

CASE NO.

6484

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
2 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Harvey E. Yates Company)
for compulsory pooling, Lea County,)
New Mexico.)

CASE
6484

BEFORE: Richard Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87503

For the Applicant:

H.A. Losey, Esq.
LOSEY, CARSON & DICKERSON
Attorneys at Law
Artesia, New Mexico

Nye Reporting Service, Inc.
Certified Shorthand Reporters
621 Old Santa Fe Trail - Suite 7
Santa Fe, New Mexico 87501

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2 a continuation of the Examiner Hearing from Wednesday,
3 February 28, 1979, which was recessed at that time. And
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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15 being called as a witness and having been duly sworn upon
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22 Q You previously testified before the Commission
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25 MR. LOSEY: Are Mr. Lattu's qualifications

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18 (Whereupon a discussion was had off the record.)

19 MR. STAMETS: Any other questions of this
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21 MR. LOSEY: Nothing further.

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23 MR. COFFIELD: I move the introduction of his
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1 MR. LOSEY: Thank you.

2 (Hearing Concluded.)

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REPORTER'S CERTIFICATE

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.

Stefanie Xanthull, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6484
heard by me on 3-2 1977.
Richard H. Hunt, Examiner
Oil Conservation Division

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I N D E XPAGE

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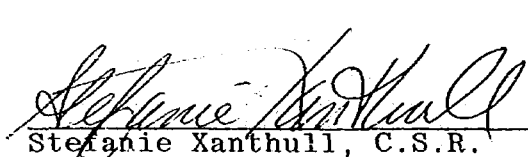
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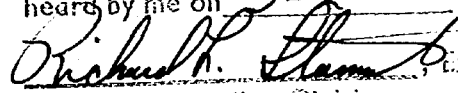
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

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.


Stefanie Xanthull, C.S.R.

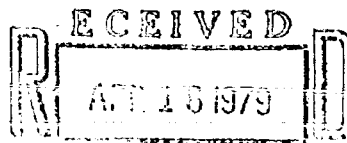
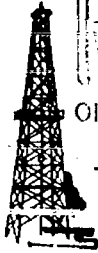
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6484
heard by me on 3-3 1979.


Richard H. Stamm, Examiner
Oil Conservation Division

Nye Reporting Service, Inc.
Certified Shorthand Reporters
621 Old Santa Fe Trail - Suite 7
Santa Fe, New Mexico 87501

HEYCO

PETROLEUM PRODUCERS



OIL CONSERVATION
SANTA FE

P. O. BOX 1933

HARVEY E. YATES COMPANY

SUITE 300, SECURITY NATIONAL BANK BUILDING

505-623-6601

ROOSEVELT, NEW MEXICO 87501

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

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,

Robert H. Strand
Attorney

RHS/cj
Enclosure

LEASE BurtonWELL NUMBER 1LOCATION 1980' FS & EL of Sec. 28, T-16S, R-37ECOUNTY LeaDEPTH 11,700'

PRODUCING FORMATION

	Producing Well Cost	Dry Hole Cost
Drilling and completion costs		
Intangible drilling costs		
Location	\$ 10,000	\$ 10,000
Footage <u>11,700'</u> @ \$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
Miscellaneous	5,000	5,000
Total intangible drilling costs	275,700	275,700
Intangible formation evaluation cost		
Logs, <u>CNL</u> , <u>FDI</u> , <u>DLL</u>	22,000	22,000
DST <u>2</u> @ \$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		
Unit cost <u>10 Days</u> @ \$800/Day	8,000	
Production casing service	15,000	
Completion fluid	600	
Perforating/production logging	10,000	
Treating	5,000	
Company supervision	2,500	
Plugging expense		7,500
Miscellaneous	5,000	5,000
Total intangible completion costs	46,100	12,500
Tangible drilling costs and completion costs		
Surface casing		
<u>400'</u> of <u>13 3/8"</u>	6,400	6,400
Intermediate casing		
<u>4350'</u> of <u>8 5/8"</u>	39,000	39,000
Production casing		
<u>11,700'</u> of <u>5 1/2"</u>	87,600	
Production tubing		
<u>11,700'</u> of <u>2 3/8"</u>	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 <u>2</u> , <u>300 BBL</u>	9,000	
Separator	15,000	
Flow lines		
Meter runs	900	
Pumping unit		
Installation costs	3,500	
Total lease equipment	28,400	
Total intangible costs	361,800	328,200
Total tangible costs	190,000	45,400
Total lease equipment	28,400	
Administrative	3,000	1,500
TOTAL COSTS	\$ 583,200	\$ 375,100

Prepared by: Fred G. 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



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

April 3, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Re: CASE NO. 6484
ORDER NO. R-5959

Mr. A. J. Boone

Losee, Carson & Dickerson

P. O. Drawer 239

Artesia, New Mexico 88210

Applicant:

Harvey E. Yates Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division 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

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 30th 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, Pennsyl-
vanian, 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.

