

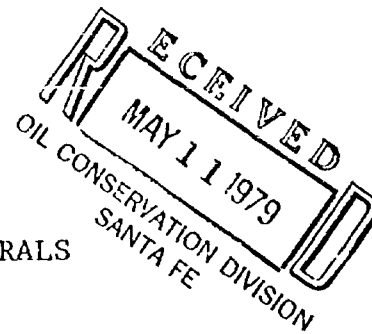
Case No.

6565

Large

Exhibits

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF LEWIS B. BURLESON, INC. FOR
COMPULSORY POOLING, UNORTHODOX
WELL LOCATION AND NON-STANDARD
PRORATION UNIT, LEA COUNTY, NEW
MEXICO

Case 6565

A P P L I C A T I O N

Comes now Lewis B. Burleson, Inc. by and through its attorneys and applies to the Oil Conservation Division of New Mexico for an unorthodox well location 1650 feet from the South and East lines of Section 20, T25S, R37E, NMPM, Jalmat Gas Pool, for a nonstandard gas proration unit consisting of 80 acres being the $W\frac{1}{2}SE\frac{1}{4}$ of said Section 20, and for compulsory pooling of said acreage and in support thereof would show the Division:

1. Applicant has the right to drill and develop the $W\frac{1}{2}SE\frac{1}{4}$ of Section 20, T25S, R37E, NMPM, Lea County, New Mexico.

2. Applicant seeks approval to drill a well to test the Jalmat Gas Pool at an unorthodox well location 1650 feet from the South and East lines of Section 20.

3. Applicant further seeks approval of an 80 acre non-standard gas proration unit for said well.

4. Applicant seeks an order pooling all mineral interests underlying said 80 acre tract and has obtained the consent of all but the following:

<u>NAME AND ADDRESS</u>	<u>INTEREST</u>
Clifford Cone Box 610 Lubbock, Texas 79412	1/5th of 15/786ths
Douglas R. Cone Box 6217 Lubbock, Texas 79413	1/5th of 15/786ths
Tom R. Cone Box 126 Southwest City, Mo. 64863	1/5th of 15/786ths

Kenneth R. Cone
Drawer 1504
Lovington, New Mexico 88260 1/5th of 15/786ths

Kathie Auvershine
Route 6, Box 79-N
Austin, Texas 78737 1/5th of 15/786ths

Ellie Speer
603 Seco Drive
Hobbs, New Mexico 88240 650/320,000

5. That approval of this application will be in the best interest of conservation, prevention of waste and protection of correlative rights.

WHEREFORE Applicant prays that this application be set for hearing before the Commission's duly appointed Examiner, and that after notice and hearing as provided by law, the Division enter its order pooling all of the mineral interests under the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 20, T25S, R37E, NMPM, approving a well at an unrothodox well location 1650 feet from the South and East lines of said Section and for dedication of an eight acre non-standard proration unit. Applicant further prays that it be named the operator of the well and that the order make provision for applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of proration, including costs of supervision, and a risk factor in the amount of 200% for the drilling of the well and for such other and further relief as may be proper.

Respectfully submitted,
KELLAHIN & KELLAHIN

By _____
W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Lewis B. Burleson,
Inc., for compulsory pooling, a
non-standard gas proration unit,
and an unorthodox well location,
Lea County, New Mexico.

CASE
6565

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S.

For the Oil Conservation
Division:

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

For the Applicant:

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

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CERTIFIED SHORTHAND REPORTER
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I N D E X

LEWIS B. BURLESON

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E X H I B I T S

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MR. NUTTER: Call next Case 6565.

MR. PADILLA: Application of Lewis B. Burleson, Inc., for compulsory pooling, a non-standard gas proration unit, and an unorthodox well location in Lea County, New Mexico.

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

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name and occupation?

A. Lewis B. Burleson, President of Lewis Burleson, Incorporated.

Q Mr. Burleson, are you a professional geologist?

A. Yes, I am.

Q And have you previously testified in that

1 capacity before the Oil Conservation Division?

2 A. Yes, I have.

3 MR. KELLAHIN: We tender Mr. Burleson as
4 an expert witness.

5 MR. NUTTER: Mr. Burleson is qualified.

6 Q. (Mr. Kellahin continuing.) Would you
7 please refer to what we've marked as Applicant Exhibit
8 Number One and summarize for the Examiner what you're
9 seeking to accomplish?

10 A. All right. Exhibit One is a plat showing
11 our Horner lease, being the west half of the southeast
12 quarter of Section 20, 25 South, 37 East, Lea County, New
13 Mexico.

14 Q. What is a standard proration unit in the
15 Jalmat Gas Pool?

16 A. Standard proration unit in the Jalmat
17 Gas Field is 640 acres and we request approval of an 80-
18 acre unit.

19 Q. And what will be the acreage dedicated
20 to the well?

21 A. It will be 80 acres.

22 Q. That will be the west half of the south-
23 east quarter?

24 A. The 80-acres will be our Horner lease,
25 which will be the west half of the southeast quarter of

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1 Section 20.

2 Q Where is the subject well going to be
3 located?

4 A Currently there are two old TP plugged
5 producers on this lease at standard locations, and we are
6 in the back of El Paso Natural's main camp in Jal, and have
7 been, because of the two old producers, we've been forced
8 to move our well down to a 650 feet from the south and 650
9 feet from the east of this section.

10 This would put the Gnome well 330 feet
11 off the lease line, and the lease that it is crowding
12 would be Lewis Burleson - Leonard lease, which has two
13 Jalmat gas wells on it.

14 Q Do you control the entire working interest
15 ownership in this proration unit?

16 A We have all of the working interest under
17 lease or under an operating agreement, except for the
18 Gordon Cone Estate of Lovington, New Mexico, and this estate
19 is supposed to be closed out in the next two months and we
20 have a drilling obligation to drill this lease in July,
21 and these people have approved us force pooling this in-
22 terest, so when the estate closes they can, or say they
23 will, join an operating agreement.

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1 A. Yes, they are.

2 Q. -- that have not committed themselves to

3 this unit?

4 A. Right. May I read them to you? Clifford

5 Cone of Lubbock, Texas, with a 1/5th of 15/786ths.

6 Douglas R. Cone of Lubbock, Texas, with

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14 Then one additional mineral owner who

15 hasn't decided which way she'll go yet, is Ellie Speer of

16 603 Seco Drive, Hobbs, New Mexico. She owns an interest

17 of 650ths over 320,000.

18 Q. What if any efforts have you made to con-

19 tact those interest owners that have not committed them-

20 selves to this unit?

21 A. All right. In April the 27th of this

22 year everyone of these people, and the estate of Gordon

23 Cone, was notified or given the choice to give a lease or

24 to join under a standard operating agreement.

25 Q. How did you notify them?

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1 A. They were all -- certified mail was sent
2 to everyone of these six individuals.

3 Q. And did you obtain return receipts from
4 all those letters?

5 A. Yes, I have.

6 MR. NUTTER: Before you get any further,
7 Mr. Burleson, where did you send the notice to Clifford
8 Cone?

9 A. He is in -- Clifford. Clifford Cone --

10 MR. NUTTER: He's the first one.

11 A. Yeah, he is in Lubbock. He lives in --
12 he lives in Lubbock, and this is his box number, Box 610.

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7 hanging for two years and it's gotten awful complicated
8 with the administrators not being any of the children.

9 Q Is this percentage interest you've indi-
10 cated for these nonconsenting owners, is that an interest
11 that's common for the entire 80-acre tract?

12 A Yes, sir, it is.

13 Q Would you please refer to Exhibit Number
14 Two and identify it?

15 A All right. Exhibit Number Two is an AFE
16 to drill this well to 3200 feet and complete the original --
17 the main bulk of it is to complete as an oil well, but --
18 for a grand total of \$148,285, but if we complete it as a
19 Jalmat gas well that total would be some \$27,800 less,
20 which would approximate -- be an approximate figure for
21 a Jalmat well of \$121,000.

22 Q Do you have recommendation to the Examiner
23 with regards to an overhead charge to be charged against
24 the nonconsenting working interest owners while drilling
25 and after completion of the well

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1 A Yes, sir. I would like to have on the
2 operating agreement \$200 a month overhead charge and \$2000
3 a month drilling charge while the -- while the well is in
4 operation.

5 Q What is the current status of the first
6 two wells on this proration unit that produced out of the
7 Jalmat Gas Pool?

