# APPIIC ATION, Transcripts, Small Exhibits,

ETC.

CASE NO.

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		6	IN THE MATTER OF: Application of Harvey E.	) ) ) CASE (Yatés Company) 6484
		8	for compulsory pooling, New Mexico.	Lea County, )
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		10	BEFORE: Richard Stamets	
		12	TRANSCRIPT	OF HEARING
		13		RANCES
		14		
		15	For the Oil Conservation Division:	Lynn Teschendorf, Esq. Legal Counsel for the Division State Land Office Building
	÷	<b>16</b>		Santa Fe, New Mexico 87503
		17	For the Applicant:	H.A. Losey, Esq.
		18	roi the applicant.	LOSEY, CARSON & DICKERSON Attorneys at Law
44 		19		Artesia, New Mexico
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	<u>INDEX</u>	DACE	··· · · · · · · · · · · · · · · · · ·
2		PAGE	
3	ANDREW LATTU		
4	Direct Examination by Mr. Losey	3	
5	EDWARD WHITE		
6	Direct Examination by Mr. Losey	6	
7	Examination by Mr. Stamets	9	
- 8	<u>E X H I B I T S</u>		
9	Applicant Exhibit No. One, Land Plat	11	
10	Applicant Exhibit No. Two, Structural Map	11	
11	Applicant Exhibit No. Three, A.A. Prime Cross- Section	11	
12	Applicant Exhibit No. Four, List of Names	11	
13			
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	621 Old Santa Fe Trail — Suite 7 Santa Fe, New Mexico 87501		
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	MR. STAMETS: Let the record show that this is	
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3	a continuation of the Examiner Hearing from Wednesday,	
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4	starts up as of now. We will call first case 6484.	   
5	MS. TESCHENDORF: Case 6484, Application of	
6	Harvey E. Yates Company for compulsory pooling, Lea County,	
7	New Mexico.	
8	MR. LOSEY: A. J. Losey, et al., Artesia, and	
9	on behalf of the applicant. I have two witnesses, both of	
10	whom have previously been sworn in the DeNoble.	
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13	this hearing.	
14	ANDREW LATTU	.  -
15	being called as a witness and having been duly sworn upon	
16	his oath. testified as follows, to-wit:	
17	DIRECT EXAMINATION	
18	BY MR. LOSEY:	
19	Q State your name, residence and occupation.	
20	A Andrew Lattu, Midland, Texas, I'm a geologist	
, 21	with Harvey Yates Company.	5
22	Q You previously testified before the Commission	
23	and had your qualifications made part of the record?	
24	A Yes, I have, and they are.	
25	MR. LOSEY: Are Mr. Lattu's qualifications	
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MR. STAMETS: They are. BY MR. LOSEY:

Q Please refer to what has been marked as Exhibit One and explain what is portrayed by this.

A Exhibit One is a land plat from Lea County, New Mexico, showing Township 16 South, Range 37 East and specifically Section 28 in the proposed Harvey Yates location for a strong till in the Southeast quarter of Section 28.

Q Please turn to what's been marked as Exhibit Two and explain what is portrayed by this exhibit.

A Exhibit Two is a structure map contoured on the top of the strong line, there are several producing fields that produce out of strung buyer hins (sic) within this line. These producing fields are located on structural noses along the strike. Casey-Strong field is located to the Southeast of the prospective Section 28. And the Lovington-Northeast is located to the Northwest of the prospect. The red line indicated on there is cross-section A.A. Prime -- which is Exhibit Three.

This is a structural cross-section going from the Lovington-Northeast to the Casey-Strong field. Our proposed location is in between these two fields which are separated by a dry hole in Section 21-16-37. Because the structural interpretation shows a nosing in this area, we

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		6
1	: Q	What is that?
2	A	Two hundred percent. There is also a dry
3	hole between	those two producing fields. It's on the
4	cross-sectio	n
õ	Q	Do you also have an opinion as to what would
6	be a reasona	able charge for drilling well on a monthly basis
7	for this wel	1?
8	A	No, I don't.
.9	Q	Let me help you.
10		Okay. All right, I do now.
11	Q	What is that opinion?
12	A	For drilling it would be \$2,700 and for pro-
13	ducing well	it would be \$270.
14		MR. LOSEY: That's all.
15		MR. STAMETS: Any questions of this witness?
16	He may be ex	cused.
17		DIRECT EXAMINATION
18	BY MR. LOSEY	?:
19	e Q	State your name, address, and occupation.
20	A	Ed White. Living in Texas, I'm an independent
21	land man.	
22	Q	Were you employed by Harvey Yates Company to ob
23	tain joinder	r or leases from mineral owners in the East half
24	of Section 2	28?
25	A	Yes sir.
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		Certified Shorthand Reporters 62.1 Old Santa Fe Trail — Suite 7
		Santa Fe, New Mexico 87501

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<b>l</b> .	Q Did you obtain a joinder from some of the
2	people?
3	A Yes I did.
4	Q I'm going to hand you what's been marked as
õ	Exhibit Four and ask if this is a list of the people from who
6	you were not able to either obtain a lease or joinder in the
7	well?
8	A That's correct, with some current corrections
9	on it.
10	Q You have made pencil corrections on people
11	who are now participating?
12	A Right. Let me add one more, this is the first
13	one on the list, Ohio Petroleum, I understand has agreed to
14	farm out.
15	Q Did you do the land work on determing the
16	owners of this tract?
17	A Yes.
18	Q When did you start your efforts in trying to
19	contact these people?
20	A Around September 1, 1978.
21	Q Did you now Sohio has now indicated their
22	desire to join. I notice this list contains numerous mineral
23	owners. When did you first attempt to contact those mineral
. 24	owners?
25	A That was approximately the middle of October
	Nye Reporting Service, Inc. Certified Shorthand Reporters 621 Old Sants Fe Trail – Suite 7
na an a	Santa Fe, New Mexico 87501

I started attempting to locate them and contact those that I located.

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Q These people, I notice most of them live in Mason City, Iowa.

A That is correct.

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When did they acquire the minerals?

A About 1928.

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Q What efforts did you go through to locate the present addresses?