-2-

Case No. 6484
Order No. R-5959

(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 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.

(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

-3-

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.

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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 non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(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

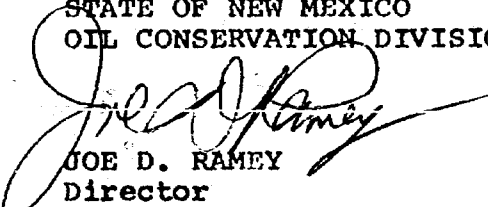
interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(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


S E A L

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
28 February 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Harvey E. Yates Company)
for compulsory pooling, Lea County,)
New Mexico)

CASE
6484

and)

Application of Harvey E. Yates Company)
for compulsory pooling, Eddy County,)
New Mexico.)

CASE
6485

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2482
Santa Fe, New Mexico 87501

1 MR. STAMETS: For the purpose of those who
2 are present here today, Cases 6484 and 6485 will be heard
3 Friday. This hearing will be recessed and will be resumed
4 Friday after the Commission Hearing and those two cases will
5 be called at that time.

6 (Hearing concluded)
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

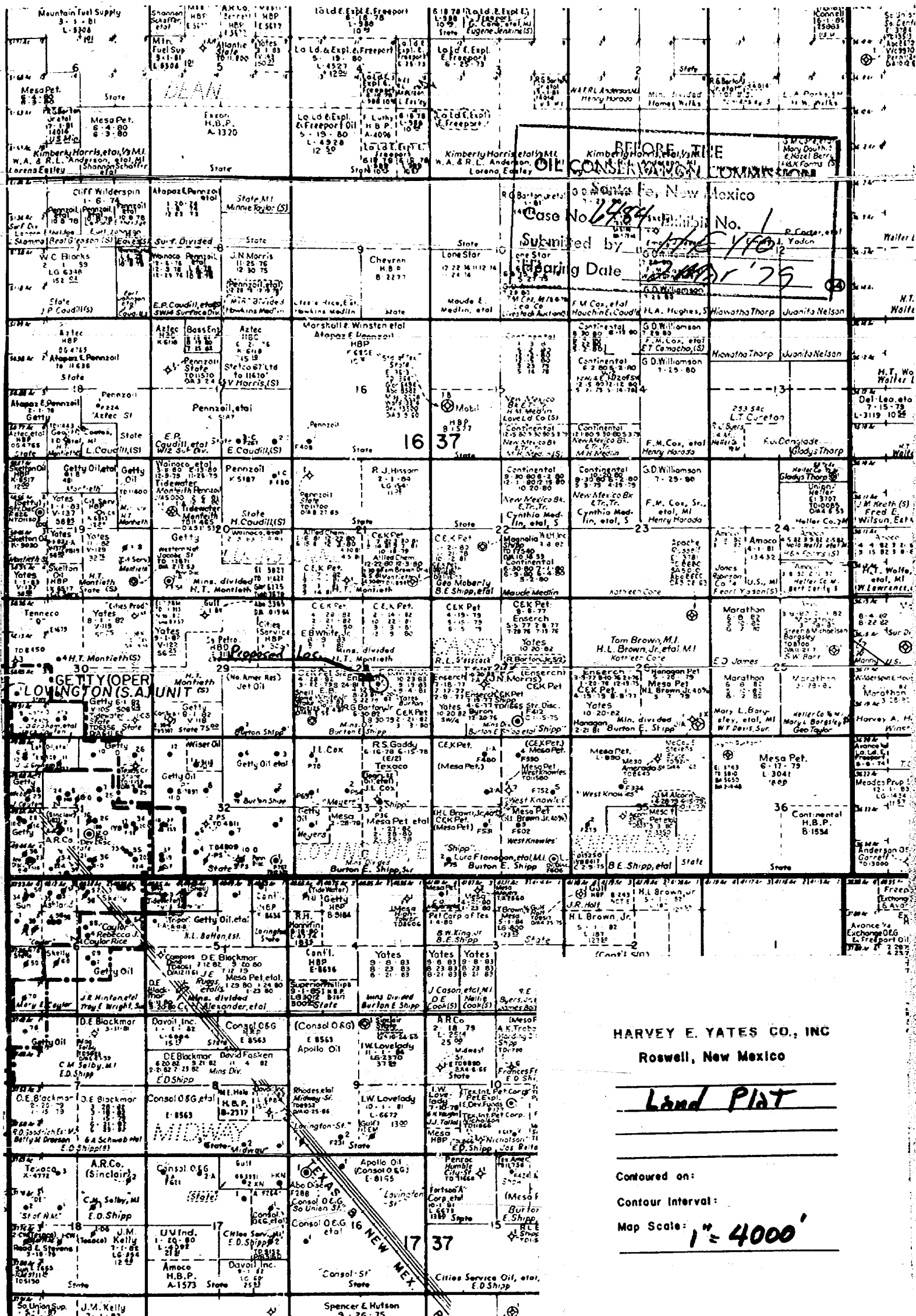
I, SALLY W. BOYD, a Court Reporter, DO HEREBY
CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported
by me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability, knowledge, and skill,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

