

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. 7835
Order No. R-7267

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 30,,
1983, at Santa Fe, New Mexico, before Examiner Michael E.
Stogner.

NOW, on this 25th day of April, 1983, 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, Amoco Production Company, seeks
an order pooling all mineral interests in the Wolfcamp and
Pennsylvanian formations underlying the W/2 of Section 24,
Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

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

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

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

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXHIBIT NO. 1
CASE NO. 8992
SEPTEMBER 17 1986

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

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

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

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

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

(11) That \$4,300.00 per month while drilling and \$ 430.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before June 1, 1983, the order pooling said unit should become null and void and of no effect whatsoever.

(14) That primary objective for the drilling of the well in said pooled unit is for a single completion.

(15) That following initial completion, should it appear desirable, a recompletion as a dual may be sought.

(16) That the then participating working interest owners would be afforded the option to participate in this dual completion as a separate election under the terms of this order.

(17) That any then participating working interest owner who does not desire to participate in the dual completion shall then become a non-consenting working interest owner as to the second completion only.

(18) That any working interest owner who does not participate initially in the drilling of the well shall not be afforded the opportunity to become a consenting working interest owner as to this second completion.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 24, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of June, 1983, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of June, 1983, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Amoco Production Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs for a single completion.

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

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

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

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

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

his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That \$4,300.00 per month while drilling and \$430.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

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

(13) That following the initial completion of said well, should the operator propose its recompletion as a dual, the then participating working interest owners will be afforded the option to participate as a separate election under the terms of this order.

(14) Any then participating working interest owner who does not desire to participate in the dual completion shall then become a non-consenting working interest owner as to this second completion only.

(15) That any working interest owner who does not participate initially in drilling of the well shall not be afforded the opportunity to become a consenting working interest owner as to this second completion.

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

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

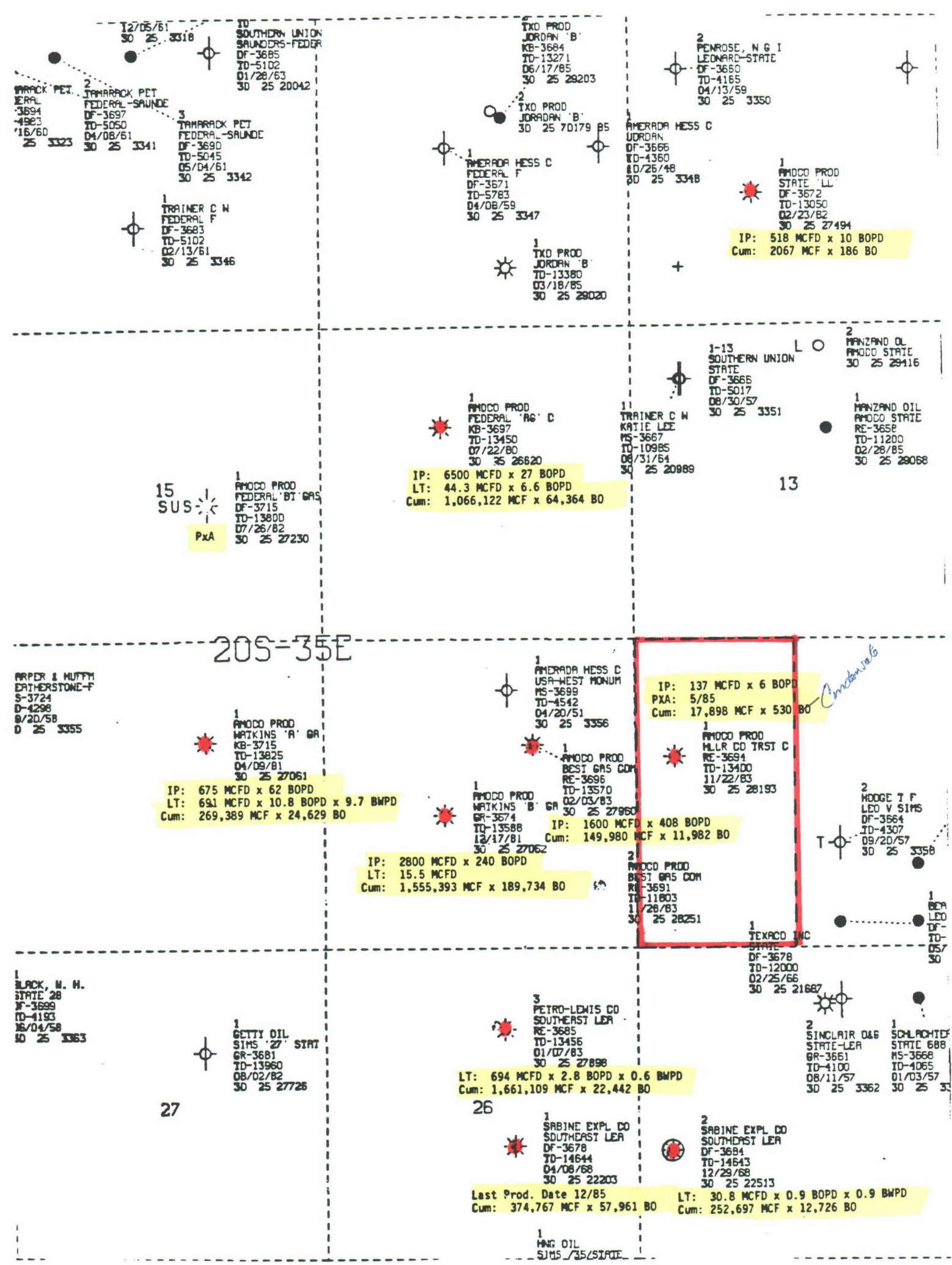
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

