

CASE 5195: Application of J. M.
HUBER CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

CASE No.

5195

Application,

Transcripts,

Small Exhibits

ETC.

EXAMINER HEARING

Case No.
5195

TRANSCRIPT OF HEARING

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

Sim B. Christy, Esq.
Jennings, Kopple & Christy
1012 Security National
Bank Building
Roswell, New Mexico

I N D E X

Q. R. CROMWELL

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JIM SUTHERLAND

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	<u>Marked</u>	<u>Admitted</u>
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CROMWELL-DIRECT

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MR. NUTTER: Call Case 5195

MR. CARR: Case 5195. Application of J.M. Huber Corporation for compulsory pooling, Lea County, New Mexico.

MR. CHRISTY: Sim Christy, of Jennings, Kopple & Christy in Roswell, New Mexico, for the Applicant, J.M. Huber. We have two witnesses, Mr. Examiner.

MR. NUTTER: We'll call for additional appearances in this Case if there are any.

(Witnesses sworn.)

Q.R. CROMWELL

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Please state your name, by whom you are employed and in what capacity.

A Q.R. Cromwell, J.M. Huber Corporation, Exploration Manager.

Q Mr. Cromwell, are you familiar with what is sought in Application 5195 before the regulatory body?

A Yes.

Q And what is sought.

A We wish to proceed with forced pooling to handle

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SANTA FE, NEW MEXICO 87501
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approximately 1.7 mineral acres under the southeast quarter of the eighty acre spacing, southeast quarter of Section 21.

Q I believe your legal investigations indicated that it is owned of record by Harry V. Allen?

A Yes.

Q And he owns 3.4848 mineral acres in the entire southeast quarter of Section 21?

A Yes.

MR. NUTTER: What was that amount now?

MR. CHRISTY: It's 3.4848 mineral acres in the whole 160.

MR. NUTTER: Undivided?

MR. CHRISTY: Undivided, right.

MR. NUTTER: 3.4848 undivided mineral acres?

MR. CHRISTY: Yes. That's in the whole 160.

MR. NUTTER: Right. Under the entire Lease.

MR. CHRISTY: Right.

BY MR. CHRISTY:

Q Now, first of all, let me refer you to what's been marked Exhibit 1 and ask if you will identify it, please?

A It's, in general, a land plat with certain wells

so inscribed, and outlined in red is the tract in question.

Q That's the 160 tract?

A Yes.

Q Now, at this moment you're proposing to force pool only the East half, Southeast of the Section, are you not?

A Yes.

Q Now, I notice a number of wells to the southeast of that dotted in black. I assume those are other Devonian wells?

A Yes.

Q And I notice one well in the Northeast Southwest of Section 27 with a line stricken through it. My understanding is that that was an old producing Devonian well which was subsequently abandoned?

A That is my understanding, yes.

Q All right, sir. Now, what efforts have been made to locate Mr. Allen?

A We have leased all of the other mineral interests in the area and through contact with them determined that Mr. Allen was deceased and we have thus far not been able to contact any of the possible heirs or identify them for that matter.

CROMWELL-DIRECT
CROSS

CASE 5195

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Q Your hearsay information is that he is dead?

A Yes.

Q All right, sir, and have you made, in your opinion, reasonable effort to locate these heirs or Mr. Allen?

A We are continuing with that effort, but in my opinion, yes.

Q Now, if this Application is granted, Mr. Cromwell, do you understand that the Order will provide that 1/8th of his interest will be considered royalty and will be escrowed in a local bank in Lea County and you can't get back your costs out of that 1/8th, you understand that?

A Right, sure I do.

Q All right, sir.

MR. CHRISTY: I have no further questions of this Witness.

CROSS EXAMINATION

BY MR. NUTTER:

Q As I understand it, he owns the minerals here?

A Correct.

Q So you would consider an eighth of his share as royalty and 7/8ths of his share as working interest?

A Right, if the minerals be there, Mr. Examiner.

MR. NUTTER: Are there any other questions of

SUTHERLAND-DIRECT

CASE 5195

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Mr. Cromwell? He may be excused. Call your next witness.

(Witness previously sworn.)

JIM SUTHERLAND

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, by whom you are employed and what capacity?

A My name is Jim Sutherland, I'm employed by J.M. Huber Corporation.

Q And in what capacity?

A District Production Manager.

