

CASE 5774: BELCO PET. CORP. FOR
COMPULSORY POOLING AND AN
UNORTHODOX LOCATION, EDDY COUNTY

CASE NO.

5774

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 8, 1977

Mr. W. Thomas Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

Dear Mr. Kellahin:

Reference is made to your letter dated September 7, 1977, wherein you request an additional 60-day extension of time in which Belco Petroleum Corporation may complete its Mollie Well No. 1, which well is the unit well on the lands pooled by Commission Order No. R-5305. Under the provisions of said order, the deadline for completion of the well was February 24, 1977.

It is our understanding that due to various problems encountered, including litigation over the pipeline right of way to connect the well and test it, Belco has been unable to complete the well within the prescribed period.

Extension of the deadline to October 24, 1977, is hereby approved.

Yours very truly,

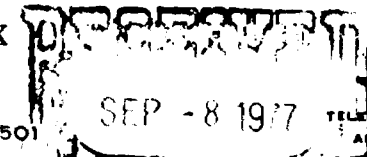
JOE D. RAMEY
Director

JDR/DNS/fd

cc: OCC Artesia
Case File 5774

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN and FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
P. O. BOX 1769
SANTA FE, NEW MEXICO 87501



September 7, 1977

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

Re: NMOCC Case 5774
Order No. R-5305
Request for Extension

Dear Mr. Nutter:

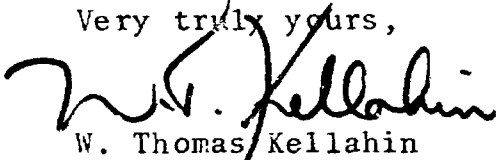
Confirming our telephone conversation, Belco Petroleum Corporation requests a further extension of time to complete its Mollie No. 1 well for an additional sixty days from August 24, 1977 to October 24, 1977.

Right of way problems continue to prevent this well from being connected to a pipeline and that its proximity to the City of Carlsbad deems testing into a pipeline necessary.

The right of way problem is the subject of an Eddy County Case captioned Llano v. Tracey. I have discussed this case with Mr. Jay Forbes, attorney for Tracey. He advised me that the Court will hold a hearing next week and appoint a Commissioner to determine damages. It is his estimation that an additional sixty day period will be sufficient to complete the suit, construct the pipeline and test the well.

Your consideration of another sixty day extension will be appreciated.

Very truly yours,


W. Thomas Kellahin

CC: Mr. Lee Nering

WTK:kfm

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

June 21, 1977

Kellahin and Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

Attention: Mr. Jason W. Kellahin

Extension: Order No. R-5305

Gentlemen:

Reference is made to your letter dated June 20, 1977, wherein you request further extension to the deadline imposed by Commission Order No. R-5305 for the completion of Belco Petroleum Company's Mollie Well No. 1, the unit well for the lands pooled by said order.

It is our understanding that right-of-way problems have to date prevented this well from being connected to a pipeline, and that its proximity to the City of Carlsbad deems testing into a pipeline necessary. Therefore, although the well has been completed and is ready to produce, it technically remains incomplete for lack of a test or pipeline connection.

The time for completion of Belco's Mollie No. 1 is hereby extended to August 24, 1977.

Very truly yours,

JOE D. RAMEY,
Secretary-Director

JDR/DSN/dr

cc: Oil Conservation Commission - Artesia
Case File 5774

JASON W. KELLAHIN
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June 20, 1977

TELEPHONE 982-4315
AREA CODE 505

*Examined
Mutter*

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

Re: Case No. 5774, Order No. R-5305

Dear Mr. Ramey:

Under the provisions of the above order, all interest underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, were pooled for the drilling of the Mollie Well No. 1 by Belco Petroleum Company.

The Commission has previously granted extensions of time for the completion of this well, due to its location, and the inability of Belco to adequately test the well without a pipeline connection. The well has been drilled to total depth but still has no pipeline connection. The most recent extension gave Belco until June 25 to complete the well.

Llano is attempting to get a pipeline into the area, but has been forced to condemnation proceedings to obtain a right-of-way. Initial hearing on this condemnation was May 23, but the judge re-set it for July 18 for determination of value of the property involved.

Because this well is located adjacent to a residential area, and the Lake View Christian home, Belco feels it should not be tested except into the pipeline.

For this reason, Belco requests an extension of time of 60 days for the completion of the well, to August 24.

Your consideration of this request is appreciated.

Sincerely,

Jason W. Kellahin
Jason W. Kellahin

CC: Mr. Lee Nering

JWK:kfm

Dockets Nos. 27-76 and 28-76 are tentatively set for hearing on October 13 and 27, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 29, 1976

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

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

- CASE 5768: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Service Drilling Company, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, Mora County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5769: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Juanita Frank, The Aetna Casualty and Surety Company, and all other interested parties to appear and show cause why the Greathouse Frank Well No. 2, located in Unit C of Section 10, Township 23 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5770: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit George H. Krause, The Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the Krause Beck Well No. 1, located in Unit J of Section 10, Township 29 North, Range 12 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5771: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 22, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to its Tom Brown GO Con Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 1980 feet from the West line of said Section 22. 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 5772: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal BZ Well No. 16 to be drilled at a point 1980 feet from the North line and 660 feet from the East line of Section 28, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the N/2 of said Section 28 to be dedicated to the well.
- CASE 5773: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Millman Unit Area comprising 2,017 acres, more or less, of State lands in Township 19 South, Range 28 East, Eddy County, New Mexico.
- CASE 5774: Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Well No. 1 to be drilled at an unorthodox location 1100 feet from the North line and 1500 feet from the East line of said Section 31. 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 5775: Application of Cities Service Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 30, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Tracy "E" Well No. 1 to be drilled at an unorthodox location 1880 feet from the North line and 660 feet from the West line of said Section 30. 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.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 29, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Belco Petroleum Corpora-) CASE
tion for compulsory pooling and an) 5774
unorthodox location, Eddy County,)
New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
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
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EXHIBIT INDEX

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1 MR. NUTTER: We will call next Case Number 5774.

2 MS. TESCHENDORF: Application of Belco Petroleum
3 Corporation for compulsory pooling and an unorthodox location,
4 Eddy County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox
6 appearing on behalf of the applicant and I have two witnesses
7 to be sworn.

8 (THEREUPON, the witnesses were duly sworn.)

9
10 MARY WARD

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 Yes, my name is Mary Ward. I'm a Landman with
18 Belco Petroleum Corporation.

19 Q Ms. Ward, have you previously testified before this
20 Commission in your capacity as a Landman for Belco Petroleum
21 Corporation?

22 A Yes, I have.

23 Q And have you qualified as an expert in mineral interest
24 ownership in New Mexico and land titles in compulsory pooling
25 cases before the Commission?

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1 A Yes, I have.

2 Q Have you made a study of and are you familiar with
 3 the land title problems with regards to this particular
 4 application?

5 A Yes, sir.

6 MR. KELLAHIN: If the Examiner please, are the
 7 witness' qualifications acceptable?

8 MR. NUTTER: Yes, they are.

9 Q (Mr. Kellahin continuing.) Ms. Ward, would you
 10 please refer to what has been marked as Exhibit Number One,
 11 identify it and tell me what Belco is seeking?

12 A Exhibit Number One is a land plat. It is showing
 13 where we want to dedicate the north half of Section 31, it's
 14 the proration unit, to drill our No. 1 Mollie.

15 Q Please refer to what has been marked as Exhibit
 16 Number Two and identify it?

17 A Exhibit Number Two is the north half of Section 31.
 18 As you can see it is made up in the majority with town lots.

19 Q What is indicated by the red hashed marks?

20 A The hashed marks are lots and land under lease by
 21 Michael Grace and I have shown the acreage that I propose to
 22 force pool with an "FP". And on some of those you will see
 23 "FP" with a "Req". That means that eight of those people
 24 have requested we force pool them.

25 Q Please refer to what has been marked as Exhibit

1 Number Three and identify it?

2 A Yes, sir, Exhibit Three is a list of names,
3 description and amount of acreage of the sixteen forced pool
4 proposed interest, including -- I have made a list of the
5 leases under lease to Michael Grace on page three of this
6 exhibit.

7 Q What is the total acreage that Mr. Grace controls?

8 A He has a total of twenty point forty-eight, thirty-
9 eight under lease.

10 Q What is the total acreage remaining outstanding?

11 A Believe it or not, eight point nine, one, oh, six.

12 Q Okay. With regard to Exhibit Number Three is there
13 any significance to the first eight names on the list?

14 A Yes, Tom, those eight have requested I force pool
15 them and that is your Exhibit Four.

16 Q All right, identify Exhibit Number Four.

17 A That will be -- it's the second page I sent these
18 people with my original letter and gave them the choice of
19 leasing, joining or being force pooled and these are the
20 returned back pages from these eight requesting they be force
21 pooled. That's Exhibit Four.

22 Q Please refer to Exhibit Number Five and identify
23 it?

24 A Well, after about eight months I couldn't get
25 anything out of these people so I sent them this July 13th

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1 letter with return receipt requested and those copies are also
 2 attached.

3 Q What, if any, responses did you receive to your
 4 correspondence marked as Exhibit Number Five?

5 A Well, five leased and one joined and we are now
 6 asking to force pool the remaining seven.

7 Q All of the parties listed on Exhibit Number Three
 8 have been notified in writing of Belco's intent to force pool
 9 them?

10 A Yes, sir.

11 Q Would you please refer to Exhibit Number Six and
 12 identify it?

13 A Well, since he had twenty acres I decided to ask
 14 Mr. Grace once again so I sent him another letter on July 23rd,
 15 return receipt requested. I didn't get any response.

16 MR. KELLAHIN: That concludes my examination of
 17 this witness.

18
 19 CROSS EXAMINATION

20 BY MR. NUTTER:

21 Q Ms. Ward, now, as I understand it from Exhibit
 22 Number Three, there is a total of twenty-nine point three-nine
 23 acres that isn't controlled by Belco, is that right?

24 A That's right, sir.

25 Q And of these twenty-nine point three-nine acres, eight

1 point nine belong to a variety of people and twenty point four,
2 eight belongs to Mr. Grace?

3 A Yes, sir, that's correct.

4 Q And of the variety of people, eight have requested
5 the forced pooling action rather than join in or lease?

6 A Yes, sir, that's your Exhibit Four.

7 Q The others haven't responded one way or the other?

8 A No, sir.

9 Q And Mr. Grace hasn't responded with respect to his
10 twenty point four acres?

11 A No, he hasn't.

12 Q So the forced pooling action is directed at the
13 variety of people who control eight point nine acres and
14 Mr. Grace who controls twenty point four acres?

15 A That's correct, sir.

16 Q Now, looking at your Exhibit Number Two and your
17 Exhibit Number One I'm having difficulty finding the location
18 of the well on the large-size plat. Where would it be with
19 respect to Exhibit Number Two?

20 A All right, on your right, say, in the northeast part
21 of there, you will see lots five and seven. It will be in
22 block twelve, kind of in the northeast part. In block twelve
23 there is lots five and seven.

24 Q Okay.

25 A That is a Belco lease from the Lakeside Veterans

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1 Club and they have already given us a drilling tract on that
2 east part of five and seven.

3 Q I see, so will it be in five or will it be in
4 seven?

5 MR. KELLAHIN: If the Examiner please, we have another
6 aerial photograph. It shows the specific location.

7 A But it will be in five or seven on that east side.

8 Q (Mr. Nutter continuing.) It will be on that tract
9 there?

10 A Yes, sir. And like I said, they have already given
11 us a tract agreement to drill on. It is outside the city
12 limits.

13 Q But it is in a rather developed portion of the
14 town?

15 A No, sir, not this particular -- see, it is north
16 of the river. Okay, north of that there is only about one
17 house. In the north half of block twelve, across the tracts
18 over here is almost vacant and the same in lot fifteen north.
19 There are very few scattered houses there.

20 Q Most of the housing is off over here to the west?

21 A That's right and across the river south.

22 MR. NUTTER: Are there any further questions of
23 Ms. Ward?

24 MR. KELLAHIN: No, sir.

25 MR. NUTTER: She may be excused.

1 (THEREUPON, the witness was excused.)

2

3 LEE NERING

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

6

7 DIRECT EXAMINATION

8 BY MR. KELLAHIN:

9 Q Would you please state your name and occupation?

10 A My name is Lee Nering, I'm Administrative Geologist
11 for Belco Petroleum Corporation, Houston, Texas.

12 Q Mr. Nering, have you previously testified before
13 the Oil Conservation Commission and had your qualifications
14 as an expert witness accepted and made a matter of record?

15 A Yes, I have.

16 Q And are you familiar with the facts surrounding
17 this particular application?

18 A I am.

19 MR. KELLAHIN: If the Examiner please, are the
20 witness' qualifications acceptable?

21 MR. NUTTER: Yes, they are.

22 Q (Mr. Kellahin continuing.) Mr. Nering, will you
23 refer to what has been marked as Exhibit Number Seven,
24 identify it and state what information it contains?

25 A Exhibit Number Seven is a geological structure map

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1 which depicts configuration of the Morrow formation in the
2 vicinity of the proposed application, as well as the Morrow
3 wells in the vicinity, most of which are contained within
4 the Carlsbad Morrow production. The significance of this
5 geological exhibit is that it illustrates a three-element
6 condition of geology which is pertinent to the understanding
7 of production from the Morrow in this area. These three
8 structural conditions as depicted by the map are related to
9 the trapping mechanism of the Morrow formation and as such
10 should be taken into consideration.

11 The first of these geological elements is the
12 rather prominent anticline which trends northeast as shown on
13 the east half of the exhibit. It should be noted that the
14 bulk of the production from the Morrow, and I might add that
15 the Morrow penetrations are shown by a double circle with a
16 datum in each case. One of the reasons for the bulk of the
17 production from the Morrow coming from the anticlinal area is
18 due to the multiplicity of pays in this area.

19 The second geological element, structural element,
20 is shown immediately to the left of the anticlinal area and
21 is a linear rather narrow syncline which separates the anti-
22 clinal area on the east side of the area from a monocline on
23 the west side of the area. The significance of the syncline
24 is that the structural positions of Morrow sands within the
25 borders of the syncline have some bearing on potential water

1 problems within the Morrow formation although it is a well-
2 established fact that the Morrow production is one of a
3 combination of sand, stratigraphic conditions, as well as
4 structure, particularly in the Carlsbad area.

