

CASE 7107: C AND E OPERATORS, INC. FOR  
COMPULSORY POOLING AND A NON-STANDARD  
PRORATION UNIT, SAN JUAN COUNTY, NEW  
MEXICO

Case No.

7107

Application

Transcripts

Small Exhibits

ETC



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

January 16, 1981

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

Mr. Thomas Kellahin  
Kellahin & Kellahin  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 7107  
ORDER NO. R-6563

Applicant:

C and E Operators, 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. 7107  
Order No. R-6563

APPLICATION OF C AND E OPERATORS,  
INC. FOR COMPULSORY POOLING AND A  
NON-STANDARD PRORATION UNIT, SAN  
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10,  
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 1981, 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, C and E Operators, Inc., seeks an  
order pooling all mineral interests in the Mesaverde formation  
underlying a 158.54-acre non-standard gas proration unit com-  
prising the SW/4 of Section 9, Township 30 North, Range 11 West,  
NMPN, San Juan County, New Mexico.

(3) That the application in this case is premature in that  
the applicant has made insufficient effort to secure the con-  
sent or agreement of the parties involved.

(4) That Case No. 7107 should be dismissed without preju-  
dice.

IT IS THEREFORE ORDERED:

(1) That Case No. 7107 is hereby dismissed without preju-  
dice.

-2-  
Case No. 7107  
Order No. R-6563

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

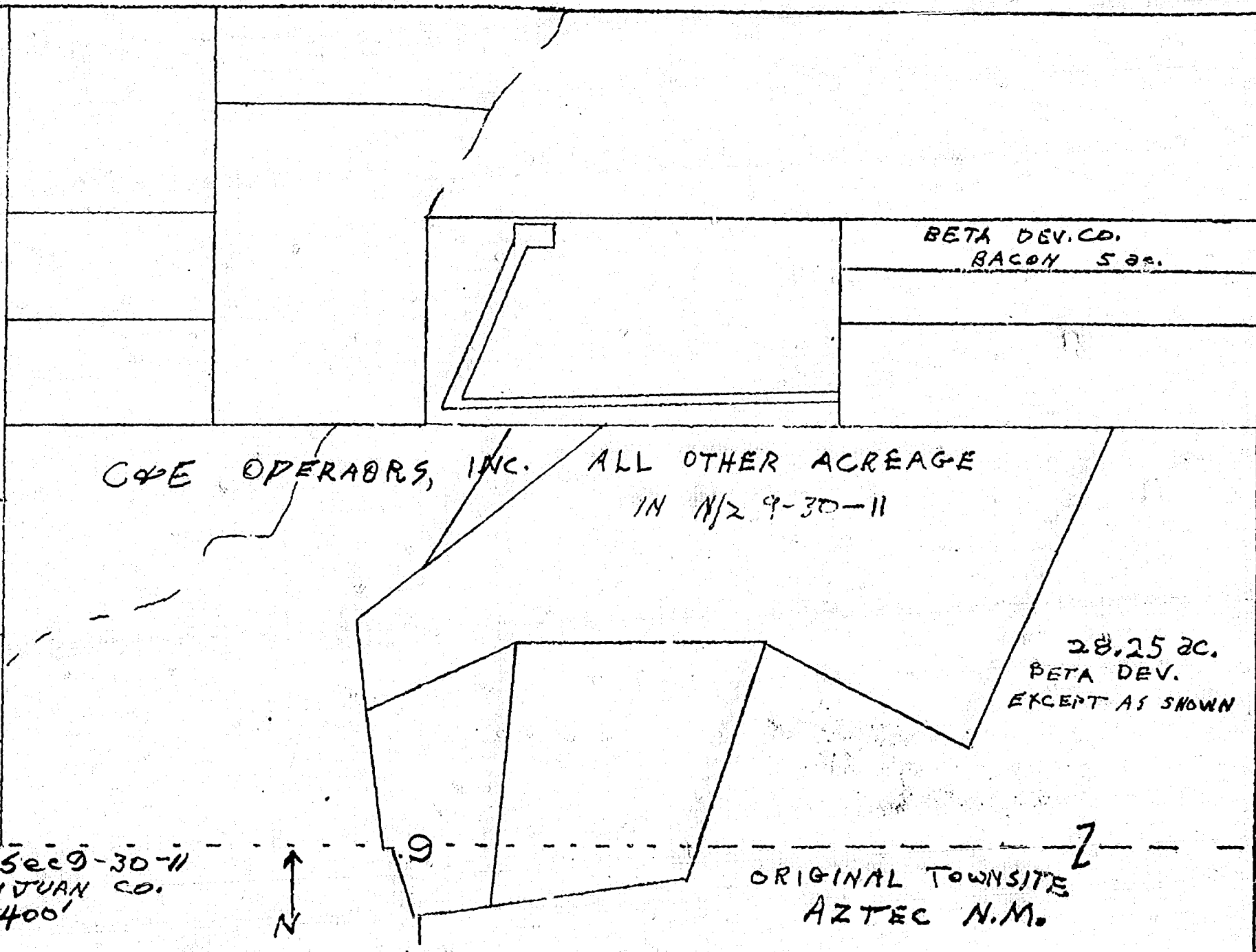
  
JOE D. RAMEY  
Director

S E A L

fd/

C&E EXHIBIT NO. 2

OIL CONSERVATION DIVISION



BUREAU OF LAND MANAGEMENT  
OIL CONSERVATION DIVISION

CVE EXHIBIT NO. 2

CASE NO. 7105

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_

BETA DEV. CO.  
BACON SEC.

CVE OPERATORS, INC. ALL OTHER ACREAGE  
IN N/2 9-30-11

28.25 ac.  
BETA DEV.  
EXCEPT AS SHOWN

N/2 Sec 9-30-11  
SANDUAY CO.  
T=400'

ORIGINAL TOWNSITE  
AZTEC N.M.



C & E OPERATORS FORCED POOLING APPLICATION  
N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES  
NOTICES TO:

Church of Latter Day Saints  
Real Estate Division  
50 E. North Temple  
Salt Lake City, Utah 84150

.66

Church of Latter Day Saints  
Mr. Brent Christensen  
Box 2488  
Farmington, New Mexico 87401

Ralph A. Ransom  
411 Aztec Blvd. NE  
Aztec, New Mexico 87410

.40

Shamrock Oil & Gas Co.  
Attn: Emerald Corp.  
P. O. Box 631  
Amarillo, Texas 79105

.30

Lloyd Armstrong  
428 N. Church Street  
Aztec, New Mexico 87400

.36

Claudio Chavez  
665 Pioneer Avenue  
Aztec, New Mexico 87400

.59

Terry Moss  
c/o Hooper  
c/o Gregory Plesko  
616 Pioneer Avenue  
Aztec, New Mexico 87400

.16

Albert Marquez  
618 Pioneer Street  
Aztec, New Mexico 87400

.23

Joe B. Montoya  
722 Pioneer Avenue  
Aztec, New Mexico 87400

.24

William Wayne Sumner  
818 Pioneer Avenue  
Aztec, New Mexico 87400

.28

Ford C. & Elsie Webb  
Box 134-A  
Farmington, New Mexico 87401

5.60

TRACT

Lots 32, 33, 34, 35 & Fr.  
Lots 7, 8, 9, 10  
McCoy Tract 2

(same land)

Fr. Lots 1, 2, 3, 4, 5, 36  
37, McCoy Tract 2

Fr. Lots 1, 39, 40, 41,  
42, 43, 44  
McCoy Tract 2

Fr. SE/NE Sec. 9  
T30N-R11W

Fr. SE/NE Sec. 9  
T30N-R11W

Fr. SE/NE Sec. 9  
T30N-R11W

Fr. SE/NE Sec. 9  
T30N-R11W

Lot 35, McCoy  
Tract 1

Lot 23, Fr. lot 22,  
McCoy Tract 1

Fr. N/2 Sec. 9-T30N-R11W

C&E EXHIBIT NO. 3  
CASE NO. 7105  
Submitted by  
Hearing Date



C & E OPERATORS FORCED POOLING APPLICATION  
N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES  
NOTICES TO:

	AC.	TRACT
Rosie Cordova 803 McCoy Avenue Aztec, New Mexico 87401	.26	Lot 12, McCoy Tract 1
Floyd E. Hazen c/o Noah E. Tindle 300 N. Light Plant Road	.26	Lot 9, McCoy Tract 1
Leslie Webb c/o Genevieve Lopez 719 McCoy Avenue Aztec, New Mexico 87401	.26	Lot 10, McCoy Tract 1
Twana C. Scogin 713 McCoy Avenue Aztec, New Mexico 87401	.51	Lots 7 & 8, McCoy Tract 1
Mrs. Rosa J. Archuleta 711 McCoy Avenue Aztec, New Mexico 87401	.26	Lot 6, McCoy Tract 1
Angelica & Joe E. Martinez 1404 Hermosa S. E. Albuquerque, New Mexico 87108	.26	Lot 5, McCoy Tract 1
Bernado Sanchez 707 McCoy Avenue Aztec, New Mexico 87401	.26	Lot 4, McCoy Tract 1
Ann Tonia Bennett 5209 Berget Drive Amarillo, Texas 79106	.67	Fr. SE/NE Sec. 9-T30N-R11W
Lillian C. Lopez 608 White Avenue Aztec, New Mexico 87401	.11	Fr. SE/NE Sec. 9-T30N-R11W
Beta Development Company P. O. Box 1659 Midland, Texas 79701	27.18	Various Oil & Gas Leases

C & E OPERATORS FORCED POOLING APPLICATION  
N/2 SECTION 9 - T30N-R11W, SAN JUAN COUNTY, NEW MEXICO CONTAINING 317.90 ACRES  
PARTIES INTEREST IN UNIT

	AC	PERCENTAGE
Church of Latter Day Saints	0.66	.002076
Ransom	0.40	.001258
Shamrock	0.30	.000944
Armstrong	0.36	.001132
Chavez	0.59	.001856
Moss	0.16	.000503
Marquez	0.23	.000723
Montoya	0.24	.000755
Sumner	0.28	.000881
Cordova	0.26	.000818
Hazen	0.26	.000818
Webb	0.26	.000818
Scogin	0.51	.001604
Archuleta	0.26	.000818
Martinez	0.26	.000818
Sanchez	0.26	.000818
Bennett	0.67	.002108
Lopez	0.11	.000346
Webb	5.60	.017616
Beta Development Company	27.18	.085499
C & E Operators	<u>279.05</u>	<u>.877791</u>
	317.90	1.000000

N/2 Section 9-T30N-R11W  
AFE - Gas Development Drilling

Lease Fee Well No. 9-A Depth 4,800 Dual Mesaverde-PC

Location: Unit B Sec. 9 - 30N - 11W, San Juan Co., N.M.