S E A L

OSUDO, WEST MORROW GAS POOL



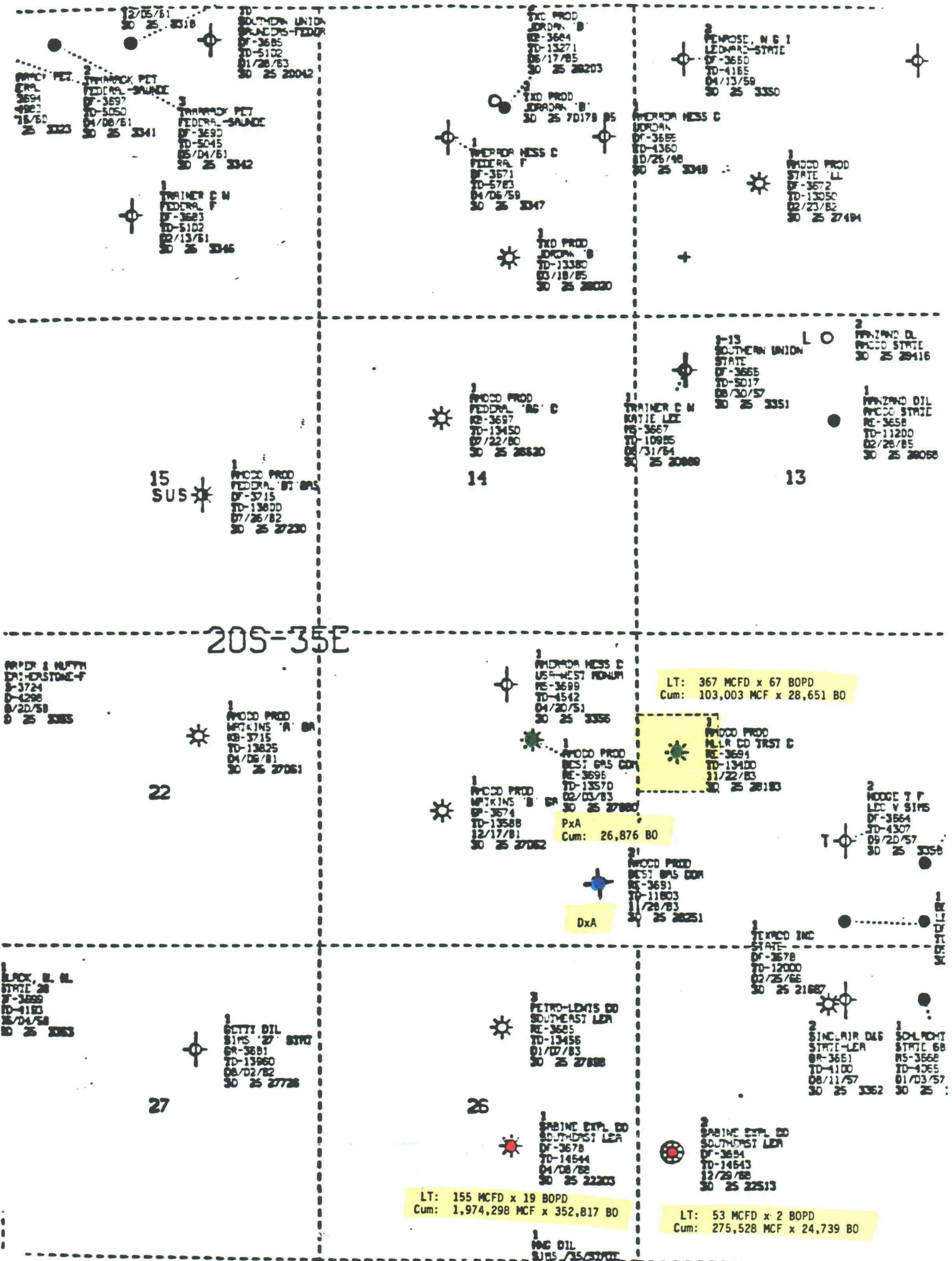
LT: LATEST TEST RATE FOR FEB. '86.
CUMULATIVES THROUGH 1/1/86

LEGEND

● Gas Well

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXHIBIT NO. 2
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OSUDO WEST OPERATING AREA
WOLFCAMP PRODUCTION



LT: LATEST TEST RATE FOR FEB. '86
CUM.: CUMULATIVE PRODUCTION THROUGH 1/1/86

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXHIBIT NO. 3
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SEPTEMBER 17, 1986

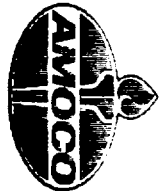
CHRONOLOGY OF ACTIVITY
HELLER COMPANY TRUST "A" WELL NO. 1

<u>DATE</u>	<u>ACTIVITY</u>
3/30/83	Compulsory Pooling hearing before NMOCD
4/25/83	Compulsory Pooling Order No. R-7267 issued
4/27/83	Well spud