5 The remaining third element, in addition to the
6 anticline and the syncline, is an east dipping monocline as
7 shown on the western portion of the mapped area and it can be
8 noted that the proposed Belco No. 1 Mollie is located in the
9 proximity of the downdip limit of the monocline as it approaches
10 the synclinal area. This synclinal area is, of course,
11 important as far as production is concerned. I might point out
12 that in Section 32 the Cities Service Oil Company drilled a
13 dry Morrow test and Belco drilled a dry Morrow test in Section
14 5. These wells were dry due to structural position, as well
15 as decreasing sand conditions. I mentioned previously that
16 the bulk of production is on the anticlinal area primarily
17 due to not only structural position but also due to multiplicity
18 of pay. The Morrow sands diminish in number as the sedimenta-
19 tion occurs west of the syncline. Another significant fact
20 of the monocline on the western side of the syncline is that
21 there are very few penetrations in this area. Those which have
22 penetrated this area to the Morrow indicate far less number of
23 potential reservoirs within the Morrow formation and in
24 addition, at this time, an updip limit of the Morrow produc-
25 tion has not been established nor, in fact, has a downdip limit

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1 as you approach the syncline been established.

2 Q What other units have Belco force pooled in this
3 area?

4 A Belco has over the past year, actually over the past
5 three years, force pooled three wells in this area, two are
6 in Section 5 of the Township adjacent to the south and one most
7 recently in April of this year, our Douglas No. 1 in Section 7,
8 approximately two miles south of the proposed Belco Mollie No. 1.
9 These wells are rather expensive wells. Belco is estimating
10 for the cost of our Belco No. 1 Mollie, a combined completed
11 cost of approximately six hundred and fifty thousand dollars.
12 This can be subdivided into two factors, the drilling costs
13 which amount to four hundred and fifty thousand dollars and
14 completions costs of approximately two hundred thousand dollars.

15 Q Have you prepared in the form of an exhibit the
16 estimated well costs?

17 A An AFE which will give detailed statistical informa-
18 tion relative to actual costs for these wells will be prepared.
19 It has not been done on this date. It will be prepared and
20 presented to the Commission and to all interested concerned
21 parties upon issuance of an order. I might point out that our
22 estimated costs for the Mollie No. 1 are based almost exclusively
23 on the drilling within the past six months. In fact, our
24 Douglas No. 1 two miles to the south is presently completing
25 and its costs are quite comparable to our estimate for the

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1 Mollie Well at six hundred and fifty thousand dollars.

2 Q What is the cost of the Douglas Well?

3 A The Douglas Well presently had an AFE cost of, that
4 is an estimated cost, of six hundred and thirty-one thousand
5 dollars and it is anticipated because of certain environmental
6 conditions probably to run slightly in excess of that. By
7 environmental conditions I am referring to fencing require-
8 ments, as I think has been stated by the previous testimony
9 that this drilling is in the vicinity of the City of Carlsbad.
10 Neither our Douglas Well nor the Mollie No. 1 are within the
11 city limits of the City of Carlsbad but it does make a
12 difference as far as attempting to maintain controlled
13 conditions when you are dealing with environmental considera-
14 tions which do add to costs.

15 Q With regard to the costs of supervision for drilling
16 to be charged during the drilling of the well and after comple-
17 tion of drilling, what is your recommendation to the Com-
18 mission?

19 A I'm recommending to the Commission and these
20 recommendations are based upon requests previously made and
21 granted by the Commission for our latest two applications,
22 these being the Jarvis Meade No. 1 Well, which on this map is
23 identified as 4 Meade in Section 5 and our Douglas No. 1 in
24 Section 7. Our recommendations and consideration given was
25 for seventeen hundred and fifty dollars per month charge while

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1 drilling and two hundred and sixty dollars per month charge
2 while producing. The two hundred and sixty dollars is five
3 dollars more than the request made on the Douglas No. 1.

4 Q Do you have a recommendation with regards to a risk
5 factor to be assessed against the non-participating parties?

6 A Yes, I do.

7 Q What is that?

8 A I have a risk recommendation of two hundred percent.
9 I based this on five factors. The first of this I would like
10 to point out may be redundant but the vicissitudes of the
11 Morrow formation leads to dry holes because of the nature of
12 the sedimentation and the stratigraphy of the Morrow formation.
13 At this time because we are drilling on the west flank of the
14 local geology we have no way of adequately controlling our
15 definition of stratigraphy.

16 Our second factor involved in risk is the fact
17 that we have no way of knowing at this time an updip limit
18 of Morrow production. It is possible that Morrow production
19 will not be present at the Mollie No. 1 which leads us to
20 our third consideration, a fact that I mentioned previously,
21 there is presently no updipped known limit of production in
22 the Morrow formation in the vicinity of the Mollie well. There
23 have been no wells drilled to the Morrow for several miles to
24 the west.

25 A final consideration is our concern that perhaps

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1 due to the fewer number of potential reservoirs to be
2 encountered in the Morrow formation, the likelihood of being
3 on the downdip limit of the monocline and I think it is
4 obvious from the map that the syncline is of some structural
5 importance relative to trapping conditions. We feel that we
6 run a risk, a fairly high risk for water production. I might
7 add that an Antweil well approximately three miles to the
8 southwest of our proposed location, presently producing at a
9 higher structural elevation is producing water and is experienc-
10 ing some difficulty with low volume of production which at the
11 cost of these wells provides an extreme risk to the operator
12 as a potentially commercial well.

13 Q What risk factor did the Commission assign in the
14 forced pooling orders for the Meade well and for the Douglas
15 Well?

16 A In the case of the Jarvis Meade, again I point out
17 in Section 5 identified as 4 Meade and in the case of the
18 Douglas No. 1 in Section 7, the Commission assigned a risk
19 factor of two hundred percent.

20 Q Does Belco desire to be designated the operator of
21 the unit?

22 A Belco makes this recommendation and does desire to
23 be designated as the operator of the unit.

24 Q Please refer to Exhibit Number Eight and identify it?

25 A Exhibit Number Eight is a copy of an aerial photo of

sid morrison reporting service

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

1 the north half of Section 31. It is at a scale of one inch
2 equals five hundred feet. I must apologize for the deteriora-
3 tion of the photo from its original photo. However, I do
4 think it points out the salient factors on this photo. I have
5 attempted to show the proposed orthodox location shown by the
6 footage lines. I've also shown the four orthodox locations
7 and I think it's apparent from the photo itself that three of
8 the four orthodox locations are in obviously very residential
9 areas and hardly a place where Belco would be desirous of
10 drilling a Morrow gas well. The orthodox location in the east
11 half of the north half of 31 is one that was considered but I
12 think it can be seen from this somewhat poor copy of an aerial
13 photograph that we will be dealing with vegetation in the
14 form of orchards and it's not too clear on the photo but there
15 are residences immediately in the vicinity of the orthodox
16 location and there is also a street directly under the
17 orthodox location and as such, after considering all of the
18 factors of environment and disruption of normal conditions
19 within the City of Carlsbad and its environs, we determined
20 that a better location would be as shown in the white area
21 and the white area represents the approximate size of our pad
22 for the location, the pad being in the order of three hundred
23 and fifty feet by two hundred and thirty feet.

24 Q. What is the exact footage location for the requested
25 site?

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Phone (505) 982-9212

1 A. The requested site is eleven hundred feet from the
2 north line of Section 31 and fifteen hundred feet from the east
3 line of Section 31, which would place it in Unit B. The well
4 at present has not been staked. I believe our measurements
5 are in keeping and as reasonable as we can make them and we
6 believe our footage measurements are reasonably correct and
7 we expect that this location will be and as can be seen from
8 the photo, it will be in a cultivated area. This photo was
9 taken at a time when cultivation was at an early stage. This
10 is alfalfa in growth at this time.

11 Q Would you please refer to what has been marked as
12 Exhibit Number Nine and identify it?

13 A. Exhibit Number Nine again is a map of the north half
14 of Section 31 and one of the considerations that Belco
15 attempts to observe and be in keeping with is the city limits
16 of the City of Carlsbad and it should be noted that the exhibit
17 has a notation on this of the date of the city limits as
18 presented to us by the city attorney's office and as plotted
19 by the assistant city engineer. Since that time, and I have
20 two newspaper clippings which were not meant to be exhibits
21 but if you care to review these. Since the date in April of
22 this year the City annexed fifty-six acres in this part of
23 the environs of Carlsbad which is known as La Huerta and
24 this line of the 1976 annexation is shown on the map which
25 lies along the east side of Canal Avenue but that it clearly

1 shows that our proposed location remains approximately
2 four hundred feet to the east of the city lines.

3 Q In your opinion, Mr. Nering, is the entire unit
4 reasonably productive of gas at the requested location?

5 A With the exception of the risk factors that I have
6 outlined in five possibilities, I believe the entire area, if
7 productive, should drain the three hundred and twenty acres.

8 Q In your opinion, Mr. Nering, will the approval of
9 this application be in the best interests of conservation,
10 prevention of waste and the protection of correlative rights?

11 A That is my opinion.

12 Q Were Exhibits Seven, Eight and Nine either compiled
13 under your direction and supervision or prepared by you
14 directly?

15 A Seven, Eight and Nine were compiled and completed
16 by me.

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

19 MR. NUTTER: Belco's Exhibits One through Nine will
20 be admitted into evidence.

21 (THEREUPON, Belco's Exhibits One through Nine
22 were admitted into evidence.)

23 MR. KELLAHIN: That concludes our direct examination.

24 CROSS EXAMINATION

25 BY MR. NUTTER:

sid morrish reporting service
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 Phone (505) 982-9212

1 Q Mr. Nering, referring to your Exhibit Number Seven,
 2 we see the trough or the syncline running northeast-southwest
 3 here. I also see this R. C. Bennett Well which is in the syncline

4 A Yes, sir.

5 Q There is no symbol as to whether it is a producer or
 6 a dry hole, what is the status of that well?

7 A That well is in the process of being completed.

8 Q Is it making a well?

9 A I don't know. It has tested gas.

10 Q From the Morrow formation?

11 A Yes. However, I am reluctant to describe it as
 12 a completed well. From past experience drill stem testing in
 13 the Morrow is not totally necessary of assured production.
 14 It may be noted also that our Douglas Well in Section 7 is also
 15 shown by that same symbol. Again, it is in the process of
 16 completing.

17 Q Are you making a well of it?

18 A Yes, we will make a well.

19 Q In the Morrow formation?

20 A In the Morrow. I have tests on it. I don't have
 21 them with me but we do have tests from yesterday.

22 Q What about the Cities Service Tracy E 1 up here in
 23 Section 307

24 A I think it's the subject of the next hearing.

25 Q I see. And Cities Service does have a well here in

1 Section 30, the Ives No. 1?

2 A Yes, sir, that well is currently producing at a rate
3 of about a million and a half a day from the Morrow.

4 Q Then you figure that it is structurally a little bit
5 higher than your Mollie location?

6 A Yes, sir.

7 Q Okay, now, you mentioned that the Commission had
8 awarded a two hundred percent risk factor for the Meade 4 and
9 the Douglas Well, and also that your combined fixed rates for
10 operating costs while producing for your proposed Mollie Well
11 are two hundred and sixty dollars a month, which was five
12 dollars more than granted by the Commission for the Douglas
13 Well?

14 A Yes, sir.

15 Q How much did the Commission authorize for the
16 Douglas well for CFR while drilling?

17 A While drilling, seventeen hundred and fifty.

18 Q Seventeen hundred and fifty?

19 A Yes, sir. The same is true for the Jarvis Meade. The
20 only difference occurs in the monthly charges for a producing
21 rate. We felt that because of the inflationary charges and
22 the fact that the Mollie being in a somewhat more sensitive
23 environmental area, may have additional monthly charges and I
24 think a charge of five dollars a month more is reasonable.

25 Q I see. Now, you mentioned that on Exhibit Number

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Phone (505) 982-9112

1 Nine that the City had annexed some additional land. Now,
2 this little hachured line that comes around like so is the
3 old city limit?

4 A That is as of April 27th, 1976. The annexation
5 continued, if you will observe on Canal Avenue, the extreme
6 northeast point of that city limit, it is the continuation of
7 a dashed line. If you would like --

8 Q Well, I think if you would just describe, Mr. Nering,
9 I see a dashed line running straight north on the east side of
10 Canal Street and the annexation is all to the west of that?

11 A Yes, sir.

12 Q So this area to the east of Canal Street is the same
13 as the city limits were and as they are now?

14 A Yes, sir, and if you would like I can pass along --

15 Q I don't think that will be necessary. I think I
16 understand where the city limits are now.

17 A Okay.

18 Q Now, your aerial photo here, Exhibit Eight?

19 A Yes, sir.

20 Q I see the location and apparently there is a little
21 white patch has been pasted onto the photograph.

22 A It is the approximate size of the pad.

23 Q I was going to ask if this had been drawn to scale
24 to illustrate the size of the pad.

25 A It is. It is our anticipated pad size which measures

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Phone (505) 982-9212

1 three hundred and fifty feet by about two hundred and thirty
2 feet and it is to scale.

3 Q And this location then is immediately south of the
4 street that runs east and west there, isn't it?

5 A That's right.

6 Q Okay, what is this across the street, I can't tell?

7 A I realize that the photo is poor. Across the street
8 is an uncultivated area, it does contain one ramshackle building.
9 It is not capable of residency. To the west about three hundred
10 feet from the northwest on the other side of that street is
11 another building that probably with considerable renovation
12 would be capable of residency but it is three hundred feet from
13 the drill site. It is presently unoccupied.

14 Q Where would that be on this photograph, Mr. Nering,
15 is it this dark spot?

16 A That's the dark spot.

17 Q Is there a little street running north and south
18 immediately west of the alfalfa patch?

19 A No, sir. No, there is kind of a lane that goes
20 back in there northwest of the drill site and the dark line
21 represents a line of trees along which there is a lane. That
22 lane is about five hundred and fifty feet from the drill site
23 and just to the north on that lane you will see another dark
24 spot. In that vicinity is another house which is a residence.

