

Case Number

6017

Application

Transcripts.

Small Exhibits

ETC.



SHELL OIL COMPANY

P.O. BOX 991
HOUSTON, TEXAS 77001

January 10, 1978

Subject: OCC Order R-5579 ~~E~~ A-5579 A
Shell's: RY-994
E/2 NE/4 Section 30-9S-33E
Lea County, New Mexico

Case 6017

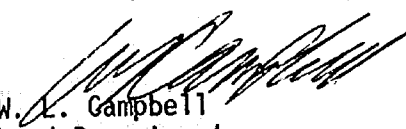
Oil Conservation Commission of
The State of New Mexico
Santa Fe, New Mexico

Gentlemen:

Reference is made to the above captioned OCC Order R-5579 wherein the San Andres formation was pooled underlying the E/2 NE/4 of Section 30, T9S-R33E.

Shell Oil Company's 21.25 mineral acres in said E/2 NE/4 has now been leased to Roy G. Barton, Jr. by an Oil & Gas Lease dated January 6, 1978.

Yours very truly,


W. L. Campbell
Land Department
Mid-Continent Division

WLC:BGR

OFFICE PHONE 505 393-5515
RESIDENCE 505 392-5309

300 W. TAYLOR STREET
P. O. BOX 978
HOBBS, NEW MEXICO 88240

ROY G. BARTON, JR.
OIL PRODUCER

April 14, 1978

*Cases 6017
6035
6036*

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

Re; Commission Order No. R-5579-A

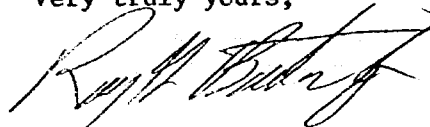
Gentlemen:

The Cash Well No. 1 located in the NE/4NE/4 of Section 30,
T-9-S, R-33-E, Lea County, New Mexico, has recently been
completed as a producing San Adnres oil well.

Pursuant to the provisions of paragraph 9, page 8, of the
above referenced order, please find enclosed a copy of our
A.F.E. showing estimate and actual well costs for drilling
and completing the above well.

If Latham & Barton can be of further service to you, please
advise.

Very truly yours,



Roy G. Barton Jr.

Operator E. L. Lathai, Jr. and Roy G. Barton Jr.Location 660 FNL & 460 FEL Sec. 30, T-9-S, R-33-E Field Flying "M" SALease Cash Well No. 1 Depth 4500' County LeaState N'M Spudded 2/7/78 Date Potential Test 2/27/78INTANGIBLE DEVELOPMENT EXPENDITURES:

	<u>Estimate</u>	<u>Actual</u>
<u>Drilling Expenditures:</u>		
1. Survey of location and elevation	\$ 228.80	\$ 234.00
2. Roads and Dirt Work	4,849.00	5320.22
3. Mud, Chemicals, Additives & Oil	3,500.00	4972.44
4. Hauling	4,500.00	7301.61
5. Cement and Cementing <u>1800' of 8 5/8" Circ.</u> <u>4500' of 4 1/2"</u>	7,150.00	9483.79
6. Electrical Logging	7,500.00	5314.53
7. Drilling, including daywork	55,575.00	52826.39
8. Geological Services	1,000.00	1240.08
9. Tool Rental	4,100.00	3327.63
10 Surface & Intermediate Casing	10,980.00	9457.65
11 Miscellaneous	3,000.00	6534.97
Total Drilling Expenditures	\$ 102,382.80	106013.31
<u>Completion Expenditures:</u>		
1. Acidizing or Fracturing	6,150.00	4272.44
2. Perforating Expense	1,818.00	1560.00
3. Testing Expense	500.00	911.09
4. Servicing Unit	4,200.00	2503.49
5. Miscellaneous PLUS LABOR*	3,000.00	5348.65
Total Completion Expenditures	\$ 15,668.00	14595.67

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOCase
6017

Hearing Date

AUGUST 31, 1977

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
"Chuck" Kattayur	Gulf Oil Corp.	Midland, Tx
Jeff Shrader	Gulf Oil Corp	Midland, Tx
Tom Kellahan	KELLAHAN + FISH	Santa Fe
KEN. SOBROWICH	INEXCO OIL COMPANY.	Houston, Tx
Ray Beck	Yates	Artesia
Tom Morgan	Walter Duncan	Farmington
Rick Tully	" "	" "
Joel Carson	Loose & Carson PA	Farmington
Tom Boyce	Tenneco Oil Co	Denver
V.T. Lyon	CONOCO	HOBBS
J.M. MORGAN	YATES	ARTESIA

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
31 August, 1977.

EXAMINER HEARING

IN THE MATTER OF:

Application of E. L. Latham, Jr. and
Roy G. Barton, Jr., for compulsory pooling,
Lea County, New Mexico.

CASE
6017

BEFORE: Daniel S. Nutter.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

sid morrish reporting service

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

1 MR. NUTTER: We'll call next Case Number 6017.

2 MS. TESCHENDORF: Case 6017. Application of E. L.
3 Latham, Jr., and Roy G. Barton, Jr., for compulsory pooling,
4 Lea County, New Mexico.

5 The applicant in this case requests that the
6 hearing be continued to the September 14th Examiner Hearing.

7 MR. NUTTER: Case Number 6017 will be continued
8 to the Examiner Hearing scheduled to be held at this same
9 place at 9:00 o'clock a. m., September 14th, 1977.

10 MR. NUTTER: We'll call now Case Number 6010.

11 MR. PARKS: May I ask a question?

12 MR. NUTTER: Yes, sir, with reference to the
13 previous case?

14 MR. PARKS: Yes. I was wondering if the same --

15 MR. NUTTER: Would you identify yourself, please,
16 for the record?

17 MR. PARKS: My name's Parks. I'm with Southern
18 Union Supply Company. W. M. Parks. I was wondering if
19 their application previously filed getting ready for today
20 will be continued and be a part of their next hearing, the
21 continued hearing?

22 MR. NUTTER: As you know, Mr. Parks, Latham and
23 Barton have filed another application --

24 MR. PARKS: Yes.

25 MR. NUTTER: -- which is scheduled for September

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

1 14th and it involves the same acreage as is involved in this
2 application.

3 Also, of course, Southern Union Supply Company
4 has filed an application and presumably all three of these
5 cases will be heard simultaneously at that hearing on Sep-
6 tember 14th.

7 MR. PARKS: I understand.

8 MR. NUTTER: I don't know if they will end up
9 dismissing one or the other of their cases or not. I presume
10 they would.

11 MR. PARKS: That was my next question, and under
12 that presumption I won't have any more to ask you.


13 Thank you.

14 (Hearing concluded.)
15
16
17
18
19
20
21
22
23
24
25

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

REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill
7 and ability.

8
9
10 
11 Sidney F. Morrish, C.S.R.

12
13
14
15
16
17 I do hereby certify that the foregoing is
18 a complete record of the proceedings in
19 the Examiner hearing on Case No. 6017
heard by me on 8/31, 19 77.

20  Examiner
New Mexico Oil Conservation Commission
21
22
23
24
25

sid morrish reporting service

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

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:

DEC 14 1977
CONSERVATION COMM.
Santa Fe

CASE NOS. 6017
6035
6036


Order No. R-5579

APPLICATION OF E. L. LATHAM, JR. AND
ROY G. BARTON, JR., FOR COMPULSORY
POOLING OR 40-ACRE SPACING, LEA COUNTY,
NEW MEXICO; AND, APPLICATION OF SOUTHERN
UNION SUPPLY CO., FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

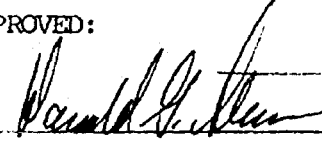
M O T I O N

The parties having agreed between them that no drilling will be
commenced under the Commission Order No. R-5579 entered in Cases No. 6017,
6035 and 6036, until a ^{hearing} ~~decision~~ of the Commission under the de novo hearing,
Southern Union Supply Co. does hereby move to dismiss its Motion for Stay.

TANSEY, ROSEBROUGH, ROBERTS & GERDING, P.C.
P. O. Box 1020
Farmington, New Mexico 87401

By 
Byron Caton, Attorney for Southern Union Supply Co.

