

CASE NO.

7570

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

12 May 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of J. Cleo Thompson for  
three unorthodox oil well locations,  
Eddy County, New Mexico.

CASE  
7570

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Michael Cunningham, Pro Tem  
W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq.  
LOSEE, CARSON, & DICKERSON P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

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I N D E X

RAYMOND LAMB

Direct Examination by Mr. Dickerson	4
Cross Examination by Mr. Stamets	10

JOSEPH WILLIAM FORAN

Direct Examination by Mr. Dickerson	11
Cross Examination by Mr. Stamets	14

E X H I B I T S

Applicant Exhibit One, Plat	5
Applicant Exhibit Two, Title Opinion	6
Applicant Exhibit Three, Document	9

1  
2 MR. STAMETS: We'll call next Case 7570.

3 MR. CUNNINGHAM: Application of J. Cleo  
4 Thompson for three unorthodox oil well locations, Eddy County,  
5 New Mexico.

6 MR. DICKERSON: Mr. Examiner, I'm Chad  
7 Dickerson from Artesia, appearing on behalf of the applicant,  
8 along with Mr. Joseph Foran from Dallas.

9 For the record, Mr. Examiner, we would  
10 like to have the record reflect that the application in this  
11 case should have been filed in the name of both J. Cleo  
12 Thompson and James Cleo Thompson, Junior, because that's the  
13 way these parties conduct their operation.

14 MR. STAMETS: The standard method of as-  
15 signing an unorthodox location assigns the location to the  
16 proration unit and permits the operator to change, and so the  
17 assignment of an unorthodox location to Mr. Thompson, J. Cleo  
18 will also apply to however he wishes to operate. So we pro-  
19 bably will not make that change in the order --

20 MR. DICKERSON: Okay.

21 MR. STAMETS: -- but I don't see that that's  
22 any problem at all.

23 MR. DICKERSON: That's fine. Mr. Examiner,  
24 we have one witness.  
25

(Witness sworn.)

RAYMOND LAMB

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

DIRECT EXAMINATION

BY MR. DICKERSON:

Q Will you state your name, please, your  
occupation and where you reside?

A Raymond Lamb, and I'm a certified geologist  
and a Registered Professional Engineer. I reside in Artesia,  
New Mexico.

Q Mr. Lamb, have you previously appeared be-  
fore this Division and had your credentials as an expert wit-  
ness made a matter of record?

A Yes, I have.

MR. DICKERSON: Tender Mr. Lamb as an ex-  
pert witness, Mr. Stamets.

MR. STAMETS: He is considered qualified.

Q Mr. Lamb, are you employed on behalf of the  
applicant in this case, 7570?

A Yes, I am.

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Q Briefly state the nature of this application.

A The applicant proposes to drill three unorthodox locations, on the plat as shown, 1310 feet from the east line, 2630 feet from the east line, and 1330 from the west line, each being 660 feet from the north.

Q You're referring to Exhibit Number One, Mr. Lamb?

A Yes.

Q Okay. What's the history of these -- of this acreage as far as other wells that may have been drilled on it?

A Wells were originally drilled on these four tracts in the latter part of 1941 and they were drilled by Sam Sanders and his brother, who sold it to Choate Brown, plugged the wells according to my records in 1948.

Q And those wells have been abandoned since that time?

A They were abandoned in 1948.

Q Mr. Lamb, do you have anything else to -- with reference to Exhibit Number One that you would like to point out to the Examiner?

A The ownership on the tracts, lots one and two are the same ownership. Lot three is a different one,

1  
2 and lot four is another one.

3 I would also like to point out that the  
4 total production in 1948 of these four wells was 84,673 bar-  
5rels, or 21,165 barrels per well. At the time they were  
6 plugged and abandoned they were making 3,778 barrels per year.

7 Q Mr. Lamb, have you made any calculations  
8 comparing the proposed location for the applicant's wells  
9 with what would be orthodox location for these wells?

10 A Yes. I believe the locations that are  
11 selected and presented here are the most efficient for the  
12 tracts. If these wells were moved to 330 location to conform  
13 with the rules, I think we would fail to recover about 25  
14 percent of the oil over what these tracts would recover.

15 Q So that it is your opinion that the granting  
16 of this application would result in the recover of oil and  
17 gas that would not otherwise be recovered?

18 A That's correct.

19 Q Do you have a volume for the estimated  
20 amount of oil and gas which would be additionally recovered?

21 A Based on information from other wells in  
22 the area that have been reworked, I would estimate that each  
23 one of these wells would produce about 50,000 barrels of oil.

24 Q Mr. Lamb, refer to Exhibit Number Two and  
25 describe how that exhibit is relevant to this proceeding.

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A Exhibit Number Two is the latest title

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opinion that we have and it relates the ownership of each one

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of these tracts. You will note Tracts 1 and 2 -- Lots 1 and

5

2 have the same ownership. Lot Number 3 is an additional

6

change, and Lot Number 4 is even different from that. These

7

overrides as shown by the various interested parties amount to

8

about 11 percent in each one of the tracts.

9

Q Mr. Lamb, it's correct, is it not, that the

10

working interest ownership and royalty ownership in all lands

11

involved in this proceeding is common. It's only the over-

12

riding royalties on which differ in any respect?

13

A That's correct.

14

Q Do you have any knowledge, Mr. Lamb, as to

15

the location or whereabouts of these overriding royalty owners?

16

A Well, yes, I know the individual who owns

17

the override as listed in the first listing, Mr. Mulcock, I

18

know him personally, and I know of some of these other people.

19

Q Now Mr. Mulcock is the only one who is

20

common in all the tracts.

21

A Yes

22

Q My question to you is really, have you been

23

told anything about efforts to locate the rest of these

24

parties and any problems that have come up by reason of the

25

manner in which they're set out in this title opinion and



1  
2 previous title opinions?

3 A Well, I think that each and all of them  
4 can be located.

5 Q But, Mr. Lamb, what have you been -- what  
6 is your understanding of the problem with locating these  
7 parties at the present time and the current efforts which have  
8 been made to locate them?

9 A Well, Mr. Thompson's people have made a  
10 search for some of these people and have not located them  
11 specifically, but I feel that they can be found and we have  
12 people in Artesia who are familiar with some of them.

13 Q Mr. Lamb, it's also your understanding, is  
14 it not, that by reason of the nature in which the owners of  
15 these overriding royalties are described in these old, 35-  
16 year old title opinions, they were named as, for example,  
17 Mary E. Hockett, her successors and assigns, that the operator  
18 currently does not have information even as to the identity  
19 of all these overriding royalty owners.

