

CASE-5638: Appl. of BELCO
PETROLEUM CORP. for AMENDMENT
OF ORDER R-5111, Eddy County

con

CASE NO.

5638

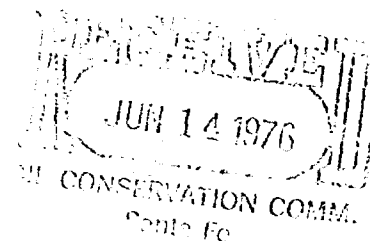
APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

P.O. Box 19234
8707 Katy Freeway
Houston, Texas 77024
Telephone (713) 461-2662
Cable: BELPETEX

Belco Petroleum Corporation

Belco



June 11, 1976

*Stamets
Examiner*

Case 5638

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

RE: NMOCC Order R-511- & R-5111A
Actual Well Costs
Jarvis Mead-1 (Mead-4)
Section 5, T22S - R27E
Eddy County, New Mexico

Gentlemen:

As part of the record of Belco's fulfillment of the obligations contained within the captioned Orders, it should be noted that on June 2, 1976, we mailed by certified mail, return receipt requested, a copy of the Actual Well Costs for the subject well to W. W. Calentine, one of the unsigned interests within the Jarvis Mead forced pooled unit. Our letter was refused for delivery and was consequently returned to us. We attach a copy of the refused envelope face for your information.

On this date we are re-submitting to W. W. Calentine a copy of the Actual Well Costs through regular mail service in a non-letterhead envelope.

Sincerely,

BELCO PETROLEUM CORPORATION

Lee G. Nering

Lee G. Nering
Administrative Geologist

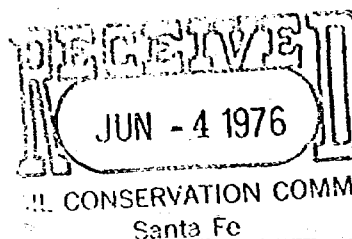
LGN/b

[Handwritten signature]

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Belco Petroleum Corporation

Belco



June 2, 1976

*Stamets
Examiner
Case 5638*

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

RE: N.M.O.C.C. Order R5111 & R111A
Actual Well Costs
Jarvis Mead-1 (Mead-4)
Section 5, T22S-R27E
Eddy County, New Mexico

Gentlemen:

In accordance with the provisions of Order No. R-5111, amended by Order R-5111A, P. 3, Par. 5 (of Order R-5111), you will find attached a copy of actual well costs for the Jarvis Mead-1 Well (renamed from Mead-4). The Jarvis Mead No. 1 Well was completed on March 14, 1976.

Yours very truly,

BELCO PETROLEUM CORPORATION

L. G. Nering
L. G. Nering
Administrative Geologist

LGN/b

Attachment

P.O. Box 19234, 8707 Katy Freeway, Houston, Texas 77024

Belco Petroleum Corporation

Belco

1st Notice *67*
2nd Notice
Return

CERTIFIED

No. 617743

MAIL

Mr. W. W. Calentine
208 N. James
Carlsbad, New Mexico 88220

RECEIVED

JUN 8 1976

POSTAGE DUE

VOIDED

*Refused
4-4-76
15*

Return Receipt to

REVISION		BELCO PETROLEUM CORPORATION		COMPANY 05	
REV. D:		ACTUAL WELL COSTS AS OF APRIL 30, 1976		WELL NO. C5575	
SO.	CHG.	PROPERTY NAME & NUMBER (22)	DATE (6)	LOCATION (27)	
18		JARVIS MEAD #1		Sec 5, T22S, R27E	
TYPE OF WORK (23)		DEPTH (4)	FORMATION	FIELD NAME	CONTRACTOR
Development - Gas		12,600'	Devonian	Avalon	Rotary
SO.	CHG.	PROSPECT NAME (22)	STATE (15)	COUNTY / PARISH (15)	CORP. W.I.
19		Avalon	New Mexico	Eddy	

NO MORE THAN NINE DIGITS PER COLUMN-WHOLE DOLLARS ONLY

SO.	CHG.	PROPERTY NO.	CSG. PT. COST	COMPL. COST	TOTAL COST
20		7412011	730	734	
		INTANGIBLE EXPENSE			
18 20		Rig Expenditure			
		Move In & Out			
		Drilling Ft. @ \$ /Ft.			
		Daywork			
		Completion/W.O. Unit			
218		Total Rig Expenditure	252,873	8,478	261,351
612		Location - Roads, Row & Damages	15,656	--	15,656
204		Contract Professional Services	9,536	3,608	13,144
210		Misc. Contract Labor	3,531	1,786	5,317
418		Mud & Additives	64,971	247	65,218
220		Mud Logging			
424		Bits	18,118	(1,715)	16,403
228		Tubular Testing/Inspection	--	2,505	2,505
230		CSG/TBG Crews/Tools	3,529	1,293	4,822
422		Float Eq., Cent & Scratchers	1,676	--	1,676
420		Cement & Additives	12,350	288	12,638
236		Pump Truck/Skid Unit Serv. & Cmt. Tools	5,098	5,033	10,131
222		Coring & Analysis			
224		Elec. Line - Logs, Perf, Production, Etc.	15,051	12,564	27,615
226		Well Testing - DST, Wireline, Etc.	302	3,061	3,363
512		Eq. Rntls. - Surface/Downhole	23,194	1,699	24,893
950		Directional Drilling Expense			
234		Transportation - Land - Marine	25,874	3,429	29,303
410		Fuel, Power & Water	9,442	55	9,497
930		Well Stimulation	--	6,693	6,693
802		Overhead	3,368	895	4,263
920		Misc. & Contingency	214	267	481
		Other Intangible Expense	5,427	5,657	11,084
		TOTAL INTANGIBLE EXPENSE	470,210	55,843	526,053

SO.	CHG.	TANGIBLE EXPENSE	CSG. PT. COST	COMPL. COST	TOTAL COST
20			732	736	
		CSG. & LINER			
		Drive Ft. O.D. @ \$ /Ft. =			
		Cond. Ft. O.D. @ \$ /Ft. =			
		Surf. Ft. O.D. @ \$ /Ft. =			
		Intr. Ft. O.D. @ \$ /Ft. =			
		Prod. Ft. O.D. @ \$ /Ft. =			
		Liner Ft. O.D. @ \$ /Ft. =			
426		TOTAL	41,908	128,030	169,938
432		TUBING Ft. O.D. @ \$ /Ft. =		36,352	36,352
430		WELLHEAD EQUIPT.	5,297	31,823	37,120
438		WELL PROD. EQUIPT. SURFACE			
440		WELL PROD. EQUIPT. DOWNHOLE		5,268	5,268
442		PROD. FACILITIES-TANKS, EQUIPT. & LINES			
450		MARINE PLATFORMS			
452		OFFSHORE PROD. FACILITIES			
		TOTAL TANGIBLE EXPENSE	47,205	201,473	248,678
		TOTAL WELL COST	517,415	257,316	774,731

WORKING INTEREST	PER CENT	CASING POINT	COMPLETED WELL
Costs shown are through April 30 1976			
Engineering shows cost to deepen well to test formations in the Mississippian and Siluro-Devonian age as \$106,518			

BELCO APPROVAL	
ENGINEERING	DATE
DIVISION	DATE
MANAGEMENT	DATE

JOINT INTEREST APPROVAL	
COMPANY	DATE
BY	

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825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Belco Petroleum Corpora-) CASE
tion for Amendment of Order No. R-5111,) 5638
Eddy County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Donald G. Stevens, Esq.
Attorney at Law
214 Old Santa Fe Trail
Santa Fe, New Mexico

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Phone (505) 982-9212

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1 MR. STAMETS: We will call Case 5638.

2 MR. CARR: Case 5638, application of Belco Petroleum
3 Corporation for Amendment of Order No. R-5111, Eddy County,
4 New Mexico.

5 MR. STEVENS: Mr. Examiner, I'm Don Stevens, attorney
6 in Santa Fe representing the applicant in this case. We have
7 one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9 MR. STEVENS: Mr. Examiner, we would request that
10 the Commission take administrative notice of Order No. R-5111
11 and the case and evidence pertaining thereto since this will be
12 brought out in a request for an amendment to that order.

13 LEE NERING

14 called as a witness, having been first duly sworn, was
15 examined and testified as follows:
16

17 DIRECT EXAMINATION

18
19 BY MR. STEVENS:

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

22 A My name is Lee Nering, I'm a geologic employee in
23 an administrative capacity with Belco Petroleum Corporation in
24 Houston, Texas.

25 Q This administrative area that you mentioned, does that

1 include certain land duties and information?

2 A. Yes, a fairly good percentage of my duties are
3 concerned with land matters.

4 Q. Have you previously testified before this Commission
5 and had your qualifications accepted by it?

6 A. Yes, I have.

7 MR. STEVENS: Are his qualifications acceptable,
8 Mr. Examiner?

9 MR. STAMETS: They are.

10 Q. (Mr. Stevens continuing.) Could you briefly explain
11 what the applicant seeks in this case, please?

12 A. The application requests compulsory pooling and
13 permission for an unorthodox location for a well which was
14 drilled to the Pennsylvanian formation, having been granted
15 under a previous order of this Commission. The well was
16 subsequently deepened to the Siluro-Devonian and at this time
17 we are requesting an amendment of the previous order which
18 would permit compulsory pooling of the west half of Section 5,
19 Township 22 South, Range 27 East of Eddy County, New Mexico.

20 Q. Referring to what has been marked as Applicant's
21 Exhibit Number One, would you explain that for the Commission,
22 please?

23 A. Exhibit Number One is a plat of the area which is
24 drawn on the scale of one inch to two thousand feet and
25 illustrates the specific three hundred and twenty acres, the

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1 west half of Section 5, to be included in the area of the
2 application. It identifies the well tests in the area, the
3 Pennsylvanian, quote, Morrow tests are identified by a single
4 circle. The single Siluro-Devonian test, the subject of this
5 application is identified by a double circle, as well as a little
6 pink color, and illustrates that within the area of the plat
7 that it is the only Siluro-Devonian test.

8 Q The Siluro-Devonian test shown on your plat, how is
9 that an unorthodox location?

10 A It is unorthodox in a sense that it is located
11 nineteen hundred and eighty feet from the west line of the
12 section, six hundred and sixty feet from the south line of the
13 section, whereas a normal location would have been nineteen
14 hundred and eighty feet from the south line and nineteen
15 hundred and eighty feet from the west line, a difference of
16 thirteen hundred and twenty feet south of the normal location
17 for the southwest quarter of the section.

18 Q And does the yellow outline indicate the half section
19 proposed to be force pooled under this amendment to the
20 previous order?

21 A Yes, this is outlined in the yellow color.

22 Q Have you further comments concerning this exhibit?

23 A No.

24 Q Referring to what has been marked as Exhibit Number
25 Two, explain it, please?

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1 A. Exhibit Number Two is a land map which illustrates
2 the mineral lease ownership and the mineral ownership within
3 the west half of Section 5 of the described township. It
4 should be noted that the unsigned interests occupy a very
5 small percentage of the area of the west half of Section 5.
6 Specifically Section 5 includes three hundred and twenty point
7 four, seven acres of which Belco and its voluntary agreeing
8 partners control ninety-nine point six, nine, one, one percent,
9 which is three hundred and nineteen point four, eight acres.
10 The remaining unsigned interests amount to point nine, nine,
11 slightly less than one acre which constitutes point three, oh,
12 eight, nine percent of the three hundred and twenty point four,
13 seven acres of that west half.

14 Q. These same royalty owners were previously force
15 pooled on Order R-5111, is that correct?

16 A. That is correct.

17 Q. Referring to what has been marked as Exhibit Three
18 will you explain it, please,

19 A. Exhibit Number Three is a number of -- there are
20 four separate letters addressed to each of the parties in-
21 volved offering the opportunity by Belco as operator, to join
22 in the deepening of the Jarvis-Meade No. 1 below the Morrow
23 to test the Siluro-Devonian formation. As can be noted from
24 the exhibit, none has replied.

25 Q. And Exhibit Number Four in that same connection?

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1 A. Exhibit Number Four, and before proceeding to Number
 2 Four I might note that Exhibit Number Three, these letters
 3 were sent to the unsigned interests on February 2nd, 1976.