APPROVED:



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:

DEC 14 1977
OIL CONSERVATION COMM.
Santa Fe

CASE NOS. 6017
6035
6036

Order No. R-5579

APPLICATION OF E. L. LATHAM, JR. AND
ROY G. BARTON, JR., FOR COMPULSORY
POOLING OR 40-ACRE SPACING, LEA COUNTY,
NEW MEXICO; AND, APPLICATION OF SOUTHERN
UNION SUPPLY CO., FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER

The parties have agreed that no drilling under Commission Order
No. R-5579 will be commenced until a ^{hearing} ~~decision~~ of the Commission following
the de novo hearing in this matter, Southern Union Supply Company's Motion
for Stay is dismissed.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

[Handwritten signature]



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
November 29, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Byron Caton
Tansey, Rosebrough, Roberts
& Gerding
Attorneys at Law
P. O. Box 1020
Farmington, New Mexico 87401

Re: CASE NO. 6017, 6035, 6036
ORDER NO. R-5579

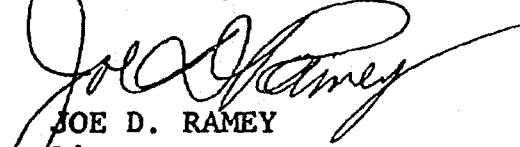
Applicant:

Southern Union Supply Company,
E. L. Latham, Jr. and Roy G. Barton, Jr.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Donald G. Stevens

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 NOS. 6017
6035
6036
Order No. R-5579

APPLICATION OF E. L. LATHAM, JR. AND
ROY G. BARTON, JR., FOR COMPULSORY
POOLING OR 40-ACRE SPACING, LEA COUNTY,
NEW MEXICO; AND, APPLICATION OF SOUTHERN
UNION SUPPLY CO., FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 14,
1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of November, 1977, 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 Commission received the application of E. L.
Latham, Jr., and Roy G. Barton, Jr., for an order pooling all
mineral interests underlying the E/2 NE/4 of Section 30, Township
9 South, Range 33 East, NMPM, Flying M-San Andres Pool, Lea
County, New Mexico and set the same for hearing as Case No. 6017
on August 31, 1977.

(3) That at the August 31, 1977, hearing said Case No. 6017
was continued to the September 14, 1977, Examiner hearing.

(4) That the Commission subsequently received the applica-
tion of Southern Union Supply Co. for an order pooling all mineral
interests in the San Andres formation underlying the N/2 NE/4 of
Section 30, Township 9 South, Range 33 East, NMPM, Flying M-San
Andres Pool, Lea County, New Mexico, and set the same for hearing
as Case No. 6035, on September 14, 1977.

-2-

Case No. 6017

6035

6036

Order No. R-5579

(5) That the Commission thereafter received the application of E. L. Latham, Jr., and Roy G. Barton, Jr., for an order pooling all mineral interests in the Flying M-San Andres Pool underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location for said pool within 200 feet of the center of the NE/4 NE/4 of said Section 30, or an order pooling only the NE/4 NE/4 of Section 30 to form a non-standard 40-acre unit to be dedicated to the aforesaid well, or in the alternative, the amendment of the Flying M-San Andres Pool Rules to provide for 40-acre spacing, and an order pooling the aforesaid NE/4 NE/4 of Section 30 as a standard unit for said pool to be dedicated to a well to be drilled at a standard location thereon, and set the same for hearing as Case No. 6036, on September 14, 1977.

(6) That on September 14, 1977, Cases 6017, 6035, and 6036 were consolidated and testimony was heard by the Commission examiner concerning each application.

(7) That the evidence presented was insufficient to prove either the necessity for or the propriety of amendment of the Special Rules and Regulations for said Flying M-San Andres Pool and that that part of the application in Case No. 6036 should be denied.

(8) That the evidence presented demonstrated that, due to the existing pattern of development, the correlative rights of the interest owners under the NE/4 NE/4 of said Section 30 cannot be protected unless a well is drilled thereon, and that portion of Case No. 6017 relating to a standard location for the Flying M-San Andres Pool, in the SE/4 NE/4 of Section 30 should be dismissed.

(9) That the applicants, E. L. Latham, Jr., and Roy G. Barton, Jr., were the only applicants seeking to drill a well within the NE/4 NE/4 of said Section 30.

(10) That the evidence presented was insufficient to prove either the necessity for or the propriety of the granting of a non-standard oil proration unit in said Flying M-San Andres Pool consisting of the NE/4 NE/4 of said Section 30 and that part of the application in Case No. 6036 should be denied.

(11) That approval of the application of E. L. Latham, Jr., and Roy G. Barton, Jr., for an order pooling all mineral interests underlying the E/2 NE/4 of said Section 30 in said Flying M-San Andres Pool and for an unorthodox oil well location within 200 feet of the center of the NE/4 NE/4 of said Section 30 will afford the various owners of interest under the NE/4 of said Section 30 the best opportunity to produce their just and equitable share of the oil in the subject pool without unnecessary expense and will not result in waste.

-3-

Case Nos. 6017
6035
6036
Order No. R-5579

(12) That said application should be approved.

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

(14) That the applicants, E. L. Latham, Jr., and Roy G. Barton, Jr., should be designated the operator of the subject well and unit.

(15) 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.

(16) 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.

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

(18) 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.

(19) That \$1,000.00 per month while drilling and \$125.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(20) 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.

(21) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before January 31, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

-4-

Case Nos. 6017
6035
6036
Order No. R-5579

(22) That the application of Southern Union Supply Company in Case No. 6035 for an order pooling all mineral interests in the San Andres formation underlying the N/2 NE/4 of said Section 30 in said Flying M-San Andres Pool should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of E. L. Latham, Jr., and Roy G. Barton, Jr., in Case No. 6036 for an amendment of the Special Rules and Regulations for the Flying M-San Andres Pool, Lea County, New Mexico, to provide for a change from 80-acre spacing units to 40-acre spacing units is hereby denied.

(2) That the application of E. L. Latham, Jr., and Roy G. Barton, Jr., in Case No. 6036 for approval of a 40-acre non-standard oil proration unit consisting of the NE/4 NE/4 of Section 30, Township 9 South, Range 33 East, Flying M-San Andres Pool, Lea County, New Mexico, is hereby denied.

(3) That that portion of the application of E. L. Latham, Jr., and Roy G. Barton, Jr., in Case No. 6017 relating to a standard Flying M-San Andres Pool location in the SE/4 NE/4 of said Section 30 is hereby dismissed.

(4) That the application of Southern Union Supply Co. in Case No. 6035 for an order pooling all mineral interests in the San Andres formation underlying the N/2 NE/4 of said Section 30 in said Flying M-San Andres Pool to be dedicated to a well to be drilled in the NW/4 NE/4 of said Section is hereby denied.

(5) That all mineral interests, whatever they may be, in the San Andres formation underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, NMPM, Flying M-San Andres Pool, Lea County, New Mexico, are hereby pooled to form a standard 80-acre oil spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location within 200 feet of the center of the NE/4 NE/4 of said Section 30.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 31st day of January, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the San Andres formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 31st day of January, 1978, Order (5) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

-5-

Case Nos. 6017
6035
6036
Order No. R-5579

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Commission and show cause why Order (5) of this order should not be rescinded.

(6) That E. L. Latham, Jr., and Roy G. Barton, Jr., are hereby designated the operator of the subject well and unit.

(7) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(8) 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.

(9) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

(10) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

-6-

Case Nos. 6017

6035

6036

Order No. R-5579

(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 within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(13) That \$1,000.00 per month while drilling and \$125.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(14) 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.

(15) 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.

