

J. O. SETH (1883-1963)  
FRANK ANDREWS (1914-1981)

RECEIVED  
MONTGOMERY & ANDREWS  
FEB 23 1981

PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

325 PASEO DE PERALTA  
POST OFFICE BOX 2307  
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-3873  
TELECOPY 505-982-4289

OIL & GAS DIVISION  
SANTA FE

ALBUQUERQUE OFFICE  
SUITE 916  
BANK OF NEW MEXICO BUILDING  
4TH AND GOLD AVENUE, S.W.  
POST OFFICE BOX 1396  
ALBUQUERQUE, NEW MEXICO 87103  
TELEPHONE 505-243-3733

A. K. MONTGOMERY  
SETH D. MONTGOMERY  
FRANK ANDREWS III  
OWEN M. LOPEZ  
VICTOR R. ORTEGA  
JOHN E. CONWAY  
JEFFREY R. BRANNEN  
JOHN B. POUND  
GARY R. KILPATRICK  
THOMAS W. OLSON  
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JOHN B. DRAPER  
NANCY M. ANDERSON  
RUDOLPH B. SACKS, JR.  
W. CLINT PARSLEY  
JANET MCL. MCKAY  
EDWARD F. MITCHELL III  
ALLEN H. BRILL

February 27, 1981

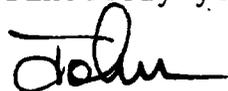
William F. Carr, Esq.  
Campbell & Black, P.A.  
P. O. Box 2208  
Santa Fe, New Mexico 87501

Re: Arco Oil and Gas Company v. Oil Conservation  
Commission of New Mexico; Pennzoil Company and  
Doyle Hartman, Intervenors; Eddy County Cause  
No. CV-80-284

Dear Bill:

I am enclosing a conformed copy of the Stipulation of  
Dismissal which has been filed in this matter.

Sincerely yours,



John B. Draper

JBD:to  
Enclosure

cc: Ernest L. Padilla, Esq. (w/enc.)  
W. Thomas Kellahin, Esq. (w/enc.)

RECEIVED

MAR 03 1981

FIFTH JUDICIAL DISTRICT  
STATE OF NEW MEXICO  
COUNTY OF EDDY

OFFICE OF THE CLERK  
SANTA FE

~~FILED FEB 26 1981~~

IN MY  
OFFICE

STATE OF NEW MEXICO

IN THE DISTRICT COURT

FRANCES M. WILCOX  
Clerk of the District Court

ARCO OIL AND GAS COMPANY,

Petitioner,

vs.

No. CV-80-284

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY and DOYLE  
HARTMAN,

Intervenors.

STIPULATION OF DISMISSAL

It is hereby stipulated that the above-entitled action be,  
and hereby is, dismissed with prejudice, each party to bear his  
own costs.

MONTGOMERY & ANDREWS, P.A.

By *John B. Draper*  
John B. Draper  
P. O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Arco Oil and  
Gas Company

CAMPBELL & BLACK, P.A.

By *William F. Carr*  
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P. O. Box 2208  
Santa Fe, New Mexico 87501

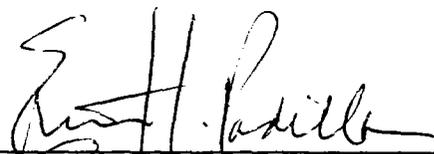
Attorneys for Doyle Hartman

KELLAHIN & KELLAHIN

By *W. Thomas Kellahin*  
W. Thomas Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

Attorneys for Pennzoil Company

By

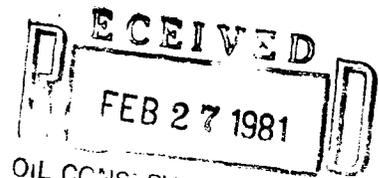


Ernest L. Padilla  
Assistant Attorney General  
for the Oil Conservation  
Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

J. O. SETH (1883-1963)

A. K. MONTGOMERY  
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MONTGOMERY & ANDREWS  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW  
1325 PASEO DE PERALTA  
POST OFFICE BOX 2307  
SANTA FE, NEW MEXICO 87501



OIL CONSERVATION COMMISSION  
TELEPHONE 505-982-3873  
SANTA FE  
TELECOPY 505-982-4289

February 25, 1981

Frances M. Wilcox  
Clerk of the District Court  
Divisions I & V  
Fifth Judicial District  
P.O. Box 98  
County Courthouse  
Carlsbad, New Mexico 88220

RE: Arco Oil and Gas Company v. Oil Conservation Commission  
of New Mexico; Pennzoil Company and Doyle Hartman,  
Intervenors; Eddy County Cause No. CV-80-284

Dear Mrs. Wilcox:

I am enclosing herewith the original and three executed  
copies of the STIPULATION OF DISMISSAL in this case, agreed  
to by all parties.

Please file the original STIPULATION OF DISMISSAL and  
return the three executed copies to me in the enclosed self-  
addressed, stamped envelope, once they have been conformed.  
Thank you very much for your help in this matter.

Sincerely,

John B. Draper

JBD/jb

Enclosures

cc: Honorable John B. Walker with enclosure  
William F. Carr, Esq. (w/enc.)  
W. Thomas Kellahin, Esq. (w/enc.)  
Ernest L. Padilla, Esq. (w/enc.)

RECEIVED  
FEB 27 1981

OIL CONSERVATION DIVISION  
SANTA FE

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

vs.

No. CV-80-284

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY and DOYLE  
HARTMAN,

Intervenors.

STIPULATION OF DISMISSAL

It is hereby stipulated that the above-entitled action be,  
and hereby is, dismissed with prejudice, each party to bear his  
own costs.

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P. O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Arco Oil and  
Gas Company

CAMPBELL & BLACK, P.A.

By William F. Carr  
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P. O. Box 2208  
Santa Fe, New Mexico 87501

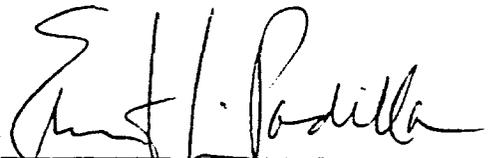
Attorneys for Doyle Hartman

KELLAHIN & KELLAHIN

By W. Thomas Kellahin  
W. Thomas Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

Attorneys for Pennzoil Company

By



Ernest L. Padilla  
Assistant Attorney General  
for the Oil Conservation  
Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

vs.

No. CV-80-284

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY and DOYLE  
HARTMAN,

Intervenors.

JOINT MOTION FOR CONTINUANCE

COME NOW all parties to the above-styled cause, by and through their attorneys, and jointly move the Court for a continuance of the hearing in this cause, presently set for Tuesday, January 6, 1981, for the reason that it appears to the parties that recent developments and new information now available and soon to become available may lead to settlement of the above-styled cause, thereby relieving the parties and the Court of the necessity of a hearing in this matter.

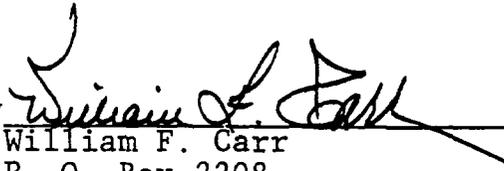
WHEREFORE, the parties respectfully request that the hearing presently set herein be vacated and continued, to be reset, if necessary, by order of the Court upon motion by one or more of the parties.