4 Proceeding to Exhibit Number Four, which is a copy
 5 of the registry receipts showing that these four parties did
 6 receive our letter.

7 Q And referring to Exhibit Number Five, would you
 8 explain that, please?

9 A. Exhibit Number Five is Belco's expenditure involved
 10 in the deepening of the test from below the Morrow formation to
 11 the top of the Mississippian formation to test the Siluro-
 12 Devonian.

13 Q Was a copy of this authorization for expenditures
 14 sent to each of the non --

15 A. It has not at this time.

16 Q Could you explain summarily --

17 A. May I correct my testimony at this time?

18 Q Sure, excuse me.

19 A. The letter did include, yes, a copy of the AFE was
 20 sent to these parties.

21 Q Could you explain briefly the geology of the area
 22 and what prompted your decision to deepen the test?

23 A. The No. 1 Jarvis-Meade as originally requested was
 24 drilled at an unorthodox location since we felt that the
 25 west half of Section 5 due to the stratigraphic and peculiar

1 structural nature of the Pennsylvanian in this Carlsbad area
2 was such that we needed an unorthodox location. We felt that
3 at the time of the drilling to the Pennsylvanian that the
4 No. 1 Jarvis-Meade well would occur at a structural elevation
5 approximately equivalent to the nearest control point which was
6 Belco's No. 3 Meade Well lying some two thousand and fifty
7 feet to the northeast. Upon reaching total depth of the Jarvis-
8 Meade, we found that the well was in fact forty feet structurally
9 high to that nearest control point and appeared to be the
10 highest structural position within a reasonable radius.

11 The nearest test to the Devonian in the general
12 vicinity is a well that was drilled approximately three-and-
13 a-half miles to the southwest at a considerably lower structural
14 elevation and as an exploratory venture we determined that
15 this would be a justifiable expenditure and as such we
16 proceeded.

17 Q What were the results of your drilling deeper in
18 this test?

19 A The results were that upon encountering the Siluro-
20 Devonian formation in the Jarvis-Meade, we drill stem tested
21 the formation and recovered what in our opinion is commercial
22 hydrocarbons from the Siluro-Devonian formation.

23 Q What are your intentions at this moment as for the
24 completion of this well?

25 A Our intentions are after setting a five-and-a-half

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1 inch liner below the seven-inch liner which was set to the
2 total depth of the well at the top of the Mississippian, the
3 original total depth proposed, we plan to complete the well
4 within the Morrow formation and at some future date complete
5 the well in the Siluro-Devonian formation.

6 Q Do you have a recommendation as to the risk factor
7 which should be applied in this case should the application be
8 approved?

9 A I believe in view of the previous recommendation and
10 the previous order, my recommendation remains that this should
11 require a two hundred percent penalty.

12 Q Would, in your opinion, a test deepening to the
13 Devonian, be considerably greater as to the risk factor than
14 two hundred percent under ordinary circumstances?

15 A Under ordinary circumstances and considering the
16 isolation of such a test, I would, yes, in view of the fact
17 that it is a single point of control and the entire object of
18 the exploration was to examine a structurally high position,
19 I would say the normal risk would be higher.

20 Q Is your two hundred percent that you are recommending
21 merely in order to make the administration of this well easier
22 on all persons?

23 A Yes, my recommendation as to the risk factor, I
24 think, should be in keeping with the conditions of the existing
25 order.

1 Q Do you have other comments concerning these exhibits,
2 or other comments?

3 A The only other comment I think I can make is that
4 we are concerned, of course, about the possible waste that
5 might be involved in this matter, not being allowed an un-
6 orthodox location that we, in some future date, might be
7 subject to the drilling of an unnecessary well which in our
8 opinion is waste and in addition it is my opinion that this
9 application is correct in that we will be protecting Belco's
10 and its mineral owners their correlative rights due to the
11 proximity of the Devonian test within six hundred and sixty
12 feet of the lease line.

13 Q Were Exhibits One through Five prepared by you or
14 under your direction?

15 A They were.

16 MR. STEVENS: We would like to offer into evidence
17 these exhibits at this time.

18 MR. STAMETS: They will be admitted.

19 (THEREUPON, Applicant's Exhibits One through
20 Five were admitted into evidence.)

21 MR. STEVENS: We have no further questions on
22 direct.

23

24

CROSS EXAMINATION

25 BY MR. STAMETS:

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1 Q Mr. Nering, Exhibit Number Five represents the AFE?

2 A Yes, sir.

3 Q For the difference between the Morrow zone and the
4 Devonian, is that correct?

5 A Yes, sir. Exhibit Number Five illustrates an
6 expenditure of one hundred and seventy-eight thousand, two
7 hundred dollars which is an addition to the five hundred and
8 seventy-five thousand dollars estimated for the drilling and
9 testing of the Morrow formation, leaving a grand total of
10 seven hundred and fifty thousand, two hundred dollars plus or
11 minus for the entire well.

12 Q Exhibit Number Three then would be four letters
13 which represent the correspondence to each of the non-
14 participating working interest owners, is that correct?

15 A That is correct. It is a combination of the four
16 letters.

17 Q And did you receive any response to these letters?

18 A No, as indicated just a few minutes ago, there
19 was no reply from either of these, the letters as shown by the
20 exhibits gave them the opportunity to return that particular
21 letter, either accepted or non-accepted. We did not hear at
22 all and the letters were sent out February 2nd of 1976. The
23 registry receipts show received between the fourth and the sixth
24 of February.

25 Q Mr. Nering, Commission orders on forced pooling

1 normally provide a period of time subsequent to the date of
2 the order for interest owners to pay their share of the well
3 costs. Do you feel like Belco has already provided working
4 interest owners that opportunity before this hearing?

5 A. Perhaps that question can be rephrased. In my opinion,
6 I felt, in my opinion, that we offered them the opportunity,
7 in fact, we gave them an opportunity in which they would have
8 learned the results of the tests since we were already at TD
9 with the well and should they have so chosen, they could have
10 at that time received the proper information which, I'm sure,
11 we would have been very happy to distribute.

12 Q. If it were to be determined in analyzing the Statutes
13 and other related records that an order issued on your
14 application today would have to provide a subsequent period
15 during which these working interest owners would be permitted
16 to pay their share, would you prefer an order so stated to an
17 order denying your application today?

18 A. As I understand that, that is a choice. I have no
19 objection to in the normality of the orders issued to offering
20 them another opportunity if they so chose but the data has
21 been available to them and if they so chose I think Belco
22 would be very happy to accept their voluntary contributions.

23 Q. That would just be for the difference between the
24 Morrow?

25 A. Yes, for the deepening. Yes, they have already

1 refused, I might say, the expensive part of the hole.

2 MR. STAMETS: Are there any other questions of
3 the witness? He may be excused.

4 (THEREUPON, the witness was excused.)

5 MR. STAMETS: Anything further in this case?

6 MR. STEVENS: Nothing further.

7 MR. STAMETS: We will take the case under advise-
8 ment.

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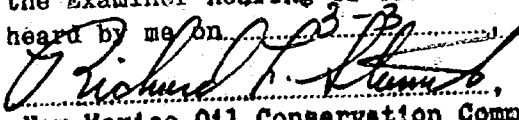
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REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9 
10 Sidney F. Morrish, C.S.R.

11
12
13
14
15 I do hereby certify that the foregoing is
16 a complete record of the proceedings in
17 the Examiner hearing of Case No. 5638
18 heard by me on 12-13-76, 19 76
19 , Examiner
20 New Mexico Oil Conservation Commission
21
22
23
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25

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Page 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Belco Petroleum Corpora-) CASE
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Eddy County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Donald G. Stevens, Esq.
Attorney at Law
214 Old Santa Fe Trail
Santa Fe, New Mexico

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Page 2

I N D E X

LEE NERING

Page

Direct Examination by Mr. Stevens

3

Cross Examination by Mr. Stamets

10

EXHIBIT INDEX

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Applicant's Exhibit No. One, Plat

10

Applicant's Exhibit No. Two, Land Map

10

Applicant's Exhibit No. Three, Letter

10

Applicant's Exhibit No. Four, Registry Receipts

10

Applicant's Exhibit No. Five, AFE

10

1 MR. STAMETS: We will call Case 5638.

2 MR. CARR: Case 5638, application of Belco Petroleum
3 Corporation for Amendment of Order No. R-5111, Eddy County,
4 New Mexico.

5 MR. STEVENS: Mr. Examiner, I'm Don Stevens, attorney
6 in Santa Fe representing the applicant in this case. We have
7 one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

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10 the Commission take administrative notice of Order No. R-5111
11 and the case and evidence pertaining thereto since this will be
12 brought out in a request for an amendment to that order.

13
14 LEE NERING
15 called as a witness, having been first duly sworn, was
16 examined and testified as follows:

17
18 DIRECT EXAMINATION

19 BY MR. STEVENS:

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

22 A My name is Lee Nering, I'm a geologic employee in
23 an administrative capacity with Belco Petroleum Corporation in
24 Houston, Texas.

25 Q This administrative area that you mentioned, does that

1 include certain land duties and information?

2 A. Yes, a fairly good percentage of my duties are
3 concerned with land matters.

4 Q. Have you previously testified before this Commission
5 and had your qualifications accepted by it?

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8 Mr. Examiner?

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10 Q. (Mr. Stevens continuing.) Could you briefly explain
11 what the applicant seeks in this case, please?

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13 permission for an unorthodox location for a well which was
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16 subsequently deepend to the Siluro-Devonian and at this time
17 we are requesting an amendment of the previous order which
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22 please?

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25 illustrates the specific three hundred and twenty acres, the

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 Phone (505) 982-9212

1 west half of Section 5, to be included in the area of the
 2 application. It identifies the well tests in the area, the
 3 Pennsylvanian, quote, Morrow tests are identified by a single
 4 circle. The single Siluro-Devonian test, the subject of this
 5 application is identified by a double circle, as well as a little
 6 pink color, and illustrates that within the area of the plat
 7 that it is the only Siluro-Devonian test.

8 Q The Siluro-Devonian test shown on your plat, how is
 9 that an unorthodox location?

10 A It is unorthodox in a sense that it is located
 11 nineteen hundred and eighty feet from the west line of the
 12 section, six hundred and sixty feet from the south line of the
 13 section, whereas a normal location would have been nineteen
 14 hundred and eighty feet from the south line and nineteen
 15 hundred and eighty feet from the west line, a difference of
 16 thirteen hundred and twenty feet south of the normal location
 17 for the southwest quarter of the section.

18 Q And does the yellow outline indicate the half section
 19 proposed to be force pooled under this amendment to the
 20 previous order?

21 A Yes, this is outlined in the yellow color.

22 Q Have you further comments concerning this exhibit?

23 A No.

24 Q Referring to what has been marked as Exhibit Number
 25 Two, explain it, please?

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Phone (505) 982-9212

1 A Exhibit Number Two is a land map which illustrates
2 the mineral lease ownership and the mineral ownership within
3 the west half of Section 5 of the described township. It
4 should be noted that the unsigned interests occupy a very
5 small percentage of the area of the west half of Section 5.
6 Specifically Section 5 includes three hundred and twenty point
7 four, seven acres of which Belco and its voluntary agreeing
8 partners control ninety-nine point six, nine, one, one percent,
9 which is three hundred and nineteen point four, eight acres.
10 The remaining unsigned interests amount to point nine, nine,
11 slightly less than one acre which constitutes point three, oh,
12 eight, nine percent of the three hundred and twenty point four
13 seven acres of that west half.

14 Q These same royalty owners were previously force
15 pooled on Order R-5111, is that correct?

16 A That is correct.

17 Q Referring to what has been marked as Exhibit Three
18 will you explain it, please,

19 A Exhibit Number Three is a number of -- there are
20 four separate letters addressed to each of the parties in-
21 volved offering the opportunity by Belco as operator, to join
22 in the deepening of the Jarvis-Meade No. 1 below the Morrow
23 to test the Siluro-Devonian formation. As can be noted from
24 the exhibit, none has replied.

25 Q And Exhibit Number Four in that same connection?

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1 A Exhibit Number Four, and before proceeding to Number
2 Four I might note that Exhibit Number Three, these letters
3 were sent to the unsigned interests on February 2nd, 1976.

4 Proceeding to Exhibit Number Four, which is a copy
5 of the registry receipts showing that these four parties did
6 receive our letter.