Dirt Work: Road & Loc. 26,000 Clean up 8,000

Drilling Fluids Water Frac 6,300 Drilg - 8,400 Mud 12,000

Cement & Services: Surface 8-5/8" @ 275'

Production 5 1/2" @ 4,800' 2 stage

Logging: OH IES & D/N 7,310 CH GR & CBL 2,185

Perforating MV 2,930 PC 2,600

Other Cased Hole Wire Line Services BP & Mod "D" Pkr

Press. tests, Spot acid 500 Gal Acetic - 2 set ups

Packers for break down 2 sets

Pump charge & acid for break down 500 gal 15% HCl 2 set ups

Fracturing: MV 28,232 PC 31,076

Rentals & Misc.:

Guyline Anchors 500 Frac tanks 12 2,820

Rental tools for dual 1,800

Dual Equipment Mtl & Services Baker Services 3,770

Other Charges

Consulting Eng & Geol. 5,800

N2 or Gas to clean up well 16,000

Roustabout Labor for Surface Hookup 3,500

Fencing Mtl & installation 5,000

Cathodic Protection 7,500

Rig Contract

4,800 ft. @ 15.50 ft.

Day work 1 days @ 4,800

Completion Rig 9 days @ 2,000 /12 hr. day

Trucking: 4,000 casing: 1,800 comp. Rig

1,000 Frac tanks

Tangible Costs

Well Head 10" series 600 OCT Dual Well Head

Casing 8-5/8" 24#J @\$10.32/ft Surface 275 2838

Casing 5 1/2" 15.5#J @\$6.70/ft Production 4,850 - 32,495

Tubing 1 1/2" 2.9 #EUE @2.82/ft 500' - 12,690 2,100' - 5,355

1 1/2" IJ @\$2.55/ft

Flow line & Connections

\$3,657 Stock Tank & Stairway

8,488 Production Unit

2,594 Production Unit

3,314 Intermittent & Piston Installation

Shallow Zone Total

155,748.00

Mesa Verde Zone Total

243,289.00

Total

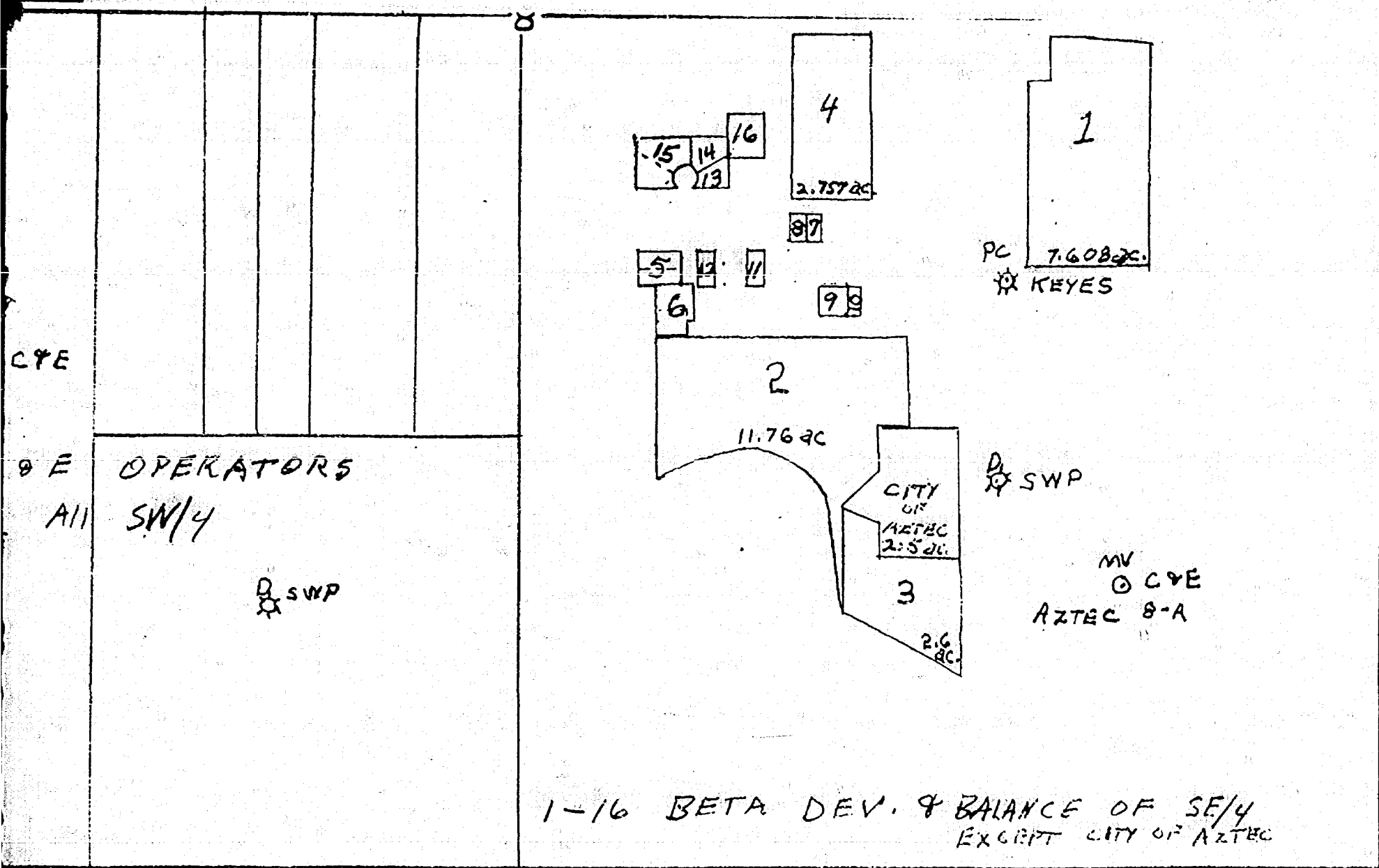
\$399,037

CVE EXHIBIT NO. 4

CASE NO. 7105

Submitted by

Hearing Date



S/2 SEC 8-30N-11W  
SAN JUAN CO.

SCALE: 1" = 400'



BEFORE MINER STAMETS  
OIL CONSERVATION DIVISION

C&E EXHIBIT NO. 5

CASE NO. 7106

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_

PC C&E

C&E

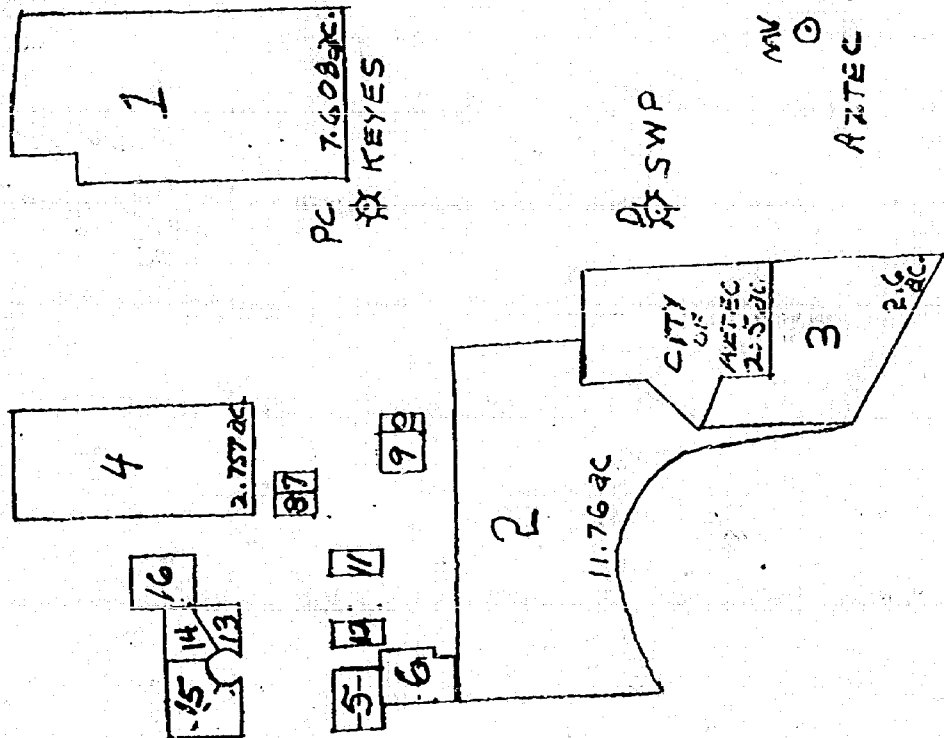
MV C&E  
AZTEC 8

ALL

OPERATORS

SW/4

SWP



1-16 BETA DEV. & BALANCE OF SE/4  
EXCEPT CITY OF AZTEC

5/2 SEC 8-30N-11W  
SAN JUAN CO.

