

CASE NO.

6314

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
13 September 1978

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conser-
vation Division on its own motion to
permit Overland Drilling & Exploration
Ltd., Ohio Casualty Insurance Company,
and all other interested parties to appear
and show cause why the Lowe State Well
No. 1 located in Unit E of Section 15,
Township 19 South, Range 29 East, Eddy
County, New Mexico, should not be plugged
and abandoned in accordance with a Divi-
sion -approved plugging program.

CASE
6314

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

I N D E X

W. A. GRESSETT

Direct Examination by Ms. Teschendorf	3
Cross Examination by Mr. Stamets	7

MR. STAMETS: Call next Case 6314. In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Overland Drilling & Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why Lowe State Well No. 1, located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Call for appearances in this case.

MS. TESCHENDORF: Lynn Teschendorf, appearing on behalf of the Division. I have one witness.

MR. STAMETS: Any other appearances in this case? I'd like to have the witness stand and be sworn, please.

(Witness sworn.)

W. A. GRESSETT

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MS. TESCHENDORF:

Q Will you please state your name, by whom you're employed, and in what capacity?

A. W. A. Gressett, employed by the Oil Conservation Division as District Supervisor of the Division District Two.

Q. Have you previously testified before the Division and are your credentials a matter of record?

A. Yes.

MS. TESCHENDORF: Is the witness considered qualified?

MR. STAMETS: He is.

Q. (Ms. Teschendorf continuing.) Does District Two include that part of Eddy County involved in this case?

A. Yes.

Q. And do your duties as District Supervisor include making recommendations to the Division as to when a well should be plugged and abandoned?

A. Yes.

Q. What is the purpose of Case 6314?

A. To allow Overland Drilling and Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Q. Have you reviewed all the reports filed with the

Division concerning this well?

A. Yes, I have.

Q. Would you please refer to those reports and summarize the well's history for the Examiner?

A. All right. Application for permit to drill was approved on December 12th, 1973.

On January the 31st, 1974 we approved a report of setting and cementing 8-5/8ths inch casing at 300 feet with 75 sacks of cement.

On January the 30th, 1974 we received an amended application to deepen the well to 3500 feet for a Delaware test and on June the 12th, '74 we received a report stating the well had been drilled to a depth of 2870 feet and they were shut down waiting on pipe, and as soon as they got the casing they were going to go ahead and drill to the 3500 feet.

Q. That's the last report that was filed on this well?

A. Yes.

Q. And is there a bond covering this well?

A. Yes. They have the old \$10,000 bond still in effect.

Q. And who is the surety on that bond?

A. It's the Ohio Casualty Insurance Company.

Q. In your opinion could the failure to plug this

well cause waste?

A. Yes, it could.

Q And how could that happen?

A. By allowing any hydrocarbons in the open well-bore to escape into other strata.

Q Do you have any other communications -- do you have any communications from the operator concerning this case?

A. Yes. I talked to Mr. Stanley Jones yesterday and he said they are still planning on working on the well, continuing to drill it, and I told him that we'd probably go ahead and have the hearing and that if an order was issued to plug it, he would be given some time to resume operations or plug the well.

Q And what do you recommend as to a period of time?

A. I'd recommend sixty days.

Q Are you prepared to recommend a plugging program at this time or would you rather wait until the actual time of plugging?

A. I'd prefer to wait until the actual plugging.

Q Do you have any further concerning this well?

A. No.

MS. TESCHENDORF: I have nothing further.

CROSS EXAMINATION

BY MR. STAMETS:

Q To your knowledge, Mr. Gressett, the well is at a total depth of 2870 and never was drilled deeper?

A That's correct.

MR. STAMETS: Any other questions of the witness?

He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill from my notes taken at the time of the hearing.