Q Is that Midland?

A Midland, Texas.

Q Mr. Sutherland, you are familiar with what is sought in Case 5195, are you not?

A Yes, I am.

Q Have you ever testified before this regulatory body and had your qualifications as a Petroleum Engineer accepted?

A I have not.

Q Would you please state what schools of higher

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learning you attended and the degrees, if any, received and the date that you received them.

A I am a graduate of Missouri School of Mines in metallurgy, Rolla, Missouri, BS in Petroleum Engineering, 1961. Since that time I have been a resident of Texas, making Petroleum Engineering my profession, with J.M. Huber of Amarillo, Texas, and for the past two and a half years in Midland, Texas, with J.M. Huber.

Q Does the area in which you have practiced and worked for Huber include southwest Texas and southeast New Mexico?

A Yes, it does.

Q I see. All right. Now, Mr. Sutherland, have you made a study of what the well costs might be on this particular well in this Application?

A Yes, I have; I have studied all the wells drilled in the immediate vicinity and from that I have projected estimated costs to drill and complete a well to the depth of 12,800 feet.

Q Is that shown in your Exhibit 2?

A It is.

Q Now, I suppose you have an opinion as to whether or not those are fair and reasonable cost estimates?

A I have. At this time they are reasonable.

Q You say "At this time." Is that because of scarcity of material and the price of everything rising very rapidly?

A That is correct.

Q Mr. Sutherland, if this Application is granted, upon conclusion, completion of the well, will you file an actual expense statement with the Commission promptly?

A Yes.

Q So we can know exactly how much it cost?

A Yes.

Q What do you propose to drill? What depth and how do you propose to drill the well?

A We'll drill a 12,800 foot test to test the Devonian Formation. We would drill a 17½ inch hole about 400 feet to set the surface casing, 13-3/8ths; we would drill 12-1/4 hole 4500 feet to set 9-5/8th inch casing; we would drill 8-3/4 hole to TD, and if productive, we would run 5½ inch casing.

Q Is this a rather orthodox manner of drilling a Devonian well in that area?

A It is.

Q I assume from Mr. Cromwell's testimony, and

Exhibit 1, which reflects that the proposed location is more than one mile away from present production, plus your discussion of the mechanics of drilling a well, that there is some risk factor involved in this matter, rather substantial?

A Yes.

Q Do you have an opinion, Mr. Sutherland, as to whether or not the granting of this Application might tend to avoid the necessity to drill two wells on the 80 acre and commit waste. Do you have an opinion as to whether or not this might avoid waste by granting this Application?

A I think it will avoid waste.

Q Was Exhibit 2 prepared by you?

A Yes.

MR. CHRISTY: I have no further questions.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Sutherland, you mentioned that you think some risk is involved here. Have you come upon any determination as to what a risk factor should be?

A A risk factor of success or risk factor as to --

Q (Interrupting) The Commission is authorized by the statute to apply a risk factor to the percentage of

the total cost that must be borne by production by anyone who doesn't advance his share of the well costs. I presume Mr. Allen won't advance his share of the well costs, so you would have to carry his interest. Therefore you would be entitled to a risk factor for carrying it.

A I think at this depth and the total cost that we are talking about here, trial cost estimate at this time would be \$262,000. As a risk we would have to say in the neighborhood of 250 percent.

A That is beyond the limit of the law.

Q I'm just saying that 250 percent is what we think would be reasonable, and certainly it could come down.

Q Now, this well right here in Section 27 in the northwest quarter is a dry hole minus 8555. Is that a Devonian test? It's the southeast of the northwest 27.

A Right. The Creek Well.

Q That was a Devonian test?

A Right.

Q And the well in the southwest of the southeast of 22 was a dry hole at a minus 9448. Was that a Devonian test?

A Yes.

Q So you'd have two Devonian tests between you and the Southwest Gladiola Field, is that correct.

A Yes, correct.

Q Well you probably are entitled to a pretty good risk factor.

Now, how about your overhead? Do you have any figures that you use for overhead in your voluntary agreement, your combined fixed rates that you carry other people.

A It's probably going to average in the neighborhood of \$185 per month.

Q How long do you think it would take to get this well started if the Commission should enter the Order today?

A Approximately 35 days.

Q So the provision in the Order that the well should be started within 90 days after entry of the Order would be sufficient?

A Yes.

Q Okay.

