

Case NO.

6556

Application

Transcripts

Small Exhibits

ETC.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

August 17, 1979

POST OFFICE BOX 2089
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6556
ORDER NO. R-6084

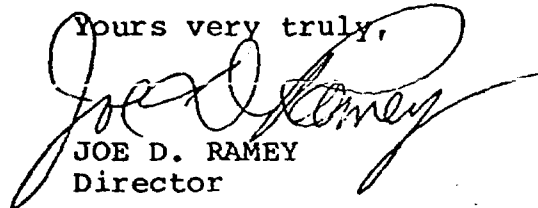
Applicant:

Curtis Little

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>X</u>
Artesia OCD	<u>X</u>
Aztec OCD	<u>X</u>

Other _____

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. 6556
Order No. R-6084

APPLICATION OF CURTIS LITTLE FOR
THE AMENDMENT OF ORDER NO. R-5962,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 23, 1979,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of August, 1979, the Division
Director, having considered the record and the recommendations
of the Examiner, and being fully advised in the premises,

FINDS:

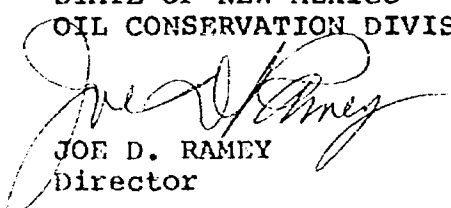
That the applicant's request for dismissal should be
granted.

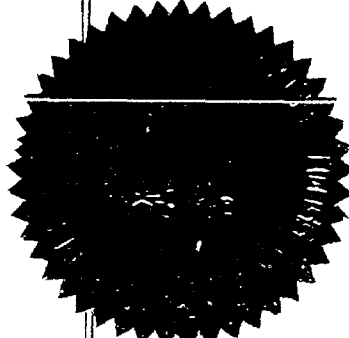
IT IS THEREFORE ORDERED:

That Case No. 6556 is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L
fd/

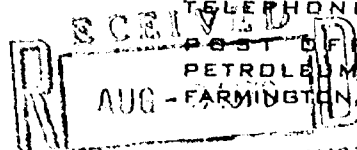
CURTIS J. LITTLE
PETROLEUM GEOLOGIST

TELEPHONE (505) 327-6176

POST OFFICE BOX 2487

PETROLEUM PLAZA SUITE 150

FARMINGTON NEW MEXICO 87401



OIL CONSERVATION DIVISION
SANTA FE

August 6, 1979

Stamets

Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, N.M. 87501

Re: Case : 6556

Dear Mr. Ramey:

Please be advised that Amoco has executed an Operating Agreement and the Dakota well was spudded on July 27, 1979 per case no. 6437, Order R-5962.

It is requested that Case 6556, an amendment to R-5962, be dismissed.

Thank you.

Very truly yours,

CURTIS J. LITTLE

CJL/sl

XC: Oil Conservation Division, Santa Fe

XC: W. T. Kellahin, Santa Fe

Dockets Nos. 23-79 and 24-79 are tentatively set for hearing on June 13 and 27, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 23, 1979

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

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

CASE 6545: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, Travelers Indemnity Company, and all other interested parties to appear and show cause why the Kuklah Baby Well No. 1 located in Unit G of Section 24, Township 22 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6422: (Continued from February 28, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Helton Engineering & Geological Services, Inc., Travelers Indemnity Company, and all other interested parties to appear and show cause why the Brent Well No. 1 located in Unit M of Section 29 and the Brent Well No. 3 located in Unit G of Section 19, both in Township 13 North, Range 6 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6546: Application of Black River Corporation for compulsory pooling and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the SW/4 of Section 32, Township 23 South, Range 37 East, to form a 160-acre non-standard gas proration unit 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 6536: (Continued from May 9, 1979, Examiner Hearing)

Application of Black River Corporation for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 80-acre non-standard gas proration units in the Jalmat Gas Pool as follows: the N/2 SE/4 of Section 22, Township 23 South, Range 36 East, to be dedicated to applicant's well to be drilled in Unit J of said Section 22; and the S/2 SE/4 of said Section 22 to be dedicated to El Paso Natural Gas Company's Shell State Well No. 3 located in Unit P.

CASE 6535: (Continued from May 9, 1979, Examiner Hearing)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Pool by the injection of water into the Menefee formation through two wells located in Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico.

CASE 6547: Application of American Petrofina Company of Texas for the creation of a waterflood buffer zone, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a waterflood buffer zone comprising the NE/4 SE/4 of Section 26, Township 17 South, Range 32 East, Maljamar Grayburg-San Andres Pool, to enable applicant to produce its Johns B Well No. 4 located thereon at an unrestricted rate.

CASE 6548: Application of John F. Staver for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation through the open hole interval from 1408 feet to 1412 feet in his Table Mesa Well No. 22 located in Unit N and from 1394 feet to 1400 feet in his Table Mesa Well No. 23 located in Unit O, both in Section 34, Township 28 North, Range 17 West, Table Mesa-Dakota Oil Pool.

CASE 6549: Application of Gulf Oil Corporation for pool creation, discovery allowable, and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new Bone Springs oil pool for its Lea "YH" State Well No. 1 located in Unit O of Section 25, Township 13 South, Range 34 East. Applicant also seeks a discovery allowable and promulgation of special pool rules, including a provision for 80-acre spacing.

CASE 6550: Application of Yates Petroleum Corporation for an unorthodox gas well location and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the S/2 of Section 12, Township 19 South, Range 24 East, to be dedicated to its Allison Federal "CQ" Well No. 2 to be drilled at an unorthodox location 1980 feet from the South line and 660 feet from the West line of said Section 12. 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 6492: (Continued from May 9, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6551: Application of Bass Enterprises Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Lower Morrow gas well location 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 28 East, the N/2 of said Section 1 to be dedicated to the well.

CASE 6528: (Continued from April 25, 1979, Examiner Hearing)

Application of Bass Enterprises Production Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Morrow test well location to be drilled 660 feet from the North and West lines of Section 10, Township 21 South, Range 32 East, Lea County, New Mexico, the W/2 of said Section 10 to be dedicated to the well.

CASE 6552: Application of Maddox Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 3, Township 24 South, Range 28 East, 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 6553: Application of The Atlantic Richfield Company for approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration units in the Empire Abo Unit located in Townships 17 and 18 South, Ranges 27, 28 and 29 East, which could not be so drained by the existing wells.

CASE 6554: Application of The Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all royalty interests in the Devonian, McKee, and Ellenburger formations underlying the E/2 of Section 20, Township 22 South, Range 36 East, Langlie Field, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6555: Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 560 feet from the East line of Section 30, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, all of said Section 30 to be dedicated to the well.

CASE 6556: Application of Curtis Little for the amendment of Order No. R-5962, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5962 to provide for the unorthodox location of a well to be drilled 1000 feet from the South line and 50 feet from the East line of Section 11, Township 28 North, Range 12 West, Basin-Dakota Pool, and for the extension of the date to commence drilling.

CASE 6435: (Continued from February 28, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its W. A. Weir "B" Well No. 3 located in Unit B of Section 26, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6559: Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his Morton Solid State Unit Area, comprising 1,480 acres, more or less, of State lands in Township 15 South, Range 34 East.

CASE 6487: (Continued from February 28, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Con Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eusmont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6471: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Freeman Well No. 1-A to be located in Unit C of Section 11, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6472: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Jenny Well No. 1-A to be located in Unit P of Section 13, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6473: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its McIntyre Well No. 1-A to be located in Unit K of Section 11, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6474: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Williams Well No. 1-A to be located in Unit C of Section 24, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6475: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Montoya Well No. 1-A to be located in Unit I of Section 35, Township 32 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

DOCKET: COMMISSION HEARING - TUESDAY - MAY 29, 1979

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

CASE 6557: Application of Getty Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new Morrow gas pool for its State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, and its Getty Two State Well No. 1 located in Unit F of Section 2, Township 22 South, Range 34 East, and for promulgation of special pool rules, including provision for 640-acre gas well spacing.

CASE 6497: (DE NOVO)

Application of Llano, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, Grama Ridge-Morrow Gas Pool, the E/2 of said Section 34 to be dedicated to the well.

Upon application of Getty Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6558: Application of Llano, Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the E/2 of Section 34, Township 21 South, Range 34 East, to be dedicated to its Llano 34 State Coa Well No. 1 located in Unit I of said Section 34.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

June 29, 1979

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

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

Re: Division Order No. R-5962
Division Case No. 6556

Dear Mr. Kellahin:

Good cause having been shown by your letter dated June 29, 1979, an extension of time to and including August 1, 1979, to commence drilling a well pursuant to Division Order No. R-5962 is hereby granted.

In view of Amoco's promise to sign a designation of operator, and an order not having been entered in Case No. 6556, please keep this Division informed as to the status of the designation of operator as well as your intentions with regard to the disposition of Case No. 6556.

Very truly yours,

JOE D. RAMEY,
Director

JDR/ELP/dr

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501
June 29, 1979

Telephone 982-4285
Area Code 505

Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Curtis Little
Division Order No. R-5962
Division Case No. 6556

Dear Mr. Ramey:

Subsequent to the Division entering Order No. R-5962, Curtis Little was unable to obtain an approval from the United States Geological Survey for his permit to drill pursuant to that order.

On May 23, 1979, the Division heard Case No. 6556 which was Mr. Little's Application to Amend Order No. R-5962 requesting approval of another location and for an extension of the date for commencement of drilling.

As of today, no order has been entered in Case 6556.

Subsequent to the hearing on May 23, 1979, Amoco has again changed their position and now agrees to allow Curtis Little to drill at the location originally intended pursuant to Order No. R-5962.

As of today Amoco has promised to sign a designation of operator but final approval has not yet been obtained from the USGS.

Based upon the foregoing, Curtis Little hereby respectfully requests that the Division grant him an extension to August 1, 1979, to commence drilling the subject well pursuant to Order No. R-5962.

Very truly yours,


W. Thomas Kellahin

CC: Curtis Little

WTK:kfm

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
23 May 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Curtis Little for the
amendment of Order No. R-5962, San
Juan County, New Mexico.

