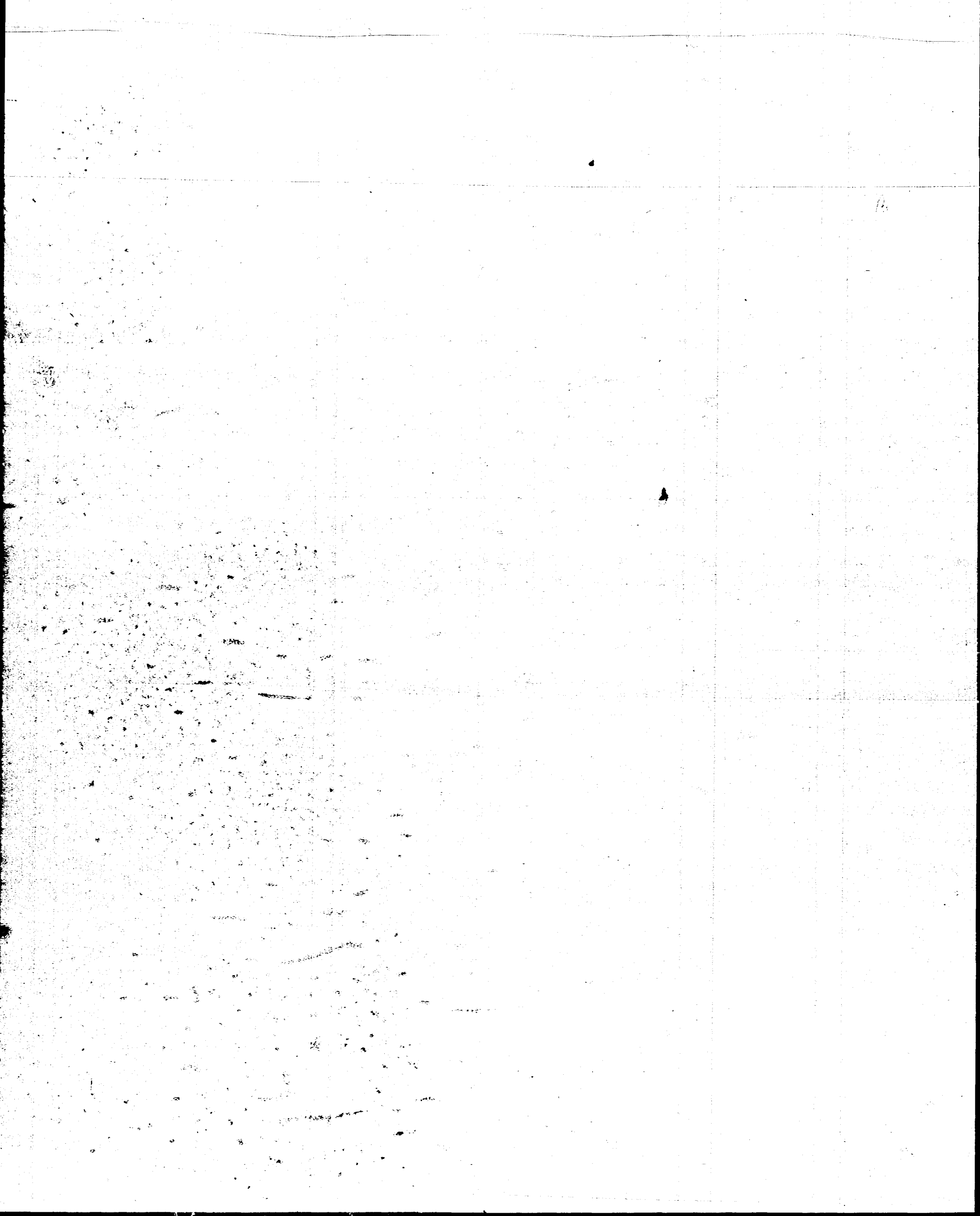


**CASE 3280: Application of BOLACK-
GREER, INC. for an unorthodox
location, Rio Arriba County, N.M.**



CASE NO.

3280

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

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

August 6, 1965

Mr. Jack Cooley
Burr & Cooley
Attorneys at Law
152 Petroleum Center Building
Farmington, New Mexico

Re: Case No. 3280
Order No. R-2942
Applicant:

BOLACK-GREER, INC.

Dear Sir:

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

Very truly yours,

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

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

OTHER Forest Superintendent, U. S. Forest Service

P. O. Box 1689, Attn: Don Schultz, Santa Fe, N.M.

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. 3280
Order No. R-2942

APPLICATION OF BOLACK-GREER, INC.,
FOR AN UNORTHODOX LOCATION, RIO
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 28, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 6th day of August, 1965, 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, Bolack-Greer, Inc., seeks an exception to the well location requirements of the Special Rules and Regulations governing the Puerto Chiquito-Gallup Oil Pool for its Canada Ojitos Unit Well No. 8 located 850 feet from the North line and 1030 feet from the East line of Section 16, Township 25 North, Range 1 West, NMPM, Rio Arriba County, New Mexico.

(3) That the subject well was drilled at the above-described non-standard location in order to avoid topographic difficulties that would be encountered at a standard location in the NE/4 of said Section 16.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable

-2-

CASE No. 3280
Order No. R-2942

share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Bolack-Greer, Inc., is hereby granted an exception to the well location requirements of the Special Rules and Regulations governing the Puerto Chiquito-Gallup Oil Pool for its Canada Ojitos Unit Well No. 8 located 850 feet from the North line and 1030 feet from the East line of Section 16, Township 25 North, Range 1 West, MPM, Rio Arriba County, New Mexico.

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

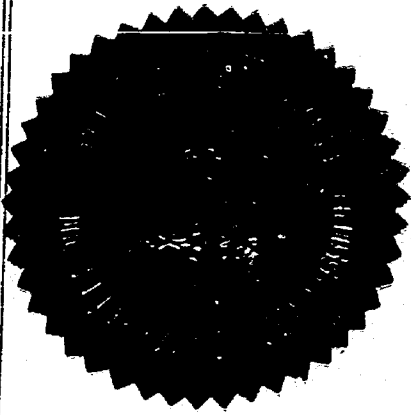
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Curtis B. Hays
CURTIS B. HAYS, Member

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



esr/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 7/29/65

CASE NO. 3280

HEARING DATE 9am 7/28/65
DSW SF

My recommendations for an order in the above numbered case(s) are as follows:

Enter an order authorizing
Polack-Dreer, Inc to drill a well
at an unorthodox Puerto Chiquito-
Dacey Oil Pool location 850'
FNL & 1030' FEL of Sec 16, T25N
RIW.

