

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

30-045-27852

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:

DRILL ☒

RE-ENTER ☐

DEEPEN ☐

PLUG BACK ☐

b. Type of Well:

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. Name of Operator

MESA OPERATING LIMITED PARTNERSHIP

3. Address of Operator

P.O. BOX 2009, AMARILLO, TEXAS 79189

7. Lease Name or Unit Agreement Name

FC STATE COM

8. Well No.

18

9. Pool name or Wildcat

BASIN FRUITLAND COAL

4. Well Location

Unit Letter

B

:

1105'

Feet From The

North

Line and

1720'

Feet From The

East

Line

Section

2

Township

29N

Range

9W

NMPM

San Juan

County

10. Proposed Depth

2450'

11. Formation

Fruitland Coal

12. Rotary or C.T.

Rotary

13. Elevations (Show whether DF, RT, GR, etc.)

5643' GR

14. Kind & Status Plug Bond

Blanket

15. Drilling Contractor

Not Yet Determined

16. Approx. Date Work will start

17. PROPOSED CASING AND CEMENT PROGRAM

E/320.60

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24#	200'	150 sx 'B'/2%CC	Surface
7 7/8"	5 1/2"	17#	2450'	250 Poz/250 'B'	Surface
	2 3/8"	4.7#	2350'		

Propose to spud well with 12 1/4" hole and drill to 200' and set 8 5/8" surface casing. Will cement with 150 sx (yield = 1.18 Ft³, 177 Ft³) of Class "B" and raise cement to surface. Will nipple up 3000 psi BOP assembly and drill 7 7/8" hole to TD of 2450' with fresh water mud system. Will then log well and evaluate for possible commercial production. If successful, will then run 5 1/2" casing to 2450' and cement with 250 sx (yield = 1.8 Ft³/sx, 450 Ft³) Pozmix followed by 250 sx (yield = 1.18 Ft³/sx, 295 Ft³) Class "B" cement. Will move off drilling rig and move in completion unit.

APPROVAL EXPIRES 12-5-90
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

RECEIVED

JUN 4 1990

xc: NMOCD-Aztec (0+5), WF, Reg, Land, Expl., Drilling

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

OIL CON. DIV
DIST. 3

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

SIGNATURE

Carolyn L. McKee

TITLE

Regulatory Analyst

DATE

5/31/90

TYPE OR PRINT NAME

TELEPHONE NO.

(This space for State Use)

APPROVED BY

[Signature]

TITLE

SUPERVISOR DISTRICT ☒ 3

DATE

JUN 05 1990

CONDITIONS OF APPROVAL, IF ANY:

RECEIVED

JUN 4 1950

OUT COM. DIA
DIST. 3

RECEIVED
JUN 4 1950

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Santa Fe, New Mexico 87504-2088

DISTRICT I

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DISTRICT III

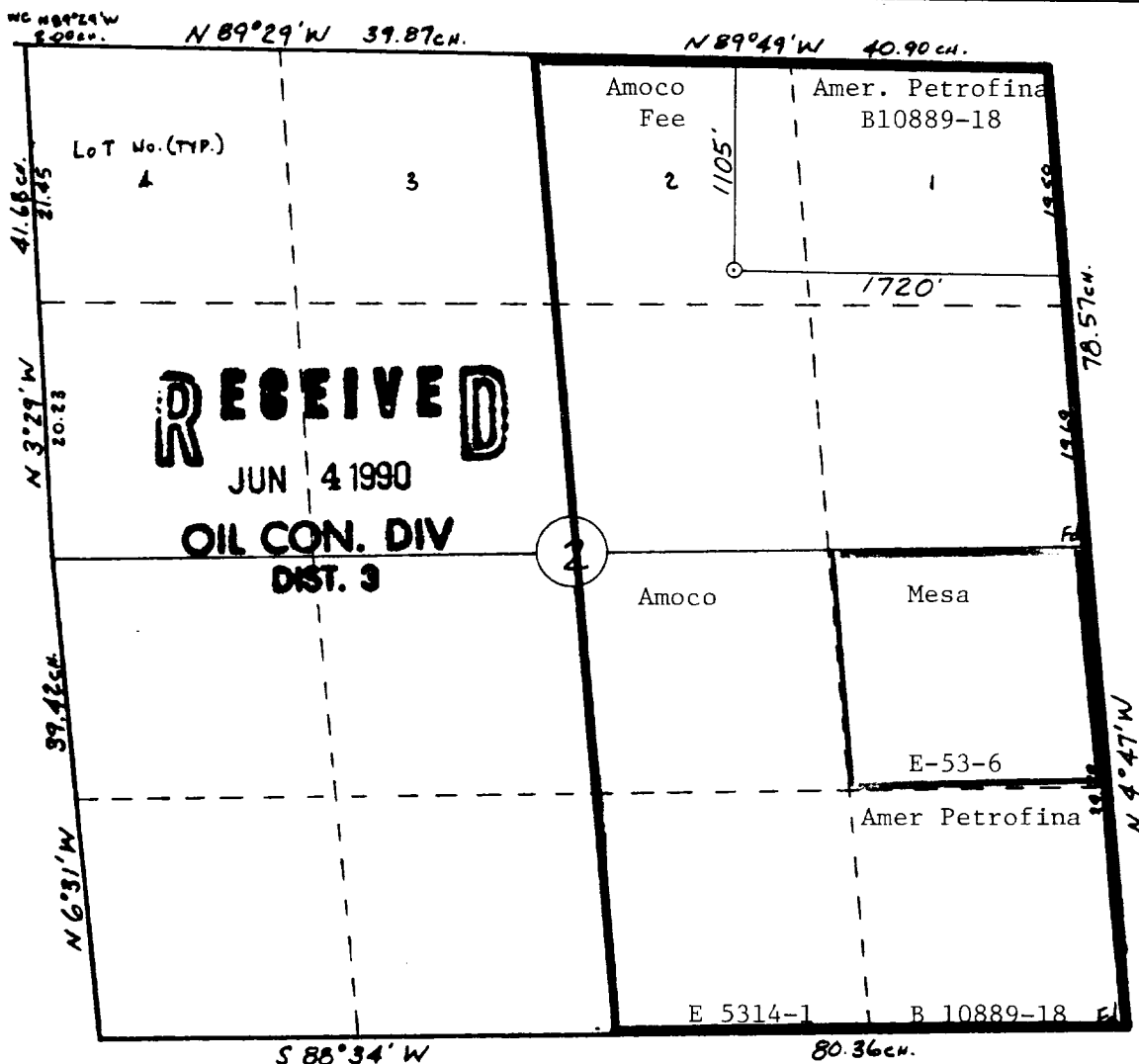
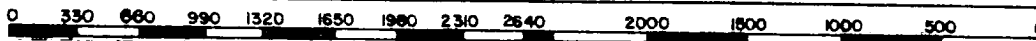
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MESA OPERATING LIMITED PARTNERSHIP			Lease FC STATE COM		Well No. 18
Unit Letter B	Section 2	Township 29 N	Range 9 W	County San Juan	
Actual Footage Location of Well: 1105 feet from the North line and 1720 feet from the East line					
Ground level Elev. 5643	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal		Dedicated Acreage: E/2 320.60 Acres

