



Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

February 5, 1988

Case
9324

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
PO Box 2088
Santa Fe, NM 87504-2088

File: NWA-246-986.511

Application for Compulsory Pooling
505.20 Acre Nonstandard Proration Unit
Order R-8268
Section 6 and W/2 Section 5, T25N-R2W
Gavilan-Mancos Oil Pool
Rio Arriba County, New Mexico

Amoco Production Company hereby makes application for an order from the New Mexico Oil Conservation Division pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying the 505.20 acre nonstandard proration unit, created by R-8268, consisting of W/2 Section 5 and all of irregular Section 6, T25N-R2W, Rio Arriba County, New Mexico. This proration unit is dedicated to the Amoco-Hill Trust Federal Well No. 1 located 1,660' FNL and 1,680' FWL (SE NW) Section 5, T25N-R2W.

Applicant further seeks: a 200 percent penalty to be assessed against all nonconsenting working interest owners as a charge for risk involved in the drilling of said well in addition to the actual costs of drilling and completing; and \$3,222.00 per month while drilling and \$401.00 per month while producing, to be fixed as reasonable overhead charges. Applicant also requests that Amoco Production Company remain as operator of said well.

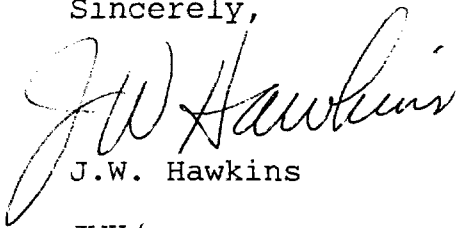
We respectfully request this matter to be set for hearing on the next available docket.

The names and addresses of the affected owners in this pooling application are listed on the attached sheet and shall receive a copy of this application by certified mail, return receipt requested.

Mr. William J. Lemay
February 5, 1988
Page 2

These parties may appear at the hearing and present testimony. Their failure to appear at the hearing and become a party of record may preclude them from challenging this matter at a later date.

Sincerely,

A handwritten signature in cursive script, appearing to read "J.W. Hawkins".

J.W. Hawkins

JWH/ae

cc: J.D. Hamrick - Building
K.J. Lund - Building
Affected Owners (see attached list)

AFFECTED OWNERS

Voluntarily Committed Interest
Owners (Executed AFE and JOA)

Mesa Grande, Ltd.
1305 Philtower Building
Tulsa, OK 74135
Attention: Larry Sweet

Alice H. Gilliland
7420 Caruth
Dallas, TX 75225

W.L. Kistler III
Kistler Investment Company
10 East 53rd Street
New York, NY 10022
Attention: Martin Barr

Arriba Company, Ltd.
PO Box 35304
Tulsa, OK 74153
Attention: G.L. Morris

Refused to Voluntarily
Commit

Mountain States Natural
Gas Company
c/o Albert J. Blair
633 South Richmond
Tulsa, OK 74135

Registered Agent for
Service of Process for
Mountain States Natural
Gas Company

W. Thomas Kellahin
PO Box 2265
Santa Fe, NM 87504

Additional Notice

A.G. Hill
5000 Thanksgiving Tower
Dallas, TX 75201



RECEIVED
FEB 22 1988

M.S.

Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

February 17, 1988

William J. Lemay, Director
New Mexico Oil Conservation Division
PO Box 2088
Santa Fe, NM 87504-2088

File: NWA-85-986.511

Continuance Request - Case 9324
Application for Compulsory Pooling
505.20 Acre Non-Standard Proration Unit
Order R-8268
Section 6 and W/2 Section 5, T25N, R2W
Gavilan-Mancos Oil Pool
Rio Arriba County, New Mexico

In order to insure proper notice is served for the above captioned application, Amoco Production Company requests a continuance for Case 9324 to the March 16, 1988 Docket of the NMOCD hearings.

A copy of Amoco's original application is attached for your reference.