Respectfully submitted,  
MONTGOMERY & ANDREWS, P.A.

By John B. Draper  
John B. Draper  
P. O. Box 2307  
Santa Fe, New Mexico  
Attorneys for Arco Oil  
and Gas Company

CAMPBELL & BLACK, P.A.

By



William F. Carr  
P. O. Box 2208  
Santa Fe, New Mexico 87501

Attorneys for Doyle Hartman

KELLAHIN & KELLAHIN

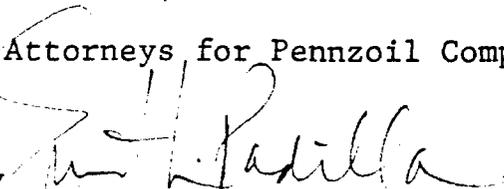
By



W. Thomas Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

Attorneys for Pennzoil Company

By



Ernest L. Padilla  
Assistant Attorney General for the  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

vs.

No. CV-80-284

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY and DOYLE  
HARTMAN,

Intervenors.

ORDER

THIS MATTER having come on before the Court on the Joint Motion for Continuance by all parties herein, and the Court being fully advised in the premises, finds and concludes that the motion is well taken.

IT IS THEREFORE ORDERED that the hearing presently set in this matter for Tuesday, January 6, 1981, is hereby vacated. The hearing will be reset, if necessary, by order of the Court upon motion by one or more of the parties.

\_\_\_\_\_  
DISTRICT JUDGE

APPROVED BY:

MONTGOMERY & ANDREWS, P.A.

By John B. Draper  
John B. Draper

Attorneys for Arco Oil and  
Gas Company

CAMPBELL & BLACK, P.A.  
By William F. Carr  
William F. Carr

Attorneys for Doyle Hartman

KELLAHIN & KELLAHIN

By W. Thomas Kellahin by John B. Draper  
W. Thomas Kellahin

Attorneys for Pennzoil Company

NEW MEXICO OIL CONSERVATION  
COMMISSION

By Ernest L. Padilla  
Ernest L. Padilla  
Assistant Attorney General

J. O. SETH (1883-1963)

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## MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW  
325 PASEO DE PERALTA  
POST OFFICE BOX 2307  
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-3873  
TELECOPY 505-982-4289

December 31, 1980

ALBUQUERQUE OFFICE  
SUITE 916  
BANK OF NEW MEXICO BUILDING  
4TH AND GOLD AVENUE, S.W.  
POST OFFICE BOX 1396  
ALBUQUERQUE, NEW MEXICO 87103  
TELEPHONE 505-243-3733

The Honorable John B. Walker  
District Judge, Division V  
Post Office Box 1626  
Carlsbad, New Mexico 88220

Re: Arco Oil and Gas Company vs. Oil Conservation  
Commission of New Mexico; Pennzoil Company and  
Doyle Hartman, Intervenors; Eddy County Cause  
No. CV-80-284

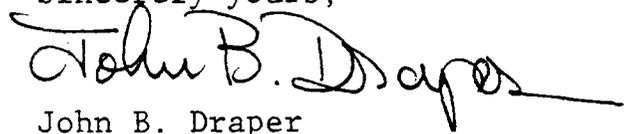
Dear Judge Walker:

I am forwarding herewith the Joint Motion for Continuance and proposed Order which is submitted by all parties in this case with respect to the hearing set for January 6, 1981. The reasons for the Motion are stated therein.

By copy of this letter, I am forwarding the original Motion to the Court Clerk.

Thank you very much for your consideration in this matter.

Sincerely yours,



John B. Draper

JBD/jau  
Enclosures

cc: Frances M. Wilcox, Clerk (w/original of Motion)  
W.F. Carr, Esq. (w/encs.)  
W.T. Kellahin, Esq. (w/encs.)  
E.L. Padilla, Esq. (w/encs.)

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

vs.

No. CV-80-284

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY and DOYLE  
HARTMAN,

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WHEREFORE, the parties respectfully request that the hearing presently set herein be vacated and continued, to be reset, if necessary, by order of the Court upon motion by one or more of the parties.

Respectfully submitted,  
MONTGOMERY & ANDREWS, P.A.

By

\_\_\_\_\_  
John B. Draper  
P. O. Box 2307  
Santa Fe, New Mexico  
Attorneys for Arco Oil  
and Gas Company

CAMPBELL & BLACK, P.A.

By

William F. Carr  
P. O. Box 2208  
Santa Fe, New Mexico 87501

Attorneys for Doyle Hartman

KELLAHIN & KELLAHIN

By

W. Thomas Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

Attorneys for Pennzoil Company

By

Ernest L. Padilla  
Assistant Attorney General for the  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

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No. CV-80-284

OIL CONSERVATION COMMISSION  
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PENNZOIL COMPANY and DOYLE  
HARTMAN,

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ORDER

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\_\_\_\_\_  
DISTRICT JUDGE

APPROVED BY:

MONTGOMERY & ANDREWS, P.A.

By \_\_\_\_\_  
John B. Draper

Attorneys for Arco Oil and  
Gas Company

CAMPBELL & BLACK, P.A.

By \_\_\_\_\_  
William F. Carr

Attorneys for Doyle Hartman

KELLAHIN & KELLAHIN

By \_\_\_\_\_  
W. Thomas Kellahin

Attorneys for Pennzoil Company

NEW MEXICO OIL CONSERVATION  
COMMISSION

By \_\_\_\_\_  
Ernest L. Padilla  
Assistant Attorney General

*Ernest L. Padilla*

FIFTH JUDICIAL DISTRICT  
STATE OF NEW MEXICO  
COUNTY OF EDDY

FILED DEC 15 1980 IN MY OFFICE

IN THE DISTRICT COURT OF EDDY COUNTY  
STATE OF NEW MEXICO

FRANCES M. WILCOX  
Clerk of the District Court

NOTICE: THE CHAVES COUNTY BAR INVITES THE MEMBERS OF THE FIFTH DISTRICT BAR TO ATTEND A DUTCH LUNCHEON AT 12:00 NOON ON JANUARY 5, 1981, IN THE RIO GRANDE ROOM OF THE ROSWELL INN, ROSWELL, NEW MEXICO, IMMEDIATELY PRIOR TO THE CEREMONIES AT WHICH HONORABLE WILLIAM J. SCHNEDAR WILL TAKE HIS OATH OF OFFICE AS JUDGE OF DIVISION VI, FIFTH DISTRICT OF NEW MEXICO. THE OATH PROCEEDINGS WILL OCCUR IN THE CHAVES COUNTY COURTROOM AT 1:30 P. M.

CIVIL JURY  
and  
CIVIL NON-JURY NOTICE

TO: ALL ATTORNEYS of record in the hereinafter styled and numbered cases.

You and each of you are hereby notified that the following styled and numbered CIVIL JURY and CIVIL NON-JURY cases have been set for trial before the HONORABLE JOHN B. WALKER at Carlsbad, New Mexico, said cases to begin at 9:00 A. M. on the designated dates. THE TRIAL JUDGE MAY CHANGE THE ORDER OF CASES AS SCHEDULED.

N. Randolph Reese  
Presiding Judge

Frances B. Wilcox  
District Court Clerk

TUESDAY, JANUARY 6, 1981

CIVIL NON-JURY

Ross Hyden Motors, Inc.  
vs.  
Odell Spurlin, et al.