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

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

-7-

Case Nos. 6017

6035

6036

Order No. R-5579

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

jr/



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
January 4, 1978



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Byron Caton
Tansey, Rosebrough, Roberts
& Gerding
Attorneys at Law
P. O. Box 1020
Farmington, New Mexico 87401

Re: CASE NO. 6017, 6035, 6036
ORDER NO. R-5579-A

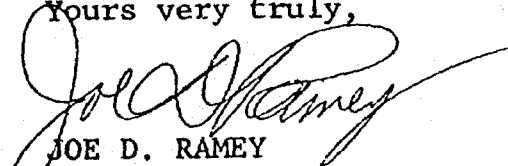
Applicant:

Southern Union Supply Company,
E. L. Latham, Jr. and Roy G. Barton, Jr.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Donald G. Stevens

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:

CASES NOS. 6017 DE NOVO
6035 DE NOVO
6036 DE NOVO
Order No. R-5579-A

APPLICATION OF E. L. LATHAM, JR. AND ROY G. BARTON, JR.
FOR COMPULSORY POOLING OR 40-ACRE SPACING, LEA COUNTY,
NEW MEXICO; AND, APPLICATION OF SOUTHERN UNION SUPPLY
CO., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 1 p.m. on December 27, 1977,
at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 4th day of January, 1978, the Commission,
a quorum being present, having considered the testimony
presented and the exhibits received at said hearing, 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 upon receipt of the application of E. L. Latham,
Jr., and Roy G. Barton, Jr., hereinafter referred to as Latham
& Barton, for an order pooling all mineral interests underlying
the E/2 NE/4 of Section 30, Township 9 South, Range 33 East,
NMPM, Flying M-San Andres Pool, Lea County, New Mexico, the
Commission set the same for hearing as Case No. 5017 on
August 31, 1977.

-2-

Cases Nos. 6017 De Novo,
6035 De Novo, 6036 De Novo
Order No. R-5579-A

(3) That subsequent to receiving the application of Latham & Barton, the Commission received the application of Southern Union Supply Co., hereinafter referred to as Southern Union, for an order pooling all mineral interests in the San Andres formation underlying the N/2 NE/4 of Section 30, Township 9 South, Range 33 East, NMPH, Flying M-San Andres Pool, Lea County, New Mexico, and set the same for hearing as Case No. 6035 on September 14, 1977.

(4) That, subsequent to receiving the application of Southern Union, the Commission received the application of Latham & Barton for an order pooling all mineral interests in the Flying M-San Andres Pool underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location for said pool within 200 feet of the center of the NE/4 NE/4 of said Section 30, or an order pooling only the NE/4 NE/4 of Section 30 to form a non-standard 40-acre unit to be dedicated to the aforesaid well, or in the alternative, the amendment of the Flying M-San Andres Pool Rules to provide for 40-acre spacing, and an order pooling the aforesaid NE/4 NE/4 of Section 30 as a standard unit for said pool to be dedicated to a well to be drilled at a standard location thereon, and set the same for hearing as Case No. 6036 on September 14, 1977.

(5) That at the August 31, 1977, hearing of Case No. 6017, said case was continued to the September 14, 1977, Examiner hearing so that Case No. 6017, Case No. 6035 and Case No. 6036 could be heard at the same time.

(6) That these matters came on for hearing at 9:00 a.m. on September 14, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

(7) That Cases 6017, 6035 and 6036 were consolidated, testimony was heard by the Commission examiner concerning each case, and, pursuant to said hearing, Commission Order No. R-5569 was entered on November 22, 1977, approving the application of Latham & Barton for compulsory pooling of all mineral interests in the San Andres formation underlying the E/2 NE/4 of said Section 30 and the drilling of a well at an unorthodox location in the NE/4 NE/4 of said Section, within the Flying M-San Andres Pool, and denying or dismissing all other applications considered in the consolidated cases.

-3-

Cases Nos. 6017 De Novo,
6035 De Novo, 6036 De Novo
Order No. R-5579-A

(8) That on December 9, 1977, application for hearing DE NOVO was made by Southern Union and the matter was set for hearing before the Commission.

(9) That the matter came on for hearing De Novo on December 27, 1977.

(10) That the evidence presented was insufficient to prove either the necessity for or the propriety of the amendment of the Special Rules and Regulations for said Flying M-San Andres Pool and that that part of the application in Case No. 6036 should be denied.

(11) That the evidence presented demonstrated that, due to the existing pattern of development, the correlative rights of the interest owners under the NE/4 NE/4 of said Section 30 cannot be protected unless a well is drilled thereon, and that portion of Case No. 6017 relating to a standard location for the Flying M-San Andres Pool, in the SE/4 NE/4 of Section 30 should be dismissed.

(12) That while the applicants, Latham & Barton, were the only applicants originally seeking to drill a well within the NE/4 NE/4 of said Section 30, Southern Union amended its application at the hearing and now also seeks to drill a well at said unorthodox location and such location should be approved.

(13) That the evidence presented was insufficient to prove either the necessity for or the propriety of the granting of a non-standard oil proration unit in said Flying M-San Andres Pool consisting of the NE/4 NE/4 of said Section 30 and that part of the application in Case No. 6036 should be denied.

(14) That the entire NE/4 of said Section 30 may reasonably be presumed to be capable of the production of oil from the San Andres formation.

(15) That contradictory expert testimony was presented attempting to show that each of the two proposed 80-acre pooling units (N/2 NE/4 and E/2 NE/4 of said Section 30) was a more logical drilling unit geologically.

(16) That such geologic testimony was largely interpretive in nature and did not conclusively prove the geologic superiority of either of the two proposed 80-acre pooling units.

-4-

Cases Nos. 6017 De Novo,
6035 De Novo, 6036 De Novo
Order No. R-5579-A

(17) That the special rules and regulations for said Flying M-San Andres Pool would permit the establishment of standard 80-acre oil proration units consisting of the E/2 NE/4 (Tract 1) and the W/2 NE/4 (Tract 2), or the N/2 NE/4 (Tract 3) and the S/2 NE/4 (Tract 4) of said Section 30.

(18) That the percentage working interest ownership under each of the standard 80-acre oil proration units described in Finding No. (17) above is as follows:

OWNER	TRACT NO.			
	1	2	3	4
Latham & Barton	73.44%	0%	23.44%	50.00%
Southern Union	0%	78.13%	40.62%	37.50%
Shell Oil Co.	26.56%	21.87%	35.94%	12.50%

(19) That Section 65-3-10, NMSA 1953 Compilation, requires in part that the Commission protect correlative rights.

(20) That Section 65-3-29 (H), NMSA 1953 Compilation defines correlative rights as follows:

"Correlative rights" means the opportunity afforded, so far as it is practicable to do so, to the owner of each property in a pool to produce without waste his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practicably determined, and so far as can be practicably obtained without waste, substantially in the proportion that the quantity of recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas, or both, in the pool, and for such purpose to use his just and equitable share of the reservoir energy."

(21) That approval of the application of Latham & Barton for an order pooling all mineral interests underlying the E/2 NE/4 of said Section 30 in said Flying M-San Andres Pool and for an unorthodox oil well location within 200 feet of the center of the NE/4 NE/4 of said Section 30 will afford the various owners of interest under the E/2 NE/4 of said Section 30 the best opportunity to produce their just and equitable share of the oil in the subject pool, thereby

-5-

Cases Nos. 6017 De Novo,
6035 De Novo, 6036 De Novo
Order No. R-5579-A

protecting the correlative rights of such owners, and will not result in waste.

(22) That the owners of mineral interests under the W/2 NE/4 of said Section 30 in said Flying M-San Andres Pool may protect their correlative rights under such tract by drilling and completing a well or wells thereon.

(23) That Latham & Barton object to the pooling of their working interest under the NE/4 NE/4 with the NW/4 NE/4 (under which they have no interest) to form an 80-acre oil proration unit in said Flying M-San Andres Pool.

(24) That the application of Latham & Barton in Case No. 6017 for the pooling of all mineral interests under the E/2 NE/4 of said Section 30 is for approval of an 80-acre proration unit which would permit Latham & Barton to develop the acreage in which they have a 73.44 percent working interest and in which Southern Union has no working interest, and, due to the absence of any conclusive geologic evidence against such pooling or any conclusive evidence that such pooling will violate correlative rights or cause waste, such application should be approved.

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

(26) That the applicants, Latham & Barton, should be designated the operator of the subject well and unit.

(27) 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.

(28) 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.

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

-6-

Cases Nos. 6017 De Novo,
6035 De Novo, 6036 De Novo
Order No. R-5579-A

(30) 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.