7 Q And referring to Exhibit Number Five, would you
8 explain that, please?

9 A Exhibit Number Five is Belco's expenditure involved
10 in the deepening of the test from below the Morrow formation to
11 the top of the Mississippian formation to test the Siluro-
12 Devonian.

13 Q Was a copy of this authorization for expenditures
14 sent to each of the non --

15 A It has not at this time.

16 Q Could you explain summarily --

17 A May I correct my testimony at this time?

18 Q Sure, excuse me.

19 A The letter did include, yes, a copy of the AFE was
20 sent to these parties.

21 Q Could you explain briefly the geology of the area
22 and what prompted your decision to deepen the test?

23 A The No. 1 Jarvis-Meade as originally requested was
24 drilled at an unorthodox location since we felt that the
25 west half of Section 5 due to the stratigraphic and peculiar

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Phone (505) 982-9212

1 structural nature of the Pennsylvanian in this Carlsbad area
2 was such that we needed an unorthodox location. We felt that
3 at the time of the drilling to the Pennsylvanian that the
4 No. 1 Jarvis-Meade well would occur at a structural elevation
5 approximately equivalent to the nearest control point which was
6 Belco's No. 3 Meade Well lying some two thousand and fifty
7 feet to the northeast. Upon reaching total depth of the Jarvis-
8 Meade, we found that the well was in fact forty feet structurally
9 high to that nearest control point and appeared to be the
10 highest structural position within a reasonable radius.

11 The nearest test to the Devonian in the general
12 vicinity is a well that was drilled approximately three-and-
13 a-half miles to the southwest at a considerably lower structural
14 elevation and as an exploratory venture we determined that
15 this would be a justifiable expenditure and as such we
16 proceeded.

17 Q What were the results of your drilling deeper in
18 this test?

19 A The results were that upon encountering the Siluro-
20 Devonian formation in the Jarvis-Meade, we drill stem tested
21 the formation and recovered what in our opinion is commercial
22 hydrocarbons from the Siluro-Devonian formation.

23 Q What are your intentions at this moment as for the
24 completion of this well?

25 A Our intentions are after setting a five-and-a-half

1 inch liner below the seven-inch liner which was set to the
2 total depth of the well at the top of the Mississippian, the
3 original total depth proposed, we plan to complete the well
4 within the Morrow formation and at some future date complete
5 the well in the Siluro-Devonian formation.

6 Q Do you have a recommendation as to the risk factor
7 which should be applied in this case should the application be
8 approved?

9 A I believe in view of the previous recommendation and
10 the previous order, my recommendation remains that this should
11 require a two hundred percent penalty.

12 Q Would, in your opinion, a test deepening to the
13 Devonian, be considerably greater as to the risk factor than
14 two hundred percent under ordinary circumstances?

15 A Under ordinary circumstances and considering the
16 isolation of such a test, I would, yes, in view of the fact
17 that it is a single point of control and the entire object of
18 the exploration was to examine a structurally high position,
19 I would say the normal risk would be higher.

20 Q Is your two hundred percent that you are recommending
21 merely in order to make the administration of this well easier
22 on all persons?

23 A Yes, my recommendation as to the risk factor, I
24 think, should be in keeping with the conditions of the existing
25 order.

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1 Q Do you have other comments concerning these exhibits,
2 or other comments?

3 A The only other comment I think I can make is that
4 we are concerned, of course, about the possible waste that
5 might be involved in this matter, not being allowed an un-
6 orthodox location that we, in some future date, might be
7 subject to the drilling of an unnecessary well which in our
8 opinion is waste and in addition it is my opinion that this
9 application is correct in that we will be protecting Belco's
10 and its mineral owners their correlative rights due to the
11 proximity of the Devonian test within six hundred and sixty
12 feet of the lease line.

13 Q Were Exhibits One through Five prepared by you or
14 under your direction?

15 A They were.

16 MR. STEVENS: We would like to offer into evidence
17 these exhibits at this time.

18 MR. STAMETS: They will be admitted.

19 (THEREUPON, Applicant's Exhibits One through
20 Five were admitted into evidence.)

21 MR. STEVENS: We have no further questions on
22 direct.

23

24

CROSS EXAMINATION

25 BY MR. STAMETS:

1 Q Mr. Nering, Exhibit Number Five represents the AFE?

2 A Yes, sir.

3 Q For the difference between the Morrow zone and the
4 Devonian, is that correct?

5 A Yes, sir. Exhibit Number Five illustrates an
6 expenditure of one hundred and seventy-eight thousand, two
7 hundred dollars which is an addition to the five hundred and
8 seventy-five thousand dollars estimated for the drilling and
9 testing of the Morrow formation, leaving a grand total of
10 seven hundred and fifty thousand, two hundred dollars plus or
11 minus for the entire well.

12 Q Exhibit Number Three then would be four letters
13 which represent the correspondence to each of the non-
14 participating working interest owners, is that correct?

15 A That is correct. It is a combination of the four
16 letters.

17 Q And did you receive any response to these letters?

18 A No, as indicated just a few minutes ago, there
19 was no reply from either of these, the letters as shown by the
20 exhibits gave them the opportunity to return that particular
21 letter, either accepted or non-accepted. We did not hear at
22 all and the letters were sent out February 2nd of 1976. The
23 registry receipts show received between the fourth and the sixth
24 of February.

25 Q Mr. Nering, Commission orders on forced pooling

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1 normally provide a period of time subsequent to the date of
2 the order for interest owners to pay their share of the well
3 costs. Do you feel like Belco has already provided working
4 interest owners that opportunity before this hearing?

5 A. Perhaps that question can be rephrased. In my opinion,
6 I felt, in my opinion, that we offered them the opportunity,
7 in fact, we gave them an opportunity in which they would have
8 learned the results of the tests since we were already at TD
9 with the well and should they have so chosen, they could have
10 at that time received the proper information which, I'm sure,
11 we would have been very happy to distribute.

12 Q If it were to be determined in analyzing the Statutes
13 and other related records that an order issued on your
14 application today would have to provide a subsequent period
15 during which these working interest owners would be permitted
16 to pay their share, would you prefer an order so stated to an
17 order denying your application today?

18 A. As I understand that, that is a choice. I have no
19 objection to in the normality of the orders issued to offering
20 them another opportunity if they so chose but the data has
21 been available to them and if they so chose I think Belco
22 would be very happy to accept their voluntary contributions.

23 Q That would just be for the difference between the
24 Morrow?

25 A. Yes, for the deepening. Yes, they have already

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Phone (505) 982-9212

1 refused, I might say, the expensive part of the hole.

2 MR. STAMETS: Are there any other questions of
3 the witness? He may be excused.

4 (THEREUPON, the witness was excused.)

5 MR. STAMETS: Anything further in this case?

6 MR. STEVENS: Nothing further.

7 MR. STAMETS: We will take the case under advise-
8 ment.

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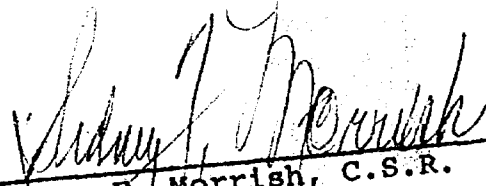
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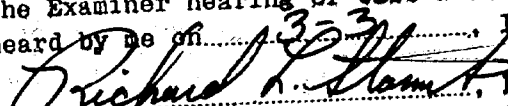
25

REPORTER'S CERTIFICATE

1 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
 2 do hereby certify that the foregoing and attached Transcript
 3 of Hearing before the New Mexico Oil Conservation Commission
 4 was reported by me, and the same is a true and correct record
 5 of the said proceedings to the best of my knowledge, skill and
 6 ability.
 7

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 9 Sidney F. Morrish, C.S.R.
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sid morrish reporting service
 General Court Reporting Service
 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
 Phone (505) 982-9212

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 5638,
 heard by me on 3-31, 1976.

 Richard L. Ham, Examiner
 New Mexico Oil Conservation Commission

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. 5638
Order No. R-5111-A

APPLICATION OF BELCO PETROLEUM
CORPORATION FOR AMENDMENT OF
ORDER NO. R-5111, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3, 1976,
at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 30th day of March, 1976, 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, Belco Petroleum Corporation, seeks
the amendment of Order No. R-5111, which order pooled all
mineral interests in the Pennsylvanian formation underlying the
W/2 of Section 5, Township 22 South, Range 27 East, NMPM, Eddy
County, New Mexico. Applicant proposes the amendment of said
order to pool all mineral interests in the formations of
Mississippian and Siluro-Devonian age underlying the W/2 of
said Section 5 and to approve the unorthodox location of a well
for said formations.

(3) That under the provisions of Commission Order No.
R-5111, the applicant has drilled its Jarvis Mead Well No. 1
to the Morrow formation at a point 660 feet from the South line
and 1980 feet from the West line of said Section 5.

(4) That the applicant subsequently deepened said Jarvis
Mead Well No. 1 to a depth sufficient to test formations of
Mississippian and Siluro-Devonian age and discovered a new
common source of gas supply.

(5) That there are owners of interest in the formations
of Mississippian and Siluro-Devonian age in the proration unit
who have not agreed to pool their interests.

-2-

Case No. 5638
Order No. R-5111-A

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

(7) That the applicant should continue to be designated the operator of the subject well and unit.

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his share of well costs related to the deepening of the well below the Morrow formation to the operator in lieu of paying his share of reasonable well costs out of production.

(9) That any non-consenting working interest owner that does not pay his share of such additional 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) That any non-consenting interest owner should be afforded the opportunity to object to such additional actual well costs but that actual additional well costs should be adopted as the additional reasonable well costs in the absence of such objection.

IT IS THEREFORE ORDERED:

(1) That the first paragraph of Order (1) of Commission Order No. R-5111, dated October 1, 1975, is hereby amended to read in its entirety as follows:

"(1) That all mineral interests, whatever they may be, in the formations of Pennsylvanian, Mississippian, and Siluro-Devonian age underlying the W/2 of Section 5, Township 22 South, Range 27 East, NMPM, 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 an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5."

(2) That after the effective date of this order the operator shall furnish the Commission and each non-consenting working interest owner in the subject unit an itemized schedule of actual well costs for the deepening of said well from the Morrow formation to the Siluro-Devonian formations.

-3-

Case No. 5638

Order No. R-5111-A

(3) That within 15 days from the date the schedule of such additional well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of such costs to the operator in lieu of paying his share of additional reasonable well costs out of production, and that any such owner who pays his share of additional well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges or such additional costs.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



