

Case Number.

4199

Application

Transcripts.

Small Exhibits

ETC.



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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 27, 1969

EXAMINER HEARING

IN THE MATTER OF:)

Application of Burleson & Huff for)
compulsory pooling and a non-standard)
gas proration unit, Lea County, New)
Mexico.)

) Case No. 4199
)

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date AUGUST 27, 1969TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
WV Koster	Gulf Oil Corp	Roswell, N.M.
J H Hoover		
M. A. Osborne	Atlantic Richfield Co	
R. F. Thompson	Woodward, Malone, Mann + White	
N. Lee Hargood	Southwest Prod Corp	
Bill Wells	Pen American	Ft. Worth
VICTOR T. LYON	CONTINENTAL OIL Co	HOBBS
R. D. Turner		Santa Fe
James Kelliehan	Kelliehan & Fox	
Paul Carter	Smith, Boudinot & Christy	Roswell
Richard S. Korman	Morgan Stanley & Co	Santa Fe
Miss J. D. Williams	PW Bryan Inc	" "
C. R. KREUZ	MOBIL	MIDLAND
G. J. Mueller	1. Kelliehan Pet. Co	Albuquerque
J. J. [unclear]	[unclear]	Hobbs
[unclear]	[unclear]	[unclear]

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date AUGUST 27, 1969TIME: 9 a.m.

NAME	REPRESENTING	LOCATION
Richard V. Denman	Texas Petroleum Corp.	San Antonio, Tex.
J. E. Sperling	Modale Seyman	alb.
Pat Kelly	Sperling, Roehl & Harris	midland
Ted Griffith	Mobil Oil Corp.	midland
Jack Huff	Mobil Oil Corp.	Midland
Lewis B. Burleson	Burleson & Huff	"
Commissioner	" " "	"
	Mark Oil Co.	"

MR. UTZ: Case 4199.

MR. HATCH: Case 4199. Application of Burleson & Huff for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, New Mexico, appearing for the Applicant, and we have one witness I would like to have sworn.

MR. UTZ: Any other appearances? You may swear the witness.

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1 and 2 were marked for identification.)

JACK HUFF

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Jack Huff.

Q What business are you engaged in, Mr. Huff?

A The oil business.

Q Are you one of the partners in the firm of

Burleson & Huff, Applicant in the Case of 4199?

A Yes, I am.

Q Have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes, I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Kellahin) Mr. Huff, what is proposed by Burleson & Huff in Case 4199?

A We are asking that the Commission authorize the pooling of the southeast quarter of Section 28, Township 25 South, Range 37 East, Lea County, New Mexico, into one proration or spacing unit for our gas well, which we have there.

And that they approve the southeast quarter of Section 28, as a non-standard gas unit.

Q Now, that is in the Jalmat Gas Pool?

A Yes, sir.

Q Is the spacing in the Jalmat Gas Pool 640 acres?

A Yes, sir, it is.

Q Now, referring to what has been marked as Exhibit 1, would you identify that exhibit?

A Well, it's the acreage colored in yellow on the exhibit, and that is the southeast quarter of Section 28, which I just described, and that is our proposed gas unit.

The acreage colored in red and outlined in red, also, designates acreage which is dedicated to Jalmat Gas Wells, each proration or spacing unit for a well or wells in there, being outlined in the heavy red.

Q Now, do Burleson & Huff own the right to drill and develop the southeast quarter of Section 28?

A We have the right to do so, but we don't have all interests yet in the entire southeast quarter.

Q Now, you do own a working interest in the southeast quarter?

A Yes, sir. We have the entire working interests in the south one hundred acres of the southeast quarter and almost all of the lease hold working interests in the north sixty acres of the southeast quarter.

Q Now, on the application that was filed with the Commission, did you list the unleased mineral interests to the best of your knowledge and belief?

A Yes, I did.

Q And attached as Exhibit A to the application?

A Yes, sir.

Q Now, what effort have you made to obtain leases from these individuals?

