

CASE 5889: SATURN OIL COMPANY FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

Continued to April 20

Case Number

5889

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 20, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Saturn Oil Company for
compulsory pooling, Lea County,
New Mexico.

CASE
5889
(Cont'd.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:

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

sid morrish reporting service

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

1 MR. STAMETS: We will call at this time Case 5889.

2 MS. TESCHENDORF: Case 5889, application of Saturn
3 Oil Company for compulsory pooling, Lea County, New Mexico.

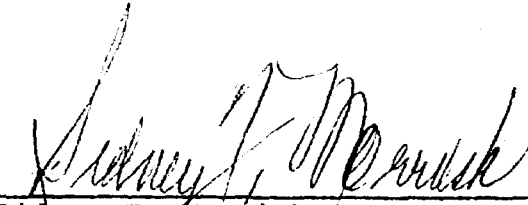
4 MR. STAMETS: This case was originally called March 23,
5 1977 and testimony was heard at that time. Due to an error
6 in the advertisement the case was continued and readvertised.
7 Is there any additional testimony today? There being none
8 this case will be taken under advisement.

sid morrish reporting service
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825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (305) 982-9212

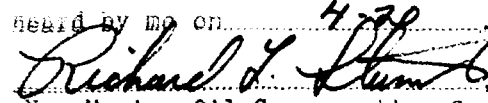
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5889
heard by me on 4-28, 1977
, Examiner
New Mexico Oil Conservation Commission

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 40-acre tract thereto.

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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 non-consenting working interest, and in addition thereto, the

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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.

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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.

(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

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Case No. 5889
Order No. R-5418

heraby 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 one-eighth ($1/8$) 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

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

S E A L

dr/

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

TELEPHONE 622-2700
AREA CODE 505

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

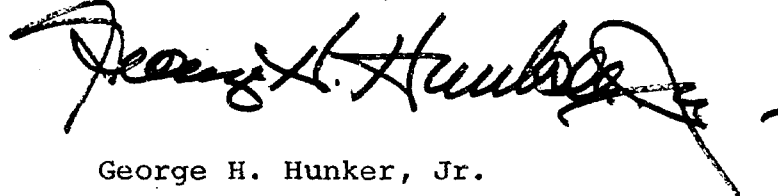
Gentlemen:

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 ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Mutter, 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 be 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 non-standard 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, Dumont Gas 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 C 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, Range 27 East, 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, Range 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 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 Fruitland and Pictured 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 Oil 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 East, 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 Wolfcamp, 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.

