

CASE 5754: BURLESON & HUFF for
Compulsory pooling, and a non-
standard proration unit, Lea
County, New Mexico

CASE NO.

5754

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 15, 1976

EXAMINER HEARING

IN THE MATTER OF:)
)
Application of Burleson & Huff for) CASE
compulsory pooling and a non-standard) 5754
proration unit, Lea County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico
For the Applicant:	W. Thomas Kellahin, Esq.
	KELLAHIN & FOX
	Attorneys at Law
	500 Don Gaspar
	Santa Fe, New Mexico

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Phone (505) 982-9212

I N D E X

Page

LEWIS BURLESON

Direct Examination by Mr. Kellahin

3

Cross Examination by Mr. Stanets

9

EXHIBIT INDEX

Offered

Admitted

Applicant's Exhibit One, Plat

4

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Applicant's Exhibit Two, List of Owners

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Applicant's Exhibit Three, Well Costs

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Applicant's Exhibit Four, Costs, Arco No. 2

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Applicant's Exhibit Five, Cert. of Mailings

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1 MR. STAMETS: We will call next Case 5754.

2 MR. CARR: Case 5754, application of Burleson & Huff
3 for compulsory pooling and a non-standard proration unit,
4 Lea County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin, Kellahin and Fox,
6 Santa Fe, New Mexico appearing on behalf of the applicant and
7 we have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 LEWIS BURLESON

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

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you please state your name and occupation?

17 A Lewis Burleson, partner with Burleson & Huff,
18 Midland, Texas.

19 Q Mr. Burleson, have you previously testified before
20 this Commission and had your qualifications as an expert
21 witness accepted and made a matter of record?

22 A Yes, I have.

23 Q Have you made a study of and are you familiar with
24 the facts surrounding this particular application?

25 A Yes, I am.

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1 MR. KELLAHIN: If the Examiner please, are the
2 witness's qualifications acceptable?

3 MR. STAMETS: For the purposes of this Examiner, I
4 would like to know if Mr. Burleson was qualified as an engineer
5 or a geologist or operator?

6 THE WITNESS: I'm qualified as a geologist and an
7 operator.

8 MR. STAMETS: Thank you, sir. That's fine.

9 Q (Mr. Kellahin continuing.) Please refer to what
10 has been marked as Applicant's Exhibit Number One, identify
11 it and state briefly what you are seeking to do?

12 A Our non-standard unit composing a hundred-and-sixty
13 acres will compose the east half of the northeast quarter of
14 21 and the west half of the northwest quarter of 22, 25 South,
15 37 East. This is the same whole hundred-and-sixty acre unit
16 that the Atlantic Richfield Lane Hart Well produced for some
17 twenty years, which was a gas well located in the southeast
18 of the northeast of Section 21.

19 Q The requested non-standard proration unit will
20 consist of how many acres?

21 A A hundred-and-sixty acres.

22 Q Are there any other non-standard units in the area,
23 Mr. Burleson?

24 A Yes, there are.

25 Q Where are they?

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1 A. In Section 21 Burleson & Huff has a non-standard
2 unit consisting of a hundred-and-twenty acres in the southeast
3 quarter of 21. We are applying for a non-standard unit
4 composing forty acres, being the northwest quarter of the
5 southeast quarter of 21.

6 Q. In addition to the requested non-standard proration
7 unit are you seeking anything else?

8 A. Yes, we are seeking to force pool a small mineral
9 interest under this hundred-and-sixty acre tract which is
10 located in the south half of the southwest quarter -- the south
11 half of the southwest of the northwest of 22.

12 Q. The forced pooling application or request refers to
13 what formation?

14 A. We are force pooling in the Jalmat-Yates-Seven Rivers
15 gas field which is composed of the Yates and an upper section
16 of the Seven Rivers formation.

17 Q. I show you what has been marked as Exhibit Number
18 Two and ask you to identify that?

19 A. Exhibit Number Two is a list of some eighty-eight
20 mineral owners of which we have not been able to secure a lease
21 by minerals or who will not join in our gas well under this
22 unit. These eighty-eight mineral owners own three point two
23 nine four oh six eight mineral acres under the forty-acre tract
24 being the southwest of the northwest of Section 22. This came
25 out of a lawsuit in 1915 in which the B. T. Lane Hart family

1 had twelve brothers and sisters and one sued the others and
2 eleven of them inherited some ten acres and then when it went
3 back down through to the present day there are some hundred-
4 and-twenty-five mineral owners to that ten acres of it.

5 Q I show you what has been marked as Exhibit Number
6 Three and ask you to identify it?

7 A We have drilled our No. 2-Y Arco Federal gas well
8 as a dual in the Langlie-Mattix Queen zone and as an oil well
9 and as a gas well in the Yates-Seven Rivers section.

10 Q You have, in fact, completed the well?

11 A Yes, we have.

12 This well was completed in the Yates formation for
13 a potential of 25 MCF per day, which makes it a marginal gas
14 well and we have allocated the cost to this well as shown
15 by this Exhibit Number Three. They were split between the
16 Yates and Queen to that depth and the Queen carried it since
17 it is deeper, it carried the additional drilling cost. The
18 completion cost for the Yates would only be the packer and
19 half of the tubing.

20 Q What are your total well costs for completion of
21 the well to the Yates?

22 A The total well cost was eighty-three thousand,
23 four hundred and forty-three dollars and seventy-eight cents;
24 to the Yates thirty-five thousand, five, seventy, fifty-one
25 and to the Queen forty-seven thousand, eight, seventy-three,

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1 twenty-seven.

2 Q Please refer to what has been marked as Exhibit
 3 Number Four and identify that?

4 A Exhibit Number Four is our cost on the Arco No. 2
 5 and let me stress that the first exhibit was Arco 2-Y.

6 We spudded the first well and drilled it down to
 7 the top of the anhydrite and after we had set our surface
 8 pipe, which included the entire section of the surface of
 9 the ground to the anhydrite, we lost circulation in a cavern
 10 and fought that lost circulation for one week and were
 11 unsuccessful in regaining circulation. We had to move over
 12 about three hundred feet. The total cost of that fiasco was
 13 forty-three thousand, five hundred and eighty-six dollars
 14 and eighty-nine cents so we request that the total well costs,
 15 that part of this cost or half of it be allocated to the
 16 total Yates cost in our producing well.

17 Q Mr. Burleson, what are your normal costs for super-
 18 vision in drilling the well and after the well has been
 19 drilled?

20 A We ask for six hundred dollars per month for a
 21 drilling well and for a hundred dollar a month supervision
 22 for producing a well.

23 Q And do you desire to be operator of the well?

24 A Yes, we do.

25 MR. KELLAHIN: If the Examiner please, Exhibit Number

1 Five is our certification that we mailed notices to all eighty
2 or eighty-five non-consenting individuals.

3 Q (Mr. Kellahin continuing.) You have, in fact,
4 assumed the risk of drilling this well, have you not, Mr.
5 Burleson?

