

CASE 2980: Application of PIONEER
PROD. CORP. for force-pooling and
unorthodox location, San Juan Co.

CASE No.
2980

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

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. 2980
Order No. R-2650

APPLICATION OF PIONEER PRODUCTION
CORPORATION FOR FORCE-POOLING AND
AN UNORTHODOX LOCATION, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
February 5, 1964, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this 12th day of February, 1964, 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, Pioneer Production Corporation,
seeks an order pooling all mineral interests in the Basin-Dakota
Gas Pool underlying the W/2 of Section 15, Township 29 North,
Range 13 West, NMPM, San Juan County, New Mexico.

(3) That the applicant also seeks an exception to the
Special Rules and Regulations for the Basin-Dakota Gas Pool to
drill a well for said unit at an unorthodox location 1625 feet
from the South line and 1250 feet from the West line of said
Section 15.

(4) That it is impracticable to drill a well at a standard
location in the W/2 of said Section 15 due to the topographical
conditions and that the unorthodox location should therefore
be approved.

(5) That there are interest owners in the proposed prora-
tion unit who have not agreed to pool their interests.

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

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

(8) 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.

(9) 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 25 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) 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.

(12) That \$65.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Pioneer Production Corporation, is hereby granted an exception to the Special Rules and Regulations for the Basin-Dakota Gas Pool to drill a well at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

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(2) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit, to be dedicated to a well to be drilled at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15.

(3) That Pioneer Production Corporation is hereby designated the operator of the subject well and unit.

(4) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.

(5) 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.

(6) 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.

(B) As a charge for the risk involved in the drilling of the well, 25 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.

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

(8) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 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 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day

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period, the Commission will determine reasonable well costs after public notice and hearing.

(9) That within 30 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.

(10) That \$65.00 per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(11) 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.

(12) 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.

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

(14) 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

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

S E A L

csr/

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(2) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit, to be dedicated to a well to be drilled at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15.

(3) That Pioneer Production Corporation is hereby designated the operator of the subject well and unit.

(4) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.

(5) 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.

(6) 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.

(B) As a charge for the risk involved in the drilling of the well, 25 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.

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

(8) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 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 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day

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

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(8) 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.

(9) 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 25 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) 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.

(12) That \$65.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Pioneer Production Corporation, is hereby granted an exception to the Special Rules and Regulations for the Basin-Dakota Gas Pool to drill a well at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

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BY THE COMMISSION:

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February 5, 1964, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this 12th day of February, 1964, 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, Pioneer Production Corporation,
seeks an order pooling all mineral interests in the Basin-Dakota
Gas Pool underlying the W/2 of Section 15, Township 29 North,
Range 13 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant also seeks an exception to the
Special Rules and Regulations for the Basin-Dakota Gas Pool to
drill a well for said unit at an unorthodox location 1625 feet
from the South line and 1250 feet from the West line of said
Section 15.
- (4) That it is impracticable to drill a well at a standard
location in the W/2 of said Section 15 due to the topographical
conditions and that the unorthodox location should therefore
be approved.
- (5) That there are interest owners in the proposed prora-
tion unit who have not agreed to pool their interests.

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

(8) 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.

(9) 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 25 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) 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.

(12) That \$65.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Pioneer Production Corporation, is hereby granted an exception to the Special Rules and Regulations for the Basin-Dakota Gas Pool to drill a well at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

(2) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit, to be dedicated to a well to be drilled at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15.

(3) That Pioneer Production Corporation is hereby designated the operator of the subject well and unit.

(4) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.

(5) 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.

(6) 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.
- (B) As a charge for the risk involved in the drilling of the well, 25 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.

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

(8) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 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 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day

period, the Commission will determine reasonable well costs after public notice and hearing.

(9) That within 30 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.

(10) That \$65.00 per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(11) 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.

(12) 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.

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

(14) 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

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

S E A L

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

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 5, 1964

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

- CASE 2976: Application of Midland Production Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Hill & Meeker Phillips Cryer Well No. 34-2 located 2310 feet from the South and West lines of Section 34, Township 10 South, Range 36 East, to bottom in the Devonian formation 1980 feet from the North and West lines of said Section 34, Lea County, New Mexico.
- CASE 2977: Application of Cities Service Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Brunson C Well No. 4, located in Unit J of Section 3, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Blinebry and Drinkard Oil Pools through parallel strings of 1 1/2 inch and 2 1/16 inch tubing, respectively.
- CASE 2978: Application of Union Oil Company of California for a waterflood expansion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Caprock Queen Unit Waterflood Project, Caprock Queen Pool, Chaves County, New Mexico, by the conversion of nine additional wells located in Sections 28, 29, and 33, Township 14 South, Range 31 East, and Sections 3 and 4, Township 15 South, Range 31 East, to water injection.
- CASE 2979: Application of Pan American Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through its U. S. A. Malco Refineries "G" Well No. 13, located 2302 feet from the South line and 1650 feet from the West line of Section 10, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.
- CASE 2980: Application of Pioneer Production Corporation for force-pooling and an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Pool underlying the W/2 of Section 15, Township 29

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North, Range 12 West, and authorizing the drilling of a well for said unit at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15, Town of Farmington, San Juan County, New Mexico.

- CASE 2981: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Northwest Eumont Unit Area comprising 2,760 acres, more or less, of State and fee lands in Township 19 South, Range 36 East, Lea County, New Mexico.
- CASE 2982: Application of Gulf Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Eumont Gas Pool by the injection of water into the Queen formation through 15 wells in Sections 11, 14, 15, 22 and 23, Township 19 South, Range 36 East, Lea County, New Mexico.
- CASE 2983: Application of The Pure Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Brinninstool Unit Area comprising 17,237 acres, more or less, of Federal and State lands in Townships 23 and 24 South, Ranges 32 and 33 East, Lea County, New Mexico.
- CASE 2984: Application of The Pure Oil Company and Continental Carbon Company to utilize natural gas in a carbon black plant, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to utilize approximately 7 MCF of Devonian gas per day in the Continental Carbon Company carbon black plant near Eunice, New Mexico, said gas to be produced from The Pure Oil Company Wilson Deep Unit Well No. 1, located in the SE/4 NW/4 of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico.
- CASE 2985: Application of Shell Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Bootleg Ridge Unit Area comprising 10,818 acres, more or less, of State and Federal lands in Townships 22 and 23 South, Ranges 32 and 33 East, Lea County, New Mexico.

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CASE 2986: Application of Shell Oil Company to establish a GOR limit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special gas-oil ratio limitation of 5,000 cubic feet of gas for each barrel of oil produced in the Mesa-Queen Pool, Lea County, New Mexico.

CASE 2987: Application of Shell Oil Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the South Bitter Lake-San Andres Pool, by the injection of water into the San Andres formation through three wells at unorthodox locations in Sections 27 and 34, Township 10 South, Range 25 East, Chaves County, New Mexico.

CASE 2480 (Reopened):

In the matter of Case No. 2480 being reopened pursuant to the provisions of Order No. R-2182-A which continued for a period of one year the temporary 80-acre proration units established by Order No. R-2182, Henshaw-Wolfcamp Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2988: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit George E. Willett and all other interested parties to appear and show cause why the SDD Hare Well No. 7, located 600 feet from the South line and 1360 feet from the East line of Section 14, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

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DOCKET NO. 4-64

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 5, 1964

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

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DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 5, 1964

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

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- CASE 2976: Application of Midland Production Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Hill & Meeker Phillips Cryer Well No. 34-2 located 2310 feet from the South and West lines of Section 34, Township 10 South, Range 36 East, to bottom in the Devonian formation 1980 feet from the North and West lines of said Section 34, Lea County, New Mexico.
- CASE 2977: Application of Cities Service Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Brunson C Well No. 4, located in Unit J of Section 3, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Blinebry and Drinkard Oil Pools through parallel strings of 1 1/2 inch and 2 1/16 inch tubing, respectively.
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- CASE 2979: Application of Pan American Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through its U. S. A. Malco Refineries "G" Well No. 13, located 2302 feet from the South line and 1650 feet from the West line of Section 10, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.
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-2- Case 2980 continued from page 1

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-3-

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DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243-6591

SANTA FE, N. M.
PHONE 963-3971

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 5, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Pioneer Production Corp.
for force-pooling and an unorthodox location,
San Juan County, New Mexico.