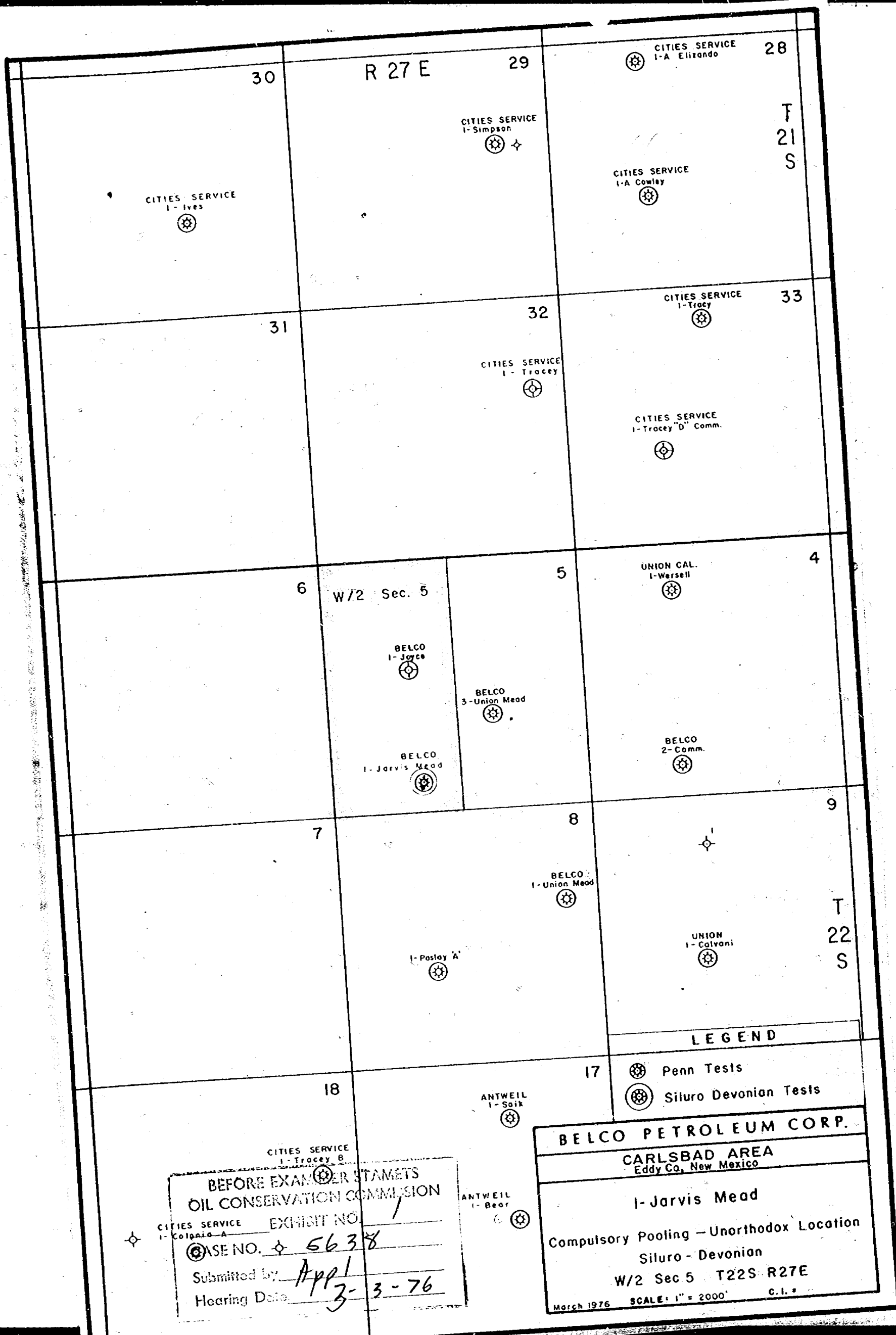
Phil R. Lucero
PHIL R. LUCERO, Chairman

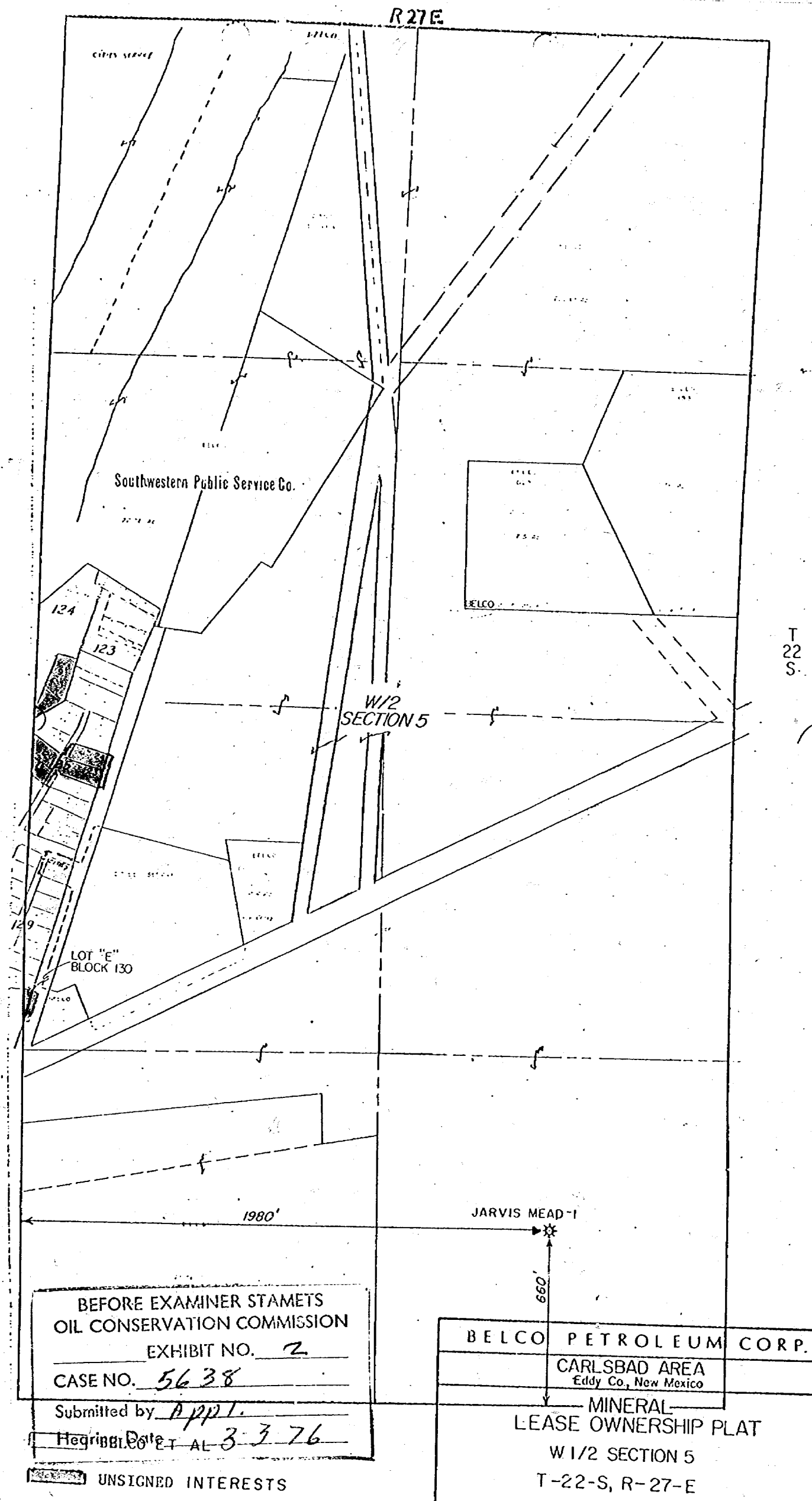
Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/





BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5638

Submitted by Appl.

Register Date 3-3-76

UNSIGNED INTERESTS

BELCO PETROLEUM CORP.

CARLSBAD AREA
Eddy Co., New Mexico

MINERAL
LEASE OWNERSHIP PLAT

W 1/2 SECTION 5

T-22-S, R-27-E

Telephone (713) 461-2662
Cable: BELPLIX

Belco Petroleum Corporation

Belco

February 2, 1976

Mr. W. W. Calentine
208 N. James
Carlsbad, New Mexico 88220

RE: Avalor Prospect
Belco #4-Mead Well
W/2 Section 5, T22S, R27E
Eddy County, New Mexico

Dear Mr. Calentine:

By letter of September 11, 1975, Belco Petroleum Corporation proposed the drilling of a 11,600' Morrow test at a location in Section 5, T-22-S, R-27-E, Eddy County, New Mexico. At that time, you did not participate in the drilling of this well and your interest was force pooled by the New Mexico Conservation Commission.

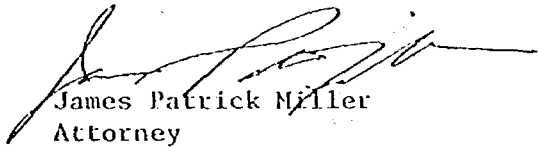
Belco Petroleum Corporation now proposes the deepening of this well to a depth of approximately 12,600' to test the Devonian Formation. This letter will serve as a request by Belco to you as to whether you wish to participate in the cost of deepening this well.

Enclosed for your consideration is an AFE to cover this expenditure. If this meets with your approval, please sign and return one copy of the AFE to this office. Also please sign the extra copy of this letter in the space provided below and return to signify your acceptance of this proposal.

Should you have any questions, please contact the undersigned.

Yours very truly,

BELCO PETROLEUM CORPORATION


James Patrick Miller
Attorney

ACCEPTED AND AGREED TO THIS
DAY OF _____, 1976.

JPM:ry
Encl.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	3
CASE NO.	5638
Submitted by	Appl.
Hearing Date	3-3-76

Houston, Texas 77024
Telephone (713) 461-2662
Cable: BELPETEX

Belco Petroleum Corporation

Belco

February 2, 1976

Mr. Michael P. Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

RE: Avalon Prospect
Belco #4-Mead Well
W/2 Section 5, T22S, R27E
Eddy County, New Mexico

Dear Mr. Grace:

By letter of September 11, 1975, Belco Petroleum Corporation proposed the drilling of a 11,600' Morrow test at a location in Section 5, T-22-S, R-27-E, Eddy County, New Mexico. At that time, you did not participate in the drilling of this well and your interest was force pooled by the New Mexico Conservation Commission.

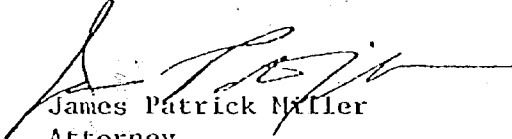
Belco Petroleum Corporation now proposes the deepening of this well to a depth of approximately 12,600' to test the Devonian Formation. This letter will serve as a request by Belco to you as to whether you wish to participate in the cost of deepening this well.

Enclosed for your consideration is an AFE to cover this expenditure. If this meets with your approval, please sign and return one copy of the AFE to this office. Also please sign the extra copy of this letter in the space provided below and return to signify your acceptance of this proposal.

Should you have any questions, please contact the undersigned.

Yours very truly,

BELCO PETROLEUM CORPORATION


James Patrick Miller
Attorney

ACCEPTED AND AGREED TO THIS
DAY OF _____, 1976.

JPM:ry
Encl.

Telephone (713) 461-2662
Cable: BELPETEX

Belco Petroleum Corporation

Belco

February 2, 1976

Mr. Vaughn F. Haynes
400 West 30th
Farmington, New Mexico 88220

RE: Avalon Prospect
Belco #4-Mead Well
W/2 Section 5, T22S, R27E
Eddy County, New Mexico

Dear Mr. Haynes:

By letter of September 11, 1975, Belco Petroleum Corporation proposed the drilling of a 11,600' Morrow test at a location in Section 5, T-22-S, R-27-E, Eddy County, New Mexico. At that time, you did not participate in the drilling of this well and your interest was force pooled by the New Mexico Conservation Commission.

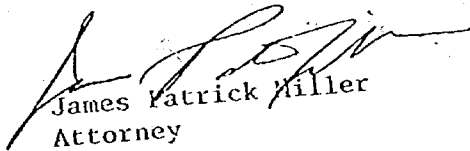
Belco Petroleum Corporation now proposes the deepening of this well to a depth of approximately 12,600' to test the Devonian Formation. This letter will serve as a request by Belco to you as to whether you wish to participate in the cost of deepening this well.

Enclosed for your consideration is an AFE to cover this expenditure. If this meets with your approval, please sign and return one copy of the AFE to this office. Also please sign the extra copy of this letter in the space provided below and return to signify your acceptance of this proposal.

Should you have any questions, please contact the undersigned.

Yours very truly,

BELCO PETROLEUM CORPORATION


James Patrick Miller
Attorney

ACCEPTED AND AGREED TO THIS
DAY OF _____, 1976.

JPM:ry
Encl.

Belco Petroleum Corporation
Houston, Texas 77024
Telephone (713) 461-2662
Cable: BELPETEX

Belco Petroleum Corporation

Belco

February 2, 1976

Mr. M. B. Biggs
209 Moore Drive
Carlsbad, New Mexico 88220

RE: Avalon Prospect
Belco #4-Mead Well
W/2 Section 5, T22S, R27E
Eddy County, New Mexico

Dear Mr. Biggs:

By letter of September 11, 1975, Belco Petroleum Corporation proposed the drilling of a 11,600' Morrow test at a location in Section 5, T-22-S, R-27-E, Eddy County, New Mexico. At that time, you did not participate in the drilling of this well and your interest was force pooled by the New Mexico Conservation Commission.

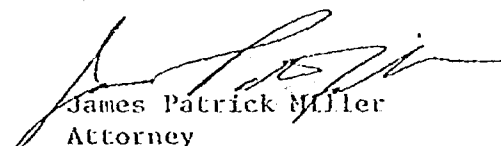
Belco Petroleum Corporation now proposes the deepening of this well to a depth of approximately 12,600' to test the Devonian Formation. This letter will serve as a request by Belco to you as to whether you wish to participate in the cost of deepening this well.

Enclosed for your consideration is an AFE to cover this expenditure. If this meets with your approval, please sign and return one copy of the AFE to this office. Also please sign the extra copy of this letter in the space provided below and return to signify your acceptance of this proposal.

