

NOBIL 1971: Application of NOBIL
OIL CASE. FOR COMPULSORY POOLING.
MAY 1971, NEW MEXICO.

CASE No.

5/73

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 13, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Mobil Oil
Corporation for compul-
sory pooling, Eddy County,
New Mexico.

Case No. 5173

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William F. Carr, Esq.
Legal Counsel for the Com-
mission
State Land Office Building
Santa Fe, New Mexico

CASE 5173

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MR. STAMETS: Call the next case, Case 5173.

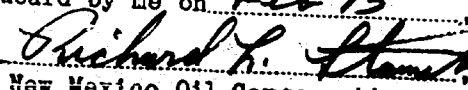
MR. CARR: Case 5173. Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico.

MR. STAMETS: The Commission has received a written request for continuation of this case until February 27th, and it will be so continued.

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

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


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5773 heard by me on Feb 13, 1974.

Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87301
TEL. (505) 982-0386

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 27, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Mobil Oil Corporation
for compulsory pooling, Eddy County,
New Mexico.

Case No.
5173

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For New Mexico Oil Conservation
Commission:

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

For the Applicant:

James E. Sperling, Esq.
MODRALL, SPERLING, ROEHL,
HARRIS & SISK
8th Floor
Public Service Building
Albuquerque, New Mexico

CASE 5173

Page 2

I N D E X

JOHN SEEREY

Page

Direct Examination by Mr. Sperling

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Cross Examination by Mr. Stamets

13

E X H I B I T S

Marked

Admitted

Applicant's Exhibits #1 through #8 13

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MR. STAMETS: The Hearing will come to order, please.
The first case is Case 5173.

MR. DERRYBERRY: Case 5173, Application of Mobil Oil
Corporation for compulsory pooling, Eddy County, New Mexico.

MR. SPERLING: James E. Sperling of Modrall, Sperling,
Roehl, Harris and Sisk of Albuquerque appearing for the
Applicant, Mobil Oil Corporation. I have one witness.

MR. STAMETS: If he'll stand and be sworn, please.

(Witness sworn.)

JOHN SEEREY

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

MR. STAMETS: The Exhibits should be corrected to
reflect Examiner standards in this first case.

MR. SPERLING: Yes, we used the stamp on the table.

MR. STAMETS: All right, we'll correct them as we go.

MR. SPERLING: Shall we proceed?

MR. STAMETS: Please.

DIRECT EXAMINATION

BY MR. SPERLING:

Q Would you please state your name, your place of
residence, your employer and the position in which you
are employed?

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A John Seerey, employed as Associate Engineer with the Midland area office of Mobil Oil Corporation.

Q Have you, Mr. Seerey, on any previous occasion testified before the Commission so that your qualifications are a matter of record?

A Yes, I have.

MR. SPERLING: Are the Witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. SPERLING:

Q If you are familiar with the Application filed by Mobil in this case, would you please explain briefly what the nature of the Application is?

A Mobil Oil Corporation requests the Commission to authorize the pooling of all mineral interests in the Pennsylvanian Formation underlying the W/2 of Sec. 3, T-23-S, R-27-E, South Carlsbad Field, Eddy County, New Mexico, to form a 320-acre gas spacing and proration unit to be dedicated to the Maude Rickman Com Well No. 1, located in Unit L. 839.7 feet from the West line and 2203.7 feet from the south line of said Sec. 3. Mobil proposes to be operator of this well.

Q Why has Mobil found it necessary to request

involuntary pooling of this particular unit, Mr. Seerey?

A In the proposed 320-acre proration unit there is a certain one-acre tract, of which a 10/16 interest was originally owned by the late Romolo Gomez. Of his eight heirs, six children are still living and all have signed leases with Mobil. Of the two children of Romolo Gomez that have died, we have the names and addresses of sixteen known heirs. Mobil has contacted some of the remaining sixteen heirs in efforts to secure leases, but the response has not been favorable.

Q What percentage of the proposed unit has been leased by Mobil?

A We believe that Mobil has signed leases on 99.95118 percent of the 320 acre proration unit. This leaves an unsigned .0488 percent of the 320 acre proration unit subject to compulsory pooling.

Q Has Mobil made an effort to inform the unsigned owners that they may participate in the drilling of the well as working-interest owners?

A Yes, Exhibit #1 is a copy of the letter that Mobil sent to each of the unsigned-mineral-interest owners pointing out that if they choose not to sign the leases sent to them, they may elect to participate in the drilling

of the well as working-interest owners. A copy of the estimated cost of drilling and completing the well was furnished to them. To date, Mobil has not received any response from the unsigned-mineral-interest owners.

Q Is Mobil seeking any other relief by way of this Application?

A Yes, Mobil requests authorization to collect a \$177-per-month charge for supervision after the well is complete. Mobil further requests authorization to collect a \$1470-per-month charge for supervision while the well is drilling. Mobil also requests that any non-consenting working-interest owner not paying his share of the reasonable well costs shall have withheld from production his share of these costs plus an additional 200 percent thereof as a charge for the risk involved in drilling the well.

Q Now, would you please refer to what's been marked for identification as Exhibit #2 in this matter and explain what that Exhibit consists of and what it shows?

A Exhibit #2 is an ownership map showing the area of the South Carlsbad Field. The existing completions in the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow formations are shown by the color-coded circles. The legend at the bottom of the map describes the color code used on

SEEREY-DIRECT

this map. The open-uncolored circles shown represent the proposed locations or drilling wells, as reported to us.

The proposed 320-acre proration unit for Mobil's Maude Rickman Com Well # 1 is shown outlined with the hatched-center boundary in Section 3.

Q The unit as shown on the map is in the upper-right-hand portion of the Exhibit, is that correct?

A Yes, sir.

Q Would you refer now to what has been marked as Exhibit #3 and explain its purpose.

A Exhibit #3 is a detailed plat of the W/2 of Section 3 showing the various leases and tracts that we propose to pool to form the 320-acre proration unit for the Maude Rickman Com Well No. 1. The tract shown shaded in green is the one-acre tract for which Mobil has not completely secured voluntary pooling agreements of the mineral interests. This tract is described in the records as follows: All that part of the SW/4, SW/4, NW/4 of Sec. 3, T-23-S, R-27-E, lying east of the U.S.R.S. Main Canal, containing one acre, more or less.

Q As to the area that is marked in green, you have obtained some leases from undivided-interest owners but not all, is that correct?

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A Yes, sir. In an effort to explain this, although it is not offered as an exhibit, this may help the Examiner to follow this one-acre schematic.

Q That simply illustrates the outstanding interests or the Undivided-interest ownership in the one-acre tract with the yellow shading indicating the undivided-interest owners who have executed leases and the uncolored or unshaded interests representing outstanding-unleased interests?

A That is correct.

Q In that connection, would you refer to Exhibit #4 and explain what it is?

A Exhibit #4 is a tabulation of the names and addresses of the unsigned-mineral-interest owners in the one-acre tract previously described and set forth on Exhibit #3. These names and addresses are from the public records, and to the best of our knowledge represent the unsigned-mineral ownership in 10/16 of the one-acre tract. As shown in the little sketch, 3/16 mineral interest in the subject one-acre tract is reported to belong to Mary R. Daugherty and has been leased by Mobil. A 3/16 mineral interest in the one-acre tract is reported to belong to C.D. Rickman and it has been leased by Mobil. The remaining 10/16 mineral interest in the one-acre trace is reported to

SEEREY-DIRECT

belong to the heirs of Romolo Gomez; and 15/32 of this interest has been leased by Mobil. This leaves the 5/32-unsigned-mineral interest remaining in the one-acre tract.

Q Would you now refer to Exhibit #5, please, and explain it?

A Exhibit #5 is a diagrammatic sketch of the well-bore of the Maude Rickman Com Well No. 1. This sketch shows the proposed casing, cement, and a total depth of 12,500 feet. The proposed Morrow-perforated interval will be selected later.

Q There are ~~no~~ exhibits which have been marked for identification as Exhibits #6A and #6B. Would you now refer to those, please, and explain what they indicate?

A Exhibit #6A is a cost estimate to drill, test, complete, equip and put into production a single Morrow completion in the Maude Rickman Com Well No. 1. As shown, the total estimate as appears on the second page is \$418,000.

Exhibit #6B is a cost estimate to drill, test, and plug the Maude Rickman Com Well No. 1, in the event of a dry hole. As shown, the dry hole estimate is \$311,000.

Q Would you now refer to Exhibit #7, please?

A Exhibit #7 is a structure map contoured on the

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top of the Lower Morrow in the South Carlsbad Field. This feature is shown to be a North-South trending saddled anticline. Most of the existing gas production from the South Carlsbad Morrow Gas Pool is presently being produced from the Upper Morrow Sands above this Lower Morrow mapping datum. Mobil's primary objective in the Maude Rickman Com Well No. 1 is the Lower Morrow Sands because we expect that more of the erratically-developed Upper Morrow Sands may be water-bearing at this downdip location. The proposed Maude Rickman Com Well No. 1 is estimated to be 185' low to the recently completed Mobil Missouri and New Mexico Lar' Co. #1 in Section 4. Mobil considers this proposed well to be a high-risk well since it is 185' downdip of the nearest Morrow producer, and considerably downdip from any other Morrow producer. The risk of the Lower Morrow being water-bearing at this location must also be considered.

The Morrow Sand was tight and non-productive in the Mesa Reddy Com Well #1 in Section 8. Four miles to the northeast in Section 30, which does not appear on the structure but does appear on Exhibit #2 map, Section 30, T-22-S, R-28-E, in the upper-right-hand corner, the Pan American Harroun #1 dry hole, which had a sub-sea datum of

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of 9124', or about 210' low to the proposed Maude Rickman Com #1, tested water in the Lower Morrow Sands and found the Upper Morrow tight. This indicates to us that the Lower Morrow Sands are water-bearing at some point between the Mobil Missouri and New Mexico Land Co. Well #1 in Section 4 near the Pan American dry hole in Section 30.

Q Now would you refer to Exhibit #8, Mr. Seerey, and explain its purpose.

A Exhibit #8 is a copy of the COPAS 1969 Accounting Procedure which Mobil proposes to follow in the administration of charges in the drilling and operation of the Maude Rickman Com #1.

Q Would you explain, Mr. Seerey, what Mobil proposes to do, insofar as revenues received from production if the well is productive is concerned, attributable to the unsigned-interests that you have already testified about?

A It would be Mobil's intention, as probably so directed by the Commission, to set up an escrow account in the county where the well is drilled to set aside these funds.

Q And I understand, then, that Exhibit #8 is a more or less standard form of accounting procedure

appropriate for joint operations and that Mobil would propose to follow the procedure outlined in that form insofar as well charges and operating costs are concerned?

A That is correct.

Q Now, in summary, Mr. Seerey, would you state what relief Mobil seeks here?

A 1. Mobil requests the Commission to authorize the pooling of all mineral interests in the Pennsylvanian Formation underlying the W/2 of Section 3, T-23-S, R-27-E, Eddy County, New Mexico, for a 320-acre-proration unit to be dedicated to Mobil's Maude Rickman Com Well No. 1.

2. Mobil requests authorization to collect a \$177-per-month charge for supervision after the well is completed and a \$1470-per-month charge for supervision during the drilling of the well.

3. Mobil requests the approval of a 200-percent-risk factor in the drilling of the well.

Q I might ask you, Mr. Seerey, how long is it estimated that it will take to drill the well?

A It has been estimated to take 65 days to drill and complete the well.

Q Do you have anything further?

A Yes. We believe that approval of this request

will prevent waste, prevent drilling of unnecessary wells, will protect the correlative rights by allowing each owner of the separate tracts the opportunity to produce his just and equitable share of the gas without waste.

Q Is that all you have at this time?

A Yes.

MR. SPERLING: We offer at this time, Mr. Examiner, Exhibits marked #1 through #8.