Case No. 2930

BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 5, 1964.

EXAMINER HEARING

IN THE MATTER OF:

Application of Pioneer Production
Corporation for force-pooling and
an unorthodox location, San Juan County,
New Mexico.

CASE NO. 2980

BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 2980.

MR. DURRETT: Application of Pioneer Production Corporation
for force-pooling and an unorthodox location, San Juan County,
New Mexico.

MR. BRATTON: If the Examiner please, Howard Bratton
on behalf of the applicant. We have one witness.

(Witness sworn)

THOMAS A. DUGAN,
called as a witness herein, having been first duly sworn, was
examined and testified as follows:



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name and occupation?

A Thomas A. Dugan, Consulting Petroleum Engineer.

Q You worked with or are you working with Pioneer Production in connection with the matter under consideration in this application?

A Yes, sir.

Q Have you previously testified before this Commission as an expert witness?

A Yes.

Q All right.

MR. BRATTON: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir.

Q (By Mr. Bratton) Referring to your Exhibit Number One, Mr. Dugan, does that show the area sought to be force-pooled and the location of the well?

A Yes, sir. That is outlined, and that is an outline of the proposed proration unit boundary.

Q The West Half of the Section 15, and it is right in the middle of Farmington; is that correct?

A Yes, sir.

Q And the proposed location as shown on there is proposed to be a Dakota test; is that correct?



A That's correct.

Q Where are the offsetting Dakota wells, Mr. Dugan?

A Pioneer Production has a well in the East Half of Section 15. There are two wells, two Dakota wells in Section 14, one in 11, two in 12, and two in 22.

Q In other words, it is offset to the south and east, but-

A East.

Q - -not directly offset to the north and west; is that correct?

A Yes, sir, that's correct.

Q All right, sir. Now, turning to your Exhibit Number Two, and if the Examiner please, the mails are supposed to be bringing some more copies of these exhibits somewhere between here and Amarillo, I guess. Is Exhibit No. Two a detailed outline of the ownership of this West Half of Section 15, Mr. Dugan?

A Yes, sir.

Q Approximately how long has Pioneer worked trying to determine the ownership in this area and to lease in this area?

A They have been working on it approximately one year and one man worked steady for approximately six months.

Q Mr. Lynndecker?

A Mr. Lynndecker.

Q And Mr. Lynndecker could not be here today; is that correct, he is in Oklahoma?

A That's correct.



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

Q Is it your information that Mr. Lynndecker has contacted in person or by mail or attempted to contact all of the owners in this area?

A Yes, sir.

Q And does Exhibit Number Three contain a list of the tracts unleased to date, or where we have no operating agreement or lease?

A Yes, sir, that is correct.

Q That totals a little less than 20 acres out of the total; is that correct?

A Yes, sir, that is correct.

Q 19½ acres?

A Yes.

Q Does Pioneer wish to have this order read so that anybody who wants to lease or wants to come in and joint operate can do so if they will do so within 30 days after the well is completed?

A Yes, sir.

Q Would Pioneer desire a risk factor and operating cost factor, Mr. Dugan?

A Yes, they would.

Q What would you suggest in that regard and on what basis?

A They would like a 25 percent risk factor, and estimate the cost of maintaining the well at \$65.00 per month.

Q Is there, in your judgment, a risk involved in the drilling of the well, Mr. Dugan?



A There is a risk involved in drilling any well.

Q You have the detailed cost of the estimate of the well; is that correct?

A Yes, sir, we have estimated the cost of drilling the well, which is \$86,500.00.

Q Now, once again, Pioneer is willing and would prefer that the order read that anybody who wants to lease or operate, joint operate, will have the opportunity to do so if they exhibit a desire to do so within 30 days after the well is completed?

A Yes, sir.

Q Is there anything further you care to state in connection with any of these exhibits, Mr. Dugan?

A No.

Q Do you know off of what information Mr. Lynndecker got his title information, Mr. Dugan, off of what sources?

A Off tax records and from abstract companies.

Q Exhibits One through Four were prepared by you or under your or Pioneer's supervision?

A Yes.

MR. BRATTON: We will offer in evidence Applicant's Exhibits One through Four.

MR. NUTTER: Applicant's Exhibits One through Four will be admitted in evidence.

MR. BRATTON: We have nothing further to offer at this time, sir.

* * *



MR. NUTTER: Does anyone have any questions of Mr. Dugan?

MR. ARNOLD: Mr. Dugan, how much acreage does Pioneer have under lease in the section?

A Right at 300 acres.

MR. ARNOLD: Right at 300.

MR. BRATTON: I believe that is under lease or some will be leased shortly. Some want to give very short term leases.

MR. ARNOLD: About 20 acres missing out of the unit lease?

A Yes, sir.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Dugan, in your estimate, or in your opinion, is an estimate of \$86,500.00 a reasonable cost for drilling and completing a producing well in the Basin-Dakota Gas Pool?

A Yes, sir, that is equipped with production equipment.

Q What is the anticipated depth of this well?

A 6400 feet.

Q 6400. This is completely equipped then with all the well head equipment and everything?

A Yes, sir.

Q Now, this application is also for an unorthodox location.

A Yes.

Q What is the reason for the unorthodox location?



A That is within the city limits of Farmington and we would have been on an orthodox location except for high lines which exist just to the west of our proposed location. We had to stay far enough away from them to raise the derrick. So, we have moved into an unorthodox location there.

Q I see. Now, this O. L. Chapman tract Number 199 where the well is located, what is that, a field or an undeveloped tract in there?

A It is an undeveloped tract, yes.

Q And there is room for a well at that site?

A Yes, sir. It is down along the river and in a rather swampy area. There are a few houses in the area, but not very many people live down in there.

Q Now, these numbers to the side of all these people's names, to the right-hand side on this Exhibit No. Three, is this the acreage included in each of those tracts?

A Yes, sir.

Q I see. A total of 19.519.

MR. NUTTER: Anyone else have any questions of Mr. Dugan? You may be excused. Do you have anything further, Mr. Bratton?

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in this case?

MR. DURRETT: Yes, sir, if the Examiner please. The Commission has received a letter dated January 31, 1964, received



by the Commission on February 3, 1964, from Opal Vincent, Builders Representative, in Bedford, Texas. I would like to read parts of that letter into the record.

"Dear Sir: The docket you sent to us, Docket Number 4-64, has a case Number 2980 which is stated as follows:" Then, they state the style of the case as printed on the docket. The next paragraph reads as follows: "We do not understand the words 'an order force-pooling all mineral interests' and the wording, 'the drilling of a well for said unit at an unorthodox location'." The next paragraph reads as follows: "We are not interested in the granting of this well until we understand what it means and if it is to our acreage. Thanking you, Opal Vincent."

And I also would like to state for the record that this letter was answered by Mr. Daniel S. Nutter, Chief Engineer, who is Examiner in this case, and that this is quite an extensive letter setting out the hearing, and the usual procedure in force pooling cases and that this will be placed in our file.

MR. NUTTER: Let the record reflect that the attempt of this letter was to explain what "force-pooling" means, and "unorthodox location" means.

Is there anything further in this case? Take the case under advisement.

* * * *



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

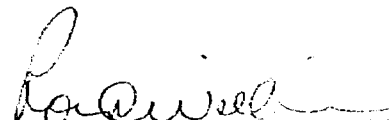
Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

STATE OF NEW MEXICO §

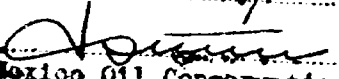
COUNTY OF BERNALILLO §

I, ROY D. WILKINS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal of Office, this 12 th day of February, 1964.


NOTARY PUBLIC

My Commission Expires:
September 6, 1967.