8 A Now these two wells were Langlie-Mattix
9 oil wells and then the No. 2, which would be 1900 from
10 the south and 1980 from the east, was completed as a Jal-
11 mat gas well and was plugged some fifteen years ago.

12 Q Did it ever produce from the Jalmat gas
13 zone?

14 A Yes, it did.

15 Q Why have you chosen that particular un-
16 orthodox location?

17 A The main reason is to get away from these
18 two boreholes so that we will not have communication back
19 to them, and also, we cannot move north because the main
20 El Paso trunk line come across this area and we couldn't
21 get on the other side of these two wells or we would be
22 in El Paso's general camp.

23 Q Are there any standard locations within
24 this proration unit that would place you in a comparable
25 position to the unorthodox location?

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1 A. No, there is not.

2 Q In your opinion is the unorthodox location
3 the optimum location from which to drain this proration
4 unit?

5 A. Yes, it is.

6 Q Do you have a recommendation to the Examiner
7 with regards to a risk factor to be assessed against the
8 nonparticipating working interest owners?

9 A Because we are drilling in an old depleted
10 area, I request 150 percent risk factor against the -- the
11 people, or mineral interests, that would not join in
12 drilling or give us a lease on this well.

13 Q Were Exhibits One and Two prepared by
14 you or compiled under your direction and supervision?

15 A. Yes, they were.

16 Q And in your opinion will approval of
17 this application be in the best interest of conservation,
18 the prevention of waste, and the protection of correlative
19 rights?

20 A. Yes, it will.

21 MR. KELIAHIN: We move the introduction
22 of Exhibits One and Two.

23 MR. NUTTER: Applicant Exhibits One and
24 Two will be admitted in evidence.
25

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CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Burleson, is the ownership throughout the 80 acres identical?

A Yes, it is.

Q So these people that you've referred to as having not agreed to it as of yet have an undivided interest in both 40-acre tracts you're talking about here.

A Yes, they do.

Q So in the event you should get a 40-acre oil well rather than an 80-acre gas well, there won't be any diversity of ownership between the two tracts.

A No, sir, there wouldn't.

Q Now the cost estimate that you've given of \$148,000 would be for an oil well with pumping equipment.

A Yes, sir, that is correct, with tanks.

Q And if you got a flowing gas well, that's where you'd have \$27,800 less than your estimate here.

A Yes, sir.

Q And the location of the well is to be 1650 from south and east?

A Yes, sir.

Q Wouldn't that place the well a little

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1 further north than you have shown on Exhibit One, Mr.
2 Burleson?

3 A Well, I eyeball that in, but the well is
4 staked 1650 from the south and it should be -- it's fairly
5 close to that No. 2. We had to get away from it some way.

6 Q Yes.

7 A In drilling in an old area.

8 Q Okay, but this location shown on here is
9 not scaled, then.

10 A That is correct.

11 Q Okay. Now these two wells that are on
12 this land, these old TP wells, were they oil wells or were
13 they gas wells?

14 A Both of them were Langlie-Mattix Queen
15 wells.

16 Q So there's never been a Jalmat well in
17 there.

18 A No, sir, they recompleted the No. 2 as
19 a Jalmat well. It made 800,000 Mcf.

20 Q As a Jalmat gas well.

21 A Yes, sir.

22 Q Okay.

23 A Which is way below what it should have
24 done, you know.

25 Q Okay.

1 MR. NUTTER: Are there any other questions
2 of the witness? He may be excused.

3 Do you have anything further, Mr.
4 Kellahin?

5 MR. KELLAHIN: No, sir.

6 MR. NUTTER: Does anyone have anything
7 they wish to offer in Case Number 6565?

8 We'll take the case under advisement.

9
10 (Hearing concluded.)
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REPORTER'S CERTIFICATE

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

Sally W. Boyd C.S.R.
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. 6576 heard by me on 6/13 1979

[Signature] Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Lewis B. Burleson,
Inc., for compulsory pooling, a
non-standard gas proration unit,
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Lea County, New Mexico.

CASE
6565

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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Division:

Ernest L. Padilla, Esq.
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500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

LEWIS B. BURLESON

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 11

E X H I B I T S

Applicant Exhibit One, Letter and plat 4

Applicant Exhibit Two, AFE 8

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MR. NUTTER: Call next Case 6565.

MR. PADILLA: Application of Lewis B. Burleson, Inc., for compulsory pooling, a non-standard gas proration unit, and an unorthodox well location in Lea County, New Mexico.

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

(Witness sworn.)

LEWIS B. BURLESON
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BY MR. KELLAHIN:

Q Would you please state your name and occupation?

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Q Mr. Burleson, are you a professional geologist?

A Yes, I am.

Q And have you previously testified in that

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1 capacity before the Oil Conservation Division?

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3 MR. KELLAHIN: We tender Mr. Burleson as

4 an expert witness.

5 MR. NUTTER: Mr. Burleson is qualified.

6 Q (Mr. Kellahin continuing.) Would you

7 please refer to what we've marked as Applicant Exhibit

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18 Gordon Cone Estate of Lovington, New Mexico, and this estate
19 is supposed to be closed out in the next two months and we
20 have a drilling obligation to drill this lease in July,
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23 will, join an operating agreement.

24 Q Are those names indicated on the applica-
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1 A Yes, they are.

2 Q -- that have not committed themselves to

3 this unit?

4 A Right. May I read them to you? Clifford

5 Cone of Lubbock, Texas, with a 1/5th of 15/786ths.

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23 Cone, was notified or given the choice to give a lease or

24 to join under a standard operating agreement.

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1 A They were all -- certified mail was sent
2 to everyone of these six individuals.

3 Q And did you obtain return receipts from
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6 MR. NUTTER: Before you get any further,
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3020 Plaza Blanca (905) 471-2402
Santa Fe, New Mexico 87501

1 A Yes, sir. I would like to have on the
2 operating agreement \$200 a month overhead charge and \$2000
3 a month drilling charge while the -- while the well is in
4 operation.

5 Q What is the current status of the first
6 two wells on this proration unit that produced out of the
7 Jalmat Gas Pool?

8 A Now these two wells were Langlie-Mattix
9 oil wells and then the No. 2, which would be 1900 from
10 the south and 1980 from the east, was completed as a Jal-
11 mat gas well and was plugged some fifteen years ago.

12 Q Did it ever produce from the Jalmat gas
13 zone?

14 A Yes, it did.

15 Q Why have you chosen that particular un-
16 orthodox location?

17 A The main reason is to get away from these
18 two boreholes so that we will not have communication back
19 to them, and also, we cannot move north because the main
20 El Paso trunk line come across this area and we couldn't
21 get on the other side of these two wells or we would be
22 in El Paso's general camp.

23 Q Are there any standard locations within
24 this proration unit that would place you in a comparable
25 position to the unorthodox location?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (805) 471-2462
Santa Fe, New Mexico 87501

1 A. No, there is not.

2 Q In your opinion is the unorthodox location
3 the optimum location from which to drain this proration
4 unit?

5 A Yes, it is.

6 Q Do you have a recommendation to the Examiner
7 with regards to a risk factor to be assessed against the
8 nonparticipating working interest owners?

9 A Because we are drilling in an old depleted
10 area, I request 150 percent risk factor against the -- the
11 people, or mineral interests, that would not join in
12 drilling or give us a lease on this well.

13 Q Were Exhibits One and Two prepared by
14 you or compiled under your direction and supervision?

15 A Yes, they were.

16 Q And in your opinion will approval of
17 this application be in the best interest of conservation,
18 the prevention of waste, and the protection of correlative
19 rights?

20 A Yes, it will.

21 MR. KELLAMIN: We move the introduction
22 of Exhibits One and Two.

23 MR. NUTTER: Applicant Exhibits One and
24 Two will be admitted in evidence.
25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2482
Santa Fe, New Mexico 87501

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Burleson, is the ownership throughout the 80 acres identical?

A Yes, it is.

Q So these people that you've referred to as having not agreed to it as of yet have an undivided interest in both 40-acre tracts you're talking about here.

A Yes, they do.

Q So in the event you should get a 40-acre oil well rather than an 80-acre gas well, there won't be any diversity of ownership between the two tracts.

A No, sir, there wouldn't.

Q Now the cost estimate that you've given of \$148,000 would be for an oil well with pumping equipment.