Reason for unorthodox location can
best be described as "topography"


Staff Member

Docket No. 21-65.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 28, 1965

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

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

CASE 3277: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the creation of a new pool for Ellenburger production in Sections 4 and 5, Township 24 South, Range 38 East, Lea County, New Mexico, said pool to be designated the Stateline-Ellenburger Pool; further to consider the establishment of a procedure whereby allowables for wells in said pool may be assigned on an equitable basis with allowables assigned to wells in the same common source of supply in the State of Texas.

CASE 3278: Application of Standard Oil Company of Texas for special rules for the Stateline-Ellenburger Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Stateline-Ellenburger Pool in Sections 4 and 5, Township 24 South, Range 38 East, Lea County, New Mexico, including a provision for 80-acre proration units.

CASE 3279: Application of Standard Oil Company of Texas for a non-standard unit and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a 688-acre non-standard gas proration unit comprising all of the partial Sections 34 and 35, Township 20½ South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, said unit to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South and East lines of said Section 34.

CASE 3280: Application of Bolack-Greer, Inc. for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 850 feet from the North line and 1030 feet from the East line of Section 16, Township 25 North, Range 1 West, Puerto Chiquito-Gallup Oil Pool, Rio Arriba County, New Mexico.

CASE 3281: Application of Samuel G. Dunn for a two-well proration unit and an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill and produce the second well on the 160-acre oil proration unit comprising the SW/4 of Section 26, Township 26 North, Range 1 East, Puerto Chiquito-Gallup Oil Pool, Rio Arriba County, New Mexico, the 160-acre allowable to be produced from either well in any proportion. Said second well would be drilled at an unorthodox location 1720 feet from the South line and 460 feet from the West line of said Section 26. (The SW/4 of Section 26 is currently dedicated to a well in Unit M of said section). In the alternative, applicant seeks the creation of two non-standard 80-acre proration units comprising the N/2 SW/4 and S/2 SW/4 of said Section 26 to be dedicated to the proposed well and the existing well, respectively.

CASE 3282: Application of Continental Oil Company for a special allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of a special allowable to wells on its Eaves "B" Lease in Section 31, Township 26 South, Range 37 East, Jalmat Pool, Lea County, New Mexico, which allowable would permit equalized per-acre withdrawal rates from applicant's wells (on 40-acre spacing) to the per-acre withdrawal rates from 20-acre wells located immediately south of said Eaves "B" Lease in the Scarborough Pool, Winkler County, Texas. In the alternative, applicant seeks the designation of a separate new pool for Yates production for said Section 31, and the establishment of a procedure whereby special pool allowables would be assigned to effect such equalized per-acre withdrawals.

CASE 3073 (Reopened):

In the matter of Case No. 3073 being reopened pursuant to the provisions of Order No. R-2758, which order, as amended by Orders Nos. R-2758-A and R-2758-B, established 160-acre oil well spacing and 320-acre gas well spacing for the Tocito Dome-Pennsylvanian "D" Oil Pool, San Juan County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre oil well spacing and 160-acre gas well spacing, or such other spacing as may seem proper.

CASE 3112 (Reopened): Continued from the June 30th Examiner Hearing

In the matter of Case 3112 being reopened pursuant to the provisions of Order No. R-2824, which order authorized Gallup-Dakota commingling in the wellbore by means of a dual-flow downhole choke assembly in its Jicarilla 28 Well No. 1 located in Unit J of Section 28, Township 25 North, Range 4 West, Rio Arriba County, New Mexico. All interested parties may appear and show cause why the authority granted under this order should not be terminated.

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

Case 3280

July 6, 1965

Bolack-Greer, Inc.
158 Petroleum Center Building
Farmington, New Mexico

DOCKET MAILED

Date 7-15-65

Attention: Mr. Albert R. Greer, Vice-President

Re: Canada Ojitos Unit Well No. 1,
Puerto Chiquito-Gallup Oil Pool,
Rio Arriba County, New Mexico

Gentlemen:

Your application to drill the above well at a non-standard location 850 feet from the North line and 1030 feet from the East line of Section 16, Township 25 North, Range 1 West, NMPN, Rio Arriba County, New Mexico, has been forwarded to this office for processing.

It is our opinion that grass conditions cannot be considered as topography, and that your application is therefore not eligible for administrative approval under the provisions of the Special Rules and Regulations governing the pool.

We have tentatively placed your application on the docket for the July 28, 1965, examiner hearing. Please advise us if this date will not be satisfactory to you. We will forward a docket to you prior to the hearing.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr

cc: Mr. Emery C. Arnold
Supervisor, District 3
Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico

United States Geological Survey
P. O. Box 959
Farmington, New Mexico

C
O
P
Y

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



1000 RIO BRAZOS RD.
AZTEC

June 29, 1965

LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

Case 3280

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.
Secretary-Director

Dear Mr. Porter:

Attached is a copy of a Notice of Intention to Drill and a letter requesting approval of a non-standard location for the Bolack-Greer Inc. Canada Ojitos, Unit 16, Well No. 1.

Pool rules in the Puerto Chiquito pool require that a standard location be within 165 feet of the center of the quarter-quarter section. Actually, although this location is non-standard, it is located further from the unit boundary than would be a standard location. You will note that the request that the well be located at this spot was made by the Forest Ranger of the Santa Fe National Forest, Mr. Jay Eby.

I recommend that an administrative order be issued approving the location. The attached copy is for your file in the Santa Fe Office.

Yours very truly

Emery C. Arnold
Emery C. Arnold
Supervisor, District #3

ECA:ks

cc: Bolack-Greer, Inc.
159 Petroleum Center Bldg.
Farmington, N.M.

