



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 17, 1985

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

M E M O R A N D U M

TO: RICHARD L. STAMETS, DIRECTOR

FROM: MICHAEL E. STOGNER, HEARING OFFICIER/ACTING CHIEF ENGINEER *MS*

SUBJECT: DIVISION ORDER NO. R-7969

Per your letter from William F. Carr dated July 16, 1985 requesting an extension of the time frame contained in Ordering Paragraph No. (3) of said Order No. R-7969. This time frame has always been used for drilling wells, that is what this time frame is based on.

I propose that an extension time of 120 days from the date of this order be granted and that a like time frame be given to all orders of this type in the future, This should make all compulsory pooling orders somewhat standard.

If you should have any other opinion concerning this matter please let me know. Also if a nunc pro tunc order is needed for this change I will gladly prepare one.



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

July 17, 1985

Campbell & Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Attention: William F. Carr

Re: Division Order No. R-7969
Dated July 2, 1985

Dear Mr. Carr:

Per your request dated July 16, 1985, under the provisions of Ordering Paragraph (3) of said Division Order No. R-7969, HNG Oil Company is hereby granted an extension of time for the subject well to either be drilled to completion, or abandoned, within 120 days after the effective date of said Order No. R-7969 (July 2, 1985).

Sincerely,

R. L. STAMETS
Director

RLS/MES/fd

cc: Ken Bateman
P. O. Box 787
Santa Fe, New Mexico 87501

Texaco Inc.
Box 3109
Midland, Texas 79702

HNG Oil Company
P. O. Box 2267
Midland, Texas 79702

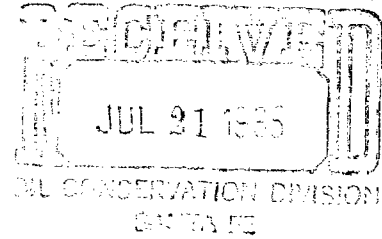


P. O. BOX 2267, MIDLAND, TEXAS 79702 (915) 686-3600

Stogner
MS.

July 16, 1985

Texaco Producing Inc.
P. O. Box 3109
Midland, Texas 79702
Attn: Benny Tidwell



Re: Cases Numbers 8558 and 8580
Order Number R-7969
Application of HNG Oil Company
for Compulsory Pooling
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of the order by the Division State of New Mexico, Energy & Minerals Department, Oil Conservation Division finding for HNG Oil Company an order pooling all mineral interest in the Pennsylvanian formation underlying Lots 1, 2, 3, 4, and E/2 of W/2 of Section 18, T-24-S, R-29-E, NMPM, Eddy County, New Mexico forming a standard 318.88 acre gas spacing and proration unit.

Also enclosed is a copy of our original AFE dated March 22, 1985.

If you should have any questions concerning any of this please feel free to contact.

Very truly yours,

HNG OIL COMPANY

B. Craig Duke
B. Craig Duke

BCD/cl
enclosures

xc: R. L. Staments, Director ✓
State of New Mexico
Oil Conservation Division

WELL NO. 31-01 4055

LSE. NO.

HNG W.I. .9600000000

AFE AMOUNT \$1,489,125

HNG EST. COST \$1,429,560

AFE DATE 3-22-85

WILDCAT
☐ DRILLING
☐ COMPLETION
☐ RE-ENTRY

☒ DEVELOPMENT
☒ DRILLING
☒ COMPLETION
☐ RE-ENTRY

☐ INJECTION 9
☐ DRILLING
☐ COMPLETION
☐ RE-ENTRY

LEASE & WELL NO. Fort "18" Com #1

DEPTH & FORM 12,400' Atoka

LOCATION 1980' FNL & 895' FWL, Section 18, T24S, R29E

COUNTY & STATE Eddy County, New Mexico

FIELD Undesignated

OPERATOR HNG Oil Company

SPUD DATE 3-24-85

INTANGIBLE WELL COST				
CODE	DESCRIPTION	DRILLING	COMPLETION	TOTAL
5501	Access, Location & Roads	30,000		30,000
5502	Rig Move	40,000		40,000
5503	Footage Cost			
5504	Day Work Cost 50 days @ \$4,300	215,000		215,000
5505	Bits & Reamers	55,000		55,000
5506	Fuel	40,000		40,000
5507	Water	10,000		10,000
5508	Mud & Chemicals	55,000	10,000	65,000
5509	Cementing & Service	60,000	15,000	75,000
5510	Coring			
5511	Surveying & Testing	50,000		50,000
5512	Mud Logging	25,000		25,000
5513	Perforating		12,000	12,000
5514	Stimulation		20,000	20,000
5515	Transportation	10,000	10,000	20,000
5516	Drilling Overhead & Supervision	25,000	5,000	30,000
5517	Equipment Rental	40,000	5,000	45,000
5518	Completion Rig 5 days @ \$4,300		21,500	21,500
5519	Other Drilling Expense	30,000	5,000	35,000
5522	Directional Drilling			
	Contingencies (10% of Intangible)	68,500	10,350	78,850
	TOTAL INTANGIBLES	753,500	113,850	867,350

TANGIBLE WELL COST				
CODE	DESCRIPTION	DRILLING	COMPLETION	TOTAL
5101	40' Of 20 " Conductor Casing	2,500		2,500
5102	500' Of 13-3/8 " Surface Casing	13,000		13,000
5103	2400' Of 9-5/8 " Intermediate Casing	46,000		46,000
5103	10600' Of 7 " Intermediate Casing	216,000		216,000
5103	' Of " Intermediate Casing			
5104	2500' Of 4-1/2 " Production Casing		28,750	28,750
5104	' Of " Tie-Back Casing			
5105	10400' Of 2-3/8 " Tubing		82,500	82,500
5105	' Of " Tubing			
5119	Liner Equipment	12,500		12,500
5106	Well Head Equipment	40,000	40,000	80,000
5107	Tanks		10,000	10,000
5108	Flow Lines		3,000	3,000
5109	Valves & Fittings		9,000	9,000
5110	Rods			
5111	Pumping Equipment-Surface			
5112	Production Equipment-Subsurface		13,000	13,000
5113	Engines & Motors			
	(Continued on back of AFE)			

HNG OIL COMPANY APPROVAL

By *[Signature]* Date 2/18/85

By *[Signature]* Date 3/20/85

By *[Signature]* Date 5/20/85

By *[Signature]* Date 3/27/85

JOINT OPERATOR APPROVAL

By _____ Title _____ Date _____

AFE No. 4055

TANGIBLE WELL COST (Continued)