Sally W. Boyd
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6314
heard by me on 8-13 1978.
Richard A. [Signature] Examiner
Oil Conservation Division

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date SEPTEMBER 13, 1978 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
<i>H. R. Keenleuth</i>	<i>El Paso Natural Gas</i>	<i>El Paso</i>
<i>GUY T. BOELL</i>	<i>Amoco</i>	<i>HOUSTON</i>
<i>JAMES C. ALLEN</i>	<i>Amoco</i>	<i>HOUSTON</i>
<i>Robert Davidson</i>	<i>Amoco</i>	<i>HOUSTON</i>
<i>LEE G. Vering</i>	<i>Belco Petroleum Corp</i>	<i>HOUSTON</i>
<i>JOSEPH C. SOLARI</i>	<i>COQUINA OIL CORP</i>	<i>MIDLAND</i>
<i>Tom Kellerlin</i>	<i>Kellerlin & Fox</i>	<i>SANTA FE</i>
<i>Mary Ward</i>	<i>Belco Pet. Corp.</i>	<i>Midland</i>
<i>Nick Capaleri</i>	<i>Energy Reserves Group</i>	<i>Casper Wyo</i>
<i>Bill Gussott</i>	<i>OCT</i>	<i>Artesia</i>
<i>Robert H. Strand</i>	<i>Harvey E. Yates Co.</i>	<i>Reswell</i>
<i>Charles Latta</i>	<i>Harvey E. Yates Co</i>	<i>Midland</i>
<i>Joel M. Carson</i>	<i>Loose, Carson & Dickerson</i>	<i>Artesia</i>
<i>Robert E. Baling</i>	<i>Independent</i>	<i>Artesia</i>
<i>Eddie Mahood</i>	<i>Yates Petroleum</i>	<i>Artesia</i>



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

September 22, 1978

POST OFFICE BOX 2008
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Overland Drilling &
Exploration, Ltd.
#6 West Wells St.
Roswell, New Mexico 88201

Re: CASE NO. 6314
ORDER NO. R-5805

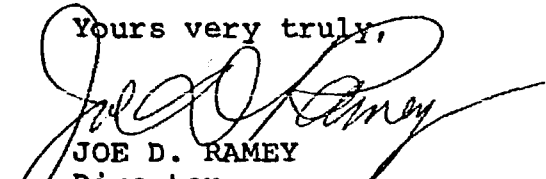
Applicant:

OCD (Overland Drilling & Expl. Ltd.)

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Ohio Casualty Insurance Company

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6314
Order No. R-5805

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO PERMIT OVERLAND DRILLING &
EXPLORATION, LTD., OHIO CASUALTY INSURANCE COMPANY, AND ALL
OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE
LOWE STATE WELL NO. 1 LOCATED IN UNIT E OF SECTION 15, TOWN-
SHIP 19 SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO, SHOULD
NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-
APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13,
1978, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this 20th day of September, 1978, the Division
Director, having considered the testimony, the record, and
the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That Overland Drilling & Exploration, Ltd. is the
owner and operator of the Lowe State Well No. 1, located in
Unit E of Section 15, Township 19 South, Range 29 East, NMPM,
Eddy County, New Mexico.

(3) That Ohio Casualty Insurance Company is the surety
on the Oil Conservation Division plugging bond on which
Overland Drilling & Exploration, Ltd. is principal.

(4) That the purpose of said bond is to assure the state
that the subject well will be properly plugged and abandoned
when not capable of commercial production.

-2-

Case No. 6314
Order No. R-5805

(5) That in order to prevent waste and protect correlative rights said Lowe State Well No. 1 should be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Division on or before November 30, 1978, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

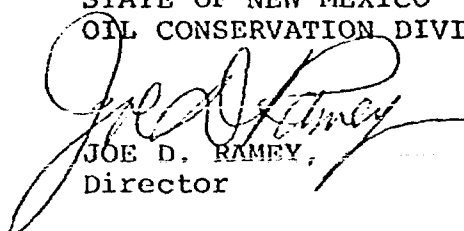
(1) That Overland Drilling & Exploration, Ltd. is hereby ordered to plug and abandon the Lowe State Well No. 1, located in Unit E of Section 15, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before November 30, 1978.