20 A That's correct.

21 MR. DICKERSON: Mr. Stamets, I think I will  
22 call another witness very briefly to further detail some of  
23 the problems with these overriding royalty owners after Mr.  
24 Lamb finishes his testimony.

25 MR. STAMETS: Okay.

1  
2 Q Mr. Lamb, what plans does the applicant  
3 have for avoiding any type problem caused by reason of these  
4 unorthodox locations with this differing overriding royalty  
5 ownership, and you may refer to Exhibit Number Three for this  
6 question?

7 A We have compiled the ownership as would be  
8 established under all three units, all four of the lots, as  
9 to the ownership that would be established for each one of  
10 those tracts; that is, combining all four tracts, that would  
11 be the ownership.

12 Q Pooling --

13 A Pooling, yes.

14 Q -- the interests of all these overriding  
15 royalty owners, and is the necessity for that, Mr. Lamb,  
16 caused by reason of the fact that these proposed locations  
17 are so close to the boundary lines of the governmental sub-  
18 divisions?

19 A Yes, that would be the reason for that and  
20 to protect each of these people's correlative rights.

21 Q I believe you already stated, Mr. Lamb,  
22 but is it your opinion that the granting of this application  
23 would be in the interest of conservation, the protection of  
24 correlative rights, and the prevention of waste?

25 A Correct. That is my opinion.

1  
2 MR. DICKERSON: Mr. Examiner, we would  
3 move the admission of Exhibits One, Two, and Three at this  
4 time.

5 MR. STAMETS: These exhibits will be ad-  
6 mitted.

7  
8 CROSS EXAMINATION

9 BY MR. STAMETS:

10 Q Mr. Lamb, is there a waterflood operating  
11 in the area?

12 A Directly to the south.

13 Q And would that, would these wells further  
14 aid in recovery of oil from this reservoir as a result of that  
15 waterflood, in addition to whatever primary production there  
16 is?

17 A That is correct.

18 MR. STAMETS: Are there any other questions  
19 of this witness? He may be excused.

20 MR. DICKERSON: Mr. Examiner, to illustrate  
21 a little more clearly the problems with this differing royalty  
22 ownership, I would like to call Mr. Foran to testify concerning  
23 his efforts in this regard, and he has not been sworn.

24 MR. STAMETS: Fine, we'll get this witness  
25 sworn.

(Witness sworn.)

JOSEPH WILLIAM FORAN

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

DIRECT EXAMINATION

BY MR. DICKERSON:

Q Will you state your full name and by whom  
you're employed, and where you reside?

A My name is Joseph William Foran. I'm Vice  
President and General Counsel for J. Cleo Thompson and James  
Cleo Thompson, Junior.

Q Mr. Foran, in your occupation are you  
familiar with this application that your employer has filed  
before the Division?

A Yes, I am, and let me just add that I'm  
residing in Dallas, Texas.

Q Mr. Foran, in your becoming familiar with  
this application, what, if any, contact did you have with re-  
gard to these overriding royalty owners and any attempts made  
to locate these parties prior to the hearing?

A I reviewed the existing title opinions that

1  
2 we had in our possession and the last Division order. These  
3 were dated 1946, which is approximately if my math is correct,  
4 36 years, and have tried to contact -- to use those addresses  
5 on those Division orders to contact these people.

6 As Mr. Lamb testified, Mr. Mulcock is the  
7 only one common throughout that we were able to reach. The  
8 others, we attempted contact through ARCO Oil and Gas, their  
9 computer, reservoir computer of addresses; through Navajo  
10 Refining Company list of addresses; through Tenneco; through  
11 Anadarko, which has a unit to the south; and we reviewed the  
12 probate records in Eddy County; and we contacted the Oil and  
13 Gas Division here. We've tried crisscrosses. We tried tele-  
14 phone directories, and through this we were able to get a  
15 definite address on one person, and that was this Helen Hudson,  
16 who is now deceased. And so we were only able to talk with  
17 her executor. The rest of the addresses, if you wish I can  
18 give you an individual account for each one or our inability,  
19 but I leave it up to you.

20 Q Would it be fair to say that you exhausted  
21 all the possibilities that you were able to come up with as  
22 far as locating these people without additional abstracting  
23 and title examination being done?

24 A I think that's what would be required, is  
25 additional abstracting and title work, because some of the

1  
2 people in the title opinion were only referred -- the over-  
3 riding royalty interests were only referred to as so-and-so,  
4 et al, or so-and-so's successors and assigns, and there's  
5 just no way to ascertain at this time, although the working  
6 interest is common throughout this section.

7 Q Mr. Foran, if production is obtained, is  
8 it the intention of the operator to obtain this additional  
9 abstracting and title examination and attempt to locate these  
10 parties or their heirs, if they're deceased?

11 A Yes, that's correct. Our thinking was that  
12 we didn't want to spend the \$5000 or \$10,000 that were re-  
13 quired to have complete abstracts, or spend any additional  
14 money trying to locate these people unless there was pro-  
15 duction to justify it.

16 Q Mr. Foran, in your opinion would the pooling  
17 agreement to which Mr. Lamb testified, in view of his further  
18 testimony of the additional oil to be recovered by these pro-  
19 posed locations, be in the best interest of these parties in  
20 the event that you're successful in locating them?

21 A Yes, it would, and each of the overriding  
22 royalty owners that we were able to talk to, all expressed  
23 a great interest in joining such a pooling agreement, and  
24 asked us to please proceed.

25 Q So you do think that you would be success-

1  
2 ful if you're able to locate these people in obtaining their  
3 voluntary pooling of these overriding royalties?

4 A Yes, I do.

5 MR. DICKERSON: Mr. Examiner, I have no  
6 further questions of this witness.  
7

8 CROSS EXAMINATION

9 BY MR. STAMETS:

10 Q Mr. Foran, if -- I would gather that what  
11 you're talking about here is a voluntary pooling and in order  
12 for these people to become a part of it, they must voluntarily  
13 sign.

14 And that would mean that if the people  
15 involved in Lot 4 don't sign, they don't get anything from  
16 production in these three wells, is that correct?

17 A That is correct.

18 Q And in Lot 3, for example, now we find  
19 some people in there who -- if you fail to find some of those  
20 people, what will you do, escrow their share of the proceeds  
21 from the well in Lot 3?