Should you have any questions, please contact the undersigned.

Yours very truly,

BELCO PETROLEUM CORPORATION


James Patrick Miller
Attorney

ACCEPTED AND AGREED TO THIS
DAY OF _____, 1976.

JPM:ry
Encl.

PS Form 3811, Jan. 1975
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered..... 15¢
☐ Show to whom, date, & address of delivery.. 35¢
☐ RESTRICTED DELIVERY.
 Show to whom and date delivered..... 65¢
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
 W. W. Calentine
 208 N. James
 Carlsbad, N. M. 88220

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 076442

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
W. W. Calentine

DATE OF DELIVERY
 2-5-76

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1975-O-568-047

PS Form 3811, Jan. 1975
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered..... 15¢
☐ Show to whom, date, & address of delivery.. 35¢
☐ RESTRICTED DELIVERY.
 Show to whom and date delivered..... 65¢
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
 M. B. Biggs
 209 Moore Dr.
 Carlsbad, N. M. 88220

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 076444

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
M. B. Biggs

DATE OF DELIVERY
 2-5-76

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1975-O-568-047

PS Form 3811, Jan. 1975
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered..... 15¢
☐ Show to whom, date, & address of delivery.. 35¢
☐ RESTRICTED DELIVERY.
 Show to whom and date delivered..... 65¢
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
 Vaughn Haynes
 400 W. 30th
 Farmington, N. M. 87401

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 076443

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Vaughn Haynes

DATE OF DELIVERY
 2-4-76

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO: 1975-O-568-047

PS Form 3811, Jan. 1975
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered..... 15¢
☐ Show to whom, date, & address of delivery.. 35¢
☐ RESTRICTED DELIVERY.
 Show to whom and date delivered..... 65¢
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
 Michael P. Grace
 P. O. Box 1418
 Carlsbad, N. M. 88220

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 076441

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Michael P. Grace

DATE OF DELIVERY
 02-06-76

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

EXHIBIT NO. 4
 CASE NO. 5638

Submitted by *App'l*
 Hearing Date *3-3-76*

☆ GPO: 1975-O-568-047

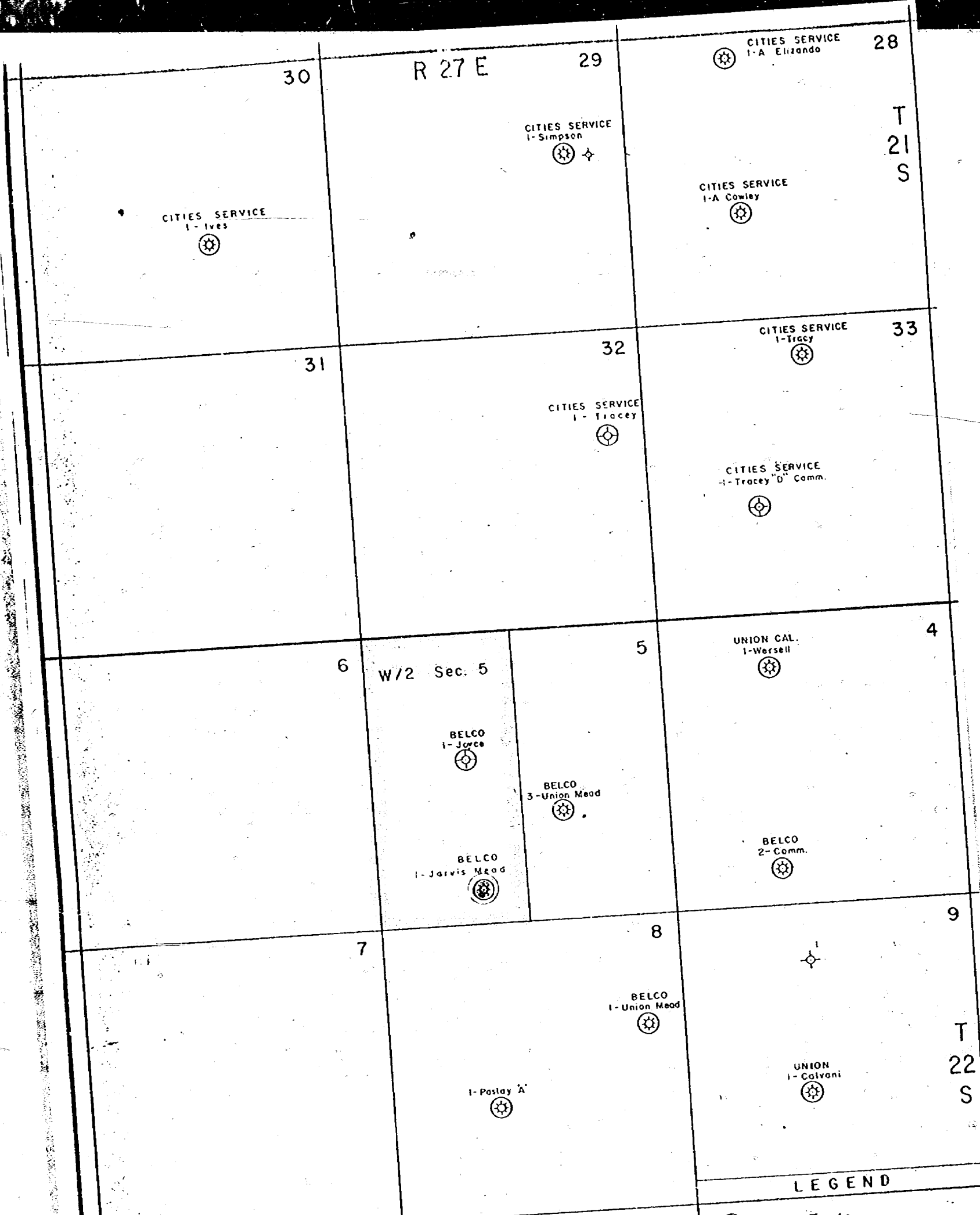
REVISION		REV. DT. 1-12-76		AUTHORIZATION FOR EXPENDITURE		SUPPLEMENTAL AVE #12		FILE NO. C5575	
SO.	CHG.	PROPERTY NAME & NUMBER (22)		AUGUST DATE (6)		LOCATION (22)			
1	2	5	11	18	4	14	65		
18		JARVIS MEAD #1		01/12/76		Sec. 5, T-22-S, R-27-E			
TYPE OF WORK (23)		P. DEPTH (4)		FORMATION		FIELD NAME		CONTRACTOR	
66		88 89 96		Devonian		Avalon		Rotary	
Development - Gas		12600'							
SO.	CHG.	PROSPECT NAME (22)		STATE (15)		COUNTY / PARISH (15)		COMP. W.I.	
1	2	5	11	32	33	47	48	62	63
19		Avalon		New Mexico		Eddy			
18	20								

NO MORE THAN NINE DIGITS PER COLUMN-WHOLE DOLLARS ONLY

SO.	CHG.	PROPERTY NO.	7412011	CSG. PT. COST	COMPL. COST	TOTAL COST
1	2	5	17	21	23	23
20		INTANGIBLE EXPENSE		21	730	734
18	20			24	32	32
		Rig Expenditure				
		Move In & Out				
		Drilling _____ Ft. @ \$ _____ /Ft.				
		Daywork 22 day @ 2650 = \$ 58,300				
		Completion/W.O. Unit				
218		Total Rig Expenditure		\$ 58,300	\$ 8,000	\$ 66,300
612		Location - Roads, Row & Damages		7,500	800	8,300
204		Contract Professional Services		2,000	1,000	3,000
210		Misc. Contract Labor		2,700		2,700
418		Mud & Additives				
220		Mud Logging		7,600	800	8,400
424		Bits				
228		Tubular Testing/Inspection		1,200		1,200
230		CSG/TBG Crews/Tools		400	300	700
422		Float Eq., Cent & Scratchers		2,400	700	3,100
420		Cement & Additives		1,700	1,900	3,600
236		Pump Truck/Skid Unit Serv. & Cmt. Tools				
222		Coring & Analysis		9,000		9,000
224		Elec. Line - Logs, Perf, Production, Etc.		5,400		5,400
226		Well Testing - DST, Wireline, Etc.		14,400		14,400
512		Eq. Rntls. - Surface/Downhole				
950		Directional Drilling Expense		3,000	1,000	4,000
234		Transportation - Land - Marine		4,400		4,400
410		Fuel, Power & Water				
930		Well Stimulation				
808		Insurance & Bonds			3,000	3,000
920		Misc. & Contingency Liner hanger & Equipment				
		TOTAL INTANGIBLE EXPENSE		\$ 120,000	\$ 17,500	\$ 137,500

SO.	CHG.	TANGIBLE EXPENSE	CSG. PT. COST	COMPL. COST	TOTAL COST
20			732	736	
		CSG. & LINER			
		Drive _____ Ft. _____ O.D. @ \$ _____ /Ft. =			
		Cond. _____ Ft. _____ O.D. @ \$ _____ /Ft. =			
		Surf. _____ Ft. _____ O.D. @ \$ _____ /Ft. =			
		Intr. _____ Ft. _____ O.D. @ \$ _____ /Ft. =			
		Prod. _____ Ft. _____ O.D. @ \$ _____ /Ft. =			
		Liner 1200 Ft. 4 1/2" O.D. @ \$ 5.25 /Ft. = \$ 6,300			
426		TOTAL Difference between 7" & 5 1/2" csg	\$ 31,000	\$ 6,300	\$ 37,300
432		TUBING 1000 Ft. 2-3/8" O.D. @ \$ _____ /Ft. = 2,200		2,200	2,200
430		WELLHEAD EQUIPT. Difference between heads	1,200		1,200
438		WELL PROD. EQUIPT. SURFACE			
440		WELL PROD. EQUIPT. DOWNHOLE			
442		PROD. FACILITIES TANKS, EQUIPT. & LINES			
450		MARINE PLATFORMS			
452		OFFSHORE PROD. FACILITIES			
		TOTAL TANGIBLE EXPENSE	\$ 32,200	\$ 8,500	\$ 40,700
		TOTAL WELL COST	\$152,200	\$ 26,000	\$ 178,200

WORKING INTEREST	PER CENT	CASING POINT	COMPLETED WELL	BELCO APPROVAL	
BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION EXHIBIT NO. 5 CASE NO. 56-38				ENGINEERING	DATE
				EXAMINATION	DATE
				MANAGEMENT	DATE
				DATE	DATE
				1-2-76	1-12-76



CITIES SERVICE
1-A Elizondo

T
21
S

CITIES SERVICE
1-Simpson

CITIES SERVICE
1-A Cowley

CITIES SERVICE
1-Ives

CITIES SERVICE
1-Tracey

CITIES SERVICE
1-Tracey

CITIES SERVICE
1-Tracey "D" Comm.

UNION CAL
1-Wersell

W/2 Sec. 5

BELCO
1-Jarvis Mead

BELCO
3-Union Mead

BELCO
1-Jarvis Mead

BELCO
2-Comm.

BELCO
1-Union Mead

1-Paslay A

UNION
1-Colvoni

LEGEND

⊗ Penn Tests
⊗ Siluro Devonian Tests

BELCO PETROLEUM CORP.

