

Lase Number 5889 Application Trascripts Small Exhibits ETC.

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		April 20, 1977		
	3	EXAMINER HEARING	1	
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	IN THE MATTER OF:)	
	Application of S 7 compulsory pooli	aturn Oil Company ng, Lea County,	for)	CASE 5889
	New Mexico.)	(Cont'd.)
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Page MR. STAMETS: We will call at this time Case 5889. MS. TESCHENDORF: Case 5889, application of Saturn Oil Company for compulsory pooling, Lea County, New Mexico. MR. STAMETS: This case was originally called March 2 1977 and testimony was heard at that time. Due to an error in the advertisement the case was continued and readvertised. Is there any additional testimony today? There being none this case will be taken under advisement. sid morrish 825 Calle M

1 REPORTER'S CERTIFICATE 2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter, 3 do hereby certify that the foregoing and attached Transcript 4 of Hearing before the New Mexico Oil Conservation Commission 5 was reported by me, and the same is a true and correct record 6 of the said proceedings to the best of my knowledge, skill and 7 ability. 8 9 10 Si lortish, dnev C 11 12 13 sid morri 14 15 **325 Calle** 16 I do hereby certify that the foregoing is 17 complete record of the proceeding Evaluer hearing of Case No 5889 18 ne h 19 D. Examiner tum Mexico Oil Conservation Commission 20 21 22 23 24 25



DIRECTOR

JOE D. RAMEY

OIL CONSERVATION COMMISSION

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

LAND COMMISSIONER PHIL R. LUCERO April 29, 1977



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Mr. George Hunker Hunker - Federic Attorneys at Law Post Office Box 1837 Roswell, New Mexico 88201 Re: CASE NO. 5889 ORDER NO. R-5418

Applicant:

Saturn 011 Company

Dear Sir:

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

Yours very truly, JOE D. RAMEY Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X Artesia OCC X Aztec OCC

Other_

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

> CASE NO. 5889 Order No. R-5418

APPLICATION OF SATURN OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 23 and April 20, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of April , 1977, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Saturn Oil Company, seeks an order pooling all mineral interests down to and including the Abo formation underlying two tracts in Section 11, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico to form the two following standard 40-acre oil proration units:

the NE/4 SE/4, to be dedicated to applicant's Lineberry Well No. 1, located 1980 feet from the South line and 660 feet from the East line of said Section 11;

the NW/4 SE/4, to be dedicated to applicant's Lineberry Well No. 2, located 1980 feet from the South line and 1980 feet from the East line of said Section 11.

(3) That the applicant further seeks authority, in the event re-entry into the aforesaid Lineberry Well No. 1 or No. 2 is unsuccessful, to drill and complete a replacement well for such unsuccessful re-entry, and to dedicate the appropriate 40acre tract thereto. -2-Case No. 5889 Order No. R-5418

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

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

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and gas in the pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

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

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

(9) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 150 percent thereof as a reasonable charge for the risk involved in the drilling or recompletion of the well.

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

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

(12) That \$750.00 per month while drilling and \$200.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each nonconsenting working interest, and in addition thereto, the

-3-Case No. 5889 Order No. R-5418

operator should be authorized to withhold from production the proportionate share of actual expenditures required for well operations, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That all proceeds from production from either or both of 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.

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

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

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, down to and including the Abo formation underlying the NE/4 SE/4 of Section 11, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit to be dedicated to applicant's Lineberry Well No. 1, located 1980 feet from the South line and 660 feet from the East line of said Section 11, or in the event re-entry of said well is unsuccessful, to a new well to be drilled at a standard location on said 40-acre tract.

(2) That all mineral interests, whatever they may be, down to and including the Abo formation underlying the NW/4 SE/4 of Section 11, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit to be dedicated to applicant's Lineberry Well No. 2, located 1980 feet from the South line and 1980 feet from the East line of said Section 11, or in the event re-entry of said well is unsuccessful, to a new well to be drilled at a standard location on said 40-acre tract.

(3) That Saturn Oil Company is hereby designated the operator of the subject wells and units.

-4-Case No. 5889 Order No. R-5418

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

(5) That the operator shall commence drilling or re-entry operations on the first of the above-described wells on or before the 26th day of July, 1977, and shall thereafter continue such operations with due diligence to completion or abandonment.

PROVIDED HOWEVER, that in the event said operator does not commence drilling or re-entry operations on said well on or before the 26th day of July, 1977, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Commission for good cause shown.

(6) That within 120 days following completion of said first well, operator shall commence operations on the second of said wells.

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

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

(8) That within 30 days from the date the schedule of estimated well costs for each well is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. -5-Case No. 5889 Order No. R-5418

(9) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of each well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

(10) That within 60 days following determination of reasonable well costs for each well, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

- (A) The pro rata share of that well's reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling or recompletion of the well, 150 percent of the pro rata share of that well's reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(13) That \$750.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) of each of the herein authorized wells while drilling or recompletion operations are in progress, and that \$200.00 per month is

-6-Case No. 5889 Order No. R-5418

hereby fixed as a reasonable charge for supervision of each well while producing; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating each such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(15) 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.

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

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

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



STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman tuun l ARNOLD, EMERV Member

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dr/

RAMEY, Member & Secretary

LAW OFFICES OF

HUNKER-FEDRIC, P.A. 210 HINKLE BUILDING POST OFFICE BOX 1837 ROSWELL, NEW MEXICO 88201

GEORGE H. HUNKER, JR. DON M. FEDRIC ROBERT I. WALDMAN

April 12, 1977

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

Attention: Lynn Teschendorf

Re: Case No. 5889 (continued and readvertised) Saturn Oil Company Compulsory Pooling 11, 23-S, 37-E Lea County, New Mexico

TELEPHONE 622-2700

AREA CODE 505

Gentlemen:

In connection with the above styled case, please be advised that we do not contemplate the presentation of any further testimony and we ask that the record which was made at the hearing on March 23, 1977, be adopted as the testimony in connection with the readvertised hearing. In the event no objection is filed, we respectfully request that the Examiner take the matter under advisement.

Thank you very much for your assistance in this matter.

Sincerely yours,

HUNKER - FEDRIC, P.A.

George H. Hunker, Jr.

GHH:dd

xcc: Mr. Max E. Curry Saturn Oil Co., w/enc. Dockets Nos. 15-77 and 16-77 are tentatively set for hearing on May 11 and May 25, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 20, 1977

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for May, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 5872: (Reopened)

In the matter of Case 5872 being reopened pursuant to the provisions of Order No. R-5373 which order suspended Rules 15(A) and 15(B) of the General Rules for Prorated Gas Pools as promulgated by Order No. R-1670, as amended, to permit overproduced wells to continue to produce gas during the present severe weather conditions without danger of being shut in for overproduction. All interested parties may appear and show cause why said suspension should not rescinded. Also to be considered will be the matter of final disposition of overproduction accrued during the period of suspension of Rules 15(A) and 15(B), and what, if any, special consideration should be given to underproduction accrued to gas wells during the period of suspension of said rules.

CASE 5888: (Continued from March 23, 1977, Examiner Hearing)

Application of Dalport Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its A. L. Christmas Well No. 3 to be drilled 330 feet from the South line and 2310 feet from the East line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

- CASE 5901: Application of Gulf Oil Corporation for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 400-acre nonstandard gas proration unit comprising the SE/4 of Section 8, and the E/2 NW/4 and NE/4 of Section 17, Township 20 South, Range 37 East, Eumont Cas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Theodore Anderson Wells Nos. 1 and 4, located at unorthodox locations in Unit 0 of said Section 8 and Unit B of said Section 17, respectively.
- CASE 5902: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Apple Draw Unit Area comprising 3840 acres, more or less, of Federal, State, and Fee lands in Township 25 South, Fange 27 Fast, Eddy County, New Mexico.
- CASE 5903: Application of Maddox Energy Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled at a point 2310 feet from the South line and 1650 feet from the West line of Section 9, Township 18 South, Rarge 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.
- CASE 5639: (Reopened)

In the matter of Case 5639 being reopened pursuant to the provisions of Order No. R-5173, which order established temporary special pool rules for the South Maljamar-Strawn Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5904: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Falmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Fruitland and Fictured Cliffs formations underlying the NE/4 and/or SE/4 of Section 20, Township 32 North, Range 6 West, San Juan County, New Mexico, and in the Mesaverde and Dakota formations underlying the E/2 of said Section 20, the above-described lands to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well. CASE 5905: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SE/4 and the E/2 SW/4 of Section 3, and the NW/4 of Section 10, and all mineral interests in the Pictured Cliffs and Fruitland formations underlying the NW/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1800 feet from the North line and 850 feet from the West line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5906: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SW/4 of Section 2, the E/2 SE/4 of Section 3, and the NE/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1525 feet from the North line and 1850 feet from the East line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 5907: Application of Dome Petroleum Corporation for a special depth bracket allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special depth bracket allowable of 750 barrels of oil per day for the Papers Wash-Entrada Oil Pool, McKinley County, New Mexico.
- CASE 5908: Application of Dome Petroleum Corporation for a special depth bracket allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special depth bracket allowable of 750 barrels of oil per day for the Ojo Encino-Entrada Cil Pool, McKinley County, New Mexico.
- CASE 5909: Application of Dome Petroleum Corporation for pool creation and special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Snake Eyes-Entrada Oil Pool in Section 20, Township 21 North, Range 8 West, San Juan County, New Mexico, and the establishment of a special depth bracket allowable of 750 barrels of oil per day for said pool.
- CASE 5910: Application of Yates Petroleum Corporation for gas pool creations and downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of three Pennsylvanian gas pools in Townships 17 and 18 South, Ranges 24, 25, and 26 Fast, Eddy County, New Mexico, including the Richard Knob- and East Eagle Creek-Lower Penn Gas Pools with provisions in each for commingling Strawn, Atoka, and Morrow production in the wellbores of wells drilled therein, and the Eagle Creek Permo-Penn Gas Pool with provision for commingling Wolfcemp, Cisco, Canyon, and Strawn production in the wellbores of wells drilled therein.