A Well, we have contacted all of them by letter and some of them several times by telephone. And, as a matter of fact, up to date now, we anticipate that we will have all interests eventually released by virtue of the fact that we have leases circulating with these mineral owners, which have not yet been leased to us, but all of those circulating leases that I am talking about right now, have said "yes, we are coming in," and we do anticipate that we will get them, but, of course, we are not certain until we do.

Q All right.

A Part of the interest under the north sixty acres of the southeast quarter, however, we have never received any reply from them at all, and in some letters, in which we sent them leases, proposing this, were returned marked "address unknown" and "no forwarding address."

I might explain in connection with this, some of these interests are extremely small throughout the entire southeast quarter, which is commonly owned as to mineral

ownership. The unleased portion, again, being only the north sixty acres of the southeast quarter. This small interest, these small interests, rather, that are there were distributees of the old Standard of Oil Company.

When they broke up, you know, they distributed it out, in accordance with their stockholders ownership, and it was splintered up into many many small interests. So, there was quite a list of unleased mineral owners to contact in that north sixty acres of the southeast quarter.

Reightsman Investment Company of Houston was the largest single owner of the one-fourth mineral interests that was at one time owned by the Standard of Kansas, and distributed out to these folks. And we contacted them and got an up-to-date list of the majority of these owners, but still could not contact all of them, although we made quite an effort to do so.

Q Now, you did get a list from Reightsman?

A Yes, sir.

Q So, you have substantially all of the mineral interests leased?

A Leased or --

Q On a percentage basis; isn't that correct?

A Yes, at the present time of leases actually in hand. We have a total leased in the north sixty acres of the southeast quarter of 66.2, plus percent. Leaving a total not yet in of roughly 33.78 percent.

We expect to get in, on the basis of what we have been told, from these leases that have not yet come in, but are circulating, a total, under that lot sixty acres, of 33.75 additional percentage interest, which would then give us, under the north sixty acres, a total lease there of 99.6 percent, roughly speaking. And would leave out, finally, in decimal figures, .0003664.

So, it's kind of infinitesimally small, but this is anticipated. Again, I say, what we have leased right now in that portion of the north sixty acres is 66.2 percent. And on a basis of the entire unitized southeast quarter of that interest, which we would have leased right now, which we do have leased right now, is 83.32, plus percent.

If all leases come in as anticipated, then on a unitized basis, we would have leased almost one hundred percent -- it would be 99.8, plus percent.

Leaving out, finally, then, again if expectations come through, a decimal interest of .0001374. That is, in

the entire southeast quarter on a unitized basis.

Q Now, you are willing to have any of these people join you on a voluntary basis?

A Yes, sir.

Q Either to give you a lease or participate in the drilling of the well?

A That's correct.

Q Now, have you drilled a well on this unit?

A Yes, sir. We have already drilled a well by re-entry.

Q And where is it located?

A The well is located six sixty from the south and east lines of Section 28, and it's called the Burleson Huff No. 2, cook well.

Q Do you have the well costs on that well?

A Yes.

Q Referring to what has been marked as Exhibit No. 2, is that the well costs?

A Yes, it does. The well costs, as applicable to the gas completion -- I might state here that what we first did was we re-entered the well and went down to the Queen Formation, to a total depth of 3279 feet, and completed it first as a Queen Well. And it was a very poor pumping

Queen Well, and we had considerable problems with the casing leak, so we produced it until the end of January, 1969, as a Queen Well -- that's in the Langlie-Mattix Queen Field, incidentally.

Then, we plugged it back to the Yates with a plug back depth of 2950 feet, and perforated, acidized and fracked the Yates Formation, and completed it as a gas well on February 6, 1969.

El Paso Natural Gas Company tested it on that date, and gave it a calculated open flow of 2,099 MCS per day. We have produced it continuously as a gas well since.

Q Now, are these costs, shown on Exhibit 2, the costs you want the Commission to consider in connection with the entry of the forced pooling order?

A Yes, sir. They are.

Q And they are, to the best of your belief, the costs that would be properly attributable to a Jalmat Well?

A Correct.

Q Without regards to your effort to complete the Queen?

A Yes, sir.

Q Mr. Huff, in your application you asked the Commission to force pool all mineral interests, and that would include both unleased mineral leases or any well of their overriding royalties outstanding?

A That's true.

