

FILE 6853: CARIBOU FOUR CORNERS, INC.  
FOR COMPULSORY POOLING, SAN JUAN COUNTY,  
NEW MEXICO

CONTINUE TO

APRIL 23

CASE NO.

6853

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

# Caribou

Four Corners, Inc.

Production and Exploration Office  
Transwestern Life Building - Room 219  
101 North 31st Street • Billings, Montana 59101



June 9, 1980

Richard L. Stamets  
State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
Box 2088  
Santa Fe, NM 87501

RE: Case No. 6853  
Order No. R-6336

Dear Mr. Stamets:

As per the above captioned, I am listing below the actual costs of the well, the Kirtland #3 to date:

Drilling and completion costs to date:	\$273,464.43
Production expense to date:	<u>9,749.19</u>
TOTAL COST TO DATE:	\$283,213.62

The monthly fixed producing well rate is \$140.00 per month.

I have sent two letters out to the compulsory pooled party, and both times these have been returned address unknown.

If there is any further information required, please advise.

Thank you.

Sincerely,

CARIBOU FOUR CORNERS, INC.

Patricia L. West, Manager  
Land Records & Accounting



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

BRUCE KING  
 GOVERNOR  
 LARRY KEHOE  
 SECRETARY

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

May 14, 1980

Re: CASE NO. 6853  
 ORDER NO. R-6336  
 Mr. Damon Weems, Attorney  
 Caribou Four Corners, Inc.  
 2901 East 20th Street  
 Farmington, New Mexico 87401

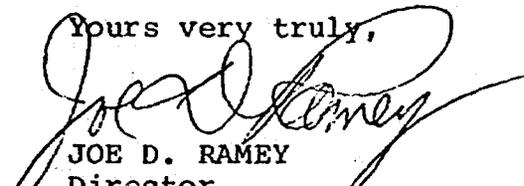
Applicant:

Caribou Four Corners, Inc.

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 OCD   x    
 Artesia OCD   x    
 Aztec OCD   x  

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. 6853  
Order No. R-6336

APPLICATION OF CARIBOU FOUR CORNERS,  
INC. FOR COMPULSORY POOLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 23, 1980,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of May, 1980, 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, Caribou Four Corners, Inc., seeks  
an order pooling all mineral interests in the Cha Cha-Gallup  
Pool underlying the N/2 NE/4 of Section 18, Township 29 North,  
Range 14 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant has the right to drill and has  
drilled its Kirtland Well No. 3 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 oil  
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 100 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 said estimated well costs exceed reasonable well costs.

(11) That \$140.00 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 charge 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.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Cha Cha-Gallup Pool underlying the N/2 NE/4 of Section 18, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a standard 80-acre oil spacing and proration unit to be dedicated to the Caribou Four Corners, Inc. Kirtland Well No. 3 drilled at a standard location thereon.

-3-

Case No. 6853  
Order No. R-6336

(2) That Caribou Four Corners, Inc. is hereby designated the operator of the subject well and unit.

(3) That within 30 days after the effective date of this order, 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 final determination thereof; 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.

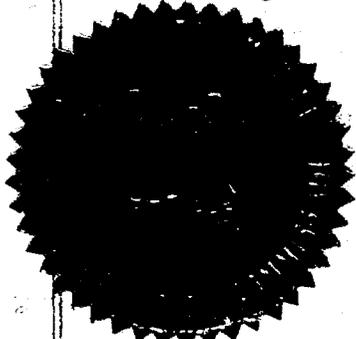
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Case No. 6853  
Order No. R-6336

- (B) As a charge for the risk involved in the drilling of the well, 100 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 \$140.00 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 charge 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 San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the 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.

-5-  
Case No. 6853  
Order No. R-6336

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

S E A L

fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
23 April 1980

EXAMINER HEARING

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IN THE MATTER OF: )  
 )  
 )

Application of Caribou Four Cor- ) CASE  
ners, Inc., for compulsory pooling, ) 6853  
San Juan County, New Mexico. )  
 )

-----  
BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant: Damon Weems, Esq.  
Attorney At Law  
2901 East 20th Street  
Farmington, New Mexico 87401

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 453-7409

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DENNY FOUST

Direct Examination by Mr. Weems 3

Cross Examination by Mr. Stamets 9

E X H I B I T S

Applicant Exhibit One, Map 5

**SALLY W. BOYD, C.S.R.**  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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MR. STAMETS: Call next Case 6853.

MR. PADILLA: Application of Caribou  
Four Corners, Inc., for compulsory pooling, San Juan County,  
New Mexico.

MR. WEEMS: Mr. Examiner, I'm Damon Weems  
from Farmington, New Mexico, on behalf of the applicant,  
Caribou Four Corners, Incorporated.

I have one witness.

MR. STAMETS: Are there any other ap-  
pearances in this case?

You may proceed.

MR. WEEMS: I have one witness, Mr. Denny  
Foust, who needs to be sworn.

(Witness sworn.)

DENNY FOUST

being called as a witness and having been duly sworn upon  
his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. WEEMS:

Q. Please state your name.  
A. Denny Foust.  
Q. Your occupation?

**SALLY W. BOYD, C.S.R.**  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7499

1 A Geologist.

2 Q By whom are you employed?

3 A Caribou Four Corners.

4 Q How long have you been employed in that  
5 capacity?

6 A Slightly over two years.

7 Q Have you previously testified before the  
8 Division and had your qualifications as an expert accepted?

9 A Yes.

10 MR. WEEMS: Mr. Examiner, will his qual-  
11 ifications be accepted?

12 MR. STAMETS: They are.

13 Q Are you familiar with the application for  
14 compulsory pooling in front of the Division today?

15 A Yes.

16 Q Are you familiar with the lands involved  
17 in this application?

18 A Yes.

19 Q Are you familiar with the well involved  
20 in this application?

21 A Yes, I'm familiar with Caribou Four  
22 Corners Well Kirtland No. 3.

23 Q Has that well already been drilled?

24 A Yes, it has.

25 Q And completed?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 A Yes.

2 Q Have you prepared this Exhibit Number One  
3 to be submitted to the Division?

4 A Yes, sir, I have.

5 Q Please describe what Exhibit Number One  
6 shows.

7 A Exhibit Number One shows the location of  
8 the Caribou Four Corners Kirtland No. 3, which was drilled  
9 in September of 1979, to a depth of 4750 feet as a Gallup  
10 test. It's located in the northwest northeast of Section 18,  
11 29 North, 14 West, San Juan County.