CV-80-235

Jay W. Forbes  
W. T. Martin, Jr.

Arco Oil and Gas Company  
vs.  
Oil Conservation Commission  
of New Mexico, et al.

CV-80-284

Owen Lopez  
John B. Draper  
Ernest L. Padilla  
W. T. Kallahin  
W. F. Carr

MONDAY, JANUARY 19, 1981

CIVIL NON-JURY

Frank Sanchez  
vs.  
Steve Carter & Son, Inc.,  
et al.

CV-80-209

James G. Chakeres  
John Conway

Jessie Segura  
vs.  
Blount International, Ltd., et al.

CV-80-212

James G. Chakeres  
B. R. Baldock

MONDAY, JANUARY 19, 1981 (Contd.)CIVIL NON-JURY

Zenida Castillo  
vs.  
Landsun Homes, Inc., et al.

CV-80-286

Jerome D. Matkins  
Leland Sedberry, Jr.

R. T. Cox  
vs.  
Construction Enterprises, et al.

CV-80-359

George Watkins  
Pro se

Gary Adkins  
vs.  
Darla Adkins

DR-80-651

David Vandiver  
Mickey D. Barnett

MONDAY, FEBRUARY 2, 1981CIVIL NON-JURY

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Robert R. Allman

DR-79-299

Dorsett Bennett  
Thomas Marek

State of New Mexico, ex rel.  
County of Monterey,  
State of California  
vs.  
Daniel Orona

DR-80-51

Dorsett Bennett  
Lon Watkins

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Byron Hurston

DR-80-86

Dorsett Bennett  
Robert J. Laughlin

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Maguin C. Lucero, Jr.

DR-80-128

Dorsett Bennett  
Pro se

State of New Mexico, ex rel  
Barbara Meeks  
vs.  
Clyde Burke Vicenti

DR-80-321

Dorsett Bennett  
Michael Carrasco

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Tommy Powers

DR-80-471

Dorsett Bennett  
Pro se

MONDAY, FEBRUARY 2, 1981 (Contd.)CIVIL NON-JURY

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Walter Bandy

DR-80-491

Dorsett Bennett

Pro se

---

State of New Mexico, ex rel.  
County of Ventura,  
State of California  
vs.  
Michael Ray Lincoln

DR-80-498

Dorsett Bennett

Pro se

---

State of New Mexico, ex rel.  
County of Ventura,  
State of California  
vs.  
Michael Ray Lincoln

DR-80-542

Dorsett Bennett

Pro se

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Mandy Marie Stone

DR-80-503

Dorsett Bennett

Michael Carrasco

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Amelia Alvarado

DR-80-508

Dorsett Bennett

Michael Carrasco

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Alphonse, J. Jean

DR-80-523

Dorsett Bennett

Pro se

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Terry Calloway

DR-80-575

Dorsett Bennett

Dick Blenden

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Robert Bruce Gaines

DR-80-576

Dorsett Bennett

Pro se

MONDAY, FEBRUARY 2, 1981 (Contd.)CIVIL NON-JURY

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Lorenzo Rubio

DR-80-578

Dorsett Bennett

Dick Blenden

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Bertha Munoz

DR-80-595

Dorsett Bennett

Manuel Hernandez

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Walter Powell

DR-80-645

Dorsett Bennett

Joseph E. Gant III

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Joe Florez, Jr.

DR-80-647

Dorsett Bennett

Tom Marek

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Jessie McNeal

DR-80-660

Dorsett Bennett

Roger E. Yarbrow

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Ronnie Spangler

DR-80-706

Dorsett Bennett

John Fisk

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Hector Carrasco and  
Mary Lou Vallejo

DR-80-710

Dorsett Bennett

Luis Juarez

---

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Paul Salsberry

DR-80-717

Dorsett Bennett

Joel M. Carson

MONDAY, FEBRUARY 2, 1981 (Contd.)CIVIL NON-JURY

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Ruben A. Granger

DR-80-735

Dorsett Bennett

Luis B. Juarez

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Gary Slate

DR-80-737

Dorsett Bennett

Donald Hallam

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Freddy J. Perches

DR-80-738

Dorsett Bennett

Paul S. Wainwright

State of New Mexico, ex rel.  
Department of Human Services  
vs.  
Domitilia Hernandez and  
Raul Ramirez

DR-80-756

Dorsett Bennett

Michael Carrasco

WEDNESDAY, FEBRUARY 11, 1981CIVIL NON-JURY

Melissa Patrice Palmer  
vs.  
Deryl Wayne Palmer

DR-78-211

Pro se

Cas Tabor

Stephanie Yates  
vs.  
Alan Fernandez

DR-80-334

Chad Dickerson

Lon P. Watkins

Mary Anchondo  
vs.  
Tony J. Anchondo

DR-80-449

Michael Carrasco

Pro se

Keith Underwood  
vs.  
Beverly Underwood

DR-80-583

J. W. Anderson

Manuel Hernandez

Hilliard G. Pruitt  
vs.  
Sandra Pruitt

DR-80-586

Jeffrey B. Diamond

Michael Carrasco

WEDNESDAY, FEBRUARY 11, 1981 (Contd.)CIVIL NON-JURY

Connie Sue Marlow vs. Clark D. Marlow	DR-80-600	J. W. Anderson George Watkins
Gail Hamilton vs. Dale Hamilton	DR-80-614	James P. Klipstine Pro se
Clara Ellen Conley vs. Robert Freeman	DR-80-668	Joseph E. Gant III Michael Carrasco
Patricia Sue Hamilton vs. James D. Hamilton	DR-80-464	James P. Klipstine Lon P. Watkins
Carole Dempler vs. Robert Dempler	DR-80-539	Jerome D. Matkins Joseph E. Gant III
Georgia Ann Donaghe vs. Lee Rufus Donaghe	DR-80-543	D. D. Archer George Watkins
William R. Nyman vs. Jean M. Nyman	DR-80-547	Buford Norrid Manuel Hernandez
Carla Dee Smith vs. Larmon Spence Smith	DR-80-550	Michael Carrasco Joel Carson
Rhonda Frazee vs. Ricky Jimenez	DR-80-570	Michael Carrasco Luis Juarez
Louis Bustillos Ornelas vs. Dorothy Rylida Hill Ornelas	DR-80-601	Manuel Hernandez Tom Marek

WEDNESDAY, FEBRUARY 11, 1981 (Contd.)CIVIL NON-JURY

Betty B. Menefee  
vs.  
Donald E. Menefee

DR-80-627

Jerome D. Matkins  
Tom Marek

Margaret D. Peden  
vs.  
Kevin D. Peden

DR-80-637

Jane Shuler  
Jess Sandoval

Butler Cole  
vs.  
Lennie M. Cole

DR-80-638

Jane Shuler  
John Caraway

Regina Lynn Standard  
vs.  
Billy Mack Standard

DR-80-652

John W. Fisk  
Cas Tabor

Hugh C. Hale  
vs.  
I & W, Inc., et al.

CV-80-262

John H. Stewart  
William G. W. Shoobridge

MONDAY, FEBRUARY 16, 1981CIVIL JURY

Faye Weeaks  
vs.  
Gas Company of New Mexico, et al.