6 A Yes, I have.

7 Q And we are not now seeking a risk factor, is that
8 correct?

9 A That is correct.

10 Q Mr. Burleson, were Exhibits One through Four either
11 prepared by you directly or compiled under your direction and
12 supervision?

13 A Yes, they were.

14 Q In your opinion, Mr. Burleson, will the approval of
15 this application be in the best interests of conservation,
16 prevention of waste and the protection of correlative rights?

17 A Yes, it would.

18 MR. KELLAHIN: If the Examiner please, we move the
19 introduction of Exhibits One through Five.

20 MR. STAMETS: Exhibits One through Five will be
21 admitted.

22 (THEREUPON, Applicant's Exhibits One through
23 Five were admitted into evidence.)

24 MR. KELLAHIN: That concludes our direct examination.
25

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CROSS EXAMINATION

2 BY MR. STAMETS:

3 Q Did you mention a cost for supervision of the well
4 while it is being produced?

5 A Yes, a hundred dollars a month.

6 MR. KELLAHIN: Being produced, yes, that was a
7 hundred dollars a month.

8 Q (Mr. Stamets continuing.) What's the total extent
9 of uncommitted acreage at this time?

10 A The total acreage in that forty would be three point
11 two nine acres.

12 Q Three point two nine acres out of the one-sixty?

13 A Out of that one-sixty. Divided by four it would be
14 well, we can go in percent.

15 Q Still is that all you are talking about in the
16 entire one-sixty?

17 A Yes.

18 Q Less than four acres?

19 A Right, less than four acres and these peoples'
20 interest is so small, you know, if you want to lease for a
21 hundred dollars or a hundred and fifty dollars an acre, they
22 get three dollars, they don't understand.

23 Q Right. I'm somewhat concerned about the well costs
24 on the Arco No. 2. Obviously since we are only dealing with
25 four acres it's not going to be a tremendous amount of money

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1 out of anybody's pocket and yet it concerns me as a matter of
2 policy whether or not retrospectively people who might or
3 might not have committed, subsequent to a forced pooling
4 hearing, should pay for the operator's misfortune who went
5 ahead and drilled the well prior to obtaining commitments and
6 prior to getting a forced pooling order. Why do you feel that
7 the Commission should allocate these costs on a risk that you
8 went ahead and took prior to this hearing?

9 A. Only that we were out these costs in drilling the
10 well and we thought that they should be considered to the
11 whole well's. They are in our cost figures and then what we
12 feel that those people if they would have joined they would
13 have been out those costs too. And I agree that it is a
14 small amount of money so I wouldn't fight for it either way.

15 MR. STAMETS: Are there any other questions of this
16 witness?

17 MR. KELLAHIN: No, sir.

18 MR. STAMETS: He may be excused.

19 (THEREUPON, the witness was excused.)

20 MR. STAMETS: Is there anything further in this
21 case?

22 MR. KELLAHIN: Not in this case.

23 MR. STAMETS: We will take the case under advice-
24 ment.

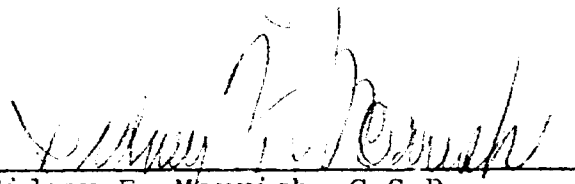
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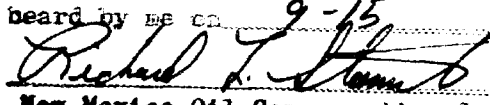
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REPORTER'S CERTIFICATE

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
ability.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5754,
heard by me on 9-15, 1976.

Richard L. Hunt, Examiner
New Mexico Oil Conservation Commission

BURLESON & HUFF

OIL PROPERTIES
 BOX 2479 - PHONE 683-4747
 MIDLAND, TEXAS 79701
 October 4, 1976

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

Attn: Mr. Joe D. Ramey

Re: Case No. 5754
 Order No. R-5286

Gentlemen:

With reference to the above case and order we advise that the actual well costs for our Arco Well # 2-Y are as follows:

Company	Invoice #	Amount
Grant Oil Tool	16006	\$ 312.70
M-G-F Drilling Co.	1255	12782.50
Bob's Casing Crews	HC-230 & HC-236	504.07
MacClatchie Division	15793	177.95
Falcon Sales	5832	665.60
McVean & Barlow	500-515	596.73
Canal Well Service	7233, 7202	941.00
W. M. Walker	1457	26.21
Monahans Iron & Metal	5623 & 5639	4088.61
Well Head & Equipment	12553 & 12667	671.16
Lopps Welding Service	0614, 0607 & 0608	49.92
Caraway Welding & Roustabout	2123	33.84
Baker Oil Tools	21560 & 26499	960.18
McDaniel Company	025374	159.44
George Tope	119	4492.15
Xmas Tree Supply	MI-1198	330.85
I. S. & S.	J15283 & J15222	78.66
Apache Services, Inc.	536	515.75
Jarrel Service, Inc.	103 & 1872 & 1880	688.98
Schlumberger Well Serv.	4-27911	1742.21
Hobbs Anchor & Road Boring	12-25	111.45
John West Engineering	1175-65 & 1175-32	101.30
Diamond Fluids	014, 015, 016, 017 (Credit 019)	1162.74
Halliburton	903015, 092812, 902652	3389.10
XL Transportation	29628, 29682, 29627, 29625, 30026	922.17
Burleson & Huff	Overhead	65.25

\$35570.51

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October 4, 1976

All of the working interest owners whose addresses are known to us have been notified of these costs.

We hereby designate The Lovington National Bank of Lovington, New Mexico 88260 as depository bank for proceeds from production from the well which are not disbursed.

Yours very truly,

BURLESON & HUFF


Jack Huff

JH/sw

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. 5754
Order No. R-5286

APPLICATION OF BURLESON & HUFF
FOR COMPULSORY POOLING AND A
NON-STANDARD PRORATION UNIT, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of September, 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, Burleson & Huff, seeks an order pooling all mineral interests in the Yates-Seven Rivers formation underlying the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, all in Township 25 South, Range 37 East, NMPM, Jalmat Pool, Lea County, New Mexico, to form a 160-acre non-standard gas proration unit.

(3) That the applicant has the right to drill and has drilled its Arco Well No. 2-Y at a point 1770 feet from the North line and 660 feet from the East line of said Section 21.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(7) That any non-consenting 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.

(8) That \$100.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(9) 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.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Yates-Seven Rivers formation underlying the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, all in Township 25 South, Range 37 East, NMPM, Jalmat Pool, Lea County, New Mexico, are hereby pooled to form a non-standard 160-acre gas spacing and proration unit to be dedicated to applicant's Arco Well No. 2-Y located 1770 feet from the North line and 660 feet from the East line of said Section 21.

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

(3) 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.

-3-

Case No. 5754
Order No. R-5286

(4) That the operator is hereby authorized to withhold from production the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of well costs.

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

(6) That \$100.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(7) 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.

(8) 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.

