

CASE 6523: LONNIE J. BUCK FOR COMPUL-
SORY POOLING, LEA COUNTY, NEW MEXICO

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CASE NO.

6523

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
9 May 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Lonnie J. Buck for compulsory
pooling, Lea County, New Mexico.

CASE
6523

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87503

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3021 Plaza Blanca (SOS) 471-3462
Santa Fe, New Mexico 87501

1 MR. NUTTER: Call Case Number 6523.

2 MR. PADILLA: Application of Lonnie J.
3 Buck for compulsory pooling, Lea County, New Mexico.

4 MR. NUTTER: Are there any appearances
5 in Case Number 6523? This case has been previously
6 advertised and heard. The advertisement was amended to
7 include the Seven Rivers formation in the notice. If there
8 is no appearance in the case at this time it will be
9 taken under advisement.

10 (Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87301

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6523
heard by me on 5/9 1979.

[Signature] Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
30201/aza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
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9 May 1979

EXAMINER HEARING

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State Land Office Building
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (S-16) 471-2462
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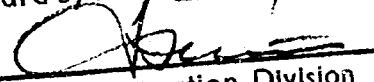
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Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6523 heard by me on 5/9 1979.

 Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1020 Plaza Blanca (606) 471-2462
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. 6523
Order No. R-6006

APPLICATION OF LONNIE J. BUCK
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 May 9, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of May, 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, Lonnie J. Buck, seeks an order
pooling all mineral interests in the Yates and Seven Rivers
formations underlying each of the following 40-acre tracts in
Section 25, Township 25 South, Range 36 East, NMPM, Jalmat Pool,
Lea County, New Mexico:

the NW/4 SW/4 to be dedicated to the Brown Well No. 6
located 2310 feet from the South line and 990 feet from
the West line; and

the SW/4 SW/4 to be dedicated to the Brown Well No. 7
located 670 feet from the South line and 660 feet from
the West line.

(3) That the applicant has the right to and proposes to
re-enter the aforesaid wells to attempt their completion as
Jalmat oil wells.

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Case No. 6523

Order No. R-6006

(4) That there are interest owners in each of the proposed proration units 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 units the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within the aforesaid proration units.

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

(7) That any non-consenting working interest owner in each of the pooled units should be afforded the opportunity to pay his share of estimated well re-entry and completion 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 re-entry and completion costs should have withheld from production his share of the reasonable costs for such re-entry and completion plus an additional 150 percent thereof as a reasonable charge for the risk involved in re-entry and completion of each of the wells.

(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 \$1000.00 per month during workover operations and \$150.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates) for each well; that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest under each unit, 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.

-3-

Case No. 6523
Order No. R-6006

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

(13) That upon the failure of the operator to commence re-completion operations on the Brown Well No. 6 on or before July 1, 1979, the order pooling the NW/4 SW/4 of Section 25, Township 25 South, Range 36 East, NMPM, should become null and void and of no effect whatsoever.

(14) That upon failure of the operator to commence re-completion operations on the Brown Well No. 7 within 60 days after putting Brown Well No. 6 on production, the order pooling the SW/4 SW/4 of Section 25, Township 25 South, Range 36 East, NMPM, 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 Yates formation underlying each of the following 40-acre tracts in Section 25, Township 25 South, Range 36 East, NMPM, Jalmat Pool, Lea County, New Mexico, are hereby pooled:

the NW/4 SW/4 to be dedicated to the Brown Well No. 6 located 2310 feet from the South line and 990 feet from the West line; and the SW/4 SW/4 to be dedicated to the Brown Well No. 7 located 670 feet from the South line and 660 feet from the West line.

PROVIDED HOWEVER, that the operator of the NW/4 SW/4 of said Section 25 shall commence the recompletion of said Brown Well No. 6 on or before the 1st day of July, 1979, and shall thereafter continue workover operations on said well with due diligence to test the Yates and Seven Rivers formations;

PROVIDED FURTHER, that in the event said operator does not commence workover operations of said well on or before the 1st day of July, 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 workover and recompletion operations on said Brown Well No. 6 not be completed within 60 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.

-4-

Case No. 6523
Order No. R-6006

PROVIDED FURTHER, that the operator of the SW/4 SW/4 of said Section 25 shall, within 60 days after putting the aforesaid Brown Well No. 6 on production, commence workover operations on the aforesaid Brown Well No. 7, and shall thereafter continue workover operations on said well with due diligence to test the Yates and Seven Rivers formations;

PROVIDED FURTHER, that in the event said operator does not commence such workover operations on said Brown Well No. 7 within said 60-day period, Order (1) of this order shall be null and void and of no effect whatsoever with respect to the SW/4 SW/4 of Section 25, Township 25 South, Range 36 East, NMPM, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should workover and recompletion operations on said Brown Well No. 7 not be completed within 60 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 with respect to the SW/4 SW/4 of said Section 25.

(2) That Lonnie J. Buck is hereby designated the operator of the subject wells and units.

(3) That after the effective date of this order and within 90 days prior to commencing workover operations on each of said wells, the operator shall furnish the Division and each known working interest owner in the appropriate 40-acre 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 within that particular well's unit 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 within the applicable 40-acre unit 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.

-5-

Case No. 6523
Order No. R-6006

(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 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 within each of the pooled units 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 recompletion of the unit well, 150 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner within the unit 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 \$1000.00 per month during workover operations and \$150.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates) for each of the subject wells; 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.

(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.

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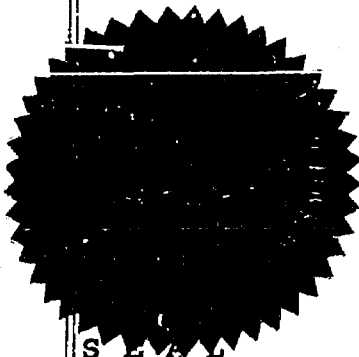
Case No. 6523
Order No. R-6006

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

(12) That all proceeds from production from either of the subject wells 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.

(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 hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

[illegible]

A.F.E.
Brown #6

990' FWL
2310' FSL
Section 25, T25S, R36E
Lea County, New Mexico

Proposal to re-enter dry hole drilled by Standard
Production Company in 1960.

Location	\$ 1,000
Drilling Out (Rig, Reverse Unit, water, Rental tools)	40,000
Mud	3,500
Casing	19,250
Cement (Centralizers & Float Eopt.)	6,000
Logging	4,000
Perforating	2,000
Squeezing	4,000
Treating (Acid & Frac)	15,000
Well Head	1,500
Tubing	8,500
Rod String	3,500
Pumping Unit	14,000
Tank Battery	12,000
Pulling Unit	3,000
Roustabout Crew	4,000
Abstract	2,000
Electrification	5,000

Total \$152,250

Brown #7
670' FSL
660' FWL
Section 25, T25S, R36E
Lea County, New Mexico

If production is obtained in Brown #6, proposal for
re-entry and estimated expenditure would be approximately
the same. A separate battery would be required for
each well, because of a variation in interest holders.

DIVISION OF MINERAL RIGHTS	
SECTION 25, T25S, R36E	
Buck	2
CASE NO.	6523

MINERAL AND LEASE-HOLD OWNERSHIP TAKE-OFF as of February 5, 1979 at 7:00 o'clock A.M.

TOWNSHIP 25 SOUTH, RANGE 36 EAST, N.M.P.M.,
Lea County, New Mexico

OWNER	INTEREST	LESSEE	EXPIRATION DATE
SECTION 25:			
NW/4 SW/4 and N/2 SW/4 SW/4			
✓ General Crude Oil Co. Bank of the Southwest Bldg. P. O. Box 2252 Houston, Tex. 77001	1/10	Apollo Oil Co. to 3700 feet Below 3700 feet - Open	3-19-59 No Release
Rose Rudman <i>Rudman's</i> a widow P. O. Box 2018 Tyler, Tex.	88.75% of 1/100	" " "	2-28-59 No Release
Atlantic Richfield Co. Lease Purchase Unit P. O. Box 2819 Dallas, Tex.	3/50	" " "	7-20-59 No Release
✓ Mobil Oil Corp. Box 633 Midland, Tex. 79701	1/10	" " "	4-20-59 No Release
The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	558/10000	Apollo Oil Co. to 3406 feet Below 3406 feet - Open	5-30-64 No Release
William A. Pruett Estate Probate Court cause no. 4150, Lea County, N.M. Stanley Erb Hess, Jr., Ancillary Executor c/o W. Fred Cameron Fulbright & Jaworski Bank of the Southwest Bldg. Houston, Tex. 77002	9/1000	Apollo Oil Co. to 3700 feet Below 3700 feet - Open	3-9-58 No Release
The Spencer Trust Trustees: Herbert L. Spencer, Veronica D. Spencer and Robert D. Spencer, Trustees c/o Kenneth O. Rhodes 611 6th St. Los Angeles, Calif.	1/12	Apollo Oil Co. to 3600 feet Below 3600 feet - open	7-30-59 No Release
Myrtis Dean Watkin 322 East Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	39/6400 Life Estate in 6/800	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-68 No Release
Martha Watkins Harris 326 Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	39/6400 Life Estate in 6/800	" " "	8-20-68 No Release

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Buck EXHIBIT NO. 3
CASE NO. 6523

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

NW/4 SW/4 and N/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

✓ Mrs. Clyde W. Miller 222 South Justin Dallas, Tex.	3/800	Apollo Oil Co. to 3700 feet below 3700 feet - Open	8-20-68 No Release
10 3 R { Iris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	3/200	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release
{ Nancy Zoe Herpin c/o Iris Goldston above	3/400	" " "	9-8-59 No Release
{ Jack H. Mayfield, Jr. c/o Iris Goldston above	3/400	" " "	9-8-59 No Release
A Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	3/100	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-10-59 No Release
12.5 Ward Rollin Vickery Fourth National Bank Bldg. Wichita, Kansas	3/24	Apollo Oil Co. to 3600 feet below 3600 feet - open	7-30-59 No Release
4.166 Lloyd Wayne Vickery 142 Whitworth Ponca City, Okla.	1/24	" " "	7-30-59 No Release
28 Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	7/25	Apollo Oil Co. to 3400 feet below 3400 feet - open	7-1-74 No Release
Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	9/640	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-59 No Release
Francis Edward Jones <i>deceased</i> c/o The National Bank of Commerce P. O. Box 2558 Houston, Tex. 77001	36/10,000	" " "	7-30-59 No Release
Pool Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/100	" " "	2-28-59 No Release
Pool Phyllis C. Smythe c/o First Wisconsin Trust Company of Milwaukee, Wis. 53201	36/10,000	" " "	7-30-59 No Release
Pool H. F. Anthony P. O. Box 1512 Monahans, Tex. 79756	1/800	" " "	7-24-59 No Release
Claude T. Anthony c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release
Elizabeth Stewart c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release
Jean Rowe c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