BOLACK - GREER, INC.
158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

June 28, 1965

JUN 30 1965

New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico

Case 3280

Attention: Mr. Emery C. Arnold

Re: UNORTHODOX LOCATION:
NE $\frac{1}{4}$ SEC. 16, T-25N, R-1W
CANADA OJITOS UNIT
PUERTO CHIQUITO POOL
RIO ARriba COUNTY

Gentlemen:

We propose to drill a Mancos Formation test well in the northeast quarter of Section 16, Twp. 25N, Rge. 1W. This land is in the Santa Fe National Forest. The Forest Ranger, Mr. Jay Eby, has inspected the area and requested that because of condition of grass in the quarter section on which the well is located, that the well be located at the following described unorthodox spot:

850' from the north line, 1030' from the east line of Section 16, Twp. 25N, Rge. 1W.

Accordingly we hereby request approval of the New Mexico Oil Conservation Commission that this well be drilled at the above described unorthodox location. Should you desire information from the Forest Service, this area is under the control of the Cuba office, and Mr. Eby is the ranger.

Thankyou for your consideration.

Yours very truly,
BOLACK-GREER, INC.



BY: Albert R. Greer
Albert R. Greer
Vice-President

cc: U.S.G.S.
Farmington, New Mexico

ARG:nej

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
BOLACK-GREER, INC.

3. ADDRESS OF OPERATOR
158 Petroleum Center Building, Farmington, New Mexico

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface
850' FNL, 1030' FEL, Sec. 16, T-25N, R-1W
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. line, if any)

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL
160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
7200'

20. ROTARY OR CABLE TOOL
Rotary

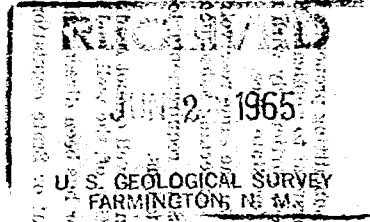
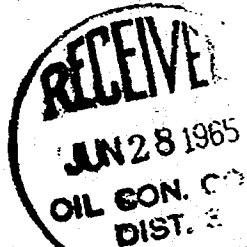
21. ELEVATIONS (Show whether DF, RT, GR, etc.)
7332' RKB

22. APPROX. DATE WORK WILL START*
6-30-65

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/4"	13-3/8"	48#	300'	Circulated
8-3/4"	7"	20#	5200'	250 sacks
6"	4-1/2"	13.5#	7200'	200 sacks

If commercial production is indicated, the producing section will be sand-oil fractured.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Albert Greer TITLE Vice-President DATE 6-28-65

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY 91 TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Case 3280

Well Location and Acreage Dedication Plat

Case 3280

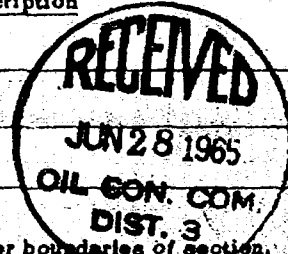
Section A.

Date June 28, 1965

Operator BOLACK-GREER, INC. Lease CAÑADA OJITOS UNIT
 Well No. 1-16 Unit Letter A Section 16 Township 25 NORTH, Range 1 WEST, N.M.P.M.
 Located 850 Feet From THE NORTH Line, 1030 Feet From THE EAST Line
 County RIO ARRIBA G. L. Elevation 7330.0 Dedicated Acreage 160 Acres
 Name of Producing Formation MARCS Pool Fuerte Chiquito

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
Yes No
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No . If answer is "yes", Type of Consolidation.
3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner	Land Description

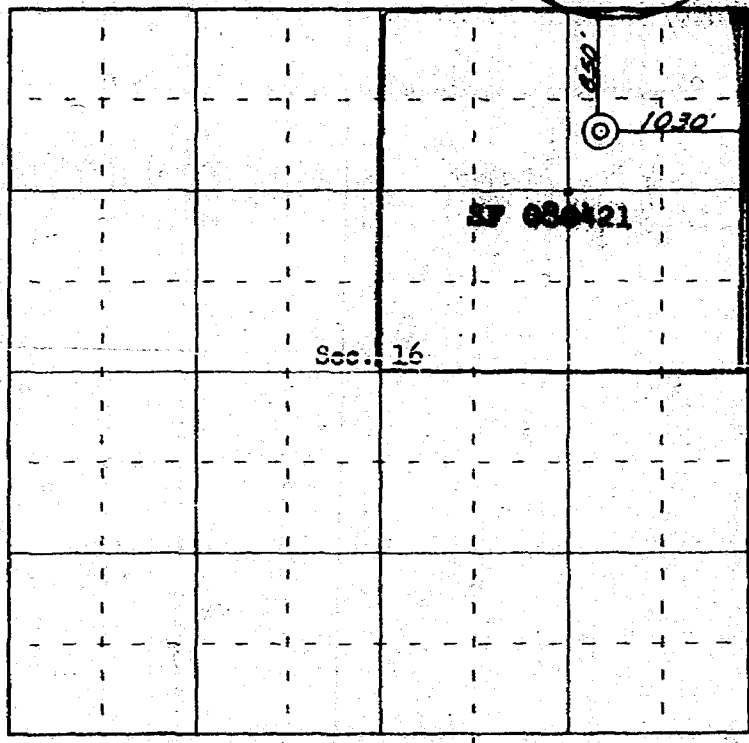


Section B.

Note: All distances must be from outer boundaries of section.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

BOLACK-GREER, INC.
Albert Greer
 (Representative)
 158 Petroleum Center Building
 (Address)
 Farmington, New Mexico



Ref. GLO plat dated 12 July, 1918



Farmington, New Mexico

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed June 26, 1965
James P. Leese
 Registered Professional Engineer and/or Land Surveyor
 James P. Leese, N. Mex. Reg. No. 1463
 San Juan Engineering Company

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1072 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 28, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Bolack-Greer, Inc. for an
unorthodox location, Rio Arriba County,
New Mexico.

Case No. 3280

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING



dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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1213 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO



MR. NUTTER: The hearing will come to order. The first case this afternoon will be Case Number 3280.

MR. DURRETT: Application of Bolack-Greer, Inc., for an unorthodox location, Rio Arriba County, New Mexico.

MR. COOLEY: William J. Cooley of Burr, Cooley and Jones, Farmington, New Mexico, appearing on behalf of the Applicant. We have two witnesses we would like to have sworn at this time, Mr. Greer and Mr. Urbey.

(Witnesses sworn.)

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

DIRECT EXAMINATION

BY MR. COOLEY:

Q Mr. Greer, will you state your full name for the record, please?

A Albert R. Greer.

Q What connection do you have with the Applicant, Bolack-Greer, Inc., Mr. Greer?