I do hereby verify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2980 heard by me on 2/5 1964.
 Examiner
New Mexico Oil Conservation Commission



604A file
604/2 15
San Juan

J.P. LEYENDECKER, JR.

List of un-leased tracts in West One-Half of Section 15, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico.

1. Town of Farmington tracts
2. May Leighton Estate, c/o Robert Leighton, 1400 Mesa Verde, Farmington, New Mexico.
Lots 2,3, & 4, Blk. 2, Hillcrest Addition 1.030
3. Clyde A. Ranson & Fannie Ranson,
314 North Church, Aztec, New Mexico.
N $\frac{1}{2}$ Lot 2, & All Lot 3, Blk.3, Hillcrest Addition .108
4. D.L. Lee Estate, c/o Wayne Uselman,
Aztec Highway, Farmington, New Mexico.
Lot 14, Blk 4, Hillcrest Addition .112
5. Forte Oil Co.,
615 West Maple (P.O. Box 1475) Farmington, New Mexico.
Tract 100 x 154 corner of Apache and Butler .353
6. William Cameron & Co., Division of Certain-Teed Products,
P.O. Drawer 169, FortWorth, Texas
Tract on East Main Street 1.160
7. R.L. Maddox and Emma Maddox,
411 Bunker Avenue, Aztec, New Mexico.
Tract off of East Main St., Farmington, New Mexico .395
8. Mark W. Maddox and Jettie G. Maddox,
931 East Navajo, Farmington, New Mexico.
Tracts (2) on East Main St., Farmington, New Mexico. .314
9. Robert L. Maddox, Inc., c/o Robert L. Maddox,
411 Bunker Avenue, Aztec, New Mexico.
Lot 10 & E 36.6' Lot 11, Blk.3, Triplett Subdivision #2, .280
10. Idris O. Campbell & Wouida Louise Campbell,
1208 Laguna, Farmington, New Mexico.
3 tracts on East Main Street .419
11. Maude L. Johnson, Widow, R.A. # 146, Aline, Oklahoma,
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.578
12. Buddy Alton Gray, and Wanda Fay Gray,
(No Address)
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.112
13. Martha A. Dean, c/o L.B. Dean, Jr.,
Star Lake Plant, Southern Union Gas Co., Cuba, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.413
14. Anna Askew (Sullivan)
429 East Broadway, Farmington, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.091
15. Virginia Quintana,
431 East Broadway, Farmington, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.250
16. C.T. Hegwer and Mary Alice Hegwar,
434 East Broadway, Farmington, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.614
17. Mary Louis Banas Hegwer,
434 East Broadway, Farmington, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.160

DOCKET MAILED

Date 1-24-64

List of un-leased tracts continued:

18. G.R. Hardin and Eloise Hardin, 1626 McDowell Road, Phoenix, Arizona Tract in SE $\frac{1}{4}$ NW $\frac{1}{4}$	1.860
19. Lillian Edwards, a widow 510 East Broadway, Farmington, New Mexico. Parts of lots 7 & 8, Blk.2 Triplett Subdivision #2	.206
20. W.E. & Opal Vincent, C/o Robert E. Vincent, 117 East Oak Street, Hurst, Texas North 73 feet Lots 10 & 11, Triplett Subdivision # 2	.185
21. Eugene Smith, et al 4560 Oxbow Drive, Sacramento, California South 50 feet Lots 8,9,10,11, Blk. 4, Triplett Subdivision #2	.227
22. Alvin Witt, 1115 Chaco, Farmington, New Mexico. South 50 feet Lots 12 & 13, Blk. 5, Triplett Subdivision #2	.183
23. Carmac Motors, P.O. Box 3168, Durango, Colorado. South 50 feet Lots 9 & 10, Blk.6, Triplett Subdivision #2	.126
24. Samuel J. Massey Route 4, Nageesi, New Mexico. South 50 feet Lots 11, 12, & 13, Blk.6, Triplett Subdivision #2	.170
25. James Aaron Younger, Sr & Opal V. Younger, 6102 Swiss Avenue, Dallas, Texas South 50 feet of Lots 14, 15, & 16, Blk. 6, Triplett Subdivision # 2	.200
26. West American Corporation, P.O. Box 1433, Farmington, New Mexico. Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$	2.494
27. Jack Walker and Berta Walker, P.O. Box 651, Farmington, New Mexico. Tract in SW $\frac{1}{4}$ SW $\frac{1}{4}$ on South Miller Street	.770
28. Stone, Liberman & Bass, 613 Oak Street, Farmington, New Mexico. Tract in SW $\frac{1}{4}$ SW $\frac{1}{4}$ on Oak Street	.205
29. Alvin Kemper & Freddy Kemper, 903 North Watson, Farmington, New Mexico. Tract in SW$\frac{1}{4}$SW$\frac{1}{4}$ on South Miller Street , Bonnie Vista Subdivision (1/2 interest) Lots 3,4,& 5 /	.295
30. Dale Harder & Maxine Harder, 912 Walnut Drive, Farmington, New Mexico. Lot 9, Blk. 1, Bonnie Vista Subdivision (1/2 interest)	.089
31. Felix R. Munoz, No Address. Lot 3, Blk.2, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.073
32. Melvin Buller and Gertrude H. Buller, 177 Almond Drive, Turlock, California Lot 4, Blk. 2, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.073
33. Leonard A. Garland & Doris M. Garland, 1017 Alpine, Farmington, New Mexico. Lot 7, Plk.3, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.083

List of unleased tracts, continued:

34. Charles R. Anderson & Gladys C. Anderson, 2013 Lynwood Drive, Farmington, New Mexico. Lot 4, Blk.4, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.065
35. Orville Leonard Johnson & Evelda Johnson 1013 Alpine, Farmington, New Mexico Lot 5, Blk.4, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.065
36. Dessie Sutor, 8736 Burton St., Bellflower, California Lot 7, Blk. 4, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.077
37. Claude W. Lester and Caroline B. Lester, 311 North Locke, Farmington, New Mexico. Lot 8, Blk. 5, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.080
38. Adela Valdez Aragon, Widow 901 Eighth S.W. Albuquerque, New Mexico. Lot 12, Blk.5, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.092
39. Dolores Valdez, Widow, 2325 E 11th, Farmington, New Mexico. Lot 13, Blk.5, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.092
40. Lille M. Edwards, Widow, 1009 South Butler, Farmington, New Mexico. North 8 feet of Lot 8, and All of Lots 9, & 10 Blk.20 Junction City	.186
41. Libradita Padilla, P.O. Box 574, Farmington, New Mexico. Lots 5 & 6 Blk. 19, Junction City	.160
42. Mae L. Rippetoe, 905 South Butler, or Mae's Cafe, Farmington, New Mexico. Lots 7 & 8, Blk 19, Junction City	.160
43. Joe M. Martinez P.O. Box 1455, Farmington, New Mexico. Lot 1, Blk. 18, Junction City	.080
44. Alva Morrow, deceased, Land now sold to State, Lots 8 & 9, & part of Lot 10, Blk. 18, Junction City /	.230
45. Joe H. Young & Ramal E. Young, 2406 Mabel Lane, Farmington, New Mexico. Part of Lot 11, & all of Lot 12, Blk. 18, Junction City	.100
46. Ben W. Hartley & Thelma Hartley, 804 South Butler, Farmington, New Mexico. Lots 1,2,3, & S. 13 feet Lot 4, South 13 feet Lot 21, and all of Lots 22,23, & 24, Blk. 13, Junction City ($\frac{1}{2}$ interest)	.500
47. Ben Espinosa & Marcella Espinosa P.O. Box 1696, Farmington, New Mexico. Lot 12 & tract 25 x 50 in Junction City ($\frac{1}{2}$ interest)	.090
48. George L. Thompson and Jackie M. Thompson, 708 South Butler, Farmington, New Mexico. Lots 15, 16 & 17, Blk. 13 Junction City ($\frac{1}{2}$ interest)	.129
49. Arthur McKnight and Dollie McKnight, 716 South Butler, Farmington, New Mexico. Lots 18, 19, & 20 and North 12 feet Lot 21, Blk. 13, Junction City ($\frac{1}{2}$ interest)	.148
50. M.P. McEwen, C/o Alma Morgan, 812 $\frac{1}{2}$ South Butler, Farmington, New Mexico. Lot 12, Blk. 12, Junction City	.280