(31) That \$1,000.00 per month while drilling and \$125.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(32) 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.

(33) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before March 31, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

(34) That the application of Southern Union in Case No. 6035 for an order pooling all mineral interests in the San Andres formation underlying the N/2 NE/4 of said Section 30 in said Flying M-San Andres Pool should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of E. L. Latham, Jr., and Roy G. Barton, Jr., in Case No. 6036 for an amendment of the Special Rules and Regulations for the Flying M-San Andres Pool, Lea County, New Mexico, to provide for a change from 80-acre spacing units to 40-acre spacing units is hereby denied.

(2) That the application of E. L. Latham, Jr., and Roy G. Barton, Jr., in Case No. 6036 for approval of a 40-acre non-standard oil proration unit consisting of the NE/4 NE/4 of Section 30, Township 9 South, Range 33 East, Flying M-San Andres Pool, Lea County, New Mexico, is hereby denied.

-7-

Cases Nos. 6017 De Novo,
6035, De Novo, 6036 De Novo
Order No. R-5579-A

(3) That that portion of the application of E. L. Latham, Jr., and Roy G. Barton, Jr., in Case No. 6017 relating to a standard Flying M-San Andres Pool location in the SE/4 NE/4 of said Section 30 is hereby dismissed.

(4) That the application of Southern Union Supply Co. in Case No. 6035 for an order pooling all mineral interests in the San Andres formation underlying the N/2 NE/4 of said Section 30 in said Flying M-San Andres Pool to be dedicated to a well to be drilled in the NW/4 NE/4 of said Section is hereby denied.

(5) That all mineral interests, whatever they may be, in the San Andres formation underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, NMPM, Flying M-San Andres Pool, Lea County, New Mexico, are hereby pooled to form a standard 80-acre oil spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location within 200 feet of the center of the NE/4 NE/4 of said Section 30.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 31st day of March, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the San Andres formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 31st day of March, 1978, Order (5) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Commission and show cause why Order (5) of this order should not be rescinded.

(6) That E. L. Latham, Jr., and Roy G. Barton, Jr., are hereby designated the operator of the subject well and unit.

(7) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

-8-

Cases Nos. 6017 De Novo,
6035 De Novo, 6036 De Novo
Order No. R-5579-A

(8) 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.

(9) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

(10) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 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 within 30 days from the date the schedule of estimated well costs is furnished to him.

-9-

Cases Nos. 6017 De Novo,
6035 De Novo, 6036 De Novo
Order No. R-5579-A

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

(13) That \$1,000.00 per month while drilling and \$125.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(14) 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.

(15) 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.

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

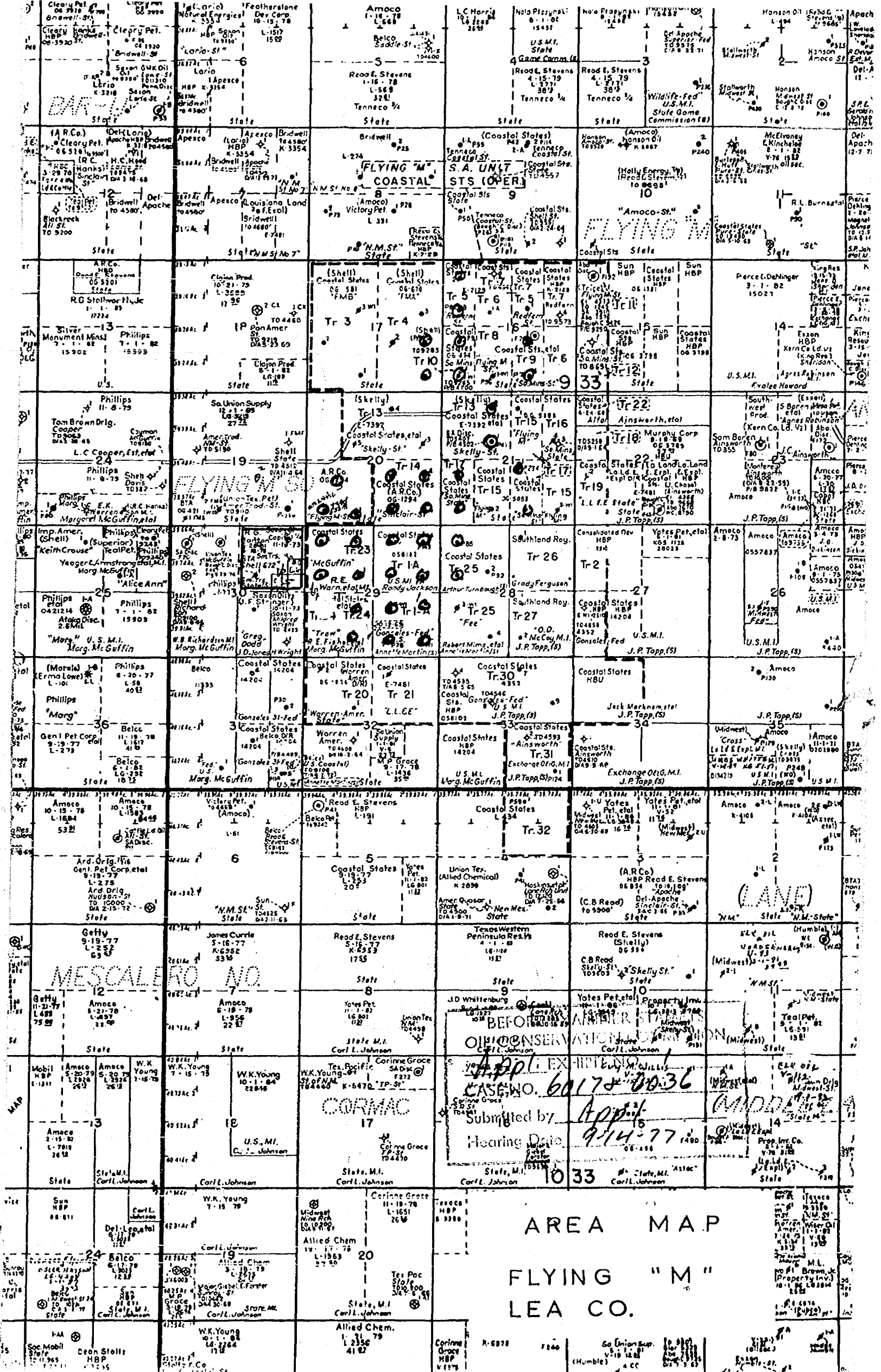
PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member