SCALE: 1" = 400'



FORCED POOLING NOTICES

SOUTH HALF (S/2) SECTION 8, T. 30N., R. 11W., N.M.P.M. containing 317.08 Acres

Name	Acres & Percentage of Unit
1. Harold B. Barnes c/o Robert W. Taylor Box 591 Placitas, New Mexico 87043	7.608 acres .023994
2. Edward Diefel John Eichman 1500 El Serno Avenue Bakersfield, Calif. 93304	11.760 acres .037088
3. Onofre R. Jacquez P. O. Box 362 Aztec, New Mexico 87410	2.600 acres .008200
4. Edna O. Perry 1015 Candelaria Road N. W. Albuquerque, New Mexico 87107 & Edna O. Perry c/o Virgil Dennis Johnson P. O. Box 2042 Aztec, New Mexico 87410	2.757 acres .008695
5. Frances Leon Quintana 1516 Martin Avenue Aztec, New Mexico 87410	.41 acres Lots 14 & 15 Block 5 Riverview Subdivision .001293
6. Robert E. Pate 304 East Glenmary Aztec, New Mexico 87410	.34 acres Lots 16 & 17 Block 5 Riverview Subdivision .001072
7. R. J. Trahan c/o Clyde C. Lamar Attn. B. Johnson 1413 Martin Avenue Aztec, New Mexico 87410	Lot 9, Block 1 Riverview Subdivision .120 acres .000379
8. Jerry D. Soseman c/o Vernon L. McDonald P. O. Box 541 Aztec, New Mexico 87410	Lot 10, Block 1 Riverview Subdivision .120 acres .000379
9. Lanell W. Baird and Evelyn Baird, his wife Star Lake Plant Cuba, New Mexico	Lots 9 and 10, Block 3 Riverview Subdivision .252 acres .000795
10. Frederick A. Cornish 305 Dixon Street Aztec, New Mexico 87410	Lot 11, Block 3 Riverview Subdivision .126 acres .000397
11. M. Zelma Froxel 1512 Martin Avenue Aztec, New Mexico 87410	Lot 2, Block 4 Riverview Subdivision .126 acres .000397

BEFORE EXAMINER OF CLAIMS  
OIL CONSERVATION DIVISION

C+E EXHIBIT NO. 6

CASE NO. 7106

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_

FORCED POOLING

Page 2

Name	Acres & Percentage of Unit
12. E. W. Phelps c/o Susan or Jerry McGaha 810 N.Vine SP #22 Farmington, New Mexico 87401	Lot 5, Block 4 Riverview Section .126 acres .000397
13. Delbert D. Deck 207 Sumner Place Aztec, New Mexico 87410	Lot 7, Block 5 Riverview Subdivision .20 acres .000631
14. Wm. L. Sewell c/o Michael Schropp 211 Sumner Place Aztec, New Mexico 87410	Lot 8, Block 5 Riverview Subdivision .28 acres .000883
15. Gilbert J. Martinez, Jr. 324 S. Mesa Verde Street Aztec, New Mexico	Lots 9 & 10, Block 5 Riverview Subdivision .46 acres .001451
16. Church of Christ, Inc. Aztec c/o Aztec Boys Club P. O. Box 488 Aztec, New Mexico 87410	Lots 4 and 5 - .354 acres Simonds Subdivision .001116
Mesa Verde rights in the above tracts 1 through 16 are held by Beta Development Company	
17. Beta Development Company P. O. Box 1659 Midland, Texas 78701	155.1 acres Various Oil & Gas Leases .489151
18. City of Aztec 201 W. Chaco St. Aztec, New Mexico 87410	City Light Plant 2.5 Ac. (Unleased) .007884
19. C and E Operators, Inc. 4925 Greenville Avenue #170 Dallas, Texas 75206	159.480 acres Various Oil & Gas Leases .502965
	317.08 acres 1.000000

AFE - Gas Development Drilling

Lease Aztec Well No. 8-A Depth 4,700 Single Mesaverde

Location: Unit P Sec. 8 - 30N - 11W, San Juan Co., N.M.

Dirt Work: Road & Loc. 28,000 Clean up 8,000

Drilling Fluids Water Frac. 4,000 Drilg. 8,225 Mud 11,750

Cement & Services: Surface 8-5/8" @275 Production 5 1/2" @ 4,700 2 stage

Logging: OH IES & D/N 7260 CH GR CBL 2,155

Perforating Mesaverde 2,930

Other Cased Hole Wire Line Services ---

Press. tests, Spot acid 500 gal. Acetic 1 run

Packers for break down 1 run

Pump charge & acid for break-down 500 gal. 15% HCl

Fracturing: 125,000# 70BPM @2,500

Rentals & Misc.: ---

Guyline Anchors 500 Frac tanks 12 2820

Rental tools for single 750

Dual Equipment Mtl & Services NA

Other Charges ---

Consulting Eng & Geol. 3,800

N<sub>2</sub> or Gas to clean up well 3,000

Roustabout Labor for Surface Hookup 3,500

Fencing Mtl & installation 5,000

Cathodic Protection 7,500

Rig Contract ---

4,700 ft. @ 15.50 ft. ---

Day work 1 days @ 4,800

Completion Rig 4 days @ 2,000 /12 hr. day

Trucking: 3,800 casing: 1,800 comp. Rig

1,000 Frac tanks ---

Tangible Costs ---

Well Head 10" series 600 OCT Single

Casing 8-5/8" 24J @ 10.32/ft Surface 275' - 2838

Casing 5 1/2" 15.5J @ \$6.70/ft Production 4,750' - 31,825

Tubing 1 1/2" 2.9# EUE; 4,400' @ \$2.82/ft

Flow line & Connections ---

\$3,657 Stock Tank & Stairway 300 bbl

8,488 Production Unit Mesaverde

none Production Unit

\$3,314 Intermittent & Piston Installation

36,000

23,975

2,043

10,525

9,415

2,930

0

1,200

1,380

1,350

28,232

4,070

22,800

72,850

4,800

8,000

6,600

10,800

34,663

12,408

1,800

15,459

Total

\$311,300



BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

CPE EXHIBIT NO. 7

CASE NO. 7106

Submitted by

Hearing Date

S/2 Sec. 8-T30N-R11W

AFE - Gas Development Drilling

Lease Aztec Well No. 8-4 Depth 4,700 Dual Mesaverde-PC

Location: Unit P Sec. 8 - 30N - 11W, San Juan Co., N.M.

Dirt Work: Road & Loc. 28,000 Clean up 3,000 36,000

Drilling Fluids Water-Frac 6,300 Drilg 8,225 Mud 11,750 26,275

Cement & Services: Surface 8-5/8" @275' 2,043

Production 5 1/2" @4,700' 2 stage 10,525

Logging: OH IES & D/N 7,260 CH GR CBL 2,155 9,415

Perforating Mesaverde 2,930 PC 2,600 5,530

Other Cased Hole Wire Line Services BP & Mod "D" Pkr. 2,605

Press. tests, Spot acid 500 gal Acetic 2,400

Packers for break down Straddle - 2 runs 2,760

Pump charge & acid for break down 500 gal 15% HCl - 2 set ups 2,700

Fracturing: MV 28,232 75,000# 70 BPM @ 2,500 75,000# 50BPM @ 1,500 70% foam 31,076 59,308

Rentals & Misc.:

Guyline Anchors 500 Frac tanks 12 2,820

Rental tools for Dual 1,800

Dual Equipment Mtl & Services Baker Services 3,770 8,890

Other Charges

Consulting Eng & Geol. 5,800

N<sub>2</sub> or Gas to clean up well 16,000

Roustabout Labor for Surface Hookup 3,500

Fencing Mtl & installation 5,000

Cathodic Protection 7,500 37,800

Rig Contract

4,700 ft. @ 15.50 ft. 72,850

Day work 1 days @ 4,800 4,800

Completion Rig 9 days @ 2,000 /12 hr. day 18,000

Trucking: 4,000 casing: 1,800 comp. Rig 6,800

1,000 Frac tanks

Tangible Costs

Weil Head 10" series 600 OCT Dual Tree 17,000

Casing 8-5/8" 24#J @ \$10.32/ft Surface 275' 2,838

Casing 5 1/2" 15.5 J @ \$6.70/ft Production 4,750 31,825 34,663

Tubing 1 1/2" EUE @ \$2.82/ft 4,400' 12,408 1,900' 4,845 17,253

Flow line & Connections 1,800

\$3,657 Stock Tank & Stairway 300 bbl

8,488 Production Unit Mesaverde

2,594 Production Unit

3,314 Intermittent & Piston Installation 18,053

Total \$397,470

Shallow Zone Total 154,646.00

Mesa Verde Zone Total 242,824.00

FORCED POOLING FOR NON-STANDARD MESA VERDE UNIT SW/4 SEC. 9-T30N-R11W,  
SAN JUAN COUNTY, NEW MEXICO, CONTAINING 158.54 acres

