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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:

CASE 6523

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

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

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

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MR. NUTTER: Call Case Number 6523.

MR. PADILLA: Application of Lonnie J.

Buck for compulsory pooling, Lea County, New Mexico.

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

(Hearing concluded.)

ALLY WALTON BOY:
ERTFIED SHORTHAND REPORT
2071-BANCA (805) 411-44
SINDA PO, NOW MOSICO 8750

> 17.

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.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Sase No. Examiner

Oil Conservation Division

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Page		

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

EXAMINER HEARING

IN THE MATTER OF:

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

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

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

SALLY WALT()N BOYE
ERTIFIED SHORTHAID REPORTE
120Plaza Blanca (5·16) 471-246
Santa Fe, New Mexico 87501

Santa Fe, 1

MR. NUTTER: Call Case Number 6523.

taken under advisement.

MR. PADILLA: Application of Lonnie J.

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Buck for compulsory pooling, Lea County, New Mexico.

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(Hearing concluded.)

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REPORTER'S CERTIFICATE

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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.

, Examiner

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 1979.

Oll Conservation Division

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

JERRY APODACA

NICK FRANKLIN SECRETARY

> Artesia OCC Aztec OCC

Other

May 16, 1979

POST OFFICE BOX 2008 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 97501 (505) 6.17-2434

and the second s				
	Re:	CASE NO	6523	
Mr. Tom Kellahin Kellahin & Kellahin		ORDER NO.	R-6006	-
Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico		Applicant:		
		Lonnie	J. Buck	
Dear Sir:				
Enclosed herewith are	two c	opies of the	above-re	ferenced
Division order recentl	y ent	ered in the	subject c	ase.
Yours very truly,				
1000/10				
The Glenny			. ,	
JOE D. RAMEY Director				•
				•
		·		
		e e e e e e e e e e e e e e e e e e e		
•			7.	
JDR/fd		•)		
Copy of order also sen	t to:			
Yahha oca X				

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 galmat oil wells.

=2= 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 or 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 recompletion 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 recompletion 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 lst 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.

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 soid 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.

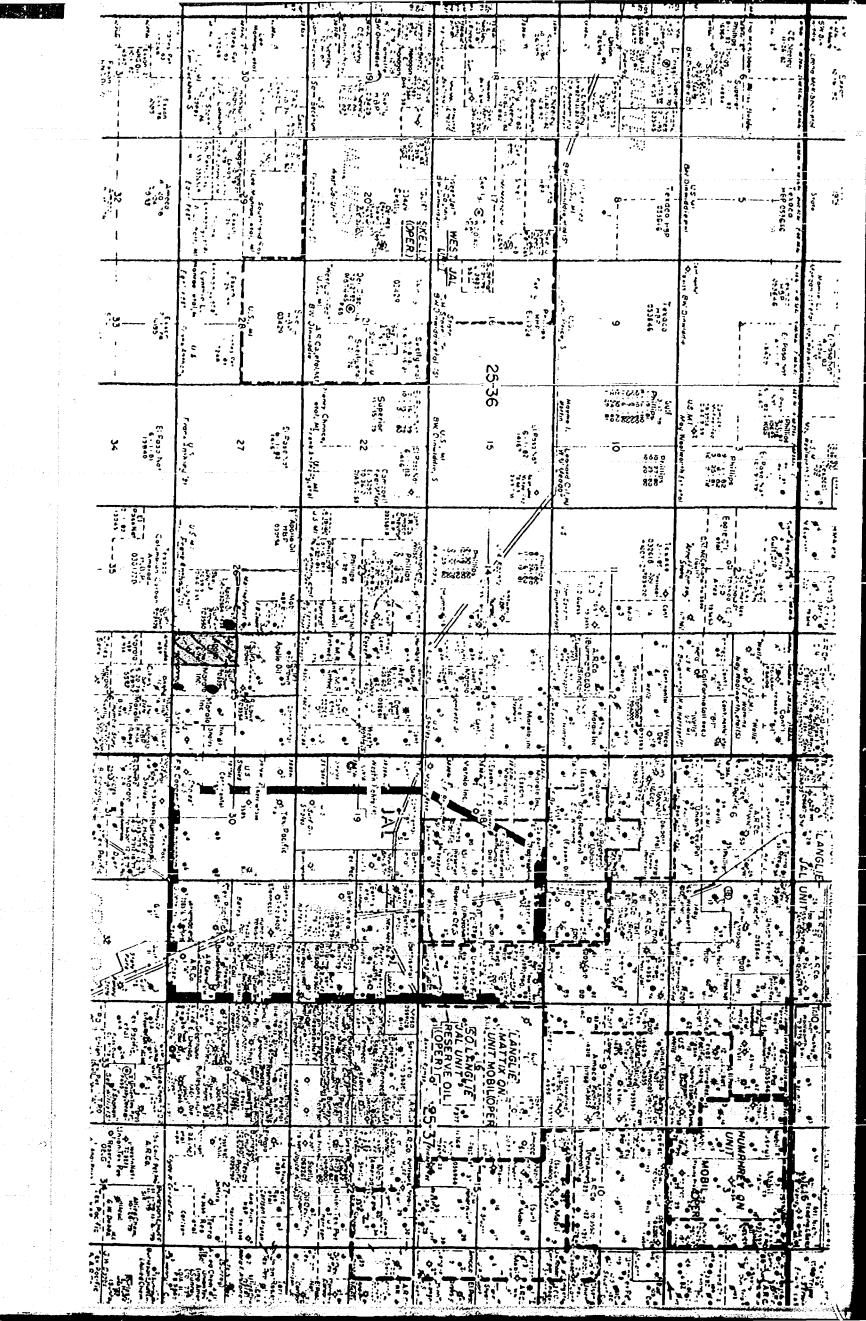
-6-Case No. 6523 Order No. R-6006

- (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
OLL CONSERVATION—DIVISION

JOE D. RAMEY Director



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	3 1,000
Drilling Out (Rig, Reverse	•
Unit, water, Rental tools)	40,000
Mud	3,500 19,250
Casing	19,250
Cement (Centralizers &	
Float Eopt.)	6,000
Logging	4,000
Perforating	2,000
Squeezing	4,000
Treating (Acid & Frac) Well Head	15,000
Well Head	8,500 8,500
Tuoing	
Rod String	3,500
Pumping Unit	14,000
Tank 3attery	12,000
Pulling Unit	3,000
Rous tabout Cres	4,000
Abstract	2,000
Electrification	5,000

Total

\$152,250

3rown #7 670' FSL 660' FWL Section 25, T25S, R36E Lea County, New Mexico

If production is obtained in 3rown #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 varation in interest holders.

