

MERIDIAN OIL

OIL CONSERVATION DIVISION
RECEIVED

July 5, 1991

'91 JUL 8 AM 9 28

Mr. William J. Lemay
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

RE: REQUEST AND NOTICE FOR:
SIMULTANEOUS DEDICATION
R. H. HUSTON, JR. #2
SE/4 SECTION 08
T19S, R37E
LEA COUNTY, NEW MEXICO

Gentlemen:

We are currently in the process of filing a C-101 and C-102 with the New Mexico Oil Conservation Division's district office in Hobbs for permission to recomplete an existing oil well to an Eumont (Gas) well. The well will be in the same zone as another Eumont gas well on an existing 160-acre proration unit comprised of the SE/4 Sec. 8, T19S, R37E, Unit O. The subject proration unit is currently dedicated to our Huston #1 located in Sec. 8, T19S, R37E, Unit O. I hereby file for administrative approval to simultaneously dedicate the 160-acre proration unit, consisting of the SE/4 of Section 8 to both our existing well (Huston #1) located in Sec. 8, R19S, R37E, Unit O and our proposed recompleted well (Huston #2) located in Sec. 7, T22S, R37E, Unit J. The Huston No. 2 is currently a producing Eunice Monument oil well.

Three copies of a plat showing the location of the original well on the existing 160-acre proration unit plus the location of the proposed well are enclosed.

Copies of this plat and application have also been sent to all offsetting parties owning shallow Eumont dry gas rights. The following is a list of the offset Eumont owners:

Mr. William J. Lemay
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Huston Lease
Page 2

Chevron USA Inc.
Attn: Al Bohlingn
P. O. Box 1150
Midland, TX 79702

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Connie L. Malik / sm".

Connie L. Malik
Regulatory Compliance Rep.

CLM/sm

cc: New Mexico Oil Conservation Division
District I Office
P.O. Box 1980
Hobbs, New Mexico 88240

Atten: Jerry Sexton

MERIDIAN OIL

July 5, 1991

Offset Eumont Dry Gas Operators
Huston Lease
SE/4 Section 8
T19S, R37E
Lea County, NM

We would be very appreciative if you would indicate your approval of our request of simultaneous dedication of the SE/4 of Section 8, T19S, R37E, Lea County, New Mexico to our Huston #01 and to our Hodge #02 by signing one copy of this request and returning it in the enclosed stamped, self-addressed envelope.

We appreciate your consideration in this matter.

Sincerely,

Connie L. Malik
Regulatory Compliance Rep.