12 There is an 80-acre spacing unit dedicated  
13 to this well, located in the north half of the northeast  
14 quarter of Section 18.

15 Q Is all the acreage in the 80-acre unit  
16 leased by Caribou Four Corners, Incorporated?

17 A No, it is not.

18 Q How much acreage, or what parcels are  
19 not leased by Caribou Four Corners, Incorporated?

20 A There is one lot outstanding. It's Lot  
21 6 in Block 1 of Beaver Subdivision No. 1. It's an 80-foot  
22 by 140-foot lot, consisting of .26 net acres.

23 Q For the record, the Lot 2, Block 1 of  
24 the Beaver Subdivision belonging to Clyde Jackson and Charlene  
25 Jackson, has that been leased?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 A Yes, it has.

2 Q So the only remaining tract is the Lot 6,  
3 Block 1 of the Beaver Subdivision?

4 A Yes.

5 Q Why did you not have that particular  
6 tract leased?

7 A Our land work prior to drilling had indi-  
8 cated that we had all property within the 80-acre spacing  
9 unit under lease, or all mineral rights, and our subsequent  
10 preparation of the Division order for this well revealed that  
11 we had some lots which were not under lease.

12 Q Did you lease a parcel of land from the  
13 Beavers that the subdivision is named after?

14 A Yes, sir, we did.

15 Q And did it come to your attention that  
16 in subdividing the land that they had failed to reserve the  
17 minerals under some of the tracts?

18 A It came to my attention that they had  
19 failed to reserve the minerals under certain tracts, those  
20 which we had leased previous to the drilling.

21 Q Have you made any kind of effort to seek  
22 a lease from Alvin J. Williams and Cora Williams?

23 A We were able to get one possible for-  
24 warding address from a neighbor in Cleborne, Texas, and we  
25 were not able to find these people at this residence in

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 Cleborne, Texas, and we have no other recourse at this time,  
2 in my opinion.

3 Q Has Caribou been the operator of the  
4 well to date?

5 A Yes, sir, we have.

6 Q What have been the well costs to date?

7 A The well costs to date are \$258,864.76.

8 Q Are there any additions to that which  
9 you might make?

10 A I expect there would be approximately  
11 \$10,000 additional. There's some stringer rods and some other  
12 items that haven't shown up on this bottom hole pump.

13 Q Do you have any estimation of the monthly  
14 operating costs for this well?

15 A Our pumping charges on this well will  
16 be \$350 and our office overhead is \$140 per month.

17 Q A total of \$490?

18 A Yes.

19 Q Was this well drilled as a wildcat with  
20 substantial risk involved?

21 A This well is over a half mile from the  
22 nearest production and would be considered, I guess, a field  
23 wildcat.

24 Q In what pool was the well drilled to?

25 A This would be an extension of the Northwest

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 Cha Cha Unit.

Q

Do you feel a risk factor --  
Excuse me, that would be Pool, not Unit.

A

-- of 200 percent would be fair under

Q

2  
3  
4 these circumstances?

A

I think that we would be justified in

5  
6 asking for this.

Q

And do you feel that Caribou Four Corners,  
Incorporated should be the operator?

A

I would hope we would be designated the

7  
8  
9 operator.

Q

The unleased tract comprises what per-  
centage of the 80 acres?

A

It's .32 percent.

Q

What is the size of the unleased tract?

A

.26 net acres.

Q

In your opinion would the granting of  
the application be in the interest of conservation, the pre-  
vention of waste, and the protection of correlative rights?

A

Yes, sir, I believe so.

MR. WEEMS: Mr. Examiner, I move the in-  
roduction of Exhibit Number One and I have no further ques-

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25 tions of the witness.

MR. STAMETS: Exhibit Number One is ad-

mitted.

R.S.B. BOBDD, C.S.R.  
STAMETS  
P.O. Box 197-B  
Santa Fe, New Mexico 87509  
Phone (505) 455-7409

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CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Foust, referring to these charges that you're referring to, you talked about \$350 a month pumping charge. Now that's a charge which should go against the monthly well cost, is that correct?

A Yes, right.

Q And so the overhead charge that we're referring to is the \$140 a month?

A Yes.

Q Okay. When did you first learn that you did not have all of the mineral interests signed up for this well?

A In January.

Q Of this year?

A Yes.

Q And when did you learn that -- of the Williams interest?

A On this date.

Q Okay, and then what attempts were made to locate the Williams at that point?

A A landman in my employ had visited with several of the neighbors in the Beavers subdivision in an attempt to find out where these people had moved to, and he

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
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Phone (505) 455-7409

1 received this address in Cleborne, Texas, from Mrs. Beavers  
2 as the only real clue that we had as to what had happened  
3 to these people. They had evidently moved to Cleborne, Texas,  
4 and from this point we were not able to trace them.

5 Q Did the County Clerk have no record of  
6 where they sent their tax bills?

7 A This is a split surface and mineral.

8 Q I see. Okay. So the current surface  
9 owner is paying the taxes and no one knows where the Williams  
10 are?

11 What kind of a well did you get here?

12 A Our indications are that this well will  
13 make about 200 barrels of fluid and this will be about 15  
14 percent oil cut; the remainder will be water of about 5600  
15 BPM.

16 Q What kind of fluid -- what kind of water  
17 does it make, relatively fresh water?

18 A Yes.

19 Q And how will you dispose of the water?

20 A We are currently negotiating with some  
21 parties to use this water in a waterflood in some other  
22 Gallup production.

23 Q Will this be an expense against the well  
24 or will you make money off the sale of the water?

25 A It -- we won't be selling the water. It

**SALLY W. BOYD, C.S.R.**  
Rt. 1 Box 193-B  
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Phone (505) 455-7409

1 will be an expense against the well, but I don't have a good  
2 estimate as to what that expense will be at the moment.

3 Q Mr. Foust, in already drilling and com-  
4 pleting this well hasn't part of the risk already been as-  
5 sumed by the operator?

6 A Yes, sir.

7 MR. STAMETS: Any other questions of the  
8 witness? He may be excused.

9 Do you have anything further in this  
10 case?

11 MR. WEEMS: No, Mr. Examiner.

12 MR. STAMETS: The case will be taken  
13 under advisement.

14 (Hearing concluded.)  
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SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6853 heard by me on 4.23 19 80.