(2) That Overland Drilling & Exploration, Ltd., prior to plugging and abandoning the above-described well, shall obtain from the Artesia office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Artesia office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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CALLED BY THE OIL CONSERVATION
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CONSIDERING:

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1978, at Santa Fe, New Mexico, before Examiner Richard L.
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NOW, on this 20th day of September, 1978, the Division
Director, having considered the testimony, the record, and
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in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That Overland Drilling & Exploration, Ltd. is the
owner and operator of the Lowe State Well No. 1, located in
Unit E of Section 15, Township 19 South, Range 29 East, NMPM,
Eddy County, New Mexico.

(3) That Ohio Casualty Insurance Company is the surety
on the Oil Conservation Division plugging bond on which
Overland Drilling & Exploration, Ltd. is principal.

(4) That the purpose of said bond is to assure the state
that the subject well will be properly plugged and abandoned
when not capable of commercial production.

Florence -

Please send copy of
order in Case No.
60314 to Ohio
Casualty in Ohio Y

at 5555 Montgomery NE
Suite 24

Albany 87109
Attn: George Pringle

-2-

Case No. 6314

Order No. R-5805

(5) That in order to prevent waste and protect correlative rights said Lowe State Well No. 1 should be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Division on or before November 30, 1978, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

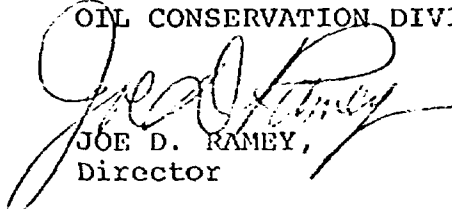
(1) That Overland Drilling & Exploration, Ltd. is hereby ordered to plug and abandon the Lowe State Well No. 1, located in Unit E of Section 15, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before November 30, 1978.

(2) That Overland Drilling & Exploration, Ltd., prior to plugging and abandoning the above-described well, shall obtain from the Artesia office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Artesia office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L

dr/

Florene -

Please send copy of
order in Case No.

6314 to Ohio

Casualty in Ohio Y

at 5555 Montgomery NE
Suite 24

Albany 87109
Attn: George Pringle

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6314
Order No. R-5805

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT OVERLAND DRILLING & EXPLORATION, LTD., OHIO CASUALTY INSURANCE COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE LOWE STATE WELL NO. 1 LOCATED IN UNIT E OF SECTION 15, TOWNSHIP 19 SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of September, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That Overland Drilling & Exploration, Ltd. is the owner and operator of the Lowe State Well No. 1, located in Unit E of Section 15, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That Ohio Casualty Insurance Company is the surety on the Oil Conservation Division plugging bond on which Overland Drilling & Exploration, Ltd. is principal.

(4) That the purpose of said bond is to assure the state that the subject well will be properly plugged and abandoned when not capable of commercial production.

-2-

Case No. 6314
Order No. R-5805

(5) That in order to prevent waste and protect correlative rights said Lowe State Well No. 1 should be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Division on or before November 30, 1978, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Overland Drilling & Exploration, Ltd. is hereby ordered to plug and abandon the Lowe State Well No. 1, located in Unit E of Section 15, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before November 30, 1978.

(2) That Overland Drilling & Exploration, Ltd., prior to plugging and abandoning the above-described well, shall obtain from the Artesia office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Artesia office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

dr/

CASE 6320: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Coquina Federal Com. Well No. 1 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 32, Township 18 South, Range 27 East, to test the Morrow formation, the W/2 of said Section 32 to be dedicated to the well.

CASE 6321: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the W/2 of said Section 16 to be dedicated to the well.

CASE 6283: (Continued from August 2, 1978, Examiner Hearing)

Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6322: Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-391 to contract the horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

All of Sections 28 and 29, Township 17 South, Range 28 East

In the alternative, applicant seeks to limit the special pool rules for said pool to the present horizontal limits of the pool.

