



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

November 4, 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. 9723
ORDER NO. R-8061

Applicant:

Eanson-Montin-Greer Drilling Corp.

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 x

Other _____

NMS CD

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

November 8, 1985

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mountain States Natural Gas
P.O. Box 35426
Tulsa, OK 74135

*File No. 3723
M.S.*

Attention: Mr. Albert J. Blair

Re: CANADA OJITOS UNIT F-30
SECTION 30, T-25N, R-1W
RIO ARRIBA COUNTY, NEW MEXICO:
OIL CONSERVATION DIVISION FOR
COMPULSORY POOLING: ORDER R-8061

Gentlemen:

We are sending you at this time a copy of the Oil Conservation Division of the New Mexico Energy & Minerals Department Order No. R-8061, covering compulsory pooling and unorthodox well location in which you have an interest.

All working interest owners have been furnished a cost estimate as identified by AFE number 1825 and all have agreed to participate except you. We are sending you now another copy of the AFE.

We call to your attention paragraph 4 of the Order in which you are allowed 30 days from the receipt of this letter to pay your share of the subject well cost and avoid the penalty which will apply if your share of costs is taken out of production.

We have received your check covering costs of this well and unit well B-29 in Section 29; however there have not been sufficient funds in the bank for the check to clear. We call to your attention that payment as approved by the Oil Conservation Division

...

BENSON-MONTIN-GREER DRILLING CORP.

Mountain States Natural Gas
Attention: Mr. Albert J. Blair

Page No. 2
November 8, 1985

means actual payment of funds which we can use for paying drilling costs.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

cc: Mr. W. Thomas Kellahin
Statutory Agent for Mountain States Natural Gas
P.O. Box 2265
Santa Fe, NM 87504-2265

cc: State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

NOV 12 1985

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

CASE NO. 8723
Order No. R-8061

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORP. FOR COMPULSORY POOLING
AND AN UNORTHODOX OIL WELL LOCATION,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on October 9, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 1st day of November, 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) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Benson-Montin-Greer Drilling Corp., seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 30, Township 25 North, Range 1 West, NMPM, Rio Arriba County, New Mexico.
- (3) The applicant has the right to drill and proposes to drill a well at an unorthodox location 1755 feet from the North line and 2418 feet from the West line of said Section 30.
- (4) There are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste, 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 oil in any pool completion resulting from

this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(7) 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) 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.

(9) 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) 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.

(11) \$2200.00 per month while drilling and \$396.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); 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) 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) 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 February 1, 1986, the order pooling said unit should become null and void and of no effect whatsoever.

(14) Should all the parties to this forced pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(15) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 30 , Township 25 North, Range 1 West, NMPM, Rio Arriba County, New Mexico, are hereby pooled to form a standard 640-acre oil spacing and proration unit to be dedicated to a well to be drilled at an unorthodox well location, hereby approved, of 1755 feet from the North line and 2418 feet from the West line of said Section 30.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of February, 1986, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Mancos formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of February , 1986, 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) Benson-Montin-Greer Drilling Corp. is hereby designated the operator of the subject well and unit.

(3) 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) 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 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) 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; 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) 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) 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) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$2200.00 per month while drilling and \$396.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); 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) 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) 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.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Rio Arriba County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; 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) Should all the parties to this forced pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(14) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(15) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS,
Director

S E A L

BENSON-MONTIN-GREER DRILLING CORP.

AUTHORITY FOR EXPENDITURE

AFE #1825

DATE September 13, 1985

Prospect Canada Ojitos Unit Well Canada Ojitos Unit #30 (F-30)

Section 30 Township 25N Range 1W County Rio Arriba State New Mexico

Producing Formation or Formations Niobrara Projected Depth 7850'