Buck 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			
110	OGeneral Crude Oil Co. Bank of the Southwest Bldg P. O.Box 2252 Houston, Tex. 77001	1/10	Apollo 011 Co. to 37 Below 3700 feet -Ope		3-19-59 No Release
	Rose Rudman Rufa on 3	88.75% of 1/100			2-28-59
المبدر	a widow P. O. Box 2018 Tyler, Tex.				No Release
R.	Atlantic Richfield Co. Lease Purchase Unit P. O. Box 2819	3/50	6 H H	•	7-20-59 No Release
	Dallas, Tex.				
10	Mobil Oil Corp. Box 633 Midland, Tex. 79701	1/10	10 10 10 10 10 10 10 10 10 10 10 10 10 1		4-20-59 No Release
i,	The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	558/10000	Apollo Oil Co. to 34 Below 3406 feet - O		5-30-64 No Release
	William A. Pruett Estate Probate Court cause no. 4150, Lea County, N.M.	9/1000	Apollo Oil Co. to 376 Below 3700 feet - Ope		3-9-58 No Release
75 t	Stanley Erb Hess, Jr., Ancillary Executor c/o W. Fred Cameron				
	Fulbright & Jaworski Bank of the Southwest Bldg. Houston, Tex. 77002				
	The Spencer Trust Trustees: Herbert L. Spence Veronica D. Spencer and Rob		Apollo Oil Co. to 360 Below 3600 feet - opo	00 feet en	7-30-59 No Release
EV.	D. Spencer, Trustess c/o Kenneth O. Rhodes 611 6th St.				
	Los Angeles Califf.				
N	Myrtis Dean Watkin 322 East Main St.	39/6400 Life Estate in 6/800	Apollo Oil Co. to 370 below 3700 feet - d		8-20-68 No Release
4 66	Remainder to: Trustees of t P. O. Box 178 Jal, N.M. 88		Fund		
L	Surtha Watkins Harris	39/6400 Life Estate in 6/800			8-20-65 No Rele
	Remainder to: Trustees of t P. O. Box 178 Jal, N.M. 88	· •	BEFORE EXAMIN	and a second of the company of	ing the second of the second o
	en en <u>en en e</u>		OIL CONSERVANC		N .
1,820,51			BUCK EXEMPT	NO 3 _	

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	3/800	Apollo 01 below 370		3700 feet	8-20-68 No Releas
A A T	Dallas, Tex.			o reet -	Open	no Refeas
	Tris Goldston	3/200	Apollo Oi	1 Co. to	3406 feet	9-8-59
	a widow		below 340	6 feet -	open ,	No Releas
11e	202 011 & Gas Bldg. Houston, Tex. 77001			ر روز در واور کی		
ゝ゚゛゚ヺ	Name 200 Voyala	3/400				0.050
1	Nancy Zoe Herpin	3/400				9-8-59 No Releas
eR	above					
-{	Jack H. Mayfield, Jr.	3/400	0 0			9-8-59
	c/o Iris Goldston					No Releas
•	above					
	Sabine Royalty Corp.	3/100	Apollo Oi			
: ^\	Mercantile Bank Bldg. Dallas, Tex.		below 370	O feet -	open	No Releas
			•		•	
D.S	Ward Rollin Vickery Fourth National Bank Bldg.	3/24	Apollo 01: below 360			
, W	Wichita, Kansas		DETOM DOOR	1 1686 -	open	No Releas
	Timed Harma Wishams	1/04	- 14 - 59			7 20 50
4,160	Lloyd Wayne Vickery 142 Whitworth	1/24				7-30-59 No Releas
N	Ponca City, Okla.		·			
A 3	Cities Service Oil Co.	7/25	Apollo Oil	Co. to	3400 feet	7-1-74
34	Pc 0. Box 300		below 3400			No Release
3 × V	Tulsa, Okla. 74102					
erga.	Trustees of the Jal		* *		, •	
£ 4 .	Public Library Fund P. O. Box 178	9/640	Apollo Oil below 3700			8-20-59 No Reless
	Jal, N.M. 88252				-	NO RETURN
**	Francis Edward Jones Mutif.	36/10.000	u. u	11		7-30-59
out	c/o The National Bank of Co	merce			•	No Release
04-7	P. O. Box 2558 Houston, Tex. 77001					
	noustai, iex. 77001					
·2 1	Alvrone Sater	11.25% of 1/100	H	11		2-28-59
0.01	2016 East Walnut Evansville, Ind.					No Release
		2//10 000	••	\. 210		. 22022
Pal	Phyllis C. Smythe c/o First Wisconsin Trust	36/10,000	· · · · · · · · · · · · · · · · · · ·		**	7-30-59 No Release
	Companyof Milwaukee, Wisig	3201	•			i
	H. F. Anthony	1/800	11 11	P1	, tiga tina saka K	7-24-59
0:15	P. O. Box 1512	3		•		No Release
. 641	Monahans, Tex. 79756	•				
	Claude T. Anthony	1/800	11 11			7-24-59
i i	c/o H. F. Anthony				+ 3 -	No Release
,	Efficiency of the control of the con					
2.2	Elizabeth Stewart	1/800	" "			7-24-59
:	c/o H. F. Anthony above			•		No Reli es
		1.1600		44		•
	John Rowe Jo H. F. Anthony	1/800		••		7 · N
	-b-ve					•

continued

Page 3

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

	University of					•	
٠٥	Southern California	9/2000		Apollo Oi			1~30~59
	Los Angeles, Calif.	•		below 370	o teet -	open	No Release
3,12	California StateCollege Bakersfield Foundation Bakersfield, Calif.	9/2000			# 	4,500	1-30-59 No Release
V	Board of Trustees of the Leland Stanford Jr. Universalo Alto, Calif.				n		1-30-59 No Re le ase
ý	NOTE: We find a conveyar conveying a 9/100 intere Address; 35854 Courtney	st. We find r	no conveya	nce into sa	tor to Bo	yed E. Penf tor. Boyed	field E. Penfield,
	rs/2 SW/4 SW/4 Rose Rudman	88.75% of	1/30	Apollo Oi	l Co to	3700 feet	2-28-59
V	a widow	00.75% 01	1/30	below 370			No Release
	P. O. Box 2018 Tyler, Tex.						
6	Atlantic Richfield Co. Lease Purchase Unit P. O.Box 2819	1/5		H			7-20-59 No Release
	Dallas, Tex.						* *
V	The Superior Oil Co. Superior Bidg. Midland, Tex. 79701	93/500		Apollo 011 below 3406			5-30-64 No Release
V	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 Blo Houston, Tex. 77002	3/100		Apollo 011 below 3700			3-9-58 No Release
V	Myrtis Dean Watkins 322 East Main St. Henderson, Tex. 75652	13/640 Life Estat		n n	if	•	8-20-68 No Release
	Remainder to: Trustees of P. O. Box 1 Jal, N.M.	78	ic Library	Fund	*	3 • • •	
•	Martha Watkins Harris 326 Main St. Henderson, Tex. 75652	13/640 Life Estato		n n	II		8-20-68 No Release
	Remainder to: Trustees of P. O. Box 1 Jal, N.H.	78	c Library	Fund			
	Mrs. Clyde Watkins Miller 222 South Justin Dallas, Tex.	1/80		u u	**		8-20-68 No Release
	Iris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	1/20		Apolio Oil below 3406			9-8-59 No Relea
	in the second se	. The second			•		and the second of the second o

Palo Alto, Calif.