NW/4 SW/4 and N/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

University of Southern California Los Angeles, Calif.	9/2000	Apollo Oil Co. to 3700 feet below 3700 feet - open	1-30-59 No Release
California State College Bakersfield Foundation Bakersfield, Calif.	9/2000	" " "	1-30-59 No Release
Board of Trustees of the Leland Stanford Jr. University Palo Alto, Calif.	9/1000	" " "	1-30-59 No Release
NOTE: We find a conveyance from Boyed E. Penfield, Executor to Boyed E. Penfield conveying a 9/100 interest. We find no conveyance into said Executor. Boyed E. Penfield, Address: 35854 Courtney Dr., Brownsville, Oregon 97327.			
<u>S/2 SW/4 SW/4</u>			
Rose Rudman a widow P. O. Box 2018 Tyler, Tex.	88.75% of 1/30	Apollo Oil Co. to 3700 feet below 3700 feet - open	2-28-59 No Release
Atlantic Richfield Co. Lease Purchase Unit P. O. Box 2819 Dallas, Tex.	1/5	" " "	7-20-59 No Release
The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	93/500	Apollo Oil Co. to 3406 feet below 3406 feet - open	5-30-64 No Release
William A. Pruett Estate Probate Court cause no. 4150, Lea County, N.M. Stanley Erb Hess, Jr., Ancillary Executor c/o W. Fred Cameron Fulbright & Jaworski Bank of the Southwest Bldg. Houston, Tex. 77002	3/100	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-9-58 No Release
Myrtis Dean Watkins 322 East Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	13/640 Life Estate in 2/80	" " "	8-20-68 No Release
Martha Watkins Harris 326 Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	13/640 Life Estate in 2/80	" " "	8-20-68 No Release
Mrs. Clyde Watkins Miller 222 South Justin Dallas, Tex.	1/80	" " "	8-20-68 No Release
Iris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	1/20	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release

continued

Page 3

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

S/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

Nancy Zoe Herpin c/o Iris Goldston above	1/40	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release
Jack H. Mayfield, Jr. c/o Iris Goldston above	1/40	" " "	9-8-59 No Release
Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	1/10	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-10-59 No Release
Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	1/10	Apollo Oil Co. to 3400 feet below 3400 feet - open	7-1-74 No Release
Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	15/320	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-68 No Release
Francis Edward Jones c/o The National Bank of Commerce P. O. Box 2558 Houston, Tex. 77001	3/250	" " "	7-30-59 No Release
Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/30	" " "	2-28-59 No Release
Phyllis C. Smythe c/o First Wisconsin Trust Company of Milwaukee, Wis.	3/250	" " "	7-30-59 No Release
H. F. Anthony P.O. Box 1512 Monahans, Tex. 79756	1/240	" " "	7-24-59 No Release
Claude T. Anthony c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
Elizabeth Stewart c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
John Rowe c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
University of Southern California Los Angeles, Calif.	3/200	" " "	1-30-59 No Release
California State College Bakersfield Foundation Bakersfield, Calif.	3/200	" " "	1-30-59 No Release
Board of Trustees of the Leland, Stanford Jr. University Palo Alto, Calif.	3/100	" " "	1-30-59 No Release

NOTE: We find a conveyance from Boyed E. Penfield, Executor to Boyed E. Penfield (25 Courtney Dr., Brownsville, Oregon 97327) conveying a 9/100 interest. We find no com. into said Executor.

BEFORE THE
NEW MEXICO ENERGY AND MINERAL DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF LONNIE J. BUCK FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

Case No. 6523

A F F I D A V I T

STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE) ss.

I, Jason W. Kellahin, being first duly sworn, state
upon oath as follows:

That on April 3, 1979 I caused to be mailed to each of
the interest owners listed in the Application on file herein
a copy of the notice of hearing in New Mexico Oil Conservation
Division Case No. 6523 seeking compulsory pooling of the
NW/4SW/4 and the SW/4SW/4 of Section 25, T25S, R36E, NMPM,
Lea County, New Mexico.

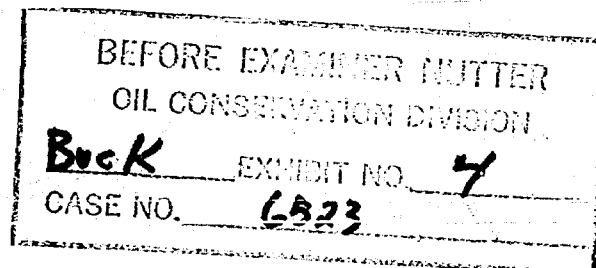
Jason W. Kellahin
Jason W. Kellahin

Subscribed and sworn to before me this 10th day of
April, 1979.

My Commission Expires:

February 2, 1980

Kathleen J. Freyberg
Notary Public



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 6523
Order No. R-6006-A

APPLICATION OF LONNIE J. BUCK
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-6006 dated May 15, 1979, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED:

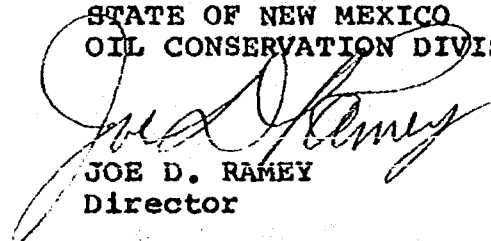
(1) That the 1st paragraph of Order No. 1 on Page 4 of Order No. R-6006 be and the same is hereby corrected to read in its entirety as follows:

"(1) That all mineral interests, whatever they may be, in the Yates and Seven Rivers formations underlying each of the following 40-acre tracts in Section 25, Township 25 South, Range 36 East, NMPM, Jalmat Pool, Lea County, New Mexico, are hereby pooled:"

(2) That the corrections set forth in this order be entered nunc pro tunc as of May 15, 1979.

DONE at Santa Fe, New Mexico, on this 10th day of July, 1979.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

SA/

[illegible]

990' FNL
2310' FSL
Section 25, T25S, R36E
Lea County, New Mexico

Location	\$ 1,000
Drilling Out (Rig, Reverse Unit, water, Rental tools)	40,000
Mud	3,500
Casing	19,250
Cement (Centralizers & Float Eqpt.)	6,000
Logging	4,000
Perforating	2,000
Squeezing	4,000
Treating (Acid & Frac)	15,000
Well Head	1,500
Tubing	8,500
Rod String	3,500
Pumping Unit	14,000
Tank Battery	12,000
Pulling Unit	3,000
Roustabout Crew	4,000
Abstract	2,000
Electrification	5,000

Brown #7
670' FSL
660' FWL
Section 25, T25S, R36E
Lea County, New Mexico

ENGINE TANKS CENTER
 1000 1000 1000
 Appl. 2
 6523

MINERAL AND LEASE-HOLD OWNERSHIP TAKE-OFF as of February 5, 1979 at 7:00 o'clock A.M.

TOWNSHIP 25 SOUTH, RANGE 36 EAST, N.M.P.M.,
Lea County, New Mexico

OWNER	INTEREST	LESSEE	EXPIRATION DATE
SECTION 25:			
NW/4 SW/4 and N/2 SW/4 SW/4			
10 General Crude Oil Co. Bank of the Southwest Bldg. P. O. Box 2252 Houston, Tex. 77001	1/10	Apollo Oil Co. to 3700 feet Below 3700 feet - Open	3-19-59 No Release
Rose Rudman a widow P. O. Box 2018 Tyler, Tex.	88.75% of 1/100	" " "	2-28-59 No Release
Atlantic Richfield Co. Lease Purchase Unit P. O. Box 2819 Dallas, Tex.	3/50	" " "	7-20-59 No Release
10 Mobil Oil Corp. Box 633 Midland, Tex. 79701	1/10	" " "	4-20-59 No Release
The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	558/10000	Apollo Oil Co. to 3406 feet Below 3406 feet - Open	5-30-64 No Release
William A. Pruett Estate Probate Court cause no. 4150, Lea County, N.M. Stanley Erb Hess, Jr., Ancillary Executor c/o W. Fred Cameron Fulbright & Jaworski Bank of the Southwest Bldg. Houston, Tex. 77002	9/1000	Apollo Oil Co. to 3700 feet Below 3700 feet - Open	3-9-58 No Release
The Spencer Trust Trustees: Herbert L. Spencer, Veronica D. Spencer and Robert D. Spencer. c/o Kenneth O. Rhodes 611 6th St. Los Angeles, Calif.	1/12	Apollo Oil Co. to 3600 feet Below 3600 feet - open	7-30-59 No Release
Myrtis Dean Watkin 322 East Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	39/6400 Life Estate in 6/800	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-68 No Release
Martha Watkins Harris 326 Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	39/6400 Life Estate in 6/800	" " "	8-20-68 No Release

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Appl EXHIBIT NO. 3
CASE NO. 6523

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

NW/4 SW/4 and N/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

7.4 Mrs. Clyde W. Miller 222 South Justin Dallas, Tex.	3/800	Apollo Oil Co. to 3700 feet below 3700 feet - Open	8-20-68 No Release
4e Iris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	3/200	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release
3 Nancy Zoe Herpin c/o Iris Goldston above	3/400	" " "	9-8-59 No Release
OK Jack H. Mayfield, Jr. c/o Iris Goldston above	3/400	" " "	9-8-59 No Release
OK Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	3/100	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-10-59 No Release
2.5 Ward Rollin Vickery Fourth National Bank Bldg. Wichita, Kansas	3/24	Apollo Oil Co. to 3600 feet below 3600 feet - open	7-30-59 No Release
4.16 Lloyd Wayne Vickery 142 Whitworth Ponca City, Okla.	1/24	" " "	7-30-59 No Release
28 Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	7/25	Apollo Oil Co. to 3400 feet below 3400 feet - open	7-1-74 No Release
OK Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	9/640	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-59 No Release
OK Francis Edward Jones c/o The National Bank of Commerce P. O. Box 2558 Houston, Tex. 77001	36/10,000	" " "	7-30-59 No Release
Pool Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/100	" " "	2-28-59 No Release
Pool Phyllis C. Smythe c/o First Wisconsin Trust Company of Milwaukee, Wis.	36/10,000	" " "	7-30-59 No Release
Pool H. F. Anthony P. O. Box 1512 Monahans, Tex. 79756	1/800	" " "	7-24-59 No Release
Claude T. Anthony c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release
Elizabeth Stewart c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release
Jean Rowe c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

NW/4 SW/4 and N/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

University of Southern California Los Angeles, Calif.	9/2000	Apollo Oil Co. to 3700 feet below 3700 feet - open	1-30-59 No Release
California State College Bakersfield Foundation Bakersfield, Calif.	9/2000	" " "	1-30-59 No Release
Board of Trustees of the Leland Stanford Jr. University Palo Alto, Calif.	9/1000	" " "	1-30-59 No Release
NOTE: We find a conveyance from Boyed E. Penfield, Executor to Boyed E. Penfield conveying a 9/100 interest. We find no conveyance into said Executor. Boyed E. Penfield, Address: 35854 Courtney Dr., Brownsville, Oregon 97327.			
<u>S/2 SW/4 SW/4</u>			
Rose Rudman a widow P. O. Box 2018 Tyler, Tex.	66.75% of 1/30	Apollo Oil Co. to 3700 feet below 3700 feet - open	2-28-59 No Release
Atlantic Richfield Co. Lease Purchase Unit P. O. Box 2819 Dallas, Tex.	1/5	" " "	7-20-59 No Release
The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	93/500	Apollo Oil Co. to 3406 feet below 3406 feet - open	5-30-64 No Release
William A. Pruett Estate Probate Court cause no. 4150, Lea County, N.M. Stanley Erb Hess, Jr., Ancillary Executor c/o W. Fred Cameron Fulbright & Jaworski Bank of the Southwest Bldg. Houston, Tex. 77002	3/100	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-9-58 No Release
Myrtis Dean Watkins 322 East Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	13/640 Life Estate in 2/80	" " "	8-20-68 No Release
Martha Watkins Harris 326 Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	13/640 Life Estate in 2/80	" " "	8-20-68 No Release
Mrs. Clyde Watkins Miller 222 South Justin Dallas, Tex.	1/80	" " "	8-20-68 No Release
Iris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	1/20	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release

continued

Page 3

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

S/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

Nancy Zoe Herpin c/o Iris Goldston above	1/40	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release
Jack H. Mayfield, Jr. c/o Iris Goldston above	1/40	" " "	9-8-59 No Release
Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	1/10	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-10-59 No Release
Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	1/10	Apollo Oil Co. to 3400 feet below 3400 feet - open	7-1-74 No Release
Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	15/320	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-68 No Release
Francis Edward Jones c/o The National Bank of Commerce P. O. Box 2558 Houston, Tex. 77001	3/250	" " "	7-30-59 No Release
Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/30	" " "	2-28-59 No Release
Phyllis C. Smythe c/o First Wisconsin Trust Company of Milwaukee, Wis.	3/250	" " "	7-30-59 No Release
H. F. Anthony P.O. Box 1512 Monahans, Tex. 79756	1/240	" " "	7-24-59 No Release
Claude T. Anthony c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
Elizabeth Stewart c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
Jean Rowe c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
University of Southern California Los Angeles, Calif.	3/200	" " "	1-30-59 No Release
California State College Bakersfield Foundation Bakersfield, Calif.	3/200	" " "	1-30-59 No Release
Board of Trustees of the Leland, Stanford Jr. University Palo Alto, Calif.	3/100	" " "	1-30-59 No Release

NOTE: We find a conveyance from Boyed E. Penfield, Executor to Boyed E. Penfield (25 Courtney Dr., Brownsville, Oregon 97327) conveying a 9/100 interest. We find no com. into said Executor.