CASE
6556

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (608) 471-2462
Santa Fe, New Mexico 87501

I N D E X

CURTIS J. LITTLE

Direct Examination by Mr. Kellahin	3
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E X H I B I T S

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 MR. STALLS: We'll call at this time
2 Case 6556.

3 MR. PADILLA: Application of Curtis
4 Little for the amendment of Order Number R-5962, San Juan
5 County, New Mexico.

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

9
10 (Witness sworn.)

11
12 CURTIS J. LITTLE

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

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q If the Examiner, please, you recall that
19 the applicant in this case brought a case to hearing for
20 which an order was entered in March, '79, Order Number
21 R-5962, in which the Division approved a non-standard pro-
22 ration unit, compulsory pooling, approval of an infill
23 drilling for Mr. Little.

24 The acreage involved was an 30-acre
25 tract owned by Amoco as part of the Callegos Canyon Unit.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2010 Plaza Blanca (666) 471-2462
Santa Fe, New Mexico 87501

1 Subsequent to approval of the order, we
2 filed documents with the USGS in order to go ahead and im-
3 plement the order and drill a well at that time to be
4 located within the limits of the Gallegos Canyon Unit.

5 Notwithstanding the State of New Mexico
6 entering the forced pooling order, the USGS refused the
7 permit to drill unless and until Mr. Little had Amoco, the
8 party being force pooled, sign and consent to a designa-
9 tion of operator for Mr. Little. That decision was made
10 and was one of the documents to be introduced today.

11 The options available to Mr. Little at
12 that time were to appeal the adverse ruling of the USGS or
13 to amend his location and avoid the problem. He's chosen
14 the latter as a means to come to an immediate solution and
15 in order that he may commence the well.

16 It is still our testimony that the opti-
17 mum location from which to drain this proration unit is
18 within the boundaries of the Gallegos Canyon Unit, but be-
19 cause of the rulings of the United States Geological Survey
20 we have no other choice other than appeal, and to come
21 before you and ask to amend the forced pooling order to
22 provide for two things: One, is to approve an unorthodox
23 well location outside the unit, but at a location 50 feet
24 from the east boundary line of that unit, and 1000 feet
25 from the south line of Section 11.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (306) 471-2462
Santa Fe, New Mexico 87501

1 In addition, because of our difficulties,
2 we would like an extension of time in which to commence
3 drilling the well.

4 And it's to those matters that I'll direct
5 Mr. Little's testimony.

6 Mr. Little, would you please identify
7 Exhibit One and state what information it contains?

8 A. This is a proration unit in white with
9 all the direct and diagonal cornering ownership around the
10 proration unit.

11 Q Would you identify for the Examiner what
12 the original well location was at the time the forced
13 pooling order was entered in March of '79?

14 A. It was some 250 feet or so from the
15 west line of Section 12, which they have successfully
16 stopped from being drilled.

17 Q All right.

18 A. And we took a survey and went out to the
19 field and there's some 200 feet of relief on that cliff
20 there in 1000 feet. We went as far as we could go into
21 Section 11, which was 30 feet. We had to increase the
22 estimated location cost by \$10,000 by moving it to that
23 location. The Geological Survey had people out there with
24 me and agreed that that's as far west as it could go, and
25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (906) 471-2462
Santa Fe, New Mexico 87501

1 that's where we drilled the stake, and --

2 Q What is that footage location?

3 A 10 feet from the east line, 1000 feet
4 from the south line.

5 Q All right, sir. Would you refer to what
6 we've marked as Exhibit Number Two?

7 A This is a certified letter which was sent
8 to Amoco and they signed for it on April the 12th.

9 Q What was the purpose of the letter?

10 A Was to send them an AFE and request that
11 they execute the designation of agent with six copies en-
12 closed, and return to the USGS office so that the Geological
13 Survey could approve the intent to drill.

14 After waiting a couple of weeks, the
15 Geological Survey called Amoco and they told Mr. McGraff,
16 according to Mr. McGraff's verbal communication with me,
17 that they had no intention of signing the designation of
18 agent letter.

19 MR. KEELAHAN: If the Examiner please, I
20 think I've misnumbered by exhibits. Exhibit Number Two is
21 the letter of denial from the USGS, dated 9 April '79. The
22 testimony Mr. Little has just given is with regard to Ex-
23 hibit Number Three, which is a letter and attachment from
24 Mr. Little to Amoco.

25 With regards to this April 9th, '79 letter,

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 what was the purpose of sending Amoco an AVE?

2 A According to the order written, it was
3 necessary that I send them a copy of the AFE.

4 Q Okay, would you refer now to what is
5 marked as Exhibit Number Four and identify that?

6 A That's the six copies of Designation of
7 Agent, which was sent to Amoco for their execution in order
8 that the well could be drilled, in compliance with the
9 original order.

10 Q What, if any, response did you receive
11 from Amoco concerning that letter?

12 A None.

13 Q On the next exhibit I have is an exhibit
14 numbered Five, and it's a letter dated May 3rd, '79. What
15 is that exhibit?

16 A The USGS informed me that there was a
17 CFR number where they could permit me onto the original
18 location if I could get an operating unit and file it with
19 the Bureau of Land Management and post a drilling bond and
20 we wouldn't need -- we could circumvent the Designation of
21 Operator, Designation of Agent.

22 Q And what if any response did you receive
23 from Amoco with regards to the request that they join you
24 in a joint operating agreement?

25 A None.

1 Q All right, sir. Exhibit Number Six is
2 a letter dated May 7th, 1970. What is that?

3 A This is the new location, the Intent to
4 Drill filed with the USOC, informing them that it would
5 cost an additional \$10,000 on location expense, advising
6 them of today's hearing, and again asking Amoco to reconsider
7 the original location which would be to our mutual benefit,
8 save \$10,000, and it would not materially affect the reser-
9 voir.

10 Q And what, if any, response have you re-
11 ceived from that letter?

12 A Monday afternoon at 4:00 o'clock I got
13 a telephone call from a young engineer by the name of Damon,
14 saying that the Executive Committee had considered and
15 decided not to object to today's hearing. I asked if they
16 could send something, a telegram or a letter, so we could
17 call off today's hearing. He said he would go back and
18 see.

19 I immediately called the offset operators,
20 which is Southland Royalty and Texaco. Southland Royalty
21 was going to give an answer today, which I don't have their
22 answer, and Texaco sent Mr. Raney a telegram yesterday
23 stating that they had no objection to the unorthodox loca-
24 tion.

25 Q What is Exhibit Number Seven?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
San Francisco, New Mexico 87501

1 A Is Title 1 to Drill filed with the USGS
2 on May 4th.

3 Q Okay, and what is Exhibit Number Eight?

4 A It's the revised -- it's two AFE's, the
5 original one, which was the old location, and the new AFE,
6 which \$10,000 additional location cost is added to that.

7 Q In your opinion, Mr. Little, is the ap-
8 proval of this particular application to amend Division
9 Order R-5962 in the best interests of conservation, the
10 prevention of waste, and the protection of correlative
11 rights?

12 A Yes, it is.

13 MR. KELLEHER: We move the introduction
14 of Exhibits One through Eight.

15 MR. STANETS: Before we do that, I'd like
16 to get these exhibits straight.

17 Exhibit Number One is your map.

18 MR. KELLEHER: Yes.

19 MR. STANETS: Exhibit Number Two then is
20 the Geological Survey letter of April the 9th.

21 Exhibit Three is Mr. Little's letter to
22 Amoco of April the 9th.

23 MR. KELLEHER: Along with a 3-2, which is
24 an AFE.

25 MR. STANETS: Okay, 3-2.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 MR. KELLAHAN: And then Four was the
2 Designation of Agent.

3 MR. STAMETS: Okay. Five was a recent
4 letter.

5 MR. KELLAHAN: 3rd of May.

6 MR. STAMETS: Six is another letter.
7 Seven, the Intent to Drill. Eight, all I have for Eight
8 is second AFE.

9 A. \$10,000 was added to the AFE.

10 MR. KELLAHAN: The second AFE meaning the
11

12 MR. STAMETS: After 3-A, referring to
13 3-A.

14 MR. KELLAHAN: Yes.

15 MR. STAMETS: Okay. I thought perhaps
16 I had them mis-numbered, and the exhibits will be admitted.

17 Are there any questions of the witness?

18 MR. KENDRICK: Yes.

19 MR. STAMETS: Mr. Kendrick.

20 CROSS EXAMINATION

21 BY MR. KENDRICK:

22 Q Mr. Little, how much time do you think
23 will be necessary to comply with an order issued relative
24 to this hearing, should your application be granted?

25 A. I'd like 60 days. I don't think it will

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 take that long once -- unless Amoco throws up some more
2 stumbling blocks.

3 Q Okay.

4 MR. STAMETS: Normally we give an operator
5 ninety days after the issuance of an order within which to
6 get his well started. I presume that if we issued an order
7 granting you the relief sought, ninety days would be suf-
8 ficient time in which to start the well.

9 A More than sufficient, yes, sir.

10 MR. KELLAHIN: We would like, then, a
11 new ninety day period, Mr. Examiner. The current ninety
12 day period expires on July 5th.

13 MR. STAMETS: Okay. And I presume, if
14 for any reason Amoco decides to go ahead and give you a
15 Designation of Operator before this order should come out,
16 you would prefer to drill the original location.

17 A Yes, although on the telephone, Mr.
18 Examiner, I approached that and they again assured me that
19 there was no way that they were going to do that, and
20 they're willing to pay their 20 percent working interest
21 in the additional \$10,000 road and location cost, at the
22 new location.

23 MR. STAMETS: Any other questions of the
24 witness? He may be excused. Anything further in this case?
25 The case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY
CERTIFY that the attached and foregoing Transcript of
Hearing before the Oil Conservation Division is reported by
me; that the 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. _____,
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
8020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
23 May 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Curtis Little for the) CASE
amendment of Order No. R-5962, San) 6556
Juan County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

I N D E X

CURTIS J. LITTLE

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Kendrick	10

E X H I B I T S

Applicant Exhibit One, Map	5
Applicant Exhibit Two, Letter	6
Applicant Exhibit Three, Letter	6
Applicant Exhibit Four, Document	7
Applicant Exhibit Five, Letter	7
Applicant Exhibit Six, Letter	8
Applicant Exhibit Seven, Intent to Drill	9
Applicant Exhibit Eight, AFE's	9

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call at this time
2 Case 6556.