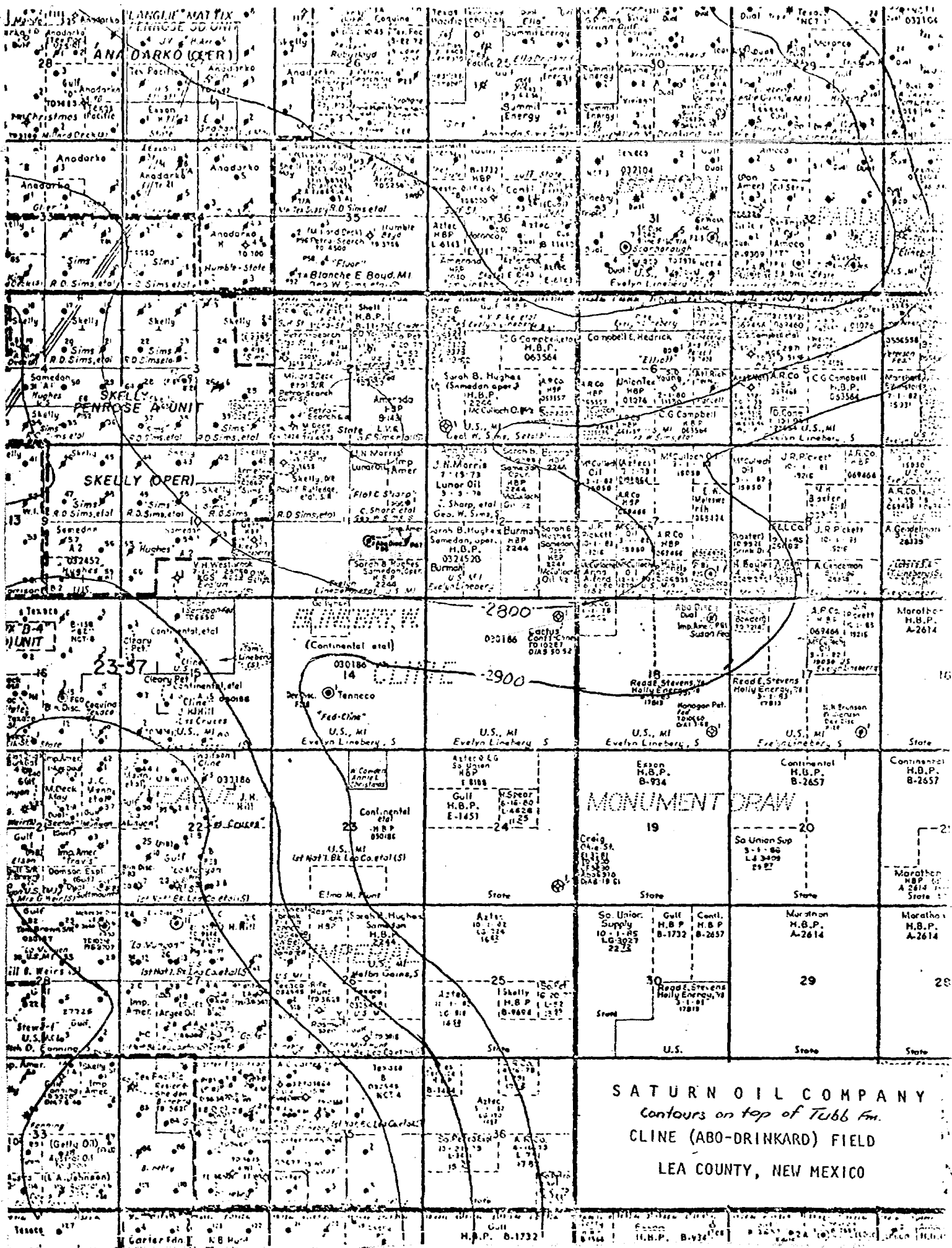
CASE 5911: Application of Odessa Natural Gas Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of special pool rules for the Chacon-Dakota Oil Pool, Rio Arriba County, New Mexico, to provide for 160-acre spacing for oil wells and for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

CASE 5629: (Reopened)

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.



SATURN OIL COMPANY
Contours on top of Tubbs fm.
CLINE (ABO-DRINKARD) FIELD
LEA COUNTY, NEW MEXICO

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Line berry

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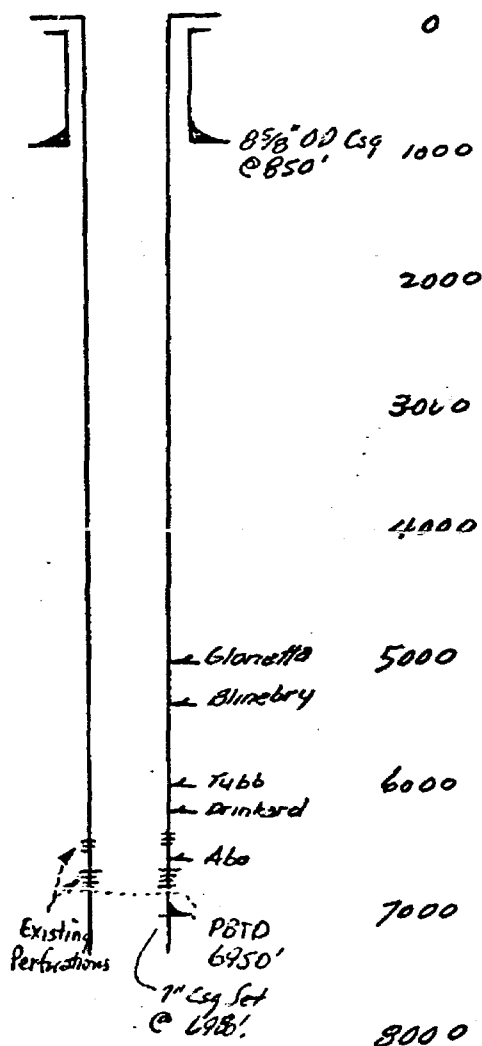
SATURN OIL COMPANY