BEFORE THE
NEW MEXICO ENERGY AND MINERAL DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF LONNIE J. BUCK FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

Case No. 6523

A F F I D A V I T

STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE)

ss.

I, Jason W. Kellahin, being first duly sworn, state
upon oath as follows:

That on April 3, 1979 I caused to be mailed to each of
the interest owners listed in the Application on file herein
a copy of the notice of hearing in New Mexico Oil Conservation
Division Case No. 6523 seeking compulsory pooling of the
NW/4SW/4 and the SW/4SW/4 of Section 25, T25S, R36E, NMPM,
Lea County, New Mexico.

Jason W. Kellahin
Jason W. Kellahin

Subscribed and sworn to before me this 10th day of
April, 1979.

My Commission Expires:

Kathleen J. Freyberg
Notary Public

February 2, 1980

Appl Ex 4
Cs 6523

32

A.F.E.
Brown #6

990' FWL
2310' FSL
Section 25, T25S, R36E
Lea County, New Mexico

Proposal to re-enter dry hole drilled by Standard
Production Company in 1960.

Location	\$ 1,000
Drilling Out (Rig, Reverse Unit, water, Rental tools)	40,000
Mud	3,500
Casing	19,250
Cement (Centralizers & Float Eqpt.)	6,000
Logging	4,000
Perforating	2,000
Squeezing	4,000
Treating (Acid & Frac)	15,000
Well Head	1,500
Tubing	8,500
Rod String	3,500
Pumping Unit	14,000
Tank Battery	12,000
Pulling Unit	3,000
Roustabout Crew	4,000
Abstract	2,000
Electrification	5,000

Total \$152,250

Brown #7
670' FSL
660' FWL
Section 25, T25S, R36E
Lea County, New Mexico

If production is obtained in Brown #6, proposal for
re-entry and estimated expenditure would be approximately
the same. A separate battery would be required for
each well, because of a variation in interest holders.

ENGINEER'S OFFICE
SECTION
2
CASE NO. 6523

MINERAL AND LEASE-HOLD OWNERSHIP TAKE-OFF as of February 5, 1979 at 7:00 o'clock A.M.

TOWNSHIP 25 SOUTH, RANGE 36 EAST, N.M.P.M.,
Lea County, New Mexico

OWNER	INTEREST	LESSEE	EXPIRATION DATE
SECTION 25:			
NW/4 SW/4 and N/2 SW/4 SW/4			
General Crude Oil Co. Bank of the Southwest Bldg. P. O. Box 2252 Houston, Tex. 77001	1/10	Apollo Oil Co. to 3700 feet Below 3700 feet - Open	3-19-59 No Release
Rose Rudman a widow P. O. Box 2018 Tyler, Tex.	88.75% of 1/100	" " "	2-28-59 No Release
Atlantic Richfield Co. Lease Purchase Unit P. O. Box 2819 Dallas, Tex.	3/50	" " "	7-20-59 No Release
Mobil Oil Corp. Box 633 Midland, Tex. 79701	1/10	" " "	4-20-59 No Release
The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	558/10000	Apollo Oil Co. to 3406 feet Below 3406 feet - Open	5-30-64 No Release
William A. Pruett Estate Probate Court cause no. 4150, Lea County, N.M. Stanley Erb Hess, Jr., Ancillary Executor c/o W. Fred Cameron Fulbright & Jaworski Bank of the Southwest Bldg. Houston, Tex. 77002	9/1000	Apollo Oil Co. to 3700 feet Below 3700 feet - Open	3-9-58 No Release
The Spencer Trust Trustees: Herbert L. Spencer, Veronica D. Spencer and Robert D. Spencer. c/o Kenneth O. Rhodes 611 6th St. Los Angeles, Calif.	1/12	Apollo Oil Co. to 3600 feet Below 3600 feet - open	7-30-59 No Release
Myrtis Dean Watkin 322 East Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	39/6400 Life Estate in 6/800	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-68 No Release
Martha Watkins Harris 326 Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	39/6400 Life Estate in 6/800	" " "	8-20-68 No Release

BEFORE EXAMINER MUTTER
OIL CONSERVATION DIVISION

EXHIBIT NO. 3
CASE NO. 6523

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

NW/4 SW/4 and N/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

12.5	Mrs. Clyde W. Miller 222 South Justin Dallas, Tex.	3/800	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-68 No Release
3	Iris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	3/200	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release
3	Nancy Zoe Herpin c/o Iris Goldston above	3/400	" " "	9-8-59 No Release
3	Jack H. Mayfield, Jr. c/o Iris Goldston above	3/400	" " "	9-8-59 No Release
4	Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	3/100	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-10-59 No Release
4.5	Ward Rollin Vickery Fourth National Bank Bldg. Wichita, Kansas	3/24	Apollo Oil Co. to 3600 feet below 3600 feet - open	7-30-59 No Release
4.6	Lloyd Wayne Vickery 142 Whitworth Ponca City, Okla.	1/24	" " "	7-30-59 No Release
28	Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	7/25	Apollo Oil Co. to 3400 feet below 3400 feet - open	7-1-74 No Release
28	Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	9/640	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-59 No Release
28	Francis Edward Jones c/o The National Bank of Commerce P. O. Box 2558 Houston, Tex. 77001	36/10,000	" " "	7-30-59 No Release
28	Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/100	" " "	2-28-59 No Release
28	Phyllis C. Smythe c/o First Wisconsin Trust Company of Milwaukee, Wis.	36/10,000 3201	" " "	7-30-59 No Release
28	H. F. Anthony P. O. Box 1512 Monahans, Tex. 79756	1/800	" " "	7-24-59 No Release
28	Claude T. Anthony c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release
28	Elizabeth Stewart c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release
28	Jean Rowe c/o H. F. Anthony above	1/800	" " "	7-24-59 No Release

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

NW/4 SW/4 and N/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

University of Southern California Los Angeles, Calif.	9/2000	Apollo Oil Co. to 3700 feet below 3700 feet - open	1-30-59 No Release
California State College Bakersfield Foundation Bakersfield, Calif.	9/2000	" " "	1-30-59 No Release
Board of Trustees of the Leland Stanford Jr. University Palo Alto, Calif.	9/1000	" " "	1-30-59 No Release
NOTE: We find a conveyance from Boyed E. Penfield, Executor to Boyed E. Penfield conveying a 9/100 interest. We find no conveyance into said Executor. Boyed E. Penfield, Address: 35854 Courtney Dr., Brownsville, Oregon 97327.			
<u>S/2 SW/4 SW/4</u>			
Rose Rudman a widow P. O. Box 2018 Tyler, Tex.	88.75% of 1/30	Apollo Oil Co. to 3700 feet below 3700 feet - open	2-28-59 No Release
Atlantic Richfield Co. Lease Purchase Unit P. O. Box 2819 Dallas, Tex.	1/5	" " "	7-20-59 No Release
The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	93/500	Apollo Oil Co. to 3406 feet below 3406 feet - open	5-30-64 No Release
William A. Pruett Estate Probate Court cause no. 4150, Lea County, N.M. Stanley Erb Hess, Jr., Ancillary Executor c/o W. Fred Cameron Fulbright & Jaworski Bank of the Southwest Bldg. Houston, Tex. 77002	3/100	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-9-58 No Release
Myrtis Dean Watkins 322 East Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	13/640 Life Estate in 2/80	" " "	8-20-68 No Release
Martha Watkins Harris 326 Main St. Henderson, Tex. 75652 Remainder to: Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	13/640 Life Estate in 2/80	" " "	8-20-68 No Release
Mrs. Clyde Watkins Miller 222 South Justin Dallas, Tex.	1/80	" " "	8-20-68 No Release
Iris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	1/20	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release

continued

Page 3

Mineral Take-Off cont'd

as of 2-5-79 at 7:00 A.M.

S/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

Nancy Zoe Herpin c/o Iris Goldston above	1/40	Apollo Oil Co. to 3406 feet below 3406 feet - open	9-8-59 No Release
Jack H. Mayfield, Jr. c/o Iris Goldston above	1/40	" " "	9-8-59 No Release
Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	1/10	Apollo Oil Co. to 3700 feet below 3700 feet - open	3-10-59 No Release
Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	1/10	Apollo Oil Co. to 3400 feet below 3400 feet - open	7-1-74 No Release
Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	15/320	Apollo Oil Co. to 3700 feet below 3700 feet - open	8-20-68 No Release
Francis Edward Jones c/o The National Bank of Commerce P. O. Box 2558 Houston, Tex. 77001	3/250	" " "	7-30-59 No Release
Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/30	" " "	2-28-59 No Release
Phyllis C. Smythe c/o First Wisconsin Trust Company of Milwaukee, Wis.	3/250	" " "	7-30-59 No Release
H. F. Anthony P.O. Box 1512 Monahans, Tex. 79756	1/240	" " "	7-24-59 No Release
Claude T. Anthony c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
Elizabeth Stewart c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
Jean Rowe c/o H. F. Anthony above	1/240	" " "	7-24-59 No Release
University of Southern California Los Angeles, Calif.	3/200	" " "	1-30-59 No Release
California State College Bakersfield Foundation Bakersfield, Calif.	3/200	" " "	1-30-59 No Release
Board of Trustees of the Leland, Stanford Jr. University Palo Alto, Calif.	3/100	" " "	1-30-59 No Release

NOTE: We find a conveyance from Boyed E. Penfield, Executor to Boyed E. Penfield (25 Courtney Dr., Brownsville, Oregon 97327) conveying a 9/100 interest. We find no com. into said Executor.

BEFORE THE
NEW MEXICO ENERGY AND MINERAL DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF LONNIE J. BUCK FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

Case No. 6523

A F F I D A V I T

STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE) ss.

I, Jason W. Kellahin, being first duly sworn, state
upon oath as follows:

That on April 3, 1979 I caused to be mailed to each of
the interest owners listed in the Application on file herein
a copy of the notice of hearing in New Mexico Oil Conservation
Division Case No. 6523 seeking compulsory pooling of the
NW/4SW/4 and the SW/4SW/4 of Section 25, T25S, R36E, NMPM,
Lea County, New Mexico.

Jason W. Kellahin
Jason W. Kellahin

Subscribed and sworn to before me this 10th day of
April, 1979.

My Commission Expires:

Kathleen Jo Freyberg
Notary Public

February 3, 1980

Exhibit 4
Case 6523

CASE 6542: Application of Sun Oil Company for special casinghead gas allowables, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an increase in the casinghead gas allowable for its Annie Christmas Well No. 1 and its Walter Lynch Well No. 2, located in Units N and L, respectively, of Section 1, Township 22 South, Range 37 East, Drinkard and Wantz-Granite Wash Pools, Lea County, New Mexico.