3 MR. PADILLA: Application of Curtis
4 Little for the amendment of Order Number R-5962, San Juan
5 County, New Mexico.

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

9
10 (Witness sworn.)

11
12 CURTIS J. LITTLE
13 being called as a witness and being duly sworn upon his
14 oath, testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q If the Examiner, please, you recall that
19 the applicant in this case brought a case to hearing for
20 which an order was entered in March, '79, Order Number
21 R-5962, in which the Division approved a non-standard pro-
22 ration unit, compulsory pooling, approval of an infill
23 drilling for Mr. Little.

24 The acreage involved was an 80-acre
25 tract owned by Amoco as part of the Gallegos Canyon Unit.

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3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 Subsequent to approval of the order, we
2 filed documents with the USGS in order to go ahead and im-
3 plement the order and drill a well at that time to be
4 located within the limits of the Gallegos Canyon Unit.

5 Notwithstanding the State of New Mexico
6 entering the forced pooling order, the USGS refused the
7 permit to drill unless and until Mr. Little had Amoco, the
8 party being force pooled, sign and consent to a designa-
9 tion of operator for Mr. Little. That decision was made
10 and was one of the documents to be introduced today.

11 The options available to Mr. Little at
12 that time were to appeal the adverse ruling of the USGS or
13 to amend his location and avoid the problem. He's chosen
14 the latter as a means to come to an immediate solution and
15 in order that he may commence the well.

16 It is still our testimony that the opti-
17 mum location from which to drain this proration unit is
18 within the boundaries of the Gallegos Canyon Unit, but be-
19 cause of the rulings of the United States Geological Survey
20 we have no other choice other than appeal, and to come
21 before you and ask to amend the forced pooling order to
22 provide for two things: One, is to approve an unorthodox
23 well location outside the unit, but at a location 50 feet
24 from the east boundary line of that unit, and 1000 feet
25 from the south line of Section 11.

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CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (806) 471-3462
Santa Fe, New Mexico 87501

1 In addition, because of our difficulties,
2 we would like an extension of time in which to commence
3 drilling the well.

4 And it's to those matters that I'll direct
5 Mr. Little's testimony.

6 Mr. Little, would you please identify
7 Exhibit One and state what information it contains?

8 A This is a proration unit in white with
9 all the direct and diagonal cornering ownership around the
10 proration unit.

11 Q Would you identify for the Examiner what
12 the original well location was at the time the forced
13 pooling order was entered in March of '79?

14 A It was some 250 feet or so from the
15 west line of Section 12, which they have successfully
16 stopped from being drilled.

17 Q All right.

18 A And we took a survey and went out to the
19 field and there's some 200 feet of relief on that cliff
20 there in 1000 feet. We went as far as we could go into
21 Section 11, which was 50 feet. We had to increase the
22 estimated location cost by \$10,000 by moving it to that
23 location. The Geological Survey had people out there with
24 me and agreed that that's as far west as it could go, and
25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Embarca (505) 471-3462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (905) 471-2462
Santa Fe, New Mexico 87501

1 that's where we drilled the stake, and --

2 Q What is that footage location?

3 A 50 feet from the east line, 1000 feet
4 from the south line.

5 Q All right, sir. Would you refer to what
6 we've marked as Exhibit Number Two?

7 A This is a certified letter which was sent
8 to Amoco and they signed for it on April the 12th.

9 Q What was the purpose of the letter?

10 A Was to send them an AFE and request that
11 they execute the designation of agent with six copies en-
12 closed, and return to the USGS office so that the Geological
13 Survey could approve the intent to drill.

14 After waiting a couple of weeks, the
15 Geological Survey called Amoco and they told Mr. McGraff,
16 according to Mr. McGraff's verbal communication with me,
17 that they had no intention of signing the designation of
18 agent letter.

19 MR. KELLAHIN: If the Examiner please, I
20 think I've misnumbered by exhibits. Exhibit Number Two is
21 the letter of denial from the USGS, dated 9 April '79. The
22 testimony Mr. Little has just given is with regard to Ex-
23 hibit Number Three, which is a letter and attachment from
24 Mr. Little to Amoco.

25 With regards to this April 9th, '79 letter

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2030 Plaza Blanca (508) 471-2462
Santa Fe, New Mexico 87501

1 what was the purpose of sending Amoco an AFE?

2 A. According to the order written, it was
3 necessary that I send them a copy of the AFE.

4 Q. Okay, would you refer now to what is
5 marked as Exhibit Number Four and identify that?

6 A. That's the six copies of Designation of
7 Agent, which was sent to Amoco for their execution in order
8 that the well could be drilled, in compliance with the
9 original order.

10 Q. What, if any, response did you receive
11 from Amoco concerning that letter?

12 A. None.

13 Q. On the next exhibit I have is an exhibit
14 numbered Five, and it's a letter dated May 3rd, '79. What
15 is that exhibit?

16 A. The USGS informed me that there was a
17 CFR number where they could permit me onto the original
18 location if I could get an operating unit and file it with
19 the Bureau of Land Management and post a drilling bond and
20 we wouldn't need -- we could circumvent the Designation of
21 Operator, Designation of Agent.

22 Q. And what if any response did you receive
23 from Amoco with regards to the request that they join you
24 in a joint operating agreement?

25 A. None.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (602) 471-2462
Santa Fe, New Mexico 87501

1 Q All right, sir. Exhibit Number Six is
2 a letter dated May 7th, 1979. What is that?

3 A This is the new location, the Intent to
4 Drill filed with the USGS, informing them that it would
5 cost an additional \$10,000 on location expense, advising
6 them of today's hearing, and again asking Amoco to reconsider
7 the original location which would be to our mutual benefit,
8 save \$10,000, and it would not materially affect the reser-
9 voir.

10 Q And what, if any, response have you re-
11 ceived from that letter?

12 A Monday afternoon at 4:00 o'clock I got
13 a telephone call from a young engineer by the name of Damon,
14 saying that the Executive Committee had considered and
15 decided not to object to today's hearing. I asked if they
16 could send something, a telegram or a letter, so we could
17 call off today's hearing. He said he would go back and
18 see.

19 I immediately called the offset operators,
20 which is Southland Royalty and Texaco. Southland Royalty
21 was going to give an answer today, which I don't have their
22 answer, and Texaco sent Mr. Ramey a telegram yesterday
23 stating that they had no objection to the unorthodox loca-
24 tion.

25 Q What is Exhibit Number Seven?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 A. An Intent to Drill filed with the USGS
2 on May 4th.

3 Q. Okay, and what is Exhibit Number Eight?

4 A. It's the revised -- it's two AFE's, the
5 original one, which was the old location, and the new AFE,
6 which \$10,000 additional location cost is added to that.

7 Q. In your opinion, Mr. Little, is the ap-
8 proval of this particular application to amend Division
9 Order R-5962 in the best interests of conservation, the
10 prevention of waste, and the protection of correlative
11 rights?

12 A. Yes, it is.

13 MR. KELLAHIN: We move the introduction
14 of Exhibits One through Eight.

15 MR. STAMETS: Before we do that, I'd like
16 to get these exhibits straight.

17 Exhibit Number One is your map.

18 MR. KELLAHIN: Yes.

19 MR. STAMETS: Exhibit Number Two then is
20 the Geological Survey letter of April the 9th.

21 Exhibit Three is Mr. Little's letter to
22 Amoco of April the 9th.

23 MR. KELLAHIN: Along with a 3-A, which is
24 an AFE.

25 MR. STAMETS: Okay, 3-A.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 MR. KELLAHIN: And then Four was the
2 Designation of Agent.

3 MR. STAMETS: Okay. Five was a recent
4 letter.

5 MR. KELLAHIN: 3rd of May.

6 MR. STAMETS: Six is another letter.
7 Seven, the Intent to Drill. Eight, all I have for Eight
8 is second AFE.

9 A \$10,000 was added to the AFE.

10 MR. KELLAHIN: The second AFE meaning the

11 MR. STAMETS: After 3-A, referring to
12 3-A.

13 MR. KELLAHIN: Yes.

14 MR. STAMETS: Okay. I thought perhaps
15 I had them mis-numbered, and the exhibits will be admitted.

16 Are there any questions of the witness?

17 MR. KENDRICK: Yes.

18 MR. STAMETS: Mr. Kendrick.

19
20 CROSS EXAMINATION

21 BY MR. KENDRICK:

22 Q Mr. Little, how much time do you think
23 will be necessary to comply with an order issued relative
24 to this hearing, should your application be granted?

25 A I'd like 60 days. I don't think it will

1 take that long once -- unless Amoco throws up some more
2 stumbling blocks.

3 Q Okay.

4 MR. STAMETS: Normally we give an operator
5 ninety days after the issuance of an order within which to
6 get his well started. I presume that if we issued an order
7 granting you the relief sought, ninety days would be suf-
8 ficient time in which to start the well.

9 A More than sufficient, yes, sir.

10 MR. KELLAHIN: We would like, then, a
11 new ninety day period, Mr. Examiner. The current ninety
12 day period expires on July 5th.

13 MR. STAMETS: Okay. And I presume, if
14 for any reason Amoco decides to go ahead and give you a
15 Designation of Operator before this order should come out,
16 you would prefer to drill the original location.

17 A Yes, although on the telephone, Mr.
18 Examiner, I approached that and they again assured me that
19 there was no way that they were going to do that, and
20 they're willing to pay their 20 percent working interest
21 in the additional \$10,000 road and location cost, at the
22 new location.

23 MR. STAMETS: Any other questions of the
24 witness? He may be excused. Anything further in this case?
25 The case will be taken under advisement.

(Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (806) 471-2402
Santa Fe, New Mexico 87501

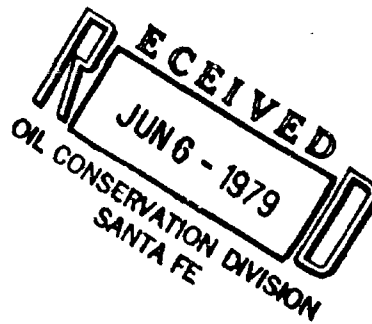
REPORTER'S CERTIFICATE

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

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

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 6532,
 heard by me on 5-23 1972.
Richard L. Ham, Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3020 Plaza Blanca (605) 471-2452
 Santa Fe, New Mexico 87501



CURTIS J. LITTLE
PETROLEUM GEOLOGIST
TELEPHONE (505) 327-6176
POST OFFICE BOX 2487
PETROLEUM PLAZA SUITE 150
FARMINGTON, NEW MEXICO 87401

June 4, 1979

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

Attention: Mr. Richard L. Stamets

Re: Dakota Proration Unit, San Juan County, N.M.
Federal Com #2-R, T28N-R13W Sec. 11: SE/4

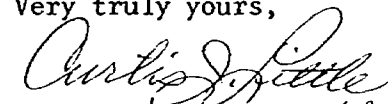
Gentlemen:

Enclosed is a copy of Amoco's letter of May 22, 1979 indicating that they have no objection to unorthodox location of subject well.

You already have in your files the copies of Texaco's telegram and Southland Royalty's letter waiving objections to my unorthodox location.

Is this sufficient for an administrative approval of this unorthodox location?

Very truly yours,

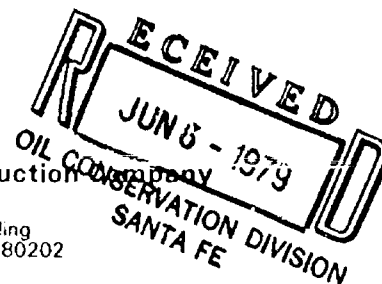

CURTIS J. LITTLE *AL*

CJL/sl
Encl.



A. M. Roney
Division Production
Manager

Amoco Production Company
Denver Region
Security Life Building
Denver, Colorado 80202
Western Division
303-820-4040



May 22, 1979

Mr. Curtis J. Little
P. O. Box 2487
Petroleum Plaza, Suite 150
Farmington, NM 87401

File: JLK-169-WF

Dear Sir:

Dakota Proration Unit - Federal Com No. 2-2
SE/4 Section 11, T28N, R13W, San Juan County, New Mexico

Reference is made to our telecon on May 21, 1979, concerning the subject well.

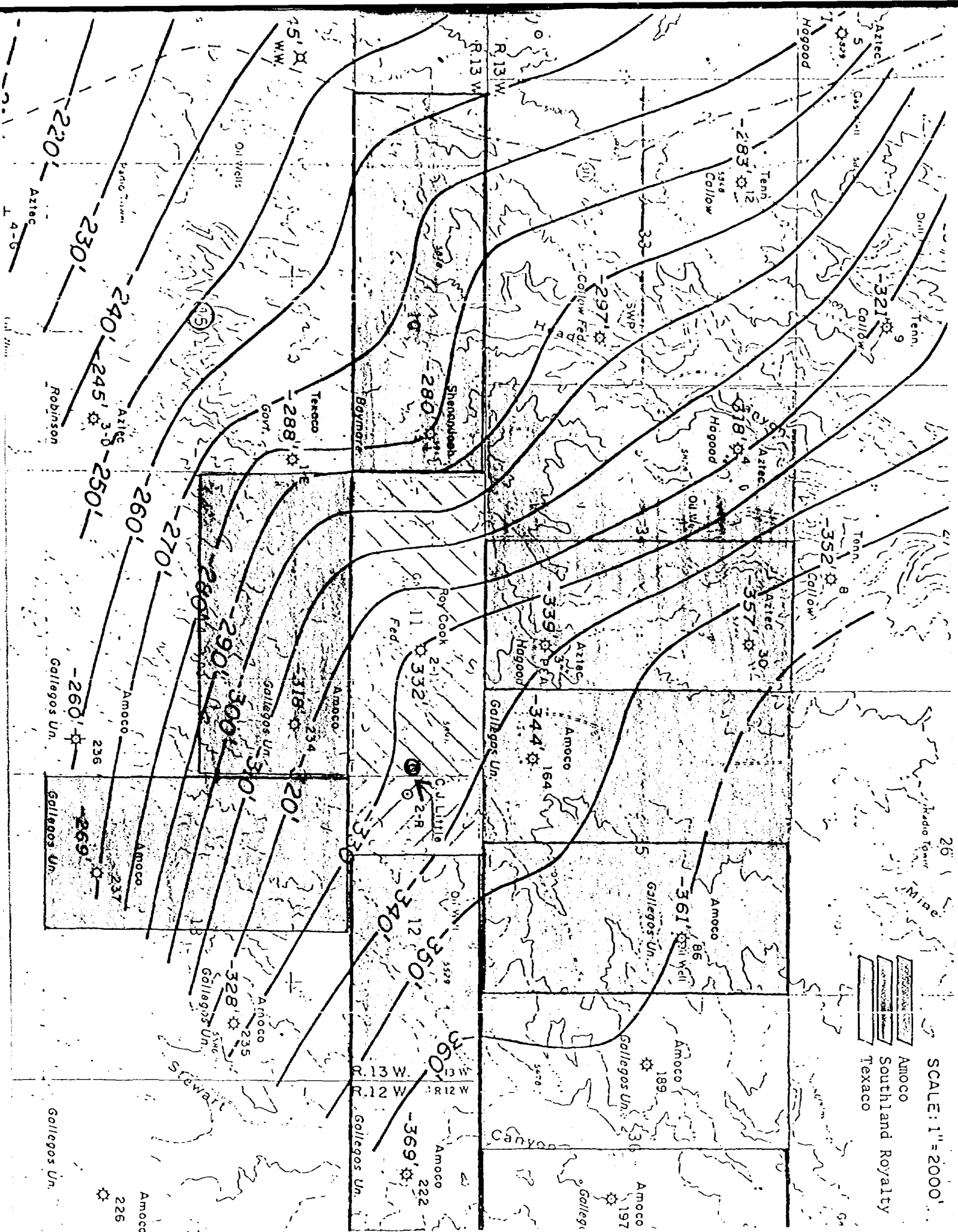
Amoco does not object to your unorthodox location proposed for the subject well at 1000' FSL, 50' FEL, Section 11, T28N, R13W, San Juan County, New Mexico.

A signed copy of your AFE will be forwarded to you through our normal channels; however, Amoco will have to solicit approval of the WIO's in the Gallegos Canyon Unit Dakota Participating Area. This should not hinder your plans to commence drilling operations on or before July 1, 1979 as per NMOCC Order #5962, because Amoco will carry the WIO's in the event approval is not received.

Very truly yours,

cc: Homer McKenzie - Bldg.

JDD/cjc



SCALE: 1"=2000'

- Amoco
- Southland Royalty
- Texaco



United States Department of the Interior

GEOLOGICAL SURVEY
P.O. Box 959
Farmington, New Mexico 87401

April 9, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Curtis J. Little
P.O. Box 2487
Farmington, New Mexico 87401

Dear Sir:

Your Application for Permit to Drill well No. 2R Federal Com, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ section 12, T. 28 N., R. 13 W., N.M.P.M., San Juan County, New Mexico on Federal Lease SF 078807-A, is denied for the following reason: Lease SF 078807-A is committed to the Gallegos Canyon Unit and Amoco Production Company is the unit operator. Before this office can approve your A.P.D. you must have, from the unit operator a Designation of Agent naming you as operator of the proration unit assigned to the above mentioned well.

Sincerely yours,

P. T. McGrath
District Engineer

Enclosures



BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
<i>Little</i>	EXHIBIT NO. <u>2</u>
CASE NO. <u>6556</u>	
Submitted by _____	
Hearing Date <u>23 May 79</u>	

Exhibit B

CURTIS J. LITTLE
PETROLEUM GEOLOGIST
TELEPHONE (505) 327-6126
POST OFFICE BOX 2487
PETROLEUM PLAZA SUITE 150
FARMINGTON, NEW MEXICO 87401

CERTIFIED MAIL - RETURN RECEIPT

by Amoco
Rec'd 4-12-79

April 9, 1979

Amoco Production Company
Security Life Building
Denver, Colorado 80202

Attention: B. F. Pracko

Re: Federal Com #2-R, Sections 11 and 12
T-28-N R-13-W, San Juan County, N.M.

Gentlemen:

Enclosed is a copy of New Mexico Oil Conservation Division Order No. R-5962, effective March 30, 1979, and an itemized schedule of estimated well costs regarding the above subject well.

Also enclosed are six copies of Designation of Agent, which should be executed and sent to: P. T. McGrath, U.S. Geological Survey, P. O. Box 959, Farmington, N. M. 87401.

Thank you.

Very truly yours,

[Signature]
CURTIS J. LITTLE

CJL/sl

cc: New Mexico Oil Conservation Division
Santa Fe, Aztec

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
<i>Little</i>	EX. 11113. <i>3</i>
CASE NO.	<i>6556</i>
Submitted by	
Hearing Date	<i>23 May 79</i>

and
Authority for Expenditure

Well Name 2R-Federal Loc. SE/4 Sec. 12, T28N R15W Co. San Juan State N.M.

Estimated T.D. 6150' Field or Prospect Basin Dakota Formation Dakota

	Estimated		Actual
	Dry Hole	Producer	
<u>Intangible Costs</u>			
Supervision	5,000	7,000	
Location: Damages and R.O.W.			
Roads and Canals Surveyor, Abstract, Title Opin.	5,000	5,000	
Location and Platforms	5,000	5,000	
Drilling:			
Footage Drilling 300 ft. @ 9.50 /ft.	59,850	59,850	
Daywork:			
Drilling - days @ - WDP - days @ - WODP -	incl. above	incl. above	
Completing 4 days @ 3,000 WDP days @ WODP		12,000	
Mud Materials and Special Equipment	9,000	9,000	
Fuel			
Water	5,000	6,000	
Hauling and Transportation	1,000	2,000	
Cement, Cementing, and Accessories	3,000	12,000	
Logging	9,000	9,000	
Coring and Core Analysis	-	-	
Testing	-	-	
Perforating	-	7,500	
Stimulation		25,000	
Special Services Casing Crew		2,500	
Tool Rental			
Miscellaneous	2,000	4,000	
Total Intangible Costs	103,850.	165,850.	
<u>Tangible Well Costs</u>			
Wellhead Misc.		16,000	
Casing: & tubing		45,000	
Tubing:			
Artificial Lift Equipment			
Miscellaneous Well Equipment			
Total Tangible Well Costs		61,000.	
<u>Tangible Lease Costs</u>			
Tankage		4,000	
Separating and Treating:		4,100	
Flowlines		900	
Structures and Buildings			
Measuring Equipment			
Special Equipment			
Miscellaneous Valves and Fittings			
Transportation, Installation and Labor		5,000	
Total Tangible Lease Costs		14,000.	