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

- A. 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 COMPANYMIDLAND, TEXAS 79701
P. O. BOX 5596 AC 915 - 682-4096MAX E. CURRY, PRES.
DAROYL R. CURRY, V.PRES.
BILL STAPLER, V.PRES.**ESTIMATE OF COSTS**
RE-ENTRY

March 22, 1977

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, rental	4,000
Drilling fluids	2,000
Tanks	900
Tubing, subs and BOP	2,200
Reverse Circulation Unit	1,800
Roads and location, dig pits	3,200
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 @ \$2.00/ft.	13,000
200' 2-3/8" OD line pipe	200

SURFACE PUMPING EQUIPMENT:

Beam type pumping unit	11,000
Prime mover	5,500
Fuel gas system	250
Flow Tee	150

SUBSURFACE PUMPING EQUIPMENT:

Sucker rods, 6500' of 3/4"	5,200
Subsurface pump	1,200
Tubing anchor/catcher	850
Well Head and control equipment	850
Misc. connections and fittings	1,000

Fencing and road crossings 680

TANK BATTERY:

2 12' x 15' welded tanks	10,500
1 30" x 8' separator	800
1 4 x 20 heater treater	5,500
Labor to erect	900

Sub Total Tangible Expense \$ 57,400
Sub Total Intangible Expense 72,580**GRAND TOTAL \$129,980**

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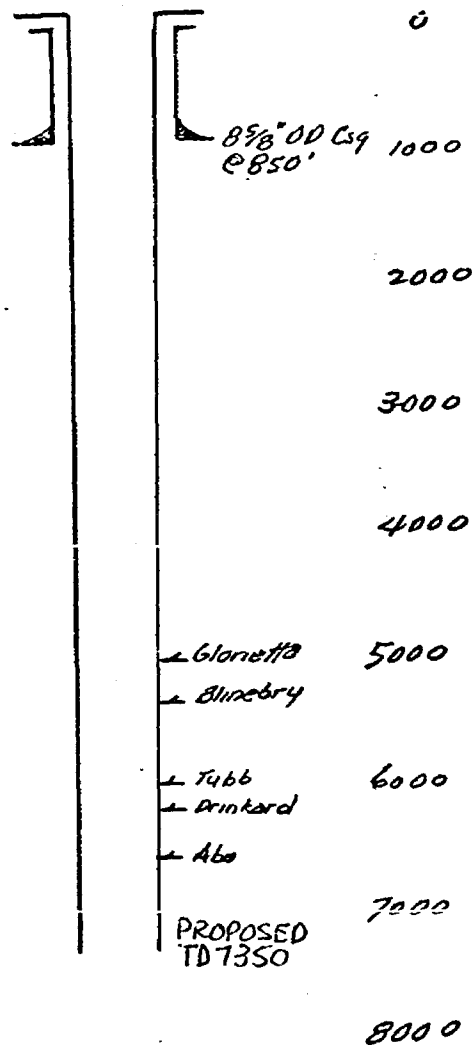
SATURN OIL COMPANY

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.
- I. 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.



SATURN OIL COMPANY
 AUTHORIZATION FOR EXPENDITURE
 DRILL A NEW WELL IN MONUMENT DRAW AREA
 7300' ABO TEST, MONUMENT DRAW AREA, LEA CO.

CLINE (ABO-DRINKARD) FIELD
 Lea County, New Mexico

	DRY HOLE EXPENSE	SINGLE ZONE PUMPING (New Equip)
TANGIBLE DEVELOPMENT COST:		
PREPARATORY		
Rights of Way and Damages	\$ 1,200	\$ 1,200
Road, Location, and Dirt Work	800	800
Moving Rig to location	5,500	5,500
DRILLING TO PRODUCTION CASING POINT		
Drill 7300 feet @ \$ 12/foot.	88,200	88,200
Day Work, 3 days @ \$ 3000/day (25 days)		9,000
Bits, Reamers, and Stabilizers	1,200	1,200
Core barrel and Services		
Drill Stem Testing		
Casing Crews and Tools	2,600	2,600
Mud Logging		
Rentals:		
a. Drill Pipe and Collars		
b. Test Tanks		
c. Control Equipment		
d. De-Sander		
e. Shale Shaker		
f.		
Drilling Fluids, including wtr.	5,000	5,000
Fuel, Lub oil, and Supplies	furn.	furn.
Labor	400	800
Miscellaneous		
Supervision:		
a. Administrative	1,200	1,200
b. Geological	1,500	1,500
c. Engineering	2,000	2,000
SUB-TOTALS	\$110,100	\$119,500

