

OIL CONSERVATION DIVISION
RECEIVED
LEWIS B. BURLESON, INC.
OIL & GAS PROPERTIES

1994 JUN 17 AM 8 50

LEWIS B. BURLESON
PRESIDENT

STEVEN L. BURLESON
VICE-PRESIDENT

WAYNE JARVIS
SUPERINTENDENT

June 14, 1994

Mr. William LeMay, Director
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

**Administrative Application for Unorthodox Location,
Non-Standard Proration Unit, and Simultaneous
Dedication for Lewis B. Burleson, Inc.'s McQuatters #2 well,
Located 660' FNL & 330' FWL of Section 12, T-21-S, R-36-E,
Lea County, New Mexico**

Dear Mr. Lemay:

Lewis B. Burleson, Inc. requests administrative approval of an unorthodox location, a non-standard proration unit, and simultaneous dedication for its McQuatters #2 well which is proposed to be re-completed to the Eumont Gas Pool. We have notified by Certified Letter, all offset operators as shown in Exhibit "B" so that they may object to these variances within the specified waiting period.

Unorthodox Location:

We propose to re-enter the old Amoco McQuatters #5 and re-complete in the Eumont Field. This old well was drilled 330' FWL and cannot be moved and this is the reason we are requesting an exception. This re-entry is shown by a blue arrow on our Exhibit "A" map.

Non-Standard Unit and Simultaneous Dedication:

A 160 acre Non-Standard Gas Proration Unit (NW/4, Sect. 12, T-21-S, R-36-E) was previously approved for the McQuatters #1, as shown by the red arrow. A re-entry of the #2 well (formerly Amoco McQuatters #5 located 330 FWL and 660 FNL, Sect. 12, T-21-S, R-36-E) will be completed after OCD approval, and both wells will be simultaneously dedicated to this 160 acre unit.