NOTICES

	AC.	Tract
Robert N. Ramsey 412 S. Church Street Aztec, New Mexico 87410	1.03	FR SE/SW 9-30-11
Keith Vandruff Box 421 Aztec, New Mexico 87410	.16	Lot 7, Block 1, Currents Subd.
Ernest & Margaret Maestas Box 493 Aztec, New Mexico 87410	.16	Lot 2, Block 2, Currents Subd.
Hazel C. Bazter P. O. Box 146 Aztec, New Mexico 87410	.32	Lots 3 & 4, Block 2, Currents Subd.
AND	.08	Lot 18, Block 10, Aztec
Floyd & Maruice Rhodes c/o Robert L. Stevenson 301 S. Main Street Aztec, New Mexico 87410	.28	Lots 1 thru 5, Block 10, Aztec
Georgia Fay Anderson 322 S. Main Street Aztec, New Mexico 87410	.34	and Lots 10, 11, 12, Block 10, Aztec Frac. SE/SW 9-30-11,
ALSO		and Lots 13 thru 17 Block 10, Aztec Frac. SE/SW 9-30-11
Eugene Stewart Box 692 Aztec, New Mexico 87410	.4	Lots 20-24 Block 20, Aztec
New Mexico State Highway Commission Box 1140 Santa Fe, New Mexico 87501	1.78	Fr. SW/4 9-30-11
New Mexico State Highway Commission Box 1149 Santa Fe, New Mexico 87501		SAME LAND
Beta Development Co. P. O. Box 1659 Midland, Texas 79701	12.98	Various Oil & Gas Leases
Ford C. & Elsie Webb Rte 3, Box 134-A Farmington, New Mexico 87401	.25	Fr. NE NW-Sec. 9-T30N-R11W

PROPERTY OF THE  
OIL CONSERVATION DIVISION

CVE EXHIBIT NO. 9

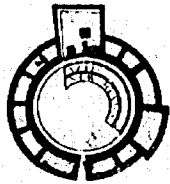
CASE NO. 7107

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_

C & E OPERATORS FORCED POOLING APPLICATION  
 NON-STANDARD MESA VERDA UNIT COVERING SW/4 SECTION 9 - T30N - R11W, SAN JUAN COUNTY,  
 NEW MEXICO, CONTAINING 158.54 ACRES.

	AC.	INTEREST
Ramsey	1.03	.006497
Vandrieff	0.16	.001009
Maestas	0.16	.001009
Baxter	0.40	.002523
Rhodes	0.28	.001766
Anderson	0.34	.002145
Stewart	0.40	.002523
Webb	0.25	.001577
Hiway	1.78	.011227
Beta	12.98	.081872
C & E Operators	<u>140.76</u>	<u>.887852</u>
	158.54	1.000000



# City of Aztec

RECEIVED NOV 21 1980

WINNER ALL AMERICAN CITY AWARD

201 WEST CHACO

Aztec, New Mexico  
87410

PHONE: 505 334-9462  
505 334-9463

LENN MCQUITT, Mayor

November 13, 1980

W.P. Carr  
C. & E. Operators, Inc.  
One Energy Square - Suite 170  
Dallas, Texas 75206

Subject: City of Aztec Drilling Permits

Dear Mr. Carr:

The Aztec City Commission, at its regular meeting, November 10, 1980 approved all but one of your applications to drill wells within the City limits of Aztec, New Mexico.

Wells that were approved are:

Aztec #9 Well  
Fee #9 Well  
Fee #9-A Well  
Aztec #8 Well  
Fee #8-A Well  
Fee #8 Well  
Aztec #8-A Well

Aztec #9-A Well was not approved by the Commission at that time as the Commissioners felt a more definite survey should be furnished reflecting the exact location of the well site. It was their understanding from the evidence submitted by Mr. Dial and Mr. Lawson, (property owners within the area) that this well site should be moved to satisfy the 200ft. requirement of the City.

Regarding the request for an access easement from the City to get to the site of Fee #8 Well, the Commission felt that approval of this easement is a separate matter and should be negotiated with the City Manager. The Commission did not vote to grant the easement.

Thank you for your time and consideration. If further information is needed feel free to call me anytime. The phone number is 334-9462.

Sincerely,

Nathan Broadhead  
City Clerk

NB/rc

cc: N.M. Oil & Gas Commission-Mr. Chavez  
Bill Stiles

DEPT. EXAMINER STAMETS  
OIL CONSERVATION DIVISION

C&E EXHIBIT NO. 10

CASE NO. 7102

Submitted by

Hearing Date

Please Return

# Wells

## Commission okays permits for seven gas holes

The Aztec City Commission approved permits Monday night for C&E Operators to drill seven gas wells within the city.

The application for an eighth permit was denied until the city is shown that the well will not be within 200 feet of any other structure.

OF THE SEVEN approved, the one receiving the most discussion was the one designated 8A, to be drilled in Riverside Park. The concern was the route of lines from the new well to existing liquid tanks in the park.

City Atty. Clement Koogler said that C&E would only be drilling the well and that the laying of lines would be done by the purchaser of the well's production, probably El Paso Natural Gas Co.

"We have a right to ask someone to make it safe," said Mayor Lenn McQuitty.

Commissioners agreed to approve the drilling permit and to work later with whichever company runs lines from the well, to be sure they do not endanger the safety of persons using Riverside Park. The biggest fear is that the lines could run through the main circulating area.

OTHER WELLS for which permits were approved:

8B, to be drilled on farmland owned by Alberto Martinez east of the Animas River and north of Hampton Arroyo.

9D, to be drilled in the swampy area south of Betty Ray Chevrolet on W. Chaco.

9E, to be drilled in a pasture west of the Animas River, south of the Hampton Arroyo. The permit for this well was also approved. Commissioners were told C&E Operators are looking for a site for a well in the area.

well 8C.

"That's right, in the middle of a residential area," said Commissioner Kathy Ramsey. "That bothers me." She said the city will have to be certain that requirements for fencing and landscaping are completed and met by the driller.

8C, east of N. Oliver Drive in an undeveloped area, about 400 feet from the nearest dwelling.

8D, about 300 feet east of S. Oliver Drive in a pasture area on land owned by Jackson David Helling Co.

8B, in Estes Arroyo, behind the W. Aztec Blvd. business strip that contains the landscaped and second hand store. It's about 200 feet from the businesses and about 100 feet from Estes Motor Home. The well would be drilled in a pasture area on the corner of W. Chaco and S. Oliver Rd. to have access to the city center.

Commissioners were told.

They also expressed concern about enforcing safety provisions at that site, noting that Estes Arroyo is a play area for many neighborhood children.

19E14 9-20N-11W  
THE PERMIT was denied for well 9A, which is proposed for Fred Lawson's property east of the Dial Oil Co., Rio Grande Ave. Dial Oil has a building permit for a new building that would be 80 feet from the proposed well site. Lawson said the well could be moved 100 feet farther from the building site, but that still would not meet the ordinance requirement that a well not be drilled within 200 feet of a structure.

Commissioners indicated they will reconsider the application for 9A when they are shown that the 200-foot distance requirement will be met.



BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

CH EXHIBIT NO. 11

CASE NO. 7107

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_

## SW/4 Section 9-T30N-R11W

## AFE - Gas Development Drilling

Lease Aztec Well No. 9 Depth 4750' Dual Mesaverde - PCLocation: Unit M Sec. 9 - 30N - 11W, San Juan Co, N.M.Dirt Work: Road & Loc. 24,000 Clean up 8,000 32,000Drilling Fluids Drilg 8313  
Water Frac 6,300 Mud 11,875 26,488Cement & Services: Surface 8-5/8 @275 2,043Production 5 1/2 @4750 2 stage 10,525Logging: OH IES & D/N 7285 CH GR CBL 2170 9,455Perforating MV 2930 PC 2600 5,530Other Cased Hole Wire Line Services BP & Mod "D" Pkr 2,655Press. tests, Spot acid 500 gal. Acetic - 2 set ups 2,400Packers for break down 2 sets 2,760Pump charge & acid for break down 500 gal. 15% HCl 2 set ups 2,700Fracturing: MV 28,232 PC 31,076 59,308

## Rentals &amp; Misc.:

Guyline Anchors 500 Frac tanks 12 2820Rental tools for Dual 1800Dual Equipment Mtl & Services Baker Services 3,7708,890

## Other Charges

Consulting Eng & Geol. 5,800N<sub>2</sub> or Gas to clean up well 16,000Roustabout Labor for Surface Hookup 3,500Fencing Mtl & installation 5,000Cathodic Protection 7,50037,800

## Rig Contract

4750 ft. @ 15.50 ft.73,625Day work 1 days @ 4,8004,800Completion Rig 9 days @ 2,000 /12 hr. day18,000Trucking: 4,000 casing: 1,800 comp. Rig1,000 Frac tanks6,800

## Tangible Costs

Well Head 10" series 600 OCT Dual17,000Casing 8-5/8 24#J @ \$10.32/ft Surface 275' 2838Casing 5 1/2 15.5 J @ \$6.70/ft Production 4,800' 32,16034,998Tubing 1 1/2" 2.9 #J @ \$2.82/ft 4,350-12,267 1 1/2" IJ @ \$2.55/ft17,495