MR. STAMETS: Mr. Sperling, there was one additional item. That was primarily for information purposes, was it not?

MR. SPERLING: It was not offered as an exhibit. It was just a visual indication of signed and unsigned interests.

MR. STAMETS: Without objection, Applicant's Exhibits #1 through #8 will be admitted into evidence. Does that complete your direct testimony?

MR. SPERLING: Yes, sir.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Seerey, are you familiar with the standard type of pooling orders the Commissions hearing with the various time limits and the requirements on operators?

A No, sir. I have reviewed some of the orders that have come out; I note that some have a 120-day limit set forth.

Q Generally, it's 90 days to start a well and 120 days thereafter to complete the well. Would this give Mobil any problems?

A I don't believe so. That's from the date of the Order?

Q Yes. How good is the well in the NW/4 of Section 4 of 23-27?

A Is Mobil Missouri in the New Mexico land?

Q Yes.

A That well was completed in the Lower Morrow sands for a calculated open-flow of 5,000,000 cubic feet of gas per day and 18 feet of net pay.

Q Kind of a medium well?

A Yes, sir. I'm sorry about that.

Q I'm looking at Exhibit #7. In Section 1 of 23-27, in the East half, I notice the Salador Yates well; is that well completed in Morrow?

A Unless we have taken it incorrectly from the scout cards, we have it shown as a strong well.

Q Okay, you're absolutely right. Do you know why

that well is not completed in the Morrow?

A No, I do not off hand.

Q Are you familiar with the potential on the Morris R. Antweil-Missouri New Mexico Land Company Well in the SE/4 of Section 6 of 23-27?

A No, I'm not.

Q What I'm getting at, Mr. Seerey, is to try and determine if in fact the location that you have proposed here is really significantly riskier than other Morrow locations. If the superior well did encounter a very tight Morrow formation, that's essentially in the heart of the pool, and non-productive; if the Morris R. Antweil Well is very low productivity, and it is surrounded by wells which had been good producers, and you have another well more or less in the heart of the field with poor capacity, that it seems to be that it doesn't really make any difference where you drill in this area; you may get some Morrow or you may not.

A That is true as we determine as to the existence of the sands or the quality of the sands. Our point in this Application is that we are proceeding further downdip in the direction where water-bearing sands are known to exist and we think there is much more chance of the proposed

SEEREY-CROSS

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maude Rickman Com Well being water-bearing than any drilled to date.

Q Are all of the interest owners who have signed up, are they bearing the 200 percent risk penalty?

A Everyone who has signed to date has signed leases, therefore to date we are the working-interest owner.

Q I see, so we're only talking about this fraction of 1 percent?

A That is correct.

MR. STAMETS: Are there any other questions of this witness? He may be excused. Anything further in this Case? The Case will be taken under advisement.

CASE 5173

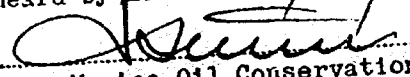
Page 17

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

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


COURT REPORTER

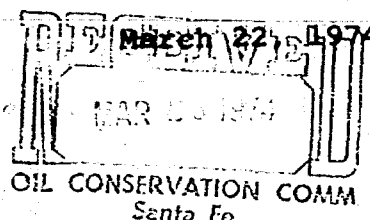
I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5173, heard by me on 2/27/74, 1974.


Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
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Mobil Oil Corporation

P. O. BOX 633
MIDLAND, TEXAS 79701



Mineral Interest Owners
Address List Attached

PROPOSED DEVELOPMENT WELL
MAUDE RICKMAN COM. NO. 1
839.7' FWL & 2203.7' FSL
SECTION 3, T-23-S, R-27-E,
SOUTH CARLSBAD FIELD, EDDY
COUNTY, NEW MEXICO

Ladies and Gentlemen:

Mobil proposes the drilling of the subject well to test the Morrow formation at a depth of approximately 12,500'.

According to a recent check of the records in Eddy County, New Mexico, each of the individuals listed on the attached address list owns an interest in one acre of land described as all of that part of the SW/4 SW/4 NW/4 of Section 3, Township 23 South, Range 27 East, N.M.P.M., lying East of the U.S.R.I. Main Canal, containing one acre, more or less, Eddy County, New Mexico. Each of you has previously received an offer from Mobil to lease your interest in this one acre of land. If you prefer to lease your interest to Mobil and share in any income from the well as a Royalty Owner, you should execute the Oil and Gas Lease and return it to Mr. J. L. Posey in Roswell, New Mexico. If you prefer to participate in the cost of drilling and completing the well and share in the income and expenses as a Working Interest Owner, you should not execute the Oil and Gas Lease but rather execute the attached AFE No. 3328 in the total amount of \$418,000 and return one copy to this office.

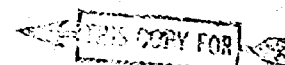
Your consideration and early return of the Oil and Gas Lease or the AFE would be appreciated.

Yours very truly,

John D. Howard
Joint Interest Administrator
Midland Producing Area

ERFrazier/bg
Attachments

cc: New Mexico Oil Conservation Commission
Attn: Mr. R. L. Stamets
P. O. Box 2088
Santa Fe, New Mexico 87501



3/22/74

**MINERAL INTEREST OWNERS
MAUDE RICKMAN COM. NO. 1
EDDY COUNTY, NEW MEXICO**

Antonia Aguilar
152 E. Mosley
Artesia, New Mexico 88210

Edurugen Carrasco
305 Montclair
Carlsbad, NM 88220

Elia Castaneda
152 E. Randell St.
Rialto, California 92376

Erminia Martinez
115 Castillo
San Antonio, Texas 78210

Elfida Munoz
P. O. Box 655
Avondale, Arizona 85239

Emma Navarrete
612 Sanders, NE
Albuquerque, New Mexico 87130

Elva Ramirez
1935 Madera, NE
Albuquerque, New Mexico 87110

Armando Vasquez
604 N. 5th
Carlsbad, New Mexico 88220

George Vasquez, Jr.
11739 Nova St.
Santa Fe Springs, California 90670

Joe E. Vasquez
2001 Monticello
Big Spring, Texas 79720

**AUTHORIZATION FOR EXPENDITURE
EXPLORATION AND PRODUCING**

CO-256 EP (2-73)
SHEET 1

DIVISION Midland

MOBIL'S INTEREST 99.95117%

DATE 2/19/74

DISTRICT Lovington Foreman

OPERATOR Mobil Oil Corp.

A.F.E. NO. 3328

PROJECT TITLE & LOCATION

**Maude Rickman Com. No. 1
839.7' FWL & 2203.7' FSL
Section 3, T23S, R27E
South Carlsbad Field
Eddy County, New Mexico**

PROJECT NUMBER

| | |
|--------------------------|-----------------------|
| INTEREST | FUNCTION 41 |
| LOCATION 56360 | |

DRILLING WELLS

A.A.P.G. CLASSIFICATION OR REMARKS:

OBJECTIVE: ☐ OIL ☐ GAS ☐ BOTH

PROJECT DESCRIPTION/JUSTIFICATION

Drill, complete, and equip a single Morrow gas well.

| ESTIMATE | | | | |
|--|----------------------------------|----------------------|-------------------|------------------|
| | | ORIGINAL ESTIMATE | SUPPLEMENT NO. | REVISED TOTAL |
| 1. TOTAL PROJECT COST - GROSS | | 418,000 | | |
| 2. TOTAL APPROVAL COST - MOBIL | | 418,000 | | |
| BUDGET COST | CATEGORY TITLE | CATEGORY CODE | | |
| | Development Drilling | 12 | 392,000 | |
| | Related Lease Equipment | 12 | 24,000 | |
| 3. TOTAL BUDGET COST - MOBIL | | 416M | | |
| MEMO | | | | |
| NON- BUDGET ITEMS | EXPENSE | | | |
| | USED MATERIALS (PLANT TRANSFERS) | 29 | 2,000 | |
| | PRODUCTION PAYMENTS | | | |
| ENDORSEMENTS AND APPROVALS | | | | |
| SIGNATURE | | DATE | SIGNATURE | |
| <i>John D. Howard</i> | | 2-20-74 | | |
| THIS COPY FOR YOUR INFORMATION & FILE | | | | |
| NON-OPERATOR'S PORTION _____ % IS CONSTRUCTION OVERHEAD TO BE CHARGED? YES <input type="checkbox"/> NO <input type="checkbox"/> | | | | |
| NON- OPERATOR'S APPROVAL | NAME | DATE | | |
| | COMPANY | TITLE | | |

**AUTHORIZATION FOR EXPENDITURE
SUPPORTING DATA - EXPLORATION & PRODUCING**

LEASE Rickman No. 1

A.P.E. NO. 3328

DETAIL OF PROPOSED EXPENDITURE IN WHOLE DOLLARS

| DETAIL | CASH OUTLAYS | | USED/IDLE EQUIPMENT | APPROVAL COST |
|--------------------------------------|--------------|----------|------------------------|------------------|
| | CAPITALIZED | EXPENSED | | |
| Wing Valve Controller & Pilots | 900 | | | 900 |
| Line Heater & 1000 psig Separator | 7,000 | | | 7,000 |
| 125 psig Vertical Separator, Class B | | | 800 | 800 |
| 210 bbl. Welded Steel Tank, Class B | | | 1,200 | 1,200 |
| Wellsite Labor - Installation | 7,000 | | | 7,000 |
| Trucking | 300 | | | 300 |
| Contingencies | 3,800 | | | 3,800 |
| Pipe, Valves, Fittings, Meter Run | 5,000 | | | 5,000 |
| 1. TOTAL PROJECT COST | 24,000 | | 2,000 | 26,000 |
| 2. TOTAL APPROVAL COST - MOBIL | 24,000 | | 2,000 | 26,000 |
| 3. TOTAL BUDGET COST - MOBIL | 24 M | | | |

SUPPLEMENTAL DATA

| | ORIGINAL ESTIMATE | SUPPLEMENT NO. _____ | REVISED TOTAL |
|--------------------------------|----------------------|-------------------------|------------------|
| 1. TOTAL PROJECT COST | | | |
| 2. TOTAL APPROVAL COST - MOBIL | | | |
| 3. TOTAL BUDGET COST - MOBIL | | | |

LNH

CO-256 EP (2-73)
SHEET 1

DATE 2/19/74

A.F.E. NO. 3328

PROJECT NUMBER

| INTEREST | FUNCTION |
|----------|----------|
| | |

41

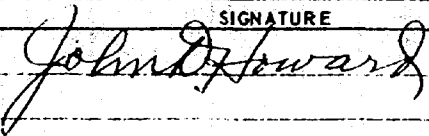
LOCATION 56360

A.A.F.G. CLASSIFICATION OF REMARKS:

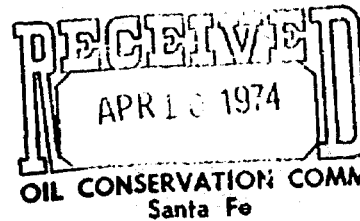
OBJECTIVE: ☐ OIL ☐ GAS ☐ BOTH

PROJECT DESCRIPTION/JUSTIFICATION

Drill, complete, and equip a single Morrow gas well.

| ESTIMATE | | | | ORIGINAL ESTIMATE | SUPPLEMENT NO. _____ | REVISED TOTAL |
|---|----------------------------------|---------------|-----------|----------------------|-------------------------|------------------|
| 1. TOTAL PROJECT COST - GROSS | | | | 418,000 | | |
| 2. TOTAL APPROVAL COST - MOBIL | | | | 418,000 | | |
| BUDGET COST | CATEGORY TITLE | CATEGORY CODE | | | | |
| | Development Drilling | 12 | | 392,000 | | |
| | Related Lease Equipment | 12 | | 24,000 | | |
| 3. TOTAL BUDGET COST - MOBIL | | | | 416M | | |
| MEMO | | | | | | |
| NON- BUDGET ITEMS | EXPENSE | | | | | |
| | USED MATERIALS (PLANT TRANSFERS) | 29 | | 2,000 | | |
| | PRODUCTION PAYMENTS | | | | | |
| ENDORSEMENTS AND APPROVALS | | | | | | |
| SIGNATURE | | DATE | SIGNATURE | | DATE | |
|  | | 2-20-74 | | | | |
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Mobil Oil Corporation



P.O. BOX 633
MIDLAND, TEXAS 79701

April 3, 1974

Case 5-173

Mineral Interest Owners
Address List Attached

PROPOSED DEVELOPMENT WELL
MAUDE RICKMAN COM. NO. 1
839.7' FWL & 2203.7' FSL
SECTION 3, T-23-S, R-27-E,
SOUTH CARLSBAD FIELD, EDDY
COUNTY, NEW MEXICO

Ladies and Gentlemen:

Please refer to Mobil's letter with above subject dated March 22, 1974. The purpose of this letter is to clarify the estimated cost for each of the Mineral Interest Owners to participate as a Working Interest Owner in the drilling and completion of the subject well.