A Well, I checked the records in Lea County to see if there were any current conveyances that might reflect addresses. I obtained a current phone book of Mason City, Iowa, to see if I could find any of them in the current phone book, which I was unable to do, for the most part. I did find a few who were still living but they were in the age group of 80 to 85 years old.

Q Did you direct a letter to each of the people whose addresses you were able to determine, inviting either their joinder in the well or that they lease the property --their interest to: Ha-Co (sic)?

A Actually, I addressed two letters. The first was an offer to lease their interest, which was in the October period. And then on February 15, 1979 I wrote them a letter and sent them a copy of the Yates costcestimate and an invitation to join.

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1	Q Did you tell them this forced-pooling hearing
2	was going on?
3	A Yes.
. 4	Q What was your offer to lease?
5	A I offered them \$100 an acre, 3/16 royalties
6	for five-yearsterm lease.
7	Q Mr. White, I believe that's all on Direct.
8	MR. STAMETS: Mr. White, were letters sent to
. 9	all of these people at these addresses?
10	THE WITNESS: Well, no sir. If you'll notice
11	under each name it says current, or it will have a year.
12	And if it's current, why, I did send them a letter or con-
13	tacted them. If it says a year, that means that was the last
14	time I had an address on them. Those are not current address-
15	ese, to the best of my knowledge.
16	EXAMINATION
17	BY MR. STAMETS:
18	Q You did not send any letters to addresses
19	shown?
20	A In the instance of 1931 address?
21	Q Like take number eight, there, Helen Brewersin
22	Mason City, Iowa. Did you send her a letter?
23	A No, I got a current phone book of Mason City,
24	Iowa to see if she was listed. I also talked to some of the
25	people who were still living, and asked them if they knew
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. . .

the whereabouts of any of these people. In most instances, they were deceased.

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Q But if Helen Brewer was living in Mason City, Iowa, she would never have had an opportunity to know about this well, is that correct?

A That's true, yes.

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Q Then we wouldn't know whether she agreed to join or not?

A That's true.

Q And I think that a requirement before you can come in for a forced pooling hearing was that you have got to give these people an opportunity to join.

A I determined that her address wasn't current, by getting a phone book and questioning people in the area that would have known her whereabouts.

MR. STAMETS: Mr. Losey, as I recall, you disagree with my position in this matter.

MR. LOSEY: Well, I disagree first, from the legal premise that it's an In Rem proceeding, and the notice published in the newspaper, where the Commission has jurisdiction of the land, the notice published in the newspaper obtains jurisdiction. They're afforded by the notice the opportunity to drill, to participate. The also have 30 days after we give them the notice to participate. If we can't find the people and, as a matter of fact, if most of these

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people are 80, they are probably dead, we -- they can pay the costs in the next world. That's one aspect, that's the legal, that you've got In Rem jurisdiction. And they have to come in.

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The second is, that I think his efforts in obtaining the phone book and his efforts in talking to the people that he was able to find in Mason City, which were joint participants, is bona fide search, and would support a collateral attack ten years later in a court of law. I mean, there are different arguments, Mr. Stamets.

I don't think because you've got an address that was current 38 years ago, and you check the phone book, the current phone book, and you have checked also with people, and bought leases, that there's any purpose at all in sending an address that's 48 years old.

MR. STAMETS: Let's go off the record a minute.

(Whereupon a discussion was had off the record.)
MR. STAMETS: Any other questions of this
witness? He may be excused. Anything further in this case?
MR. LOSEY: Nothing further.
MR. STAMETS: Take the case under advisement.
MR. COFFIELD: I move the introduction of his
Exhibit No. Four. I think I got Andy's in, didn't I?
MR. STAMETS: All the exhibits will be admitted.

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13 REPORTER'S CERTIFICATE 1 2 I. STEFANIE XANTHULL, a court reporter. DO HEREBY 3 CERTIFY that the foregoing and attached Transcript of Hearing 4 before the Oil Conservation Division was reported by me; 5 that the said transcript is a full, true, and correct record 6 of the hearing, prepared by me to the best of my ability, 7 knowledge. and skill. from my notes taken at the time of .8 9 the hearing. 10 11 12 13 14 15 Stefanie Xanthull, C.S.R. 16 17 18 I do hereby certify that the foregoing is 19 a complete record of the proceedings in  $\langle \cdot \rangle$ the Examiner hearing of Gase No. 6484 2021 heard by me on Examiner 22 Oll Conservation Division 23 $\mathbf{24}$ 25Nye Reporting Service, Inc. Certified Shorthand Roporters. 621 Old Santa Fe Trail - Suite 7 Santa Fe, New Mexico 87501

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION State Land Office Building Santa Fe, New Mcxico-2 March 1979 3 4 EXAMINER HEARING 56 IN THE MATTER OF: 7 CASE Application of Harvey E. Yates Company) 6484 for compulsory pooling, Lea County, New Mexico. 8 ···) 9 10 BEFORE: Richard Stamets 11 12 TRANSCRIPT OF HEARING 13 <u>A P P E A R A N C E S</u> 14 Lynn Teschendorf, Esq. Legal Counsel for the Division State Land Office Building For the Oil Conservation 15 Division: 16 Santa Fe, New Mexico 87503 17 H.A. Losey, Esq. LOSEY, CARSON & DICKERSON For the Applicant: 18 Attorneys at Law 19 Artesia, New Mexico 2021 222324 25 Nye Reporting Service, Inc. Certified Shorthand Reporters 621 Old Santa Fe Trail - Suite 7 Santa Fe, New Mexico 87501

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	3	BY MR. LOSEY:
	4	Q Please refer to what has been marked as Exhibit
-	5	One and explain what is portrayed by this.
	6	A Exhibit One is a land plat from Lea County,
-	7	New Mexico, showing Township 16 South, Range 37 East and
	8	specifically Section 28 in the proposed Harvey Yates location
	9	for a strong till in the Southeast quarter of Section 28.
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	14	that produce out of strung buyer hins (sic) within this line.
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		Nye Reporting Service, Inc.
)		Certified Shorthand Reporters 621 Old Santa Fe Trail – Suite 7 Santa Fe, New Mexico 87501