TUBULAR GOODS:

CONDUCTOR PIPE: _____ ft. "OD @ \$ _____ /C ft. Cementing Services		
SURFACE CASING: 850 ft. 8 5/8" OD @ \$ 594 /C ft. Cementing Services, 500 sax	\$ 5,049 2,200	\$ 5,049 2,200
INTERMEDIATE CASING: _____ ft. "OD @ \$ _____ /C ft. Cementing Services		
LINER: _____ ft. "OD @ \$ _____ /C ft. Cementing Services Liner Hanger and Services		
PRODUCTION CASING: 7350 ft. 5 1/2" OD @ \$ 450 /C ft. Cementing Services, 600 sax		33,075 3,200
TIE-BACK CASING: _____ ft. "OD @ \$ _____ /C ft.		
TUBING: 7200 ft. 2 7/8 "OD @ \$ 175 /C ft.		12,688
LINE PIPE: 600 /ft. 2 3/8" OD @ \$ 65 /C ft.		390
TOTAL TUBULAR GOODS	\$ 7,249	\$ 56,602

COMPLETION COST:

Logging and Perforating
 Acidizing and treating
 Pump Truck Services
 Pulling Unit, 10 Days @ \$ 600 /day
 Rentals:

- a. Test Tanks
- b. Tubular Goods
- c. Packer and RBPs
- d. Blowout Preventers
- e.

Packers (Purchase)
 Drilling Fluids (including water)
 Hauling
 Labor, Roustabout
 Labor, Supervision
 Reverse Circulation Equipment

Contingencies

SUB TOTALS

DRY HOLE
 EXPENSE

\$ 5,000
 7,000
 1,000
 6,000

350
 2,000
 3,000
 600

1,500
 700
 500
 300

\$27,950

SINGLE
 ZONE
 PUMPING

2 Compl.
 New Equip.
 \$ 9,000
 22,000
 1,000
 6,000

650
 2,000
 3,000
 600

1,000
 3,000
 1,800
 800
 300
 2,500

\$ 54,450

PUMPING EQUIPMENT:

SUBSURFACE EQUIPMENT:

- a. Sucker rods, _____ 'of _____ " New
- Sucker rods, _____ 'of _____ " New
- Sucker rods, _____ 'of _____ " New
- b. Polish rod, stuffing box, tee New
- c. Pump, subsurface New
- d.

\$ 4,200
 400
 1,000

SURFACE EQUIPMENT:

- a. Beam Pumping Unit, 160,000 "1b.
- b. Prime Mover & Controls
- c. Base for Unit
- d. Fuel Gas System
- e.

9,000
 2,300
 1,000
 600

SUB TOTALS

\$ 18,500

SURFACE PRODUCTION EQUIPMENT:

TANK BATTERY:

- a. Stock Tanks, 2 H-500
- b. Wash Tank, _____
- c. Separators: _____
- 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.

\$ 10,500
 8,200
 800
 2,500
 600
 1,500
 600

FLOW LINE, 600 ft. of 3 " OD CIBA
 CASING HEAD And Valves
 TUBING HEAD
 GUYLINE ANCHORS
 FENCING
 CATTLE GAARDS AND GATES

400
 350
 200

1,200
 1,072
 1,254
 350
 200

SUB TOTALS

\$ 950

\$ 28,876

Summary of Cost Estimates:

Tangible Expense 8,199
 Intangible Expense 138,050

\$103,978
 173,950

TOTAL COSTS 146,249

\$277,928

W. B. Trammell
601 Southern National Bank Bldg.
Houston, Texas 77002 .00225728381

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 .00058177417

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

Josephine Radue
16,000 Comus Road
Clarksburg, Maryland 20734 .00018616773

E. M. Edwards Co.
Room 902
1518 Walnut St.
Philadelphia, Pennsylvania .00018616773

Hvlah G. Sullivan
2980 Riverside Drive
Coral Springs, Florida 33065 .00015707902

Anna Ross Gebhardt
1732 Dobson St.
Evanston, Illinois 60202 .00007272177

Edward Mitchell Edwards
Room 902
1518 Walnut St.
Philadelphia, Pennsylvania .00014544354