A I am Vice-president for Bolack-Greer, Inc.

Q Are you the one that is actually in charge of the field operation of this corporation?

A Yes.

Q And is the applicant the owner of the oil and gas lease operation in Section 16, Township 25, North, Range 1, West,

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in Rio Arriba County?

A Bolack-Greer, Inc. is the operator who controls the lease on the units and as such is in charge of management of drilling activities.

Q In that section?

A In that section, Bolack-Greer, Inc. does not own enough leasehold right.

Q Did you prepare a quarter plat to depict Section 16 with regard to the entire Canada Ojitos Unit?

A Yes, sir.

(Whereupon, Applicant's Exhibit 1 marked for identification.)

Q I hand you what has been marked as Exhibit 1 in this case and ask you to explain the matter set forth there.

A Exhibit 1 is a large map which includes the Puerto Chiquito Pool, and on it I have marked the south and west boundaries of the Puerto Chiquito Pool in red pencil. The map also shows the Canada Ojitos Unit and the Puerto Chiquito Unit. The subject well is Canada Ojitos Unit in the southwest part of the Puerto Chiquito Pool in Section 16, and this particular well is colored in red on this plat.

Q Has this well, in fact, been drilled?

A We have set pipe on it; we have not completed it.

Q And what is the location of this well?

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A This well is located in Unit A of Section 16, Township 25 North, Range 1 West. The footage location is 850 feet from the north line and 1,030 feet from the east line of Section 16.

Q Have you prepared a larger scale plat which shows Section 16 relative to other sections in the immediate vicinity?

A Yes, sir.

(Whereupon, Applicant's Exhibit 2 marked for identification.)

Q I hand you what has been marked as Exhibit 2 in this case and ask you to explain the matter set forth thereon.

A Exhibit Number 2 is a lease-ownership map for the area, including Section 16 and the adjoining section to the north and the east. This map shows all of the leasehold rights in those four sections are operated by Bolack-Greer, et al., and the ownership of all the lands are by the same people in this group.

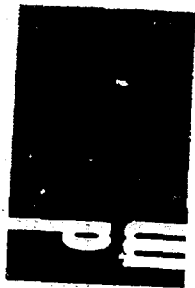
Q Ownership of all lands depicted on Exhibit 2 are common?

A That is correct.

(Whereupon, Applicant's Exhibit 3 marked for identification.)

Q I hand you what has been marked as Exhibit 3 in this case and ask you to state what is set forth on that exhibit?

A This exhibit shows Section 16, the location of the subject well and also there is a yellow colored circle which shows the area in which a regular location would have to fall. Regular location would be 165 feet off the center of the 40-acre



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tract.

Q Mr. Greer, is the well in question on an orthodox location?

A The well in question is not in a spotted and orthodox location; it would have to fall within the yellow circle if it were.

Q Was this location in which the well is actually drilled, a matter of choice by the Applicant, Bolack-Greer, Inc., or was it dictated by some other agency?

A Well, I wouldn't say that it was dictated by another agency. The Forest Service asked us at the time we examined the orthodox location is the well could be moved to the west and slightly south for reasons which the Forest Service representative will advise here at this hearing, and we have always tried to cooperate with the Forest Service, and we indicated that we had no objection to moving the location is they felt that it would better serve the Forest Service purpose. Accordingly, we did then move the location and had drilled the well at that spot.

Q Is all of Section 16 within the National Forest?

A Yes, sir.

Q What national forest is that?

A Santa Fe.

(Whereupon, Applicant's Exhibit 4 marked for identification.)

Q I hand you what has been marked as Exhibit 4 and ask you to identify this.

A Exhibit Number 4 is a copy of the stipulation for lands under the jurisdiction of the Department of Agriculture, which applies to oil and gas operations on any Federal lands.

Q Is this the type of stipulation that is imposed upon Federal leases in this area?

A It is my understanding that this stipulation applies to all the leases in this forest.

Q Under the terms of this stipulation, are you required to obtain a use permit from the Forest Service prior to drilling a well?

A That is correct, we must first obtain this permit from the Forest Service before we are allowed to drill.

Q Now, is this in order to use a certain portion of the service of the forest?

A That is correct, and be certain, of course, from their standpoint that our use does not interfere with other probable uses, or other use which they have already agreed to.

Q Or that might not cause damage to the forest?

A Right, unnecessary damage to the forest.

Q Did Bolack-Greer, Inc., move the location of this well to achieve or retain any geological change?

A No, sir, as a matter of fact, the well was moved further

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1213 FIRST NATIONAL BANK EAST • PHONE 256-1274 • ALBUQUERQUE, NEW MEXICO

from the present producing well, as can be seen from Exhibit 1, and in my opinion, there is no geological advantage nowhere in the northeast quarter of Section 16 as to the location of the well.

Q As I understand your answer, then, one location -- one well location in the northeast quarter of sixteen would, based upon information that you presently have, be as good as another?

A Geologically, I would say the chances are just as good in one as it is in another.

Q Am I to understand your answer to mean that it was drilled as its present location solely because of the request of the Forest Service?

A That is correct.

Q In your opinion, would the proposed unorthodox location result in or obtain the case, any case of the oil and gas resources in this area?

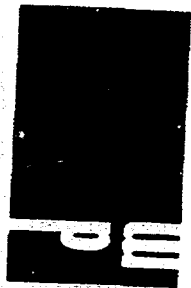
A No, sir.

Q Would, in your opinion, the unorthodox location of this well, tend to damage or effect correlative rights of any other operator in this area?

A No, sir. These lands are all unitized and if it is a commercial well, it will be brought within a participating area and there is no way the correlative rights can be

dearnley-meier reporting service, inc.

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violated by moving the location.

MR. COOLEY: At this time we would offer into evidence Applicant's Exhibits 1 through 4.

MR. NUTTER: Applicant's Exhibits 1 through 4 will be admitted into evidence.

(Whereupon, Applicant's Exhibits 1 through 4 admitted in evidence.)

MR. NUTTER: What is Number 4, is it the stipulation on the lease?

MR. COOLEY: Stipulation. I have no further questions of this witness on direct.

MR. NUTTER: Are there any further questions of Mr. Greer?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Greer, this pool at present is being developed on temporary 160-acre tracts, is that correct?

A That is correct.