22 A Yes, sir, we would.

23 Q And the same would be true for Lots 1 and  
24 2.

25 A Yes, sir, we would. I might add, Mr.

1  
2 Examiner, that if you desire we could move two of these  
3 wells, the 6-F and the 7-G, to the west twenty feet and in  
4 which event each group of overriding royalty owners would  
5 be assured of one well. We would be amenable to that. Our  
6 desire isn't to try to maximize our net revenue interest as  
7 much as it is -- in any way, but to maximize recovery of  
8 the existing hydrocarbons.

9 Q I'm not sure that we can do that without  
10 readvertising. Maybe we can. It seems like there's --

11 MR. DICKERSON: There's no one else  
12 affected.

13 MR. STAMETS: It seems like it's certainly  
14 logical doing that in order to protect everybody's interest.

15 A I would also add, Mr. Examiner, that from  
16 a review of just what little information that we have, this  
17 P. O. Warwick (sic) may have assigned his overriding royalty  
18 interest under Lot Number 4 back to Thompson and that would  
19 give the working interest the greatest net revenue interest  
20 under this, and so we did not put a well under there in the  
21 interest of fairness, even though that would -- would have  
22 given us the greatest net revenue interest.

23 MR. STAMETS: It's an interesting issue,  
24 anyway.

25 Are there other questions of this witness?



1  
2 He may be excused.

3 Anything further in this case?

4 We'll take the case under advisement.

5  
6 (Hearing concluded.)  
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## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing Before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7570, heard by me on 5-12 1982

Richard L. Starn, Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87301

Phone (505) 433-7409



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

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

May 26, 1982

Mr. Chad Dickerson  
Losee, Carson & Dickerson  
Attorneys at Law  
Post Office Box 239  
Artesia, New Mexico 88210

Re: CASE NO. 7570  
ORDER NO. R-6933

Applicant:

J. Cleo Thompson

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 OCD x  
Artesia OCD x  
Aztec OCD       

Other J. Egan

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. 7570  
Order No. R-6983

APPLICATION OF J. CLEO THOMPSON  
FOR THREE UNORTHODOX OIL WELL  
LOCATIONS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 12, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of May, 1982, 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 the applicant, J. Cleo Thompson, seeks approval for three unorthodox well locations, being 660 feet from the North line and 1330 feet from the West line; 660 feet from the North line and 2630 feet from the East line; and 660 feet from the North line and 1310 feet from the East line, all in Section 2, Township 17 South, Range 30 East, NMPM, Square Lake Pool, Eddy County, New Mexico.

(3) That the NE/4 NW/4, NW/4 NE/4, and the NE/4 NE/4 of said Section 2 shall be dedicated, respectively, to said wells.

(4) That wells at said unorthodox locations will better enable applicant to produce the oil underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox locations.

-2-

Case No. 7570  
Order No. R-6983

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

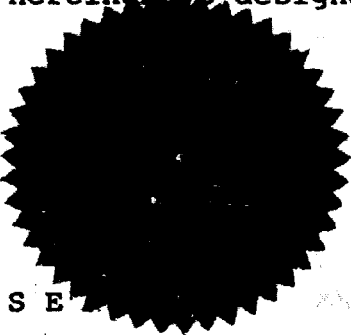
IT IS THEREFORE ORDERED:

(1) That the application of J. Cleo Thompson for three unorthodox well locations, being 660 feet from the North line and 1330 feet from the West line; 660 feet from the North line and 2630 feet from the East line; and 660 feet from the North line and 1310 feet from the East line, all in Section 2, Township 17 South, Range 30 East, NMPM, Square Lake Pool, is hereby approved.

(2) That the NE/4 NW/4, NW/4 NE/4, and NE/4 NE/4 of said Section 2 shall be dedicated, respectively, to the above-described wells.

(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.