25 Q And it would be approximately how far from the

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Phone (505) 982-9212

1 location?

2 A It would be almost six hundred feet. You see this
3 scale is one inch is five hundred feet. That particular
4 residence is about six hundred feet. The nearest residence, I
5 might add, is due west of our location which is also the city
6 limits. You see the white line running north-south immediately
7 on the west side of the alfalfa patch, that's a lane, it's a
8 wooded lane that runs back in there and goes to the -- it's
9 difficult to make it out but there is a VFW Club sitting there
10 beside the river.

11 Q Okay, I was going to ask you, there is a large
12 building down here south of the alfalfa patch and that is the
13 VFW Club building?

14 A Yes, sir.

15 Q And it is approximately five hundred feet from the
16 drill site, is it?

17 A Yes, five hundred plus feet.

18 Q Now, to the east of your location there is nothing
19 but the railroad turn-around yard and so forth?

20 A That is correct. I might add that as recently as
21 Friday we considered proposing a location over in there but
22 because of the difficulties in getting inside the switching
23 areas of the railroad we considered it a much more difficult
24 location than in the alfalfa patch. Plus I might add that
25 in that direction is down dip and would have added considerably

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1 to our geological risk.

2 Q I don't know if it is material or not but referring
 3 back to some of Ms. Ward's exhibits, would the alfalfa patch
 4 be one of the lands that you have under lease or is it one of
 5 the lands being force pooled?

6 MS. WARD: We have it under lease.

7 Q (Mr. Nutter continuing.) You've got the alfalfa
 8 patch under lease?

9 A It's leased, yes, sir.

10 Q At this time you don't have your AFE but that will be
 11 prepared and submitted to the Commission?

12 A Very shortly.

13 MR. NUTTER: Okay, are there any further questions
 14 of Mr. Nering? He may be excused.

15 (THEREUPON, the witness was excused.)

16 MR. NUTTER: Do you have anything further, Mr.
 17 Kellahin?

18 MR. KELLAHIN: No, sir.

19 MR. NUTTER: Does anyone have anything they wish to
 20 offer in Case 5774? We will take the case under advisement
 21 and take a fifteen minute recess.

22 (THEREUPON, the hearing was in recess.)
 23
 24
 25

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
Sidney F. Morrish, C.S.R.

sid morrish reporting service

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

I do hereby certify that the foregoing is
a true and correct copy of the transcript in
the English language of the hearing
heard by me on 9/29 1976
[Signature], Examiner
New Mexico Oil Conservation Commission

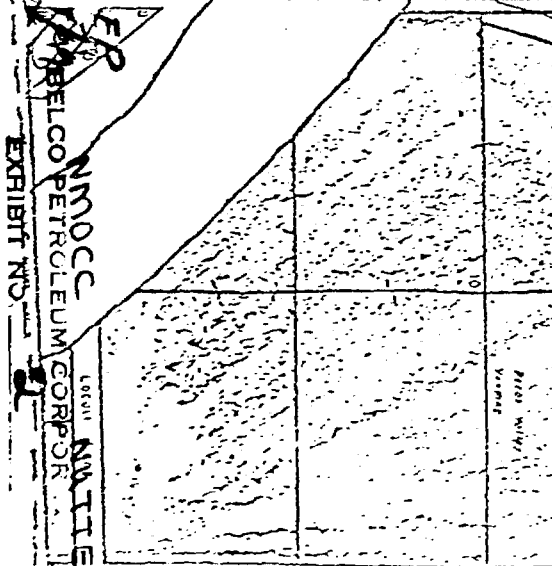
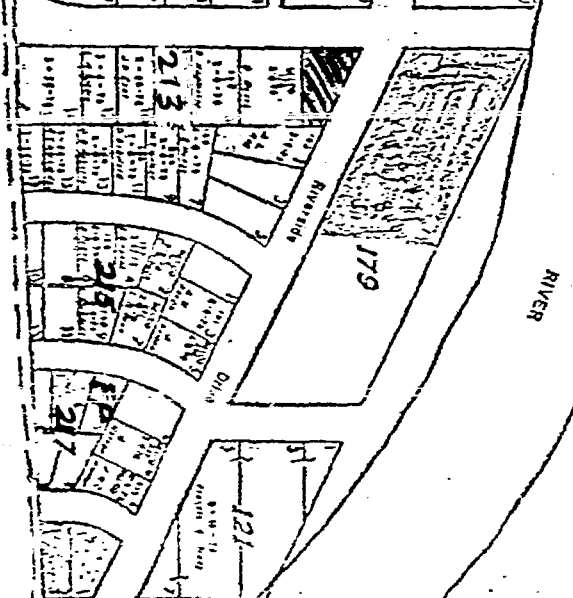
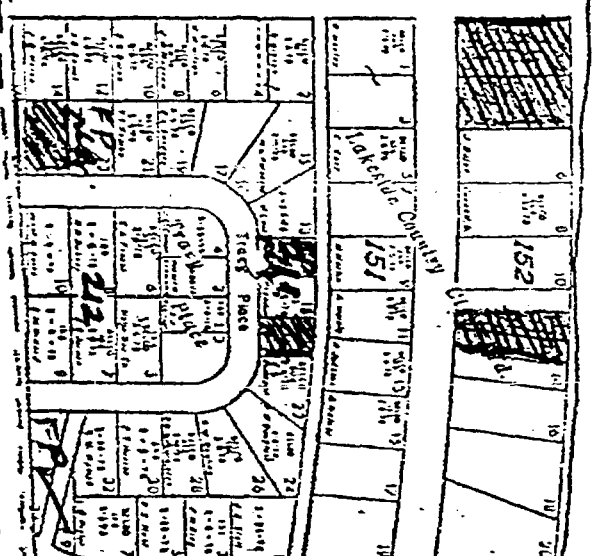
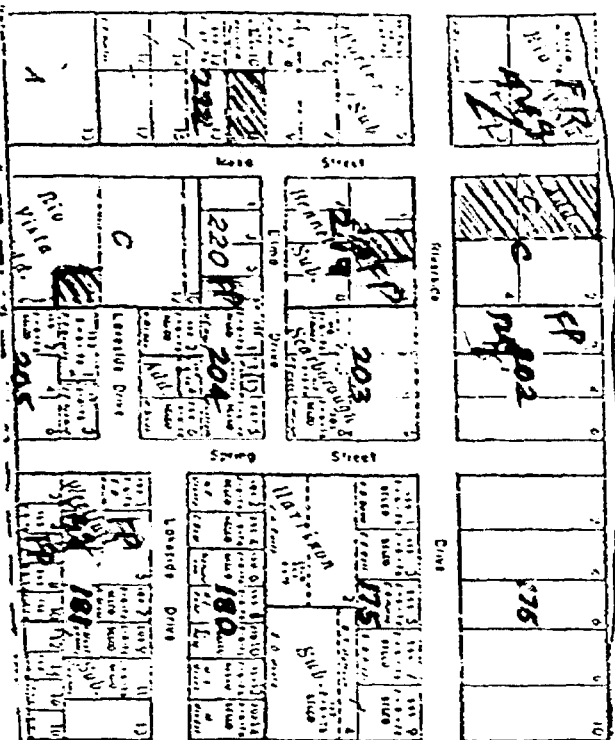
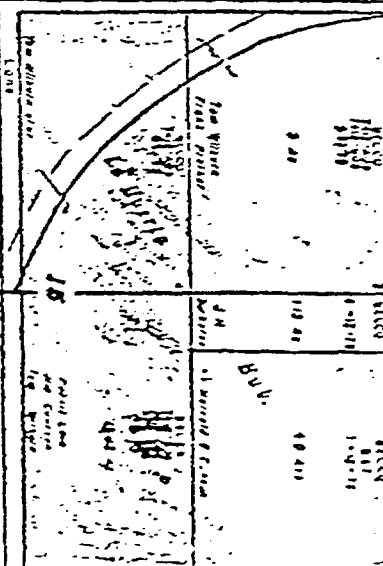
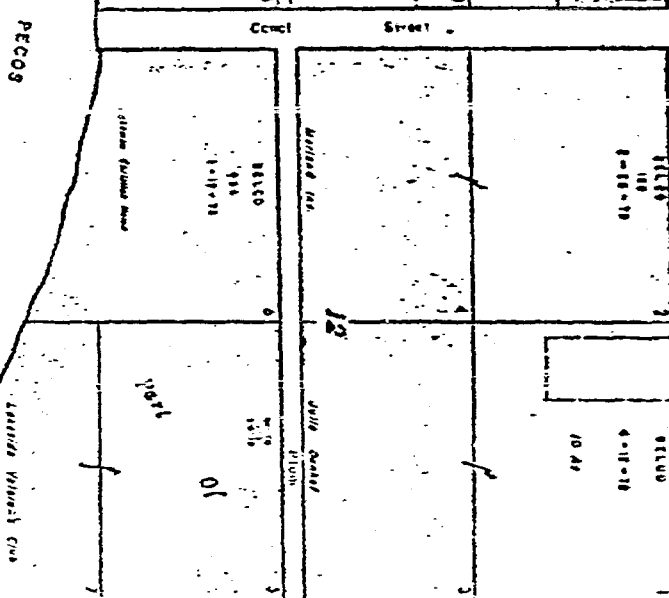
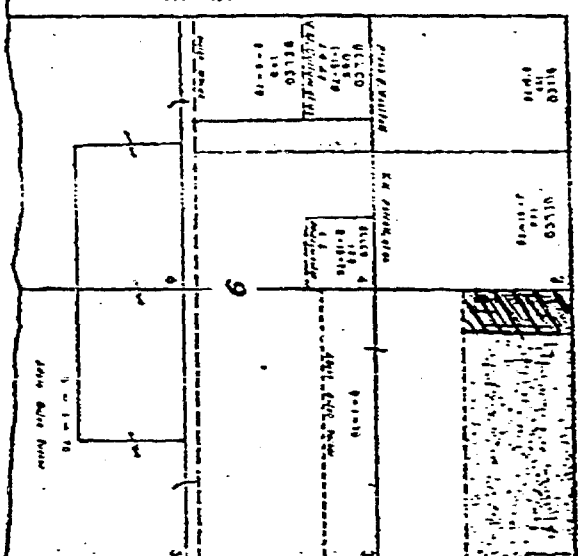
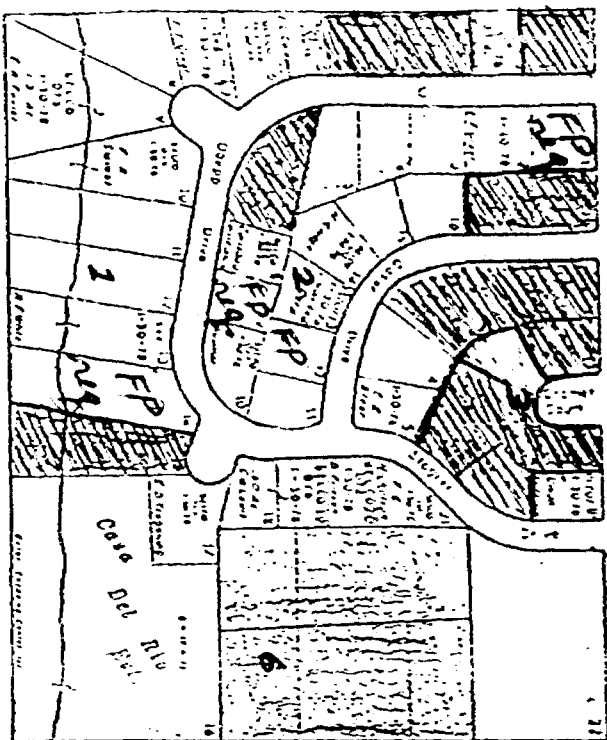
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B.I.K. 5

Blk. 8

11. 715

Ex. 14.



M. E. GRACE -
FENCE POOL -

CASE NO. 57714
DATE 9-29-76

LOCAL MATTER
INMOCC
CO PETROLEUM CORP. A. I.
EXHIBIT NO. 2

Force Pool Acreage

 BELCO PETROLEUM CORPORATION
 EXHIBIT NO. 3
 CASE NO. 5774
 DATE 9-29-76

NAME	ADDRESS	DESCRIPTION	ACREAGE
City of Carlsbad	Municipal Corporation of Carlsbad Carlsbad, New Mexico 88220	Lots 8 & 10, Blk. 121, N. Carlsbad	1.7218
Draper Brantley	706 Riverside Drive Carlsbad, New Mexico 88220	Lot 2, Blk. 202, Scarborough 1	.7633
Mrs. Ruth Gibson	601 Lakeside Drive Carlsbad, New Mexico 88220	Lot 3, Blk. 181, Westfall	.3489
Raymond Moore	1310 Doepp Drive Carlsbad, New Mexico 88220	Lot 9, Blk. 2, Casa Del Rio	.4299
Evelyn Thomas James	1121 Tracy Place Carlsbad, New Mexico 88220	Lot 11, Blk. 211, Tracy	.2669
John Paslay	1412 Doepp Drive Carlsbad, New Mexico 88220	Lot 1, Blk. 2, Casa Del Rio	.3587
T. R. Duffin	903 Riverside Drive Carlsbad, New Mexico 88220	Lots 1 & 3, Blk. A., Rio Vista	1.4233
John Most	1133 Tracy Place Carlsbad, New Mexico 88220	Lot 23, Blk. 211, Tracy	.3214
B. L. Blessinger	1120 North Spring Carlsbad, New Mexico 88220	Lot 14, Blk. 1, Casa Del Rio	.6457
Roscoe Melvin	801 Elma Drive Carlsbad, New Mexico 88220	Lot 7, Blk. 220, Bennett	.2290
Dell Bosse	202 Westridge Carlsbad, New Mexico 88220	Lots 9 & 34, Blk. 211, Tracy	1.0445
Greg Lazebny	604 Pierce Carlsbad, New Mexico 88220	Lot 6, Blk. 181, Westfall	.2755