CV-78-174

Mark S. Jaffe  
Michael Carrasco  
Tom Marek

(Six Person Jury)

Gayle D. Richardson  
vs.  
Aldridge Nursery, Inc., et al.

CV-78-393

David R. Vandiver  
George A. Graham

(Six Person Jury)

Rudy Martinez  
vs.  
O'Neal Motors, Inc., et al.

CV-79-11

Michael Carrasco  
John M. Caraway

Kent A. Hitchens  
vs.  
Brett C. Black

CV-80-36

James L. Shuler  
Robert E. Sabin

MONDAY, FEBRUARY 16, 1981 (Contd.)CIVIL JURY

Anna L. Alamanza  
vs.  
Nellie E. Rowland

CV-80-40

Joseph E. Gant III  
Robert E. Sabin

Homer Clark  
vs.  
Jimmy S. Navarette, et al.

CV-80-54

Kenneth B. Wilson  
J. Duke Thornton

(Six Person Jury)

Manuel O. Perez  
vs.  
N-Ren Southwest, Inc.

CV-80-62

William J. Heck  
Lowell Stout

Alvino M. Fierro, et al.  
vs.  
Tim J. Carr, et al.

CV-80-153

Tom Marek  
Robert E. Sabin

Katie Valenzuela  
vs.  
Donny Singleton, et al.

CV-80-198

James P. Klipstine  
Dick Blenden  
Jeffrey B. Diamond  
Robert Meyer

Jane Bartlett, et al.  
vs.  
New Mexico Welding Supply, Inc.

CV-80-250

Dick Blenden  
Lowell Stout

Margaret E. Merritt, et al.  
vs.  
Peabody Vann Company

CV-80-282

George Graham  
Jay Forbes

Gopalbhai Desai, et al.  
vs.  
Hayes and Patricia D. May

CV-80-328

Roger E. Yarbrow  
Luis B. Juarez

TUESDAY, FEBRUARY 24, 1981CIVIL NON-JURY

Alice Z. Wittie  
vs.  
Texas Reamer Company, et al.

CV-80-258

William J. Heck  
James P. Klipstine

TUESDAY, FEBRUARY 24, 1981 (Contd.)CIVIL NON-JURY

Alton Dewayne Sparks  
vs.  
Star Tool Company, et al.

CV-80-275

W. Gilbert Bryan  
Lowell Stout

Jason Thomas Rollins  
vs.  
Kerr McGee Chemical Corp.

CV-80-280

Robert Meyer  
Lowell Stout

TUESDAY, MARCH 17, 1981CIVIL NON-JURY

Jack Grynberg  
vs.  
Victor Roberts, et al.

CV-77-377

James E. Kirk  
John E. Farrow  
Chad Dickerson  
W. T. Martin, Jr.

TUESDAY, MARCH 24, 1981CIVIL NON-JURY

Buckeye, Inc.  
vs.  
Delta Drilling Company, et al.

CV-79-442

W. T. Martin, Jr.  
J. Douglas Foster  
Paul Kelly  
Tom Marek

MONDAY, MARCH 30, 1981CIVIL JURY

James E. Smith, et al.  
vs.  
Artesia Ford Sales, et al.

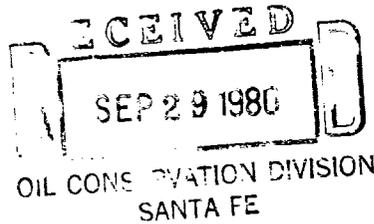
CV-78-333

Thomas L. Marek  
Ranne Miller  
William C. Fleming  
Mark C. Meiering  
LeRoi Farlow

CAMPBELL AND BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR



POST OFFICE BOX 2208  
JEFFERSON PLACE  
SANTA FE, NEW MEXICO 87501  
TELEPHONE (505) 988-4421

September 26, 1980

Ms. Frances M. Wilcox  
District Court Clerk  
Post Office Box 98  
Carlsbad, New Mexico 88220

Re: Arco Oil and Gas Company v. Oil Conservation  
Commission, Eddy County Cause No. CV-80-284

Dear Ms. Wilcox:

Enclosed please find a Response to Petition for Review  
in the above-referenced matter. Please file this pleading  
in the appropriate Court file.

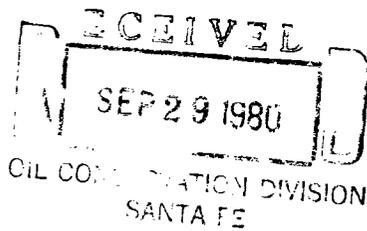
Very truly yours,

William F. Carr

WFC:lr

Enclosure

cc: Mr. John Draper  
Mr. Ernest L. Padilla  
Mr. W. Thomas Kellahin



STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

vs.

No. CV-80-284

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY,

Intervenor,

DOYLE HARTMAN,

Intervenor.

RESPONSE TO PETITION FOR REVIEW

Comes now Intervenor, Doyle Hartman, Oil Operator, by his undersigned attorneys, Campbell and Black, P.A., and for his response to the Petition for Review states:

1. Intervenor, Doyle Hartman, admits the allegations contained in paragraphs 1, 2, 3, 5 and 6 of the Petition for Review.

2. Intervenor, Doyle Hartman, admits the allegation contained in paragraph 4 of the Petition for Review that Arco opposed the application of Hartman for an unorthodox well location but denies each and every other allegation contained in said paragraph.

3. Intervenor, Doyle Hartman, denies each and every allegation contained in paragraph 7(a) through 7(q) of the Petition for Review and further states in regard to Commission Order No. R-6390 (Hartman Order) and Order No. R-6391 (Arco Order) that:

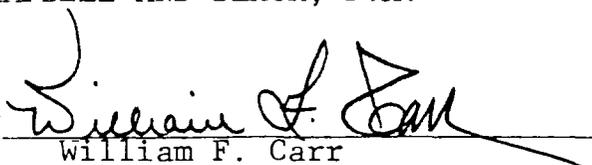
- a. That the Commission's findings are supported by substantial evidence;
- b. The Commission Orders are neither discriminatory, arbitrary nor capricious;
- c. The Commission has complied with its own rules and regulations and all statutes in rendering these decisions and
- d. The Commission's findings are sufficient to disclose the Commission's reasoning in reaching its ultimate findings that the Orders will prevent waste and protect correlative rights.

WHEREFORE, Intervenor, Doyle Hartman, prays for an Order

- a. Dismissing the Petition for Review
- b. Affirming Commission Orders No. R-6390 and No. R-6391 and
- c. Granting such other and further relief as the Court deems just.

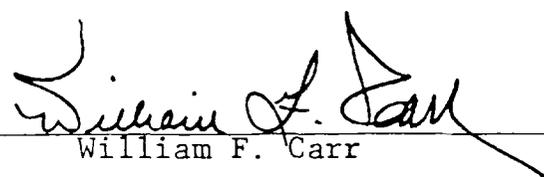
CAMPBELL AND BLACK, P.A.

By

  
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
Telephone: (505) 988-4421  
Attorneys for Intervenor  
Doyle Hartman

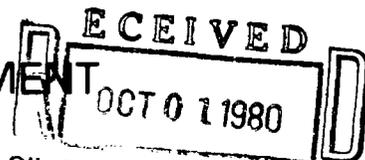
Certificate of Mailing

I hereby certify that a copy of the foregoing pleading was mailed to all counsel of record this 26<sup>th</sup> day of September, 1980.