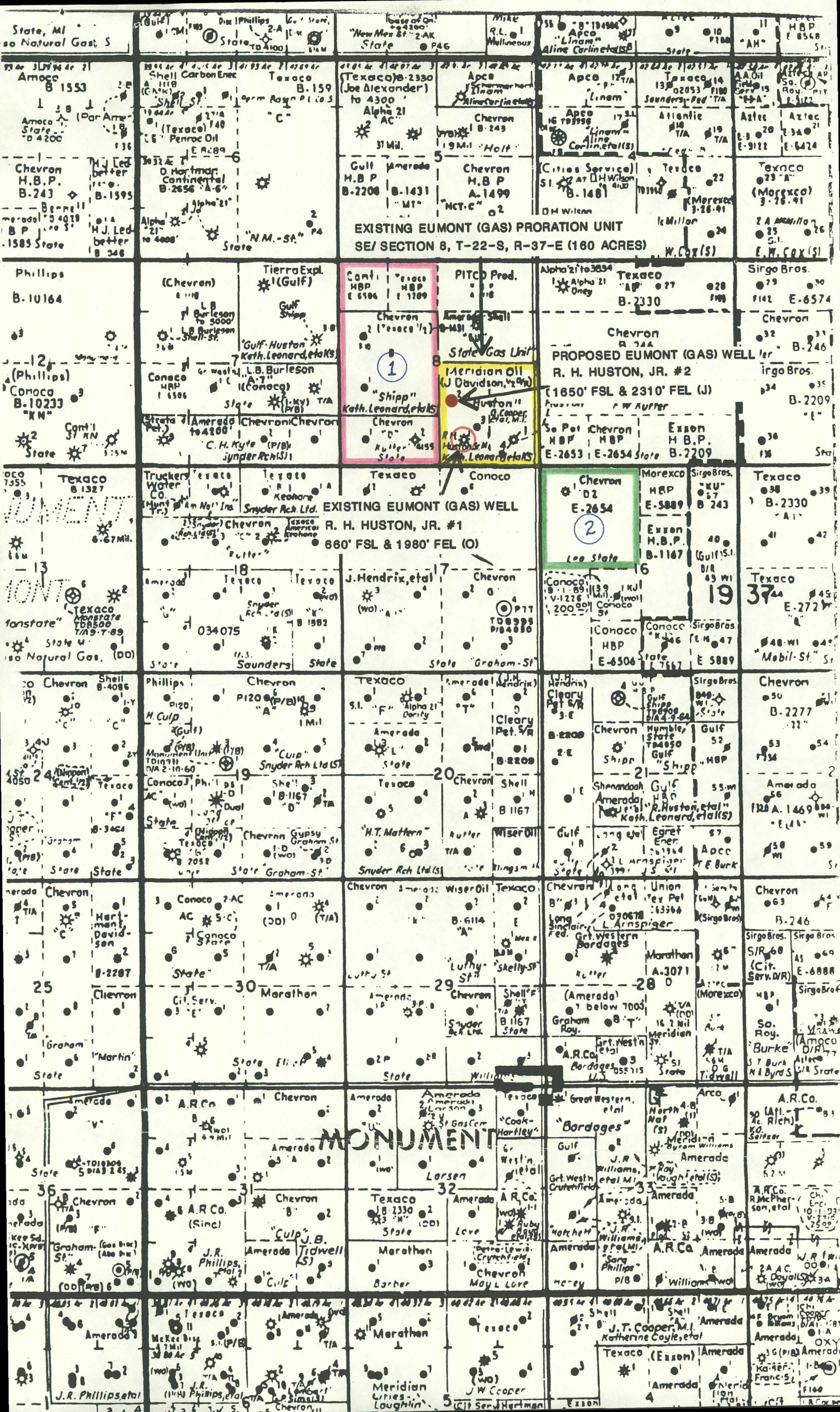
AGREED to this _____ day of _____, 1991.