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

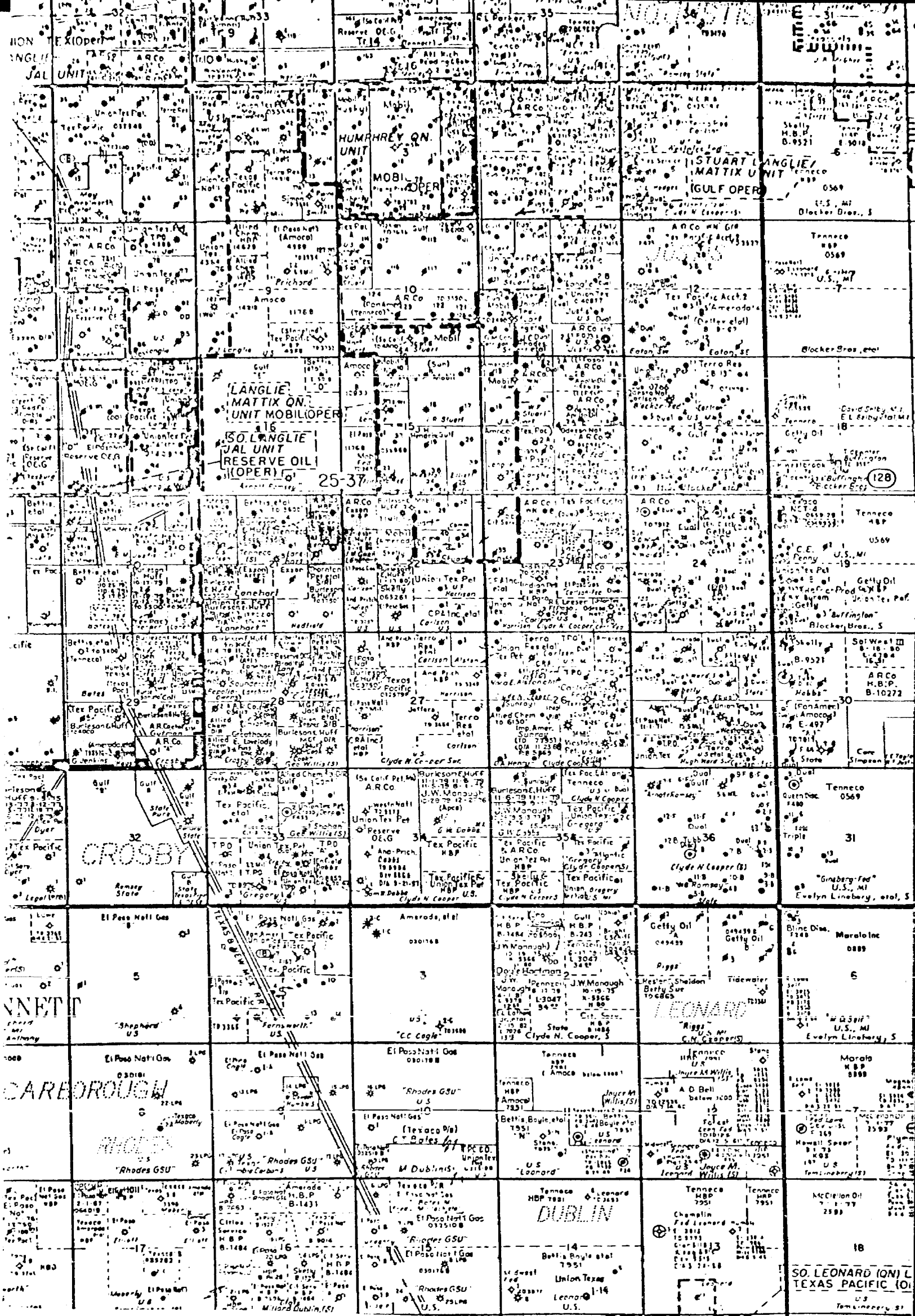
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

S E

dr/



	<u>Mineral Interest</u>
33. Fred P. Lanehart, Box 3597, Bryan, Texas 77801	9/14336
34. William Ernest Lanehart, Jr., 4908 Woodview, Austin, TX 78710	9/14336
35. John Thomas Lanehart, Bingle Road, Houston, Texas 77002	9/14336
36. Arnold Wall, Sr., 802 E. 24th, Bryan, Texas 77801	9/57344
37. Arnold Wall, Jr., 802 E. 24th, Bryan, Texas 77801	27/114688
38. Billy Wall, 802 E. 24th, Bryan, Texas 77801	27/114688
39. unknown widow of James D. Lanehart	3/3584
40. Unknown heirs of Frances L. Lanehart Moore	9/25088
41. Allene L. Burkhalter, address unknown	9/25088
42. Joan Lanehart, address unknown	9/25088
43. James Welden Lanehart, address unknown	9/25088
44. Marinell Lanehart Dorsey, address unknown	9/25088
45. Melvin Clyde, Box 175, Angleton, Texas 77515	9/25088
46. Wilma Sue Phillips, address unknown	9/25088
47. Beatrice Lanehart Stark, 211 W. Ave. Q, Lovington, NM	3/512
48. Mozelle Mullenax Smith, 918 W. Jackson, Lovington, NM	3/3584
49. Donnie June Fuller, Box 98, Jal, New Mexico	3/3584
50. Amanda Kay Steadman, Box 727, Jal, New Mexico	3/3584
<i>Lanehart</i> 51. Lonnie E. Mullenax, 909 Birch, Lovington, New Mexico	3/3584
52. Forest Dale Mullenax, Box 63, Arago Sta., Myrtle Pt. Oregon	3/3584
53. Billie Joe Mullenax, 1205 W. Van Buren, Lovington, NM	3/3584
54. Wesley T. Mullenax, 1205 W. Van Buren, Lovington, NM	3/3584
55. Eulace Bryan Wiles, 1908 E. St., Baker, Ore. 97814	3/2048
56. Frances Andahl, Box 848, San Andres, Cal. 95249	9/8192
57. Wanda W. Dalla Costa, 1039 West Cook, Santa Maria. Cal. 93454	9/8192
58. Marian W. Myers, 4941 E. Holbrook, Anaheim, Cal. 92806	9/8192
59. Lane Wiles, Baker, Ore. 97814	9/8192
60. Unknown heirs of Emily Amanda Lanehart Clark, dec.	3/512
61. Miss Katie Carter, Rt. 1, Box 183, Woodville, Miss. 39669	3/512
62. Elizabeth Carter Holloway, Rt. 1, Box 183, Woodville, Miss.	3/512
63. Hillrie J. Anders, Rt. 1, Box 42, Crosby, Miss. 39633	3/4096