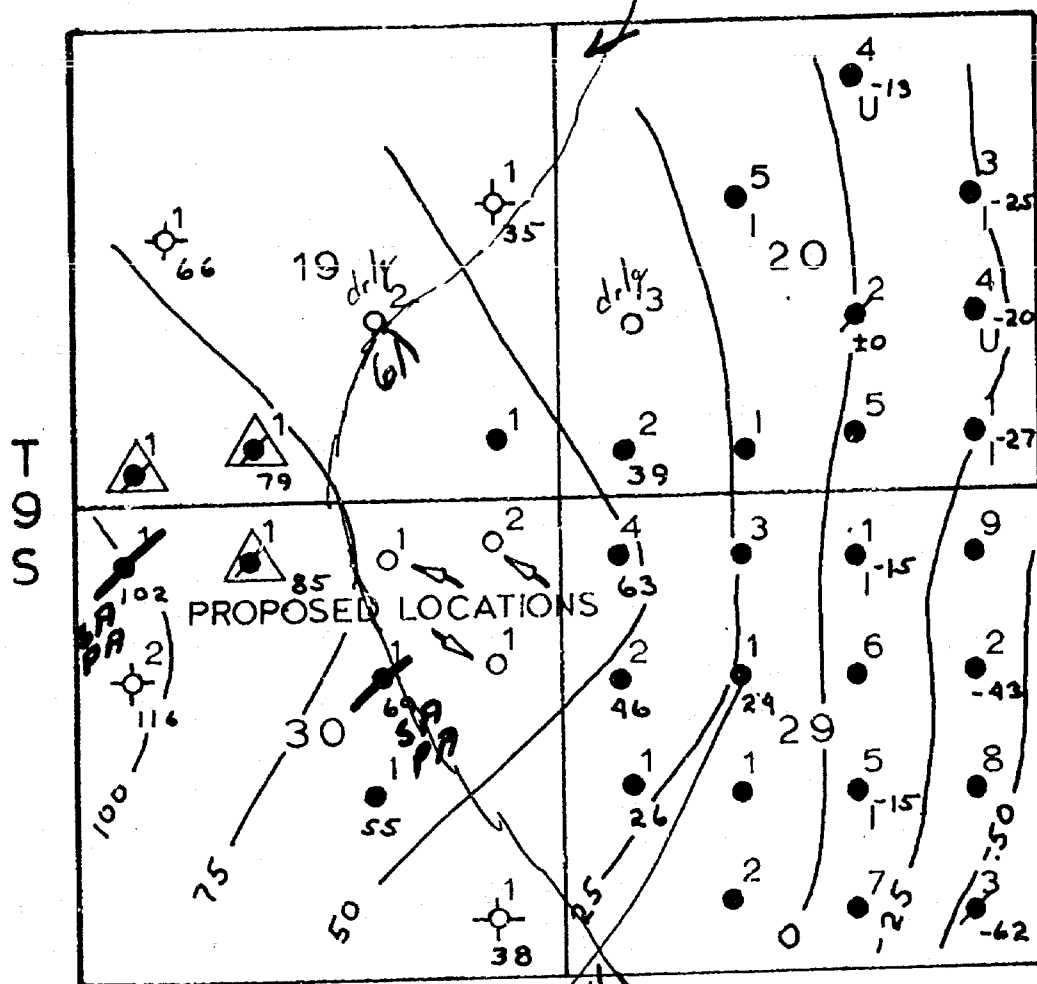
S E A L

dr/

JOE D. RAMEY, Member & Secretary



R33E



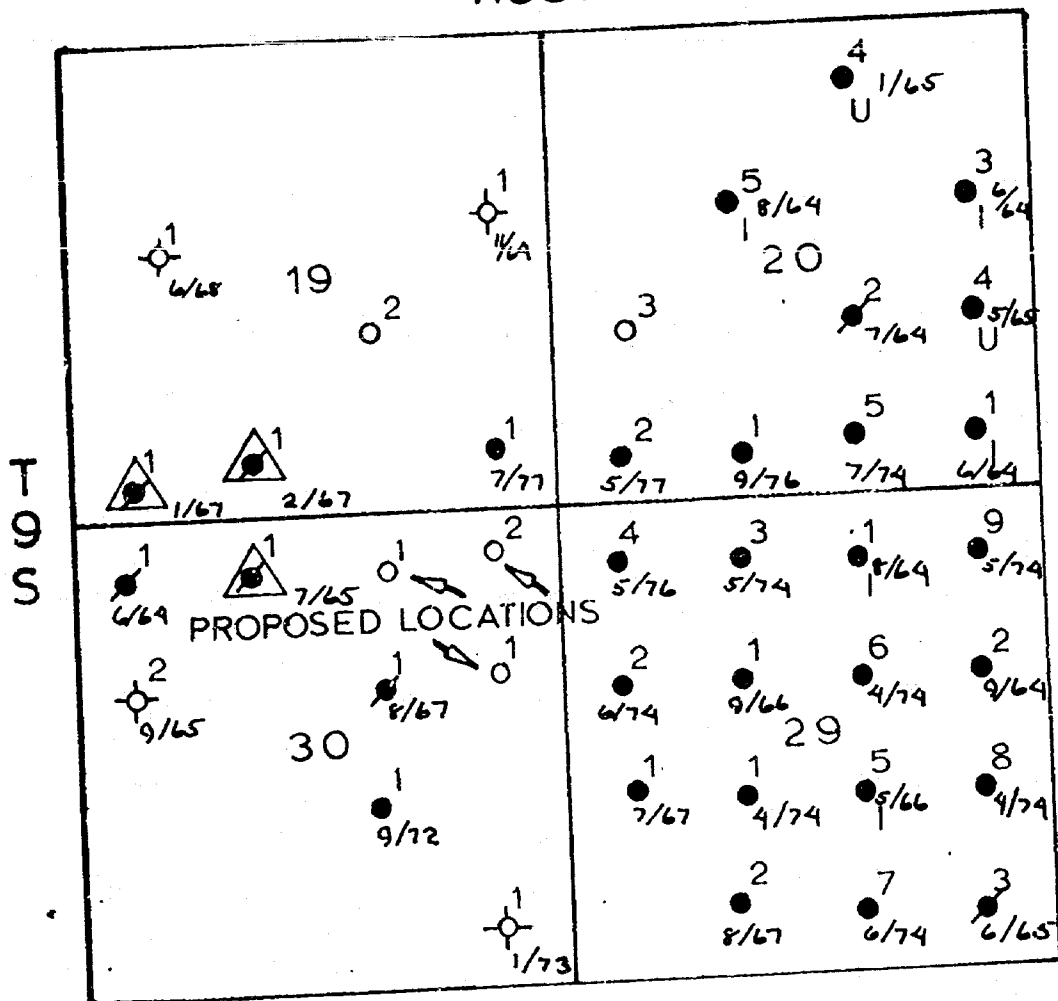
 ABANDONED WOLFCAMP

Hearing Date 9-14-77

Beswell
This area
over 300
barrels

SEPT 77 JACK AHLEN

R33E



FLYING "M"

LEA CO.

