
CASE NO.

6386

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
21 November 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Atlantic Richfield
Company for compulsory pooling,
Lea County, New Mexico.

CASE
6386

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Conrad Coffield, Esq.
HINKLE, COX, EATON, COFFIELD &
HENSLEY
Midland, Texas

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020/Manhattan Blvd. (908) 411-4402
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Palm Avenue (S.E.) 411-2452
Seattle 5, Washington

Page 2

I N D E X

BOB MAJALISE

Direct Examination by Mr. Coffield	3
Cross Examination by Mr. Nutter	12

GLENN ZELLNER

Direct Examination by Mr. Coffield	13
Cross Examination by Mr. Nutter	18

E X H I B I T S

Applicant Exhibit One, Plat	11
Applicant Exhibit Two, C-101, C-102	11
Applicant Exhibit Three, Log	11
Applicant Exhibit Four, Log	11
Applicant Exhibit Five, List	18
Applicant Exhibit Six, List	18

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
303 Plaza Blanca (888) 471-4403
Santa Fe, New Mexico 87501

1 MR. NUTTER: Call next Case Number 6386.

2 MS. TESCHENDORF: Case 6386. Application of
3 Atlantic Richfield Company for compulsory pooling, Lea
4 County, New Mexico.

5 MR. COFFIELD: Conrad Coffield, with the
6 Hinkle law firm of Midland, Texas, appearing on behalf of
7 Atlantic Richfield Company.

8 I have two witnesses.

9 (Witnesses sworn.)

10
11 BOB MALAISE

12 being called as a witness and having been duly sworn upon
13 his oath, testified as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. COFFIELD:

17 Q Would you please state your name, address,
18 occupation, and employer?

19 A My name is Bob Malaise. My address is No. 8
20 Midland Court. I'm occupied by Atlantic Richfield.

21 Q Are you familiar with the application of At-
22 lantic Richfield in this case, Mr. Malaise?

23 A Yes, I am.

24 Q And are you familiar with the property and
25 the proposed well location involved in this case?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2402
Santa Fe, New Mexico 87501

Page 4

1 A Yes, I am.

2 Q Have you previously testified before the Oil
3 Conservation Division as a petroleum engineer?

4 A Yes, I have.

5 Q And were your qualifications a matter of re-
6 cord and accepted by the Division?

7 A They were.

8 MR. COFFIELD: Is the witness considered
9 qualified?

10 MR. NUTTER: Yes, he is.

11 Q (Mr. Coffield continuing.) Mr. Malaise, what
12 does Atlantic Richfield seek by its application?

13 A Atlantic Richfield is seeking in our applica-
14 tion, we are pooling in this case, or requesting and are
15 pooling all mineral interests in the Ellenburger-Devonian-
16 McKee formations underlying the north half of Section 21,
17 Township 22 South, Range 36 East, in Lea County, New Mexico.

18 And this is -- this pooling of mineral interests
19 is to be dedicated to both Ellenburger, Devonian, and McKee
20 formations on 320-acre spacing.

21 Q Does the acreage involved here lie within
22 the Langley-Allenburger Gas Pool?

23 A Yes, it does.

24 MR. COFFIELD: Mr. Examiner, we request that
25 you take administrative notice of the pooling order, R-5754,

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SSE) 471-2402
Santa Fe, New Mexico 87501

1 June 28 -- 29, 1978, establishing the field rules for the
2 Langley-Ellenburger Gas Pool, and especially the establish-
3 ment of 320-acre spacing.

4 MR. NUTTER: We will take notice of that order.

5 Q (Mr. Coffield continuing.) Mr. Malaise,
6 please refer to what's been marked as Exhibit One and state
7 what this reflects.

8 A Exhibit One is a plat, area plat, of the
9 Langley-Ellenburger development. The hash marks in Section
10 20, 21, 28, and 27 in Township 22 South, Range 36 East, is
11 the acreage that Atlantic Richfield operates their Langley
12 working interest unit under.

13 The well that is shown in the green dot in
14 Section 28 in the north half is the Langley Deep Unit, which
15 is the discovery well in the Langley-Ellenburger Gas Pool.

16 This well is currently producing at a rate of
17 3,000,000 cubic feet of gas a day and 240 barrels of conden-
18 sate a day from the Ellenburger formation.

19 The well that is located north of this well
20 shown with a green dot is marked, or labeled, the Langley
21 Getty Com No. 1. This is a well that Atlantic Richfield is
22 currently completing at this time. It is -- it has been
23 proposed as a dual well in the Ellenburger and Devonian
24 formations.

25 Both these wells do have 320 acres assigned

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-4663
Santa Fe, New Mexico 87501

1 to them. The Langley Deep being the 320-acre proration unit
2 in the north half of Section 28. The Langley Getty Com has
3 320 acres assigned both to Ellenburger and Devonian in the
4 south half of Section 21.

5 The north half of Section 21 is a 320-acre
6 proration unit that we are proposing for the well that we're
7 seeking pooling on today. It is outlined in blue. The
8 well that is under consideration is the Langley Greer Com
9 No. 1, which is shown with a red dot, which is being proposed
10 or is located at 1650 from the north and 1980 from the west
11 in Section 21.

12 Q Is that a standard location?

13 A That is a standard -- within the tolerances
14 of a standard location.

15 The only other point of control that we have
16 is the well location in Section 17, which is also shown with
17 a green dot, and this is a well that was drilled by Conti-
18 nental as their Continental Arrowhead Unit No. 1. This well
19 did penetrate the Ellenburger 50 feet.

20 Q Please refer to what's been marked as Exhibits
21 2-A and 2-B, Mr. Malaise, and explain what these represent.

22 A Exhibit 2-A is simply the Form C-101 that
23 was submitted to the Commission on 9-6-78, and it's our
24 application to drill the Langley Greer Com No. 1.

25 Exhibit 2-B is the C-102, which was also sub-

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 451-4452
Santa Fe, New Mexico 87501

1 mitted to the Commission. It was submitted on August the
2 31st, 1978. It is the location plat that sets out the 320-
3 acre proration unit for the subject well.

4 Q Is Atlantic Richfield Company the leasehold
5 owner?

6 A No, it's --

7 Q Of the acreage on which this well was developed
8 on?

9 A No, we're not.

10 Q What is Atlantic Richfield's position ?

11 A Our position in here, we have an 1860 acre
12 working interest unit that has been formed. This unit is
13 operated by Atlantic Richfield. They have approximately
14 36 percent in the unit.

15 Q Okay, refer to what's been marked as Exhibit
16 Three, Mr. Malaise, and explain what this represents?

17 A Exhibit Three is a compensated neutron forma-
18 tion density log on the discovery well, the Langley Deep No.
19 1.

20 There are two points that should be set out
21 from the log. The tops have been -- the geologic tops have
22 been marked on the log but one is the -- if the Commission
23 would take note of the Devonian formation on the log. The
24 Devonian in this particular well is at 12,297 feet. The
25 zone was tested extensively --

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (888) 471-4488
Santa Fe, New Mexico 87501

1 MR. NUTTER: You mean 12,279, don't you?

2 A Yes, sir, correct, 12,279. This is a top
3 and it does reflect on the log quite extensive tests that
4 were taken in the Devonian, one core and several drill stem
5 tests.

6 One drill stem test to take note of was
7 number six, which did flow 530 Mcf a day and we recovered
8 10 barrels of condensate in an hour and a half flow period.
9 We did not production test the Devonian in the discovery
10 well but feel like it is commercial, from the amount of
11 tests that were taken during drilling.

12 The second zone that we would like to point
13 out is the Ellenburger, which is located at 15,250. This
14 zone was tested during the well and is the zone that is
15 currently producing at a rate of 2.7 million cubic feet of
16 gas a day and 211 barrels of condensate. This was the
17 potential taken in June of 1978. The well is currently
18 producing over 3-million cubic feet of gas a day and 240
19 barrels of condensate.

20 The perforations are marked on the log from
21 15,329 to 396, and 15,442 to 531.

22 While we are looking at the log, I would like
23 to point out the McKee, which is located at 14,726 feet.
24 We attempted two drill stem tests in one core in the McKee
25 and we were unsuccessful on all three tests. The log calcu-

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza, Suite 200 (P.O.) 411-4489
Santa Fe, New Mexico 87501

1 lations do indicate that the -- that this particular zone
2 could be commercial. We have not proven it in the well; at
3 this time considered the McKee to be potential.

4 Q Anything else on this exhibit?

5 A No.

6 Q Please refer to what's been marked as Exhibit
7 Four.

8 A Exhibit Four is a compensated neutron density
9 log that was run on the Langley Getty Com No. 1, the well
10 that is in the south half of Section 21 that we are currently
11 attempting to complete as a dual in the Devonian and Ellen-
12 burger.

13 The Devonian formation, we find at 12,163
14 feet in this log. I would like to call attention -- the
15 Commission's attention to two drill stem tests that were
16 taken in the Devonian in this well.

17 Drill Stem Test Number Three, which is marked
18 on the log, was taken from 12,303 feet to 12,435 feet. We
19 had a drill stem test that flowed 3-1/4 Million cubic feet
20 of gas a day and recovered 7 barrels of condensate in an
21 hour and a half.

22 The second drill stem test, Number Four marked
23 on the log, was taken from 12,510 feet to 12,676 feet. We
24 had a flow rate of 15-million cubic feet of gas a day and
25 a recovery of 6-1/2 barrels of condensate in an hour and a

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (888) 471-4163
Santa Fe, New Mexico 87501

1 half test.

2 The second zone that we'd like to call the
3 Commission's attention to is the Ellenburger formation, which
4 is found at 15,083 feet. We have a drill stem test in the
5 upper section of the Ellenburger from 15,147 to 15,245 feet,
6 which flowed at an estimated rate of 23.7-million cubic feet
7 of gas a day and recovered 4 barrels of condensate on an
8 hour and a half test.