CASE 6323: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 23, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to its Lucas Store JZ Well No. 1 located at an unorthodox location 1980 feet from the North line and 860 feet from the West line of said section. Also to be considered will be the cost of completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6324: Application of Yates Petroleum Corporation for downhole commingling or pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Upper Penn gas production in the wellbore of its Box Canyon GJ Fed. Well No. 1 located in Unit J of Section 13, Township 21 South, Range 21 East, Eddy County, New Mexico. In the alternative, applicant seeks the creation of a new Permo-Penn gas pool for said well.

CASE 6325: Application of Amoco Production Company for unorthodox locations and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following South Hobbs Unit wells located in Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico:

Well No. 120 located 1272 feet from the North line and 1420 feet from the West line of Section 5;
Well No. 121 located 1450 feet from the North line and 150 feet from the West line of Section 4;
Well No. 123 located 2390 feet from the North line and 150 feet from the East line of Section 6;
Well No. 124 located 1925 feet from the South line and 2380 feet from the East line of Section 4;
Well No. 126 located 1295 feet from the South line and 1365 feet from the West line of Section 10;
Well No. 122 located 1726 feet from the North line and 167 feet from the East line of Section 4;
and Well No. 125 located 2016 feet from the North line and 763 feet from the West line of Section 3.

Applicant further seeks authority to directionally drill Wells Nos. 122 and 125 to bottomhole locations in the extreme southeast corners of Unit H of Section 4 and Unit E of Section 3, respectively.

CASE 6326: Application of Energy Reserves Group, Inc., for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacra production in the wellbore of its Jicarilla 35 Well No. 3, located in Unit B of Section 2, Township 24 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6327: Application of O. H. Berry for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J. L. Isabell Well No. 5-Y located 340 feet from the North line and 330 feet from the East line of Section 15, Township 24 South, Range 36 East, Santa Rosa formation, Lea County, New Mexico, the NE/4 of said Section 15 to be dedicated to the well.

Dockets Nos. 31-78 and 32-78 are tentatively set for hearing on September 27 and October 11, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - SEPTEMBER 11, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6289: (Continued from August 23, 1978, Commission Hearing)

Application of Bill Taylor for enforcement and amendment of Order No. R-5332, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination of well costs, an accounting of expenditures and costs withheld from production, and the amendment of Order No. R-5332 to remove the present operator of the pooled proration unit comprising the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, and designate another operator for said unit.

CASE 6146: (DE NOVO)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6328: Application of Maralo, Inc., for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the Jalmat Yates Unit underlying the following described lands in Township 25 South, Range 36 East:

Section 12: SE/4
Section 13: NE/4

and the following described lands in Township 25 South, Range 37 East:

Section 18: NW/4 and N/2 SW/4

all in Lea County, New Mexico.

The unitized interval would be all formations or zones extending from the top of the Yates formation down to 100 feet below the base of the Queen formation in the Humble-Winters "A" Well No. 2 located in Unit C of Section 18, Township 25 South, Range 37 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 6313: Application of Maralo, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Jalmat Yates Unit Area, Lea County, New Mexico, by the injection of water into various wells located in Township 25 South, Ranges 36 and 37 East.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 13, 1978

9 A.M. - OIL CONSERVATION DIVISION 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6315: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Overland Drilling & Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6315: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hugh L. Johnston, Sr., General Insurance Co. of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6316: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cortez Corporation, Aetna Casualty & Surety Company, and all other interested parties to appear and show cause why the Fair Well No. 1 located in Unit D of Section 24, Township 18 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6290: (Continued from August 16, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6307: (Continued from August 30, 1978, Examiner Hearing)

Application of Exxon Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Wantz-Abo production in the wellbore of its F. F. Hardison B Well No. 10, located in Unit A of Section 34, Township 21 South, Range 31 East, Lea County, New Mexico. (This case will be dismissed.)

CASE 6317: Application of Harvey E. Yates Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 301.75-acre non-standard gas proration unit comprising the N/2 of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the East line of said Section 18 to test the Morrow formation.