CASE 6523: (Continued and Readvertised)

Application of Lonnie J. Buck for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yates and Seven Rivers formations underlying each of the following 40-acre tracts in Section 25, Township 25 South, Range 36 East, Lea County, New Mexico: NW/4 SW/4 to be dedicated to the Brown Well No. 6 located in Unit L and SW/4 SW/4 to be dedicated to the Brown Well No. 7 located in Unit M. Also to be considered will be the cost of recompleting said wells 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 wells and a charge for risk involved in recompleting said wells.

CASE 6543: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, redesignating, and extending certain pools in Chaves and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Airstrip-Bone Spring Pool. The discovery well is Gulf Oil Corporation Lea YH State Well No. 1 located in Unit O of Section 25, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 25: SE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Mississippian production and designated as the North Caprock-Mississippian Pool. The discovery well is Morris R. Antwell Landlady Well No. 1 located in Unit B of Section 8, Township 12 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 8: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the West Bell Lake-Atoka Gas Pool. The discovery well is Amoco Production Company Federal H Well No. 1 located in Unit I of Section 26, Township 23 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 26: W/2

(d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production and designated as the Langley-Devonian Gas Pool. The discovery well is ARCO Oil and Gas Company Langley Getty Com Well No. 1 located in Unit N of Section 21, Township 22 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 21: S/2

(e) ABOLISH the West Warren-Blinebry Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 19: SE/4
Section 20: SW/4
Section 29: NW/4

(f) REDESIGNATE the Grama Ridge-Bone Spring Pool created by Order No. R-5958 as the East Grama Ridge-Bone Spring Pool, described as:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 35: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 19: SE/4
Section 20: SW/4
Section 26: NE/4
Section 29: NW/4

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
11 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Lonnie J. Buck for) CASE
compulsory pooling, Lea County, New) 6523
Mexico.)

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 87503

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN AND KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87503

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I N D E X

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LONNIE J. BUCK

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 15

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, AFE 10

Applicant Exhibit Three, List 12

Applicant Exhibit Four, Affidavit 14

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1 MR. NUTTER: Call next Case Number 6523.

2 MS. TESCHENDORF: Case 6523. Application
3 of Lonnie J. Buck for compulsory pooling, Lea County, New
4 Mexico.

5 MR. KELLAHIN: I'm Tom Kellahin of Santa Fe,
6 New Mexico, appearing on behalf of the applicant and I have
7 one witness.

8
9 (Witness sworn.)

10
11 LONNIE J. BUCK

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, KELLAHIN:

17 Q Would you please state your name and occu-
18 pation, Mr. Buck?

19 A My name is Lonnie J. Buck, independent
20 producer from Hobbs, New Mexico.

21 Q Mr. Buck, you are the applicant in this
22 case, are you not?

23 A Right.

24 Q Have you previously testified before the
25 Oil Conservation Commission?

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1 A. Yes.

2 Q. It's been a few years, hasn't it?

3 A. Two years.

4 Q. All right, sir. What do you plan to do with

5 this particular application?

6 A. Re-enter two previously drilled wells that

7 were abandoned as dry holes.

8 Q. Okay. The subject of this case is the

9 forced pooling of an 80-acre tract, being the west half of

10 the southwest quarter of Section 25, is it not?

11 A. That's correct.

12 Q. What, if any, experience have you had in

13 drilling wells in southeastern New Mexico?

14 A. I've been involved in the oil industry for

15 approximately 30 years.

16 Q. And during those 30 years you've drilled

17 a substantial number of wells in southeastern New Mexico?

18 A. Been partners in several. I was formerly

19 in the supply business for nineteen years.

20 Q. All right.

21 MR. KELLAHIN: For purposes of this appli-

22 cation we tender Mr. Buck as an expert witness.

23 MR. NUTTER: Mr. Buck is qualified.

24 Q. (Mr. Kellahin continuing.) Would you refer

25 to Exhibit Number One, Mr. Buck, and identify that for us?

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1 A. This is a plat of the 80-acre tract that
2 I wish to force pool, showing colored in yellow, offset on
3 three sides by production.

4 Q. The offset production is indicated by the
5 red dots?

6 A. That's correct.

7 Q. Would you describe briefly for us what the
8 offset production consists of, commencing first with the
9 well on the left side of the plat?

10 A. That's the well of Apollo Oil Company, has
11 been under production approximately 35 years and has pro-
12 duced 368,000 barrels.

13 The well directly to the east --

14 Q. Just a minute now, let me go back. The
15 well in Section 26, that's the Apollo well?

16 A. Right.

17 Q. And when was that well drilled?

18 A. In 1930.

19 Q. And what has been its cumulative production
20 to date?

21 A. 368,000 barrels.

22 Q. All right. Now, let's go clockwise around
23 and pick up the well in the northern part of Section 25
24 and tell me what that well is.

25 A. That is the Maralo that was drilled as the

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1 Humphrey No. 2 under the Ralph Lowe Estate.

2 Q Now where is that well located?

3 A Directly -- it's the direct offset to the
4 east of the acreage.

5 Q Okay, it's the northeast offset to your
6 acreage?

7 A No, it's the direct offset to the east.

8 Q Oh, I see, okay. All right. What's the
9 cumulative production on that well?

10 A 192,000 barrels.

11 Q Is it still producing?

12 A Yes.

13 Q And when was that well drilled?

14 A In 1948.

15 Q Okay, and how about the last offset well?

16 A It was drilled the same year and has pro-
17 duced 189,000 barrels of oil.

18 Q And it's still producing?

19 A Yes. All three offsets are still producing.

20 Q Now, within the 80-acre tract for which
21 you're seeking compulsory pooling, what if any wells have
22 been drilled that have penetrated the Yates and Seven Rivers
23 formations?

24 A Gypsy Oil Company, which is a division of
25 Gulf, drilled a well that you see labeled as No. 1 in 1928,

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1 and no attempt was made to complete it.

2 Q All right.

3 MR. NUTTER: Is that the well that's in the
4 extreme northwest --

5 A. Right.

6 MR. NUTTER: -- corner of that 40?

7 A. That's correct.

8 MR. NUTTER: That was drilled when, in 1928?

9 A. Yes. The well that is in --

10 Q Has that well been plugged and abandoned?

11 A. Yes, it was plugged -- they ran surface
12 pipe and plugged it in, and no attempt has ever been made
13 to re-enter.

14 Q Okay, what about any other wells in the
15 80-acre tract?

16 A. The well that is labeled Brown No. 5 -- 6
17 in the extreme northeast corner of the 80 acres, was
18 drilled in November, 1959, and the well that is in the
19 south 40, labeled as the Brown No. 7, was drilled in
20 January, 1960. They were drilled about three months apart.
21 The surface pipe was run, cement circulated, and no attempt
22 was made to complete either one of them. They did not log
23 them and did not run pipe.

24 Q What is your plan of development for the
25 80-acre tract?

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1 A I am going to -- my plans are to re-enter
2 Brown No. 6 first, drill out their six plugs in it from
3 surface to TD, drill out all the plugs, and not deepen the
4 well any more, and run pipe and run cased hole logs.

5 Q Okay, what acreage would you dedicate to
6 that well?

7 A The north 40.

8 Q All right, if that well is a commercial
9 venture, what will you do with the south 40?

10 A Immediately I plan to re-enter the Well No.
11 7 and perform the same work, drill out the plugs and run
12 pipe and run cased hole logs.

13 Q The advertisement indicates, Mr. Buck, that
14 you're seeking to compulsory pool all mineral interests in
15 the Yates formation underlying each of these tracts.

16 What in fact are the formations to which
17 you desire a forced pooling order?

18 A The Seven Rivers and the Yates, also. The
19 Seven Rivers is directly below the Yates.

20 Q Are there any other potential producing
21 formations from the surface down to the total depth of the
22 well?

23 A No.

24 Q And what would be the total depth of the
25 well?

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1 A. 3395 on the Brown No. 6.

2 Q And what would be the total depth of the
3 second well?

4 A. 3327.

5 Q Okay. Now for the first well, the one in
6 the north 40, what is its footage location?

7 A. 2310 from the south line and 990 from the
8 west line.

9 Q All right, let me do that again. What is
10 the footage location?

11 A. Let me check, 2310 from the south line.

12 Q All right, and --

13 A. 990 from the west line.

14 Q All right, for that 40-acre tract on the
15 north of the force pooled acreage, is that a standard loca-
16 tion for a 40-acre tract?

17 A. No, it isn't.

18 Q What would a standard location be?

19 A. 660 from the west line and 1990 from the
20 south line. But the two direct offsets on the east and
21 west are also non-standard, so actually it would be centered
22 between them.

23 Q All right. Now, on the well in the south
24 40, what is its footage location?

25 A. There's a 10 foot difference, just a minute.

1 One is 660 from the west line and 670 from the south line,
2 I believe.

3 MR. NUTTER: Right.

4 Q Okay, a standard location also for that
5 40-acre tract would be 660 and 660.

6 A 660/660.

7 Q So you're 10 feet from that.

8 All right. All right, sir, would you turn
9 to Exhibit Number Two and identify that for us?

10 A That's an AFE, estimated expenditures for
11 Brown No. 6.

12 Q Do you anticipate similar expenditures for
13 Brown No. 7?

14 A Essentially it would be the same because
15 I'd have to build two batteries, one on each well, because
16 the mineral interest holders vary in the south 20 acres.

17 Q Based upon your experience, Mr. Buck, are
18 the total estimated well costs for the re-entering the
19 Brown No. 6 and No. 7, those typically experienced for the
20 re-entry of similar type wells for production from the
21 Seven Rivers and Yates formations?

22 A Yes.

23 Q All right. Now in addition to the costs
24 indicated on the estimated well costs, what if any costs
25 do you anticipate for overhead charges or supervision while

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1 drilling the well?

2 A. I have a consultant hired who I will pay
3 \$150 a day while working on the well.

4 Q. Who is that consultant?

5 A. Mr. E. R. Deitz, who is a retired production
6 superintendent with some 40 years experience with Skelly.

7 Q. And what's your estimate of the length of
8 time from commencement to completion of the well?

9 A. Building the battery and all, fifteen days.

10 Q. You indicated that you will be paying \$150
11 a day as a supervision charge to Mr. Deitz, is that correct?

12 A. That's correct.

13 Q. Is that the typical rate charged for super-
14 visor of wells of this type?

15 A. That or higher.

16 Q. In your opinion is \$150 a day a reasonable
17 cost to be assessed against a non-participating interest in
18 the force pooled acreage?

19 A. Very reasonable. Most consultants charge
20 \$250 to \$300 a day.

21 Q. What if any costs do you anticipate for
22 overhead after the well has been completed?

23 And assuming you have a production from this
24 well?

25 A. \$150 per month, probably.

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1 Q In your opinion is \$150 per month a fair
2 and reasonable charge to be assessed against the nonconsenting
3 owners?

4 A Yes.

5 Q Now, do you have a recommendation, Mr. Buck,
6 with regards to any risk involved in the recompleting of
7 either of these wells?

8 A Always bound to be a risk with two dry --
9 three dry holes on the acreage.

10 Q What -- do you understand that the Commission
11 has established a maximum of 200 percent risk factor to be
12 assessed in any particular forced pooling case. Based
13 upon that percentage, do you have a recommendation to a
14 risk factor for this venture?

15 A Probably 150 percent.

16 Q Now, let me ask you some questions with
17 regards to Exhibit Number Three, if you please.

18 I show you Exhibit Number Three and ask you
19 to identify that exhibit.

20 A This is a mineral interest take-off sheet
21 obtained from an abstract company for the different mineral
22 interest holders.

23 Q That shows all the mineral interest holders
24 for the 80-acre tract, does it not?

25 A That's correct.

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1 Q All right, commencing at the top of the
2 sheet, would you indicate as of today which of the owners
3 have not joined you in writing for the drilling of this
4 particular well?

