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NEW MEXICO OIL CONSERVATION COMMISSION

REC'D

30-005-61214

Form O-101
Revised 1-1-65

NOV 09 1981

O. C. D.
ARTESIA, OFFICE

5A. Indicate Type of Lease
STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
5. State Oil & Gas Lease No.
LG-9082

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		8. Farm or Lease Name NM State	
2. Name of Operator Clements Energy, Inc.		9. Well No. 1	
3. Address of Operator P O Box 7924, Midland, Texas 79703		10. Field and Pool, or Wildcat Wildcat	
4. Location of Well UNIT LETTER H LOCATED 660' FEET FROM THE East LINE AND 1980' FEET FROM THE North LINE OF SEC. 32 TWP. 15S RGE. 27E		12. County Chaves	
19. Proposed Depth 9000'		19A. Formation Morrow	
20. Rotary or C.T. Rotary		21. Elevations (Show whether DF, RT, etc.) 3502'	
21A. Kind & Status Plug. Bond Blanket-Active		21B. Drilling Contractor Cactus Drilling	
22. Approx. Date Work will start 11-10-81			

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	48#	400'	400	circ to surf
12 1/4"	8 5/8"	24#	2000'	600	350'
7 7/8"	4 1/2"	10.5 & 11.6#	8150'	600	2000'

Should be noted: By order (R6762A) of NMOCC dated October 20, 1981, that 200% penalty clause was approved by pooling the East half of Section 32.

Spacing 320 acres.

BOP Schedule: 0 - 400' None
400' - 2000' - 3000# WP Double Schafer Hydraulic w/remote controls
2000' - 8150' - 5000# WP Double Schafer Hydraulic w/remote controls

Gas is not dedicated.

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 5-12-82
UNLESS DRILLING UNDERWAY

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Tommy Zachry Title Engineer Date 11-3-81
(This space for State Use)

APPROVED BY Mick Williams TITLE OIL CONSERVATION COMMISSION DATE NOV 12 1981
CONDITIONS OF APPROVAL, IF ANY:

Cement must be circulated to
surface behind 13 3/8" + 8 5/8" casing

Notify N.M.O.C.C. in sufficient
time to witness cementing
the 8 5/8" casing

Posted ID-1
API + NL Book
11-13-81

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form 1-10,
Supersedes C-226
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator Clements Energy Inc.			Lease N.M. State 32			Well No. 1		
Unit Letter H	Section 32	Township 15 South	Range 27 East	County Chaves				
Actual Postage Location of Well: 1980 feet from the North line and 660 feet from the East line								
Ground Level Elev. 3492.2'	Producing Formation Morrow		Pool Wildcat			Dedicated Acreage 320		

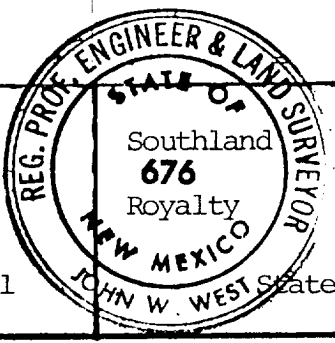
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Forced pooled order #R-6762A

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

		Southland Royalty	
		State 1980	
		Clements Energy Inc	
		O-660'	
		State	
		Clements	
		Federal	



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Tommy Zachry
Name **Tommy Zachry**
Agent

Position
Clements Energy, Inc.

Company
11-3-81

Date

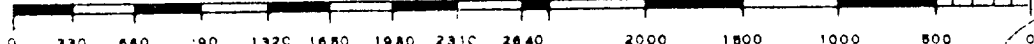
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
Oct. 28, 1981

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **JOHN W. WEST 676**
PATRICK A. ROMERO 6868
Ronald J. Eidson 3239



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7323 DE NOVO
Order No. R-6762-A

APPLICATION OF CLEMENTS ENERGY,
INC. FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

RECEIVED

OCT 22 1981

ORDER OF THE COMMISSION

O. C. D.

ARTESIA, OFFICE

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 16, 1981, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of October, 1981, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Clements Energy, Inc., seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the E/2 of Section 32, Township 15 South, Range 27 East, NMPM, Diamond Mound Field Area, Chaves County, New Mexico.

(3) That the matter came on for hearing at 9 a.m. on August 12, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter and, pursuant to this hearing, Order No. R-6762 was issued on August 26, 1981, which granted Clements' application.

(4) That on September 24, 1981, application for Hearing De Novo was made by Southland Royalty Company and the matter was set for hearing before the Commission.

(5) That the matter came on for hearing de novo on October 16, 1981.

(6) That the evidence adduced at said hearing indicates that Division Order No. R-6762 entered August 26, 1981, should be affirmed, except as follows:

That Finding No. 11 on Page 2 of said Order No. R-6762 and Order No. 9 on Page 4 of said order should be amended to reflect \$3800.00 per month while drilling and \$380.00 per month while producing as reasonable charges for supervision (combined fixed rates).

IT IS THEREFORE ORDERED:

(1) That Division Order No. R-6762, entered August 26, 1981, is hereby affirmed except as follows:

That Finding No. 11 on Page 2 of said Order No. R-6762 and Order No. 9 on Page 4 of said order is amended to reflect \$3800.00 per month while drilling and \$380.00 per month while producing as reasonable charges for supervision (combined fixed rates).

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary. DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
Emery C. Arnold
EMERY C. ARNOLD, Chairman

ALEX J. ARMISTO, Member

JOE D. RAMEY, Member & Secretary

S E A L

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

AUG 31 1981

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

O. C. D.
ARTESIA, N. M.

CASE NO. 7323
Order No. R-6762

APPLICATION OF CLEMENTS ENERGY,
INC. FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of August, 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, Clements Energy, Inc., seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the E/2 of Section 32, Township 15 South, Range 27 East, NMPM, Diamond Mound Field Area, Chaves County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

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

(8) That any non-consenting working interest owner 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 \$3600.00 per month while drilling and \$360.00 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 December 1, 1980, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp and Pennsylvanian formations underlying the E/2 of Section 32, Township 15 South, Range 27 East, NMPM, Diamond Mound Field Area, Chaves 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 first day of December, 1981, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow zone of the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of December, 1981, 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 Clements Energy, Inc. 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.

(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 \$3600.00 per month while drilling and \$360.00 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.

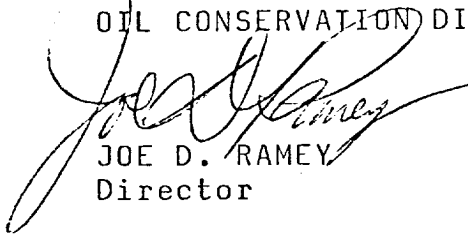
(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

S E A L

fd/

12-23-81 Bill Smith
to PB 1800 attempt Comp.
TD 8544

3554 81-8200

35 Sx 770-7880

35 Sx 65-6600

35 Sx 48-4900

35 Sx 27-2800

35 Sx 18-1900

to get anyone any report —