	Mineral Interest
64. Audry Anders Laird, 3905 Englewood, Natchez, Miss. 39120	3/4096
65. Myrtle Anders Perry, Route 1, Box 43, Crosby, Miss.	3/4096
66. Wanzie Anders Poindexter, 105 Jackson, Natchez, Miss.	3/4096
67. Louise Broussard Newman, Gen. Del., Jackson, La. 70748	3/6144
68. Elaine B. Gullledge Freeman, Box 133, Monterrey, La. 71354	3/6144
69. J. P. Broussard, Gen. Del., Jackson, La. 70748	3/6144
70. Orelia Broussard, Gen. Del., Jackson, La. 70748	3/6144
71. Donley Broussard, Gen. Del., Jackson, La. 70748	3/6144
72. Shirley Lee B. Jones, Gen. Del., Ferriday, La. 71334	3/6144
73. Amanda Lee L. Perry, Rt. 1, Box 114, Crosby, Miss. 39633	3/1024
74. Mrs. Bernice Lanehart, Route 1, Box 115, Crosby, Miss. 39633	3/4096
75. Mrs. Pearley Lanehart Perry, 104 Booker Rd., Natchez, Miss.	3/8192
76. Teresa Lanehart Pence, Rt. 5-A, Box 556, St. Francesville, La. 70775	3/8192
77. Silas Lanehart, Jr., Rt. 1 Box 117, Crosby, Miss. 39633	3/8192
78. Inez Lanehart McDowell, Rt. 1, Box 225, Crosby, Miss. 39633	3/8192
79. Linda Lanehart Williams, Rt. 1, Box 255, Crosby, Miss. 39633	3/8192
80. Carmel Lanehart Williams, Rt. 1, Box 114-B, Crosby, Miss. 39633	3/8192
81. Clyde G. Lanehart, Rt. 1, Crosby, Miss. 39633	3/2048
82. Pauline Lanehart Perry, Rt. 1, Box 104, Crosby, Miss. 39633	3/2048
83. Thelma Higdon Freitag, 4936 Coliseum, New Orleans, La. 70113	3/4096
84. Lola Higdon Lacost, 937 Joilet S., New Orleans, La. 70113	3/4096
85. Gladys Higdon Becker, 1224 Dante St., New Orleans, La. 70113	3/4096
86. Robert Leon Perry, Jr., 104 Booker, Natchez, Miss.	3/8192
87. John Wayne Perry, address unknown	3/8192
88. Ronnie Hisson, 602 First National Bank Bldg, Midland, TX 79701 - .134375 WI under the SW/4 NW/4 Sec. 22 or .0335937 WI under 160 acre unit.	

ARCO 2-Y WELL COSTS

	Code	Invoice #	Total	Portion Allocated to Yates- 7 Rivers	Portion Allocated to Queen
Grant Oil Tool	P	16006	\$ 718.85	\$ 312.70	\$ 406.15
M-G-F Drilling Co.	P	1255	29385.05	12782.50	16602.55
Bob's Casing Crews	P/2	HC-230	390.00	195.00	195.00
Bob's Casing Crews	P	HC-236	710.50	309.07	401.43
MacClatchie Division	P	15793	409.08	177.95	231.13
Falcon Sales	P/2	5832	1331.20	665.60	665.60
McVean & Barlow	P/2	500-515	1193.45	596.73	596.72
Canal Well Service	Y	7233	311.00	311.00	
Canal Well Service	Y	7202	630.00	630.00	
W. M. Walker	P/2	1457	52.42	26.21	26.21
Monahans Iron & Metal	P/2	5623	3705.47	1852.74	1852.73
Monahans Iron & Metal	P	5639	5139.92	2235.87	2904.05
Well Head & Eqpt.	P/2	12553 & 12667	1342.32	671.16	671.16
Lopps Welding Service	P/2	0614, 0607 & 0608	99.84	49.92	49.92
Caraway Welding & Roustabout	P	2123	77.79	33.84	43.95
Baker Oil Tools	P/2	21560 & 26499	1920.36	960.18	960.18
McDaniel Company	P	D25374	366.52	159.44	207.08
George Tope	P	119	10326.77	4492.15	5834.62
Xmas Tree Supply	P/2	MI-1198	661.70	330.85	330.85
I. S. & S.	P/2	J15283 & J15222	157.31	78.66	78.65
Apache Services, Inc.	Y	536	515.75	515.75	
Jarrel Service, Inc.	Y	293 & 1872	551.18	551.18	
Jarrel Services, Inc.	P/2	1880	275.60	137.80	137.80
Schlumberger Well Services	P	4-27911	4005.07	1742.21	2262.86
Hobbs Anchor & Road Boring	P/2	12-25	222.89	111.45	111.44
John West Engineering	P/2	1175-65 & 1175-32	202.59	101.30	101.29
Diamond Fluids	P	014,015,016, 017 (Credit Memo 019)	2672.95	1162.74	1510.21
Halliburton	P/2	903015 & 092812	4425.24	2212.62	2212.62
Halliburton	Y	902652	1176.47	1176.47	
XL Transportation	P	29628,29682,29627, 29625	1982.45	862.37	1120.08
XL Transportation	P/2	30026	119.60	59.80	59.80
Canal Well Service	Q	7187,6872,6865,6829	1796.00		1796.00
Halliburton	Q	124501,902998,902997	6019.52		6019.52
XL Transportation	Q	29381	211.72		211.72
ABC Rental Tool	Q	12-1363	187.20		187.20
Burleson & Huff	P	Overhead -\$300.00 per month, 15 days drill- ing & completing	150.00	65.25	84.75
			\$83443.78	\$35570.51	\$47873.27

CODE:

P-prorated on footage basis (3048/3500 times amount of bill divided by 2)

P/2 - Split 50-50 between Yates & Queen

Y - Yates - Seven Rivers only

Q - Queen only

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
<i>Burleson</i>	EXHIBIT NO. <u>3</u>
CASE NO. <u>6754</u>	
Submitted by _____	
Hearing Date <u>15 Sep 76</u>	

ARCO 2 WELL COSTS

	Invoice #	Amount
Monahans Iron & Metal	5596	\$ 4708.32
Merryman Construction Co.	75-1141	79.04
Robert L. Murdock	3-11-75	625.00
Lopp's Welding	0594	49.92
XL Transportation Co.	29477, 29410, 29478, 29475, 29476	4605.10
Wallach Concrete Co.	1053 & 1117	303.42
Land & Marine Rental	11-1486 & 11-1482	197.02
Mid-Tex Construction Co.	K10-190&K10-189	1729.00
Bob's Casing Crews	0C-573	565.76
Mudco, Inc.	BH11-12	3573.02
Cooper Mud	11-624	1098.32
John West Engineering	1075-5	174.72
Halliburton	113980 & 902861	4670.50
M-G-F Drilling Co. (Grant Oil Tool)	1261	409.08
Cooper Mud	12-629	923.52
M-G-F Drilling Co.	1353	19875.15
		<u>\$43586.89</u>

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

Bu/Leon & Hef EXHIBIT NO. 4
CASE NO. 5754
Submitted by _____
Hearing Date 15 Sep 76

CERTIFICATE OF MAILING

I hereby certify that I mailed a copy of the attached
Docket No. 25-76 on September 8, 1976, to each party on
the attached list with a known address.

Kathleen Freyberg

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

The foregoing instrument was acknowledged before me
this 9th day of September, 1976 by Kathleen Freyberg.