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 .00009308386

Delia B. Edwards
Room 902
1518 Walnut St.
Philadelphia, Pennsylvania .0000872661

Ida Miller
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0000290887

Elmer G. Johnson
8364 Bennett Ave.
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"

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

"

SCHEDULE OF OIL AND GAS LEASES BETWEEN THE FOLLOWING NAMED LESSORS AND W. C. KIMBALL
COVERING M&S&S, SW& 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	REMARKS
John Collier	11/11/76	Typed	02/23/77 301/705	
El Paso National Bank, Trustee of Estate of Esther S. Collier Trust	11/11/76	"	02/23/77 301/711	
Ann K. Harris, a widow	11/11/76	"	02/23/77 301/717	
Evelyn Lineberry, Independent Executrix & Trustee under the Will of W. F. Scarborough and Evelyn Lineberry, Individually (Tom Lineberry)	11/11/76	"	02/23/77 301/725	
Vera Scarborough, a widow	11/11/76	"	02/23/77 301/731	
W. F. Scarborough	11/11/76	"	02/23/77 301/737	
William Scarborough and William Scarborough, Trustee	11/11/76	"	02/23/77 301/743	
J. Winston Smith	11/11/76	"	02/23/77 301/749	
Gordon G. Berg	12/27/76	342 (Rev. & Am.)	02/18/77 301/617	
Howard W. Bradshaw	12/28/76	"	02/18/77 301/619	
Robert G. Bradshaw	12/18/76	"	02/18/77 301/621	
Heirs of John L. Brady, deceased (Martha H. Brady)	01/11/77	"	02/18/77 301/623	

*unless otherwise noted, see Remarks

SCHEDULE CONTINUED

LESSORS	DATE OF LEASE	FORM	RECORDING DATA	REMARKS
David Cohen	12/16/76	342 (Rev. & Am.)	02/18/77 301/625	
John F. Corvino & Rita M. Corvino, joint tenants	12/20/76	" "	02/18/77 301/627	
Robert C. Ebbe	12/20/76	" "	02/18/77 301/629	
Victor E. Gidwitz	12/28/76	" "	02/18/77 301/635	
Opal Ellen Houston Hail	12/02/76	" "	02/18/77 301/631	
IMC Exploration Company	01/18/77	" "	02/18/77 301/633	
Harry L. Jones & Isabel Jones, joint tenants	02/15/77	" "	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	" "	02/18/77 301/639	
Normarth Corporation	12/20/76	" "	02/18/77 301/641	
Naomi Ruth Houston Reed, a widow	12/08/76	" "	02/18/77 301/643	
Abelow Family Trust #3608	12/13/76	" "	02/18/77 301/645	
Ellis Rudy	01/12/77	" "	02/18/77 301/647	
Norma Sanders (Carl J.)	01/17/77	" "	02/18/77 301/649	
Flora G. Sackisian	01/24/77	" "	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	" "	02/18/77 301/653	

SCHEDULE CONTINUED

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

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

.00225728381

Max R. Chudy (if deceased, Louise
Chudy, wife, and Max R. Chudy, Jr.)
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.00058177417

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 23, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Saturn Oil Company for) CASE
compulsory pooling, Lea County,) 5889
New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: George H. Hunker, Jr., Esq.
HUNKER-FEDRIC P.A.
Attorneys at Law
210 Hinkle Building
Roswell, New Mexico

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

I N D E X

	<u>Page</u>
<u>MAX E. CURRY</u>	
Direct Examination by Mr. Hunker	3
Cross Examination by Mr. Stamets	11

EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
Applicant's Exhibit One, Map	4	10
Applicant's Exhibit Two, Cross Section	5	10
Applicant's Exhibit Three, Cost Estimate	6	10
Applicant's Exhibit Four, Cost Estimate	8	10

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Phone (505) 982-9212

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.,
5 Roswell, New Mexico, appearing on behalf of Saturn Oil Company
6 and I have one witness and several exhibits.

7 Will you stand and be sworn?

8 (THEREUPON, the witness was duly sworn.)