5 A General Crude has not.

6 Q Now General Crude has what percentage of
7 the area?

8 A They have 6 acres, 1/10th of the north 60.

9 Q And the next entry is a Rose Rudman?

10 A Rose Rudman.

11 Q She's not joined?

12 A Yes, she has joined. Atlantic Richfield
13 has joined. Mobil has not.

14 Q Okay.

15 A Superior has. The Pruitt Estate has. The
16 Spencer Trust has. Myrtice Dean Watkins has not. Martha
17 Watkins Harris has not. Mrs. Claude W. Miller has not.
18 Iris Coldston, Nancy Zoe Hurt (sic) and Jack H. Mayfield,
19 Junior, all have joined. Sabine Royalty has. Ward Rollin
20 Vickery has.

21 MR. NUTTER: This exhibit speaks for itself,
22 I think.

23 A All right.

24 Q Now with regards to the individuals that
25 have not joined you in the drilling of the well, Mr. Buck,

1 what if any notice have you provided with regards to those
2 individuals?

3 A. I mailed all of them copies of the lease
4 and letter explaining the situation to them, sent it by
5 registered mail, return receipt requested.

6 Q. As of this date, Mr. Buck, what percentage
7 of both 40-acre tracts do you now control?

8 A. Without -- without General Crude and Mobil,
9 I have approximately 77 percent. I have verbal agreement
10 with both of them that I will have it in writing within
11 the next few days, and the last time I talked with them was
12 yesterday afternoon after I arrived in Santa Fe, and when
13 I get it from them I will have approximately 97 percent,
14 but General Crude is in the process of being bought, pur-
15 chased by Mobil Oil Corporation, and that's the delay in
16 that matter.

17 Q. Okay.

18 MR. KELLAHTN: If the Examiner please, we
19 have marked for introduction Exhibit Number Four, which is
20 an affidavit from Jason W. Kellahin, indicating that he has
21 mailed to all interest owners indicated on the application
22 filed in this case, notice of hearing.

23 Q. Mr. Buck, what if any response have you
24 received from any of the people being force pooled other
25 than Mobil and General Crude?

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1 A. I just haven't heard from them and I can't
2 locate them.

3 Q. In your opinion, Mr. Buck, will approval
4 of this application be in the best interests of conservation
5 the prevention of waste, and the protection of correlative
6 rights?

7 A. Yes, it will.

8 Q. Were Exhibits One through Three compiled
9 by you or compiled under your direction and supervision?

10 A. Yes.

11 MR. KELLAHIN: If the Examiner please, we
12 move the introduction of Exhibits One through Four.

13 MR. NUTTER: Applicant's Exhibits One
14 through Four will be admitted.

15 MR. KELLAHIN: That concludes our examin-
16 ation.

17 MR. NUTTER: Now the affidavit was Exhibit
18 Four?

19 MR. KELLAHIN: Yes, sir.

20
21 CROSS EXAMINATION

22 BY MR. NUTTER:

23 Q. Mr. Buck, the well that's directly west
24 there, you said it produced 365,000 barrels?

25 A. 368,000.

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1 Q 368,000, and when was this drilled?

2 A In 1930.

3 Q Is it still producing?

4 A Yes, sir.

5 Q Now, actually the 80 acres is made up to
6 two tracts, is it not?

7 A That's correct. The north 60 acres is all
8 owned by the same mineral interest holders and the south
9 20 has many of the same but there are two or three varia-
10 tions in it. The difference, on the middle of page three,
11 rather the upper third, you see there where the south half
12 of the southwest quarter of the southwest quarter starts.

13 Q Yeah. So these interest owners in this
14 tract will take their percentage of the unit and their
15 lands will comprise 1/2 of the unit in the south.

16 A That's correct.

17 Q And they won't have any interest at all in
18 the -- in the unit in the north half.

19 A Yes, they will.

20 Q No, they won't.

21 A Oh, you mean the south half?

22 Q Right. We will be pooling two 40-acre
23 tracts.

24 A Right.

25 Q We won't be pooling 80 acres.

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1 A. That's correct, two 40-acre tracts.
2 Q. So the interests, some of these interests
3 won't have any part of the well in the north at all.
4 A. That's correct. I misunderstood your
5 question.
6 Q. Okay.
7 MR. NUTTER: Are there any further questions
8 of Mr. Buck?
9 MR. KELLAHIN: No, sir, but there are a
10 couple of points I'd like to clarify.
11 MR. NUTTER: Okay.
12 MR. KELLAHIN: First of all, neither the
13 application nor the advertisement indicates that Mr. Buck
14 is also going to include Seven Rivers production. It may
15 or may not be necessary to readvertise.
16 MR. NUTTER: It will be necessary. I made
17 a note of that already, Mr. Kellahin.
18 MR. KELLAHIN: The other point is the
19 actual location of the two wells involved and apparently
20 there -- they may be unorthodox, and if we have to readver-
21 tise, you may or may not want to readvertise the locations
22 themselves.
23 MR. NUTTER: They're not unorthodox as far
24 as oil wells are concerned.
25 MR. KELLAHIN: All right.

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1 MR. NUTTER: The one that's the most unorthodox
2 dox is 990 and 2310, which is orthodox for oil, and you
3 don't anticipate getting gas wells here.

4 A. No, sir. I anticipate making some gas but
5 not --

6 MR. NUTTER: They will be classified as oil
7 wells in the Jalmat Gas Pool, is that correct?

8 A. That's correct.

9 MR. NUTTER: Okay, are there any further
10 questions of Mr. Buck? He may be excused.

11 Do you have anything further, Mr. Kellahin,
12 in Case Number 6523?

13 MR. KELLAHIN: No, sir.

14 MR. NUTTER: Does anyone have anything they
15 wish to offer in this case?

16 We'll take the case under advisement and
17 the hearing is adjourned.

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

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
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6523, heard by me on 4/11 1979.
[Signature] Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
11 April 1979

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BEFORE: Daniel S. Nutter

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Legal Counsel for the Division
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For the Applicant: W. Thomas Kellahin, Esq.
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I N D E X

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3 LONNIE J. BUCK

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E X H I B I T S

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12 Applicant Exhibit One, Plat 4

13 Applicant Exhibit Two, AFE 10

14 Applicant Exhibit Three, List 12

15 Applicant Exhibit Four, Affidavit 14
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1 MR. NUTTER: Call next Case Number 6523.
2 MS. TESCHENDORF: Case 6523. Application
3 of Lonnie J. Buck for compulsory pooling, Lea County, New
4 Mexico.

5 MR. KELLAHIN: I'm Tom Kellahin of Santa Fe,
6 New Mexico, appearing on behalf of the applicant and I have
7 one witness.

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9 (Witness sworn.)

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11 LONNIE J. BUCK
12 being called as a witness and having been duly sworn upon
13 his oath, testified as follows, to-wit:
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15 DIRECT EXAMINATION

16 BY MR, KELLAHIN:

17 Q Would you please state your name and occu-
18 pation, Mr. Buck?

19 A My name is Lonnie J. Buck, independent
20 producer from Hobbs, New Mexico.

21 Q Mr. Buck, you are the applicant in this
22 case, are you not?

23 A Right.

24 Q Have you previously testified before the
25 Oil Conservation Commission?

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1 A. Yes.

2 Q. It's been a few years, hasn't it?

3 A. Two years.

4 Q. All right, sir. What do you plan to do with

5 this particular application?

6 A. Re-enter two previously drilled wells that

7 were abandoned as dry holes.

8 Q. Okay. The subject of this case is the

9 forced pooling of an 80-acre tract, being the west half of

10 the southwest quarter of Section 25, is it not?

11 A. That's correct.

12 Q. What, if any, experience have you had in

13 drilling wells in southeastern New Mexico?

14 A. I've been involved in the oil industry for

15 approximately 30 years.

16 Q. And during those 30 years you've drilled

17 a substantial number of wells in southeastern New Mexico?

18 A. Been partners in several. I was formerly

19 in the supply business for nineteen years.

20 Q. All right.

21 MR. KELLAHIN: For purposes of this appli-

22 cation we tender Mr. Buck as an expert witness.

23 MR. NUTTER: Mr. Buck is qualified.

24 Q. (Mr. Kellahin continuing.) Would you refer

25 to Exhibit Number One, Mr. Buck, and identify that for us?

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1 A This is a plat of the 80-acre tract that
2 I wish to force pool, showing colored in yellow, offset on
3 three sides by production.

4 Q The offset production is indicated by the
5 red dots?

6 A That's correct.

7 Q Would you describe briefly for us what the
8 offset production consists of, commencing first with the
9 well on the left side of the plat?

10 A That's the well of Apollo Oil Company, has
11 been under production approximately 35 years and has pro-
12 duced 368,000 barrels.

13 The well directly to the east --

14 Q Just a minute now, let me go back. The
15 well in Section 26, that's the Apollo well?

16 A Right.

17 Q And when was that well drilled?

18 A In 1930.

19 Q And what has been its cumulative production
20 to date?

21 A 369,000 barrels.

22 Q All right. Now, let's go clockwise around
23 and pick up the well in the northern part of Section 25
24 and tell me what that well is.

25 A That is the Maralo that was drilled as the

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- 1 Humphrey No. 2 under the Ralph Lowe Estate.
- 2 Q Now where is that well located?
- 3 A Directly -- it's the direct offset to the
- 4 east of the acreage.
- 5 Q Okay, it's the northeast offset to your
- 6 acreage?
- 7 A No, it's the direct offset to the east.
- 8 Q Oh, I see, okay. All right. What's the
- 9 cumulative production on that well?
- 10 A 192,000 barrels.
- 11 Q Is it still producing?
- 12 A Yes.
- 13 Q And when was that well drilled?
- 14 A In 1948.
- 15 Q Okay, and how about the last offset well?
- 16 A It was drilled the same year and has pro-
- 17 duced 189,000 barrels of oil.
- 18 Q And it's still producing?
- 19 A Yes. All three offsets are still producing.
- 20 Q Now, within the 80-acre tract for which
- 21 you're seeking compulsory pooling, what if any wells have
- 22 been drilled that have penetrated the Yates and Seven Rivers
- 23 formations?
- 24 A Gypsy Oil Company, which is a division of
- 25 Gulf, drilled a well that you see labeled as No. 1 in 1928,

1 and no attempt was made to complete it.

2 Q All right.

3 MR. NUTTER: Is that the well that's in the
4 extreme northwest --

5 A Right.

6 MR. NUTTER: -- corner of that 40?

7 A That's correct.

8 MR. NUTTER: That was drilled when, in 1928?

9 A Yes. The well that is in --

10 Q Has that well been plugged and abandoned?

11 A Yes, it was plugged -- they ran surface
12 pipe and plugged it in, and no attempt has ever been made
13 to re-enter.

14 Q Okay, what about any other wells in the
15 80-acre tract?

16 A The well that is labeled Brown No. 5 -- 6
17 in the extreme northeast corner of the 80 acres, was
18 drilled in November, 1959, and the well that is in the
19 south 40, labeled as the Brown No. 7, was drilled in
20 January, 1960. They were drilled about three months apart.
21 The surface pipe was run, cement circulated, and no attempt
22 was made to complete either one of them. They did not log
23 them and did not run pipe.

24 Q What is your plan of development for the
25 80-acre tract?

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1 A. I am going to --- my plans are to re-enter
2 Brown No. 6 first, drill out their six plugs in it from
3 surface to TD, drill out all the plugs, and not deepen the
4 well any more, and run pipe and run cased hole logs.

5 Q Okay, what acreage would you dedicate to
6 that well?

7 A. The north 40.

8 Q All right, if that well is a commercial
9 venture, what will you do with the south 40?

10 A. Immediately I plan to re-enter the Well No.
11 7 and perform the same work, drill out the plugs and run
12 pipe and run cased hole logs.

13 Q The advertisement indicates, Mr. Buck, that
14 you're seeking to compulsory pool all mineral interests in
15 the Yates formation underlying each of these tracts.

16 What in fact are the formations to which
17 you desire a forced pooling order?

18 A The Seven Rivers and the Yates, also. The
19 Seven Rivers is directly below the Yates.

20 Q Are there any other potential producing
21 formations from the surface down to the total depth of the
22 well?

23 A. No.

24 Q And what would be the total depth of the
25 well?

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1 A 3395 on the Brown No. 6.

2 Q And what would be the total depth of the
3 second well?

4 A 3327.

5 Q Okay. Now for the first well, the one in
6 the north 40, what is its footage location?

7 A 2310 from the south line and 990 from the
8 west line.

9 Q All right, let me do that again. What is
10 the footage location?

11 A Let me check, 2310 from the south line.

12 Q All right, and --

13 A 990 from the west line.

14 Q All right, for that 40-acre tract on the
15 north of the force pooled acreage, is that a standard loca-
16 tion for a 40-acre tract?

17 A No, it isn't.

18 Q What would a standard location be?

19 A 660 from the west line and 1980 from the
20 south line. But the two direct offsets on the east and
21 west are also non-standard, so actually it would be centered
22 between them.

23 Q All right. Now, on the well in the south
24 40, what is its footage location?

25 A There's a 10 foot difference, just a minute.

1 One is 660 from the west line and 670 from the south line,
2 I believe.

3 MR. NUTTER: Right.

4 Q Okay, a standard location also for that
5 40-acre tract would be 660 and 660.

6 A 560/660.

7 Q So you're 10 feet from that.

8 All right. All right, sir, would you turn
9 to Exhibit Number Two and identify that for us?

10 A That's an AFE, estimated expenditures for
11 Brown No. 6.

12 Q Do you anticipate similar expenditures for
13 Brown No. 7?

14 A Essentially it would be the same because
15 I'd have to build two batteries, one on each well, because
16 the mineral interest holders vary in the south 20 acres.

17 Q Based upon your experience, Mr. Buck, are
18 the total estimated well costs for the re-entering the
19 Brown No. 6 and No. 7, those typically experienced for the
20 re-entry of similar type wells for production from the
21 Seven Rivers and Yates formations?

22 A Yes.

23 Q All right. Now in addition to the costs
24 indicated on the estimated well costs, what if any costs
25 do you anticipate for overhead charges or supervision while

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drilling the well?

A. I have a consultant hired who I will pay \$150 a day while working on the well.

Q. Who is that consultant?

A. Mr. E. R. Deitz, who is a retired production superintendent with some 40 years experience with Skelly.

Q. And what's your estimate of the length of time from commencement to completion of the well?

A. Building the battery and all, fifteen days.

Q. You indicated that you will be paying \$150 a day as a supervision charge to Mr. Deitz, is that correct?

A. That's correct.

Q. Is that the typical rate charged for supervision of wells of this type?

A. That or higher.

Q. In your opinion is \$150 a day a reasonable cost to be assessed against a non-participating interest in the force pooled acreage?

A. Very reasonable. Most consultants charge \$250 to \$300 a day.

Q. What if any costs do you anticipate for overhead after the well has been completed?

And assuming you have a production from this well?

A. \$150 per month, probably.

1 Q In your opinion is \$150 per month a fair
2 and reasonable charge to be assessed against the nonconsenting
3 owners?

4 A Yes.

5 Q Now, do you have a recommendation, Mr. Buck,
6 with regards to any risk involved in the recompleting of
7 either of these wells?

8 A Always bound to be a risk with two dry --
9 three dry holes on the acreage.

10 Q What -- do you understand that the Commission
11 has established a maximum of 200 percent risk factor to be
12 assessed in any particular forced pooling case. Based
13 upon that percentage, do you have a recommendation to a
14 risk factor for this venture?

15 A Probably 150 percent.

16 Q Now, let me ask you some questions with
17 regards to Exhibit Number Three, if you please.

18 I show you Exhibit Number Three and ask you
19 to identify that exhibit.

20 A This is a mineral interest take-off sheet
21 obtained from an abstract company for the different mineral
22 interest holders.

23 Q That shows all the mineral interest holders
24 for the 80-acre tract, does it not?

25 A That's correct.

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1 Q All right, commencing at the top of the
2 sheet, would you indicate as of today which of the owners
3 have not joined you in writing for the drilling of this
4 particular well?

5 A General Crude has not.

6 Q Now General Crude has what percentage of
7 the area?

8 A They have 6 acres, 1/10th of the north 60.

9 Q And the next entry is a Rose Rudman?

10 A Rose Rudman.

11 Q She's not joined?

12 A Yes, she has joined. Atlantic Richfield
13 has joined. Mobil has not.

14 Q Okay.

15 A Superior has. The Pruitt Estate has. The
16 Spencer Trust has. Myrtice Dean Watkins has not. Martha
17 Watkins Harris has not. Mrs. Claude W. Miller has not.
18 Iris Goldston, Nancy Zoe Hurt (sic) and Jack H. Mayfield,
19 Junior, all have joined. Sabine Royalty has. Ward Rollin
20 Vickery has.

21 MR. NUTTER: This exhibit speaks for itself,
22 I think.

23 A All right.

24 Q Now with regards to the individuals that
25 have not joined you in the drilling of the well, Mr. Buck,

1 what if any notice have you provided with regards to those
2 individuals?

3 A. I mailed all of them copies of the lease
4 and letter explaining the situation to them, sent it by
5 registered mail, return receipt requested.

6 Q. As of this date, Mr. Buck, what percentage
7 of both 40-acre tracts do you now control?

8 A. Without --- without General Crude and Mobil,
9 I have approximately 77 percent. I have verbal agreement
10 with both of them that I will have it in writing within
11 the next few days, and the last time I talked with them was
12 yesterday afternoon after I arrived in Santa Fe, and when
13 I get it from them I will have approximately 97 percent,
14 but General Crude is in the process of being bought, pur-
15 chased by Mobil Oil Corporation, and that's the delay in
16 that matter.

17 Q. Okay.

18 MR. KELLAHIN: If the Examiner please, we
19 have marked for introduction Exhibit Number Four, which is
20 an affidavit from Jason W. Kellahin, indicating that he has
21 mailed to all interest owners indicated on the application
22 filed in this case, notice of hearing.

23 Q. Mr. Buck, what if any response have you
24 received from any of the people being force pooled other
25 than Mobil and General Crude?

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A I just haven't heard from them and I can't locate them.

Q In your opinion, Mr. Buck, will approval of this application be in the best interests of conservation the prevention of waste, and the protection of correlative rights?

A Yes, it will.

Q Were Exhibits One through Three compiled by you or compiled under your direction and supervision?

A Yes.

MR. KELLAHIN: If the Examiner please, we move the introduction of Exhibits One through Four.

MR. NUTTER: Applicant's Exhibits One through Four will be admitted.

MR. KELLAHIN: That concludes our examination.

MR. NUTTER: Now the affidavit was Exhibit Four?

MR. KELLAHIN: Yes, sir.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Buck, the well that's directly west there, you said it produced 365,000 barrels?

A 368,000.

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- 1 Q 368,000, and when was this drilled?
- 2 A In 1930.
- 3 Q Is it still producing?
- 4 A Yes, sir.
- 5 Q Now, actually the 80 acres is made up to
- 6 two tracts, is it not?
- 7 A That's correct. The north 60 acres is all
- 8 owned by the same mineral interest holders and the south
- 9 20 has many of the same but there are two or three varia-
- 10 tions in it. The difference, on the middle of page three,
- 11 rather the upper third, you see there where the south half
- 12 of the southwest quarter of the southwest quarter starts.
- 13 Q Yeah. So these interest owners in this
- 14 tract will take their percentage of the unit and their
- 15 lands will comprise 1/2 of the unit in the south.
- 16 A That's correct.
- 17 Q And they won't have any interest at all in
- 18 the -- in the unit in the north half.
- 19 A Yes, they will.
- 20 Q No, they won't.
- 21 A Oh, you mean the south half?
- 22 Q Right. We will be pooling two 40-acre
- 23 tracts.
- 24 A Right.
- 25 Q We won't be pooling 80 acres.

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1 A That's correct, two 40-acre tracts.
2 Q So the interests, some of these interests
3 won't have any part of the well in the north at all.
4 A That's correct. I misunderstood your
5 question.
6 Q Okay.
7 MR. NUTTER: Are there any further questions
8 of Mr. Buck?
9 MR. KELLAHIN: No, sir, but there are a
10 couple of points I'd like to clarify.
11 MR. NUTTER: Okay.
12 MR. KELLAHIN: First of all, neither the
13 application nor the advertisement indicates that Mr. Buck
14 is also going to include Seven Rivers production. It may
15 or may not be necessary to readvertise.
16 MR. NUTTER: It will be necessary. I made
17 a note of that already, Mr. Kellahin.
18 MR. KELLAHIN: The other point is the
19 actual location of the two wells involved and apparently
20 there -- they may be unorthodox, and if we have to readver-
21 tise, you may or may not want to readvertise the locations
22 themselves.
23 MR. NUTTER: They're not unorthodox as far
24 as oil wells are concerned.
25 MR. KELLAHIN: All right.

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MR. NUTTER: The one that's the most unorthodox is 990 and 2310, which is orthodox for oil, and you don't anticipate getting gas wells here.

A. No, sir. I anticipate making some gas but not --

MR. NUTTER: They will be classified as oil wells in the Jalmat Gas Pool, is that correct?

A. That's correct.

MR. NUTTER: Okay, are there any further questions of Mr. Buck? He may be excused.

Do you have anything further, Mr. Kellahin, in Case Number 6523?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in this case?

We'll take the case under advisement and the hearing is adjourned.


(Hearing concluded.)

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, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6523 heard by me on 4/11 1979.

 Examiner
Oil Conservation Division

SALLY WALTON BOYD
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Dockets Nos. 16-79 and 17-79 are tentatively set for hearing on April 25 and May 9, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 11, 1979

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. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

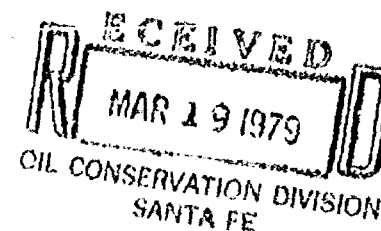
- CASE 6517: Application of Managan Petroleum Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Avalon-Wolfcamp Gas Pool, Eddy County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Wolfcamp gas pools rather than the present 160-acre spacing.
- CASE 6518: Application of McClellan Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal Well No. 2, located 2310 feet from the North and East lines of Section 11, Township 14 South, Range 28 East, Sans Ranch-Grayburg Gas Pool, Chaves County, New Mexico, the NE/4 of said Section 11 to be dedicated to the well.
- CASE 6519: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Bison Wallow Unit Area, comprising 7,040 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 29 East, Eddy County, New Mexico.
- CASE 6520: Application of Belco Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Strawn and Morrow production in the wellbore of its Union Mead Com Well No. 1 located in Unit H of Section 8, Township 22 South, Range 27 East, Carlsbad Field, Eddy County, New Mexico.
- CASE 6521: Application of Adobe Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Tatum State Unit Area, comprising 2,560 acres, more or less, of State lands in Township 12 South, Range 36 East, Lea County, New Mexico.
- CASE 6522: Application of Petroleum Corporation of Texas for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbore of its Hanley Well No. 2-A located in Unit F of Section 18, Township 29 North, Range 10 West, San Juan County, New Mexico.
- CASE 6523: Application of Lonnie J. Buck for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yates formation underlying each of the following 40-acre tracts in Section 25, Township 25 South, Range 36 East, Lea County, New Mexico: NW/4 SW/4 to be dedicated to the Brown Well No. 6 located in Unit L and SW/4 SW/4 to be dedicated to the Brown Well No. 7 located in Unit M. Also to be considered will be the cost of recompleting said wells 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 wells and a charge for risk involved in recompleting said wells.
- CASE 6502: (Continued from March 28, 1979, Examiner Hearing)
- Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 30, Township 8 South, Range 29 East, Chaves 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 6524: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending the vertical and horizontal limits of certain pools in Eddy and Lea Counties, New Mexico:
- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Seven Rivers production and designated as the Cave-Seven Rivers Pool. The discovery well is Kincaid and Watson Drilling Company Humble 8 Well No. 7 located in Unit D of Section 8, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 8: NW/4

Case 6523

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF LONNIE J. BUCK FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO



A P P L I C A T I O N

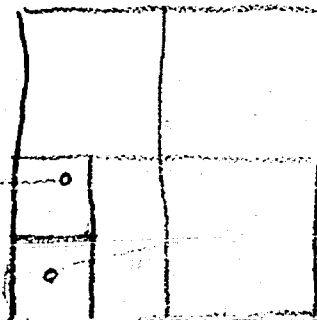
Comes now Lonnie J. Buck, and applies to the New Mexico Energy and Minerals Department, Oil Conservation Division, for an order pooling all the mineral interests, whatever they may be, underlying the West half of the Southwest Quarter of Section 25, Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico, for the formation of two 40-acre proration units for the production of oil from the Yates formation, Jalmat Pool, and in support thereof would show the Division:

1. Applicant is the owner of the right to drill and develop the W1/2SW1/4 of said Section 25, and proposes to re-enter the Brown Well No. 6, located 990 feet from the West line and 2310 feet from the South line of Section 25 and re-complete said well for production from the Yates formation.

2. In the event production is obtained from the Brown Well No. 6, applicant proposes to re-enter the Brown Well No. 7, located 670 feet from the South line, and 660 feet from the West line of Section 25 and recomplete the well for production from the same formation.

3. Applicant has made diligent effort to obtain voluntary agreement from all interest owners for the recompletion of these wells, but has been unable to obtain voluntary agreement.

6
2310' FSL
990' FSL



7 670' FSL
660' FSL

4. The interests to be pooled, according to applicant's information and belief, are as follows:

Rose Rudman
Rudco Oil & Gas Company
P. O. Box 2018
Tyler, Texas

The Superior Oil Company
The Superior Building
Midland, Texas 79701

William A. Pruett Estate
Stanley Erb Hess Jr., Ancillary Executor
c/o Fulbright Jaworski
Bank of the Southwest Bldg.
Houston, Texas 77002

Myrtis Dean Watkin
322 East Main St.
Henderson, Texas 75652

Martha Watkins Harris
326 Main Street
Henderson, Texas 75652

Mrs. Clyde W. Miller
222 South Justin
Dallas, Texas

Francis Edward Jones, Deceased
c/o National Bank of Commerce
P. O. Box 2558
Houston, Texas 77001

Heirs of Francis Edward Jones, Deceased:
Phyllis C. Smythe
c/o First Wisconsin Trust Co.
Milwaukee, Wisconsin 53201

Christopher Deaconfield Jones
3219 Overland Ave., No. 4210
Los Angeles, California 90034

Peter Francis Jones
3219 Overland Ave., No. 4210
Los Angeles, California 90034

Wendenlin Elizabeth Jones
c/o Thomas F. Cusach
14932 La Cuarta St.
Whittier, California 90605

Irene Fordon Glaister
"Fardon House" Frog Lane
Milton-Under-Wychwood
Oxon, England

Rachael B. Fardon
"Castro", Upper Rose Hill
Dorking, Surrey, England

Alvrone Sater
2016 East Walnut
Evansville, Indiana

H. F. Anthony
Claude T. Anthony
Elizabeth Stewart
Dean Rowe
P. O. Box 1512
Monahans, Texas 79756

California State College
Bakersfield Foundation
Bakersfield, California

Board of Trustees of
Leland Stanford Jr., University
Palo Alto, California

Boyed E. Penfield
35854 Courtney Dr.
Brownsville, Oregon 97327

WHEREFORE Applicant prays that this application be set for hearing before the Division or the Division's duly appointed examiner, and that after notice and hearing as required by law the Division enter its order pooling the mineral interests in the above-described 80-acre tract, for the formation of two proration units, together with provisions designating applicant as operator, making provision for him to recover the costs of drilling, developing and equipping and operating the well out of production, including reasonable supervision and overhead charges, and for a risk factor to compensate for the risk of drilling and equipping the subject wells, and for such other and further provisions as may be proper.

Respectfully submitted,

LONNIE J. BUCK

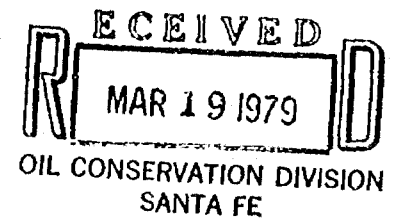
BY Jason Kellahin
KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

Case 6523

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF LONNIE J. BUCK FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO



A P P L I C A T I O N

Comes now Lonnie J. Buck, and applies to the New Mexico Energy and Minerals Department, Oil Conservation Division, for an order pooling all the mineral interests, whatever they may be, underlying the West half of the Southwest Quarter of Section 25, Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico, for the formation of two 40-acre proration units for the production of oil from the Yates formation, Jalmat Pool, and in support thereof would show the Division:

1. Applicant is the owner of the right to drill and develop the W1/2SW1/4 of said Section 25, and proposes to re-enter the Brown Well No. 6, located 990 feet from the West line and 2310 feet from the South line of Section 25 and re-complete said well for production from the Yates formation.

2. In the event production is obtained from the Brown Well No. 6, applicant proposes to re-enter the Brown Well No. 7, located 670 feet from the South line, and 660 feet from the West line of Section 25 and recomplete the well for production from the same formation.

3. Applicant has made diligent effort to obtain voluntary agreement from all interest owners for the recompletion of these wells, but has been unable to obtain voluntary agreement.

4. The interests to be pooled, according to applicant's information and belief, are as follows:

Rose Rudman
Rudco Oil & Gas Company
P. O. Box 2018
Tyler, Texas

The Superior Oil Company
The Superior Building
Midland, Texas 79701

William A. Pruett Estate
Stanley Erb Hess Jr., Ancillary Executor
c/o Fulbright Jaworski
Bank of the Southwest Bldg.
Houston, Texas 77002

Myrtis Dean Watkin
322 East Main St.
Henderson, Texas 75652

Martha Watkins Harris
326 Main Street
Henderson, Texas 75652

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222 South Justin
Dallas, Texas

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Houston, Texas 77001

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Phyllis C. Smythe
c/o First Wisconsin Trust Co.
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Los Angeles, California 90034

Peter Francis Jones
3219 Overland Ave., No. 4210
Los Angeles, California 90034

Wendenlin Elizabeth Jones
c/o Thomas F. Cusach
14932 La Cuarta St.
Whittier, California 90605

Irene Fordon Glaister
"Fardon House" Frog Lane
Milton-Under-Wychwood
Oxon, England

Rachael B. Fardon
"Castro", Upper Rose Hill
Dorking, Surrey, England

Alvrone Sater
2016 East Walnut
Evansville, Indiana

H. F. Anthony
Claude T. Anthony
Elizabeth Stewart
Dean Rowe
P. O. Box 1512
Monahans, Texas 79756

California State College
Bakersfield Foundation
Bakersfield, California

Board of Trustees of
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Palo Alto, California

Boyed E. Penfield
35854 Courtney Dr.
Brownsville, Oregon 97327

WHEREFORE Applicant prays that this application be set for hearing before the Division or the Division's duly appointed examiner, and that after notice and hearing as required by law the Division enter its order pooling the mineral interests in the above-described 80-acre tract, for the formation of two proration units, together with provisions designating applicant as operator, making provision for him to recover the costs of drilling, developing and equipping and operating the well out of production, including reasonable supervision and overhead charges, and for a risk factor to compensate for the risk of drilling and equipping the subject wells, and for such other and further provisions as may be proper.

Respectfully submitted,

LONNIE J. BUCK

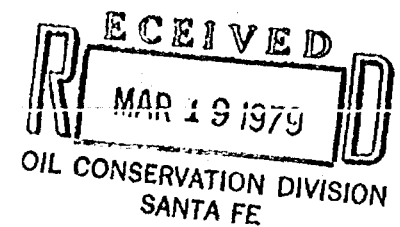
BY *Jason Kellahin*
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Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

Case 6.523

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF LONNIE J. BUCK FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO



A P P L I C A T I O N

Comes now Lonnie J. Buck, and applies to the New Mexico Energy and Minerals Department, Oil Conservation Division, for an order pooling all the mineral interests, whatever they may be, underlying the West half of the Southwest Quarter of Section 25, Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico, for the formation of two 40-acre proration units for the production of oil from the Yates formation, Jalmat Pool, and in support thereof would show the Division:

1. Applicant is the owner of the right to drill and develop the W1/2SW1/4 of said Section 25, and proposes to re-enter the Brown Well No. 6, located 990 feet from the West line and 2310 feet from the South line of Section 25 and re-complete said well for production from the Yates formation.

2. In the event production is obtained from the Brown Well No. 6, applicant proposes to re-enter the Brown Well No. 7, located 670 feet from the South line, and 660 feet from the West line of Section 25 and recomplete the well for production from the same formation.

3. Applicant has made diligent effort to obtain voluntary agreement from all interest owners for the recompletion of these wells, but has been unable to obtain voluntary agreement.

4. The interests to be pooled, according to applicant's information and belief, are as follows:

Rose Rudman
Rudco Oil & Gas Company
P. O. Box 2018
Tyler, Texas

The Superior Oil Company
The Superior Building
Midland, Texas 79701

William A. Pruett Estate
Stanley Erb Hess Jr., Ancillary Executor
c/o Fulbright Jaworski
Bank of the Southwest Bldg.
Houston, Texas 77002

Myrtis Dean Watkin
322 East Main St.
Henderson, Texas 75652

Martha Watkins Harris
326 Main Street
Henderson, Texas 75652

Mrs. Clyde W. Miller
222 South Justin
Dallas, Texas

Francis Edward Jones, Deceased
c/o National Bank of Commerce
P. O. Box 2558
Houston, Texas 77001

Heirs of Francis Edward Jones, Deceased:
Phyllis C. Smythe
c/o First Wisconsin Trust Co.
Milwaukee, Wisconsin 53201

Christopher Deaconfield Jones
3219 Overland Ave., No. 4210
Los Angeles, California 90034

Peter Francis Jones
3219 Overland Ave., No. 4210
Los Angeles, California 90034

Wendenlin Elizabeth Jones
c/o Thomas F. Cusach
14932 La Cuarta St.
Whittier, California 90605

Irene Fordon Glaister
"Fardon House" Frog Lane
Milton-Under-Wychwood
Oxon, England

Rachael B. Fardon
"Castro", Upper Rose Hill
Dorking, Surrey, England

Alvrone Sater
2016 East Walnut
Evansville, Indiana

H. F. Anthony
Claude T. Anthony
Elizabeth Stewart
Dean Rowe
P. O. Box 1512
Monahans, Texas 79756

California State College
Bakersfield Foundation
Bakersfield, California

Board of Trustees of
Leland Stanford Jr., University
Palo Alto, California

Boyed E. Penfield
35854 Courtney Dr.
Brownsville, Oregon 97327

WHEREFORE Applicant prays that this application be set for hearing before the Division or the Division's duly appointed examiner, and that after notice and hearing as required by law the Division enter its order pooling the mineral interests in the above-described 80-acre tract, for the formation of two proration units, together with provisions designating applicant as operator, making provision for him to recover the costs of drilling, developing and equipping and operating the well out of production, including reasonable supervision and overhead charges, and for a risk factor to compensate for the risk of drilling and equipping the subject wells, and for such other and further provisions as may be proper.

Respectfully submitted,

LONNIE J. BUCK

BY Jason Kellahin
KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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. 6523

Order No. R- 6006

APPLICATION OF LONNIE J. BUCK
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 May 9,
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this April day of April, 19 79, 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, Lonnie J. Buck,
seeks an order pooling all mineral interests in the Yates and
Seven Rivers formations underlying the each of the following
40-acre tracts in
~~xx~~ Section 25, Township 25 South, Range 36 East,
NMPM, Jalisco Pool, Lea County, New
Mexico:

~~NW/4 SW/4 to be dedicated to the Brown Well No. 6 located~~
~~in Unit L and SW/4 SW/4 to be dedicated to the Brown~~
~~Well No. 7 located in Unit M.~~

the NW/4 SW/4 to be dedicated to the Brown Well No. 6
located 2310 feet from the South line and 990 feet
from the West line; and

the SW/4 SW/4 to be dedicated to the Brown Well No. 7
located 670 feet from the South line and 660 feet from
the West line.

(3) That the applicant has the right to ~~enter~~ and proposes ~~re-enter the~~ *re-enter the aforesaid wells to attempt their completion as* ~~to drill a well~~ *Jalmat oil wells*.

(4) That there are interest owners ^{each of} in the proposed proration units 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 units the opportunity to recover or receive without unnecessary expense his just and fair share of the ^{oil and} gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within ~~said~~ *unit the aforesaid proration units.*

(6) That the applicant should be designated the operator *of each* of the subject wells and units.

(7) That any non-consenting working interest owner ^{in each of the pooled units} should be afforded the opportunity to pay his share of estimated well ~~re-entry~~ *and completion* 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~~ *re-entry and completion* costs should have withheld from production his share of the reasonable ~~well~~ costs *for such re-entry and completion* plus an additional *150 percent* thereof as a reasonable charge for the risk involved in ~~the drilling~~ *re-entry and completion of each* of the wells.

(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.

during workover operations and
\$150.00 per month while producing

(11) That \$1000.00 per month should be fixed as a reason-
able charge for supervision (combined fixed rates) ^{for each well;} that the
operator should be authorized to withhold from production the
proportionate share of such supervision charges attributable to
each non-consenting working interest ^{under each unit,} 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.

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

(13) That upon the failure of the operator ~~of said pooled~~
~~to commence recompletion operations on the Brown Well No. 6~~
~~unit to commence drilling of the well to which said unit is~~
~~dedicated on or before~~ July 1, 1979, the order
the NW 1/4 SW 1/4 of Section 25, Township 25 South, Range 36 East, NMPM,
pooling ~~said unit~~ should become null and void and of no effect
whatsoever.

(14)
IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be,
in the Yates formation underlying ~~the~~ each of the
following 40-acre tracts in
of Section 25, Township 25 South, Range 36 East,
NMPM, Jalisco Pool, Lea County, New Mexico,
are hereby pooled: to form a standard 40-acre gas-spacing-
and-proration unit to be dedicated to a well to be drilled-
NW 1/4 SW 1/4 to be dedicated to the Brown Well No. 6 located 1210 feet from the
SW 1/4 SW 1/4 to be dedicated to the Brown Well No. 7 located in 52
feet from the South line and 660 feet from the West line.
PROVIDED HOWEVER, that the operator ~~of said unit~~ shall
recompletion of said Brown Well No. 6
commence the drilling of said well on or before the 1st day of
July, 1979, and shall thereafter continue the drilling
workover operations
on said well with due diligence to ~~a depth sufficient to~~ test the
Yates and Seven Rivers formations;

PROVIDED FURTHER, that in the event said operator does not
workover operations
commence the drilling of said well on or before the 1st day of
July, 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.

(14) That upon failure of the operator to commence recompletion operations
on the Brown Well No. 7 within 60 days after putting Brown Well No. 6
on production, the order pooling the SW 1/4 SW 1/4 of Section 25, Township 25 South,
Range 36 East, NMPM, should become null and void and of no effect whatsoever.

workover and recompletion
 PROVIDED FURTHER, that should ~~and will not be~~ *workover and recompletion*
~~operations, on said Brown Well No. 6 not be completed~~
~~completion, or abandonment,~~ within 60 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.

PROVIDED FURTHER, that The operator of the SW $\frac{1}{4}$ SW $\frac{1}{4}$
 of said Section 25 shall, within 60 days after putting
 the aforesaid Brown Well No. 6 on production, commence
 workover operations on the aforesaid Brown Well No. 7,
 and shall thereafter continue workover operations on
 said well with due diligence to test the *gas*
 and Seven Rivers formations;

PROVIDED FURTHER, that in the event said operator
 does not commence ^{such} workover operations ^{on said Brown Well No. 7}
 said 60-day period, Order (1) of this order shall
 be null and void and of no effect whatsoever
 with respect to the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of ~~the subject~~
 Section 25, Township 25 South, Range 26 East,
 NMPM, unless said operator obtains a time extension
 from the Division for good cause shown.

PROVIDED FURTHER, that should workover and recom-
 pletion operations on said Brown Well No. 7 not be
 completed within 60 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 with respect
 to ~~said Brown~~ the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section
 25.

(2) That Lonnie J. Buck is hereby designated
 the operator of the subject wells and units.

(3) That after the effective date of this order and within
 90 days prior to commencing ^{workover operations on each of} said wells, the operator shall furnish
 the Division and each known working interest owner in the ^{appropriate} subject
 40-acre 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 ^{within that particular well's unit} 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 ^{within the applicable 40-acre unit} 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

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 ^{within each of the pooled units} 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 ^{recompletion unit} ~~drilling~~ of the well, ^{150 percent} of the pro rata share of reasonable well costs attributable to each non-consenting working interest ^{within the unit} 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. ^{during workover operations and \$150.00 per month while producing are}

(9) That ^{\$1000.00} per month ^{is hereby fixed as a reasonable charge for supervision (combined fixed rates) for each of the subject wells;} 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.

Cause
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.

(12) That all proceeds from production from ^{either of} the subject wells 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.

(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 hereinabove designated.

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 6523

Order No. R- R-6006-A

APPLICATION OF LONNIE J. BUCK FOR
COMPULSORY POOLING, ~~XXXXXXXXXXXX~~

LEA COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R- 6006,
dated May 15, 19 79, does not correctly state the
intended order of the Division,

IT IS THEREFORE ORDERED:

Nunc Pro Tunc

R-6006

entered May 15 '79

(1) that
~~amend~~ the 1st paragraph of Order
No. 1 on Page 4 of Order No R-6006
be and the same is hereby corrected
to read in its entirety as follows:

"(1) That all mineral interests, whatever they may
be, in the Yates and Seven Rivers formations
underlying each of the following 40-acre tracts
in Section 25, Township 25 South, Range 36 East,
NMNM, Jalmat Pool, Lea County, New Mexico,
are hereby passed: "

(2) That the corrections set forth in this order be entered
nunc pro tunc as of May 15, 1979.

DONE at — — — on this — day of July, 1979.

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. 6523
Order No. R-6006

APPLICATION OF LONNIE J. BUCK
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 May 9, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of May, 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, Lonnie J. Buck, seeks an order
pooling all mineral interests in the Yates and Seven Rivers
formations underlying each of the following 40-acre tracts in
Section 25, Township 25 South, Range 36 East, NMPM, Jalmat Pool,
Lea County, New Mexico:

the NW/4 SW/4 to be dedicated to the Brown Well No. 6
located 2310 feet from the South line and 990 feet from
the West line; and

the SW/4 SW/4 to be dedicated to the Brown Well No. 7
located 670 feet from the South line and 660 feet from
the West line.

(3) That the applicant has the right to and proposes to
re-enter the aforesaid wells to attempt their completion as
Jalmat oil wells.

(4) That there are interest owners in each of the proposed proration units 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 units the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within the aforesaid proration units.

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

(7) That any non-consenting working interest owner in each of the pooled units should be afforded the opportunity to pay his share of estimated well re-entry and completion 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 re-entry and completion costs should have withheld from production his share of the reasonable costs for such re-entry and completion plus an additional 150 percent thereof as a reasonable charge for the risk involved in re-entry and completion of each of the wells.

(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 \$1000.00 per month during workover operations and \$150.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates) for each well; that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest under each unit, 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.

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

(13) That upon the failure of the operator to commence re-completion operations on the Brown Well No. 6 on or before July 1, 1979, the order pooling the NW/4 SW/4 of Section 25, Township 25 South, Range 36 East, NMPM, should become null and void and of no effect whatsoever.

(14) That upon failure of the operator to commence re-completion operations on the Brown Well No. 7 within 60 days after putting Brown Well No. 6 on production, the order pooling the SW/4 SW/4 of Section 25, Township 25 South, Range 36 East, NMPM, 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 Yates formation underlying each of the following 40-acre tracts in Section 25, Township 25 South, Range 36 East, NMPM, Jalmat Pool, Lea County, New Mexico, are hereby pooled:

the NW/4 SW/4 to be dedicated to the Brown Well No. 6 located 2310 feet from the South line and 990 feet from the West line; and the SW/4 SW/4 to be dedicated to the Brown Well No. 7 located 670 feet from the South line and 660 feet from the West line.

PROVIDED HOWEVER, that the operator of the NW/4 SW/4 of said Section 25 shall commence the recompletion of said Brown Well No. 6 on or before the 1st day of July, 1979, and shall thereafter continue workover operations on said well with due diligence to test the Yates and Seven Rivers formations;

PROVIDED FURTHER, that in the event said operator does not commence workover operations of said well on or before the 1st day of July, 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 workover and recompletion operations on said Brown Well No. 6 not be completed within 60 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.

PROVIDED FURTHER, that the operator of the SW/4 SW/4 of said Section 25 shall, within 60 days after putting the aforesaid Brown Well No. 6 on production, commence workover operations on the aforesaid Brown Well No. 7, and shall thereafter continue workover operations on said well with due diligence to test the Yates and Seven Rivers formations;

PROVIDED FURTHER, that in the event said operator does not commence such workover operations on said Brown Well No. 7 within said 60-day period, Order (1) of this order shall be null and void and of no effect whatsoever with respect to the SW/4 SW/4 of Section 25, Township 25 South, Range 36 East, NMPM, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should workover and recompletion operations on said Brown Well No. 7 not be completed within 60 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 with respect to the SW/4 SW/4 of said Section 25.

(2) That Lonnie J. Buck is hereby designated the operator of the subject wells and units.

(3) That after the effective date of this order and within 90 days prior to commencing workover operations on each of said wells, the operator shall furnish the Division and each known working interest owner in the appropriate 40-acre 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 within that particular well's unit 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 within the applicable 40-acre unit 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 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 within each of the pooled units 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 recompletion of the unit well, 150 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner within the unit 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 \$1000.00 per month during workover operations and \$150.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates) for each of the subject wells; 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.

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

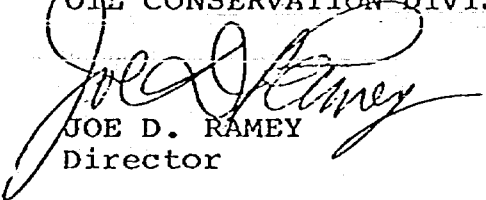
(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from either of the subject wells 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.

(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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/