  
William F. Carr



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



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

BRUCE KING  
GOVERNOR

LARRY KEHOE  
SECRETARY

September 25, 1980

Mrs. Frances M. Wilcox  
District Court Clerk  
Eddy County Courthouse  
Carlsbad, New Mexico 88220

Re: Arco Oil & Gas Co., vs.  
Oil Conservation Commission  
Eddy County Cause No.  
CV-80-284

Dear Mrs. Wilcox:

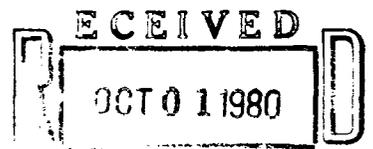
Please file the enclosed Response to Petition  
for Review in the above-referenced case and return to  
me a conformed copy.

Thank you.

Sincerely,  
  
ERNEST L. PADILLA  
General Counsel

dr/

enc.



OIL CONSERVATION DIVISION  
SANTA FE  
COUNTY OF EDDY

STATE OF NEW MEXICO

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY, )  
)  
Petitioner, )  
)  
vs. )  
)  
OIL CONSERVATION COMMISSION )  
OF NEW MEXICO, )  
)  
Respondent, )  
)  
PENNZOIL COMPANY, )  
)  
Intervenor. )

No. CV-80-284

FIFTH JUDICIAL DISTRICT  
STATE OF NEW MEXICO  
COUNTY OF EDDY

FILED SEP 29 1980 IN MY OFFICE

FRANCES M. WILCOX  
Clerk of the District Court

RESPONSE TO PETITION FOR REVIEW

Respondent New Mexico Oil Conservation Commission in response to the Petition for Review herein states:

1. Respondent admits the allegations contained in Paragraph 1.
2. Concerning the allegations contained in Paragraph 2, Respondent admits that Petitioner is a working interest owner within the lands sought to be pooled by the Hartman Application but is without knowledge or information sufficient to form a belief as to the remainder of Paragraph 2.
3. Respondent admits the allegations contained in Paragraphs 3, 4, 5, and 6.
4. Respondent denies the allegations contained in Paragraph 7 and each and every subdivision thereof.

WHEREFORE, having fully responded to the Petition for Review, Respondent Oil Conservation Commission respectfully requests

that the same be dismissed.

Respectfully submitted,

ERNEST L. PADILLA  
Assistant Attorney General for the  
Oil Conservation Division of the  
Energy and Minerals Department  
P. O. Box 2088  
Santa Fe, New Mexico 87501

I hereby certify that on the

\_\_\_\_\_ day of \_\_\_\_\_,

1980, a copy of the foregoing pleading

was mailed to opposing counsel of

record.

---

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

September 22, 1980

Mrs. Frances M. Wilcox  
District Court Clerk  
Eddy County Courthouse  
Carlsbad, New Mexico 88220

Re: Arco Oil & Gas Co., v. Oil Conservation Commission  
Eddy County Cause No. CV-80-284

Dear Mrs. Wilcox:

Please file the enclosed Response on behalf of Pennzoil Company in the above referenced case and return to me a conformed copy.

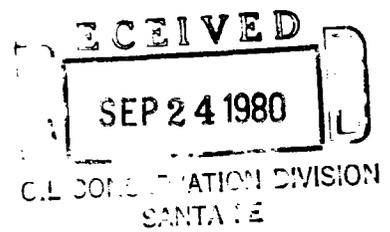
Very truly yours,

A handwritten signature in cursive script, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin

Encl.  
cc: Mr. Ernest L. Padilla  
Mr. William F. Carr  
Mr. Owen M. Lopez  
Mr. H. W. Hollingshead

WTK:jm



STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

-vs-

OIL CONSERVATION COMMISSION OF  
NEW MEXICO,

No. CV-80-284

Respondent,

PENNZOIL COMPANY and DOYLE  
HARTMAN,

Intervenors.

RESPONSE TO PETITION FOR REVIEW

COMES NOW PENNZOIL COMPANY, by its Attorneys Kellahin & Kellahin, and for its Response to the Petitioner for Review states:

1. Intervenor admits the allegations contained in paragraphs 1, 2, 3, 4, 5, 6, of the Petition for Review.

2. Intervenor admits the allegations contained in paragraph 4 of the Petition for Review that "ARCO opposed the Hartman Application" but denies all other allegations contained in said paragraph.

3. Intervenor, PENNZOIL, denies each and every allegation of Paragraph 7 of the Petition for Review and further states in regard to Order No. R-6390 and Order No. R-6391 that:

(a) The Commission's findings are supported by substantial evidence;

(b) The Commission Orders are neither arbitrary, capricious or an abuse of discretion;

(c) The Commission's Orders state the ultimate facts necessary to support the Commission's decisions in these cases and are adequate and valid;

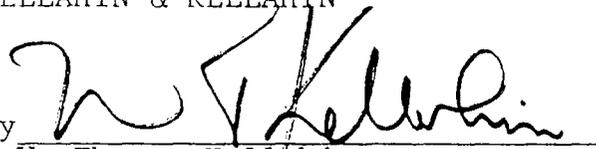
(d) The Commission has complied with its own rules and regulations and all statutes in rendering these decisions.

WHEREFORE, Intervenor, PENNZOIL, prays for an order:

- A. Dismissing the Petition for Review
- B. Affirming Commission Orders R-6390 and R-6391
- C. Granting such other and further relief as the Court deems just.

KELLAHIN & KELLAHIN

By

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

I hereby certify that on the 23 day of September, 1980, a copy of the foregoing pleading was mailed to all counsel of record.

  
W. T. Kellahin

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

vs.

No. CV-80-284

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY,

Intervenor.

MOTION AND CONSENT FOR  
INTERVENTION

Comes now DOYLE HARTMAN, Oil Operator, an individual doing business in the State of New Mexico, by and through his attorneys, Campbell and Black, P.A., and moves the Court for permission to intervene in this action as a party defendant and as grounds therefor states:

1. That Doyle Hartman was the applicant in Oil Conservation Division Case No. 6927, which resulted in entry of Oil Conservation Commission Order No. R-6390, granting his application for compulsory pooling and an unorthodox location in the Morrow formation, South Empire-Morrow Gas Pool, Eddy County, New Mexico and was a party to all proceedings before the New Mexico Oil Conservation Division and Commission which are the subject matter of the Petition for Review in this case and would be adversely affected in the event Petitioners herein prevail in this case;

2. That it is stipulated by counsel for the Petitioner, the Respondent and the Intervenor that Doyle Hartman be permitted to intervene in this action as a party defendant.

Respectfully submitted,  
CAMPBELL AND BLACK, P.A.

By \_\_\_\_\_  
William F. Carr  
Attorneys for Doyle Hartman  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
Telephone: (505) 988-4421

APPROVED:

\_\_\_\_\_  
John B. Draper  
Attorney for Petitioner

\_\_\_\_\_  
Ernest L. Padilla  
Attorney for Respondent  
Oil Conservation Commission

\_\_\_\_\_  
W. Thomas Kellahin  
Attorney for Intervenor

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

vs.

No. CV-80-284

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY,

Intervenor.