CASE 5898: (Continued from April 6, 1977, Examiner Hearing)

Application of Chace Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production in the wellbore of its Jicarilla 70 Well No. 3 located in Unit C of Section 33, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. In the alternative, applicant seeks authority to commingle said production at the surface without prior measurement and waiver of the gas-oil ratio test requirement.

CASE 5911: Application of Odessa Natural Gas Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of special pool rules for the Chacon-Dakota Cil Pool, Rio Arriba County, New Mexico, to provide for 160-acre spacing for oil wells and for reclassification of wells from oil to gas and the removal of such gas wells to the Basin-Dakota Pool. Examiner Hearing - Wednesday - April 20, 1977 -3-

Docket No. 13-77

CASE 5629: (Respond)

In the matter of Case 5629 being reopened pursuant to the provisions of Order No. R-5192, which order established temporary special pool rules for the Chacon-Dakota Oil Pool, Rio Arriba and Sandoval Counties, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5889: (Continued & Readvertised)

Application of Saturn Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Abo formation underlying the NE/4 SE/4 of Section 11, Township 23 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lineberry Well No. 1 located in Unit I of said Section; and underlying the NW/4 SE/4 of said Section 11 to be dedicated to its Lineberry Well No. 2 located in Unit J of said Section. In the event re-entry into either well is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tracts. Also to be considered will be the costs of recompletion or drilling and completing said wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in recompletion or drilling of said wells.

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SATURN OIL COMPANY MIDLAND, TEXAS 79701

P. O. BOX 5596 AC 915 - 682-4096

MAX E. CURRY, PRES. DAROYL R. CURRY, V-PRES. BILL STAPLER, V-PRES.

PROGNOSIS RE-ENTER LINEBERRY NO. Y

- Rig up pulling unit, pick up and run tubing. Clean out well to PBTD of 6950'.
- B. Pull tubing, run in with packer, set packer above perforations and swab to test. Squeeze off existing perforations.
- C. Rig up reverse circulation unit and drill out to a depth of 6900'.
- D. Run GR-N log and re-perforate Abo-Drinkard Zone.
- E. Acidize and fracture new perforation. Recover frac fluid.
- F. Swab and test.

G.

Install pumping equipment, erect tank battery, lay flow lines and produce.



SATURN OIL COMPANY

MIDLAND, TEXAS 79701 P. O. BOX 5596 AC 915 - 682-4096

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MAX E. CURRY, PRES. DAROYL R. CURRY, V.PRES. BILL STAPLER, V.PRES.

ESTIMATE OF COSTS RE-ENTRY

March 22, 1977

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PROJECT: To re-enter the Saturn Oil Company Lineberry, Well No. 1, Cline (Abo-Drinkard) Field, Section 11, T23S, R37E, Lea County, New Mexico. The well will be cleaned out, squeezed off at existing perforations, drilled out, and perforated in the Abo-Drinkard Formations and fracture treated in two stages. Clean up well and put on pump for production.

PULLING UNIT:	· • • • • • • • • • • • • • • • • • • •
14 days at \$800/day	\$ 11,200
Bits, reamers, and collars	
Drilling fluids	2,000
Tanks	900
Tubing, subs and BOP	2,200
Reverse Circulation Unit	1,800
Roads and location, dig pi	
LEGAL: Abstracts, title opinions,	etc. 2,200
Logging and perforating	3,600
Acidizing and fracturing, including	water 16,000
Retrivable bridge plugs and packers,	rental 3,500
Labor and supervision	6,800
•	
	Sub Total, Intangible Costs \$ 57,400
CASING & TUBING:	
6500' 5-1/2" casing	15,000
2500' 2~3/8" OD tubing @ \$	
200' 2-3/8" OD line pipe	200
SURFACE PUMPING EQUIPMENT.	
Beam type pumping unit	11,000
Prime mover	5,500
Fucl gas system	250
Flow Tee	150
SUBSURFACE PUMPING EQUIPMENT:	
Sucker rods, 6500' of 3/4"	
Subsurface pump	1,200
Tubing anchor/catcher	850
Well Head and control equi	pment 850
Misc. connections and fitt	ings 1,000
Fencing and road crossings	680
TANK BATTERY:	
2 12' x 15' welded tanks	10,500
	800
1 30" x 8' seperator	5,500
1 4 x 20 heater treater	
Labor to erect	900
	Sub Total Tangible Expense \$ 57,400
<i>.</i>	· · · · · · · · · · · · · · · · · · ·
	Sub Total Intangible Expense 72,580
	GRAND TOTAL \$129,980

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SATURN OIL COMPANY MIDLAND, TEXAS 79701

P. O. BOX 5596 AC 915 . 682-4096

MAX E. CURRY, PRES. DAROYL R. CURRY, V.PRES. BILL STAPLER, V.PRES.

PROGNOSIS DRILL NEW WELL, LINEBERRY NO. 1-A

- A. Make Locations and roads.
- B. Move in and rig up drilling rig.
- C. Drill 12-1/4" OD hole to depth of 850'. Run 8-5/8" OD casing to TD and cement to surface.
- D. Drill 7-7/8" hole to 7350'.
- E. Run MOP quality log suite.
- F. Run 7e50' of 5-1/2" OD casing and cement.
- G. Run GR-N logs and perforate the Abo-Drinkard Formation.
- H. Pick up and run 2-3/8" OD tubing. Acidize and fracture.
- 1. Recover frac fluids and swab to test.
- J. Run production tubing, pump and rods prep to produce.
- K. Erect tank battery, lay flow lines and produce.