		DRILLING	COMPLETION	TOTAL
5114	Heater-Treater & Separators		25,000	25,000
5115	Other Equipment			
5116	Buildings			
5117	Metering Equipment		2,000	2,000
5118	Non-Controllable Equipment		2,000	2,000
5120	Supervision			
5121	Construction Cost		20,000	20,000
	Contingencies (10% of Tangible)	33,000	23,525	56,525
	Total Tangibles	363,000	258,775	621,775
	Total Well Cost	1,116,500	372,625	1,489,125

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
LOURDES A. MARTINEZ

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

July 16, 1985

RECEIVED

JUL 16 1985

OIL CONSERVATION DIVISION

Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

RE: Oil Conservation Division Cases 8558 and 8580 (Consolidated):
Applications of HNG Oil Company and Texaco Producing Inc. for
Compulsory Pooling, Eddy County, New Mexico

ATTENTION: R. L. Stamets, Director
Michael E. Stogner, Hearing Examiner

Gentlemen:

On July 2, 1985 Order R-7969 was entered by the Division granting the application of HNG Oil Company in the above-referenced consolidated cases pooling the Pennsylvanian formations underlying lots 1, 2, 3 and 4 and the E/2 of the W/2 of Section 18, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. HNG was designated by this order as operator of the 318.88-acre gas spacing and proration unit upon which it is drilling the Fort "18" Federal Com #1 Well at a standard gas location 1980 feet from the North line and 885 feet from the West line.

Order paragraph 3 of Order R-7969 provides that the Fort "18" Federal Com Well #1 should be drilled to completion or abandonment within 120 days after commencement thereof, or the operator HNG shall appear before the Division Director and show cause why Order paragraph 3 of this Order should not be rescinded.

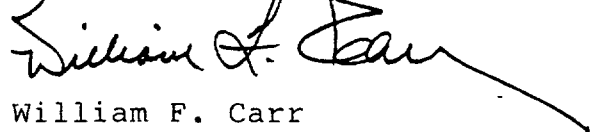
This letter is written to request an extension of the time frame contained in Order paragraph 3 thereby extending Order R-7969 if the Fort "18" Federal Gas Com #1 is not drilled to completion within 120 days after commencement of the well. For your information we enclose copies of HNG's daily drilling reports on the Fort "18" Com #1 Well. As you will note from the

Oil Conservation Division
July 16, 1985
Page two

enclosed, the well was spudded at 10:00 a.m. on March 25, 1985 (see Finding No. 7). Inasmuch as Texaco Producing Inc. can appeal Order R-7969 at any time prior to August 1, 1985 HNG has, after undertaking such drilling as is necessary to perpetuate their lease, stacked the rig so as to not further prejudice either party should the matter be called back before the Commission for further hearing. The 120 day time period provided for in Order paragraph 3 would run on or about July 25, 1985. HNG Oil Company therefore requests that Order paragraph 3 in Order R-7969 be extended to provide HNG Oil Company 120 days from July 2, 1985 (the date the Order was entered) to either complete or abandon the Fort "18" Federal Com #1.

You attention to this request is appreciated.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William F. Carr", with a long, sweeping horizontal line extending to the right.

William F. Carr

WFC/ba
Enclosures

cc: Ken Bateman, Esq.
Texaco Producing Inc.
W. R. Lewis, Dist. Land Manager
HNG Oil Company

**HNG OIL COMPANY
DAILY DRILLING REPORT.**

OPERATOR: HNG Oil Company

WELL NAME: Fort "18" Com #1

LOCATION: 1980' FNL & 895' FWL, Sec. 18, T24S, R29E

COUNTY & STATE: Eddy County, New Mexico

AREA:

DRILLING COMPANY: Parker Drilling Company **RIG NO.** 161

PHONE NO.:

ELEVATION: GR 2955.8' **DF**

FORT "18" COM #1 (Undesignated /Morrow/ 12,980')
APE NO. 4055 WI .96000000# SC 1-83
Eddy County, New Mexico

SPUD @ 10:00 AM, 3-25-85
LOCATION: 1980' FNL & 895' FWL, Sec 18, T-24-S, R-29-E
DRILLING CONTRACTOR: Parker Drilling Company, Rig #161
ELEVATION: 2,955.8' GR
OBJECTIVE DEPTH: 12,980'

- 3-24-85 (1) 600' Surf Rock (600'); 15 hr Drlg; 2 hr Trip; 7 hr Other; 1 @ 111'; 1-1/4 @ 307'; 1-1/2 @ 600'; Bit #1; 17-1/2"; HTC; S35; 110575; Jets 3/16; In @ 0'; Out @ 600'; 600'; 15 hrs; 15/25,000#; RPM 88; T-3; B-3; G-In; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 120; GPM 372; 500#; Mud wt 8.9; Vis 32; pH 10; 3 hr RU & mix spud mud; 2 hr Drlg; Spud in @ 10:00 AM, 3-23-85; 1/4 hr Totco; 3-1/4 hr Drlg; 1/4 hr Totco; 2-1/4 hr Drlg; 1/4 hr Totco; 3 hr Drlg; 1/4 hr Totco; 4-1/2 hr Drlg; 1 hr Circ; 2 hr Totco; TOH; LD BHA; 2 hr RU & run 16 jts 13-3/8" csg; ETWC \$14,376.
- 3-25-85 (2) 851' 100% Sd (251'); 9-1/4 hr Drlg; 2 hr Trip; 12-3/4 hr Other; 1-1/2 @ 695'; Bit #2RR; 12-1/4"; Sec; S86; 41108; Jets 3/12; In @ 600'; 251'; 9-1/4 hr; 40,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1000#; Mud wt 9.9; Vis 28; pH 10; 1 hr Run 13-3/8" csg; 1/2 hr Circ; 1 Cmt w/350' ex HL & 200 ex class H, circ 30 sx; 4-3/4 hr Cut off csg; Weld on head & tst to 750#; 3 hr NU BOP; 2 hr PU BHA & TIH; 1/2 hr Tst Hydril & csg to 750#; 2-1/2 hr Drlg FC & shoe; 3-1/2 hr Drlg; 1/4 hr Totco; 5-3/4 hr Drlg; EDWC \$1,825.
- 3-26-85 (3) 1234' 100% Anhy (383'); 23 hr Drlg; 1 hr Other; 2-1/4 @ 881'; 2-3/4 @ 1005'; 2-1/4 @ 1065'; Bit #2; 12-1/4"; SEC; S86; 41108; Jets 12; In @ 600'; 634'; 32-1/4 hr; 35/40,000#; RPM 70; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1000#; Mud wt 10; Vis 28; pH 10; 1/4 hr Totco; 3 hr Drlg; 1/4 hr Totco; 5-1/2 hr Drlg; 1/4 hr Totco; 10-3/4 hr Drlg; 1/4 hr Totco; 3-3/4 hr Drlg; EDWC \$5,659; ETWC \$71,332.
- 3-27-85 (4) 1485' Anhy (251'); 22-1/2 hr Drlg; 1-1/2 hr Other; 2-1/2 @ 1316'; 2-3/4 @ 1436'; Bit #2; 12-1/4"; SEC; S86; 41108; Jets 12; In @ 600'; 885'; 54-3/4 hr; 30/35,000#; RPM 70; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1000#; Mud wt 10; Vis 28; pH 10; 2 hr Drlg; 1 hr Rig rep; 5 hr Drlg; 1/4 hr Totco; 10-3/4 hr Drlg; 1/4 hr Totco; 4-3/4 hr Drlg; EDWC \$10,637; ETWC \$81,969.
- 3-28-85 (5) 1715' 100% Anhy (230'); 21-1/2 hr Drlg; 1-3/4 hr Trip; 3/4 hr Other; 2-1/4 @ 1565'; 2 @ 1685'; Bit #2; 12-1/4"; SEC; S86; 41108; Jets 12; In @ 600'; Out @ 1592'; 992'; 62-3/4 hr; 35,000#; RPM 70; T-2; B-2; G-1/16; Bit #3; 12-1/4"; STC; F-3; ET5248; Jets 12; In @ 1592'; 123'; 13-1/2 hr; 35,000#; RPM 70; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1000#; Mud wt 10; Vis 28; pH 10; 4 hr Drlg; 1/4 hr Totco; 4 hr Drlg; 1-3/4 hr Trip for bit; 1/4 hr Wash to btm; 10-1/2 hr Drlg; 1/4 hr Totco; 3 hr Drlg; EDWC \$14,463; ETWC \$96,420.

