CASE 5666: BELCO PETROLEUM CORP. FOR COMPULSORY POOLING AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NM

:02

 $\langle i \rangle$ 

CASE NO.



APPlication, Transcripts, Small Exhibits,

ETC.

10000 Old Katy Road Suite 100 Houston, Texas 77055 Telephone (713) 932-4700 Cable: BELPETEX

## **Belco Petroleum Corporation**

**Belco** 

wary 27, 1977 Jile lave 5666

0il Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

> RE: Belco Douglass Com-1 Section 7, T22S-R27E Eddy County, New Mexico

January 27, 1977

Gentlemen:

No.

Selection and

Pursuant to Order No. R-5209, Case No. 5666, paragraph No. 5 of said Order of the New Mexico Oil Conservation Commission, please find attached Belco's itemized schedule of actual well costs for the Belco No. 1 Douglass Com-1.

Yours very truly,

BELCO PETROLEUM CORPORATION

/X O I

Lee G. Nering Administrative Geologist

LGN/b

Attachment

50	CHG PROPERTY NAME & NUMBER (27)	37 - 5	ATE [5] 43 44	LOCAT ON (2)	
18	Douglass #1 DECEMBER 31 1		Sec.	7, T22S, R27	E
	Douglass #1         DECEMBER 31, 1           туге ог work (23)         Р. ОЦРИН (8)           68 89         9	FORMATION	FILLO NAME	CONTRACTOR	RIG TYPE
r	velopment - Gas 11,600'	Morrow	Carlsbad, S., Morrow		Rotai
L	•		COUNTY / PAHISH /		RP WI
	CHG PROSPECT NAME (22) 3 11 32	STATE (15) 33 47	4 9	62 63 CSG PY 7	
19	Avalon	New Mexico	Eddy		
10_20		NO MO	DRE THAN NINE DIGIT	S PER COLUMN-WHO	LE DOLLA
_ 50.	CHG 7412012	····	CSG. PT. COST	1.1	TOTAL
20	INTANGIBLE EXPENS			24 734	-
10 20				1	•
	Rig Expenditure				<b>.</b>
	Move In & Out Ft.@\$	= /Ft	-		
	Daywork		_		
	Completion/W.O. Unit		-		
218	Total Rig Expenditure		165,703	$\frac{11,517}{(500)}$	177,2
612	Location - Roads, Row & Damages		- 6,637	4,500	
204 210	Contract Professional Services Misc. Contract Labor		5,895	2.252	
418	Mud & Additives		26,804		26,8
220	Mud Logging				
424	Bits		$\frac{13,194}{6,559}$	3,457	$\frac{16,6}{6}$
228 230	Tubular Testing/Inspection CSG/TBG Crews/Tools		4,082	3,020	$\frac{6,5}{7,1}$
422	Float Eq., Cent & Scratchers		4,002		4,3
420	Cement & Additives		13,398	6,594	19,9
236	Pump Truck/Skid Unit Serv. & Cmt. Tools			7.009	10,1
222	Caring & Analysis		23,707	7 1/9	
224 226	Elec. Line - Logs, Perf, Production, Etc.		775	7,148	30,8
512	Eq. Rhtls Surface/Downhole		4,769	6,020	10.7
950	Directional Drilling Expense				
234	Transportation - Land - Marine		8.341	4,164	- 12,5
410 930	Fuel, Power & Water		3,435	<u> </u>	$\frac{3,5}{-10,3}$
808	Insurance & Bonds				
920	Misc. & Contingency		4,723	4,450	9,1
102	TOTAL INTANGIBLE EXPENSE		$\frac{3,846}{301,735}$	$\frac{2,455}{73,082}$	$\frac{6,3}{374,8}$
i	TOTAL INTANOIBLE EXFENSE		501,755	75,002	574,0
so	сна.		CSG. PT. COST	COMPL. COST	TOTAL
20	TANGIBLE EXPENSE		732	736	
	CSG. & LINER				
	Orive Ft O.D.@\$				
	Cond F1 0.D.@ \$ Surf Ft 0.D.@ \$				
	Surf Ft 0.0.@ \$ Intr Ft 0.0.@ \$				
	Prod Ft 0.D.@ \$				
	Liner F1 0.0.@ \$		129 070	20 120	100 1
426			128,978	$\frac{29,139}{30,632}$	158,1
432 430	TUBING Ft 0.0.@ \$		9,117	15,385	24,50
430	WELLHEAD EQUIPT.				
440	WELL PROD. EQUIPTDOWNHOLE			5,711	5,7
442	PROD. FACILITIES TANKS, EQUIPT. & LINES			19,064	19,0
450	MARINE PLATFORMS				
452	OFFSHORE PROD. FACILITIES				
1			138,095	99,931	238,0
	TOTAL TANGIBLE EXPENSE		439,830	173,013	612,84

х**р** 

Mr. States and

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

## **Belco Petroleum Corporation**

0il Conservation Commission

Santa Fe, New Mexico 87501

**Belco** 

May 14, 1976

Estaminer Nitter Jile Care No. 5666 Mu

RE: Belco Douglass Com-1 Section 7, T22S-R27E

Eddy County, New Mexico

Gentlemen:

P. O. Box 2088

Pursuant to Order No. R-5209, Case No. 5666, paragraph No. 3 of said Order of the New Mexico Oil Conservation Commission, please find attached Belco's itemized schedule of estimated well costs for the Belco No. 1 Douglass Com-1.

A copy of the estimated well costs has been sent to each of the working interests.

Yours very truly,

BELCO, PETROLEUM CORPORATION

Cel .

Lee G. Nering Administrative Geologist

LGN/b

Attachment

	<u>nsion</u> V DT.	······	AUTI	I O R I Z A	TION	FÖRE	ХРЕГ	v D FT (	URE	AFE DO	<u></u>
	сна	риорен	HY DAME	A NOPANE II (27			ATC 161			LOCATION 177	
2		<u>H</u>								560' FEL,	
18		DOUGLASS #						2410 T-22-5	i. R−2	7E	
A	1 4	PE OF WOHK [23]		POLPTH		IMATION		11146	con	HACTOR	ILG TYPE
					36			sbad,			
	·	ent-Gas		11600*	NO1	row	5., P	forrow	l		Rotary
	CHG. 5	PROSPE	CT NAME (2	21	33	2 (15) &/	48	Y / PARIS	62	CO 63 CSG.PT. 7	1 72 COMPL
19		Avalon					1	Eddy			
8 20							1		I	COLUMN-WHO	LE DOLLARS
so	сно.	] PROF	ERTY NO	741201	2			PI COS		COMPL. COST	TOTALCO
20	3			H GIBLE EXPEN			21	/30	32 24	/ 34	_
8 20		L			<u></u>				32 23		<u> </u>
		Expenditure					-				
	Mo\ Dril	ing_10,000	FL@S	11.50	/Ft. \$1	15,000					
	Day	work 21 days	@ \$2750	D/Day	=	58.000	_ ]			• •	
		pletion/W.O. Unit						2:000		9,000	
218 612		al Rig Expenditure ation - Roads, Row						3,000		2,000	<u>182.0</u> <u>22.0</u>
204		tract Professional S						2,000		2,000	4.0
210		c. Contract Labor_						0.000			3,0
418		& Additives						0,000 2,000		5,000	35.0
424		J Logging						0,000		2,000	12,0
228	Tut	ular Testing/Inspec	tion							4,000	4,0
230	CSC	TBG Crews/Tools			· .			-		3.000	3,0
422		at Eq., Cent & Scra ient & Additives						<u>1,000</u> 5,000		1,000	$\frac{2.0}{23,00}$
236		p Truck/Skid Unit					-	~			
222	Cor	ing & Anatysis Line - Logs, Perf,		······································			-  ,	-			
224   226							-	0,000		2,000	11,00
512		Testing - DST, Wi Rintls Surface/Do						0,000	-   -	2,000	22,00
950		ctional Drilling Ex						-			-
234		sportation - Land					-	5,000 5,000		3,000	8,00
410 930		, Power & Water Stimulation					-  ±-	-	-	7,000	7,00
808		rance & Bonds									
920	. Mise	. & Contingency_	·				- 28	,000		6,000	34,00
		TOTAL INTAN	SIBLE EXP	ENSE			- 5 330	0,000	5	61,000	\$ 391,00
							_!				1
<u>so.</u>	CHG.		TANG	SIBLE EXPENSE			<u></u>	PT. COST	C	OMPL. COST	TOTAL CO
20		L						732		736	
		. & LINER Ft					-				
	Cont	5Ft 5Ft		0.0.@\$	/Ft.= /Ft.=		-				
	Surf.	400 Ft. <u>1800 Ft.</u> <u>8000 Ft.</u> <u>4000 Ft.</u>	16"	0.0@\$ <u>19</u>	. <u>69</u> /Ft. =	\$ 8,000					
1	Intr.	<u>1,800</u> Ft.	$\frac{10-3/4"}{2-5/9"}$	0.0.0 \$ 10	<u>31</u> /F1. =	20,000	-				
	Prod	4000 FL	$\frac{7-370}{5''}$	_0.0.@\$_ <u>10</u>	<u>. / )</u> /Ft. = . 60 /Et. =	38,000					
426		AL		_ 0.0.@ 3	<u></u>	<u></u>	\$ 114	,000	\$	38,000	\$ 152,00
432		ING 11500 Ft.					-	-	_	37,000	37,00
130		LHEAD EQUIPT.					- 4	,000	-	22,000	26,00
438		L PROD. EQUIPT. SI 1. PROD. EQUIPT. D					-		-	5,000	5,00
442		D. FACILITIES TAN						~		20,000	20,00
450		INE PLATFORMS					-				
404 1	U, i	anone radio, incl		•							. <b>-</b>
		TOTAL TANCI	BLC CXPEN	st			5 118	,000	$-1\overline{s}$	122,000	\$ 240,00
		na an a	ΙΟΤΑΙ	WELL COST			\$ 448			183,000	\$ 631,00

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BEFORE EXAMINER NUTTER OIL CONSERVATION COMMISSION Reference exhibit NO.

Section

				Page1
••••		1 2	NEW MEXICO OIL C Santa F	FORE THE CONSERVATION COMMISSION Ce, New Mexico 1 14, 1976
		3		
		4	EXAMI	NER HEARING
t a se		5		
		6	IN THE MATTER OF:	
		7	Application of Belco Pe	
на <b>Реб</b> е 1 - 1 2 - 1 2 - 1 1 - 1 2 - 1		8	Corporation for compuls an unorthodox gas well	location, )
6-1-2 <b>-</b> 1	7501	9	Eddy County, New Mexico	)
	<b>Service</b> <sup>vice</sup> v Mexico 8 <sup>-</sup>	10		
in an		11	BEFORE: Daniel S. Nutter, H	Examiner
2. 	<b>reporting</b> rt <i>Reporting Se</i> Santa Fe, Ne 505) 982-9212	12		
2 (A) 3 (A) 1 (A)	h rep ourt Re 22, Sau e (505)	13	TRANSCR	IPT OF HEARING
2:4 <b>4</b>	<b>Orris</b> <i>Ineral C</i> a, No. 1 Phon	14	APPE	ARANCES
a sanag	<b>sid morrish</b> <i>General Co</i> Jalle Mejä, No. 122 Phone	15	For the New Mexico Oil	William F. Carr, Esq.
	<b>s</b> 825 Cr	16	Conservation Commission:	Legal Counsel for the Commission State Land Office Building
2 7 <b>e 1</b> 8 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		17		Santa Fe, New Mexico
		18	For the Applicant:	W. Thomas Kellahin, Esg. KELLAHIN & FOX
: :		19		Attorneys at Law 500 Don Gaspar
		20		Santa Fe, New Mexico
* 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		21		
: 		22		
		23		
• · •		24		
		25		

N.R. A.L.

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5	Cross Examination by Mr. Nutter	7
6		
7	LEE NERING	
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9	Cross Examination by Mr. Nutter	19
10		
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sid morrish reporting service Ceretal Court Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212

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The Division of the

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at w		Page3
	1	MR. NUTTER: We will call Case Number 5666.
	2	MR. CARR: Case 5666, application of Belco Petroleum
	3	Corporation for compulsory pooling and an unorthodox gas well
	4	location, Eddy County, New Mexico.
	5	MR. KELLAHIN: Tom Kellahin of Kellahin and Fox,
	6	Santa Fe, New Mexico appearing on behalf of the applicant and
	7	I have two witnesses to be sworn.
		(THEREUPON, the witnesses were duly sworn.)
87501	9	
Service	10	MARY WARD
	11	called as a witness, having been first duly sworn, was
reporting r <i>Reporting</i> Santa Fe, Ne 505) 982-9213	12	examined and testified as follows:
100	13	
<b>morrish</b> General Cou Lepia, No. 12	14	DIRECT EXAMINATION
<b>sid mo</b> <i>Gem</i> Calle Mejia,	15	BY MR. KELLAHIN:
825 C	16	Q. Would you please state your name, by whom you are
e sout	17	employed and in what capacity?
н 19 м 19	18	A. My name is Mary Ward and I'm employed by Belco
	19	Petroleum Corporation in Midland, I'm a landman.
• • : :	20	Q. Ms. Ward, have you previously testified before the
····•	21	Commission?
	22	A. No, I haven't.
	23	Q. How long have you been employed in the land depart-
	24	ment for Belco Petroleum Corporation?
	25	A. Going on five years.

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. <b>*</b> * *		Page4
	1	Q. And have you made a study of the status of ownership
, 1997 <b>1</b> 9	2	of the east half of Section 7, the subject matter of this
	3	particular application?
~ ~ ~	4	A. Very definitely, several years on it.
	5	MR. KELLAHIN: If the Examiner please, we tender
<b>;</b>	6	this witness to testify as to the status of ownership for this
	7	particular half section and the notification effort she has
	8	made to attempt to get joiner of the non-consenting parties.
5-41	87501 6	MR. NUTTER: That's fine, go ahead.
service	10 00 Wexico	Q (Mr. Kellahin continuing.) Ms. Ward, would you
	11 Fe, New M	please refer to Exhibit Number One which is your plat and
reporting	15 982-9	identify the subject acreage?
Sh re	122, S Dre (50:	A. Exhibit Number One is really a plat showing our
morrish General Co	Mejia, No. 122 Phone (1	proposed unit in relation to the Eddy County Avalon area.
sid n	Ualle We	Q. The subject area will be the east half of Section
	<sub>ୟୁ</sub> 16	7, is that correct?
-	17	A. That's right.
	18	Q All right, please turn to what has been marked as
	19	Exhibit Number Two and identify it?
	20	A. Exhibit Number Two is a land plat showing the
•••	21	various town lots in and outside of the city limits of
	22	Carlsbad.
	23	Q. Would you explain to me what the color code
	24	signifies?
san 2∎	25	A. Yes, all of the yellow are town lot and leased
and and a second se		

1 acreage by Belco. Cities Service you will see in pink, 2 Bennett is in the blue and to the south there. May is this 3 acreage slashed with Belco. We have a half interest in that tract. Southern Union is that small orange bit right over 4 5 there by the gun shed and I've marked FP, compulsory pooling 6 on six town lots. They've not agreed to go with us. Mr. Grace 7 is shown in green, Michael P. Grace and he has not responded 8 to our request.