Q Now, in the event that the exploration of the temporary rules revert to 40 or 80-acre spacing, talking first of 80, would the dedication of the north half of the northeast quarter of Section 16 be possible to this well?

A I think so. I believe we can dedicate either the north half or the east half.

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Q As far as the location of the well, with respect to that unit, to the unit that would be dedicated though, it would be better to dedicate the north half, don't you think?

A I presume so, primarily as I remember, the country would be so that it depended, of course, upon whatever rules were in effect. As I recall the terrain, I think the other logical location would be the southeast quarter, so it probably would be best to dedicate the north half. I would hope that if there were an 80-acre order for this area that the spot be definite, so that --

MR. NUTTER: What I am thinking of is simply the dedication of acreage. I mean if the north half of this quarter section were dedicated to that well where it is located, the location of the well, with respect to the outer boundaries of that proration unit, would be better for the north half than it would be for the east half of that quarter section.

A That is right, however, again, I feel that the terrain would be a more important factor, particularly if and when it came time to drill another well on that 160 acres.

MR. NUTTER: Are there any further questions? The witness may be excused.

(Witness excused.)

MR. COOLEY: I call Mr. Urbey to the stand.

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

DIRECT EXAMINATION

BY MR. COOLEY:

Q State your full name, please, Mr. Urbey.

A J. W. Urbey.

Q By whom are you employed?

A U. S. Forest Service, Department of Agriculture.

Q Is there any particular area over which you have control with which we are concerned?

A I have direct responsibility for the Cuba Ranger District, Santa Fe National Forest, which encompasses the area in question.

Q And in your capacity as a forest ranger, is it necessary for you to approve a well location in this area?

A Yes, sir. Excuse me, I do recommend to the forest supervisor for his approval.

Q I mean, by "you", I mean your department?

A Right.

Q And you personally have a hand in this?

A Very definitely.

Q You inspect the location on the site and make recommendations as to your spread?

A Yes, sir, although in some cases I delegate this to a

member of my staff. This particular site, it was of concern, special concern and I inspected it myself.

Q You have personally inspected this site?

A Yes.

Q I hand you what has been marked Applicant's Exhibit Number 4 in this case, which has been identified by Mr. Greer as the Forest Service stipulation with regard to land in this area.

A Yes, sir. This covers land under the jurisdiction of the Department of Agriculture, which these lands are, and also attached to the stipulation are special stipulations, that we required in this region, which is the southwest region.

Q And it is your understanding that the Applicant, Bolack-Greer, Inc., must comply with these stipulations in order to drill a well in this area?

A Yes, sir.

Q Under the stipulation, is it necessary for a party interested in drilling a well in the forest to make application to your department for a special use permit?

A Yes, sir.

Q And do you have it within your authority to grant or deny these permits?

A Yes, sir. The forest supervisor does.

Q Again, by "you" in this case, I am referring to your

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department.

A Yes, sir.

Q Did the Applicant in this case request approval of a standard location, as would be indicated by the yellow circle on Applicant's Exhibit Number 3?

A Yes, sir, that was, the location that was staked at the time of my inspection was within, and to my understanding, it was within the circle and in fact, the surveyor was in the area and staked this location at this time.

Q And when this request from Bolack-Greer, Inc. was received by your department, what was your department's responsibility?

A I, myself, inspected the site with one of my staff and we asked Mr. Greer, who was also at the site, to obtain approval for an unorthodox location to give us better advantage resource, management-wise.

Q In essence though, your department did decline to use the permit within Exhibit 3 in this case, did it not, or at least indicate a preference?

A We indicated a very definite preference for another site. We were -- We did object to this location.

Q And no use permit was issued for drilling a well within the yellow area?

A No, sir.

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Q Have you with you, any photographs of this area, that would be of assistance to the Commission?

A Possibly I have photographs of the area. Aerial photographs of a scale four inches to a mile.

Q Is there indicated the general area in which this well is to be drilled?

A I will so indicate.

MR. NUTTER: Off the record.

(Whereupon, an off the record discussion was held.)

A As best I know, this is the location of the site that was staked; and this is the location of the alternate site that we asked for. I circled for the Examiner the area, as closely as I know it, the area that was staked for the orthodox location, and also the area that was staked for the unorthodox location. This is this area representing the one that we asked for (indicating).

Q Now, can you tell the Examiner what the general surface condition is in the area where the orthodox location was staked?

A It's in a very close proximity of a quite large arroyo, or quite large gulley down this narrow canyon. The canyon bottom itself -- the soils are derived from the sandstone bluff on the side and the shales in the area are quite erosive soil as indicated on the photos, "highly erosive soil". We have in the

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last few years gone into the area, plowed this sagebrush, and replanted the area to crested wheat grass. Our one objective was for soil protection and stabilization in this area. It's a very, very highly erosive soil and it even has tendencies to pipe the soil away.

Q Tendency to pipe, "p-i-p-e"? Would you explain this term?

A The structure of the soil allows the water to flow quite rapidly through the structure. It comes in a blocky type structure, typical clay type structure, but it has enough free movement that it allows the water to penetrate quite rapidly in some areas and this would cause a pipe action, an action that would erode underground.

Q Sub-surface erosion.

A Sub-surface erosion, actually again, indicating a very unstable soil.

Q In order of their seriousness or the degree of concern to your department, would you please state to the Examiner what objection you had to the Applicant's locating his well at an orthodox location in this case?

A Our primary concern was the erosiveness of the soil, the amount of turbulence out in an area close to this arroyo that would create considerable hazards, actually, accelerate erosion in the area, this was our primary concern. Secondary

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A This depends considerably on the operator and the type of rig that he plans to use in the well. We see the necessity in some cases, of course, the operator using a large rig or a small rig. Of course, we have no preference, this is the operator's option and we do not pretend to tell him which to use, but in cases of this kind, about a 200 by 200 feet square.

Q Which is approximately an acre, then?

A Yes. This would be in most cases large enough for their larger rigs.

Q Well, now, from the aerial photograph there, of course, the scale is small, but you didn't tell that the unorthodox location which you did approve is out of the grass land?

A It's not out of the grass land, no, sir, it's actually on the edge of the grass land.

Q And right up near the trees and brush?

A Right up, back against a very steep hillside. Yes, sir. Again, here there is a tendency then we allow a drilling in the middle of a flat, there would be considerable traffic around the area which would disturb more area. Here, again, this was a fairly minor consideration, but this would limit their activity on one side of the location, and something just an incidental, actually, to other considerations.