8/26/83	APC requests extension of time requirements to complete well
9/22/83	NMOCD grants extension to 12/27/83
11/23/83	Well completed in Morrow 12909-12912, 12916-12922, 12992-13000, 13076-13090, 13142-13152 w/4 JSPF. Acid. w/5000 gal. 7½% NEFE. Perf. 12904-12926, 12988-13004 and 13072-13094 w/4 JSPF. Perf. 12904-12926, 12988-13004 and 13022-13094 w/4 JSPF. Frac. w/4500 gal. 7½% MS, 1500 gal. methyl alcohol. CAOF = 467 MCFD.
5/15/85	PxA Morrow
5/29/85	Perf. 11326-11336, 11356-11360, 11370-11376, 11385-11403, 11410-11422, 11428-11436 w/4 JSPF in Wolfcamp. Acid w/12,500 gal. 15% HCl.
6/05/85	Final Wolfcamp flow test - 379 BOPD, 5 BWPD, 932 MCFD

RPZ/rr/5.25

BEFORE EXAMINER CATANACH
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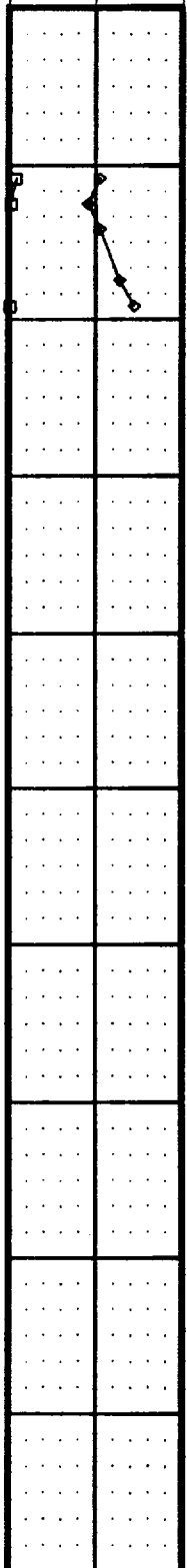
INDUSTRY PRODUCTION DATA RATE-TIME PLOTS