- SATURNOLL C AUTHORIZATION FOR EXF				DRTHKARD) FIELD New Mexico
DRILL A NEW WELL IN M	IONUMENT DRAV	AREA		
7300' ABO TEST, MONUMENT	DRAM AREA, LE	<u>A CO.</u>	DRY HOLE EXPENSE	SINGLE ZONE PUMPING
TANGIBLE DEVELOPMENT CO	IST:			(New Equip
PREPARATORY		•		(non-nour)
Rights of Way and Dar Road, Location, and I Moving Rig to location	Dirt Work		\$ <u>1.200</u> <u>R00</u> 5.500	\$ <u>1,200</u> <u>800</u> <u>5,500</u>
DRILLING TO PRODUCTION C/ Drill <u>7300</u> feet @\$ Day Work, <u>3</u> days Bits, Reamers, and Sf "Core barrel and Serve Drill Stem Testing Casing Crews and Tool Mud Logging Rentals: a. Drill Pipe ar b. Test Tanks c. Control Equip d. De-Sander	12/foot. @\$ 3000/day tabilizers ices Is nd Collars	(25 days)	<u>88,200</u> <u>1,2000</u> <u>2,600</u>	88,200 5,000 1,200 2,600
e. Shale Shaker	●.			······
f. Drilling Fluids, inc. Fuel, Lub oil, and Su Labor Miscellaneous			5,000 furn. 400	5,000 iurn. 800
Supervision:	······································		· · · · · · · · · · · · · · · · · · ·	
a. Administrativ	ve		1,200	1,200
b. Geological c. Engineering	S	ub-totals ^{\$}	1,500 2,000	1,500 2,000 \$119,500
c. Engineering	S	UB-TOTALS ^{\$}	1,500 2,000	2,000
c. Engineering TUBULAR GOODS: CONDUCTOR PIPE: "OD @ \$ 7 Cementing Service	_ft. C ft. s	UB-TOTALS ^{\$}	1,500 2,000	2,000
c. Engineering TUBULAR GOODS: CONDUCTOR PIPE: 	ft. Cft. s ft. Cft.	UB-TOTALS ^{\$}	1,500 2,000	2,000
c. Engineering TUBULAR GOODS: CONDUCTOR PIPE: "OD @ \$ / Cementing Service SURFACE CASING: 850 8 5/8' OD @\$ 594 /	ft. C ft. s ft. C ft. s , 500 sax ft. C ft.	UB-TOTALS ^{\$}	1,500 2,000 110,100	2,000 \$119,500 \$\$
c. Engineering TUBULAR GOODS: CONDUCTOR PIPE: "OD @ \$ Cementing Service SURFACE CASING: 850 8 5/\$' OD @\$ 5947 Cementing Service INTERMEDIATE CASING: "OD @ \$ Cementing Service LINER:ft.	_ft. C ft. s ft. C ft. s, 500 sax ft. C ft. s	UB-TOTALS ^{\$}	1,500 2,000 110,100	2,000 \$119,500 \$\$
c. Engineering TUBULAR GOODS: CONDUCTOR PIPE: "OD @ \$ // Cementing Service SURFACE CASING: 850 	ft. C ft. S ft. C ft. S , 500 sax ft. C ft. S Services So ft. /C ft.	UB-TOTALS ^{\$}	1,500 2,000 110,100	2,000 \$119,500 \$ \$
c. Engineering TUBULAR GOODS: CONDUCTOR PIPE: "OD @ \$ // Cementing Service SURFACE CASING: 850 8 5/8' OD @\$ 594 // Cementing Service INTERMEDIATE CASING: 850 [NTERMEDIATE CASING: 77 Cementing Service LINER: ft. "OD @ \$ // Cementing Service Liner Hanger and PRODUCTION CASING: 73 5 1/2'OD @ \$ 450	ft. C ft. S ft. C ft. S , 500 sax ft. C ft. S Services So ft. /C ft.	UB-TOTALS ^{\$}	1,500 2,000 110,100	<u>2,000</u> \$119,500 \$ <u>5,049</u> 2,200
c. Engineering TUBULAR GOODS: CONDUCTOR PIPE: "OD @ \$ // Cementing Service SURFACE CASING: 850 8 5/6' OD @\$ 594 / Cementing Service INTERMEDIATE CASING: "OD @ \$ // Cementing Service LINER: ft. "OD @ \$ // Cementing Service Liner Hanger and PRODUCTION CASING: 73 \$ 1/2'OD @ \$ 450 Cementing Service TIE-BACK CASING:	ft. c ft. c ft. s, 500 sax ft. c ft. s c ft. s c ft. s services s ft. c ft. s ft. c ft. s ft. c ft. s ft. c ft. ft. c ft. ft. c ft. ft. c ft. ft. c ft. ft. c ft. c	UB-TOTALS ^{\$}	1,500 2,000 110,100	<u>2,000</u> \$119,500 \$ <u>5,049</u> 2,200
c. Engineering TUBULAR GOODS: CONDUCTOR PIPE: "OD @ \$ // Cementing Service SURFACE CASING: 850 85/6' OD @\$ 594 // Cementing Service INTERMEDIATE CASING: "OD @ \$ // Cementing Service LINER: ft. "OD @ \$ // Cementing Service Liner Hanger and PRODUCTION CASING: 73 5 1/2'OD @ \$ 450 Cementing Service TIE-BACK CASING: "OD @ \$ TUBING: 7200 ft.	ft. C ft. S ft. C ft. s, 500 sax ft. C ft. s C ft. S Services $\frac{50}{7C}$ ft. $\frac{1}{7C}$ ft.	UB-TOTALS ^{\$}	1,500 2,000 110,100	<u>2,000</u> \$119,500 \$_5,049 2,200

OWN MOLE POWE COMPLETION COST: EXPENSE PUMPING Logging and Perforating A.000 Z.2000 Acidizing and treating A.000 Z.2000 Pulling Unit, 10Pays 0 \$ 500 /dood K.000 Rettais: Test Tanks 350 Z.000 S. Tubular Goods Z.000 Z.000 Z.000 C. Packer and NUPs 3000 Z.000 Z.000 C. Packer and NUPs 3000 Z.000 Z.000 Dilling Fluids (including water) 1,500 X.000 R.000 Maing Ruids (including water) 1,500 X.000 R.000 Patkers (Furchase) Todo X.000 X.000 Intor, Supervision 2000 R.000 X.000 Reverse Circulation Equipment 2000 X.000 X.000 SUBSURFACE EQUIPHENT: SUBSURFACE EQUIPHENT: S.000 X.000 SUBSURFACE EQUIPHENT: SUBSURFACE EQUIPHENT: X.000 X.000 SUBSURFACE EQUIPHENT: SUB TOTALS X.7,950 \$ 54,450				SINGLE
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COMPLETION COST: 2 Compl.; Max Arrive, Max A		• •	EXPENSE	PUMPING
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Labor, Supervision 300 Reverse Circulation Equipment 2,500 Contingencies			700	1,800
Labor, Supervision 300 Reverse Circulation Equipment 2,500 Contingencies	Labor,	Roustabout	500	800
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Contingencies SUB TOTALS \$27,950 \$ 54,450 FUMPING EQUIPMENT: a. Sucker rods,			· · · · · · · · · · · · · · · · · · ·	
SUB TOTALS \$27,950 \$54,450 FUMPING EQUIPMENT: a. Sucker rods,'of' ' a. Sucker rods,'of' ' ' b. Polish rod, stuffing box, tee New ' ' c. Pump, subsurface New ' d.	410 T CL D	ourorrow ndurbuent	·	
SUB TOTALS \$27,950 \$54,450 FUMPING EQUIPMENT: a. Sucker rods,'of' ' a. Sucker rods,'of' ' ' b. Polish rod, stuffing box, tee New ' ' c. Pump, subsurface New ' d.				
SUB TOTALS \$27,950 \$54,450 FUMPING EQUIPMENT: a. Sucker rods,'of' ' a. Sucker rods,'of' ' ' b. Polish rod, stuffing box, tee New ' ' c. Pump, subsurface New ' d.				
PUMPTING EQUIPHENT: a. Sucker rods,'of" Sucker rods,'of" Sucker rods,'of" b. Polish rod, stuffing box, tee New c. Pump, subsurface New b. Polish rod, stuffing box, tee New c. Pump, subsurface New b. Prime Mover & Controls	Conting	gencies		·
PUMPTING EQUIPHENT: a. Sucker rods,'of" Sucker rods,'of" Sucker rods,'of" b. Polish rod, stuffing box, tee New c. Pump, subsurface New b. Polish rod, stuffing box, tee New c. Pump, subsurface New b. Prime Mover & Controls	•	•	Acc	A AL 1. TA
SUBSURFACE EQUIPMENT: a. Sucker rods,'of'	•	. SUB TOTALS	\$27,950	\$ 54,450
SUBSURFACE EQUIPMENT: a. Sucker rods,'of'		· · ·		•
 a. Sucker rods,'of'	PUMPING EQU	JIPIENT:	•	
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Sucker rods, 'of " Sucker rods, 'of " Sucker rods, ''of " New	SUBSURI	FACE EQUIPMENT:	•	•
Sucker rods,	a.	Sucker rods, 'of "		1
Sucker rods,	- 1 			
b. Polish rod, stuffing box, tee New		Cupler water to fill		······
c. Pump, subsurface New	. h		lew	· ·
d.			lew	
SURFACE EQUIPMENT: a. Beam Pumping Unit, 160 000 "1b. b. Prime Movers & Controls 2,300 c. Base for Unit 2,000 d. Fuel Gas System 600 e. 500 store SUB TOTALS stock Tanks, 2 H-500 b. Wash Tank, \$10,500 c. Stock Tanks, 2 H-500 b. Wash Tank, \$10,500 c. Stock Tanks, 2 H-500 b. Wash Tank, \$10,500 c. Stock Tanks, 2 H-500 b. Wash Tank, \$10,500 c. Stock Tanks, 2 H-500 b. Wash Tank, \$10,500 c. Stock Tanks, 2 H-500 b. Wash Tank, \$10,500 c. Stock Tanks, 2 H-500 c. Stock Tanks, 2 H-500 d. Heater-Treater, 125 psi. e. Line Heater, BTU g. Labor, construction \$00 h. Hauling \$1,000 j. Line Pipe \$00 k. \$1,000 PLOW LINE, 600 ft. of 3" " OD CIBA \$1,000 GUPLINE ANCHORS \$350		rump, subsurface	lew	
a. Beam Pumping Unit, <u>160 000</u> "1b. b. Prime Mover & Controls			·	
b. Prime Mover & Controls c. Base for Unit d. Fuel Gas System e. SUB TOTALS SUB TOTAL	SURFACE	EQUIPMENT:	•	
b. Prime Mover & Controls c. Base for Unit d. Fuel Gas System e. SUB TOTALS SUB TOTAL	a.	Beam Pumping Unit, 160,000. "1b	•	<u> </u>
c. Base for Unit d. Tuel Gas System c. SUB TOTALS SUB TOTALS SUB TOTALS SUB TOTALS SUB TOTALS SUB TOTALS SUB TOTALS SUB TOTALS C. Separators: d. Heater-Treater, 125 psi. c. Separators: SUB TOTALS Summary of Cost Estimates: Tanglble Expense 8,199 Sub3,978	· b.	Prime Mover & Controls	· · · · · · · · · · · · · · · · · · ·	•
d. Fuel Gas System 600 e. SUB TOTALS SURFACE PRODUCTION EQUIPMENT: \$ 18,500 TANK BATTERY: a. Stock Tanks, 2 H-500 b. Wash Tank,	· c.	Base for Unit	•	
e	·			
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SURFACE PRODUCTION EQUIPMENT: TANK BATTERY: a. Stock Tanks, 2 H-500 b. Wash Tank, c. Scparators: d. Heater-Treater, 125 psi. e. Line Heater, BTU psi f. Circulating Pump g. Labor, construction h. Hauling i. Miscellaneous fittings j. Line Pipe k. FLOW LINE, 600 ft. of 3" " OD CIBA CASING HEAD GUYLINE ANCHORS TUBING HEAD GUYLINE ANCHORS TURING SUB TOTALS \$ 950 \$ 28,876 Summary of Cost Estimates: Tanglble Exponse 8,199				A 10 500
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				173,950