List of Un-leased tracts, continued:

51. Della P. Valencia, Address Unknown. Lots 7, 8 & 9, Blk. 7, & Lots 18 & N $\frac{1}{2}$ 19, Blk. 4, Junction City	.360
52. Jose Ulibarri (Sold to State) XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX West 75 feet Lots 17 & 18, Blk. 5, Junction City	.086
53. Ernest Jacquez Box 216, Dolores, Colorado. Lots 21, 22, 23, & 24, Blk. 4. Junction City	.321
54. Daisy Graham, Box 222, Farmington, New Mexico. Tract of land in SE $\frac{1}{4}$ SW $\frac{1}{4}$	1.560 1.560
55. James A. Brown, Box 313, Farmington, New Mexico. Tract in SE $\frac{1}{4}$ SW $\frac{1}{4}$ (200 x 120)	.550
56. Nick Sanchez Box 622, Farmington, New Mexico. Description ambiguous, Tax rolls show 1-1/4 acre.	
57. Eddie Matthews & Omia Matthews Box 1201, Farmington, New Mexico. Lots 3 & 4, Blk. 19 Junction City & Tract of land in SE $\frac{1}{4}$ SW $\frac{1}{4}$.160
58. Jose E. Valdez & Gerard. 913 McCormick Road, Farmington, New Mexico. Lot 1, Copeland Subdivision	.320

19.519

120
200
24000

Feb 5 Examini

Case

Application of Pioneer Production Corp
for zone - pooling, ^{and an unorthodox location} San Juan County,
New Mexico.

Applicant, in the above styled cause,
seeks ~~an~~ force - pooling of all mineral
interests in the Basin - Dakota Pool
underlying the W/2 of Section 15,
T 29 N R 13 W, ~~Town of Farmington,~~
~~San Juan County, New Mexico~~
~~to be dedicated~~ ^{and authority to drill a well} ~~to be drilled at an unorthodox location~~
1625 feet from the South line and
1250 feet from the West line of said
Section 15, Town of Farmington,
San Juan County, New Mexico.

Vocket to Howard Bratton

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
MICHAEL R. WALLER

LAW OFFICES
HINKLE, BONDURANT, BRATTON & CHRISTY
HINKLE BUILDING
ROSWELL, NEW MEXICO

OF COUNSEL: HIRAM M. GOW

TELEPHONE 622-6510
AREA CODE 505
POST OFFICE BOX 105

January 21, 1964

New Mexico Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Gentlemen:

Pioneer Production Corporation hereby makes application for the forced pooling of all mineral interests in the W $\frac{1}{2}$ of Section 15, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico to a well to be drilled to the Dakota Formation at a location 1625 feet from the south line and 1250 feet from the west line of said Section 15. Inasmuch as this is an unorthodox location, we request that the hearing also approve the unorthodox location.

Pioneer Production Corporation will be the operator of the well. There is attached hereto a list of the unleased tracts in the W $\frac{1}{2}$ of Section 15.

I have not gone into the matter in detail, but I assume that Pioneer will ask for a normal operating charge, and may ask a risk factor as to the working interest portions of any unleased interest who do not enter into leases.

It is our understanding that the above matter will be set for hearing on the February 6th Examiner hearing. If there is anything further which you need at this time, please let us hear from you.

Very truly yours,


HINKLE, BONDURANT, BRATTON & CHRISTY


Howard C. Bratton

HCB:bb

Attachment

DOCKET MAILED

124-64


OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 3, 1964

Opal Vincent
800 Glenda
Bedford, Texas

Dear Mrs. Vincent:

We are in receipt of your letter of January 31, 1964, regarding Case No. 2980, Docket No. 4-64.

In this case, Pioneer Production Corporation is attempting to form a standard 320-acre gas proration unit in the Basin-Dakota Gas Pool. They have been unable to secure leases on numerous town-lots in the City of Farmington and are therefore seeking to use our "force pooling" statute whereby the Commission, after a public hearing on the matter, can enter an order pooling all of the mineral owners in a gas proration unit to form a standard unit.

Normally the company making the application is declared the operator of the well and puts the money up to drill the well. The parties which were pooled then have a choice of paying their share of the well costs in cash or in allowing the operator to withhold their share out of production, in which case an extra 25 to 50 percent of the well costs is added to compensate for the risk taken in obtaining a pay-out on the investment.

As to the unorthodox location portion of the application, the rules require a Dakota well to be no nearer than 790 feet to the outer boundary of the 320-acre unit and no nearer than 130 feet to a quarter-quarter section line. The proposed location is less than the required 130 feet from a quarter-quarter section line. For this reason it is considered an unorthodox location.

Pioneer's application lists W. E. and Opal Vincent, c/o Robert E. Vincent, 117 East Oak Street, Hurst, Texas, as being the owners of the North 73 feet, Lots 10 and 11, Triplett Subdivision No. 2. According to the application, this property would be about 0.185 acres and would therefore carry about 0.058 percent of the well costs and revenues.

Very truly yours,

DANIEL S. MUTTER
Chief Engineer

DSN/esr

Opal Vincent

Builders Representative

XXXXXXXXXX

XXXXXXXXXX

XXXXXXXXXX

800 Glenda

BU2-1522

Bedford, Texas

January 31, 1964

*File
Case File
2980*

Oil Conservation Commission
Santa Fe, New Mexico

ATT: Daniel S. Nutter, Examiner

Dear Sir:

A docket you sent to us, Docket # 4-64 has a case # 2980 which is stated as follows:

Application of Pioneer Production Corporation for force pooling and an unorthodox location, San Jaun County, New Mexico. Applicant, in the above styled cause, seeks an order force pooling all mineral interests in the Basin Dakota Pool underlying the W/2 of section 15, Township 29 North, Range 13 West and authorizing the drilling of a well for said unit at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15, Town of Farmington, San Jaun County, New Mexico.

We do not understand the words "an order force pooling all mineral interests" and the wording "drilling of a well for said unit at an unorthodox location."

We are NOT interested in the granting of this case until we understand what it means and if it is too OUR advantage.

Thanking you,

Opal Vincent
Opal Vincent

ns

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 5, 1964

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

- CASE 2976: Application of Midland Production Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Hill & Meeker Phillips Cryer Well No. 34-2 located 2310 feet from the South and West lines of Section 34, Township 10 South, Range 36 East, to bottom in the Devonian formation 1980 feet from the North and West lines of said Section 34, Lea County, New Mexico.
- CASE 2977: Application of Cities Service Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Brunson C Well No. 4, located in Unit J of Section 3, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Blinbry and Drinkard Oil Pools through parallel strings of 1 1/2 inch and 2 1/16 inch tubing, respectively.
- CASE 2978: Application of Union Oil Company of California for a waterflood expansion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Caprock Queen Unit Waterflood Project, Caprock Queen Pool, Chaves County, New Mexico, by the conversion of nine additional wells located in Sections 28, 29, and 33, Township 14 South, Range 31 East, and Sections 3 and 4, Township 15 South, Range 31 East, to water injection.
- CASE 2979: Application of Pan American Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through its U. S. A. Malco Refineries 'G' Well No. 13, located 2302 feet from the South line and 1650 feet from the West line of Section 10, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.
- CASE 2980: Application of Pioneer Production Corporation for force-pooling and an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Pool underlying the W/2 of Section 15, Township 29

-2- Case 2980 continued from page 1

North, Range 13 West, and authorizing the drilling of a well for said unit at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15, Town of Farmington, San Juan County, New Mexico.