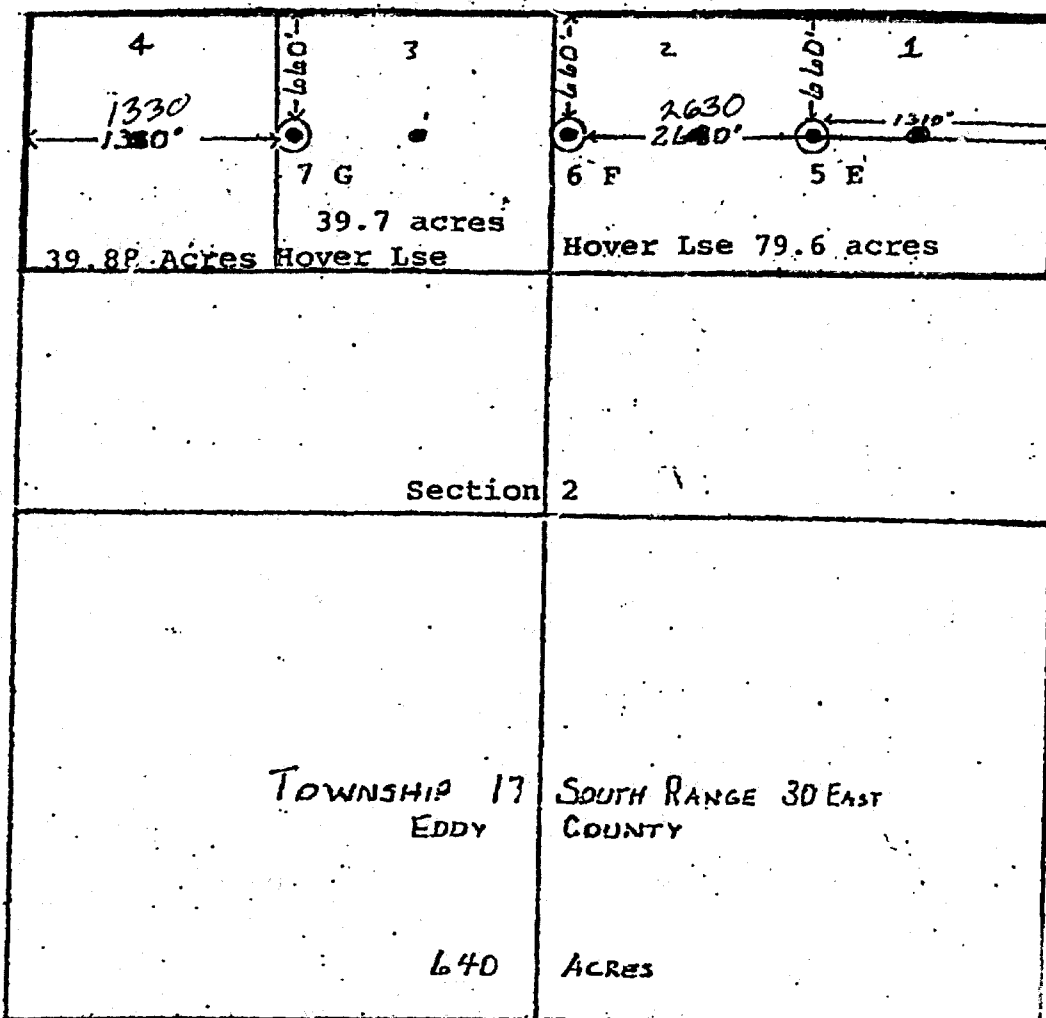


S E

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY,  
Director

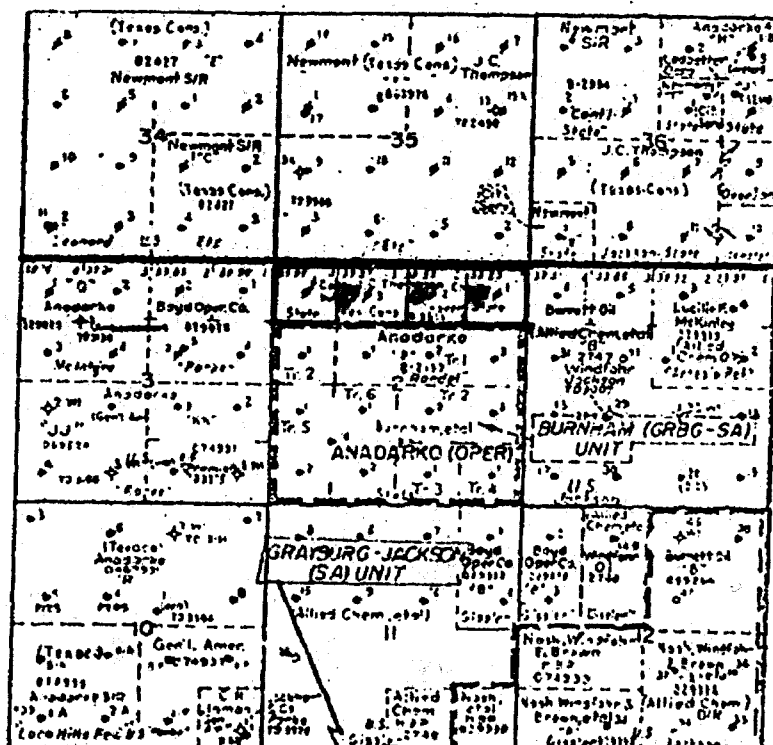
J. CLEO THOMPSON



SQUARE LAKE POOL

NRL

(Lovington Sand Test)



April 17, 1980

IN RE DRILLING OPINION OF TITLE TO: State of New  
Mexico Oil and Gas Lease A-3535, only insofar as the  
same covers all horizons from the surface down to  
the base of the Lovington sand, underlying:

Township 17 South, Range 30 East, N.M.P.M.

No. 4869

Section 2: Lots 1, 2, 3 and 4 (N/2 N/2)

containing 159.4 acres, more or less,

in Eddy County, New Mexico.

Mr. J. Cleo Thompson, Jr.  
4500 Republic Bank Tower  
Dallas, Texas 75201

Dear Mr. Thompson:

In connection with the title to the oil and gas lease covering the  
lands and horizons described in the caption hereof, for drilling pur-  
poses, we have examined the following:

1. Opinions of Title Nos. 18492 (Lots 1 and 2) and 18493 (Lots 3 and 4), dated December 1, 1961, by Pervey, Dow & Hinkle, attorneys, Roswell, New Mexico, shown to be based on state and county abstracts certified to October 31, 1961 at 8:00 A.M.
2. Abstracts of Title Nos. 32295 and 32469, compiled by Federal Abstract Company, Santa Fe, New Mexico, containing 13 pages and tracing title to the captioned lease and lands from the records in the Office of the Commissioner of Public Lands of the State of New Mexico from November 21, 1949 at 5:00 P.M. to December 9, 1961 at 4:30 P.M., and from October 31, 1961 at 8:00 A.M. down to February 22, 1980 at 8:00 A.M.
3. Abstract of Title No. 80118 and 80247, compiled by Carrier Abstract Company, Artesia, New Mexico, containing 33 pages and tracing title to the mineral estate only as reflected by the records in the offices of the county clerk and clerk of the District Court of Eddy County, New Mexico, from November 16, 1949 at 8:00 A.M. to May 4, 1960 at 1:30 P.M., and from October 31, 1961 at 8:00 A.M. to February 26, 1980 at 8:00 A.M.
4. Original court file, Probate Court of Eddy County, Cause No. 4237, entitled "In the Matter of the Last Will and Testament of J. Cleo Thompson, deceased."

From our examination of the foregoing, we report as follows:

## 1. TITLE:

## A. Minerals

State of New Mexico . . . . . All

- B. Oil and Gas Leasehold Estate Only From the Surface to the Base of the Lovington Sand Formation, as Encountered Between 3,109 Feet and 3,115 Feet in the Leonard No. 4X Well, Located in the NE/4 SW/4 Section 34, Township 16 South, Range 30 East, T.M.P.N., But Not to Exceed 3,500 Feet Beneath the Surface

## 1. Lots 1 and 2

State of New Mexico . . . . . 1250000 SI  
 ✓ \*J. B. Mulcock, et al, their successors and assigns . . . . . 6012500 ORI  
 \*Mary E. Hockett, her successors and assigns . . . . . 6012500 ORI  
 \*Belen Hudson, her successors and assigns . . . . . 6012500 ORI  
 \*\*\*C. V. Lyman, his successors and assigns (7/64) . . . . . 1093750 FPI  
 Christine Thompson (1/6 of .659375) . . . . . 1098959 SI  
 Christine Thompson, for her natural life, with remainder to J. Cleo Thompson, Jr. (1/6 of .659375) . . . . . 1098958 WI  
 J. Cleo Thompson, Jr. (1/3 of .659375) . . . . . 2197917 WI  
 Sam Lett (1/6 of .659375) . . . . . 1098958 WI  
 I & L Development Company (1/6 of .659375) . . . . . 1098958 WI

\*\*Until the sum of \$1,500, exclusive of taxes or other charges shall have been recovered, whereupon the same shall terminate and the WI shall proportionately increase.