Flow line &amp; Connections

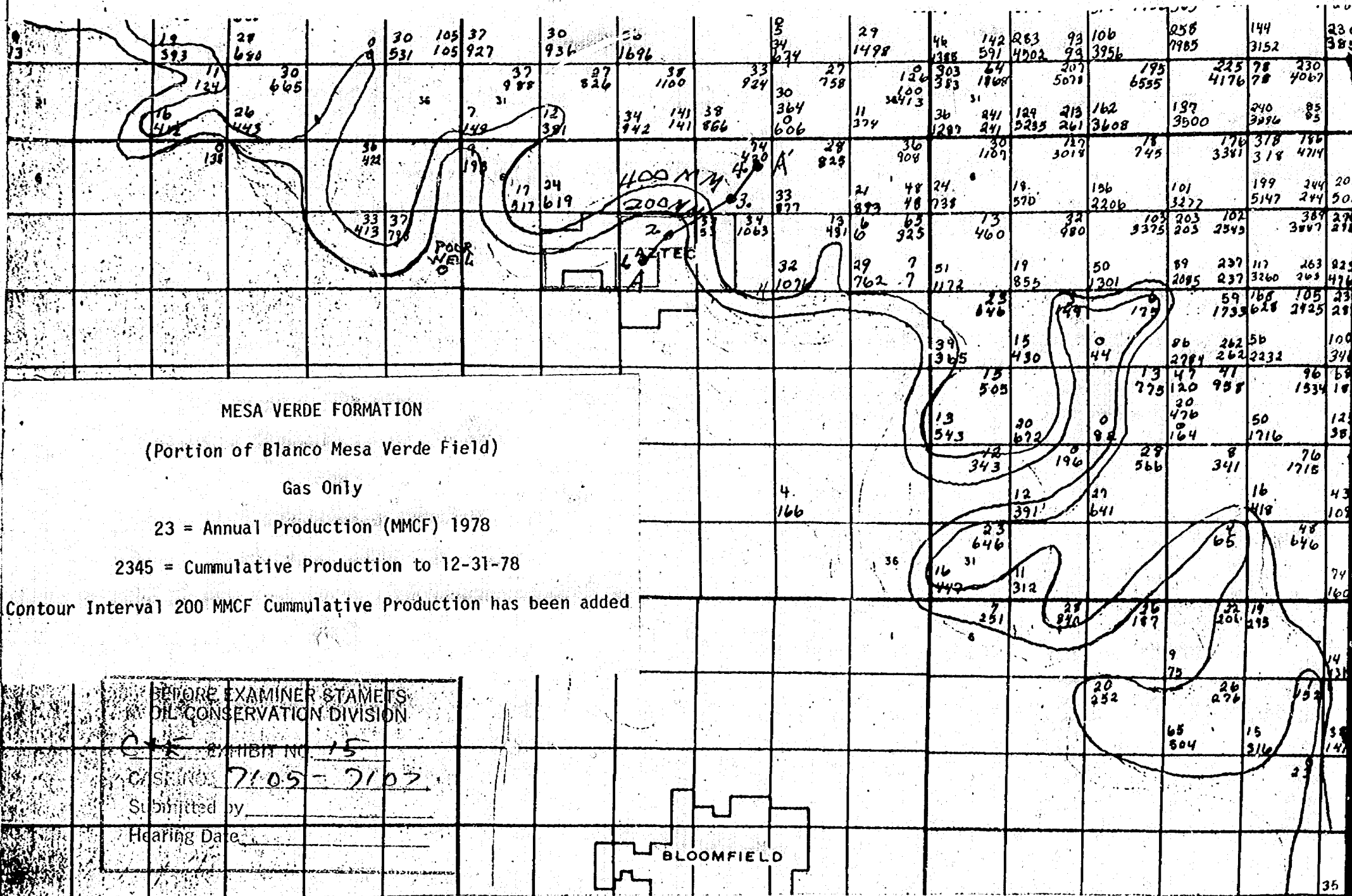
1,800\$3,657 Stock Tank & Stairway 300 bbl.8,488 Production Unit Mesaverde2,594 Production Unit PC3,314 Intermitter & Piston Installation18,053

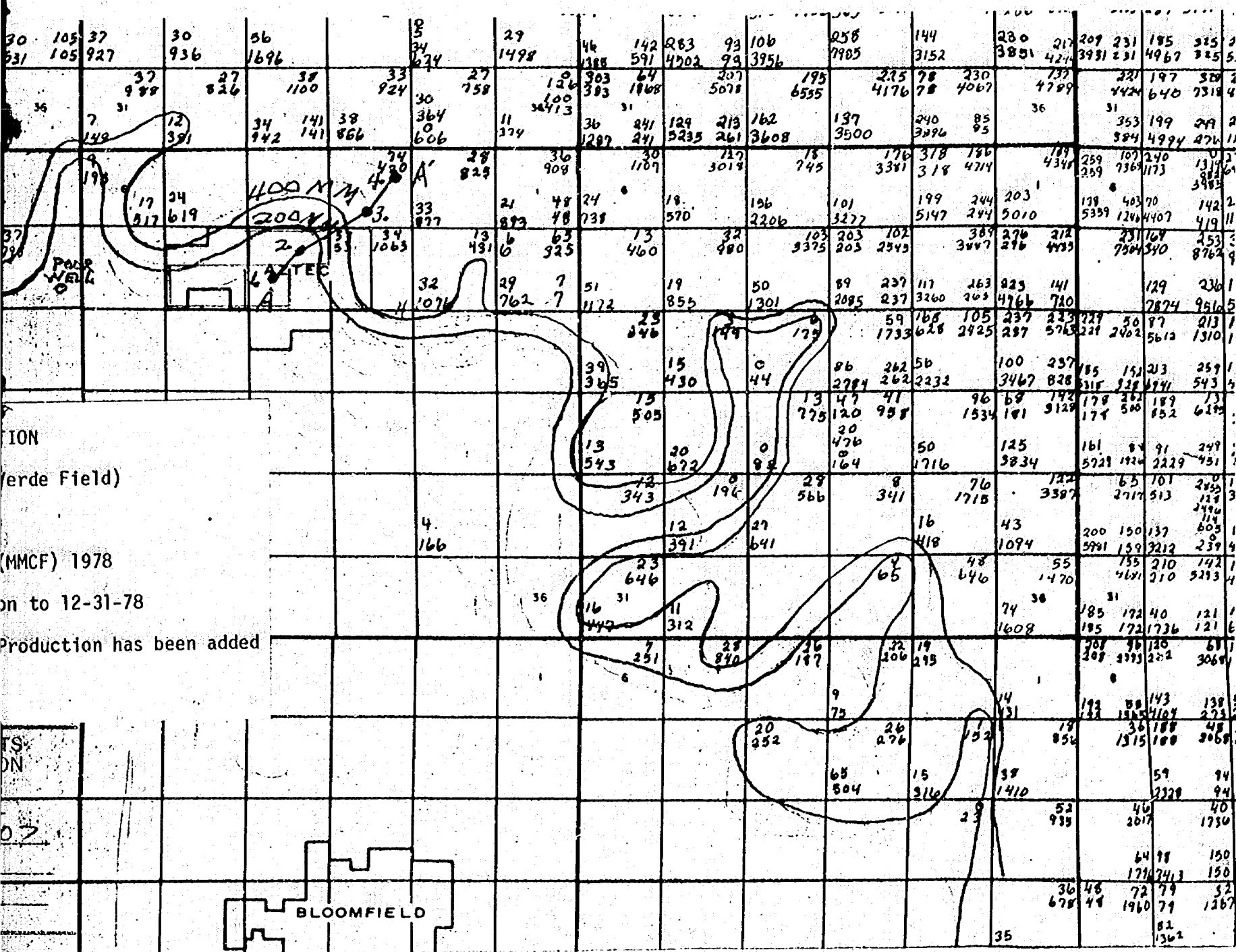
Total

\$395,125Shallow Zone Total 155,329.00Mesa Verde Zone Total 239,796.00BEFORE EXAMINER STAMPS  
OIL CONSERVATION DIVISIONC+E EXHIBIT NO. 12CASE NO. 7107

Submitted by

Hearing Date





SUPRON ENERGY CORPORATION  
BLDG. V, FIFTH FLOOR  
10300 NORTH CENTRAL EXPRESSWAY  
DALLAS, TEXAS 75231

JOINT INTEREST BILLING

9/23/80

INVOICE NO. 501248

JOINT EXPENSE SUMMARY

OWNER: 01297  
W.P. CARR

PAGE 4  
MONTH OF AUG. 1980

PROPERTY - LESTER MV  
OPERATOR - SUPCO  
DESC - LESTER #1 MV

18881-00  
STATE - NEW MEXICO  
COUNTY - SAN JUAN

REF	DESCRIPTION	GEN	SUB	DTL	B C	QUANTITY	EXPENSE AMOUNT
CONTRACT LABOR							
ME08-9735	CONTRACT LABOR	305	102		1		51.00
ME08-9733	CONTRACT LABOR	305	102		1		38.49
ME08-9735	CONTRACT LABOR	305	102		1		38.49
ME08-9735	CONTRACT LABOR	305	102		1		51.00
ME08-9100	LESTER #1 FARMINGTON	305	102		1	49110	7.50
ME08-9100	LESTER #1 FARMINGTON	305	102		1	49070	35.40
							144.90 *
ELECTRIC POWER							
AP08-5610	CATH PROT POWER	305	108		1		7.62
							7.62 *
CHEMICAL AND SOLVENTS							
AP08-0467	CHEMICAL	305	111		1		160.34
							160.34 *
ADMINISTRATIVE OVERHEAD / CFR							
JV08-8999	LESTER 1-A MV <i>Newer well (1979)</i>	305	399	90099	1		273.85
JV08-8999	LESTER MV <i>older well</i>	305	399	90099	1		218.90
							492.15 *
TOTAL PROPERTY							805.01 *