MR. NUTTER: Are there any further questions of Mr. Sutherland? He may be excused.

MR. CHRISTY: We call to place in evidence

Applicant's Exhibits 1 and 2, we have nothing further.

MR. NUTTER: Huber's Exhibits 1 and 2 will be admitted into evidence.

(Whereupon, Applicant's Exhibits

Nos. 1 and 2 were admitted into evidence.)

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 5195? If there is nothing further we will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5195 heard by me on 3/27, 1974.


Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

April 24, 1974

Mr. S. B. Christy
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: CASE NO. 5195

ORDER NO. R-4773

Applicant:

J. M. Huber Corporation

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5195
Order No. R-4773

APPLICATION OF J. M. HUBER
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 27, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of April, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, J. M. Huber Corporation, seeks an order pooling all mineral interests, including those of Harry V. Allen or his devisees, underlying the E/2 of the SE/4 of Section 21, Township 12 South, Range 37 East, NMPM, Southwest Gladiola-Devonian Pool, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well 660 feet from the South line and 660 feet from the East line of said Section 21 to test the Devonian formation.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.
- (6) That the applicant should be designated the operator of the subject well and unit.

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CASE NO. 5195
Order No. R-4773

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$185.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before August 1, 1974, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Devonian formation underlying the E/2 of the SE/4 of Section 21, Township 12 South, Range 37 East, NMPM, Southwest Gladiola-Devonian Pool, Lea County, New Mexico, are hereby pooled to form a standard 80-acre oil spacing and proration unit to be dedicated to a well to be drilled 660 feet from the South line and 660 feet from the East line.

CASE NO. 5195
Order No. R-4773

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of August, 1974, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Devonian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of August, 1974, Order (1) of this order shall be null and void and of no effect whatsoever;

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

(2) That J. M. Huber Corporation is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That \$185.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

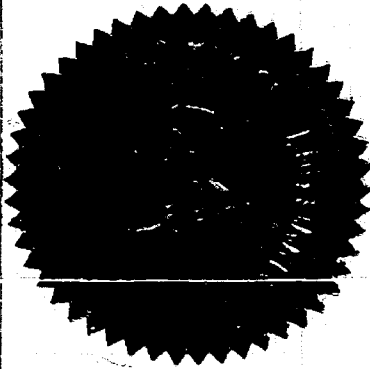
(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

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CASE NO. 5195
Order No. R-4773

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX. J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, JR., Member & Secretary

S E A L

jr/

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 27, 1974

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

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

CASE 5188: (Continued from the March 13, 1974, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Blinbry production in the wellbore of its Lockhart B-1 Well No. 8 located in Unit H of Section 1, Township 22 South, Range 36 East, Lea County, New Mexico.

CASE 5194: Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen-Grayburg formation through one well on its Creek Lease in Section 23, Township 18 South, Range 30 East, Leo Pool, Eddy County, New Mexico.

CASE 5195: Application of J. M. Huber Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests, including those of Harry V. Allen or his devisees, underlying the E/2 of the SE/4 of Section 21, Township 12 South, Range 37 East, Southwest Gladiola-Devonian Pool, Lea County, New Mexico. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5196: Application of Kimbell Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling in the wellbore of Blanco-Mesa-verde and Basin-Dakota gas production in its Warren Federal Well No. 3 located in Unit P of Section 26 and in its Salazar Federal Well No. 3 located in Unit H of Section 27, and Otero-Callup Oil and Basin-Dakota gas production in its Warren-Salazar Well No. 2 located in Unit M of Section 26, all in Township 25 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 5197: Application of Skelly Oil Company for a waterflood project and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Seven Rivers-Queen formation in its J. C. Johnson Well No. 4 located in Unit D of Section 20, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. Applicant further seeks authority to dually complete said well for water injection and for the production of gas from the Jalmat Gas Pool. Applicant also seeks an administrative procedure for said project for approval of additional injection wells without notice and hearing.

CASE 5198: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Grayburg formation in the perforated interval from 3815 feet to 4068 feet in its V. M. Henderson Well No. 3 located in Unit H of Section 30, Township 21 South, Range 37 East, Penrose Skelly Pool, Lea County, New Mexico.

CASE 5199: Application of Wm. G. Ross for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Atoka-Pennsylvanian Gas Pool Rules, authority to drill a gas well 1650 feet from the South line and 660 feet from the East line of Section 10, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, the E/2 of said Section 10 to be dedicated to the well.