Intangible Expense 138,050 146,249 •

TOTAL COSTS

\$277,928

W. B. Trammell 601 Southern National Bank Bldg. Houston, Texas 77002

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leased

Max R. Chudy (if deceased, Louise Chudy, wife, and Max R. Chudy, Jr.) 23 Lakeside Court West Seneca, New York 14224, or 50 South Meadow Drive Orchard Park, New York 14127

Richard Harry Evans 50 - 37th Ave., N.E. Minneapolis, Minnesota 55421

Josephine Radue 16,000 Comus Road Clarksburg, Maryland 20734

Philadelphia, Pennsvlvania

Coral Springs, Florida 33065

E. M. Edwards Co.

Hvlah G. Sullivan 2980 Riverside Drive

1518 Walnut St.

Room 902

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Anna Ross Gebhardt 1732 Dobson St. Evanston, Illinois: 60202

Edward Mitchell Edwards Room 902 1518 Walnut St. Philadelphia, Pennsylvania

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Heirs of Franklin J. Zouck, a/k/a J. Franklin Zouck c/o Valley National Bank of Arizona P.O. Box 71 Phoenix, Arizona 85001

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Ida Miller Room 902 1518-Walnut St. Philadelphia, Pennsylvania

Elmer G. Johnson 8364 Bennett Ave. Fontana, California 92335

Joseph Wesley Gallaher, II P.O. Box 9263 Bellvue Station Richmond, Virginia 23227

Charles T. Gallaher, II P.O. Box 9263 Bellvue Station Richmond, Virginia 23227

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*unless otherwise noted, see Remarks

[DATE OF LEASE	LORUA		
	11/11/76	μοάū	02/23/77 301/705	101/705
JOUN COTTAGE		2	02/23/77 301/711	101/711
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ustee of Estate of Esther	-			
rer Fer				7 1 7 1 1 N
Harris, a widow	11/11/76	-	02/23/11 :	11/100
		-	02/23/77 301/725	301/725
	11/11/16		-	
Executrix & Trustee under the				
Will of W. F. Scarborough and				
Evelyn Lineberry, Individualiy				
(JUM TITERETTY)			77/56/00	301/731
Vera Scarbonouch, a widow	11/11/76	=		
	761 111 11	-	02/23/77	301/737
W. F. Scarborough	0/ / TT / TT			5 V L/ 1 V C
william Scarborough and	11/11/76	1	02/23/11	305/ / 40
William Scarborough, Trustee				0/4/2
J. Winston Smith	11/11/76	3		301/ 140
	77/76	342 (Rev. & Am.)	02/18/77	301/61/
Gordon G. Berg		. *		913/108
Howard W. Bradshaw	12/28/76	=		
3	12/18/76	=	02/18/77	301/021
Robert G. Bradshaw		:	02/18/77 301/623	301/623
Heirs of John L. Brady,	01/11/77	=	05/ 20/ 5	

SCHEDULE OF OIL AND GAS LEASES BETWEEN THE FOLLOWING NAMED LESSORS AND W. C. KIMBALL COVERING N3SE4, SW4 SEC. 11, T23S, R37E N.M.P.M. LEA COUNTY, NEW MEXICO; PRIMARY TERMS OF LEASES ENDING JUNE 1, 1977; ROYALTY RATE 3/16*OF OIL AND GAS PRODUCED AND SAVED; RECORDING REFERENCES ARE ALL LEA COUNTY, NEW MEXICO

LESSORS	DATE OF LEASE	FORM		RECORDING DATA	DATA	REMARKS
David Cohen	12/16/76	342 (Rev.	v. & Am.)	02/18/77	301/625	
John F. Corvino & Rita M. Corvino, joint tenants	12/20/76	2	2	02/18/77	301/627	
Robert C. Eble	12/20/76	=	2	02/18/77	301/629	
Victor E. Gidwitz	12/28/76	1		02/18/77	301/635	
Opal Ellen Houston Hail	12/02/76	=	=	02/18/77	301/631	
IMC Excloration Company	01/18/77	=	=	02/18/77	301/633	
Harry L. Jones & Isabel Jones, joint tenants	02/15/77	Ξ	=	02/23/77	301/723	
Charles P. Miller, whose wife's name is Iris Miller	11/19/76		=	02/18/77	301/637	
R. B. Mitchell	11/22/76	=	2	02/18/77	301/639	
Normarth Corporation	12/20/76	=	. 2	02/18/77	301/641	
Naomi Ruth Fouston Reed, a widow	12/08/76	3	Ξ.,	02/18/77	301/643	
Abelow Family Trust #3608	12/13/76	2	=	02/18/77	301/645	
Ellis Rudy	01/12/77	=	3	02/18/77	301/647	
Norma Sande::s (Carl J.)	01/17/77	-	=	02/18/77	301/649	
Flora G. Sarkisian	01/24/77	2	=	02/18/77	301/651	
The Sheridan Family Trust Catherina A. Sheridan, Cornelius B. Sheridan & Olga Petuch, Trustee (also Catherina & Cornelius to sign individually)	01/26/77	=	2	02/18/77	301/653	

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SCHEDULE CONTINUED

		and and a second se					-
	Richard Harry Evans 50 - 37th Ave., N.E. Minneapolis, Minnesota 55421	John E. McConnell, III and Leila McConnell Gadbois, heirs and devisees of Leila C. McConnell, deceased	Heirs and devisees of Rose P. Feltman, deceased	Andrew M. Taylor (Dorothy D.)	LESSORS	SCHEDULE CONTINUED	
· · ·	02/25/77	02/17/77	03/01/77	02/18/77	DATE OF LEASE		
	3	. =	3	342 (FORM	•	
·	=	-	-	(Rev. & Am.)			
			·	02/23/77 301/755	RECORDING DATA		
		·			REMARKS	•	
•							

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Page BEFORE THE 1 NEW MEXICO OIL CONSERVATION COMMISSION 2 Santa Fe, New Mexico March 23, 1977 2 EXAMINER HEARING 5 IN THE MATTER OF: 6 Application of Saturn Oil Company for CASE compulsory pooling, Lea County, 5889 7 New Mexico. 8 9 00 8750 BEFORE: Richard L. Stamets, Examiner service 10 TRANSCRIPT OF HEARING 11 reporting (505) 982-12 APPEARANCES 13 morrish For the New Mexico Oil Lynn Teschendorf, Esq. Conservation Commission: Legal Counsel for the Commission 14 State Land Office Building 825 Calle Mejia Santa Fe, New Mexico sid 15 George H. Hunker, Jr., Esq. For the Applicant: 16 HUNKER-FEDRIC P.A. Attorneys at Law 17 210 Hinkle Building Roswell, New Mexico 18 19 20 21 22 23 24 25