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 interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☒ Yes ☐ No If answer is "yes" type of consolidation Communitization
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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature <i>Carolyn L. McKee</i>
Printed Name Carolyn L. McKee
Position Regulatory Analyst
Company Mesa Limited Partnership
Date 5/31/90

SURVEYOR CERTIFICATION

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 2-8-90
Surveyor William E. Mahnke II
Signature of Surveyor <i>William E. Mahnke II</i>
Professional Surveyor NEW MEXICO #8466

RESERVE

1914

OR COM. DIV.

6 1216

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

RECEIVED

JUL 2 1990

OIL CON. DIV./
DIST. 3

CASE NO. 9918
ORDER NO. R-9202

APPLICATION OF MESA OPERATING
LIMITED PARTNERSHIP FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 13, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of June, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) At the time of the hearing this case was consolidated with Division Case No. 9919 for the purpose of testimony.
- (3) The applicant, Mesa Operating Limited Partnership, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool, underlying Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 equivalent) of Section 2, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico, forming a standard 320.60-acre gas spacing and proration unit for said pool.
- (4) The applicant has the right to drill and proposes to drill a well at a standard coal gas well location 1105 feet from the North line and 1720 feet from the East line (Unit B) of said Section 2.

FC State Court 118

(5) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(6) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste 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.

(7) The applicant should be designated the operator of the subject well and unit.

(8) 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.

(9) The applicant has proposed a 200 percent risk penalty to be assessed against those interest owners subject to the force-pooling provisions of this order, and in support thereof presented evidence and testimony at the hearing.

(10) Based on precedent established in compulsory pooling cases in the Basin-Fruitland Coal Gas Pool, the proposed 200 percent risk penalty is excessive in this instance and should therefore be reduced to 156 percent.

(11) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of reasonable well costs plus an additional 156 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(13) 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.

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(14) \$3831.00 per month while drilling and \$382.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); 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.

(15) 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.

(16) 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 September 15, 1990, the order pooling said unit should become null and void and of no further effect whatsoever.

(17) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(18) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Basin-Fruitland Coal Gas Pool, underlying Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 equivalent) of Section 2, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320.60-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard coal gas well location 1105 feet from the North line and 1720 feet from the East line (Unit B) of said Section 2.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 15th day of September, 1990, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Basin-Fruitland Coal Gas Pool.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 15th day of September, 1990, Decretory Paragraph No. (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 Decretory Paragraph No. (1) of this order should not be rescinded.

(2) Mesa Operating Limited Partnership is hereby designated the operator of the subject well and unit.

(3) 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) 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 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) 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; 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, 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) 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) 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

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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; and

- (B) As a charge for the risk involved in the drilling of the well, 156 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) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$3831.00 per month while drilling and \$382.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); 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) Any unleased 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) 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) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; 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) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

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(14) The operator of the subject well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(15) 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



WILLIAM J. LEMAY
Director

S E A L