- 3-29-85 (6) 2030' Anhy salt (315'); 23-1/4 hr Drlg; 3/4 hr Other; 2° @ 1813', 1-1/4° @ 1968'; Bit #3; 12-1/4"; STC; F-3; ET5248; Jets 12; In @ 1592'; 438'; 36-3/4 hr; 35,000#; RPM 70; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1000#; Mud wt 10; Vis 28; 9 hr Drlg; 1/4 hr Totco; 9-1/2 hr Drlg; 1/4 hr Totco, no good; 1-1/4 hr Drlg; 1/4 hr Totco; 3-1/2 hr Drlg; EDWC \$11,809; ETWC \$108,229.
- 3-30-85 (7) 2481' anhy (451'); 21-3/4 hr Drlg; 2-1/4 hr Other; 1-3/4° @ 2121', 2-3/4° @ 2277', 3-1/4° @ 2400'; Bit #3; 12-1/4"; STC; F-3; ET5248; Jets 12; In @ 1592'; 889'; 58-1/2 hr; 25/35,000#; RPM 70; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1000#; Mud wt 10; Visc 28; pH 10; 1/2 hr Drlg; 1/4 hr Totco; 2-3/4 hr Drlg; 1/4 hr Totco; 2 hr Drlg; 1 hr Rig rep; 8-1/4 hr Drlg; 1/2 hr Totco; 4 hr Drlg; 1/4 hr Totco; 4-1/4 hr Drlg; EDWC \$5,641; ETWC \$113,870.
- 3-31-85 (8) 2610' anhy (129'); 13-1/2 hr Drlg; 10-1/2 hr Other; 3-1/2° @ 2525', 3-1/2° @ 2610'; Bit #3; 12-1/4"; STC; F-3; ET5248; Jets 12; In @ 1592'; Out @ 2610'; 1018'; 72 hr; 30/35,000#; RPM 70; T-2; B-2; G-In; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1000#; Mud wt 10; Visc 28; pH 10; 4-1/2 hr Drlg; 1/4 hr Totco; 9 hr Drlg; 2 hr Circ; 3-1/4 hr Totco, LD DP & DC; 1 hr RU csg tools; 4 hr Run 66 jts 9-5/8" csg; EDWC \$5,657; ETWC \$119,527.
- 4-1-85 (9) 2695' anhy (85'); 6-1/4 hr Drlg; 17-3/4 hr Other; Bit #4; 8-1/2"; STC; F-3; ET1687; Jets 12; In @ 2610'; 85'; 6-1/4 hr; 25/30,000#; RPM 55; Pmp #1 Lnr 6"; Stroke 8-1/2"; SPM 88; GPM 350; 1100#; Mud wt 9.7; Visc 28; pH 10; 1/2 hr Circ; 2 hr Cmt w/1200 sx HL w/1/4" Flocele 2% CaCl₂ & 350 sx Class C w/1/4" Flocele, 2% CaCl₂ mixed @ 14.7#/gal; 1/2 hr Set slips & cut off csg; 1/2 hr ND BOP; 2-1/2 hr Inst hd & tst to 1500 psi; 5 hr NU & tst BOP 2000 psi; 5 hr PU BHA DC & 4-1/2" DP; 1 hr Drlg FC & cmt to 2600; 1/2 hr Tst csg to 1500 psi; 1/4 hr Drlg cmt & shoe; 6-1/4 hr Drlg; EDWC \$100,152; ETWC \$219,679.
- 4-2-85 (10) 3655' 60% sh 30% lm 10% sd (960'); 21 hr Drlg; 3 hr Other; 2-1/2° @ 2887', 2° @ 3013', 1-3/4° @ 3259', 2° @ 3510'; Bit #4; 8-1/2"; STC; F-3; ET1687; Jets 3/12; In @ 2610'; 1045'; 27-1/4 hr; 45,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.3; Visc 28; pH 10; 1/2 hr Drlg; 1 hr WL surv; 4 hr Drlg; 1/2 hr WL surv; 2-1/2 hr Drlg; 1/2 hr WL surv; 4-1/4 hr Drlg; 1/2 hr WL surv; 5-3/4 hr Drlg; 1/2 hr Surv; 4 hr Drlg; EDWC \$26,275; ETWC \$245,954.
- 4-3-85 (11) 4570' 100% sd (915'); 22-1/2 hr Drlg; 1-1/2 hr Other; 1-1/2° @ 3787', 1-1/2° @ 4036', 1-1/2° @ 4537'; Bit #4; 8-1/2"; STC; F-3; ET1087; Jets 3/12; In @ 2610'; 1960'; 49-3/4 hr; 50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Visc 28; pH 10.5; 3-1/4 hr Drlg; 1/2 hr Surv; 5-1/4 hr Drlg; 1/2 hr Surv; 13 hr Drlg; 1/2 hr Surv; 1 hr Drlg; EDWC \$5,846; ETWC \$251,800.
- 4-4-85 (12) 5275' 20% sh 80% sd (705'); 23-1/4 hr Drlg; 3/4 hr Other; 1-1/4° @ 5050'; Bit #4; 8-1/2"; STC; F-3; ET1687; Jets 12; In @ 2610'; 2665'; 73 hr; 50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Visc 28; pH 10.5; 13 hr Drlg; 3/4 hr Totco; 10-1/4 hr Drlg; EDWC \$5,715; ETWC \$251,707.
- 4-5-85 (13) 5805' sd (530'); 23-1/2 hr Drlg; 1/2 hr Other; 1° @ 5547'; Bit #4; 8-1/2"; STC; F-3; ET1687; Jets 12; In @ 2610'; 3195'; 96-1/2 hr; 50,000#; RPM 60; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Visc 28; pH 10.5; 10-1/2 hr Drlg; 1/2 hr Totco; 13 hr Drlg; EDWC \$5,668; ETWC \$257,375.
- 4-6-85 (14) 6230' 90% sd 10% sh (425'); 23-1/2 hr Drlg; 1/2 hr Other; 1° @ 6040'; Bit #4; 8-1/2"; STC; F-3; ET1687; Jets 12; In @ 2610'; 3620'; 120 hr; 50,000#; RPM 65; Pmp #1 Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Visc 28; pH 10.5; 12 hr Drlg; 1/2 hr Totco; 11-1/2 hr Drlg; EDWC \$5,765; ETWC \$263,140.
- 4-7-85 (15) 6555' 80% lm 20% sh (325'); 16-3/4 hr Drlg; 3-3/4 hr Trip; 3-1/2 hr Other; 1° @ 6241'; Bit #4; 8-1/2"; STC; F-3; ET1687; Jets 12; In @ 2610'; Out @ 6241'; 3631'; 120-1/4 hr; 50,000#; RPM 65; T-4; B-4; G-1/4; Bit #5; 8-1/2"; STC; F-5; EV4863; Jets 12; In @ 6241'; 314'; 16-1/2 hr; 50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Visc 28; pH 10.5; 1/4 hr Drlg; 2 hr TOH; 1/2 hr Chg bit & BHA; 1-3/4 hr TIH; 3 hr RM 140' to btm; 16-1/2 hr Drlg; EDWC \$10,541; ETWC \$273,681.
- 4-8-85 (16) 7160' sh (605'); 23-1/2 hr Drlg; 1/2 hr Other; 1° @ 6752'; Bit #5; 8-1/2"; STC; F-5; EV4863; Jets 12; In @ 6241'; 919'; 40 hr; 50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Visc 28; pH 10.5; 8 hr Drlg; 1/2 hr Totco; 15-1/2 hr Drlg; EDWC \$5,680; ETWC \$279,361.
- 4-9-85 (17) 7480' 70% sd 30% lm (320'); 22-1/2 hr Drlg; 1-1/2 hr Other; 2-1/2° @ 7249', 3° @ 7345', 3° @ 7409'; Bit #5; 8-1/2"; STC; F-5; EV4863; Jets 12; In @ 6241'; 1239'; 62-1/2 hr; 50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Visc 28; pH 10.5; 3-1/2 hr Drlg; 1/2 hr Totco; 5-3/4 hr Drlg; 1/2 hr Totco; 6-1/2 hr Drlg; 1/2 hr Totco; 6-3/4 hr Drlg; EDWC \$5,760; ETWC \$285,121.
- 4-10-85 (18) 7781' lm (301'); 22-1/2 hr Drlg; 1-1/2 hr Other; 2-1/4° @ 7501', 3-1/4° @ 7622', 3° @ 7740'; Bit #5; 8-1/2"; STC; F-5; EV4863; Jets 12; In @ 6241'; 1540'; 85 hr; 40/50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Visc 28; pH 10.5; 1 hr Drlg; 1/2 hr Totco; 6-1/2 hr Drlg; 1/2 hr Totco; 10-3/4 hr Drlg; 1/2 hr Totco; 4-1/4 hr Drlg; EDWC \$9,807; ETWC \$294,208.