ι,		1	INDEX		
a		2			Page
~~~		3	MAX E. CURRY		
;		4	Direct Examination by Mr. Hunker		3
		5	Cross Examination by Mr. Stamets		11
HAT.		8			
Å		7			
		8			
4	105	9	EXHIBIT INDEX		
444	<b>Service</b> vice v Mexico 875	10		Offered	Admitted
		11	Applicant's Exhibit One, Map	4	10
G	<b>reporting</b> rt Reporting Se 2 Santa Fe, Ne (505) 982-9212	12	Applicant's Exhibit Two, Cross Section	5	10
		13	Applicant's Exhibit Three, Cost Estimate	6	10
	<b>ZROLTISh</b> Gemtral Cou Mejia, No. 12 Phone	14	Applicant's Exhibit Four, Cost Estimate	8	10
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			Page3
		1	MR. STAMETS: We will call next Case 5889.
		2	MS. TESCHENDORF: Case 5889, application of Saturn
•		3	Oil Company for compulsory pooling, Lea County, New Mexico.
		4	MR. HUNKER: George Hunker, Hunker-Fedric P.A.,
<del></del>		6	Roswell, New Mexico, appearing on behalf of Saturn Oil Company
~		6	and I have one witness and several exhibits.
- 1		7	Will you stand and be sworn?
		8	(THEREUPON, the witness was duly sworn.)
	87501	9	MR. HUNKER: There are two sets of exhibits in the
	rvice ^{xico} 87	10	order in which they appear.
	<b>IG BC</b> Service New Mc	11	
	Ortin porting ta Fe, 982-97	12	MAX E. CURRY
	h rep Court Ru Court Ru (22, Sourt Ru (22, Sourt Ru (22, Sourt Ru	13	called as a witness, having been first duly sworn, was examined
	<b>morris</b> General C General C General C General C	14	and testified as follows:
	<b>sid m</b> G Calle Neg	15	
	i i i i i i i i i i i i i i i i i i i	16	DIRECT EXAMINATION
		17	BY MR. HUNKER:
		18	Q For the record will you please identify yourself?
-		19	A. Max E. Curry, I live in San Angelo, Texas and my
		20	offices are in Midland, Texas.
		21	Q And what is your profession, Mr. Curry?
		22	A. I'm a petroleum engineer.
		23	Q. Have you previously testified before the Oil
		24	Conservation Commission as a petroleum engineer?
-		25	A. Yes, I have.

			Page4
	1	Q. Were y	our qualifications accepted at that time as a
	2	petroleum engine	er?
······································	3	A. Yes.	
	4	MR. HU	NKER: If the Commission please, do you find th
·	5	witness' qualifi	cations satisfactory under the circumstances?
	6	MR. ST	AMETS: They are.
	7	Q. (Mr. H	unker continuing.) How long have you been
	8	operating in the	oil business in Southeastern New Mexico, Mr.
201	9	Curry?	
dexio 87501	10	A. Since	1951.
g servic Ervice few Mexico	11	Q. How lo	ng have you been with Saturn Oil Company?
ortin 82-921	12	A. Well,	we formed this three or four years ago.
Tep I Tep (505)	13	Q. And wh	at is your title in that company?
<b>morrish</b> General Co General Co General Co Hom		A Presid	ent of the company.
Sid mo	15	Q. Are yo	u asking that Saturn Oil Company be designated
825 Cal	16	as the operator	of the two Lineberry wells that are involved
	17	in the compulsor	y pooling case being heard by the Commission
	18	today?	
	19	A. Iam.	
	20	Q. Have y	ou prepared some exhibits, Mr. Curry, in this
	21	regard.	
	22	A. Yes, s	ir.
	23	Q. Referr	ing to the exhibit marked Number One would you
	24	tell the Commiss	ion what this exhibit shows?
	25	A. Well,	this is a standard county lease map showing a

1 portion of Lea County, particularly 23, 37 and 23, 38 near the 2 Monument Draw area that is generally known in the industry here. It lies between the Teague Pool and the Drinkard Pool. 3 And do you show the area that is involved in this 0. 5 application in yellow on that map?

Page

Yes, I'm sorry, Section 11 of 23 South, Range 37 East 6 A. there are two locations shown comprising two forty-acre tracts. 7 Q. Referring to Exhibit Number Two, will you turn to 8 that exhibit and tell the Examiner what that exhibit shows? 9 10 A. Exhibit Two is a cross section showing electrical logs on a traverse that is indicated by a small map on the 11 right-hand side of the exhibit. The traverse goes from the 12 Section 11 up through a total of eight wells, including the 13 two subject wells, and it indicates generally a flat structural 14 position but this gives the relationship of the existing wells 15 to other wells in the area. 16

What common sources of supply are we talking about in Q. 17 connection with this application, Mr. Curry? 18

Well, the deepest objective shown on this is the Ă. 19 Abo formation and coming on up to shallower depths we have the 20 Drinkard, the Tubb, the Blinebry and the Paddock. In this area 21 the Abo and Drinkard have been combined for proration purposes 22 and the subject wells were actually produced at one time in the 23 Cline-Abo-Drinkard Field. 24

25

What transpired with regard to those two wells that 0

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1 were drilled on this tract?

2 They were drilled by King Resources or for King A. 3 Resources and American by Solar Oil Company which was a company that I was a part of several years ago and the wells were completed and produced by each of those companies under, 5 6 I believe, the supervision of King Resources and they produced 7 those from the Abo and Abo-Drinkard formations. They were 8 subsequently temporarily abandoned. The casing was not pulled 9 but all of the equipment had been removed from the wells 10 preparatory for plugging and abandonment.

Did King Resources go into bankruptcy, to the best 0. of your knowledge?

To the best of my knowledge they did. A.

And the wells have just been sitting there since Q. that time?

16 Well, they were produced for several years but I don' A. believe they have been produced since the eighth month of '72. 17 18 Q. Have new leases been acquired by Saturn Oil Company? 19 A. Yes, they have.

Turning to your Exhibit Number Three will you explain 20 Q. to the Commission what that exhibit shows? 21

22 Α. Exhibit Three is a prognosis and an estimate of 23 costs for reentering the Lineberry Well No. 1. I might say 24 that reentry of either of these two wells would be very similar. The Lineberry No. 1 is used in this exhibit but would refer also

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15
to the No. 2 Well.

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The diagram on the right of the first page shows the physical condition of the wells and the relative depths of the formations as they exist in the Lineberry No. 1 Well and this prognosis would be to reenter this well, to clean the well out to its original plug back total depth of sixty-nine hundred and fifty feet, to pull the tubing and to test the well, squeeze off the existing perforations. The squeeze job would need to be drilled out and the well reperforated, acidized and refractured. The well would then be swabbed and tested and the well put back on production.

In the event that this particular zone would not be 12 commercially attractive we would come up the hole in a prudent 13 manner and test other zones in the formations. 14

Q. What are the physical risks that are involved in 15 connection with the reentries of these two wells? 16

Well, actually the risk of reentry, of physically A. 17 reentering the well, is probably under the most favorable 18 conditions but the probable cause of abandonment would be 19 that the casing was not properly cemented to the formations and 20 a risk of this being an actual fact is relatively high. We 21 feel like the risk of getting a secondary cement job is a very 22 high risk in this area as it is in most areas and our chance of 23 success and successfuly recementing this casing is probably 24 no greater than a fifty-fifty chance.

ico 8750 morrish sid S25 Calle

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Ç, Turning to Exhibit Number Four will you explain to the Commission what that shows?

Exhibit Number Four is the prognosis for the drilling à. of a new well. The preliminary examination of the physical conditions that exist in the Well No. 1 may require that a new well be drilled or possibly after some phases of the prognosis for reentry were performed it would indicate that it would be advisable to plug and abandon that well and redrill the Lineberry No. 1 which I have designated as Lineberry No. 1-A.

10 This authorization for expenditure represents current 11 costs of a normal drilling of a new well in this immediate 12 vicinity.

> When was this AFE prepared, Mr. Curry? Q.

It was prepared in the last few months and it should A. 14 reflect current costs to the best of our ability to tie them all down at one time. It has fluctuated quite a bit in the 16 last eighteen months or so.

During the time of the reentry or of the drilling of 18 Q. a new well certain administrative costs, administrative over-19 head items, will be incurred, what do you estimate the monthly 20 charge would be or should be in connection with that administration 21 tive supervision? 22

A.

23 24

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This is strictly supervisory?

Yes, not included on your AFE. Q.

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The normal costs would run somewhere around seven Α.

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1 hundred and fifty to a thousand dollars a month for the 2 supervision required on either reentry or drilling of a new 3 well. And what would you contemplate your charges would 0. be for administration for the wells after they are completed 5 in connection with the operations, the monthly charge for 6 7 overhead? The supervisory charges normally run around a hundred A. 8 and fifty to two hundred dollars per well for a well of this 9 depth and nature in this area. 10 Do you think that is a reasonable charge? 11 Q. 12 A. Well, it's customary, let's say. To the best of your knowledge is the ownership 13 Q. common under the two tracts upon which the Lineberry No. 1 14 and the Lineberry No. 2 Wells have been drilled? 15 Yes, it is to the best of my knowledge, those two A. 16 forty-acre tracts as it is with the rest of the lease. I 17 know of no variations in ownership in the entire lease. 18 MR. HUNKER: Mr. Stamets, I would like to make a 19 statement for the record and if you feel that I should be 20 sworn, I will be sworn. 21 Our law firm examined the title to the tracts in 22 23 question and to the leases that have been obtained from the 24 mineral owners. There are thirty-two leases altogether that have been obtained and I want the record to show that although 25

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1 we listed Mr. Powtan Carter and Mr. Anderson Carter as not 2 having leased their interests, they have since agreed to 3 lease their interests and they will lease their interest to the operator in this particular connection.