Yours truly,


Lewis B. Burleson

LBB/skb
Enclosures

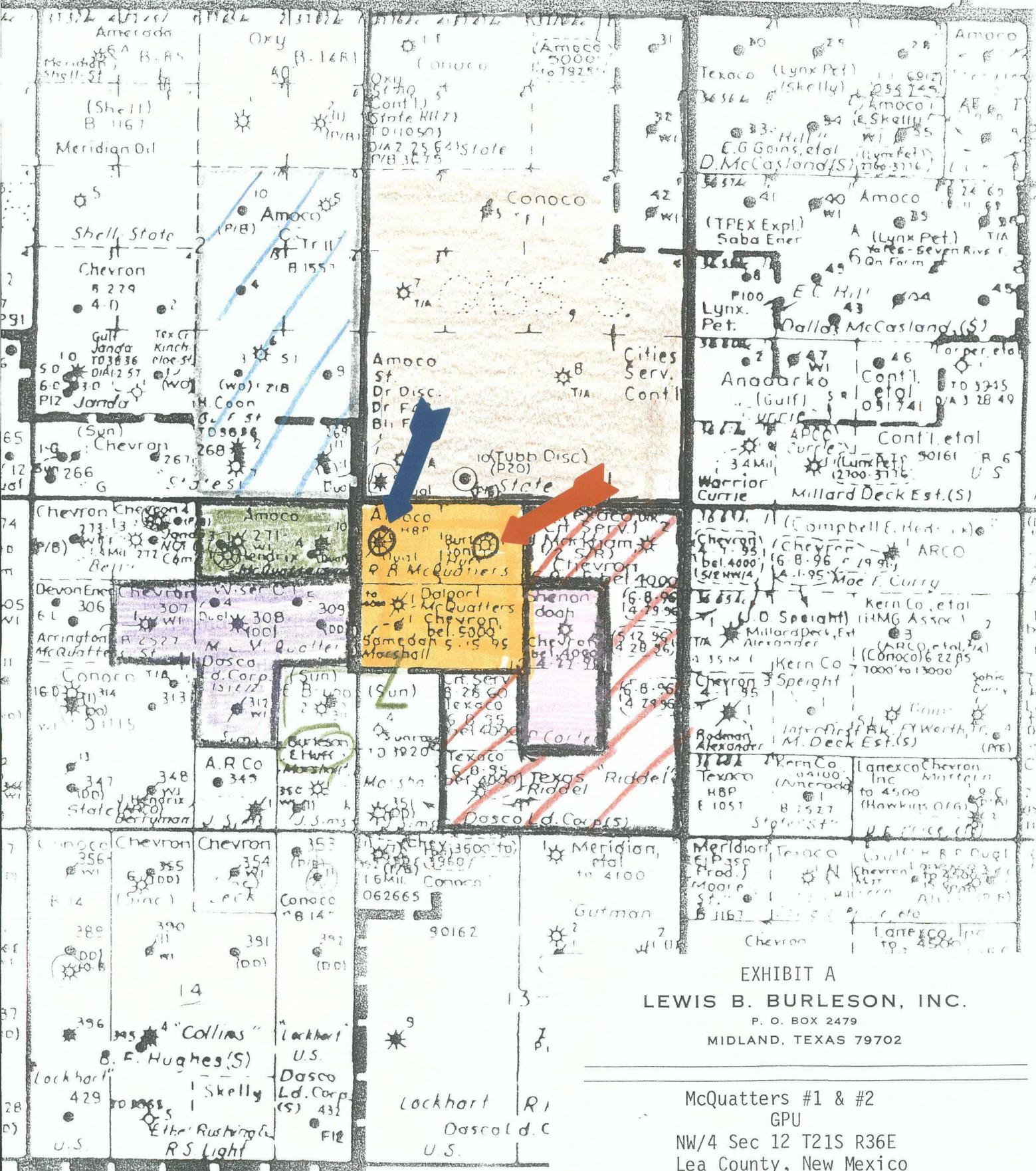


EXHIBIT A
LEWIS B. BURLESON, INC.

P. O. BOX 2479
MIDLAND, TEXAS 79702

McQuatters #1 & #2
GPU
NW/4 Sec 12 T21S R36E
Lea County, New Mexico

-  Amoco
-  John Hendrix
-  Conoco
-  Southland Royalty
-  David Arrington
-  Texaco

-  No. 1 McQuatters - Old Well
-  No. 2 McQuatters OWO to Eumont Zone

EXHIBIT "B"

LEWIS B. BURLESON, INC.
McQuatters Lease
Well No. 2

Unorthodox Location and
Simultaneous Dedication Application
Eumont Gas Pool
330' FWL and 660' FNL
Section 12, T-21-S, R-36-E
Lea County, New Mexico

OFFSET OPERATORS

Amoco Production Co.
Conservation/Proration Dept.
P.O. Box 3092
Houston, Texas 77001

Conoco Inc.
Attention: Jerry W. Hoover
Conservation/Proration Dept.
10 Desta Drive #100W
Midland, Texas 79705-4500

John H,. Hendrix Corp.
223 W. Wall, #525
Midland, Texas 79701

Texaco Exploration
Conservation/Proration Dept.
P.O. Box 3109
Midland, Texas 79702

Southland Royalty
Conservation/Proration Dept.
P.O. Box 51810
Midland, Texas 79710-1810

David Arrington
P.O. Box 2071
Midland, Texas 79702

LEWIS B. BURLESON, INC.
OIL & GAS PROPERTIES

WP: MCQTRS
MCQUATTERS
FILE
COPY

LEWIS B. BURLESON
PRESIDENT
STEVEN L. BURLESON
VICE-PRESIDENT
WAYNE JARVIS
SUPERINTENDENT

June 14, 1994

Mr. William LeMay, Director
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