FORT "18" COM #1 (Undesignated Morrow 12,980')
 AFE NO. 4055 WI .96000000# SC 1-83
 Eddy County, New Mexico

- 4-11-85 (19) 8036' 80% lm 20% sh (255'); 23 hr Drlg; 1 hr Other; 2-3/4° @ 7871', 3° @ 7994'; Bit #5; 8-1/2"; STC; F-5; EV4863; Jets 12; In @ 6241'; 1795'; 108 hr; 45,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 106; GPM 372; 1400#; Mud wt 9.2; Vis 28; pH 10.5; 7-1/2 hr Drlg; 1/2 hr Totco; 11-1/4 hr Drlg; 1/2 hr Totco; 4-3/4 hr Drlg; EDWC \$12,643; ETWC \$303,295.
- 4-12-85 (20) 8200' 50% lm 50% sh (164'); 10-1/2 hr Drlg; 9 hr Trip; 4-1/2 hr Other; 2° @ 8185'; Bit #5; 8-1/2"; STC; F-5; EV4863; Jets 12; In @ 6241'; Out @ 8036'; 1795'; 108 hr; 40/50,000#; RPM 65; T-5; B-4; G-1/8; Bit #6; 8-1/2"; STC; F-4; EV6632; Jets 11; In @ 8036'; 164'; 10-1/2 hr; 40/50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 9.2; Vis 28 pH 10.5; 3 hr TOH; 2 hr PU overshot & TIH; 1/2 hr Catch fish; 2-1/2 hr TOH w/fish; 1/2 hr LD fishing tools; 1-1/2 hr TOH, chg bit & BHA; 2 hr TIH; 1 hr RM 60' to btm; 9 hr Drlg; 1/2 hr Totco; 1-1/2 hr Drlg; EDWC \$10,022; ETWC \$313,317.
- 4-13-85 (21) 8660' 60% lm 40% sd (460'); 22-3/4 hr Drlg; 1-1/4 hr Other; 2° @ 8314', 1-1/2° @ 8571'; Bit #6; 8-1/2"; STC; F-4; EV6632; Jets 10; In @ 8036'; 624'; 33-1/4 hr; 50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 9.2; Vis 28; pH 11; 8 hr Drlg; 3/4 hr Totco; 12-1/4 hr Drlg; 1/2 hr Totco; 2-1/2 hr Drlg; EDWC \$5,846; ETWC \$319,163.
- 4-14-85 (22) 9125' 80% lm 20% sh (465'); 23-1/2 hr Drlg; 1/2 hr Other; 1-1/4° @ 8924'; Bit #6; 8-1/2"; STC; F-4; EV6632; Jets 2/11, 1/10; In @ 8036'; 1089'; 56-3/4 hr; 55,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 9.2; Vis 28; pH 10.5; 15-1/2 hr Drlg; 1/2 hr Surv; 8 hr Drlg; EDWC \$5,820; ETWC \$324,983.
- 4-15-85 (23) 9575' 70% sd 30% lm (450'); 23 hr Drlg; 1 hr Other; 2-1/2° @ 9348'; Bit #6; 8-1/2"; STC; F-4; EV6632; Jets 2/11, 1/12; In @ 8036'; 1539'; 79-3/4 hr; 55,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 9.2; Vis 28; pH 10.5; 8 hr Drlg; 1/2 hr Pmp soft line; 5-1/2 hr Drlg; 1/2 hr Surv; 9-1/2 hr Drlg; EDWC \$5,807; ETWC \$530,790.
- 4-16-85 (24) 9956' 90% lm 10% sh (381'); 23 hr Drlg; 1 hr Other; 3° @ 9566', 2° @ 9929'; Bit #6; 8-1/2"; STC; F-4; EV6632; Jets 2/11, 1/10; In @ 8036'; 1920'; 102-3/4 hr; 40/50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 9.2; Vis 28; pH 10.5; 1 hr Drlg; 1/2 hr Surv; 19-1/2 hr Drlg; 1/2 hr Surv; 2-1/2 hr Drlg; EDWC \$5,710; ETWC \$336,500.
- 4-17-85 (25) 10,207' 70% lm 30% sh (251'); 14-3/4 hr Drlg; 6-3/4 hr Trip; 2-1/2 hr Other; 3° @ 10,047'; Bit #6; 8-1/2"; STC; F-4; EV6632; Jets 2/11, 1/10; In @ 8036'; Out @ 10,047'; 2011'; 108-1/4 hr; 50,000#; RPM 65; T-8; B-8; G-1/4; Bit #7; 8-1/2"; STC; F-4; EV6805; Jets 2/11, 1/10; In @ 10,047'; 160'; 9-1/4 hr; 50,000#; RPM 65; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 9.2; Vis 28; pH 10.5; 5-1/2 hr Drlg; 4 hr Drop Surv & TOH; 1/2 hr LD 1 DC & change BHR & bit; 1 hr TIH; 1 hr Cut drlg line; 1-3/4 hr TIH; 1 hr W&R 80' to btm; 9-1/4 hr Drlg; EDWC \$10,253; ETWC \$346,753.