ORDER

This matter coming before the Court upon the Motion in Intervention of Doyle Hartman, Oil Operator, and the parties hereto having stipulated their agreement,

IT IS THEREFORE ORDERED that Doyle Hartman, Oil Operator, be permitted to intervene and be heard as a party defendant in this case.

\_\_\_\_\_  
District Judge

SUBMITTED:

\_\_\_\_\_  
Attorney for Doyle Hartman

\_\_\_\_\_  
Attorney for Petitioner  
Arco Oil and Gas Company

\_\_\_\_\_  
Attorney for Respondent  
Oil Conservation Commission

---

Attorney for Intervenor  
Pennzoil Company

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

v.

No. \_\_\_\_\_

OIL CONSERVATION COMMISSION  
OF NEW MEXICO,

Respondent,

PENNZOIL COMPANY,

Intervenor.

ACCEPTANCE OF SERVICE

COMES NOW Ernest L. Padilla, and hereby accepts service on behalf of the Oil Conservation Commission of New Mexico of the Petition for Review herein by Arco Oil and Gas Company this 28<sup>th</sup> day of August, 1980.

By \_\_\_\_\_  
Ernest L. Padilla  
Counsel to the Oil Conserva-  
tion Commission of New Mexico

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

ARCO OIL AND GAS COMPANY,

Petitioner,

v.

No. \_\_\_\_\_

OIL CONSERVATION COMMISSION OF  
NEW MEXICO,

Respondent,

PENNZOIL COMPANY,

Intervenor.

PETITION FOR REVIEW

COMES NOW ARCO OIL AND GAS COMPANY ("Arco") and appeals New Mexico Conservation Commission (the "Commission") Orders No. R-6390 and R-6391, attached hereto as Exhibits A and B, petitioning this Court for review of the same, and as grounds therefor states as follows:

*admit*

1. Commission Order R-6390 (the "Hartman Order") granted the Application of Doyle Hartman, as amended, (the "Hartman Application") to pool all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, N.M.P.M., South Empire - Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 800 feet from the South line and 1,000 feet from the West line of said Section 24. The Hartman Application further sought designation of Hartman as operator of the proposed well.

2. Arco is the owner of 6.25% of the working interest sought to be pooled by the Hartman Application and is the operator of the offsetting State "BV" Lease in adjacent Section 25, Township 17 South, Range 28 East, N.M.P.M.

*admit*

3. In companion Order No. R-6391 (the "Arco Order"), the Commission denied the application of Arco (the "Arco Application") which also sought an order from the Commission pooling all mineral interests in the Pennsylvanian formation underlying said S/2 of Section 24, Township 17 South, Range 28 East, N.M.P.M., South Empire - Morrow Pool, Eddy County, New Mexico, to be dedicated to a well at an orthodox location 660 feet from the South line and 1980 feet from the East line of Section 24, and designating Arco as operator thereof.

*admit*

4. Arco opposed the Hartman Application for an unorthodox well location on the grounds that said well would cause waste and violate Arco's and others' correlative rights. Arco requested that the Hartman Application be denied in favor of the Arco Application. Arco sought an allowable restriction of production from the well proposed by Hartman in the event the Hartman Application was granted.

*admit*

5. The Commission consolidated the Hartman and Arco Applications for hearing on June 5, 1980, received evidence and heard testimony, and issued the Hartman and Arco Orders, on July 7, 1980, granting the Hartman Application against Arco's opposition and without Arco's requested allowable restriction, and denying the Arco Application.

*admit*

6. Arco filed Applications for Rehearing of the Hartman Order and the Arco Order with the Commission on July 28, 1980, setting forth the respects in which the Orders are believed to be erroneous. The Commission failed to act thereon within 10 days

of filing, said failure being deemed a refusal and final disposition thereof, pursuant to Section 70-2-25 NMSA 1978. True copies of said Applications for Rehearing of the Hartman Order and the Arco Order are attached hereto and incorporated herein by reference as Exhibits C and D, respectively.

7. Arco is dissatisfied with and adversely affected by the disposition of the aforesaid Applications for Rehearing and appeals therefrom to this Court for the reasons stated in the Applications for Rehearing, as more specifically set out below:

*damy*  
(a) The refusal to grant the Applications for Rehearing was arbitrary, capricious and an abuse of discretion for the reason that such action was a refusal to hear new and relevant evidence from the Exxon "CY" State No. 1 Well in the neighboring Section 23, Township 17 South, Range 28 East, N.M.P.M. supporting Arco's position on the pivotal facts to be determined by the Commission.

*damy*  
(b) The Orders are invalid for the reason that no finding was made of the necessary ultimate fact that the proposed well will be drilled to a source of supply common to the entire 320-acre unit in the S/2 of Section 24, Township 17 South, Range 28 East. Indeed, no such finding could be made in the face of uncontradicted evidence that a dry hole, the Pennzoil Aid-State-Com. No. 1, had previously been drilled in the W/2 of the same unit.

*damy*  
(c) Approval of the Hartman Order with no allowable restriction was arbitrary and capricious in that it was contrary to the undisputed evidence that the S/2 of Section 24 was not capable of producing gas underlying the entire tract as evidenced by the aforesaid dry hole.

*deny*

(d) The Hartman Order also lacks sufficient findings to disclose the reasoning of the Commission in reaching its ultimate findings, as required by law. For example, there is nothing in the findings of the Commission to indicate upon what basis prevention of waste and protection of correlative rights would result as to anyone other than Hartman. (The Commission's statutory mandate requires the prevention of waste and the protection of correlative rights by the Commission as to all interested parties.)

*deny*

(e) There was (no substantial evidence) to contradict Arco's position that Hartman's proposed unorthodox well would probably result in a dry hole, constituting significant waste, or at best, would result in insufficient production to justify drilling at the unorthodox location;

*deny*

(f) There was no substantial evidence to contradict Arco's position that if the proposed unorthodox well were completed in the "BV" channel, production therefrom would violate Arco's correlative rights in neighboring Section 25, unless said production were limited to an allowable restriction of 25% of deliverability or less;

(g) Finding No. 10 of the Hartman order is not based on substantial evidence. It reads as follows:

*deny*

(10) [The] geophysical evidence presented indicated that the channel swings in a northerly direction at the south boundary of Section 24 and underlies a substantial portion of the W/2 of said Section 24.

"Substantial evidence" is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. The geophysical (seismic) evidence presented by the applicant was not such relevant evidence.

Rather, it was highly speculative, internally inconsistent, unmigrated, inconsistent with well control and thoroughly discredited by opposing expert testimony;

*dem*  
(h) Finding No. 11 of the Hartman Order that the wells currently producing gas from the Morrow formation channel sand in Section 25 are draining gas from that channel under Section 24, is also unsupported by substantial evidence.

*dem*  
(i) Finding No. 13 of the Hartman Order that there are approximately the same number of productive acres in the Morrow channel sand underlying the S/2 of Section 24 as underlie the N/2 or S/2 of Section 25 is also unsupported by substantial evidence. Finding No. 13 also ignores the fact that pay volume, not mere acreage, is the valid measurement of reserves and the proper basis for the protection of correlative rights;

*dem*  
(j) Finding No. 15 of the Hartman Order that Hartman would gain no advantage over other producers in the Morrow formation by way of the proposed unorthodox location is not based on substantial evidence. To the contrary, Hartman would unfairly gain advantage over other producers in the "BV" Morrow formation if he succeeded in drilling a producing well in that formation at the proposed unorthodox location because he would drain the N/2 of Section 25. For that very reason the Commission rules provide for the drilling of wells at standard locations, or provide an allowable restriction when wells are drilled at unorthodox locations.