COMPLETION DATE

LOCATION

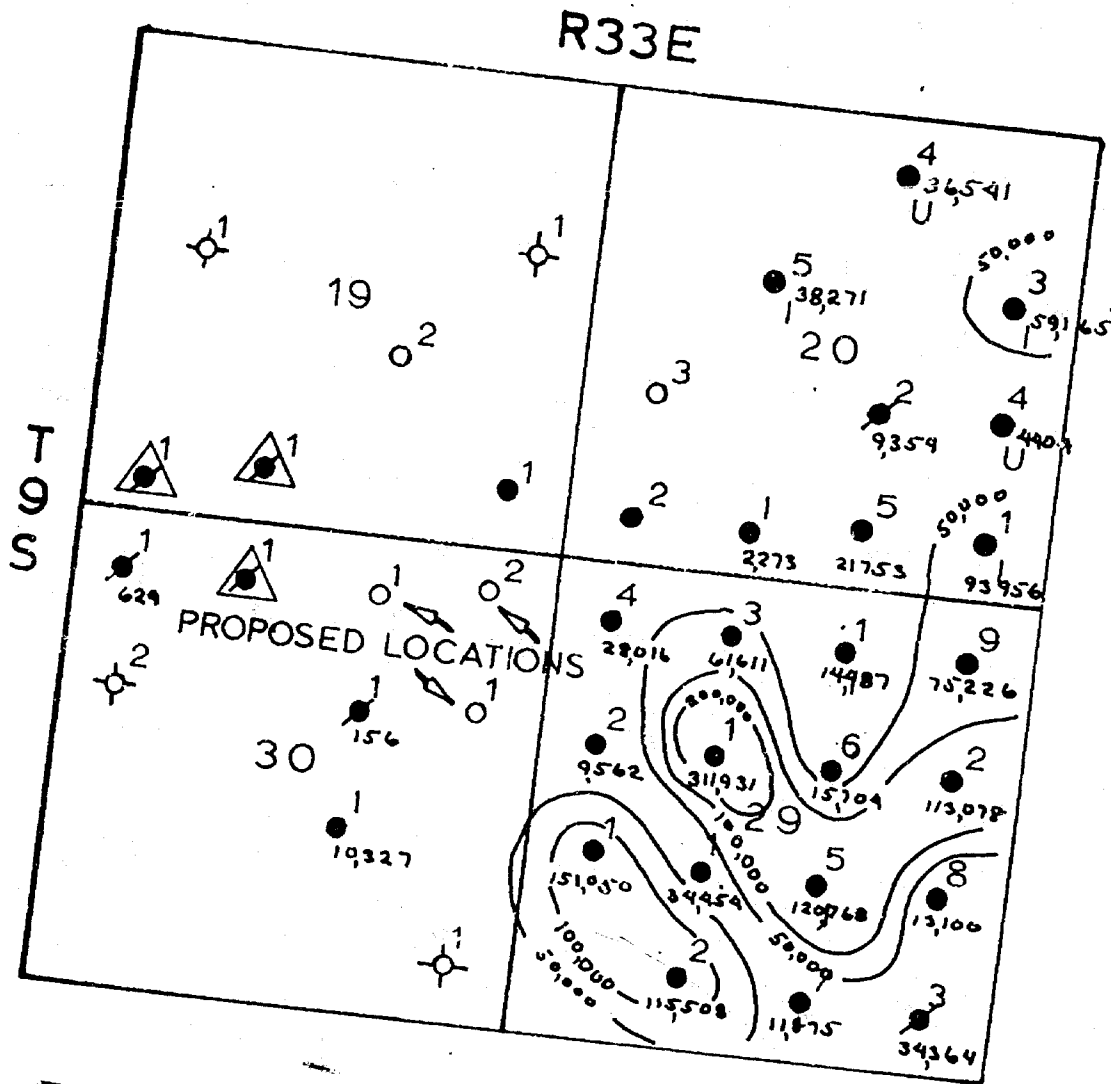
INJECTION WELL

SAN ANDRES PAY

ABANDONED WOLFCAMP

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
Appl. EXHIBIT NO. 4
CASE NO. 6017-6036
Submitted by Appl.
Hearing Date 9-14-77

SEPT 77 JACK AHLEN



FLYING "M"

LEA CO.

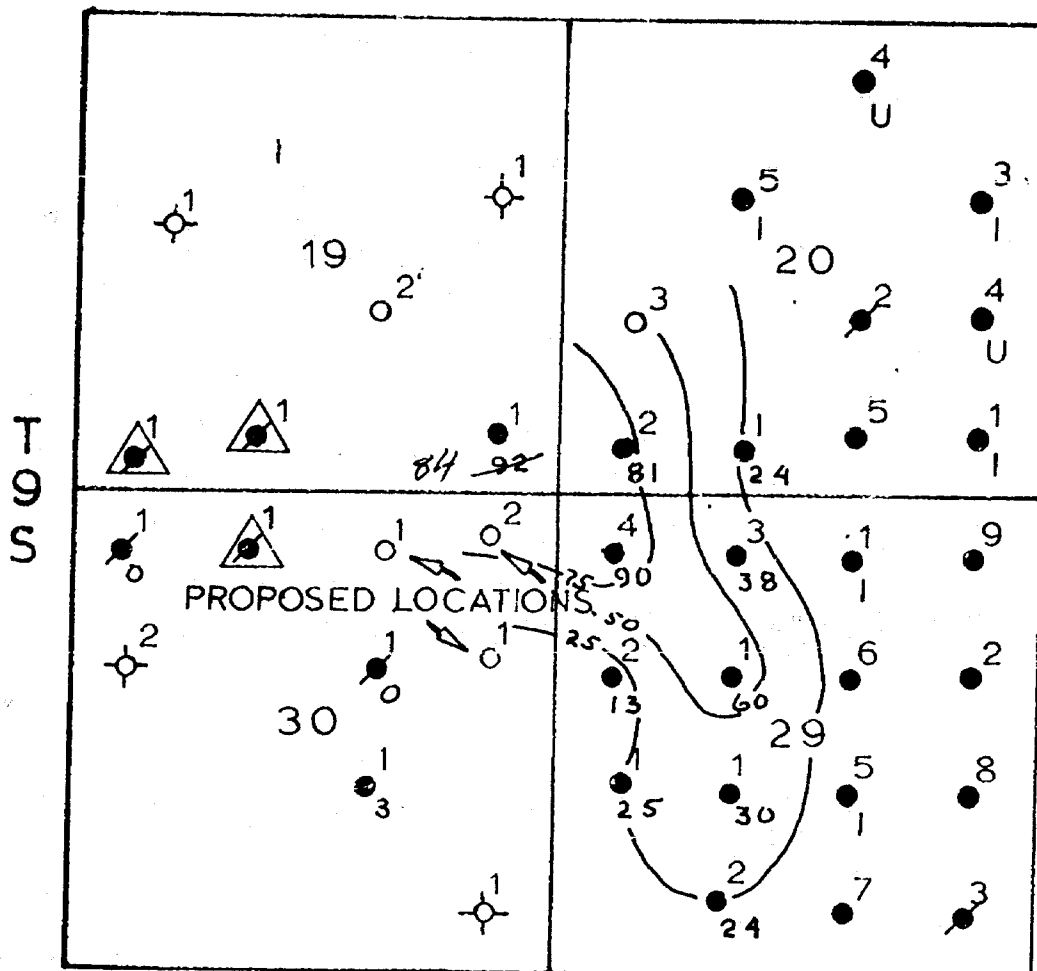
CUMULATIVE PRODUCTION TO 1/1 77

- LOCATION
- INJECTION WELL
- SAN ANDRES PAY
- ▲ ABANDONED WOLFCAMP

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Appr	EXHIBIT NO. 5
CASE NO. 6017 + 6036	
Submitted by: Appr.	
Hearing Date: 9-14-77	
X-5	

SEPT 77 JACK AHLEN

R33E



FLYING "M"

LEA CO.

AVERAGE DAILY PRODUCTION

JULY 77

○ LOCATION

● INJECTION WELL

● SAN ANDRES PAY

△ ABANDONED WOLFCAMP

BEFORE EXAMINER STARTS
OIL CONSERVATION COMMISSION

Appl. EXHIBIT NO. 7
CASE NO. 6017 + 6036

Submitted by Appl.

Hearing Date 9-14-77

SEPT 77 JACK AHLEN

OWNERSHIP - NE/4 Sec. 30-9S-33E

Lea County, New Mexico

	<u>W. I. %</u>	<u>N. R. I. %</u>
<u>E/2 NE/4</u>		
Latham & Barton	73+ <i>27% Su</i>	67
<u>N/2 NE/4</u>		
Southern Union	76+ <i>24% L&B</i>	61+
<u>NE/4 NE/4</u>		
Southern Union	53	39+
Latham & Barton	46+	41,
<u>W/2 NE/4</u>		
Southern Union	100? <i>OK</i>	70+?
Latham & Barton		0

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
App'l *8*
CASE NO. *6017 + 6036*
Submitted *App'l.*
Hearing *9-14-77*

S/E / NE

100 L&B

Date August 24, 1977

Operator E. L. Latham, Jr. and Roy G. Barton, Jr.

Location 1780' FNL & 660' FEL Sec. 30, T9S, R33E Field Flying "M" SA

Lease CASH Well No. 1 Depth 4500' County Lea

State NM Spudded Date Potential Test

INTANGIBLE DEVELOPMENT EXPENDITURES:

	Estimate	Actual
<u>Drilling Expenditures:</u>		
1. Survey of location and elevation	\$ 228.80	\$
2. Roads and Dirt Work	4,849.00	
3. Mud, Chemicals, Additives & Oil	3,500.00	
4. Hauling & Water	4,500.00	
5. Cement and Cementing 1800' of 8 5/8" Circ. 4500' of 4 1/2"	7,150.00	
6. Electrical Logging	7,500.00	
7. Drilling, including daywork	43,037.50	
8. Geological Services	1,000.00	
9. Tool Rental - Drilling & Completion Engineer	4,100.00	
10 Surface & Intermediate Casing 1800' 8 5/8"	10,980.00	
11 Miscellaneous	2,000.00	
Total Drilling Expenditures	\$ 88,845.30	
<u>Completion Expenditures:</u>		
1. Acidizing or Fracturing	6,150.00	
2. Perforating Expense	1,818.00	
3. Testing Expense KCL Water	500.00	
4. Servicing Unit Est. 5 Days	4,200.00	
5. Miscellaneous	2,000.00	
Total Completion Expenditures	\$ 14,668.00	
TOTAL INTANGIBLE DEVELOPMENT EXPENDITURES	\$103,513.30	
<u>Equipment Expenditures:</u>		
1. Oil String Casing 4500' 4 1/2"	13,050.00	
2. Tubing 4475' of 2 3/8"	9,035.50	
3. Sucker Rods	3,780.00	
4. Pumping Equipment	14,750.00	
5. Lines		
6. Tanks & Treater	14,900.00	
7. Separators, Casinghead, Tubinghead	1,125.00	
8. Miscellaneous Fitting & Valves & Labor	8,000.00	
Total Equipment Expenditures	\$ 64,640.50	
TOTAL EXPENDITURES FOR WELL CONSERVATION COMMISSION	\$168,153.80	

BEFORE EXAMINER STAMETS

App'l Exhibit No. 9
CASE NO. 60113-6036Submitted by App'l
Hearing Date 7-14-77

Dockets Nos. 30-77 and 31-77 are tentatively set for hearing on September 28 and October 12, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 14, 1977

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6016: (Continued from August 31, 1977 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Land Oil Company, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Garner Well No. 1 located in Unit D of Section 23, Township 14 South, Range 25 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5981: (Continued from July 6, 1977 Examiner Hearing)

Application of W. A. Moncrief, Jr., for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Upper-Pennsylvanian production for his State Well No. 1 located in Unit E of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, and the promulgation of special rules therefor, including a provision for 80-acre spacing.