Q Now, you also asked that the Commission designate your firm as operator of the unit; is that correct?

A That's right.

Q And you asked that they make suitable provisions for recovery of costs, including drilling, completion, supervision and operation of the well?

A Yes, sir.

Q Is that correct?

A Yes, sir.

Q And do you ask for any risk factors to be assigned to this well?

A Yes, we do. As a matter of fact -- of course, the well is already completed, but it was a rather risky venture -- even riskier than we thought, but we would ask the Commission to give us a twenty-five percent risk factor in connection with the drilling and completion of the well.

Q Now, in addition, you also asked for provision for the recovery of the costs of operation. What costs of operation do you feel would be reasonable and normally used in this area?

A Do you mean supervision --

Q Yes, sir.

A -- and overhead costs?

Q Yes, sir.

A Well, I would think \$75.00 would be adequate for this purpose.

Q Seventy-five dollars per month?

A Yes, \$75.00 per month.

Q Were Exhibits 1 and 2 prepared by you or someone under your supervision?

A Yes, they were.

MR. KELLAHIN: At this time, I would like to introduce into evidence Exhibits 1 and 2.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record in this case.

Q (By Mr. Kellahin) Do you have anything further to add, Mr. Huff?

A No; I believe that covers everything.

MR. KELLAHIN: That completes the examination of the witness.

CROSS EXAMINATION

BY MR. UTZ:

Q Now, Mr. Huff, this \$75.00; would you expand a little bit on that? What does this, in your opinion, cover?

A Well, this would simply cover the normal expenses that we would have in the office; maintaining the office, allocating a certain portion of that to the well, our own services in connection with operating the well, watching over it in a supervisory capacity.

Q Now, none of this would be chargeable to, say, turning the valves on the well? It would all be overhead supervisory --

A Yes, sir.

Q And your operating cost, then, in addition to this, you would consider that to be going to the well and looking after the well and turning the valves and --

A That's right -- any trips that we made would be in addition to that.

Q And then again --

A And where it was in the capacity of technical

assistance -- Mr. Burleson is a geologist, and I'm not. If I made the trip, it wouldn't be charged, but if he did, in his capacity as a geologist, we would be entitled to charge that to the well.

Q And then, of course, any rework costs or maintenance costs --

A Any out of pocket costs; yes, sir, we could. It would be in addition to whatever supervisory or overhead costs the Commission allowed us.

This would also be included in there -- long distance telephone calls and keeping in contact with somebody to watch out for the well from our standpoint. Such things as that nature.

Q Did you drill this well initially?

A No, it was initially drilled many years ago; Woodley, originally -- no, no -- Woodley originally drilled the well, and then Blunt Drilling Company took it over and it was called the Blunt No. 2 Cook at that time.

And then, he simply walked off and left the well there, and we applied the south one hundred acres of the southeast quarter by farm-out from Union, because title from Blunt reverted back to Pure then, by virtue of Pure's gaining excess of Woodley. And then, Pure, in turn, was,

of course, acquired by Union and so Union got the title and we got the farm-out from Union, and that's how we got hold of it.

And then, we did re-enter the previously drilled old well, the No. 2 Cook -- we renamed it Burleson / Huff No. 2 Cook, and took it down to the Queen and eventually plugged back and made a gas allowable out of it.

Q I see. So, so far as you have been operating it, you have been operating it as a forty-acre tract and a Queen Formation?

A For a while. And now, as a gas allowable, since February.

Q That's the reason for this case today?

A Yes, sir.

Q That you wanted 160 acres instead of forty acres?

A Yes, sir. That's right.

Q So, that this Exhibit No. 2 represents a cost of plugging back from the Queen and making the Jalmat completion?

A Well, in addition, it also includes the cost of the re-entry, insofar as we could allocate it down to the basis of the Yates Formation -- the Jalmat production.

Also, we feel in all fairness we were entitled

to that, too. But no cost attributable to attempts to complete in the Queen Formation. Actually, you mentioned the forty-acre unit. It would be a hundred acre unit that we now have, and they are asking for a hundred and sixty acre, since we now have a gas well.