Q So actually, you probably lost an acre of grass at one location and you would have lost another acre of grass at

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the other location?

A Yes, sir.

Q What it really boils down to from the photography, is the erosive quality of the soil then?

A Yes, sir.

Q More than the actual consideration of the grass itself?

A Definitely.

MR. NUTTER: Are there any other questions of the witness? You may be excused.

(Witness excused.)

MR. COOLEY: That concludes the Applicant's case, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 3280? If not we will take the case under advisement.

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STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, Renny Watts Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 28th day of October, 1965.

Renny Watts
Notary Public - Court Reporter

My Commission Expires:

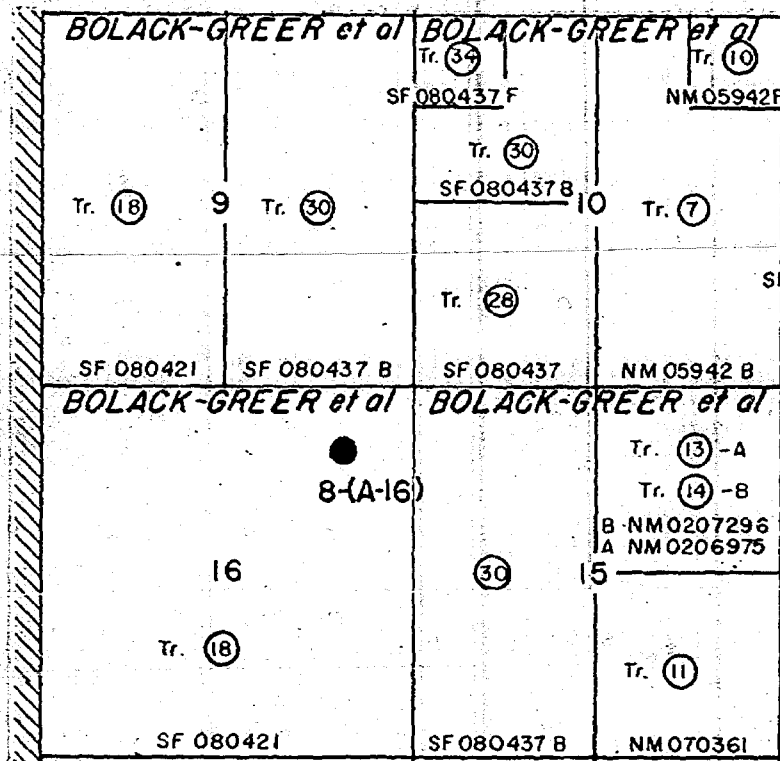
April 9, 1969

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2280, heard by me on 7/28, 1965.

[Signature], Examiner
New Mexico Oil Conservation Commission

RIW

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CANADA OJITOS UNIT
RIO ARRIBA Co., NEW MEXICO

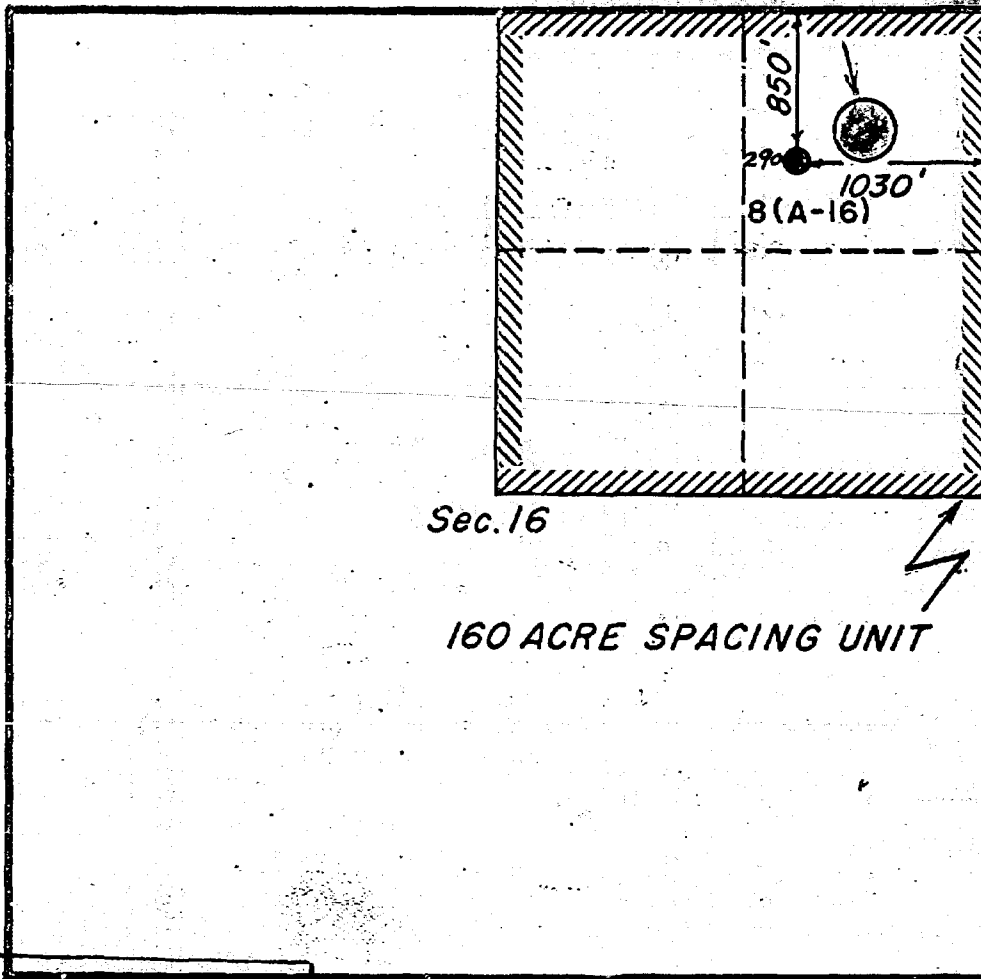
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
apls EXHIBIT NO. 2
CASE NO. 3280

B-G of 2

AREA OF ORTHODOX LOCATION -
165 ft. radius from center of
40 acre tract.