(k) Finding No. 16 of the Hartman Order that Hartman's well location, without penalty, will allow him to drill a

well in the Morrow formation channel and to produce reserves underlying his property, thereby purportedly preventing waste and protecting Hartman's correlative rights, also lacks substantial evidence to support it. If the well is allowed without penalty, the Commission would be permitting waste and allowing abuse of correlative rights.

*deny*  
(l) Finding No. 18 of the Hartman Order approves the Hartman Application on the purported basis that it will avoid the drilling of unnecessary wells, protect correlative rights and afford the owner of each interest in the proposed unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the formation. Finding No. 18 is invalid and erroneous for the reason that it is unsupported by substantial evidence.

*deny*  
(m) Findings Nos. 19 through 26 of the Hartman Order, pertaining to operations and accounting procedures for the proposed Hartman well and unit, are also unsupported and invalid for the reason that they are consistent with a granting of the Hartman Application without penalty, which order is arbitrary, capricious, unsupported by substantial evidence, and unlawful, as shown herein.

*deny*  
(n) The Hartman Order is invalid and erroneous for the reason that it is inconsistent with the Arco Application which should have been granted, as more fully set forth below.

*deny*  
(o) Finding No. 4 of the Arco Order that the Hartman Application requests a well 1980 feet from the West

line of Section 24 is unsupported by substantial evidence.

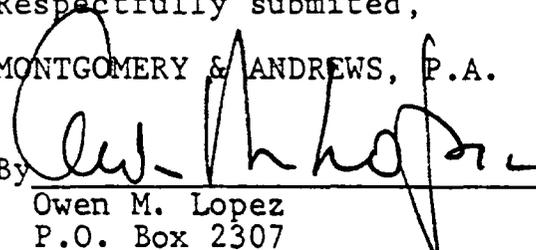
*dcw*  
(p) Finding No. 5 of the Arco Order that the Hartman unorthodox well location is the most favorable for recovering hydrocarbons underlying Section 24 lacks substantial evidence to support it.

(q) Finding No. 7 of the Arco Order that the Arco Application should be denied, is unsupportable for the reasons hereinabove stated.

WHEREFORE, Arco requests that the Court vacate Commission Orders No. R-6390 and No. R-6391 for the reasons that they constitute an abuse of discretion, are unsupported by substantial evidence, are arbitrary, capricious and contrary to law and will not prevent waste nor protect correlative rights.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By 

Owen M. Lopez  
P.O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Petitioner, Arco  
Oil and Gas Company

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 6927  
Order No. R-6390

APPLICATION OF DOYLE HARTMAN FOR  
COMPULSORY POOLING AND AN UNORTHODOX  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 5, 1980, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of July, 1980, the Commission, a quorum being present, having considered the testimony, exhibits and the record, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Doyle Hartman, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, NMPM, South Empire-Morrow Gas Pool, Eddy County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at an unorthodox location 800 feet from the South line and 1000 feet from the West line of said Section 24.
- (4) That ARCO Oil and Gas Company, in companion Case No. 6928, requested compulsory pooling of the S/2 of said Section 24 to be dedicated to a well 660 feet from the South line and 1980 feet from the East line of said Section 24.
- (5) That ARCO Oil and Gas Company opposed the proposed unorthodox well location sought in this case.

EXHIBIT A

(17) That there are interest owners in the proposed pro-ration unit who have not agreed to pool their interests.

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

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

(20) 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.

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

(22) 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.

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

(24) That \$3100.00 per month while drilling and \$310.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

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

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

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

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

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 6928  
Order No. R-6391

APPLICATION OF ARCO OIL AND GAS  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 5, 1980, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of July, 1980, the Commission, a quorum being present, having considered the testimony, exhibits, and the record, and being fully advised in the premises,

FINDS:

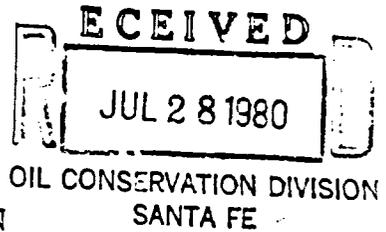
(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, ARCO Oil and Gas Company, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, NMPM, South Empire-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at an orthodox location 660 feet from the South line and 1980 feet from the East line of said Section 24.

(4) That in companion Case No. 6927, Doyle Hartman requested compulsory pooling of the S/2 of said Section 24 to be dedicated to a well to be drilled at an unorthodox location 800 feet from the South line and 1980 feet from the West line of said Section 24.

EXHIBIT B



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

OIL CONSERVATION DIVISION  
SANTA FE

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

CASE NO. 6927  
Order No. R-6390

APPLICATION OF DOYLE HARTMAN FOR  
COMPULSORY POOLING AND AN UNORTHODOX  
LOCATION, EDDY COUNTY, NEW MEXICO.

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APPLICATION FOR REHEARING

COMES NOW ARCO OIL AND GAS COMPANY ("Arco") and applies to the Oil Conservation Commission for rehearing of the above-captioned case and order, and in support thereof, states as follows:

1. The above-styled application of Boyle Hartman ("Hartman") sought an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, N.M.P.M., South Empire-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well at an unorthodox location 800 feet from the South line and 1,000 feet from the West line of said Section 24.

2. Arco is the owner of a working interest sought to be pooled by the aforesaid application.

3. Arco, in companion Case No. 6928, which was consolidated with the above-styled case for hearing before the Oil Conservation Commission, also sought an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, N.M.P.M., South Empire-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well at an orthodox location 660 feet from the South line and 1980 feet from the East line of said Section 24.

EXHIBIT C

4. Arco opposed Hartman's proposed unorthodox well location sought in this case and asked that the application be denied in favor of Arco's application No. 6928.

5. Arco is the operator of the offsetting State "BV" Lease in Section 25, Township 17 South, Range 28 East and therefore sought an allowable restriction against the well proposed to be drilled by Hartman, in the event the application were granted.

6. Order R-6390 approving the above-styled application without an allowable restriction was entered July 7, 1980, contrary to the undisputed evidence that the S/2 of Section 24 was not capable of producing gas underlying the entire tract since a dry hole had already been drilled at a standard location in the W/2 of said unit.

7. Arco is adversely affected by Order No. R-6390 for the reason that the said Order will not prevent waste nor protect correlative rights as hereinafter shown.

8. Evidence supporting Arco's position is now available which was not available at the time of the original hearing, namely, well control data from the Exxon "CY" State No. 1 Well in the neighboring Section 23, Township 17 South, Range 28 East, N.M.P.M. Arco would also present volumetric calculations based upon the production history and pressure data from three wells producing from the "BV" channel, two of which are in Section 25.

9. The preponderance of the evidence presented at the hearing showed that Hartman's proposed unorthodox well would most likely result in a dry hole and constitute significant waste with respect to the economic resources of Arco and other working interest owners in the S/2 of Section 24 or would be insufficient to justify production at such unorthodox location.