A Yes, sir, that is correct, with tanks.

Q And if you got a flowing gas well, that's where you'd have \$27,800 less than your estimate here.

A Yes, sir.

Q And the location of the well is to be 1650 from south and east?

A Yes, sir.

Q Wouldn't that place the well a little

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (695) 471-3462
Santa Fe, New Mexico 87501

1 further north than you have shown on Exhibit One, Mr.
2 Burleson?

3 A Well, I eyeball that in, but the well is
4 staked 1650 from the south and it should be -- it's fairly
5 close to that No. 2. We had to get away from it some way.

6 Q Yes.

7 A In drilling in an old area.

8 Q Okay, but this location shown on here is
9 not scaled, then.

10 A That is correct.

11 Q Okay. Now these two wells that are on
12 this land, these old TP wells, were they oil wells or were
13 they gas wells?

14 A Both of them were Langlie-Mattix Queen
15 wells.

16 Q So there's never been a Jalmat well in
17 there.

18 A No, sir, they recompleted the No. 2 as
19 a Jalmat well. It made 800,000 Mcf.

20 Q As a Jalmat gas well.

21 A Yes, sir.

22 Q Okay.

23 A Which is way below what it should have
24 done, you know.

25 Q Okay.

1 MR. NUTTER: Are there any other questions
2 of the witness? He may be excused.

3 Do you have anything further, Mr.
4 Kellahin?

5 MR. KELLAHIN: No, sir.

6 MR. NUTTER: Does anyone have anything
7 they wish to offer in Case Number 6565?

8 We'll take the case under advisement.

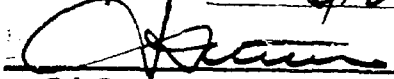
9
10 (Hearing concluded.)
11
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

REPORTING CLERK

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

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6565
heard by me on 6/13 1979.
, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (SOS) 471-2482
Santa Fe, New Mexico 87501



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

June 29, 1979

POST OFFICE BOX 2088
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. 6565
ORDER NO. R-6037

Applicant:

Lewis E. Burleson, Inc.

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 OCC	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	

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. 6565
Order No. R-6037

APPLICATION OF LEWIS B. BURLESON,
INC., FOR COMPULSORY POOLING, A
NON-STANDARD GAS PRORATION UNIT,
AND AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 13, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of June, 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, Lewis B. Burleson, Inc., seeks an
order pooling all mineral interests in the Jalmat Gas Pool
underlying the W/2 SE/4 of Section 20, Township 25 South, Range
37 East, NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes
to drill a well at an unorthodox location 1650 feet from the
South line and 1650 feet from the East line of said Section 20
to be dedicated to an 80-acre non-standard gas proration unit.

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

(5) That to avoid the drilling of unnecessary wells, to
protect correlative rights, and to afford to the owner of each
interest in said unit the opportunity to recover or receive

-2-

Case No. 6565
Order No. R-6037

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 200 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 \$200.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the 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 September 1, 1979, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Gas Pool underlying the W/2 SE/4 of Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a non-standard 80-acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the South line and 1650 feet from the East line of said Section 20.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of September, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Jalmat Gas Pool formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of September, 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 Lewis B. Burleson, Inc. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 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, 200 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 \$200.00 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,

-5-

Case No. 6565
Order No. R-6037

not in excess of what are reasonable, attributable to each non-consenting working interest.

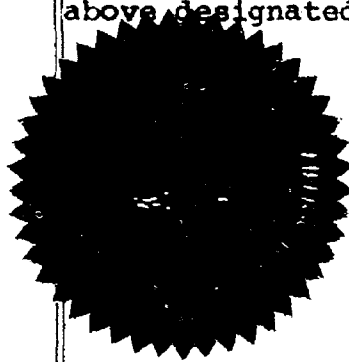
(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(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 Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

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

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

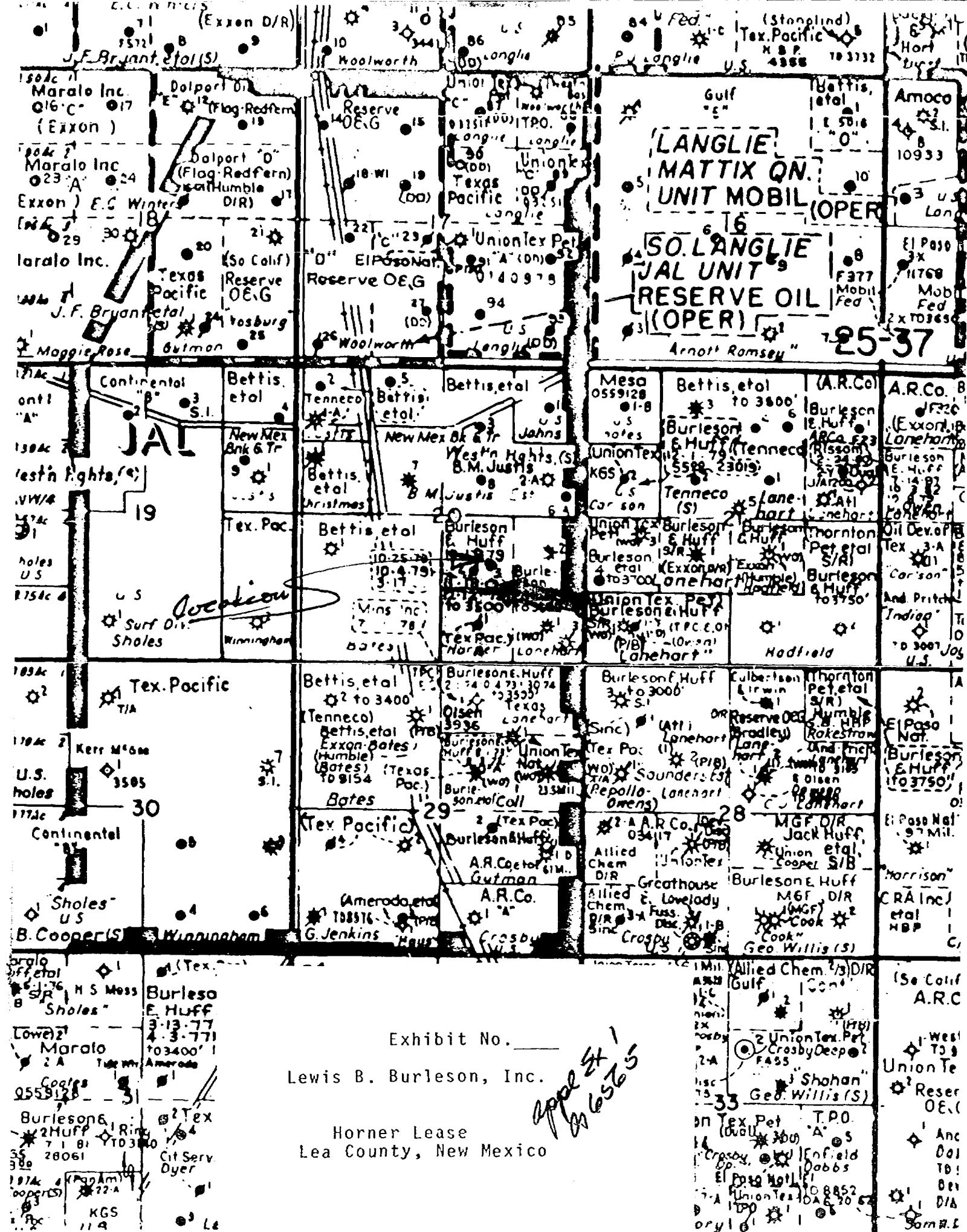


S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

fd/



LEWIS B. BURLESON
AUTHORITY FOR EXPENDITURE

LEASE NO. _____ APPR. NO. _____
LEASE NAME Harner WELL NO. 1 W. I. _____
COUNTY Lea STATE New Mexico FIELD Langlie Mattix
LOCATION: N/2 SE/4 Section 20, T-25-S, R-37-E

DRILLING INTANGIBLES:

	PRODUCER	DRY HOLE
1. Drilling Cost <u>3500</u> Feet @ <u>11.00</u> Per Foot	<u>38,500.00</u>	
2. Day Work <u>1 day @ \$3100</u>	<u>3,100.00</u>	
3. Coring Service _____ Well Surveys <u>5000</u>	<u>5,000.00</u>	
4. Testing _____		
5. Fuel _____ Water <u>4,000</u>	<u>4,000.00</u>	
6. Mud <u>3800</u> Mud Logging _____	<u>3,800.00</u>	
7. Cementing Service <u>4000</u> Cement _____ Floats _____	<u>4,000.00</u>	
8. Company Labor _____ Contract Labor _____		
9. Digging Pits <u>1000</u> Filling Pits _____	<u>1,000.00</u>	
10. Roads & Bridges _____ Dredging & Grading <u>2900</u>	<u>2,900.00</u>	
11. Acidizing <u>2200</u> Fracturing <u>16000</u> Perforating <u>2200</u>	<u>20,400.00</u>	
12. Plugging _____		
13. Trucking Cost _____		
14. Development Superintendence <u>7</u> days @ \$ <u>200</u> /day	<u>1,400.00</u>	
15. Rental Equipment _____		
16. Swabbing and Testing _____		
17. Other Costs _____		
Total Intangibles	<u>88,600.00</u>	

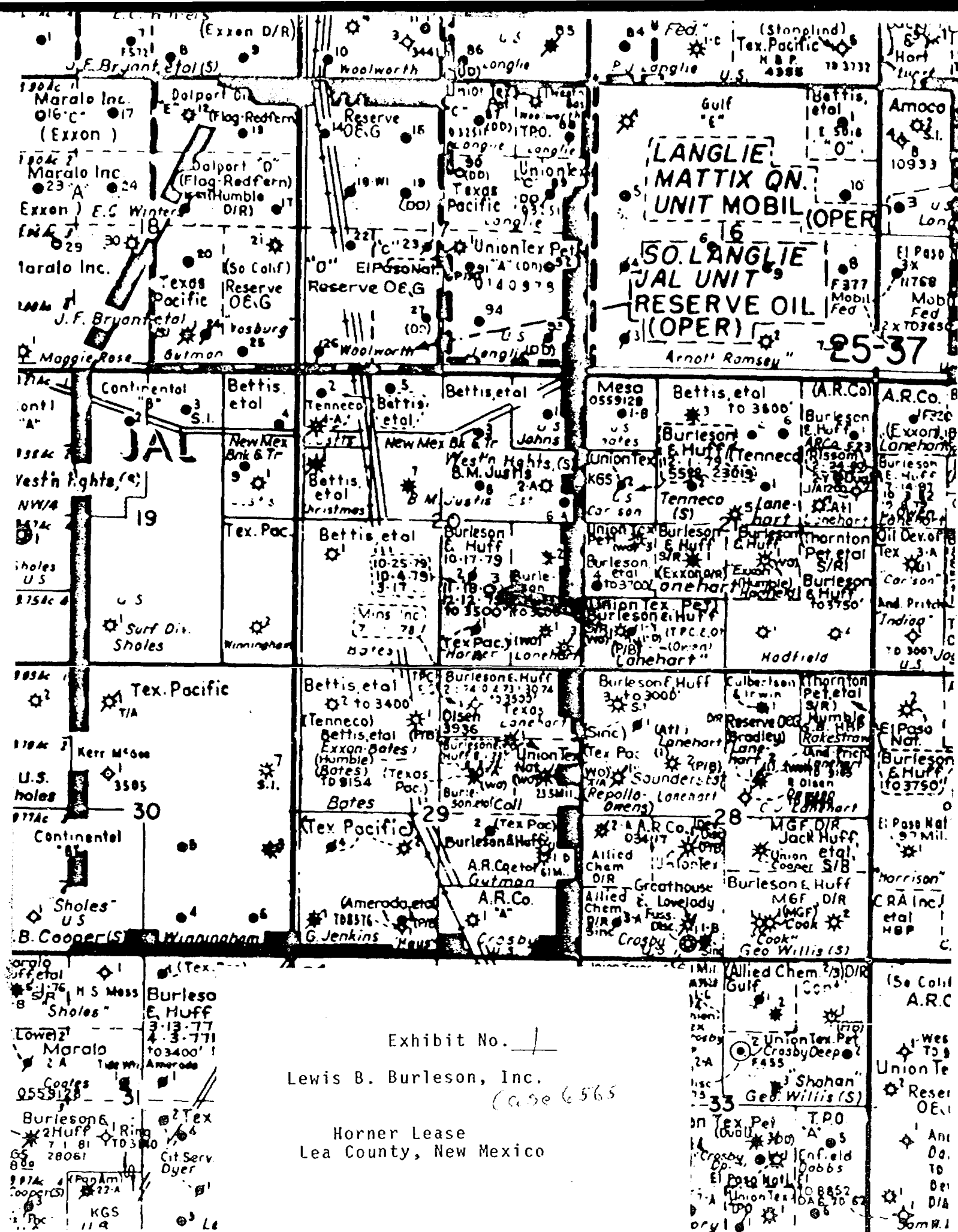
WELL EQUIPMENT:

18. Casing <u>1200</u> Ft. of <u>8-5/8</u> @ <u>7.80</u> Per Ft.		
<u>3500</u> Ft. of <u>4-1/2</u> @ <u>3.80</u> Per Ft.		
	<u>22,660.00</u>	
19. Tubing <u>3500</u> Ft. of <u>2-3/8</u> @ <u>1.95</u> Per Ft.	<u>6,825.00</u>	
20. Casing Head _____	<u>900.00</u>	
21. Xmas Tree or Pumping Connections _____	<u>500.00</u>	
22. Pumping Unit _____	<u>8,000.00</u>	
23. Engine _____	<u>1,500.00</u>	
24. Sucker Rods _____	<u>2,700.00</u>	
25. Pump _____	<u>600.00</u>	
26. Tank Battery _____	<u>1,500.00</u>	
27. Separator or Dehydration Equip. _____	<u>1,000.00</u>	
28. Metering Equipment _____		
29. Flow Lines _____		
30. Other _____		
Total Tangibles	<u>59,685.00</u>	
TOTAL COST OF WELL	<u>148,285.00*</u>	

REMARKS: *less \$27,800.00 for gas well. \$ 200.00 producing chg/mo
\$ 2,000.00 drilling chg/mo
200.00

Prepared by Wayne Jarvis Title Drilling Foreman Date 1-26-79
Approved _____ Title _____ Date _____

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
Burleson	EXHIBIT NO. <u>2</u>
CASE NO. <u>6565</u>	



LEWIS B. BURLESON
AUTHORITY FOR EXPENDITURE

LEASE NO. _____ APPR. NO. _____
 LEASE NAME Harner WELL NO. 1 W. I. _____
 COUNTY Lea STATE New Mexico FIELD Langlie Mattix
 LOCATION: W/2 SE/4 Section 20, T-25-S, R-37-E

DRILLING INTANGIBLES:

		PRODUCER	DRY HOLE
1. Drilling Cost	<u>3500</u> Feet @ <u>11.00</u> Per Foot	<u>38,500.00</u>	
2. Day Work	<u>1 day @ \$3100</u>	<u>3,100.00</u>	
3. Coring Service	<u>Well Surveys 5000</u>	<u>5,000.00</u>	
4. Testing			
5. Fuel	<u>Water 4,000</u>	<u>4,000.00</u>	
6. Mud	<u>3800 Mud Logging</u>	<u>3,800.00</u>	
7. Cementing Service	<u>4000 Cement Floats</u>	<u>4,000.00</u>	
8. Company Labor	<u>Contract Labor</u>		
9. Digging Pits	<u>1000 Filling Pits</u>	<u>1,000.00</u>	
10. Roads & Bridges	<u>Dredging & Grading 2900</u>	<u>2,900.00</u>	
11. Acidizing	<u>2200 Fracturing 16000 Perforating 2200</u>	<u>20,400.00</u>	
12. Plugging			
13. Trucking Cost			
14. Development Superintendence	<u>7 days @ \$ 200 /day</u>	<u>1,400.00</u>	
15. Rental Equipment			
16. Swabbing and Testing			
17. Other Costs			
Total Intangibles		<u>88,600.00</u>	

WELL EQUIPMENT:

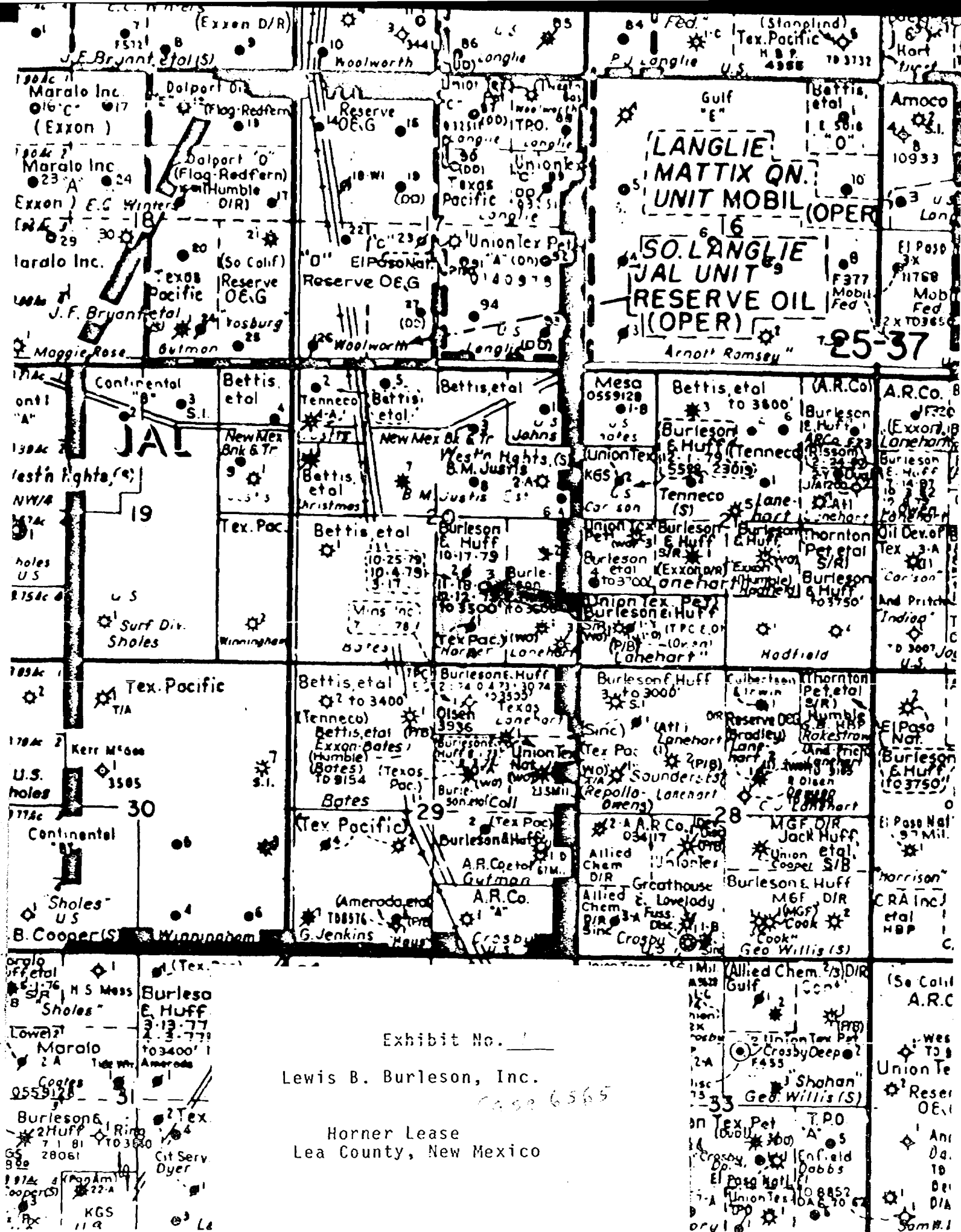
18. Casing	<u>1200</u> Ft. of <u>8-5/8</u> @ <u>7.80</u> Per Ft.		
	<u>3500</u> Ft. of <u>4-1/2</u> @ <u>3.80</u> Per Ft.		
		<u>22,660.00</u>	
19. Tubing	<u>3500</u> Ft. of <u>2-3/8</u> @ <u>1.95</u> Per Ft.	<u>6,825.00</u>	
20. Casing Head		<u>900.00</u>	
21. Xmas Tree or Pumping Connections		<u>500.00</u>	
22. Pumping Unit		<u>8,000.00</u>	
23. Engine		<u>1,500.00</u>	
24. Sucker Rods		<u>2,700.00</u>	
25. Pump		<u>600.00</u>	
26. Tank Battery		<u>1,500.00</u>	
27. Separator or Dehydration Equip.		<u>1,000.00</u>	
28. Metering Equipment			
29. Flow Lines			
30. Other			
Total Tangibles		<u>59,685.00</u>	
TOTAL COST OF WELL		<u>148,285.00*</u>	

REMARKS: *less \$27,800.00 for gas well.

Prepared by Wayne Jarvis Title Drilling Foreman Date 1-26-79
 Approved _____ Title _____ Date _____

Gordon Cone Estate

*Exhibit 2
1-26-79*



LEWIS B. BURLESON
AUTHORITY FOR EXPENDITURE

LEASE NO. _____ APPR. NO. _____
LEASE NAME Harner WELL NO. 1 W. 1. _____
COUNTY Lea STATE New Mexico FIELD Langlie Mattix
LOCATION: W/2 SE/4 Section 20, T-25-S, R-37-E

DRILLING INTANGIBLES:			PRODUCER	DRY HOLE
1.	Drilling Cost	3500 Feet @ 11.00 Per Foot	38,500.00	
2.	Day Work	1 day @ \$3100	3,100.00	
3.	Coring Service	Well Surveys 5000	5,000.00	
4.	Testing			
5.	Fuel	Water 4,000	4,000.00	
6.	Mud	3800 Mud Logging	3,800.00	
7.	Cementing Service	4000 Cement Floats	4,000.00	
8.	Company Labor	Contract Labor		
9.	Digging Pits	1000 Filling Pits	1,000.00	
10.	Roads & Bridges	Dredging & Grading 2900	2,900.00	
11.	Acidizing	2200 Fracturing 16000 Perforating 2200	20,400.00	
12.	Plugging			
13.	Trucking Cost			
14.	Development Superintendence	7 days @ \$ 200 /day	1,400.00	
15.	Rental Equipment			
16.	Swabbing and Testing			
17.	Other Costs			
Total Intangibles			88,600.00	

WELL EQUIPMENT:

18.	Casing	1200 Ft. of 8-5/8 @ 7.80 Per Ft.		
		3500 Ft. of 4-1/2 @ 3.80 Per Ft.		
			22,660.00	
19.	Tubing	3500 Ft. of 2-3/8 @ 1.95 Per Ft.	6,825.00	
20.	Casing Head		900.00	
21.	Xmas Tree or Pumping Connections		500.00	
22.	Pumping Unit		8,000.00	
23.	Engine		1,500.00	
24.	Sucker Rods		2,700.00	
25.	Pump		600.00	
26.	Tank Battery		1,500.00	
27.	Separator or Dehydration Equip.		1,000.00	
28.	Metering Equipment			
29.	Flow Lines			
30.	Other			
Total Tangibles			59,685.00	

TOTAL COST OF WELL 148,285.00*

REMARKS: *less \$27,800.00 for gas well. *if completed as gas well*
well

Prepared by Wayne Jarvis Title Drilling Foreman Date 1-26-79
Approved _____ Title _____ Date _____