9 Q Attached to Exhibit Number Two is a compilation of
10 the individuals that as of the date of filing the application
11 have not participated, is that correct?

A. Yes, that's right.

Q. What is the total acreage to be force pooled?

A. Including Mr. Grace's, forty-two point eight, seven,
thirty-three acres.

16 Q. And what percentage does that acreage represent to17 the total?

A. Thirteen point five, one, four, seven.

19 Q. All right. Please refer to what has been marked as
20 Exhibit Number Three and identify it beginning with the first
21 letter of correspondence?

A. Yes, this represents ten out of a hundred and forty,
almost, town lot leases that were not leased to individuals
or companies and so I wrote letters to everyone of them giving
them the choice of either leasing to us or joining with us in

sid morrish reporting service General Court Reporting Service Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212

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12

13

1 the drilling of this well or possibly being force pooled. I've 2 sent everyone of them a stamped envelope and a second sheet 3 with a box on it, you know, where they could just check it 4 and send it back and I did get responses. You can see we have 5 marked that Southern Union did join and three others that I 6 wrote to did lease. These were sent registered mail which is 7 my rext exhibit.

Page

8 Your exhibit dated February 24th, 1976 represents Q. 9 what?

10 Well, it was proposed. I figured these people A. 11 would probably join like working interest with Belco, so I 12 wrote them a separate letter setting out acreage and percentage. 13 And what response did you get from that letter? Q. 14 A. Everyone is joining except I did not hear from 15 Mr. Grace.

16 Q. Please refer to what has been marked Exhibit Number Six, a letter dated March 17th, 1976?

18 I again wrote to Mr. Grace and sent it registered A. 19 mail, which is Exhibit Seven, his receipt, telling him again 20 about the well and asking him that he join since he did have 21 quite a few acres in there I thought perhaps he would like to 22 reconsider.

23 Q. What, if any, response did you get to Exhibit Number 24 Six?

The return receipt. A.

*porting Service* ta Fe, New Mexico 8750 982-9212 sid morrish reporting service Calle Mejia,

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	Page7
1	MR. KELLAHIN: That concludes our examination of
2	this witness.
3	
4	CROSS EXAMINATION
5	BY MR. NUTTER:
6	Q. So actually what is the total outstanding interest
7	now, Ms. Ward, that has not been leased or has not agreed to
8	join?
9 83201 83201	A. Well, as I said, with Mr. Grace it will be a total
<b>56 FT Vice Ser Vice</b> ۱۵ سائرد ۷ Mexico 8	of forty-two point eighty-seven, thirty-three acres,
	Q. And that's the list that is included on this exhibit.
<b>reporting</b> Santa Fe, Ne 505) 982-9212	here?
12 <b>ish re</b>	A. Yes, I believe I attached that right behind my
s calle Mejia, No. 122 Phone ( those ( Phone (	land plat, that says forced pool list.
د <mark>بوند من العام الع</mark>	Q. Yes.
ີ ຊີ 16	MR. KELLAHIN: Excuse me, that should be an
17	attachment to Exhibit Number Two.
;	MR. NUTTER: And Exhibit Number Two is the plat?
19	MR. KELLAHIN: That's right.
20	MR. NUTTER: Okay.
21	MR. KELLAHIN: I believe Exhibit Number Two and its
22	attachment represent the current status of ownership as of
23	this date.
24	Q. (Mr. Nutter continuing.) Now, are these tracts
25	that are identified on the forced pool list shown here on the

**`**‡,

••*4			Page8
		1	plat, Exhibit Two?
a sala		2	A. Yes, and you will find six small town lots, Mr.
2 m <b>0</b> -		3	Dunagan, Malicoat, Matteral, Fierro, Ernest and Alvarado, and
		4	those are marked FP on there.
		5	Q. Those are the small tracts that are for these six
alfra i		6	individuals here?
		7	A. Yes, that's right, so they are marked FP and Mr.
		8	Grace's, as I said, we thought he might join, that's the
	<b>e</b> 87501	9	green.
:	<b>porting service</b> <i>eporing Service</i> inta Fe, New Mexico 8 ) 982-9212	10	Q. Now, the blue
4,421∎  -		11	A. IS C. R. Bennett and he's joined.
200 <b>4</b> 2007 100 100 100	reporting rr Reporting Se Santa Fe, Ne (30S) 982-9212	12	Q. And the orange, they are both in?
1	3 (1 -	13	A. Yes, sir.
	<b>morrish</b> General Coi Mejia, No. 12 Phone	14	Q And the pink is in?
s.d <sup>0</sup> s.	<b>sid</b> Calle N	15	A. That's right.
200 # 	825	16	Q And all of the yellow is in because that's Belco?
		17	A. That's Belco.
2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		18	Q. And the other half interest in this Belco tract
		19	that's crosshatched, is also in?
\$19. <b>1</b>		20	A. He has joined, everyone.
:		21	MR. NUTTER: Are there any further questions of
<b></b>		22	this witness? She may be excused.
		23	(THEREUPON, the witness was excused.)
		24	MR. KELLAHIN: I call Mr. Lee Nering.
		25	
		11	

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		Page9
	1	LEE NERING
- 14.2 A	2	called as a witness, having been first duly sworn, was
	3	examined and testified as follows:
	4	
	5	DIRECT EXAMINATION
	6	BY MR. KELLAHIN:
	7	Q. Would you please state your name, by whom you are
	8	employed and in what capacity?
201	9	A. My name is Lee Nering, I'm employed by Belco Petroleum
Service Service Mexico 87501	10	Corporation in Houston, Texas as administrative geologist.
	11	Q. Have you made a study of and are you familiar with
<b>rrish reporting</b> real Court Reporting Se No. 122, Santa Fe, Ney Phone (505) 982-9212	12	this particular application?
<b>repc</b> (505) 5	13	A. I have.
<b>morrish</b> General Co General Co dejia, No. 12	14	Q. And have you previously testified as an expert
	15	witness and made your qualifications acceptable to the
sid 825 Calle I	16	Commission?
***	17	A. I have.
5 5 t	18	MR. KELLAHIN: If the Examiner please, are the
i, ∎ 1 1 - ∎	19	witness' qualifications acceptable?
	20	MR. NUTTER: Yes, they are.
1-4	21	Q. (Mr. Kellahin continuing.) Mr. Nering, would you
	22	please refer to your Exhibit Number Eight, identify it and
- 	23	state briefly what we are seeking here?
 	24	A. Exhibit Number Eight is a geological map which
1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 -	25	illustrates the structural configuration of the northern part
•	20	Triustrates the structural configuration of the northern part
	et.	

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of the Carlsbad-South Morrow Pool area illustrating a structure 1 2 at the Morrow level. The subject of the application, the east half of Section 7 is highlighted. The purpose of the exhibit 3 4 is to illustrate that the principal structural controlling 5 factor in this instance is an elongated asymmetric anticline 6 and the gentle flank being the east flank and the steeper flank 7 being the west flank. In previous drilling by Belco and by 8 Cities Service we have determined that the west flank of this 9 elongated asymmetric structure is an area where the conditions 10 of stratigraphy for the Morrow are subject to some risk.

Page

It can be noted that the proposed location, our Douglas No. 1, is located not only on the west flank of this asymmetric structure but in addition we believe that it will be in a saddle area between one of the closures on the elongated Carlsbad anticline. As such, we feel that geological depictation does portray the risk involved by Belco in drilling this well.

18 Q. Has any other acreage in the immediate area been
19 the subject of previous forced pooling applications before
20 the Commission?

A. Yes, Belco has previously applied for forced
pooling for the west half of Section 5, diagonally to the
northeast of the subject east half of Section 7. In the
instance of the John Joyce No. 1 which was drilled first
within the west half of Section 5, to our chagrin the well

**sid morrish reporting service**  *General Court Reporting Service* Calle Mejia, No. 122, Santa Fe, New Mexico 8750) Pnone (505) 982-9212

instead of being high went low and as such the sand conditions were very poor. We did encounter shows of gas, however, it was a dry hole and it was a noncommercial well and as such was plugged because of its low structural position and poor quality reservoir sands in the Morrow. Q What is the order number of that forced pooling, Mr. Nering?

Page.

11

8 A. The order number for that particular application,
9 Case Number 5283, Order R-4839.

10 Q. And what was the risk factor assigned in that11 Order?

A. The risk factor assigned in that case was one hundred and seventy-five percent.

Q All right, were there any other wells in the area that were the subject of forced pooling applications?

Yes, Belco returned since Belco wasn't convinced 16 A. 17 that the west half of Section 5 was void of hydrocarbons, we 18 determined that we should drill another well and as such we returned to the Commission for a forced pooling again on the 19 west half of Section 5 and an order was issued for that matter 20 The well involved is what we refer to today as our Jarvis 21 22 Meade No. 1 Well. It was Case Number 5567, Order Number 23 R-5111 and the findings in that case was that the risk factor 24 to be determined was two hundred percent.

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MR. NUTTER: You mean that was a second forced

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		Page12
	1	pooling order for the same west half of the section?
	2	A. Yes, sir.
· • •	3	MR. NUTTER: The first one was for the dry hole?
	4	A. Yes, sir.
••	- 5	MR. NUTTER: I guess it specified where the well
	6	would be drilled?
	7	A. Yes, it was an unorthodox location in the second
	8	case.
87501	9	MR. NUTTER: You just re-pooled the whole thing?
Service Service Mexico 87501	10	A. Correct.
108 80 108 Now Now Now Now Now No. 12	11	Q. (Mr. Kellahin continuing.) What is the current
reporting Santa Fe, Ne Santa Fe, Ne S0S) 982-9212	12	status of that Jarvis Meade Well?
<b>Sh re</b> <i>Court</i> <b>A</b> 122, S nie (50'	13	A. Jarvis Meade No. 1 currently is shut in, it is a
<b>morrish</b> <i>General Co</i> deja, No. 12 Phone	14	commercial completion in the Morrow.
<b>sid morrish reporting</b> Calle Mejia, No. 122, Sana Fe, No. Calle Mejia, No. 122, Sana Fe, No.	15	Q In your opinion what risk factor should be assigned
825	16	to the subject well?
тария 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	17	A. I'm recommending that a risk factor of two hundred
jan la na	18	percent be assigned to the current application, the Douglas
· · · • • • • • • • • • • • • • • • • •	19	No. 1.
алана 1 Алана 1	20	Q. Would you please refer to what has been marked as
+#	21	Exhibit No.9 ?
1 No <b>1</b>	22	A. Exhibit No. 9 is Belco's authorization for expenditure
a en	23	for our Douglas No. 1. It illustrates that we are anticipating
	24	a cost of six hundred and thirty-one thousand dollars for a
5 -	25	completed well and four hundred and forty-eight thousand

. ۲. dollars for a dry hole.

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What has been Belco's experience with regards to Q. cost of supervision to be charged during the drilling of a well?

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5 A. Over the past two or three years we have seen an 6 increase in supervisory costs. I'm recommending in this 7 instance a supervisory cost of seventeen hundred and fifty dollars per month to be assigned while drilling the Douglas 8 No. 1 and a supervisory cost of two hundred and fifty-five 9 10 dollars per month be assigned while producing.

11 Please refer to Exhibit Nunber Ten and identify it? Q. 12 Exhibit Number Ten, I must apologize, the copy A. 13 that you have, the stamp didn't appear too well. It is a 14 photo copy of an aerial photograph. This particular exhibit 15 is for the purpose of illustrating that we are desirous of 16 obtaining an unorthodox location for the Douglas No. 1 for 17 the reason that the orthodox area for the location falls entirely within a wash area that is subject to flooding and 18 would pose considerable expense in construction and undoubtedly 19 considerable difficulty and much further expense should we 20 encounter flooding conditions which are prevalent in this wash.

For topographical reasons then, Mr. Nering, where 23 0. 24 would you propose to drill your well?

> A. We have staked a location which is one hundred feet

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1 south and east of the permissible orthodox area for the 2 three hundred and twenty acre unit. This particular location 3 falls within a level agricultural area and we feel that we 4 are not endangered at that point by topographic conditions of 5 the wash. I happen to have one small photo which isn't 6 prepared as an exhibit but if you are desirous of looking at 7 the photo it will show the stake placed on the orthodox 8 location at the extreme southeast corner of the orthodox 9 permissible area, illustrating that that stake came to rest 10 immediately on the bank of the wash and the photo also 11 illustrates that the wash at this point has been protected by 12 a series of old automobiles and various other types of 13 riprap to contain the effects of any flooding conditions. If 14 you would like to look at the photo I can pass it down there. 15 MR. NUTTER: I might take a look at it. By the little red flag the orientation is shown as 16 A. 17 to the northwest. MR. NUTTER: This is sort of across the wash then 18 in Exhibit Ten? 19 This is looking to the -- actually it is west-A. 20 northwest orientation. You can see the bridge as shown on 21 22 the photo. 23 MR. NUTTER: Okay, normally this wash, I guess, 24 doesn't have any water in it? 25 There are patches of water. It is normally a dry A.

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General Court Reporting Service 825 Calle Mejia, No. 122, Santı Fe, New Mexico 87501 Phone (505) 982-9212 morrish reporting service

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wash, yes. However, it does show extreme evidence of severe ١ 2 flooding at times. 3 MR. NUTTER: Now, this on Exhibit Number Ten here 4 where you've got this location staked is in a trapezoidal area 5 that is rather dark shaded, is that a cultivated field of some 6 sort? 7 Yes, if you would like to observe this, I have A. another photo. It is cultivated, yes. We have worked with 8 9 these two gentlemen standing beside the stake in the cultivated sid morrish reporting service Ceneral Court Reporting Service Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212 10 area. We have worked with the owner of the cultivated area 11 and he does not register a serious objection to our utilizing 12 the cultivated area. You are looking southeast. 13 MR. NUTTER: You are looking south towards these 14 buildings here? 15 A. That is correct. 825 16 MR. NUTTER: South of the field here? 17 A. It is looking southeast. Your orientation is in 18 that direction. MR. NUTTER: Those are the nearest buildings to 19 this proposed well site? 20 Yes, sir, they can be seen in the current photo. 21 The A. 22 photo is quite current, about a year-and-a-half old and no 23 further residential construction has been conducted in the 24 time period since the photo was taken.

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THE DEPARTMENT OF

MR. NUTTER: What is the distance from the proposed

		Page16
	1	well location to the nearest inhabited dwelling?
	2	A. We have taped that out and the distance from the
	3	stake to the roadway which lies immediately to the north of
	4	the buildings is four hundred and fifty feet.
	5	MR. NUTTER: That's this little road that runs
	6	east and west?
	7	A. As you can see on the photo, yes, sir.
	8	MR. NUTTER: And that's four hundred and some feet
17501	9	from the location to that road?
<b>Service</b> vice Mexico 87501	10	A. Correct.
<b>18 80</b> 8 Servic New M <sup>2</sup> 12	11	MR. NUTTER: And all of the houses are on the south
<b>porti</b> <i>teportin</i> anta Fe, 5) 982-9	12	side of the road?
sh re Court F 122, S one (SO:	13	A. Yes, sir.
<b>morrish</b> General Co fejia, No. 12 Phone	14	MR. NUTTER: And the houses are more than four
<b>sid</b> Calle A	15	hundred feet?
825 (	16	A. Yes, they are in the order of we did not tape
	17	directly up to the building itself but we estimate that the
	18	nearest building, occupied building, is about four hundred and
	19	seventy-five feet from the stake. I might point out that that
	20	roadway is the city limits of the City of Carlsbad. The
	21	location itself is within the Eddy County area.
	22	MR. NUTTER: Well, now, wait a minute. The exhibit
	23	shows that the city limits come up here north of the location?
	24	A. Well, yes, and if you will notice north of the wash,
	25	just south of the dam on the Pecos, the city limits trend west
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 $\{ e_i \}$ a'sea <sup>1</sup> directly west, over to the railroad tracks, south along the <sup>2</sup> railroad tracks by the dashed line east, then north and a <sup>3</sup> strip, we removed the strip from the original photo for the <sup>4</sup> purpose of clarity.