10. The preponderance of the evidence also showed that, if the proposed unorthodox well were completed in the "BV" channel it would result in the drainage of gas from the "BV" channel in Section 25, thereby violating Arco's correlative rights, unless production from said well were limited to an allowable restriction of 25% of deliverability or less. Moreover, Hartman's own evidence supports the proposition that any well drilled at an unorthodox location in the S/2 of said Section 24 should be subject to a severe allowable restriction (Hartman Ex. No. 15, Feb. 13, 1980 Letter).

11. Order No. R-6390 lacks sufficient findings of ultimate fact to support it, as required by the statutes and court decisions of the State of New Mexico. Specifically, there is no finding of the ultimate fact required by Section 70-2-17, NMSA 1978, that the proposed well will be drilled to a common source of supply. See, e.g., Fasken v. Oil Conservation Commission, 87 N.M. 292, 294, 532 P.2d 588, 590 (1975).

12. In addition, Order No. R-6390 lacks sufficient findings to disclose the reasoning of the Commission in reaching its ultimate findings, as required by the New Mexico Supreme Court. Id. For instance, there is nothing in the findings of the Commission to indicate upon what basis prevention of waste and protection of correlative rights would result as to anyone other than Hartman. It is clear that the Commission's statutory mandate requires the prevention of waste and the protection of correlative rights by the Commission as to all interested parties.

13. Objection is made to Finding No. 10. Finding No. 10 reads as follows:

"(10) That geophysical evidence presented indicated that the channel swings in a northerly direction at the south boundary of

Section 24 and underlies a substantial portion of the W/2 of said Section 24."

The "geophysical evidence" referred to does not constitute substantial evidence, much less a preponderance of the evidence:

"Substantial evidence" means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.

Grace v. Oil Conservation Commission, 87 N.M. 205, 208, 531 P.2d 939, 942 (1975). The geophysical (seismic) evidence presented by the applicant was not such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. Rather, it was highly speculative, internally inconsistent, unmigrated, inconsistent with well control and thoroughly discredited by opposing expert testimony. Particularly significant is the fact the predictions attributed to the seismic data are not supported by the seismic data presented by Hartman, even if one were to accept that data.

The electric log data submitted by the applicant was equally inconclusive and speculative. Under cross-examination, the Applicant's expert geologist confirmed that he had no basis for his conclusion that the producing channel turned abruptly northward into Hartman's Section 24, but, on the contrary, could just as easily have turned in other directions (Transcript, p. 156).

Furthermore, the swing of the channel in a northerly direction would be contrary to the law of gravity governing the flow of water which deposited the "BV" fluvial channel Hartman is seeking to enter.

14. Objection is made to Finding No. 11. No significant drainage of gas is occurring from under Section 24.

15. Objection is made to Finding No. 13 for the same reasons that Finding No. 10 was objected to. Finding No. 13 also ignores the fact that pay volume, not mere acreage, is the key to

determining reserves and the protection of correlative rights. Even as to pure acreage, there is more in the N/2 of Section 25 than the S/2 of Section 24, even based on Hartman's Exhibit 2.

16. Objection is made to Finding No. 15 for the reason that Hartman would unfairly gain advantage over other producers in the "BV" Morrow formation if he succeeded in drilling a producing well at the proposed unorthodox location because he would drain the N/2 of Section 25, and for that very reason the Commission rules provide for the drilling of wells at standard locations, or provide an allowable restriction when wells are drilled at unorthodox locations.

17. Objection is made to Finding No. 16. Hartman's proposed well should not be allowed without penalty for the same reasons that Finding No. 10 was objected to. If the well is allowed without penalty, the Commission would not prevent waste nor properly protect correlative rights.

18. Objection is made to Finding No. 18 for the reason that the subject application should not be approved. Such approval will not avoid the drilling of unnecessary wells, will not protect correlative rights and will not afford the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool.

19. Objection is made to Finding No. 19 for the reason that Hartman should not be designated operator and the subject well should not be approved.

20. Objections are made to Findings Nos. 20 through 26 for the reason that they are consistent with a granting of the application of Hartman without penalty, which is erroneous, as shown herein.

21. Objection is also made to Order No. R-6390 for the reason that it is inconsistent with Application No. 6928, which should have been granted.

WHEREFORE, Arco respectfully requests the Commission grant a rehearing in the above-styled case and that after rehearing, the Commission vacate and set aside its Order No. R-6930 and enter its order denying the said application or, if approved, subjecting the same to a 25% allowable restriction.

MONTGOMERY & ANDREWS, P.A.

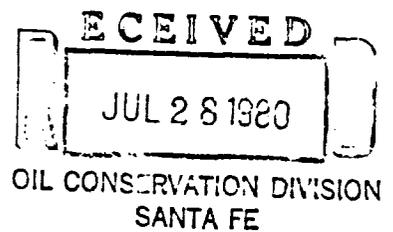
By John B. Draper  
John B. Draper  
P.O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Arco Oil and Gas  
Company

Certificate of Mailing

I hereby certify that I caused to be mailed a true and correct copy of the foregoing pleading to Ernest L. Padilla, Esq., counsel to the Commission and William F. Carr, Esq., counsel for Doyle Hartman, on this 28th day of July, 1980.

John B. Draper



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

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

CASE NO. 6928  
Order No. R-6391

APPLICATION OF ARCO OIL AND GAS  
COMPANY FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.

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APPLICATION FOR REHEARING

COMES NOW ARCO OIL AND GAS COMPANY ("Arco") and applies to the Oil Conservation Commission for rehearing of Case No. 6928 and Order No. R-6391, and in support thereof, states as follows:

1. Arco sought an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, N.M.P.M, South Empire-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well at an orthodox location 660 feet from the South line and 1980 feet from the West line of said Section 24.

2. The Commission entered its Order No. R-6931 July 7, 1980, denying the said application.

3. Arco is adversely affected by Order No. R-6931 for the reasons that the said Order will not prevent waste nor protect correlative rights, as hereinafter shown.

4. Objection is made to Finding No. 4 for the reason that the unorthodox location proposed in Case No. 6927 was only 1,000 feet from the West line of said Section 24, not 1,980 feet from the West line as stated in Finding No. 4.

5. Objection is made to Finding No. 5 for the reason that it is not supported by substantial evidence, in that the evidence did not show the unorthodox location proposed by Doyle Hartman to

be the most favorable for recovering hydrocarbons which underlie Section 24. In addition, this finding relates to all of Section 24, whereas only the S/2 of Section 24 is involved in this application and its companion case.

6. Objection is made to Finding No. 6 for the reason that the application of Doyle Hartman should not have been approved for reasons stated in the Application for Rehearing in case No. 6927.

7. Objection is made to Finding No. 7 for the reason that the application in this case should not have been denied.

WHEREFORE, Arco requests that the Commission grant a rehearing in the above-styled case and that after rehearing, the Commission vacate and set aside its Order No. R-6391 and enter its order approving Application No. 6928.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By John B. Draper  
John B. Draper  
P.O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Applicant  
Arco Oil and Gas Company

Certificate of Mailing

I hereby certify that I caused to be mailed a true and correct copy of the foregoing pleading to Ernest L. Padilla, Esq., counsel to the Commission and William F. Carr, Esq., counsel for Doyle Hartman, on this 28th day of July, 1980.

John B. Draper