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2	proposed location.
3	Q Mr. Lattu, you are looking for oil in this
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12	nonetheless, at this time you wish to go ahead and have a
13	320 acre gas spacing unit pool?
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19	questions of Mr. Lattu.
20	BY MR. LOSEY:
21	Q Considering that this is in between two pools,
22	and as to a depth of the Strong, do you have an opinion as
23	to what would be a reasonable risk factor for a non-consent-
24	ing working interest order?
25	A Yes I do.
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25	А	Yes sir.
24	of Section 28	3?
23	tain joinder	or leases from mineral owners in the East half
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21	land man.	
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~	1	Q Did you obtain a joinder from some of the
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·		Nye Reporting Service, Inc.
)		Certified Shorthand Reporters 621 Old Santa Fe Trail – Suite 7
		Santa Fe, New Mexico 87501
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8 I-started attempting to locate them and contact those that 2 I located. Q 3 These people, I notice most of them live in 4 Mason City, Iowa.  $\mathbf{\tilde{5}}$ Α That is correct. 6 When did they acquire the minerals? 7 About 1928. А 8 Q What efforts did you go through to locate the present addresses? 9 10 A Well, I checked the records in Lea County to 11 see if there were any current conveyances that might reflect addresses. I obtained a current phone book of Mason City, 12 13 Iowa, to see if I could find any of them in the current 14 phone book, which I was unable to do, for the most part. I 15 did find a few who were still living but they were in the 16 age group of 80 to 85 years old. Did you direct a letter to each of the people 17 Q who se addresses you were able to determine, inviting either ----18 their joinder in the well or that they lease the property 19  $\mathbf{20}$ their interest to Ha-Co (sic)? Α Actually, I addressed two letters. The first 21 was an offer to lease their interest, which was in the October 2223period. And then on February 15, 1979 I wrote them a letter 24 and sent them a copy of the Yates cost estimate and an invi-25tation to join. Nye Reporting Service, Inc. Certified Shorthand Reporters 621 Old Santa Fe Trail - Suite 7 Santz Fe. New Mexico 87501

Carlos Contra - Source

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	20	A In the instance of 1931 address?
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$\sim$	14	time I had an address on them. Those are not current address-
	13	tacted them. If it says a year, that means that was the last
- -	12	And if it's current, why, I did send them a letter or con-
	- 11	under each name it says current, or it will have a year.
	10	THE WITNESS: Well, no sir. If you'll notice
	9	all of these people at these addresses?
	8	MR. STAMETS: Mr. White, were letters sent to
	7	Q Mr. White, I believe that's all on Direct.
1 - <b>4</b>	· 6	for five-year term lease.
	5	A I offered them \$100 an acre, 3/16 royalties
	4	Q What was your offer to lease?
· · · · · · · · · · · · · · · · · · ·	3	A Yes.
<u> </u>	2	was-going-on?
	1	Q Did you tell them this forced-pooling hearing

English States and States and States

	r	10
	1	the whereabouts of any of these people. In most instances,
	2	they were deceased.
	3	QBut_if_Helen_Brewer_was_living_in_Mason_City,
		Icwa, she would never have had an opportunity to know about
	5	this well, is that correct?
	6	A That's true, yes.
	7	Q Then we wouldn't know whether she agreed to
<b>`</b>	8	join or not?
	9.	A . That's true.
	10	Q And I think that a requirement before you can
· · ·	11	come in for a forced pooling hearing was that you have got
	12	to give these people an opportunity to join.
	13	A I determined that her address wasn't current,
	14	by getting a phone book and questioning people in the area
	15	that would have known her whereabouts.
	16	MR. STAMETS: Mr. Losey, as I recall, you
	17	disagree with my position in this matter.
	18	MR. LOSEY: Well, I disagree first, from the
	19	legal premise that it's an In Rem proceeding, and the notice
	20	published in the newspaper, where the Commission has juris-
т.	21	diction of the land, the notice published in the newspaper
	22	obtains jurisdiction. They're afforded by the notice the
	23	opportunity to drill, to participate. The also have 30 days
	24	after we give them the notice to participate. If we can't
	25	find the people and, as a matter of fact, if most of these
		Nye Reporting Service, Inc. Certified Shorthand Reporters
		621 Old Santa Fe Trail ~ Suite 7 Santa Fe, New Mexico 87501

	11	
	people are 80, they are probably dead, we they can pay	
	the costs in the next world. That's one aspect, that's the	
	legal, that you've got In Rem jurisdiction. And they have	-
	to come in.	
	The second is, that I think his efforts in	
	obtaining the phone book and his efforts in talking to the	
	people that he was able to find in Mason City, which were	
	joint participants, is bona fide search, and would support	
	a collateral attack ten years later in a court of law.	
	I mean, there are different arguments, Mr. Stamets.	
	I don't think because you've got an address	
	that was current 38 years ago, and you check the phone book	
		,
0	people, and sought leases, that there is any parpoon at all	
*2 <del>100</del>	in sending an address that's 48 years old.	
	MR. STAMETS: Let's go off the record a	÷
	minute.	
and the second	(Whereupon a discussion was had off the record	d
	MR. STAMETS: Any other questions of this	2 •
	witness? He may be excused. Anything further in this case	?
	MR. LOSEY: Nothing further.	
	MR. STAMETS: Take the case under advisement.	
	MR. COFFIELD: I move the introduction of his	
	Exhibit No. Four. I think I got Andy's in, didn't I?	
	MR. STAMETS: All the exhibits will be admitt	e
	Nye Reporting Service, Inc. Certified Shorthand Reporters 621 Old Santa Fe Trail – Suite 7 Santa Fe, New Mexico 87501	

dia:



#### REPORTER'S CERTIFICATE

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I, STEFANIE XANTHULL, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

C.S.R Xanthull.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 648 K heard by me on 3-7 19.29. Unchase No. 6500 (Conservation Division)

Nye Reporting Service, Inc. Certified Shorthand Reporters

621 Old Santa Fe Trail ~ Suite 7 Santa Fe, New Mexico 87501

13

HEYCO	OIL CONSERVATION HARVEY E. YATES COMPAN	NY
PETROLEUM PRODUCERS	P. O. BOX 1933 SUITE 300, SECURITY NATIONAL BANK BUILDING 505/6	23-6601
	AP PAR	
	April 12, 1979	

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

Attn: Mr. Richard Stamets

Re: Case #6484 Order No. R-5959

RLS

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Gentlemen:

In compliance with the above referenced order, I enclose an Authority for Expenditure showing estimated costs for the well to be drilled under that order.