Page

MR. NUTTER: There would be some dots along the road?

A. Yes, there would ordinarily be. The city limits
8 lie along that road, because we didn't want to obscure what
9 lay underneath that tape, we took the tape off.

MR. NUTTER: Go ahead.

Q. (M1. Kellahin continuing.) Does Belco desire to be designated the operator of the unit?

A. Yes, Belco recommends that Belco be designated as operator of this unit.

15 When will Belco commence the drilling of this well? Q. 16 We are desirous of commencing drilling operations A. 17 as soon as possible and we urge the Commission to grant an 18 administrative approval for our unorthodox location based upon the topographic condition and in respect to that we have a 19 waiver from the operator offsetting us with production to the 20 21 east and production to the south, Cities Service Oil Company. That is Exhibit Number Eleven? 22 Q.

23 A. Thac is correct.

Q. How long do you anticipate it will take you to
complete the well?

sid morrish reporting service Ceretal Court Reporting Service Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212

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		1	A. In the order of sixty days.
* 874		2	Q. I believe the Commission's normal forced pooling
de ei€ s		3	order provides for a well to be completed within one hundred and
		4	twenty days, can you meet that deadline?
- <b>2</b> 44 m <b>4</b> - - - - -		5	A. Yes, I believe we can.
\$~+ <b>\$</b>		6	Q Were Exhibits Eight through Eleven either prepared
- - -		7	by you directly or compiled under your direction and super-
<b>144</b> 2005 100 100 100 100 100		8	vision?
la. I	<b>e</b> 87501	9	A. Yes, they were compiled by me with the exception of
	<b>Service</b> wice w Mexico 8	10	the aerial photograph.
		11	Q. The aerial photograph?
<b>≸</b> ≪ <b>¥</b>	01 10 982	12	A. Yes, and with the exception of the AFE which was
i ti	311 -	13	prepared by the engineering department but was under my
	. <b>morrish</b> <i>General Co</i> Mejia, No. 12 Phone	14	supervision.
	sid Calle 1	15	MR. KELLAHIN: If the Examiner please, we move
	\$25	16	the introduction of Exhibits One through Eleven.
		17	MR. NUTTER: Belco's Exhibits One through Eleven
e kol		18	will be admitted into evidence.
		19	(THEREUPON, Belco's Exhibits One through
1		20	Eleven were admitted into evidence.)
2		21	Q. (Mr. Kellahin continuing.) In your opinion, Mr.
s king I I I I I I I I I I I I I I I I I I I		22	Nering, will the approval of this application be in the best
l marca I		23	interests of conservation, prevention of waste and the
		24	protection of correlative rights?
•		25	A. That is my recommendation.
		11	

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MR. KELLAHIN: That concludes our direct examination.

## 3 CROSS EXAMINATION 4 BY MR. NUTTER: 5 Q. Mr. Nering, on your Exhibit Nine, now, this four 6 hundred and forty-eight thousand dollars, that is the total 7 of the first column here, that would be the dry hole cost, 8 is that right? 9 Yes, sir. A. 10 And the completed well would be six hundred and Q. 11 thirty-one thousand, is that correct? 12 A. Yes, sir, as was previously stated. 13 Is this pretty close to the cost of the wells that Q. 14 have been completed? Calle Mejia, 15 Yes, this is our best estimate and this is in A. 325 16 keeping with the well that we just recently completed, the 17 Jarvis Meade No. 1, in spite of the fact that the Jarvis 18 Meade was deepened to the Devonian. We do have the figures 19 for the drilling to the Morrow and the Douglas 1 is not 20 planned as a Devonian test, strictly a Morrow test. 21 Q. It will be a Morrow well? Yes, sir, eleven hundred, six hundred feet. 22 A. 23 And your recommended combined fixed rate was two Q. 24 fifty-five for producing and seventeen fifty for drilling, 25 is that correct?

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			1	A. Yes, sir.
			2	MR. NUTTER: Are there any further questions of
			3	the witness? He may be excused.
			4	(THEREUPON, the witness was excused.)
			5	MR. NUTTER: Do you have anything further in this
			6	case, Mr. Kellahin?
			7	MR. KELLAHIN: No, sir, not in this case.
	- - - -		8	MR. NUTTER: We will take the case under advisement.
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	: E .	<b>Ig Service</b> S <i>service</i> New Mexico 87501 212	10	
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		<b>morrish</b> General Cor Mejii, No. 12 Phone	14	
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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

F Morrish, C.S.R Sidney

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Page 1 BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION 2 Santa Fe, New Mexico April 14, 1976 3 4 EXAMINER HEARING 5 6 IN THE MATTER OF: 7 Application of Belco Petroleum CASE Corporation for compulsory pooling and ) 5666 8 an unorthodox gas well location, Eddy County, New Mexico. 9 sid morrish reporting service Central Court Reporting Service Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212 10 11 BEFORE: Daniel S. Nutter, Examiner 12 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 For the New Mexico Oil William F. Carr, Esq. Conservation Commission: Legal Counsel for the Commission 825 16 State Land Office Building Santa Fe, New Mexico 17 For the Applicant: W. Thomas Kellahin, Esq. 18 KELLAHIN & FOX Attorneys at Law 19 500 Don Gaspar Santa Fe, New Mexico 20 21 22 23 24 25

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	6				
	7	LEE NERING			
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Service lew Mexico 87501 2	10		-		
8 Servic New M 212	11	EXHIBIT INDEX			
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	25				e e e e e e e e e e e e e e e e e e e

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sid morrish reporting service

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		1	MR. NUTTER: We will call Case Number 5666.
		2	MR. CARR: Case 5666, application of Belco Petroleum
		3	Corporation for compulsory pooling and an unorthodox gas well
		4	location, Eddy County, New Mexico.
		5	MR. KELLAHIN: Tom Kellahin of Kellahin and Fox,
- - -		6	Santa Fe, New Mexico appearing on behalf of the applicant and
		7	I have two witnesses to be sworn.
•		8	(THEREUPON, the witnesses were duly sworn.)
	<b>e</b> 87501	9	
1 - A	service vice Mexico 8	10	MARY WARD
	5 P	11	called as a witness, having been first duly sworn, was
- • • •	<b>reporting</b> rt <i>Reporting Se</i> , Santa Fe, Ne 505) 982-9212	12	examined and testified as follows:
	~ <u>3</u> 21	13	
С (н Ва) 	<b>morrish</b> General Co fejia, No. 12 Phone	14	DIRECT EXAMINATION
2	Sid mc Ge Calle Mejia	15	BY MR. KELLAHIN:
	825 C	16	Q. Would you please state your name, by whom you are
- "		17	employed and in what capacity?
н Колист 1-		18	A. My name is Mary Ward and I'm employed by Belco
, .4		19	Petroleum Corporation in Midland, I'm a landman.
		20	0. Ms. Ward, have you previously testified before the
a -		21	Commission?
1999) 1999 - Angeler 1999 - Angeler 1990 - Angeler		22	A. No, I haven't.
na na sala na s		23	Q. How long have you been employed in the land depart-
		24	ment for Belco Petroleum Corporation?
		25	A. Going on five years.
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	1	And have you made a study of the status of ownership
	2	of the east half of Section 7, the subject matter of this
	3	particular application?
	4	A. Very definitely, several years on it.
	5	MR. KELLAHIN: If the Examiner please, we tender
	6	this witness to testify as to the status of ownership for this
	7	particular half section and the notification effort she has
	8	made to attempt to get joiner of the non-consenting parties.
<b>e</b> 87501	9	MR. NUTTER: That's fine, go ahead.
<b>g Service</b> <i>Service</i> dew Mexico 8	10	Q (Mr. Kellahin continuing.) Ms. Ward, would you
	11	please refer to Exhibit Number One which is your plat and
reporting r1 Reporting Se 5, Satia Fe, Ne 505) 982-9212	12	identify the subject acreage?
2 N N	13	A. Exhibit Number One is really a plat showing our
<b>morrish</b> <i>General Co</i> dejia, No. 12 Phone	14	proposed unit in relation to the Eddy County Avalon area.
<b>Sìd mo</b> <i>Ger</i> Calle Mejia	15	Q. The subject area will be the east half of Section
825 6	16	7, is that correct?
	17	A. That's right.
an dharan Ann an Ann	18	Q All right, please turn to what has been marked as
	19	Exhibit Number Two and identify it?
	20	A. Exhibit Number Two is a land plat showing the
	21	various town lots in and outside of the city limits of
	22	Carlsbad.
	23	Q. Would you explain to me what the color code
	24	signifies?
	25	A. Yes, all of the yellow are town lot and leased

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acreage by Belco. Cities Service you will see in pink, 2 Bennett is in the blue and to the south there. May is this 3 acreage slashed with Belco. We have a half interest in that tract. Southern Union is that small orange bit right over there by the gun shed and I've marked FP, compulsory pooling on six town lots. They've not agreed to go with us. Mr. Grace is shown in green, Michael P. Grace and he has not responded to our request.

Page

£ Q, Attached to Exhibit Number Two is a compilation of 10 the individuals that as of the date of filing the application 11 have not participated, is that correct?

A. Yes, that's right.

O. What is the total acreage to be force pooled?

A. Including Mr. Grace's, forty-two point eight, seven, thirty-three acres.

Q And what percentage does that acreage represent to the total?

Thirteen point five, one, four, seven. Α.

19 All right. Please refer to what has been marked as 0. 20 Exhibit Number Three and identify it beginning with the first 21 letter of correspondence?

22 Yes, this represents ten out of a hundred and forty, A. 23 almost, town lot leases that were not leased to individuals 24 or companies and so I wrote letters to everyone of them giving 25 them the choice of either leasing to us or joining with us in

vice Mexico 8750 morrish reporting service Pho. Calle Mejia, sid

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the drilling of this well or possibly being force pooled. I've
sent everyone of them a stamped envelope and a second sheet
with a box on it, you know, where they could just check it
and send it back and I did get responses. You can see we have
marked that Southern Union did join and three others that I
wrote to did lease. These were sent registered mail which is
my next exhibit.

Page

Q. Your exhibit dated February 24th, 1976 represents what?

10 h. Well, it was proposed. I figured these people
11 would probably join like working interest with Belco, so I
12 wrote them a separate letter setting out acreage and percentage.
13 Q. And what response did you get from that letter?
14 h. Everyone is joining except I did not hear from
15 Mr. Grace.

16 Q. Please refer to what has been marked Exhibit
17 Number Six, a letter dated March 17th, 1976?

<sup>18</sup> A. I again wrote to Mr. Grace and sent it registered
<sup>19</sup> mail, which is Exhibit Seven, his receipt, telling him again
<sup>20</sup> about the well and asking him that he join since he did have
<sup>21</sup> quite a few acres in there I thought perhaps he would like to
<sup>22</sup> reconsider.

Q. What, if any, response did you get to Exhibit Number
24 Six?

h. The return receipt.

sid morrish reporting service Centril Court Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212

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	1	MR. KELLAHIN: That concludes our examination of
	2	this witness.
	3	
	4	CROSS EXAMINATION
	5	BY MR. NUTTER:
	6	Ω So actually what is the total outstanding interest
	7	now, Ms. Ward, that has not been leased or has not agreed to
- M.	8	join?
87501	9	A. Well, as I said, with Mr. Grace it will be a total
<b>SETVİCE</b> vice v Mexico 87501	10	of forty-two point eighty-seven, thirty-three acres.
₩ 23	11	Q And that's the list that is included on this exhibit
<b>reporting</b> ri <i>Reporting</i> Se Santa Fe, Ne, SoS) 982-9212	12	here?
	13	A. Yes, I believe I attached that right behind my
<b>sid morrish</b> <i>Ceneral</i> Cou Jalle Mejia, No. 12. Phone	14	land plat, that says forced pool list.
<b>sid mo</b> Gen 825 Calle Mejia,	15	Q. Yes.
825	16	MR. KELLAHIN: Excuse me, that should be an
	17	attachment to Exhibit Number Two.
	18	MR. NUTTER: And Exhibit Number Two is the plat?
	19	MR. KELLAHIN: That's right.
	20	MR. NUTTER: Okay.
	21	MR. KELLAHIN: I believe Exhibit Number Two and its
	22	attachment represent the current status of ownership as of
	23	this date.
	24	Q (Mr. Nutter continuing.) Now, are these tracts
	25	that are identified on the forced pool list shown here on the
	11	

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	1	plat, Exhibit Two?
	2	A Yes, and you will find six small town lots, Mr.
	3	Dunagan, Malicoat, Matteral, Fierro, Ernest and Alvarado, and
	4	those are marked FP on there.
	5	Q Those are the small tracts that are for these six
	6	individuals here?
	7	A. Yes, that's right, so they are marked FP and Mr.
	8	Grace's, as I said, we thought he might join, that's the
	9	green.
	10	Q Now, the blue
1212	11	A. Is C. R. Bennett and he's joined.
rhone (505) 982-9212	12	Q And the orange, they are both in?
	13	A. Yes, sir.
ă.	14	Q And the pink is in?
	15	A. That's right.
	16	Q And all of the yellow is in because that's Belco?
	17	A. That's Belco.
	18	Q And the other half interest in this Belco tract
	19	that's crosshatched, is also in?
	20	A. He has joined, everyone.
	21	MR. NUTTER: Are there any further questions of
	22	this witness? She may be excused.
	23	(THEREUPON, the witness was excused.)
	24	MR. KELLAHIN: I call Mr. Lee Nering.
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**sid morrish reporting service** *General Court Reporting Service* 825 Calle Mejia, No. 122. Santa Fe, New Mexico 87501 Phone (505) 982-9212

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		Page9
	1	LEE MERING
	2	called as a witness, having been first duly sworn, was
	3	examined and testified as follows:
	4	
	5	DIRECT EXAMINATION
	6	BY MR. KELLAHIN:
	7	Q Would you please state your name, by whom you are
	8	employed and in what capacity?
\$	9	A. My name is Lee Nering, I'm employed by Belco Petroleu
<b>Service</b> vice v Mexico 187501	10	Corporation in Houston, Texas as administrative geologist.
W 23	11	9. Have you made a study of and are you familiar with
reporting Se <i>t Reporting Se</i> Santa Fe, Ne 505) 982-9212	12	this particular application?
384	13	N. I have.
<b>morrish</b> <i>General Co</i> <i>G</i> eneral Co <i>G</i> eneral Co <i>G</i> eneral Co <i>G</i> eneral Co	14	0 And have you previously testified as an expert
sid Calle	15	witness and made your qualifications acceptable to the
825	16	Commission?
	17	A. I have.
	18	MR. KELLAHIN: If the Examiner please, are the
	19	witness' qualifications acceptable?
	20	MR. NUTTER: Yes, they are.
	21	Q (Mr. Kellahin continuing.) Mr. Nering, would you
	22	please refer to your Exhibit Number Eight, identify it and
	23	state briefly what we are seeking here?
	24	A. Exhibit Number Eight is a geological map which
	25	illustrates the structural configuration of the northern part
	il.	
1 of the Carlsbad-South Morrow Pool area illustrating a structure 2 at the Morrow level. The subject of the application, the east 3 half of Section 7 is highlighted. The purpose of the exhibit 4 is to illustrate that the principal structural controlling 5 factor in this instance is an elongated asymmetric anticline 6 and the gentle flank being the east flank and the steeper flank 7 being the west flank. In previous drilling by Belco and by 8 Cities Service we have determined that the west flank of this 9 elongated asymmetric structure is an area where the conditions 10 of stratigraphy for the Morrow are subject to some risk.