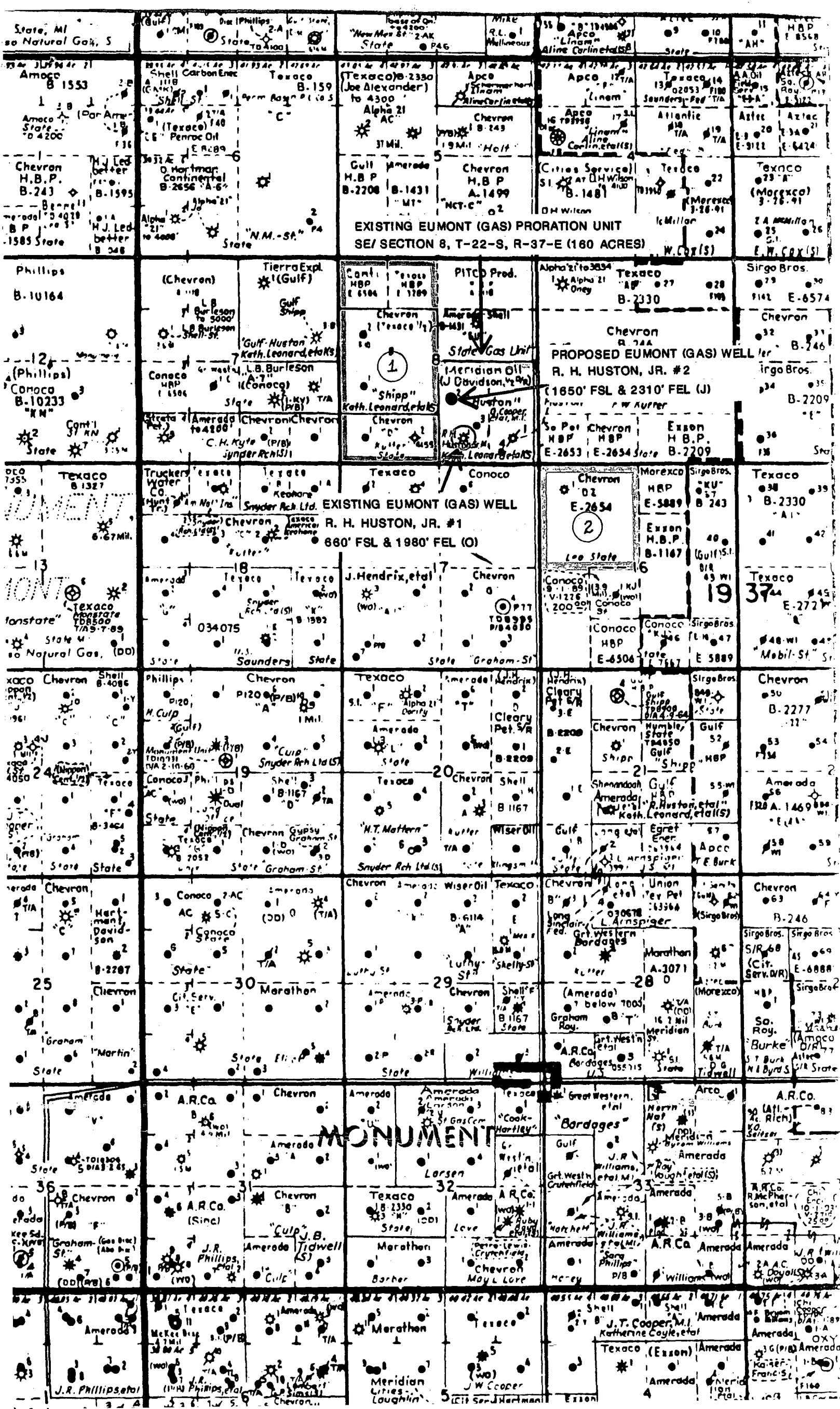
CHEVRON USA

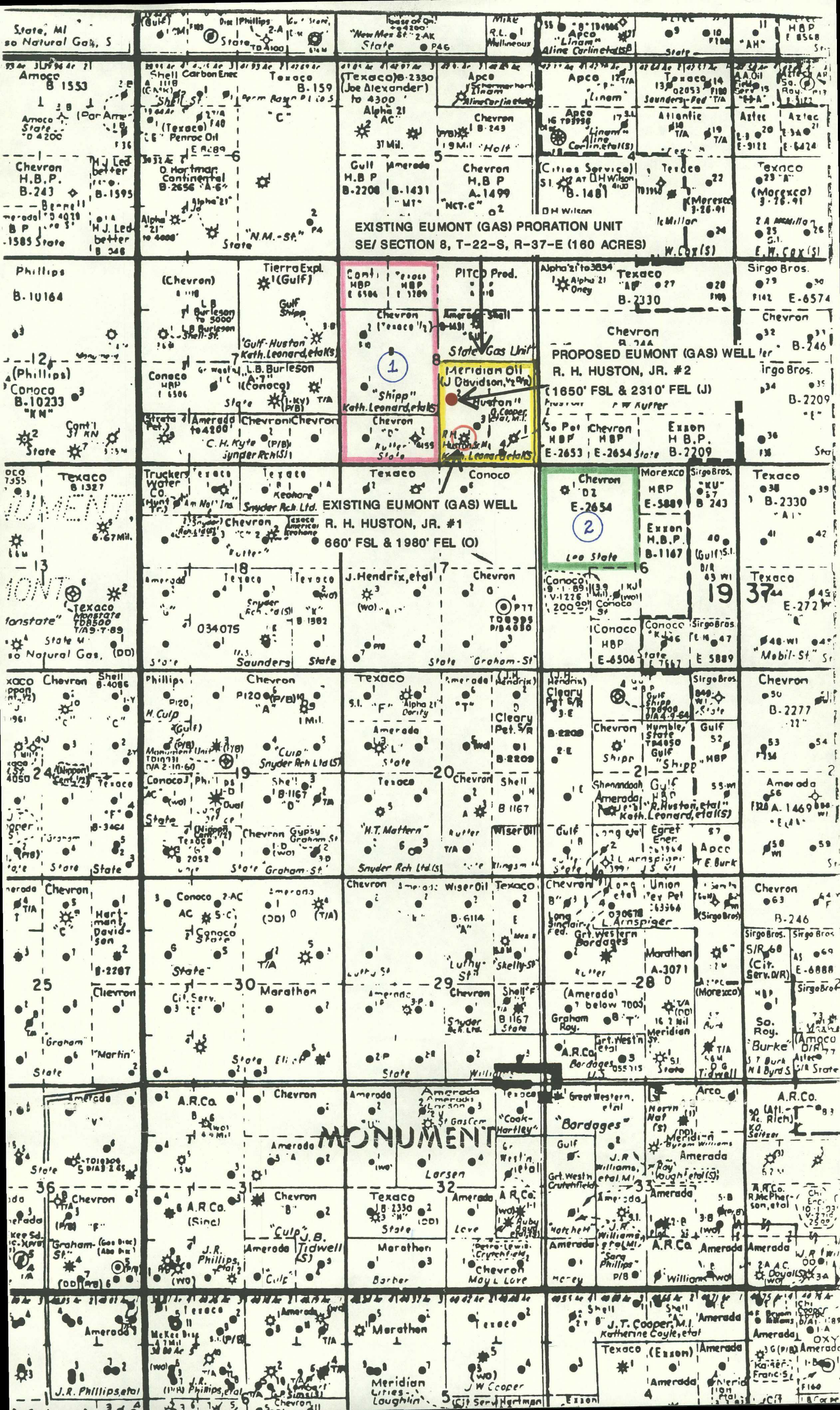
Title _____

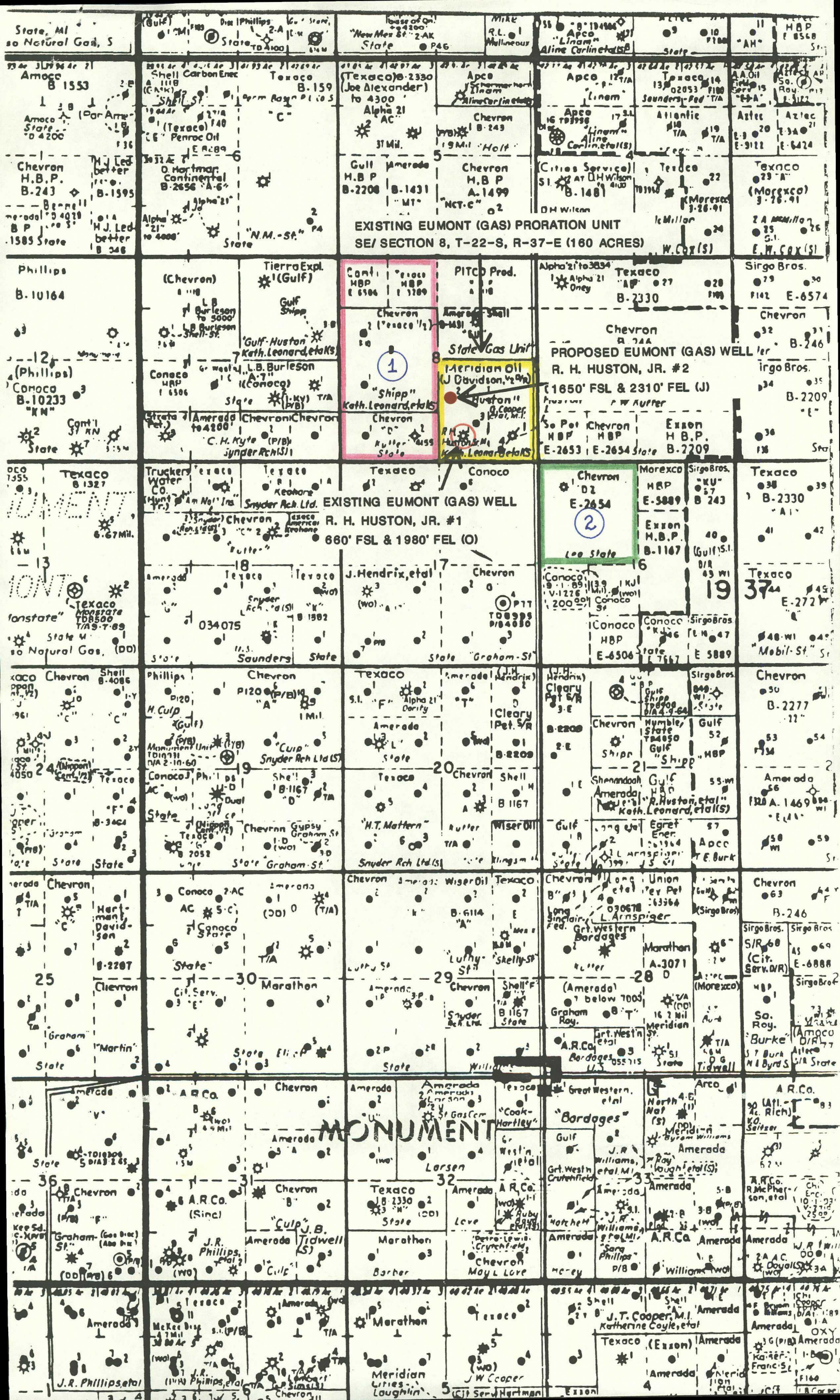
LIST OF OFFSET OPERATORS
 EUMONT YATES 7 PVRs QN (PRO GAS)
 MERIDIAN OIL INC.
 R. H. HUSTON, JR. #2
 (J-08-19-37)
 SE/4 SECTION 8, T-19-S, R-37-E
 LEA COUNTY, NEW MEXICO