By this letter I certify that a copy of such estimated well costs and the order have been sent to the last known address of all owners of uncommitted interests under the proposed well.

Sincerely, Colund Hi

Robert H. Strand Attorney

RHS/cj Enclosure

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LEASE Burton WELL NOMBER 1

LOCATION 1980' FS & EL of Sec. 28, T-165, R-37E

COUNTY Lea DEPTH 11,700' PRODUCTNG FORMATION

	Producing Well-Cost	Dry Hole Cost
Drilling and completion costs		
Intangible drilling costs		
Location	§ 10,000	\$ 10,000
Footage 11,700' @ \$15.80	184,900	184,900
Daywork <u>4 Days</u> @ \$3950.00	15,800	15,800
Surface casing service	2,500	2,500
Intermediate casing service	10,000	10,000
Mud, water	30,000	30,000
Company supervisor, engineer	2.500	2,500
Rentals, coring service	15,000	15,000
Miscellancous	5,000	5,000
Total intangible drilling costs	275,700	275,700
Intangible formation evaluation cost	448	· .
Logs, <u>CNL</u> , FDI., D1.1,	22,000	
DST @\$2,000	4,000	4,000
Geological mud logging service	10,000	10,000
Miscellaneous	4,000	4,000
Total intangible formation evaluation	40,000	40,000
Intangible completion costs	40,000	40,000
Unit cost <u>10 Days</u> @ <u>\$800/Day</u>	8,000	anten ar ana an ann an ann an an an an an an an
Production casing service	15,000	
Completion fluid	600	
Perforating/production logging	10,000	
Treating	5,000	· · · · · · · · · · · · · · · · · · ·
Company supervision	2,500	
Plugging expense Miscellaneous	<u> </u>	7,500
	5,000	5,000
Total intangible completion costs Tangible drilling costs and completion costs	46,100	12,500
Surface casing		
of 13 3/8"	6,400	6,400
Intermediate casing	0,400	0,400
<u>4350' of 85/8"</u>	39,000	39,000
Production casing		
11,700' of 5 1/2"	87,600	
Production tubing		
11,700' of 2 3/8"	34,000	
Casing head	8,000	
Tubing head	4,000	
Christmas tree	11,000	
Subsurface equipment		*
Total tangible drilling costs and		
completion costs	190,000	45,400
Lease equipment		
Tanks 2, 300 BBL	9,000	
Separator Flow Mono	15,000	
Flow lines Meter runs	000	······································
Pumping unit	900	**
Installation costs	3,500	
Total lease equipment	28,400	
totat totat charbarate	401400	
Total intangible costs	361,800	328,200
Total tangible costs	190,000	45,400
Total lease equipment		
Administrative	3,000	1,500
TOTAL COSTS	\$ 583,200	\$ 375,100
Prepared by: Fred C. Yates Date: 12-11-78		
	APPROVED BY:	

"It is recognized that the amounts provided for herein are estimated only, and approval of this authorization shall extend to the actual costs incurred in conducting the operations specified, whether more or less than herein set out."

Company

Date

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# STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

JERRY APODACA COVERNOR NICK FRANKLIN SECRETARY

> \*\*s \$};

## April 3, 1979

POST OFFICE BOX 2008 BTATE LAND OFFICE BUILDING BANTA FE, NEW MEXICO 07501 (505) 827-2434

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Re: CASE NO. \_\_\_\_

Mr. A. J. 109	ຸດຄະ		
Losee, Carson	h & Dick	erson	
P. O. Drawer	239	5	
Artesia, New	Mexico	88210	1

Applicant:

#### llarvey E. Yates Company

6484

5959

Dear Sir:

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

Yours very truly, UN RAMEY JOE D. Director

### JDR/fd

Copy of order also sent to:

Hobbs OCC	x
Artesia OCC	х
Aztec OCC	·

Other

#### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 6484 Order No. R-5959

APPLICATION OF HARVEY E. YATES COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

#### ORDER OF THE DIVISION

#### BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 2, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>30th</u> day of March, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harvey E. Yates Company, seeks an order pooling all mineral interests in the Wolfcamp, Pennsylvanian, and Mississippian formations underlying the E/2 of Section 28, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

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

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit. Case No. 6484 Order No. R-5959

-2-

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

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$2700.00 per month while drilling and \$270.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to winhold 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.

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before June 15, 1979, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp, Pennsylvanian, and Mississippian formations Case No. 6484 Order No. R-5959

underlying the E/2 of Section 28, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of June, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test pooled formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of June, 1979, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division 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 Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Harvey E. Yates Company is hereby designated the operator of the subject well and unit.

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

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division 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 Division and the Division 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 Division will determine reasonable well costs after public notice and hearing. L

Case No. 6484 Order No. R-5959

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

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

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

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That \$2700.00 per month while drilling and \$270.00 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 nonconsenting 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, hot in excess of what are reasonable, attributable to each nonconsenting working interest.

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

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working 5-Case No. 6484 Order No. R-5959

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interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately 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 Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

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

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

STATE OF NEW MEXICO OIL CONSERVATION DIVISION JOE D. RAMEY Director

<b>.</b>			Page1
e en la re		1 2	STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION
	4 4	3	State Land Office Building Santa Fe, New Mexico 28 February 1979
		5	EXAMINER HEARING
· · · · · · · · · · · · · · · · · · ·		6 7	IN THE MATTER OF:
		8 9	Application of Harvey E. Yates Company ) for compulsory pooling, Lea County, ) New Mexico
	YD Aren 2465	10	and )
	ALTON BC MALTON BC METHAND REPO	11 12	Application of Harvey E. Yates Company ) CASE for compulsory pooling, Eddy County, ) 6485 New Mexico. ) )
	VLLY W Thered SH officia BL anta Fe, N	13	
		14 15	BEFORE: Richard L. Stamets
<b>i</b>		16	TRANSCRIPT OF HEARING
		17 18	APPEARANCES
	:	19 20	For the Oil Conservation Division Legal Counsel for the Division State Land Office Bldg.
	<i>4.</i> )	21	Santa Fe, New Mexico 87503
		22	
	C C	23 24	
		25	
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	·	<u>2</u> - 2 - 2	annan an a
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	· •		
MR. STAMETS: For the purpose of those who are present here today, Cases 6484 and 6485 will be heard Friday. This hearing will be recessed and will be resumed Friday after the Commission Hearing and those two cases will be called at that time.