9 At this time we do have an application in to
10 the Commission to dually complete this particular well. I
11 would point out the McKee in this well, which was found at
12 14,562 feet. We did take a drill stem test and it is not
13 marked on the log, and it appeared it was tight. We, as I
14 said when we discussed the discovery well, we feel like on
15 structure that the McKee could be productive and this well,
16 it is located high on structure and on the flank it could
17 clean up enough to be productive.

18 Q Mr. Malaise, based upon the data reflected
19 in these logs and the other material at your disposal which
20 we brought to the Examiner's attention, is it your opinion
21 that the three formations for which we seek compulsory
22 pooling are reasonable objective depths for the production
23 of gas and associated liquid hydrocarbons?

24 A Yes, I do.

25 MR. COFFIELD: I would like to direct the

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3080 Plaza Blanca (S.E.) 471-4603
Santa Fe, New Mexico 87501

1 Examiner's attention to the fact that we are not seeking to
2 compulsorily pool working interests, and accordingly, it's
3 just royalty interests that are involved here. I trust
4 the Examiner need not consider the cost factors, and so
5 forth.

6 MR. NUTTER: That's correct. There's no
7 operating costs involved and no risk involved.

8 MR. COFFIELD: Yes, sir.

9 MR. NUTTER: This is all royalty interest.
10 That's right.

11 MR. COFFIELD: All right.

12 Q (Mr. Coffield continuing.) Mr. Malaise, have
13 these Exhibits One through Four been prepared by you or
14 under your supervision?

15 A They have.

16 Q In your opinion will the approval of the
17 application of Atlantic Richfield in this case prevent the
18 drilling of unnecessary wells and otherwise prevent waste
19 and protect correlative rights?

20 A It would.

21 MR. COFFIELD: Move the admission of Exhibits
22 One through Four, Mr. Nutter.

23 MR. NUTTER: ARCO's Exhibits One through
24 Four will be admitted in evidence.

25 MR. COFFIELD: I have no further questions of

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (995) 471-4465
Santa Fe, New Mexico 87501

1 this witness on direct.

2
3 CROSS EXAMINATION

4 BY MR. NUTTER:

5 Q Mr. Malaise, did the well up in 17 show any
6 signs of production from other than the Ellenburger?

7 A It never produced. That is -- that is a dry
8 hole, but what I would like to point out, if you will refer
9 back to Exhibit -- what we have Exhibit Three, and I think
10 I can point it out on it.

11 In Exhibit Three, if you'll look at the bot-
12 tom of the log at the Ellenburger, if you will notice, we
13 show the Ellenburger at 15,250 feet, and roughly the first
14 70 feet on this particular well there is no porosity. The
15 porosity doesn't start until you're down roughly 15,320
16 feet.

17 As I pointed out in the well in Section 17,
18 it only penetrated about 50 feet of the Ellenburger and we
19 do not feel it is, at this time, a legitimate dry hole in
20 the Ellenburger.

21 Q You think it might be deeper?

22 A There's a possibility it could be. We --
23 we do not have any control at this time that would give a
24 true definition on the outer boundary of the Ellenburger
25 in the --

1 Q That's outside the unit you're operating,
2 anyway.

3 A Yes, sir, this is.

4 Q Okay.

5 MR. NUTTER: Are there any further questions
6 of Mr. Malaise? He may be excused.

7 Do you have anything further, Mr. Coffield?

8 MR. COFFIELD: Yes, sir, we have another
9 witness.

10 MR. NUTTER: Okay.

11 MR. COFFIELD: Relative to the land matter.

12
13 GLENN A. ZELLNER

14 being called as a witness and having been duly sworn upon
15 his oath, testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. COFFIELD:

19 Q Would you please state your name, address,
20 occupation, and employer?

21 A I'm Glenn Zellner, 2439 Whitmire, Number 54-A,
22 Midland, Texas, employed by Atlantic Richfield.

23 Q In what position?

24 A As landman.

25 Q Are you familiar with the application of At-

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Alamosa (999) 471-4449
Santa Fe, New Mexico 87501

1 Atlantic Richfield in this case?

2 A Yes, I am.

3 Q Have you previously testified before the Oil
4 Conservation Division as a petroleum landman?

5 A No, I have not.

6 Q For the benefit of the Examiner would you
7 please give a resume of your educational background and
8 work experience?

9 A I graduated in 1977 from the University of
10 Oklahoma under the petroleum land management curriculum and
11 have worked for Atlantic Richfield since December -- or
12 since August of 1977 in Tyler, Dallas, and in Midland.

13 Q What was this as?

14 A Always as a landman.

15 MR. COFFIELD: Are the witness' qualifications
16 acceptable?

17 MR. NUTTER: Yes, they are.

18 Q (Mr. Coffield continuing.) Mr. Zellner, are
19 you familiar with the ownership of the royalty as well as
20 the working interest in the north half of Section 21 in
21 Township 22 South, Range 36 East?

22 A Yes, I am. There are two tracts in that half
23 section.

24 Q You mean by that there are two tracts with
25 interest types of ownership?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (908) 471-4402
Suite 70, New Mexico 87601

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Palm Bluffs (905) 411-4463
Santa Fe, New Mexico 87501

1 A Yes, sir.

2 Q Mr. Zellner, are you familiar with the efforts
3 which were made to seek commitment of all interests in the
4 north half of Section 21 to this Langley Greer Com No. 1
5 Well?

6 A Yes, I am.

7 Q Are all working interests committed?

8 A Yes, they are.

9 Q Are all royalty interests committed?

10 A No, they are not.

11 Q Is all acreage within this north half of
12 Section 21 fee acreage, privately owned acreage?

13 A Yes, it is.

14 Q All right, Mr. Zellner, would you refer to
15 what's been marked as Exhibit Five and describe what this
16 is and describe also relative to this what the efforts were
17 which were made to secure commitment of these royalty interests
18 and the results which you've had?

19 A Exhibit Five is a list of correspondence be-
20 tween Atlantic Richfield and the various royalty owners under
21 the tract we sought compulsory pooling.

22 We initiated the -- our efforts on December --
23 or on September 20th with a letter to the royalty and working
24 interest owners, seeking ratification of gas pooling agree-
25 ment and gas unit designation, covering the north half of

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3034 Plaza Blanca (955) 471-4455
Santa Fe, New Mexico 87501

1 Section 1, Township 22 South, Range 36 East, in order to
2 pool and communitize the Langley -- the Ellenburger, De-
3 vonian, and McKee formations.

4 On November 3rd, we sent out a follow-up
5 letter to the royalty interest owners asking that they would
6 again ratify the gas pooling agreement and gas unit desig-
7 nation if they had not done so, and final correspondence
8 with royalty interest owners was on November 17th, when we
9 sent them a copy of the docket for this hearing, as well as
10 asking their status in regard to the ratifications which
11 were sent out with the September 20th mailing.

12 That's all the correspondence we've had with
13 the royalty owners. Working interest owners were sent
14 copies of the pooling agreements and ratifications and
15 have executed all of them.

16 Q Mr. Zellner, in your opinion, do you think
17 it likely that you're going to obtain voluntary commitment
18 of the -- all royalty interests?

19 A No, I don't.

20 Q Will you please refer to what's been marked
21 as Exhibit Six and explain what this is and what it re-
22 presents?

23 A The first page of Exhibit Six is a list of
24 all the royalty owners under the north half of Section 21
25 which have not to this date responded to our correspondence

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2026 Plaza Blanca (996) 471-2482
Santa Fe, New Mexico 87501

Page 17

1 and have not -- we have not received ratifications of the
2 pooling agreement and unit designation from these parties.

3 Now, the second and third page is a copy of
4 all the royalty interest owners under that tract, and by
5 comparison you can see that a large number did in fact exe-
6 cute the ratifications and return them to us.

7 Q So pages two and three are all royalty inter-
8 ests?

9 A All the royalty interest owners.

10 Q Page one represents the interests which have
11 as of this time not voluntarily committed their interest.

12 A Yes, that's correct.

13 Q Okay, were Exhibits Five and Six prepared by
14 you or under your supervision?

15 A Yes, they were.

16 Q In your opinion will the approval of this
17 application be in the interest of prevention of waste and
18 protection of correlative rights?

19 A Yes, it will.

20 MR. COFFIELD: I move the admission of Ex-
21 hibits Five and Six.

22 MR. NUTTER: ARCO Exhibits Five and Six will
23 be admitted in evidence.

24 MR. COFFIELD: I have no further questions
25 of this witness at this time.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3025 Plaza Blanca (SOS) 471-2402
Santa Fe, New Mexico 87501

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Zellner, I notice that some of these royalty owners are companies, is that correct?

A Yes, that's correct.

Q And others are just individuals. Are these owners of royalty all under one of these tracts or are they under both tracts?

A Certain owners are under both tracts and certain owners are only under one of the individual tracts.

Q And you have computed the interest of each one of these royalty owners, as in the unit as a whole, have you not?

A We have title opinion dated August of 1977, and through that title opinion and through a royalty listing of the company's producing shallow rights, we came up with this list of royalty owners. At such time as a division of title opinion would be rendered we would have the exact interests of each party. What we would have now would just be estimated or close approximations of what those interests would be.

Q Do you know if all of these owners, royalty owners, actually exist or not? Have you tried to make that determination?

1 A We have received certain of these back marked
2 insufficient address or have not been able to contact them.
3 To the best of our knowledge these owners do exist.

4 Q So if you can't locate them, and to date you
5 haven't been able to locate all of them, some of these funds
6 will have to go into escrow, then, probably.

7 A I would assume so, yes.

8 MR. NUTTER: Are there any further questions
9 of Mr. Zellner? He may be excused.

10 Do you have anything further, Mr. Coffield?

11 MR. COFFIELD: No, sir, we do not.

12 MR. NUTTER: Does anyone have anything they
13 wish to offer in Case Number 6386?

14 We'll take the case under advisement.

15 (Hearing concluded.)
16
17
18
19
20
21
22
23
24
25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-4442
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill, from my notes taken at the
 time of the hearing.