Q But your Queen is one hundred forty acres --

A Yes -- one forty, yes.

Q Do you have the interest from these --

A Yes, I do.

Q Well, I think it might be well to know that the ones that you took and weren't able to contact --

A No, sir -- let me have that just a second.

Q I'm looking at Exhibit A with your application.

A All right. Good. Let's just start with the top name then -- the upper left, the Elks National Foundation -- they have a one-forty interest.

MR. HATCH: Excuse me. That's one-fortieth in the sixty?

THE WITNESS: Yes. Actually, let me explain, so it will be even clearer then. The mineral ownership is common throughout the entire southeast quarter, also. But, of course, we have a lease on that south one hundred acres. So, we weren't concerned with that. Under our

farm-out from Union, we got that.

But, this other was a separate lease -- this sixty, the north sixty was a separate lease all along, and actually was held by production up until, oh, about May or so, when Phillip quit producing the well and -- so, that's when we started contracting the other owners. But, they were HBP, and so as far as we were concerned, as to the south one hundred acres.

MR. KELLAHIN: May I give an explanation on this, Mr. Examiner?

MR. UTZ: All right.

MR. KELLAHIN: A number of years ago, Phillip's Petroleum Company brought a forced pooling action and that's covered in part of this same property, in which the Standard and Kansas interests were forced pooled. And that is what he is talking about, and saying that Phillips held that. And then, the lease did expire, as to that north sixty lease as expired.

And the forced pooling is of no longer any effect. So, we are doing it over again.

THE WITNESS: This forced pooling was for a deep Devonian gas well in the Cosby Devonian Field, which is sitting right down there right below our wells in the Yates.

MR. UTZ: So, this one-fortieth is off the sixty acres?

THE WITNESS: Yes, sir. As far as we are concerned with it, that is all that it is, because we have to balance off it.

Now, shall I comment on these two as we go through them? Would you like to know if they are coming in each month as they have told us or -- is it material to you?

MR. UTZ: Yes, it might be well --

THE WITNESS: All right, sir. Now, the president of the Elks National Foundation phoned us just recently, and apologized for the delay, and said that he would send us the executed lease. So, we anticipate that that will be in, and we are hoping that it will be in when we get back to Midland.

One that wasn't listed here, but I would like to go ahead and mention it is the Saunders Estate, and the owners of that are Sally Saunders Toles, Sue Saunders Graham and Elyse Saunders Patterson. Who, together, own a one-eighth unleased interest under the north sixty acres.

They are not listed in Exhibit A, because they had told us that it was being circulated for execution and assured that we would receive it before very long. We still

haven't gotten the lease, but Mr. Penrod Toles, who primarily manages that Saunders Estate, did tell us that these leases were coming in. So, we have what we think is reasonable assurance that we will get them. So, we just told them "well, good, we won't list it then." That is, as being an unleased interest.

The Boys Club of America lease has come in and is in Midland now. We just found it out yesterday by phoning our office. They did have a one-fortieth interest, too.

The J. M. Richard, Jr., and Monroe Longyear Lyeth, together, as joint tenants, own a three-sixteenths mineral interest. Their lawyer's in Oklahoma City, Oklahoma, who represent them, have written us a letter saying that they have recommended that they execute the lease, and it should be back in our hands before too long. We haven't received it yet, but there again, we do have that assurance that the lease is coming in.

Onez Norman Rooney has executed a lease. Lionel L. Shatford -- we have the address shown on there as Nova Scotia. We were unable to locate him. His interest is five over forty-two thousand nine hundred seventy-two of

one-fourth. That's that one-fourth interest that is previously owned by Standard of Kansas Oil Company.

MR. UTZ: Forty-two thousand what?

THE WITNESS: Nine hundred seventy-two of one-fourth -- which calculates out in decimals to be .000028.

MR. UTZ: That's four zeroes?

THE WITNESS: Yes, sir. We simply could not locate him and could not find anyone who could.

MR. UTZ: I doubt if he would go broke on that anyway.

THE WITNESS: No, I don't think this is real material to him.