(Hearing concluded)

18.

a Bhnca (505) 471-Fe, New Mexico 571

ALTON

REPORTER'S CERTIFICATE I, SALLY W. BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing. Sally US. Baya Sally W. Boyd, C.S.R. I do hereby certify that the foregoing to a complete renord of the Consultants in the Examiner Inverting of Case No. 6484-648 Leard by my on nahuel a. Llam Examiner Oil Conservation Division

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SALLY WALTON BOYD CERTIFIED SHORTHAND REPORTER

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	PARTY -LAST KNOWN ADDRESS (year)	TYPE INTEREST	DERCENTROL
1	Sohio Petroleum Company Will 50 Penn Place - Suite 1100 Oklahoma City, Oklahoma 73118 (current)	mill1/16 unleased mineral interest	6.25%
2	-Rebel Oil Company Ha - will herpute 603 Seco Hobbs, New Mexico 88240	9.4335/320 lease- hold interest	2.948125%
	(current)		
3	Clifford Cone Box 6010	1/640 unleased mineral interest	.15625%
	Lubbock, Texas 79413 (current)	•	
4	Douglas L. Cone Box 6217	1/640 unleased mineral interest	.15625%
	Lubbock, Texas 79413 (current)		
5	Kenneth G. Cone Box 1148 Lovington, New Mexico 88260	l/640 unleased mineral interest	.15625%
	(current)		
6	Ethel Armentrout Peterson Banning, California (1953)	1/6400 unleased mineral interest	.015625%
7	Florence M. Balkam Mason City, Iowa (1953)	<b>n</b>	en e
8	Helen M. Brewer Mason City, Iowa (1931)	1/3200 unleased mineral interest	.03125%
9	Arthur Briston Roland, Icwa (1953)	1/6400 unleased mineral interest	.015625%
10	Louis E. Brooker Mason City, Iowa (1953)/	<b>1</b>	3
11	R. W. Brown Mason City, Iowa (1931)	international de la construcción de La construcción de la construcción d La construcción de la construcción d	N 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
12	Jennie Anderson Buck Klamath Falls, Oregon (1953)	n,	r (
13	W. C. Caldwell Mason City, Iowa (1931)	<b>e1</b>	<b>11</b>
14	Ourania Christakos, sole devisee ULW&T of Theodore D. Christakos	1/3200 unleased mineral interest	.03125%
	1345 6th Ave., Apt. #1 Des Moines, Iowa 50314 (Current)	OIL CONSERVATI	CN COMMISSION

-	PARTY- LAST KNOWN ADDRESS (year)	TYPE INTEREST	PERCENTAGE
15	Evan Christiansen Lake Mills, Iowa (1953)	1/6400 unleased mineral interest	.015625%
16	Ellen A. Crepaw, widow; and Estate of L. C. Crepaw Mason City, Iowa (1953)	U	0 0
17	Lillian M. Drew, widow of W. A. Drew Union County, New Jersey (1953)	<b>n</b> 	, , <b>n</b>
18	Mae Duncan Bauman 2530 S. Owasso St. Tulsa, Oklahoma (1953)	0	н 
19	Henry R. Elvidge and wife, Effie M. Elvidge Callender, Iowa (1931)	U - 	11 
20	Hazel Bruggman, Wilbur C. Enfield, Jessie Faye La Coste Rudd, Iowa (1953)	. <b>0</b>	<b>H</b> 

- 21 J. D. Evans etux, Myrtle Madison, Wisconsin (1953)
- 22 Clifford K. Ferguson etux, Hazel; John W. Ferguson etux, Mary Callender, Iowa (1953)
- 23 Henrietta L. McDermott Fischer, widow 3440 Grand Ave., Des Moines, Iowa (1953)
- 24 Frederick M. Grace etux Alta Mason City, Iowa (1953)
- 25 Clifford Gray etux, Clara Mason City, Iowa (1953)
- 26 Ada L. Grew etvir, W. R. Moville, Iowa (1953)
- 27 C. A. Hanson etux, Lillian W. Mason City, Iowa (1953)
- 28 Earl L. Hansen etux, Kathryn Swea City, Iowa (1953)
- 29 C. R. Hemphill, widower Mason City, Iowa (1953)
- 30 Mildred L. Hitchcock Mason City, Iowa (1931)
- 31 F. C. Holmes and the Estate of Eva Holmes Hampton, Iowa (1953)
- 32 W. A. Horn, widower
  630 33rd Ave.
  San Francisco, California (1953)