Selma Aragon
NOTARY PUBLIC

My Commission Expires:

December 2, 1978

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Burton H. H. P.	EXHIBIT NO. <u>5</u>
CASE NO. <u>5754</u>	
Submitted by _____	
Hearing Date <u>15 Sep 76</u>	

Dockets Nos. 26-76 and 27-76 are tentatively set for hearing on September 29 and October 13, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 15, 1976

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for October, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5766: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 116 of the Commission Rules and Regulations, NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS, to include the requirement for notification of breaks, blowouts, and spills at fluid injection or disposal wells or at facilities related thereto, or other escape of injected water or other fluids.

CASE 5764: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Commission Form C-105, WELL COMPLETION OR RECOMPLETION REPORT AND LOG, to provide space for the reporting of depths of oil and/or gas sands or zones and important water sands.

CASE 5765: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the partial temporary suspension of Rule 202B of the Commission Rules and Regulations to permit approved temporarily abandoned wells to continue in such status without the requirement for notice and hearing pending the outcome of new bonding and plugging legislation to be proposed to the First Session of the 33rd New Mexico Legislature.

CASE 5753: Application of A. H. Rains for amendment of Order No. R-5217, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5217 to provide an administrative procedure for the approval of substitute or additional salt water disposal wells on applicant's Pure State Lease in Section 15, Township 21 South, Range 27 East, Magruder-Yates Pool, Eddy County, New Mexico.

CASE 5754: Application of Burleson & Huff for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yates-Seven Rivers formation underlying the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, Township 25 South, Range 37 East, to form a 160-acre non-standard gas proration unit in the Jalmat Pool, Lea County, New Mexico, to be dedicated to applicant's Arco Well No. 2-Y located 1770 feet from the North line and 660 feet from the East line of Section 21. 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 applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5755: Application of Burleson & Huff for salt water disposal well, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation through the perforated interval from 4014 feet to 4290 feet in its Cinco de Mayo Well No. 1 located in Unit C of Section 24, Township 18 South, Range 32 East, Shinnery-Queen Pool, Lea County, New Mexico.

CASE 5756: Application of Burleson & Huff for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Rustler formation through the open-hole interval from approximately 937 feet to 1200 feet in its Arco Well No. 2 located in Unit H of Section 21, Township 25 South, Range 37 East, Jalmat Pool, Lea County, New Mexico.

CASE 5757: Application of Western Oil Producers, Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Maljamar-Pennsylvanian Oil Pool, in Section 5, Township 17 South, Range 33 East, Lea County, New Mexico, including a provision for 160-acre spacing and proration units.

Do not forget to find -
we have obtained
leases on these

	Mineral Interest
1. Thomas Rabb, 9254 S. 2700 W., Jordan, Utah 84084	3/1536
2. Howard Rabb, Rt. 1, Box 160, Woodville, Miss. 39669	3/1536
3. Mrs. Annie Lee Netterville, Rt. 1, Box 153, Woodville, Miss. 39669	3/1536
4. Mrs. Mildred Ashley, Rt. 1 Box 162, Woodville, Miss. 39669	3/1536
5. Mrs. Addie Stewart Vessels, 1737 Adams, Pecos, Texas	1/128
6. Mrs. Carrie Lee Stewart McCearley, 307 Cherokee, Natchez, Miss.	3/1024
7. Woodrow Stewart, Box 754, Edna, Texas	3/1024
8. Alma Dene Berryhill, address unknown	1/2560
9. Maxine Greer, address unknown	1/2560
10. Betty Greer, address unknown	1/2560
11. Patsy Ruth Jackson, address unknown	1/2560
12. Norma Lydia Havard	1/2560
13. Mrs. Louise Leake, 3756 Eaton, Baton Rouge, La.	3/17920
14. Mrs. Emily Bowers, 3756 Eaton, Baton Rouge, La.	3/17920
15. Clarence Leake, Jr., 3756 Eaton, Baton Rouge, La.	3/17920
16. Philip Leake, 3756 Eaton, Baton Rouge, La.	3/17920
17. Edwin P. Leake, Jr., address unknown	3/4480
18. Julius H. Leake, 5046 London Lane, Jackson, Miss. 39200	3/4480
19. Mrs. Betty Leake Foreman, Box 5, Crosby, Miss. 39633	3/4480
20. Mrs. Gracie Leake Hazlip, Rt. 1, Crosby, Miss.	3/4480
21. Heirs of Wallace Leake, dec., unknown	3/4480
22. Mrs. Mary Lanehart Duty, 6613 Midfield Dr., Houston, TX 77018	3/836
23. Roy Thompson, Jr., 3222 Ave. G, Dickinson, TX 77539	3/2688
24. John Earl Thompson, 1028 Jefferson, Kerrville, TX 78028	3/2688
25. Mrs. Joyce Fails, Rt. 1, Box 214 B, Sweeny, TX 77480	3/2688
26. Virginia Barton, address unknown	3/1792
27. Jimmy Barton, address unknown	3/1792
28. Mrs. Roy Hayes, 5410 S. Ave. A., Lubbock, Texas	3/3584
29. Darrell Gene Lanehart, Banks Rd., Ft. Worth, Texas	3/3584
30. Joe Doyle Lanehart, Waco, Texas	3/3584
31. Benny Don Lanehart, address unknown	3/3584
32. Mrs. Pairlee Hall, 802 Delwood, Bryan, Texas 77801	3/3584

	<u>Mineral Interest</u>
33. Fred P. Lanehart, Box 3597, Bryan, Texas 77801	9/14336
34. William Ernest Lanehart, Jr., 4908 Woodview, Austin, TX 78710	9/14336
35. John Thomas Lanehart, Bingle Road, Houston, Texas 77002	9/14336
36. Arnold Wall, Sr., 802 E. 24th, Bryan, Texas 77801	9/57344
37. Arnold Wall, Jr., 802 E. 24th, Bryan, Texas 77801	27/114688
38. Billy Wall, 802 E. 24th, Bryan, Texas 77801	27/114688
39. unknown widow of James D. Lanehart	3/3584
40. Unknown heirs of Frances L. Lanehart Moore	9/25088
41. Allene L. Burkhalter, address unknown	9/25088
42. Joan Lanehart, address unknown	9/25088
43. James Welden Lanehart, address unknown	9/25088
44. Marinell Lanehart Dorsey, address unknown	9/25088
45. Melvin Clyde, Box 175, Angleton, Texas 77515	9/25088
46. Wilma Sue Phillips, address unknown	9/25088
47. Beatrice Lanehart Stark, 211 W. Ave. Q, Lovington, NM	3/512
48. Mozeile Mullenax Smith, 918 W. Jackson, Lovington, NM	3/3584
49. Donnie June Fuller, Box 98, Jal, New Mexico	3/3584
50. Amanda Kay Steadman, Box 727, Jal, New Mexico	3/3584
51. Lonnie E. Mullenax, 909 Birch, Lovington, New Mexico	3/3584
52. Forest Dale Mullenax, Box 63, Arago Sta., Myrtle Pt. Oregon	3/3584
53. Billie Joe Mullenax, 1205 W. Van Buren, Lovington, NM	3/3584
54. Wesley T. Mullenax, 1205 W. Van Buren, Lovington, NM	3/3584
55. Eulace Bryan Wiles, 1908 E. St., Baker, Ore. 97814	3/2048
56. Frances Andahl, Box 848, San Andres, Cal. 95249	9/8192
57. Wanda W. Dalla Costa, 1039 West Cook, Santa Maria. Cal. 93454	9/8192
58. Marian W. Myers, 4941 E. Holbrook, Anaheim, Cal. 92806	9/8192
59. Lane Wiles, Baker, Ore. 97814	9/8192
60. Unknown heirs of Emily Amanda Lanehart Clark, dec.	3/512
61. Miss Katie Carter, Rt. 1, Box 183, Woodville, Miss. 39669	3/512
62. Elizabeth Carter Holloway, Rt. 1, Box 183, Woodville, Miss.	3/512
63. Hillrie J. Anders, Rt. 1, Box 42, Crosby, Miss. 39633	3/4096