CASE 6318: Application of Coquina Oil Corporation for an increase in casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303-C-4 to increase the casinghead gas allowable for its Vivian Well No. 1, located in Unit F of Section 30, Township 22 South, Range 38 East, Lea County, New Mexico, the Drinkard and Granite Wash zones in said well being commingled pursuant to Order No. DHC-255 and subject to the GCR limit for the Wantz-Granite Wash Pool.

CASE 6319: Application of Belco Petroleum Corporation for an unorthodox well location and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Com Well No. 1 located at an unorthodox location 1100 feet from the North line and 1575 feet from the East line of said section. Also to be considered will be the cost of recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

PS Form 3811, Nov. 1976

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 25¢
☐ Show to whom, date, & address of delivery 45¢
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☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery .. \$1.05
 (Fees shown are in addition to postage charges and other fees).

2. ARTICLE ADDRESSED TO:
 Overland Drilling & Exploration
 #6 West Wells St.
 Roswell, New Mexico 88201

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 540132

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

★ GPO: 1976 O-203-456

PS Form 3811, Nov. 1976

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☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery .. \$1.05
 (Fees shown are in addition to postage charges and other fees).

2. ARTICLE ADDRESSED TO:
 Ohio Casualty Insurance Co.
 136 N. Third St.
 Hamilton, Ohio 45012

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 540131

(Always obtain signature of addressee or agent)

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 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

★ GPO: 1976 O-203-456

No. 540132

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO
 Overland Drilling & Exploration, Ltd.
 STREET AND NO.
 #6 West Wells St.
 P.O., STATE AND ZIP CODE
 Roswell, New Mexico 88201

POSTMARK OR DATE

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
	DELIVER TO ADDRESSEE ONLY	50¢
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED— (See other side)
 NOT FOR INTERNATIONAL MAIL ★ GPO: 1970 O-397-456

No. 540131

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO
 Ohio Casualty Insurance Company
 STREET AND NO.
 136 N. Third St.
 P.O., STATE AND ZIP CODE
 Hamilton, Ohio 45012

POSTMARK OR DATE

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
	DELIVER TO ADDRESSEE ONLY	50¢
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED— (See other side)
 NOT FOR INTERNATIONAL MAIL ★ GPO: 1970 O-397-456

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OFFICIAL BUSINESS

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• Complete items 1, 2, and 3 on the reverse.
• Detach gummed ends and attach to front of article.
• If space permits, otherwise affix to back of article.
• Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



RETURN
TO

OIL CONSERVATION DIVISION

(Name of Sender)

POST OFFICE BOX 2088

(Street or P.O. Box)

SANTA FE, NEW MEXICO 87501

(City, State, and ZIP Code)

UNITED STATES POSTAL SERVICE
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PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



RETURN
TO

OIL CONSERVATION DIVISION

(Name of Sender)

POST OFFICE BOX 2088

(Street or P.O. Box)

SANTA FE, NEW MEXICO 87501

(City, State, and ZIP Code)

**STICK POSTAGE STAMPS TO ARTICLE TO COVER POSTAGE (first class or airmail),
CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)**

1. If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
2. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified-mail number and your name and address on a return receipt card, Form 3811, and attach it to the back of the article by means of the gummed ends. Endorse front of article RETURN RECEIPT REQUESTED.
4. If you want the article delivered only to the addressee, endorse it on the front DELIVER TO ADDRESSEE ONLY. Place the same endorsement in line 2 of the return receipt card if that service is requested.
5. Save this receipt and present it if you make inquiry.

**STICK POSTAGE STAMPS TO ARTICLE TO COVER POSTAGE (first class or airmail),
CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)**

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4. If you want the article delivered only to the addressee, endorse it on the front DELIVER TO ADDRESSEE ONLY. Place the same endorsement in line 2 of the return receipt card if that service is requested.
5. Save this receipt and present it if you make inquiry.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

August 30, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

CERTIFIED - RETURN
RECEIPT REQUESTED

Overland Drilling & Exploration, Ltd.
#6 West Wells St.
Roswell, New Mexico 88201