- CASE 2981: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Northwest Eumont Unit Area comprising 2,760 acres, more or less, of State and fee lands in Township 19 South, Range 36 East, Lea County, New Mexico.
- CASE 2982: Application of Gulf Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Eumont Gas Pool by the injection of water into the Queen formation through 15 wells in Sections 11, 14, 15, 22 and 23, Township 19 South, Range 36 East, Lea County, New Mexico.
- CASE 2983: Application of The Pure Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Brinninstool Unit Area comprising 17,237 acres, more or less, of Federal and State lands in Townships 23 and 24 South, Ranges 32 and 33 East, Lea County, New Mexico.
- CASE 2984: Application of The Pure Oil Company and Continental Carbon Company to utilize natural gas in a carbon black plant, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to utilize approximately 7 MCF of Devonian gas per day in the Continental Carbon Company carbon black plant near Eunice, New Mexico, said gas to be produced from The Pure Oil Company Wilson Deep Unit Well No. 1, located in the SE/4 NW/4 of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico.
- CASE 2985: Application of Shell Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Bootleg Ridge Unit Area comprising 10,818 acres, more or less, of State and Federal lands in Townships 22 and 23 South, Ranges 32 and 33 East, Lea County, New Mexico.

CASE 2986: Application of Shell Oil Company to establish a GOR limit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special gas-oil ratio limitation of 5,000 cubic feet of gas for each barrel of oil produced in the Mesa-Queen Pool, Lea County, New Mexico.

CASE 2987: Application of Shell Oil Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the South Bitter Lake-San Andres Pool, by the injection of water into the San Andres formation through three wells at unorthodox locations in Sections 27 and 34, Township 10 South, Range 25 East, Chaves County, New Mexico.

CASE 2480 (Reopened):

In the matter of Case No. 2480 being reopened pursuant to the provisions of Order No. R-2182-A which continued for a period of one year the temporary 80-acre proration units established by Order No. R-2182, Henshaw-Wolfcamp Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2988: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit George E. Willett and all other interested parties to appear and show cause why the SDD Hare Well No. 7, located 600 feet from the South line and 1360 feet from the East line of Section 14, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

DRAFT

JMD/esr

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. 2980

Order No. R- 2650

APPLICATION OF PIONEER PRODUCTION
CORPORATION FOR FORCE-POOLING AND
AN UNORTHODOX LOCATION, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 5, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of February, 1964, the Commission, a quorum being present, having considered the ~~application and the~~ testimony, the record, ~~evidence adduced,~~ 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, Pioneer Production Corporation, seeks an order pooling all mineral interests in the Basin-Dakota Gas Pool underlying the W/2 of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

(3) That the applicant ~~further~~ ^{also} seeks an exception to the Special Rules and Regulations for the Basin-Dakota Gas Pool to drill a well for said unit at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15.

(4) That it is impracticable to drill a well at a standard location in the W/2 of said Section 15 due to the topographical conditions and that the unorthodox location should therefore be approved.

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

6 (6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the ^{Basin-Dakota Gas Pool} ~~subject proration unit~~, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(8) 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.

(9) 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 ~~25~~ ²⁵ percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) 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.

(12) That ^{\$65.00} ~~\$75.00~~ per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

(13) 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 ~~proof of ownership~~ ^{proof of ownership}.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pioneer Production Corporation, is hereby granted an exception to the Special Rules and Regulations for the Basin-Dakota Gas Pool to drill a well at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

(2) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit, to be dedicated to a well to be drilled at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15.

(3) That Pioneer Production Corporation is hereby designated the operator of the subject well and unit.

~~That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.~~

(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 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.
- (B) As a charge for the risk involved in the drilling of the well, ~~20%~~ ^{25%} 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.

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

(7) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 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

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Case No. ~~2900~~ 2980

Order No. R-~~2552~~

within 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(9) That within 30 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.

~~765.00~~
(10) That \$~~75.00~~ per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(11) 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.

(12) 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.

(13) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in ~~San Juan~~ 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.~~ 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.

(14) 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

noted to the following effect: That if no objection to the actual well costs is filed within 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. B. JOHNNY WALKER
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

February 12, 1964

Mr. Howard Bratton
Hinkle, Bondurant, Bratton & Christy
Attorneys at Law
Box 10
Roswell, New Mexico

Re: Case No. 2980
Order No. R-2650
Applicant:

Pioneer Prod. Corp.

Dear Sir:

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

Very truly yours,

A handwritten signature in cursive script that reads "A. L. Porter, Jr.".

A. L. PORTER, Jr.
Secretary-Director

ix/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC x

OTHER Also to parties which appear on list attached to application.

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. 2980
Order No. R-2650

APPLICATION OF PIONEER PRODUCTION
CORPORATION FOR FORCE-POOLING AND
AN UNORTHODOX LOCATION, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
February 5, 1964, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this 12th day of February, 1964, 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, Pioneer Production Corporation,
seeks an order pooling all mineral interests in the Basin-Dakota
Gas Pool underlying the W/2 of Section 15, Township 29 North,
Range 13 West, NMPM, San Juan County, New Mexico.

(3) That the applicant also seeks an exception to the
Special Rules and Regulations for the Basin-Dakota Gas Pool to
drill a well for said unit at an unorthodox location 1625 feet
from the South line and 1250 feet from the West line of said
Section 15.

(4) That it is impracticable to drill a well at a standard
location in the W/2 of said Section 15 due to the topographical
conditions and that the unorthodox location should therefore
be approved.

(5) That there are interest owners in the proposed prora-
tion unit who have not agreed to pool their interests.

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CASE No. 2980
Order No. R-2650

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

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

(8) 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.

(9) 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 25 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) 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.

(12) That \$65.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Pioneer Production Corporation, is hereby granted an exception to the Special Rules and Regulations for the Basin-Dakota Gas Pool to drill a well at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

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CASE No. 2980

Order No. R-2650

(2) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit, to be dedicated to a well to be drilled at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15.

(3) That Pioneer Production Corporation is hereby designated the operator of the subject well and unit.

(4) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.

(5) 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.

(6) 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.

(B) As a charge for the risk involved in the drilling of the well, 25 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.

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

(8) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 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 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day

-4-

CASE No. 2980
Order No. R-2650

period, the Commission will determine reasonable well costs after public notice and hearing.

(9) That within 30 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.

(10) That \$65.00 per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

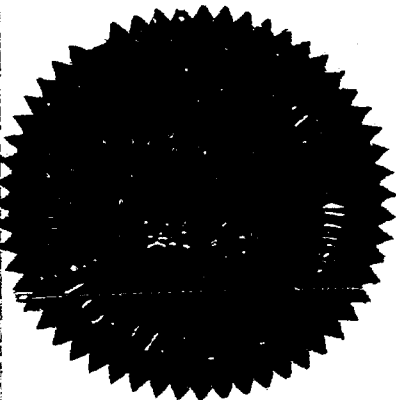
(11) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(12) 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.

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

(14) 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

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

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

esr/

(Mine Okla 2--16--64

Dear Sir

I answered to the papers I received from you yesterday if I understand it right then ~~there~~ ^{there} is objection to a well being drilled close ^{on} on Sec 10 and I object to it. To those who have read the paper and ask them for their opinion it is the first time any of us have heard that an oil co. wants to drill a well and the property owners to pay for it. I will not consent to a oil well any where close to my property now or any other time. I maybe wrong but I won't go for any thing like I understand it. Please excuse me for expressing my opinion but to me it sounds like a gyp.