I would like to furnish to the Commission a schedule of the leases that have been obtained and a schedule showing the names of the persons who have not leased their interests.

The total amount of the interest which remains 8 unleased at this time is point, zero, zero, three, eight, eight 9 10 three, three. We have nearly a hundred percent of the acreage under lease but we have run into many problems with regard to 11 12 ownership trying to locate people but I'll certify to the Examiner that we have made a diligent search to obtain leases 13 from all of the persons that are listed on these two schedules 14 which I now submit to the Commission for filing in connection 15 with this case and I would like to offer into evidence the 16 four exhibits that Mr. Curry testified to and if you have any 17 questions you are free to ask him now. 18

MR. STAMETS: We will admit the Exhibits One through 19 Four that have been submitted and testified to to this point. 20 (THEREUPON, Applicant's Exhibits One through 21 Four were admitted into evidence.) 22

MR. HUNKER: I have one other question I would like 23 24 to ask Mr. Curry.

MR. STAMETS: Go ahead.

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		1	MR. HUNKER: Mr. Curry, in the event that the
		2	Commission permits Saturn to pool the interests under this
		3	tract, will this avoid the drilling of unnecessary wells,
· · ·		4	protect correlative rights and prevent waste?
~ <b></b>		- 5	THE WITNESS: Yes, it will. It will permit the
		6	recovery by the ownership that has leased the property, it
, i		7	will permit them to recover their rightful share of the oil and
-	-	8	protect their correlative rights and that is the vast majority
		9	of the ownership.
	<b>serviçe</b> vice / Mexico 87	10	
1		11	CROSS EXAMINATION
Let	<b>reporting</b> 1 <i>Reporting Sulta Fe</i> , Ne 505) 982-9213	12	BY MR. STAMETS:
		13	Q Mr. Curry, these wells are now sitting out there in
	IDOFTISI General C General C General C Hour J Phon	14	a temporarily abandoned state, is that correct?
~	<b>sid m</b> o Calle Meji	15	A. Yes, sir, that's true.
	825 C	16	Q. What rights have you acquired relative to the casing,
		17	tubing and surface equipment?
~~		18	A. We have made an arrangement to purchase those from
1		19	their owners. Their owner, Mr. C. H. Brockett, has acquired
-		20	the rights to salvage the casing and we have made arrangements
с. 5 С. чесьд 1 1		21	with him to purchase the casing in place and intact so it will
		22	be in an expeditious manner.
		23	Q. Now, I presume then these are figures which are
		24	reflected on Exhibit Number Three, you've got fifteen thousand
		25	dollars for five and a half inch casing and thirteen thousand

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for tubing?

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Right, those represent the actual agreement to λ. purchase the casing in place rather than running a full string 3 of casing.

I believe the information Mr. Hunker will submit Q. will indicate that you have been diligently trying to sign up all of the various and sundry interest owners?

Yes, we have put in a long, tedious attempt to try A. 8 to locate all of those people. 9

And it is your intent only to pool only the forma-Q. 10 tions from the Blinebry, or from the surface of the ground down 11 to and including the Blinebry, not the Tubb, Abo or Drinkard 12 formations? 13

No, our intention is from the deepest depth drilled, A. 14 plus a hundred feet, which will include the current completions ·15 up through the Blinebry. 16

MR. RAMEY: You mentioned the Paddock before? 17 We don't believe the Paddock to be of any commercial A. 18 value at this point. 19

(Mr. Stamets continuing.) Now, this does present Q 20 a problem. The advertisment in this particular case was to 21 compulsory pool everything down to and including the Blinebry 22 formation but did not include the Tubb, Drinkard or Abo 23 formations and for us to issue an order below the depth of 24 the Blinebry this will have to be readvertised. Is that what 25

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you would like to do at this point?

Let me discuss this with my counsel. Ā.

MR. HUNKER: Would it necessitate another hearing? MR. STAMETS: We would call the case, say, on April 20th and if there were no protestants today's record would be what the order would be based on.

MR. HUNKER: I didn't have these exhibits when I prepared the application. I looked at the map but it showed that this land was in the West Blinebry Pool and I just assumed that and I think Ms. Teschendorf called me and told me about this and we agreed that it would be the Blinebry.

It's agreeable though that it be readvertised and 12 that the case be called. Again we will need to have it 13 readvertised rather quickly because we've got to reenter by 14 the first of June. 15

MR. STAMETS: All right, so what you would be asking for would be the compulsorily pooling of everything from the surface down to and including the Abo formation?

MR. HUNKER: That is correct.

MR. STAMETS: Did you request a risk factor? 20 MR. HUNKER: We requested one and I had some testimony 21 with respect to the risk. I can't assign a particular percent-22 age of risk to this particular operation. He testified that 23 there was some risk involved in the matter of finding the casing 24 in good order but we can't assign any particular percentage. 25

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Page MR. STAMETS: I doubt that the Examiner would be 1 either in this particular case. 2 (Mr. Stamets continuing.) Is there any recommendation Q. 3 that you would like to make as to what an appropriate risk 4 factor would be, based on your experience? 5 I would think somewhere around a hundred and fifty percent would be applicable to this. We feel like the risk is A. 8 very great that the cementing will not be in a curable state. 7 However, the only way we can find out is actually go ahead 8 9 and take that risk and perform the operation. 10 Then you gave me a range of figures on the combined Q. 11 fixed rates of seven hundred and fifty to a thousand dollars 12 while drilling, would you like to select one of those? 13 I think seven hundred and fifty on the supervision 14 A. time would be sufficient and I believe about two hundred 15 Galle dollars on the operation. 23 All right. I believe that what you would seek then 16 Q. 17 would be an order which would permit you to reenter these 18 wells or drill completely new wells? 19 Right. A. MR. STAMETS: Are there any other questions of the 20 21 witness? He may be excused. 22 (THEREUPON, the witness was excused.) 23 MR. STAMETS: Is there anything further in this case? 24 We will take the case under advisement. 25

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

15 Page REPORTER'S CERTIFICATE 1 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter, Ž do hereby certify that the foregoing and attached Transcript 3 of Hearing before the New Mexico Oil Conservation Commission 4 was reported by me, and the same is a true and correct record 5 of the said proceedings to the best of my knowledge, skill and 6 ability. 7 8 9 87501 C Morrish, Sidney 10 11 12 (505) 13 i do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 14 Gen 825 Calle Meji**i**, 15 Examiner Mexico Oil Conservation Commission 16 New 17 18 19 20 21 22 23 24 25

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Dockets Nos. 11-77 and 12-77 are tentatively set for hearing on April 6 and April 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

### DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 23, 1977

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

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

- CASE 5882: Application of Amoco Production Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of a special gas-oil ratio limit of 6000 cubic feet of gas per barrel of oil for the South Empire Wolfcamp Pool, Eddy County, New Mexico.
- CASE 5883: Application of Am-Bett Oil Company, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purposes of treating and reclaiming sediment oil at a site in the SE/4 NW/4 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 5884: Application of BCO, Inc., for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Greenhorn, Graneros, and Dakota production in the wellbore of its Dunn Well No. 1 located in Unit M of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5885: Application of Continental Oil Company for amendment of Order No. R-5315, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5315 to permit the dedication of a previously approved 320-acre proration unit comprising the W/2 of Section 31, Township 22 South, Range 31 East, Los Medenos Field, Eddy County, New Mexico, to a well to be drilled at a standard location in Unit E of said Section 31, rather than in Unit L as previously approved.
- CASE 5886: Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos Field, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.
- CASE 5887: Application of Gas Company of New Mexico for suspension of Rules 14(a) and 15(a) of the gas proration rules, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks suspension for a period of one year from April 1, 1977, of those provisions of Rules 14(a) and 15(a) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for the cancellation of underproduction and the shutting-in of overproduced wells, as applied to the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5888: Application of Dalport Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its A. L. Christmas Well No. 3 to be drilled 330 feet from the South line and 2310 feet from the East line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.
- CASE 5889: Application of Saturn Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Blinebry formation underlying the NE/4 SE/4 of Section 11, Township 23 South, Range 37 East, Lee County, New Mexico, to be dedicated to its Lineberry Well No. 1 located in Unit I of said Section; and underlying the NW/4 SE/4 of said Section 11 to be dedicated to its Lineberry Well No. 2 located in Unit J of said Section. In the event re-entry into either well is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tracts. Also to be considered will be the costs of recompletion or drilling and completing said wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in recompletion or drilling of said wells.

CASE 5890: Application of James C. Whitten for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the re-entry of a well at an unorthodox location 1980 feet from the South line and 660 feet from the East line of Section 14, Township 20 South, Range 34 East, Lea Devonian Pool, Lea County, New Mexico. If said re-entry if unsuccessful, applicant proposes to drill a new well at an unorthodox location 2030 feet from the South line and 660 feet from the East line of said Section 14. Examiner Hearing - Wednesday - March 23, 1977