Total Well Costs

103,850. 240,850.

Ownership Division:

Amoco Production Co.
Curtis J. Little

20 %
80 %

48,170.
192,680.

<p>BEFORE EXAMINER'S SIGNATURES</p> <p><i>Little</i> <i>3A</i></p> <p>CASE NO. <i>6556</i></p> <p>Submitted by _____</p> <p>Hearing Date <i>23 May 79</i></p>	<p>Joint Interest Approval</p> <p>COMPANY _____</p> <p>By _____</p> <p>Date _____ 19__</p>
---	--

DESIGNATION OF AGENT

This indenture dated as of the _____ day of _____, 1979, by and between AMOCO Production Company, a Delaware corporation, whose address is Security Life Building, Denver, Colorado 80202, and CURTIS J. LITTLE, an individual, whose address is P. O. Box 2487, Farmington, New Mexico 87401;

W I T N E S S E T H:

WHEREAS, under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C., Secs. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, the Acting Secretary of the Interior on the 25th day of July 1951 approved the Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area dated November 1, 1950, I-Sec. No. 844, and the Commissioner of Public Lands of the State of New Mexico on April 24, 1951, consented to and approved said Unit Agreement by authority of Chapter 88 of the Laws of the State of New Mexico, 1943, approved April 14, 1943, and the State of New Mexico Oil Conservation Commission on April 4, 1951, approved said Unit Agreement by authority of Act of the Legislature (Chapter 72, Laws 1935), wherein Earl A. Benson and William V. Montin were designated as Unit Operator; and

WHEREAS, Earl A. Benson and William V. Montin have resigned as such Operator and, in accordance with the terms of the Gallego Canyon Unit Agreement, Stanolind Oil and Gas Company, now AMOCO Production Company, was appointed and has accepted and assumed the duties of the successor Unit Operator; and

WHEREAS, AMOCO Production Company now desires to appoint CURTIS J. LITTLE as Agent, and CURTIS J. LITTLE desires to accept and assume the duties of Agent, as set forth below.

NOW, THEREFORE, it is mutually agreed as follows:

1. AMOCO Production Company, as Unit Operator of the Callegos Canyon Unit Agreement, hereby designates Curtis J. Little as Agent to drill, test, complete, operate and/or plug and abandon a Dakota Formation well in the following described portion of the Unit area: BEFORE SIGNATURE OF AGENT

Little
6556
4
23 Mar 79

Township 28 North, Range 13 West, N.M.P.M.
Section 12: Lot 4, SW/4 SW/4
containing 68.92 acres, more or less

2. AMOCO Production Company hereby covenants and agrees to comply or secure compliances with all obligations of the Unit Agreement with respect to the above described portion of the Unit area and to file all applications required or necessitated by the terms of such Agreement.

3. It is specifically understood that this Designation of Agent does not relieve AMOCO Production Company of its responsibilities as Unit Operator of the Gallegos Canyon Unit Area.

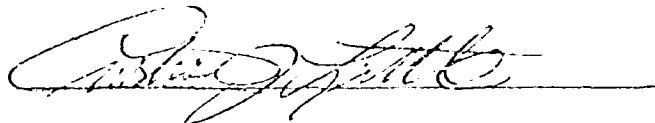
4. It is further understood and agreed that AMOCO Production Company, as Unit Operator of the Gallegos Canyon Unit area, may, at its option, revoke this Designation of Agent by giving written notice of such revocation to Curtis J. Little, the Commissioner of Public Lands of the State of New Mexico, and the Regional Oil and Gas Supervisor, United States Geological Survey.

IN WITNESS WHEREOF, this instrument is executed by the parties hereto as of the date hereinabove set forth.

AMOCO PRODUCTION COMPANY

By _____

CURTIS J. LITTLE



CURTIS J. LITTLE
PETROLEUM GEOLOGIST
TELEPHONE (505) 327-6176
POST OFFICE BOX 2487
PETROLEUM PLAZA SUITE 150
FARMINGTON, NEW MEXICO 87401

May 3, 1979

Amoco Production Company
Security Life Building
Denver, Colorado 80202

Attention: B. F. Pracko

Re: Dakota Proration Unit
T28N-R13W: Sec. 11 A11; Sec. 12 SW/4 SW/4, Lot 4
Containing 344.23 acres, San Juan County, N.M.

Gentlemen:

It would greatly be appreciated if you would advise me if Amoco, as operator of the Gallegos Canyon Unit is agreeable to executing a Joint Operating Agreement with me to cover the subject proration unit.

I also recommend the existing 2-11 Federal well be plugged in the near future.

Very truly yours,


CURTIS J. LITTLE

CJL/sl

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
<i>Little</i>	EXHIBIT NO. <i>5</i>
CASE NO. <i>6556</i>	
Submitted by _____	
Hearing Date <i>23 May 79</i>	

CURTIS J. LITTLE
PETROLEUM GEOLOGIST
TELEPHONE (505) 327-6176
POST OFFICE BOX 2487
PETROLEUM PLAZA SUITE 150
FARMINGTON, NEW MEXICO 87401

May 7, 1979

Anoco Production Company
Security Life Building
Denver, Colorado 80202

Attention: Mr. B. F. Pracko

Re: Dakota Proration Unit - 2-R Federal Com.
T28N-R13W: Section 11 All; Sec. 12 SW/4 SW/4, Lot 4
Containing 344.28 acres, San Juan County, N.M.

Gentlemen:

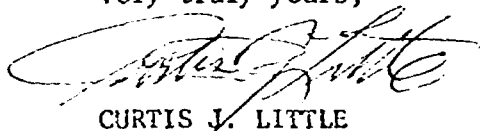
Enclosed is a copy of Intent to Drill, filed with U.S.G.S. May 4th changing the location of the above well 300' to the west. The estimated additional \$10,000 in location expenses as reflected in the enclosed new AFE is necessitated by a 20' cut, by covering and diverting two arroyos, and constructing an unusually deep but small reserve pit.

As you are probably aware, a hearing before the New Mexico Oil Conservation Division is again scheduled for this well on May 23.

It is requested that you again reconsider the original location, which would be to our mutual benefit and accomplish a \$10,000 savings, without materially affecting the subsurface reservoir.

Please let me have your thoughts on this matter. Thanks.

Very truly yours,



CURTIS J. LITTLE

CJL/sl
Enx.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
<i>Little</i>	EXHIBIT NO. <u>6</u>
CASE NO.	<u>6556</u>
Submitted by	
Hearing Date	<u>23 May 79</u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-0338690	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR CURTIS J. LITTLE			7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P. O. Box 2487, Farmington, New Mexico 87401			8. FARM OR LEASE NAME Federal Com	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1000' FSL 50' FEL At proposed prod. zone			9. WELL NO. 2-R	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 3 miles South of Farmington			10. FIELD AND POOL, OR WILDCAT Basin Dakota	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit lide, if any) 50'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 11 T-28-N R-13-W	
16. NO. OF ACRES IN LEASE 275.36			12. COUNTY OR PARISH San Juan	
17. NO. OF ACRES ASSIGNED TO THIS WELL 344.28			13. STATE N.M.	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2160			19. PROPOSED DEPTH 6300'	
20. ROTARY OR CABLE TOOLS Rotary			21. APPROX. DATE WORK WILL START* 6-1-79	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5754 GR				
22. APPROX. DATE WORK WILL START* 6-1-79				

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4	8-5/8	24#	160	100 SX
7-7/8	4-1/2	10.5#	6300	600 SX

This well will be drilled with mud, mechanical logs run at TD and the Dakota sands selectively perforated and fractured. 10" 3000 psi BOP with blind and pipe rams will be operational at all times while drilling. 6" 3000 psi double gate manual BOP will be utilized for completion. A DV tool will be set at the base of the Mesaverde for a 2-stage cement job on the long string.

The HBP Federal leases have an existing gas contract with El Paso Natural Gas Co.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Curtis J. Little TITLE Operator DATE May 4, 1979
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY _____ TITLE Little DATE 7
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
CASE NO.	6556
Submitted by	
Hearing Date	23 May 79

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-12
Effective 1-1-63

All distances must be from the outer boundaries of the Section.