Sally W. Boyd

Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiners hearing of Case No. 6484-6485
heard by me on 2-28-1979.
Richard A. Stamm Examiner
Oil Conservation Division



HARVEY E. YATES CO., INC
Roswell, New Mexico

Land Plat

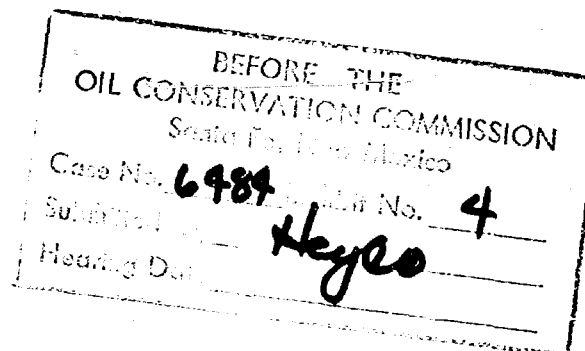
Contoured on:

Contour Interval:

Map Scale: 1" = 4000'

UNCOMMITTED PARTIES: SE $\frac{1}{4}$ OF SECTION 28, TWP. 16 SOUTH, RGE. 37 EAST
 (NOTE: These uncommitted parties also own identical uncommitted interests
 in the SW $\frac{1}{4}$ of said Section 28)

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



Uncommitted parties - Section 28, continued

	<u>PARTY- LAST KNOWN ADDRESS (year)</u>	<u>TYPE INTEREST</u>	<u>PERCENTAGE</u>
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)	"	"
17	Lillian M. Drew, widow of W. A. Drew Union County, New Jersey (1953)	"	"
18	Mae Duncan Bauman 2530 S. Owasso St. Tulsa, Oklahoma (1953)	"	"
19	Henry R. Elvidge and wife, Effie M. Elvidge Callender, Iowa (1931)	"	"
20	Hazel Bruggman, Wilbur C. Enfield, Jessie Faye La Coste Rudd, Iowa (1953)	"	"
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. Menville, Iowa (1953)	1/3200 unleased mineral interest	.03125%
27	C. A. Hanson etux, Lillian W. Mason City, Iowa (1953)	1/6400 unleased mineral interest	.015625%
28	Earl L. Hansen etux, Kathryn Swea City, Iowa (1953)	1/3200 unleased mineral interest	.03125%
29	C. R. Hemphill, widower Mason City, Iowa (1953)	1/12,800 unleased mineral interest	.0078125%
30	Mildred L. Hitchcock Mason City, Iowa (1931)	1/6400 unleased mineral interest	.015625%
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)	"	"