- 4-18-85 (26) 10,431' 100% sh (224'); 13 hr Drlg; 5-3/4 hr Trip; 5-1/4 hr Other; 2-3/4° @ 10,222'; Bit #7; 8-1/2"; STC; F-4; EV6805; Jets 2/11, 1/10; In @ 10,047'; 384'; 22-1/4 hr; 40,000#; RPM 55; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 9.2; Visc 28; pH 10.5; 1/4 hr Pmp soft line; 4 hr Chain out of hole & LD #6 & #7 DC's; 4 hr Inspect drill collars #5 & 31 DC's; 1-3/4 hr TIH; 1/2 hr PU rot hd; 3-3/4 hr Drlg; 1/2 hr Surv; 9-1/4 hr Drlg; EDWC \$14,216; ETWC \$360,969.
- 4-19-85 (27) 10,650' 80% sh 20% lm (219'); 11-1/2 hr Drlg; 4 hr Trip; 8-1/2 hrs Other; 3° @ 10,650'; Bit #7; 8-1/2"; STC; F-4; EV6805; Jets 2/11, 1/10; In @ 10,047'; Out @ 10,650'; 630'; 33-3/4 hr; 40/50,000#; RPM 55; T-3; B-3; G-In; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 9.2; Vis 28; pH 10.5; 11-1/2 hr Drlg; 4 hrs Circ & pmp sweeps; 1/4 hr drop surv; 4 hr Strap out of hole; 4-1/4 hr RU Schlum & log; EDWC \$6,513; ETWC \$637,482.
- 4-20-85 (28) TD 10,650'; 3-1/4 hr Trip; 20-3/4 hr Other; Pmp #1; Lnr 6"; Stroke 8-1/2"; SPM 102; GPM 318; 1800#; Mud wt 10.0; Vis 28; pH 9.5; 9 hr Logging; 1/2 hr RD Schlum; 3-1/4 hr TIH; 2-3/4 hr PU Rot hd & circ btms up & displ w/10# brine; 1-1/4 hr Cut drlg line & RU LD mach; 6-1/4 hr LD DP & DC; 1 hr Brk kelly & RU csg crew; EDWC \$6,485; ETWC \$373,967.
- 4-21-85 (29) TD 10,650'; 14-1/2 hr Other; 5 hr Run 249 jts 7" csg; 1/2 hr RU Howco; 1-1/2 hr Circ; 2-1/4 hr Cmt; 1-1/4 hr PU BOP, set slips & cut 7" csg; 1-1/2 hr ND BOP; 1-1/2 hr Set on hd & tst to 3000#; 1 hr Inst tree & clean pits; Rig Released @ 9:30 PM 4-20-85; EDWC \$104,587; ETWC \$678,554.
- 4-22-85 WO compl.

FORT "18" COM #1
AFE NO. 4055
Eddy County, New Mexico

SURFACE CASING Run: 3-25-85

Total Casing Received: 16 jts Total Footage: 613.27'

38.38'	1 jt 13-3/8" 61# K-55 LT&C A Landing jt
	Out 24.12' Cut Jt In 14.26'
535.72'	14 jts 13-3/8" 61# K-55 LT&C A
2.12'	Howco Float Collar
39.17'	1 jt 13-3/8" 61# K-55 LT&C A
1.05'	Howco Float Shoe

616.44' Total Casing Set @ 600'

Cemented with 350 sx HL cont 1/4# Flocele, 2% CC mixed @ 12.7; 200 sx cont 1/4# Flocele 2% CC mixed @ 14.8; Circ 30 sx to pit

INTERMEDIATE CASING Run: 3-31-85

Total Casing Received: 67 jts Total Footage: 2,677.13'

38.20'	1 jt 9-5/8" 36# K-55 ST&C A
39.60'	1 jt 9-5/8" 36# K-55 ST&C A Out 14.53' Cut Jt In 25.07'
2,517.84'	63 jts 9-5/8" 36# K-55 ST&C A
2.10'	Howco Float Collar
41.10'	1 jt 9-5/8" K-55 ST&C A
1.90'	Howco Float Shoe

2,640.74' Total Casing Set @ 2610'

Cemented with 1200 sx LLC "C" cont 1/4# Flocele mixed @ 12.7; 350 sx "C" cont 1/4# Flocele 2% CaCl mixed @ 14.8; Circ 127 sx to pit.