Sally W. Boyd CSR
 Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
 a complete and correct transcript of the proceedings in
 the hearing of the Oil Conservation Division.
 heard by me on 11/21 1976

[Signature] Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3088 Plaza Blanca (D-95) 411-2442
 Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6386
Order No. R-5900

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 21, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of January, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Atlantic Richfield Company, seeks an order pooling all mineral interests in the Devonian, McKee and Ellenburger formations, underlying the N/2 of Section 21, Township 22 South, Range 36 East, NMPM, Langley Field, Lea County, New Mexico.
- (3) That the applicant has the right to drill and has drilled their Langley Greer Com Well No. 1 at a standard location thereon.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or

-2-

Case No. 6386
Order No. R-5900

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

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

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

(8) That upon the failure of the operators of said pooled unit to commence drilling of the well to which said unit is dedicated on or before April 1, 1979, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Devonian, McKee, and Ellenburger formations underlying the N/2 of Section 21, Township 22 South, Range 36 East, NMFM, Langley Field, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to the Atlantic Richfield Company Langley Greer Com Well No. 1 located 1650 feet from the North line and 1980 feet from the West line of said Section 21.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of April, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Ellenburger formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of April, 1979, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

-3-

Case No. 6386
Order No. R-5900

(2) That Atlantic Richfield Company is hereby designated the operator of the subject well and unit.

(3) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately 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 Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

dr/

DATE RECEIVED	
DISTRIBUTION	
SANITARY	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease
STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No.
7. Unit Agreement Name
8. Firm or Lease Name
Langley Greer Com.
9. Well No.
1
10. Field and Pool, or Subunit, Name
Langley Ellenburger Gas
12. County
Lea

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
1b. Type of Well
DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>
OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>
SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>
2. Name of Operator
Atlantic Richfield Company
3. Address of Operator
P. O. Box 1710, Hobbs, New Mexico 88240
4. Location of Well
UNIT LETTER F LOCATED 1650 FEET FROM THE North LINE
AND 1980 FEET FROM THE West LINE OF SEC. 21 TWP. 22S. R. 36E N.M.P.M.
13. Proposed Depth
15,650'
13A. Formation
Ellenburger Gas
20. History of Well
Rotary
21. Elevations (Show whether OF, RT, etc.)
3525.7' GR
21A. Kind & Status Plug. Bond
GCA #8
21B. Drilling Contractor
A.W. Thompson, Inc.
22. Approx. Date Work will start
9/20/78

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
	30" conductor		30'	Redi-mix	Surface
17-1/2"	13-3/8" OD	54.5# K-55	1400'	1335	Surface
12-1/4"	9-5/8" OD	36# K-55 & S-80	6200'	1635	Surface
8-3/4"	7" OD	29# SS95	1020'		
		26# SS 95	3160'		
		23# SS95	8160'		
		26# SS95	13,720'		
		29# SS95	15,650'	1200	6000' FS

Blowout Preventer Program attached.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. 21
CASE NO. 6386

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed [Signature] Title Dist. Dir. Supt. Date 9/6/78

(This space for State Use)
APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT 1 DATE SEP 11 1978
CONDITIONS OF APPROVAL, IF ANY:

*Midland
Dallas
co-owner*

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section

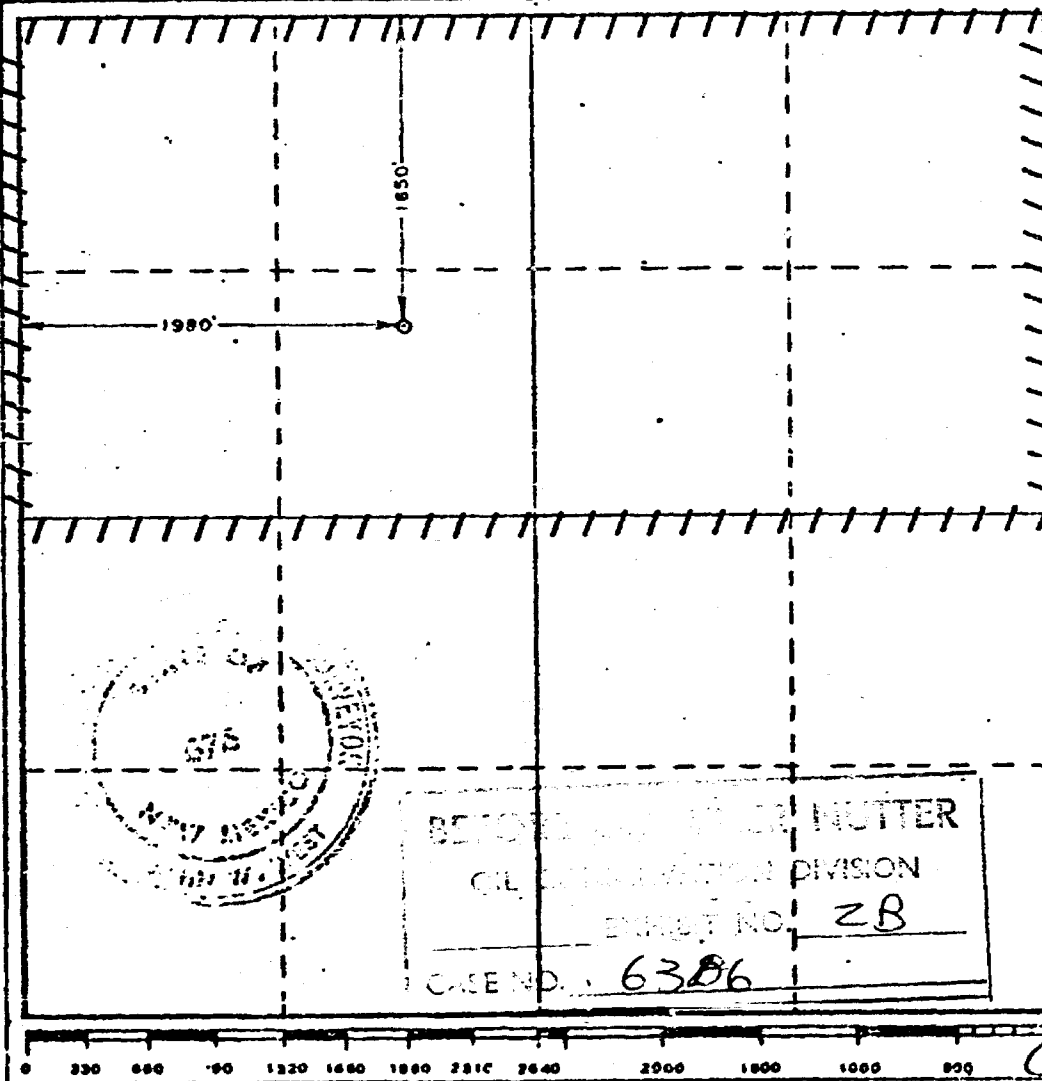
Operator ✓ Atlantic Richfield Co.		Lessee Langley XXXXXX Greer Com.		Well No. 1
Grid Letter F	Section 21	Township 22 South	Range 36 East	County Lea
Actual Footage Location of Wells				
1650	feet from the	North	line and	1980
				feet from the
				West
Ground Level Elev. 3525.7	Producing Formation Ellenburger Gas		Pool Langley Ellenburger Gas	Dedicated Acreage: 320 Acres.

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
[Signature]
Position
Dist. Drig. Supt.
Company
Atlantic Richfield Company
Date
9/6/78

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
August 31, 1978
Registered Professional Engineer and/or Land Surveyor

[Signature]
Certificate No. John W. West 676
Ronald J. Edison 3239

EVIDENCE LABEL	
OIL COUNTY UNIT DIVISION	
EXHIBIT NO.	5
CASE NO.	6386

CORRESPONDENCE AND MAIL OUTS

1. Letters dated September 20, 1978 to Royalty Owners and Working Interest Owners
2. "Gas Pooling Agreement and Gas Unit Designations"
3. Ratifications
4. Letter to Royalty Owners dated November 3, 1978
5. Letter to Working Interest Owners dated November 6, 1978
6. Letter to Royalty Owners dated November 17, 1978

Richfield Company North American Producing Division
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0100



September 20, 1978

TO ALL ROYALTY INTEREST OWNERS

RE: Langley Deep Working Interest Unit
Langley Greer Com No. 1
N/2 Section 21, T-22-S, R-36-E,
Lea County, New Mexico
AR-57921

Dear Royalty Owners:

Atlantic Richfield Company, as operator of the Langley Deep Working Interest Unit has proposed to the Working Interest Owners the drilling a third unit well to be located in the N/2 of Section 21 within said Working Interest Unit. To date we have had good success with the Langley Deep No. 1, the discovery well and have completed same in the Ellenburger formation as a gas producer. The second well, the Langley-Getty Com #1, though not yet completed, looks very promising and we expect to complete same as a substantial gas producer.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320-acre spacing for the drilling of wells in the Ellenburger, Devonian and McKee formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations, please find enclosed herewith a "Gas Pooling Agreement and Gas Unit Designation", the purpose of which is to allow pooling of royalty throughout the N/2 of Section 21.

The effect of pooling the royalty in the N/2 of Section 21 will be that all royalty owners thereunder will share on an acreage basis the royalty accruing therein irrespective of the location of the captioned well. The process by which royalty proceeds will be distributed among the royalty owners is explained at the bottom of page two, Article 3 of the "Gas Pooling Agreement and Gas Unit Designation".

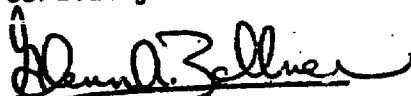
ALL ROYALTY INTEREST OWNERS
Langley Greer Com No. 1
Page 2

Also find herewith four (4) copies of the "Ratification of Gas Pooling Agreement and Gas Unit Designation". Please sign, acknowledge, and return three (3) copies of said Ratification. The Gas Pooling Agreement and Gas Unit Designation along with the remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgment page which must be notarized. Instructions for execution and acknowledgment of instruments for New Mexico Properties is enclosed for your information, as is a stamped self-addressed envelope for your convenience.

If you have any questions, please feel free to call me collect at (915) 684-0132.