CASE 5200: Application of Monsanto Company for a triple completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its Wilderspin Well No. 1 located in Unit F of Section 11, Township 21 South, Range 27 East, Burton Flats Field, Eddy County, New Mexico, in such a manner as to produce gas from the Wolfcamp, Strawn, and Morrow formations through three parallel strings of tubing.

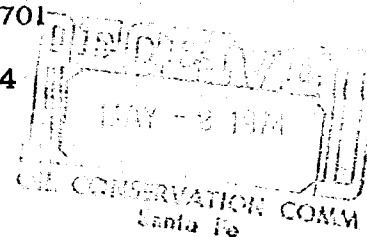
J. M. Huber Corporation

1900 Wilco Building

Midland, Texas 79701

April 29, 1974

OIL AND GAS
DIVISION



TELEPHONE
MUTUAL 2-3794

Mr. A.L. Porter, Jr.
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: Application of J.M. Huber
Corporation for Compulsory
Pooling, Lea County, New
Mexico. Case No. 5195
Order No. R-4773

Dear Mr. Porter:

In compliance with New Mexico Oil Conservation Commission's
Order No. R-4773, attached are three (3) copies of the
itemized estimated well costs prior to actual commencement
of drilling operations.

Very truly yours,

J.M. HUBER CORPORATION

James R. Sutherland
District Production Manager

JRS:mt

Attachments - 3



OIL AND GAS DIVISION

WORK SHEET - AUTHORITY FOR EXPENDITURE

WELL NAME Craig No. 1TYPE AFE Drilling-Wildcat PTD 13,550'

INTANGIBLE

ESTIMATED COSTS

	To Casing Point	Completion	Total
SURFACE LEASE OR DAMAGES	\$ 500		\$ 500
SURVEY - LOCATION	175		175
ROAD AND DIRT WORK	4,000		4,000
CONTRACT - FOOTAGE \$12.50/ft x 12,800'	160,000		160,000
CONTRACT - DAYWORK 7 days x \$1950/day	13,650		13,650
BOILER, DEGASSER, PIT LEVEL, SAFETY DEVICES	1,000		1,000
TRUCKING	1,500	500	2,000
RIGGING UP AND MOVING IN - FURNISHED BY CONTRACTOR	-		-
CEMENTING SERVICE; SURFACE CASING & INTER-STRING	4,000		4,000
DRILLING MUD AND CHEMICALS	14,000		14,000
ELECTRIC LOGGING - OPEN HOLE	8,500		8,500
DST 6 x \$1250	6,250		6,250
LOGGING Mud Logging Unit 22 days x \$135/day	2,970		2,970
FLUID AND CORE ANALYSIS	-		-
BITS gas	-		-
KIND OF FUEL: Nat'l / FURNISHED BY Contractor	-		-
WATER FURNISHED BY Huber FROM well	2,000		2,000
SUPERVISION	3,000		3,000
ABANDONMENT	5,000		5,000
CLEANUP AND BACKFILL	1,500		1,500
SHOE, FLOAT, CEMENTING & RUNNING OIL STRING, LINER		4,000	4,000
ELECTRIC LOGGING AND PERFORATING IN CASING		2,500	2,500
SQUEEZING, BRIDGING PLUGS & RETRIEVABLE PLUGS		1,500	1,500
ACIDIZING, SHOOTING AND FRACTURING		6,500	6,500
CABLE TOOL OR ROTARY COMPLETION		4,500	4,500
MISCELLANEOUS INTANGIBLE	6,955		6,955
TOTAL INTANGIBLE	\$ 235,000	\$ 19,500	\$ 254,500

TANGIBLE

	Footage	Size	Grade	Weight	Cplg.	\$	\$	\$
CONDUCTOR	400'	13-3/8	H&K	48 & 61	ST&C	3,336		3,336
SURFACE CASING	4500'	9-5/8	K-55	36 & 40	ST&C	29,340		29,340
INTER-STRING								
LINER	12,800'	5 1/2"	K&S	15.5 & 17	LT&C		35,456	35,456
OIL STRING	12,500'	2-7/8	J-55	6.4	ACME		16,500	16,500
TUBING								
WELL HEAD, SAFETY EQUIPMENT, ETC.						1,800	6,700	8,500
ARTIFICIAL LIFT, ETC.								
PRODUCTION PACKER, HANGERS, ETC.							1,200	1,200
MISCELLANEOUS TANGIBLE						1,524	2,644	4,168
TOTAL TANGIBLE COST						\$ 36,000	\$ 62,500	\$ 98,500
TOTAL WELL COST						\$ 271,000	\$ 82,000	\$ 353,000