Richard A. [Signature], Examiner  
Oil Conservation Division

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
23 April 1980

EXAMINER HEARING

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IN THE MATTER OF:	)	
	)	
	)	
Application of Caribou Four Cor-	)	CASE
ners, Inc., for compulsory pooling,	)	6853
San Juan County, New Mexico.	)	
	)	

-----

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation	Ernest L. Padilla, Esq.
Division:	Legal Counsel to the Division
	State Land Office Bldg.
	Santa Fe, New Mexico 87501

For the Applicant:	Damon Weems, Esq.
	Attorney At Law
	2901 East 20th Street
	Farmington, New Mexico 87401

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 199-B  
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DENNY FOUST

Direct Examination by Mr. Weems

Cross Examination by Mr. Stamets

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E X H I B I T S

Applicant Exhibit One, Map

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**SALLY W. BOYD, C.S.R.**

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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MR. STAMETS: Call next Case 6853.

MR. FADILLA: Application of Caribou  
Four Corners, Inc., for compulsory pooling, San Juan County,  
New Mexico.

MR. WEEMS: Mr. Examiner, I'm Damon Weems  
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I have one witness.

MR. STAMETS: Are there any other ap-  
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MR. WEEMS: I have one witness, Mr. Denny  
Foust, who needs to be sworn.

(Witness sworn.)

DENNY FOUST

being called as a witness and having been duly sworn upon  
his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. WEEMS:

Q Please state your name.  
A Denny Foust.  
Q Your occupation?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 199-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

**SALLY W. BOYD, C.S.R.**

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 A Geologist.

2 Q By whom are you employed?

3 A Caribou Four Corners.

4 Q How long have you been employed in that

5 capacity?

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8 Division and had your qualifications as an expert accepted?

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14 compulsory pooling in front of the Division today?

15 A Yes.

16 Q Are you familiar with the lands involved

17 in this application?

18 A Yes.

19 Q Are you familiar with the well involved

20 in this application?

21 A Yes, I'm familiar with Caribou Four

22 Corners Well Kirtland No. 3.

23 Q Has that well already been drilled?

24 A Yes, it has.

26 Q And completed?

1 A Yes.  
2 Q Have you prepared this Exhibit Number One  
3 to be submitted to the Division?

4 A Yes, sir, I have.

5 Q Please describe what Exhibit Number One  
6 shows.

7 A Exhibit Number One shows the location of  
8 the Caribou Four Corners Kirtland No. 3, which was drilled  
9 in September of 1979, to a depth of 4750 feet as a Gallup  
10 test. It's located in the northwest northeast of Section 18,  
11 29 North, 14 West, San Juan County.

12 There is an 80-acre spacing unit dedicated  
13 to this well, located in the north half of the northeast  
14 quarter of Section 18.

15 Q Is all the acreage in the 80-acre unit  
16 leased by Caribou Four Corners, Incorporated?

17 A No, it is not.

18 Q How much acreage, or what parcels are  
19 not leased by Caribou Four Corners, Incorporated?

20 A There is one lot outstanding. It's Lot  
21 6 in Block 1 of Beaver Subdivision No. 1. It's an 80-foot  
22 by 140-foot lot, consisting of .26 net acres.

23 Q For the record, the Lot 2, Block 1 of  
24 the Beaver Subdivision belonging to Clyde Jackson and Charlene  
25 Jackson, has that been leased?

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RL 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 A Yes, it has.

2 Q So the only remaining tract is the Lot 6,  
3 Block 1 of the Beaver Subdivision?

4 A Yes.

5 Q Why did you not have that particular  
6 tract leased?

7 A Our land work prior to drilling had indi-  
8 cated that we had all property within the 80-acre spacing  
9 unit under lease, or all mineral rights, and our subsequent  
10 preparation of the Division order for this well revealed that  
11 we had some lots which were not under lease.

12 Q Did you lease a parcel of land from the  
13 Beavers that the subdivision is named after?

14 A Yes, sir, we did.

15 Q And did it come to your attention that  
16 in subdividing the land that they had failed to reserve the  
17 minerals under some of the tracts?

18 A It came to my attention that they had  
19 failed to reserve the minerals under certain tracts, those  
20 which we had leased previous to the drilling.

21 Q Have you made any kind of effort to seek  
22 a lease from Alvin J. Williams and Cora Williams?

23 A We were able to get one possible for-  
24 warding address from a neighbor in Cleborne, Texas, and we  
25 were not able to find these people at this residence in

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 Cleborne, Texas, and we have no other recourse at this time,  
2 in my opinion.

3 Q Has Caribou been the operator of the  
4 well to date?

5 A Yes, sir, we have.

6 Q What have been the well costs to date?

7 A The well costs to date are \$258,864.76.

8 Q Are there any additions to that which  
9 you might make?

10 A I expect there would be approximately  
11 \$10,000 additional. There's some stringer rods and some other  
12 items that haven't shown up on this bottom hole pump.

13 Q Do you have any estimation of the monthly  
14 operating costs for this well?

15 A Our pumping charges on this well will  
16 be \$350 and our office overhead is \$140 per month.

17 Q A total of \$490?

18 A Yes.

19 Q Was this well drilled as a wildcat with  
20 substantial risk involved?

21 A This well is over a half mile from the  
22 nearest production and would be considered, I guess, a field  
23 wildcat.

24 Q In what pool was the well drilled to?

25 A This would be an extension of the Northwest

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 Cha Cha Unit.

2 Q Do you feel a risk factor ---

3 A Excuse me, that would be Pool, not Unit.

4 Q --- of 200 percent would be fair under  
5 these circumstances?

6 A I think that we would be justified in  
7 asking for this.

8 Q And do you feel that Caribou Four Corners,  
9 Incorporated should be the operator?

10 A I would hope we would be designated the  
11 operator.

12 Q The unleased tract comprises what per-  
13 centage of the 80 acres?

14 A It's .32 percent.

15 Q What is the size of the unleased tract?

16 A .26 net acres.

17 Q In your opinion would the granting of  
18 the application be in the interest of conservation, the pre-  
19 vention of waste, and the protection of correlative rights?

20 A Yes, sir, I believe so.

21 MR. WEEMS: Mr. Examiner, I move the in-  
22 troduction of Exhibit Number One and I have no further ques-  
23 tions of the witness.

24 MR. STAMETS: Exhibit Number One is ad-  
25 mitted.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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CROSS EXAMINATION

BY MR STAMETS:

Q Mr. Foust, referring to these charges that you're referring to, you talked about \$350 a month pumping charge. Now that's a charge which should go against the monthly well cost, is that correct?

A Yes, right.

Q And so the overhead charge that we're referring to is the \$140 a month?

A Yes.

Q Okay. When did you first learn that you did not have all of the mineral interests signed up for this well?