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It can be noted that the proposed location, our
Douglas No. 1, is located not only on the west flank of this
asymmetric structure but in addition we believe that it will
be in a saddle area between one of the closures on the elongated
Carlsbad anticline. As such, we feel that geological
depictation does portray the risk involved by Belco in
drilling this well.

18 Q Has any other acreage in the immediate area been
19 the subject of previous forced pooling applications before
20 the Commission?

A. Yes, Belco has previously applied for forced
pooling for the west half of Section 5, diagonally to the
northeast of the subject east half of Section 7. In the
instance of the John Joyce No. 1 which was drilled first
within the west half of Section 5, to our chagrin the well

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	1	instead of being high went low and as such the sand conditions
	2	were very poor. We did encounter shows of gas, however, it
	3	was a dry hole and it was a noncommercial well and as such
	4	was plugged because of its low structural position and poor
	-5	quality reservoir sands in the Morrow.
	6	Q What is the order number of that forced pooling,
	7	Mr. Nering?
	8	A. The order number for that particular application,
87501	9	Case Number 5283, Order R-4839.
<b>Service</b> vice v Mexico 87561	10	Q And what was the risk factor assigned in that
W 23	11	Order?
reporting Se rt Reporting Se 2, Santa Fe, Ner (505) 982-9212	12	A The risk factor assigned in that case was one
	13	hundred and seventy-five percent.
<b>sid morrish</b> General Cor Calle Mejia, No. 12 Phone	14	Q. All right, were there any other wells in the area
<b>sid mo</b> ı <sup>Gene</sup> Calle Mejia,	15	that were the subject of forced pooling applications?
825 (	16	A. Yes, Belco returned since Belco wasn't convinced
	17	that the west half of Section 5 was void of hydrocarbons, we
	18	determined that we should drill another well and as such we
	19	returned to the Commission for a forced pooling again on the
	20	west half of Section 5 and an order was issued for that matter.
	21	The well involved is what we refer to today as our Jarvis
	22	Meade No. 1 Well. It was Case Number 5567, Order Number
	23	R-5111 and the findings in that case was that the risk factor
	24	to be determined was two hundred percent.
	25	MR. NUTTER: You mean that was a second forced

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	1	pooling order for the same west half of the section?
	2	A. Yes, sir.
	3	MR. NUTTER: The first one was for the dry hole?
	4	A. Yes, sir.
	5	MR. NUTTER: I guess it specified where the well
	6	would be drilled?
	7	A Yes, it was an unorthodox location in the second
	8	case.
<b>e</b> 87501	9	MR. NUTTER: You just re-pooled the whole thing?
<b>Service</b> vice / Mexico 8	10	A. Correct.
5.5	11	Q. (Mr. Kellahin continuing.) What is the current
<b>morrish reporting</b> General Court Reporting Se dejia, No. 122, Santa Fe, Ne Phone (505) 982-9212	12	status of that Jarvis Meade Well?
	13	A. Jarvis Meade No. 1 currently is shut in, it is a
	14	commercial completion in the Morrow.
sid Calle N	15	Q In your opinion what risk factor should be assigned
825	16	to the subject well?
	17	A. I'm recommending that a risk factor of two hundred
	18	percent be assigned to the current application, the Douglas
	19	No. 1.
	20	Q Would you please refer to what has been marked as
	21	Exhibit No.9 ?
	22	A Exhibit No. 9 is Belco's authorization for expenditure
	23	for our Douglas No. 1. It illustrates that we are anticipating
	24	a cost of six hundred and thirty-one thousand dollars for a
	25	completed well and four hundred and forty-eight thousand

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dollars for a dry hole.

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What has been Belco's experience with regards to cost of supervision to be charged during the drilling of a well?

A. Over the past two or three years we have seen an
increase in supervisory cost i. I'm recommending in this
instance a supervisory cost of seventeen hundred and fifty
dollars per month to be assigned while drilling the Douglas
No. 1 and a supervisory cost of two hundred and fifty-five
dollars per month be assigned while producing.

11 Please refer to Exhibit Number Ten and identify it? Q. 12 Α. Exhibit Number Ten, I must apologize, the copy that you have, the stamp didn't appear too well. It is a 13 photo copy of an aerial photograph. This particular exhibit 14 15 is for the purpose of illustrating that we are desirous of obtaining an unorthodox location for the Douglas No. 1 for 16 the reason that the orthodox area for the location falls 17 entirely within a wash area that is subject to flooding and 18 would pose considerable expense in construction and undoubtedly 19 20 considerable difficulty and much further expense should we encounter flooding conditions which are prevalent in this 21 22 wash.

Q For topographical reasons then, Mr. Nering, where
would you propose to drill your well?

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We have staked a location which is one hundred feet

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1 south and east of the permissible orthodox area for the 2 three hundred and twenty acre unit. This particular location 3 falls within a level agricultural area and we feel that we 4 are not endangered at that point by topographic conditions of 5 the wash. I happen to have one small photo which isn't 6 prepared as an exhibit but if you are desirous of looking at 7 the photo it will show the stake placed on the orthodox 8 location at the extreme southeast corner of the orthodox 9 permissible area, illustrating that that stake came to rest 10 immediately on the bank of the wash and the photo also 11 illustrates that the wash at this point has been protected by 12 a series of old automobiles and various other types of 13 riprap to contain the effects of any flooding conditions. If 14 you would like to look at the photo I can pass it down there. 15 MR. NUTTER: I might take a look at it. 16 By the little red flag the orientation is shown as A. 17 to the northwest. 18 MR. NUTTER: This is sort of across the wash then 19 in Exhibit Ten? 20 This is looking to the -- actually it is west-A. 21 northwest orientation. You can see the bridge as shown on 22 the photo. MR. NUTTER: Okay, normally this wash, I guess, 23 24 doesn't have any water in it? 25 A. There are patches of water. It is normally a dry

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sid morrish: reporting service *General Court Reporting Service* 825 Calle Mejia, No. 172, Santa Fe, New Mexico 87501 Phone: (505) 982-9212 wash, yes. However, it does show extreme evidence of severe flooding at times.

MR. NUTTER: Now, this on Exhibit Number Ten here where you've got this location staked is in a trapezoidal area that is rather dark shaded, is that a cultivated field of some sort?

A. Yes, if you would like to observe this, I have
another photo. It is cultivated, yes. We have worked with
these two gentlemen standing beside the stake in the cultivated
area. We have worked with the owner of the cultivated area
and he does not register a serious objection to our utilizing
the cultivated area. You are looking southeast.

<sup>13</sup> MR. NUTTER: You are looking south towards these
<sup>14</sup> buildings here?

A. That is correct.

MR. NUTTER: South of the field here?

A It is looking southeast. Your orientation is in
that direction.

MR. NUTTER: Those are the nearest buildings to this proposed well site?

A. Yes, sir, they can be seen in the current photo. The
photo is quite current, about a year-and-a-half old and no
further residential construction has been conducted in the
time period since the photo was taken.

MR. NUTTER: What is the distance from the proposed

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	1	well location to the nearest inhabited dwelling?
	2	A We have taped that out and the distance from the
	3	stake to the roadway which lies immediately to the north of
	4	the buildings is four hundred and fifty feet.
	5	MR. NUTTER: That's this little road that runs
	6	east and west?
	7	A. As you can see on the photo, yes, sir.
	8	MR. NUTTER: And that's four hundred and some feet
e 87501	9	from the location to that road?
SErvice vice v Mexico 8	10	A. Correct.
	11	MR. NUTTER: And all of the houses are on the south
<b>Fej)OFUIAG</b> <i>urt R=porting Se</i> 2, S: nta Fe, Ne (505) 982-9212 (505) 982-9212	12	side of the road?
	13	A. Yes, sir.
INOFTISIA General Co Mejia, No. 12 Phone	14	MR. NUTTER: And the houses are more than four
SIU INOI Gene Calle Mejia, 1	15	hundred feet?
825 (	16	A. Yes, they are in the order of we did not tape
	17	directly up to the building itself but we estimate that the
	18	nearest building, occupied building, is about four hundred and
	19	seventy-five feet from the stake. I might point out that that
	20	roadway is the city limits of the City of Carlsbad. The
	21	location itself is within the Eddy County area.
	22	MR. NUTTER: Well, now, wait a minute. The exhibit
	23	shows that the city limits come up here north of the location?
	24	A. Well, yes, and if you will notice north of the wash,
	25	just south of the dam on the Pecos, the city limits trend west
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1 directly west, over to the railroad tracks, south along the 2 railroad tracks by the dashed line east, then north and a 3 strip, we removed the strip from the original photo for the purpose of clarity.

MR. NUTTER: There would be some dots along the road?

7 Yes, there would ordinarily be. The city limits A, 8 lie along that road, because we didn't want to obscure what 9 lay underneath that tape, we took the tape off.

MR. NUTTER: Go ahead.

11 (Mr. Kellahin continuing.) Does Belco desire to Q. 12 be designated the operator of the unit?

A. Yes, Belco recommends that Belco be designated as operator of this unit.

15 When will Belco commence the drilling of this well? Q 16 We are desirous of commencing drilling operations λ. 17 as soon as possible and we urge the Commission to grant an administrative approval for our unorthodox location based upon the topographic condition and in respect to that we have a waiver from the operator offsetting us with production to the east and production to the south, Cities Service Oil Company. That is Exhibit Number Eleven? Q.

That is correct. λ.

24 Now long do you anticipate it will take you to Q. 25 complete the well?

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<b>morrish reporting service</b> <i>General Court Reporting Service</i> Mejia, No. 122. Santa Fe, New Mexico 87501 Phone (505) 982-9212	1	A. In the order of sixty days.			
	2	Q I believe the Commission's normal forced pooling			
	3	order provides for a well to be completed within one hundred and			
	4	twenty days, can you meet that deadline?			
	5	A. Yes, I believe we can.			
	6	Q Were Exhibits Eight through Eleven sither prepared			
	7	by you directly or compiled under your direction and super-			
	8	vision?			
	9	A. Yes, they were compiled by me with the exception of			
	10	the aerial photograph.			
	11	Q The aerial photograph?			
	12	A. Yes, and with the exception of the AFE which was			
	13	prepared by the engineering department but was under my			
	14	supervision.			
<b>sid</b> Calle	15	MR. KELLAHIN: If the Examiner please, we move			
825	16	the introduction of Exhibits One through Eleven.			
	17	MR. NUTTER: Belco's Exhibits One through Eleven			
	18	will be admitted into evidence.			
	19	(THEREUPON, Belco's Exhibits One through			
	20	Eleven were admitted into evidence.)			
	21	Q (Mr. Kellahin continuing.) In your opinion, Mr.			
	22	Nering, will the approval of this application be in the best			
	23	interests of conservation, prevention of waste and the			
	24	protection of correlative rights?			
×	25	A That is my recommendation.			
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MR. KELLAHIN: That concludes our direct examination.

#### CROSS EXAMINATION

4 BY MR. NUTTER:

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5 Ö. Mr. Noring, on your Exhibit Nine, now, this four 6 hundred and forty-eight thousand dollars, that is the total 7 of the first column here, that would be the dry hole cost, 8 is that right?

A. Yes, sir.

10 Q And the completed well would be six hundred and thirty-one thousand, is that correct?

Yes, sir, as was previously stated. Α.

Is this pretty close to the cost of the wells that Q. have been completed?

15 A. Yes, this is our best estimate and this is in 16 keeping with the well that we just recently completed, the 17 Jarvis Meade No. 1, in spite of the fact that the Jarvis 18 Meade was deepened to the Devonian. We do have the figures 19 for the drilling to the Morrow and the Douglas 1 is not 20 planned as a Devonian test, strictly a Morrow test.

It will be a Morrow well? Q.

22 Yes, sir, eleven hundred, six hundred feet. Α. 23 And your recommended combined fixed rate was two Q. 24 fifty-five for producing and seventeen fifty for drilling, 25 is that correct?

sid morrish reporting service Calle Mejia, No. 122, Santa Fe, New Mexico Phone (505) 982-9212 sid

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A. Yes, sir. MR. NUTTER: Are there any further questions of the witness? He may be excused. (THEREUPON, the witness was excused.) MR. NUTTER: Do you have anything further in this case, Mr. Kellahin? MR. KELLAHIN: No, sir, not in this case. MR. NUTTER: We will take the case under advisement. sid morrish reporting service General Court Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212 £.4 4.54 

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# REPORTER'S CERTIFICATE

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2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter, 3 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

Morrish, C.S.R. Sidney F

i do hereby certify that the foregoing to a complete record of the proceedings in the Examiner hearing of Case No. 566 hoard by me on ... 4/14 19 76 Makico Oil Conservation Commission 2, Examiner

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DIRECTOR

JOE D. RAMEY

# **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2088 · SANTA FE 87501 LAND COMMISSIONER PHIL R. LUCERO April 28, 1976



Mr. Tom Kellahin Kellahin & Fox Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico Re: CASE NO. 5666 ORDER NO. R-5209

Applicant:

Belco Petroleum Corporation

Dear Sir:

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

Yours very truly, (AM JOE D. RAMEY Director

# JDR/fd

1. 1. AV

Copy of order also sent to:

х Hobbs OCC\_ Artesia OCC X Aztec OCC\_

Other\_

# 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. 5666 Order No. R-5209

APPLICATION OF BELCO PETROLEUM CORPORATION FOR COMPULSORY POOLING AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 14, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>27th</u> day of April, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

### FINDS:

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

(2) That the applicant. Belco Petroleum Corporation, seeks an order pooling all mineral interests in and below the Pennsylvanian formation underlying the E/2 of Section 7, Township 22 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 at an unorthodox gas well location 2410 feet from the North line and 560 feet from the East line of said Section 7.

(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. -2-Case No. 5666 Order No. R-5209

(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 200 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 \$1750.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) while drilling; that \$255.00 per month should be fixed as a reasonable charge for supervision while producing; and 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 July 1, 1976, 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 and below the Pennsylvanian formation underlying the E/2 -3-Case No, 5666 Order No, R-5209

of Section 7, Township 22 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 an unorthodox location 2410 feet from the North line and 560 feet from the East line of said Section 7.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of July, 1976, 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 1st day of July, 1976, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to complete vi, 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 Belco Petroleum 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. -4-Case No. 5666 Order No. R-5209

(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, 200 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 \$1750.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) while drilling; that \$255.00 per month is hereby fixed as a reasonable charge for supervision while producing; and that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each nonconsenting 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.