Operator CURTIS LITTLE			Lease FEDERAL		Well No. 2-R
Unit Letter P	Section 11	Township 28 NORTH	Range 13 WEST	County SAN JUAN	
Actual Footage Location of Well: 1000 feet from the SOUTH line and 50 feet from the EAST line					
Ground Level Elev. 5754	Producing Formation DAKOTA		Pool Basin Dakota	Dedicated Acreage Acres	

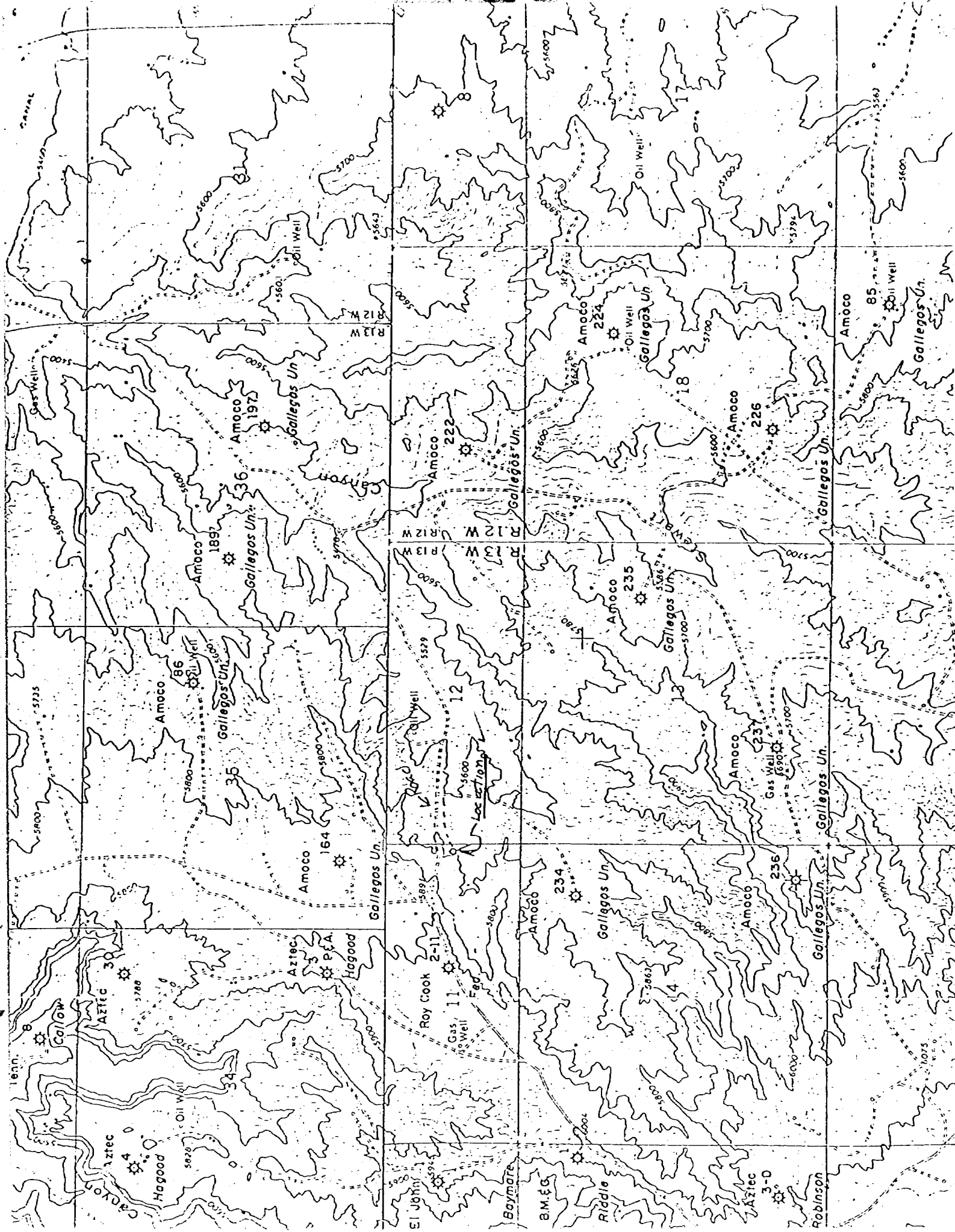
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is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

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

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

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

		<p align="center">CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p align="right"><i>Curtis J. Little</i></p> <p>Name Curtis J. Little</p> <p>Position</p>	
		<p align="center">7TH STD. PARALLEL NORTH</p> <p align="center">Section 11 Curtis J. Little U.S.A. 80 ACRES</p> <p align="center">Section 12 AMOCO U.S.A. 40 AC.</p> <p align="center">N 89° 55' W</p>	
<p>Scale: 0 330 660 990 1320 1650 1980 2310 2640 2970 3300</p>		<p align="center">3 MAY 1979 NO. 1463</p> <p align="center">REGISTERED PROFESSIONAL ENGINEER AND/OR LAND SURVEYOR</p> <p align="center">NEW MEXICO</p> <p align="center">James P. Little</p> <p align="center">Certificate No. 1463</p>	



**Detailed Well Cost Estimate
and
Authority for Expenditure**

Well Name 2R-Federal Com Loc. SE/4 Sec. 11, T28N R13W Co. San Juan State N.M.
Estimated T.D. 6150' Field or Prospect Basin Dakota Formation Dakota

	Estimated		Actual
	Dry Hole	Producer	
Intangible Costs			
Supervision	5,000	7,000	
Location: Damages and R.O.W.			
Roads and Canals Surveyor, Abstract, Title Opn.	5,000	5,000	
Location and Platforms	15,000	15,000	
Drilling:			
Footage Drilling 300 ft. @ 9.50 /ft.	59,850	59,850	
Daywork:			
Drilling - days @ - WDP - days @ - WODP -	incl. above	incl. above	
Completing 4 days @ 3,000 WDP days @ WODP		12,000	
Mud Materials and Special Equipment	9,000	9,000	
Fuel			
Water	5,000	6,000	
Hauling and Transportation	1,000	2,000	
Cement, Cementing, and Accessories	3,000	12,000	
Logging	9,000	9,000	
Coring and Core Analysis	-	-	
Testing	-	-	
Perforating	-	7,500	
Stimulation		25,000	
Special Services Casing Crew		2,500	
Tool Rental			
Miscellaneous	2,000	4,000	
Total Intangible Costs	103,850.	165,850.	
Tangible Well Costs			
Wellhead Misc.		16,000	
Casing: & tubing		45,000	
Tubing:			
Artificial Lift Equipment			
Miscellaneous Well Equipment			
Total Tangible Well Costs		61,000.	
Tangible Lease Costs			
Tankage		4,000	
Separating and Treating:		4,100	
Flowlines		900	
Structures and Buildings			
Measuring Equipment			
Special Equipment			
Miscellaneous Valves and Fittings			
Transportation, Installation and Labor		5,000	
Total Tangible Lease Costs		14,000.	
Total Well Costs	<u>113,850.</u>	<u>250,850.</u>	

Ownership Division:

Amoco Production Co.	20 %	50,085
Curtis J. Little	80 %	200,690

BEFORE EXAMINER SIGNATURES OIL/COAL/GEOTHERMAL DIVISION <i>Little</i> 8 CAP. 6556 SUBM. 23 May 79	Joint Interest Approval COMPANY _____ By _____ Date _____ 19__
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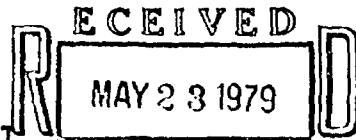
MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645

western union

Mailgram



4-074495E142 05/22/79 ICS IPMTZZ CSP ABQA
3037777777 TDMT DENVER CO 100 05-22 0825P EST



JOE D RAMEY
NEW MEXICO ENERGY AND MINERALS DEPT
OIL CONSERVATION DIV
PO BOX 2088
SANTA FE NM 87501

OIL CONSERVATION DIVISION
SANTA FE

DUPLICATE OF TELEPHONED TELEGRAM

DEAR SIR:

CURTIS LITTLE HAS REQUESTED EXCEPTION FOR A DAKOTA WELL TO BE LOCATED
1000' FSL AND 50' FEL, SEC 11, T28N, R13W, SAN JUAN COUNTY. AS A LEASE
OWNER WITHINE ONE MILE OF SAID LOCATION, TEXACO INC HAS BEEN ADVISED OF
THE REQUESTED LOCATION EXCEPTION AND HAVING CONSIDERED SAME, HEREBY
WAIVES OBJECTION TO IT BEING GRANTED

CC: CURTIS LITTLE
PO BOX 2487
150 PETROLEUM PLAZA BLDG
FARMINGTON NEW MEXICO 87401

J C WHITE, ASST DIV MANAGER
TEXACO INC
PO BOX 2100
DENVER CO 80201
TELEX 45573

2026 EST

MGMCOMP MGM

5241 (R1/78)

TO REPLY BY MAILGRAM, SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

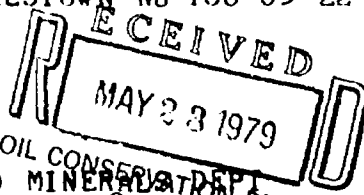
MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645



Mailgram



4-073984E142 05/22/79 ICS IPMMTZZ CSP ABQD
6092342900 TDMT MOORESTOWN NJ 100 05-22 0353P EDT



JOE D RAMEY
NEW MEXICO ENERGY AND MINERALS DEPT
OIL CONSERVATION DIV
PO BOX 2088
SANTA FE NM 87501

OIL CONSERVATION DIVISION
SANTA FE

DUPLICATE OF TELEPHONE TELEGRAM

DEAR SIR:
CURTIS LITTLE HAS REQUESTED EXCEPTION FOR A DAKOTA WELL TO BE LOCATED
1000' FSL AND 50' FEL, SEC 11, T28N, R13W, SAM JUAN COUNTY. AS A LEASE
OWNER WITHIN ONE MILE OF SAID LOCATION, TEXACO INC, HAS BEEN ADVISED OF
THE REQUESTED LOCATION EXCEPTION AND HAVING CONSIDERED SAME, HEREBY
WAIVES OBJECTION TO IT BEING GRANTED

UNSIGNED

2016 EST

MGMCOMP MGM

5241 (R1/78)

TO REPLY BY MAILGRAM, SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

TO REPLY BY AIR MAIL, ENCLOSE THIS CARD WITH YOUR ANSWER OR CLAIM:

FOR YOUR LOCAL NUMBER, SEE THE WHITE PAGES

OF YOUR TELEPHONE DIRECTORY

OR

DIAL (TOLL FREE) 800-827-2041

(EXCEPT IN NEW YORK 212-623-1212)

OR DIAL WESTERN UNION BY AIR MAIL TO NEW YORK

FROM NEW YORK

212-623-1212

TELEGRAM

May 22, 1979

JOE D. RAMEY


DENVER COLORADO

DEAR SIR:

CURTIS LITTLE HAS REQUESTED EXCEPTION FOR A DAKOTA WELL
TO BE LOCATED AT 1000' FSL AND 50' FEL, SECTION 11, TOWNSHIP 28 NORTH,
RANGE 13 WEST, SAN JUAN COUNTY, NEW MEXICO.

AS A LEASE OWNER WITHIN ONE MILE OF SAID LOCATION, TEXACO
INC. HAS BEEN ADVISED OF THE REQUESTED LOCATION EXCEPTION AND HAVING
CONSIDERED SAME, HEREBY WAIVES OBJECTION TO IT BEING GRANTED.

J. C. WHITE
DIVISION MANAGER
TEXACO, INC.
DENVER, COLORADO



cc; CURTIS LITTLE
P. O. Box 2487
150 Petroleum Building
Farmington, New Mexico 87401

Letter will follow

TELEGRAM

TO: JOE RAMEY

RL

Dear Sir:

Curtis Little has requested exception for a Dakota well to be located 1000 ft. FSL and 50 feet FEL, Sec. 11, T-28N, R-13-W, San Juan County. As a lease owner within one mile of said location Texaco Inc. has been advised of the requested location exception and having considered same hereby waives objection to its being granted.

DENVER COLORADO

From

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

500 DON GASPAR AVENUE

POST OFFICE BOX 1769

SANTA FE, NEW MEXICO 87501

To

Mr. Joe D. Ramey

Oil Conservation Division

P. O. Box 2088

Santa Fe, New Mexico 87501

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

Santa Fe, New Mexico 87501

May 1, 1979

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

Telephone 982-4285
Area Code 505

Mr. Joe D. Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Curtis Little

Dear Joe:

Please have this application for Amendment to Order
No. R-5962 set for hearing on May 23, 1979.

Very truly yours,

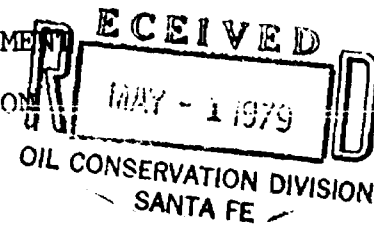

W. Thomas Kellahin

CC: Mr. Curtis Little
Mr. Gordon Ryan

WTK:kfm

Enclosure

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF CURTIS LITTLE TO AMEND DIVISION
ORDER NO. R-5962 TO PROVIDE FOR
AN UNORTHODOX WELL LOCATION, AND
FOR EXTENSION OF DATE OF COMMENCE-
MENT OF DRILLING, SAN JUAN COUNTY,
NEW MEXICO

Case 6556

A P P L I C A T I O N

COMES NOW CURTIS J. LITTLE, by and through his attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order amending Division Order No. R-5962 to provide for the drilling of the subject well at a location 50 feet from the east line and 1000 feet from the south line of Section 11, T28N, R12W, NMPM, San Juan County, New Mexico and extension of date to commence drilling, and would show the Division:

1. Applicant obtained an approved Oil Conservation Division Order No. R-5962 approving compulsory pooling and a nonstandard proration unit, a copy of which is attached hereto and incorporated by reference.
2. Pursuant to Oil Conservation Division Order No. R-5962, Applicant filed an intention to drill with the United States Geological Survey at a location in the SW/4SW/4 of Section 12, T28N, R13W, NMPM within the Gallegos Canyon Unit operated by Amoco Production Company.
3. That notwithstanding the Division Order No. R-5962 the United States Geological Survey required applicant to obtain a Designation of Agent from Amoco Production Company, in accordance with 30 CFR 221.19, as shown on exhibit B attached.
4. That Amoco Production Company has refused to sign a Designation of Agent and continues to refuse Applicant a location within the Gallegos Canyon Unit despite the Division Order No. R-5962.

5. That applicant seeks to amend Division Order No. R-5962 to approve an unorthodox well location 50 feet from the East line and 1,000 feet from the South line of Section 11, T28N, R12, NMPM, San Juan County, New Mexico.

6. That said location is an alternative to drilling a well within the unit and is necessitated by the action of Amoco Production Company.

7. That said location is the best location outside of the Gallegos Canyon Unit from which to drain the non-standard proration unit, is in the best interest of conservation and will protect correlative rights and avoid waste.


8. That as a result of delays beyond Applicant's control a new date for commencement of drilling should be set.

WHEREFORE Applicant prays that this application be set for hearing before the Division's Examiner and that after notice and hearing as required by law, that an Order be entered Amending Division Order No. R-5962 as requested.

Respectfully submitted,

CURTIS LITTLE

By


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

ATTORNEYS FOR APPLICANT

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. 6437
Order No. R-5962

APPLICATION OF CURTIS LITTLE FOR
COMPULSORY POOLING, APPROVAL OF
INFILL DRILLING, AND A NON-STANDARD
PRORATION UNIT, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of March, 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, Curtis Little, seeks the rescission of Order No. R-4556 and approval of an order pooling all mineral interests in the Dakota formation underlying all of partial Section 11 and Lot 4 and the SW/4 SW/4 of partial Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, to form a 344.36-acre non-standard gas proration unit.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location on the proposed non-standard proration unit.

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

Exhibit A

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

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

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

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

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

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

(11) That \$2000.00 per month while drilling and \$175.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the 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 well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

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

(14) That the standard proration unit in said Basin-Dakota Pool is 320 acres.

(15) That the evidence presented at the hearing demonstrated that the existing well on the proposed unit is incapable of efficiently and economically draining such unit.

(16) That the evidence presented further demonstrated that the drilling and completion of applicant's proposed well should result in the production of an additional one to two billion cubic feet of gas from the proration unit which would not otherwise be recovered.

(17) That such additional recovery from the non-standard proration unit will result in such unit being more efficiently and economically drained.

(18) That applicant's proposed well is to be drilled as an "infill" well on the proposed non-standard proration unit.

(19) That in order to permit the drainage of a portion of the reservoir covered by the proposed 344.36-acre non-standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for infill drilling should be approved as an exception to the standard well spacing requirements for said Basin-Dakota Pool.

(20) That Division Order No. R-4556 should not be rescinded but should be superseded.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Dakota formation underlying all of partial Section 11 and Lot 4 and the SW/4 SW/4 of partial Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, are hereby pooled to form a non-standard 344.36-acre gas spacing and proration unit to be dedicated to a well to be drilled 1085 feet from the South line and 285 feet from the West line of said Section 12 as an infill well on such proration unit. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the subject non-standard proration unit

which cannot efficiently and economically be drained by any existing well thereon.

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

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

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

(2) That Curtis Little is hereby designated the operator of the subject well and unit.

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

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

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

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

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

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

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

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

(9) That \$2000.00 per month while drilling and \$175.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges 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.

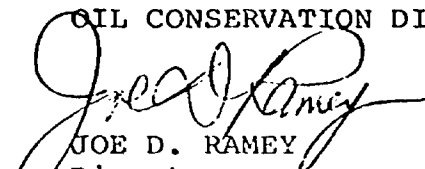
(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That Division Order No. R-4556 is hereby superseded.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/



United States Department of the Interior

GEOLOGICAL SURVEY
P.O. Box 959
Farmington, New Mexico 87401

April 9, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Curtis J. Little
P.O. Box 2487
Farmington, New Mexico 87401

Dear Sir:

Your Application for Permit to Drill well No. 2R Federal Com, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ section 12, T. 28 N., R. 13 W., N.M.P.M., San Juan County, New Mexico on Federal Lease SF 078807-A, is denied for the following reason: Lease SF 078807-A is committed to the Gallegos Canyon Unit and Amoco Production Company is the unit operator. Before this office can approve your A.P.D. you must have, from the unit operator a Designation of Agent naming you as operator of the proration unit assigned to the above mentioned well.

Sincerely yours,

P. T. McGrath
District Engineer

Enclosures

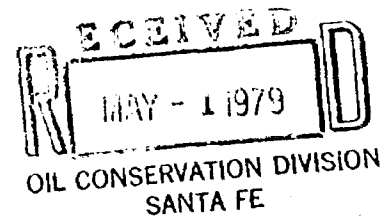


Exhibit B

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

Case 6556

IN THE MATTER OF THE APPLICATION
OF CURTIS LITTLE TO AMEND DIVISION
ORDER NO. R-5962 TO PROVIDE FOR
AN UNORTHODOX WELL LOCATION, AND
FOR EXTENSION OF DATE OF COMMENCE-
MENT OF DRILLING, SAN JUAN COUNTY,
NEW MEXICO



A P P L I C A T I O N

COMES NOW CURTIS J. LITTLE, by and through his attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order amending Division Order No. R-5962 to provide for the drilling of the subject well at a location 50 feet from the east line and 1000 feet from the south line of Section 11, T28N, R12W, NMPM, San Juan County, New Mexico and extension of date to commence drilling, and would show the Division:

1. Applicant obtained an approved Oil Conservation Division Order No. R-5962 approving compulsory pooling and a nonstandard proration unit, a copy of which is attached hereto and incorporated by reference.
2. Pursuant to Oil Conservation Division Order No. R-5962, Applicant filed an intention to drill with the United States Geological Survey at a location in the SW/4SW/4 of Section 12, T28N, R13W, NMPM within the Gallegos Canyon Unit operated by Amoco Production Company.
3. That notwithstanding the Division Order No. R-5962 the United States Geological Survey required applicant to obtain a Designation of Agent from Amoco Production Company, in accordance with 30 CFR 221.19, as shown on exhibit **B** attached.
4. That Amoco Production Company has refused to sign a Designation of Agent and continues to refuse Applicant a location within the Gallegos Canyon Unit despite the Division Order No. R-5962.

5. That applicant seeks to amend Division Order No. R-5962 to approve an unorthodox well location 50 feet from the East line and 1,000 feet from the South line of Section 11, T28N, R12, NMPM, San Juan County, New Mexico.

6. That said location is an alternative to drilling a well within the unit and is necessitated by the action of Amoco Production Company.

7. That said location is the best location outside of the Gallegos Canyon Unit from which to drain the non-standard proration unit, is in the best interest of conservation and will protect correlative rights and avoid waste.

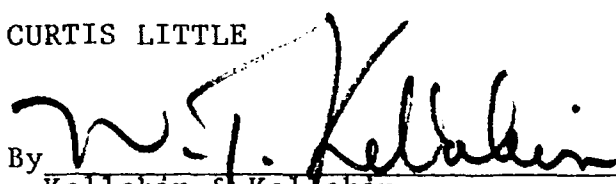
8. That as a result of delays beyond Applicant's control a new date for commencement of drilling should be set.

WHEREFORE Applicant prays that this application be set for hearing before the Division's Examiner and that after notice and hearing as required by law, that an Order be entered Amending Division Order No. R-5962 as requested.

Respectfully submitted,

CURTIS LITTLE

By


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

ATTORNEYS FOR APPLICANT

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. 6437
Order No. R-5962

APPLICATION OF CURTIS LITTLE FOR
COMPULSORY POOLING, APPROVAL OF
INFILL DRILLING, AND A NON-STANDARD
PRORATION UNIT, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of March, 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, Curtis Little, seeks the rescission of Order No. R-4556 and approval of an order pooling all mineral interests in the Dakota formation underlying all of partial Section 11 and Lot 4 and the SW/4 SW/4 of partial Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, to form a 344.36-acre non-standard gas proration unit.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location on the proposed non-standard proration unit.

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

Exhibit A

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

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

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

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

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

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

(11) That \$2000.00 per month while drilling and \$175.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the 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 well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

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

(14) That the standard proration unit in said Basin-Dakota Pool is 320 acres.

(15) That the evidence presented at the hearing demonstrated that the existing well on the proposed unit is incapable of efficiently and economically draining such unit.

(16) That the evidence presented further demonstrated that the drilling and completion of applicant's proposed well should result in the production of an additional one to two billion cubic feet of gas from the proration unit which would not otherwise be recovered.

(17) That such additional recovery from the non-standard proration unit will result in such unit being more efficiently and economically drained.

(18) That applicant's proposed well is to be drilled as an "infill" well on the proposed non-standard proration unit.

(19) That in order to permit the drainage of a portion of the reservoir covered by the proposed 344.36-acre non-standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for infill drilling should be approved as an exception to the standard well spacing requirements for said Basin-Dakota Pool.

(20) That Division Order No. R-4556 should not be rescinded but should be superseded.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Dakota formation underlying all of partial Section 11 and Lot 4 and the SW/4 SW/4 of partial Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, are hereby pooled to form a non-standard 344.36-acre gas spacing and proration unit to be dedicated to a well to be drilled 1085 feet from the South line and 285 feet from the West line of said Section 12 as an infill well on such proration unit. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the subject non-standard proration unit

which cannot efficiently and economically be drained by any existing well thereon.

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

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

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

(2) That Curtis Little is hereby designated the operator of the subject well and unit.

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

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

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

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

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

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

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

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

(9) That \$2000.00 per month while drilling and \$175.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges 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.

Case No. 6437
Order No. R-5962

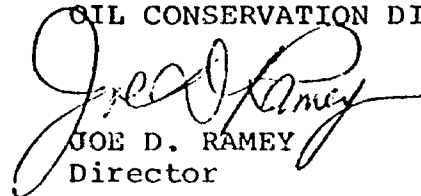
(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That Division Order No. R-4556 is hereby superseded.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/



United States Department of the Interior

GEOLOGICAL SURVEY
P.O. Box 959
Farmington, New Mexico 87401

April 9, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Curtis J. Little
P.O. Box 2487
Farmington, New Mexico 87401

Dear Sir:

Your Application for Permit to Drill well No. 2R Federal Com, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ section 12, T. 28 N., R. 13 W., N.M.P.M., San Juan County, New Mexico on Federal Lease SF 078807-A, is denied for the following reason: Lease SF 078807-A is committed to the Gallegos Canyon Unit and Amoco Production Company is the unit operator. Before this office can approve your A.P.D. you must have, from the unit operator a Designation of Agent naming you as operator of the proration unit assigned to the above mentioned well.

Sincerely yours,

P. T. McGrath
District Engineer

Enclosures

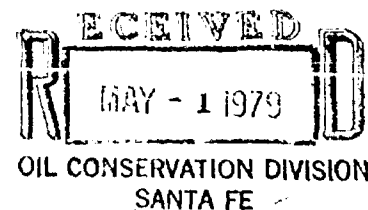


Exhibit B

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

Case 6556

IN THE MATTER OF THE APPLICATION
OF CURTIS LITTLE TO AMEND DIVISION
ORDER NO. R-5962 TO PROVIDE FOR
AN UNORTHODOX WELL LOCATION, AND
FOR EXTENSION OF DATE OF COMMENCE-
MENT OF DRILLING, SAN JUAN COUNTY,
NEW MEXICO



A P P L I C A T I O N

COMES NOW CURTIS J. LITTLE, by and through his attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order amending Division Order No. R-5962 to provide for the drilling of the subject well at a location 50 feet from the east line and 1000 feet from the south line of Section 11, T28N, R12W, NMPM, San Juan County, New Mexico and extension of date to commence drilling, and would show the Division:

1. Applicant obtained an approved Oil Conservation Division Order No. R-5962 approving compulsory pooling and a nonstandard proration unit, a copy of which is attached hereto and incorporated by reference.
2. Pursuant to Oil Conservation Division Order No. R-5962, Applicant filed an intention to drill with the United States Geological Survey at a location in the SW/4SW/4 of Section 12, T28N, R13W, NMPM within the Gallegos Canyon Unit operated by Amoco Production Company.
3. That notwithstanding the Division Order No. R-5962 the United States Geological Survey required applicant to obtain a Designation of Agent from Amoco Production Company, in accordance with 30 CFR 221.19, as shown on exhibit **B** attached.
4. That Amoco Production Company has refused to sign a Designation of Agent and continues to refuse Applicant a location within the Gallegos Canyon Unit despite the Division Order No. R-5962.

5. That applicant seeks to amend Division Order No. R-5962 to approve an unorthodox well location 50 feet from the East line and 1,000 feet from the South line of Section 11, T28N, R12, NMPM, San Juan County, New Mexico.

6. That said location is an alternative to drilling a well within the unit and is necessitated by the action of Amoco Production Company.

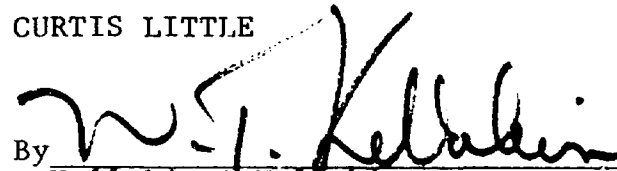
7. That said location is the best location outside of the Gallegos Canyon Unit from which to drain the non-standard proration unit, is in the best interest of conservation and will protect correlative rights and avoid waste.

8. That as a result of delays beyond Applicant's control a new date for commencement of drilling should be set.

WHEREFORE Applicant prays that this application be set for hearing before the Division's Examiner and that after notice and hearing as required by law, that an Order be entered Amending Division Order No. R-5962 as requested.

Respectfully submitted,

CURTIS LITTLE

By 
Kellahin & Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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. 6437
Order No. R-5962

APPLICATION OF CURTIS LITTLE FOR
COMPULSORY POOLING, APPROVAL OF
INFILL DRILLING, AND A NON-STANDARD
PRORATION UNIT, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of March, 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, Curtis Little, seeks the rescission of Order No. R-4556 and approval of an order pooling all mineral interests in the Dakota formation underlying all of partial Section 11 and Lot 4 and the SW/4 SW/4 of partial Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, to form a 344.36-acre non-standard gas proration unit.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location on the proposed non-standard proration unit.

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

Exhibit A

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

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

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

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

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

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

(11) That \$2000.00 per month while drilling and \$175.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the 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 well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

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

(14) That the standard proration unit in said Basin-Dakota Pool is 320 acres.

(15) That the evidence presented at the hearing demonstrated that the existing well on the proposed unit is incapable of efficiently and economically draining such unit.

(16) That the evidence presented further demonstrated that the drilling and completion of applicant's proposed well should result in the production of an additional one to two billion cubic feet of gas from the proration unit which would not otherwise be recovered.

(17) That such additional recovery from the non-standard proration unit will result in such unit being more efficiently and economically drained.

(18) That applicant's proposed well is to be drilled as an "infill" well on the proposed non-standard proration unit.

(19) That in order to permit the drainage of a portion of the reservoir covered by the proposed 344.36-acre non-standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for infill drilling should be approved as an exception to the standard well spacing requirements for said Basin-Dakota Pool.

(20) That Division Order No. R-4556 should not be rescinded but should be superseded.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Dakota formation underlying all of partial Section 11 and Lot 4 and the SW/4 SW/4 of partial Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, are hereby pooled to form a non-standard 344.36-acre gas spacing and proration unit to be dedicated to a well to be drilled 1085 feet from the South line and 285 feet from the West line of said Section 12 as an infill well on such proration unit. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the subject non-standard proration unit

which cannot efficiently and economically be drained by any existing well thereon.

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

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

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

(2) That Curtis Little is hereby designated the operator of the subject well and unit.

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

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

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

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

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

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

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

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

(9) That \$2000.00 per month while drilling and \$175.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges 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.

-6-

Case No. 6437
Order No. R-5962

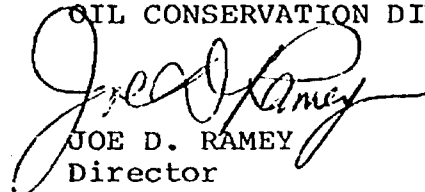
(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That Division Order No. R-4556 is hereby superseded.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/



United States Department of the Interior

GEOLOGICAL SURVEY
P.O. Box 959
Farmington, New Mexico 87401

April 9, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Curtis J. Little
P.O. Box 2487
Farmington, New Mexico 87401

Dear Sir:

Your Application for Permit to Drill well No. 2R Federal Com, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ section 12, T. 28 N., R. 13 W., N.M.P.M., San Juan County, New Mexico on Federal Lease SF 078807-A, is denied for the following reason: Lease SF 078807-A is committed to the Gallegos Canyon Unit and Amoco Production Company is the unit operator. Before this office can approve your A.P.D. you must have, from the unit operator a Designation of Agent naming you as operator of the proration unit assigned to the above mentioned well.

Sincerely yours,

P. T. McGrath
District Engineer

Enclosures



Exhibit B

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

dr/

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

CASE NO. 6556

Order No. R- 6084

RFL
APPLICATION OF CURTIS LITTLE FOR
THE AMENDMENT OF ORDER NO. R-5962,
SAN JUAN COUNTY, NEW MEXICO.



ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 23,
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamey

NOW, on this _____ day of August, 19 79, the Division
Director, having considered the record and the recommendations of
the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6556 is hereby dismissed.

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