CASE 5891: Application of Sam H. Snoddy for directional drilling and a non-standard gas proration unit, Lea Application of Sam H. Snoddy for directional drilling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of two 13,500 foot Morrow test wells from a single drilling site in the extreme Northwest five acres of the NW/4 SE/4 of Section 25, Township 20 South, Range 32 East, Potash-Oil Area, Lea County, New Mexico. Applicant proposes to vertically drill each of said wells to a depth of approximately 30CO feet and to then directionally drill one well in a Northeasterly direction bottoming said well in the approximate center of the NE/4 of said Section 25, and to then directionally drill the other well in a Southwesterly direction, bottoming said well in the approximate center of the SW/4 of said Section 25. Applicant would dedicate the N/2 to the first of the aforesaid wells, and would dedicate a non-standard 160-acre unit comprising the SW/4 of said Section 25 to the second. a non-standard 160-acre unit comprising the SW/4 of said Section 25 to the second.

CASE 5820: (Continued from March 9, 1977, Examiner Hearing)

Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 4, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5892: Southeastern New Mexico nomenclature case calling for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

> (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the East Burton Flat-Atoka Gas Pool. The discovery well is the J. C. Williamson & D. W. Underwood et al Williamson Federal Well No. 1 located in Unit J of Section 9, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

#### TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM Section 9: E/2

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Eidson-Morrow Gas Pool. The discovery well is the Sabine Production Company North Eidson Fee Well No. 1 located in Unit M of Section 34, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM Section 34: W/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Forehand Ranch Delaware Pool. The discovery well is the Husky Oil Company of Delaware Forehand Well No. 2 located in Unit K of Section 15, Township 23 South, Range 27 East, NAPM. Said pool would comprise:

# TOWNSHIP 23 SOUTH, RANGE 27 EAST, NAPM Section 15: SW/4

(d) CREATE a new pool in Eddy County, New Merico, classified as a gas pool for Strawn production and designated as the Grayburg-Strawn Gas Pool. The discovery well is the Amoco Production Company Empire South Deep Unit Gas Com Well No. 8 located in Unit L of Section 33, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

# TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM Section 33: S/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Indian Flats-Morrow Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 41 located in Unit J of Section 35, Township 21 South, Range 28 East, NAFM. Se pool would comprise:

# TOWNSHIP 21 SOUTH, RAINE 28 EAST, MOPM Section 35: E/2

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the South Marcon Cliffs-Morrow Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 44 located in Unit H of Section 16, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

> TOWNSHIP 21 SOUTH, RANGE 30 EAST, NOPM Section 16: E/2

Examiner Hearing - Wedneeday - March 23, 1977 -3-

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(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and disignated as the Quahada Ridge-Atoka Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 40 located in Unit G of Section 22, Township 21 South, Range 29 East, NAPM. Said pool would comprise:

### TOWNSHIP 21 SOUTH, RANGE 29 EAST, NAPM Section 22: N/2

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Red Tank-Morrow Gas Pool. The discovery well is the Gulf Oil Corporation Covington "A" Federal Well No. 1 located in Unit C of Section 25, Township 22 South, Range 32 East, NMFM. Said pool would comprise:

#### TOWNSHIP 22 SOUTH, RANGE 32 EAST, MAPPA Section 25: N/2

(1) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the South Rock Tank-Morrow Gas Pool. The discovery well is the Amoco Production Company South Rock Tank Well No. 1 located in Unit H of Section 2, Township 24 South, Range 24 East, NMFM. Said pool would comprise:

### TOWNSHIP 24 SOUTH, RANGE 24 EAST, MMPM Section 2: N/2

(j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Trinity-Wolfcamp Pool. The discovery well is the Wainoco, Inc. Hodge et al Well No. 1 located in Unit P of Section 28, Township 12 South, Range 38 East, NAPM. Said pool would comprise:

> TOWNSHIP 12 SOUTH, RANGE 38 EAST, NAPPM Section 28: SE/4

(k) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM Section 30: NE/4

(1) EXTEND the South Bell Lake-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM Section 31: S/2 Section 32: W/2

(m) EXTEND the South Bell Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM Section 36: NE/4

(n) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM Section 21: SY/4 Section 28: NW/4

(o) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM Section 36: S/2

TOWNSHIP 19SOUTH, RANGE 25 EAST, NMPMSection 28:S/2Section 31:S/2Section 32:S/2Section 33:AllSection 34:N/2Section 35:N/2

TOWNSHIP 20 SOUTH. RANGE 24 EAST, NAPM Section 1: All

 TOWNSHIP 21
 SOUTH, RANGE 24
 FAST, MAPM

 Section 6:
 Lots 1, 2, 7, 8, 9, 10, 15 & 16

(p) EXTEND the North Dagger Draw-Upper Pennsylvanian Fool in Eddy County, New Mexico, to include therein:

## TOWNSHIP 19 SOUTH, RANGE 24 FAST, NAUPM Section 13: SE/4

(q) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein: TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM Soution 5: 5/2

(r) EXTEND the Indian Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM Section 7: S/2 SW/4 Section 18: N/2 NE/4

(s) EXTEND the South Loco Hills-Morrow Gas Pool in Eddy County, New Lexico, to include therein:

## TOWNSHIP 17 SOUTH, RANGE 30 EAST, MAPM Section 29: All

(t) EXTEND the Red Lake Queen-Grayburg-San Andres Pool in Ediy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM Section 22: S/2 NE/4 Section 23: S/2 SE/4 and SW/4 NW/4

(u) EXTEND the North Teague-Devonian Gas Pool in Lea County, New Mexico, to include therein:

## TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM Section 22: SE/4

(v) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM Section 2: NW/4

(w) EXTEND the Warren-Tubb Gas Pool in Les County, New Merico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NAPM Section 21: S/2

(x) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM Section 15: All Section 28: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM Section 2: All ·

Docket No. 10-77

Dockets Nos. 11-77 and 12-77 are tentatively set for hearing on April 6 and April 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING WEDNESDAY MARCH 23, 1977

1 P.M. - OIL CONSERVATION COLMISSION CONFERENCE ROOM STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5893: Application of the Oil Conservation Commission on its own motion for a redefinition of the vertical limits of the Blanco-Mesaverde Pool, Rio Arriba and San Juan Counties, New Mexico, to include the interval from the Huerfanito bentonite marker to a point 500 feet below the top of the Point Lookout sandstone, except that South and West of a Northwest-Southeast line generally running from the North-west corner of Township 31 North, Range 13 West, to the Southwest corner of Township 24 North, Range 1 East, the vertical limits would include only the interval from a point 750 feet below the Huerfanito bentonite marker to 500 feet below the top of the Point Lookout sandstone.

#### CASE 5821: (DE NOVO)

Application of Blackwood & Nichols Co., Ltd., for a hearing de novo, San Juan County, New Mexico. Upon petition of applicant in the above-styled cause and pursuant to the provisions of Rule 1220, Paragraphs (i) and (j) of Case No. 5221 will be heard de novo for the purpose of considering the nullification of Paragraphs (i) and (j) of Order No. R-5339 which created and defined the Navajo City-Chacra Pool in Township 30 North, Range 8 West, and the Animas-Chacra Pool in Township 31 North, Range 10 West, both in San Juan County, New Mexico.

## BEFORE THE OIL CONSERVATION COMMISSION

### 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.	5889
Order No.	

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APPLICATION OF SATURN OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

### APPLICATION

COMES NOW Saturn Oil Company, by and through its Attorneys, Hunker-Fedric, P.A., P.O. Box 1837, Roswell, New Mexico 88201, and makes application to the Commission pursuant to Section 65-3-14, N.M.S.A. (1953 comp.), as amended, for an Order pooling for oil production all mineral interests as to all formations to the deepest depth drilled plus 100 feet, underlying the NE4SE4 and NW4SE4 of Section 11, Township 23 South, Range 37 East, Lea County, New Mexico; and in support thereof, the Applicant states:

1. Applicant is the owner of the right to drill and develop all formations to the deepest depth drilled plus 100 feet, in the NE4SE4, NW4SE4 of Section 11, Township 23 South, Range 37 East, at standard oil well locations for 40-acre spacing units; and/or re-enter the 40-acre spacing unit dedicated to the Lineberry #1 Well located in the NE4SE4 (1,980 FLS - 660 FEL) and to re-enter the 40-acre spacing unit dedicated to the Lineberry #2 Well located in the NW4SE4 (1,980 FSL -1,980 FEL), in Section 11, Township 23 South, Range 37 East, Lea County, New Mexico; and Applicant proposes to drill each of said 40-acre spacing units or to re-enter each of said wells for completion in a productive formation.

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2. Applicant has obtained voluntary agreement for pooling from all interest owners except the persons named in Exhibit "A" hereto, whose addresses and mineral interests owned, according to the Applicant's best information and belief, are set forth on said Exhibit "A" hereto.

3. The mineral interest ownership of the persons named on Exhibit "A" hereto, is the same for the NE4SE4 and the NW4SE4 of the said Section 11. Applicant has made a good-faith effort through Applicant's agent, to contact each of the persons named on Exhibit "A"; and/or determine the addresses of persons listed on Exhibit "A" as address unknown; however, such persons have either refused to voluntarily pool the interests upon just and reasonable terms and conditions or have failed to respond to such contact attempts, or Applicant has been unable to locate such persons.