-5-Case No. 5666 Order No. R-5209

(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.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

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PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

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JOE D. RAMEY, Member & Secretary

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Dockets Nos. 13-76 and 14-76 are tentatively set for hearing on April 28 and May 12, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 14, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,

STATE LAND OFFICE BUILDING, SANTA FE, N°W MEXICO The following cases will be heard before Daniel S. Nutter, Fxaminer, or Richard L. Stametu, Alternate Fxaminer: ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1976, from seventeen prorated pools

- in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico,
  - (2) Consideration of the allowable production of gas for May, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 5663: Application of Anne Burnett Tandy dba Windfohr Oil Company (or 12 unorthodox oil well locations and an administrative procedure. Fddv County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of 12 oil wells to be drilled to the San Andres formation at the following locations in the Gravburg-Jackson Unit, Township 17 South, Range 30 Fast, Fddy County, New Mexico:

in Section 13: extreme SE/corner of Units E and O, the extreme SW/corner of Unit N, the extreme NE/corner of Units J and K, and the extreme NW/corner of Units M, N, O, and P;

in Section 14: the extreme SE of Unit H;

in Section 24: the extreme SW/corner of Unit C and extreme NW/corner of Unit D.

Applicant further seeks the establishment of an administrative procedure whereby the above wells could be relocated and other similar unorthodox locations approved without notice and hearing.

- Application of Mesa Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Nash Univ CASE 5664: Well No. 2, located in Unit F of Section 18, Township 23 South, Range 30 Fast, Eddy County, New Mexico, to produce gas from the Atoka and Morrow formations through parallel strings of tubing.
- CASE 5665: Application of Howard Boatwright Company, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the open-hole interval from 2979 to 3180 feet in its State CS Well Yo. 1 located in Unit L of Section 17, Township 21 South, Range 27 Fast, Burton Flats Field, Eddy County, New Mexico.
- CASE 5666:

Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in and below the Pennsylvanian formation underlying the E/2 of Section 7, Township 22 South, Range 27 Fast, Fddy County, New Mexico, to be dedicated to a well to be drilled 2410 feet from the North line and 560 feet from the East line of said Section 7. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of considered well and a charge for well and the allocation of the cost thereof. of applicant as operator of the well and a charge for risk involved in drilling said well.

Application of Belco Petroleum Corporation for approval of an unorthodox gas well location, Lea CASE 5667: Application of Neico Petroleum Corporation for approval of an unorthodox gas well location, lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox loca-tion of a Morrow test well to be drilled 660 feet from the North line and 1480 feet from the Vest line of Section 19, Township 21 South, Range 35 Fast, Osudo-Morrow Gas Pool, Lea County, New Mexico, the N/2 of sail Section 19 to be dedicated to the well.

#### CASE 5443: (Reopened)

In the matter of Case 5443 being reopened pursuant to the provisions of Order No. R-4994, which order established special rules and regulations for the East Lusk-Bone Spring 011 Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre spacing units.

#### CASE 5446: (Reopened)

In the matter of Case 5446 being reopened pursuant to the provisions of Order No. R-4992, which order established special rules and regulations for the Casey-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.



APR 21 1976

JASON W. KELLAHIN Robert E. Fox W. Thomas Kellahin KELLAHIN AND FOX ATTORNEYS AT LAW 500 DON GASPAR AVENUE POST OFFICE BOX 1769 SANTA FE, NEW MEXICO 87501

April 20, 1976

TELEPHONE 982-4315 AREA CODE 505

file - Case 5 66611 10-700-76 4-20-76

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

Re: NMOCC Case No. 5666

Dear Bill:

I am writing to confirm our conversation this morning with Mr. Dan Nutter of your office whereby Belco received permission to commence drilling this subject well at the requested unorthodox well location 2410 feet from the north line and 560 feet from the east line of Section 7.

Very truly yours, Pun Thomas Kellahin W .

CC: Mr. Lee Nering

 $\mathbb{C}^{\mathbf{N}}$ 

WTK:kjf





411 Petroleum Building 204 W. Texas Midland, Texas 79701 Telephone (915) 693-6366

**Belco Petroleum Corporation** 

Belco

E.L.Dunagan, Jr. Herman Malicoat Felix Navarro Southern Union Gas Joe Fierro James E. Earnest Frank G. Alvarado Robert W. Hutchins Cecil Layman Ballard (eosed Guitar Estate February 23, 1976

Re: Avalon Prospect Belco #1 Douglass E/2, Section 7, T-22-S, R-27-E Eddy County, New Mexico

Belco Petroleum Corporation proposes to drill an 11,600 ft. Morrow test to be located approximately 2310 ft. FNL and 660 ft. FEL, Section 7, T-22-S, R-27-E, Eddy County, New Mexico.

According to our information you own under the captioned section which is currently unleased.

It is our intention to commence the above referenced test immediately and we herein offer to purchase an oil and gas lease covering your specific interest at a consideration of \$200 per net mineral acre for a one year primary term lease, and provide for a 3/16 base royalty.

As an alternative, you may wish to join with Belco in the drilling of this test and pay your proportionate part of the drilling cost. We estimate the cost to be approximately \$550,000 for a completed producer. If you should desire to join us, please let me know at your earliest convenience and I will send you a copy of the proposed Operating Agreement and an AFE covering the cost of the well for your consideration.

Of course you also have the option to elect to be force pooled in this matter. If this is your preference, I would appreciate your indicating the same in the space provided below on the enclosed extra copy of this letter and returning it to me at your earliest convenience. I am enclosing a stamped, self-addressed envelope for your convenience in replying.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Belco EXHIBIT NO. 3
CASE NO. 5666

Page 2 February 23, 1976

We will appreciate your advising us in the very near future as to your wishes on this matter. If you should have any questions, please feel free to contact me at any time.

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward

Mary Ward Landman

MW/csn

Enclosure

UNITED STATES STAL SERVICE + OFFICIAL BUSINESS PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300 SENDER INSTRUCTIONS t your name, address, and ZIP Code in the space before • Complete items 1, 2, and 3 on reserve side. • Moistre gummed ands and attach to back of unlide RETURN то BELCO PETROLEUM CURPORATION 411 PETROLEUM BUILDING MIDLAND, TEXAS 79701 RESTRICTED DELIVERY, Felt. - 254 ... 151 ò items I. J. Ind S. Address in the "RETORN TO" pasce uthorized area (auc) Show to whom, date, & address of delivery. RESTRICTED DELAVERY. Show to whom and date delivered INSURED シュレントに Always obtain signature of addressee or agent Show to whom and date delivered..... The following service is requested ((check above. CERTIFIED NO. ADDRESS (Complete only if reque 1976 UNABLE TO DELIVER BECAUS the article Addres ນ ESSED  $\sim$ m IVE RECEISE Comp. ADDR REGISTERED NO. 11 SENDER ARTICLE ARTICLE ف Э \_\_\_\_\_ e. ഹ് RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL PS Forth 3811, Jan. 1975 • • REGISTERED NO. POSTMARK OF Value Special Delivery \$ Receipt Reg. Fee \$ \$ Handling Charge Restricted Delivery ş \$ Postage \$ AIRMAIL ંસ્ POSTMASTER (By) MAILING OFFICE FROM BEFORE EXAMINER NUTTER OIL CONSERVATION COMMISSION 70 Bolco EXHIBIT NO. 4 5666 CASE NO

















Beren Corporation 970 Fourth Financial Center Wichita, Kansas 67202

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Cities Service P.O. Box 1919 Hidland, Texas 79701

Leonard T. May 304B H. Canyon Street Carlsbad, NM 88220 Hichael P. Grace P.O. Box 1418 Carlsbad, NM 88220

R. C. Bennett P.O. Box 264 Midland, Texas 79701

Re: Avalon Prospect Belco #i Douglass E/2, Section 7, T22S-R27E Eddy County, New Mexico

## Gentlemen:

Belco Petroleum Corporation proposes to drill an 11,600 ft. Norrow test to be located approximately 2310 ft. FNL and 660 ft. FEL, Section 7, T22S-R27E, Eddy County, New Mexico.

We propose a proration unit covering the E/2 of Section 7, T22S-R27E, Eddy County, New Mexico.

According to our records, the ownership and percentages within the proposed unit will be as follows:

Company	<u>Acreage</u>	Percentage
Belco Petroleum Corporation	232.5992	73.3255
Nichael P. Grace	40.7799	12.8556
Beren Corporation	25.8443	8.1473
Leonard T. May	8.9000	2.8057
Cities Service	2.4928	.7853
R. C. Bennett	1.2647	. 3987
Unleased	5.3337	1.6814
lotal	317,2146	DECODE EXAMINED NUITT

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Belco EXHIBIT NO. 5
CASE NO. 5666

Eelco #1 Douglass Eddy County, New Mexico Page 2

We estimate the cost of the completed well to be approximately \$550,000. An AFE will be furnished you as soon as one is available.

Should you desire not to participate, please advise us immediately so that disposition of your interest can be handled by the consenting parties. The unleased interest will undoubtly be handled by compulsory pooling and will be allocated proportionately to the consenting parties. We would of course, be pleased to consider a farmout of your interest, should you not care to join.

We will appreciate your consideration of this proposal at your earliest convenience. If you plan to join, a copy of the proposed Operating Agreement and AFE will be furnished you as soon as they are available. Should you have any questions or comments, please do not hesitate to let me know.

> Yours very truly, BELCO PETROLEUM CORPORATION

Mary Ward Landman

MI/csn
1 • SENDER: Complete items 1, 2, and 3, Add your address in the "RETURN TO" space on reverse. J ň ้รื่ 3811. 1. The following service is requested (check one) ł Show to whom, date, & addre.s of delivery... 35¢ 5 RESTRICTED DELIVERY. 576 RESTRICTED DELIVERY Show to whom, date, and address of delivery \$54 P. 2. ARTICLE ADDRESSED TO: 2. ARTICLE ADDRESSED TO: Michael P. Grace PO. Box 1418 Gan Shad NM: 88220 3. ARTICLE DESCRIPTIONI REGISTERED NO. CERTIFIED NO. INSURE INSURED NO. Always obtain signature of addressee or egent) Always obtain signature of addresses or es I have received the article described above. signature Addiressee for the interior bate MAR 18 1976 MA it SU Authorized agent 辺 Ā POSTMAR K MAR 8. ADDRESS (Complete only if requested) i 12 1975 6. UNABLE TO, DELIVER BECAUSE CLERK DXh.



March 17, 1976

Michael P. Grace P.O. Box 1418 Carlsbad, NM 88220

> Re: Avalon Prospect Belco #1 Douglass E/2, Section 7, T22S,R27E Eddy County, New Mexica

Dear Mr. Grace:

On February 24, 1976, Belco Petroleum Corporation wrote you, along with others, proposing to drill an 11,600 ft. Morrow test to be located approximately 2,310 ft. FNL and 660 ft. FEL, Section 7, T22S, R27E, Eddy County, New Mexico.

We proposed a proration unit covering the E/2 of Section 7, T22S, R27E. According to our records, as Belco proposed previously, the ownership and percentages within this unit will be as follows:

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Belco Petroleum Corp.	232.5992	73.3255
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Leonard T. May	8.9000	2.8057
Cities Service	2,4928	.7858
R. C. Bennett	1.2647	.3987
Unleased	5.3337	1.6814
Total	317.2146	100.0000

We estimate the cost of the completed well to be approximately \$550,000. An AFE will be furnished you as soon as one is available, if you desire to join. We would, of course, be pleased to consider a farmout of your interest.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Belco EXHIBIT NO. 6
CASE NO. 5666

∮ gage 2

> We will appreciate your consideration of this proposal at your earliest convenience. If you plan to join, a copy of the proposed Operating Agreement and AFE will be furnished you as soon as possible. Please let me know, at your earliest convenience, whether you wish to join or farmout.

Should you have any questions or comments, please do not hesitate to call me collect at the above number.

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward Landman

MA/csn



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226	Well Testing - DST, Wireline, Etc.	·	<u> </u>				1,000	1,0
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State of New Mexico Oil Conservation Commission Box 2088 State Land Office Building Santa Fe, New Mexico 87501

### Waiver: Boundary Requirements Rule 104 C. II (a)

Re: Proposed Belco Petroleum Corp. Pennsylvanian Morrow Test 2410' FNL, 550' FEL Section 7, T22S, R27E S. Carlsbad Morrow Pool Eddy County, New Mexico

#### Gentlemen:

As an offsetting operator to Belco's proposed captioned test, Cities Service Oil Company has been duly advised by Belco of Belco's application for approval of said described unorthodox location. It is understood that this Waiver is for Belco's proposed Morrow test to be located 550' from the east line and 2410' from the north line of Section 7, T22S, R27E, Eddy County, New Mexico.

You are respectfully advised that Cities Service Oil Company waives any objection to Belco's proposed unorthodox location described above.

Yours very truly,

CITIES SERVICE OIL COMPANY

By MANAGER PRODUCTION BELIEN EST REGION

Title

76 Date

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
Bolica EXHIBIT NO. 11	
CASE NO. 5666	

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411 Petroleum Building 204 W. Tekas Midland, Tekas 79701 Telephone (915) 633-6366

## **Belco Petroleum Corporation**

Belco

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E.L. Dunagan, Jr. Herman Malicoat Felix Navarro Southern Union Gas joined Joe Fierro James E. Earnest Frank G. Alvarado Robert W. Hutchins leased Gecil Layman Ballard leased Guitar Estate Leased

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February 23, 1976

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Re: Avalon Prospect Belco #1 Douglass E/2, Section 7, T-22-S, R-27-E Eddy County, New Mexico

Belco Petroleum Corporation proposes to drill an 11,600 ft. Morrow test to be located approximately 2310 ft. FNL and 660 ft. FEL, Section 7, T-22-S, R-27-E, Eddy County, New Mexico.

According to our information you own under the captioned section which is currently unleased.

It is our intention to commence the above referenced test immediately and we herein offer to purchase an oil and gas lease covering your specific interest at a consideration of \$200 per net mineral acre for a one year primary term lease, and provide for a 3/16 base royalty.

As an alternative, you may wish to join with Belco in the drilling of this test and pay your proportionate part of the drilling cost. We estimate the cost to be approximately \$550,000 for a completed producer. If you should desire to join us, please let me know at your earliest convenience and I will send you a copy of the proposed Operating Agreement and an AFE covering the cost of the well for your consideration.

Of course you also have the option to elect to be force pooled in this matter. If this is your preference, I would appreciate your indicating the same in the space provided below on the enclosed extra copy of this letter and returning it to me at your earliest convenience. I am enclosing a stamped, self-addressed envelope for your convenience in replying.

BEFORE EXAMINER NUTTER
BEFORE EVANIENCE TO THE
COMMISSION
OIL CONSERVATION COMMISSION
Beleo EXHIBIT NO. 3
CASE NO. 5666
CASE NO.

Page 2 February 23, 1976

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We will appreciate your advising us in the very near future as to your wishes on this matter. If you should have any questions, please feel free to contact me at any time.