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

CVE EXHIBIT NO. 17

CASE NO. 7105-7107

Submitted by

Hearing Date

MONTH OF OPERATION
AUGUST 1980

AMOCO PRODUCTION COMPANY  
P. O. BOX 591  
TULSA, OKLAHOMA, 74102  
PHONE 918/581-3358

616847 00

OPERATING STATEMENT 1

PROPERTY LEEPER GAS COM

NO. 290497 00 7 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
	WELL EXPENSE	
	SALARIES AND EXPENSES-LEASE SUPERVSN	34.13
	LABOR AND EXPENSES--PUMPERS	188.80
	LABOR AND EXPENSES (COMPANY)	11.57
	MATERIAL--OPERATION AND REPLACEMENT	7.52
	LEASE SERVICES	119.58
		361.60 *
	OTHER OPERATING EXPENSE	
	VACATION EXPENSE	12.59
	PAYROLL TAXES	11.86
	EMPLOYEE BENEFIT PLANS EXPENSE	47.16
	OTHER EXPENSES	8.51
		80.12 *
	DEPARTMENTAL ADMINISTRATIVE EXPENSE	
	ADMINISTRATIVE OVERHEAD	
	PRODUCING WELL RATE..... before 1979	477.22
		477.22 *
	TOTAL COST AND CHARGES.....	918.94 **
616847 000 W P CARR	0304688	28.00
	BALANCE-REMAINING OWNER(S)	890.94
		918.94 **

MONTH OF OPERATION  
AUGUST 1980

AMOCO PRODUCTION COMPANY  
P. O. BOX 591  
TULSA, OKLAHOMA, 74102  
PHONE 918/581-3358

616847 00

OPERATING STATEMENT 1

PROPERTY MCCOY GAS COM /A/

NO. 290558 00 6 PAGE 1

REFERENCE	DESCRIPTION	AMOUNT
	WELL EXPENSE	
	SALARIES AND EXPENSES-LEASE SUPERVSN	34.12
	LABOR AND EXPENSES--PUMPERS	188.80
	LABOR AND EXPENSES (COMPANY)	11.58
	LABOR - CONTRACT - OPERATION AND REPAIR	840.38
	MATERIAL--OPERATION AND REPLACEMENT	7.52
	POWER, FUEL, AND WATER (PURCHASES)	13.35
	LEASE SERVICES	59.79
		1,155.54 *
	OTHER OPERATING EXPENSE	
	VACATION EXPENSE	12.59
	PAYROLL TAXES	11.86
	EMPLOYEE BENEFIT PLANS EXPENSE	47.16
	OTHER EXPENSES	6.77
		78.38 *
	DEPARTMENTAL ADMINISTRATIVE EXPENSE	
	ADMINISTRATIVE OVERHEAD	
	PRODUCING WELL RATE	436.26
		436.26 *
	TOTAL COST AND CHARGES	1,670.18 **
616847 000 W P CARR	1576696	263.34
	BALANCE-REMAINING OWNER(S)	1,406.84
		1,670.18 **

WILLIAM PLACK CARR  
6700 FOREST LANE  
DALLAS, TEXAS 75230  
368-6968

October 11, 1979

*Lester #1-A-MV*

Re: Lester No. 1 Unit  
NW/4 Section 3, T30N, R11W  
San Juan County, New Mexico

Supron Energy Corporation  
Building V, Fifth Floor  
10300 North Central Expressway  
Dallas, Texas 75231

Gentlemen:

We are enclosing an executed signature page of an  
Amendment of Operating Agreement on the above  
captioned well.

Yours very truly,

W. P. Carr

WPC/nsf  
Enc.

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

CTE EXHIBIT NO. 18  
CASE NO. 7105-7107  
Submitted by \_\_\_\_\_  
Hearing Date \_\_\_\_\_



AMENDMENT OF OPERATING AGREEMENT

THIS Amendment of Operating Agreement is made and entered into on this 7th day of August, 1979, by and between SUPRON ENERGY CORPORATION (hereinafter referred to as "Supron"), SOUTHLAND ROYALTY COMPANY (hereinafter referred to as "Southland"), and W. P. CARR (hereinafter referred to as "Carr").

W I T N E S S E T H T H A T :

WHEREAS, Supron, as Operator, and Southland and Carr, as Non-Operators, are the parties to that certain Operating Agreement dated January 10, 1975, which covers operations on the Lester No. 1 Well and the unit for such well for the production of gas and associated liquid hydrocarbons from the Pictured Cliffs formation in and beneath the NE/4 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, and the unit for such well for the production of gas and associated liquid hydrocarbons from the Mesaverde formation in and beneath the N/2 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico; and

WHEREAS, in accordance with the rules and regulations of the New Mexico Conservation Commission, the parties hereto desire to drill a well on the NW/4 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico; and

WHEREAS, in order for the parties hereto to drill such well, it is necessary to amend the hereinabove described Operating Agreement dated January 10, 1975.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements herein contained, Supron, Southland and Carr hereby agree as follows:

1.

The Operating Agreement is hereby amended by the addition of Article IIIA entitled "DRILLING OPERATIONS COVERING THE SECOND WELL" to hereafter read as follows:

"IIIA.

DRILLING OPERATIONS COVERING THE SECOND WELL

Section 1. Operator shall, within a reasonable time period after August 7, 1979, commence or cause to be commenced the drilling of a well (hereinafter referred to as the "Second Well") at a lawful location in the NW/4 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico; and Operator shall thereafter continue the drilling thereof of the Second Well with due diligence to a sufficient depth to test the Mesaverde formation, unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all the parties agree to abandon the Second Well at a lesser depth.

Section 2. Prior to commencement of drilling operations, Operator shall furnish to each Non-Operator an Authority for Expenditures which shall cover the costs expected to be incurred in drilling and equipping of the Second Well.

Section 3. All costs and expenses incurred in connection with the drilling, completing, testing, equipping and, if a dry hole, the plugging and abandonment of the Second Well, shall be borne by the parties hereto in the following proportions -

Supron -	86.07500%
Southland -	11.93125%
Carr -	1.99375%

Section 4. Operator shall make reasonable tests of the Mesaverde formation in the Second Well and, if in Operator's judgment the Second Well will not produce gas and associated liquid hydrocarbons in paying quantities and it desires to plug and abandon the Second Well as a dry hole, Operator shall first secure the consent of each Non-Operator and thereafter plug and abandon the Second Well.

Section 5. In the event the drilling of the Second Well as hereinabove provided shall be discontinued without first sufficiently testing the Mesaverde formation or in the event the well after completion should be abandoned, the parties hereto by mutual agreement may authorize the drilling of an additional Second Well on the NW/4 of Section 3, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, to such formation, the drilling of such additional Second Well to be governed by the terms and provisions of this Operating Agreement in the same manner as hereinabove specified for the drilling of the Second Well.

Section 6. Except as otherwise expressly specified in this Article IIIA, drilling operations covering the Second Well, and the unit therefor, shall be governed by the terms and provisions of this Operating Agreement, insofar as the same may be applicable.

2.

The Operating Agreement is hereby amended by amending the first sentence of Section 4 of Article VII to hereafter read as follows:

The Operator shall make no single expenditure in excess of Ten Thousand Dollars (\$10,000) without first obtaining the consent thereto of the Non-Operators; provided, however, that in case of accident or other emergency the Operator shall have the right and duty to take such action as in its judgment may be required for the protection of life and property and to incur for the joint account of the parties hereto the necessary costs and expenses in connection with said accident or other emergency, and the action taken shall be reported by the Operator to the Non-Operators as soon as reasonably possible; and provided, further, that the approval of the drilling of a well shall include all expenditures for the drilling, completion, testing and equipping of such well, including the necessary lines, separators and lease tankage.

3.

The Operating Agreement is hereby amended by the deletion of the Accounting Procedure attached as Exhibit "A" thereto and, in substitution therefor, the insertion of the Accounting Procedure attached hereto as Exhibit "A".

This Amendment of Operating Agreement may be executed in any number of counterparts and each counterpart so executed shall have the same force and effect as an original instrument and as if all the parties to the aggregate counterparts had signed the same instrument and shall be binding upon all the parties hereto and their respective heirs, legal representatives, successors and assigns.

It is expressly understood by the parties hereto that the amendments in this Amendment of Operating Agreement shall be effective as of August 7, 1979.

STATE OF TEXAS       )  
                              )  
COUNTY OF DALLAS     )

On this 7th day of August, 1979, before me appeared Bill Curtis, to me personally known, who, being by me duly sworn, did say that he is the Vice President of SUPRON ENERGY CORPORATION and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Bill Curtis acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have set my hand and seal of office on this 7th day of August, 1979.

Judith E. Edstrom  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:  
8-31-80

STATE OF TEXAS       )  
                              )  
COUNTY OF \_\_\_\_\_)

On this \_\_\_\_\_ day of \_\_\_\_\_, 1979, before me appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is the \_\_\_\_\_ of SOUTHLAND ROYALTY COMPANY and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have set my hand and seal of office on this \_\_\_\_\_ day of \_\_\_\_\_, 1979.