A In January.

Q Of this year?

A Yes.

Q And when did you learn that --- of the Williams interest?

A On this date.

Q Okay, and then what attempts were made to locate the Williams at that point?

A A landman in my employ had visited with several of the neighbors in the Beavers subdivision in an attempt to find out where these people had moved to, and he

SALLY W. BOYD, C.S.R.

Rt. 1 Box 199-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 received this address in Cleborne, Texas, from Mrs. Beavers  
2 as the only real clue that we had as to what had happened  
3 to these people. They had evidently moved to Cleborne, Texas,  
4 and from this point we were not able to trace them.

5 Q Did the County Clerk have no record of  
6 where they sent their tax bills?

7 A This is a split surface and mineral.

8 Q I see. Okay. So the current surface  
9 owner is paying the taxes and no one knows where the Williams  
10 are?

11 Q What kind of a well did you get here?

12 A Our indications are that this well will  
13 make about 200 barrels of fluid and this will be about 15  
14 percent oil cut; the remainder will be water of about 5600  
15 BPM.

16 Q What kind of fluid --- what kind of water  
17 does it make, relatively fresh water?

18 A Yes.

19 Q And how will you dispose of the water?

20 A We are currently negotiating with some  
21 parties to use this water in a waterflood in some other  
22 Gallup production.

23 Q Will this be an expense against the well  
24 or will you make money off the sale of the water?

25 A It --- we won't be selling the water. It

**SALLY W. BOYD, C.S.R.**

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 will be an expense against the well, but I don't have a good  
2 estimate as to what that expense will be at the moment.

3 Q Mr. Foust, in already drilling and com-  
4 pleting this well hasn't part of the risk already been as-  
5 sumed by the operator?

6 A Yes, sir.

7 MR. STAMETS: Any other questions of the  
8 witness? He may be excused.

9 Do you have anything further in this  
10 case?

11 MR. WEEMS: No, Mr. Examiner.

12 MR. STAMETS: The case will be taken  
13 under advisement.

14  
15 (Hearing concluded.)  
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**SALLY W. BOYD, C.S.R.**

Rt. 1 Box 199-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. \_\_\_\_\_ heard by me on \_\_\_\_\_ 19\_\_\_\_.  
\_\_\_\_\_, Examiner  
Oil Conservation Division

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
9 April 1980

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Caribou Four Cor- )  
ners, Inc. for compulsory pooling, )  
San Juan County, New Mexico. )

CASE  
6853

-----  
BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87301  
Phone (505) 455-7409

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MR. NUTTER: The hearing will come to order, please. We'll call next Case Number 6853.

MR. PADILLA: Application of Caribou Four Corners, Inc., for compulsory pooling, San Juan County, New Mexico.

Mr. Examiner, the applicant in this case has requested that the case be continued to April 23rd, 1980.

MR. NUTTER: Case Number 6853 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. April 23rd, 1980.

(Hearing concluded.)

**SALLY W. BOYD, C.S.R.**  
Rt. 1 Box 192-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Examiner hearing of Case No. 4853 heard by me on 4/9 1980.

[Signature] Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
9 April 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Caribou Four Cor-  
ners, Inc. for compulsory pooling,  
San Juan County, New Mexico.

CASE  
6853

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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MR. NUTTER: The hearing will come to order, please. We'll call next Case Number 6853.

MR. PADILLA: Application of Caribou Four Corners, Inc., for compulsory pooling, San Juan County, New Mexico.

Mr. Examiner, the applicant in this case has requested that the case be continued to April 23rd, 1980.

MR. NUTTER: Case Number 6853 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. April 23rd, 1980.

(Hearing concluded.)

**SALLY W. BOYD, C.S.R.**  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

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Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6852 heard by me on 4/9 19 80.  
*[Signature]* Examiner  
Oil Conservation Division

CASE 6853: (Continued from April 9, 1980, Examiner Hearing)

Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cha Cha-Gallup Pool underlying the N/2 NE/4 of Section 18, Township 29 North, Range 14 West, 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 6875: Application of Maurice L. Brown Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SE/4 NW/4 of Section 4, Township 9 South, Range 34 East, 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 6876: Application of Maurice L. Brown Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the SW/4 of Section 5, Township 9 South, Range 34 East, 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 6467: (Reopened and Readvertised)

In the matter of Case 6467 being reopened pursuant to the provisions of Order No. R-5958 which order created the Grama Ridge-Bone Spring Pool in Lea County with temporary special rules therefor providing for 160-acre spacing. All interested parties may appear and show cause why the Grama Ridge-Bone Spring Pool should not be developed on 40-acre spacing units.

CASE 6877: Application of Florida Exploration Company for compulsory pooling and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Ellenburger formations underlying the N/2 of Section 11, Township 25 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 1200 feet from the North and West lines of said Section 11. 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 6878: Application of Stevens Oil Company for a non-standard gas proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the N/2 SW/4 and S/2 NW/4 of Section 25, Township 8 South, Range 28 East, Twin Lakes-San Andres Associated Pool, to be dedicated to its O'Brien "F" Well No. 4 located in Unit K of said Section 25.

CASE 6879: Application of Jake L. Hamon for a tubingless completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce his Amerada Federal Well No. 2 located in Unit F of Section 17, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, thru 4 1/2-inch drill pipe cemented in the hole.

CASE 6861: (Continued from April 9, 1980, Examiner Hearing)

Application of Zia Energy, Inc. for pool creation, special pool rules, and an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

CASE 6837: (Continued from April 9, 1980, Examiner Hearing)

Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, 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.

Dockets Nos. 13-80 and 14-80 are tentatively set for May 7 and 21, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 23, 1980

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 6801: (Continued from February 13, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit EPROC Associates, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why its Monsanto State H Well No. 1 located in Unit E of Section 2, Township 30 North, Range 16 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6866: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hare and McCoy and all other interested parties to appear and show cause why the H. L. Hare Well No. 2 located in Unit B of Section 23, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6867: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit all interested parties to appear and show cause why the following abandoned wells drilled by unknown party or parties and located in Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program: a well in the SW/4 of Section 24, a well in the SE/4 of Section 22, and a well in the SE/4 of Section 28.

CASE 6850: (Continued from April 9, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Jack F. Grimm, N. B. Hunt, George R. Brown, Am-Arctic, Ltd., The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Mobil 32 Well No. 1 located in Unit D of Section 32, Township 25 South, Range 1 East, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6870: Application of Bass Enterprises Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Bass State 36 Well No. 1 located in Unit E of Section 36, Township 15 South, Range 34 East, to produce oil from the Townsend-Wolfcamp Pool and gas from an undesignated Morrow pool thru the tubing and casing-tubing annulus, respectively, by means of a cross-over assembly.