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward

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Mary Ward Landman

# MM/csn

Enclosure

UNITED STATES STAL SERVICE ONFICIAL BUSINESS PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300 SENDER INSTRUCTIONS t your name, address, and ZIP Code in the space below. • Complete items 1, 2, and 3 on reserve side. • Mostre gummed ands and attack to back of unticle. RETURN то BELCO PETROLEUM CORPORATION 411 PETROLEUM BUILDING MIDLAND, TEXAS 79701 of delivery 35% 2 ò 195-0-201 piete atoms 1. 2. and 5. WEDUN WY Space (check one) 211212121212 INSURED ur agent 31 1 The following service is requested (club Show to whom and date delivered Show to whom, date, & address of RESTRICTED DELIVERY.
 RESTRICTED DELIVERY. RESTRICTED DRIJVERY. Show to whom, date, and addi CCRTIFIED NO. DECA ways obtain signature TO DELIVER CSSED 7 REGISTERED NO. å DES ADDRESS 20.2 UNAULE WINDLA: ARTICLE ANTICLE SUVE ei. 6 å RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL PS Form 3311, Jan. 1375 • • REGISTERED NO. 775 POSTMARK OF Special Delivery \$ Value Receipt Reg.Fea \$ \$ Mara ng Cran<del>j</del>e Picrovited Delovery S Ş Postaga \$ AIRMAIL 2 POSTMASTER (By) MAILING OFFICE FROM 70 5 Belco EXHIBIT NO. 4 5666 CASE NO.\_

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BEFORE EXAMINER NUTTER OIL CONSERVATION COMMISSION

. . . . - - -UNITED STA -) POSTAL SERVICE OFFICIAL BUSINESS PENALITY FOR PRIV SE TO AVOID PAYM USF SENDER INSTRUCTIONS -Print your name, address, and ZIP Code in the space below. • Complete items 1, 2, and 3 on reverse side. • Hoisten gummed ends and attach to back of article. Ig<sub>je</sub> RETURN TO BELCO PETROLEUM CORPORATION 411 PETROLEUM BUILDING MIDLAND, TEXAS 79701 2 ----n n n INSURED NO. D SENCLER Complete item, 1. 2, and N. TOT Space Add your address in the "Billy DRN TOT's space reverses CI.ERK いいしょう n Aiways obtain signature of eddresses or agent) ŝ ť≻ above. 3 Ø CCRTIFIED NO. request UNABLE TO DELIVER DECAUSE: - <sup>1</sup> • PCDRESS (Complete only žol ..... ARTICLE AUDRES ED NO. 2010 DESO Б Ę ŝ ى 1... .... EIEN. 7 REGISTERED NO. 6-POSTMARK OF Special Delivery Value \$ · \$ Renta Pistelat RESTER S \$ Hending Charge Restricted Dolivery \$ \$ Postage \$ 3 POSTMASTER (By) 13 MAILING OFFICE FROM alco <u>K</u>c. 55 20 12 G.P.O.:107-



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C. P. S. Barres



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Beren Corporation 970 Fourth Financial Center Wichita, Kansas 67202

Cities Service P.O. Box 1919 Hidland, Texas 79701

Leonard T. May 3048 H. Canyon Street Carlsbad, NM 88220 Michael P. Grace P.O. Box 1418 Carlsbad, NM 88220

R. C. Bennett P.O. Box 264 Hidland, Texas 79701

Re: Avalon Prospect Belco #1 Douglass E/2, Section 7, T22S-R27E Eddy County, New Mexico

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Cittes Service	2.4029	.7858
R. C. Bennett	1.2547	. 3987
Unleased	5.3337	1.6814
Total	317.2146	100.0000
BEFORE EXAMINE OIL CONSERVATION C	R NUTTER	1 A.

Bulco EXHIBIT NO. 5

CASE NO.

Selco #1 Douglass •Eddy County, New Mexico Page 2

We estimate the cost of the completed well to be approximately \$550,000. An AFE will be furnished you as soon as one is available.

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> Yours very truly, BELCO PETROLEUM CORPORATION

Mary Ward Mary Ward Landman

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SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space or reverse. 1. The following service is requested (check one). 38 Show to whom and date delivered ...... 15? Show to whom, date, & address of delivery.. 35# -RESTRICTED DELIVERY. 1975 Show to whom and date delivered...... 151 RESTRICTED DELIVERY. Show to whom, date, and address of delivery 85¢ ÷С 2. ARTICLE ADDRESSED TO: Michael F. Gynca PO. Box 1418 Can Shad NM. 3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. ALLAN 88220 RECEIPT, INSURED NO. 日にじている REGISTERED, (Always obtain signature of addresses or agent) I have received the article described above. SIGNATURE Addressee (D) Authori uthoriz いたいたいと agent INSURED YM C 4, あると ATE MAR AND ADDRESS (Compl 5. Belco CERTIFIED CASE NO E



March 17, 1976

Michael P. Grace P.O. Box 1418 Carlsbad, NM 88220

> Re: Avalon Prospect Belco #1 Douglass E/2, Section 7, T22S,R27E Eddy County, New Mexico.

Dear Mr. Grace:

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1	OIL CONSERVATION COMMISSION	
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L	Belco EXHIBIT NO. 6	
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Should you have any questions or comments, please do not hesitate to call me collect at the above number.

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward Landman

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5.5 c 2 18 5 Devel 50. c 2 5 19 20. c	311         37         18           DOUGLASS #1         37         18           TYPE of work (23)         P. DEPTH (8)         FORMATIC           08         89         36           0pment-Gas         116001         Morrow           (G.         PROSPECT NAME (22)         STATE (15)           11         32         33           Avalon         New Mexico	$\begin{array}{c c}                                    $	FNL , R- , CON (115) 62	LOCATION [27] & 560' FEL, 27-E INACTON R CONTRACTON R	Sec. 7, Rotary Rotary IP. W.1. IZ COMPL LE DOLLARSO TOTALCO 
218 20 218 612 20 218 612 204 218 612 204 218 612 204 218 612 204 218 612 204 218 612 204 219 204 219 20 20 20 20 20 20 20 20 20 20	32       11       32       13         DOUGLASS #1         TYPE OF WORK (23)       PROPERTY (a)       FORMATIC         08       93       35         OPROPECT NAME (22)       STAJE (15)         STAJE (15)         NOTROW         COPMENT - Gas       116001       Norrow         NOTROW         COPMENT - Gas         NOTROW         Avalon         New Mexico         NO         TAJE (15)         TAJE (15) <td><math display="block">\begin{array}{c c} &amp; 43 \\ &amp; &amp; &amp; &amp; \\ &amp; &amp; &amp; &amp; \\ &amp; &amp; &amp; &amp; \\ \hline &amp; &amp; &amp; &amp;</math></td> <td>FNL , R</td> <td>&amp; 560' FEL, 27-E 1HACTOH GI CSG PT 71 63 CSG PT 71 734 23 734 23 734 23 734 23 734 20 734 20 74 74 74 74</td> <td>Sec. 7, Rotary Rotary IP. W.1. IZ COMPL LE DOLLARSO TOTALCO </td>	$\begin{array}{c c} & 43 \\ & & & & \\ & & & & \\ & & & & \\ \hline & & & &$	FNL , R	& 560' FEL, 27-E 1HACTOH GI CSG PT 71 63 CSG PT 71 734 23 734 23 734 23 734 23 734 20 734 20 74 74 74 74	Sec. 7, Rotary Rotary IP. W.1. IZ COMPL LE DOLLARSO TOTALCO 
18 Devel so. c. 2 5 19 20 20 20 20 20 20 20 20 20 20	DOUGLASS #1         TYPE OF WORK (23)         P. DEPTH (8)         FORMATIC         0 pment - Gas         116001         Norrow         (G.         PROSPECT NAME (22)         STAJE (15)         Norrow         Norrow         NO         Avalon         New Mexico         New Mexico         New Mexico         No         7412012         IT         NO         7412012         IT         NO         T412012         IT         IT         New Mexico         No         TAIL 2012         IT         IT         IT         IT         IT         IT         IT          IT <td< td=""><td>2410 T-22-5 TELD NAME Carlsbad, S., Morrow County (PARISO 47 48 Eddy O MORE THAN NINE DIG CSG_P1. COST 21 730 24 00 00 00 00 00 00 00 00 20,000 2,000 2,000</td><td>, R</td><td>27-1; 111 ACTOH 111 /td><td>Rotary IP.WI 12 COMPL LE DOLLARSO TOTALCO \$ 182,0 -22,0 -4,0</td></td<>	2410 T-22-5 TELD NAME Carlsbad, S., Morrow County (PARISO 47 48 Eddy O MORE THAN NINE DIG CSG_P1. COST 21 730 24 00 00 00 00 00 00 00 00 20,000 2,000 2,000	, R	27-1; 111 ACTOH 111	Rotary IP.WI 12 COMPL LE DOLLARSO TOTALCO \$ 182,0 -22,0 -4,0
218 612 20 20 20 20 20 20 20 20 20 2	TYPE OF WORK [23]       P. DEPTH (8)       FORMATIC         B # 9       35         OPMENT - GAS       11600'       Norrow         ISTAIL (15)         STAIL (15)         NOT (16)         PROPERTY NO. 7412012         TINTANGIBLE EXPENSE         New Mexico         Move In & Out         STAIL (10)         Move In & Out         STAIL (10)         OPROPERTY NO. 7412012         TOT INTANGIBLE EXPENSE         Note Colspan="2">Stait (10)         OPROPERTY NO. 7412012         TOT INT	$\begin{array}{c c} \hline & \hline \\	CON (115) 62 115 PE 23 21	INACTON         R           111000         11000           63         CSG         PT           63         CSG         PT         71           1         1         1         1           1         COMPL         COST         23           734         23         32           32         32         32           5         9,000         2,000           2,000         3,000	Rotary
Devel	opment-Gas       11600'       Morrow         II       32       33         Avalon       New Mexico         MG_s       PROPERTY NO.       7412012         PROPERTY NO.       7412012       17         INTANGIBLE EXPENSE       Norrow         Move In & Out       =         Drilling       10,000       Ft@\$ 11.50         Joywork       21 days       \$2750/bay       =         Completion/W.O. Unit       10 days       \$900/Day =       9,00         Total Rig Expenditure	Carlsbad, S., Morrow county / PAHISH 47 48 Eddy D MORE THAN NINE DIG CSG_P1. COST 21 730 24 00 00 00 00 00 00 00 2,000 2,000	115) 62 115 PE 23 21	COLUMN WHO COMPL COST 734 32 32 32 32 32 32 32 32 32 32	Rotary
SO         C           2         2           19         20           20         2           20         2           20         2           20         2           20         2           20         2           20         2           20         2           20         2           20         2           20         2           20         2           218         612           204         210           418         220           418         220           424         228           230         422           1424         228           230         422           1420         1420	IS. PROSPECT NAME (22)         STATE (15)         11       32       33         Avalon       New Mexico         NO         T412012         IT         NO         T412012         IT         INTANGIBLE EXPENSE         NO         TATE (15)         New Mexico         New Mexico         NO         T412012         IT         INTANGIBLE EXPENSE         No         Move In & Out         =         ON         Total Rig Expenditure         Completion/W.O. Unit _10 days @ \$900/Day =         Location - Roads, Row & Damages         Contract Professional Services         Misc. Contract Labor	COUNTY / PAHISY           47         48           Eddy           0 MORE THAN NINE DIG           21         730           24           00           00           00           00           173.000           20.000           30,000           2,000	62 ITS PE 23 21	63 CSG PT 71 R COLUMN WHO COMPL COST 734 23 734 32 9,000 2,000 2,000 3,000	1P WI 12 COMPL 12 COMPL
2 5 19 20 20 20 20 20 218 612 204 210 418 220 418 220 418 220 418 220 418 220 418 220 418 220 418 220 418 210 418 220 428 230 422 428 230 422 230 422 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 230 422 420 422 420 422 420 422 420 422 420 422 420 422 420 422 420 422 420 422 420 422 420 422 420 422 420 420	11       32       33         Avalon       New Mexico         PROPERTY NO.       7412012         11       17         INTANGIBLE EXPENSE         Rig Expenditure       =         Move In & Out       =         Drilling       10,000       Ft@\$ 11.50         Joywork       21 days @ \$2750/Day       =         Same       58.00         Completion/W.O. Unit       10 days @ \$900/Day =       9,00         Total Rig Expenditure	$ \begin{array}{c cccc}  & 48 \\ \hline  & Eddy \\ \hline  & Eddy \\ \hline  & OMORE THAN FUNE DIG \\ \hline  & 23 & CSG_P1. COST \\ \hline  & 23 & 730 \\ \hline  & 24 \\ \hline  & 00 \\ \hline  $	62 ITS PE 23 21	63 CSG PT 71 R COLUMN WHO COMPL COST 734 23 734 32 9,000 2,000 2,000 3,000	12 COMPL
19       20       20       20       20       20       20       20       20       20       20       20       20       20       20       20       218       612       204       210       418       220       418       220       418       220       412       228       230       422       120	Avalon       New Mexico         NG       PROPERTY NO.       7412012         INTANGIBLE EXPENSE       INTANGIBLE EXPENSE         Rig Expenditure       =         Move In & Out       =         Drilling       10,000       Ft @ \$ 11.50         Jogwork       21 days       (§ \$2750/Day)         Oaywork       21 days       (§ \$2750/Day)         Total Rig Expenditure	Eddy D MORE THAN NINE DIG 20 730 24 00 00 00 00 \$ 173,000 20,000 2,000 	1 TS PE	R COLUMN WHO <u>COMPL COST</u> 734 23 32 32 32 32 32 32 32 32 32	LE DOLLARS TOTAL CO 
218 612 204 210 418 220 418 220 424 228 230 422 120	MG_s       PROPERTY NO. 7412012         INTANGIBLE EXPENSE         Rig Expenditure         Move In & Out         Drilling       10,000         Ft.@ \$ 11.50       /Ft.\$115,0         Daywork       21 days         @ \$2750/bay       = 58,0         Completion/W.O. Unit       10 days       @ \$900/bay = 9,0         Total Rig Expenditure	$ \begin{array}{c}         1 \\         0 \text{ MORE THAN NINE DIG} \\         \hline             \hline             $	23 21	<u>COMPL COST</u> 734 32 9,000 2,000 2,000 3,000	\$ 182,0 
2 20 3 20 218 612 204 210 418 220 424 228 230 422 422 120	HG:       PROPERTY NO.       7412012         INTANGIBLE EXPENSE       INTANGIBLE EXPENSE         Rig Expenditure       =         Move In & Out       =         Drilling       10,000       Ft@\$ 11.50         Joaywork       21 days       0 \$2750/Day         Completion/W.O. Unit       10 days       0 \$900/Day =         Total Rig Expenditure	$ \begin{array}{c}         \begin{bmatrix}             2.56 - P1. & COST \\             7.30 \\             730 \\             24 \\             \hline             24 \\             \hline             00 \\           $	23 21	<u>COMPL COST</u> 734 32 9,000 2,000 2,000 3,000	\$ 182,0 
20 218 612 204 210 418 220 418 220 424 228 230 422 120	INTANGIBLE EXPENSE         Rig Expenditure	24 00 00 00 \$ 173.000 20.000 2,000 		32 5 9,000 2,000 2,000 3,000	\$ 182,0 22,0 4,0
218 612 204 210 418 220 418 220 424 228 230 422 422 420	Rig Expenditure       =         Move In & Out       =         Drilling       10,000       Ft@\$ 11.50       /Ft.\$115,0         Daywork       21 days       0 \$2750/Day       =       58,0         Completion/W.O. Unit       10 days       0 \$900/Day       =       9,0         Total Rig Expenditure	$ \begin{array}{c}                                     $	<u>32</u> 24	\$ <u>9,000</u> 2,000 2,000 3,000	\$_182,0 22,0 4.0
612 204 210 418 220 424 228 230 422 422 420	Move in & Out       -       -         Drilling10,000       Ft@\$ 11.50       /Ft.\$115,0         Daywork_21 days @ \$2750/Day       =       58,0         Completion/W.O. Unit_10 days @ \$900/Day =       9,0         Total Rig Expenditure	00 00 00 \$ 173,000 20,000 2,000  30,000 2,000		2,000 2,000 3,000	22,0 4.0
612 204 210 418 220 424 228 230 422 422 420	Move in & Out       -       -         Drilling10,000       Ft@\$ 11.50       /Ft.\$115,0         Daywork_21 days @ \$2750/Day       =       58,0         Completion/W.O. Unit_10 days @ \$900/Day =       9,0         Total Rig Expenditure	00 00 00 \$ 173,000 20,000 2,000  30,000 2,000		2,000 2,000 3,000	22,0 4.0
612 204 210 418 220 424 228 230 422 422 420	Daywork       21 days       @ \$2750/bay       =58.0         Completion/W.O. Unit       10 days       @ \$900/bay =9.0         Total Rig Expenditure	$ \begin{array}{c} 00 \\ 00 \\ \hline 00 $		2,000 2,000 3,000	22,0 4.0
612 204 210 418 220 424 228 230 422 422 420	Total Rig Expenditure Location - Roads, Row & Damages Contract Professional Services Misc. Contract Labor Mud & Additives Mud Logging Bits Tubular Testing/Inspection CSG/TBG Crews/Tools Float Eq., Cent & Scratchers	\$ 173,000 20,000 2,000 		2,000 2,000 3,000	22,0 4.0
612 204 210 418 220 424 228 230 422 422 420	Location - Roads, Row & Damages Contract Professional Services Misc. Contract Labor Mud & Additives Mud Logging Bits Tubular Testing/Inspection CSG/TBG Crews/Tools Float Eq., Cent & Scratchers	<u>    20,000</u> 2,000 <u> </u>		2,000 2,000 3,000	22,0 4.0
204 210 418 220 424 228 230 422 422 122	Contract Professional Services Misc. Contract Labor Mud & Additives Mud Logging Bits Tubular Testing/Inspection CSG/TBG Crews/Tools Float Eq., Cent & Scratchers	<u> </u>		2,000	4.0
418 220 424 228 230 422 122	Mud & Additives Mud Logging Bits Tubular Testing/Inspection CSG/TBG Crews/Tools Float Eq., Cent & Scratchers	2,000			•
220 424 228 230 422 120	Mud Logging Bits Tubular Testing/Inspection CSG/TBG Crews/Tools Float Eq., Cent & Scratchers	2,000		5 61010	<u>3,0</u> 35,0
424 228 230 422 120	Bits		-   -	5,000	2.0
230 122 120	CSG/TBG Crews/Tools Float Eq., Cent & Scratchers			2,000	12,0
122 120	Float Eq., Cent & Scratchers		_   _	4,000	4,0
120		1,000		3,000	-3,00
236		1.5,000	_   _	7,000	23,00
	Pump Truck/Skid Unit Serv. & Cmt. Tools				
222	Coring & Analysis Elec. Line - Logs, Perf, Production, Etc	9,000	-	2,000	11,00
226	Well Testing - DST, Wireline, Etc.		_   _	1,000	1,00
512	Eq. Rntls Surface/Downhole		-	2,000	22,00
234	Directional Drilling Expense Transportation - Land - Marine	5,000	-	3,000	8,00
110	Fuel, Power & Water			2,000	17,00
930 308	Well Stimulation		-	7,000	7,00
20	Misc. & Contingency	28,000	_   _	6,000	34,00
	TOTAL INTANGIBLE EXPENSE	\$ 330,000		61,000	\$ 391,00
			<u></u>	01,000	φ 572,00
	TANCIDI E EVPENSE	CSG. PT. COST		COMPL. COST	TOTAL COS
20		732		736	
Į					
	Surf. $400$ Ft. $16''$ O.D.@ \$ $19.69$ /Ft. = $8.0$	00			
	$\frac{1800}{100} \text{ Ft.} = \frac{10-374^{\circ}}{20,0} \text{ or } 0.0 \text{ os } 10.737 \text{ Ft.} = \frac{20,0}{100} \text{ or } 10.737 \text{ Ft.} =$	00			
	Liner $4000$ Ft. $5'''$ O.D.@ \$ $9.60$ /Ft. = $38.0$	00			
26	TOTAL	\$ 114,000	-   <u>\$</u>		\$ 152,00
32			-  -		37,00
38				-	••, ·
40			-	the second designed in	5,00
42 50			-		
52					
.			- 37	122:000	\$ 240,000
	TOTAL WELL COST				\$ 631,000
		······································	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~		
	DEEDDE EVAMIN	ER NILITTED			
10.	BEFUKE CAAMIIN				
$\mathcal{S}'$	D.X   OIL CONSERVATION	,			
1.	Beko EXHIBIT N				
23334455	26 22 20 80 22 00 22 00 22	CSG. & LINER         Drive $Ft$ Cond. $Ft$ Surf.       400         Ft. $0.0 \otimes s$ Surf.       400         Ft. $0.0 \otimes s$ Intr.       1800         Prod.       8000         Ft. $7-5/8"$ $0.0 \otimes s$ $11.31/Ft$ Prod.       8000         Ft. $7-5/8"$ $0.0 \otimes s$ $10.73/Ft$ Prod.       8000         Ft. $7-5/8"$ $0.0 \otimes s$ $9.60/Ft$ $10.73/Ft$ $86.0$ Liner       4000         Ft. $2-7/8"EWD \otimes s$ $0.0 \otimes s$ $9.60/Ft$ $0.0 \otimes s$ $9.60/Ft$ $0.0 \otimes s$ $9.60/Ft$ $0.0 \otimes s$ $3.20/Ft$ $0.0 \otimes s$ <td>CSG. &amp; LINER      </td> <td><math display="block">\begin{array}{c c c c c c c c c c c c c c c c c c c </math></td> <td>CSG. &amp; LINER       7.32       7.33         Drive       FL       0.0.0.3      </td>	CSG. & LINER	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	CSG. & LINER       7.32       7.33         Drive       FL       0.0.0.3