*Exhibit 2
page 6065*

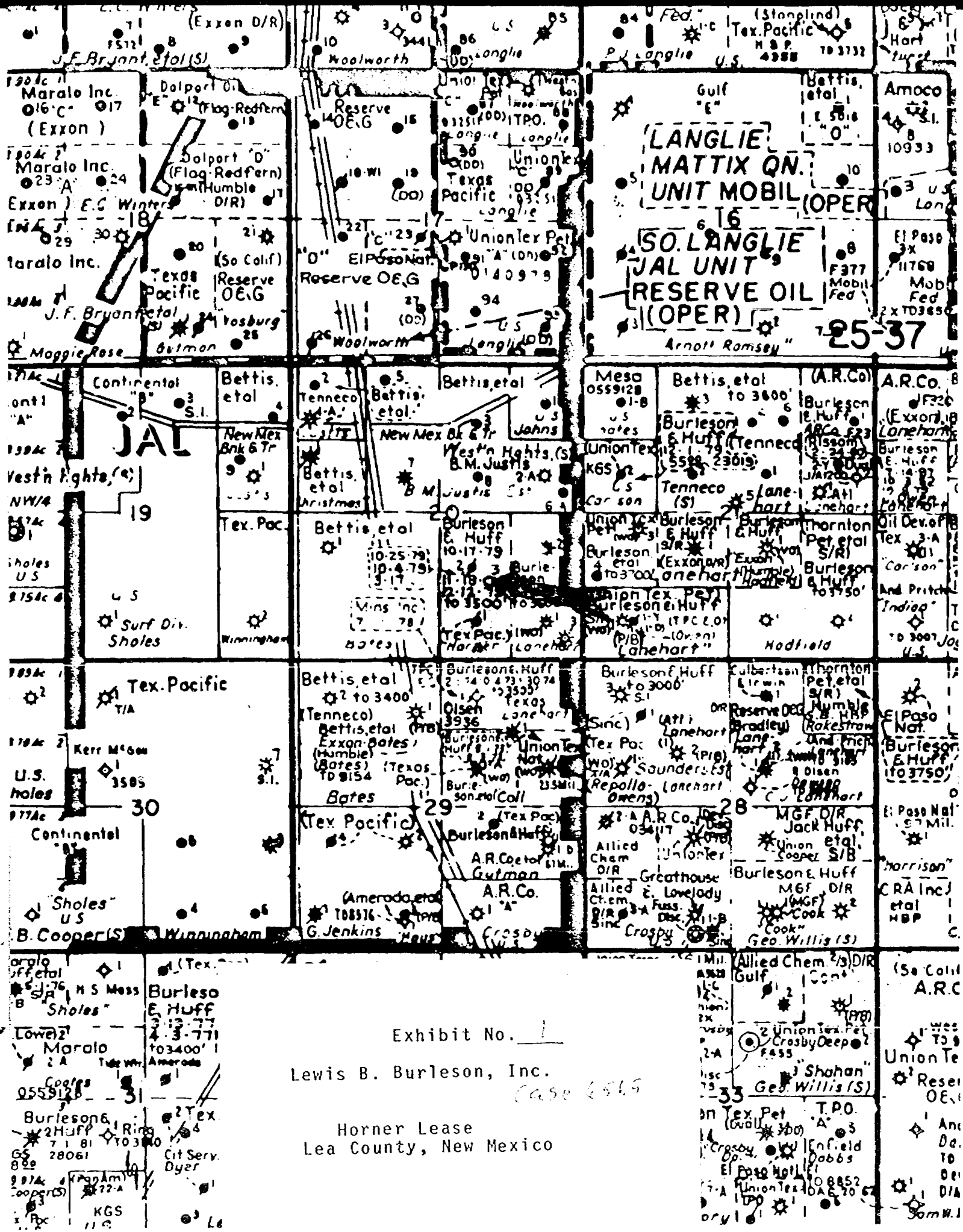


Exhibit No. 1
Lewis B. Burleson, Inc.
Case 666
Horner Lease
Lea County, New Mexico

LEWIS B. BURLESON
AUTHORITY FOR EXPENDITURE

LEASE NO. _____ APPR. NO. _____
LEASE NAME Harner WELL NO. 1 W. I. _____
COUNTY Lea STATE New Mexico FIELD Langlie Mattix
LOCATION: W/2 SE/4 Section 20, T-25-S, R-37-E

DRILLING INTANGIBLES:

	PRODUCER	DRY HOLE
1. Drilling Cost <u>3500</u> Feet @ <u>11.00</u> Per Foot	<u>38,500.00</u>	
2. Day Work <u>1 day @ \$3100</u>	<u>3,100.00</u>	
3. Coring Service _____ Well Surveys <u>5000</u>	<u>5,000.00</u>	
4. Testing _____		
5. Fuel _____ Water <u>4,000</u>	<u>4,000.00</u>	
6. Mud <u>3800</u> Mud Logging _____	<u>3,800.00</u>	
7. Cementing Service <u>4000</u> Cement _____ Floats _____	<u>4,000.00</u>	
8. Company Labor _____ Contract Labor _____		
9. Digging Pits <u>1000</u> Filling Pits _____	<u>1,000.00</u>	
10. Roads & Bridges _____ Dredging & Grading <u>2900</u>	<u>2,900.00</u>	
11. Acidizing <u>2200</u> Fracturing <u>16000</u> Perforating <u>2200</u>	<u>20,400.00</u>	
12. Plugging _____		
13. Trucking Cost _____		
14. Development Superintendence <u>7</u> days @ \$ <u>200</u> /day	<u>1,400.00</u>	
15. Rental Equipment _____		
16. Swabbing and Testing _____		
17. Other Costs _____		
Total Intangibles	<u>88,600.00</u>	

WELL EQUIPMENT:

18. Casing <u>1200</u> Ft. of <u>8-5/8</u> @ <u>7.80</u> Per Ft.		
<u>3500</u> Ft. of <u>4-1/2</u> @ <u>3.80</u> Per Ft.		
	<u>22,660.00</u>	
19. Tubing <u>3500</u> Ft. of <u>2-3/8</u> @ <u>1.95</u> Per Ft.	<u>6,825.00</u>	
20. Casing Head _____	<u>900.00</u>	
21. Xmas Tree or Pumping Connections _____	<u>500.00</u>	
22. Pumping Unit _____	<u>8,000.00</u>	
23. Engine _____	<u>1,500.00</u>	
24. Sucker Rods _____	<u>2,700.00</u>	
25. Pump _____	<u>600.00</u>	
26. Tank Battery _____	<u>1,500.00</u>	
27. Separator or Dehydration Equip. _____	<u>1,000.00</u>	
28. Metering Equipment _____		
29. Flow Lines _____		
30. Other _____		
Total Tangibles	<u>59,685.00</u>	
TOTAL COST OF WELL	<u>148,285.00*</u>	

REMARKS: *less \$27,800.00 for gas well.

Prepared by Wayne Jarvis Title Drilling Foreman Date 1-26-79
Approved _____ Title _____ Date _____

Exhibit 2
Case 6565

Dockets Nos. 24-79 and 25-79 are tentatively set for hearing on June 27 and July 11, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 6, 1979

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

CASE 6495: (DE NOVO)

Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

Upon application of Amax Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 13, 1979

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6560: Application of Exxon Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (combination) of its "AB" State Well No. 4 located in Unit A of Section 16, Township 24 South, Range 37 East, to produce gas from the Langlie Mattix Pool and oil from the Fowler-Upper Yeso Pool, through parallel strings of casing cemented in a common well bore.

CASE 6561: Application of Amoco Production Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, proposes to directionally drill its State "HC" Well No. 1 located 1980 feet from the South and West lines of Section 21, Township 16 South, Range 35 East, Townsend Field, to a bottom hole location within 100 feet of a point 990 feet from the South line and 2310 feet from the East line of said Section 21, the S/2 of said Section 21 to be dedicated to the well.

CASE 6562: Application of Orla Petco, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Ramsey Sand of the Be. Canyon formation through the open hole interval from 2498 feet to 2508 feet in its Courley-Federal Well No. 4 located in Unit J of Section 31, Township 22 South, Range 28 East, Herradura Bend-Delaware Pool.

CASE 6563: Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his North Woolworth Ranch Unit Area, comprising 1,280 acres, more or less, of State lands in Township 23 South, Range 35 East.

CASE 6564: Application of Haraden Oil & Gas Co. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its O. A. Woody Well No. 1 in the center of Unit E, Section 35, Township 16 South, Range 38 East, Knowles-Devonian Pool.