Sincerely,

J.W. Hawkins
J.W. Hawkins

JWH/ae
attachment

cc: J.D. Hamrick, Building
K.J. Lund, Building

Certified Mail, Return Receipt Requested
Mountain States Natural Gas Company
c/o Albert J. Blair
633 South Richmond
Tulsa, OK 74135

Certified Mail, Return Receipt Requested
Registered Agent for Service of Process for
Mountain States Natural Gas Company
W. Thomas Kellahin
PO Box 2265
Santa Fe, NM 87504



Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

February 5, 1988

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
PO Box 2088
Santa Fe, NM 87504-2088

File: NWA-246-986.511

Application for Compulsory Pooling
505.20 Acre Nonstandard Proration Unit
Order R-8268
Section 6 and W/2 Section 5, T25N-R2W
Gavilan-Mancos Oil Pool
Rio Arriba County, New Mexico

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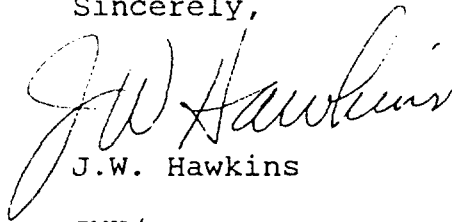
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Mr. William J. Lemay
February 5, 1988
Page 2

These parties may appear at the hearing and present testimony. Their failure to appear at the hearing and become a party of record may preclude them from challenging this matter at a later date.

Sincerely,

A handwritten signature in cursive script, appearing to read "J.W. Hawkins".

J.W. Hawkins

JWH/ae

cc: J.D. Hamrick - Building
K.J. Lund - Building
Affected Owners (see attached list)

AFFECTED OWNERS

Voluntarily Committed Interest
Owners (Executed AFE and JOA)

Mesa Grande, Ltd.
1305 Philtower Building
Tulsa, OK 74135
Attention: Larry Sweet

Alice H. Gilliland
7420 Caruth
Dallas, TX 75225

W.L. Kistler III
Kistler Investment Company
10 East 53rd Street
New York, NY 10022
Attention: Martin Barr

Arriba Company, Ltd.
PO Box 35304
Tulsa, OK 74153
Attention: G.L. Morris

Refused to Voluntarily
Commit

Mountain States Natural
Gas Company
c/o Albert J. Blair
633 South Richmond
Tulsa, OK 74135

Registered Agent for
Service of Process for
Mountain States Natural
Gas Company

W. Thomas Kellahin
PO Box 2265
Santa Fe, NM 87504

Additional Notice

A.G. Hill
5000 Thanksgiving Tower
Dallas, TX 75201



Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

April 6, 1988

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

M.S.

Working Interest Owners
(See Attached List)

File: NWA-286-986.511

New Mexico Oil Conservation Division
Case No. 9324, Order No. R-8615
Compulsory Pooling
Gavilan-Mancos Oil Pool
Rio Arriba County, New Mexico

On March 23, 1988, the New Mexico Oil Conservation Division issued the above referenced order pooling all mineral interests in the Mancos formation underlying lots 3 and 4, S/2 NW/4 and SW/4 of Section 5 and all of Section 6, T25N, R2W, Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico forming a 505.20 acre non-standard oil spacing and proration unit (previously approved by Division Order No. R-8268) dedicated to the Amoco-Hill Trust Federal Com Well No. 1. A copy of said order is attached. Pursuant to Rule No. 3, Amoco Production Company is hereby furnishing a schedule of estimated well costs for the subject well.

If you have any questions concerning this matter, please contact me at (303) 830-5072.