CASING ON LOCATION NOT RUN:

40.29' 1 jt 9-5/8" 36# K-55 ST&C A good

PRODUCTION CASING Run: 4-21-85

Total Casing Received: 252 jts Total Footage: 10,850.81'

45.50'	1 jt 7" 23# S-95 ABC A
46.04'	1 jt 7" 23# S-95 ABC A Out 19.75' Cut Jt In 26.29'
5,138.96'	117 jts 7" 23# S-95 ABC A
5,439.22'	129 jts 7" 23# S/95 LT&C A
1.70'	Howco Diff Float Collar
43.45'	1 jt 7" 23# S/95 LT&C A
2.45'	Howco Diff Float Shoe

Casing set @ 10,650'

Cemented with 850 sx HL cont 1/4# FC/sx, 3/10% CFR3, mixed @ 12.7 ppg followed by 550 sx Class H cont 6/10% CFR3 cont 5# KCL/sx & 3/10% HR7, mixed @ 16.4 ppg; Bumped plug @ 4:15 PM 4-20-85.

CASING ON LOCATION NOT RUN:

137.64' 3 jts 7" 23# S/95 ABC A good

REMARKS: Lost returns @ 330 bbls displacement (displacement to float collar - 419.3 bbls) Pmp press cont to climb to 1600 psi before landing.

HNG OIL COMPANY BIT RECORD

COMPANY: HNG Oil Company

WELL NAME: Fort "18" Com #1

COUNTY: Eddy

STATE: New Mexico

LOCATION: 1980' FNL & 895' FWL, Sec. 18, T24S, R29E

RUN NO.	SIZE	MAKE	TYPE	SER. NO.	DEPTH FOOT-AGE	HOURS	ACCUM. HOURS	DRLG RATE FT/HR	JET SIZE	WT LBS.	RPM	GPM	PUMP PRESS	VERT DEV.	MUD WT. VIS	T B G	REMARKS
1	17 1/2	HTC	S35	110575	600	15	15	40.00	5/16	1525	88	372	500	1 1/2	9.9	32	3 3/4
RR 2	12 1/4	SEC	S86	41108	992	62 3/4	77 3/4	15.81	12	35	70	372	1000	1685	10	28	2 2 1/4
3	12 1/4	STC	F-3	ET2246	2610	72	149 3/4	14.14	12	30/35	70	372	1000	2610	10	28	2 2 1/4
4	8 1/2	STC	F-3	ET1687	6241	120 1/4	270	30.20	12	80	65	372	1400	6241	9.2	28	4 1/4
5	8 1/2	STC	F-5	EV4643	8036	108	378	16.20	12	40/50	65	372	1400	8185	9.2	28	5 1/8
6	8 1/2	STC	F-4	EV4632	2011	108 1/4	486 1/4	18.58	2 1/16	50	65	318	1800	10047	9.2	28	8 8 1/4
7	8 1/2	STC	F-4	EV6805	10650	33 3/4	520	18.67	2 1/16	40/50	55	318	1800	10650	9.2	28	3 3/4

TD 10,650 4-19-85

logging



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

July 2, 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 8558 and 3580
ORDER NO. R-7969

Applicant:

HNG Oil Company and Texaco
Producing, Inc.

Dear Sir:

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

Sincerely,

R. L. STAMETS
Director

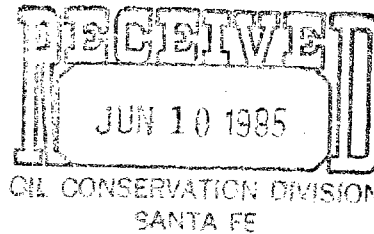
RLS/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Kenneth Bateman

WHITE,
KOCH, KELLY
&
McCARTHY
A PROFESSIONAL ASSOCIATION



June 6, 1985

R.L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 8558
Application of Texaco Production, Inc., for
Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Stamets:

I have Bill Carr's letter to you of June 3, 1985. I have been unable to reach Bill to discuss with him the nature of the conversation, but I am sure my client shares the concern regarding the delay in the resolution of the conflicting applications of Texaco Producing and HNG Oil Company. For the record, Texaco Producing is also prepared to proceed with drilling of the proposed well, and of course, an expedited order would be greatly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth Bateman".

KENNETH BATEMAN

KB/laf
978-35

CC: William F. Carr, Esquire
Texaco Producing, Inc.

L. C. White	Filmore E. Rose
Sumner S. Koch	Celia Foy Castillo
William Booker Kelly	David F. Cunningham
John F. McCarthy, Jr.	Albert V. Gonzales
Kenneth Bateman	Margaret B. Alcock
Benjamin Phillips	Robert Uram
Larry C. White	Bruce R. Kohl
John N. Patterson	Leslie C. King, III

Paul L. Bloom, Special Counsel

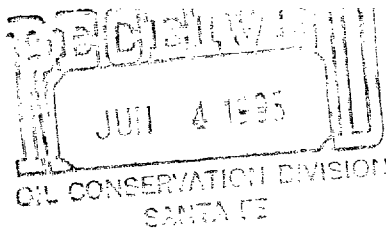
Attorneys and Counselors at Law

Mailing Address: P.O. Box 787, Santa Fe, N.M. 87504-0787

Street Address: 220 Otero St., Santa Fe, N.M. 87501 (505) 982-4374

CAMPBELL & BLACK, P.A.
LAWYERS

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PETER N. IVES
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JEFFERSON PLACE
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

June 3, 1985

Mr. R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Case 8558: Application of HNG Oil Company for Compulsory
Pooling, Eddy County, New Mexico.

Dear Mr. Stamets:

This letter will confirm our conversation of this date of which I advised that HNG now has a rig ready to proceed with the drilling of a well in the W/2 of Section 18, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. We would appreciate anything that could be done by the Division to expedite the order in this matter inasmuch as HNG's unable to go forward with its final drilling plans until a decision in this case has been made.

You attention to this request is appreciated.

Very truly yours,

William F. Carr

WFC/ba

cc: Ken Bateman, Esq.
Mr. Bill Lewis

WHITE,
KOCH, KELLY
&
McCARTHY
A PROFESSIONAL ASSOCIATION

May 6, 1985

Michael E. Stogner, Hearing Examiner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 8580, Application of Texaco Producing
Inc., for Compulsory Pooling, Eddy County,
New Mexico

Dear Mr. Stogner:

As you requested at the hearing, I enclose a draft Order on behalf of Texaco Producing Inc., in the referenced case. Inasmuch as this case was consolidated for purposes of the record with Case No. 8558, the Application of HNG Oil Company, I have also taken the liberty to prepare a draft Order in that case, as the approvals requested are in conflict.