1320
1030
270'

RIW



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25
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BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Orth EXHIBIT NO. 3

CASE NO. 3280

CANADA OJITOS UNIT

RIO ARRIBA CO-NEW MEXICO

PLAT SHOWING UNORTHODOX LOCATION
Cañada Ojitos No. 8(A-16)

NM 0245711

Form 4-216
(May 1959)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

STIPULATION FOR LANDS UNDER JURISDICTION OF DEPARTMENT OF AGRICULTURE *

The lands embraced in this lease or permit being under the jurisdiction of the Secretary of Agriculture, the lessee or permittee hereby agrees:

(1) To conduct all operations authorized by this lease or permit with due regard for good land management, not to cut or destroy timber without first obtaining permission from the authorized representative of the Secretary of Agriculture, and to pay for all such timber cut or destroyed at the rates prescribed by such representative; to avoid unnecessary damage to improvements, timber, crops, or other cover, unless otherwise authorized by the Secretary of Agriculture, not to drill any well, carry on operations, make excavations, construct tunnels, drill, or otherwise disturb the surface of the lands within 200 feet of any building standing on the lands and whenever required, in writing, by the authorized representative of the Secretary of Agriculture to fence or fill all sump holes, ditches, and other excavations, remove or cover all debris, and so far as reasonably possible, restore the surface of the lands to their former condition, including the removal of structures as and if required, and when required by such representative to bury all pipelines below plow depth.

(2) To do all in his power to prevent and suppress forest, brush, or grass fires on the lands and in their vicinity, and to require his employees, contractors, subcontractors, and employees of contractors or subcontractors to do likewise. Unless prevented by circumstances over which he has no control, the lessee or permittee shall place his employees, contractors, subcontractors, and employees of contractors and subcontractors employed on the lands at the disposal of any authorized officer of the Department of Agriculture for the purpose of fighting forest, brush, or grass fires on or originating on the lands or on adjacent areas or caused by the negligence of the lessee or permittee or his employees, contractors, subcontractors and employees of contractors and subcontractors, with the understanding that payment for

such services shall be made at rates to be determined by the authorized representative of the Secretary of Agriculture, which rates shall not be less than the current rates of pay prevailing in the vicinity for services of a similar character: *Provided*, that if the lessee or permittee, his employees, contractors, subcontractors, or employees of contractors or subcontractors, caused or could have prevented the origin or spread of said fire or fires, no payment shall be made for services so rendered.

During periods of serious fire danger to forest, brush, or grass, as may be specified by the authorized representative of the Secretary of Agriculture, the lessee or permittee shall prohibit smoking and the building of camp and lunch fires by his employees, contractors, subcontractors, and employees of contractors or subcontractors within the area involved except at established camps, and shall enforce this prohibition by all means within his power. *Provided*, that the authorized representative of the Secretary of Agriculture may designate safe places where, after all inflammable material has been cleared away, campfires may be built for the purpose of heating lunches and where, at the option of the lessee or permittee, smoking may be permitted.

The lessee or permittee shall not burn rubbish, trash, or other inflammable materials *except* with the consent of the authorized representative of the Secretary of Agriculture and shall not use explosives in such a manner as to scatter inflammable materials on the surface of the lands during the forest, brush, or grass fire season, *except* as authorized to do so or on areas approved by such representative.

*This form of stipulation may be used in connection with leases and permits issued under the acts of February 25, 1920, as amended (30 U.S.C. 181 et seq.); August 7, 1947 (30 U.S.C. 351 et seq.); February 7, 1927, as amended (30 U.S.C. 281 et seq.); April 17, 1926, as amended (30 U.S.C. 271 et seq.); October 20, 1914, as

amended (48 U.S.C. 432 et seq.); June 28, 1944 (58 Stat. 463 et seq.); September 1, 1949 (30 U.S.C. 192c); June 30, 1950 (16 U.S.C. 508b); or under the authority of any of the acts cited in section 402 of the President's Reorganization Plan No. 3 of 1946 (5 U.S.C. 133y-16, Note).

The lessee or permittee shall build or construct such fire lines or do such clearing on the lands as the authorized representative of the Secretary of Agriculture decides is essential for forest, brush, and grass fire prevention which is or may be necessitated by the exercise of the privileges authorized by this lease or permit, and shall maintain such fire tools at his headquarters or at the appropriate location on the lands as are deemed necessary by such representative.

(3) In the location, design, construction and maintenance of all authorized works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures or clearance, the lessee or permittee shall do all things reasonably necessary to prevent or reduce to the fullest extent scarring and erosion of the lands, pollution of the water resources and any damage to the watershed. Where construction, operation, or maintenance of any of the facilities on or connected with this lease or permit causes damage to the watershed or pollution of the water resources, the lessee or permittee agrees to repair such damage and to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by the authorized representative of the Secretary of Agriculture.

(4) To pay the lessor or permitter or his tenant or the surface owner or his tenant, as the case may be, for any and all damage to or destruction of property caused by the lessee's or permittee's operations hereunder, to save and hold the lessor or permitter or the surface owner or their tenants harmless from all damage or claims for damage to persons or property resulting from the lessee's or permittee's operations under this lease or permit.

(5) To recognize existing uses and commitments, in the form of Department of Agriculture grazing, timber cutting, and special use permits, water developments, ditch, road, trail, pipeline, telephone line, and fence rights-of-way and other similar improvements, and to conduct his operations so as to interfere as little as possible with the rights and privileges granted by these permits or with other existing uses.

(6) To install and maintain cattle guards to prevent the passage of livestock in any openings

made in fences by the lessee or permittee or his contractors to provide access to the lands covered by this lease or permit for automotive and other equipment.

(7) If lessee or permittee shall construct any camp on the lands, such camp shall be located at a place approved by the authorized representative of the Secretary of Agriculture, and such representative shall have authority to require that such camp be kept in a neat and sanitary condition.

(8) To comply with all the rules and regulations of the Secretary of Agriculture governing the national forests or other lands under his jurisdiction which are embraced in this lease or permit.

(9) Unless otherwise authorized, prior to the beginning of operations to appoint and maintain at all times during the term of this lease or permit a local agent upon whom may be served written orders or notices respecting matters contained in this stipulation, and to inform the authorized representative of the Secretary of Agriculture, in writing, of the name and address of such agent. If a substitute agent is appointed, the lessee or permittee shall immediately so inform the said representative.