\_\_\_\_\_  
Notary Public in and for  
County, Texas .

My Commission Expires:  
\_\_\_\_\_

STATE OF TEXAS       )  
                              )  
COUNTY OF DALLAS     )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1979, before me personally appeared W. P. CARR to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Witness my hand and seal the day and year last above written.

\_\_\_\_\_  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:  
\_\_\_\_\_

## EXHIBIT " A "

Attached to and made a part of an Amendment of Operating Agreement dated August 7, 1979, by and between Supron Energy Corporation, as Operator, and Southland Royalty Company and W. P. Carr, as Non-Operators.

## ACCOUNTING PROCEDURE JOINT OPERATIONS

### I. GENERAL PROVISIONS

#### 1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

#### 2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

#### 3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

#### 4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

#### 5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

#### 6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

## II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

### 1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

### 2. Labor

- A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
- (2) Salaries of First Level Supervisors in the field.
- (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.
- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

### 3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%).

### 4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

### 5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of \$200 or less excluding accessorial charges.

### 6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

### 7. Equipment and Facilities Furnished by Operator

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

### 8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

### 9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.



10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- ( X ) Fixed Rate Basis, Paragraph 1A, or
- ( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not ( X ) be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 2,500  
Producing Well Rate \$ 250

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- [1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

- [1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- [2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- [3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- [4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.
- [5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

**B. Overhead - Percentage Basis**

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

\_\_\_\_\_ Percent ( %) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

\_\_\_\_\_ Percent ( %) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

**2. Overhead - Major Construction**

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of \$ \_\_\_\_\_\*:

A. \_\_\_\_\_\* % of total costs if such costs are more than \$ \_\_\_\_\_\* but less than \$ \_\_\_\_\_\* ; plus

B. \_\_\_\_\_\* % of total costs in excess of \$ \_\_\_\_\_\* but less than \$1,000,000; plus

C. \_\_\_\_\_\* % of total costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

**\* To be negotiated**  
**3. Amendment of Rates**

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

**IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS**

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

**1. Purchases**

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

**2. Transfers and Dispositions**

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

**A. New Material (Condition A)**

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

**B. Good Used Material (Condition B)**

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

- (b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

**C. Other Used Material (Condition C and D)**

**(1) Condition C**

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

**(2) Condition D**

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

**D. Obsolete Material**

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

**E. Pricing Conditions**

- (1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.
- (2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

**3. Premium Prices**

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

**4. Warranty of Material Furnished by Operator**

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

## V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

**1. Periodic Inventories, Notice and Representation**

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

**2. Reconciliation and Adjustment of Inventories**

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

**3. Special Inventories**

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

**4. Expense of Conducting Periodic Inventories**

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.



Dockets Nos. 42-80 and 43-80 are tentatively set for December 30, 1980 and January 14, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 10, 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7095: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Bill G. Isler, United States Fidelity and Guaranty Company, and all other interested parties to appear and show cause why the Spears State Well No. 2 in Unit B of Section 28, Township 11 South, Range 27 East, Chaves County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7096: Application of Read & Stevens, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Baum Unit Area, comprising 637 acres, more or less, of State lands in Township 13 South, Ranges 32 and 33 East.
- CASE 7097: Application of Mesa Petroleum Co. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Jackson Unit Area, comprising 2,560 acres, more or less, of State lands in Township 24 South, Range 33 East.
- CASE 7098: Application of The Wiser Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its McQuatters Well No. 4 located in Unit G of Section 11, Township 21 South, Range 36 East, to produce oil from the Oil Center-Glorieta and Hardy-Drinkard Pools through parallel strings of tubing.
- CASE 7077: (Continued from November 25, 1980, Examiner Hearing)
- Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.
- CASE 7089: (Continued from November 25, 1980, Examiner Hearing)
- Application of Summit Energy, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Blinbry formation through its Gulf Bunin Well No. 2 located in Unit C of Section 13, Township 21 South, Range 37 East.
- CASE 7099: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Unit Area, comprising 7,679 acres, more or less, of State, Federal, and fee lands in Townships 13 and 14 South, Range 35 East.
- CASE 7100: Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Travis 24 State Com Well No. 1 in Unit H of Section 24, Township 18 South, Range 28 East.
- CASE 7101: Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Basin-Dakota production in the wellbore of its Tribal "C" Well No. 4-E in Unit H of Section 6, Township 26 North, Range 3 West.
- CASE 7102: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling and an exception to Rule 9(E) of Order No. R-1670-T, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its Jacquez Well No. 2 to be located in Unit " of Section 2, Township 31 North, Range 13 West, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the two existing wells on the unit. Applicant further seeks an exception to Rule 9(E) of Division Order No. R-1670-T to permit calculating the proration unit's allowable on the basis of three Mesaverde wells on the unit.

- CASE 7103:** Application of E. L. Latham, Jr. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Pennsylvanian formations underlying the N/2 of Section 7, Township 22 South, Range 26 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7104:** Application of Conoco Inc. for the amendment of Orders Nos. R-4633 and WFX-462, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Orders Nos. R-4633 and WFX-462, which authorized the injection of water into applicant's Maljamar Mitchell Waterflood Project in Section 5, Township 17 South, Range 32 East. The amendments sought would include carbon dioxide in the injection authorization for said project.
- CASE 7105:** Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 9, Township 30 North, Range 11 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7106:** Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the S/2 of Section 8, Township 30 North, Range 11 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7107:** Application of C and E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 9, Township 30 North, Range 11 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7090:** (Continued from November 25, 1980, Examiner Hearing)  
Application of Dorchester Exploration, Inc. for directional drilling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the old Union Hill Well No. 1, the surface location of which is 2310 feet from the North and West lines of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location. The W/2 of said Section 27 would be dedicated to the well.
- CASE 6668:** (Continued from November 25, 1980, Examiner Hearing)  
In the matter of Case 6668 being reopened pursuant to the provisions of Order No. R-6139 which order promulgated temporary special rules and regulations for the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing units.
- CASE 7092:** (Continued from November 25, 1980, Examiner Hearing)  
Application of Delta Drilling Company for pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the South Culebra Bluff-Bone Spring Pool to include all of Sections 2, 11, 13, 14, 23, and 24, Township 23 South, Range 28 East.
- CASE 7056:** (Continued and Readvertised)  
Application of Getty Oil Company for the extension of vertical limits of the Jalmat Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Langlie-Mattix Pool and the downward extension of the vertical limits of the Jalmat Pool to a depth of 3740 feet, subsurface, under the NW/4 SW/4 of Section 3, Township 24 South, Range 36 East.

- CASE 7108:** 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 Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 32, Township 21 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7109:** Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 1 located 330 feet from the North and West lines of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Langlie-Mattix Pool which cannot be so drained by the existing well(s).
- CASE 7110:** Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 3 located 1650 feet from the North and West lines of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Langlie-Mattix Pool which cannot be so drained by the existing well(s).
- CASE 7111:** Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 2 located 1650 feet from the North line and 330 feet from the West line of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Langlie-Mattix Pool which cannot be so drained by the existing well(s).
- CASE 7112:** Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Harrison Federal Well No. 3 located 1980 feet from the North line and 660 feet from the West line of Section 27, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Jalmat Gas Pool which cannot be so drained by the existing well(s).
- CASE 7086:** (Continued from November 12, 1980, Examiner Hearing)  
Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.
- CASE 7087:** (Continued from November 12, 1980, Examiner Hearing)  
Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Fruitland formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.
- CASE 7046:** (Continued and Readvertised)  
Application of Cotton Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Pictured Cliffs production in the wellbores of wells in the South Blanco-Pictured Cliffs Pool located in Sections 1 thru 4, 9 thru 14, and 23 and 24, Township 24 North, Range 4 West.

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DOCKET: COMMISSION HEARING - THURSDAY - DECEMBER 11, 1980

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

CASE 7025: (DE NOVO)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 29 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Upon application of Southland Royalty Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7008: (DE NOVO)

Application of Coronado Exploration Corp. for eight compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying eight 40-acre proration units, being the NE/4 NE/4 of Section 4 and the NW/4 NE/4 of Section 5, both in Township 12 South, Range 28 East, and the NW/4 SE/4 of Section 6, the NE/4 NW/4 of Section 23, the NE/4 SE/4 of Section 28, the SE/4 SE/4 of Section 29, the NE/4 NW/4 of Section 32, and the SE/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each 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, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

Upon application of Tenneco Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6965: (DE NOVO)

Application of Supron Energy Corporation for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Mesaverde and Dakota gas proration unit comprising the SE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6896: (DE NOVO)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6996: (Continued from November 25, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
500 Don Gaspar Avenue  
Post Office Box 1769  
Santa Fe, New Mexico 87501

Telephone 982-4285  
Area Code 505

November 18, 1980

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

RE: Compulsory Pooling and  
Non-Standard Proration Unit  
SW/4 Section 9  
T30N, R11W  
San Juan County New Mexico

RECEIVED  
NOV 21 1980

Oil Conservation

Case 7107

Dear Mr. Ramey:

Please set the enclosed application for hearing  
on December 10, 1980.