LEASE EQUIPMENT OR PLANT

PRODUCTION FACILITIES, TREATERS, ETC. Heater-Treater Cond. 2		\$ 2,500	\$ 2,500
TANKS 2 - 500's Cond. 2		5,500	5,500
LINE PIPE AND FLOWLINE		2,000	2,000
VALVES AND FITTINGS		250	250
CONSTRUCTION COSTS		750	750
SALT WATER DISPOSAL			
MISCELLANEOUS LEASE COSTS			
TOTAL LEASE EQUIPMENT OR PLANT COSTS		\$ 11,000	\$ 11,000
GRAND TOTAL ESTIMATE COSTS	\$ 271,000	\$ 93,000	\$ 364,000

ESTIMATED DAYS

51

10

61

PREPARED BY Jim SutherlandDATE 3/21/74

AFE NO.

J.M. HUBER CORPORATION

AUTHORITY FOR EXPENDITURE WORK SHEET

P.T.D. 12,800'

WELL NAME Craig No. 1 660' FS&EL Sec. 21-T12S-R37E, Lea County, N.M.

EXPENSE	ESTIMATE DRY HOLE	ESTIMATE PRODUCER
SURFACE LEASE OR DAMAGES	\$ 500	\$ 500
SURVEY - LOCATION	175	175
ROAD AND DIRT WORK	4,000	4,000
CONTRACT - FOOTAGE \$11.75/ft. x 12,800'	150,400	150,400
CONTRACT - DAYWORK 7 days x \$1925	13,475	13,475
BOILER	-	-
TRUCKING	2,000	2,000
RIGGING UP AND MOVING IN - FURNISHED BY CONTRACTOR	-	-
CEMENTING SERVICE: SURFACE CASING & INTER-STRING	4,000	4,000
DRILLING MUD AND CHEMICALS	14,000	14,000
ELECTRIC LOGGING - OPEN HOLE	8,500	8,500
DST 5 x \$1250	6,250	6,250
CORING Mud Logging Unit 22 days x \$135/day	2,970	2,970
FLUID AND CORE ANALYSIS Pit Level Controls & /Sensor	1,000	1,000
BITS	-	-
KIND OF FUEL Butane or Nat'l Gas FURNISHED BY Contractor	-	-
WATER FURNISHED BY Contractor FROM Well	-	-
SUPERVISION	3,000	3,000
ABANDONMENT	5,000	-
MISCELLANEOUS Fuel & water contingencies	10,730	10,730
SHOE, FLOAT, CEMENTING & RUNNING OIL STRING	-	4,000
ELECTRIC LOGGING AND PERFORATING IN CASING	-	2,500
SQUEEZING, BRIDGING PLUGS & RETRIEVABLE PLUGS	-	1,500
ACIDIZING, SHOOTING AND FRACTURING	-	6,500
CABLE TOOL OR ROTARY COMPLETION 10 days x \$450/day	-	4,500
TOTAL EXPENSE	\$ 226,000	\$ 240,000
INVESTMENT		
SURFACE CASING 400' 13-3/8 H&K 48#&61# 8.34	3,336	3,336
INTER-STRING 4,500' 9-5/8 K-55 36&40# 6.52	29,340	29,340
OIL STRING 12,800' 5-1/2 K&S 15.5& 2.77	-	35,456
TUBING 12,800' 2-7/8 J-55 6.4# 1.32	-	16,500
WELL HEAD CONNECTION	1,800	8,500
FLOW LINES AND FITTINGS	-	2,000
PUMPING UNIT - MOTOR	-	-
SUCKER RODS AND PUMP	-	-
PRODUCTION PACKER	-	1,200
TANKS, TREATER, HEATER, SEPARATOR 2-500's, H-T, /Cond. 2	-	9,000
TANK GRADE	-	500
SALT / WATER / BLEND / Misc. Contingencies	1,524	4,168
TOTAL INVESTMENT COST	\$ 36,000	\$ 110,000
TOTAL COST	\$ 262,000	\$ 350,000

PREPARED BY Jim Sutherland

FORM I-301-A 5/71 PRINTED IN U.S.A.