(10) To address all matters relating to this stipulation to Forest Supervisor

Santa Fe National Forest
at Santa Fe, New Mexico

who is the authorized representative of the Secretary of Agriculture, or to such other representative as may from time to time, be designated, provided that such designation shall be in writing and be delivered to the lessee or permittee or his agent.

(11) If all or any part of the lands lie within a municipal watershed, or are, in the opinion of the authorized representative of the Secretary of Agriculture, primarily valuable for watershed protection, the lessee or permittee shall reseed or otherwise restore the vegetative cover, as required by the authorized representative of the Secretary of Agriculture, for watershed protection and erosion prevention on any areas damaged because of the operation.


(Lessee)

Stipulations for Oil and Gas Leases
on National Forest Lands
Region 3

"Stipulation for lands under Jurisdiction of Department of Agriculture," Form 4-216, as amended (May 1959), is attached hereto and made a part hereof, together with additional stipulations as follows:

1. No surface use of national-forest land for any purpose, within or without the leased area, will be permitted until a special-use permit for the use has been issued by the Forest Supervisor. Each use permit must be applied for on a proper form available at the Forest Supervisor's office and the special-use permit will specify the requirements for that particular use and will conform with the stipulations herein.
2. No geophysical work involving core holes or shot holes may be done on national-forest land except as permitted by special-use permit issued by the Forest Supervisor.
3. If it is deemed necessary by the Regional Forester to adequately protect a given area of national-forest land, wells will be drilled for oil or gas only pursuant to a unit plan approved by the Director of the Geological Survey unless drilling is otherwise required or approved by the Director to protect the lease from drainage.
4. The Forest Supervisor will be notified by the lessee at least ten (10) days prior to the initiation of any activities authorized under the lease or special-use permit issued in connection therewith.
5. No drill sites will be authorized within 1/2 mile of present or proposed recreation areas, Forest Service administrative sites, or any residence, lodge or camp having permanent buildings, except by specific approval of the Regional Forester.
6. No drill sites will be authorized within 1/4 mile of any existing permanent waters including springs, stock tanks and wildlife water catchments.
7. The lessee will use the present road system so far as possible, and all Forest Service roads, so used by the lessee, will be maintained and improved by the lessee in a condition satisfactory to the Forest Supervisor. Improvement of any existing road must be authorized by special-use permit, and will be to Forest Service standards, attached to and made a part of that permit. Such improvements include grading, draining, surfacing, revegetation of roadside and installation of cattle guards or signs.
8. No road-location work, involving disturbance of either soil or vegetation, will be authorized except by special-use permit. The final location of all new roads must be authorized by special-use permit and construction will be according to standards prescribed by the Forest Service and made a part of said permit.

9. Maintenance costs of roads used jointly by oil, lumber, and other companies engaged in mining and harvesting surface resources will be shared by such companies in accordance with cooperative maintenance agreements approved by the Forest Supervisor.
10. All permanent pipelines away from the actual drilling pad or site will be buried to a depth of not less than 12 inches below the surface, except in the discretion of the Forest Supervisor.
11. Water, surplus to the lessee's needs, will be disposed of in a manner satisfactory to the forest officer in charge, and such water may be used at the discretion of the Forest Service.
12. Upon abandonment of water wells by lessee, the casing therein will be left in place and will become the property of the U. S. Government. Prior to abandonment, wherever possible during lessee's operations, water will be supplied from these wells for livestock and wildlife and any other use authorized by the Forest Service.
13. Timber cut in connection with any authorized activity will be disposed of as directed by the forest officer in charge under regular sales agreement. Commercial species and sizes will be utilized and not wasted. All slash will be disposed of by piling and burning under the direction of the forest officer in charge.
14. The use of inflammable gas will not be permitted in the actual underground drilling operations, or for drilling purposes other than to operate machines, pumps or above-ground equipment.
15. No drill site will exceed one acre in area, including both the drilling pad and reserve pit. Ordinarily, a pad will be limited to 150 feet by 200 feet, and a reserve pit of 50 feet by 50 feet. After drilling operations are completed, the pad will be reseeded except for an area 40 feet by 15 feet when needed for producing wells and pumping equipment. Steel tanks will be used for the mixing of mud and chemicals, and the reserve pit will be fenced with 5-foot woven link chain wire. After completion of drilling operations such tanks will be removed, the reserve pit filled and the surface thereof reseeded and mulched within sixty (60) days, unless because of weather conditions additional time is authorized by the forest officer in charge.
16. Not more than one tank battery will be authorized to each non-contiguous section, and where the lease covers contiguous sections, there will be not more than one tank battery to each group of contiguous sections. No tank batteries will be permitted on known game migration routes.
17. After the cessation of use on any site, such site will be restored to as near as possible its original condition by seeding, mulching, reforestation or whatever is needed as prescribed by the forest officer in charge.

18. All areas in which the soil has been disturbed such as pipelines, road banks, cuts and fill slopes, and similar areas will be re-seeded and mulched when and as prescribed by the forest officer in charge.
19. Wherever deemed necessary by the Forest Supervisor for aesthetic or other purposes, the lessee may be required to locate pumps underground at certain sites in a producing area.
20. All drilling equipment, including the drilling rig, shall be removed from a given well site as soon as reasonably possible after official completion and within thirty (30) days after request by the Forest Supervisor.
21. Fire protection for the area in the form of foam, water, or other retardents, under pressure, will be provided in such manner as the Forest Supervisor may require. Lightning arrestor towers or other protection will be installed at each tank battery under such specifications as the Forest Supervisor may require.
22. The lessee hereby agrees to pay for all damage and suppression costs resulting from fires caused by his actions and those of his employees, contractors, sub-contractors, and their respective employees, which are performed in connection with this lease and attached stipulations.
23. As a guarantee of the faithful performance of the foregoing stipulations and the requirements of any special-use permit issued by the Forest Service (stipulation No. 1) the lessee will deliver to the Forest Service and agrees to maintain a surety bond in the sum of \$10,000 and agrees that should the sureties on the bond so delivered, or any bond delivered hereafter as a provision of special-use permits issued in connection with this lease become insufficient or unsatisfactory to the Forest Service, the lessee will, within thirty (30) days of receipt of demand, furnish a new bond with sureties solvent and satisfactory to the Forest Service.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
apl EXHIBIT NO. 4
CASE NO. 3280