CARLSBAD AREA
Eddy Co, New Mexico

1-Jarvis Mead

Compulsory Pooling - Unorthodox Location
Siluro - Devonian

W/2 Sec 5 T22S R27E

March 1976 SCALE: 1" = 2000' C.I. #

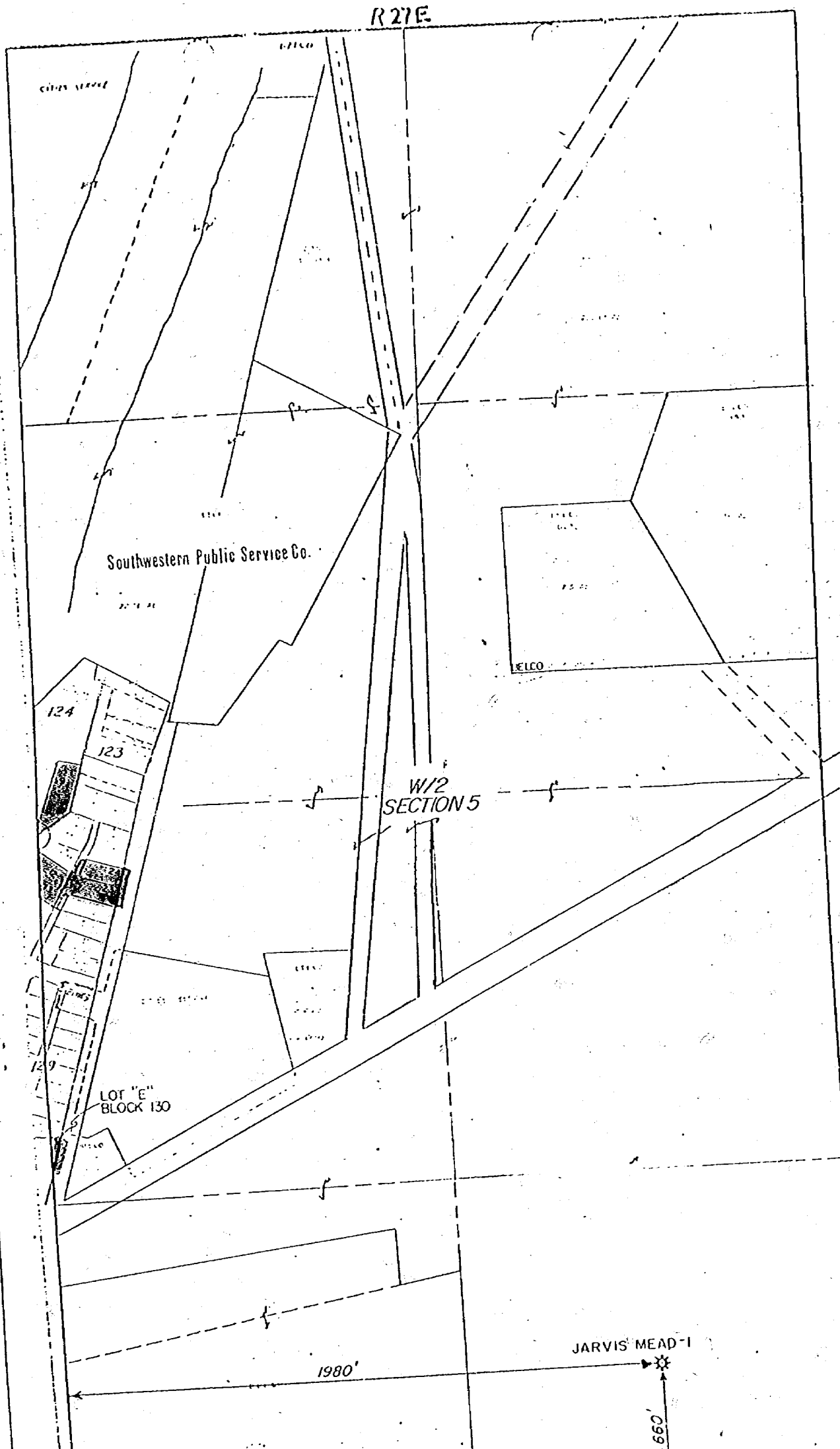
BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 5638

Submitted by App'l.

Hearing Date 3-3-76



BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5638

Submitted by Appl.

Hearing Date 3-3-76

BELCO ET AL

BELCO PETROLEUM CORP

CARLSBAD AREA
Eddy Co, New Mexico

MINERAL
LEASE OWNERSHIP PLAT

W 1/2 SECTION 5

T-22-S, R-27-E

Houston, Texas 77001
Telephone (713) 861-2662
Cable: BELPETEX

Belco Petroleum Corporation

Belco

February 2, 1976

Mr. W. W. Calentine
208 N. James
Carlsbad, New Mexico 88220

RE: Avalon Prospect
Belco #4-Mead Well
W/2 Section 5, T22S, R27E
Eddy County, New Mexico

Dear Mr. Calentine:

By letter of September 11, 1975, Belco Petroleum Corporation proposed the drilling of a 11,600' Morrow test at a location in Section 5, T-22-S, R-27-E, Eddy County, New Mexico. At that time, you did not participate in the drilling of this well and your interest was force pooled by the New Mexico Conservation Commission.


Belco Petroleum Corporation now proposes the deepening of this well to a depth of approximately 12,600' to test the Devonian Formation. This letter will serve as a request by Belco to you as to whether you wish to participate in the cost of deepening this well.

Enclosed for your consideration is an AFE to cover this expenditure. If this meets with your approval, please sign and return one copy of the AFE to this office. Also please sign the extra copy of this letter in the space provided below and return to signify your acceptance of this proposal.

Should you have any questions, please contact the undersigned.

Yours very truly,

BELCO PETROLEUM CORPORATION


James Patrick Miller
Attorney

ACCEPTED AND AGREED TO THIS
DAY OF _____, 1976.

JPM:ry
Encl.

BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>3</u>
CASE NO.	<u>5638</u>
Submitted by	<u>App!</u>
Hearing Date	<u>3.3.76</u>

Telephone: 505-401-2000
Cable: BELPETEX

Belco Petroleum Corporation

Belco

February 2, 1976

Mr. Michael P. Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

RE: Avalon Prospect
Belco #4-Mead Well
W/2 Section 5, T22S, R27E
Eddy County, New Mexico

Dear Mr. Grace:

By letter of September 11, 1975, Belco Petroleum Corporation proposed the drilling of a 11,600' Morrow test at a location in Section 5, T-22-S, R-27-E, Eddy County, New Mexico. At that time, you did not participate in the drilling of this well and your interest was force pooled by the New Mexico Conservation Commission.

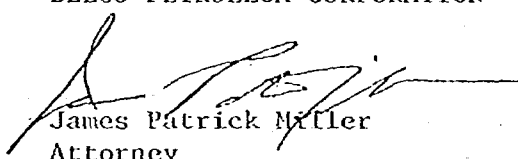
Belco Petroleum Corporation now proposes the deepening of this well to a depth of approximately 12,600' to test the Devonian Formation. This letter will serve as a request by Belco to you as to whether you wish to participate in the cost of deepening this well.

Enclosed for your consideration is an AFE to cover this expenditure. If this meets with your approval, please sign and return one copy of the AFE to this office. Also please sign the extra copy of this letter in the space provided below and return to signify your acceptance of this proposal.

Should you have any questions, please contact the undersigned.

Yours very truly,

BELCO PETROLEUM CORPORATION


James Patrick Miller
Attorney

ACCEPTED AND AGREED TO THIS
____ DAY OF _____, 1976.

JPM:ry
Encl.

Houston, Texas 77024
Telephone (713) 461-2662
Cable: BELPETEX

Belco Petroleum Corporation

Belco

February 2, 1976

Mr. Vaughn F. Haynes
400 West 30th
Farmington, New Mexico 88220

RE: Avalon Prospect
Belco #4-Mead Well
W/2 Section 5, T22S, R27E
Eddy County, New Mexico

Dear Mr. Haynes:

By letter of September 11, 1975, Belco Petroleum Corporation proposed the drilling of a 11,600' Morrow test at a location in Section 5, T-22-S, R-27-E, Eddy County, New Mexico. At that time, you did not participate in the drilling of this well and your interest was force pooled by the New Mexico Conservation Commission.

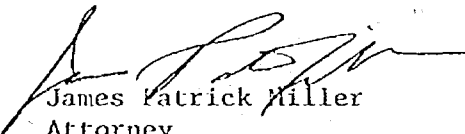
Belco Petroleum Corporation now proposes the deepening of this well to a depth of approximately 12,600' to test the Devonian Formation. This letter will serve as a request by Belco to you as to whether you wish to participate in the cost of deepening this well.

Enclosed for your consideration is an AFE to cover this expenditure. If this meets with your approval, please sign and return one copy of the AFE to this office. Also please sign the extra copy of this letter in the space provided below and return to signify your acceptance of this proposal.

Should you have any questions, please contact the undersigned.

Yours very truly,

BELCO PETROLEUM CORPORATION


James Patrick Miller
Attorney

ACCEPTED AND AGREED TO THIS
DAY OF _____, 1976.

JPM:ry
Encl.

Telephone (713) 461-2662
Cable: BELPETEX

Belco Petroleum Corporation

Belco

February 2, 1976

Mr. M. B. Biggs
209 Moore Drive
Carlsbad, New Mexico 88220

RE: Avalon Prospect
Belco #4-Mead Well
W/2 Section 5, T22S, R27E
Eddy County, New Mexico

Dear Mr. Biggs:

By letter of September 11, 1975, Belco Petroleum Corporation proposed the drilling of a 11,600' Morrow test at a location in Section 5, T-22-S, R-27-E, Eddy County, New Mexico. At that time, you did not participate in the drilling of this well and your interest was force pooled by the New Mexico Conservation Commission.

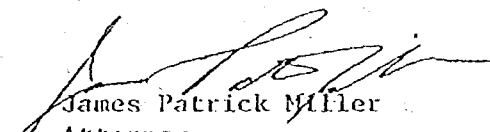
Belco Petroleum Corporation now proposes the deepening of this well to a depth of approximately 12,600' to test the Devonian Formation. This letter will serve as a request by Belco to you as to whether you wish to participate in the cost of deepening this well.

Enclosed for your consideration is an AFE to cover this expenditure. If this meets with your approval, please sign and return one copy of the AFE to this office. Also please sign the extra copy of this letter in the space provided below and return to signify your acceptance of this proposal.

Should you have any questions, please contact the undersigned.

Yours very truly,

BELCO PETROLEUM CORPORATION


James Patrick Miller
Attorney

ACCEPTED AND AGREED TO THIS
DAY OF _____, 1976.

JPM:ry
Encl.

PS Form 3811, Jan. 1975
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered..... 15¢
☐ Show to whom, date, & address of delivery.. 35¢
☐ RESTRICTED DELIVERY.
 Show to whom and date delivered..... 65¢
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
 W. W. Calentine
 208 N. James
 Carlsbad, N. M. 88220

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 076442

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
W. W. Calentine

4. DATE OF DELIVERY
 2-5-76

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

★ GPO: 1975-O-568-047

PS Form 3811, Jan. 1975
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered..... 15¢
☐ Show to whom, date, & address of delivery.. 35¢
☐ RESTRICTED DELIVERY.
 Show to whom and date delivered..... 65¢
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
 M. B. Biggs
 209 Moore Dr.
 Carlsbad, N. M. 88220

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 076444

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
M. B. Biggs

4. DATE OF DELIVERY
 2-5-76

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

★ GPO: 1975-O-568-047

PS Form 3811, Jan. 1975
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☒ Show to whom and date delivered..... 15¢
☐ Show to whom, date, & address of delivery.. 35¢
☐ RESTRICTED DELIVERY.
 Show to whom and date delivered..... 65¢
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
 Vaughn Haynes
 400 W. 30th
 Farmington, N. M. 87401

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 076443

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Vaughn Haynes

4. DATE OF DELIVERY
 2-4-76

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

★ GPO: 1975-O-568-047

PS Form 3811, Jan. 1975
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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☐ RESTRICTED DELIVERY.
 Show to whom and date delivered..... 65¢
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
 Michael P. Grace
 P. O. Box 1418
 Carlsbad, N. M. 88220

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 076441

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Michael P. Grace

4. DATE OF DELIVERY
 2-4-76

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

★ GPO: 1975-O-568-047

CASE NO. 5638
 Submitted by *App*
 Hearing Date *3-3-76*

REVISION		REV. DT. 1-12-76		BELCO PETROLEUM CORPORATION				AUTHORIZATION FOR EXPENDITURE		SUPPLEMENTAL AFE #1*		COMPANY 05		AFF NO. C5575	
SO.	CHG.	PROPERTY NAME & NUMBER (22)				AUTH. DATE (6)		LOCATION (22)							
1	2	5	11	18	19	20	21	22	23	24	25				
18			JARVIS MEAD #1			01/12/76			Sec. 5, T-22-S, R-27-E						
TYPE OF WORK (23)				P. DEPTH (8)		FORMATION		FIELD NAME		CONTRACTOR		RIG TYPE			
Development - Gas				12600'		Devonian		Avalon				Rotary			
SO.	CHG.	PROSPECT NAME (22)				STATE (15)		COUNTY / PARISH (15)		COMP. W.I.					
1	2	5	11	18	19	20	21	22	23	24	25				
19			Avalon			New Mexico			Eddy						