DATE 3/21/74

Risk Factor - SUBSTANTIAL - 250%

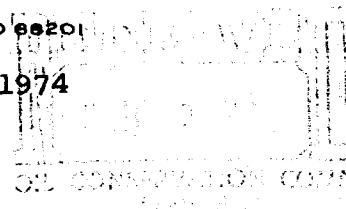
Deal No. 14-N-127-A

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE
ROBERT G. ARMSTRONG

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

February 22, 1974



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

Case 5195

Attention: A. L. Porter, Jr.

Gentlemen:

In behalf of our client J. M. Huber Corporation, we enclose herewith in triplicate Application for compulsory pooling, Lea County, New Mexico, and request that it be placed upon the next available examiner's docket.

By carbon copy hereof we are requesting that Huber notify all offset operators and any other working interest owners in the proposed unit of the Application.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By

S. B. Christy IV
S. B. Christy IV

SBC/jy
Encl.

cc: J. M. Huber Corporation (Midland)
Attention: Mr. G. S. Cromwell

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF J. M. HUBER CORPORATION FOR
COMPULSORY POOLING IN LEA COUNTY,
NEW MEXICO.

Case No. 2195

APPLICATION

COMES NOW J. M. Huber Corporation (Applicant), and states:

1. Applicant is the proposed Operator of a well to be drilled in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ (Unit P) Section 21, Township 12 South, Range 37 East, N.M.P.M., Lea County, New Mexico; the well is projected to the Devonian formation at approximately 12,500 feet subsurface.

2. Upon information or belief, Harry V. Allen^o (who may now be deceased), is the owner of a mineral interest in the SE $\frac{1}{4}$ of said Section 21, which, if the proposed well is productive, would be the 160-acre proration unit assigned to such well.

3. The entire SE $\frac{1}{4}$ of said Section 21 is, in the belief of Applicant, susceptible to production of hydrocarbons from the Devonian formation ratably on a surface acreage basis.

4. Applicant, having a right to drill in the proposed area and to the proposed formation, has been unable to locate the said Harry V. Allen or his heirs or devisees and therefore has been unable to agree to pool interests in the proposed unit to the Devonian formation, being a common source of supply for the projected well. Therefore, in order to avoid the drilling of unnecessary wells and to protect correlative rights, and to prevent waste, it is advisable

that the Commission, after notice and hearing, pool all mineral interests whatever they may be in the SE $\frac{1}{4}$ of said Section 21, Township 12 South, Range 37 East, N.M.P.M., Lea County, New Mexico, as to the Devonian formation as a spacing or proration unit and to allocate the respective tracts within the unit in proportion that the number of surface acres included within such tract bears to the number of surface acres included in the entire unit. That such order effecting pooling should be upon such terms and conditions as are just and reasonable and will afford to the owner or owners of each tract or interest in the unit the opportunity to recover or receive, without necessary expense, his just and fair share of the oil or gas or both, underlying the pooled unit, and that such pooling order should make definitive provision as to any owner, or owners, who elect not to pay their proportionate share in advance for the pro rata reimbursement solely out of production to the parties advancing the cost of development and operations, together with an appropriate risk factor. That such order should otherwise be entered in conformity with N.M.S.A. 65-3-14, 1953 Comp.

WHEREFORE, Applicant prays, after notice and hearing, that the Commission pool all mineral interests whatever they may be in the SE $\frac{1}{4}$ Section 21, Township 12 South, Range 37 East, N.M.P.M., Lea County, New Mexico, for the production of hydrocarbons producible from the Devonian formation, and to enter an appropriate order in conformity with N.M.S.A. 65-3-14, 1953 Comp., including appropriate provisions for risk factors in the event the various owners do not advance

estimated drilling, completion or development costs; and for all proper relief.