Sincerely,

JW Hawkins

J. W. Hawkins

cc:

J. M. Alsup - Building
T. D. Autry - Building
R. J. Broussard - Farmington
M. E. Cuba - Building
K. J. Lund - Building

LTR846

WORKING INTEREST OWNERS

Voluntarily Committed Interest
Owners (Executed AFE and JOA)

Mesa Grande, Ltd.
1306 Philtower Building
Tulsa, OK 74135

Attention: Larry Sweet

Alice H. Gilliland
7420 Caruth
Dallas, TX 75225

W. L. Kistler, III
Kistler Investment Company
10 East 53rd Street
New York, NY 10022

Attention: Martin Barr

Arriba Company, Ltd.
P. O. Box 35304
Tulsa, OK 74153

Attention: G. L. Morris

Refused to Voluntarily
Commit

Mountain States Natural
Gas Company
c/o Albert J. Blair
6333 South Richmond
Tulsa, OK 74135

Registered Agent for
Service of Process for
Mountain States Natural
Gas Company

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, NM 87504

Additional Notice

A. G. Hill
5000 Thanksgiving Tower
Dallas, TX 75201

JWH/tle
040688
LTR846

NEW MEXICO OIL CONSERVATION DIVISION
CASE 9324
MARCH 16, 1988

HILL TRUST FEDERAL COM. WELL NO. 1
ESTIMATED WELL COST

LOCATION	\$ 30,000
RIG COSTS	\$120,000
MUD	\$ 35,000
LOG & PERF	\$ 40,000
LABOR	\$ 45,000
TANGIBLES (CSG, TBG, EQUIP)	\$110,000
CEMENT	\$ 25,000
STIMULATION	<u>\$120,000</u>
TOTAL ESTIMATED COST	\$525,000

ESTIMATED OPERATING COST - \$1,800/MONTH

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9324
Order No. R-8615

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR COMPULSORY POOLING, RIO
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of March, 1988, 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, Amoco Production Company, seeks an order pooling all mineral interests in the Mancos formation underlying a 505.20-acre non-standard oil proration unit consisting of Lots 3 and 4, S/2 NW/4, and the SW/4 of Section 5, and all of Section 6, Township 25 North, Range 2 West, NMPM, Undesignated Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico, to be dedicated to the applicant's Hill Trust Federal Com Well No. 1 located at a standard oil well location 1660 feet from the North line and 1680 feet from the West line (Unit F) of said Section 5.

(3) The existing non-standard proration unit was necessitated by a variation in the U.S. Public Lands Survey and was previously approved by Division Order No. R-8268, entered in Case No. 8854 on July 29, 1986.

(4) The applicant has the right to drill and has drilled its Hill Trust Federal Com Well No. 1 at the standard oil well location described above.

(5) There are interest owners in the proration unit who have not agreed to pool their interests.

(6) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid 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 production 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.

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

(8) 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.

(9) 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.

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

(11) 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.

(12) \$3222.00 per month while drilling and \$401.00 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.

(13) 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.

(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 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.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Mancos formation underlying Lots 3 and 4, S/2 NW/4, and the SW/4 of Section 5, and all of Section 6, Township 25 North, Range 2 West, NMPM, Undesignated Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico, are hereby pooled to form a 505.20-acre non-standard oil spacing and proration unit (previously approved by Division Order No. R-8268) to be dedicated to the applicant's Hill Trust Federal Com Well No. 1 located at a standard oil well location 1660 feet from the North line and 1680 feet from the West line (Unit F) of said Section 5.

(2) Amoco Production Company is hereby designated the operator of the subject well and unit.

(3) Within 30 days 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) 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, if there is 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 well 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) \$3222.00 per month while drilling and \$401.00 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 parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

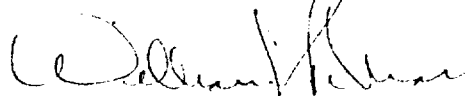
(14) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

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

CASE NO. 9324
Order No. 8615
Page -6-

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the typed name. The signature is fluid and cursive.

WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



March 24, 1988

GARREY CARRUTHERS
GOVERNOR

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

Mr. Kent Lund
Amoco Production Company
P. O. Box 800
Denver, Colorado 80201

9324
R-8615

Re: CASE NO. _____
ORDER NO. _____
Amoco Production Company
Applicant:

Dear Madam:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

x
x
x

Copy of order also sent to:

Hobbs OCD _____
Artesia OCD _____
Aztec OCD _____

Other _____