According to our records, each of the Mineral Interest Owners on the attached list own 5/640 of one acre in the 320-acre unit. This would give each Owner a working interest of .00244% in the unit. This interest multiplied by the estimated well cost of \$418,000 gives a cost to each Owner of approximately \$10.20.

We trust that this will be of benefit to you and that you will now be in a position to make a decision to either execute an Oil and Gas Lease covering your interest to participate as a Royalty Owner in the expected proceeds from the well or execute the AFE covering the drilling and completion of the well to participate as a Working Interest Owner.

Your consideration and early return of the Oil and Gas Lease or the AFE would be appreciated.

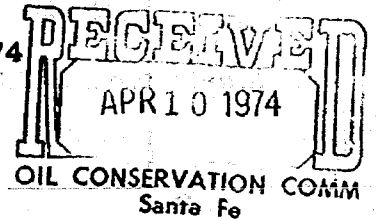
Yours very truly,

John D. Howard
John D. Howard
Joint Interest Administrator
Midland Producing Area

ERFrazier/bg
Attachment

cc: New Mexico Oil Conservation Commission
Attn: Mr. R. L. Stamets
P. O. Box 2088
Santa Fe, New Mexico 87501

3/22/74



**MINERAL INTEREST OWNERS
MAUDE RICKMAN COM. NO. 1
EDDY COUNTY, NEW MEXICO**

Antonia Aguilar
152 E. Mosley
Artesia, New Mexico 88210

Edurugen Carrasco
305 Montclair
Carlsbad, NM 88220

Elia Castaneda
152 E. Randell St.
Rialto, California 92376

Erminia Martinez
115 Castillo
San Antonio, Texas 78210

Elfida Munoz
P. O. Box 655
Avondale, Arizona 85239

Emma Navarrete
612 Sanders, NE
Albuquerque, New Mexico 87130

Elva Ramirez
1935 Madera, NE
Albuquerque, New Mexico 87110

Armando Vasquez
604 N. 5th
Carlsbad, New Mexico 88220

George Vasquez, Jr.
11739 Nova St.
Santa Fe Springs, California 90670

Joe E. Vasquez
2001 Monticello
Big Spring, Texas 79720

M. + M. Fieno

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. 5173
Order No. R-4739

APPLICATION OF MOBIL OIL
CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 27, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of March, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Mobil Oil Corporation, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, NMPM, South Carlsbad Field, Eddy County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well in Unit L of said Section 3.
- (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.

-2-

Case No. 5173
Order No. R-4739

(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 140 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 \$177.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before June 15, 1974, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, NMPM, South Carlsbad Field, Eddy County, New Mexico, are hereby pooled to form a standard 320 acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location for the above formation in Unit L of said Section 3.

-3-
Case No. 5173
Order No. P-739

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of June, 1974, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of June, 1974, Order (1) of this order shall be null and void and of no effect whatsoever;

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

(2) That Mobil Oil Corporation is hereby designated the operator of the subject well and unit.

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

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

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

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

Case No. 5173
Order No. R-4739

(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, 140 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 \$177.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy 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.

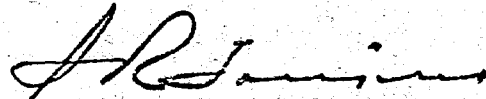
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Case No. 5173
Order No. R-4739

(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


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


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

S E A L

dr/



OIL CONSERVATION COMMISSION

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

March 6, 1974

L. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARRIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. James E. Sperling
Moirall, Sperling, Roehl, Harris
& Sisk
Attorneys at Law
Post Office Box 2168
Albuquerque, New Mexico 87103

Re: CASE NO. 5173
ORDER NO. R-4739
Applicant:
MOBIL OIL CORPORATION

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Mr. & Mrs. Pedro Fierro, Lovington, New Mexico
Senon Gomez, Route 1, Box 221, Carlsbad, New Mexico

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. 5173
Order No. R-4739

APPLICATION OF MOBIL OIL
CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 27, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of March, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Mobil Oil Corporation, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, NMPM, South Carlsbad Field, Eddy County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well in Unit L of said Section 3.
- (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.

-2-

Case No. 5173

Order No. R-4739

(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 140 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 \$177.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before June 15, 1974, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, NMPM, South Carlsbad Field, Eddy County, New Mexico, are hereby pooled to form a standard 320 acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location for the above formation in Unit L of said Section 3.

-3-

Case No. 5173
Order No. R-4739

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of June, 1974, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of June, 1974, Order (1) of this order shall be null and void and of no effect whatsoever;

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

(2) That Mobil Oil Corporation is hereby designated the operator of the subject well and unit.

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

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

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(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.

-4-

Case No. 5173
Order No. R-4739

(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, 140 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 \$177.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy 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.

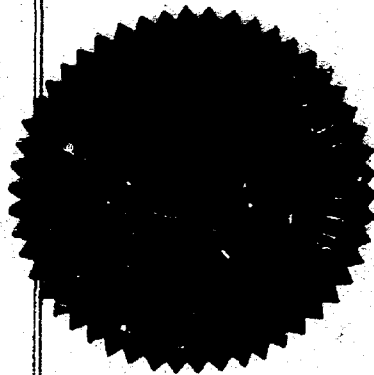
-5-

Case No. 5173

Order No. R-4739

(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

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

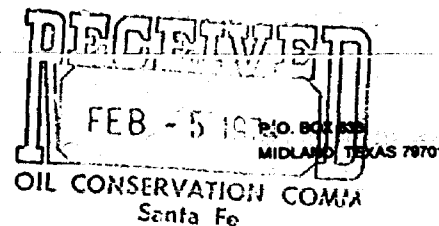
Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

Mobil Oil Corporation



February 4, 1974

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. D. S. Nutter

CASE 5173, MOBIL OIL CORPORATION'S
APPLICATION FOR COMPULSORY POOLING
OF MINERAL INTERESTS, W/2 SEC. 3,
T-23-S, R-27-E, SOUTH CARLSBAD FIELD
EDDY COUNTY, NEW MEXICO

Gentlemen:

At the request of Mobil, the subject compulsory pooling of mineral interests to form a unit to be dedicated to the proposed Maude Rickman Com Well No. 1 was placed on the February 13, 1974 hearing docket.

Due to a change in the scheduling of available rigs, we find that there will be a delay in the drilling of this well. Mobil, therefore, respectfully requests that the subject application in Case 5173 be continued until the February 27, 1974 examiner hearing docket. The continuance of this application may provide additional time to locate the unsigned parties to this pooling matter, so that it may be resolved voluntarily.

Yours very truly,

L. A. Davis
Area Operations Engineer

JHSeerey/cs

DOCKET MAILED

Date

2-15-74
For Feb. 27th
Docket

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 27, 1974

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

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

CASE 5173: (Continued from the February 13, 1974, Examiner Hearing)

Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to its Maude Rickman Com Well No. 1 located in Unit L of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5128: (Continued from the January 30, 1974, Examiner Hearing)

Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 SW/4 and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, both in Township 21 South, Range 37 East, Blinebry Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its J. N. Carson Wells Nos. 4 and 9 located in Units O and K, respectively, of Section 28.

CASE 5174: Application of Gulf Oil Corporation for three dual completions and for the amendment of Order No. R-2909, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete three wells for water injection into its Central Drinkard Unit Waterflood Project in Township 21 South, Range 37 East, Lea County, New Mexico, and for production as follows:

- H. T. Mattern Well No. 8, Unit I, Section 30: Blinebry Oil Pool;
- W. T. McCormack Well No. 13, Unit A, Section 32: Tubb Gas Pool;
- J. N. Carson Well No. 4, Unit O, Section 28: Blinebry Gas Pool;

Applicant further seeks the amendment of Order No. R-2909, which authorized said waterflood project, to provide for administrative approval of additional dual injection-production wells in said unit area.

CASE 5055: (Reopened)

In the matter of Case No. 5055 being reopened pursuant to the provisions of Order No. R-4651 to permit the applicant, Merrion and Bayless, to appear and present evidence as to the method for allocating oil production to the Devils Fork-Gallup Oil Pool and to an undesignated Greenhorn Oil Pool, and gas to the Basin-Dakota Pool in its Cañada Mesa Well No. 3 located in Unit A of Section 14, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, said production having been commingled in the wellbore under authority of said Order No. R-4651.

CASE 5175: Application of Flag-Rodfern Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the West Sawyer-San Andres special pool rules, authority to drill a well at an unorthodox location 1980 feet from the South line and 660 feet from the East line of Section 23, Township 9 South, Range 37 East, Lea County, New Mexico.

CASE 5176: Application of R. Q. Silverthorne for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation in the perforated interval from 2495 feet to 2506 feet in his Kenwood Well No. 4 located in Unit K of Section 30, Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 5177: Application of Atlantic Richfield Company for the amendment of Order No. R-4549, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4549, which order established project rules for the Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico, to raise the maximum project allowable from the present 40,192 barrels per day to 40,555 barrels per day because of additional lands committed to the unit, and to provide for administrative approval for water injection wells in said project, and for inclusion of a reservoir voidage replacement credit for water injected into the Abo reservoir; applicant further seeks the amendment of Order No. R-4549 to provide that the maximum project allowable of 40,555 barrels per day would be achieved upon injection of "all available residue gas" rather than "70% of the produced gas", as now provided in the project rules. Applicant further seeks the establishment of a gas injection credit "bank", against which injection credit could be drawn in order to maintain full allowables during such times as injection plant shut-downs, etc.

CASE 5178: Application of El Paso Natural Gas Company for the amendment of Order No. R-1670 and Order No. R-333-F-1, San Juan Basin, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rules 8(C)3 and 10(B)2 and 3 of the Northwest New Mexico Gas Proration Rules as prescribed by Order No. R-1670, as amended, and Section 1 B of Chapter I of the Gas Well Testing Rules for Northwest New Mexico as prescribed by Order No. R-333-F-1, as amended, to provide for a 90-day period within which to conduct deliverability tests on newly completed wells. Applicant further seeks the amendment of the gas well testing rules to provide a production penalty for delinquency in testing non-prorated wells in the same manner as such penalty is currently applied to delinquency in testing prorated wells. Applicant further seeks clarification for the classification of exempt-marginal status for wells upon which tests are not required.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 13, 1974

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for March, 1974, from fourteen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for March, 1974.

CASE 5130: (Continued from the January 3, 1974, Examiner Hearing)

Application of Mesa Petroleum Company for the amendment of Order No. R-4658, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4658, which order promulgated special pool rules for the North Shoe Bar-Strawn Pool, Lea County, New Mexico. Applicant seeks the amendment of said rules to provide for a special gas-oil ratio limitation of 4000 to one.