If you require anything further, please let me know.

Sincerely,


KENNETH BATEMAN

KB/laf
978-35
Enc.

CC: William F. Carr, Esquire
Texaco Producing Inc.

<i>L. C. White</i>	<i>Filmore E. Rose</i>
<i>Sumner S. Koch</i>	<i>Celia Foy Castillo</i>
<i>William Booker Kelly</i>	<i>David F. Cunningham</i>
<i>John F. McCarthy, Jr.</i>	<i>Albert V. Gonzales</i>
<i>Kenneth Bateman</i>	<i>Margaret B. Alcock</i>
<i>Benjamin Phillips</i>	<i>Robert Uram</i>
<i>Larry C. White</i>	<i>Bruce R. Kohl</i>
<i>John N. Patterson</i>	<i>Leslie C. King, III</i>

Paul L. Bloom, Special Counsel

Attorneys and Counselors at Law

Mailing Address: P.O. Box 787, Santa Fe, N.M. 87504-0787

Street Address: 220 Otero St., Santa Fe, N.M. 87501 (505) 982-4374

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. 8580

Order No. R-_____

APPLICATION OF TEXACO PRODUCING, INC.,
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 A.M., on April 24, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of May, 1985, 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, Texaco Producing Inc., seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 18, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas proration unit to be dedicated to the applicant's well, to be drilled at an orthodox location 660 feet from the South line and 1980 feet from the West line of said Section 18.

(3) That the applicant has the right to drill and proposes to drill on the aforesaid land.

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

(5) That the production offsetting Section 18 is developed in a lay-down proration unit in the N/2 of the offsetting Section.

(6) That approval of this Application is necessary to protect the correlative rights of the owners of the minerals underlying the S/2 of Section 18, and to provide for prudent development of this Section.

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

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

(9) 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.

(10) That any non-consenting working interest owner who 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.

(11) 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.

(12) That following determination of reasonable well costs, any non-consenting working interest owner who 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.

(13) That \$5,250.00 per month while drilling and \$525.00 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.

(14) 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.

(15) That upon the failure of the operator of said pooled units to commence drilling of the well to which said units are dedicated on or before _____, 1985, the order pooling said units 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 Pennsylvanian formation underlying the S/2 of Section 18, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to applicant's well to be drilled to at an orthodox location 660 feet from the South line and 1980 feet from the West line of said Section 18.

PROVIDED HOWEVER, that the operator of said units shall commence the drilling of said well on or before the _____ day of _____, 1985, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the _____ day of _____, 1985, 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 this Order should not be rescinded.

(3) That Texaco Producing Inc., is hereby designated the operator of the subject well and units.

(4) That after the effective date of this Order and within _____ days prior to commencing said well, the operator

shall furnish the Division and each known working interest owner in the subject units an itemized schedule of estimated well costs.

(5) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest ownershall 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.

(6) 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.

(7) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who 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.

(8) 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.

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

(10) That \$5,250.00 per month while drilling and \$525.00 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.

(11) 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.

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

(13) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy 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.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

By

RICHARD L. STAMETS,
Chairman and Director

ED KELLEY, Member

5-11

JIM BACA, Member

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. 8558

Order No. R-_____

APPLICATION OF HNG OIL COMPANY,
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 A.M., on April 24, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of May, 1985, 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 hereof.

(2) That the applicant, HNG Oil Company seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 18, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That Texaco Producing Inc., has filed an Application seeking an Order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 18, said Application being set for hearing on April 24, 1985, as Case No. 8580.

(4) That this case and the case of Texaco Producing Inc., No. 8580 were consolidated for the purposes of testimony.

(5) That the evidence established that the most prudent development of Section 18 would require lay down proration units containing 320 acres each.

(6) That the Application of HNG Oil Company should be denied.

IT IS THEREFORE ORDERED:

(1) That the Application of HNG Oil Company shall be the same and is hereby denied.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

By

RICHARD L. STAMETS,
Chairman and Director

ED KELLEY, Member

JIM BACA, Member

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
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SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

May 2, 1985

RECEIVED

MAY 3 1985

OIL CONSERVATION DIVISION

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Case 8558: Application of HNG Oil Company for
Compulsory Pooling, Eddy County, New Mexico.

Dear Mr. Stogner:

Pursuant to your request, please find enclosed HNG Oil
Company's proposed Order of the Division in the above-referenced
case.

If you need anything further from HNG, please advise.

Very truly yours,


William F. Carr

WFC/cv
enclosure

cc: (w/encl.)
Mr. Bill Lewis
Ken Bateman, Esq.

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. 8558
Order No. R-

APPLICATION OF HNG OIL COMPANY
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

RECEIVED

MAY 3 1985

ORDER OF THE DIVISION

OIL CONSERVATION DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on April 24, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this June day of ~~May~~, 1985, the Division Director having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(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, HNG Oil Company, seeks an order pooling all mineral interests in the Pennsylvanian formation, underlying the W/2 of Section 18, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

(3) ~~That~~ ^{On March 22, 1985} ~~subsequent to the filing of HNG's application,~~ Texaco Producing, Inc. filed an application seeking an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of said Section 18.

(4) ~~That~~ the Texaco Producing, Inc. application was set as Case No. 8580 and was consolidated for purposes of testimony with the subject case. ^{at the time of hearing}

(5) ~~That~~ the applicant has the right to drill and proposes to drill a well at a standard location on said W/2 unit.

(6) That Texaco Producing, Inc. appeared in opposition to the application of HNG for a W/2 spacing or proration unit.

(7) That the evidence established that there are Atoka sands that could be intercepted with a well drilled on a W/2 unit

that might not be present in a well drilled on a S/2 unit which could result in the production of gas that might otherwise not be produced thereby preventing waste.

(8) That the evidence also showed that development of said Section 18 with stand-up units would result in the most prudent development of the section.

(9) That approval of the application will not impair correlative rights, for the production offsetting this section to the South is from a well 1950' from the common lease line between the sections and there are locations available in the E/2 of Section 18 from which any drainage could be effectively offset with counter drainage.

(10) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford 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 the W/2 of said Section 18.

(11) That the applicant in this case has the largest mineral interest in the W/2 of said Section 18 and should be designated the operator of the subject well and unit.

(12) 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.

(13) That any non-consenting working interest owner who 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.