Uncommitted parties - SE $\frac{1}{4}$ Section 28, continued

	<u>PARTY- LAST KNOWN ADDRESS (year)</u>	<u>TYPE INTEREST</u>	<u>PERCENTAGE</u>
33	Annie L. Brown and W. Frank Porowski, heirs of Fred Kemper Audrain County, Missouri (1953)	1/3200 unleased mineral interest	.03125%
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)	"	"
36	Cora I. Lohr Lau etvir, Geo. L. Mason City, Iowa (1953)	"	"
37	Jessie Faye Enfield Le Coste and Estate of Edwin G. Le Coste Rudd, Iowa (1953)	"	"
38	G. A. Lee Emmons, Minnesota (1953)	"	"
39	Estella Maple Banning, California (1953)	"	"
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 Humboldt, Iowa 50548 (current)	1/6400 unleased mineral interest	.015625%
42	Dale R. Morgan etux, Leota F Des Moines, Iowa (1953)	"	"
43	O. G. Morgan, Kenneth E. Morgan, and Don A. Morgan Wauneta, Nebraska (1953)	"	"
44	Andrew E. Nelson etux, Bessie R. Mason City, Iowa (1953)	"	"
45	Lorene Standish Nemela etvir, Hugo W. 823 Kingsley, Waterloo, Iowa (1953)	"	"
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
49	Laura C. Schrader, a widow, and sole devisee ULW&T of Harry Schrader Rudd, Iowa 50471 (current)	1/6400 unleased mineral interest	.015625%
50	W. J. Slepicka etux, Martha Hebel Mason City, Iowa (1953)	"	"
51	Chas. E. Snipps etux, Madge L Mason City, Iowa (1953)	"	"
52	J. F. Sofranko etux, Verona Lovilia, Iowa (1953)	"	"
53	Gertrude J. Scullins 500 W. Ocean Ave. Long Beach, California (1953)	1/3200 unleased mineral interest	.03125%
54	Mae Shifflett, a widow, and sole devisee ULW&T of Burt R. Shifflett 516 Wildwood Rd., Apt. 3 Waterloo, Iowa 50702 (current)	1/6400 unleased mineral interest	.015625%
55	John Satoka Box 522, Bartlesville, Okla (1931)	"	"
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)	"	"
59	Elizabeth H. Woodburn, widow, and Estate of Robert H. Woodburn 1194 College Drive San Bernardino, California (1953)	"	"
60	Helen Odgen Bachman 7238 West Cedar Circle Denver, Colorado 80226 (current)	" 2-24-79 - will PARTICIPATE	"
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%