N/2 Section 31
Continued

Cecil Brininstool	801 West Riverside Carlsbad, New Mexico 88220	Lot 5, B1k. 219, Bennett	.3064
Don McKinley	914 Alamosa Carlsbad, New Mexico 88220	Lot 12, B1k. 2, Casa Del Rio	.5170
Victor Throgmorton	1108 North Main Carlsbad, New Mexico 88220	Lot L, B1k. 217, Tracy	.2583
Michael P. Grace	P. O. Box 148 Carlsbad, New Mexico 88220	See Attached Sheet	8.9106
			plus 20.7838

Total \$ 29,394.11

Case 57774
Exh. 3
Pg. 2

MICHAEL P. GRACE

Name	Description	Acreage
Roy Dugger	Bk. 1, Lots 1,3,4, & 15 Bk. 2, Lots 6,7,17 & 18 Bk. 3, Lots 1,2,3, 6,7,9,10 and 12, Casa Del Rio Estates	8.3467
Antonio Hernandez	Lot 25, Bk. 211, Tracy, E/85' of Lot 12, W/2 of Lot 14 Bk. 152, Lakeside	1.6070
W. L. Walterschied	Lot 20, Bk. 211, Tracy	.2755
Erna G. Small	NW/69 X 222' Lot 1, Bk. 9, La Huerta	.5500
Margaret Spence	E/75' Lot 3, Bk. 219, Bennett	.3013
P. Panagopoulos	Lot 2, Bk. 213, Tracy Addition	.8110
Sue Gentry	Lot 2 and 4, Bk. 152, Lakeside	2.2034
Ruth Born	Lot 11, Bk. 222, Porter	.3099
Constance Chapman	NE corner lot 14, Bk. C, Rio Vista	1.4509
Rigdon	W/5 Lot 10 and 11 lot 12, Bk. 8, La Huerta	2.4753
Denton K. Smith	Lot 10, Bk. 8,1 Williams	.4959
Elizabeth Neumann	W/2 Lots 2 and 4, Bk. C, Rio Vista Add.	1.6529
	Total	20.4838

Case 5774
Exh. 3
Q9.3

City of Carlsbad
Page 2
March 26, 1976

NMOC Nutter
BELCO PETROLEUM CORPORATION

EXHIBIT NO. 4

CASE NO. 5714

DATE 9-29-76

1.7216

Asked to be
Force Pooled

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

MA/csn

Enclosure

Re: Avolon Prospect
Block #1 Lakeside
N/2 Sec 31 T21S R27E
Eddy Co, N.M. 88220

☐

I will lease my interest to Belco.

☐

I prefer to join in drilling this test.

☒

I prefer to be force pooled.

City of Carlsbad

lots 8 & 10

Blk 121

N Carlsbad

FP

City Attorney
Mike McCormick

89-1

Mr. Draper Brantley
Page 2
March 30, 1976

17633

Asked to be
Force Pooled

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

Mi/csn

Enclosure

☐

I will lease my interest to Belco.

☐

I prefer to join in drilling this test.

☒

I prefer to be force pooled.

case 5774
Exb. 4

pg. 2

Mr. A. A. McAdoo
Page 2

March 29, 1976

7-30-76

3489

Asked to be
Force Pooled

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.

FP Lot 3 Blk 181 Westfall

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward

Mary Ward
Landman

MW/csn

Enclosure

☐

I will lease my interest to Belco.

☐

I prefer to join in drilling this test.

☒

I prefer to be force pooled.

Case 5774
Exh. 4

09.3

F. P. Letter

1310 Deep Dr
Carlsbad, N.M. 88220
May 6, 1976

Beles Petroleum Corporation
411 Petroleum Building
204 W. Texas
Midland, Texas 79701

Asked to be
Force Pooled

Attn: Mary Ward

Dear Ms. Ward,

In regard to your letter
of May 3 explaining the Avalon
Prospect, we probably will
elect to be forced pooled.

My husband, Ray Moore,
has been a patient in
Houston at the Center Pavilion
Hospital. He can be
contacted there at 713-790-1700
ext. 292.

Thank you for your
letter.

Very truly yours,
Shirley M. Moore
(Mrs. Raymond Moore)

Bennett

4299

RECEIVED

MAY 10 1976

MIDLAND OFFICE

Casa Del
Rio

FP Lot 9, Bk. 2
Case 5714
Exp. 4

99.4

411 Petroleum Building
204 W. Texas
Midland, Texas 79701
Telephone (817) 633-6366

*Asked to be
Force Pooled*

Belco Petroleum Corporation

May 18, 1976

Belco

Ms. Evelyn James
1121 Tracy Place
Carlsbad, New Mexico

Re: Avalon Prospect
Belco #1 Lakeside
N/2 Section 31, T21S, R27E
Eddy County, New Mexico

Dear Ms. James:

Please reference my letter of May 3, 1976, in which Belco Petroleum Corporation offered to lease your .2669 ac., Lot 11, Blk. 211 under the captioned section for \$200.00 per net mineral acre or \$53.38 for a one year lease and a 3/16 royalty. FP

If you prefer to join with us in drilling the captioned well, please advise and I will be most happy to give you further details. If you prefer to be force pooled, please say so on the bottom of this letter and return same to me in the enclosed envelope.

Please let me hear from you at your earliest convenience.

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward
Mary Ward
Landman

M/sam

RECEIVED

MAY 20 1976

MIDLAND OFFICE

Case 5774
Exh. 4

PLEASE FORCE POOL MY ACREAGE

(PLEASE CHECK HERE)

pg. 5

*I am not interested in any
of your offers. - Evelyn Thomas
(Re: James)*

411 Petroleum Building
204 W. Texas
Midland, Texas 79701
Telephone (915) 683-6366

Asked to be
Force Pooled

Belco Petroleum Corporation

May 18, 1976

Belco

Mr. John Paslay
1412 Doepp Drive
Carlsbad, New Mexico 88220

Re: Avalon Prospect
Belco #1 Lakeside
N/2 Section 31, T21S, R27E
Eddy County, New Mexico

Dear Mr. Paslay,

Please reference my letter of May 3, 1976, in which Belco Petroleum Corporation offered to lease your .3587 ac., Lot 1, Blk 2 under the captioned section for \$200.00 per net mineral acre or \$71.74 for a one year lease and a 3/16 royalty. **FP**

If you prefer to join with us in drilling the captioned well, please advise and I will be most happy to give you further details. If you prefer to be force pooled, please say so on the bottom of this letter and return same to me in the enclosed envelope.

Please let me hear from you at your earliest convenience.

RECEIVED

MAY 18 1976
MIDLAND OFFICE

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward

Mary Ward
Landman

MW/sam

PLEASE FORCE POOL MY ACREAGE

☒ (PLEASE CHECK HERE)

Case 5774
Exh. 4

89.6

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

RECEIVED

Belco Petroleum Corporation

MAY 21 1976

May 18, 1976

Asked to be
Force Pooled

MIDLAND OFFICE

Belco

Mr. T. R. Duffin
902 East Riverside Drive
Carlsbad, New Mexico 88220

Re: Avalon Prospect
Belco #1 Lakeside
N/2 Section 31, T21S, R27E
Eddy County, New Mexico

Dear Mr. Duffin:

Please reference my letter of May 3, 1976, in which Belco Petroleum Corporation offered to lease your 1.4233 ac., Lots 1&3, Blk. A under the captioned section for \$200.00 per net mineral acre or \$284.66 for a one year lease and a 3/16 royalty.

If you prefer to join with us in drilling the captioned well, please advise and I will be most happy to give you further details. If you prefer to be force pooled, please say so on the bottom of this letter and return same to me in the enclosed envelope.

Please let me hear from you at your earliest convenience.

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward

Mary Ward
Landman

MM/sam

PLEASE FORCE POOL MY ACREAGE

☒ (PLEASE CHECK HERE)

(Mrs. T.R.) Roberta V. Duffin

Case 5774
Exh. 4

89.7

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

Belco Petroleum Corporation

Belco

Dr. John A. Most
1133 Tracy Place
Carlsbad, New Mexico 88220

RECEIVED

JUN 24 1976

May 18, 1976

MIDLAND OFFICE

Asked to be
Force Pooled

Tracy

Re: Avalon Prospect
Belco #1 Lakeside
N/2 Section 31, T21S, R27E
Eddy County, New Mexico

Dear Dr. Most:

Please reference my letter of May 3, 1976, in which Belco Petroleum Corporation offered to lease your .3214 ac., Lot 23, Blk. 211 under the captioned section for \$200.00 per net mineral acre or \$64.28 for a one year lease and a 3/16 royalty. FP

If you prefer to join with us in drilling the captioned well, please advise and I will be most happy to give you further details. If you prefer to be force pooled, please say so on the bottom of this letter and return same to me in the enclosed envelope.

Please let me hear from you at your earliest convenience.

Yours very truly,

BELCO PETROLEUM CORPORATION

Mary Ward

Mary Ward
Landman

W/sam

PLEASE FORCE POOL MY ACREAGE

☒ *[Signature]*
(PLEASE CHECK HERE)

Case 5774
Exh. 4

09.8

411 Petroleum Building
204 W. Texas
Midland, Texas 79701
Telephone (915) 533-6366

NMOCC Nutter
BELCO PETROLEUM CORPORATION

EXHIBIT NO. 5

CASE NO. 5774

DATE 9-29-76

Receipts Sent

July 13, 1976

Belco Petroleum Corporation

Belco

Receipt - Dell Bosse - FF
Receipt - Forrest Neal - (leased)
Receipt - Ovid J. Pinckert - (leased)
Receipt - Grigg Lazenby - FF
Receipt - Cecil Brininstool - FF
Receipt - Raymond Larson - (leased)
Receipt - Don McKinley - FF
Receipt - Wilson Bales - (joined)
Receipt - Harvey Morris - (leased)
Receipt - Roscoe Melvin - FF
Receipt - Mildred Smith - (leased)
Receipt - Victor Throgmorton - FF
Receipt - Bill Bessinger - FF

Re: Avalon Prospect
Belco #1 Lakeside
N/2 Section 31, T21S, R27E
Eddy County, New Mexico

Belco Petroleum Corporation proposes to drill an 11,600' Morrow Test to be located approximately 1320' FNL and 1500' FEL of Section 31, T21S, R27E 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 in replying.

We will appreciate your advising us in the very near future as to your

09.1

Page 2
July 13, 1976

wishes on this matter. If you should have any questions, please feel free to contact me at any time.

Yours very turly,

BELCO PETROLEUM CORPORATION

Mary Ward

Mary Ward
Landman

MW/sam

Enc.

Case 5774
Ex. 5

89.2

Page 2
July 13, 1976

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/sam

Enc.

☐

I will lease my interest to Belco.

☐

I prefer to join in drilling this test.

☐

I prefer to be force pooled.

Case 5774
Exh. 5

99.3

No. 362381

RECEIPT FOR CERTIFIED MAIL

SENT TO <i>Bessinger</i>	POSTMARK OR DATE
STREET AND NO.	
P.O. STATE AND ZIP CODE	
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With restricted delivery
RESTRICTED DELIVERY	2. Shows to whom, date and where delivered With restricted delivery
SPECIAL DELIVERY (extra fee required)	
PS Form 3800 Jan. 1978	
NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL	
(See other side)	

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one):	
<input checked="" type="checkbox"/> Show to whom and date delivered	15¢
<input type="checkbox"/> Show to whom, date, & address of delivery	35¢
<input type="checkbox"/> RESTRICTED DELIVERY	65¢
<input type="checkbox"/> RESTRICTED DELIVERY	65¢
2. ARTICLE ADDRESSED TO:	
Bill Bessinger, 2095 Urban Drive Lakewood, Colorado 80216	
3. ARTICLE DESCRIPTION:	
REGISTERED NO. 362381 INSURED NO.	
(Always obtain signature of addressee or agent)	
I have received the article described above:	
SIGNATURE	Authorized agent
DATE OF DELIVERY: JUL 11 1976	
ADDRESS (Complete only if requested)	
UNABLE TO DELIVER BECAUSE:	

No. 360696

RECEIPT FOR CERTIFIED MAIL

SENT TO <i>Roscoe Melvin</i>	POSTMARK OR DATE
STREET AND NO.	
P.O. STATE AND ZIP CODE	
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With restricted delivery
RESTRICTED DELIVERY	2. Shows to whom, date and where delivered With restricted delivery
SPECIAL DELIVERY (extra fee required)	
PS Form 3800 Jan. 1978	
NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL	
(See other side)	


SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one):	
<input checked="" type="checkbox"/> Show to whom and date delivered	15¢
<input type="checkbox"/> Show to whom, date, & address of delivery	35¢
<input type="checkbox"/> RESTRICTED DELIVERY	65¢
<input type="checkbox"/> RESTRICTED DELIVERY	65¢
2. ARTICLE ADDRESSED TO:	
801 E. 1st Ave. Dr. 11 Cleveland, N.M.	
3. ARTICLE DESCRIPTION:	
REGISTERED NO. 360696	INSURED NO.
(Always obtain signature of addressee or agent)	
I have received the article described above:	
SIGNATURE	Authorized agent
DATE OF DELIVERY: JUL 26 1976	
ADDRESS (Complete only if requested)	
UNABLE TO DELIVER BECAUSE:	

Case 5774
Exh. 5

89.4

No. 301273

RECEIPT FOR CERTIFIED MAIL

SENT TO Dell Bosse		POSTMARK OR DATE
STREET AND NO.		
P.O. STATE AND ZIP CODE		
OPTIONAL SERVICES FOR ADDITIONAL FEES RETURN RECEIPT SERVICE <input checked="" type="checkbox"/> 1. Shows to whom and date delivered RESTRICTED DELIVERY <input type="checkbox"/> 2. Shows to whom, date and where delivered SPECIAL DELIVERY (extra fee required) <input type="checkbox"/>		
PS Form 3800 Jan. 1975		NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL (See other side)

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

1. The following service is requested (check one):
☒ Show to whom and date delivered 15¢
☐ Show to whom, date, & address of delivery 35¢
☐ RESTRICTED DELIVERY
☐ Show to whom and date delivered 15¢
☐ RESTRICTED DELIVERY
☐ Show to whom, date, & address of delivery 35¢
☐ RESTRICTED DELIVERY