Cordially submitted,



GLENN A. ZELLNER
LAND DEPARTMENT

GAZ:bk

Enclosures: Agreement
Ratifications (4)
Instructions
Stamped Return Envelope

Atlantic Richfield Company

North American Producing Division
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684-0114

David W. Slippery
District Land Manager

September 20, 1978

ADDRESS LIST ATTACHED

RE: Ratification of Gas Pooling Agreement
and Gas Unit Designation
Langley Deep Working Interest Unit
Langley Greer Com No. 1
N/2 Section 21, T-22-S, R-36-E,
Lea County, New Mexico
AR-57921

Gentlemen:

Atlantic Richfield, as operator of the Langley Deep Working Interest Unit, has recently proposed and is circulating AFE's for the third Unit well, the captioned Langley Greer Com No. 1. The proposed location of said well, a 15,500' Ellenburger test, is to be 1980' FWL and 1650' FNL of Section 21, T-22-S, R-36-E, Lea County, New Mexico. The acreage dedicated to this test is the N/2 of Section 21.

The leases being contributed to this well by the Working Interest Owners contain insufficient provision for pooling a 320-acre gas proration unit, therefore mailed this date to all Royalty Interest Owners under said leases was a "Gas Pooling Agreement and Gas Unit Designation" and "Ratification of Gas Pooling Agreement and Gas Unit Designation". These Royalty Owners have been requested to execute such Ratification in order to empower the Working Interest Owners to pool their leases in the N/2 of Section 21 and to allocate royalty on an acreage basis.

Please find ehrewith for your files one copy of said "Gas Pooling Agreement and Gas Unit Designation" executed by Atlantic Richfield Company. Also find four (4) copies of Ratifications to said instruments. Please execute and acknowledge three (3) copies of the Ratification and return to this office. Your prompt attention will be greatly appreciated.

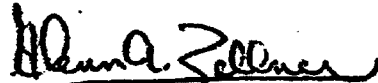


Langley Greer Com No. 1
Page 2

Atlantic Richfield, as was the procedure for the Getty Com well, will force pool all Royalty Owners failing to execute such Ratifications at a hearing of the New Mexico Oil Conservation Commission probably sometime in late October.

Since the captioned well will probably spud the last week in September or very early October and since setting up for a Force Pooling Hearing is a somewhat timely procedure, I again stress the importance of your executing the enclosed Ratifications at your earliest convenience.

Yours very truly,



GLENN A. ZELLNER
LAND DEPARTMENT
(915) 684-0132

GAZ:bk

Enclosures

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

Sun Oil Company (Delaware)
Box 2880
Dallas, Texas 75221

Reginald F. Hyer
Suite 110
One Marienfeld Place
Midland, Texas 79701

Dallas McCasland
P. O. Box 205
Eunice, New Mexico 88231

GAS POOLING AGREEMENT AND GAS UNIT DESIGNATION

THIS AGREEMENT, made and entered into as of the 20th day of September, 1978, by and between ATLANTIC RICHFIELD COMPANY, GULF OIL CORPORATION, SUN OIL COMPANY, AUTRY C. STEPHENS, and DALLAS MCCASLAND, hereinafter called "Working Interest Owners", and the owners of mineral, royalty and other interests in all or a portion of the following described land situated in Lea County, New Mexico, to wit:

N/2 Section 21, Township 22 South, Range 36 East, N.M.P.M., containing 320 acres, more or less;

hereinafter referred to as the "Communitized Tract",

WITNESSETH: THAT

WHEREAS, the royalty and mineral interest in said land are subject to one or more of the oil and gas leases, some of which contain a clause authorizing pooling, in segregated tracts of varying ownership, as such leases and tracts are described in Exhibit "A" hereto, which is made a part hereof for all purposes, and Working Interest Owners are the owners of the leases or have the right to share production therefrom by virtue of an existing Operating Agreement; and

WHEREAS, in order to promote conservation and prevent waste, the parties hereto desire to pool and communitize their interests as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the mutual benefits accruing to them, the undersigned parties do hereby covenant and agree as follows:

1.

In exercise of the pooling powers granted in the leases specified in Exhibit "A", Working Interest Owners hereby designate the "Communitized Tract", insofar and only insofar as

concerns the Devonian, McKee and Ellenburger formations, as a unit for the production of gas-well gas, as hereinafter defined.

2.

All of the gas-well gas, as hereinafter defined, in, under and that may be produced from and only from the Devonian, McKee and Ellenburger formations of the Communitized Tract is hereby communitized and pooled, and shall hereafter be developed and operated as an entirety as if such Communitized Tract had been originally covered by one oil and gas lease, and any drilling or reworking operation conducted on any well or wells for the production of such minerals and any discovery or production thereof from any well or wells located on any portion of the Communitized Tract regardless of where located thereon, shall be deemed to have been conducted and obtained under the terms of each said lease on lands covered thereby for all purposes except for the allocation of production and the payment of royalties as hereinafter provided in paragraph 3.

The term "gas-well gas" wherever used herein means gas (excluding gas produced from an oil well) in its natural state inclusive of all its constituent elements, including condensate or distillate, produced from a gas well as hereinafter defined. The term "gas well" wherever used herein means a well capable of producing only gas-well gas as herein above defined, or any well classified as a gas well by any governmental authority.

3.

All production of the communitized minerals shall be allocated among the separate tracts comprising the Communitized Tract, as identified in Exhibit "A", in the proportion that the number of surface acres within each tract bears to the number of surface acres included in the entire Communitized Tract, and the production so allocated shall then be divided

and paid to the owners of each such tract on the basis prescribed in each particular lease, agreement, assignment, or conveyance applicable thereto. The provisions hereof shall not have the effect of reducing any shut-in gas well royalty or rental payable in lieu of actual production.

4.

This agreement, when executed by 100% of Working Interest Owners, shall be effective as to the interest of each mineral or royalty owner, or other interest owner executing the same, whether or not executed by all owners of an interest in said land, and the failure or refusal of one or more parties to execute this agreement or otherwise to consent to the pooling sought to be accomplished hereby shall not affect the validity hereof. This agreement shall be effective for as long as the leases set out in Exhibit "A", or any of them, shall remain in effect; provided, however, that Working Interest Owners shall have the right to dissolve the pooling effected hereby by filing for record in the county where the land is located a declaration to that effect, if at that time no operations are being conducted for, or no production is being obtained of, the communitized minerals.

5.

The terms of said leases are hereby amended and modified to conform with the provisions hereof and are ratified and confirmed as valid and subsisting; and, to effectuate the purposes hereof, this instrument shall be deemed to contain all necessary words to make same effective as a conveyance, the provisions hereof to constitute covenants running with the land and leasehold premises and as such to extend to, bind and inure to the benefit of the parties hereto, their heirs, assigns, and successors.

This agreement is prepared in several counterparts and shall bind each party executing a counterpart or any instrument that evidences an intention to be bound by this agreement, whether or not the same writing is signed by all owners of an interest in said land and whether or not all owners enter into this agreement. If any party executing this instrument as a Working Interest Owner is also the owner of a mineral, royalty, overriding royalty, or like interest, such party's full interest of whatsoever kind or character shall be bound hereby.

EXECUTED as of the day and year first above written.

ATLANTIC RICHFIELD COMPANY

BY: C. S. Cardwell
Attorney in Fact

GULF OIL CORPORATION

BY: _____
Attorney in Fact

Autry C. Stephens

Dallas McCasland

SUN OIL COMPANY

BY: _____

This image shows a single page of white paper with horizontal black ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears slightly aged or off-white. There is no handwriting or other markings on the page.

MINERAL, ROYALTY, AND OVERRIDING ROYALTY OWNERS

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared C. E. Cardwell, Jr., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 22nd day of September, 1978.

Yvonne Brooks Yvonne Brooks
Notary Public

My Commission Expires

June 30, 1980

EXHIBIT "A"

Attached to and made a part of Gas Pooling Agreement and Gas Unit Designation dated September 20, 1978, between Atlantic Richfield Company and Gulf Oil Corporation, et al, covering the N/2 Section 21, T-22-S, R-36-E, Lea County, New Mexico.

DESCRIPTION OF LEASES COMMITTED

TRACT 1

LESSOR: Annie L. Christmas
LESSEE OF RECORD: Gulf Oil Corporation
DATE OF LEASE: May 6, 1926 - Held by Production
DESCRIPTION OF LANDS COMMITTED: NE/4 Section 21, T-22-S,
R-36-E, N.M.P.M.
NUMBER OF ACRES: 160
WORKING INTEREST AND PERCENTAGES: Gulf Oil Corporation 50%
Reginald F. Hyer 25%*
Dallas McCasland 25%

*Subject to Assignment of Oil and Gas Lease dated September 20, 1977 from Autry C. Stephens et ux to Reginald F. Hyer, recorded in Book 305, page 547, Oil and Gas Records, Lea County, New Mexico. Also Correction Assignment effective same above date between same parties recorded in Book 306, page 331, Oil and Gas Records, Lea County, New Mexico.

And also subject to Assignment dated December 27, 1977 from Reginald F. Hyer et ux to Tres Petroleum, recorded in Book 307, page 413, Oil and Gas Records, Lea County, New Mexico.

TRACT 2

LESSOR: Henry D. Greer
LESSEE OF RECORD: Sun Oil Company
DATE OF LEASE: April 9, 1927 - Held by Production
DESCRIPTION OF LANDS COMMITTED: NW/4 Section 21, T-22-S,
R-36-E, N.M.P.M.
NUMBER OF ACRES: 160
WORKING INTEREST AND PERCENTAGES: Sun Oil Company 100%

RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Communitized</u>	<u>Percentage Interest In Communitized Area</u>
1	160	50.00
2	160	50.00
	320	100.00

<p>Sun Oil Company</p> <p>1</p> <p>160 acres</p>	<p>Gulf Oil Corporation (1/2)</p> <p>Autry C. Stephens (1/4)</p> <p>Dallas McCasland (1/4)</p> <p>2</p> <p>160 acres</p>
--	--

EXHIBIT "A"

GAS POOLING AGREEMENT AND GAS UNIT DESIGNATION

DATED: SEPTEMBER 20, 1978

OPERATOR: ATLANTIC RICHFIELD COMPANY

LEA COUNTY, NEW MEXICO

**RATIFICATION OF GAS POOLING
AGREEMENT AND GAS UNIT DESIGNATION**

Each undersigned owner of a working interest, mineral, royalty or other interest in the following described land situated in Lea County, New Mexico, to-wit:

N/2 Section 21, Township 22 South, Range 36
East, N.M.P.M., containing 320 acres, more
or less;

does hereby acknowledge receipt of a copy of instrument entitled "Gas Pooling Agreement and Gas Unit Designation" dated as of September 20, 1978, designating the above described land as a unit for the production of gas-well gas insofar and only insofar as concerns the Devonian, McKee and Ellenburger formations, and does hereby ratify, adopt and approve the same.