CASE 6871: Application of Bass Enterprises Production Company to amend Order No. R-5693, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-5693 to remove the restriction as to the time limit in which salt water may be disposed into Big Eddy Unit Well No. 56 located in Unit G of Section 35, Township 21 South, Range 28 East.

CASE 6872: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State "HQ" Well No. 1 located in Unit P of Section 26, Township 18 South, Range 34 East, Airstrip Field, to produce Bone Springs and Wolfcamp oil thru parallel strings of tubing.

CASE 6873: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Travis Deep Well No. 5, a Morrow test to be drilled 660 feet from the South line and 1650 feet from the East line of Section 12, Township 18 South, Range 28 East, the S/2 of said Section 12 to be dedicated to the well.

CASE 6874: Application of HNG Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 6, Township 22 South, Range 35 East, 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.

(i) EXTEND the Blanco-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM  
Section 1: SW/4  
Section 2: SE/4

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM  
Section 10: SW/4  
Section 16: NW/4

(j) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 3: N/2  
Section 5: N/2  
Section 6: All  
Section 7: All  
Section 8: W/2

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM  
Section 4: All

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM  
Section 17: E/2

(k) EXTEND the Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM  
Section 10: NE/4 and S/2

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM  
Section 20: NE/4

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM  
Section 19: All  
Section 29: NW/4  
Section 30: N/2

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM  
Section 10: SW/4  
Section 24: E/2

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM  
Section 8: NW/4

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM  
Section 7: NE/4  
Section 19: NW/4

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM  
Section 24: E/2 and SW/4

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM  
Section 15: SW/4  
Section 18: NE/4  
Section 21: NE/4  
Section 22: NE/4

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM  
Section 1: N/2

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM  
Section 33: S/2

CASE 6487: (Continued from February 13, 1980, Examiner Hearing)

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.

CASE 6868: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order contracting and extending certain pools in San Juan, Rio Arriba, Sandoval, and McKinley Counties, New Mexico:

(a) CONTRACT the Bisti-Farmington Pool in San Juan County, New Mexico, by deleting:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM  
Section 20: W/2

(b) CONTRACT the Blanco-Pictured Cliffs Pool in San Juan and Rio Arriba Counties, New Mexico, by deleting:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM  
Section 35: NW/4

(c) EXTEND the Albino-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM  
Section 24: W/2  
Section 25: W/2  
Section 26: SE/4  
Section 36: W/2

(d) EXTEND the Aztec-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM  
Section 17: S/2

(e) EXTEND the Aztec-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM  
Section 34: NW/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM  
Section 6: SE/4

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM  
Section 7: SW/4  
Section 17: S/2

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM  
Section 23: NE/4

(f) EXTEND the Ballard-Pictured Cliffs Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 8 WEST, NMPM  
Section 15: NW/4

(g) EXTEND the Bisti-Farmington Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 17 WEST, NMPM  
Section 29: S/2  
Section 30: SE/4 and W/2

(h) EXTEND the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM  
Section 22: NW/4

- (r) EXTEND the Choza Mesa-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 3 WEST, NMPM  
 Section 19: S/2  
 Section 30: N/2

TOWNSHIP 28 NORTH, RANGE 4 WEST, NMPM  
 Section 9: E/2  
 Section 10: All  
 Section 16: E/2  
 Section 21: NE/4

- (s) EXTEND the Escrito-Gallup Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM  
 Section 21: SW/4

- (t) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM  
 Section 25: SE/4  
 Section 36: NE/4 and S/2

- (u) EXTEND the Gobernador-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 5 WEST, NMPM  
 Section 4: N/2 and SE/4  
 Section 5: N/2  
 Section 6: N/2  
 Section 15: S/2  
 Section 23: NW/4 and SE/4  
 Section 25: NW/4

TOWNSHIP 29 NORTH, RANGE 6 WEST, NMPM  
 Section 1: NE/4

TOWNSHIP 30 NORTH, RANGE 5 WEST, NMPM  
 Section 31: SW/4

- (v) EXTEND the Harper Hill Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM  
 Section 27: SE/4  
 Section 34: NE/4  
 Section 35: SW/4

- (w) EXTEND the Harris Mesa-Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM  
 Section 11: S/2  
 Section 12: SW/4  
 Section 13: N/2  
 Section 14: NE/4

- (x) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM  
 Section 24: S/2

- (y) EXTEND the Largo-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM  
 Section 28: SE/4

- (z) EXTEND the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM  
 Section 21: SW/4  
 Section 27: N/2

TOWNSHIP 32 NORTH, RANGE 12 WEST, NMPM

- Section 10: E/2
- Section 11: All
- Section 13: SW/4
- Section 14: All
- Section 24: NW/4
- Section 25: N/2
- Section 26: NE/4
- Section 35: E/2 and SW/4

(1) EXTEND the South Blanco-Pictured Cliffs Pool in Rio Arriba, San Juan, and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

- Section 19: E/2
- Section 30: NE/4

TOWNSHIP 23 NORTH, RANGE 2 WEST, NMPM

- Section 26: NE/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

- Section 36: NW/4

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM

- Section 12: SE/4

TOWNSHIP 28 NORTH, RANGE 6 WEST, NMPM

- Section 34: NE/4

(m) EXTEND the East Blanco-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM

- Section 4: W/2

TOWNSHIP 31 NORTH, RANGE 4 WEST, NMPM

- Section 33: SW/4

(n) EXTEND the Bloomfield-Farmington Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

- Section 25: SE/4

(o) EXTEND the Campo-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

- Section 12: SE/4
- Section 13: NE/4

(p) EXTEND the Cha Cha-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM

- Section 18: N/2 SW/4 and NW/4 SE/4

TOWNSHIP 29 NORTH, RANGE 15 WEST, NMPM

- Section 13: NE/4 and N/2 SE/4

(q) EXTEND the Chacon-Dakota Associated Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

- Section 25: NW/4
- Section 26: NE/4
- Section 34: SW/4
- Section 35: NE/4
- Section 36: NW/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

- Section 20: E/2
- Section 34: NW/4

(ff) EXTEND the Star-Mesaverde Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 19 NORTH, RANGE 6 WEST, NMPM  
Section 16: N/2 NE/4

(gg) EXTEND the Ute Dome-Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM  
Section 25: W/2