CASE 5165: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Western States Equipment Company, The Travelers Indemnity Company and all other interested parties to appear and show cause why the Hutcherson Com Well No. 1 located in Unit C of Section 27, Township 9 South, Range 34 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5166: Application of Skelly Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its South Salt Lake Unit Well No. 1 at a point 660 feet from the North and West lines of Section 21, Township 21 South, Range 32 East, Lea County, New Mexico. Applicant further seeks establishment of an administrative procedure for the approval of additional unorthodox locations in said South Salt Lake Unit Area without hearing.

CASE 5167: Application of Fluid Power Pump Company and Petro-Lewis Corporation for compulsory pooling, Sandoval County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests underlying two non-standard proration units in Township 19 North, Range 3 West, Media-Entrada Oil Pool, Sandoval County, New Mexico, described as follows:

Unit No. 1, the S/2 SW/4 of Section 14 and N/2 NW/4 of Section 23, dedicated to applicants' Media Well No. 1 located in Unit M of said Section 14; and

(Case 5167 continued from Page 1)

Unit No. 2, the S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, to be dedicated to applicants' Media Well No. 2 located in Unit P of said Section 15.

CASE 5168: Application of Silver Monument Minerals, Inc. for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Humble-Tucker Well No. 5 at an unorthodox location 1315 feet from the South and West lines of Section 25, Township 7 South, Range 32 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 5169: Application of Atlantic Richfield Company for an unorthodox oil well location and the amendment of Order No. R-3011, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1200 feet from the South line and 1250 feet from the West line of Section 24, Township 17 South, Range 32 East, Johns Waterflood Project, Maljamar Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-3011 which authorized said project to provide for administrative approval of additional infill locations in said project.

CASE 5173: Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to its Maude Rickman Com Well No. 1 located in Unit L of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5170: Application of Monsanto Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 16, Township 19 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in the NE/4 of said Section 16. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5171: Application of Coquina Oil Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age and older underlying the N/2 of Section 16, Township 19 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well proposed to be drilled at an unorthodox location 990 feet from the North and East line of said Section 16. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5140: (Continued from the January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24. Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.

CASE 4956: (Reopened) (Continued from the January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

CASE 5124: (Continued from the January 16, 1974, Examiner Hearing)

Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests

(Case 5124 continued from Page 3)

underlying the S/2 of Section 30, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5172: Southeastern New Mexico nomenclature case calling for the creation, abolishment, contraction and extension of certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Avalon-Upper Pennsylvanian Gas Pool. The discovery well is Atlantic Richfield Company, State BO Com No. 1 located in Unit G of Section 15, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 15: N/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Rocky Arroyo-Atoka Gas Pool. The discovery well is the El Paso Natural Gas Company Patterson No. 1 located in Unit H of Section 30, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 30: E/2

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Canyon production and designated as the Rocky Arroyo-Canyon Gas Pool. The discovery well is the El Paso Natural Gas Company Rocky Arroyo C No. 1 located in Unit F of Section 8, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 8: W/2

(d) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Winchester-Strawn Gas Pool. The discovery well is the Hillin Production Company JCW State Com No. 1 located in Unit C of Section 2, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

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

(e) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Indian Draw-Delaware Pool, and to consider the assignment of 16,300 barrels of oil discovery allowable to the discovery well, the Amoco Production Company Old Indian Draw Unit Well No. 1, located in Unit J of Section 18, Township 22 South, Range 28 East, Eddy County, New Mexico. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 18: SE/4

(f) Abolish the East Weir-Tubb Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 12: E/2 and S/2 SW/4
Section 13: N/2

(g) Extend the Monument-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 11: E/2 SE/4
Section 12: E/2 and SW/4
Section 13: N/2

(h) Contract the Wantz-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 1: SE/4 SW/4
Section 12: NW/4 NE/4

(i) Contract the Winchester-Wolfcamp Pool in Eddy County, New Mexico, by the deletion of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2 SE/4

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 2: W/2 NE/4

(j) Extend the West Atoka-Cisco Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 11: S/2

- (k) Extend the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 18: N/2

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

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

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 2: N/2

- (m) Extend the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 20: All

- (n) Extend the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 30 EAST, NMPM
Section 25: SW/4
Section 26: SE/4

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 29: All

- (o) Extend the Burton Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 33: E/2
Section 34: N/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15 and 16

- (p) Extend the Burton Flats-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 34: S/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 3: Lots 1 through 16

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 31: S/2

(r) Extend the Fren Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 15: W/2 SW/4

(s) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 28: S/2

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

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 5: Lots 3, 4, 5, 6, 11, 12,
13 and 14

(u) Extend the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 27: All

(v) Extend the North Morton-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 25: S/2
Section 36: NE/4

(w) Extend the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 30: N/2

(x) Extend the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 17: E/2

- (y) Extend the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 7: S/2

Section 8: W/2

- (z) Extend the Rocky Arroyo-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM

Section 33: S/2

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 4: N/2

Section 5: All

Section 8: W/2

- (aa) Extend the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 32: S/2

Section 33: W/2

- (bb) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM

Section 23: NW/4

- (cc) Extend the Scharb-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 2: S/2

- (dd) Extend the North Shoebar-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 13: NE/4

- (ee) Extend the Square Lake Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 9: NE/4

Examiner Hearing - Wednesday - February 13, 1974

Docket No. 4-74
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(ff) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 1: NW/4
Section 15: N/2 SW/4

(gg) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 2: SW/4

(hh) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 24 EAST, NMPM
Section 28: S/2

(ii) Extend the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 30: All

(jj) Extend the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 34: W/2

Memo No. 1-74

OIL CONSERVATION COMMISSION
Post Office Box 2088
SANTA FE, NEW MEXICO
87501

February 1, 1974

M E M O R A N D U M

TO: ALL OPERATORS
FROM: A. L. PORTER, Jr., SECRETARY-DIRECTOR
SUBJECT: APPLICATIONS FOR HEARING

Beginning immediately Rule 1203 of the Commission Rules and Regulations will be strictly adhered to in the matter of initiating hearings. The rule in its entirety is quoted below:

"RULE 1203. METHOD OF INITIATING A HEARING

The Commission upon its own motion, the Attorney General on behalf of the State, and any operator, producer or any other person having a property interest may institute proceedings for a hearing. If the hearing is sought by the Commission it shall be on motion of the Commission and if by any other person it shall be by application. The application in TRIPLICATE shall state (1) the name or general description of the common sources of supply affected by the order sought, unless the same is intended to apply to and affect the entire state, in which event the application shall so state, (2) briefly the general nature of the order, rule or regulation sought, (3) any other matter required by a particular rule or rules, and (4) whether applicant desires a hearing before the Commission or an Examiner, and, if hearing before an Examiner is desired, the time and place applicant prefers the hearing to be held may be stated in the application, and such application shall state a list of the names and addresses of all interested parties known to applicant.

An application shall be signed by the person seeking the hearing or by his attorney. Unless required by specific rule, an application need not be verified."

Please consider this as official notice that no oral applications will be accepted. Only written applications will be advertised for hearing.

ALP/ir

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 13, 1974

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

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Unit No. 1, the S/2 SW/4 of Section 14 and N/2 NW/4 of Section 23, dedicated to applicants' Media Well No. 1 located in Unit M of said Section 14; and

(Case 5167 continued from Page 1)

Unit No. 2, the S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, to be dedicated to applicants' Media Well No. 2 located in Unit P of said Section 15.

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CASE 5169: Application of Atlantic Richfield Company for an unorthodox oil well location and the amendment of Order No. R-3011, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1200 feet from the South line and 1250 feet from the West line of Section 24, Township 17 South, Range 32 East, Johns Waterflood Project, Maljamar Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-3011 which authorized said project to provide for administrative approval of additional infill locations in said project.

CASE 5173: Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to its Maude Rickman Com Well No. 1 located in Unit L of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

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CASE 5140: (Continued from the January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24. Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.

CASE 4956: (Reopened) (Continued from the January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

CASE 5124: (Continued from the January 16, 1974, Examiner Hearing)

Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests

(Case 5124 continued from Page 3)

underlying the S/2 of Section 30, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

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(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Avalon-Upper Pennsylvanian Gas Pool. The discovery well is Atlantic Richfield Company, State 80 Com No. 1 located in Unit G of Section 15, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 15: N/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Kocky Arroyo-Atoka Gas Pool. The discovery well is the El Paso Natural Gas Company Patterson No. 1 located in Unit H of Section 30, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 30: E/2

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Canyon production and designated as the Rocky Arroyo-Canyon Gas Pool. The discovery well is the El Paso Natural Gas Company Rocky Arroyo C No. 1 located in Unit F of Section 8, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 8: W/2

(d) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Winchester-Strawn Gas Pool. The discovery well is the Hillin Production Company JCW State Com No. 1 located in Unit C of Section 2, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

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

(e) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Indian Draw-Delaware Pool, and to consider the assignment of 16,300 barrels of oil discovery allowable to the discovery well, the Amoco Production Company Old Indian Draw Unit Well No. 1, located in Unit J of Section 18, Township 22 South, Range 28 East, Eddy County, New Mexico. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 18: SE/4

(f) Abolish the East Weir-Tubb Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 12: E/2 and S/2 SW/4
Section 13: N/2

(g) Extend the Monument-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 11: E/2 SE/4
Section 12: E/2 and SW/4
Section 13: N/2

(h) Contract the Wantz-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 1: SE/4 SW/4
Section 12: NW/4 NE/4

(i) Contract the Winchester-Wolfcamp Pool in Eddy County, New Mexico, by the deletion of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2 SE/4

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 2: W/2 NE/4

(j) Extend the West Atoka-Cisco Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 11: S/2

(k) Extend the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 18: N/2

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

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

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 2: N/2

(m) Extend the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 20: All

(n) Extend the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 30 EAST, NMPM
Section 25: SW/4
Section 26: SE/4

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 29: All

(o) Extend the Burton Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 33: E/2
Section 34: N/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15 and 16

(p) Extend the Burton Flats-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 34: S/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 3: Lots 1 through 16

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 31: S/2

(r) Extend the Fren Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 15: W/2 SW/4

(s) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 28: S/2

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

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 5: Lots 3, 4, 5, 6, 11, 12,
13 and 14

(u) Extend the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 27: All

(v) Extend the North Morton-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 25: S/2
Section 36: NE/4

(w) Extend the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 30: N/2

(x) Extend the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 17: E/2

(y) Extend the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 7: S/2

Section 8: W/2

(z) Extend the Rocky Arroyo-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM

Section 33: S/2

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 4: N/2

Section 5: All

Section 8: W/2

(aa) Extend the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 32: S/2

Section 33: W/2

(bb) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM

Section 23: NW/4

(cc) Extend the Scharb-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 2: S/2

(dd) Extend the North Shoebar-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 13: NE/4

(ee) Extend the Square Lake Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 9: NE/4

Examiner Hearing - Wednesday - February 13, 1974

Docket No. 4-74

-9-

(ff) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 1: NW/4

Section 15: N/2 SW/4

(gg) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM

Section 2: SW/4

(hh) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 24 EAST, NMPM

Section 28: S/2

(ii) Extend the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Section 30: All

(jj) Extend the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 34: W/2

Examine

Mobil Oil Corporation

P.O. BOX 633
MIDLAND, TEXAS 79701

February 20, 1974

Mineral Interest Owners
Address List Attached

PROPOSED DEVELOPMENT WELL
MAUDE RICKMAN COM. NO. 1
839.7' FWL & 2203.7' FSL
SECTION 3, T-23-S, R-27-E,
SOUTH CARLSBAD FIELD, EDDY
COUNTY, NEW MEXICO

Ladies and Gentlemen:

Mobil proposes the drilling of the subject well to test the Morrow formation at a depth of approximately 12,500'.