EXECUTED this _____ day of _____, 1978.

Add acknowledgments as needed.

(Revised 9-14-78)

New Mexico
ACKNOWLEDGMENT

(PERSONAL ACKNOWLEDGMENT)

STATE OF _____ } ss:
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by

My commission expires: _____ Notary Public

(PERSONAL ACKNOWLEDGMENT)

STATE OF _____ } ss:
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by

My commission expires: _____ Notary Public

(PERSONAL ACKNOWLEDGMENT)

STATE OF _____ } ss:
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by

My commission expires: _____ Notary Public

(ACKNOWLEDGMENT BY ATTORNEY)

STATE OF _____ } ss:
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by
_____ as attorney-in-fact in behalf of

My commission expires: _____ Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF _____ } ss:
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by
_____ of _____
(NAME) (TITLE) (CORPORATION)
a _____ corporation, on behalf of said corporation.

My commission expires: _____ Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF _____ } ss:
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by
_____ of _____
(NAME) (TITLE) (CORPORATION)
a _____ corporation, on behalf of said corporation.

My commission expires: _____ Notary Public

AtlanticRichfieldCompany

**North American Producing Division
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684-0114**

**David W. Sipperly
District Land Manager**



November 3, 1978

TO ALL ROYALTY INTEREST OWNERS

**Subject: Langley Deep Working Interest Unit
Langley Greer Com. No. 1
Ratification of Gas Pooling Agreement
and Gas Unit Designation
N/2 Section 21, T-22-S, R-36-E,
Lea County, New Mexico
AR-57921**

Dear Royalty Owners:

On September 20, 1978, we mailed, for your approval, a "Gas Pooling Agreement and Gas Unit Designation". The purpose of this Agreement is to pool the royalty throughout the N/2 of Section 21 in the event deep gas production is obtained from the Ellenburger, McKee, or Devonian formations. All royalty owners in the N/2 will share on an acreage basis in royalty payments if such production is achieved irrespective of the location of the gas well. Starting at the bottom of Page 2, Article 3 of the "Gas Pooling Agreement and Gas Unit Designation" explains the process of distributing the royalty proceeds among the royalty owners.

To date we have received a great number of the ratifications sent to the royalty owners. Again, we ask that you sign, acknowledge and return three (3) copies of the Ratification included in the prior mailing.

Due to an oversight on our part, Exhibit "A" to the "Gas Pooling Agreement and Gas Unit Designation" contained an error, being that the tract numbers on the plat were reversed. Please substitute the enclosed revised Exhibit "A" in your copy of the Agreement for clarification purposes.

Your cooperation and attention to this matter is greatly appreciated. If you have any further questions, please call me collect at (915) 684-0132.

Sincerely,

**GLENN A. ZELLNER
LAND DEPARTMENT**

**GAZ:bk
Enclosure**

Sun Oil Company	Gulf Oil Corporation (1/2)
	Autry C. Stephens (1/4)
	Dallas McCasland (1/4)
Tract 2	Tract 1
160 acres	160 acres

EXHIBIT "A"

GAS POOLING AGREEMENT AND GAS UNIT DESIGNATION

DATED: SEPTEMBER 20, 1978

OPERATOR: ATLANTIC RICHFIELD COMPANY

LEA COUNTY, NEW MEXICO

Atlantic Richfield Company

North American Producing Division
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684-0114

David W. Sipperly
District Land Manager

November 6, 1978

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

Sun Oil Company (Delaware)
P. O. Box 1861
Midland, Texas 79702

Reginald F. Hyer
Suite 110
One Marienfeld Place
Midland, Texas 79701

Dallas McCasland
P. O. Box 205
Eunice, New Mexico 88231

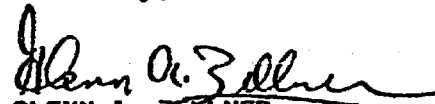
Subject: Langley Deep Working Interest Unit
Langley Greer Com No. 1
Ratification of Gas Pooling Agreement
and Gas Unit Designation
N/2 Section 21, T-22-S, R-36-E,
Lea County, New Mexico
AR-57921

Gentlemen:

Due to an oversight on our part, Exhibit "A" to the "Gas Pooling Agreement and Gas Unit Designation" contained an error, being that the tract numbers on the plat were reversed. Please substitute the enclosed revised Exhibit "A" in your copy of the Agreement for clarification purposes.

Your cooperation and attention to this matter is greatly appreciated. If you have any further questions, please call me collect at (915) 684-0132.

Sincerely,



GLENN A. ZELLNER
LAND DEPARTMENT

GAZ:bk
Enclosure



<p>Sun Oil Company</p> <p>Tract 2</p> <p>160 acres</p>	<p>Gulf Oil Corporation (1/2)</p> <p>Autry C. Stephens (1/4)</p> <p>Dallas McCasland (1/4)</p> <p>Tract 1</p> <p>160 acres</p>
--	--

EXHIBIT "A"

GAS POOLING AGREEMENT AND GAS UNIT DESIGNATION

DATED: SEPTEMBER 20, 1978

OPERATOR: ATLANTIC RICHFIELD COMPANY

LEA COUNTY, NEW MEXICO

Atlantic Richfield Company

North American Producing Division
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684-0114

David W. Sipperly
District Land Manager



November 17, 1978

TO ALL ROYALTY INTEREST OWNERS

RE: Langley Deep Working Interest Unit
Langley Greer Com No. 1
N/2 Section 21, T-22-S, R-36-E, N.M.P.M.
Lea County, New Mexico
AR-57921

Dear Royalty Owners:

Under letters dated September 20, 1978, and November 3, 1978, you were asked to execute and return to Atlantic Richfield Company Ratifications covering the "Gas Pooling Agreement and Gas Unit Designation" sent out with the September 20th letter intended to pool the gas rights under the captioned 320 acre parcel of land as to the McKee, Devonian and Ellenburger formations.

To this date we have had a very positive response from the Royalty Owners and wish to thank those who complied with our request. Enclosed for your information find a copy of the Docket for the Examiner Hearing to be held November 21, 1978, in Santa Fe whereby under Case Number 6386 Atlantic Richfield has applied for compulsory pooling of the above tract as to those Royalty Owners who either have not responded, could not be located, or that we have not, as of this date, received any response.

Thank you again for your cooperation. If you have any questions, please call me collect at (915) 684-0132.

Sincerely,

GLENN A. ZELLNER
LAND DEPARTMENT

GAZ: bk

Enclosure

- CASE 6380:** Application of Harvey E. Yates Company, Inc., for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Travis Deep Well No. 3 located in Unit B of Section 13, Township 18 South, Range 28 East, to produce oil from the Travis-Upper Pennsylvanian Pool and gas from the Morrow formation, Eddy County, New Mexico, through parallel strings of tubing.
- CASE 6381:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Cottonwood Creek-Holcamp and Atoka production within the wellbore of its Lizzie Howard "HK" Well No. 1 located in Unit K of Section 13, Township 16 South, Range 25 East, Eddy County, New Mexico.
- CASE 6382:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Perno-Penn and Little Box Canyon-Atoka production within the wellbore of its Federal "HQ" Well No. 1 located in Unit K of Section 5, Township 21 South, Range 22 East, Eddy County, New Mexico.
- CASE 6383:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Eagle Creek Perno-Penn and the West Atoka-Morrow production within the wellbore of its Powell "DC" Com. Well No. 1 located in Unit O of Section 35, Township 17 South, Range 25 East, Eddy County, New Mexico.
- CASE 6384:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Perno-Penn and Atoka production within the wellbore of its Federal "AB" Com. Well No. 5 located in Unit L of Section 21, Township 18 South, Range 25 East, Eddy County, New Mexico.
- CASE 6385:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Box Canyon Perno-Penn and Box Canyon-Straub production within the wellbore of its Huber I-A Federal Well No. 2 located in Unit P of Section 15, Township 21 South, Range 21 East, Eddy County, New Mexico.
- CASE 6386:** Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ellenburger, Devonian, and McKee formations underlying the N/2 of Section 21, Township 22 South, Range 36 East, Lea County, New Mexico, to be dedicated to its Langley Greer Com Well No. 1 located 1650 feet from the North line and 1980 feet from the West line of said Section 21. 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 6387:** Application of R B Petroleum Company for pool reclassification, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the North Tooto Dome-Pennsylvanian Pool as an associated pool and the promulgation of special pool rules therefor. In the alternative, applicant seeks the abolishment of the North Tooto Dome-Pennsylvanian Pool and the inclusion of the abolished lands in the Tooto Dome Pennsylvanian "D" Associated Pool.
- CASE 6388:** Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 20, Township 23 South, Range 29 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 6389:** Application of Durham, Inc., for pool contraction and extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.
- CASE 6390:** Application of C & E Operators for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down thru the Pictured Cliffs formation underlying the SW/4 of Section 10, Township 30 North, Range 11 West, San Juan 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.

Dockets Nos. 39-78 and 40-78 are tentatively set for hearing on December 7 and 20, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 14, 1978

**OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO**

The following cases are continued from the November 7, 1978, Commission Hearing.

CASE 6146: (DE NOVO) (Continued and Readvertised)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6266: (DE NOVO)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Upper Pennsylvanian test well to be located 660 feet from the North and East lines or, in the alternative, 990 feet from the North and East lines of Section 23, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, all of said Section 23 to be dedicated to the well.