2. ARTICLE ADDRESSED TO: **Dell Bosse**
2002 Westridge
Unalaska, N.M.

3. ARTICLE DESCRIPTION: **361273**
 REGISTERED NO. **361273** INSURED NO. **361273**

4. SIGNATURE ☒ Addressee ☐ Authorized agent
Joyce Cayton
 DATE OF DELIVERY **7-19-76**

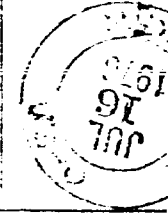
5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

PS Form 3811, Jan. 1975 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

No. 301265

RECEIPT FOR CERTIFIED MAIL

SENT TO Grigg Lazenby		POSTMARK OR DATE
STREET AND NO.		
P.O. STATE AND ZIP CODE		
OPTIONAL SERVICES FOR ADDITIONAL FEES RETURN RECEIPT SERVICE <input checked="" type="checkbox"/> 1. Shows to whom and date delivered RESTRICTED DELIVERY <input type="checkbox"/> 2. Shows to whom, date and where delivered SPECIAL DELIVERY (extra fee required) <input type="checkbox"/>		
PS Form 3800 Jan. 1975		NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL (See other side)

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

1. The following service is requested (check one):
☒ Show to whom and date delivered 15¢
☐ Show to whom, date, & address of delivery 35¢
☐ RESTRICTED DELIVERY
☐ Show to whom and date delivered 15¢
☐ RESTRICTED DELIVERY
☐ Show to whom, date, & address of delivery 35¢
☐ RESTRICTED DELIVERY

2. ARTICLE ADDRESSED TO: **Bugs Lazenby**
614 W. Pierce
Carlsbad, N.M.

3. ARTICLE DESCRIPTION: **361265**
 REGISTERED NO. **361265** INSURED NO. **361265**

4. SIGNATURE ☒ Addressee ☐ Authorized agent
Grigg Lazenby
 DATE OF DELIVERY **7-19-76**

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

PS Form 3811, Jan. 1975 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Case 5774
Exh. 5

No. 361266

RECEIPT FOR CERTIFIED MAIL

SENT TO Cecil Brininstool		POSTMARK OR DATE
STREET AND NO.		
P.O. STATE AND ZIP CODE		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With restricted delivery	CONSULT POSTMASTER FOR FEES
	2. Shows to whom, date and where delivered With restricted delivery	
RESTRICTED DELIVERY		
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 Jan. 1976		NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL

PS Form 3811, Jan. 1975

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

1. The following service is requested (check one):
☒ Show to whom and date delivered 15¢
☐ Show to whom, date, & address of delivery 35¢
☐ RESTRICTED DELIVERY 65¢
☐ Show to whom and date delivered 65¢
☐ RESTRICTED DELIVERY 65¢
☐ Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO: **Cecil Brininstool**
801 W 1st St
Carlsbad, N.M.

3. ARTICLE DESCRIPTION:
 REGISTERED NO. **361266** INSURED NO. **111**

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

4. DATE OF DELIVERY **JUL 16 1976**

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: _____

CLERK'S INITIALS _____

☆ GPO: 1975-O-531-452

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

No. 361271

RECEIPT FOR CERTIFIED MAIL

SENT TO Don McKinley		POSTMARK OR DATE
STREET AND NO.		
P.O. STATE AND ZIP CODE		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With restricted delivery	CONSULT POSTMASTER FOR FEES
	2. Shows to whom, date and where delivered With restricted delivery	
RESTRICTED DELIVERY		
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 Jan. 1976		NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL

PS Form 3811, Jan. 1975

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

1. The following service is requested (check one):
☒ Show to whom and date delivered 15¢
☐ Show to whom, date, & address of delivery 35¢
☐ RESTRICTED DELIVERY 65¢
☐ Show to whom and date delivered 65¢
☐ RESTRICTED DELIVERY 65¢
☐ Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO: **Don McKinley**
414 Carnegie
Carlsbad, N.M.

3. ARTICLE DESCRIPTION:
 REGISTERED NO. **361271** INSURED NO. _____

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

4. DATE OF DELIVERY **JUL 16 1976**

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: _____

CLERK'S INITIALS _____

☆ GPO: 1975-O-531-452

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Case 5774
Exh. 5

No. 361209

RECEIPT FOR CERTIFIED MAIL

SENT TO Victor Throgmorton		POSTMARK OR DATE
STREET AND NO.		
P.O., STATE AND ZIP CODE		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered with restricted delivery	CONSULT POSTMASTER FOR FEES
	2. Shows to whom, date and where delivered with restricted delivery	
RESTRICTED DELIVERY		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 Jan. 1975 NO INSURANCE COVERAGE PROVIDED— (See other side)
NOT FOR INTERNATIONAL MAIL

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

1. The following service is requested (check only):
☒ Show to whom and date delivered 15¢
☐ Show to whom, date, & address of delivery 35¢
☐ RESTRICTED DELIVERY
☐ Show to whom and date delivered 65¢
☐ RESTRICTED DELIVERY
☐ Show to whom, date and address of delivery 15¢
☐ Show to whom, date and address of delivery 15¢

2. ARTICLE ADDRESSED TO: **Victor Throgmorton**
1108 N. Main
Carlsbad, N.M.

3. ARTICLE DESCRIPTION: **361209**
 REGISTERED NO. **361209** INSURED NO. **361209**

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Helen Stone

4. DATE OF DELIVERY **JUL 23 1978** POSTMARK **357**

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: **CLERK'S INITIALS**

PS Form 3811, Jan. 1975 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Case 5774
Exh. 5

89.7

NMOC. Nutter
BELCO PETROLEUM CORPORATION

EXHIBIT NO. 6

CASE NO. 5774

DATE 9-29-76

July 23, 1976

M. P. Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

Re: Avalon Prospect
Belco #1 Lakeside
N/2 Section 31, T21S, R27E
Eddy County, New Mexico

Dear Mr. Grace:

You have previously been advised of Belco's intention to drill the captioned well as an 11,600' Morrow test to be located approximately 1320' FNL and 1500' FEL of Section 31, T21S, R27E, Eddy County, New Mexico. You have not as yet advised Belco whether or not to join in drilling this test.

We proposed a proration unit covering the N/2 of Section 31, T21S, R27E. According to our records, the ownership and percentages within this unit will be as follows:

<u>Company Name</u>	<u>Acres</u>	<u>Percentage</u>
Bellco	201.4520	63.4182
Cities Service Co.	40.1983	12.6546
Pecos Valley Vending Co.	27.9348	8.7940
Michael P. Grace	20.4838	6.4484
Robert S. Light	5.7159	1.7994
M. McDonnold, Jr.	4.7199	1.4859
Francis G. Tracy	1.4922	.4698
Leonard May	1.4692	.4625
Don McCormick	.9771	.3076
Mary Neal Thomas	.7633	.2403
Mollie Lorentzen	.4904	.1544
Louise M. Whitlock	.3673	.1156
Dr. Robert J. Harris	.2754	.0867
Dr. Robert C. Murray	.2479	.0780
Force Pool Acreage (Unleased)	11.0690	3.4846
Total		
Total	317.6565	100.0000%

changed
since
7-23-76

99.1

We estimate the cost of the completed well to be approximately \$550,000.00. An AFE will be furnished you as soon as one is available, along with a copy of the Operating Agreement if you desire to join.

If you do not wish to participate in drilling this test, we would, of course, be pleased to consider a farmout of your interest.

We will appreciate your early consideration of this proposal since we would like to start drilling this test around the middle of August, 1976.

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

Mary Ward
Landman

MW/sam

Case 5774
Exh. 6

pg. 2

No. 360000

RECEIPT FOR CERTIFIED MAIL

SENT TO M. P. Grace		POSTMARK OR DATE
STREET AND NO.		
P.O. STATE AND ZIP CODE		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered with restricted delivery	
	2. Shows to whom, date and where delivered with restricted delivery	
REGISTERED DELIVERY		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 Jan. 1976 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
NOT FOR INTERNATIONAL MAIL ☆ GPO: 1975-O-541-452

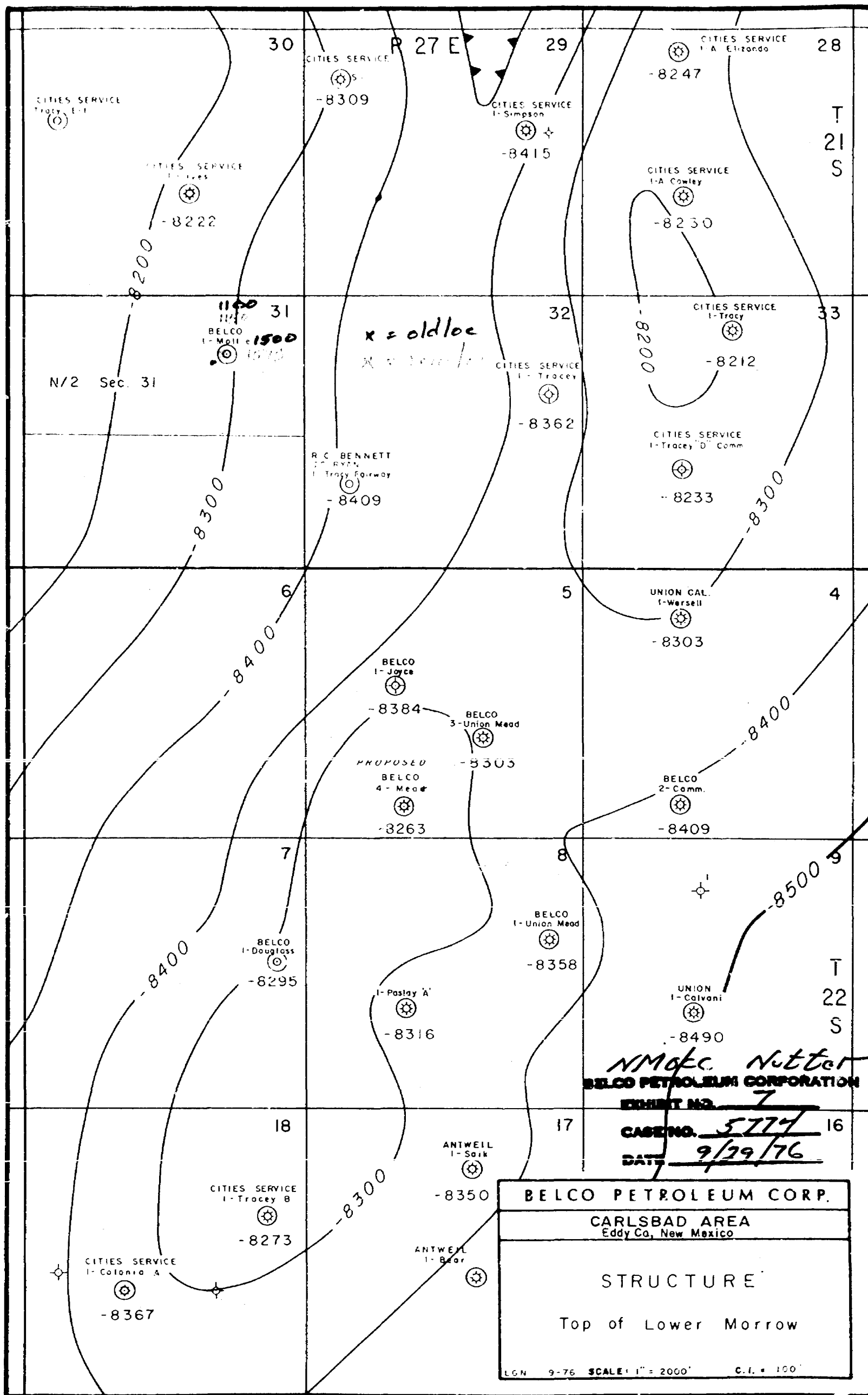
● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check only one): <input checked="" type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date, & address of delivery.. 55¢ <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom and date delivered..... 65¢ <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery 85¢	
2. ARTICLE ADDRESSED TO: M. P. Grace P.O. Box 1418 Calabar, P.M.	
3. ARTICLE DESCRIPTION: REGISTERED NO. 360696	CERTIFIED NO. 11 INSURED NO. 58
(Always obtain signature of addressee or agent.)	
I have received the article described above. SIGNATURE Francis Baldwin Address <input type="checkbox"/> Authorized agent	
4. DATE OF DELIVERY JUL 26 1976	
5. ADDRESS (Complete only if requested)	
6. UNABLE TO DELIVER BECAUSE:	
CLERK'S INITIALS	

PS Form 3801, Jan. 1975

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Case 5774
Exh. 6

09.3



NMOC Nutter
BELCO PETROLEUM CORPORATION
EXHIBIT NO. 7
CASE NO. 5777
DATE 9/29/76

BELCO PETROLEUM CORP.	
CARLSBAD AREA Eddy Co, New Mexico	
STRUCTURE	
Top of Lower Morrow	
LGN 9-76 SCALE: 1" = 2000' C.I. = 100'	

BEICO PETROLEUM CORP

Proposed

No 1 Mo 11/10

N/2 Sec 31

T 21S R 27E

Eddy Co, NM.