1/3200 1	ınleased	
-	interest	

1/6400 unleased mineral interest

1/3200 unleased mineral interest

- 1/12,800 unleased mineral interest
  - 1/6400 unleased mineral interest

.015625%

.03125%

.03125%

.0078125%

.015625%

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	Uncommitted parties - $SE_2$ Section 2	8, continued	ار با المیت از این این بین میت میشود با این این این این این این این این این ای
	PARTY- LAST KNOWN ADDRESS (year)	TYPE INTEREST	PERCENTAGE
33	Porowski, heirs of Fred Kemper	1/3200 unleased mineral-interest	.03125%
and a second	Audrein County, Missouri (1953)	م. محمد به محمد می از این بیس مد <b>رست :</b> ا	
34	Mrs. Lillian Kennedy 1303 N. Federal Mason City, Iowa (1931)	1/6400 unleased mineral interest	.015625%
35	Cynthia E. Larson, widow, and Charles R. Larson, Joint Tenants Paola, Kansas (1957)	<b>12</b>	ייייייייייייייייייייייייייייייייייייי
36	Cora I. Lohr Lau etvir, Geo. L. Mason City, Iowa (1953)	<b>R</b>	<b>n</b>
37	Jessie Faye Enfield Le Coste and Estate of Edwin G. Le Coste Rudd, Iowa (1953)	<b>u</b> 	<b>N</b>
38	G. A. Lee Emmons, Minnesota (1953)	77	0
39	Estella Maple Banning, California (1953)	n (n	B
40	Floy Mae Mawhinney Dennies 8840 Crawford Ave. Sun Valley, California (1953)	1/3200 unleased mineral interest	.03125%
41	Leonard Arthur Miller, sep. prop., Lois Miller Mayall, sep. property 411 N. 4th Street	1/6400 unleased mineral interest	.015625%
en e	Humboldt, Iowa 50548 (current)		
42	Dale R. Morgan etux, Leota F Des Moines, Iowa (1953)	<b>II</b>	n H A second
43	O. G. Morgan, Kenneth E. Morgan, and Don A. Morgan Wauneta, Nebraska {1953}	<b>n</b> - 99 20	
44	Andrew B. Nelson etux, Bessie R. Mason City, Iowa (1953)	e a construction de la construction <b>BE</b> de la construction de la construction de la construction de la construction de la constr	
45	Lorene Standish Nemela etvir, Hugo 823 Kingsley, Waterloo, Iowa (1953)		<b>U</b> .* 
46	W. J. Parrott etux, Muriel J. Mason City, Iowa (1953)	1/12,800 unleased mineral interest	.0078125%
47	Frank O. Peterson etux, Ella M. Callender, Iowa (1953)	1/6400 unleased mineral interest	.015625%
48	Blanche L. Probert, widow, and Shirley F. Probert Porter 6233 40th Ave., NE Seattle, Washington (1953)	1/3200 unleased mineral interest	.03125%

	Uncommitted parties- 💦 Section 28	, continued ( )		
	PARTY-LAST KNOWN ADDRESS (year)	TYPE INTEREST	PERCENTAGE	2 % 4 2
49	sole devisee ULW&T of Harry Schrade	1/6400 unleased r mineral interest	.015625%	
	Rudd, Iowa 50471 (current)		· · · · · · · · · · · · · · · · · · ·	· · · · · · _ · _ ·
-50	W. J. Slepicka etux, Martha Hebel Mascn City, Iowa (1953)	<b>D</b> - 1 	1 <b>H</b>	da e e esta de la composition de la compo
51	Chas. E. Snipps etux, Madge L Mason City, Iowa (1953)	e D	н	<ul> <li>A second sec second second sec</li></ul>
52	J. F. Sofranko etux, Verona Lovilia, Iowa (1953)	u	u	
53	Gertrude J. Scullins 500 W. Ocean Ave.	1/3200 unleased mineral interest	.03125%	, na i su i su i
•	Long Beach, California (1953)		,	
54	Mae Shifflett, a widow, and sole devisee ULW&T of Burt R. Shifflett	1/6400 unleased mineral interest	.015625%	
	516 Wildwood Rd., Apt. 3 Waterloo, Iowa 50702 (current)			and a sub-state of the state of
55	John Satoka Box 522, Bartlesville, Okla (1931)	н К	и - 	
56	Adrian H. Tiss etux, Mary De Ridder, Louisiana (1953)	1/640 unleased mineral interest	.15625%	
57	C. E. Werthenback etux, Cora M. Mason City, Iowa (1931)	1/6400 unleased mineral interest	.015625%	
58	G. L. Whitman etux, Christena B.; and Estate of Blanche M. Whitman Box 2202, Waterloo, Iowa (1953)	IJ		
59	Elizabeth H. Woodburn, widow, and Estate of Robert H. Woodburn	H 4	H	
	l194 College Drive San Bernardino, California (1953)		:	
60	Helen Odgen Bachman 7238 West Cedar Circle Denver, Colorado 80226 (current)	2-24-79 - will Pr	nticipaté	
61	Ann C. Gossman Box 1051 SS Springfield, Missouri 65805 (current)	1/12,800 unleased mineral interest	.0078125%	
62	Estate of Gordon M. Cone Box 1148 Lovington, New Mexico 88260 (current)	1/128 unleased mineral interest	.78125%	
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Colin Post + un to . 50 Perm Place, Suite 100 Oben Cely, Oklas 73118 8 N. Van Zant Box 753 actury, Texas 76430 Dorothy J. Sonders) 6383 Neildale Court 7t. Wouth, Tex. 76116 Dauglas & Conc Rennoth G. Cone Clifford Cone Estate i J. Houdon Cone Bay 1148 Lovengton m.m.

bockets Nos. 9-79 and 10-79 are tentatively set for hearing on March 14 and 28, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

Docket No. 7-79

## DOCKET: COMMISSION HEARING - FRIDAY - FEBRUARY 23, 1979

### OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6461: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Nayor Eddie Armenta, the Village of Jemez Springs, and all other interested parties to appear and show cause why the Jemez Well No. 1 located in Unit A of Section 26, Township 18 North, Range 2 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

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#### Docket No. 8-79

### DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 28, 1979

9 A.M. - OIL CONSERVATION DIVISION 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:

## CASE 6422: (Continued from January 31, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Helton Engineering & Geological Services, Inc., Travelers Indemnity Company, and all other interested parties to appear and show cause why the Brent Well No. 1 located in Unit M of Section 29 and the Brent Well No. 3 located in Unit G of Section 19, both in Township 13 North, Range 6 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

### CASE 6434: (Continued from January 31, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its State "O" Well No. 5 to be located in Unit H of Section 30, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6435: (Continued from February 14, 1979, Examiner Hearing,

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its W. A. Weir "B" Well No. 3 located in Unit B of Section 26, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6436: (Continued from January 31, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its State "U" Gas Com Well No. 2 to be located in Unit C of Section 32, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6462: Application of McClellan Oil Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Marlisue State Well No. 3 to be located 1155 feet from the North line and 1485 feet from the West line of Section 24, Township 14 South, Range 29 East, Double "L" Queen Associated Pool, Chaves County, New Mexico, the NE/4 NW/4 of said Section 24 to be dedicated to the well.