## 2. Lot 3

State of New Mexico . . . . . 1250000 SI  
 \*J. B. Mulcock, et al, their successors and assigns . . . . . 6012500 ORI  
 \*George E. Cowell, et al, their successors and assigns (6.258 of 7/8) . . . . . 3012500 ORI  
 \*Roy A. Williams . . . . . 6012500 ORI  
 Christine Thompson (1/6 of .7578125) . . . . . 1098959 SI  
 Christine Thompson, for her natural life, with remainder to J. Cleo Thompson, Jr. (1/6 of .7578125) . . . . . 1098958 WI  
 J. Cleo Thompson, Jr. (1/3 of .7578125) . . . . . 2197917 WI  
 Sam Lett (1/6 of .7578125) . . . . . 1098958 WI  
 I & L Development Company (1/6 of .7578125) . . . . . 1098958 WI

## 3. Lot 4

State of New Mexico . . . . . 1250000 SI  
 ✓ \*J. B. Mulcock, et al, their successors and assigns . . . . . 6012500 ORI  
 \*W. S. Merrill and Cleo Merrill, their successors and assigns . . . . . 6012500 ORI  
 \*R. B. Warwick, his successors and assigns . . . . . 6012500 ORI  
 Christine Thompson (1/6 of .76975) . . . . . 1098958 WI



Mr. J. Cleo Thompson, Jr.

No. 4859

Christine Thompson, for her natural life with  
remainder to J. Cleo Thompson, Jr. (1/6 of  
.76875) . . . . .1281250 WI  
J. Cleo Thompson, Jr. (1/3 of .76875) . . . . .2562500 WI  
Sam Lett (1/6 of .76875) . . . . .1281250 WI  
I & L Development Company (1/6 of .76875) . . . . .1281250 WI

\*See Requirement 2 below.

II. EFFECTIVE OIL AND GAS LEASE: State of New Mexico Oil and Gas  
Lease R-3635 was issued by the State of New Mexico on December 10,  
1934, to A. Franklin Swartz, covering the captioned lands and other  
lands containing 679.40 acres, more or less, for what amounted to a  
primary term of 10 years, at 1/8th royalty. Record title to the lease  
still stands in the name J. Cleo Thompson, Sr., who is deceased. Ren-  
tals, payable even though production is obtained, are shown to be paid  
through December 10, 1980, and royalty to the State of New Mexico is  
paid through November, 1979.

III. COMMENTS:

1. Irregular Governmental Subdivisions of a Section. Portions of  
the captioned lands are irregular 1/16th governmental subdivisions of  
a section and contain the number of acres following:

<u>Lot No.</u>	<u>No. of Acres</u>
1	39.80
2	39.83
3	39.87
4	39.90

When a drilling tract is more or less than a regular subdivision by at  
least 1.258, New Mexico Oil Conservation Division Rules provide for  
increase or decrease in allowable in the proportion that the number of  
acres in the tract bears to a regular subdivision.

2. Surface Rights. The surface of the captioned lands is subject to  
the following:

a. Grazing Lease 17-317, issued to Charles A. Martin Inc., P.O. Box  
746, Artesia, New Mexico, 88210, which expires October 1, 1981, and  
contains, among other lands, the lands described in the caption here-  
of.

b. Right-of-way R/W 16914 was granted to Water Flood Association,  
Inc., Wichita Falls, Texas, November 3, 1967, and crosses lots 2, 3,  
and 4.

c. Right-of-way R/W 17489-2 was granted to City of Carlsbad, Carls-  
bad, New Mexico, April 23, 1970, and crosses lot 4.

Pursuant to all of the lease, lessee shall be liable and agrees to pay  
for all damages to the range, livestock, growing crops, or improvements  
caused by lessee's operations on said lands.

2. Base Title Opinion. We have not examined the base abstracts on this lease, but instead have relied upon the prior title opinion described above. We believe that you may safely rely upon this prior title opinion, but you will understand that we cannot be responsible for the matters covered in that opinion.

#### IV. REQUIREMENTS:

1. Extension of Lease. It is not possible to determine from the abstracts that production of oil and gas in paying quantities was obtained from some lands covered by B-3635 during its primary or secondary term and has continued in paying quantities to a current date.

Satisfy yourself that the above lease is held by production of oil and gas in paying quantities.

2. Burdens on Lease. There is some confusion regarding the extent of the burdens affecting the captioned lease and lands by reason of the manner in which these burdens were described in the base opinions. The opinions specifically did not trace ownership of these overriding royalties and production payments since the same were originally created, and we have not been furnished with the base abstracts. Additionally, opinion 18492 approved title to a net .698625 working interest in the captioned lease and horizons insofar as the same covers Lots 1 and 2, but set forth in the opinions the burdens shown in I above which reflect a true net working interest of .699375. By Assignment of Overriding Royalty dated April 6, 1960, Fearburg and Ingram, a partnership, conveyed unto John M. Little an overriding royalty equal to 1/8th of 13 of 8/8ths covering the captioned lease and lands, without depth limitation. We believe this overriding royalty burdened horizons below those covered by this opinion, but because the ownership of the overriding royalties was not set forth in the base opinion are unable to verify this assumption.

If production is obtained, it will be necessary that we examine base abstracts on the captioned lands in order to determine present ownership of the burdens on the effective lease.

When the requirements hereinabove set forth have been satisfied, we will be in a position to approve title, for drilling purposes, to the lease, lands and horizons described in the caption hereof, on the dates to which the abstracts were last certified, in accordance with the ownership schedule set forth in I above.

Respectfully submitted,

LOSER, CARSON & DICKERSON, P.A.