4. In order to drill or re-enter to a common source of supply, to protect correlative rights and to afford to the owners of each interest in the said units the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil and/or gas from said common source of supply, it is necessary and proper that an Order be entered herein pooling for oil production all mineral rights, whatever they may be, under each of said units, as to the deepest depth drilled or re-entered, plus 100 feet, underlying the NE½SE¼ and the NW½SE¼ of Section 11, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

5. Applicant should be designated as the Operator of and for each of said units.

6. A hearing should be had for the purpose of determining and considering the cost of drilling and/or re-entering and completing a well in each of said units, and the allocation of such costs as well as the actual operating costs and charges for supervision. Applicant will ask that a charge be made for the risk involved in drilling a well or re-entering the existing wells as to each of said units.

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7. The persons named on Exhibit "A" attached hereto are believed to be interested parties.

WHEREFORE, Applicant prays that an Order be entered herein pooling all mineral interests as to all formations to the deepest depth drilled or re-entered plus 100 feet, underlying the NE4SE4 and the NW4SE4 in Section 11, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico; naming Saturn Oil Company as Operator of the unit; and providing for the allocation of costs of drilling and/or re-entering and operating said wells, together with a reasonable charge for the risk involved therein, together with such further Orders and Rules as may be required by the Commission.

Respectfully submitted,

HUNKER - FEDRIC, P.A.

George H. Hunker, Attorneys for Applicant

P.O. Box 1837 Roswell, New Mexico 88201 Telephone (505) 622-2700

Case \$889

### EXHIBIT "A"

## SATURN OIL COMPANY UNLEASED MINERAL OWNERSHIP

Anderson Carter P.O. Box 725 Lovington, New Mexico 88260 . . . . . . . . .

Powhatan Carter, Jr. P.O. Box 525 Ft. Sumner, New Mexico 88119. . . . . . . .

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The following mineral interest owners own a fractional share of 80/320 of the minerals. The denominator of each fractional share is 42,972 and the numerator of each fractional share is set forth opposite the person named. Last known addresses are shown:

W.B. Trammell 601 Southern National Bank Building Houston, Texas 77002	388
John E. McConnell, III, and Lelia McConnell Gadbois, Heirs or devisees of Lelia C. McConnell, deceased 2325 Mimosa Lane, Apt. #9 Houston, Texas 77019	200
Max R. Chudy (If deceased, Louise Chudy, wife, and Max R. Chudy, Jr.) 23 Lakeside Ct. West Seneca, New York 14224, or 50 South Meadow Drive Orchard Park, New York 14127	100
Richard Harry Evans 50 - 37th Ave., NE Minneapolis, Minnesota 55421	93
Heirs and devisees of Rose P. Feltman, deceased c/o Irving L. Feltman, Executor 61-20 Grand Central Parkway Apt. 602-C Forest Hills, New York 11375	78
Charles T. Gallaher, II P.O. Box 9263 Bellvue Station Richmond, Virginia 23227	5
Joseph W. Gallaher, II P.O. Box 9263 Bellvue Station Richmond, Virginia 23227	5
Josephine Radue 16,000 Comus Rd. Clarksburg, Maryland 20734	32
E.M. Edwards Co. Room 902 1518 Walnut St. Philadelphia, Pennsylvania	32

Exhibit "A" (continued)

Ida Miller Room 902 1518 Walnut St. Philadelphia, Pennsylvania	5
Edward Mitchell Edwards Room 902 1518 Walnut St. Philadelphia, Pennsylvania	25
Delia B. Edwards Room 902 1518 Walnut St. Philadelphia, Pennsylvania	15
Heirs of John L. Brady, deceased Martha H. Brady, Heir 5220 Barry Drive Chicago, Illinois 60641	10
Anna Ross Gebhardt 1732 Dobson St. Evanston, Illinois 60202	12.5
Hylah P. Sullivan 1630 West River Drive Margate, Florida 33063	27
Heirs of Franklin J. Zouck, a/k/a J. Franklin Zouck, and Mildred Zouck, deceased, and Mildred Zouck, Trustee, Charles L. Wagendt Trust c/o Valley National Bank of Arizona P.O. Box 71 Pheopsis Arizona 85001	16
Phoenix, Arizona 85001	16 5
Ella Mattimore c/o Norma Sanders P.O. Box 192 Wolfeboro, New Hampshire 03894	10
Adam Arnold c/o Norma Sanders P.O. Box 192 Wolfeboro, New Hampshire 03894	Uncertain

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

ORDER OF THE COMMISSION

This cause came on for hearing at 9 a.m. on April 20

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

CASE NO. 5889

Order No. R- 5418

March 23 and

APPLICATION OF SATURN OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

BY THE COMMISSION:



19<u>77</u>, at Santa Fe, New Mexico, before Examiner<u>Richard L. Stamets</u>. NOW, on this <u>day of April</u>, 1977, the Commission,

a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Saturn Oil Company, seeks an order pooling all mineral interests down to and including the Abo formation underlying two tracts in Section 11, Township 23 South, Range 37 East, NMPM,

Lea County, New Mexico to form two following standard 40-acre oil proration units:

the NE/4 SE/4, to be dedicated to applicant's Lineberry Well No. 1, located 1980 feet from the South line and 660 feet from the East line of said Section 11;

the NW/4 SE/4, to be dedicated to applicant's Lineberry Well No. 2, located 1980 feet from the South line and 1980 feet from the East line of said Section 11. Case No. 5889 Order No. R-

(3) That the applicant further seeks authority, in the event re-entry into the aforesaid Lineberry Well No. 1 or No. 2 is unsuccessful, to drill and complete a replacement well for such unsuccessful re-entry, and to dedicate the appropriate 40-acre tract thereto.

(4) That the applicant has the right to drill or re-enter as described above, and proposes to do so. -2-Case No. Order No. R-

(3) That the applicant has the right to drill and proposes
 to drill a well or recompleted an cristing with on each to acce the proposed provided in the proposed provided provided in the proposed provided provided in the proposed provided 
That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit, the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in pool, the subject application should be approved by pooling all mineral interests, whatever the may be, within said units.

() That the applicant should be designated the operator of the subject well, and units,

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

That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional <u>150 percent</u> thereof as a reasonable charge for the or recompletion risk involved in the drilling of the well.

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

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

Case No. Order No. R-

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R-That That \$ 750 \$ H & OUI Permonth 20 Hile producing (1%) nor month should be fixed as a reasonable charge, for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for well operation the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

That the applicant should be allowed 90 days arter (14) date of entry of this order in which to commence operations on the first of the subject wells; that it should be allowed 120 days after commencement of operations on any of said wells within which to complete such operations; and that it should be allowed 120 days after completion of operations on one well within which to commence operations on the next.

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

## IT IS THEREFORE ORDERED:

down (	(1) That all mineral interests, whatever they may be, o and including the <b>Dimetry</b> A. ixx theformation underlying the <u>NE/4_SE/4</u>
	of Section 11, Township 23 South, Range 37 East,
	NMPM,, Lea County, New Mexico,
	are hereby pooled to form a standard $40$ - acre $\frac{6i}{545}$ spacing
1	and proration unit to be dedicated to well to be drilled
	applicant's Lineberry Well Not located
	applicant's Lineberry Well Not , located 1980 feet from the South live and 660

and proration unit to be dedicated to a well to be drilled applicant's Lineberry Well Not , located. 1980 Feet from the Santh line and 660 Let from the East line of Faid Section 11, or in the event re-entry of said well is unsuccessful, to a new well to be drilled at a standard hanglie Hattix location on said (Z) That all mineral interests, whatever they may be, down to and including the 1760 former tion under lying the NWIA SE 14 of Section 11, Vourily 23 South, Bauge 30 Eart, NMPM, Lea Cauly, New Merico, hereby pooled to form a standard -ave Oil and provertion unit to be dedicate 40 area No locut. and 1980 Said Me 14 event re-entry of said well is unsuccessful, to a new well to be drilled at a standard Langlic Mattin location on said 40-acre tract.

## IT IS THEREFORE ORDERED:

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

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

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

That the operator shall commence drilling or re-entry operations on the first of the above-described the wells on or before the 26th day of July, 1975, and shall thereafter continue such operations with due diligence to completion or abandonment.

PROVIDED HOWEVER, that in the event said operator does not commence drilling or re-entry operations on said well on or before the 25th day of July, 1977, Order (1) of this order shall be null and void and of no effect whatsoever, unless

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

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

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

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

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

(C) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of each well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

That within 60 days following determination of reasonable well costs for each well, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata Case No. 5603 Order No. R 5202

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

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

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

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

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

(*) 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.

( 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.

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

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