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} Juli kares Sares



State of New Mexico 011 Conservation Commission Box 2088 State Land Office Building Santa Fe, New Mexico 87501

> Waiver: Boundary Requirements Rule 104 C. II (a)

> > Re: Proposed Belco Petroleum Corp. Pennsylvanian Morrow Test 2410' FNL, 550' FEL Section 7, T22S, R27E S. Carlsbad Morrow Pool Eddy County, New Mexico

## Gentlemen:

As an offsetting operator to Belco's proposed captioned test, Cities Service Oil Company has been duly advised by Belco of Belco's application for approval of said described unorthodox location. It is understood that this Waiver is for Belco's proposed Morrow test to be located 550' from the east line and 2410' from the north line of Section 7, T22S, R27E, Eddy County, New Mexico.

You are respectfully advised that Cities Service Oil Company waives any objection to Belco's proposed unorthodox location described above.

Yours very truly,

CITIES SERVICE OIL COMPANY

SOUTHWEST REGION

Title

Date

BEFORE	EXAMINER NUTTER
OIL CONS	ERVATION COMMISSION
Beles	EXHIBIT NO. 11
CASE NO	5666



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er nin trochika falana jaya

REV	v orch	AUTH	ORIZATI	ON FOR E	XPE	NDITU	RE	- сала - Агейс	01 <u>0</u> 2	
50.	CHG PHOPERTY NAME & NUMBER (22) AUTH, DA					4				
2		11		37 16	4	3 44				
18		DOUGLASS #1				43 44 2410' FNL & 560' FEL, Sec. 7, T-22-5, R-27-E FIELD HAME CONTRACTOR UIG TYPE				
	TYPE OF WOHK (23) P. DEPTH (8) FORMATION					UNAME	0	NTRACTOR	ALG TYPE	
<u>6</u>						sbad,				
			11600'	Morrow STATE (15)	-	Morrow			Rotary	
	CHG.	PROSPECT NAME (2)	48	TY / PARISH		63 CSG. PT.	0 RP W 1 21 22 COMP			
19		Avalon		New Mexico		Eddy				
8 20	l			NO MO			ITSP	ER COLUMN-WH		
50. 2	CHG.	PROPERTY NO.	7412012					COMPL. COST		
20	3	·   ·	IBLE EXPENSE	17	24	730		1.34	2	
8 20		······································		·····	- 24		32 2		2	
	Rig	e Expenditure ve In & Out			-					
	MO Dri	lling 10,000 Ft.@\$	11.50	/Ft.\$115,000	-			-		
	Dav	work 21 days @ \$2750	/Day	= 58,000				• •	**	
		mpletion/W.O. Unit <u>10 day</u>			-	70.000		* · • • • •		
218		tal Rig Expenditure cation - Roads, Row & Damages				73,000	-   -	\$ 9,000 2,000		
204		ntract Professional Services				2,000		2,000	4,	
210	Mis	c. Contract Labor			-	30,000	_   -	<u> </u>	- ]3,	
418		d & Additivės d Logging			·	2,000		5,000		
424		ss				10,000	_   -	2,000	12	
228	Tut	bular Testing/Inspection			.			4,000	_  4,	
230 422		G/TBG Crews/Tools			·	1,000		3,000	-  ,	
420		at Eq., Cent & Scratchers ment & Additives			-	15,000	-   -	7,000	$\frac{2}{23,0}$	
236	Pun	mp Truck/Skid Unit Serv. & Cm	t. Tools						-	
222	Cor	ring & Analysis		~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	· ]	9,000		2,000	11,0	
224		c. Line - Logs, Perf, Production II Testing - DST, Wireline, Etc.				-	-   -	1,000	$-\frac{1}{1,0}$	
512		Rntls Surface/Downhole				20,000		2,000	22,(	
950		ectional Drilling Expense			·	5,000	- -	3,000		
234		nsportation - Land - Marine el, Power & Water			1	5,000	- -	2,000	17,0	
930	Wel	Il Stimulation				_	_   _	7,000	7,0	
808		urance & Bonds		2	28,000	-   -	6,000	34,0		
920	14113	c. & Contingency	· · · · · · · · · · · · · · · · · · ·				_   -			
		TOTAL INTANGIBLE EXP	INSE		\$ 33	0,000	-\$	61,000	\$ 391,0	
so	CHG.	<b>–</b>			<u> </u>	G. PT. COST		COMPL. COST	TOTALC	
20			IBLE EXPENSE			732	-	736		
	CSG	G. & LINER			1	· · · · · · · · · · · · · · · · · · ·			1	
	Driv	Fr	. 0.D.C \$	_/74/+						
	Ċon	d Ft 400 Ft1.6"	0005	/Fi = (P 000						
	Surf	$\frac{100 \text{ Ft.}}{10-3/4''}$	0.0.0 \$ 11.31	$\frac{1}{F_{1}} = \frac{3}{20} \frac{3}{000}$	·   • • •					
		4 8000 <u>F</u> 7-5/8"	0.D.@\$ 10.73	/Ft. = <u>86,000</u>						
		er 4000 FL 5"	0.0.@\$60	1/Ft = 38,000		4,000	s	38,000	6 152 C	
426		TAL DING 11500 _Ft _ 2-7/8"F	111 Dac 3 20	/FL = 37 000	1 <u>2 1 1</u>	-	-   2	37,000	$\frac{$152,0}{37,0}$	
432		LLHEAD EQUIPT.	-			4,000	:   ]	22,000	26,0	
438		L PROD. EQUIPT. SURFACE					-	5,000		
140		LL PROD. EQUIPTDOWNHOLE _ DD. FACILITIES-TANKS, EQUIPT.					-	20,000	$\frac{5,0}{20,0}$	
442		RINE PLATFORMS					[]]	-		
452		SHORE PROD. FACILITIES		· · · · · · · · · · · · · · · · · · ·			-   -	•••		
		TOTAL TANGIBLE EXPENS	E		\$ 11	8,000	- 3	122,000	\$ 240,0	
		CONTRACTOR DESCRIPTION OF MARKING	VELL COST		100000000	8,000	_	183,000	1 \$ 031,0	
				······································	-		<u></u>		**************************************	

BEFORE EXAMINER NUTTER OIL CONSERVATION COMMISSION Beico EXHIBIT NO. 9 CASE NO. 5666



State of New Mexico Oil Conservation Commission Box 2088 State Land Office Building Santa Fe, New Mexico 87501

### Waiver: Boundary Requirements Rule 104 C. II (a)

Re: Proposed Belco Petroleum Corp. Pennsylvanian Morrow Test 2410' FNL, 550' FEL Section 7, T22S, R27E S. Carlsbad Morrow Pool Eddy County, New Mexico

### Gentlemen:

As an offsetting operator to Belco's proposed captioned test, Cities Service Oil Company has been duly advised by Belco of Belco's application for approval of said described unorthodox location. It is understood that this Waiver is for Belco's proposed Morrow test to be located 550' from the east line and 2410' from the north line of Section 7, T22S, R27E, Eddy County, New Mexico.

You are respectfully advised that Cities Service Oil Company waives any objection to Belco's proposed unorthodox location described above.

Yours very truly,

CITIES SERVICE OIL COMPANY

MANAGER PRODUCTION SECTION LAGINEER

Title

76 Date

	Ł
BEFORE EXAMINER NUTTER	ļ
BEFORE EXAMINER INC.	
LIDE TON COMMISSION	l
OIL CONSERVICE NO	ł
Belco EXHIBIT NO.	ł
CASE NO. 5666	1
CASE TO THE MENTION OF THE STREET	

	Michael <sup>5</sup> . Grace	Frank G. Alvarado	James E. Earnest	Joe Fierro	Felix Navarro	Remman Malicoat	E. L. Dunagan, Jr.	Name	
	715 N. Happy Valley Road Carlsbad, New Mexico 88220	1828 Parkdale Way San Jose, California 95122	413 Juanita Street Carlsbad, New Mexico 88220	408 Soper Carlsbad, New Mexico 88220	1918 Bindel Drive Carlsbad, New Mexico 88220	1904 Bindel Drive Carlsbad, New Mexico 88220	1407 Orchard Lane Carlsbad, New Mexico 88220	Address	FORCE
(Garrett and Williams) Lots 4,6,8,10,N/2 12, B1k. 183; Pt. NW/4 SE/4 Sec. 7, Pt. Lot 17 (Gregory) Tract 4, Dk. Canyon (Grube) Tract 33 (Mitchell) Pt. Tract 4,SW/4 NE/4 (May) Tract 10, & Lots 1,3 Bindel	(Summers) Blk. 4, Bindel	Lot 11, Block 1, Bindel	Lot 4, Block 1 #5 Riverview	Lot 13, Block 2,-Bindel Riverview	Lot 29, Block 1, Bindel	Lot 17, Block 1, Bindel	Part of Tract 5, Dark Canyon Subdivision	Description	FORCE POOL LIST
14.1400 8.5000 .4132 .4600 1.5000	2.6300			E			vision		
		.2400	.2204	.1800	.3850	-2400	.8280	Acres	•

Michael P. Grace Leases con't

13.5.47×	Lots 16,18,20,22, Blk. 2, Bindel (owned by Grace in fee)	(Hunt) Lot 14, Bindel	(Mc Closkey) Tract out of SW/4 NE/4 outside city limits	(Garrett) Lot 2, N/2 Lot 12, B1k. 183, Bock	(Wood) Lots 21, 23,25,27,29, Blk. B, Phenix	(Bryan and Childress) Tracts 12, 4,6,7,8,9, Bindel
	1.0606 40.7799	.4161	1.1400	1.5200	1.0000	8.0000
경경						i.