	<u>Mineral Interest</u>
64. Audry Anders Laird, 3905 Englewood, Natchez, Miss. 39120	3/4096
65. Myrtle Anders Perry, Route 1, Box 43, Crosby, Miss.	3/4096
66. Wanzie Anders Poindexter, 105 Jackson, Natchez, Miss.	3/4096
67. Louise Broussard Newman, Gen. Del., Jackson, La. 70748	3/6144
68. Elaine B. Gullledge Freeman, Box 133, Monterrey, La. 71354	3/6144
69. J. P. Broussard, Gen. Del., Jackson, La. 70748	3/6144
70. Orelia Broussard, Gen. Del. Jackson, La. 70748	3/6144
71. Donley Broussard, Gen. Del., Jackson, La. 70748	3/6144
72. Shirley Lee B. Jones, Gen. Del., Ferriday, La. 71334	3/6144
73. Amanda Lee L. Perry, Rt. 1, Box 114, Crosby, Miss. 39633	3/1024
74. Mrs. Bernice Lanehart, Route 1, Box 115, Crosby, Miss. 39633	3/4096
75. Mrs. Pearley Lanehart Perry, 104 Booker Rd., Natchez, Miss.	3/8192
76. Teresa Lanehart Pence, Rt. 5-A, Box 556, St. Francesville, La. 70775	3/8192
77. Silas Lanehart, Jr., Rt. 1 Box 117, Crosby, Miss. 39633	3/8192
78. Inez Lanehart McDowell, Rt. 1, Box 225, Crosby, Miss. 39633	3/8192
79. Linda Lanehart Williams, Rt. 1, Box 255, Crosby, Miss. 39633	3/8192
80. Carmel Lanehart Williams, Rt. 1, Box 114-B, Crosby, Miss. 39633	3/8192
81. Clyde G. Lanehart, Rt. 1, Crosby, Miss. 39633	3/2048
82. Pauline Lanehart Perry, Rt. 1, Box 104, Crosby, Miss. 39633	3/2048
83. Thelma Higdon Freitag, 4936 Coliseum, New Orleans, La. 70113	3/4096
84. Lola Higdon Lacost, 937 Joilet S., New Orleans, La. 70113	3/4096
85. Gladys Higdon Becker, 1224 Dante St., New Orleans, La. 70113	3/4096
86. Robert Leon Perry, Jr., 104 Booker, Natchez, Miss.	3/8192
87. John Wayne Perry, address unknown	3/8192
88. Ronnie Hisson, 602 First National Bank Bldg, Midland, TX 79701-- .134375 WI under the SW/4 NW/4 Sec. 22 or .0335937 WI under 160 acre unit.	

ARCO 2 WELL COSTS

	Invoice #	Amount
Monahans Iron & Metal	5596	\$ 4708.32
Merryman Construction Co.	75-1141	79.04
Robert L. Murdock	3-11-75	625.00
Lopp's Welding	0594	49.92
XL Transportation Co.	29477,29410,29478, 29475,29476	4605.10
Wallach Concrete Co.	1053 & 1117	303.42
Land & Marine Rental	11-1486 & 11-1482	197.02
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Mudco, Inc.	BH11-12	3573.02
Cooper Mud	11-624	1098.32
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Halliburton	113980 & 902861	4670.50
M-G-F Drilling Co.(Grant Oil Tool)	1261	409.08
Cooper Mud	12-629	923.52
M-G-F Drilling Co.	1353	19875.15
		<u>\$43586.89</u>

Case 5754
Exhibit 4

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BURLESON & HUFF FOR APPROVAL
OF A NON-STANDARD UNIT AND FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

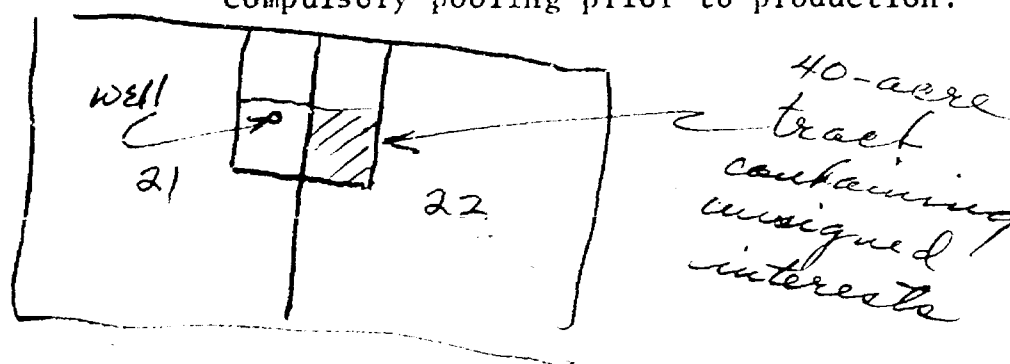
A P P L I C A T I O N

Come now Burleson & Huff and apply to the Oil Conservation Commission of New Mexico for approval of a non-standard proration unit in the Jalmat Gas Pool, Lea County, New Mexico, and for compulsory pooling of acreage within the unit, and in support thereof would show the Commission:

1. Applicant has completed its No. 2-Y Arco Well as a dual completion, producing oil from the Queen formation, and gas from the Yates-Seven Rivers formation within the Jalmat Gas Pool. The well is located in the SE/4 NE/4 of Section 21, Township 25 South, Range 37 East, N.M.P.M. The subject well is 660 feet from the East line, and 1770 feet from the North line of Section 21.

2. Applicant proposes to dedicate to the well the E/2 NE/4, Section 21, and the W/2 NW/4, Section 22, Township 25 South, Range 37 East, to form a non-standard unit in the Jalmat Pool.

3. The well was potentialed upon completion on December 30, 1975, for 35.5 mcf per day in the Jalmat, and is presently connected and awaiting approval of the non-standard unit and compulsory pooling prior to production.



4. As to the Queen production, the SE/4 NE/4 of Section 21 is dedicated to the well, and is not involved in this application.