(14) 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.

(15) That following determination of reasonable well costs, any non-consenting working interest owner who 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.

(16) That \$5,250.00 per month while drilling and \$525.00 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.

(17) 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.

(18) That the application of Texaco Producing, Inc. in Case No. 8580 should be denied.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be in the Pennsylvanian formation underlying the W/2 of Section 18, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, are hereby pooled to form a standard 320-acre 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 continue the drilling of the well on this spacing or proration unit with due diligence to a depth sufficient to test the Pennsylvanian formation;

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

(2) That HNG Oil Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order, 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 coverage.

(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 who 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 \$5,250.00 per month while drilling and \$525.00 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 interests, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate

- 5 -

Case No. 8558

Order No. R-

share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy 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 designed.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. L. STAMETS, Chairman
and Secretary

ED KELLEY, Member

JIM BACA, Member

S E A L

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
LOURDES A. MARTINEZ

RECEIVED

MAR 20 1985

OIL CONSERVATION DIVISION

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 28, 1985

R. L. Stamets, Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 8580 *WFC*

Re: Application of HNG Oil Company for an Order Pooling the
West half of Section 18, Township 24 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

Dear Mr. Stamets:

HNG Oil Company hereby concurs in the request of Texaco, Inc. to have the above-referenced case which is scheduled for hearing before a Division Examiner on April 10, 1985, continued to the Examiner hearing scheduled on April 24, 1985. This continuance will permit this application to be heard at the same time as the application of Texaco seeking an order pooling certain lands which also lie in said Section 18.

I understand that Ken Bateman, attorney for Texaco, Inc., has discussed with you the possibility of having these cases set for hearing initially before the full Oil Conservation Commission. I believe that if the matters could be heard before the full Commission, this would avoid an unnecessary examiner hearing, thereby saving the parties and the Division both time and expenses related to an examiner hearing.

If, however, you believe that the matter should first be heard by an Examiner, we will be prepared to go forward on April 24.

Your attention to this matter is appreciated.

Very truly yours,

William F. Carr

William F. Carr

WFC/cv

cc: Mr. Bill Lewis
Kenneth Bateman, Esq.



Texaco USA
Producing Department

PO Box 3109
Midland TX 79702

HAND DELIVERED

March 22, 1985

316710 -001

EDDY COUNTY, NEW MEXICO

Your Ref: Fort "18" Com #1
1980' FSL & 660' FWL Section 18,
T-24-S, R-29-E
Eddy County, New Mexico
N.E. Malaga Area

HNG Oil Company
P. O. Box 2267
Midland, Texas 79702

Attention: Mr. Bill Lewis

Gentlemen:

Reference is made to B. Craig Duke's letter dated January 11, 1985, addressed to Getty Oil Company (Texaco Inc.) inviting us to participate in the drilling of a 12,400' Atoka test to be located 1980' FSL and 660' FWL of Section 18, T-24-S, R-29-E, Eddy County, New Mexico. HNG proposed the forming of the W/2 of Section 18 for the said proration unit with Texaco owning the E/2 of the SW/4 of Section 18. The dry hole cost for the proposed test will be approximately \$1,000,000 and the completed well cost will be \$1,500,000, with a spud date on or before March 30, 1985.

Your letter also advised that if Texaco did not elect to participate in the drilling of the above mentioned test, then would we farmout the E/2 SW/4 to HNG, reserving an overriding royalty interest equal to the difference between the present leasehold burden and 25% with the option to convert the said overriding royalty to a 25% working interest after payout.

Please be advised that Texaco would not be interested in participating in the said well with the proposed unit covering the W/2 of Section 18 nor would we be interested in farming out our acreage.

However, we would like to propose the drilling of a 12,400' Atoka test to be located 1980' FWL and 660' FSL of Section 18, T-24-S,

3/22/85

cc: Don Matthews

Bob Usrey

Terry Cherryhomes

BL

Division of Texaco Inc

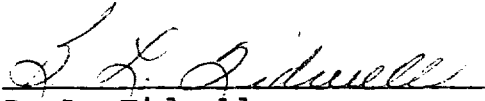
March 22, 1985

R-29-E. The proration unit will cover the S/2 Section 18. It is our understanding that HNG owns an oil and gas lease under the SW/4 SW/4 of Section 18 and a farmout covering rights below 3000' under the NW/4 SW/4 of Section 18. Therefore, we would like to invite HNG to participate in our proposed well with a dry hole cost of approximately \$947,000 and a completed well cost of approximately \$1,558,000.

We would appreciate your advising us of your decision in order that we can spud the said well within the near future.

Yours very truly, .

E. H. Watkins
Manager - Land and Leasing
Texaco Inc.

By 
B. L. Tidwell
For Texaco Producing Inc.

BLT-ES

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
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TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 6, 1985

Case 8558

HAND DELIVERED

RECEIVED

MAR 6 1985

R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

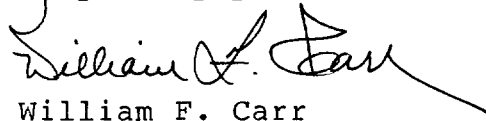
Re: Application of HNG Oil Company for Compulsory Pooling,
Eddy County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of HNG Oil Company in the above-referenced case. HNG Oil Company respectfully requests that this matter be included on the docket for the April 10, 1985 examiner hearings.

Your attention to this request is appreciated.

Very truly yours,


William F. Carr

WFC/cv
enclosures

cc: Mr. Craig Duke

MS.

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF HNG OIL COMPANY FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

Case 8558

APPLICATION

Comes now, HNG OIL COMPANY, by and through its undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A. (1978), hereby makes application for an order pooling all of the mineral interests in the Pennsylvanian formation, in and under the W/2 of Section 18, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Division:

1. Applicant owns 75% of the working interest in and under the W/2 of said Section 18, and applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at an orthodox location 1980 feet from the North line and 660 feet from the West line of said Section 18.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the W/2 of said Section 18, except for Texaco, Inc., 500 N. Loraine, Midland, Texas (Attention: Benny Tidwell), owner of a 25% working interest.

4. Said pooling of interests and well completion will avoid

the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

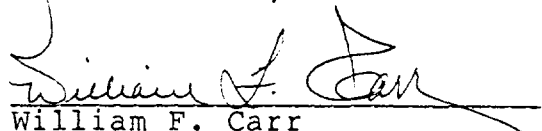
5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and applicant should be designated the operator of the well to be drilled.

WHEREFORE, applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on April 10, 1985, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well, approving the location of the well as proposed by applicant, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
(505) 988-4421

ATTORNEYS FOR HNG OIL COMPANY