Chad Dickerson

CD:cm

Abstracts returned herewith

POOLED OVERRIDING ROYALTIES  
Lots 1, 2, 3, 4, Sec. 2-17-30

J. B. Mulcock, et al, their successors and assigns . . . . .	.0312500 ORI
Mary E. Hockett, her successors and assigns (.0625 of 79.63/159.4). . . . .	.0312226 ORI
Helen Hudson, her successors and assigns (.0125 of 79.63/159.4). . . . .	.0062445 ORI
George M. Cowell, et al, their successors and assigns (.0546875 of 39.87/159.4). . . . .	.0136787 ORI
Roy A. Williams (.03125 of 39.87/159.4). . . . .	.0078164 ORI
W. S. Merrill and Cleo Merrill, their successors and assigns (.0625 of 39.9/159.4). . . . .	.0156446 ORI
P. R. Warwick, his successors and assigns (.0125 of 39.9/159.4). . . . .	.0031289 ORI

Dockets Nos. 14-82 and 15-82 are tentatively set for May 16 and June 9, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 12, 1982

P.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 June, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for June, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7540: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Pauly-Anderson-Pritchard, William H. Pauly, and all other interested parties to appear and show cause why the Maloy Well No. 1, located in Unit P, Section 16, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7538: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Francis L. Harvey and all other interested parties to appear and show cause why the Pinkstaff Estate Well No. 2, located in Unit A, Section 29, Township 29 North, Range 10 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7566: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Flag-Redfern Oil Co., Principal, National Surety Corporation, and all other interested parties to appear and show cause why four wells, being the Julander No. 1 located in Unit L, Section 34; Julander No. 2 located in Unit I, Section 33; Hargis No. 1 located in Unit G, Section 33; and Hargis No. 2 located in Unit J, Section 33, all in Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7560: (Continued from April 28, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Charles H. Heisen, Fidelity and Deposit Company of Maryland, Surety, and all other interested parties to appear and show cause why the Crownpoint Well No. 1, located in Unit F, Section 18, Township 18 North, Range 13 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7542: (Continued from April 14, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Benson-Montin-Greer Drilling Corporation, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the following wells: Dustin No. 1, located in Unit K, Section 6, and the Gallegos Canyon Unit No. 2, located in Unit K, Section 35, both in Township 29 North, Range 12 West, and the Segal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

CASE 7567: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Richardson Unit Area, comprising 1,283.35 acres, more or less, of State and Fee lands in Townships 13 and 14 South, Range 36 East.

CASE 7565: (Continued from April 28, 1982, Examiner Hearing)

Application of Delta Drilling Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Mescalero Unit Area, comprising 719.77 acres, more or less, of State, Fee and Federal lands in Townships 9 and 10 South, Range 32 East.

CASE 7568: Application of Petroleum Corp. of Delaware for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Superior Federal Well No. 6 located in Unit N of Section 6, Township 20 South, Range 29 East, East Burton Flat Field, to produce oil from the Strawn formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

Examiner Hearing - WEDNESDAY - MAY 12, 1982

CASE 7569: Application of Petroleum Corp. of Delaware for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbores of its Parkway West Unit Well No. 3, located in Unit K of Section 29, and Well No. 10, located in Unit G of Section 27, both in Township 19 South, Range 29 East.

CASE 7570: Application of J. Cleo Thompson for three unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox well locations, being 660 feet from the North line and 1330 feet from the West line, 660 feet from the North line and 2630 feet from the East line, and 660 feet from the North line and 1310 feet from the East line, all in Section 2, Township 17 South, Range 30 East, Square Lake Pool.

CASE 7516: (Continued from March 31, 1982, Examiner Hearing)

Application of Benson-Montin-Greer for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Canada Ojitos Unit Area, comprising 12,361 acres, more or less, of Jicarilla Apache Indian lands in Township 27 North, Range 1 West.

CASE 7571: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Abo formation underlying the SE/4 of Section 9, the SW/4 of Section 10, the NW/4 of Section 15, all in Township 6 South, Range 26 East, each to form a standard 160-acre spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7551: (Continued from April 14, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 21, Township 11 South, Range 31 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7572: Application of Anadarko Production Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Ballard GSA Waterflood Project by drilling and converting ten wells located in Unit N of Section 5, Units N and P of Section 6, Units F, H, J, and P of Section 7, Units F and N of Section 8, and Unit F of Section 17, all in Township 18 South, Range 29 East, Loco Hills Pool.

CASE 7573: Application of Anadarko Production Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its West Square Lake Waterflood Project by the conversion to water injection of five wells located in Units J and N of Section 9, D and H of Section 10, and J of Section 3, all in Township 17 South, Range 30 East.

CASE 7574: Application of Sun Exploration and Production Company for two non-standard gas proration units and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard Jalmat gas proration units comprising the NW/4 of Section 21, for its Boren & Greer Com Well No. 2 in Unit C and the NE/4 of Section 20, for its Boren & Greer Com Well No. 3, to be drilled at an unorthodox location 660 feet from the North line and 940 feet from the East line of said Section 20, all in Township 22 South, Range 36 East. Applicant further seeks rescission of Order No. R-5688.

CASE 7575: Application of Eagle Oil & Gas Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for a Wolfcamp-Penn test well to be drilled 1500 feet from the South line and 660 feet from the East line of Section 2, Township 17 South, Range 27 East, the S/2 of said Section 2 to be dedicated to the well.

CASES 7576 and 7577: Application of Apollo Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in each of the following cases, seeks an order pooling all mineral interests from the surface through the base of the San Andres formation underlying the lands specified in each case, each to form a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7576: NE/4 SW/4 Section 6, Township 19 South, Range 38 East

CASE 7577: SE/4 SW/4 Section 6, Township 19 South, Range 38 East

CASE 7578: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the S2/4 of Section 31, Township 19 South, Range 39 East, to form a standard 160-acre gas proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7579: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the N/2 NW/4 of Section 5, Township 20 South, Range 39 East, to form a non-standard 80-acre gas proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7580: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Seven Rivers formation underlying the SW/4 of Section 31, Township 19 South, Range 39 East, to form a standard 160-acre gas proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7581: Application of Estoril Producing Corp. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South line and 930 feet from the East line of Section 10, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, the S/2 of said Section 10 to be dedicated to the well.