(hh) EXTEND the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM  
Section 19: S/2 and NW/4  
Section 30: NW/4  
Section 31: NE/4  
Section 36: NW/4

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM  
Section 2: S/2  
Section 3: S/2  
Section 9: NE/4  
Section 10: N/2  
Section 11: All  
Section 12: W/2  
Section 13: NW/4  
Section 14: N/2  
Section 24: E/2

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM  
Section 7: W/2 and SE/4  
Section 17: W/2 and SE/4  
Section 20: E/2  
Section 21: W/2  
Section 28: All

CASE 6869: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting and extending the vertical and horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Anderson Ranch-Wolfcamp Pool. The discovery well is Holly Energy, Inc. Pogo State Well No. 1 located in Unit H of Section 19, Township 16 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM  
Section 19: NE/4

(b) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the Bull's Eye-San Andres Pool. The discovery well is Ralph Nix Union Happy Well No. 1 located in Unit O of Section 1, Township 8 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM  
Section 1: SE/4 and S/2 NE/4  
Section 12: NE/4

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM  
Section 6: W/2 SW/4  
Section 7: W/2 NW/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres Production and designated as the Cary-San Andres Pool. The discovery well is Zia Energy, Inc. State C Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 17: NW/4

(aa) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM  
Section 17: NW/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM  
Section 3: SW/4  
Section 5: S/2  
Section 6: S/2  
Section 7: N/2 and SW/4  
Section 8: N/2  
Section 11: SW/4  
Section 14: NE/4  
Section 24: SW/4

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM  
Section 23: NW/4  
Section 30: SW/4  
Section 31: SE/4

(bb) EXTEND the South Los Pinos Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM  
Section 1: W/2  
Section 10: SE/4  
Section 11: N/2

TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM  
Section 26: SE/4  
Section 34: SE/4

(cc) EXTEND the Otero-Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM  
Section 23: N/2  
Section 25: N/2 and SE/4

(dd) EXTEND the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM  
Section 2: N/2 NW/4

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM  
Section 22: NE/4  
Section 23: NW/4  
Section 34: W/2 SW/4 and SE/4  
Section 35: SW/4 SW/4

(ee) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 6 WEST, NMPM  
Section 18: SW/4  
Section 19: All  
Section 20: SW/4  
Section 28: NW/4  
Section 29: N/2  
Section 30: NE/4

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM  
Section 10: S/2  
Section 11: SW/4  
Section 14: W/2  
Section 15: SE/4  
Section 20: NE/4

(l) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Sand Point-Morrow Gas Pool. The discovery well is Perry R. Baus Big Eddy Unit Well No. 72 located in Unit R of Section 3, Township 21 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM  
Section 3: S/2

(m) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Mississippian production and designated as the Sand Ranch-Mississippian Gas Pool. The discovery well is MGF Oil Corporation Bikar Federal Well No. 1 located in Unit G of Section 14, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM  
Section 14: N/2

(n) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the North Tom Tom-San Andres Pool. The discovery well is NRM Petroleum Corporation Mooney Well No. 1 located in Unit A of Section 17, Township 7 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM  
Section 17: NE/4

(o) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production and designated as the Tonto-Bone Springs Pool. The discovery well is Amoco Production Company Nellis A Federal Well No. 1 located in Unit E of Section 8, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 8: NW/4

(p) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the Townsend-Mississippian Gas Pool. The discovery well is Allen K. Trobaugh Eidson Com Well No. 1 located in Unit C of Section 28, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 28: NE/4

(q) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Fusselman production and designated as the Wantz-Fusselman Pool. The discovery well is N. B. Hunt Mittie Weatherly Well No. 8 located in Unit C of Section 21, Township 21 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 21: NE/4

(r) EXTEND the Airstrip-Lower Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 25: NW/4

(s) EXTEND the West Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM  
Section 28: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 5: S/2

(u) EXTEND the Bar U-Pennsylvanian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM  
Section 31: N/2

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Grayburg production and designated as the Diamond Mound-Grayburg Gas Pool. The discovery well is Mesa Petroleum Company Sink Federal Well No. 1 located in Unit I of Section 9, Township 16 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM  
Section 9: SE/4

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Diamond Mound-Morrow Gas Pool. The discovery well is Mesa Petroleum Company Derrick Federal Com Well No. 1 located in Unit K of Section 5, Township 16 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 5: Lots J, 4, 5, 6, 11, 12, 13, and 14

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production and designated as the Gopher-Abo Gas Pool. The discovery well is Mesa Petroleum Company Catclaw State Well No. 1 located in Unit C of Section 31, Township 17 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM  
Section 31: NE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Upper Pennsylvanian production and designated as the Grayburg-Upper Pennsylvanian Pool. The discovery well is Depco, Inc. Conoco State Well No. 1 located in Unit K of Section 15, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 15: SW/4

(h) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Drinkard production and designated as the Hardy-Drinkard Pool. The discovery well is Amoco Production Company State C Tr. 11 Well No. 11 located in Unit X of Section 2, Township 21 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
Section 2: SE/4  
Section 11: NE/4

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Logan Draw-Atoka Gas Pool. The discovery well is Mesa Petroleum Company Maralo Federal Com Well No. 1 located in Unit L of Section 22, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 22: W/2

(j) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Queen production and designated as the Rabbit Flats-Queen Pool. The discovery well is Rapid Company, Inc. Copelan State Well No. 1 located in Unit C of Section 31, Township 10 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM  
Section 31: NE/4 NW/4 and N/2 NE/4

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Ross Draw-Wolfcamp Gas Pool. The discovery well is Florida Gas Exploration Company Ross Draw Unit Well No. 7 located in Unit J of Section 26, Township 26 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM  
Section 26: S/2  
Section 27: All

- (ii) EXTEND the Grama Ridge-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM  
Section 36: N/2 and SE/4

- (jj) EXTEND the Hobbs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM  
Section 34: W/2

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM  
Section 3: NW/4

- (kk) EXTEND the Jalmat Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM  
Section 28: S/2 NW/4

- (ll) EXTEND the Justis-Paddeck Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
Section 25: S/2

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM  
Section 30: SW/4

- (mm) EXTEND the Langley-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
Section 17: S/2  
Section 28: N/2

- (nn) EXTEND the Langley-Ellenburger Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
Section 17: S/2

- (oo) EXTEND the Leamex-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 21: N/2 N/2

- (pp) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 20: All  
Section 21: S/2  
Section 28: E/2  
Section 33: E/2

- (qq) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 18: NE/4

- (rr) EXTEND the Parkway-Strawn Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 25: SW/4