S/	2	SW	14	SW	14	οf	Sec	25-T25S-R36E cont	:' d

S/2 SW/4 SW/4 of Sec 25-	T25S-R36E cont'd						
Nancy Zoe Herpin c/o Iris Goldston above	1/40			Co. to			9-8-59 No Release
Jack H. Mayfield, Jr. c/o Iris Goldston above	1/40		11				9-8-59 No Release
Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	1/10			Co. to feet -			3-10-59 No Release
Citics Service 0il Co. P. O. Box 300 Tulsa, Okla. 74102	1/10			Co. to feet -		feet	7-1-74 No Release
Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	15/320			Co. to			8-20-68 No Release
Francis Edward Jones c/o The National Bank of C P. O. Box 2558 Houston, Tex. 77001	3/250 Commerce	n	**	11			7-30-59 No Release
Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/30	11	11				2-28-59 No Release
Phyllis C. Smythe c/o First Wisconsin Trust Company of Milwaukee, Wis.	3/250		'n	11	. 1		7-30-59 No Release
H. F. Anthony P.O. Box 1512 Monahans, Tex. 79756	1/240	11	11	If			7-24-59 No Release
Claude T. Anthony c/o H. F. Anthony above	1/240	H	и				7-24-59 No Release
Elizabeth Stewart c/o H. F. Anthony above	1/240	n'	:	'fi	an a ta t	• • • • • • • • • • • • • • • • • • • •	7-24-59 No Release
Jeth Rowe c/o H. F. Anthony above	1/240	11	21	11			7-24-59 No Release
University of Southern California Los Angeles, Calif.	3/200	: : : : : :		. 10	. <u>-</u>		1-30-59 No Release
California State College Bakersfield Foundation Bakersfield, Calif.	3/200			11			1-30-59 No Release
Roard of Trustees of the Leland, Stanford Jr. Unive	rsity 3/100				-	The second secon	1-30-59

NOTE: We find a conveyance from Boyed E. Penfield; Executor to Boyed E. Penfield (35 Courtney Dr., Brownsville, Oregon 97327) conveying a 9/100 interest. We find no community 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

AFFIDAVIT

STATE	OF	NEW	MEXICO)	
COUNTY	7 01	SAI	NTA 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

Subscribed and sworn to before me this 10th day of 20th, 1979.

My Commission Expires:

Kathleen Jo Freyberg Notary Public

February 2, 1980

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Buck EXHIBIT NO 7
CASE NO. 6323



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

JERRY APODACA
GOYERNOR

NICK FRANKLIN SECRETARY

July 12, 1979

PO31 OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

18	
Mr. Thomas Kellahin Kellahin & Kellahin Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico	CASE NO. 6523 ORDER NO. R-6006-A Applicant:
	Lonnie J. Buck
Dear Sir:	
Enclosed herewith are two c Division order recently ent	opies of the above-referenced ered in the subject case.
Yours very truly, JOE D. RAMEY Director	
JDR/fd	
Copy of order also sent to:	v. v
Hobbs OCC x Artesia OCC x Aztec OCC	
Other	

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

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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	3 1,000
Drilling Out (Rig, Reverse	7
Unit, water, Rental tools)	40,000
Mud	3,500
Casing	19,250
-Oement (Contralizers &	
Float Eapt.)	6,000
Logging	4,000
Perforating	2,000
Squeezing	4,000
Treating (Acid & Frac) Well Head	15,000 1,500
	1,500
Tuoing	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

3rown #7 670' FSL 660' FWL Section 25, T258, R36E Lea County, New Mexico

If production is obtained in 3rown #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 varation in interest holders.

appl 2 cloth 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
S	SECTION 25: NW/4 SW/4 and N/2 SW/4 SW/4				
10	OGeneral Crude 011 Co. Bank of the Southwest Bldg. P. O.Box 2252 Houston, Tex. 77001	1/10	Apollo Oil Co. to Below 3700 feet -		3-19-59 No Release
, ()	Rose Rudman Rudio 01, 20 8 widow P. O. Box 2018 Tyler, Tex.	88.75% of 1/100	11 11 11	•	2-28-59 No Release
	Atlantic Richfield Co. Lease Purchase Unit P. O. Box 2819 Dailas, Tex.	3/50 = jærned.			7-20-59 No Release
10	Mobil Oil Corp. Box 633 Midland, Tex. 79701	1/10 20 jain	n n		4-20-59 No Release
1	The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	558/10000.	Apollo 011 Co. to Below 3406 feet		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 Jain	Apollo 011 Co. to Below 3700 feet -		3-9-58 No Release
	The Spencer Trust Trustees: Herbert L. Spencer Veronica D. Spencer and Robe D. Spencer. Trustees c/o Kenneth O. Rhodes 611 6th St. Los Angeles, Calif.	* 1	Apollo 011 Co. to Below 3600 feet -		7-30-59 No Release
hym	322 East Main St.	Life Estate in 6/800 MO o_Jal Pyblic Library	* va		8-20-68 No Refease
W.	326 Main St. Henderson, Tex. 75652 Semainder to: Trustees of the P. O. Box 178 Jal, N.M. 8825				1
	eggin ded in de		appl min	11110_3	