REF. NO.	OPERATOR	LEASE & WELL NAME(S)	GAS WELL LOCATIONS	UNIT DESCRIPTION	NO. OF ACRES
1.	CHEVRON U.S.A. INC.	ELBERT SHIPP NCT B COM #2	E-08-19S-37E	W/2 SECTION 8 T-19-S, R-37-E	320
2.	CHEVRON U.S.A. INC.	LEA DZ STATE #1	D-16-19S-37E	NW/4 SECTION 16 T-19-S, R-37-E	160









MERIDIAN OIL

July 5, 1991

OIL CONSERVATION DIVISION
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Offset Eumont Dry Gas Operators
Huston Lease
SE/4 Section 8
T19S, R37E
Lea County, NM

NSL-3033(SA)

We would be very appreciative if you would indicate your approval of our request of simultaneous dedication of the SE/4 of Section 8, T19S, R37E, Lea County, New Mexico to our Huston #01 and to our Hodge #02 by signing one copy of this request and returning it in the enclosed stamped, self-addressed envelope.

We appreciate your consideration in this matter.

Sincerely,

Connie L. Malik / sm

Connie L. Malik
Regulatory Compliance Rep.

AGREED to this 16th day of July, 1991.

CHEVRON USA

F.S. Godbold *F.S. Godbold*
Title *Supervisor - Special Projects*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6133
Order No. R-5642

APPLICATION OF DOYLE HARTMAN FOR
COMPULSORY POOLING AND A NON-STANDARD
PRORATION UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 8, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of February, 1978, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Doyle Hartman, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the SE/4 of Section 8, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, to form a 160-acre non-standard gas proration unit for said pool.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location on said non-standard 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 aforesaid non-standard proration unit should be approved and the subject application should be further 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 \$1500.00 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 May 1, 1978, 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 Eumont Gas Pool underlying the SE/4 of Section 8, Township 19 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, are hereby pooled to form a 160-acre non-standard gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of May, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Eumont Gas Pool;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of May, 1978, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission 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 Commission and show cause why Order (1) of this order should not be rescinded.

(2) That Doyle Hartman 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 Commission 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 Commission 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 Commission and the Commission 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 Commission 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 \$1500.00 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, 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 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 Commission of the name and address of said escrow agent within 90 days from the date of this order.

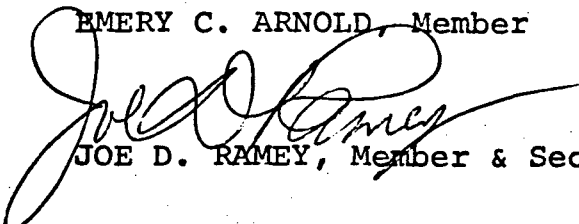
(13) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L



OIL CONSERVATION DIVISION

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

7-9-91

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Simultaneous dedication

Gentlemen:

I have examined the application for the:

Meridian Oil Inc. *R. H. Huston, Jr. #2-J 8-19-37*
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton

Jerry Sexton
Supervisor, District 1

/ed