Scale 1" = 500'

Orthographic
Location

NMAC

Walter

BEICO PETROLEUM CORPORATION

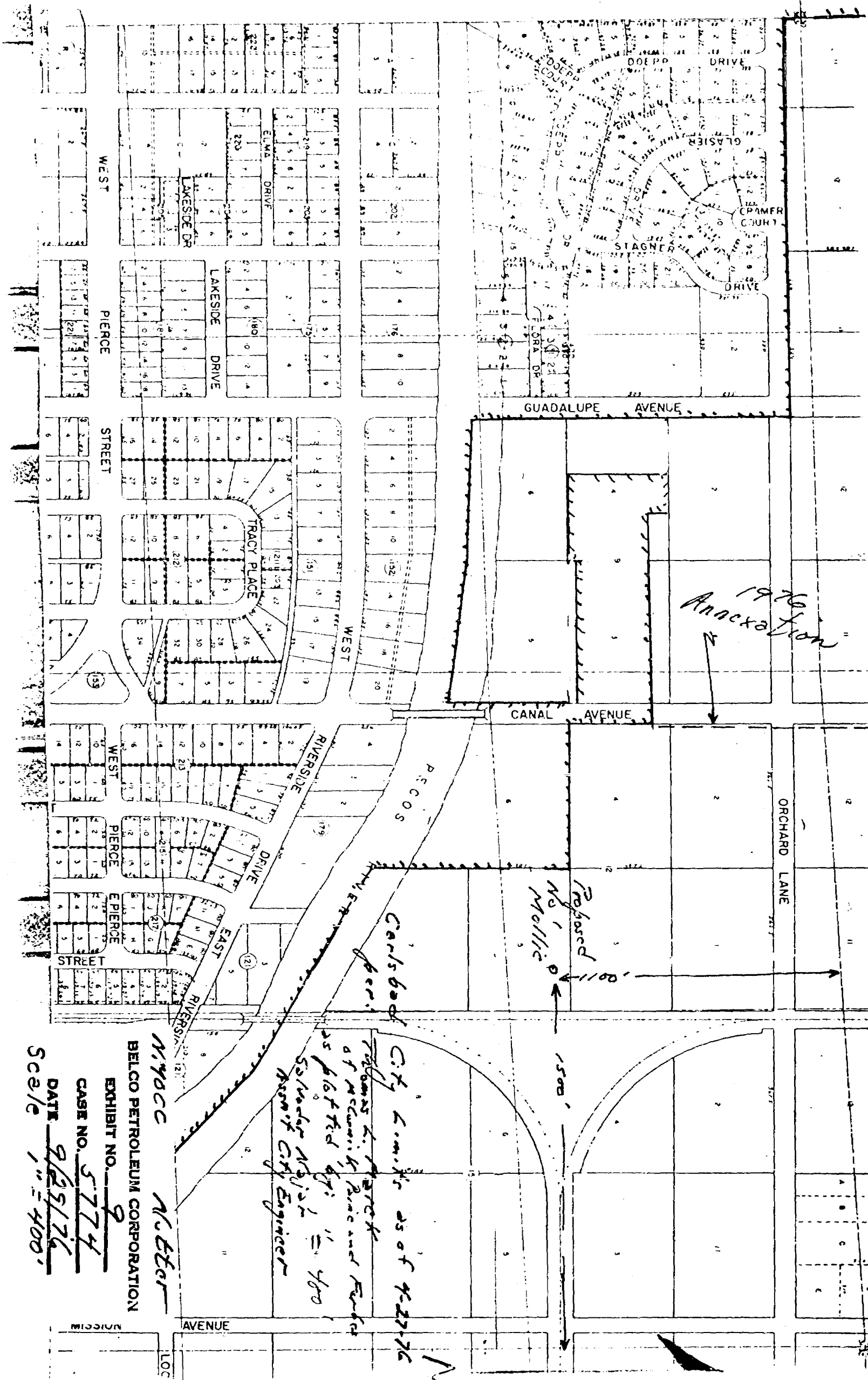
EXHIBIT NO. 8

CASE NO. 5774

DATE 7/29/76

N/2
3/1

N



N.Y.O.C.C. N.E.T.A.
 BELCO PETROLEUM CORPORATION
 EXHIBIT NO. 9
 CASE NO. 5774
 DATE 2/25/76
 Scale 1" = 400'

Carlsbad City Limits as of 4-27-76
 follows L. M. Borch
 of McCann & Paine and Fink
 as plotted by "400"
 S. W. Mollis
 County City Engineer

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

April 26, 1977

Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

Attn: Mr. Jason W. Kellahin

Re: Extension Order No. R-5305

Gentlemen:

Reference is made to your letter of April 13, 1977, requesting an additional extension of time during which Belco Petroleum Corporation may complete its Mollie Well No. 1. This well is being drilled pursuant to the Commission's pooling order, No. R-5305, which required that the well be completed by February 24, 1977. The time for completion has heretofore been extended to April 25, 1977.

In view of the problems involved in making a successful completion of the aforesaid well, we concur that additional time is probably necessary, and a 60-day extension, to June 25, 1977, is hereby approved.

Yours very truly,

JOE D. RAMEY
Director

JDR/DNS/fd

cc: Case File 5774
NMOCC Artesia

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1789
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

April 13, 1977

*File Case
5774*

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

Re: Case No. 5774, Order No. R-5305

Dear Mr. Ramey:

Confirming our telephone conversation, Belco Petroleum Company requests a further extension of time to complete its Mollie No. 1 well, for an additional sixty days.

Under the above order, the Commission pooled all interests underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County. The pooling order, entered October 27, 1976, required completion within 120 days, or by February 24, 1977, unless an extension of time were granted. The Commission extended the time for completion to April 25.

The well has been drilled to total depth at 11,595 feet, and has been subject to extensive testing and bottom-hole surveys. Several times the well has been acidized, and Belco needs to conduct further tests, and is considering the possibility of fracing in order to complete this well as a producer.

Your consideration of another sixty day extension will be appreciated.

Sincerely,

Jason Kellahin
Jason W. Kellahin

CC: Mr. Lee Nering

JWK:kfm

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

TELEPHONE 982-4315
AREA CODE 505

February 8, 1977

*Stamets
Examined*

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

Re: Case No. 5774: Order No. R-5305

Dear Mr. Ramey:

Under the provisions of the above case and order, the Commission pooled all interests underlying the N/2, Sec. 31, Township 21 South, Range 27 East, Eddy County. One of the provisions of the order required that if the well were not completed within 120 days after commencement, the operator shall appear and show cause why the order should not be rescinded.

Belco Petroleum Corporation commenced drilling of its Mollie No. 1 well on the compulsory-pooled unit on October 14, 1976, prior to the date of the order. The well has been drilled to a total depth of 11,595 feet, and subsequent to reaching TD, has been subject to testing and study to determine the proper method of completion for the particular formation encountered in this well, in order to maximize recovery.

For this reason, Belco respectfully requests an additional sixty days in which to make final completion of its Mollie No. 1 well.

Yours very truly,

Jason Kellahin
Jason W. Kellahin

CC: Lee Nering

WTK:kfm

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 15, 1977

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico 87501

Re: Mollie Well No. 1-B
31-T21S-R27E, Eddy
County, New Mexico

Dear Mr. Kellahin:

On February 15, 1977, the Commission approved the request of Belco Petroleum Corporation for an additional 60 days in which to complete the subject well. Said well is located on a proration unit compulsorily pooled by Commission Order No. R-5305 and this action is taken in compliance with said order.

Yours very truly,

JOE D. RAMEY
Director

JDR/RLS/fd

L. Larsen
1120 N. Spring
CARLSBAD, N.M. 88220

November 13, 1976

Conf. BLS

OIL CONSERVATION COMMISSION
State of New Mexico
P.O. Box 2088
SANTA FE, N.M. 87501

Docket No. 26-76, case 5774

Please find enclosed your copy concerning application of BELCO Petroleum Corp. for compulsory pooling and unorthodox location, addressed to

Mr. B.L. Blessinger
1120 N. Spring, Carlsbad

There is no Mr. Blessinger living at our address.

The property - 1120 N. Spring, Carlsbad - has been bought on November 14, 1975, by Raymond and Lily LARSEN, with the mineral rights leased to BELCO until February 6, 1978.

We are, thus, the new owners, tied to BELCO as per contract in our possession. We do not think that BELCO's application for compulsory pooling concerns the property located 1120 N. Spring, Carlsbad.

Truly yours,

L. Larsen
L. Larsen

cc. Belco Petroleum

Dockets Nos. 27-76 and 28-76 are tentatively set for hearing on October 13 and 27, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 29, 1976

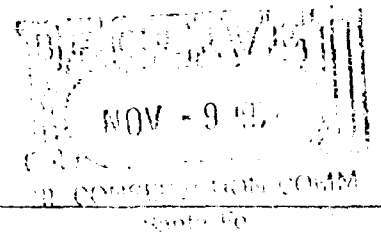
9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

- CASE 5768: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Service Drilling Company, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, Mora County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5769: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Juanita Frank, The Aetna Casualty and Surety Company, and all other interested parties to appear and show cause why the Creathouse Frank Well No. 2, located in Unit C of Section 10, Township 23 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5770: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit George H. Krause, The Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the Krause Beck Well No. 1, located in Unit J of Section 10, Township 29 North, Range 12 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5771: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 22, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to its Tom Brown GO Com Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 1980 feet from the West line of said Section 22. 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 5772: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal BZ Well No. 16 to be drilled at a point 1980 feet from the North line and 660 feet from the East line of Section 28, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the N/2 of said Section 28 to be dedicated to the well.
- CASE 5773: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Millman Unit Area comprising 2,017 acres, more or less, of State lands in Township 19 South, Range 28 East, Eddy County, New Mexico.
- ✓ CASE 5774: Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Well No. 1 to be drilled at an unorthodox location 1100 feet from the North line and 1500 feet from the East line of said Section 31. 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 5775: Application of Cities Service Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 30, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Tracy "E" Well No. 1 to be drilled at an unorthodox location 1820 feet from the North line and 660 feet from the West line of said Section 30. 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.

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

Belco Petroleum Corporation



Belco

November 3, 1976

*Samuel
Crawford*

REGISTERED
RETURN RECEIPT REQUESTED

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

RE: Belco Mollie Com-1
Section 31, T21S-R27E
Eddy County, New Mexico

Gentlemen:

Pursuant to Order No. R-5305, dated October 27, 1976,
Case No. 5774, paragraph No. 3, page 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 Mollie
Com-1.

Yours very truly,

BELCO PETROLEUM CORPORATION

Lee G. Nering
Lee G. Nering
Administrative Geologist

LGN/b
Attachment

R. L. H.

REVISION 		BILCO PETROLEUM CORPORATION				CORP. ID. 05	
REV. DT. 		AUTHORIZATION FOR EXPENDITURE				ACCT. NO. 65585	
SO.	CHG.	PROPERTY NAME & NUMBER (22)			AUTH. DATE (6)	LOCATION (22)	
1	2	5 11			09	4 11 44	
18		MOLLIE #1			092976	1150' FNL, 1575' FEL, Section 31, T-21-S - R-27-E	
		TYPE OF WORK (23)		P. DEPTH (18)	FORMATION	FIELD NAME	RIG TYPE
		Development - Gas		11,600'	Morrow	Undesignated	Rotary
						Morrow	
SO.	CHG.	PROSPECT NAME (22)			STATE (15)	COUNTY/PARISH (15)	
1	2	5 11			47	48	
19		AVALON			New Mexico	Eddy County	
						63 CSG. PT.	72 COMPL.

NO MORE THAN NINE DIGITS PER COLUMN WHOLE DOLLARS ONLY

SO.	CHG.	PROPERTY NO. <u>7412014</u>	CSG. PT. COST	COMPL. COST	TOTAL COST
1	2	11	21	23	
20		INTANGIBLE EXPENSE	730	734	
18	20		24	32	24
		Rig Expenditure _____			
		Move In & Out _____ = _____			
		Drilling <u>10,000</u> Ft. @ \$ <u>11.50</u> /Ft. \$ <u>115,000</u>			
		Daywork <u>21</u> days @ \$ <u>2,750/day</u> = <u>58,000</u>			
		Completion/W.O. Unit <u>10</u> days @ \$ <u>900/day</u> = <u>9,000</u>			
218		Total Rig Expenditure _____	\$ <u>173,000</u>	\$ <u>9,000</u>	\$ <u>182,000</u>
612		Location - Roads, Row & Damages _____	<u>20,000</u>	<u>2,000</u>	<u>22,000</u>
204		Contract Professional Services _____	<u>2,000</u>	<u>2,000</u>	<u>4,000</u>
210		Misc. Contract Labor _____	<u>-</u>	<u>3,000</u>	<u>3,000</u>
418		Mud & Additives _____	<u>30,000</u>	<u>5,000</u>	<u>35,000</u>
220		Mud Logging _____	<u>2,000</u>	<u>-</u>	<u>2,000</u>
424		Bits _____	<u>10,000</u>	<u>2,000</u>	<u>12,000</u>
228		Tubular Testing/Inspection _____	<u>-</u>	<u>4,000</u>	<u>4,000</u>
230		CSG/TBG Crews/Tools _____	<u>-</u>	<u>3,000</u>	<u>3,000</u>
422		Float Eq., Cent & Scratchers _____	<u>1,000</u>	<u>1,000</u>	<u>2,000</u>
420		Cement & Additives _____	<u>15,000</u>	<u>7,000</u>	<u>23,000</u>
236		Pump Truck/Skid Unit Serv. & Cmt. Tools _____	<u>-</u>	<u>-</u>	<u>-</u>
222		Coring & Analysis _____	<u>-</u>	<u>-</u>	<u>-</u>
224		Elec. Line - Logs, Perf, Production, Etc. _____	<u>9,000</u>	<u>2,000</u>	<u>11,000</u>
226		Well Testing - DST, Wireline, Etc. _____	<u>-</u>	<u>1,000</u>	<u>1,000</u>
512		Eq. Rntls. - Surface/Downhole _____	<u>20,000</u>	<u>2,000</u>	<u>22,000</u>
950		Directional Drilling Expense _____	<u>-</u>	<u>-</u>	<u>-</u>
234		Transportation - Land - Marine _____	<u>5,000</u>	<u>3,000</u>	<u>8,000</u>
410		Fuel, Power & Water _____	<u>15,000</u>	<u>2,000</u>	<u>17,000</u>
930		Well Stimulation _____	<u>-</u>	<u>7,000</u>	<u>7,000</u>
808		Insurance & Bonds _____	<u>-</u>	<u>-</u>	<u>-</u>
920		Misc. & Contingency _____	<u>28,000</u>	<u>6,000</u>	<u>34,000</u>
		TOTAL INTANGIBLE EXPENSE	\$ <u>330,000</u>	\$ <u>61,000</u>	\$ <u>391,000</u>