5. All interest owners underlying the proposed non-standard unit have agreed to the drilling of the well and completion in the Jalmat with the exception of certain owners of undivided working interests underlying the SW/4 NW/4 of Section 22, Township 25 South, Range 37 East. Attached hereto is a list of these interest owners, together with their addressess, to the best of applicant's information and belief. The list sets out the fractional ownership underlying the forty-acre tract.

6. Applicant has made diligent effort to obtain voluntary agreement from all owners, but has been unable to obtain such agreement.

WHEREFORE applicant prays that this application be set for hearing before the Oil Conservation Commission of New Mexico or one of its examiners, and that after notice and hearing as required by law, the Commission enter its order approving the non-standard unit as proposed, and compulsorily pooling all mineral interests underlying the unit, together with provision for applicant to recover his justifiable costs of drilling, equipping and completing the well for production from the Jalmat Gas Pool, his costs of operation, and supervision, and assignment of a risk factor for assuming the risk of drilling and completing the well.

Respectfully submitted,

BURLESON & HUFF

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

ATTORNEYS FOR APPLICANT

	Mineral Interest
1. Thomas Rabb, 9254 S. 2700 W., Jordan, Utah 84084	3/1536
2. Howard Rabb, Rt. 1, Box 160, Woodville, Miss. 39669	3/1536
3. Mrs. Annie Lee Netterville, Rt. 1, Box 153, Woodville, Miss. 39669	3/1536
4. Mrs. Mildred Ashley, Rt. 1 Box 162, Woodville, Miss. 39669	3/1536
5. Mrs. Addie Stewart Vessels, 1737 Adams, Pecos, Texas	1/128
6. Mrs. Carrie Lee Stewart McCearley, 307 Cherokee, Natchez, Miss.	3/1024
7. Woodrow Stewart, Box 754, Edna, Texas	3/1024
8. Alma Dene Berryhill, address unknown	1/2560
9. Maxine Greer, address unknown	1/2560
10. Betty Greer, address unknown	1/2560
11. Patsy Ruth Jackson, address unknown	1/2560
12. Norma Lydia Havard	1/2560
13. Mrs. Louise Leake, 3756 Eaton, Baton Rouge, La.	3/17920
14. Mrs. Emily Bowers, 3756 Eaton, Baton Rouge, La.	3/17920
15. Clarence Leake, Jr., 3756 Eaton, Baton Rouge, La.	3/17920
16. Philip Leake, 3756 Eaton, Baton Rouge, La.	3/17920
17. Edwin P. Leake, Jr., address unknown	3/4480
18. Julius M. Leake, 5046 London Lane, Jackson, Miss. 39200	3/4480
19. Mrs. Betty Leake Foreman, Box 5, Crosby, Miss. 39633	3/4480
20. Mrs. Gracie Leake Hazlip, Rt. 1, Crosby, Miss.	3/4480
21. Heirs of Wallace Leake, dec., unknown	3/4480
22. Mrs. Mary Lanehart Duty, 6613 Midfield Dr., Houston, TX 77018	3/896
23. Roy Thompson, Jr., 3222 Ave. G, Dickinson, TX 77539	3/2688
24. John Earl Thompson, 1028 Jefferson, Kerrville, TX 78028	3/2688
25. Mrs. Joyce Fails, Rt. 1, Box 214 B, Sweeny, TX 77480	3/2688
26. Virginia Barton, address unknown	3/1792
27. Jimmy Barton, address unknown	3/1792
28. Mrs. Roy Hayes, 5410 S. Ave. A., Lubbock, Texas	3/3584
29. Darrell Gene Lanehart, Banks Rd., Ft. Worth, Texas	3/3584
30. Joe Doyle Lanehart, Waco, Texas	3/3584
31. Benny Don Lanehart, address unknown	3/3584
32. Mrs. Pairlee Hall, 802 Delwood, Bryan, Texas 77801	3/3584

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 400 400 400 400
 400 400 400 400

	<u>Mineral Interest</u>
33. Fred P. Lanehart, Box 3597, Bryan, Texas 77801	9/14336
34. William Ernest Lanehart, Jr., 4908 Woodview, Austin, TX 78710	9/14336
35. John Thomas Lanehart, Bingle Road, Houston, Texas 77002	9/14336
36. Arnold Wall, Sr., 802 E. 24th, Bryan, Texas 77801	9/57344
37. Arnold Wall, Jr., 802 E. 24th, Bryan, Texas 77801	27/114688
38. Billy Wall, 802 E. 24th, Bryan, Texas 77801	27/114688
39. unknown widow of James D. Lanehart	3/3584
40. Unknown heirs of Frances L. Lanehart Moore	9/25088
41. Allene L. Burkhalter, address unknown	9/25088
42. Joan Lanehart, address unknown	9/25088
43. James Welden Lanehart, address unknown	9/25088
44. Marinell Lanehart Dorsey, address unknown	9/25088
45. Melvin Clyde, Box 175, Angleton, Texas 77515	9/25088
46. Wilma Sue Phillips, address unknown	9/25088
47. Beatrice Lanehart Stark, 211 W. Ave. Q, Lovington, NM	3/512
48. Mozelle Mullenax Smith, 918 W. Jackson, Lovington, NM	3/3584
49. Donnie June Fuller, Box 98, Jal, New Mexico	3/3584
50. Amanda Kay Steadman, Box 727, Jal, New Mexico	3/3584
51. Lonnie C. Mullenax, 909 Birch, Lovington, New Mexico	3/3584
52. Forest Dale Mullenax, Box 63, Arago Sta., Myrtle Pt. Oregon	3/3584
53. Billie Joe Mullenax, 1205 W. Van Buren, Lovington, NM	3/3584
54. Wesley T. Mullenax, 1205 W. Van Buren, Lovington, NM	3/3584
55. Eulace Bryan Wiles, 1908 E. St., Baker, Ore. 97814	3/2048
56. Frances Andahl, Box 848, San Andres, Cal. 95249	9/8192
57. Wanda W. Dalla Costa, 1039 West Cook, Santa Maria. Cal. 93454	9/8192
58. Marian W. Myers, 4941 E. Holbrook, Anaheim, Cal. 92806	9/8192
59. Lane Wiles, Baker, Ore. 97814	9/8192
60. Unknown heirs of Emily Amanda Lanehart Clark, dec.	3/512
61. Miss Katie Carter, Rt. 1, Box 183, Woodville, Miss. 39669	3/512
62. Elizabeth Carter Holloway, Rt. 1, Box 183, Woodville, Miss.	3/512
63. Hillrie J. Anders, Rt. 1, Box 42, Crosby, Miss. 39633	3/4096