According to a recent check of the records in Eddy County, New Mexico, each of the individuals listed on the attached address list owns an interest in one acre of land described as all of that part of the SW/4 SW/4 NW/4 of Section 3, Township 23 South, Range 27 East, N.M.P.M., lying East of the U.S.R.I. Main Canal, containing one acre, more or less, Eddy County, New Mexico. Each of you has previously received an offer from Mobil to lease your interest in this one acre of land. If you prefer to lease your interest to Mobil and share in any income from the well as a Royalty Owner, you should execute the Oil and Gas Lease and return it to Mr. J. L. Posey in Roswell, New Mexico. If you prefer to participate in the cost of drilling and completing the well and share in the income and expenses as a Working Interest Owner, you should not execute the Oil and Gas Lease but rather execute the attached AFE No. 3328 in the total amount of \$418,000 and return one copy to this office.

Your consideration and early return of the Oil and Gas Lease or the AFE would be appreciated.

Yours very truly,

John D. Howard

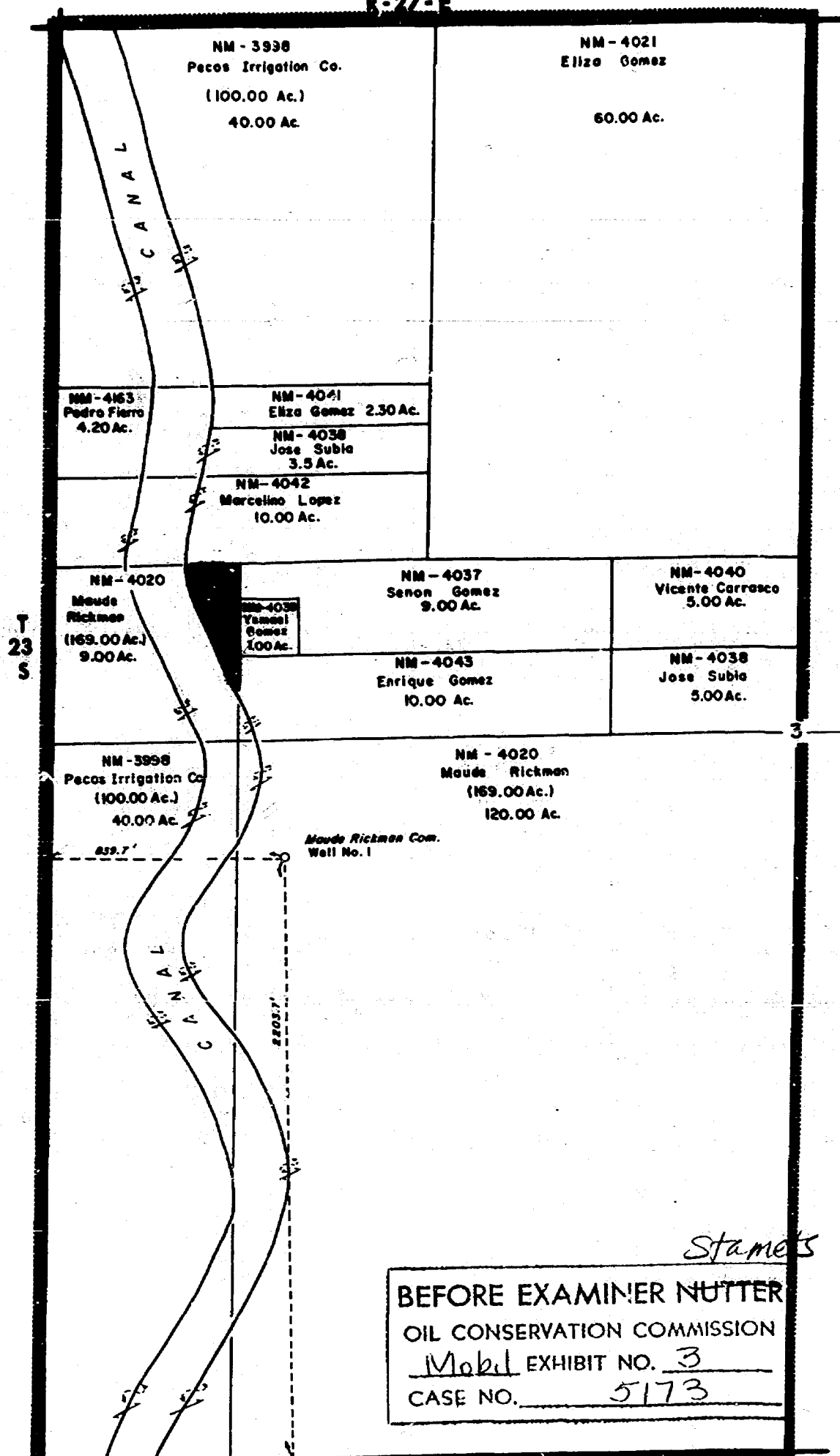
John D. Howard
Joint Interest Administrator
Midland Producing Area

STam. 13

ERFrazier/bg
Attachments

BEFORE EXAMINER NUTTER
OIL CONSERVATION COM. NO. 1
Mobil EXHIBIT NO. 1
CASE NO. 5173

R-27-E



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Mobil EXHIBIT NO. 3
CASE NO. 5173

Stamets



Mobil Oil Corporation
Midland Producing Area
Midland, Texas
CARLSBAD, SOUTH FIELD
EDDY COUNTY, NEW MEXICO
MAUDE RICHMAN COM - WELL NO. 1
Compulsory Pooling
W/2 Sec. 3, T23S, R27E

Date 2-14-74
Drawn M.L.C.
Checked J.S.
Approved
Revised

UNSIGNED HEIRS
OF 10/64 UNDIVIDED INTEREST
IN ONE-ACRE TRACT

MAUDE RICKMAN COM WELL NO. 1

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Mobil EXHIBIT NO. 4

CASE NO. 5173

All that part of the SW 1/4 SW 1/4 NW 1/4 of Section 3, Township 23 South, Range 27 East, N.M.P.M., lying East of the U.S.R.I. Main Canal, containing one-acre, more or less, Eddy County, New Mexico.

UND. 5/64 INT. OWNED BY THE FOLLOWING
HEIRS OF BENSELARIDA VASQUEZ:

Emma Navarrete
612 Sanders, NE
Albuquerque, N.M. 87130

Elva Ramirez
1935 Madera, NE
Albuquerque, N.M. 87110

Joe E. Vasquez
2001 Monticello
Big Spring, Texas 79720

Antonia Aguilar
152 E. Mosley
Artesia, N.M. 88210

Erminia Martinez
115 Castillo
San Antonio, Texas 78210

Armando Vasquez
604 N. 5th
Carlsbad, N.M. 88220

Elia Castaneda
152 E. Randell St.
Rialto, Calif. 92376

Elfida Munoz
P. O. Box 655
Avandale, Arizona 85239

Edurogen Carrasco
305 Montclair
Carlsbad, N.M. 88220

George Vasquez, Jr.
11739 Nova St.
Santa Fe Springs, Calif. 90670

Note: Father of children, George Vasquez, lives with Erminia Martinez.

UND. 5/64 INT. OWNED BY THE FOLLOWING
HEIRS OF FRED GOMEZ:

Helen G. DeAnda
P. O. Box 235
Carlsbad, N.M. 88220

Roy Gomez
Route 1, Box 33
Clovis, N.M. 88101

Lorina Salinas
26701 Gatcher Way
Hayward, Calif. 94544

Henry Gomez
Route 1, Box 215
Carlsbad, N.M. 88220

Mary Salinas
2170 S. 14th
El Centro, Calif. 92243

Rachel Ramirez
1117 Gerard SE #5
Albuquerque, N.M. 87100

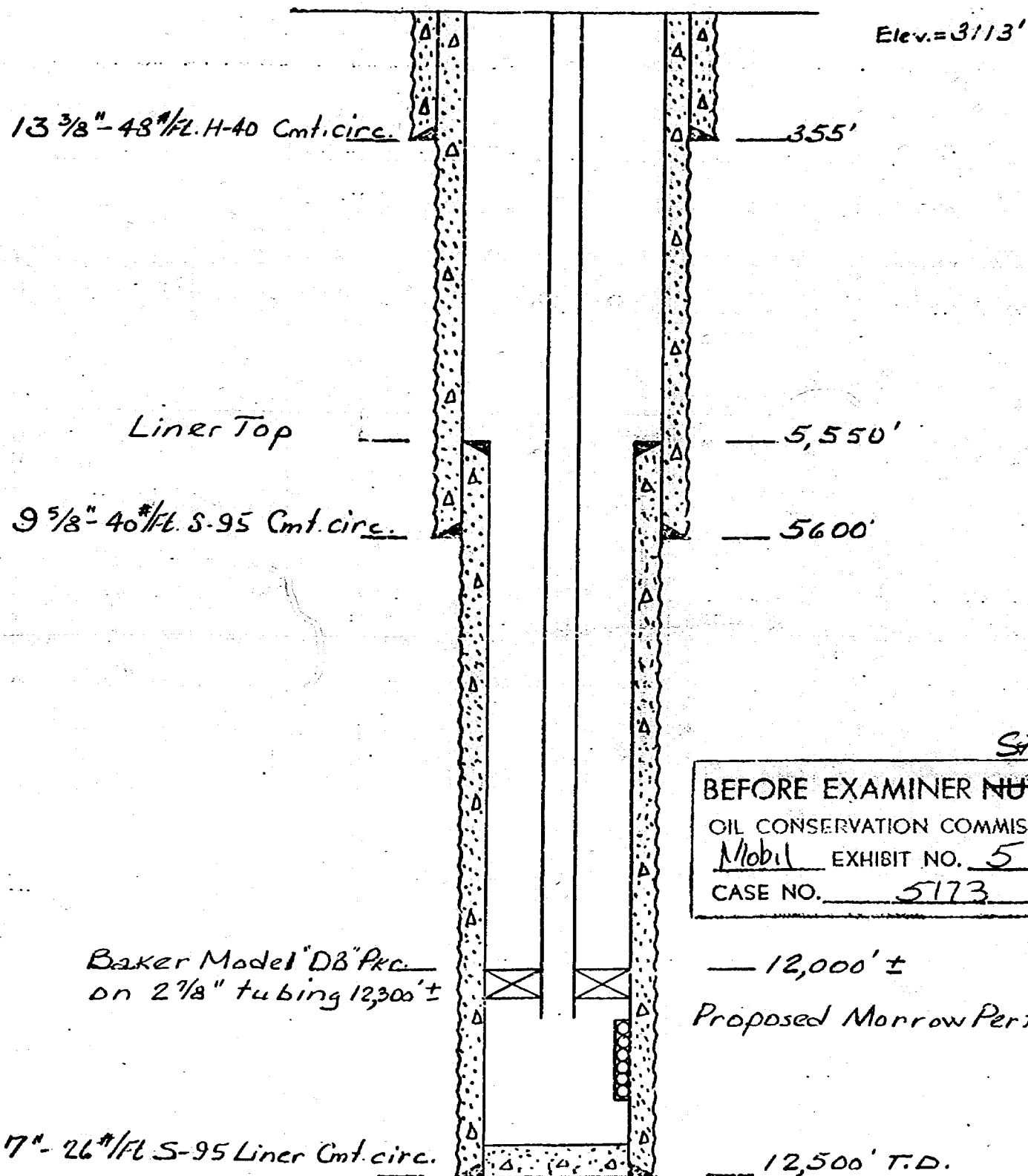
Note: Ida Gomez, Mother of children lives with Helen G. DeAnda, P. O. Box 235 Carlsbad, New Mexico 88220

Diagrammatic Well Sketch

Maudie Rickman Com Well No. 1

South Carlshad (Morrow) Pool

Eddy County, New Mexico



Stamets
BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Mobil EXHIBIT NO. 5

CASE NO. 5173

2-11-74
IEW

WELL COST ESTIMATE

MAUDE RICKMAN COM WELL NO. 1
SOUTH CARLSBAD FIELD
EDDY COUNTY, NEW MEXICO

SINGLE COMPLETION-MORROW

DRILLING COST-INTANGIBLE

ESTIMATE

Drilling

| | |
|-----------------------------------|-----------|
| Footage Cost \$10/ft to 10,000 ft | \$100,000 |
| Day Work Cost | 48,000 |
| Other Drilling Cost | 8,000 |