- (ss) EXTEND the West Parkway-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 21: S/2  
Section 22: All

(v) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 20: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 11: All

(x) EXTEND the East Caprock-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM  
Section 14: SW/4  
Section 23: W/2

(y) CONTRACT the horizontal limits of the Cato-San Andres Pool in Chaves County, New Mexico, by the deletion of the following described area:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 5: NW/4

and EXTEND the horizontal limits of said pool to include therein:

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

(z) EXTEND the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM  
Section 34: NW/4

(aa) EXTEND the Comanche Stateline Tansill-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM  
Section 21: NW/4

(bb) EXTEND the South Culebra Bluff-Bone Springs Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 22: NE/4  
Section 23: NW/4

(cc) EXTEND the Custer-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM  
Section 25: W/2

(dd) EXTEND the Double L-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
Section 1: W/2, SW/4 NE/4 and W/2 SE/4

(ee) EXTEND the Eagle Creek Permo-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 3: All

(ff) EXTEND the South Eunice-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 10: SE/4

(gg) EXTEND the East Gem-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 26: S/2

(hh) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM  
Section 1: W/2

(eee) EXTEND the White Ranch-Mississippian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 29 EAST, NMPM  
Section 34: E/2

(fff) EXTEND the Wilson-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM  
Section 12: SE/4  
Section 13: NE/4

(tt) EXTEND the South Peterson-Fusselman Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 32 EAST, NMPM  
Section 25: SE/4

(uu) EXTEND the North Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 12: E/2

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 7: W/2

(vv) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM  
Section 25: SW/4  
Section 36: NW/4

(ww) EXTEND the Scoggin Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 3: E/2  
Section 10: E/2

(xx) EXTEND the Shugart Yates-Seven Rivers Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 35: N/2 NE/4

(yy) EXTEND the vertical limits of the Sioux-Yates Pool in Lea County, New Mexico, to include the Tansill formation and redesignate said pool as the Sioux Tansill-Yates Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM  
Section 16: N/2 and SE/4

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

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM  
Section 25: NW/4  
Section 26: SE/4  
Section 28: SW/4

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 5: NW/4 and N/2 SW/4

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

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 18: NE/4

(bbb) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 11: All  
Section 14: E/2

(ccc) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 27: S/2

(ddd) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 20: NE/4

CASE 6841: (Continued from March 26, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each unit 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 wells 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 wells and a charge for risk involved in drilling said wells.

CASE 6858: Application of H. L. Brown, Jr. for gas well commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Bluit-Wolfcamp gas and condensate production from ten federal wells located as follows: Units K and P of Section 33 and L of 34, Township 7 South, Range 37 East; Units D and L of Section 3, C and J of 4, I of 5, C of 9 and G of 10; and one fee well in D of 10, all in Township 8 South, Range 37 East. Applicant would separate and meter the gas and condensate production from each well, then recombine the well's stream and commingle all wells into a small gasoline plant. Allocation of gas and condensate to each well would be on the basis of wellhead meter readings and allocation of gasoline plant production would be on the basis of gas production and BTU content at each well.

CASE 6859: Application of R & G Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1890 feet from the North line and 1830 feet from the East line of Section 28, Township 28 North, Range 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6860: Application of Flag-Redfern Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit P of Section 3, Township 19 South, Range 31 East.

CASE 6861: Application of Zia Energy, Inc. for pool creation, special pool rules, and an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

CASE 6862: (Continued from March 26, 1980, Examiner Hearing)

Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, 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 6862: Application of ARCO Oil and Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 157 "D" Well No. 11 drilled 2123 feet from the South line and 1644 feet from the East line of Section 12, Township 22 South, Range 36 East, Drinkard Pool, the NW/4 SE/4 of said Section 12 to be dedicated to the well.

CASE 6863: Application of Bass Enterprises Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Big Eddy Unit Well No. 72 located in Unit R of Section 3, Township 21 South, Range 28 East, to produce undesignated Atoka and Morrow gas thru parallel strings of tubing.

CASE 6864: Application of Grace Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Smith Ranch Well No. 11, to be drilled 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, Teas-Penn Gas Pool, the N/2 of said Section 11 to be dedicated to the well.

Docket No. 9-80

Dockets Nos. 12-80 and 13-80 are tentatively set for April 23 and May 7, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 9, 1980

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

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

- CASE 6850: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Jack F. Grimm, N. B. Hunt, George R. Brown, Am-Arctic, Ltd., The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Mobil 32 Well No. 1 located in Unit D of Section 32, Township 25 South, Range 1 East, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6851: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS as promulgated by Division Order No. R-5878 and amended by R-5878-A. The proposed amendments would make said SPECIAL RULES conform to FERC Order No. 65 which promulgated final regulations implementing filing requirements of the Natural Gas Policy Act of 1978.
- CASE 6852: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider special rules and procedures for the designation of "tight formations" or "tight sands" as outlined in the FERC interim rules and regulations issued February 20, 1980, relating to Section 107(b) of the Natural Gas Policy Act of 1978.
- CASE 6853: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cha Cha-Gallup Pool underlying the N/2 NE/4 of Section 18, Township 29 North, Range 14 West, 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 6854: Application of Jack A. Cole for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Apache Hills Well No. 6, 1326 feet from the North line and 1843 feet from the West line of Section 17, Township 23 North, Range 3 West, Ballard-Pictured Cliffs Pool, the NW/4 of said Section 17 to be dedicated to the well.
- CASE 6841: (Continued from March 26, 1980, Examiner Hearing)  
Application of CIG Exploration, Inc. for two non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units in Township 16 South, Range 28 East, the first being 219.6 acres comprising Lots 1 thru 8 of Section 1 and the second being 219.92 acres comprising Lots 1 thru 8 of Section 2, for the Wolfcamp, Pennsylvanian, and Mississippian formations, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6855: Application of Dome Petroleum Corporation for an unorthodox well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Santa Fe 3 Well No. 1 to be drilled 1220 feet from the North line and 900 feet from the West line of Section 3, Township 21 North, Range 10 West.
- CASE 6856: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Tubb-Drinkard, and Fusselman production in the wellbore of its C. C. Fristoe "B" Federal NCT-2 Well No. 6 located in Unit H of Section 34, Township 24 South, Range 37 East, Justis Field.
- CASE 6857: Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 14 Well No. 1, a Morrow test to be drilled 660 feet from the South line and 990 feet from the East line of Section 14, Township 18 South, Range 28 East, the S/2 of said Section 14 to be dedicated to the well.