I Thank you

Maud L Johnson

Rec 2980
Cord

PIONEER PRODUCTION CORPORATION
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
AMARILLO OIL COMPANY
 DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. 345LEASE NAME Farmington "C" WELL NO. 1 W. I. 100%COUNTY San Juan STATE New Mexico FIELD Basin Dakota
W/2 Section 15-29N-13W**DRILLING INTANGIBLES:**

	PRODUCER	DRY HOLE
1. Drilling Cost <u>6400</u> Feet @ <u>4.00</u> Per Foot	25,600.00	25,600.00
2. Day Work <u>2 days w/dp @ 750</u>	1,500.00	1,500.00
<u>2 days wo/dp @ 650</u>	1,300.00	1,300.00
3. Coring Service <u>Well Surveys 2,000</u>	2,000.00	2,000.00
4. Testing		
5. Fuel <u>Contractor</u> Water <u>Contractor</u>	--	--
6. Mud <u>3,000</u> Mud Logging Service	3,000.00	3,000.00
7. Cementing Service <u>Cement</u> Floats	3,000.00	1,500.00
8. Company Labor <u>Contract Labor & Completion Unit</u>	3,000.00	750.00
9. Digging Pits <u>Contractor</u> Filling Pits <u>500</u>	500.00	500.00
10. Roads & Bridges <u>Dredging & Grading</u>	1,500.00	1,500.00
11. Acidizing <u>Fracturing 7,000</u> Perforating <u>2,000</u>	9,000.00	--
12. Plugging		
13. Other Costs <u>Supervision, company expense</u>	1,500.00	1,000.00
<u>Trucking</u>	1,000.00	500.00
<u>Tool rentals</u>	500.00	--
<u>10% contingency</u>	5,340.00	3,915.00
TOTAL INTANGIBLES	58,740.00	43,065.00

WELL EQUIPMENT:

14. Casing <u>250</u> Ft. of <u>8-5/8"</u> @ <u>2.92</u> Per Ft. <u>730</u>		
<u>6400</u> <u>4-1/2"</u> <u>1.12</u> <u>9,088</u>	9,818.00	730.00
15. Tubing <u>6400</u> Ft. of <u>2-3/8"</u> @ <u>.70</u> Per Ft. <u>4,480</u>	4,480.00	--
16. Casing Head		
17. Xmas Tree or Pumping Connections	2,000.00	--
18. Pumping Unit		
19. Engine		
20. Sucker Rods		
21. Pump		
	4,000.00	--

PIONEER PRODUCTION CORPORATION
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
PIONEER OIL COMPANY
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. 345
 LEASE NAME Farmington "C" WELL NO. 1 W. I. 100%
 COUNTY San Juan STATE New Mexico FIELD Basin Dakota
W/2 Section 15-29N-13W

DRILLING INTANGIBLES:

	PRODUCER	DRY HOLE
1. Drilling Cost <u>6400</u> Feet @ <u>4.00</u> Per Foot	<u>25,600.00</u>	<u>25,600.00</u>
2. Day Work <u>2 days w/dp @ 750</u>	<u>1,500.00</u>	<u>1,500.00</u>
<u>2 days wo/dp @ 650</u>	<u>1,300.00</u>	<u>1,300.00</u>
3. Coring Service <u>Well Surveys 2,000</u>	<u>2,000.00</u>	<u>2,000.00</u>
4. Testing		
5. Fuel <u>Contractor</u> Water <u>Contractor</u>	<u>--</u>	<u>--</u>
6. Mud <u>3,000</u> Mud Logging Service	<u>3,000.00</u>	<u>3,000.00</u>
7. Cementing Service <u>Cement</u> Floats	<u>3,000.00</u>	<u>1,500.00</u>
8. Company Labor <u>Contract Labor & Completion Unit</u>	<u>3,000.00</u>	<u>750.00</u>
9. Digging Pits <u>Contractor</u> Filling Pits <u>500</u>	<u>500.00</u>	<u>500.00</u>
10. Roads & Bridges <u>Dredging & Grading</u>	<u>1,500.00</u>	<u>1,500.00</u>
11. Acidizing <u>Fracturing 7,000</u> Perforating <u>2,000</u>	<u>9,000.00</u>	<u>--</u>
12. Plugging		
13. Other Costs <u>Supervision, company expense</u>	<u>1,500.00</u>	<u>1,000.00</u>
<u>Trucking</u>	<u>1,000.00</u>	<u>500.00</u>
<u>Tool rentals</u>	<u>500.00</u>	<u>--</u>
<u>10% contingency</u>	<u>5,340.00</u>	<u>3,915.00</u>
TOTAL INTANGIBLES	<u>58,740.00</u>	<u>43,065.00</u>

WELL EQUIPMENT:

14. Casing <u>250</u> Ft. of <u>8-5/8"</u> @ <u>2.92</u> Per Ft. <u>730</u>		
<u>6400</u> <u>4-1/2"</u> <u>1.42</u> <u>9,088</u>	<u>9,818.00</u>	<u>730.00</u>
15. Tubing <u>6400</u> Ft. of <u>2-3/8"</u> @ <u>.70</u> Per Ft. <u>4,480</u>	<u>4,480.00</u>	<u>--</u>
16. Casing Head		
17. Xmas Tree or Pumping Connections	<u>2,000.00</u>	<u>--</u>
18. Pumping Unit		
19. Engine		
20. Sucker Rods		
21. Pump		
22. Tank Battery	<u>4,000.00</u>	<u>--</u>
23. Separator or Dehydration Equip.	<u>6,000.00</u>	<u>--</u>
24. Metering Equipment		
25. Flow Lines	<u>1,000.00</u>	<u>--</u>
26. Other	<u>500.00</u>	<u>--</u>
TOTAL TANGIBLES	<u>27,798.00</u>	<u>730.00</u>

TOTAL COST OF WELL 86,538.00 43,795.00
 LESS CONTRIBUTIONS
 NET COST OF WELL
 OUR SHARE (IF LESS THAN 100%)

REMARKS:

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 4CASE NO. 2580

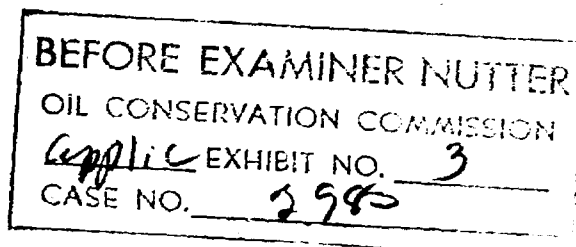
Originated By E. S. Morris Date 1/29/64
 Approved PIONEER PRODUCTION CORPORATION Date 1/29/64
 Approved _____ Date _____
 Approved _____ Date _____

COPY FILE
601/2 15
Jan 1960

J.P. LEYENDECKER, JR.

List of un-leased tracts in West One-Half of Section 15, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico.

1. Town of Farmington tracts
2. May Leighton Estate, c/o Robert Leighton, 1400 Mesa Verde, Farmington, New Mexico.
Lots 2,3, & 4, Blk. 2, Hillcrest Addition 1.030
3. Clyde A. Ranson & Fannie Ranson,
314 North Church, Aztec, New Mexico.
N $\frac{1}{2}$ Lot 2, & All Lot 3, Blk.3, Hillcrest Addition .108
4. D.L. Lee Estate, c/o Wayne Uselman,
Aztec Highway, Farmington, New Mexico.
Lot 14, Blk 4, Hillcrest Addition .112
5. Forte Oil Co.,
615 West Maple (P.O. Box 1475) Farmington, New Mexico.
Tract 100 x 154 corner of Apache and Butler .353
6. William Cameron & Co., Division of Certain-Teed Products,
P.O. Drawer 169, FortWorth, Texas
Tract on East Main Street 1.160
7. R.L. Maddox and Emma Maddox,
411 Bunker Avenue, Aztec, New Mexico.
Tract off of East Main St., Farmington, New Mexico .395
8. Mark W. Maddox and Jettie G. Maddox,
931 East Navajo, Farmington, New Mexico.
Tracts (2) on East Main St., Farmington, New Mexico. .314
9. Robert L. Maddox, Inc., c/o Robert L. Maddox,
411 Bunker Avenue, Aztec, New Mexico.
Lot 10 & E 36.6' Lot 11, Blk.3, Triplett Subdivision #2, .280
10. Idris O. Campbell & Wouida Louise Campbell,
1208 Laguna, Farmington, New Mexico.
3 tracts on East Main Street .419
11. Maude L. Johnson, Widow, R.A. # 146, Aline, Oklahoma,
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.578
12. Buddy Alton Gray, and Wanda Fay Gray,
(No Address)
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.112
13. Martha A. Dean, c/o L.B. Dean, Jr.,
Star Lake Plant, Southern Union Gas Co., Cuba, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.413
14. Anna Askew (Sullivan)
429 East Broadway, Farmington, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.091
15. Virginia Quintana,
431 East Broadway, Farmington, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.250
16. C.T. Hegwer and Mary Alice Hegwer,
434 East Broadway, Farmington, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.614
17. Mary Louis Banas Hegwer,
434 East Broadway, Farmington, New Mexico.
Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$.160



