A" (NM0000 No. R-3388)

Date June, 1975

Balance

Well Costs

\$ 160,136.59

Operating Costs
June, 1975

\$ 36,754.88
597.11

37,351.99

Total
Plus 40%

\$ 197,488.58
78,995.43
\$ 276,484.01

TEXAS PACIFIC - 50% Working Interest

\$ 138,242.00

Value of Oil Runs
(After taxes & Trucking)
May, 1975

\$ 148,916.04
3,454.63

\$ 152,370.67

TEXAS PACIFIC - 40.625%

\$ 61,900.58

Net Deficit

\$ 76,341.42

Joint Account Statement

Belcher "A" (N40CCO No. R-3388)

Date July & August, 1975

Balance

\$ 160,136.59

Well Costs

Operating Costs

July, 1975
August, 1975

\$ 37,351.99
437.59
574.98

38,364.56

Total
Plus 40%

\$ 198,501.15

79,400.46

\$ 277,901.61

\$ 138,950.80

TEXAS PACIFIC - 50% Working Interest

Value of Oil Runs (After taxes & Trucking)

June, 1975
July, 1975

\$152,370.67
2,520.62
3,835.57

\$ 158,726.86

\$ 64,482.79

TEXAS PACIFIC - 40.625%

\$ 74,468.01

Net Deficit

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date September, 1975

Balance

\$ 160,136.59

Well Costs

Operating Costs
September, 1975

\$ 38,364.56
317.60

38,682.16

Total
Plus 40%

\$ 198,818.75
79,527.50
\$ 278,346.25

TEXAS PACIFIC - 50% Working Interest

\$ 139,173.13

Value of Oil Runs
(After taxes & Trucking)
August, 1975

\$ 158,726.86
2,449.66

\$ 161,176.52

TEXAS PACIFIC - 40.625%

\$ 65,477.96

Net Deficit

\$ 73,695.17

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date October & November, 1975

Balance

\$ 160,136.59

Well Costs

Operating Costs

Oct. 1975

Nov. 1975

\$ 38,682.16
686.59
242.95

39,611.70

Total
Plus 40%

\$ 199,748.29

79,899.32

\$ 279,647.61

TEXAS PACIFIC - 50% Working Interest

\$ 139,823.80

Value of Oil Runs

(After taxes & Trucking)

Sept. 1975

Oct. 1975

\$ 161,176.52
2,617.99
2,633.64

\$ 166,428.15

TEXAS PACIFIC - 40.625%

Net Deficit

\$ 67,611.44

\$ 72,212.36

Joint Account Statement

Balcher "A" (NMOCCO No. R-3388)

Date December, 1975

Balance

Well Costs

\$ 160,136.59

Operating Costs
December, 1975

\$ 39,611.70
359.37

39,971.07

Total
Plus 40%

\$ 200,107.66

80,043.06

\$ 280,150.72

TEXAS PACIFIC - 50% Working Interest

\$ 140,075.36

Value of Oil Runs
(After taxes & Trucking)
November, 1975

\$ 166,428.15
5,062.97

\$ 171,491.12

TEXAS PACIFIC - 40.625%

\$ 69,668.27

Net Deficit

\$ 70,407.09

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date January & February, 1976

Balance

\$ 160,136.59

Well Costs

Operating Costs
January, 1976
February, 1976

\$ 39,971.07
422.41
322.60

40,716.08

Total
Plus 40%

\$ 200,852.67

80,341.07

\$ 281,193.74

\$ 140,596.87

TEXAS PACIFIC - 50% Working Interest

Value of Oil Runs
(After taxes & Trucking)
December, 1975
January, 1976

\$171,491.12
3,682.00
3,375.97

\$ 178,549.09

\$ 72,535.57

TEXAS PACIFIC - 40.625%

\$ 68,061.30

Net Deficit

Joint Account Statement

Belcher "A" (NMOCCO No. P-3398)

Date March & April, 1976

Balance

\$ 160,136.59

Well Costs

Operating Costs	\$ 40,716.08
March, 1976	371.22
April, 1976	<u>610.90</u>

41,698.20

\$ 201,834.79

80,733.92

\$ 282,568.71

Total
Plus 40%

\$ 141,284.36

TEXAS PACIFIC - 50% Working Interest

Value of Oil Runs	\$178,549.09
(After taxes & Trucking)	3,431.25
February, 1976	4,328.14
March, 1976	

\$ 186,308.48

\$ 75,687.82

TEXAS PACIFIC - 40.625%

\$ 65,596.54

Net Deficit

Joint Account Statement

Belcher "A" (NMOCCO No. R-3388)

Date May & June, 1976

Balance

Well Costs

\$ 160,136.59

Operating Costs

\$ 41,698.20

May, 1976

485.91

June, 1976

323.28

42,507.39

Total

\$ 202,643.98

Plus 40%

81,057.59

\$ 283,701.57

TEXAS PACIFIC - 50% Working Interest

\$ 141,850.79

Value of Oil Runs

(After taxes & Trucking)

\$ 186,308.48

April, 1976

3,553.10

May, 1976

1,224.77

\$ 191,086.35

TEXAS PACIFIC - 40.625%

\$ 77,628.83

Net Deficit

\$ 64,221.96