Upon application of Harvey E. Yates Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6377: Application of Durham, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North and East lines of said Section 8. 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 6378: In the matter of the hearing called by the Oil Conservation Division on the motion of Shell Oil Company to permit Corinne Grace and all other interested parties to appear and show cause why Division Order No. R-3713, which pooled all of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be declared null and void, if said pooling order has not already automatically expired due to non-production.

CASE 6379: Application of Shell Oil Company for pool contraction and pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 21, 1978

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

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

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for December, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for December, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

LANGLEY GREER COM NO. 1
N/2 Section 21, T-22-S, R-36-E,
Lea County, New Mexico
UNRESPONSIVE ROYALTY OWNERS
TO CORRESPONDENCE DEALING WITH
RATIFICATION OF GAS POOLING
AGREEMENT & GAS UNIT DESIGNATION

EXP. NO. 6
CASE NO. 6386

Superior Oil Company
P. O. Box 1521
Houston, Texas 77001

Fluor Oil and Gas Corporation
Suite 1050
1600 Broadway
Denver, Colorado 80202

Ellen Ann Wallace Williams
P. O. Box 10054
Glendale, California 91209

Onez Norman Rooney
2915 City National Bank Tower
Oklahoma City, Oklahoma 73102

Petroleum Corporation of Texas
Box 911
Breckenridge, Texas 76024

Rachel B. Fardon
BH/38/29/92A
Castro II Upper Rose Hill
Dorking Surrey, England

~~Warren Bank & Trust Company
Trustee U/W of A. W. Goal
Warren, Pennsylvania 16365~~

~~Bradford Christmas
Box 173
Wagon Mound, New Mexico 87752~~

Maurine V. Goodrich and
First Nat'l Bank of Ft. Worth
Trustees U/W Robert D. Goodrich
ATTN: Alan C. Roberts
P. O. Box 2050
Fort Worth, Texas 76101

Robert R. Goodrich
609 CNB Building
Fort Worth, Texas 76102

Christopher Dunkinfield Jones
3219 Overland Ave. 4210
Los Angeles, California 90034

Douglas Cone
P. O. Box 1148
Lovington, New Mexico 88260

Kenneth Cone
P. O. Box 1148
Lovington, New Mexico 88260

Security Trust Company, Trustee

Ruth Hensley
c/o Estate of Ruth Hensley
Bakersfield, California 93303

Munro L. Lyeth & Patricia D. Lyeth
ATT: Trust-Minerals A/C 11033-00-8
First of Denver
P. O. Box 5825 TA
Denver, Colorado 80217

Gary Luskey
101 N. Houston Street
Fort Worth, Texas 76102

Heritage Resources
P. O. Box 777
Davis, Oklahoma 73030

Grace Johnson
204 Walnut Street
Coalings, California 93210

June D. Speight
P. O. Drawer 1687
Lovington, New Mexico 88260

Cities Service Oil Company
P. O. Box 1919
Midland, Texas 79702

John H. Hendrix Corporation
525 Midland Tower
Midland, Texas 79701

Irene Fardon Glaister
Fardon House, Frog Land
Milton-Under-Wynchwood
Oxon, England

Clifford Cone
P. O. Box 1148
Lovington, New Mexico 88260

David E. Goodrich
157 Ridglea Bank Building
3327 Winthrop
Fort Worth, Texas 76116

Thomas Cone
P. O. Box 1148
Lovington, New Mexico 88260

Peter Francis Jones
c/o Steven E. Trabish
Tristar Twr S Suite 902
4676 Admiralty Way
Marina Del Ray, Calif. 90291

Terri Christmas

LANGLEY-GREER
ROYALTY INTEREST OWNERS

Superior Oil Company
P. O. Box 1521
Houston, Texas 77001

The Wiser Oil Company
P. O. Box 192
Sistersville, W. Virginia 26175

Ruth Hensley
c/o Estate of Ruth Hensley
Bakersfield, California 93303

Fluor Oil and Gas Corporation
Suite 1050
1600 Broadway
Denver, Colorado 80202

Etta Greer
1015 Park Drive
Hillsboro, Texas 76645

Felmont Oil Corporation
6 East 43rd Street
New York, New York 10017

H. A. Pruett
213 W. Alabama
Suite 103
Houston, Texas 77006

The First National Bank of
Midland
Trust Nos. 1010, 1011, 1012
& 1013
P. O. Box 270
Midland, Texas 79701

Helen Learmont Bedford
2067 A Via Mariposa
East Laguna Hills, Calif. 92653

Munro L. Lyeth and Patricia
D. Lyeth
ATT: Trust-Minerals
A/C 11033-00-8

First of Denver
P. O. Box 5825 TA
Denver, Colorado 80217

Ellen Ann Wallace Williams
P. O. Box 10054
Glendale, California 91209

Paul M. Phillips
3843 Park Boulevard
San Diego, California 92103

Southland Royalty Company
1100 Wall Towers West
Midland, Texas 79701

Louis Luskey
101 N. Houston Street
Fort Worth, Texas 76102

Lyman P. Anderson
P. O. Box 674
Dickinson, Texas 77539

Hinkle Investment Company
P. O. Box 2002
Roswell, New Mexico 88201

Sun Oil Company (Delaware)
P. O. Box 1861
Midland, Texas 79702

Heritage Resources
P. O. Box 777
Davis, Oklahoma 73030

J. Patrick Corrigan
P. O. Box 3130, Beach Sta.
Vero Beach, Florida 32960

Agnes G. Smith
263 Old Colony Road
Hartsdale, New York 10530

Elyse S. Graham
6444 Indiana Lane
Shawnee Mission, Kansas 66208

Rachel B. Fardon
BH/38/29/92A
Castro II Upper Rose Hill
Dorking Surrey, England

Onez Norman Rooney
2915 City National Bank Tower
Oklahoma City, Oklahoma 73102

Charles Francis Bedford
#7 Westover Road
Fort Worth, Texas 76107

Rachel Bedford Bowen
P. O. Box 572
San Clemente, California 92672

Laurence G. Phillips
P. O. Box 1379
LaJolla, California 92038

John W. Phillips
P. O. Box 1379
LaJolla, California 92038

Alvin Luskey
101 N. Houston Street
Fort Worth, Texas 76102

Gary Luskey
101 N. Houston Street
Fort Worth, Texas 76102

Sally S. Toles
P. O. Box 1300
Roswell, New Mexico 88201

Petroleum Corporation of Texas
Box 911
Breckenridge, Texas 76024

Grace Johnson
204 Walnut Street
Coalings, California 93210

Hugh Corrigan, III
P. O. Box 3388
Vero Beach, Florida 32960

June D. Speight
P. O. Drawer 1687
Lovington, New Mexico 88260

Warren Bank & Trust Company
Trustee U/W of A. W. Goal
Warren, Pennsylvania 16365

Phyllis C. Smythe
2010 N. Lake Drive
Milwaukee, Wisconsin 53202

Eva Payne Glass & Julian W.
Glass, Jr., Trustees U/W
J. Wood Glass
Box 587
Nowata, Oklahoma 74048

Henry de Graffenried Bedford
1312 N. Richardson Ave.
Roswell, New Mexico 88201

Donald M. Phillips
P. O. Box 6201
Albuquerque, New Mexico 87107

Ross M. Phillips
3843 Park Boulevard
San Diego, California 92103

Sue S. Graham
P. O. Box 987
Roswell, New Mexico 88201

Cities Service Oil Company
P. O. Box 1919
Midland, Texas 79702

David Luskey
101 N. Houston Street
Fort Worth, Texas 76102

B. A. Christmas, Jr.
Chico Route
Raton, New Mexico 87740

LANGLEY-GREER
ROYALTY INTEREST OWNERS

Bradford Christmas
Box 173
Wagon Mound, New Mexico 87752

John H. Hendrix Corporation
525 Midland Tower
Midland, Texas 79701

Continental Oil Company
P. O. Box 1959
Midland, Texas 79702

Maurine V. Goodrich and
First Nat'l Bank of Ft. Worth
Trustees U/W Robert D. Goodrich
ATTN: Alan C. Roberts
P. O. Box 2050
Fort Worth, Texas 76101

Marjorie Cone Kastman
2420 Quaker, Suite 5
Lubbock, Texas 79410

Katherine C. Keck, S. E. Cone, Jr. Clifford Cone
& William Myron Keck III,
Trustees for Katherine Cone
Keck
Suite 1110
1801 Ave. of the Stars
Los Angeles, California 90067

Irene Fardon Glaister
Fardon House, Frog Land
Milton-Under-Wynchwood
Oxon, England

~~Wendelin E. Jones~~
~~c/o Renate Dymesich~~
~~HQ USAF AFCEM~~
~~P. O. Box 64~~
~~APO New York 09011~~

Julian W. Glass, Jr., Trustee
U/W of J. Wood Glass
P. O. Box 587
Nowata, OKLA. 74078

Estate of William A. Pruett
Dr. Stanley E. Hess, Jr., Ind. Exe.
c/o Fulbright & Jaworski
Bank of the Southwest
Houston, Texas 77002
ATTN: Mr. W. Fred Cameron

Thomas W. Ellison
2502 Cimmaron
Midland, Texas 79701

Helen Jane Christmas
Chico Route
Raton, New Mexico 87740

Robert R. Goodrich
609 CNB Building
Fort Worth, Texas 76102

John F. Malloy
2550 Liberty Tower
100 Broadway
Oklahoma City, Oklahoma 73102

S. E. Cone, Jr.
Route 2, Box 363
Lubbock, Texas 79415

Clifford Cone
P. O. Box 1148
Lovington, New Mexico 88260

Cathie Cone
P. O. Box 1148
Lovington, New Mexico 88260

Christopher Dunkinfield Jones
3219 Overland Ave. 4210
Los Angeles, California 90034

Security Trust Company, Trustee

Renate Dymesich, Guardian for
Wendelin E. Jones
HQ USAF AFCEM
P. O. Box 64
APO New York 09011

Candy Christmas
Chico Route
Raton, New Mexico 87740

Gavin R. Garrett
Box 885
Lampasas, Texas 76550

David E. Goodrich
157 Ridglea Bank Building
3327 Winthrop
Fort Worth, Texas 76116

John F. Malloy, Trustee
for John Goodrich Malloy,
Margaret Cecelia Malloy &
Paul Malloy
2550 Liberty Tower
100 Broadway
Oklahoma City, Oklahoma 73102

Douglas Cone
P. O. Box 1148
Lovington, New Mexico 88260

Thomas Cone
P. O. Box 1148
Lovington, New Mexico 88260

Kenneth Cone
P. O. Box 1148
Lovington, New Mexico 88260

Peter Francis Jones
c/o Steven E. Trabish
Tristar Twr S Suite 902
4676 Admiralty Way
Marina Del Ray, Calif. 90291

Terri Christmas

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH

DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER
K. DOUGLAS PERRIN
C. RAY ALLEN
JACQUELINE W. ALLEN
T. CALDER EZZELL, JR.