List of un-leased tracts continued:

18. G.R. Hardin and Eloise Hardin, 1626 McDowell Road, Phoenix, Arizona Tract in SE $\frac{1}{4}$ NW $\frac{1}{4}$	1.860
19. Lillian Edwards, a widow 510 East Broadway, Farmington, New Mexico. Parts of lots 7 & 8, Blk.2 Triplett Subdivision #2	.206
20. W.E. & Opal Vincent, C/o Robert E. Vincent, 117 East Oak Street, Hurst, Texas North 73 feet Lots 10 & 11, Triplett Subdivision # 2	.185
21. Eugene Smith, et al 4560 Oxbow Drive, Sacramento, California South 50 feet Lots 8,9,10,11, Blk. 4, Triplett Subdivision #2	.227
22. Alvin Witt, 1115 Chaco, Farmington, New Mexico. South 50 feet Lots 12 & 13, Blk. 5, Triplett Subdivision #2	.183
23. Carmac Motors, P.O. Box 3168, Durango, Colorado. South 50 feet Lots 9 & 10, Blk.6, Triplett Subdivision #2	.126
24. Samuel J. Massey Route 4, Nageesi, New Mexico. South 50 feet Lots 11, 12, & 13, Blk.6, Triplett Subdivision #2	.170
25. James Aaron Younger, Sr & Opal V. Younger, 6102 Swiss Avenue, Dallas, Texas South 50 feet of Lots 14, 15, & 16, Blk. 6, Triplett Subdivision # 2	.200
26. West American Corporation, P.O. Box 1433, Farmington, New Mexico. Tract in SW $\frac{1}{4}$ NW $\frac{1}{4}$	2.494
27. Jack Walker and Berta Walker, P.O. Box 651, Farmington, New Mexico. Tract in SW $\frac{1}{4}$ SW $\frac{1}{4}$ on South Miller Street	.770
28. Stone, Liberman & Bass, 613 Oak Street, Farmington, New Mexico. Tract in SW $\frac{1}{4}$ SW $\frac{1}{4}$ on Oak Street	.205
29. Alvin Kemper & Preddy Kemper, 903 North Watson, Farmington, New Mexico. XXXXXXXXXXXX , Bonnie Vista Subdivision (1/2 interest) Lots 3,4,& 5 /	.295
30. Dale Harder & Maxine Harder, 912 Walnut Drive, Farmington, New Mexico. Lot 9, Blk. 1, Bonnie Vista Subdivision (1/2 interest)	.089
31. Felix R. Munoz, No Address. Lot 3, Blk.2, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.073
32. Melvin Buller and Gertrude H. Buller, 177 Almond Drive, Turlock, California Lot 4, Blk. 2, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.073
33. Leonard A. Garland & Doris M. Garland, 1017 Alpine, Farmington, New Mexico. Lot 7, Blk.3, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.083

List of unleased tracts, continued:

34. Charles R. Anderson & Gladys C. Anderson, 2013 Lynwood Drive, Farmington, New Mexico. Lot 4, Blk.4, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.065
35. Orville Leonard Johnson & Evela Johnson 1013 Alpine, Farmington, New Mexico Lot 5, Blk.4, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.065
36. Dessie Suitor, 8736 Burton St., Bellflower, California Lot 7, Blk. 4, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.077
37. Claude W. Lester and Caroline B. Lester, 313 North Locke, Farmington, New Mexico. Lot 8, Blk. 5, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.080
38. Adela Valdez Aragon, WIDOW 901 Eighth S.W. Albuquerque, New Mexico. Lot 12, Blk.5, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.092
39. Dolores Valdez, Widow, 2325 E 11th, Farmington, New Mexico. Lot 13, Blk.5, Bonnie Vista Subdivision ($\frac{1}{2}$ interest)	.092
40. Lille M. Edwards, Widow, 1009 South Butler, Farmington, New Mexico. North 8 feet of Lot 8, and All of Lots 9, & 10 Blk.20 Junction City	.186
41. Libradita Padilla, P.O. Box 574, Farmington, New Mexico. Lots 5 & 6 Blk. 19, Junction City	.160
42. Mae L. Rippetoe, 905 South Butler, or Mae's Cafe, Farmington, New Mexico. Lots 7 & 8, Blk 19, Junction City	.160
43. Joe M. Martinez P.O. Box 1455, Farmington, New Mexico. Lot 1, Blk. 18, Junction City	.080
44. Alva Morrow, deceased, Land now sold to State, Lots 8 & 9, & part of Lot 10, Blk. 18, Junction City /	.230
45. Joe H. Young & Ramal E. Young, 2406 Mabel Lane, Farmington, New Mexico. Part of Lot 11, & all of Lot 12, Blk. 18, Junction City	.100
46. Ben W. Hartley & Thelma Hartley, 804 South Butler, Farmington, New Mexico. Lots 1,2,3, & S. 13 feet Lot 4, South 13 feet Lot 21, and all of Lots 22,23, & 24, Blk. 13, Junction City ($\frac{1}{2}$ interest)	.500
47. Ben Espinosa & Marcella Espinosa P.O. Box 1696, Farmington, New Mexico. Lot 12 & tract 25 x 50 in Junction City ($\frac{1}{2}$ interest)	.090
48. George L. Thompson and Jackie M. Thompson, 708 South Butler, Farmington, New Mexico. Lots 15, 16 & 17, Blk. 13 Junction City ($\frac{1}{2}$ interest)	.129
49. Arthur McKnight and Dollie McKnight, 716 South Butler, Farmington, New Mexico. Lots 18, 19, & 20 and North 12 feet Lot 21, Blk. 13, Junction City ($\frac{1}{2}$ interest)	.148
50. M.P. McEwen, C/o Alma Morgan, 812 $\frac{1}{2}$ South Butler, Farmington, New Mexico. Lot 12, Blk. 12, Junction City	.280

List of Un-leased tracts, continued:

51. Della P. Valencio,
Address Unknown.
Lots 7, 8 & 9, Blk. 7, & Lots 18 & ~~N~~19, Blk. 4, Junction City .360
52. Jose Ulibarri (Sold to State)
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ .086
West 75 feet Lots 17 & 18, Blk. 5, Junction City
53. Ernest Jacquez
Box 216, Dolores, Colorado.
Lots 21, 22, 23, & 24, Blk. 4. Junction City .321
54. Daisy Graham,
Box 222, Farmington, New Mexico. 1.560
Tract of land in SE $\frac{1}{4}$ SW $\frac{1}{4}$ ~~MEB~~
55. James A. Brown,
Box 313, Farmington, New Mexico.
Tract in SE $\frac{1}{4}$ SW $\frac{1}{4}$ (200 x 120) .550
56. Nick Sanchez
Box 622,
Farmington, New Mexico.

Description ambiguous, Tax rolls show 1-1/4 acre.
57. Eddie Matthews & Oma Matthews
Box 1201, Farmington, New Mexico.
Lots 3 & 4, Blk. 19 Junction City & Tract of land in SE $\frac{1}{4}$ SW $\frac{1}{4}$.160
58. Jose E. Valdez & Gerard.
913 McCormick Road, Farmington, New Mexico.
Lot 1, Copeland Subdivision .320

19.519

MAIN OFFICE
PIONEER PRODUCTION CORPORATION

P. O. BOX 2542

1964 MAR 2 AMARILLO, TEXAS
8:27

February 27, 1964

TO THE MINERAL OWNERS WHO HAVE NOT PREVIOUSLY CONSENTED BY LEASE OR OTHERWISE TO THE PROPOSED DRILLING OF A WELL FOR OIL OR GAS BY PIONEER PRODUCTION CORPORATION UPON THE $W\frac{1}{2}$ OF SECTION 15-29N-13W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO:

Re: Farmington "C" No. 1 Well

We propose to drill a well for oil or gas upon the above land and the New Mexico Oil Conservation Commission has issued its pooling order requiring that we advise each of you as to the estimated costs thereof. The order provides that as to any owners who do not join in the drilling of the well, we shall be entitled to withhold from their share of the production a sum equal to 25% of their share of the well costs unless he pays his share of such costs. The order further provides, however, that a non-consenting owner may advance to us within 30 days from his receipt hereof his proportionate share of the estimated costs (subject to adjustment upon any determination of reasonable costs) and in that event he shall not be liable for any part of the 25% risk charge but shall be liable only for his proportionate part of the operating costs. In the event the well costs and risk charge are withheld the same would be withheld as to $7/8$ of the non-consenting owner's interest.