NO MORE THAN NINE DIGITS PER COLUMN WHOLE DOLLARS ONLY

SO.	CHG.	PROPERTY NO. 7412011		CSG. PT. COST	COMPL. COST	TOTAL COST
1	2	5	17	21	23	25
20			INTANGIBLE EXPENSE	730	731	
18	20			24	32	32
			Rig Expenditure			
			Move In & Out			
			Drilling Ft. @ \$ /Ft.			
			Daywork 22 day @ 2650			\$ 58,300
			Completion/W.O. Unit			
				\$ 58,300	\$ 8,000	\$ 66,300
218			Total Rig Expenditure			
612			Location - Roads, Row & Damages	7,500	800	8,300
204			Contract Professional Services	2,000	1,000	3,000
210			Misc. Contract Labor	2,700		2,700
418			Mud & Additives			
220			Mud Logging	7,600	800	8,400
424			Bits			
228			Tubular Testing/Inspection	1,200		1,200
230			CSG/TBG Crews/Tools	400	300	700
422			Float Eq., Cent & Scratchers	2,400	700	3,100
420			Cement & Additives	1,700	1,900	3,600
236			Pump Truck/Skid Unit Serv. & Cmt. Tools			
222			Coring & Analysis	9,000		9,000
224			Elec. Line - Logs, Perf, Production, Etc.	5,400		5,400
226			Well Testing - DST, Wireline, Etc.	14,400		14,400
512			Eq. Rntls. - Surface/Downhole			
950			Directional Drilling Expense	3,000	1,000	4,000
234			Transportation - Land - Marine	4,400		4,400
410			Fuel, Power & Water			
930			Well Stimulation			
808			Insurance & Bonds		3,000	3,000
920			Misc. & Contingency Liner hanger & Equipment			
			TOTAL INTANGIBLE EXPENSE	\$ 120,000	\$ 17,500	\$ 137,500

SO.	CHG.	TANGIBLE EXPENSE		CSG. PT. COST	COMPL. COST	TOTAL COST
1	2	5	17	21	23	25
20				732	736	
18	20			24	32	32
			CSG. & LINER			
			Drive Ft. O.D. @ \$ /Ft. =			
			Cond. Ft. O.D. @ \$ /Ft. =			
			Surf. Ft. O.D. @ \$ /Ft. =			
			Intr. Ft. O.D. @ \$ /Ft. =			
			Prod. Ft. O.D. @ \$ /Ft. =			
			Liner 1200 Ft. 4 1/2" O.D. @ \$ 5.25 /Ft. = \$ 6,300			
426			TOTAL Difference between 7" & 5 1/2" csg	\$ 31,000	\$ 6,300	\$ 37,300
432			TUBING 1000 Ft. 2-3/8" O.D. @ \$ /Ft. = 2,200		2,200	2,200
430			WELLHEAD EQUIPT. Difference between heads	1,200		1,200
438			WELL PROD. EQUIPT. SURFACE			
440			WELL PROD. EQUIPT. DOWNHOLE			
442			PROD. FACILITIES-TANKS, EQUIPT. & LINES			
450			MARINE PLATFORMS			
452			OFFSHORE PROD. FACILITIES			
			TOTAL TANGIBLE EXPENSE	\$ 32,200	\$ 8,500	\$ 40,700
			TOTAL WELL COST	\$152,200	\$ 26,000	\$ 178,200

WORKING INTEREST		PER CENT	CASING POINT	COMPLETED WELL	BELCO APPROVAL	
BEFORE EXAMINER STAMPS					ENGINEERING	DATE
OIL CONSERVATION COMMISSION					EXPLORATION	DATE
EXHIBIT NO. 5					MANAGEMENT	DATE
CASE NO. 5838						1-7-76
Submitted by						1-12-76
Hearing Date						
* Add'l cost above original AFE to drill & complete					JOINT INTEREST APPROVAL	
					COMPANY	DATE

Dockets Nos. 9-76 and 10-76 are tentatively set for hearing on March 17 and March 31, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 3, 1976

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

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

CASE 5621: (Continued and Readvertised)

Application of El Paso Natural Gas Company, as agent for Northwest Production Corporation, for down-hole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota and Blanco-Mesaverde gas production in the wellbore of the Northwest Production Corporation Jicarilla 119N Well No. 4, located in Unit H of Section 6, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 5631: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to permit the drilling of wells in said pool at any point within a 40-acre tract not closer than 330 feet to the outer boundary thereof.

CASE 5632: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, to delete therefrom the provisions for a volumetric withdrawal formula and substitute therefor a casinghead gas equivalent formula similar to that in effect for the Angels Peak-Gallup Pool, as promulgated by Order No. R-1410-C.

CASE 5633: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry, Tubb-Drinkard and Devonian production in the wellbore of its J. P. No. 1 Well located in Unit C of Section 2, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5634: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Dome Unit Area comprising 7,641 acres, more or less, of State lands in Township 17 South, Ranges 17 and 18 East, Chaves County, New Mexico.

CASE 5635: Application of Sundance Oil Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the perforated interval from approximately 3852 to 3858 feet in its Ingram Federal Well No. 2 located in Unit I of Section 5, Township 8 South, Range 31 East, Tom Tom-San Andres Pool, Chaves County, New Mexico.

CASE 5636: Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the SW/4 SE/4 of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3850.

CASE 5637: Application of R. C. Bennett & J. C. Ryan for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Exxon-State Well No. 2, located in Unit F of Section 25, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Upper Pennsylvanian formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

✓ CASE 5638: Application of Belco Petroleum Corporation for Amendment of Order No. R-5111, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Commission Order No. R-5111, which order pooled all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, to be dedicated to a well drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5. Applicant proposes the amendment of said order to pool all such mineral interests in the formations of Mississippian and Siluro-Devonian age underlying the W/2 of said Section 5 and to approve the unorthodox location of the well for said formations.

CASE 5639: Application of Franklin, Aston & Fair for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Strawn production for its Aztec State No. 3 Well located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre spacing units.

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CASE 5640: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Brunson-Ellenburger, East Brunson-McKee and Drinkard oil production in the wellbore of its Sims No. 6 Well located in Unit M of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5641: Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the Queen Formation through the open-hole interval from approximately 3890 to 3875 feet in his State JC "F" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 34 East, Lea County, New Mexico.

CASE 5642: Application of Petroc Oil Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Canyon and Morrow production in the wellbore of its JCN-State Well No. 1, located in Unit O of Section 2, Township 20 South, Range 23 East, Eddy County, New Mexico.

CASE 5643: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the West Arkansas Junction-San Andres Pool. The discovery well is the Coquina Oil Corporation State KKN Well No. 1, located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Cabin Lake-Atoka Gas Pool. The discovery well is the Corinne Grace Livingston Ridge Unit Well No. 1V, located in Unit L of Section 36, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 36: N/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Grayburg-San Andres production and designated as the Cemetery-Grayburg San Andres Pool. The discovery well is the Gulf Oil Corporation Jones Federal NCT-A Well No. 1, located in Unit L of Section 14, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 14: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Cemetery-Wolfcamp Gas Pool. The discovery well is the David Fasken Seven Rivers Federal Well No. 1, located in Unit C of Section 17, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 17: N/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Henshaw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Marco Polo EA State Well No. 1, located in Unit H of Section 32, Township 16 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 32: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Queen-Grayburg and San Andres production and designated as the South Loco Hills Queen-Grayburg-San Andres Pool. The discovery well is the Gene A. Snow Alscott Well No. 1, located in Unit I of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 31: SE/4 NE/4 & NE/4 SE/4
Section 32: S/2 NW/4, N/2 SW/4, W/2 NE/4 and SE/4 NE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Lusk-Morrow Gas Pool. The discovery well is the Adobe Oil Company Hannifin State Com Well No. 1, located in Unit P of Section 16, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 16: S/2

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Otis-Morrow Gas Pool. The discovery well is the Apexco Inc. Walterschied Com Well No. 1, located in Unit G of Section 35, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 26: W/2
Section 35: All

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Penasco Draw-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Scout EH Federal Com Well No. 2, located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 27: E/2

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Scanlon-Morrow Gas Pool. The discovery well is the Harvey E. Yates Fannie Lou Federal Well No. 1, located in Unit G of Section 31, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 31: N/2

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Queen production and designated as the Square Lake-Queen Gas Pool. The discovery well is the Corpening Enterprises Exxon State Well No. 1, located in Unit M of Section 16, Township 16 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 16: SW/4

(l) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 21: S/2 SE/4 & E/2 SW/4
Section 28: N/2 NE/4

(m) EXTEND the North Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 13: N/2
Section 14: All

(n) EXTEND the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 35: E/2
Section 36: W/2

(o) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 19: NE/4

(p) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 25: SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 30: SW/4

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Docket No. 8-76

- (q) EXTEND the La Rica-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 3: All
- (r) EXTEND the Paddock Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 21: SW/4
- (s) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 24: E/2
TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 19: W/2
- (t) EXTEND the Tonto (Seven Rivers) Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 13: SW/4
Section 14: S/2
- (u) EXTEND the Townsend-Strawn Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, & 16, and SE/4
- (v) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 16: All
Section 34: All
TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 3: All

CASE 5098: (Reopened) (Continued from February 18, 1976 Examiner Hearing)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

Dockets Nos. 9-76 and 10-76 are tentatively set for hearing on March 17 and March 31, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 3, 1976

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

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

CASE 5621: (Continued and Readvertised)

Application of El Paso Natural Gas Company, as agent for Northwest Production Corporation, for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota and Blanco-Mesaverde gas production in the wellbore of the Northwest Production Corporation Jicarilla 119N Well No. 4, located in Unit H of Section 6, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 5631: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to permit the drilling of wells in said pool at any point within a 40-acre tract not closer than 330 feet to the outer boundary thereof.

CASE 5632: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, to delete therefrom the provisions for a volumetric withdrawal formula and substitute therefor a casinghead gas equivalent formula similar to that in effect for the Angels Peak-Gallup Pool, as promulgated by Order No. R-1410-C.

CASE 5633: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry, Tubb-Drinkard and Devonian production in the wellbore of its J. P. No. 1 Well located in Unit C of Section 2, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5634: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Dome Unit Area comprising 7,641 acres, more or less, of State lands in Township 17 South, Ranges 17 and 18 East, Chaves County, New Mexico.

CASE 5635: Application of Sundance Oil Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the perforated interval from approximately 3852 to 3853 feet in its Ingram Federal Well No. 2 located in Unit 1 of Section 5, Township 8 South, Range 31 East, Ten Ton-San Andres Pool, Chaves County, New Mexico.

CASE 5636: Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the SW/4 SE/4 of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3850.

CASE 5637: Application of R. C. Bennett & J. C. Ryan for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Exxon-State Well No. 2, located in Unit F of Section 25, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Upper Pennsylvanian formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 5638: Application of Belco Petroleum Corporation for Amendment of Order No. R-5111, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Commission Order No. R-5111, which order pooled all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, to be dedicated to a well drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5. Applicant proposes the amendment of said order to pool all such mineral interests in the formations of Mississippian and Siluro-Devonian age underlying the W/2 of said Section 5 and to approve the unorthodox location of the well for said formations.

CASE 5639: Application of Franklin, Aston & Fair for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Strawn production for its Aztec State No. 3 Well located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre spacing units.

CASE 5640: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Brunson-Ellenburger, East Brunson-McKee and Drinkard oil production in the wellbore of its Sims No. 6 Well located in Unit II of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5641: Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the Queen formation through the open-hole interval from approximately 3800 to 3875 feet in his State JC "T" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 35 East, Lea County, New Mexico.

CASE 5642: Application of Penroc Oil Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Canyon and Morrow production in the wellbore of its JCN-State Well No. 1, located in Unit O of Section 2, Township 20 South, Range 28 East, Eddy County, New Mexico.