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
1000 FIRST NATIONAL BANK TOWER
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

OF COUNSEL
CLARENCE E. HINKLE

W. E. BONDURANT, JR.

ROSWELL, NEW MEXICO 87502
600 HINKLE BUILDING
(505) 622-6510

ONLY ATTYS. COFFIELD, MARTIN,
BOZARTH, BOHANNON, FOSTER, ALLEN & ALLEN
LICENSED IN TEXAS

68 pools

November 7, 1978

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Atlantic Richfield Company
Compulsory Pooling Application-
Royalty Owners

Dear Dan:

Please refer to our letter of November 2, 1978 in connection with the above referenced cause. In that letter I indicated that we would provide you a list of the royalty interest owners involved in connection with the pending force pool action by Atlantic Richfield Company. Transmitted herewith for your records is such a list. At the time of the hearing we will then be able to advise the examiner as to exactly which of the royalty interest owners have and which have not pooled or communitized their interest.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:cm
Enclosures

NOV 13 1978

Superior Oil Company
P. O. Box 1521
Houston, Texas 77001

Lyman P. Anderson
P. O. Box 674
Dickinson, Texas 77539

Sally S. Toles
P. O. Box 1300
Roswell, New Mexico 88201

The Wiser Oil Company
P. O. Box 192
Sistersville, W. Va. 26175

Hinkle Investment Company
P. O. Box 2002
Roswell, New Mexico 88201

Petroleum Corporation of Texas
Box 911
Breckenridge, Texas 76024

Ruth Hensley
c/o Estate of Ruth Hensley
Bakersfield, Calif. 93303

Grace Johnson
204 Walnut Street
Coalings, Calif. 83210

Fluor Oil and Gas Corporation
Suite 1050, 1600 Broadway
Denver, Colorado 80203

Heritage Resources
P. O. Box 777
Davis, Oklahoma 73030

Hugh Corrigan, III
P. O. Box 3388
Vero Beach, Florida 32960

Etta Greer
1015 Park Drive
Hillsboro, Texas 76645

J. Patrick Corrigan
P. O. Box 3130, Beach Station
Vero Beach, Florida 32960

June D. Speight
P. O. Drawer 1687
Lovington, N. Mexico 88260

Felmont Oil Corporation
6 East 43rd Street
New York, New York 10017

Agnes C. Smith
263 Old Colony Road
Hartsdale, New York 10530

Warren Bank & Trust Company
Trustee U/W of A.W. Goal
Warren, Pa. 16365

W. A. Pruett
3131 W. Alabama, Suite 103
Houston, Texas 77006

Elyse S. Graham
6444 Indiana Lane
Shawnee Mission, Kansas 66208

Phyllis C. Smythe
2010 N. Lake Drive
Milwaukee, Wisconsin 53202

Rachel B. Fardon
BH/38/27/92A
Castro II Upper Rose Hill
Dorking Surrey, England

The First National Bank of
Midland, Trust Nos. 1010,
1011, 1012, 1013
P. O. Box 270
Midland, Texas 79702

Helen Learmont Bedford
2067 A Via Mariposa
Eastlaguna Hills, Calif. 92653

Henry de Graffenried Bedford
1312 N. Richardson Ave.
Roswell, N. M. 88201

Charles Francis Bedford
#7 Westover Road
Ft. Worth, Texas 76107

Sun Oil Company (Delaware)
P. O. Box 1861
Midland, Texas 79702

Rachei Bedford Bowen
P. O. Box 572
San Clemente, Calif. 92672

Eva Payne Glass & Julian
W. Glass, Jr., Trustees
U/W of J. Wood Glass
P. O. Box 587
Nowata, OKLA. 74078

Donald M. Phillips
P. O. Box 6201
Albuquerque, N.M. 87107

Paul M. Phillips
3843 Park Blvd.
San Diego, CALIF. 82103

Southland Royalty Company
1100 Wall Towers West
Midland, Texas 79701

Candy Christmas
Chico Route
Raton, New Mexico 87740

Thomas W. Ellison
2502 Cimmaron
Midland, Texas 79701

Robert R. Goodrich
609 CNB Building
Fort Worth, Texas 76102

John F. Malloy
2550 Liberty Tower
100 Broadway
Oklahoma City, OKLA 73102

Ellen Ann Wallace Williams
P. O. Box 10054
Glendale, Calif. 91209

Onez Norman Rooney
2915 City Nat'l Bank Tower
Oklahoma, OKLA. 73102

Ross M. Phillips
3843 Park Blvd.
San Diego, CALIF. 82103

John W. Phillips
P. O. Box 1379
La Jolla, CALIF. 92038

Alvin Luskey
101 N. Houston Street
Ft. Worth, Texas 76102

Helen Jane Christmas
Chico Route
Raton, New Mexico 87740

John H. Hendrix Corporation
525 Midland Tower
Midland, Texas 79701

David E. Goodrich
157 Ridglea Bank Bldg.
3327 Winthrop
Ft. Worth, Texas 76116

John F. Malloy, TRUSTEE
2550 Liberty Tower
100 Broadway
Oklahoma City, OKLA. 73102

Sue S. Graham
P. O. Box 987
Roswell, N. Mex. 88201

Munro L. Lyeth & Patricia
D. Lyeth
TRUST-MINERAL A/C 11033-00-8
P. O. Box 5825 TA
Denver, Col. 80217

Laurence G. Phillips
P. O. Box 1379
LaJolla, CALIF. 92038

Cities Service Oil Company
P. O. Box 1919
Midland, Texas 79702

Bradford Christmas
Box 173
Wagon Mound, N.M. 87752

Continental Oil Company
P. O. Box 1959
Midland, Texas 79701

Gavin R. Garrett
Box 885
Lampasas, Texas 76550

Maurine V. Goodrich &
First Nat'l Bank of Ft. Worth
Trustees U/W Robert D. Goodrich
P. O. Box 2050
Fort Worth, Texas 76101

Marjorie Cone Kastman
2420 Quaker, Suite 5
Lubbock, Texas 79410

S. E. Cone, Jr.
Route 2, Box 363
Lubbock, Texas 79415

Christopher Dunkinfield Jones
3219 Overland Ave 4210
Los Angeles, CALIF. 90034

Clifford Cone
P. O. Box 1148
Lovington, New Mexico 88260

Kenneth Cone
P. O. Box 1148
Lovington, New Mexico 88260

David Luskey
101 N. Houston Street
Forth Worth, Texas 76102

Katherine C. Keck, et al
Trustees for Katherine Keck
Suite 1110,
1801 Ave. of the Stars
Los Angeles, CALIF 90067

Peter Francis Jones
c/o Steven E. Trabish
Tristar Twr S Suite 902
4676 Admiralty Way
Marina Del Ray, CALIF 90291

Thomas Cone
P. O. Box 1148
Lovington, New Mexico 88260

Hendelin Elizabeth Jones
c/o Renate Dymesich
Hq USAF AFCEAT
P. O. Box 64
APO New York 09011

Louis Luskey
101 N. Houston Street
Fort Worth, Texas 76102

Irene Fardon Glaister
Fardon House, Frog Lane
Milton-Under-Wynchwood
Oxon, England

Cathie Cone
P. O. Box 1148
Lovington, New Mexico 88260

B. A. Christmas, Jr.
Chico Route
Raton, New Mexico 87740

Gary Luskey
101 N. Houston Street
Fort Worth, Texas 76102

Douglas Cone
P. O. Box 1148
Lovington, New Mexico 88260



JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 14, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
Post Office Box 3580
Midland, Texas 79702

Dear Mr. Coffield:

Mr. Nutter requested me to send you the enclosed
dockets for the Examiner Hearing to be held on
November 21, 1978, in order that you may distribute
them to the royalty interest owners involved in
Case No. 6386.

Yours very truly,

Florene Davidson
Administrative Secretary

enc.

- CASE 6380:** Application of Harvey E. Yates Company, Inc., for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Travis Deep Well No. 3 located in Unit B of Section 13, Township 18 South, Range 28 East, to produce oil from the Travis-Upper Pennsylvanian Pool and gas from the Morrow formation, Eddy County, New Mexico, through parallel strings of tubing.
- CASE 6381:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Cottonwood Creek-Wolfcamp and Atoka production within the wellbore of its Lizzie Howard "HK" Well No. 1 located in Unit K of Section 13, Township 16 South, Range 25 East, Eddy County, New Mexico.
- CASE 6382:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Permo-Penn and Little Box Canyon-Atoka production within the wellbore of its Federal "HQ" Well No. 1 located in Unit K of Section 5, Township 21 South, Range 22 East, Eddy County, New Mexico.
- CASE 6383:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Eagle Creek Permo-Penn and the West Atoka-Morrow production within the wellbore of its Powell "DC" Com. Well No. 1 located in Unit O of Section 35, Township 17 South, Range 25 East, Eddy County, New Mexico.
- CASE 6384:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Permo-Penn and Atoka production within the wellbore of its Federal "AB" Com. Well No. 5 located in Unit L of Section 21, Township 16 South, Range 25 East, Eddy County, New Mexico.
- CASE 6385:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Box Canyon Permo-Penn and Box Canyon-Strawn production within the wellbore of its Huber I-A Federal Well No. 2 located in Unit P of Section 15, Township 21 South, Range 21 East, Eddy County, New Mexico.
- CASE 6386:** Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ellenburger, Devonian, and McKee formations underlying the N/2 of Section 21, Township 22 South, Range 36 East, Lea County, New Mexico, to be dedicated to its Langley Greer Com Well No. 1 located 1650 feet from the North line and 1980 feet from the West line of said Section 21. 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 6387:** Application of R B Petroleum Company for pool reclassification, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the North Tocito Dome-Pennsylvanian Pool as an associated pool and the promulgation of special pool rules therefor. In the alternative, applicant seeks the abolishment of the North Tocito Dome-Pennsylvanian Pool and the inclusion of the abolished lands in the Tocito Dome Pennsylvanian "D" Associated Pool.
- CASE 6388:** Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 20, Township 23 South, Range 29 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 6389:** Application of Durham, Inc., for pool contraction and extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.
- CASE 6390:** Application of C & E Operators for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down thru the Pictured Cliffs formation underlying the SW/4 of Section 10, Township 30 North, Range 11 West, San Juan 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.