A copy of the estimated well costs is attached and your share would be that proportion of your ownership of the oil and gas in the 320 acre tract. Thus, if you owned the oil and gas in fee in one net acre your share would be $1/320$. If you desire, you may compute your share of such costs and make your advancement at this time or within 30 days from your receipt hereof. You should assume that the well will be a producer, and compute your part of the cost upon this basis. If it is not, you will be entitled to a refund as to your proportionate part of the cost reduction for a dry hole.

You can also consent to the drilling of this well by granting us an oil and gas lease as to your interest in said acreage upon either of the following considerations:

1. Reservation in yourself of the usual $1/8$ royalty and with our payment to you of a bonus consideration of \$65.00 per net mineral acre in the oil and gas owned by you in the $W\frac{1}{2}$ of said Section 15; or
2. Reservation in yourself of a $\frac{1}{4}$ royalty and no payment of bonus consideration.

If you desire to participate by lease to us we would want it to be upon the same form as executed by the others, to-wit: The Community Oil and Gas

lease, 5 Year Paid Up, Producers 88 Revised New Mexico Standard Form.

Please advise us by return mail upon the additional enclosed copy of this letter the basis upon which you desire to participate in this well by checking the appropriate spaces indicated below and mailing the same to us in the enclosed stamped, self-addressed envelope.

If you desire to participate by lease, we shall mail you the appropriate form.

Thanking you, we are

Very truly yours,



Wm. L. Darrah

fs

The undersigned wishes to participate in said well as a lessor under the lease form described above upon the basis of alternative No. . Fill in the blank to indicate whether ALTERNATIVE NO. 1 (1/8 royalty and bonus consideration) or ALTERNATIVE NO. 2 (1/4 royalty and no bonus consideration) is desired by writing the #1 or #2 in such blank.

The undersigned owns mineral acres in fee in the W $\frac{1}{2}$ of said Section 15.

The name of the undersigned's spouse is .

The undersigned owner is not married .

The undersigned's correct mailing address is ,
 .

Signed:

Date:

PIONEER PRODUCTION CORPORATION

P. O. BOX 2542

AMARILLO, TEXAS

February 27, 1964

TO THE MINERAL OWNERS WHO HAVE NOT PREVIOUSLY CONSENTED BY LEASE OR OTHERWISE TO THE PROPOSED DRILLING OF A WELL FOR OIL OR GAS BY PIONEER PRODUCTION CORPORATION UPON THE $W\frac{1}{2}$ OF SECTION 15-29N-13W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO:

Re: Farmington "C" No. 1 Well

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A copy of the estimated well costs is attached and your share would be that proportion of your ownership of the oil and gas in the 320 acre tract. Thus, if you owned the oil and gas in fee in one net acre your share would be $1/320$. If you desire, you ^{may} compute your share of such costs and make your advancement at this time or within 30 days from your receipt hereof. You should assume that the well will be a producer, and compute your part of the cost upon this basis. If it is not, you will be entitled to a refund as to your proportionate part of the cost reduction for a dry hole.

You can also consent to the drilling of this well by granting us an oil and gas lease as to your interest in said acreage upon either of the following considerations:

1. Reservation in yourself of the usual $1/8$ royalty and with our payment to you of a bonus consideration of \$65.00 per net mineral acre in the oil and gas owned by you in the $W\frac{1}{2}$ of said Section 15; or

2. Reservation in yourself of a $1/4$ royalty and no payment of bonus consideration.

If you desire to participate by lease to us we would want it to be upon the same form as executed by the others, to-wit: The Community Oil and Gas

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Wm. L. Darrah

fs

The undersigned wishes to participate in said well as a Lessor under the lease form described above upon the basis of alternative No. . Fill in the blank to indicate whether ALTERNATIVE NO. 1 (1/8 royalty and bonus consideration) or ALTERNATIVE NO. 2 (1/4 royalty and no bonus consideration) is desired by writing the #1 or #2 in such blank.

The undersigned owns _____ mineral acres in fee in the W $\frac{1}{2}$ of said Section 15.

The name of the undersigned's spouse is _____.

The undersigned owner is not married _____.

The undersigned's correct mailing address is _____,
_____.

Signed: _____

Date: _____

PIONEER PRODUCTION CORPORATION

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. 345
 LEASE NAME Farmington "C" WELL NO. 1 W. I. 100%
 COUNTY San Juan STATE New Mexico FIELD Basin Dakota
W/2 Section 15-29N-13W

DRILLING INTANGIBLES:	PRODUCER	NOV HOLE
1. Drilling Cost <u>6400</u> Feet @ <u>4.00</u> Per Foot	25,600.00	25,600.00
2. Day Work <u>2 days w/dp @ 750</u>	1,500.00	1,500.00
<u>2 days wo/dp @ 650</u>	1,300.00	1,300.00
3. Coring Service _____ Well Surveys <u>2,000</u>	2,000.00	2,000.00
4. Testing _____		
5. Fuel <u>Contractor</u> Water <u>Contractor</u>	--	--
6. Mud <u>3,000</u> Mud Logging Service _____	3,000.00	3,000.00
7. Cementing Service _____ Cement _____ Floats _____	3,000.00	1,500.00
8. Company Labor _____ Contract Labor & Completion Unit _____	3,000.00	750.00
9. Digging Pits <u>Contractor</u> Filling Pits <u>500</u>	500.00	500.00
10. Roads & Bridges _____ Dredging & Grading _____	1,500.00	1,500.00
11. Acidizing _____ Fracturing <u>7,000</u> Perforating <u>2,000</u>	9,000.00	--
12. Plugging _____		
13. Other Costs <u>Supervision, company expense</u>	1,500.00	1,000.00
<u>Trucking</u>	1,000.00	500.00
<u>Tool rentals</u>	500.00	--
<u>10% contingency</u>	5,340.00	3,915.00
TOTAL INTANGIBLES	58,740.00	43,065.00

WELL EQUIPMENT:

14. Casing <u>250</u> Ft. of <u>8-5/8"</u> @ <u>2.92</u> Per Ft. <u>730</u>		
<u>6400</u> <u>4-1/2"</u> <u>1.42</u> <u>9,088</u>	9,818.00	730.00
15. Tubing <u>6400</u> Ft. of <u>2-3/8"</u> @ <u>.70</u> Per Ft. <u>4,480</u>	4,480.00	--
16. Casing Head _____		
17. Xmas Tree or Pumping Connections _____	2,000.00	--
18. Pumping Unit _____		
19. Engine _____		
20. Sucker Rods _____		
21. Pump _____		
22. Tank Battery _____	4,000.00	--
23. Separator or Dehydration Equip. _____	6,000.00	--
24. Metering Equipment _____		
25. Flow Lines _____	1,000.00	--
26. Other _____	500.00	--
TOTAL TANGIBLES	27,798.00	730.00
TOTAL COST OF WELL	86,538.00	43,795.00
LESS CONTRIBUTIONS		
NET COST OF WELL		
OUR SHARE (IF LESS THAN 100%)		

REMARKS:

Originated By E. S. Morris Date 1/29/64
 Approved PIONEER PRODUCTION CORPORATION E. S. Morris Date 1/29/64
 Approved _____ Date _____
 Approved _____ Date _____