9 MR. HUNKER: There are two sets of exhibits in the
10 order in which they appear.

11
12 MAX E. CURRY

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

15
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.

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1 Q Were your qualifications accepted at that time as a
2 petroleum engineer?

3 A Yes.

4 MR. HUNKER: If the Commission please, do you find the
5 witness' qualifications satisfactory under the circumstances?

6 MR. STAMETS: They are.

7 Q (Mr. Hunker continuing.) How long have you been
8 operating in the oil business in Southeastern New Mexico, Mr.
9 Curry?

10 A Since 1951.

11 Q How long have you been with Saturn Oil Company?

12 A Well, we formed this three or four years ago.

13 Q And what is your title in that company?

14 A President of the company.

15 Q Are you asking that Saturn Oil Company be designated
16 as the operator of the two Lineberry wells that are involved
17 in the compulsory pooling case being heard by the Commission
18 today?

19 A I am.

20 Q Have you prepared some exhibits, Mr. Curry, in this
21 regard.

22 A Yes, sir.

23 Q Referring to the exhibit marked Number One would you
24 tell the Commission what this exhibit shows?

25 A Well, this is a standard county lease map showing a

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Phone (505) 982-9212

1 portion of Lea County, particularly 23, 37 and 23, 38 near the
2 Monument Draw area that is generally known in the industry
3 here. It lies between the Teague Pool and the Drinkard Pool.

4 Q And do you show the area that is involved in this
5 application in yellow on that map?

6 A Yes, I'm sorry, Section 11 of 23 South, Range 37 East,
7 there are two locations shown comprising two forty-acre tracts.

8 Q Referring to Exhibit Number Two, will you turn to
9 that exhibit and tell the Examiner what that exhibit shows?

10 A Exhibit Two is a cross section showing electrical
11 logs on a traverse that is indicated by a small map on the
12 right-hand side of the exhibit. The traverse goes from the
13 Section 11 up through a total of eight wells, including the
14 two subject wells, and it indicates generally a flat structural
15 position but this gives the relationship of the existing wells
16 to other wells in the area.

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

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

25 Q What transpired with regard to those two wells that

1 were drilled on this tract?

2 A. They were drilled by King Resources or for King
3 Resources and American by Solar Oil Company which was a
4 company that I was a part of several years ago and the wells
5 were completed and produced by each of those companies under,
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.

11 Q Did King Resources go into bankruptcy, to the best
12 of your knowledge?

13 A. To the best of my knowledge they did.

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

16 A. Well, they were produced for several years but I don't
17 believe they have been produced since the eighth month of '72.

18 Q Have new leases been acquired by Saturn Oil Company?

19 A. Yes, they have.

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

22 A 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.
25 The Lineberry No. 1 is used in this exhibit but would refer also

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1 to the No. 2 Well.

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

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

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

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

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Phone (505) 982-9212

1 Q Turning to Exhibit Number Four will you explain to the
2 Commission what that shows?

3 A Exhibit Number Four is the prognosis for the drilling
4 of a new well. The preliminary examination of the physical
5 conditions that exist in the Well No. 1 may require that a new
6 well be drilled or possibly after some phases of the prognosis
7 for reentry were performed it would indicate that it would be
8 advisable to plug and abandon that well and redrill the
9 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.

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

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

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

23 A This is strictly supervisory?

24 Q Yes, not included on your AFE.

25 A The normal costs would run somewhere around seven

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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.

4 Q And what would you contemplate your charges would
5 be for administration for the wells after they are completed
6 in connection with the operations, the monthly charge for
7 overhead?

8 A The supervisory charges normally run around a hundred
9 and fifty to two hundred dollars per well for a well of this
10 depth and nature in this area.

11 Q Do you think that is a reasonable charge?

12 A Well, it's customary, let's say.

13 Q To the best of your knowledge is the ownership
14 common under the two tracts upon which the Lineberry No. 1
15 and the Lineberry No. 2 Wells have been drilled?

16 A Yes, it is to the best of my knowledge, those two
17 forty-acre tracts as it is with the rest of the lease. I
18 know of no variations in ownership in the entire lease.

19 MR. HUNKER: Mr. Stamets, I would like to make a
20 statement for the record and if you feel that I should be
21 sworn, I will be sworn.