**CASE 6846: (Amended)**

In the matter of Case No. 6846 being amended to reflect that the location for the unorthodox location of the well on the second unit is 330 feet from the North line and 2310 feet from the East line of Section 13, Township 21 South, Range 36 East, Lea County.

**CASE 6846: (Continued from March 26, 1980, Examiner Hearing)**

Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the S/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.

**CASE 6865:** Application of Getty Oil Company to reopen Case No. 6608, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to reopen Case No. 6608 for consideration of the establishment of maximum efficient rates of withdrawal from the Grams Ridge-Wolfcamp Gas Pool.

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Docket No. 10-80

**DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1980**

8:45 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:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for May, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for May, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

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Docket No. 11-80

**DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 16, 1980**

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

**CASE 6609: (DE NOVO) (Continued from March 11, 1980, Commission Hearing)**

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit 0 of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220. Applicants allege this is not an "oil" pool but is a "volatile" oil pool.

Dockets Nos. 12-80 and 13-80 are tentatively set for April 23 and May 7, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 9, 1980

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
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CASE 6843: (Continued from March 26, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each unit 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 wells 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 wells and a charge for risk involved in drilling said wells.

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CASE 6861: Application of Zia Energy, Inc. for pool creation, special pool rules, and an NCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

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Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, 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.

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**CASE 6846: (Amended)**

In the matter of Case No. 6846 being amended to reflect that the location for the unorthodox location of the well on the second unit is 330 feet from the North line and 2310 feet from the East line of Section 13, Township 21 South, Range 36 East, Lea County.

**CASE 6846: (Continued from March 26, 1980; Examiner Hearing)**

Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the N/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.

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Docket No. 10-80

**DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1980**

8:45 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:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for May, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for May, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

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Docket No. 11-80

**DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 16, 1980**

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

**CASE 6609: (DE NOVO) (Continued from March 11, 1980, Commission Hearing)**

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit D of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220. Applicants allege this is not an "oil" pool but is a "volatile" oil pool.

Clyde Jackson  
Kirtland, N. M.

Alvin J. Williams  
Kirtland, New Mexico

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

APPLICATION OF CARIBOU FOUR  
CORNERS, INC., for COMPULSORY  
POOLING OF 80.00 acres in  
SECTION 18, TOWNSHIP 29 NORTH,  
RANGE 14 WEST, N.M.P.M., SAN  
JUAN COUNTY, NEW MEXICO consisting  
of the N/2 of the NE/4 of said  
Section, Township and Range

Case No. 6853

APPLICATION FOR COMPULSORY POOLING

Caribou Four Corners, Inc., by and through its attorney,  
Damon L. Weems, respectfully requests that the Division compulsory  
pool 80.00 acres as described in the caption above for the drilling  
of an oil well in the Cha Cha-Gallup Pool.

Further, Applicant respectfully requests that such order  
that be issued designate Applicant as operator and establish a risk  
factor of two hundred percent (200%) of the non-consenting working  
interest owners' pro rata share of the cost of drilling and  
completing the well.

The nonconsenting owners are:

1. Clyde Jackson and Charlene Jackson, his wife, owners  
of Lot Two (2), Block One (1), of the Beavers Subdivision.
2. Alvin J. Williams and Clora Williams, his wife, owners  
of Lot Six (6), Block One (1) of the Beavers Subdivision.

  
Damon L. Weems  
Attorney for Caribou Four Corners, Inc.  
2901 East 20th Street  
Farmington, New Mexico 87401  
327-4469

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

APPLICATION OF CARIBOU FOUR  
CORNERS, INC., for COMPULSORY  
POOLING OF 80.00 acres in  
SECTION 18, TOWNSHIP 29 NORTH,  
RANGE 14 WEST, N.M.P.M., SAN  
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Case No. 6853

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ORIGINAL SIGNED BY  
DAMON L. WEEMS

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Damon L. Weems  
Attorney for Caribou Four Corners, Inc.  
2901 East 20th Street  
Farmington, New Mexico 87401  
327-4469

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

APPLICATION OF CARIBOU FOUR  
CORNERS, INC., for COMPULSORY  
POOLING OF 80.00 acres in  
SECTION 18, TOWNSHIP 29 NORTH,  
RANGE 14 WEST, H.M.P.M., SAN  
JUAN COUNTY, NEW MEXICO consisting  
of the N/2 of the NE/4 of said  
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Case No. 6853

APPLICATION FOR COMPULSORY POOLING

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attested and signed by  
DAMON L. WEEMS

Damon L. Weems  
Attorney for Caribou Four Corners, Inc.  
2501 East 20th Street  
Farmington, New Mexico 87401  
327-4469

DRAFT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

dr/

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

CASE NO. 6853

Order No. R- 6336

APPLICATION OF CARIBOU FOUR CORNERS,  
INC. FOR COMPULSORY POOLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 23  
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets  
NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1980, 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, Caribou Four Corners, Inc.,  
seeks an order pooling all mineral interests in the Cha Cha-Gallup  
Pool underlying the N/2 NE/4  
of Section 18, Township 29 North, Range 14 West  
NMPM, San Juan County, New  
Mexico.

*EP*  
*RLL*

-2-

Case No.  
Order No. R-

(3) That the applicant has the right to drill and <sup>has drilled</sup> ~~proposes~~  
<sup>its Kirtland Well No 3</sup>  
~~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 <sup>oil</sup> ~~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 100 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 <sup>paid</sup> ~~paid~~ estimated well costs exceed reasonable well costs. <sub>5</sub>

(11) That \$140<sup>00</sup> 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 charge 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 \_\_\_\_\_, 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 Cha Cha-Gallup Pool ~~formation~~ underlying the N/2 NE/4 of Section 18, Township 29 North, Range 14 West, NMPM, \_\_\_\_\_, San Juan County, New Mexico, are hereby pooled to form a standard 80 - acre <sup>oil</sup> spacing and proration unit to be dedicated to a well to be drilled <sup>The Caribou Four Corners, Inc.</sup> ~~at a standard location thereon~~ <sup>at a standard location thereon</sup> OK

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the \_\_\_\_\_ day of \_\_\_\_\_, 1980, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Gallup formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the \_\_\_\_\_ day of \_\_\_\_\_, 1980, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains

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 Caribou Four Corners, Inc. is hereby designated the operator of the subject well and unit.

(3) That, <sup>within 30 days after</sup> after the effective date of this order and ~~within 90 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 <sup>final determination thereof</sup> ~~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

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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, 100 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 \$ 140<sup>00</sup> 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 charge 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.

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(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 San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the 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.