INTANGIBLE COSTS

Surveying: Road and Location	\$ 1,000
Surveying: Archaeological	1,000
Roads and Location - Construction	5,000
Drilling: Type of Bid (Turnkey)	180,000
Day Work - Completion Rig - Day Work 20 days @ \$1,250/day	25,000
Transportation and Hauling Other Than Rig	7,500
Mud and Water - Included in Turnkey	
Equip. Rentals	2,500
Bits - Included in Turnkey	
Logging	17,500
Cement and Cementing	25,000
Cementing Equipment - Including Stage Collars	6,500
Perforating, Acidizing and Fracing	125,000
Engineering & Supervision	15,000
Labor	10,000
Overhead	3,500

Contingencies 25,000

TOTAL INTANGIBLE COSTS \$ 449,500

TANGIBLE COSTS

<u>Well Equipment</u>	
Casing and Tubing:	
500' 9-5/8" K-55 36#	\$ 5,500
7700' 5-1/2" N-80 17#	60,000
7500' 2-3/8" EUE tubing, internally plastic coated	30,000
Gas Lift Subsurface Equipment	1,500
Wellhead and Equipment - Tubinghead, Valves, etc.	10,000
Well Flow Lines	2,500
Noncontrollable Well Equipment	1,500
Installation Costs	3,000

Lease Equipment

Tank Battery - Single Tank (Surge Tank with Heater)	7,000
Separators and Heaters (Including Part of Gas Lift Equipment)	50,000
Measuring & Monitoring Equipment	2,500
Other Controllable Equipment	5,000
Noncontrollable Equipment	2,500
Installation Costs	6,000

Contingencies 5,000

TOTAL TANGIBLE COSTS \$ 192,000

TOTAL DRILLING, COMPLETION AND EQUIPMENT COSTS \$ 641,500

For parties to the 1983 Pooling Agreement, these costs are in excess of the Initial Development Costs as defined under Article 2.2 thereof; and will be borne on the basis of expense interests as defined under Article 1.7.2A and Exhibit C, Part II of the Pooling Agreement for that portion of the unit costs allocated to the pooled lands.

For parties whose interests are not committed to the 1983 Pooling Agreement, costs will be as defined by the Unit Operating Agreement.

Approved:

Date:

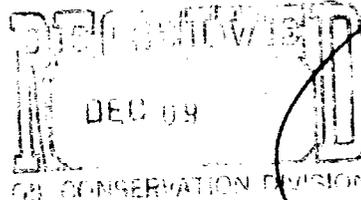
BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

December 5, 1985

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mountain States Natural Gas
c/o Mr. Mark Pearson
9904 S. 67th Place, East
Tulsa, OK 74133



Gentlemen:

On November 8, we wrote Mountain States Natural Gas a letter sent by certified mail and it has been returned to us unclaimed. The address was P.O. Box 35426, Tulsa, OK 74135; which is the address we have been using for Mountain States Natural Gas for a number of years.

We are now sending the same letter to you and request that you bring it to the attention of Mr. Blair.

A copy of the November 8 letter was sent to Mountain States' statutory agent in Santa Fe. We are also sending a copy of this letter to Mountain States' statutory agent.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

copies (Certified Mail):

Mr. W. Thomas Kellahin
Statutory Agent for Mountain States Natural Gas
P.O. Box 2265
Santa Fe, NM 87504-2265

✓ State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

BENSON - MONTIN - GREER DRILLING CORP.
221 Petroleum Center Building
Farmington, New Mexico
87401

CLAIM CHECK

822150

CERTIFIED

P 017 191 215

MAIL

HOLD

DATE

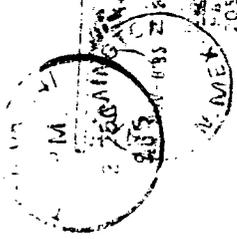
1ST NOTICE

2ND NOTICE

RETURN

Detached from
PS Form 3849-A
Oct. 1980

**RETURN
RECEIPT
REQUESTED.**



IS A HOLD FOR MAIL
1.74
CLAIM CHECK NO. 361015

HOLD

DATE

11-12

1ST NOTICE

11-19

2ND NOTICE

11-29

RETURN

Detached from
Form 3849-A
Oct. 1980

Mountain States Natural Gas
P.O. Box 35426
Tulsa, OK 74135

Attention: Mr. Albert J. Blair