CASE 6565: Application of Lewis B. Burleson, Inc. for compulsory pooling, a non-standard gas proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the W/2 SE/4 of Section 20, Township 25 South, Range 37 East, to form an 80-acre non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the South and East lines of said Section 20. 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 6566: Application of Lewis B. Burleson, Inc. for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SW/4 of Section 10, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled 2310 feet from the South and West lines of said Section 10.
- CASE 6567: Application of Mewbourne Oil Company for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 25 Com Well No. 1 660 feet from the South line and 1650 feet from the West line of Section 25, Township 14 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, the S/2 of said Section 25 to be dedicated to the well.
- CASE 6568: Application of Dallas McCasland 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 his Woolworth Well No. 5 located in Unit P of Section 28, Township 24 South, Range 37 East, Jalmat Gas Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6569: Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Lockhart A-17 Well No. 2 located in Unit 1 of Section 17, Township 21 South, Range 37 East, to produce gas from the Eumont Gas Pool through the casing-tubing annulus and oil from the Blinbry Oil and Gas Pool through tubing.
- CASE 6570: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, Eumont Gas Pool, to be simultaneously dedicated to applicant's Lockhart A-18 Wells Nos. 2, 3, and 4, located in Units O, K, and M, respectively, of said Section 18.
- CASE 6571: Application of Continental Oil Company for vertical pool limit redefinition, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool to include the lowermost 165 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the following described lands: SW/4 W/2 SE/4 and SE/4 SE/4 of Section 35, Township 23 South, Range 36 East; and NW/4, W/2 NE/4, and SE/4 NE/4 of Section 1, Township 24 South, Range 36 East.
- CASE 6537: (Continued from May 9, 1979, Examiner Hearing)
- Application of Harper Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its West Ranger Lake Unit Area, comprising 1,120 acres, more or less, of State lands in Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 6553: (Continued from May 23, 1979, Examiner Hearing)
- 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 6572: Application of ARCO Oil and Gas Company to drill a horizontal drainhole, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill and complete its Empire Abo Unit Well No. K-142, located in Unit K of Section 2, Township 18 South, Range 27 East, Empire-Abo Pool, with a single horizontal drainhole of about 200 feet in length in the Abo formation.
- CASE 6573: Application of Mesa Petroleum Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of its Well No. 7 in the Nash Unit, the surface location of which would be 685 feet from the North line and 1295 feet from the West line of Section 18, to be vertically drilled to approximately 7,000 feet, and then directionally drilled to a bottom hole location in the Morrow formation within 400 feet of a point 1315 feet from the South line and 1320 feet from the West line of Section 7, all in Township 23 South, Range 30 East.
- CASE 6574: Application of Texas Oil & Gas Corp. for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Morrow formations underlying the E/2 of Section 6, Township 17 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 6. 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 6535: (Continued from May 23, 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 6575: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting the vertical limits, and extending the horizontal limits of certain pools in Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Cass Draw-Wolfcamp Gas Pool. The discovery well is Black River Corporation Miller Com Well No. 1 located in Unit C of Section 10, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 10: N/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production and designated as the Runyan Ranch-Abo Gas Pool. The discovery well is Mesa Petroleum Company Runyan Federal Com Well No. 1 located in Unit E of Section 17, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 17: NW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Runyan Ranch-Morrow Gas Pool. The discovery well is Mesa Petroleum Company Gardner State Well No. 1 located in Unit K of Section 8, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 8: W/2

(d) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 16: SE/4
Section 17: NE/4

(e) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 28: N/2

(f) EXTEND the Avalon-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 21: SW/4
Section 28: N/2

(g) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: N/2

(h) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 12: S/2
Section 13: N/2

(i) EXTEND the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 34: SW/4

(j) EXTEND the South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 22: N/2
Section 35: N/2

- (k) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 12: N/2

- (l) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 21: E/2

- (m) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 13: S/2

- (n) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2

- (o) EXTEND the Eumont Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 32: W/2

- (p) EXTEND the Hardy-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 2: E/2 SE/4 and SW/4 SE/4

- (q) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 5: E/2 NW/4

- (r) EXTEND the Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2
Section 36: W/2

- (s) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 10: S/2
Section 11: S/2
Section 16: E/2

- (t) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 32: W/2

- (u) EXTEND the Logan Draw-Cisco Canyon Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 28: W/2

- (v) EXTEND the West Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 16: N/2

- (w) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 25: N/2

- (x) EXTEND the South Peterson-Fusselman Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 31: NW/4

(y) CONTRACT the vertical limits of the Shoe Bar-Pennsylvanian Gas Pool in Lea County, New Mexico, to the Atoka formation only and redesignate said pool as the Shoe Bar-Atoka Gas Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 34: SW/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 3: N/2

(z) EXTEND the Teague-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: S/2
Section 27: NE/4

(aa) EXTEND the Todd-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM
Section 22: NE/4

(bb) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 30: W/2

(cc) EXTEND the West Tonto-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 7: NW/4

(dd) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 14: W/2
Section 15: E/2
Section 23: All
Section 24: W/2

(ee) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

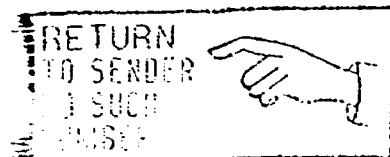
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: SE/4
Section 10: NE/4

ENERGY and MINERALS DEPARTMENT

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

*Should have
been Box 6010*

Clifford Cone
Box 610
Lubbock, Texas 79412



Dockets Nos. 24-79 and 25-79 are tentatively set for hearing on June 27 and July 11, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 6, 1979

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

CASE 6495: (DE NOVO)

Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

Upon application of Amax Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 23-79

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 13, 1979

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

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

- ALLOWABLE:** (1) Consideration of the allowable production of gas for July, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6560: Application of Exxon Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (combination) of its "AB" State Well No. 4 located in Unit A of Section 16, Township 24 South, Range 37 East, to produce gas from the Langlie Mattix Pool and oil from the Fowler-Upper Yeso Pool, through parallel strings of casing cemented in a common well bore.

CASE 6561: Application of Amoco Production Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, proposes to directionally drill its State "HC" Well No. 1 located 1980 feet from the South and West lines of Section 21, Township 16 South, Range 35 East, Townsend Field, to a bottom hole location within 100 feet of a point 990 feet from the South line and 2310 feet from the East line of said Section 21, the S/2 of said Section 21 to be dedicated to the well.

CASE 6562: Application of Orla Petco, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Ramsey Sand of the Bell Canyon formation through the open hole interval from 2498 feet to 2508 feet in its Gourley-Federal Well No. 4 located in Unit J of Section 31, Township 22 South, Range 28 East, Herradura Bend-Delaware Pool.

CASE 6563: Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his North Woolworth Ranch Unit Area, comprising 1,280 acres, more or less, of State lands in Township 23 South, Range 35 East.

CASE 6564: Application of Herndon Oil & Gas Co. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its O. A. Woody Well No. 1 in the center of Unit E, Section 35, Township 16 South, Range 38 East, Knowles-Devonian Pool.

✓ **CASE 6565:** Application of Lewis B. Burleson, Inc. for compulsory pooling, a non-standard gas proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the W/2 SE/4 of Section 20, Township 25 South, Range 37 East, to form an 80-acre non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the South and East lines of said Section 20. 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.

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- CASE 6567: Application of Newbourne Oil Company for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 25 Com Well No. 1 660 feet from the South line and 1650 feet from the West line of Section 25, Township 14 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, the S/2 of said Section 25 to be dedicated to the well.
- CASE 6568: Application of Dallas McCasland 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 his Woolworth Well No. 5 located in Unit P of Section 28, Township 24 South, Range 37 East, Jalmat Gas Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
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- CASE 6537: (Continued from May 9, 1979, Examiner Hearing)
Application of Harper Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its West Ranger Lake Unit Area, comprising 1,120 acres, more or less, of State lands in Township 12 South, Range 34 East, Lea County, New Mexico.
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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 6572: Application of ARCO Oil and Gas Company to drill a horizontal drainhole, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill and complete its Empire Abo Unit Well No. V-142, located in Unit K of Section 2, Township 18 South, Range 27 East, Empire-Abo Pool, with a single horizontal drainhole of about 200 feet in length in the Abo formation.
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CASE 6535: (Continued from May 23, 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.