CASE 6463: Application of Orville Slaughter for pool and lease commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Oswell-Farmington Pool production from his Sangre de Cristo Well No. 1 with undesignated Fruitland production from his Sangre de Cristo Well No. 2, both located in Unit D of Section 34, Township 30 North, Range 11 West, San Juan County, New Mexico. Page 2 of 4 Examiner Nearing - Wednesday - February 28, 1979

Docket No. 8-79

CASE 6664: Application of Dallas McCasland for clarification of Orders Nos. R-2789 and R-2794, Lea County, New Mexico. Applicant, in the above-styled cause, seeks clarification of Orders Nos. R-2789 and R-2794 to determine what formations have been unitized and what formations are subject to a waterflood project under the South Penrose-Skelly Unit, Sections 6 and 7, Township 22 South, Range 37 East, Lea County, New Mexico, and of the vertical limits of the Eumont and Penrose-Skelly Pools in said sections.

10.35

CASE 6465: Application of Getty 011 Company for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre nonstandard gas proration unit comprising the SE/4 of Section 31, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its J. W. Sherrell Well No. 9 located 2250 feet from the South line and 1650 feet from the East line of said Section 31.

CASE 6466: Application of Getty Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, Lea County, New Mexico, to produce oil from an undesignated Wolfcamp pool and gas from the Grama Ridge-Morrow Gas Pool through parallel strings of tubing.

CASE 6467: Application of Getty Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Wolfcamp formation for its State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, Lea County, New Mexico, and for promulgation of special pool rules, including provision for 160-acre spacing.

CASE 6468: Application of Dome Petroleum Corporation for an exception to Order No. R-1069, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2 of Order No. R-1069, as amended, for the Bisti-Lower Gallup Oil Pool to approve the following 13 non-standard proration units: the W/2 NW/4, W/2 NE/4, E/2 SW/4, and the E/2 SE/4 of Sections 3, 4, and 9, and the W/2 NW/4 of Section 10, all in Township 26 North, Range 14 West, San Juan County, New Mexico.

CASE 6469: Application of Continental Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Fed. 34 Well No. 1 located in Unit N of Section 34, Township 20 South, Range 26 East, Eddy County, New Mexico, to produce gas from the Springs-Upper Pennsylvanian Pool and an undesignated Morrow pool through parallel strings of tubing.

CASE 6470: Application of Phillips Petroleum Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements to permit an infill drilling program in its East Vacuum Unit Area, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, and a finding that such infill wells are necessary to effectively and efficiently drain that portion of their proration units which is not presently being drained by any existing well. Applicant specifically saeks such waivers and findings new for ten wells, all in Township 17 South, Range 35 East, and located as follows: Unit K of Section 27; Units M and O, Section 28; Units B, I, and M of Section 32; Units C, H, and M of Section 33; and Unit C of Section 34.

<u>CASE 6471</u>: Application of Consolidated Oil & Cas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Freeman Well No. 1-A to be located in Unit C of Section 11, Nownship 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

<u>CASE 6472</u>: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Jenny Well No. 1-A to be located in Unit P of Section 13, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the provation unit which cannot be so drained by the existing well.

CASE 6473: Application of Consolidated Oil & Cas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its McIntyre Well No. 1-A to be located in Unit K of Section 11, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6474: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing-well-spacing requirements and a finding that the drilling of its Williams Well No. 1-A to be located in Unit C of Section 24, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

Page 3 of 4

Examiner Hearing - Wednesday - February 28, 1979

Docket No. 8-79

- CASE 6475: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Nontoya Well No. 1-A to be located in Unit I of Section 35, Township 32 North, Range 13 West, Basin-Dakota Pool, San Juan County. New Mexico. is necessary to enectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6476: Application of Pennzoil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 660 feet from the South line and 990 feet from the West line of Section 24, Township 17 South, Range 28 East, Aid-Morrow Cas Pool, Eddy County, New Mexico, the S/2 of said Section 24 to be dedicated to the well.
- CASE 6477: Application of Sun Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Millman Pool Unit Area by the injection of water into the Queen and Grayburg formations through eleven wells located in Sections 12 and 13 of Township 19 South, Range 28 East, East Millman Pool, Eddy County, New Mexico.

## CASE 6437: (Continued and Readvertised)

Application of Curtis Little for compulsory pooling, approval of infill drilling, and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-4556 and approval of an order pooling all mineral interests in the Dakota formation underlying all of Section 11 and Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, to form a 344.36-acre non-standard gas proration unit to be dedicated to a well to be located 1085 feet from the South line and 285 feet from the West line of said Section 12. 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.

Applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

- <u>CASE 6478</u>: Application of Coronado Exploration Corp. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SE/4 of Section 26, Township 10 South, Range 28 East, Chaves County, New Nexico, 'to be dedicated to a well to be located 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 6479: Application of Coronado Exploration Corp. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SE/4 SE/4 of Section 5, Township 10 South, Range 28 Fast, Chaves County, New Mexico, to be dedicated to a well to be located 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 6480: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its State 22 Well No. 1 located in Unit P of Section 22, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.
- CASE 6481: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Hanlad State Well No. 1 located in Unit K of Section 2, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.
- CASE 6482: Application of Marvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Mobil 27 State Well No. 1 located in Unit A of Section 27, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.
- CASE 6483: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Pennsylvanian, and Mississippian formations underlying the S/2 of Section 8, Township 14 South, Kange 36 East, 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.

Page 4 of 4 Examiner Hearing - Wednesday - February 28, 1979 Docket No. 8-79

CÁSE 6484: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Pennsyl-vanian, and Mississippian formations underlying the E/2 of Section 28, Township 16 South, Range 37 vanian, and Mississippian formations underlying the E/2 of Section 28, Township 16 South, Range 37 Kast. 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. drilling said well.

CASE 6485: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Pennsylvanian, and Mississippian formations underlying the S/2 of Section 13, Township 18 South, Range 28 East, Eddy 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. well.

CASE 6486:

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Application of Depco Inc. for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 660 feet from the North and East lines of Section 21, Township 13 South, Range 30 East, undesignated Morrow pool, Chaves County, New Mexico, the E/2 of said Section 21 to be dedicated to the well.

CASE 6487: Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Com Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that particular of the provotion unit which exact the contrast to contrast by the eviction and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF HARVEY E. YATES COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

MONTAVATION

CASE NO. 6484

# APPLICATION

COMES NOW HARVEY E. YATES COMPANY, by its attorneys, and in support hereof, respectfully states:

1. Applicant has the right to drill its Burton No. 1 Well in the Pennsylvanian formation as a gas well, which is to be located at a point 1,980 feet from the South line and 1,980 feet from the East line of Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. The applicant has dedicated the E/2 of said section to this well, and there are interest owners in the proration unit who have not agreed to pool their interests.