Docket No. 37-78

Dockets Nos. 39-78 and 40-78 are tentatively set for hearing on December 7 and 20, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 14, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases are continued from the November 7, 1978, Commission Hearing.

CASE 6146: (DE NOVO) (Continued and Readvertised)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6266: (DE NOVO)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Upper Pennsylvanian test well to be located 660 feet from the North and East lines or, in the alternative, 990 feet from the North and East lines of Section 23, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, all of said Section 23 to be dedicated to the well.

Upon application of Harvey E. Yates Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6377: Application of Durham, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North and East lines of said Section 8. 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 6378: In the matter of the hearing called by the Oil Conservation Division on the motion of Shell Oil Company to permit Corinne Grace and all other interested parties to appear and show cause why Division Order No. R-3713, which pooled all of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be declared null and void, if said pooling order has not already automatically expired due to non-production.

CASE 6379: Application of Shell Oil Company for pool contraction and pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.

Docket No. 38-78

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 21, 1978

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

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

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for December, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for December, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6391: Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Wantz-Abo, and Drinkard production within the wellbore of its Sarkeys Well No. 1 located in Unit A of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 6364: (Continued from October 25, 1978, Examiner Hearing)

Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation underlying the NW/4 SE/4 of Section 23, Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to a proposed oil well to be drilled at a standard location thereon. Applicant seeks the pooling of the SE/4 of said Section 23 in the event said drilling results in a gas well. 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.

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH

DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER
K. DOUGLAS PERRIN
C. RAY ALLEN
JACQUELINE W. ALLEN
T. CALDER EZZELL, JR.

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
1000 FIRST NATIONAL BANK TOWER
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4891

NOV -6 1978

OF COUNSEL
CLARENCE E. HINKLE
W. E. BONDURANT, JR. (1934-1973)
OIL CONSERVATION DIVISION
SANTA FE
ROSSELL, NEW MEXICO
800 HINKLE BUILDING
(505) 622-6511

ONLY ATTYS. COFFIELD, MARTIN,
BOZARTH, BOHANNON, FOSTER, ALLEN & ALLEN
LICENSED IN TEXAS

November 2, 1978

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Dan:

Transmitted herewith you will find triplicate executed copies of an Application for Atlantic Richfield for compulsory pooling of royalty interests in the N½ of Section 21, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

I am aware of the fact that a list of all of the royalty interest owners involved is also required. This list is in the process of being compiled and will be transmitted to you upon completion, within the next day or two.

It is my understanding that the docket setting for November 21 is still available for this matter and accordingly, we request that it be heard on that date.

I trust that the enclosed copies of the Application and the list of royalty interest owners involved are all that is needed in order for this to be set for the November 21 hearing. However, if anything is needed in addition, please let me know.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:cm

xc: Mr. Duncan W. Holt, Jr.
Atlantic Richfield Company
Post Office Box 2819
Dallas, Texas 75221

Mr. Glen Zellner
Atlantic Richfield Company
Post Office Box 1610
Midland, Texas 79702

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF ATLANTIC RICHFIELD)
COMPANY FOR COMPULSORY POOLING)
LEA COUNTY, NEW MEXICO)

NOV -6 1978

CONSERVATION COMMISSION
Santa Fe

Atlantic Richfield Company, by its undersigned attorneys, hereby makes application for an order pooling all royalty interests in the Ellenburger, McKee and Devonian formations underlying the N $\frac{1}{2}$ of Section 21, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show:

1. Applicant is the owner of the oil and gas leasehold in the N $\frac{1}{2}$ of Section 21, Township 22 South, Range 36 East, N.M.P.M. Peter Francis Jones, et al, are the owners of the royalty interests in the N $\frac{1}{2}$ of Section 21, Township 22 South, Range 36 East, N.M.P.M.


2. Applicant proposes to drill a well 1,650 feet from the North line and 1,980 feet from the West line of Section 21 to a depth sufficient to test the Ellenburger, McKee and Devonian formations and seeks to dedicate the N $\frac{1}{2}$ of said Section 21 to the well. Applicant has requested Peter Francis Jones, et al, as owners of the royalty interests to agree to pool or combine their respective interests under the well, but they have so far refused to do so.

3. The pooling of all interests in the Ellenburger, McKee and Devonian formations in the N $\frac{1}{2}$ of said Section 21 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

4. Applicant requests that this matter be heard at the November 21, 1978 examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By:


Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Atlantic
Richfield Company

Application for Compulsory
Pooling

Atlantic Richfield Co.

Langley Greer Com #1
1656/N + 980/W

21-22-36

N/2

Ellenburger, Devonian,
and McKee formations

Called in by Conrad Coffield

10/31/78

~~980 feet~~
you are Mr. Coffield
it is 1980 nor
980

DOMESTIC SERVICE				INTERNATIONAL SERVICE			
Check the class of service desired; otherwise this message will be sent as a fax telegram							
TELEGRAM				FULL RATE			
DAY LETTER				LETTER TELEGRAM			
NIGHT LETTER				SHORE SHIP			
NO. WORDS - CL. OF SVC.				PD. OR COLL.		CASH NO.	
CHARGE TO THE ACCOUNT OF				TIME FILED			

Send the following message, subject to the terms on back hereof, which are hereby agreed to

WESTERN UNION
W. P. MARSHALL, CHAIRMAN OF THE BOARD
R. W. McFALL, PRESIDENT
TELEGRAM

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that he telegraphed back to the originating office for confirmation. For this one-half the original message rate is charged. In addition, if the message is not received, the sender of the message and the Telegram Company are liable for the cost of the message.

1. The Telegram Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the rate of the message rate. The Telegram Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the rate of the message rate. The Telegram Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the rate of the message rate.

2. In any event, the Telegram Company shall not be liable for damages or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the rate of the message rate. The Telegram Company shall not be liable for damages or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the rate of the message rate.

3. The Telegram Company is hereby made the agent of the sender, without liability, to forward this message or any other company when necessary to reach its destination.

4. The applicable tariff charges on a message destined to any land in the continental United States listed in the Telegram Company's Directory of Stations cover the transmission of the message and the Telegram Company's liability for the message. The Telegram Company's liability for the message is limited to the amount of the message rate. The Telegram Company's liability for the message is limited to the amount of the message rate.

5. No responsibility attaches to the Telegram Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by the Telegram Company, it shall be deemed to have been accepted by the Telegram Company at the time of such acceptance.

4-36

CLASSES OF SERVICE

DOMESTIC SERVICES

TELEGRAM

The fastest domestic service.

DAY LETTER (DL)

A deferred radio-day service, at low rates.

NIGHT LETTER (NL)

Expedited overnight service. Arrived up to 3 A. M. for delivery the following morning; at rates lower than the Telegram or Day Letter rates.

INTERNATIONAL SERVICES

FULL RATE (FR)

The fastest overseas service. May be written in code, cipher, or in any language accepted in Roman letters.

LETTER TELEGRAM (LT)

For overnight plain language messages, at half-rate. Minimum charge for 25 words applies.

SHIP RADIOGRAM

For messages to and from ships at sea.

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6386

Order No. R- 5900

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 21
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this December day of November, 19 78, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Atlantic Richfield Company,
seeks an order pooling all mineral interests in the Ellenburger,
Devonian, and McKee, formations underlying the N/2
of Section 21, Township 22 South, Range 36 East
NMPM, Langley Field, Lea County, New
Mexico.

-2-
Case No.
Order No. R-

(3) That the applicant has the right to drill and ~~XXXXXX~~
has drilled their Langley Greer Com Well No. 1 at a standard
~~to drill at the same~~ location thereon.

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

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

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

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

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

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

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

(11) That _____ per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, ~~attributable to each non-consenting working interest.~~

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

(8) ~~(13)~~ That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before ^{April} ~~March~~ 1, 1979, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the ~~Ellenburger~~, Devonian, ~~and McKee~~, ^{and Ellenburger} formations underlying the N/2 of Section 21, Township 22 South, Range 36 East, NMPM, Langley Field, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to ~~Atlantic Richfield Company~~ ^{Atlantic Richfield Company} Langley Greer Com Well No. 1 located 1650 feet from the North line and 1980 feet from the West line of said Section 21.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of ^{April} ~~March~~, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Ellenburger formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of ^{April} ~~March~~, 1979, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Atlantic Richfield Company is hereby designated the operator of the subject well and unit.

~~(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.~~

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

~~(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division 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 Division will determine reasonable well costs after public notice and hearing.~~

~~(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided~~

-5-
Case No.
Order No. R-

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

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

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

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

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

(9) That _____ per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); 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 such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-
Case
Order No.

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

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

(3) ~~(12)~~ That all proceeds from production from the subject well which are not disbursed for any reason shall immediately 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 Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

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

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

Amberg
5923 TS

CASE 6387: R B PETROLEUM COMPANY FOR
POOL RECLASSIFICATION, SAN JUAN COUNTY,
NEW MEXICO