CASE 5643: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the West Arkansas Junction-San Andres Pool. The discovery well is the Coquina Oil Corporation State KKN Well No. 1, located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Cabin Lake-Atoka Gas Pool. The discovery well is the Corinne Grace Livingston Ridge Unit Well No. 1V, located in Unit L of Section 36, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 36: W/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Grayburg-San Andres production and designated as the Cemetery-Grayburg San Andres Pool. The discovery well is the Gulf Oil Corporation Jones Federal NCT-A Well No. 1, located in Unit L of Section 14, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 14: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Cemetery-Wolfcamp Gas Pool. The discovery well is the David Fasken Seven Rivers Federal Well No. 1, located in Unit C of Section 17, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 17: N/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Henshaw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Marco Polo EA State Well No. 1, located in Unit H of Section 32, Township 16 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 32: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Queen-Grayburg and San Andres production and designated as the South Loco Hills Queen-Grayburg-San Andres Pool. The discovery well is the Gene A. Snow Alcott Well No. 1, located in Unit I of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 31: SE/4 NE/4 & NE/4 SE/4
Section 32: S/2 NW/4, N/2 SW/4, W/2 NE/4 and SE/4 NE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Lusk-Morrow Gas Pool. The discovery well is the Adobe Oil Company Hannifin State Com Well No. 1, located in Unit P of Section 16, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 16: S/2

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Otis-Morrow Gas Pool. The discovery well is the Apexco Inc. Walterschied Com Well No. 1, located in Unit G of Section 35, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 26: W/2
Section 35: All

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Penasco Draw-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Scout EH Federal Com Well No. 2, located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 27: E/2

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Scanlon-Morrow Gas Pool. The discovery well is the Harvey E. Yates Fannie Lou Federal Well No. 1, located in Unit G of Section 31, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 31: N/2

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Queen production and designated as the Square Lake-Queen Gas Pool. The discovery well is the Corpening Enterprises Exxon State Well No. 1, located in Unit M of Section 16, Township 16 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 16: SW/4

(l) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 21: S/2 SE/4 & E/2 SW/4
Section 28: N/2 NE/4

(m) EXTEND the North Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 13: N/2
Section 14: All

(n) EXTEND the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 35: E/2
Section 36: W/2

(o) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 19: NE/4

(p) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 25: SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 30: SW/4

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- (q) EXTEND the La Rica-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 3: All
- (r) EXTEND the Paddock Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 21: SW/4
- (s) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 24: E/2
TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 19: W/2
- (t) EXTEND the Tonto (Seven Rivers) Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 13: SW/4
Section 14: S/2
- (u) EXTEND the Townsend-Strawn Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, & 16, and SE/4
- (v) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 16: All
Section 34: All
TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 3: All

CASE 5098: (Reopened) (Continued from February 18, 1976 Examiner Hearing)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

Case 5638

JAN 30 1976
OIL CONSERVATION COMM.
Santa Fe

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION
FOR COMPULSORY POOLING IN
FORMATIONS OF MISSISSIPPIAN AND
SILURO-DEVONIAN AGE AND AN
UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW, Belco Petroleum Corporation, as provided by Section 65-31-4, New Mexico Statutes, 1953, as amended, applies to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interests in and under the W/2 of Section 5, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, in formations of Mississippian and Siluro-Devonian age. Applicant further seeks authorization for an unorthodox gas well location in said W/2 Section 5 to be designated as the Belco Petroleum Corporation #1 Jarvis-Mead. Said well is located 660 feet from the south line and 1980 feet from the west line of Section 5, Township 22 South, Range 27 East, N.M.P.M. as an exception to the provisions of Rule 2 of Order No. R-1670-H, as amended, and in support thereof Applicant would show:

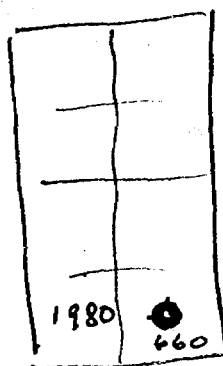
1. Applicant is the owner of the right to drill and develop the following described acreage: W/2 of Section 5, Township 22 South, Range 27 East, N.M.P.M.

2. Applicant has obtained voluntary agreement for pooling in formations of Mississippian and Siluro-Devonian age from all but the persons named below, whose addresses, and the interests owned according to applicant's information and belief are as follows:

Michael P. Grace
P.O. Box 1418
Carlsbad, N.M.

Lot E, Block 130
Lots 9, 12, Block 125

.50 acres



M. B. Biggs 209 Moore Drive Carlsbad, N.M.	Lot 23, Block 125	.23 acres
Vaughn Haynes 400 West 30th Farmington, N.M.	Lot 4, Block 125	.20 acres
W. W. Calentine P.O. Box 898 Winkelran, Arizona	Lot 13, Block 125	<u>.06 acres</u>
		.99 acres more or less

3. Applicant has previously applied for and been granted the identical force pooling and unorthodox location provisions applied for herein covering the Pennsylvanian formation. Approval was granted therein by Commission Order R-5111. Applicant, since the granting of said application, did drill through the Pennsylvanian formation and into the Siluro-Devonian formation and has encountered gas hydrocarbons in the Siluro-Devonian formation.

4. Applicant requests that it be designated operator of the pooled unit requested above.

5. Applicant has been unable to obtain voluntary agreement for the pooling of the unpooled interests indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells to protect correlative rights, and to prevent waste, the Commission should pool all interests in the spacing or proration unit as a unit.

6. The risk and expense of drilling and completing the well is great and if the owners of the other interests in the W/2 Section 5 do not choose to pay their share of the cost of drilling and completion, Applicant should be allowed a reasonable charge for the supervision and a charge for the risk involved in addition to recovery of the actual cost of drilling and completing the well.

7. Unless Applicant is granted approval of an unorthodox gas well location as proposed herein, it will be denied its

right to obtain its just and equitable share of the gas underlying its lands.

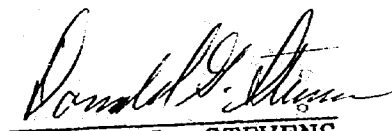
8. Approval of the application will result in the recovery of gas that probably would not otherwise be recovered, will prevent waste, and correlative rights of the other owners in the area will be protected.

WHEREFORE, Applicant respectfully requests that the Commission set this matter for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling all interests in formations of Mississippian and Siluro-Devonian age underlying the W/2 of Section 5, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, granting the unorthodox location requested, and designating Applicant operator of the pooled unit, together with provision for Applicant to recover its costs out of production including a risk factor to be determined by the Commission and with provision for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest may appear and for further orders as may be proper in the premises.

Respectfully submitted,

BELCO PETROLEUM CORPORATION

By



DONALD G. STEVENS

P.O. Box 1797

Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

Date

DOCKET MAILED

DOCKET MAILED

Date 2/20/76

Case 5638

BEFORE THE

JAN 30 1976 OIL CONSERVATION COMMISSION OF NEW MEXICO
OIL CONSERVATION COM.

^{Santa Fe}
IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION
FOR COMPULSORY POOLING IN
FORMATIONS OF MISSISSIPPIAN AND
SILURO-DEVONIAN AGE AND AN
UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW, Belco Petroleum Corporation, as provided by Section 65-31-4, New Mexico Statutes, 1953, as amended, applies to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interests in and under the W/2 of Section 5, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, in formations of Mississippian and Siluro-Devonian age. Applicant further seeks authorization for an unorthodox gas well location in said W/2 Section 5 to be designated as the Belco Petroleum Corporation #1 Jarvis-Mead. Said well is located 660 feet from the south line and 1980 feet from the west line of Section 5, Township 22 South, Range 27 East, N.M.P.M. as an exception to the provisions of Rule 2 of Order No. R-1670-H, as amended, and in support thereof Applicant would show:

1. Applicant is the owner of the right to drill and develop the following described acreage: W/2 of Section 5, Township 22 South, Range 27 East, N.M.P.M.

2. Applicant has obtained voluntary agreement for pooling in formations of Mississippian and Siluro-Devonian age from all but the persons named below, whose addresses, and the interests owned according to applicant's information and belief are as follows:

Michael P. Grace
P.O. Box 1418
Carlsbad, N.M.

Lot E, Block 130
Lots 9, 12, Block 125

.50 acres

M. B. Biggs
209 Moore Drive
Carlsbad, N.M.

Lot 23, Block 125

.23 acres

Vaughn Haynes
400 West 30th
Farmington, N.M.

Lot 4, Block 125

.20 acres

W. W. Calentine
P.O. Box 898
Winkelran, Arizona

Lot 13, Block 125

.06 acres

.99 acres
more or less

3. Applicant has previously applied for and been granted the identical force pooling and unorthodox location provisions applied for herein covering the Pennsylvanian formation. Approval was granted therein by Commission Order R-5111. Applicant, since the granting of said application, did drill through the Pennsylvanian formation and into the Siluro-Devonian formation and has encountered gas hydrocarbons in the Siluro-Devonian formation.

4. Applicant requests that it be designated operator of the pooled unit requested above.

5. Applicant has been unable to obtain voluntary agreement for the pooling of the unpooled interests indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells to protect correlative rights, and to prevent waste, the Commission should pool all interests in the spacing or proration unit as a unit.

6. The risk and expense of drilling and completing the well is great and if the owners of the other interests in the W/2 Section 5 do not choose to pay their share of the cost of drilling and completion, Applicant should be allowed a reasonable charge for the supervision and a charge for the risk involved in addition to recovery of the actual cost of drilling and completing the well.

7. Unless Applicant is granted approval of an unorthodox gas well location as proposed herein, it will be denied its

right to obtain its just and equitable share of the gas underlying its lands.

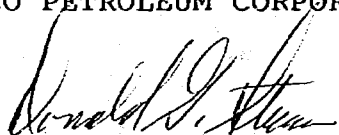
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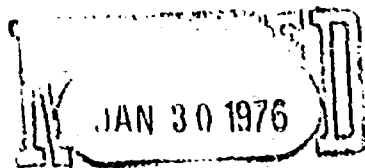

DONALD G. STEVENS

P.O. Box 1797

Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

Case 5638



OIL CONSERVATION COMM.
Santa Fe

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION
FOR COMPULSORY POOLING IN
FORMATIONS OF MISSISSIPPIAN AND
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Respectfully submitted,

BELCO PETROLEUM CORPORATION

By 

DONALD G. STEVENS

P.O. Box 1797

Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

DRAFT

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. 5638

Order No. R-5111-A

APPLICATION OF BELCO PETROLEUM CORPORATION
FOR AMENDMENT OF ORDER NO. R-5111, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3, 1976
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of March, 1976, 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, Belco Petroleum Corporation,
seeks the amendment of Order No. R-5111, which order
pooled all mineral interests in the
Pennsylvanian formation underlying the W/2
of Section 5, Township 22 South, Range 27 East,
NMPM, Eddy County, New
Mexico. Applicant proposes the amendment of said order to pool
all mineral interests in the formations of Mississippian and
Siluro-Devonian age underlying the W/2 of said Section 5 and to
approve the unorthodox location of a well for said formations.

(3) That under the provisions of Commission Order No. R-5111, the applicant has drilled its Jarvis Mead Well No. 1 to the Morrow formation at a point 660 feet from the South line and 1980 feet from the West line of said Section 5.

(4) That the applicant subsequently deepened said Jarvis Mead Well No. 1 to a depth sufficient to test formations of Mississippian and Siluro-Devonian age and discovered a new common source of gas supply.

(5) That there are owners of interest in the formations of Mississippian and Siluro-Devonian age in the proration unit who have not agreed to pool their interest.

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

(7) That the applicant should continue to be designated the operator of the subject well and unit.

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his share of well costs related to the deepening of the well below the Morrow formation to the operator in lieu of paying his share of reasonable well costs out of production.

(9) That any non-consenting working interest owner that does not pay his share of such additional 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) That any non-consenting interest owner should be afforded the opportunity to object to such additional actual well costs but that actual additional well costs should be adopted as the additional reasonable well costs in the absence of such objection.

IT IS THEREFORE ORDERED:

(1) That the first paragraph of Order (1) of Commission Order No. R-5111, dated October 1, 1975, is hereby amended to read in its entirety as follows:

"(1) That all mineral interests, whatever they may be, in the formations of Pennsylvanian, Mississippian, and Siluro-Devonian age underlying the W/2 of Section 5, Township 22 South, Range 27 East, NMPM, 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 an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5."

(2) That after the effective date of this order the operator shall furnish the Commission and each non-consenting working interest owner in the subject unit an itemized schedule of actual well costs for the deepening of said well from the Morrow formation to the Siluro-Devonian formations.

(3) That within 15 days from the date the schedule of such additional well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of such costs to the operator in lieu of paying his share of additional reasonable well costs out of production, and that any such owner who pays his share of additional well costs as provided above shall remain liable for operating costs but shall not be liable

-4-

Case No. 5638

for risk charges or such additional costs.

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

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