Total Drilling \$156,000

Other

| | |
|-----------------------------------|----------|
| Location and Roads | \$ 8,000 |
| Logging and Testing | 19,000 |
| Mud and Chemicals | 45,000 |
| Cement and Cementing Services | 25,000 |
| Trucking and Water Transportation | 1,000 |
| Perforating, Acidizing and Frac. | 10,000 |
| Bits | 13,000 |
| Equipment Rental | 5,000 |
| Miscellaneous | 16,000 |

Total Other \$142,000

TOTAL WELL COST-INTANGIBLE \$298,000

Stamp
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Mob. 1 EXHIBIT NO. 6 A
CASE NO. 5173

WELL EQUIPMENT-TANGIBLE

ESTIMATE

Casing

| | |
|--------------------|----------|
| 350 ft of 13-3/8" | \$ 2,000 |
| 5,600 ft of 9/5/8" | 30,000 |
| 6,950 ft of 7" | 22,000 |

Tubing

| | |
|--------------------------------|-----------|
| 12,300 ft of 2-7/8" | \$ 20,000 |
| Casing Head | 3,000 |
| Christmas Tree and Connections | 10,000 |
| Other Equipment | 7,000 |

| | |
|-------------------------------|----------|
| Total Well Equipment-Tangible | \$94,000 |
|-------------------------------|----------|

| | |
|--------------------------|-----------|
| TOTAL DRILLING WELL COST | \$392,000 |
|--------------------------|-----------|

RELATED LEASE EQUIPMENT

| | |
|-------------------------------------|--------|
| Wing Valve Controller and Pilots | \$ 900 |
| Line Heater and 1000 psig Separater | 7,000 |
| 125 psig Vertical Separator | 800 |
| 210 bbl Welded Steel Tank | 1,200 |
| Wellsite Labor - Installation | 7,000 |
| Trucking | 300 |
| Contingences | 3,800 |
| Pipe, Valves, Fittings, Meter Run | 5,000 |

| | |
|---------------------------|----------|
| Total Related Equip. Cost | \$26,000 |
|---------------------------|----------|

| | |
|-----------------|-----------|
| TOTAL WELL COST | \$418,000 |
|-----------------|-----------|

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Mobil EXHIBIT NO. 6 B
CASE NO. 5173

WELL COST ESTIMATE

MAUDE RICKMAN COM WELL NO. 1
SOUTH CARLSBAD FIELD
EDDY COUNTY, NEW MEXICO

DRY HOLE COST

WELL COST-INTANGIBLE

ESTIMATE

Drilling

| | |
|-----------------------------------|-----------|
| Footage Cost \$10/ft to 10,000 ft | \$100,000 |
| Day Work Cost | 48,000 |
| Other Drilling Cost | 2,000 |

Total Drilling \$150,000

Other

| | |
|-----------------------------------|----------|
| Location and Roads | \$ 8,000 |
| Logging and Testing | 19,000 |
| Mud and Chemicals | 45,000 |
| Cement and Cementing Services | 21,000 |
| Trucking and Water Transportation | 500 |
| Bits | 13,000 |
| Equipment Rental | 4,000 |
| Miscellaneous | 10,500 |

Total Other \$121,000

TOTAL WELL COST-INTANGIBLE \$271,000

WELL EQUIPMENT-TANGIBLE

Casing

| | |
|-------------------|----------|
| 350 ft of 13-3/8" | \$ 2,000 |
| 5600 ft of 9-5/8" | 30,000 |

| | |
|-------------|-------|
| Casing Head | 3,000 |
|-------------|-------|

| | |
|-----------------|-------|
| Other Equipment | 5,000 |
|-----------------|-------|

Total Well Equipment-Tangible \$40,000

TOTAL WELL COST \$311,000

EXHIBIT "C"

Attached to and made a part of Mobil Oil Corporation's application
for compulsory pooling, Maude Rickman Com. Well No. 1, Eddy
County, New Mexico.

ACCOUNTING PROCEDURE BEFORE EXAMINER NUTTER
JOINT OPERATIONS

OIL CONSERVATION COMMISSION

Mobil EXHIBIT NO. 8
CASE NO. 5173

I. GENERAL PROVISIONS

1. Definitions

"Joint Account" shall mean the account showing the charges and credits accruing because of the Joint Operations and which are to be shared by the Parties.

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall be defined as set forth under the subparagraph selected below:

- A. ☒ Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.
- B. ☐ Material which is ordinarily so classified and controlled by Operator in the conduct of its operations. List shall be furnished Non-Operators upon request.

2. Statements and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of costs and expenses for the preceding month. Such bills will be accompanied by statements reflecting the total charges and credits as set forth under the subparagraph selected below:

- A. ☐ Statement in detail of all charges and credits to the Joint Account.
- B. ☐ Statement of all charges and credits to the Joint Account, summarized by appropriate classifications indicative of the nature thereof.
- C. ☒ Statement of all charges and credits to the Joint Account, summarized by appropriate classification indicative of the nature thereof, except that items of Controllable Material and unusual charges and credits shall be detailed.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of ten per cent (10%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of the Joint Property as provided for in Section VII.

5. Audits

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of Non-Operators is expressly required under Paragraphs 5A, 5B, 6A and 8 of Section II, Section III, Section IV, Section VI, and Paragraph 4 of Section VII, of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the Operator shall notify all Non-Operators and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

- A. (1) Salaries and wages of Operator's employees directly employed on the Joint Property in the conduct of Joint Operations.
- (2) Salaries of first-level supervisors in the field if such charges are excluded from overhead rates in Option A of Section III.
- (3) Salaries and wages of technical employees temporarily assigned to and directly employed on the Joint Property if such charges are excluded from overhead rates in Option B of Section III.
- (4) Salaries and wages of technical employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from overhead rates in Option C of Section III.
- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to the employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1A of Section III; except that in the case of those employees only a pro rata portion of whose salaries and wages are chargeable to the Joint Account under Paragraph 1A of Section III, not more than the same pro rata portion of the benefits and allowances herein provided for shall be charged to the Joint Account. Cost under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1A of Section III. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1A of Section III.
- D. Reasonable personal expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and for which expenses the employees are reimbursed under Operator's usual practice.

3. Employee Benefits

Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1A of Section III shall be chargeable as indicated in the subparagraph selected below:

- A. ☐ Operator's actual cost.
- B. ☒ Operator's actual cost not to exceed fifteen per cent (15%).

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. So far as it is reasonably practical and consistent with efficient and economical operation, only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use; and the accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by Operator and Non-Operators.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by Operators and Non-Operators. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by Operator and Non-Operators.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking costs of \$100 or less.

6. Services

- A. The cost of contract services and utilities procured from outside sources other than services covered by Paragraph 8 of this Section II and Paragraph 1B of Section III. The cost of professional consultant services shall not be charged to the Joint Account unless agreed to by Operator and Non-Operators.
- B. Use and service of equipment and facilities furnished by Operator as provided in Paragraph 5 of Section IV.

7. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except to the extent that the damage or loss could have been avoided through the exercise of reasonable diligence on the part of Operator. Operator shall furnish Non-Operators written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

8. Legal Expense

All costs and expenses of handling, investigating, and settling litigation or claims arising by reason of the Joint Operations or necessary to protect or recover the Joint Property, including, but not limited to, attorney's fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims; provided, (a) no charge shall be made for the services of Operator's legal staff or other regularly employed personnel (such services being considered to be Administrative Overhead under Section III), unless agreed to by Operator and Non-Operators, and (b) no charge shall be made for the fees and expenses of outside attorneys unless the employment of such attorneys is agreed to by Operator and Non-Operators.

9. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

10. Insurance

Net premiums paid for insurance required to be carried on the Joint Property for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge therefor on the following basis:

11. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator for the necessary and proper conduct of the Joint Operations.

III. INDIRECT CHARGES

Operator may charge the Joint Account for indirect costs either by use of an allocation of district expense items plus the rate for administrative overhead, and plus the warehousing charges, all as provided for in Paragraph 1 of this Section III or by combining all three of said items under the rates provided for in Paragraph 2 or 3 of this Section III, as indicated next below:

OPERATOR SHALL CHARGE INDIRECT COSTS TO THE JOINT ACCOUNT UNDER THE TERMS OF:

- ☐ Paragraph 1. (District Expense, Administrative Overhead and Warehousing)
☒ Paragraph 2. (Combined Rates - Well Basis)
☐ Paragraph 3. (Combined Rates - Percentage Basis)

The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by Operator and Non-Operators as a direct charge to the Joint Account.

THE OVERHEAD RATES PROVIDED FOR IN ANY OF THE PARAGRAPHS SELECTED ABOVE

- A. ☐ shall ☒ shall not include salaries and personal expense of first-level supervisors in the field.
B. ☒ shall ☐ shall not include salaries, wages and personal expenses of technical employees temporarily assigned to and directly employed on the Joint Property.
C. ☒ shall ☐ shall not include salaries, wages and personal expenses of technical employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property.

1. District Expense, Administrative Overhead and Warehousing

A. District Expense

Operator shall charge the Joint Account with a pro rata portion of the salaries, wages and expenses of Operator's production superintendent and other employees serving the Joint Property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator's

office located at or near (or a comparable office if location changed); and necessary sub-offices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in connection with the operations of the Joint Property and other properties in the same operating area. The expense of, less any revenue from, such facilities may, at the option of Operator, include depreciation of investment or a fair monthly rental in lieu of depreciation. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.

B. Administrative Overhead

Operator shall charge administrative overhead to the Joint Account at the following rates, which charge shall be in lieu of the cost and expense of all offices of the Operator not covered by Paragraph 1A of this Section III, including salaries, wages and expenses of personnel assigned to such offices. Such charge shall be in addition to the salaries, wages and expenses of employees of Operator authorized to be charged direct as provided in Paragraphs 2 and 8 of Section II. Such charge shall be made on the basis indicated below, either (1) well basis or (2) percentage basis, at the rates shown thereunder.

(1) ☐ Well Basis

RATE PER WELL PER MONTH

| Well Depth | DRILLING WELL RATE (Use Total Depth) | PRODUCING WELL RATE (Use Current Producing Depth) | | |
|------------|---|--|-----------|--------------------|
| | Each Well | First Five | Next Five | All Wells Over Ten |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

(2) ☐ Percentage Basis

PERCENTAGE BASIS

Development:

Percent (%) of the cost of development of the Joint Property exclusive of costs provided under Paragraph 8 of Section II and all salvage credits.

Operating:

Percent (%) of the cost of operating the Joint Property exclusive of costs provided under Paragraphs 1 and 8 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

C. Operator's Warehouse Operating and Maintenance Expense

- [] Included in district expense
 [] No charge either direct or indirect
 [] Percentage basis (describe fully)

2. Combined Rates - Well Basis

Operator shall charge the Joint Account for the services covered by Paragraph 1 of this Section III on the basis indicated below:

| Well Depth | RATE PER WELL PER MONTH | | | |
|----------------|--|-----------|---|--------------------|
| | DRILLING WELL RATE (Use Total Depth) Each Well | All Wells | PRODUCING WELL RATE (Use Current Producing Depth) Next Five | All Wells Over Ten |
| 9,000'-13,000' | \$1,470 | \$177 | | |
| | | | | |
| | | | | |

3. Combined Rates - Percentage Basis

Operator shall charge the Joint Account for the services covered by Paragraph 1 of this Section III on the basis indicated below:

PERCENTAGE BASIS

A. Development:

Percent (%) of the cost of development of the Joint Property exclusive of costs provided under Paragraph 8 of Section II and all salvage credits.