J. M. HUBER CORPORATION

By 

S. B. Christy IV, as a member
of the firm of Jennings,
Christy & Copple, P. O. Box 1180,
Roswell, New Mexico 88201
(505) 622-8432

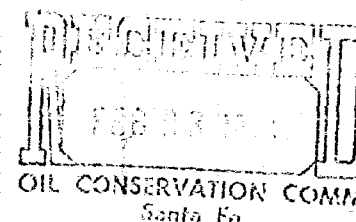
cc: J. M. Huber Corporation (Midland)

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE
ROBERT G. ARMSTRONG

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P.O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

February 27, 1974



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

Attention: Mr. Dan Nutter

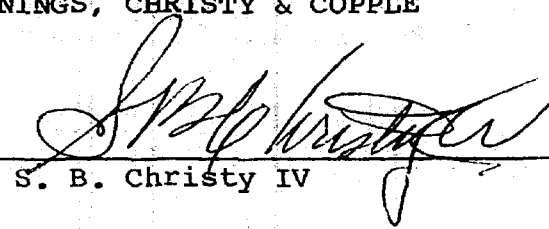
Gentlemen:

Pursuant to our telephone conversation of February 27, we enclose herewith Amendment to Application by J. M. Huber Corporation for compulsory pooling in Lea County, New Mexico.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By


S. B. Christy IV

SBC:pv

Enclosure

cc: J. M. Huber Corporation

DOCKET MAILED

Date 3-14-74

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF J. M. HUBER CORPORATION FOR)
COMPULSORY POOLING IN LEA COUNTY,)
NEW MEXICO)

Case No. 5192

AMENDMENT TO APPLICATION

COMES NOW J. M. Huber Corporation and hereby amends its Application for compulsory pooling in Lea County, New Mexico, in the following respects:

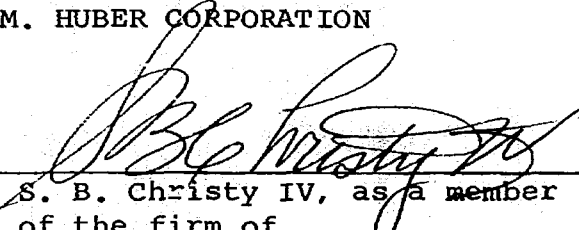
1. The lands involved are within one mile of and thus subject to, the Southwest Gladiola Devonian Pool which provides, among other things, for 80-acre oil proration units.

2. Applicant amends its request for compulsory pooling to all mineral interests in the E $\frac{1}{2}$ SE $\frac{1}{4}$ Section 21, Township 12 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Respectfully,

J. M. HUBER CORPORATION

By


S. B. Christy IV, as a member
of the firm of
Jennings, Christy & Copple
P. O. Box 1180
Roswell, New Mexico 88201
(505) 622-8432

cc: J. M. Huber Corporation (Midland)

DRAFT

jr/

(N)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5195

Order No. R-7773

APPLICATION OF J. M. HUBER CORPORATION
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Boff

[Signature]

[Signature]

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 27, 1974
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 1974, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, J. M. Huber Corporation, seeks an order pooling all mineral interests, including those of Harry V. Allen or his devisees, underlying the E/2 of the SE/4 of Section 21, Township 12 South, Range 37 East, NMPM, Southwest Gladiola-Devonian Pool, Lea County, New Mexico.

(1) That the applicant has the right to drill and complete to depth a well ^{660 ft} SL and ^{660 ft} EL of said Section 2118 ^{and the same}

(2) That there are interest owners in the proposed formation and also have not agreed to pool their interests.

(3) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said well the opportunity to express his desire without unnecessary expense, the pool and rate share of this ^{oil} well in said pool, the subject application should be approved by pooling all interest interests, whatever they may be, within said well.

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

(5) 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.

(6) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200% interest as a reasonable charge for the risk involved in the drilling of the well.

(7) 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.

(8) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed actual well costs and should receive from the operator any amount that paid well costs exceed actual well costs.

Case No.
Order No. R

(11) That \$185 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before AUGUST 1, 1974, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Devonian formation underlying the E/2 of the SE/4 of Section 21, Township 12 South, Range 37 East, NMPM, Southwest Gladiola-Devonian Pool, Lea County, New Mexico, are hereby pooled to form a standard ~~40~~ 80 acre oil spacing and proration unit to be dedicated to a well to be drilled 660 feet FSL and 660 feet FEL.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of AUGUST, 1974, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Devonian formation:

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of AUGUST, 1974, Order (1) of this order shall be null and void and of no effect whatsoever;

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Order No. R-

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

(2) That J. M. Huber Corporation is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and ^{within} at least 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

-5-
Case No.
Order No. R-

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% 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 \$185 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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Order No. R-

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

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