OIL

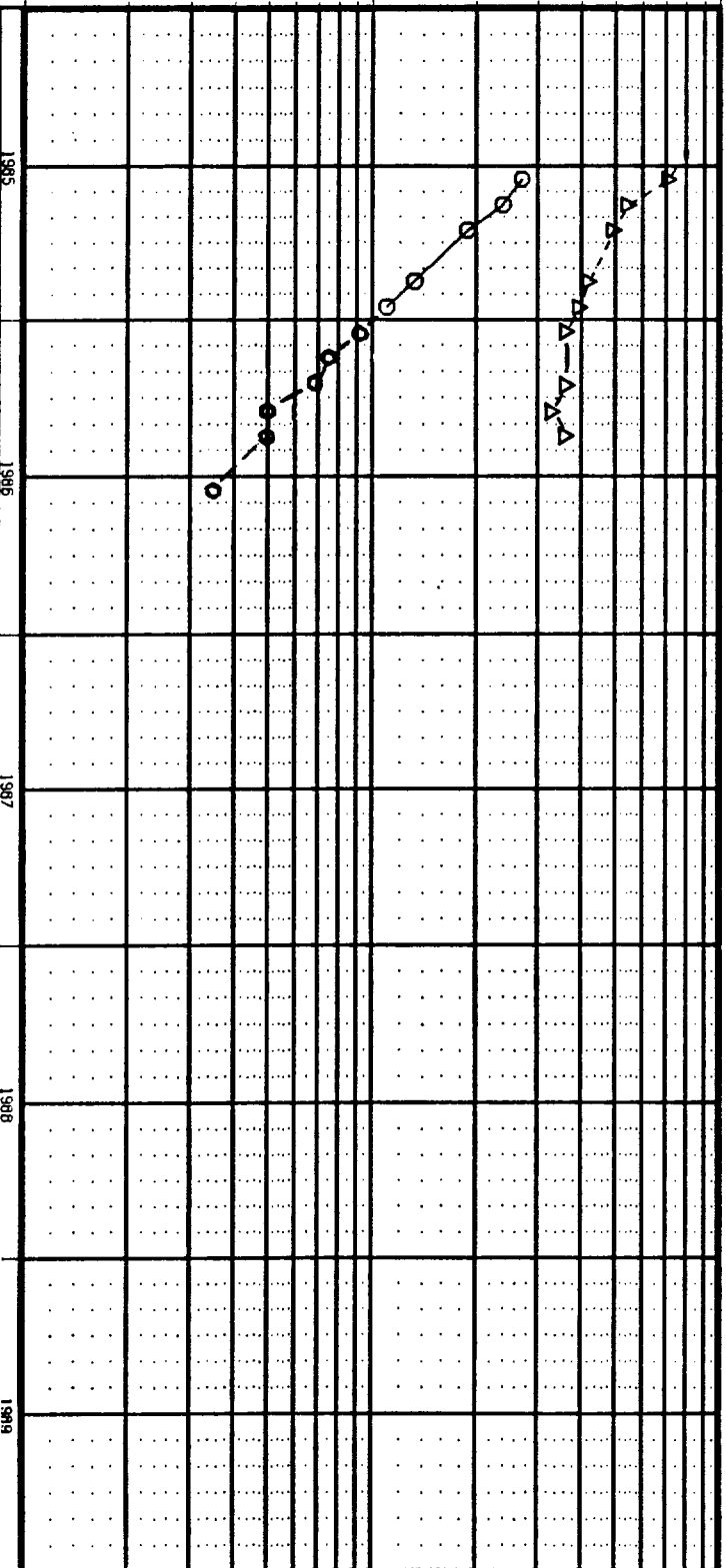
WELL: HELLER CO. TRUST COM A 000001 LOCATION: 24E20S 35E
 FIELD: OSUDO WOLFCAMP, WEST WC 008054897 RESERVOIR: WC
 OPERATOR: AMOCO PRODUCTION CO 019922 COMP DATE: 85 06
 STATE: NM 30 COUNTY: LEA 025 TOT. OIL CUM: 39,962
 FIRST PROD LAST PROD 85 12 TOT. GAS CUM: 151,518
 REQUESTOR: SPERLING-99EKS LOCATION: HOUSTON PERFS:

PERCENT BSW
 0 50 100
 FTP IN PSIG
 0 50 100
 GOR - CFPB
 0 2500 5000



MAJOR PRODUCT →
 0 271 239 189 0 133 110

GROSS GAS PROD - MCFD
 10 100 1000
 GROSS OIL PROD - BOPD
 10 100 1000



1986-07-17

TIME

1985 1986 1987 1988 1989

BEFORE EXAMINER CATANACH
 OIL CONSERVATION DIVISION
 EXHIBIT NO. 5

CASE NO. 8992
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**AMOCO PRODUCTION COMPANY
ACTUAL WELL COST DATA SHEET**

Well Name Heller Company Trust "A" Field Osudo West Area
 Location 2180' FNI v 660' FWL Unit "E" Section 24-20S-35E
 County Lea State NM TD 13400' Completion Zone Morrow

<u>DRILLING INTANGIBLES:</u>	<u>ACTUAL COSTS</u>
MI-RU-RD-MO _____	_____
Daywork _____	<u>117,068</u>
Footage _____	<u>285,053</u>
Completion Rig _____	<u>125,020</u>
Location, Restoration, Setting Conductor _____	<u>24,555</u>
Logging (open hole) _____	<u>50,245</u>
Mud _____	<u>80,172</u>
Stimulation _____	<u>35,919</u>
	<u>718,032</u>
<u>Other:</u>	
Fuel and Water _____	<u>60,105</u>
Bits _____	<u>13,031</u>
Rentals _____	<u>143,946</u>
Cement (service & equipment) _____	<u>138,248</u>
Casing Crews _____	<u>4,615</u>
Company Labor _____	<u>37,579</u>
Contract Labor _____	<u>24,000</u>
Mudlogging _____	_____
DST's _____	_____
Coring & Analysis _____	<u>-----</u>
Trucking _____	<u>36,661</u>
Tubular Inspection & Testing _____	<u>34,276</u>
Perforating _____	<u>32,757</u>
Other Wireline Services (incl. cased hole logs) _____	<u>41,442</u>
Well Testing _____	_____
Miscellaneous _____	<u>44,131</u>
_____	_____
_____	_____
	<u>610,791</u>
Total Other	<u>610,791</u>
Total Intangibles	<u>1,328,823</u>

<u>DRILLING TANGIBLES:</u>	
Casing-Surface-Size <u>16"</u> ft. <u>600'</u>	<u>21,833</u>
Casing-Intermediate-Size <u>10-3/4"</u> ft. <u>4300'</u>	<u>98,379</u>
Casing-Production String-Size <u>7-5/8"</u> ft. <u>11,830'</u>	<u>324,049</u>
Tubing-Size <u>2-3/8"</u> ft. <u>12,230'</u>	<u>62,742</u>
Wellhead, etc. _____	<u>88,198</u>
Liner <u>5 1/2" - 1195' x 4" - 1027'</u>	<u>49,863</u>
Total Tangibles	<u>645,064</u>

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Total Intangibles & Tangibles 1,973,887

HELLER COMPANY TRUST "A" WELL NO. 1
ADDITIONAL INVESTMENT TO ESTABLISH
WOLFCAMP PRODUCTION

(1) Cost to PxA Morrow and recomplete	\$ 22,620
(2) Cost to recomplete to the Wolfcamp	\$ 81,022
	<hr/>
TOTAL	\$103,642

Request that the incremental investment listed above + 200% penalty for items (1) and (2) be added to the non-participating working interest account.

HELLER COMPANY TRUST "A" WELL NO. 1

NON-PARTICIPATING PARTIES SUBJECT
TO FORCE POOLING

<u>PARTY</u>	<u>WORKING INTEREST WOLFCAMP OIL UNIT</u>
(1) James M. Alsup, Trustee for Barnes, Eimers, and Newkumet (Leased Interest)	.116898
(2) J. W. Barnes Estate (Unleased)	.004688
(3) Hanesco Inc. (Unleased)	.03125
(4) Alvin V. Metler (Unleased)	.010416

RPZ/rr/5.65(2)
09/15/86

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
EXHIBIT NO. 8
CASE NO. 8992
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