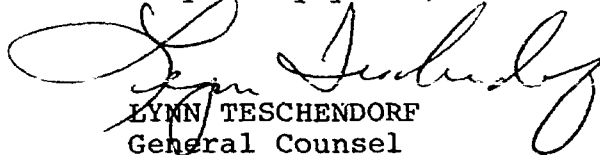
Ohio Casualty Insurance Company
136 N. Third St.
Hamilton, Ohio 45012

Re: Lowe State Well No. 1,
located in Unit E of
Section 15, Township 19
South, Range 29 East,
Eddy County
Plugging Bond

Gentlemen:

Enclosed is a copy of the advertisement of the
Examiner Hearing to be held on Wednesday, September 13,
1978, at 9:00 a.m. in the Oil Conservation Division
Conference Room, State Land Office Building, Santa Fe,
New Mexico. Case 6314 concerns the above captioned
subject matter.

Very truly yours,


LYNN TESCHENDORF
General Counsel

LT/fd
enc.

NOTICE OF PUBLICATION

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of said Division promulgated thereunder of the following public hearing to be held at 9 o'clock a.m. on SEPTEMBER 13, 1978, at the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner, both duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

✓ CASE 6314:

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Overland Drilling & Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6315:

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hugh L. Johnston, Sr., General Insurance Co. of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6316:

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cortez Corporation, Aetna Casualty & Surety Company, and all other interested parties to appear and show cause why the Fair Well No. 1 located in Unit D of Section 24, Township 18 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6317:

Application of Harvey E. Yates Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval of a 301.75-acre non-standard gas proration unit comprising the N/2 of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the East line of said Section 18 to test the Morrow formation.

CASE 6318:

Application of Coquina Oil Corporation for an increase in casinghead gas allowable, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an exception to Rule 303-C-4 to increase the casinghead gas allowable for its Vivian Well No. 1, located in Unit F of Section 30, Township 22 South, Range 38 East, Lea County, New Mexico, the Drinkard and Granite Wash zones in said well being commingled pursuant to Order No. DHC-255 and subject to the GOR limit for the Wantz-Granite Wash Pool.

CASE 6319:

Application of Belco Petroleum Corporation for an unorthodox well location and compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Com Well No. 1 located at an unorthodox location 1100 feet from the North line and 1575 feet from the East line of said section. Also to be considered will be the cost of recompleting said well and the allocation of the cost thereof

as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6320:

Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Coquina Federal Com. Well No. 1 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 32, Township 18 South, Range 27 East, to test the Morrow formation, the W/2 of said Section 32 to be dedicated to the well.

CASE 6321:

Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the W/2 of said Section 16 to be dedicated to the well.

CASE 6322:

Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks the amendment of Order No. R-391 to contract the horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

All of Sections 28 and 29, Township 17 South, Range 28 East

In the alternative, applicant seeks to limit the special pool rules for said pool to the present horizontal limits of the pool.

CASE 6323:

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral

interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 23, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to its Lucas Store JZ Well No. 1 located at an unorthodox location 1980 feet from the North line and 860 feet from the West line of said section. Also to be considered will be the cost of completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6324:

Application of Yates Petroleum Corporation for downhole commingling or pool creation, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Upper Penn gas production in the wellbore of its Box Canyon GJ Fed. Well No. 1 located in Unit J of Section 13, Township 21 South, Range 21 East, Eddy County, New Mexico. In the alternative, applicant seeks the creation of a new Permo-Penn gas pool for said well.

CASE 6325:

Application of Amoco Production Company for unorthodox locations and directional drilling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following South Hobbs Unit wells located in Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico:

Well No. 120 located 1272 feet from the North line and 1420 feet from the West line of Section 5; Well No. 121 located 1450 feet from the North line and 150 feet from the West line of Section 4; Well No. 123 located 2390 feet from the North line and 150 feet from the East line of Section 6; Well No. 124 located 1925 feet from the South line and 2380 feet from the East line of Section 4; Well No. 126 located 1295 feet from the South line and 1365 feet from the West line of Section 10; Well No. 122, located 1726 feet from the North line and 167 feet from the East line of Section 4; and Well No. 125 located 2016 feet from the North line and 763 feet from the West line of Section 3.