	<u>Mineral Interest</u>
64. Audry Anders Laird, 3905 Englewood, Natchez, Miss. 39120	3/4096
65. Myrtle Anders Perry, Route 1, Box 43, Crosby, Miss.	3/4096
66. Wanzie Anders Poindexter, 105 Jackson, Natchez, Miss.	3/4096
67. Louise Broussard Newman, Gen. Del., Jackson, La. 70748	3/6144
68. Elaine B. Gullledge Freeman, Box 133, Monterrey, La. 71354	3/6144
69. J. P. Broussard, Gen. Del., Jackson, La. 70748	3/6144
70. Orelia Broussard, Gen. Del. Jackson, La. 70748	3/6144
71. Donley Broussard, Gen. Del., Jackson, La. 70748	3/6144
72. Shirley Lee B. Jones, Gen. Del., Ferriday, La. 71334	3/6144
73. Amanda Lee L. Perry, Rt. 1, Box 114, Crosby, Miss. 39633	3/1024
74. Mrs. Bernice Lanehart, Route 1, Box 115, Crosby, Miss. 39633	3/4096
75. Mrs. Pearley Lanehart Perry, 104 Booker Rd., Natchez, Miss.	3/8192
76. Teresa Lanehart Pence, Rt. 5-A, Box 556, St. Francesville, La. 70775	3/8192
77. Silas Lanehart, Jr., Rt. 1 Box 117, Crosby, Miss. 39633	3/8192
78. Inez Lanehart McDowell, Rt. 1, Box 225, Crosby, Miss. 39633	3/8192
79. Linda Lanehart Williams, Rt. 1, Box 255, Crosby, Miss. 39633	3/8192
80. Carmel Lanehart Williams, Rt. 1, Box 114-B, Crosby, Miss. 39633	3/8192
81. Clyde G. Lanehart, Rt. 1, Crosby, Miss. 39633	3/2048
82. Pauline Lanehart Perry, Rt. 1, Box 104, Crosby, Miss. 39633	3/2048
83. Thelma Higdon Freitag, 4936 Coliseum, New Orleans, La. 70113	3/4096
84. Lola Higdon Lacost, 937 Joilet S., New Orleans, La. 70113	3/4096
85. Gladys Higdon Becker, 1224 Dante St., New Orleans, La. 70113	3/4096
86. Robert Leon Perry, Jr., 104 Booker, Natchez, Miss.	3/8192
87. John Wayne Perry, address unknown	3/8192
88. Ronnie Hisson, 602 First National Bank Bldg, Midland, TX 79701 - .134375 WI under the SW/4 NW/4 Sec. 22 or .0335937 WI under 160 acre unit.	

Dockets Nos. 26-76 and 27-76 are tentatively set for hearing on September 29 and October 13, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 15, 1976

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

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

- ALLOWABLE:** (1) Consideration of the allowable production of gas for October, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 5766:** In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 116 of the Commission Rules and Regulations, NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS, to include the requirement for notification of breaks, blowouts, and spills at fluid injection or disposal wells or at facilities related thereto, or other escape of injected water or other fluids.
- CASE 5764:** In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Commission Form C-105, WELL COMPLETION OR RECOMPLETION REPORT AND LOG, to provide space for the reporting of depths of oil and/or gas sands or zones and important water sands.
- CASE 5765:** In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the partial temporary suspension of Rule 202B of the Commission Rules and Regulations to permit approved temporarily abandoned wells to continue in such status without the requirement for notice and hearing pending the outcome of new bonding and plugging legislation to be proposed to the First Session of the 33rd New Mexico Legislature.
- CASE 5753:** Application of A. H. Rains for amendment of Order No. R-5217, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5217 to provide an administrative procedure for the approval of substitute or additional salt water disposal wells on applicant's Pure State Lease in Section 15, Township 21 South, Range 27 East, Magruder-Yates Pool, Eddy County, New Mexico.
- CASE 5754:** Application of Burleson & Huff for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yates-Seven Rivers formation underlying the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, Township 25 South, Range 37 East, to form a 160-acre non-standard gas proration unit in the Jalmat Pool, Lea County, New Mexico, to be dedicated to applicant's Arco Well No. 2-Y located 1770 feet from the North line and 660 feet from the East line of Section 21. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5752:** Application of Burleson & Huff for salt water disposal well, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation through the perforated interval from 4014 feet to 4290 feet in its Cinco de Mayo Well No. 1 located in Unit C of Section 24, Township 18 South, Range 32 East, Shinnery-Queen Pool, Lea County, New Mexico.
- CASE 5756:** Application of Burleson & Huff for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Rustler formation through the open-hole interval from approximately 937 feet to 1200 feet in its Arco Well No. 2 located in Unit H of Section 21, Township 25 South, Range 37 East, Jalmat Pool, Lea County, New Mexico.
- CASE 5757:** Application of Western Oil Producers, Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Maljamar-Pennsylvanian Oil Pool, in Section 5, Township 17 South, Range 33 East, Lea County, New Mexico, including a provision for 160-acre spacing and proration units.

5754

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TELEPHONE 982-4315
AREA CODE 505

August 9, 1976

RECEIVED
AUG 10 1976
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE

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

Dear Mr. Ramey:

Please find enclosed the original and two copies of the application of Burleson & Huff for approval of a non-standard unit and for compulsory pooling, Lea County, New Mexico. We would appreciate this for the September 15 hearing.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

CC: Mr. Jack Huff

JWK:kjf

Enclosure

DRAFT

dr/

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:

APPLICATION OF BURLESON & HUFF FOR
COMPULSORY POOLING AND A NON-STANDARD
PRORATION UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 5754

Order No. R- 5286

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15, 1966
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of September, 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, Burleson & Huff,
seeks an order pooling all mineral interests in the Yates-
Seven Rivers formation underlying the E/2 NE/4
and the W/2 NW/4 of Section 22, 411
of Section 21, Township 25 South, Range 37 East,
NMPM, Jalmat Pool, Lea County, New
Mexico. to form a 160-acre non-standard gas proration unit.

Case No.
Order No. R-

(3) That the applicant has the right to drill and ^{has drilled} ~~propose~~ its Arco Well No. 2-Y at a point 1770 feet from the North line ~~to the East~~ and 660 feet from the East line of said Section 21.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional _____ 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-

⁸
(~~11~~) That \$100.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

⁹
(~~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 _____, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Yates-Seven Rivers formation underlying the E/2 NE/4 and the W/2 NW/4 of Section 22, all in of Section 21, Township 25 South, Range 37 East, NMPM, Jalmat Pool, Lea County, New Mexico, a non-standard are hereby pooled to form/a ~~standard~~ 160 acre gas spacing and proration unit to be dedicated to ~~axwell to be drilled~~ applicant's Arco Well No. 2-Y ~~to be~~ located ~~1170~~ 1770 feet from the North line and 660 feet from the East line of said Section 21.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the _____ day of _____, 19____, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the _____ formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the _____ day of _____, 19____, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

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

(2) That Burleson & Huff ~~are~~ is ~~XX~~ 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

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.

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

~~the~~ The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of *well costs* ~~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, _____ 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.~~

(5) That the operator shall distribute ^{*such*} ~~and~~ costs and charges withheld from production to the parties who advanced the well costs.

(6) That \$100.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-

Case No.
Order No. R-

(7) 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.

(8) 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.

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

(10) 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.