SO.	CHG.	TANGIBLE EXPENSE	CSG. PT. COST	COMPL. COST	TOTAL COST
1	2		732	736	
20					
		CSG. & LINER _____			
		Drive _____ Ft. _____ O.D. @ \$ _____ /Ft. = _____			
		Cond. _____ Ft. _____ O.D. @ \$ _____ /Ft. = _____			
		Surf. <u>400</u> Ft. <u>16"</u> O.D. @ \$ <u>19.69</u> /Ft. = \$ <u>8,000</u>			
		Intr. <u>1,800</u> Ft. <u>10-3/4"</u> O.D. @ \$ <u>11.31</u> /Ft. = <u>20,000</u>			
		Prod. <u>8,000</u> Ft. <u>7-5/8"</u> O.D. @ \$ <u>10.73</u> /Ft. = <u>86,000</u>			
		Liner <u>4,000</u> Ft. <u>5"</u> O.D. @ \$ <u>9.60</u> /Ft. = <u>38,000</u>			
426		TOTAL _____	\$ <u>114,000</u>	\$ <u>38,000</u>	\$ <u>152,000</u>
432		TUBING _____ Ft. _____ O.D. @ \$ _____ /Ft. = _____	<u>-</u>	<u>37,000</u>	<u>37,000</u>
430		WELLHEAD EQUIPT. _____	<u>4,000</u>	<u>22,000</u>	<u>26,000</u>
438		WELL PROD. EQUIPT. SURFACE _____	<u>-</u>	<u>-</u>	<u>-</u>
440		WELL PROD. EQUIPT. DOWNHOLE _____	<u>-</u>	<u>5,000</u>	<u>5,000</u>
442		PROD. FACILITIES-TANKS, EQUIPT. & LINES _____	<u>-</u>	<u>20,000</u>	<u>20,000</u>
450		MARINE PLATFORMS _____	<u>-</u>	<u>-</u>	<u>-</u>
452		OFFSHORE PROD. FACILITIES _____	<u>-</u>	<u>-</u>	<u>-</u>
		TOTAL TANGIBLE EXPENSE	\$ <u>118,000</u>	\$ <u>122,000</u>	\$ <u>240,000</u>
		TOTAL WELL COST	\$ <u>448,000</u>	\$ <u>183,000</u>	\$ <u>631,000</u>

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. 5774
Order No. R-5305

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 29, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of October, 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 the Pennsylvanian formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill it Mollie Well No. 1 at an unorthodox location 1150 feet from the North line and 1575 feet from the East line of said Section 31.
- (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 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 said well, and \$255.00 per month should be fixed as a reasonable charge for supervision while producing; 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 January 1, 1977, the order pooling said unit should become null and void and of no effect whatsoever.

-3-
Case No. 5774
Order No. R-5305

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to applicant's Mollie Well No. 1 to be drilled at an unorthodox location 1150 feet from the North line and 1575 feet from the East line of said Section 31, said location being hereby approved.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of January, 1977, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of January, 1977, 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 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.

(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 said well, and \$255.00 per month while producing; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

-5-

Case No. 5774

Order No. R-5305

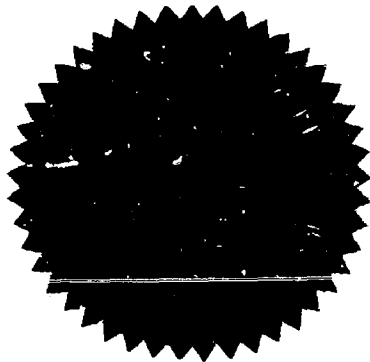
(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

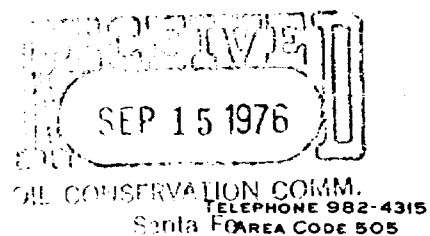
S E A L

dr/

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

September 13, 1976



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

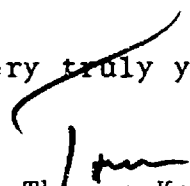
Re: Belco Petroleum Corporation

Dear Bill:

Please find enclosed the written application on behalf of Belco Petroleum Corporation which I called in last week.

I understand from Diane that the case will be heard on September 29, 1976 and that the forced pooling and unorthodox well location have been correctly advertised.

Very truly yours,


W. Thomas Kellahin

CC: Mr. Lee Nering
Mrs. Mary Ward

WTK:kjf

Enclosure

RECEIVED
SEP 15 1957
OIL CONSERVATION COMMISSION
SANTO FE

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION
FOR COMPULSORY POOLING, AND
APPROVAL OF AN UNORTHODOX WELL
LOCATION, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

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 N/2 of Section 31, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico in formations of Pennsylvanian age or older, and further applies for an unorthodox well location for said well and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the following described acreage: N/2 of Section 31, Township 21 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 set forth on the attached schedule marked Exhibit A and incorporated by reference herein.
3. As required by the provision of Commission Rule 104, applicant proposes to dedicate the N/2 of Section 31, T21S,

R27E, N.M.P.M., Eddy County, New Mexico to a well, designated as Belco's # 1 Mollie, to be drilled at an unorthodox location approximately 1100 feet from the North line and 1500 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.

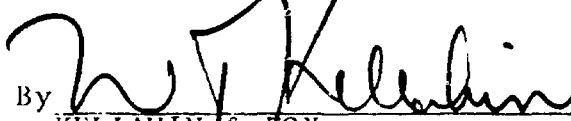
WHEREFORE, applicant respectfully requests that the Commission set this matter for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order pooling all interest underlying the N/2 of Section 31, Township 21 South, Range 27 East, 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, for approval of the unorthodox location 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

FORCE POOL

NAME	ADDRESS	DESCRIPTION	ACREAGE
City of Carlsbad	Municipal Corporation of Carlsbad Carlsbad, New Mexico 88220	Lots 8 & 10, Blk. 121, N. Carlsbad	1.7218
Draper Brantley	706 Riverside Drive Carlsbad, New Mexico 88220	lot 2, Blk. 202, Scarborough	.7633
Mrs. Ruth Gibson	601 Lakeside Drive Carlsbad, New Mexico 88220	lot 3, Blk. 181, Westfall	.3489
Raymond Moore	1310 Doepp Drive Carlsbad, New Mexico 88220	lot 9, Blk. 2, Casa Del Rio	.4299
Evelyn Thomas James	1121 Tracy Place Carlsbad, New Mexico 88220	lot 11, Blk. 211, Tracy	.2669
John Paslay	1412 Doepp Drive Carlsbad, New Mexico 88220	lot 1, Blk. 2, Casa Del Rio	.3587
T. R. Duffin	903 Riverside Drive Carlsbad, New Mexico 88220	lots 1 & 3, Blk. A., Rio Vista	1.4233
John Most	1133 Tracy Place Carlsbad, New Mexico 88220	lot 23, Blk. 211, Tracy	.3214
B. L. Blessinger	1120 North Spring Carlsbad, New Mexico 88220	lot 14, Blk. 1, Casa Del Rio	.6457
Roscoe Melvin	801 Elma Drive Carlsbad, New Mexico 88220	lot 7, Blk. 220, Bennett	.2290
Dell Bosse	202 Westridge Carlsbad, New Mexico 88220	lots 9 & 34, Blk. 211, Tracy	1.0445
Grigg Lazenby	604 Pierce Carlsbad, New Mexico 88220	lot 6, Blk. 181, Westfall	.2755

N/2 Section 31
Continued

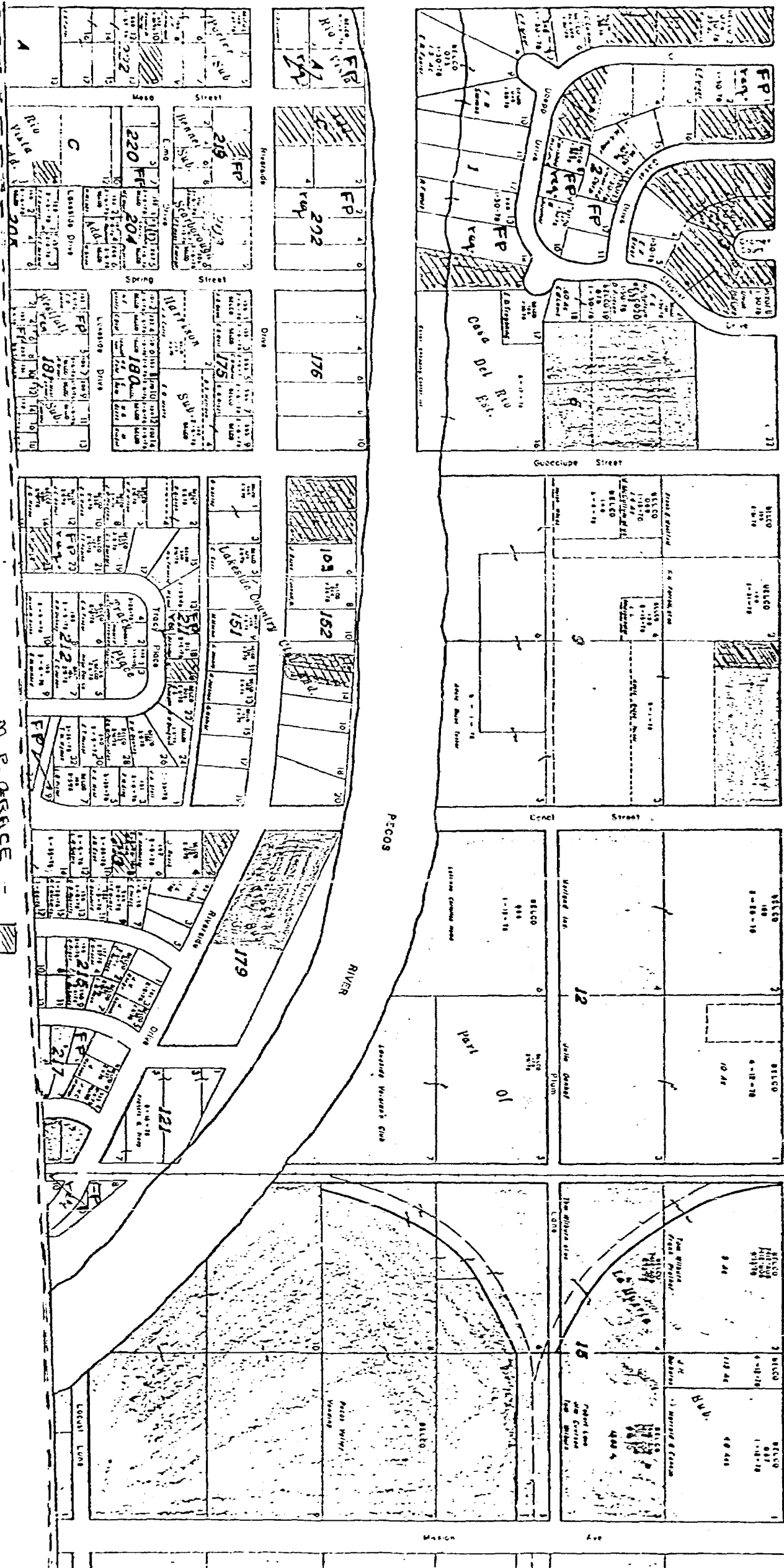
Cecil Brininstool	801 West Riverside Carlsbad, New Mexico	88220	Lot 5, Blk. 219, Bennett	.3064
Don McKinley	914 Alamosa Carlsbad, New Mexico	88220	Lot 12, Blk. 2, Casa Del Rio	.5170
Victor Throgmorton	1108 North Main Carlsbad, New Mexico	88220	Lot L, Blk. 217, Tracy	.2583
Michael P. Grace	P. O. Box 148 Carlsbad, New Mexico	88220	See Attached Sheet	20.4838

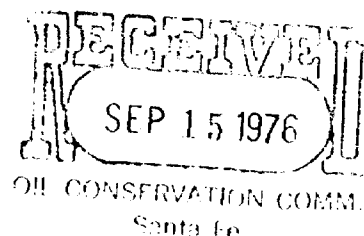
Total of 29.3944 acres

MICHAEL P. GRACE

Name	Description	Acreage
Roy Dugger	B1k. 1, Lots 1,3,4, & 15 B1k. 2, Lots 6,7,17 & 18 B1k. 3, Lots 1,2,3, ,6,7,9,10 and 12, Casa Del Rio Estates	8.3467
Antonio Hernandez	Lot 25, B1k. 211, Tracy, E/85' of Lot 12, W/2 of Lot 14 B1k. 152, Lakeside	1.6070
W. L. Walterschied	Lot 20, B1k. 211, Tracy	.2755
Erna G. Small	NW/69 X 222' Lot 1, B1k. 9, La Huerta	.5500
Margaret Spence	E/75' Lot 3, B1k. 219, Bennett	.3013
P. Panagopoulos	Lot 2, B1k. 213, Tracy Addition	.8110
Sue Gentry	Lot 2 and 4, B1k. 152, Lakeside	2.2034
Ruth Born	Lot 11, B1k. 222, Porter	.3099
Constance Chapman	NE corner lot 14, B1k. C, Rio Vista	1.4509
Rigdon	W4/5 Lot 10 and 11 lot 12, B1k. 8, La Huerta	2.4793
Denton K. Smith	Lot 10, B1k. 81, Williams	.4959
Elizabeth Neumann	W/2 Lots 2 and 4, B1k. C, Rio Vista Add.	<u>1.6529</u>
	Total	20.4838

M.P. GRACE -
FORCE POOL -





BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION
FOR COMPULSORY POOLING, AND
APPROVAL OF AN UNORTHODOX WELL
LOCATION, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

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 N/2 of Section 31, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico in formations of Pennsylvanian age or older, and further applies for an unorthodox well location for said well and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the following described acreage: N/2 of Section 31, Township 21 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 set forth on the attached schedule marked Exhibit A and incorporated by reference herein.
3. As required by the provision of Commission Rule 104, applicant proposes to dedicate the N/2 of Section 31, T21S,

R27E, N.M.P.M., Eddy County, New Mexico to a well, designated as Belco's # 1 Mollie, to be drilled at an unorthodox location approximately 1100 feet from the North line and 1500 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 N/2 of Section 31, Township 21 South, Range 27 East, 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, for approval of the unorthodox location 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