Applicant further seeks authority to directionally drill Wells Nos. 122 and 125 to bottomhole locations in the extreme southeast corners of Unit H of

Section 4 and Unit E of Section 3, respectively.

CASE 6326:

Application of Energy Reserves Group, Inc., for
downhole commingling, Rio Arriba County, New Mexico.

Applicant, in the above-styled cause, seeks authority to commingle South
Blanco-Pictured Cliffs and Otero-Chacra production in the wellbore of its
Jicarilla 35 Well No. 3, located in Unit B of Section 2, Township 24 North,
Range 5 West, Rio Arriba County, New Mexico.

CASE 6327:

Application of O. H. Berry for an unorthodox
gas well location, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox
location of its J. L. Isabell Well No. 5-Y located 340 feet from the North
line and 330 feet from the East line of Section 15, Township 24 South, Range
36 East, Santa Rosa formation, Lea County, New Mexico, the NE/4 of said Section
15 to be dedicated to the well.

GIVEN Under the Seal of the New Mexico Oil Conservation Commission at
Santa Fe, New Mexico, on this 25th day of August, 1978.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION


JOE D. RAMEY

Division Director

SEAL

show cause hearing
Overland Drilling &
Exploration, Ltd.
Ohio Casualty Ins. Co.
136 N. Third St.
Hamilton Ohio 45012

Howe State No. 1
E - 15 - 195 - 291E
Eddy

#6 West Wells St.
Roswell, New Mexico 88201

fn 9-13

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

August 30, 1978

CERTIFIED - RETURN
RECEIPT REQUESTED

C
O
P
Y

Overland Drilling & Exploration, Ltd.
#6 West Wells St.
Roswell, New Mexico 88201

Ohio Casualty Insurance Company
136 N. Third St.
Hamilton, Ohio 45012

Re: Lowe State Well No. 1,
located in Unit E of
Section 15, Township 19
South, Range 29 East,
Eddy County
Plugging Bond

Gentlemen:

Enclosed is a copy of the advertisement of the
Examiner Hearing to be held on Wednesday, September 13,
1978, at 9:00 a.m. in the Oil Conservation Division
Conference Room, State Land Office Building, Santa Fe,
New Mexico. Case 6314 concerns the above captioned
subject matter.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/fd
enc.

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6314

Order No. R- 5805

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO PERMIT OVERLAND DRILLING &
EXPLORATION, LTD., OHIO CASUALTY INSURANCE COMPANY, AND ALL
OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE LOWE
STATE WELL NO. 1 LOCATED IN UNIT E OF SECTION 15, TOWNSHIP 19
SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO, SHOULD NOT BE
PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED
PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13,
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of September, 1978, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.

(2) That Overland Drilling & / Exploration, Ltd. is the owner and
operator of the Lowe State Well No. 1
located in Unit E of Section 15, Township 19 South
Range 29 East, NMPM, Eddy County, New Mexico.

(3) That Ohio Casualty Insurance Company is the
surety on the Oil Conservation Division plugging bond on which
Overland Drilling & Exploration, Ltd. is principal.

(4) That the purpose of said bond is to assure the state
that the subject well ~~is~~ will be properly plugged and abandoned
when not capable of commercial production.

(5) That in order to prevent waste and protect correlative
rights said Lowe State Well No. 1 should
be plugged and abandoned in accordance with a program approved by

the Artesia District Office of the New Mexico Oil Conservation Division on or before November 30, 1978, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Overland Drilling & Exploration, Ltd. and Ohio ^{is} ~~Company~~ ~~Casualty Insurance~~ ~~Company~~ ~~are~~ hereby ordered to plug and abandon the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South Range 29 East, NMPM, Eddy County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before November 30, 1978.

(2) That Overland Drilling & Exploration, Ltd. and Ohio ~~Casualty Insurance Company~~ prior to plugging and abandoning the above-described well, shall obtain from the Artesia office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Artesia office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

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

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