22 Our law firm examined the title to the tracts in
23 question and to the leases that have been obtained from the
24 mineral owners. There are thirty-two leases altogether that
25 have been obtained and I want the record to show that although

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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
4 the operator in this particular connection.

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

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

19 MR. STAMETS: We will admit the Exhibits One through
20 Four that have been submitted and testified to to this point.

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

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

25 MR. STAMETS: Go ahead.

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?

5 THE WITNESS: Yes, it will. It will permit the
6 recovery by the ownership that has leased the property, it
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.

10
11 CROSS EXAMINATION

12 BY MR. STAMETS:

13 Q Mr. Curry, these wells are now sitting out there in
14 a temporarily abandoned state, is that correct?

15 A Yes, sir, that's true.

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
19 their owners. Their owner, Mr. C. H. Brockett, has acquired
20 the rights to salvage the casing and we have made arrangements
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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1 for tubing?

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

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

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

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

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

17 MR. RAMEY: You mentioned the Paddock before?

18 A. We don't believe the Paddock to be of any commercial
19 value at this point.

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

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1 you would like to do at this point?

2 A. Let me discuss this with my counsel.

3 MR. HUNKER: Would it necessitate another hearing?

4 MR. STAMETS: We would call the case, say, on
5 April 20th and if there were no protestants today's record
6 would be what the order would be based on.

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

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

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

19 MR. HUNKER: That is correct.

20 MR. STAMETS: Did you request a risk factor?

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

1 MR. STAMETS: I doubt that the Examiner would be
2 either in this particular case.

3 Q (Mr. Stamets continuing.) Is there any recommendation
4 that you would like to make as to what an appropriate risk
5 factor would be, based on your experience?

6 A I would think somewhere around a hundred and fifty
7 percent would be applicable to this. We feel like the risk is
8 very great that the cementing will not be in a curable state.
9 However, the only way we can find out is actually go ahead
10 and take that risk and perform the operation.

11 Q Then you gave me a range of figures on the combined
12 fixed rates of seven hundred and fifty to a thousand dollars
13 while drilling, would you like to select one of those?

14 A I think seven hundred and fifty on the supervision
15 time would be sufficient and I believe about two hundred
16 dollars on the operation.

17 Q All right. I believe that what you would seek then
18 would be an order which would permit you to reenter these
19 wells or drill completely new wells?

20 A Right.

21 MR. STAMETS: Are there any other questions of the
22 witness? He may be excused.

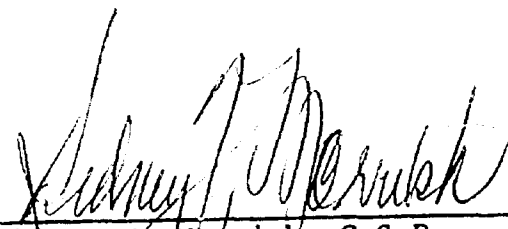
23 (THEREUPON, the witness was excused.)

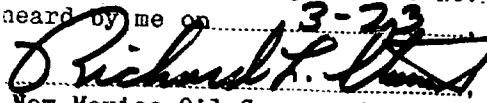
24 MR. STAMETS: Is there anything further in this case?
25 We will take the case under advisement.

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

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5887
heard by me on 3-23 1977
, Examiner
New Mexico Oil Conservation Commission

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

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. Hutter, 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 Medanos 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 Blinberry 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.
- 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 is 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.

CASE 5891: 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 3000 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.

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, NMPM. Said pool would comprise:

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

(d) CREATE a new pool in Eddy County, New Mexico, 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, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
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 Maroon 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, NMPM
Section 16: E/2

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

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
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, NMPM. Said pool would comprise:

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

(i) 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, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
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, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM
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

(l) 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: SW/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 19 SOUTH, RANGE 25 EAST, NMPM
Section 28: S/2
Section 31: S/2
Section 32: S/2
Section 33: All
Section 34: N/2
Section 35: N/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 1: All

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 6: Lots 1, 2, 7, 8, 9, 10, 15 & 16

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

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
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
Section 5: S/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 Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 29: All

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
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 19: 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 COMMISSION 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 Northwest 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. 5821 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

RECEIVED
FEB 25 1977
OIL CONSERVATION COMMISSION

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. _____

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

A P P L I C A T I O N

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 NE $\frac{1}{4}$ SE $\frac{1}{4}$
and NW $\frac{1}{4}$ SE $\frac{1}{4}$ 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
NE $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ 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 NE $\frac{1}{4}$ SE $\frac{1}{4}$ (1,980 FLS - 660 FEL) and to re-enter
the 40-acre spacing unit dedicated to the Lineberry #2 Well
located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ (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.