3. Applicant should be designated the operator of the well and the proration unit.

4. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said unit, all mineral interests, whatever they may be, from the Wolfcamp through the Mississippian formation underlying the E/2 of said Section 28, should be pooled. 5. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from the Wolfcamp through the Mississippian formation underlying the E/2 of said Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico, to form a 320-acre spacing unit dedicated to applicant's well.

C. And for such other relief as may be just in the premises.

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HARVEY E. YATES COMPANY

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LOSEE, CARSON & DICKERSON, P.A. P. O. Drawer 239 Artesia, New Mexico 88210

Attorneys for Applicant

# BEFORE THE OIL CONSERVATION DIVISION

WATCH

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF HARVEY E. YATES COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

CASE NO. 6484

## APPLICATION

COMES NOW HARVEY E. YATES COMPANY, by its attorneys, and in support hereof, respectfully states:

1. Applicant has the right to drill its Burton No. 1 Well in the Pennsylvanian formation as a gas well, which is to be located at a point 1,980 feet from the South line and 1,980 feet from the East line of Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. The applicant has dedicated the B/2 of said section to this well, and there are interest owners in the proration unit who have not agreed to pool their interests.

3. Applicant should be designated the operator of the well and the proration unit.

4. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said unit, all mineral interests, whatever they may be, from the Welfcamp through the Mississippian formation underlying the E/2 of said Section 28, should be pooled. 5. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from the Wolfcamp through the Mississippian formation underlying the E/2 of said Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico, to form a 320-acre spacing unit dedicated to applicant's well.

C. And for such other relief as may be just in the premises.

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HARVEY E. YATES COMPANY

LOSEE, CARSON & DICKERSON, P.A. P. O. Drawer 239 Artesia, New Mexico 88210

Attorneys for Applicant

## BEFORE THE OIL CONCERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF HARVEY E. YATES COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

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CASE NO. 6484

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## APPLICATION

COMES NOW HARVEY E. YATES COMPANY, by its attorneys, and in support hereof, respectfully states:

Applicant has the right to drill its Burton
 No. 1 Well in the Pennsylvanian formation as a gas well, which
 is to be located at a point 1,990 feet from the South line and
 1,980 feet from the East line of Section 28, Township 16
 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. The applicant has dedicated the E/2 of said section to this well, and there are interest owners in the proration unit who have not agreed to pool their interests.

3. Applicant should be designated the operator of the well and the proration unit.

4. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said unit, all mineral interests, whatever they may be, from the Wolfcamp through the Mississippian formation underlying the E/2 of said Section 28, should be pooled. 5. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from the Wolfdamp through the Mississippian formation underlying the E/2 of said Section 28, Township 16 South, Range 37 East, N.N.P.M., Lea County, New Mexico, to form a 320-acre spacing unit dedicated to applicant's well.

C. And for such other relief as may be just in the premises.

HARVEY B. YATES COMPANY

By:

LOSEE, CARSON & DICKERSON, P.A. P. O. Drawer 239 Artgeia, New Mexico 88210

Attorneys for Applicant

Harvey Elfacer Co Comp pooling hea Co. Wolfcamp thru Mississippian all mint in We and Perus F12 IT 28 16 37 Kea wree at std loc Bot Strand 2/6/19 10:55 am Corrected by Bob Strand 2/2/29

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DRA		STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION	
dr			···· 2··· ·····
		IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:	
Mar -		CASE NO. 6484	- e
		Order No. R- <u>5959</u>	and the second s
	11	APPLICATION OF HARVEY E. YATES COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. ORDER OF THE DIVISION	a para special de la constante
	$A \setminus / \ $	BY THE DIVISION:	
		This cause came on for hearing at 9 a.m. on <u>March 2</u>	
	KK	19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stames	S .
X X		19 79, at Santa FE, New Heiler, NOW, on thisday of March, 19 79 , the Division	
	J	NOW, on this day of the record, and the	Allow, where have to
		Director, having considered the testimony, the record, and the	an a
		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 Division has jurisdiction of this cause and the subject	
		matter thereof.	
		(2) That the applicant, <u>Harvey E. Yates Company</u>	
4.1 1	a Ali	seeks an order pooling all mineral interests in the Wolfcamp.	-
*	( )	an, and Mississippian / formation / underlying theE/2	-
e Pe	nnsylvan	of Section _28 , Township 16 South , Range 37 East	
4		of Section, TownshipLea, New	
		NMPM,,	
		Mexico.	
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-2-Case No. Order No. R-

(3) That the applicant has the right to drill and proposes to drill a well \_\_\_\_\_\_ at a standard location thereon

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

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

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

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional  $M^{2}Pr^{con}$  thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has prid 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. -3-Case No. Order No. R- #2700 per mon the while drilling and #2700 per mon the while producing

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before  $\int uue 15$ , 1922, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, and Mississippian
in the <u>Wolfcamp</u>, Pennsylvanian, formation underlying the <u>E/2</u>
of Section <u>28</u>, Township <u>16 South</u>, Range <u>37 East</u>,
NMPM, <u>Lea</u> County, New Mexico
are hereby pooled to form a standard <u>320-</u> acre gas spacing
and proration unit to be dedicated to a well to be drilled at a standard location thereon.

<u>PROVIDED HOWEVER</u>, that the operator of said unit shall commence the drilling of said well on or before the <u>1574</u> day of <u> $\int u\eta r$ </u>, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test **up** <u> $\rhooo/ed</u>$  formations;</u>

<u>PROVIDED FURTHER</u>, that in the event said operator does not commence the drilling of said well on or before the <u>15 H</u> day of <u>func</u>,  $19_{79}$ , Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the **Division** for good cause shown. <u>PROVIDED FURTHER</u>, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That <u>Harvey E. Yates Company</u> is hereby designated the operator of the subject well and unit.

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

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division 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 Division and the Division 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 Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided Case No. Order No. R-

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold
 the following costs and charges from production:
 (A) The pro rata share of reasonable well costs

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

(B) As a charge for the risk involved in the drilling of the well, <u>Imperen</u> 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.

-6-Case Order No

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in <u>Lea</u> County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

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

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