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(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Cass Draw-Wolfcamp Gas Pool. The discovery well is Black River Corporation Miller Com Well No. 1 located in Unit C of Section 10, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 10: N/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production and designated as the Runyan Ranch-Abo Gas Pool. The discovery well is Mesa Petroleum Company Runyan Federal Com Well No. 1 located in Unit E of Section 17, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 17: NW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Runyan Ranch-Morrow Gas Pool. The discovery well is Mesa Petroleum Company Gardner State Well No. 1 located in Unit K of Section 8, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 8: W/2

(d) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 16: SE/4
Section 17: NE/4

(e) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 28: N/2

(f) EXTEND the Avalon-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 21: SW/4
Section 28: N/2

(g) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: N/2

(h) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 12: S/2
Section 13: N/2

(i) EXTEND the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 34: SW/4

(j) EXTEND the South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 22: N/2
Section 35: N/2

- (k) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 12: N/2

- (l) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 21: E/2

- (m) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 13: S/2

- (n) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2

- (o) EXTEND the Eumont Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 32: W/2

- (p) EXTEND the Hardy-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 2: E/2 SE/4 and SW/4 SE/4

- (q) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 5: E/2 NW/4

- (r) EXTEND the Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2
Section 36: W/2

- (s) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 10: S/2
Section 11: S/2
Section 16: E/2

- (t) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 32: W/2

- (u) EXTEND the Logan Draw-Cisco Canyon Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 28: W/2

- (v) EXTEND the West Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 16: N/2

- (w) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 25: N/2

- (x) EXTEND the South Peterson-Fusselman Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 31: NW/4

(y) CONTRACT the vertical limits of the Shoe Bar-Pennsylvanian Gas Pool in Lea County, New Mexico, to the Atoka formation only and redesignate said pool as the Shoe Bar-Atoka Gas Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 34: SW/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 3: N/2

(z) EXTEND the Teague-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: S/2
Section 27: NE/4

(aa) EXTEND the Todd-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM
Section 22: NE/4

(bb) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 30: W/2

(cc) EXTEND the West Tonto-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

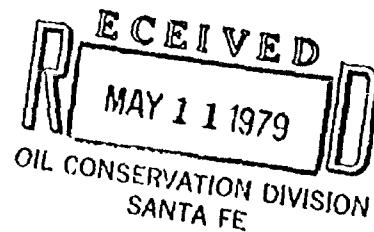
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 7: NW/4

(dd) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 14: W/2
Section 15: E/2
Section 23: All
Section 24: W/2

(ee) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: SE/4
Section 10: NE/4



STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF LEWIS B. BURLESON, INC. FOR
COMPULSORY POOLING, UNORTHODOX
WELL LOCATION AND NON-STANDARD
PRORATION UNIT, LEA COUNTY, NEW
MEXICO

case 6565

A P P L I C A T I O N

Comes now Lewis B. Burleson, Inc. by and through its attorneys and applies to the Oil Conservation Division of New Mexico for an unorthodox well location 1650 feet from the South and East lines of Section 20, T25S, R37E, NMPM, Jalmat Gas Pool, for a nonstandard gas proration unit consisting of 80 acres being the $W\frac{1}{2}SE\frac{1}{4}$ of said Section 20, and for compulsory pooling of said acreage and in support thereof would show the Division:

1. Applicant has the right to drill and develop the $W\frac{1}{2}SE\frac{1}{4}$ of Section 20, T25S, R37E, NMPM, Lea County, New Mexico.
2. Applicant seeks approval to drill a well to test the Jalmat Gas Pool at an unorthodox well location 1650 feet from the South and East lines of Section 20.
3. Applicant further seeks approval of an 80 acre non-standard gas proration unit for said well.
4. Applicant seeks an order pooling all mineral interests underlying said 80 acre tract and has obtained the consent of all but the following:

<u>NAME AND ADDRESS</u>	<u>INTEREST</u>
Clifford Cone Box 610 Lubbock, Texas 79412	6010 1/5th of 15/786ths
Douglas R. Cone Box 6217 Lubbock, Texas 79413	1/5th of 15/786ths
Tom R. Cone Box 126 Southwest City, Mo. 64863	1/5th of 15/786ths

Kenneth R. Cone
Drawer 1504
Lovington, New Mexico 88260

1/5th of 15/786ths

Kathie Auvershine
Route 6, Box 79-N
Austin, Texas 78737

1/5th of 15/786ths

Ellie Speer
603 Seco Drive
Hobbs, New Mexico 88240

650/320,000

5. That approval of this application will be in the best interest of conservation, prevention of waste and protection of correlative rights.

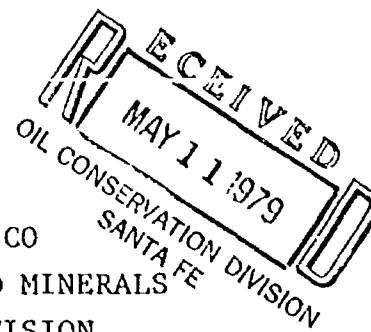
WHEREFORE Applicant prays that this application be set for hearing before the Commission's duly appointed Examiner, and that after notice and hearing as provided by law, the Division enter its order pooling all of the mineral interests under the $W\frac{1}{2}SW\frac{1}{4}$ of Section 20, T25S, R37E, NMPM, approving a well at an unorthodox well location 1650 feet from the South and East lines of said Section and for dedication of an eight acre non-standard proration unit. Applicant further prays that it be named the operator of the well and that the order make provision for applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of proration, including costs of supervision, and a risk factor in the amount of 200% for the drilling of the well and for such other and further relief as may be proper.

Respectfully submitted,
KELLAHIN & KELLAHIN

By _____
W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF LEWIS B. BURLESON, INC. FOR
COMPULSORY POOLING, UNORTHODOX
WELL LOCATION AND NON-STANDARD
PRORATION UNIT, LEA COUNTY, NEW
MEXICO

Case 6565

A P P L I C A T I O N

Comes now Lewis B. Burleson, Inc. by and through its attorneys and applies to the Oil Conservation Division of New Mexico for an unorthodox well location 1650 feet from the South and East lines of Section 20, T25S, R37E, NMPM, Jalmat Gas Pool, for a nonstandard gas proration unit consisting of 80 acres being the $W\frac{1}{2}SE\frac{1}{4}$ of said Section 20, and for compulsory pooling of said acreage and in support thereof would show the Division:

1. Applicant has the right to drill and develop the $W\frac{1}{2}SE\frac{1}{4}$ of Section 20, T25S, R37E, NMPM, Lea County, New Mexico.

2. Applicant seeks approval to drill a well to test the Jalmat Gas Pool at an unorthodox well location 1650 feet from the South and East lines of Section 20.

3. Applicant further seeks approval of an 80 acre non-standard gas proration unit for said well.

4. Applicant seeks an order pooling all mineral interests underlying said 80 acre tract and has obtained the consent of all but the following:

<u>NAME AND ADDRESS</u>	<u>INTEREST</u>
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Douglas R. Cone Box 6217 Lubbock, Texas 79413	1/5th of 15/786ths
Tom R. Cone Box 126 Southwest City, Mo. 64863	1/5th of 15/786ths

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1/5th of 15/786ths

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Austin, Texas 78737

1/5th of 15/786ths

Ellie Speer
603 Seco Drive
Hobbs, New Mexico 88240

650/320,000

5. That approval of this application will be in the best interest of conservation, prevention of waste and protection of correlative rights.

WHEREFORE Applicant prays that this application be set for hearing before the Commission's duly appointed Examiner, and that after notice and hearing as provided by law, the Division enter its order pooling all of the mineral interests under the $W\frac{1}{2}SW\frac{1}{4}$ of Section 20, T25S, R37E, NMPM, approving a well at an unorthodox well location 1650 feet from the South and East lines of said Section and for dedication of an eight acre non-standard proration unit. Applicant further prays that it be named the operator of the well and that the order make provision for applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of proration, including costs of supervision, and a risk factor in the amount of 200% for the drilling of the well and for such other and further relief as may be proper.

Respectfully submitted,
KELLAHIN & KELLAHIN

By _____
W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6565

Order No. R- 6037

APPLICATION OF LEWIS B. BURLESON,
INC., FOR COMPULSORY POOLING, A
NON-STANDARD GAS PRORATION UNIT, AND
AN UNORTHODOX WELL LOCATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 13
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of June, 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, Lewis B. Burleson, Inc.,
seeks an order pooling all mineral interests in the Jalmat Gas Pool
underlying the W/2 SE/4
of Section 20, Township 25 South, Range 37 East
NMPM, _____ Lea _____ County, New
Mexico.

(3) That the applicant has the right to drill and proposes 1650 feet from the East line of said Section 20 to be dedicated to an 80-acre to drill a well at an unorthodox location 1650 feet from the South line and non-standard gas proration unit.

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

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

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

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 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.

while drilling and \$200.00 per month
while producing

(11) That \$ 2000.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision 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 September 1, 1979, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Gas Pool ~~formation~~ underlying the W/2 SE/4 of Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a ^{non-}standard 80 acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the South line and 1650 feet from the East line of said Section 20.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of September, 19 79, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Jalmat Gas Pool formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of September, 19 79, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED 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 Lewis B. Burleson, Inc. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 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

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Case No.
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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, 200 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.

while drilling and \$200.00 per month while producing are

(9) That \$2000.00 per month [^] is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision 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.

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Case
Order No.

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

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

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

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

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