Very truly yours,

*W. Thomas Kellahin*  
W. Thomas Kellahin

WTK:jm  
Encl.

cc: W.P. Carr  
Tenneco Oil Company  
Beta Development Company  
El Paso Natural Gas Company

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

RECEIVED

NOV 21 1980

~~Oil Conservation~~

IN THE MATTER OF THE APPLICATION  
OF C AND E OPERATORS INC., FOR  
COMPULSORY POOLING AND FOR APPROVAL  
OF A NON-STANDARD PRORATION UNIT,  
SAN JUAN COUNTY NEW MEXICO.

Case No. 7107

A P P L I C A T I O N

COMES NOW C AND E OPERATORS, INC., by and through its attorneys, Kellahin & Kellahin, and pursuant to Section 70-2-17 NMSA-1978, applies to the Oil Conservation Division of New Mexico for a compulsory pooling order pooling all mineral interest in the Mesa Verde formation in the SW/4 of Section 9, T30N, R11W, San Juan County New Mexico and for approval of a non-standard proration unit consisting of 158.54 acres, more or less, and in support thereof would show:

1. Applicant has the rights to develop the Mesa Verde formation in the SW/4 of Section 9, T30N, R11W.

2. Applicant proposes to drill a Mesa Verde test at a standard location and to dedicate a non-standard proration unit consisting of the SW/4 of said section to the well. The unit shall consist of 158.54 acres more or less.

3. That the offset operators are as follows, each of which are notified by copy of this Application:

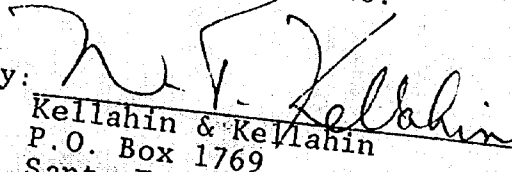
Temeco Oil Company, P.O. Box 3249, Englewood, Colorado 80155  
Beta Development Company, P.O. Box 1659, Midland, Texas 79701  
El Paso Natural Gas Company, P.O. Box 1492, El Paso, Texas 79978

4. Applicant has sought to obtain the cooperation of all parties.
5. In order to obtain its just and equitable share of the production underlying the above lands, Applicant needs an order pooling the mineral interest involved.
6. Those who have not consented to join in the drilling of the well, with their addresses, to the best of applicant's information and belief, are attached as Exhibit "A" hereto and incorporated by reference.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling all of the mineral interests in the Mesa Verde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, N.M.P.M. Applicant further prays that it be named operator of the well, and that the order make provision for applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling of the well for approval of a non-standard proration unit and for such other and further relief as may be proper.

Respectfully submitted,  
C AND E OPERATORS INC.

By:

  
Kellahin & Kellahin  
P.O. Box 1769  
Santa Fe, New Mexico 87501  
(505) 982-4285

Attorneys for Applicant



FORCED POOLING FOR NON-STANDARD MESA VERDE UNIT SW/4 SEC. 9-T30N-R11W,  
SAN JUAN COUNTY, NEW MEXICO, CONTAINING 158.54 acres

NOTICES

	AC.	Tract
Robert N. Ramsey 412 S. Church Street Aztec, New Mexico 87410	1.03	FR SE/SW 9-30-11
Keith Vandruff Box 421 Aztec, New Mexico 87410	.16	Lot 7, Block 1, Currents Subd.
Earnest & Margaret Maestas Box 493 Aztec, New Mexico 87410	.16	Lot 2, Block 2, Currents Subd.
Hazel C. Bazter P. O. Box 146 Aztec, New Mexico 87410	.32	Lots 3 & 4, Block 2, Currents Subd.
AND	.08	Lot 18, Block 10, Aztec
Floyd & Maruice Rhodes c/o Robert L. Stevenson 301 S. Main Street Aztec, New Mexico 87410		Lots 1 thru 5, Block 10, Aztec
Georgia Fay Anderson 322 S. Mian Street Aztec, New Mexico 87410		Lots 10, 11, 12, Block 10, Aztec and Frac. SE/SW 9-30-11,
ALSO		Lots 13 thru 17 Block 10, Aztec and Frac. SE/SW 9-30-11
Eugene Stewart Box 692 Aztec, New Mexico 87410	.4	Lots 20-24 Block 20, Aztec
New Mexico State Highway Commission Box 1140 Santa Fe, New Mexico 87501	1.78	Fr. SW/4 9-30-11
New Mexico State Highway Commission Box 1149 Santa Fe, New Mexico 87501		SAME LAND
Beta Development Co. P. O. Box 1659 Midland, Texas 79701		Various Oil & Gas Leases
Fred C. and Elsie Webb Route 3, Box 134-A Farmington, New Mexico 87401		

*one of these addresses has got to be wrong*



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

IN THE MATTER OF THE APPLICATION  
OF C AND E OPERATORS INC., FOR  
COMPULSORY POOLING AND FOR APPROVAL  
OF A NON-STANDARD PRORATION UNIT,  
SAN JUAN COUNTY NEW MEXICO.

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OIL CONSERVATION

Case No. 2107

A P P L I C A T I O N

COMES NOW C AND E OPERATORS, INC., by and through its attorneys, Kellahin & Kellahin, and pursuant to Section 70-2-17 NMSA-1978; applies to the Oil Conservation Division of New Mexico for a compulsory pooling order pooling all mineral interest in the Mesa Verde formation in the SW/4 of Section 9, T30M, R11W, San Juan County New Mexico and for approval of a non-standard proration unit consisting of 158.54 acres, more or less, and in support thereof would show:

1. Applicant has the rights to develop the Mesa Verde formation in the SW/4 of Section 9, T30N, R11W.
2. Applicant proposes to drill a Mesa Verde test at a standard location and to dedicate a non-standard proration unit consisting of the SW/4 of said section to the well. The unit shall consist of 158.54 acres more or less.
3. That the offset operators are as follows, each of which are notified by copy of this Application:

Tenneco Oil Company, P.O. Box 3249, Englewood, Colorado 80155  
Beta Development Company, P.O. Box 1659, Midland, Texas 79701  
El Paso Natural Gas Company, P.O. Box 1492, El Paso, Texas 79978

4. Applicant has sought to obtain the cooperation of all parties.

5. In order to obtain its just and equitable share of the production underlying the above lands, Applicant needs an order pooling the mineral interest involved.

6. Those who have not consented to join in the drilling of the well, with their addresses, to the best of applicant's information and belief, are attached as Exhibit "A" hereto and incorporated by reference.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling all of the mineral interests in the Mesa Verde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, N.M.P.M. Applicant further prays that it be named operator of the well, and that the order make provision for applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling of the well for approval of a non-standard proration unit and for such other and further relief as may be proper.

Respectfully submitted,

C AND E OPERATORS INC.

By: 

Kellahin & Kellahin  
P.O. Box 1769  
Santa Fe, New Mexico 87501  
(505) 982-4285

Attorneys for Applicant

FORCED POOLING FOR NON-STANDARD MESA VERDE UNIT 224 SEC. 9-T10N-R11W,  
SAN JUAN COUNTY, NEW MEXICO, CONTAINING 158.54 ACRES

NOTICES

	AC.	Tract
Robert N. Ramsey 412 S. Church Street Aztec, New Mexico 87410	1.03	1/4 SE/4 9-30-11
Keith Vandruff Box 421 Aztec, New Mexico 87410	.16	Lot 7, Block 1, Currents Subd.
Earnest & Margaret Maestas Box 493 Aztec, New Mexico 87410	.16	Lot 2, Block 2, Currents Subd.
Hazel C. Bazter P. O. Box 146 Aztec, New Mexico 87410	.32	Lots 3 & 4, Block 2, Currents Subd.
AND	.08	Lot 13, Block 10, Aztec
Floyd & Maruice Rhodes c/o Robert L. Stevenson 301 S. Main Street Aztec, New Mexico 87410		Lots 1 thru 5, Block 10, Aztec
Georgia Fay Anderson 322 S. Main Street Aztec, New Mexico 87410		Lots 10, 11, 12, Block 10, Aztec and Frac. SE/SW 9-30-11,
ALSO		Lots 13 thru 17 Block 10, Aztec and Frac. SE/SW 9-30-11
Eugene Stewart Box 692 Aztec, New Mexico 87410	.4	Lots 20-24 Block 20, Aztec
New Mexico State Highway Commission Box 1140 Santa Fe, New Mexico 87501	1.78	Fr. SW/4 9-30-11
New Mexico State Highway Commission Box 1149 Santa Fe, New Mexico 87501		SAME LAND
Beta Development Co. P. O. Box 1659 Midland, Texas 79701		Various Oil & Gas Leases
Fred C. and Elsie Webb Route 3, Box 134-A Farmington, New Mexico 87401		

DRAFT

dr/

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. 7107

Order No. R- 6563

APPLICATION OF C AND E OPERATORS, INC.  
FOR COMPULSORY POOLING AND A NON-STANDARD  
PRORATION UNIT, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10,  
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.  
NOW, on this        day of December, 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, C and E Operators, Inc.,  
seeks an order pooling all mineral interests in the Mesaverde  
a 158.54-acre non-standard gas proration unit comprising the  
formation underlying the SW/4  
of Section 9, Township 30 North, Range 11 West,  
NMPM,       , San Juan County, New  
Mexico.

(3) *That the Application in this case is premature  
in that the applicant has made insufficient effort  
to secure the consent or agreement of the parties involved.*

(4) *That Case No 7107 should be dismissed  
without prejudice.*

*It is therefore Ordered:*

*(1) That Case No. 7107 is hereby dismissed  
without prejudice.*

*DONE*