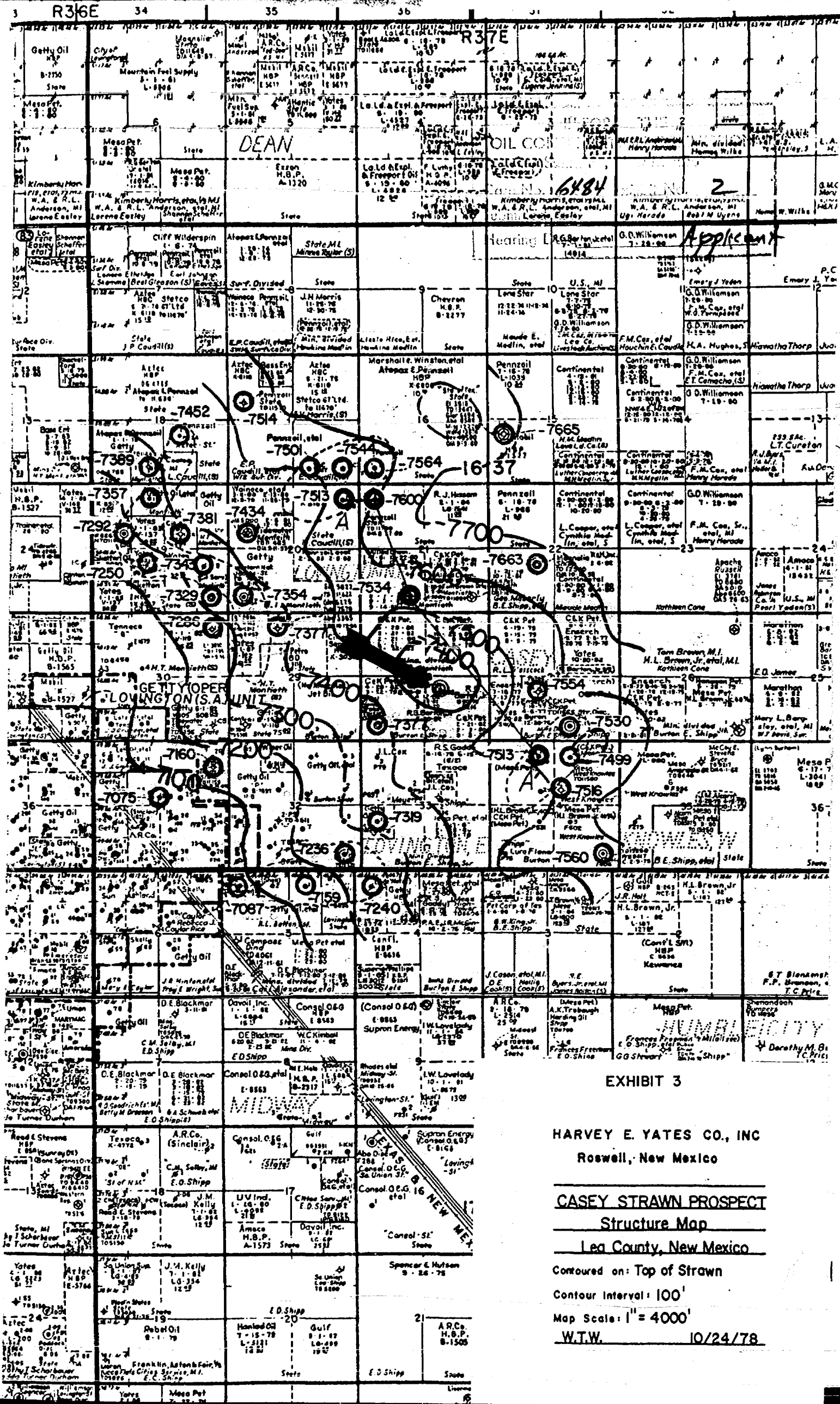


EXHIBIT 3

HARVEY E. YATES CO., INC
Roswell, New Mexico

CASEY STRAWN PROSPECT
Structure Map
Lea County, New Mexico

Contoured on: Top of Strawn
Contour Interval: 100'
Map Scale: 1" = 4000'
W.T.W. 10/24/78

Gottlieb & Co.
50 Penn Place, Suite 100
Okla City, Okla 73118

J. H. Van Zant
Box 753
Albany, Texas 76430

Dorothy J. Sanders
6383 Neildale Court
Ft. Worth, Tex.
76116

Douglas L. Cone
Kenneth G. Cone
Clifford Cone
Estate of Gordon Cone
Box 1148
Livingston, N.M.

Dockets 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 Mayor 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.

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 Marlise 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.

- CASE 6464: 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.
- CASE 6465: Application of Getty Oil 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 non-standard 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 seeks such waivers and findings now 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.
- CASE 6471: 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 Freeman Well No. 1-A to be located in Unit C of Section 11, 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.
- CASE 6472: 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 proration unit which cannot be so drained by the existing well.
- CASE 6473: 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 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.

- 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 Montoya 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 effectively 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 Gas 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.
- CASE 6478:** 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 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 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 East, 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 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 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, Range 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.

- CASE 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, Pennsylvanian, and Mississippian formations underlying the E/2 of Section 28, Township 16 South, Range 37 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.
- 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.
- CASE 6486: 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 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, : CASE NO. 6484
NEW MEXICO :
:

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.

HARVEY E. YATES COMPANY

By: 

A. J. Losee

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

Attorneys for Applicant

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

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 1,960 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.

HARVEY E. YATES COMPANY

By: 

A. J. Losee

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

Attorneys for Applicant

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

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.

HARVEY B. YATES COMPANY

By: 

A. J. Losee

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

Attorneys for Applicant

Harvey Elfen Co

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Bob Strand 2/6/79 10:55 am

Corrected by Bob Strand 2/7/79

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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,
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stames

NOW, on this day of March, 19 79, 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.

(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.

\$2710⁰⁰ per month while drilling and
\$270⁰⁰ per month while producing

(11) That what per month should be fixed as a reasonable charge 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.

(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, and Mississippian in the Wolfcamp, Pennsylvanian, formation 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~~ 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 ~~the~~ 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.

(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.

\$ 2700⁰⁰ per month while drilling and 270⁰⁰ per month while producing are

(9) That per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision 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.

(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 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 herein-
above designated.