CASES 7582 thru 7595: Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7582: NW/4 Section 13, Township 6 South, Range 24 East

CASE 7583: NE/4 Section 13, Township 6 South, Range 24 East

CASE 7584: SW/4 Section 13, Township 6 South, Range 24 East

CASE 7585: NW/4 Section 24, Township 6 South, Range 24 East

CASES 7525 thru 7534: (Continued from April 28, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 10 cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7525: SW/4 Section 3, Township 5 South, Range 24 East

CASE 7526: NW/4 Section 3, Township 5 South, Range 24 East

CASE 7527: SE/4 Section 3, Township 5 South, Range 24 East

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7530: NW/4 Section 11, Township 6 South, Range 24 East

CASE 7531: SW/4 Section 11, Township 6 South, Range 24 East

CASE 7532: SE/4 Section 27, Township 6 South, Range 24 East

CASE 7533: SW/4 Section 27, Township 6 South, Range 24 East

CASE 7534: NW/4 Section 34, Township 6 South, Range 24 East

CASE 7515: (Continued from April 14, 1982, Examiner Hearing)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7586: Application of Standard Resources Corp. for designation of a tight formation, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Abo formation underlying all or portions of Township 15 South, Ranges 23 through 25 East, Township 19 South, Range 20 East, and Township 20 South, Range 20 East, all in Chaves County; in Eddy County: Township 16 South, Ranges 23 through 26 East, Township 17 South, Ranges 21, 23, 24, and 25 East, and Township 18 South, Ranges 21, 23, 24 and 25 East, Township 19 South, Ranges 21, 23, and 24 East, and Township 20 South, Ranges 21, 23, and 24 East, containing 460,800 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7587: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Draper Mill-Wolfcamp Gas Pool. The discovery well is the HNG Oil Company Vaca Draw 16 State Well No. 1 located in Unit E of Section 16, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM  
Section 16: W/2

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Jabalina-Morrow Gas Pool. The discovery well is the Amoco Production Company Perro Grande Unit Well No. 1 located in Unit J of Section 6, Township 26 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM  
Section 6: E/2

- (c) ABOLISH the Diamond Mound-Morrow Gas Pool in Chaves and Eddy Counties, New Mexico, as heretofore classified, defined, and described as:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM  
Section 31: E/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 3: Lots 1 through 16  
Section 4: Lots 1 through 16  
Section 5: Lots 1 through 16  
Section 6: Lots 1, 2, 7, 8, 9, 10, 15, 16, and S/2

- (d) EXTEND the vertical limits of the Diamond Mound-Atoka Gas Pool in Chaves and Eddy Counties, New Mexico, to include the Morrow formation, and redesignate said pool to Diamond Mound-Atoka-Morrow Gas Pool, and extend the horizontal limits of said pool to include acreage from abolished Diamond Mound-Morrow Gas Pool and one additional well as follows:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM  
Section 31: E/2

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM  
Section 9: S/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 3: Lots 1 through 16  
Section 4: Lots 1 through 16  
Section 5: Lots 1 through 16  
Section 6: Lots 1, 2, 7, 8, 9, 10, 15, 16, and S/2

- (e) EXTEND the Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NNPM  
Section 35: E/2  
Section 36: N/2

- (f) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NNPM  
Section 1: All  
Section 12: N/2

- (g) EXTEND the South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NNPM  
Section 10: All  
Section 11: W/2  
Section 14: W/2  
Section 15: W/2  
Section 34: W/2

- (h) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NNPM  
Section 17: N/2

- (i) EXTEND the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NNPM  
Section 28: All

- (j) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NNPM  
Section 10: N/2

- (k) EXTEND the East LaRica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NNPM  
Section 36: S/2

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NNPM  
Section 31: S/2

- (l) EXTEND the Little Box Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NNPM  
Section 18: E/2

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NNPM  
Section 11: E/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NNPM  
Section 16: N/2

- (o) EXTEND the East Millman-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NNPM  
Section 7: NE/4



- (p) EXTEND the Millman Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 8: S/2

- (q) EXTEND the West Nadine-Blinsbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 5: SW/4

- (r) EXTEND the West Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM  
Section 11: S/2  
Section 12: S/2

- (s) EXTEND the Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 24 EAST, NMPM

Section 24: S/2  
Section 25: All  
Section 26: E/2  
Section 35: W/2 and NE/4  
Section 36: N/2

TOWNSHIP 4 SOUTH, RANGE 25 EAST, NMPM

Section 19: SW/4  
Section 30: W/2  
Section 31: NW/4

TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM

Section 2: NW/4  
Section 7: All  
Section 8: All  
Section 9: N/2 and SW/4  
Section 16: W/2  
Section 17 thru 20: All  
Section 21: W/2  
Section 28: W/2  
Section 29: All  
Section 30: All  
Section 31: W/2  
Section 32: N/2  
Section 33: NW/4

TOWNSHIP 5 SOUTH, RANGE 25 EAST, NMPM

Section 1 thru 5: All  
Section 6: E/2  
Section 7: SW/4 and E/2  
Section 8 thru 12: All  
Section 14 thru 22: All  
Section 23: N/2  
Section 27: N/2  
Section 28 thru 30: All  
Section 31: NE/4  
Section 32: W/2  
Section 33: All  
Section 34: All

TOWNSHIP 6 SOUTH, RANGE 24 EAST, NMPM

Section 2: All  
Section 11 thru 14: All  
Section 22 thru 28: All  
Section 34: E/2  
Section 35: All  
Section 36: All

Examiner Hearing - WEDNESDAY - MAY 12, 1982

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM

Section 4 thru 6: All  
Section 7 thru 8: All  
Section 9: N/2  
Section 17 thru 20: All  
Section 29 thru 32: All

TOWNSHIP 7 SOUTH, RANGE 24 EAST, NMPM

Section 1: All  
Section 2: All  
Section 3: E/2  
Section 9 thru 15: All  
Section 22 thru 27: All  
Section 34 thru 36: All

TOWNSHIP 7 SOUTH, RANGE 25 EAST, NMPM

Section 6: W/2  
Section 7: S/2  
Section 13: SW/4  
Section 14: S/2  
Section 15: S/2  
Section 18 and 19: All  
Section 20: S/2  
Section 22 thru 27: All  
Section 29 thru 32: All  
Section 34 thru 36: All

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM

Section 5: All  
Section 6: All  
Section 7 thru 10: All  
Section 11: W/2  
Section 15 thru 17: All  
Section 18: N/2  
Section 19 thru 22: All  
Section 28 thru 32: All

TOWNSHIP 8 SOUTH, RANGE 24 EAST, NMPM

Section 1 through 3: All  
Section 10: E/2  
Section 11: All  
Section 12: All

TOWNSHIP 8 SOUTH, RANGE 25 EAST, NMPM

Section 1 through 12: All  
Section 13 through 16: N/2

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 6: W/2

- (t) EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 22 EAST, NMPM

Section 23: SE/4  
Section 24: S/2 and NE/4  
Section 25 through 27: All  
Section 28: E/2

TOWNSHIP 8 SOUTH, RANGE 23 EAST, NMPM

Section 3 through 5: All  
Section 6: N/2  
Section 8 through 10: N/2  
Section 17: W/2  
Section 18: SE/4  
Section 19: All  
Section 20: W/2  
Section 29: W/2  
Section 30: All  
Section 31: All  
Section 32: W/2