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Lewis B. Burleson

LBB/skb
Enclosures

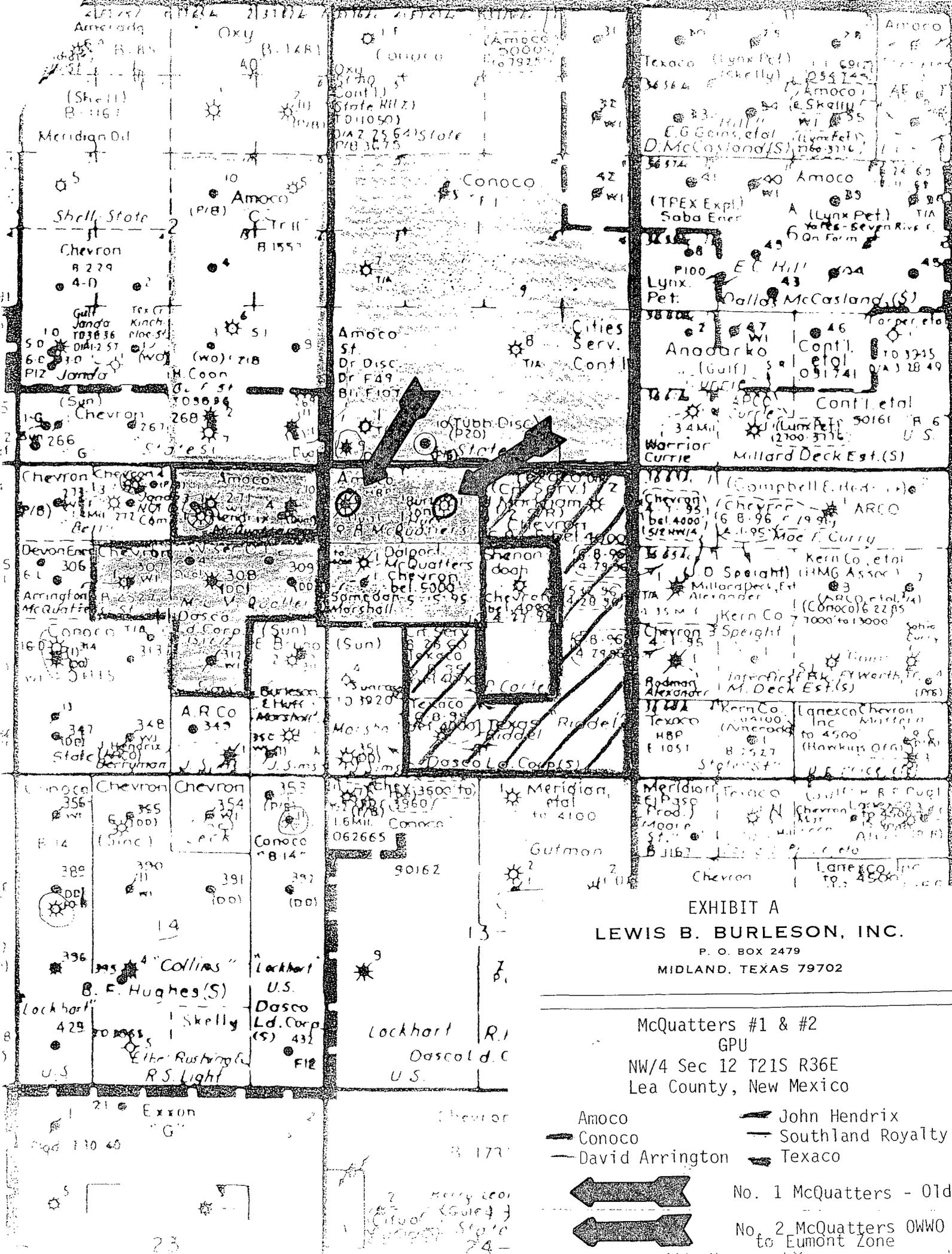


EXHIBIT A
 LEWIS B. BURLESON, INC.
 P. O. BOX 2479
 MIDLAND, TEXAS 79702

McQuatters #1 & #2
 GPU
 NW/4 Sec 12 T21S R36E
 Lea County, New Mexico

- Amoco
- Conoco
- David Arrington
- John Hendrix
- Southland Royalty
- Texaco
- No. 1 McQuatters - Old
- No. 2 McQuatters OWWO to Eumont Zone

McQuatters #1 & #2
Offset Operators Mailing List

Amoco Production Co
Conservation/Proration Dept
PO Box 3092
Houston TX 77001

Conoco Inc
Conservation/Proration Dept
10 Desta Dr #100W
Midland TX 79705-4500

John H. Hendrix Corp
223 W Wall #525
Midland TX 79701

Texaco Exploration
Conservation/Proration Dept
PO Box 3109
Midland TX 79702

Southland Royalty
Conservation/Proration Dept
PO Box 51810
Midland TX 79710-1810

David Arrington
PO Box 2071
Midland TX 79702

OIL CONSERVATION DIVISION
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LEWIS B. BURLESON, INC.

OIL & GAS PROPERTIES

'94 JUL 27 AM 8 50

LEWIS B. BURLESON
PRESIDENT

STEVEN L. BURLESON
VICE-PRESIDENT

WAYNE JARVIS
SUPERINTENDENT

July 19, 1994

Mr. William LeMay, Director
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

**Administrative Application for Unorthodox Location,
Non-Standard Proration Unit, and Simultaneous
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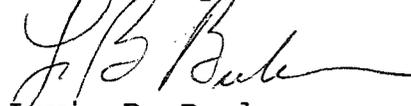
Dear Mr. Lemay:

The waiting period is over for our McQuatters #2 re-entry well dedicated to an existing 160 acre unit (the McQuatters #1) in the Eumont Field. Attached is a copy of the letter previously sent to you and to the offset operators. For your file, enclosed are a copies of the post office receipts for the six companies offsetting this project.

Would you please issue an order allowing us to re-enter the old Amoco well #5 and dedicate it to the NW/4 of Section 12, T-21-S, R-36-E, Lea County, New Mexico.

Your prompt attention to this matter will be greatly appreciated.