CASE 5983: (Continued from July 20, 1977 Examiner Hearing)

Application of Yates Petroleum Corporation for the amendment of Order No. R-5445, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent. Said order pooled the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico.

CASE 6024: Application of Read & Stevens, Inc., for two unorthodox gas well locations, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its R & J Federal Well No. 1 located in the center of Unit A of Section 20, Township 12 South, Range 31 East, and its Jackson Well No. 1, located in the center of Unit I of Section 25, Township 12 South, Range 30 East, Southeast Chaves-Queen Gas Area, Chaves County, New Mexico, the E/2 of said Section 20 and the S/2 of said Section 25, respectively, to be dedicated to the wells.

CASE 6025: Application of Roger C. Hanks for a special gas-oil ratio limitation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special gas-oil ratio limitation of 4000 cubic feet of gas per barrel of oil for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, retroactive to August 22, 1977.

CASE 6026: Application of William G. Rabe and Alice P. Rabe for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 25, Township 27 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 6027: Application of Great Lakes Chemical Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the SE/4 of Section 25, Township 27 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 6028: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Luzon Unit Area comprising 5117 acres, more or less, of Federal and fee lands in Township 24 South, Ranges 35 and 36 East, Lea County, New Mexico.

CASE 6029: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tubb, Drinkard, East Brunson-McKee, and East Brunson-Ellenburger production in the wellbore of its Sims Well No. 6 located in Unit M of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 6030: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 SE/4 of Section 4, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to be dedicated to its re-entered Smith Well No. 1 located in Unit P of said Section 4, or in the alternative, to a well to be drilled at a standard location thereon. Also to be considered will be the cost of re-entering and recompleting or of drilling and completing the unit well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in recompleting or drilling said well.

CASE 6032: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SW/4 SW/4 of Section 21, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to be dedicated to its re-entered Lanehart Well No. 1-Y located in Unit M of said Section 21, or, in the alternative, to a well to be drilled at a standard location thereon. Also to be considered will be the cost of re-entering and recompleting or of drilling and completing the unit well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in recompleting or drilling said well.

CASE 6031: Application of Rex Alcorn for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 SW/4 of Section 35, Township 16 South, Range 37 East, West Knowles-Drinkard Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the South line and 1980 feet from the West line of said Section 35. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6033: Application of Basin Fuels, Inc., for salt water disposal, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Mesaverde formation through the perforated interval from 1948 feet to 2755 feet in its Slick Well No. 1 located in Unit O of Section 7, Township 20 North, Range 5 West, Franciscan Lake-Mesaverde Pool, McKinley County, New Mexico.

CASE 6034: Application of Flag-Redfern Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4941 feet to 5022 feet in its Bilbrey "51" Well No. 1 located in Unit A of Section 23, Township 9 South, Range 37 East, Sawyer-San Andres Pool, Lea County, New Mexico.

CASE 6035: Application of Southern Union Supply Co., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the N/2 NE/4 of Section 30, Township 9 South, Range 33 East, Flying M-San Andres Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6017: (Continued from August 31, 1977 Examiner Hearing)

Application of E. L. Latham, Jr. and Roy G. Barton, Jr., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, Flying M-San Andres Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6036: Application of E. L. Latham, Jr., and Roy G. Barton, Jr., for compulsory pooling of a standard or a non-standard oil proration unit and an unorthodox location, or in the alternative, 40-acre spacing, Lea County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests in the Flying M-San Andres Pool underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location for said pool within 200 feet of the center of the NE/4 NE/4 of said Section 30, or an order pooling only the NE/4 NE/4 of Section 30 to form a non-standard 40-acre unit to be dedicated to the aforesaid well. In the alternative, applicants seek the amendment of the Flying M-San Andres Pool Rules to provide for 40-acre spacing, and seek an order pooling the aforesaid NE/4 NE/4 of Section 30 as a standard unit for said pool to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling

and completing the proposed well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicants as operator of the well and a charge for risk involved in drilling said well.

CASE 6037: In the matter of the hearing called by the Oil Conservation Commission upon its own motion for the creation and extension of certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Combs-Delaware Gas Pool. The discovery well is the Penroc Oil Corporation Combs Federal Well No. 1 located in Unit P of Section 15, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 15: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the East Lake-Morrow Gas Pool. The discovery well is the Coquina Oil Corporation Gulf Federal Well No. 1 located in Unit A of Section 5, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 5: N/2

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Cisco production and designated as the Hume-Cisco Pool. The discovery well is Vaquero Independent Producers, Inc. Jackrabbit Draw Com Well No. 1 located in Unit L of Section 15, Township 16 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 15: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Malaga-Morrow Gas Pool. The discovery well is the HNG Oil Company Ogden 8 Com Well No. 1 located in Unit H of Section 8, Township 24 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 8: E/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Millman-Atoka Gas Pool. The discovery well is the Depco, Inc. DHY State B Well No. 1 located in Unit L of Section 11, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 11: W/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Pearsall-Abo Pool. The discovery well is the Harvey E. Yates Company, Inc. South Maljamar Deep Well No. 1 located in Unit O of Section 30, Township 17 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 30: SE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Springs production and designated as the Penlon-Bone Springs Pool. The discovery well is the Penroc Oil Corporation Allied B Well No. 1 located in Unit K of Section 27, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 27: SW/4

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Penlon-Delaware Gas Pool. The discovery well is the Penroc Oil Corporation Allied Com Well No. 2 located in Unit B of Section 27, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 27: NE/4

(i) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Rock Lake-Morrow Gas Pool. The discovery well is the Union Oil Company of California Northern Natural State Well No. 1 located in Unit O of Section 28, Township 22 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 28: S/2

(j) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 22: S/2
Section 27: All
Section 34: N/2

(k) EXTEND the North Burton-Pennsylvania Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 32: SW/4

(l) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 24: All
Section 25: E/2
Section 36: All

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 16: All
Section 18: All
Section 19: All
Section 20: S/2
Section 21: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: W/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: Lots 3, 4, 5, 6, 11, 12, 13, & 14
Section 5: All
Section 8: S/2
Section 17: All
Section 20: All
Section 29: W/2
Section 30: All
Section 31: N/2
Section 32: W/2

(m) EXTEND the East Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 35: S/2

(n) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 13: N/2

(o) EXTEND the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM
Section 1: NE/4

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM
Section 8: NE/4

(p) EXTEND the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 19: SE/4

(q) EXTEND the Indian Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 7: SE/4 and N/2 SW/4
Section 18: W/2 SW/4

(r) EXTEND the South Leonard-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 11: SW/4

(s) EXTEND the East Lusk-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 16: SE/4

(t) EXTEND the West Tonto-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 7: S/2 and NE/4

(u) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 9: All
Section 19: All

Docket No. 29-77

DOCKET: COMMISSION HEARING - TUESDAY - SEPTEMBER 20, 1977

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

CASE 5961: (REHEARING)

Application of D. L. Hannifin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO


IN THE MATTER OF THE
HEARING ON THE APPLICATION
OF E. L. LATHAM and R. G. BARTON, JR.
FOR POOLING.