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 20 foin	• • • • • • • • • • • • • • • • • • • •	Co. to 3700 feet feet - Open	8-20-68 No Release
11e	Tris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	3/200 Lain 30	•	Co. to 3406 feet feet - open	9-8-59 No Release
3 or	Nancy Zoe Herpin c/o Iris Goldston above	3/400	4		9-8-59 No Release
	Jack H. Mayfield, Jr. c/o Iris Goldston sbove	3/400	n in it is not a		9-8-59 No Release
ch	Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	3/100 Pour		Co. to 3700 feet feet - open	3-10-59 No Release
Q.S	Ward Rollin Vickery Fourth National Bank Bldg Wichita, Kansas	3124 Jour	•	Co. to 3600 feet feet - open	7-30-59 No Release
4,16	Lloyd Wayne Vickery 142 Whitworth Ponca City, Okla.	1/24	- 11 11	n H	7-30-59 No Release
28	Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	7/25		Co. to 3400 feet feet - open	7-1-74 No Release
e \	Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	9/640		o. to 3700 feet feet - open	8-20-59 9 No Release
201	Francis Edward Jones Licely c/o The National Bank of C P. O. Box 2558 Houston, Tex. 77001	36/10,000 Commerce	0	n	7-30-59 No Release
Poul	Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/100	n n		2-28-59 No Release
Post	Phyllis C. Smythe c/o First Wisconsin Trust Companyof Milwaukee, Wis.	36/10,000 -320/	#	le .	7-30-59 No Release
Port	H. F. Anthony P. O. Box 1512 Monahans, Tex. 79756	1/800	u a	H	7-24-59 No Release
	Claude T. Anthony c/o R. F. Anthony above	1/800	in and a second		7-24-59 No Release
	Elizabeth Stewart c/o H. F. Anthony above	1/800	n • • • • • • • • • • • • • • • • • • •	0	7-24-53 No R. 1.
\display \di	Jean Rowe /o H. F. Anthony	1/800	n H	u .	7
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NW/4 SW/4 and N/2 SW/4 SW/4 of Sec 25-T25S-R36E cont'd

			National Control of the Control of t		
ર્	University of Southern California Los Angeles, Calif.	9/2000	Apollo OilCo. % 3 below 3700 feet -		1-30-59 No Release
),, (California StateCollege Bakersfield Foundation Bakersfield, Calif.	9/2000	H		1-30-59 No Release
11	Board of Trustees of the Leland Stanford Jr. Univer Palo Alto, Calif.	•ity 9/1000	n n		1-30-59 No Release
9	NOTE: We find a conveyance conveying a 9/100 interest Address: 35854 Courtney Dr S/2 SW/4 SW/4	. We find no conveys	nce into said Execu		
V	Rose Rudman a widow P. C. Box 2018 Tyler, Tex.	88.75% of 1/30	Apollo 011 Co. to below 3700 feet -		2-28-59 No Release
	Atlantic Richfield Co. Lease Purchase Unit P. O.Box 2819 Dallas, Tex.	1/5	H H U		7-20-59 No Release
V	The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	93/500	Apollo Oil Co. to S below 3406 feet - 6		5-30-64 No Release
V	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 011 Co. to 1 below 3700 feet - o		3-9-58 No Release
V	Myrtis Dean Watkins 322 East Main St. Henderson, Tex. 75652 Remainder to: Trustees of t				8-20-68 No Release
	P. O. Box 176 Jal, N.M. 88			•	
•	Martha Watkins Harris 326 Main St. Henderson, Tex. 75652 Remainder to: Trustees of t		rund	· · · · · · · · · · · · · · · · · · ·	8-20-68 No Release
	P. O. Box 178 Jal, N.M. 88			es de la companya de	
.;	Mrs. Clyde Watkins Miller 222 South Justin Dallas, Tex.	1/80	H H H		8-20-68 No Release
	Iris Goldston a widow 202 Oil & Gas Bldg. Houston, Tex. 77001	1/20	Apollo Oil Co. to 3 below 3406 feet -op		9-8-59 No Relea
. *	enterior de la companya de la compa La companya de la co				

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Nancy Zoe Herpin c/o Iris Goldston above	1/40		Apollo 0: below 34		feet	9-8-59 No Release
Jack H. Mayfield, Jr. c/o Iris Goldston above	1/40		II 1	t	•	9-8-59 No Release
Sabine Royalty Corp. Mercantile Bank Bldg. Dallas, Tex.	1/10		Apollo 0: below 370		feet	3-10-59 No Release
Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	1/10	• . • •	Apollo 0: below 340		eet	7-1-74 No Release
Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	15/320		Apollo Oi below 370		leet	8-20-68 No Release
Francis Edward Jones c/o The National Bank of P. O. Box 2558 Houston, Tex. 77001	3/250 Commerce					7-30-59 No Release
Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of	1/30	n n	п		2-28-59 No Release
Phyllis C. Smythe c/o First Wisconsin Trust Company of Milwaukee, Wis.		:	11 11	11		7-30-59 No Release
H. F. Anthony P.O. Box 1512 Monahans, Tex. 79756	1/240		ft 11	u		7-24-59 No Release
Claude T. Anthony c/o H. F. Anthony above	1/240	· · · · · · · · · · · · · · · · · · ·	f4 4f	.	•	7-24-59 No Release
Elizabeth Stewart c/o H. F. Anthony above	1/240		## ### ### ###########################	II.		7-24-59 No Release
Jean Rowe c/o H. F. Anthony above	1/240		u o	· u	•	7-24-59 No Release
University of > Southern California Los Angeles, Calif.	3/200		u ú	, n	• • • • • • • • • • • • • • • • • • • •	1-30-59 No Release
California State College Bakersfield Foundation Båkersfield, Calif.	3/200	.	H H	11		1-30-59 No Release
Board of Trustees of the Leland, Stanford Jr. Univ Palo Alto, Calif.	ersity 3/100		· · · · · · · · · · · · · · · · · · ·			1-30-59 No Rote

NOTE: We find a conveyance from Boyed E. Penfield, Executor to Boyed E. Penfield (35 Gourtney Dr., Brownsville, Oregon 97327) conveying a 9/100 interest. We find no comminto 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

AFFIDAVIT

STATE	OF	NEW :	MEXIC	0)	
COUNTY	OF	SAN	TA 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

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

My Commission Expires:

Kathlan Jo Freyberg Notary Public

February 2, 1980

appl Ex 4-Cx 6523

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A.F.E. Brown #6

990'FWL 2310' FSL Section 25. T258 R36E Lea County, New Mexico

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

Location	3 1,000
Drilling Out (Rig, Reverse	7
Unit, water, Rental tools)	40,000
Mud	3,500
Casing	19,250
Cement (Centralizers &	
Float Eapt.)	6,000
Logging	4,000
Perforating	2,000
Squeezing	4,000
Treating (Acid & Frac) Well Head	15,000
well head Tuoing	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	-
ETCC OTTITCS OTON	5,000

Total

\$152,250

3rown #7 670' FSL 660' FWL Section 25, T25S, R36E Lea County, New Mexico

If production is obtained in 3rown #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 varation in interest holders.