Yours truly,



Lewis B. Burleson

LBB/skb
Enclosures

PS Form 3811, Dec. 1980

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
 Show to whom and date delivered —¢
 Show to whom, date, and address of delivery.. —¢

2. RESTRICTED DELIVERY —¢
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$ _____

3. ARTICLE ADDRESSED TO:
 Southland Royalty
 PO Box 51810
 Midland TX 79710

4. TYPE OF SERVICE: ARTICLE NUMBER
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 P154361589

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

5. DATE OF DELIVERY POSTMARK
 6-15-99

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE: 7a. EMPLOYEE'S INITIALS

PS Form 3811, Dec. 1980

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 Show to whom, date, and address of delivery.. —¢

2. RESTRICTED DELIVERY —¢
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$ _____

3. ARTICLE ADDRESSED TO:
 John H Hendrix Corp
 223 W Wall #525
 Midland TX 79701

4. TYPE OF SERVICE: ARTICLE NUMBER
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 P154361593

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

5. DATE OF DELIVERY POSTMARK
 6/15/99

6. ADDRESSEE'S ADDRESS (Only if requested)

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 Show to whom and date delivered —¢
 Show to whom, date, and address of delivery.. —¢

2. RESTRICTED DELIVERY —¢
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$ _____

3. ARTICLE ADDRESSED TO:
 Conoco Inc
 10 Desta Dr #100W
 Midland TX 79705

4. TYPE OF SERVICE: ARTICLE NUMBER
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 P154361592

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

5. DATE OF DELIVERY POSTMARK
 6-15

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE: 7a. EMPLOYEE'S INITIALS

PS Form 3811, Dec. 1980

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
 Show to whom and date delivered
 Show to whom, date, and address of delivery

2. RESTRICTED DELIVERY
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO:
 Texaco Exploration
 PO Box 3109
 Midland TX 79702

4. TYPE OF SERVICE: ARTICLE NUMBER
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 P154361590

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

5. DATE OF DELIVERY: POSTMARK
 JUN 15 1994

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE: 7a. EMPLOYEE'S INITIALS



PS Form 3811, Dec. 1980

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
 Show to whom and date delivered
 Show to whom, date, and address of delivery

2. RESTRICTED DELIVERY
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO:
 William Lemay, State of NM
 PO Box 2088
 Santa FE NM 87501

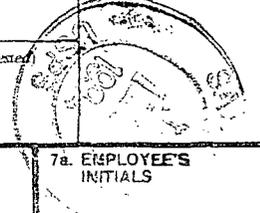
4. TYPE OF SERVICE: ARTICLE NUMBER
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 P154361587

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

5. DATE OF DELIVERY: POSTMARK

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE: 7a. EMPLOYEE'S INITIALS



PS Form 3811, Dec. 1980

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SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
 Show to whom and date delivered
 Show to whom, date, and address of delivery

2. RESTRICTED DELIVERY
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO:
 David Arrington
 PO Box 2071
 Midland TX 79702

4. TYPE OF SERVICE: ARTICLE NUMBER
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 P154361588

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

5. DATE OF DELIVERY: POSTMARK
 6-15-94

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE: 7a. EMPLOYEE'S INITIALS

PS Form 3811, Dec. 1980

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 Show to whom, date, and address of delivery

2. RESTRICTED DELIVERY
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO:
 Amoco Production
 PO Box 3092
 Houston TX 77001

4. TYPE OF SERVICE: ARTICLE NUMBER
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 P154361591

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE Addressee Authorized agent
 C. K. Kell

5. DATE OF DELIVERY: POSTMARK
 JUN 17 1994

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE: 7a. EMPLOYEE'S INITIALS

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. 6045
Order No. R-5551

APPLICATION OF BURLESON & HUFF FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 28, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of October, 1977, 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, Burleson & Huff, seeks an order pooling all mineral interests underlying the NW/4 of Section 12, Township 21 South, Range 36 East, NMPM, to form a 160-acre non-standard gas proration unit, Eumont Gas Pool, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location 660 feet from the North line and 1980 feet from the West line of said Section 12.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 150 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

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

(11) That \$1000.00 per month while drilling and \$150.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before January 31, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Queen formation underlying the NW/4 of Section 12, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, are hereby pooled to form a non-standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon 660 feet from the North line and 1980 feet from the West line of said Section 12.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 31st day of January, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Queen formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 31st day of January, 1978, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

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

(2) That Burleson & Huff are hereby designated the operator of the subject well and unit.

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

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

(5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if

no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

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

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

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 150 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That \$1000.00 while drilling and \$150.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

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

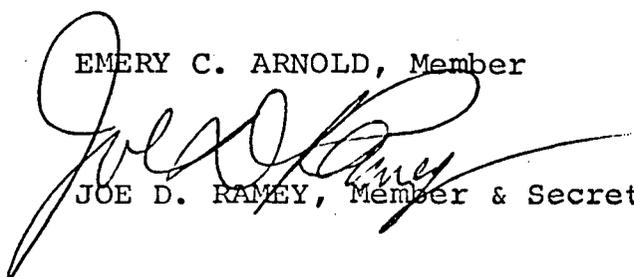
(13) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

dr/