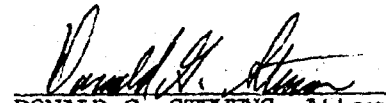
Case No. 6017

STIPULATION

Southern Union Supply Company, by and through their attorneys
Tansey, Rosebrough, Roberts and Gerding, P.C., and E. L. Latham and
Roy G. Barton, Jr., by and through their attorney Donald G. Stevens, do
hereby agree that Latham and Barton's Application for Compulsory Pooling
before the Oil Conservation Commission, Case No. 6017 may be continued
for hearing until the next regularly scheduled hearing date, September 14,
1977, for the purpose of permitting *Southern Union's geologist to return*
from vacation. ~~the Commission to hear both Case No. 6017~~
~~and the Application for Pooling filed by Southern Union Supply Company~~
~~and resolving any conflicts that might be present.~~

TANSEY, ROSEBROUGH, ROBERTS & GERDING, P.C.
P. O. Box 1020
Farmington, New Mexico 87401

By 
Byron Caton, Attorney for Southern Union
Supply Company


DONALD G. STEVENS, Attorney for E. L. Latham
and Roy G. Barton, Jr.
P. O. Box 1797
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
ON THE APPLICATION OF E. L.
LATHAM and R. G. BARTON, JR.
FOR POOLING.

Case No. 6017

ORDER

E. L. Latham and R. G. Barton, Jr. and Southern Union Supply
Company having stipulated herein to a continuance:

IT IS ORDERED the above case be continued until September 14, 1977.

HEARING OFFICER

Dockets Nos. 20-77 and 30-77 are tentatively set for hearing on September 14 and 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

EXAMINER HEARING - SEPTEMBER 14, 1977

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

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

CASE 6016: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Land Oil Company, American Employees' Insurance Company, and all other interested parties to appear and show cause why the Garner Well No. 1 located in Unit D of Section 23, Township 14 South, Range 25 East, Chavez County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6017: Application of E. L. Matham, Jr. and Roy C. Barton, Jr., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 NE/4 of Section 30, Township 9 South, Range 23 East, Flying H-San Andres Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6018: Application of Walter Duncan for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation through the open-hole interval from 687 feet to 706 feet in his North Hogback 1 Well No. 24 located in Unit 6 of Section 1, Township 29 North, Range 17 West, and from 691 feet to 702 in his North Hogback 6 Well No. 3 in Unit 1 of Section 6, Township 29 North, Range 16 West, Slickrock-Dakota Pool, San Juan County, New Mexico.

CASE 6019: Application of Gulf Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Littlefield "H-E" Federal Com. Well No. 1 located in Unit J of Section 20, Township 18 South, Range 31 East, Eddy County, New Mexico, to produce gas from undesignated Atoka and Morrow gas pools.

CASE 6020: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Blevins "I-E" Well No. 1 to be drilled 600 feet from the North and West lines of Section 35, Township 17 South, Range 26 East, Eddy County, New Mexico, to test the Morrow formation, the N/2 of said Section 35 to be dedicated to the well.

CASE 6021: Application of Yates Petroleum Corporation for salt water disposal, Chavez County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 962 feet to 1240 feet in its Federal H Well No. 1 located in Unit A of Section 31, Township 6 South, Range 26 East, Linda-San Andres Pool, Chavez County, New Mexico.

CASE 6022: Application of Continental Oil Company for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Conoco 29-4 Well No. 8 to be drilled 2265 feet from the South line and 1635 feet from the West line of Section 20, Township 29 North, Range 4 West, Gobernador-Pictured Cliffs Pool, Rio Arriba County, New Mexico, the SW/4 of said Section to be dedicated to the well.

CASE 6023: Application of Inxco Oil Company for downhole casinggling and a tubing exception, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the downhole casinggling of Upper Penn and Strawn production in the wellbore of its Federal 10 State Com Well No. 1 located in Unit L of Section 10, Township 21 South, Range 26 East, Avalon Gas Field, Eddy County, New Mexico. Applicant further seeks an exception to Commission Rule 107(d) to permit setting tubing 370 feet above the uppermost perforation in said well.

CASE 5957: (Continued from July 6, 1977, Examiner Hearing)

Application of Helco Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 8 and in the other Pennsylvanian formations underlying the E/2 of said Section 8, Township 24 South, Range 30 East, Cinta Roja-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 604: (Continued from August 17, 1977, Examiner Hearing)

Application of Gulf Oil Corp. for a directional drilling operation and, if necessary, dedication and approval for a well, New Mexico. Applicant, in the above-styled cause, seeks approval for a directional drilling operation and, if necessary, dedication of Section 4 except the NW 1/4 NW 1/4 of said Section 4, Township 30 North, Range 12 West, DeBaca County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 840 feet from the South line and 1400 feet from the West line of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 605: (Continued from August 17, 1977, Examiner Hearing)

Application of Harnett Gas Inc. for a directional drilling and an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order permitting all mineral interests in the Dakota formation underlying the NW 1/4 of Section 13, Township 30 North, Range 12 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 840 feet from the South line and 1400 feet from the West line of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 606: (Continued from August 17, 1977, Examiner Hearing)

Application of Tormco Oil Company for a directional drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of Bureau Meyererde and Basin Dakota production in the wellbore of its Viceroy "A" Well No. 1 in Unit 1 of Section 18, "B" Well No. 2 in Unit 2 of Section 15, "C" Wells Nos. 3, 4, 5, 6, 7, and 8, located, respectively, in Units 1 and 2 of Section 24, 1 of Section 14, and 1 and 2 of Section 13, all in Township 20 North, Range 5 West, Rio Arriba County, New Mexico.

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
E. L. LATHAM, JR., AND ROY G. BARTON, JR.,
FOR COMPULSORY POOLING OF THEIR WELL
TO BE DRILLED IN, FLYING M SAN ANDRES
POOL, SECTION 30, TOWNSHIP 9 SOUTH,
RANGE 33 EAST, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

COME NOW E. L. Latham, Jr., and Roy G. Barton, Jr., as provided by Section 65-3-14, New Mexico Statutes, 1953, as amended, and apply to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interests in and under the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, N.M.P.M., Flying M San Andres Pool, Lea County, New Mexico, from the surface to the base of the San Andres formation, and in support thereof Applicants would show:

1. Applicants are the owners of the right to drill and develop part of the following described acreage: E/2 NE/4 of Section 30, Township 9 South, Range ³³~~30~~ East, N.M.P.M., Flying M San Anres Pool, Lea County, New Mexico and plan a well into the San Andres formation at a standard location thereon.

2. Southern Union Supply Company, an interest owner in the proposed proration unit, has not agreed to pool its interest with that of Applicants. Southern Union Supply Company owns operating rights to 26.5625% of the proposed proration unit and Applicants own 73.4375% of the proposed proration unit. The address of Southern Union Supply Company is: 1800 First International Building, Dallas, Texas, 75270.

3. Applicants request that they be designated operator of the pooled unit requested above.

4. In order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent waste, Applicants request the Commission to pool all interests in the spacing or proration unit as a unit.

5. The risk and expense of drilling and completing the well is great and if any owners of any other possible interests in the E/2 NE/4, Section 30, do not choose to pay their share of the cost of drilling and completion, Applicants should be allowed a reasonable charge for the supervision and a charge for the risk involved in addition to recovery of the actual cost of drilling and completing the well.

WHEREFORE, Applicants respectfully request that the Commission set this matter for hearing before the Commission's duly appoint examiner on August 31, 1977, and that after notice and hearing as required by law the Commission enter its order pooling all interests from the surface to the base of the San Andres formation underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, N.M.P.M., Flying M San Andres Pool, Lea County, New Mexico, and designating Applicants operator of the pooled unit, together with provision for Applicants to recover their costs out of production including a risk factor to be determined by the Commission and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interests may be determined and for further orders as may be proper in the premises.

Respectfully submitted,
E. L. LATHAM, JR., AND
ROY G. BARTON, JR.

By Donald G. Stevens
DONALD G. STEVENS
P.O. Box 1797
Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANTS