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:							9.3	
	NW/4 SW/4 and N/2 SW/4 SW/4	4					i Nati		
10	OGeneral Crude Oil Co. Bank of the Southwest Bidg. P. O.Box 2252	1/10				Co. to		feet	3-19-59 No Releas
	Rose Rudman Rude only	Ø			•				
.()	Rose Rudman KMAG 6007	88.75% of	1/100		11	11			2-28-59 No Releas
, , , , , , , , , , , , , , , , , , ,	P. O. Box 2018 Tyler, Tex.							•	NO Releas
	Atlantic Richfield Co. Lease Purchase Unit	3/50		H .	· (0		.s.		7-20=59 No Releas
17	P. O. Box 2819 Dallas, Tex.			•	<i>;</i>		•	:	
10	Mobil Oil Corp. Box 633	1/10	. •	11	11	11		. .	4-20-59 . No Release
ł	Midland, Tex. 79701		•						
A.	The Superior Oil Co. Superior Bldg. Midland, Tex. 79701	558/10000		Apollo Below		Co. to			5-30-64 No Release
19.8	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 Below				feet	3-9-58 No Releas
	The Spencer Trust Trustees: Herbert L. Spence	1/1 2		Apollo Below 3				feet	7-30-59 No Release
y _o	Veronica D. Spencer and Rob D. Spencer, Trustages c/o Kenneth O. Rhodes 611 6th St.						•		NO RETENSE
+ 4	Los Angeles, Calif.	-		•					
	Myrtis Dean Watkin 322 East Main St. Henderson, Tex. 75652	39/6400 Life Estato							8-20-68 No Release
	Remainder to: Trustees of the P. O. Box 178		ic Library	Fund					
	Martha Watkins Harris	39/6400 Life Estate				_ ii 			8-20-65 No February
	P. O. Box 178		. Dividi				enceran	MUTT	-R
	Jal, N.M. 881	252		against the state of				DEVISIO	
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				CASE	NO	6523			

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·	Mrs. Clyde W. Miller 222 South Justin Dallas, Tex-	3/800	Apollo 011 Co. to 3700 feet below 3700 feet - Open	8-20-68 no kelease
ીક	Tris Goldston a widow 202 0il & Gas Bldg. Houston, Tex. 77001	3/200	Apollo 011 Co. to 3406 feet below 3406 feet - open	9-8-59 No Release
30	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 011 Co. to 3700 feet below 3700 feet - open	3-10-59 No Release
D.X	Ward Rollin Vickery Fourth National Bank Bidg. Wichita, Kansas	3/24	Apollo 011 Co. to 3600 feet below 3600 feet - open	7-30-59 No Release
4. Kde	Lloyd Wayne Vickery 142 Whitworth Ponca City, Okla.	1/24	0 0	7-30-59 No Release
28	Cities Service Oil Co. P. O. Box 300 Tulsa, Okla. 74102	7/25	Apollo 011 Co. to 3400 feet below 3400 feet - open	7-1-74 No Release
8 4	Trustees of the Jal Public Library Fund P. O. Box 178 Jal, N.M. 88252	9/640	Apollo 011Co. to 3700 feet below 3700 feet - open	8-20-59 No Release
201	Francis Edward Jones Merty. c/o The National Bank of Co. P. O. Box 2558 Houston, Tex. 77001		10. 11	7-30-59 No Release
Paul	Alvrone Sater 2016 East Walnut Evansville, Ind.	11.25% of 1/100	en Barrian II	2-28-59 No Release
Pool	Phyllis C. Smythe c/o First Wisconsin Trust Companyof Milwaukee, Wis. 5	36/10,000 3 <i>20</i> /	H H	7-30-59 No Relcase
3. /	H. F. Anthony P. C. Box 1012 Monahans, Tex. 79756	1/800		7-24-59 No Release
	Claude T. Anthony c/o H. F. Anthony above	1/800	ti ii ii	7-24-59 No Release
ĺ	Elizabeth Stewart c/o H. F. Anthony above	1/800		7-24-51 No Release
	Jean Rowe Jo H. F. Anthony	1/800		7 3

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NOTE: We find a conveyance from Boyed E. Penfield, Executor to Boyed E. Penfield (3) Courtney Dr., Brownsville, Oregon 97327) conveying a 9/100 interest. We find no committee said Executor.

No Release

Falo Alto, Calif.

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

AFFIDAVIT

STATE OF NEW MEXIC	0 (
)	ss.
COUNTY OF SANTA FE)	

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

Subscribed and sworn to before me this /oth day of axid, 1979.

My Commission Expires:

Kathlun Jo Freyberg Notary Public

February 2, 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 peoling 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. Antweil Landlady Well No. 1 located in Unit B of Section 8. Township 12 South, Range 32 East, New 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 Pederal H Well No. 1 located in Unit I of Scrition 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 Gil 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 compulsory pooling, Lea County, New Mexico.

CASE 6523

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

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

INDEX

LONNIE J. BUCK

Direct Examination by Mr. Nellahin

Cross Examination by Mr. Nutter

EXHIBITS

Applicant Exhibit One, Plat Applicant Exhibit Two, AFE Applicant Exhibit Three, List Applicant Exhibit Four, Affidavit

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MR. NUTTER: Call next Case Number 6523.

MS. TESCHENDORF: Case 6523. Application of Lonnic J. Buck for compulsory pooling, Lea County, New

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

(Witness sworn.)

LONNIE J. BUCK

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

DIRECT EXAMINATION

BY MR, KELLAHIN:

Would you please state your name and occupation, Mr. Buck?

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

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

> A. Right.

Have you previously testified before the Oil Conservation Commission?

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CERTIFIED SHORT HAND REPORTER
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Ά.	Yes.

- Q. It's been a few years, hasn't it?
- A. Two years.
- Q All right, sir. What do you plan to do with this particular application?
- A. Re-enter two previously drilled wells that were abandoned as dry holes.
- O Okay. The subject of this case is the forced pooling of an 80-acre tract, being the west half of the southwest quarter of Section 25, is it not?
 - A. That's correct.
- Q What, if any, experience have you had in drilling wells in southeastern New Mexico?
- A. I've been involved in the oil industry for approximately 30 years.
- Q. And during those 30 years you've drilled a substantial number of wells in southeastern New Mexico?
- A. Been partners in several. I was formerly in the supply business for nineteen years.
 - Q All right.

MR. KELLAHIN: For purposes of this application we tender Mr. Buck as an expert witness.

MR. NUTTER: Mr. Buck is qualified.

Q. (Mr. Kellahin continuing.) Would you refer to Exhibit Number One, Mr. Buck, and identify that for us?

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

Q The offset production is indicated by the red dots?

- A. That's correct.
- Q. Would you describe briefly for us what the offset production consists of, commencing first with the well on the left side of the plat?
- A. That's the well of Apollo Oil Company, has been under production approximately 35 years and has produced 368,000 barrels.

The well directly to the east --

- Q Just a minute now, let me go back. The well in Section 26, that's the Apollo well?
 - A. Right.
 - Q. And when was that well drilled?
 - A. In 1930.
- Q And what has been its cumulative production to date?
 - A. 368,000 barrels.
- Q All right. Now, let's go clockwise around and pick up the well in the northern part of Section 25 and tell me what that well is.
 - A. That is the Maralo that was drilled as the

SALLY WALTON BOY CERTIFIED SHORTHAND REPORT 3010 Plata Blanca (505) 471-24 Setta Fe, New Mexics 57507

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Humphrey No. 2 under the Ralph Lowe Estate.

Q Now where is that well located?

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

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

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

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

A. 192,000 barrels.

Q Is it still producing?

A. Yes.

Q. And when was that well drilled?

A. In 1948.

Q Okay, and how about the last offset well?

A. It was drilled the same year and has produced 189,000 barrels of oil.

Q. And it's still producing?

A. Yes. All three offsets are still producing.

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

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

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and no attempt was made to complete it.

Q All right.

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

A. Right.

MR. NUTTER: -- corner of that 40?

A. That's correct.

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

A. Yes. The well that is in --

Q Has that well been plugged and abandoned?

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

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

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

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

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

Okay, what acreage would you dedicate to that well?

The north 40.

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

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

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

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

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

Are there any other potential producing formations from the surface down to the total depth of the we11?

No.

And what would be the total depth of the well?

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A.	3395	on	the	Brown	No.	6.

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

A. 3327.

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

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

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

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

Q All right, and --

A. 990 from the west line.

Q All right, for that 40-acre tract on the north of the force pooled acreage, is that a standard location for a 40-acre tract?

A. No, it isn't.

Q. What would a standard location be?

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

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

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

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ERTFRED SHORTH IND REPORTE
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One is 660 from the west line and 670 from the south line, I believe.

MR. NUTTER: Right.

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

- A. 660/660.
- Q So you're 10 feet from that.

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

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

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

A. Essentially it would be the same because

I'd have to build two batteries, one on each well, because
the mineral interest holders vary in the south 20 acres.

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

A. Yes.

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

SALLY WALTON BOY ERIPPED SHORTHARD FEPORT 210 Plaza Blanca (505) 471-24 Sante Fe, New Mexico 8750

drilling the well?

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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. Déitz, 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 supervisior 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.

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

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

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

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

Probably 150 percent.

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

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

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

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

That's correct.

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	Q.	All r	ight,	commenc	ing	at the	e to	p of	the
sheet, w	ould yo	u indi	cate a	s of to	day v	which	of	the	owners
have not	joined	you i	n writ	ing for	the	drill	ling	öf	this
particul	ar well	?							
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- Now General Crude has what percentage of the area?
 - They have 6 acres, 1/10th of the north 60.
 - And the next entry is a Rose Rudman?
 - Rose Rudman.
 - She's not joined?
- Yes, she has joined. Atlantic Richfield Mobil has not. has joined.
 - Okay.
- A. Superior has. The Pruitt Estate has. Spencer Trust has. Myrtice Dean Watkins has not. Martha Watkins Harris has not. Mrs. Claude W. Miller has not. Iris Coldston, Nancy Zoe Hurt (sic) and Jack H. Mayfield, Junior, all have joined. Sabine Royalty has. Ward Rollin Vickery has.

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

- All right.
- Now with regards to the individuals that have not joined you in the drilling of the well, Mr. Buck,

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

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

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

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

Q. Okay.

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

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

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

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?

Yes, it will.

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

Yes.

MR KELLAMIN: 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:

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

368,000.

SALLY WALTON BOY CERTIFIED SHORTHAND REPORT 1010Plate Binger (605) (171-9) Sentia Pa North March 171-9

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Q. 368,000, and when was this drilled	Q.	368,000,	and	when	was	this	drilled
---------------------------------------	----	----------	-----	------	-----	------	---------

- A. In 1930.
- Q. Is it still producing?
- A. Yes, sir.
- Q. Now, actually the 80 acres is made up to two tracts, is it not?

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

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

- A. That's correct.
- Q. And they won't have any interest at all in the -- in the unit in the north half.
 - A. Yes, they will.
 - Q No, they won't.
 - A. Oh, you mean the south half?
- Q Right. We will be pooling two 40-acre tracts.
 - A. Right.
 - Q. We won't be pooling 80 acres.

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	A.	That's	correct,	two	40-acre	tracts.
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- Q. So the interests, some of these interests won't have any part of the well in the north at all.
- A. That's correct. I misunderstood your question.
 - Q. Okay.

MR. NUTTER: Are there any further questions of Mr. Buck?

MR. KELLAHIN: No, sir, but there are a couple of points I'd like to clarify.

MR. NUTTER: Okay.

MR. KELLAHIN: First of all, neither the application nor the advertisement indicates that Mr. Buck is also going to include Seven Rivers production. It may or may not be necessary to readvertise.

MR. NUTTER: It will be necessary. I made a note of that already, Mr. Kellahin.

MR. KELLAHIN: The other point is the actual location of the two wells involved and apparently there -- they may be unorthodox, and if we have to readvertise, you may or may not want to readvertise the locations themselves.

MR. NUTTER: They're not unorthodox as far as oi! wells are concerned.

MR. KELLAHIN: All right.

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.)

dco 87801

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 cartify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6523, heard by me on 4// 1979.

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

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

APPEARANCES

For the Oil Conservation Division:

Lynn Teschendorf, Esq. Logal Commeel for the Division State Land Office Bldg. Santa Fe, New Mexico 87503

For the Applicant:

W. Thomas cellahin, Esq. KELLAHIN AND KELLAHIN 500 Don Gaspar Santa Fe, New Mexico 87503

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LONNIE J. BUCK

Direct Examination by Mr. Kellahin

Cross Examination by Mr. Nutter

EXHIBITS

Applicant Exhibit One, Plat Applicant Exhibit Two, AFE Applicant Exhibit Three, List Applicant Exhibit Four, Affidavit

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MR. NUTTRR: Call next Case Number 6523.

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

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

(Witness sworn.)

LONNIE J. BUCK

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

DIRECT EXAMINATION

BY MR, KELLAHIN:

Would you please state your name and occupation, Mr. Buck?

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

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

> A. Right.

Have you previously testified before the Oil Conservation Commission?

A.	Yes.
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- Q. It's been a few years, hasn't it?
- Λ. Two years.
- All right, sir. What do you plan to do with this particular application?
- A, Re-enter two previously drilled wells that were abandoned as dry holes.
- Okay. The subject of this case is the forced pooling of an 80-acre tract, being the west half of the southwest quarter of Section 25, is it not?
 - That's correct.
- What, if any, experience have you had in ârilling wells in southeastern New Mexico?
- I've been involved in the oil industry for approximately 30 years.
- And during those 30 years you've drilled a substantial number of wells in southeastern new mexico?
- Been partners in several. I was formerly in the supply business for nineteen years.
 - All right.

MR. KELLAHIN: For purposes of this application we tender Mr. Buck as an expert witness.

MR. NUTTER: Mr. Buck is qualified.

(Mr. Kellahin continuing.) Would you refer to Exhibit Number One, Mr. Buck, and identify that for us?

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A. This is a plat of the 80-acre tract that

I wish to force pool, showing colored in yellow, offset on
three sides by production.

Ω The offset production is indicated by the red dots?

A. That's correct.

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

A. That's the well of Apollo Oil Company, has been under production approximately 35 years and has produced 368,000 barrels.

The well directly to the east --

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

A, Right.

Q And when was that well drilled?

A. In 1930.

Q And what has been its cumulative production to date?

A. 369,000 barrels.

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

A. That is the Maralo that was drilled as the

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Humphrey No. 2 under the Ralph Lowe Estato.

Now where is that well located?

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

0. Okay, it's the northeast offset to your acreage?

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

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

A. 192,000 barrels.

Q Is it still producing?

A. Yes.

Q And when was that well drilled?

n. In 1948.

Okay, and how about the last offset well?

A. It was drilled the same year and has produced 189,000 barrels of oil.

Q And it's still producing?

A Yes. All three offsets are still producing.

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

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

MR. NUTTER: is that the well that's in the extreme northwest ---

> A. Right.

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

That's correct.

and no attempt was made to complete it.

All right.

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

Yes. The well that is in --

Has that well been plugged and abandoned?

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

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

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

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

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

- Q Okay, what acreage would you dedicate to that well?
 - A. The north 40.
- Q All right, if that well is a commercial venture, what will you do with the south 40?
- A. Immediately I plan to re-enter the Well No.

 7 and perform the same work, drill out the plugs and run
 pipe and run cased hole logs.
- Q The advertisement indicates, Mr. Buck, that you're seeking to compulsory pool all mineral interests in the Yates formation underlying each of these tracts.

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

- A The Seven Rivers and the Yates, also. The Seven Rivers is directly below the Yates.
- Are there any other potential producing formations from the surface down to the total depth of the well?
 - A. No.
- Q. And what would be the total depth of the well?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
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And what would be the total depth of the second well?

A 3327.

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

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

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

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

Q. All right, and --

A. 990 from the west line.

Q All right, for that 40-acre tract on the north of the force pooled acreage, is that a standard location for a 40-acre tract?

A. No, it isn't.

Q What would a standard location be?

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

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

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

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

MR. NUTTER: Right.

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

- A. 560/660.
- So you're 10 feet from that.

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

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

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

A Essentially it would be the same because

I'd have to build two batteries, one on each well, because
the mineral interest holders vary in the south 20 acres.

the total estimated well costs for the re-entering the Brown No. 6 and No. 7, those typically experienced for the re-entry of similar type wells for production from the Seven Rivers and Yates formations?

A Yes.

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

SALLY WALTON | 30Y CERTIFED SHORTHAND REPORT 1010 Plaza Blanca (505) 471-34 Santa Fe, New Mexico 2750

drilling the well?

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

- 0 Who is that consultant?
- 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.

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On your opinion is \$150 per month a fair and reasonable charge to be assessed against the nonconsenting owners?

A. Yes.

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

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

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

A. Probably 150 percent.

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

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

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

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

A That's correct.

SALL I WALTON BOY CERTIFIED SHORTHAND REPORT 1020 Plaza Blanca (605) 171-24 Santa Fe, New Mexico 8750 9

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

- A General Crude has not.
- Q Now General Crude has what percentage of the area?
 - A They have 6 acres, 1/10th of the north 60.
 - Q And the next entry is a Rose Rudman?
 - A. Rose Rudman.
 - Q. She's not joined?
- A Yes, she has joined. Atlantic Richfield has joined. Mobil has not.
 - Q Okay.
- A. Superior has. The Pruitt Estate has. The Spencer Trust has. Myrtice Dean Watkins has not. Martha Watkins Harris has not. Mrs. Claude W. Miller has not. Iris Goldston, Nancy Zoe Hurt (sic) and Jack H. Mayfield, Junior, all have joined. Sabine Royalty has. Ward Rollin Vickery has.

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

- A All right.
- Q. Now with regards to the individuals that have not joined you in the drilling of the well, Mr. Buck,

SALLY WALTON BOY CEMPTED SHORTH IND REPORT 020 PRESS BLADGA (SOS) (171-2) SERTE FO, Now 16 ALGO (875) what if any notice have you provided with regards to those individuals?

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

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

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

Q. Okay.

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

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

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

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.

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

Yes.

MD. VELLBUILD TE the Bramines 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:

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

368,000.

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C.	368,000.	and.	when	was	this	drilled?

- <u>n</u> 1930.
- Is it still producing?
- A. Yes, siz.
- Q. Now, actually the 80 acres is made up to two tracts, is it not?

owned by the same mineral interest holders and the south 20 has many of the same but there are two or three variations in it. The difference, on the middle of page three, rather the upper third, you see there where the south half of the southwest quarter of the southwest quarter starts.

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

- A That's correct.
- Q And they won't have any interest at all in the -- in the unit in the north half.
 - A. Yes, they will.
 - Q No, they won't.
 - A. Oh, you mean the south half?
 - Q Right. We will be pooling two 40-acre

tracts.

- A. Right.
- Q. We won't be pooling 80 acres.

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That's correct, two 40-acre tracts.

So the interests, some of these interests 0 won't have any part of the well in the north at all.

That's correct. I misunderstood your question.

> Q. Okay.

MR. NUTTER: Are there any further questions of Mr. Buck?

MR. KELLAHIN: No, sir, but there are a couple of points I'd like to clarify.

MR. NUTTER: Okay.

MR. KELLAHIN: First of all, neither the application nor the advertisement indicates that Mr. Buck is also going to include Seven Rivers production. It may or may not be necessary to readvertise.

MK. NUTTER: It will be necessary. I made a note of that already, Mr. Kellahin.

MR. KELLAHIN: The other point is the actual location of the two wells involved and apparently there -- they may be unorthodox, and if we have to readvertise, you may or may not want to readvertise the locations themselves.

MR. NUTTER: They're not unorthodox as far as oil walls are concerned.

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 Jahat 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.)

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LLY WALION BOYD FIED SHORTHAND REPORTER Plaza Blanca (805) 173-2462 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 4/4 19.79.

Oil Conservation Division

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:
- Application of Hanagan 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, Sams Ranch-Grayburg Gas Pool, Chaves County, New Mexico, the NE/4 of said Section 11 to be dedicated to the well.
- Application of Inexce 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.
- 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 011 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, Lc. County, New Mexico.
- Application of Petroleum Corporation of Texas for downhole commingling, San Juan County, New Mexico.

 Applicant, in the above-stylea 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.
- 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 rick involved in recompleting said wells.
- CASE 6502: (Continued from March 28, 1979, Examiner Hearing)

Application of Stevens 0il Company for compulsory cooling, 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, NMPN Section 8: NW/4

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



APPLICATION

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 recomplete 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.

H. 6 2310 1555 970 1555

7 670 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

KALLAHIN & KELLAHIN P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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



APPLICATION

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 recomplete 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. Fruett 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

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

Rachael B. Fardon
"Castro", Upper Rose Hill
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California State College Bakersfield Foundation Bakersfield, California

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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 KRILAHIN & 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

MAR 19 1979

OIL CONSERVATION DIVISION SANTA FE

APPLICATION

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 recomplete 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

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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 KELLAHIN & KELLAHIN

P. O. Box 1769 Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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. Order No. R- 2006

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

ORDER OF THE DIVISION

$\mathbf{B}\mathbf{Y}$	THE	DIVISION:	

This cause came on for hearing at 9 a.m. on 19 79 , at Santa Fe, New Mexico, before Examiner Daniel

NOW, on this 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 Knew formations

underlying states each of the following 40-acre tracts in xxx Section 25 , Township 25 South , Range 36 East

NMPM, Jalmah Poal

Mexico:

Unit-L and SW/4 SW/4 to be dedicated to the

Well No: 7 located in Unit

the NW/43W/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 SWH SWH to be dedicated to the Brown Well No. 7 located 470 feet from the South line and cho feet from the west line.

-2-Case No. Order No. R-

- (3) That the applicant has the right to drive and proposes re-enter the aforesaid wells to attempt their completion as to drill a vall Jalmat of wells
- (4) That there are interest owners 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 gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units aforesaid provation units.
- (6) That the applicant should be designated the operator of the subject wells and units.
- (7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well record 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 results and completion does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs for such results and completion plus an additional 150 presult thereof as a reasonable charge for the risk involved in the drilling 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 should be fixed as a reason for each well; able charge: for supervision (combined Fixed rates) a char the operator should be authorized to withhold from production the proportionate share of such supervision chargesattributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(13) That upon the failure of the operator -

recompletion operations on the Brown Well No. G od on or before the NW SW of Section:

whatsoever.

IT IS THEREFORE ORDERED:

That all mineral interests, whatever they may be, in the formation underlying kke each of following 40-acre tracts in xxx Section 25 , Township 25 South Lea County, New Mexico, are here**by** pooled: to form and-proration unit to be dedicated to a well-to be drilled MW/4 SW/4 to be dedicated to the Brown Well No. 6 located? SW/4 SW/4 to be dedicated to the Brown Well No. PROVIDED HOWEVER, that the operator of recompletion of said Brown well No. 6 commence the de d well on or before the lot day of 19 79, and shall thereafter continue said well with due diligence to test the Yates and Seven Rivers formations; PROVIDED FURTHER, that in the event said operator does not of said well on or before the , 19 79 , 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 FUNCTION, that should wait-well not be drilled to perceptors used Brown well No. 6 Not be completed doubleton, or abandoment, within 60 days after connectment

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 ageratur of the Suff suffy of said Section 26 wheel within 60 days after pathing the afarctaint Brown well No. 6 on production, commonar workover operations on the aforesaid Brown WEB No. 7, and where therefore continue workover quiralines on said were with the diligence to test the year. and Seven Revers formalines;

PROVIDED FURTHER, that in the event said operator lose not commence workover operation in intermediate. Raid 60-day period, Order (1) of this cales what he muce and void and of no effect whatover with respect to the SW/4 SW/4 of the matricet Tection 25, Vormship 25 South, Kang 26 Say 1, NMPM, under said operator obtains a line extension from the Division for good cause shows.

PROVIDED FURTHER, That should workever and recomparties aperations on said Brown liver 70.7 not be Completed within 60 days after Communement thereof, said aperator shall expear before the Division Director and whom cause why Order (1) of this order should not be received with respect to paid thomas the SUT4 SUT4 of said Socking

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

⁹⁰ days prior to commencing said wells, the operator shall furnish the Division and each known working interest owner in the cubject unit an itemized schedule of estimated well costs.

- estimated well costs is furnished to him, any non-consenting within that posticular will's unit working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.
- known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.
- (6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

--5-Case No. Order No. R--

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

- (7) That the operator is hereby authorized to withhold the following costs and charges from production:
 - (A) The pro rata share of reasonable well costs attributable to each non-consenting working within each of the pooled whits interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
 - (B) As a charge for the risk involved in the rempletion unit drilling of the well, 150 of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.
- charges for supervision (combined fixed rates), that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-Case Order No.

- (10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.
- (11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.
- wellswhich are not disbursed for any reason shall immediately be placed in escrow in _______ 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 F	'OR
COMPULSORY POOLING, KKXXXXXXXXX	NEW
LEA COUNTY, NEW MEXICO	
NUNC FRO TUNC	ORDER
BY THE DIVISION:	
It appearing to the Division	n that Order No. R- 6006
dated <u>May 15</u> , 19 79	, does not correctly state the
intended order of the Division,	
IT IS THEREFORE ORDERED:	

nuc ProTunc

R-6006 entered heay 15' 79

be and the Same is hereby corrected to read in its entirety as Jacows:

"(1) That all numeral interests, whatever they may be, in the yales and Seven Rivers formations haderlying each of the following 40 acre tracks in Section 25, Taxaship 25 South, Range 36 East, NMPM, Jalmat Pool, Kea County, hew mexico, Cere herely parled:

(2) That the obrections set forth in this order be entered nano protune as of May 15, 1979.

DONE at -- on this — day of July, 19 > 9.

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 recompletion 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 recompletion 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 herein-above designated.

STATE OF NEW MEXICO
OLL CONSERVATION—QIVISION

JOE D. RAMEY Director

SEAL