FORCE POOL

NAME	ADDRESS	DESCRIPTION	ACREAGE
City of Carlsbad	Municipal Corporation of Carlsbad Carlsbad, New Mexico 88220	Lots 8 & 10, Blk. 121, N. Carlsbad	1.7218
Draper Brantley	706 Riverside Drive Carlsbad, New Mexico 88220	Lot 2, Blk. 202, Scarborough	.7633
Mrs. Ruth Gibson	601 Lakeside Drive Carlsbad, New Mexico 88220	Lot 3, Blk. 181, Westfall	.3489
Raymond Moore	1310 Doepp Drive Carlsbad, New Mexico 88220	Lot 9, Blk. 2, Casa Del Rio	.4299
Evelyn Thomas James	1121 Tracy Place Carlsbad, New Mexico 88220	Lot 11, Blk. 211, Tracy	.2669
John Paslay	1412 Doepp Drive Carlsbad, New Mexico 88220	Lot 1, Blk. 2, Casa Del Rio	.3587
T. R. Duffin	903 Riverside Drive Carlsbad, New Mexico 88220	Lots 1 & 3, Blk. A., Rio Vista	1.4233
John Most	1133 Tracy Place Carlsbad, New Mexico 88220	Lot 23, Blk. 211, Tracy	.3214
B. L. Blessinger	1120 North Spring Carlsbad, New Mexico 88220	Lot 14, Blk. 1, Casa Del Rio	.6457
Roscoe Melvin	801 Elma Drive Carlsbad, New Mexico 88220	Lot 7, Blk. 220, Bennett	.2290
Dell Bosse	202 Westridge Carlsbad, New Mexico 88220	Lots 9 & 34, Blk. 211, Tracy	1.0445
Grigg Lazenby	604 Pierce Carlsbad, New Mexico 88220	Lot 6, Blk. 181, Westfall	.2755

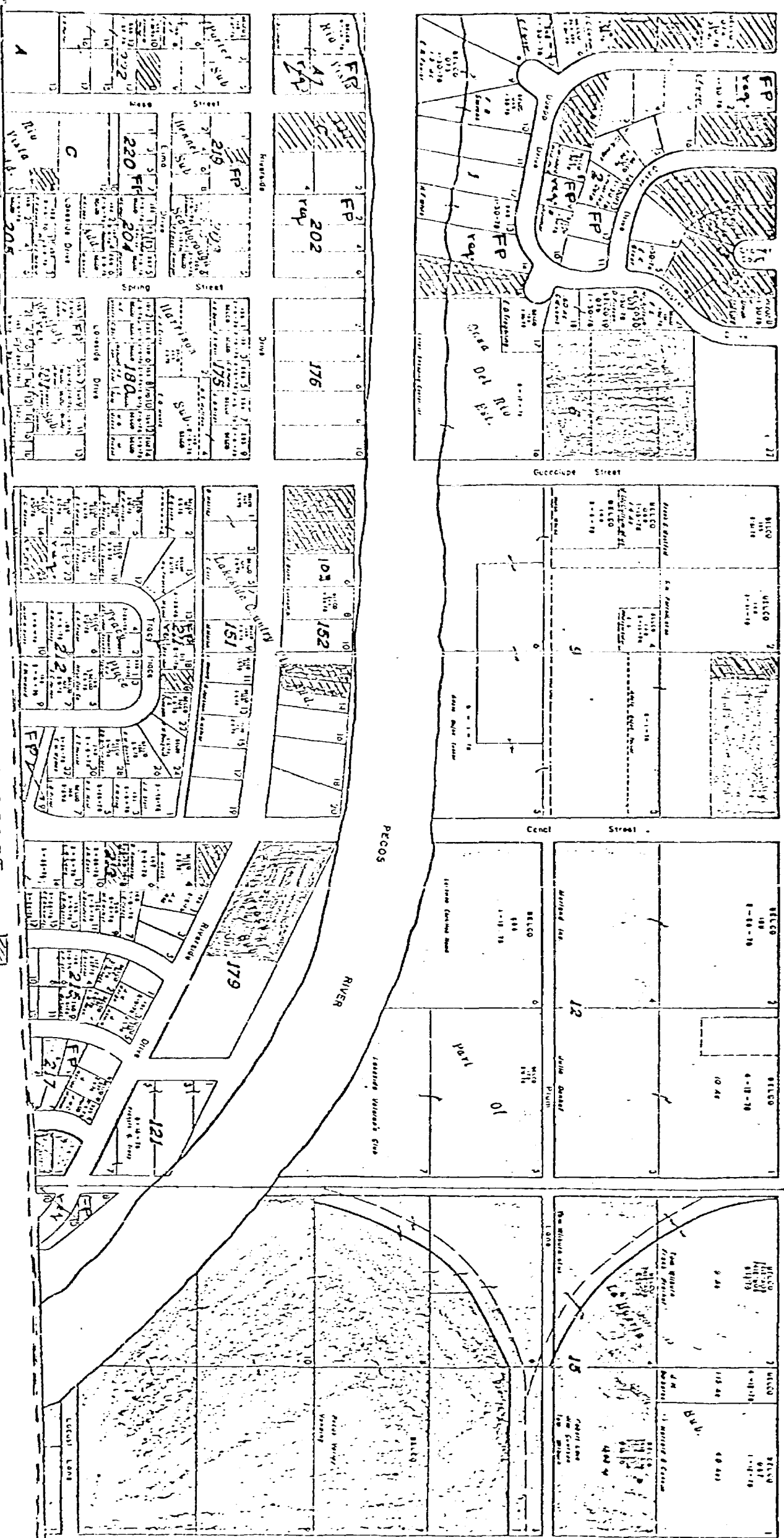
N/2 Section 31
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
Cecil Brininstool	801 West Riverside Carlsbad, New Mexico 88220	Lot 5, Blk. 219, Bennett	.3064
Don McKinley	914 Alamosa Carlsbad, New Mexico 88220	Lot 12, Blk. 2, Casa Del Rio	.5170
Victor Throgmorton	1108 North Main Carlsbad, New Mexico 88220	Lot L, Blk. 217, Tracy	.2583
Michael P. Grace	P. O. Box 148 Carlsbad, New Mexico 88220	See Attached Sheet	20.4838

Total of 29.3944 acres

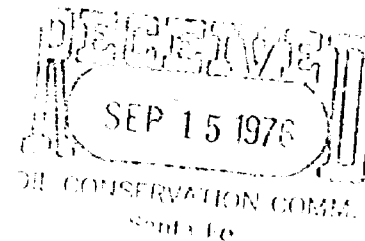
MICHAEL P. GRACE

Name	Description	Acreage
Roy Dugger	B1k. 1, Lots 1,3,4, & 15 B1k. 2, Lots 6,7,17 & 18 B1k. 3, Lots 1,2,3, ,6,7,9,10 and 12, Casa Del Rio Estates	8.3467
Antonio Hernandez	Lot 25, B1k. 211, Tracy, E/85' of Lot 12, W/2 of Lot 14 B1k. 152, Lakeside	1.6070
W. L. Walterschied	Lot 20, B1k. 211, Tracy	.2755
Erna G. Small	NW/69 X 222' Lot 1, B1k. 9, La Huerta	.5500
Margaret Spence	E/75' Lot 3, B1k. 219, Bennett	.3013
P. Panagopoulos	Lot 2, B1k. 213, Tracy Addition	.8110
Sue Gentry	Lot 2 and 4, B1k. 152, Lakeside	2.2034
Ruth Born	Lot 11, B1k. 222, Porter	.3099
Constance Chapman	NE corner lot 14, B1k. C, Rio Vista	1.4509
Rigdon	W4/5 Lot 10 and 11 lot 12, B1k. 8, La Huerta	2.4793
Denton K. Smith	Lot 10, B1k. 81, Williams	.4959
Elizabeth Neumann	W/2 Lots 2 and 4, B1k. C, Rio Vista Add.	<u>1.6529</u>
	Total	20.4838



M.P. GRACE - 
FORCE POOL - 

Richard Lora



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION
FOR COMPULSORY POOLING, AND
APPROVAL OF AN UNORTHODOX WELL
LOCATION, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

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 N/2 of Section 31, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico in formations of Pennsylvanian age or older, and further applies for an unorthodox well location for said well and in support thereof would show the Commission:

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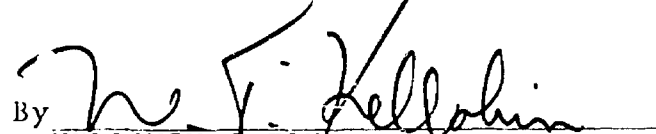
6. Applicant further requests for a provision for a period of 120 days from the date of the order in which to commence subject well.

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 N/2 of Section 31, Township 21 South, Range 27 East, 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, for approval of the unorthodox location and for such other and further provisions as may be proper in the premises.

Respectfully submitted,

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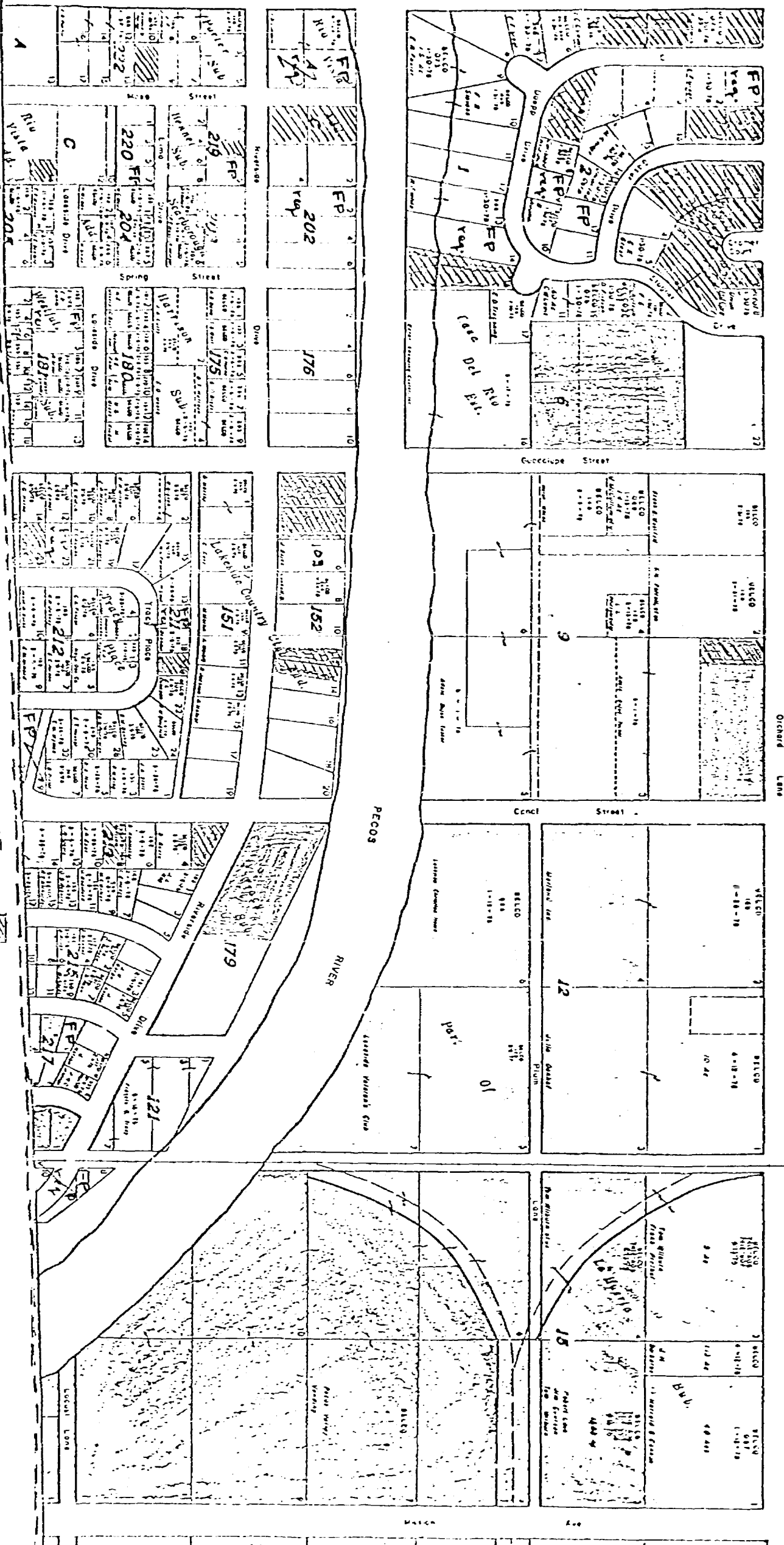
N/2 Section 31
Continued

Cecil Brininstool	801 West Riverside Carlsbad, New Mexico 88220	Lot 5, Blk. 219, Bennett	.3064
Don McKinley	914 Alamosa Carlsbad, New Mexico 88220	Lot 12, Blk. 2, Casa Del Rio	.5170
Victor Throgmorton	1108 North Main Carlsbad, New Mexico 88220	Lot L, Blk. 217, Tracy	.2583
Michael P. Grace	P. O. Box 148 Carlsbad, New Mexico 88220	See Attached Sheet	20.4838

Total of 29.3941 acres

MICHAEL P. GRACE

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Elizabeth Neumann	W/2 Lots 2 and 4, Blk. C, Rio Vista Add.	<u>1.6529</u>
Total		20.4838



Case 5774

Deles Petroleum Corporation — comp. pool.

Eddy.

Morrow test — bench.

N/Z

31-

215

27E.

(Deles) #1 Mollie — to water
1100 ft L.
1500 ft L.

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:

CASE NO. 5774

Order No. R- 5305

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 29, 1976
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this October day of October, 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 the Pennsylvanian
formation underlying the N/2
of Section 31, Township 21 South, Range 27 East,
NMPM, Eddy County, New
Mexico.

1575

1150

(3) That the applicant has the right to drill and proposes its Mollie Well No. 1 at an unorthodox location ~~4100~~ feet from to drill ~~across~~ the North line and ~~4500~~ feet from the East line of said Section 31.

(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 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.

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 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.

(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 ^{while drilling said well, and \$255.00 per month while producing} 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-

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

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

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

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

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