B. Operating:

Percent (%) of the cost of operating the Joint Property exclusive of costs provided under Paragraphs 1 and 8 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

4. Application of Administrative Overhead or Combined Rates - Well Basis

The following limitations, instructions and charges shall apply in the application of the rates as provided under either Paragraph 1B (1) or Paragraph 2 of this Section III.

A. Charges for drilling wells shall begin on the date each well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.

B. The status of wells shall be as follows:

- (1) Producing gas wells, injection wells for recovery operations, water supply wells utilized for waterflood-ing operations and salt water disposal wells shall be considered the same as producing oil wells.
- (2) Wells permanently shut down but on which plugging operations are deferred shall be dropped from the well schedule at the time the shutdown is effected. Any well being plugged or produced during any portion of the month shall be considered as a producing well for the entire month.
- (3) Wells being plugged back, drilled deeper, converted to a source or input well, or which are undergoing any type of workover that requires the use of a drilling rig or workover rig capable of drilling shall be considered the same as drilling wells.
- (4) Temporarily shut-down wells, which are not produced or worked upon for a period of a full calendar month, shall not be included in the well schedule, provided however, wells shut in by governmental regulatory body shall be included in the well schedule only in the event the allowable production is transferred to some other well or wells on the Joint Property. In the event of a unit allowable, shut-in wells shall be counted in determining the charge hereunder for such month if said wells contribute allow-able production that is actually produced during such month from one or more unit wells as a result of allowable transfer, inclusion in the unit allowable or other circumstances, but the total shut-in well count shall be limited to the minimum number of shut-in wells necessary to provide the contributed allowable actually produced during the month.
- (5) Gas wells shall be included in the well schedule if directly connected to a permanent sales outlet even though temporarily shut in due to overproduction or failure of purchaser to take the allowed production.
- (6) Wells completed in multiple horizons, shall be considered as a producing well for each separately pro-ducing horizon, providing each completion is considered a separate well by governmental or other state-wide regulatory authority.

C. The well rates for producing wells shall be applied to the individual leases; provided that, whenever leases covered by this agreement are operated as a unitized project, the well rates shall be applied to the total number of producing wells, irrespective of individual leases.

D. The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the preceding calendar year as shown by "The Index of Average Weekly Earnings of Crude Petroleum and Gas Production Workers" as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian Index as published by the Dominion Bureau of Statistics, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

5. Application of Administrative Overhead or Combined Rates - Percentage Basis

For the purpose of determining charges on a Percentage Basis under Paragraph 1B (2) or Paragraph 3 of this Section III, Development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when well is not completed as a producer; and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 6 of this Section III. All other costs shall be considered as Operating.

6. Major Construction Overhead

For the construction of compressor plants, water stations, secondary recovery systems, drilling and production platforms, salt water disposal facilities, and other such projects, as distinguished from the more usual drilling

and producing operations, Operator in addition to the Administrative Overhead or Combined Rates provided for in Paragraph 1, 2 or 3 of this Section III shall either negotiate a rate prior to beginning of construction or shall charge the Joint Account with an additional overhead charge as follows:

- A. Total cost less than \$25,000, no charge.
- B. Total cost more than \$25,000, but less than \$100,000, 3 % of total cost.
- C. Total cost of \$100,000 or more, 3 % of the first \$100,000 plus 2 % of all over \$100,000 of total cost.

Total cost shall mean the total gross cost of any one project. For the purpose of this paragraph the component parts of a single project shall not be treated separately and the cost of drilling wells shall be excluded.

7. Amendment of Rates

The specific rates provided for in this Section III may be amended from time to time by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. BASIS OF CHARGES TO JOINT ACCOUNT

Subject to the further provisions of this Section IV, Operator will procure all Material and services for the Joint Property. At the Operator's option, Non-Operators may supply Material or services for the Joint Property.

1. Purchases

Material purchased and service procured shall be charged at the price paid by Operator after deduction of all discounts actually received.

2. Material furnished from Operator's Warehouse or Other Properties

A. New Material (Condition "A")

- (1) Tubular goods, except line pipe, shall be priced on a maximum carload and/or barge load weight basis regardless of quantity transferred and equalized to the lowest prevailing price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available effective at date of transfer.
- (2) Line pipe shall be priced at the current replacement cost effective at date of transfer from a reliable supply store nearest the Joint Property where such Material is normally available if the movement is less than 30,000 pounds. If the movement is 30,000 pounds or more, it shall be priced on the same basis as casing and tubing under Subparagraph (1) of this paragraph.
- (3) When the Operator has equalized actual hauling costs as provided for in Paragraph 5 of Section II, Operator is permitted to include ten cents (10¢) per hundred-weight on all tubular goods furnished from his stocks in lieu of loading and unloading costs sustained.
- (4) Other Material shall be priced at the current replacement cost of the same kind of Material, effective at date of movement and f.o.b. the supply store or railway receiving point nearest the Joint Property where Material of the same kind is normally available.
- (5) The Joint Account shall not be credited with cash discounts applicable to prices provided for in this Paragraph 2 of Section IV.

B. Used Material (Condition "B" and "C")

- (1) Material in sound and serviceable condition and suitable for reuse without reconditioning, shall be classified as Condition "B" and priced at seventy-five per cent (75%) of the current price of new Material.
- (2) Material which is not suitable for its original function until after reconditioning shall be furnished to the Joint Account under one of the two methods defined below:
 - (a) Classified as Condition "B" and priced at seventy-five per cent (75%) of the current price of new Material. The cost of reconditioning shall be absorbed by the Operator of the transferring property.
 - (b) Classified as Condition "C" and priced at fifty per cent (50%) of current price of new Material. The cost of reconditioning also shall be charged to the receiving property, provided Condition "C" value, plus cost of reconditioning, does not exceed Condition "B" value.
- (3) Obsolete Material or Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose.
- (4) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at prices specified in Paragraphs 1 and 2 of this Section IV because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in procuring such Material, in making it suitable for use, and in moving it to the Joint Property, provided, that notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within 10 days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

5. Equipment and Facilities Furnished by Operator

- A. Operator shall charge the Joint Account for use of equipment and facilities at rates commensurate with cost of ownership and operation. Such rates shall include cost of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed six per cent (6%) per annum, provided such rates shall not exceed those currently prevailing in the immediate area within which the Joint Property is located. In lieu of rates based on costs of ownership and operation of equipment, other than automotive, Operator may elect to use commercial rates prevailing in the area of the Joint Property less 20%; for automotive equipment, rates as published by the Petroleum Motor Transport Association may be used. Rates for laboratory services shall not exceed those currently prevailing if performed by

outside service laboratories. Rates for trucks, tractors and well service units may include wages and expenses of operator.

- B. Whenever requested, Operator shall inform Non-Operators in advance of the rates it proposes to charge.
- C. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

V. DISPOSAL OF MATERIAL

The Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus Condition "A" or "B" Material. The disposition of surplus Controllable Material, not purchased by Operator shall be agreed to by Operator and Non-Operators, provided Operator shall dispose of normal accumulations of junk and scrap Material either by transfer or sale from Joint Property.

1. Material Purchased by the Operator or Non-Operators.

Material purchased by either the Operator or Non-Operators shall be credited by the Operator to the Joint Account for the month in which the Material is removed by the purchaser.

2. Division in Kind

Division of Material in kind, if made between Operator and Non-Operators, shall be in proportion to the respective interests in such Material. The Parties will thereupon be charged individually with the value of the Material received or receivable. Proper credits shall be made by the Operator to the Joint Account.

3. Sales to Outsiders

Sales to outsiders of Material from the Joint Property shall be credited by Operator to the Joint Account at the net amount collected by Operator from vendee. Any claim by vendee related to such sale shall be charged back to the Joint Account if and when paid by Operator.

VI. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

Material purchased by either Operator or Non-Operators or divided in kind, unless agreed to by Operator and Non-Operators shall be priced on the following basis:

1. New Price Defined

New price as used in this Section VI shall be the price specified for new Material in Section IV.

2. New Material

New Material (Condition "A"), being new Material procured for the Joint Property but never used, at one hundred per cent (100%) of current new price (plus sales tax if any).

3. Good Used Material

Good used Material (Condition "B"), being used Material in sound and serviceable condition, suitable for reuse without reconditioning:

- A. At seventy-five per cent (75%) of current new price if Material was charged to Joint Account as new, or
- B. At sixty-five per cent (65%) of current new price if Material was originally charged to the Joint Account as secondhand at seventy-five per cent (75%) of new price.

4. Other Used Material

Used Material (Condition "C"), at fifty per cent (50%) of current new price, being used Material which:

- A. Is not in sound and serviceable condition but suitable for reuse after reconditioning, or
- B. Is serviceable for original function but not suitable for reconditioning.

5. Bad-Order Material

Material (Condition "D"), no longer suitable for its original purpose without excessive repair cost but usable for some other purpose at a price comparable with that of items normally used for such other purpose.

6. Junk Material

Junk Material (Condition "E"), being obsolete and scrap Material, at prevailing prices.

7. Temporarily Used Material

When the use of Material is temporary and its service to the Joint Property does not justify the reduction in price as provided for in Paragraph 3B of this Section VI, such Material shall be priced on a basis that will leave a net charge to the Joint Account consistent with the value of the service rendered.

VII. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable to Non-Operators only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

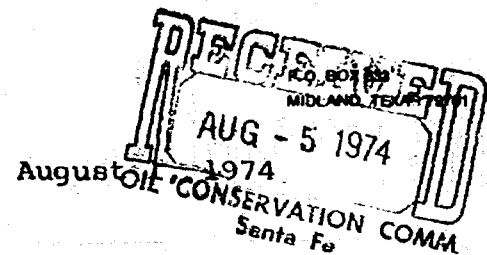
The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by Operator and Non-Operators.

1 ACRE TRACT

| | | |
|--|---|--|
| $\frac{10}{16}$ Heirs of Romolo Gomez | $\frac{3}{16}$ Mary P. Daugherty NM 4162 A | |
| | $\frac{3}{16}$ C.D. Rickman NM 4162 B | |
| | $\frac{5}{64}$ Eliza Gomez | |
| | $\frac{5}{64}$ Tomas Gomez | |
| | $\frac{5}{64}$ Pedro Gomez | |
| | $\frac{5}{64}$ Genon Gomez | |
| | $\frac{5}{64}$ Maria Santillan | |
| | $\frac{5}{64}$ Jose Gomez | |
| | $\frac{5}{64}$ Heirs of Bencelario Vasquez (10) | |
| | $\frac{5}{64}$ Heirs of Fred Gomez (6) | |

Not an exhibit
informational only

Mobil Oil Corporation



Working Interest Owners
Address List Attached

Case 5173

MAUDE RICKMAN COM. NO. 1
SECTION 3, T-23-S, R-27-E,
SOUTH CARLSBAD FIELD, EDDY
COUNTY, NEW MEXICO

Gentlemen:

Attached for your information and in compliance with Paragraph 5 of the New Mexico Oil Conservation Commission Order No. R-4739 is an itemized schedule of actual well cost for the subject well. The itemized cost as shown is as close to the final actual cost as can be determined at this time. The ultimate final cost will not vary significantly from these numbers.

The reason that the well cost more than was originally estimated was mainly due to the fact that the well was completed as a producer in the Atoka and Morrow zones whereas the original estimate was for a single producer in the Morrow zone.

Yours very truly,

John D. Howard
Joint Interest Administrator
Midland Producing Area

ERFrazier/bg
Attachments

cc: New Mexico Oil Conservation Commission
Attn: Mr. R. L. Stamets
P. O. Box 2088
Santa Fe, New Mexico 87501

PERMIT FOR EXPLORATION AND PRODUCTION

RECEIVED
AUG - 5 1974
DATE August 1, 1974

DIVISION Midland Prod. Area

MOBIL'S INTEREST 100%

DISTRICT Lovington Foreman

OPERATOR Mobil Oil Corp.