40.7799

'n

TOTAL FORCE POOL

42.8733

	Michael P. Grace	rrank G. Alvarado		ierr	Felix Navarro	Herman Malicoat	E. L. Dunagan, Jr.	Waine	
	715 N. Happy Valley Road Carlsbad, New Mexico 88220	1828 Parkdale Way San Jose, California 95122	413 Juanita Street Carlsbad, New Mexico 88220	408 Soper Carlsbad, New Mexico 88220	1918 Bindel Drive Carlsbad, New Mexico 88220	1904 Bindel Drive Carlsbad, New Mexico 88220	1407 Orchard Lane Carlsbad, New Mexico 88220	Address	FOR
(Garrett and Williams) Lots 4,6,8,10,N/2 12, B1k. 183; Pt. NW/4 SE/4 Sec. 7, Pt. Lot 17 (Gregory) Tract 4, Dk. Canyon (Grube) Tract 33 (Mitchell) Pt. Tract 4,SW/4 NE/4 (May) Tract 10, & Lots 1,3 Bindel	(Summers) Blk. 4, Bindel	Lot 11, Block 1, Bindel	Lot 4, Block 1 #5 Riverview	Lot 13, Block 2, <del>Bindel</del> Riverview	Lot 29, Block 1, Bindel	Lot 17, Block 1, Binde]	Part of Tract 5, Dark Canvon Subdivision	Description	FORCE POOL LIST
14.1400 8.5000 ,4132 .4600 1.5000	2.6300		i	É			ivicion		
		. 2400	. 2204	- 3800 DC85	- 44 - 40 - 40	- 0400 000000		Acres	

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A.
Lots 16,18,20,22, Blk. 2, Bindel (owned by Grace in fee)	(Hunt) Lot 14, Bindel	(Mc Closkey) Tract out of SW/4 NE/4 outside city limits	(Garrett) Lot 2, N/2 Lot 12, B1k. 183, Bock	(Wood) Lots 21, 23,25,27,29, Blk. B, Phenix	(Bryan and Childress) Tracts 12, 4,6,7,8,9, Bindel
1 0606 40 7799	-4161	1.1400	1.5200	1.0000	8.0000
40.7					

Michael P. Grace Leases con't

0.7799

TOTAL FORCE POOL 42.8733  Mr. E. L. Dunagan, Jr. Page 2 February 23, 1976

ALTRA

We will appreciate your advising us in the very near future as to your wishes on this matter. If you should have any questions, please feel free to contact me at any time.

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward

Mary Ward Landman

## M/csn

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## Enclosure

I will lease my interest to Belco.

I prefer to join in drilling this test.

I prefer to be force pooled.

Mr. E. L. Dunagan, Jr. Page 2 February 23, 1976

We will appreciate your advising us in the very near future as to your wishes on this matter. If you should have any questions, please feel free to contact me at any time.

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BELCO PETROLEUM CORPORATION

Mary Ward

Mary Ward L'andman

## MM/csn

## **Enclosure**

I will lease my interest to Belco.

I prefer to join in drilling this test.

I prefer to be force pooled.

are 5666

JASON W. KELLAHIN ROBERT E. FOX W. THOMAS KELLAHIN KELLAHIN AND FOX ATTORNEYS AT LAW 500 DON GASPAR AVENUE POST OFFICE BOX 1760 SANTA FE, NEW MEXICO 87501

March 16, 1976

TELEPHONE 982-4315 AREA CODE 505

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

Re: Belco

Dear Bill:

Please find enclosed for filing an application in behalf of Belco Petroleum Corporation for forced pooling of the E/2 of Section 7, T22S, R27E, N.M.P.M., Eddy County, New Mexico.

Please schedule this hearing for April 14, 1976.

Very truly yours, mar Thomas Kellahin

CC: Mr. Lee Nering Mrs. Mary Ward

WTK:kjf

Enclosure 3/24/74 Jason called relocation of this week. Survey of location puts it on edge of small "diff" or bank - need to move to 24/10 'FNL and Sted' FEL - advertise for computsory pooling and unotheology location. White

Care 5666

#### BEFORE THE

#### OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF BELCO PETROLEUM CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

## APPLICATION

COMES NOW, BELCO PETROLEUM CORPORATION, as provided by Section 65-13-4, New Mexico Statutes Annotated, 1953, as amended, and applies to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interest in and under the E/2 of Section 7, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico in formations of Pennsylvanian age or older, and in support thereof would show the Commission:

 Applicant is the owner of the right to drill and develop the following described acreage: E/2 of Section 7, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

2. Applicant has obtained voluntary agreement for pooling from all but the persons named below, whose addresses, and the interest owned according to applicant's information and belief are as follows:

NAME	ADDRESS	INTEREST IN ACRES
E. L. Dunagan, Jr.	1407 Orchard Lane Carlsbad, New Mexico	.8280

88220

Herman Malicoat	2904 Bendall Drive Carlsbad, New Mexico 88220	.2400
Felix Navarro	1918 Bendall Drive Carlsbad, New Mexico 88220	, 3850
Joe Fierro	408 Soper Carlsbad, New Mexico 88220	.1800
James E. Ernest	413 Juanita Carlsbad, New Mexico 88220	.2204
Frank G. Alvarado	1828 Parkdale Way San Jose, California 95122	.2490
Cecil Layman Ballard	1816 South Bendall Street Carlsbad, New Mexico 88220	.3850
Michael P. Grace (12 separate lots totalling 40.7799)	715 North Happy Valley Road Carlsbad, New Mexico 88220	40.7799
	TOTAL	43.2583

•

3. As required by the provision of Commission Rule 104, applicant proposes to dedicate the E/2 of Section 7, T22S, R27E, N.M.P.M., Eddy County, New Mexico to a well to be drilled at a standard location approximately 2,310 feet from the North Line and 660 feet from the East line of said section to test the Morrow formation.

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

5. Applicant has been unable to obtain voluntary agreement from the pooling of the unpooled interest indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent

waste, the Commission should pool all interests in the said unit.

6. Applicant further requests for a provision for a period of 120 days from the date of the order in which to commence subject well.

WHEREFORE, applicant respectfully requests that the Commission set this matter for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order pooling all interest underlying the E/2 of Section 7, T22S, R27E, N.M.P.M., Eddy County, New Mexico, and designating applicant as operator of the pooled unit, together with provisions for applicant to recover its costs of drilling and completing the well, a reasonable charge for supervision, a risk factor in the amount of 200%, all to be recovered out of production, and for such other and further provisions as may be proper in the premises.

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Respectfully submitted,

BELCO PETROLEUM CORPORATION

By KELLAHIN TOX 3

P. O. Box 1769 Santa Fe, New Mexico 87501

Attorneys for Applicants

- 3-

# Care 5626

#### BEFORE THE

#### OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF BELCO PETROLEUM CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

## APPLICATION

COMES NOW, BELCO PHIROLEUM CORPORATION, as provided by Section 65-13-4, New Mexico Statutes Annotated, 1953, as amended, and applies to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interest in and under the E/2 of Section 7, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico in formations of Pennsylvanian age or older, and in support thereof would show the Commission:

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## Case 5666

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Michael P. Grace (12 separate lots totalling 40.7799)	715 North Happy Valley Road Carlsbad, New Mexico 88220	40.7799
	TOTAL	43.2583

3. As required by the provision of Commission Rule 104, applicant proposes to dedicate the E/2 of Section 7, T22S,  $\mathcal{M}_{\mathcal{M}}\mathcal{M}_{\mathcal{R}}^{27E}$ , N.M.P.M., Eddy County, New Mexico to a well to be drilled 2 4/0 at a standard location approximately -2,-3+0 feet from the North Line and 560 feet from the East line of said section to test the Morrow formation.

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

5. Applicant has been unable to obtain voluntary agreement from the pooling of the unpooled interest indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent

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BELCO PETROLEUM CORPORATION

By KELLAHIN & FOX P. O. Box 1769 Santa Fe, New Mexico 87501

Attorneys for Applicants

-3-

Care 5666

#### BEFORE THE

#### OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF BELCO PETROLEUM CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

## APPLICATION

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1. Applicant is the owner of the right to drill and develop the following described acreage: E/2 of Section 7, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

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3. As required by the provision of Commission Rule 104, applicant proposes to dedicate the E/2 of Section 7, T22S, R27E, N.M.P.M., Eddy County, New Mexico to a well to be drilled at a standard location approximately 2,310 feet from the North 560Line and 660 feet from the East line of said section to test the Morrow formation.

when the start

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-2-

waste, the Commission should pool all interests in the said unit.

6. Applicant further requests for a provision for a period of 120 days from the date of the order in which to commence subject well.

WHEREFORE, applicant respectfully requests that the Commission set this matter for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order pooling all interest underlying the E/2 of Section 7, T22S, R27E, N.M.P.M., Eddy County, New Mexico, and designating applicant as operator of the pooled unit, together with provisions for applicant to recover its costs of drilling and completing the well, a reasonable charge for supervision, a risk factor in the amount of 200%, all to be recovered out of production, and for such other and further provisions as may be proper in the premises. Respectfully submitted,

BELCO PETROLEUM CORPORATION

By KELLAHIN & FOX P. O. Box 1769 Santa Fe, New Mexico 87501

Attorneys for Applicants

-3-



### 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. 5666

Order No. R- 520

APPLICATION OF BELCO PETROLEUM CORPORATION FOR COMPULSORY POOLING AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

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#### ORDER OF THE COMMISSION

## BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on <u>April 14</u>, 196 at Santa Fe, New Mexico, before Examiner <u>Daniel S. Nutter</u>.

NOW, on this <u>day of April</u>, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

## FINDS:

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

(2) That the applicant, <u>Belco Petroleum Corporation</u>,

seeks an order pooling all mineral	L interests <u>in and below the</u>
Pennsylvanian formation	underlying the $E/2$

of Section	7, Township	22 South	, Range	27 East	
NMPM, 50	uth Carlsbad Fie	<u>eld</u> ,	Eddy	_County,	New

Mexico.

-2-Case No. Order No. R-

(3) That the applicant has the right to drill, and proposer A to drill & well at an underthodox gas well location to drill & well 2410 feet from the North line and 560 feet from the East line of said Section 7.

(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 the 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 <u>200</u> 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. Case No. Order No. R-

55.00 per month should be ited at a reasonable charge

(11) That 1750.60 per month should be fixed as a reasonwhile drilling; that able charge for supervision (combined fixed rates) A 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  $\underbrace{July / , 1976}_{\mu}$ , 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, Pennsylvanian in the and below the / formation underlying the E/2 of Section 7, Township 22 South, Range 27 East, NMPM, South Carlibad Field, Eddy County, New Mexico, are hereby pooled to form a standard <u>320 - acre gas spacing</u> and proration unit to be dedicated to a well to be drilled at an unorthodox location 2410 feet from the North line and 560 feet from the East line of said Section 7.

<u>PROVIDED HOWEVER</u>, that the operator of said unit shall commence the drilling of said well on or before the <u>10+</u> day of <u>July</u>, 19<u>76</u>, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the <u>Pennsylvanian</u> formation; <u>PROVIDED FURTHER</u>, that in the event said operator does not commence the drilling of said well on or before the <u>10+</u> day of <u>July</u>, <u>19</u><u>76</u>, Order (1) of this order shall be null

and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown. PROVIDED FURTHER, Shat 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 <u>Belco Petroleum Corporation</u> 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

<sup>-4-</sup>Case No. Order No. R-

-5-Case No. Order No. R-

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, <u>200</u> where 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 1750.00 per month is hereby fixed as a reasonable while orilling; that 255.00 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.

per month is hereby fixed as a reasonable charge for respervision while producing; and

-6-Case No. Order No. R-

(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 <u>Eddy</u> 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.

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

September 7, 1976

Jason W. Kellahin, Esq. Kellahin & Fox P. O. Box 1769 Santa Fe, New Mexico 87301

> Re; Compulsory Pooling Order No. R-5209, Case No. 5666 -Belco Petroleum Corporation

Dear Jason:

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This letter is to advise you that the Oil Conservation Commission has approved your request for a 30-day time extension for the completion of the Belco Petroleum Corporation Douglas Com Well, which was previously authorized by the above-captioned order. Said well, therefore, should be completed on or before October 12, 1976.

Very truly yours,

WILLIAM F. CARR General Counsel

WFC/dr

**KELLAHIN AND FOX** ATTORNEYS AT LAW 500 DON GASPAR AVENUE POST OFFICE BOX 1769 SANTA FE, NEW MEXICO 87501 ne:

TELEPHONE 982-4315

AREA CODE 505 Nº C

September 2, 1976

Mr. Joe Ramey, Director New Mexico Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

> Re: Compulsory Pooling Order R-5209 Case No. 5666 - Belco Petroleum Corporation

Dear Mr. Ramey:

JASON W. KELLAHIN ROBERT E. FOX

W. THOMAS KELLAHIN

The above order was entered by the Oil Conservation Commission on April 27, 1976, and by its terms requires that the well involved be drilled to completion within 120 days after commencement.

Belco spudded its Douglas Com well pursuant to the provisions of this order on May 14, 1976, and according to terms of the above order, the well is required to be completed by September 12, 1976. The well has been drilled to total depth, and cased but has not yet been perforated, for the following reasons.

Llano, Inc., is the purchaser for this well, and has encountered considerable difficulty in obtaining a pipeline right-of-way, having to file condemnation pro-ceedings in the District Court for Eddy County, New Mexico. It is expected that the pipeline will be completed to the well site within the next ten days to two weeks, at which time the well can be completed and tested.

It has not been possible to perforate and test the well without a pipeline connection without great risk because of the location of the well, which is adjacent to the Carlshad city limits, near occupied premises, and near a major highway. Completion and testing of the well without a connection could possibly violate the local ordinances, and Belco does not feel it wise to assume the risk of such activities.

Page 2 Mr. Joe Ramey, Director September 2, 1976

For the above reasons, Belco Petroleum Corporation requests a thirty day extension of time in which to complete the well in accordance with the provisions of the above Commission Order.

Your consideration of this request will be appreciated.

Sincerely,

Jason 10. Kellahi

Attorney for Belco Petroleum Corporation

JWK:kjf

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