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 NE $\frac{1}{4}$ SE $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ 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 NE $\frac{1}{4}$ SE $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ 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.

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 NE $\frac{1}{4}$ SE $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ 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.

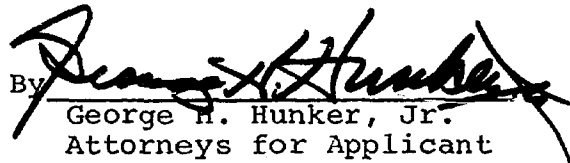
By 
George H. Hunker, Jr.
Attorneys for Applicant
P.O. Box 1837
Roswell, New Mexico 88201
Telephone (505) 622-2700

EXHIBIT "A"

SATURN OIL COMPANY UNLEASED MINERAL OWNERSHIP

Anderson Carter P.O. Box 725 Lovington, New Mexico 88260	15/320
Powhatan Carter, Jr. P.O. Box 525 Ft. Sumner, New Mexico 88119.	15/320

} Now
to
lease

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
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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
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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
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Richard Harry Evans 50 - 37th Ave., NE Minneapolis, Minnesota 55421.	93
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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
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Charles T. Gallaher, II P.O. Box 9263 Bellvue Station Richmond, Virginia 23227.	5
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Joseph W. Gallaher, II P.O. Box 9263 Bellvue Station Richmond, Virginia 23227.	5
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Josephine Radue 16,000 Comus Rd. Clarksburg, Maryland 20734.	32
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E.M. Edwards Co. Room 902 1518 Walnut St. Philadelphia, Pennsylvania.	32
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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 Phoenix, Arizona 85001.	16
Elmer G. Johnson 8364 Bennett Ave. Fontana, California 92335	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

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 April 20, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 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 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.

(3) That the applicant has the right to drill and proposes to drill a well or recomplected an existing well on each of said 40 acre ~~units~~ proration units.

(5) That there are interest owners in the proposed proration unit, 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 unit, 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 well, and units.

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his share of ~~estimated~~ ^{appropriate} 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~~ ^{estimated} estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 150 percent ^{or recomplectin} thereof as a reasonable charge for the risk involved in the drilling 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.

That \$750 per month while drilling and \$200 per month while producing

(12) That ~~per~~ month should be fixed as 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.

(13) That all proceeds from production from ^{either or both of} the subject well, which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(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 ~~Blincy~~ ^{Lineberry} ~~1760~~ 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} ~~gas~~ spacing and proration unit to be dedicated to ~~a well to be drilled~~

applicant's Lineberry Well No 1, located 1980 feet from the South line and 660

and proration unit to be dedicated to ~~a well to be drilled~~

applicant's Linberry 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 ~~Langlie-Hattin~~ location on said
40-acre tract.

²
(2)

That all mineral interests, whatever they may be,

down to and including the A60 formation,
underlying the NW 1/4 SE 1/4 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
Linberry 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~~

event re-entry of said well is unsuccessful, to a new well to
be drilled at a standard ~~Langlie-Hattin~~ 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 Langlie-Mattix Pool underlying the NE/4 NW/4 of the aforesaid Section 35 are hereby pooled to form a standard 40-acre oil proration unit to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and

(2)³ That Saturn Oil Company is hereby designated

the operator of the subject wells and units.

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

(4)⁵ That the operator shall commence drilling or re-entry operations on the first of the above-described ~~three~~ 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.

(5)⁶ That within 120 days following completion of said first well, operator shall commence operations on the second ~~of the three herein authorized wells and within 120 days following completion thereof, shall commence operations on the third of said wells.~~

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

(6)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.

(7)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.

(8)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.

(9)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
(10) 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
(11) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

¹³
(12) That ~~\$600.00~~ ^{\$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 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
(13) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

¹⁵
(14) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

¹⁶
(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.

¹⁷
(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.

¹⁸
(17) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.