Santa Fe OIL CONSERVATION COM 328-A

PROJECT TITLE & LOCATION

Maude Rickman Com. No. 1
1980' FSL & 760' FWL
Sec 3, T23S, R37E
South Carlsbad Field
Eddy County, New Mexico

PROJECT NUMBER

| | |
|----------|----------|
| INTEREST | FUNCTION |
| 1 | 41 |

| |
|----------|
| LOCATION |
| 56360 |

DRILLING WELLS

A.A.P.G. CLASSIFICATION OR REMARKS:

OBJECTIVE: ☐ OIL ☒ GAS ☐ BOTH

Development

PROJECT DESCRIPTION/JUSTIFICATION

Original estimate: Drill, complete and equip a single Morrow gas well.

Well was completed as a dual Atoka and Morrow gas well.

ESTIMATE

| | | | ORIGINAL ESTIMATE | SUPPLEMENT NO. | REVISED TOTAL |
|--------------------------------|----------------------------------|---------------|----------------------|-------------------|------------------|
| 1. TOTAL PROJECT COST - GROSS | | | 418,000 | 90,400 | 508,400 |
| 2. TOTAL APPROVAL COST - MOBIL | | | 418,000 | 90,400 | 508,400 |
| BUDGET COST | CATEGORY TITLE | CATEGORY CODE | | | |
| | Development Drilling | 12 | 392,000 | 61,100 | 453,100 |
| | Related Lease Equipment | 12 | 24,000 | 17,300 | 41,300 |
| 3. TOTAL BUDGET COST - MOBIL | | | 416 M | 78 M | 494 M |
| NON- BUDGET ITEMS | EXPENSE | MEMO | | | |
| | USED MATERIALS (PLANT TRANSFERS) | 29 | 2,000 | 12,000 | 14,000 |
| | PRODUCTION PAYMENTS | | | | |

ENDORSEMENTS AND APPROVALS

| SIGNATURE | DATE | SIGNATURE | DATE |
|-----------------------|---------|-----------|------|
| <i>John H. Howard</i> | 7/29/74 | | |
| | | | |
| | | | |
| | | | |

NON-OPERATOR'S PORTION _____ %

IS CONSTRUCTION OVERHEAD
TO BE CHARGED?

YES ☐

NO ☒

NON-
OPERATOR'S
APPROVAL

NAME

COMPANY

TITLE

DATE

WELL COST ESTIMATE

U.S. Used Equipment

| | | | | |
|---|---------------------|----------------------------|-------------------------|-----------------------------------|
| OBJECTIVE <input type="checkbox"/> OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> BOTH | QUAD. NO. | PROVINCE Delaware Basin | DATE AUG - 1974 | WELL NO. Maude Rickman Com. #1 |
| A.A.P.G. CLASSIFICATION OR REMARKS Development | | | | |
| DEVELOPMENT TO 12,300' | EXPLORATION FROM | TO | FIELD South Carlsbad | |

PROPOSED SPUD DATE 2-1-74

TIME SPUD TO COMPLETION 82 DAYS

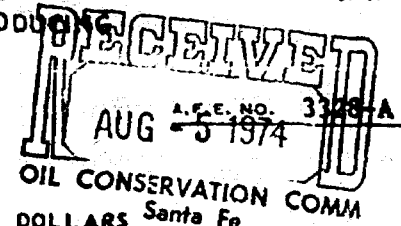
| WELL NO. | | | | | ORIGINAL ESTIMATE | SUPPLEMENT NO. <u>A</u> | REVISED TOTAL |
|--|--|-----------------------------------|---------------------|-------------|----------------------|----------------------------|------------------|
| 01 | WELL COST - INTANGIBLE | DRILLING | FOOTAGE COST | | 100,000 | (14,400) | 85,600 |
| | | | DAY WORK COST | | 48,000 | (11,600) | 36,400 |
| | | | OTHER DRILLING COST | | 8,000 | 24,300 | 32,300 |
| | | | TOTAL DRILLING | | 156,000 | (1,700) | 154,300 |
| OTHER | | LOCATION AND ROADS | | 8,000 | (3,000) | 5,000 | |
| | | MARINE PLATFORMS | | | | | |
| | | CORING EQUIPMENT AND SERVICES | | | | | |
| | | LOGGING AND TESTING | | 19,000 | (3,300) | 15,200 | |
| | | FUEL | | | | | |
| | | WATER | | | | | |
| | | MUD AND CHEMICALS | | 45,000 | (19,300) | 25,700 | |
| | | CEMENT AND CEMENTING SERVICES | | 25,000 | (500) | 24,500 | |
| | | TRUCKING AND WATER TRANSPORTATION | | 1,000 | 1,300 | 2,300 | |
| | | PERFORATING, ACIDIZING AND FRAC. | | 10,000 | 41,000 | 51,000 | |
| | | BITS | | 13,000 | (4,000) | 9,000 | |
| | | EQUIPMENT RENTAL | | 5,000 | 6,000 | 11,000 | |
| | | MISCELLANEOUS | | 16,000 | (3,500) | 12,500 | |
| | | TOTAL OTHER | | 142,000 | 14,200 | 156,200 | |
| | | TOTAL WELL COST - INTANGIBLE | | 298,000 | 12,500 | 310,500 | |
| WELL EQUIPMENT - TANGIBLE | CASING | ORIG. | SUPP. | | | | |
| | | 350 10-3/4 | 350 | OF 13-3/8 | 2,000 | 2,500 | 4,500 |
| | | 5,600 7-5/8 | 5,700 | OF 9-5/8 | 30,000 | 18,200 | 48,200 |
| | | 6,950 5-1/2 | 6,776 | OF 7 | 22,000 | 19,700 | 41,700 |
| | TUBING | | | OF | | | |
| | | 12,300' 2-7/8 | 11,657 | OF 2-3/8 | 20,000 | (4,800) | 15,200 |
| | | | 11,219 | OF 2-3/8 NB | | 13,000 NB | 13,000 NB |
| | | | | OF | | | |
| | OTHER EQUIPMENT | | | OF | | | |
| | | CASING HEAD | | | 3,000 | | 3,000 |
| | | CHRISTMAS TREE AND CONNECTIONS | | | 10,000 | 5,000 | 15,000 |
| | | OTHER EQUIPMENT | | | 7,000 | 8,000 | 15,000 |
| | | Other Equipment - Cat. 29 | | | 0 | 1,500 | 1,500 |
| | | TOTAL WELL EQUIPMENT - TANGIBLE | | | 94,000 | 63,100 | 157,100 |
| | | SUB-TOTAL WELL COST | | | | | |
| | | LESS: CONTRIBUTIONS (CR) | | | | | |
| | SALVABLE EQUIPMENT (CR) (NON-BUDGET) Tangible Eqp. | | | | (3,700) | (3,700) | |
| 1. TOTAL WELL COST - GROSS | | | | | 392,000 | 71,900 | 463,900 |
| 2. TOTAL WELL COST - MOBIL (APPROVAL COST) | | | | | 392,000 | 71,900 | 463,900 |
| 3. TOTAL BUDGET COST - MOBIL | | | | | 392,000 | 61,100 | 453,100 |
| 4. Total Non-Budget Cost - Mobil | | | | | | 10,800 | 10,800 |

DCR

AUTHORIZATION FOR EXPENDITURE
SUPPORTING DATA - EXPLORATION & PRODUCTION

CONTRACT NO. 117-001
SHEET 3

LEASE Maude Rickman Com. No. 1
Revised for Dual



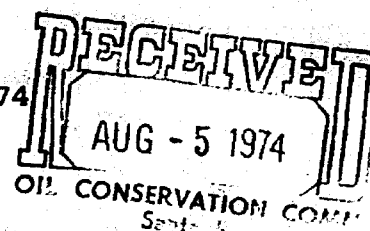
DETAIL OF PROPOSED EXPENDITURE IN WHOLE DOLLARS

| DETAIL | CASH OUTLAYS | | USED/IDLE EQUIPMENT | APPROVAL COST |
|-------------------------------------|--------------|----------|---------------------|---------------|
| | CAPITALIZED | EXPENSED | | |
| 2 - Wing Valve Controllers & Pilots | 2,000 | | | 2,000 |
| 2 - 750,000 BUT Thermopacs | 16,000 | | | 16,000 |
| 2 - 210 Bbl Tanks - Class B | | | 2,400 | 2,400 |
| 1 - Low Press. Separator - Class B | | | 800 | 800 |
| Wellsite Labor | 10,000 | | | 10,000 |
| Trucking | 500 | | | 500 |
| Pipe, Valves, Fittings, Meter | 9,000 | | | 9,000 |
| Contingencies | 3,800 | | | 3,800 |
| 1. TOTAL PROJECT COST | 41,300 | | 3,200 | 44,500 |
| 2. TOTAL APPROVAL COST - MOBIL | 41,300 | | 3,200 | 44,500 |
| 3. TOTAL BUDGET COST - MOBIL | 41 M | | | |

SUPPLEMENTAL DATA

| | ORIGINAL ESTIMATE | SUPPLEMENT NO. A | REVISED TOTAL |
|--|-------------------|------------------|---------------|
| 1. TOTAL PROJECT COST | 26,000 | 18,500 | 44,500 |
| 2. TOTAL APPROVAL COST - MOBIL | 26,000 | 18,500 | 44,500 |
| 3. TOTAL BUDGET COST - MOBIL | 24,000 | 17,300 | 41,300 |
| 4. Total Non-Budget Cost - Mobil KS-IDB | 2,000 | 1,200 | 3,200 |

8/1/74



MINERAL INTEREST OWNERS
MAUDE RICKMAN COM. NO. 1
EDDY COUNTY, NEW MEXICO

Antonia Aguilar
152 E. Mosley
Artesia, NM 88210

Elfida Munoz
P. O. Box 655
Avondale, AZ 85239

Elva Ramirez
1935 Madera, NE
Albuquerque, NM 87110

George Vasquez, Jr.
11739 Nova St.
Santa Fe Springs, CA 90670

Joe E. Vasquez
2001 Monticello
Big Spring, TX 79720

DRAFT

jr/

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. 5173

Order No. R-4729

APPLICATION OF MOBIL OIL
CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 27, 1974
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter
Richard L. Starnes, Jr.

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

FINDS:

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

(2) That the applicant, Mobil Oil Corporation, seeks an
order pooling all mineral interests in the Pennsylvanian formation
underlying the W/2 of Section 3, Township 23 South, Range 27 East,
NMPM, South Carlsbad Field, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well in Unit 1 of said Section 3.

(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 140% 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 \$177.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before June 15, 1974, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the W/2 of Section 3, Township 23 South, Range 27 East, NMPM, South Carlsbad Field, Eddy County, New Mexico, are hereby pooled to form a standard 320 acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location for the above formation in unit W/2 of section 3.
PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of June, 1973, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of June, 1973, Order (1) of this order shall be null and void and of no effect whatsoever;

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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 Mobil Oil Corporation is hereby designated the operator of the subject well and unit.

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

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

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

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

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, 140 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 \$177.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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(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 Eddy 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.

5173

Sperling
John Perry Area Engineer

Pen m fm W/2 3

Mande Rickman Com #1L

Mobil

99.158% signed

177 Super charge combined fixed
rates 200% penalty risk

?
Superior
well

any riskier than other Monroe wells
This area, 185 down dip from
closest well, water possibility

? Standard order, Time limits

? How good well NW/4 CROP 5 MM

escrow any ~~the~~ money can't locate
owner

Mobil Oil Corp.

Compulsory pooling
~~now still in~~

Maudie Rickman Com Well No 1

L 2204 feet FSL
840 feet FWL

3-235-27E Eddy Co.

undesignated Pann

3.2 or 5.2

320 acre W/2

Pedro Fierro & wife
Loving, New Mexico

DOCKET MAILED

Senon Gomez
Rte 1 Box 221
Chal, N. Mex.

1-31-74