TOWNSHIP 9 SOUTH, RANGE 23 EAST, NMPM  
Section 3: W/2  
Section 4: All  
Section 5: All  
Section 6: E/2  
Section 8: All

- (u) EXTEND the East Red Lake-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 25: E/2 NE/4 and NE/4 SE/4

- (v) EXTEND the Sand Ranch-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM  
Section 26: All

- (w) EXTEND the Sawyer-San Andres Associated Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 38 EAST, NMPM  
Section 4: SW/4

- (x) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 7: All

- (y) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 2: W/2  
Section 7: N/2

- (z) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM  
Section 18: N/2 SE/4 and SE/4 SE/4

- (aa) EXTEND the South Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM  
Section 16: SE/4

\*\*\*\*\*  
DOCKET: COMMISSION HEARING - MONDAY - MAY 17, 1982

Docket No. 14-82

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

CASE 7522: (DE NOVO)

Application of Santa Fe Exploration Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the North and West lines of Section 14, Township 20 South, Range 25 East, Permian-Penn, Strawn, Atoka and Morrow formations, the N/2 of said Section 14 to be dedicated to the well.

Upon application of Chama Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7476: (DE NOVO)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation, underlying two 160-acre gas spacing units, being the NE/4 and SE/4, respectively, of Section 12, Township 5 South, Range 24 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Upon application of Mesa Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7513: (DE NOVO)

Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the SE/4 of Section 12, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Upon application of Mesa Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

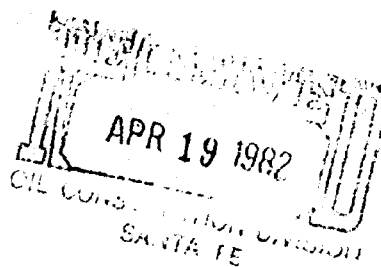
A. J. LOSEE  
JOEL M. CARSON  
CHAD DICKERSON  
DAVID R. VANDIVER

LAW OFFICES  
LOSEE, CARSON & DICKERSON, P. A.  
300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

AREA CODE 505  
746-3508

April 13, 1982

Mr. Joe D. Ramey, Director  
Oil Conservation Division  
Energy and Minerals Department  
P. O. Box 2088  
Santa Fe, New Mexico 87501



Dear Mr. Ramey:

Enclosed for filing, please find three copies of the Application of J. Cleo Thompson for Unorthodox Oil Well Locations in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner and that we be furnished with a copy of the docket for said hearing.

Thank you.

Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.

*Chad Dickerson*  
Chad Dickerson

CD:pvm  
Enclosures

cc w/enclosure: Mr. J. Cleo Thompson

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :  
OF J. CLEO THOMPSON FOR UNORTHODOX :  
OIL WELL LOCATIONS, EDDY COUNTY, : CASE NO. 7570  
NEW MEXICO :  
:

APPLICATION

COMES NOW J. Cleo Thompson, by his attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the Lovington sand formation, underlying:

Township 17 South, Range 30 East, N.M.P.M.

Section 2: Lots 1, 2, 3 and 4 (N/2 N/2)

containing 159.40 acres, more or less,

and proposes to drill his wells at points as follows:

- A. Hover 5E Well, located 1,330 feet from the west line and 660 feet from the north line of Section 2;
- B. Hover 6F Well, located 2,630 feet from the east line and 660 feet from the north line of Section 2; and
- C. Hover 7G well, located 1,310 feet from the east line and 660 feet from the north line of Section 2.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.1 of the Oil Conservation Division to permit the drilling of his wells at the above mentioned unorthodox locations to depths sufficient to adequately test the Lovington sand formation.

3. Standard oil proration units comprising the above described lots in said Section 2 should be dedicated to each such well.

4. The approval of this application will afford applicant the opportunity to produce his just and equitable share of oil, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk

arising from the drilling of an excessive number of wells, and will otherwise prevent waste and prevent correlative rights.

WHEREFORE, applicant prays:


A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill his wells as set forth in Paragraph 1 above, and to dedicate standard oil proration units comprising the above described lots in said Section 2, which are reasonably presumed to be productive of oil from the Lovington sand formation, to each such well.

C. And for such other and further relief as may be just in the premises.

J. CLEO THOMPSON

By:

  
Chad Dickerson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

*Thur*  
*Cases*

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

*BY*

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

*JDR*

CASE NO. 7570

Order No. *R-6983*

APPLICATION OF J. CLEO THOMPSON  
FOR THREE UNORTHODOX OIL WELL  
LOCATIONS, EDDY COUNTY, NEW MEXICO.

*JDR*  
*ms*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 12, 1982,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of May, 1982, 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 the applicant, J. Cleo Thompson, seeks approval for three unorthodox well locations, being 660 feet from the North line and 1330 feet from the West line; 660 feet from the North line and 2630 feet from the East line; and 660 feet from the North line and 1310 feet from the East line, all in Section 2, Township 17 South, Range 30 East, NMPM, ~~to test the~~ formation, Square Lake Pool, Eddy County, New Mexico.

Sh. 11 (3) That the NE 1/4 NW 1/4, NW 1/4 NE 1/4, and the NE 1/4 NE 1/4 of said Section 2 ~~is~~ <sup>respectively,</sup> ~~be~~ <sup>be</sup> dedicated <sup>to</sup> ~~the~~ <sup>the</sup> wells.

(4) That wells at said unorthodox locations will better enable applicant to produce the oil underlying the proration units,

(5) That no offset operator objected to the proposed unorthodox locations.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of J. Cleo Thompson for three unorthodox well locations, being 660 feet from the North line and 1330 feet from the West line; 660 feet from the North line and 2630 feet from the East line; and 660 feet from the North line and 1310 feet from the East line, all in Section 2, Township 17 South, Range 30 East, NMPM, Square Lake Pool, is hereby approved.

(2) That the NE/4 NW/4, NW/4 NE/4, and NE/4 NE/4  
<sup>respectively</sup> of said Section 2 shall be dedicated to the above-described wells.

(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

Dismiss

Cont. to  
5/26/82

Dismiss

CASE 7571: YATES PETROLEUM CORPORATION  
FOR COMPULSORY POOLING, CHAVES COUNTY,  
NEW MEXICO  
Tien

DOCKET MAILED

Date 4/30/82 (Pooler)

5/14/82