The next is -- the next four names, Mrs. Frank P. Sullivan, Mrs. B. B. Wehling, Mrs. Jean C. Gallion, and Mr. James W. Sullivan, together, own an interest of twenty-seven over forty-two thousand nine hundred seventy-two of one-fourth, unleased interest in minerals, which, in terms of decimals, is .0001568. There again, we never did receive any reply from any of these people.

The next one, Cora Holmen --

Q (By Mr. Kellahin) I think you missed the Joneses.

A Oh, I'm sorry -- they have come in and leased

to us. Do you want their interest still?

Q No.

A But we have their lease now.

Cora Holmen, her mineral interest is eleven over forty-two thousand nine hundred seventy-two of one-fourth. In decimals, .0000640.

The next two have leased --

MR. HATCH: I'm sorry. On Holmen, have you --
what --

THE WITNESS: Yes -- we contacted Reightsman with respect to her again, and they had no new address and it was returned marked "no forwarding address, address unknown."

All right. The next two have leased; that's Joseph Wesley Gallaher and Charles T. Gallaher. Adam Arnold has a mineral ownership of ten over forty-two thousand nine hundred twenty-two out of one-fourth. In decimals, that's .0000584. We have never managed to locate him and, in recent years, neither has anyone else.

His, again, is the same situation; the letter to him was returned marked "no forwarding address, address unknown."

Norma Meta Sanders has the same interest as Adam Arnold.

The next two, Abelow Family, trust number 3608, and W. B. Trammell have leased.

MR. UTZ: How about Sanders?

THE WITNESS: I gave her interest as being the same as Adam Arnold's, but there was simply no answer to our letters.

MR. HATCH: The interest was the same?

THE WITNESS: The interest was the same as Adam Arnold.

And then, Union Oil of California has an overriding royalty, one-eighth of eight-eighths, under the south one hundred acres, and, of course, we want that communitized with the entire southeast quarter.

Q (By Mr. Utz) That's one-eighth of eight-eighths?

A In the south one hundred acres of the southeast quarter.

Q They have no interest in the north sixty acres?

A No, sir. But we do ask that the Commission's order, if granted, will include communitization of their overriding royalty in the entire southeast quarter.

Q All right. Now, referring to your Exhibit No. 2, I think maybe we had better have some explanations of some of these costs --

A All right, sir.

Q For example, the first one, damages, is this the surface owner?

A Yes, sir.

Q Do you pay the surface owners damages for re-works?

A Well, you see there was no road there, and we had to build a road in there. This thing has been gone so long or unproduced so long that the road was all overgrown, and we built a road and put down a new pad, and put in a place for trucks to turn around. So, we did use quite a bit more surface than had been used previously.

And, actually, the road didn't even follow the old road bed -- we put it in a different way, but the old road wasn't any good anyway -- it was all overgrown.

Q And the second one, the location of roads --

A That's the same; yes, sir.

MR. HATCH: Excuse me. Was that the entire costs or how was this amount calculated to this completion?

THE WITNESS: Well, we in the preparing of this,

it was our opinion that we were entitled to recover all costs of re-entering and cleaning out and completing, with the exception of that portion of the costs attributable to the attempt to complete and the actual completion in the Queen Formation.

So that any damages, any problems that we had in getting to bottom, prior to getting to the Queen Formation -- things of that nature, we did allocate to the gas well.

MR. HATCH: That's what I am asking here --

THE WITNESS: Yes -- this is the entire --

MR. HATCH: The two hundred acres --

THE WITNESS: The entire amount.

MR. HATCH: The entire surface?

THE WITNESS: Yes, that's the entire surface -- this is the entire road damages, yes -- (indicating).

MR. HATCH: Would it have been before this last completion? You had your surface --

THE WITNESS: Well, of course, we paid those before we even started to re-enter. Is that what you mean?

MR. HATCH: No --

MR. UTZ: Did you use this road to -- I believe

you are working on a Queen Formation?

THE WITNESS: Oh, yes. We used the road and are still currently using the road.

Q (By Mr. Utz) Then you charged the entire cost of the road --

A For the Yates, also.

Q -- for the entire work-over in the well?

A That's right.

MR. UTZ: Do you have anything further?

MR. HATCH: That's all.

Q (By Mr. Utz) And the tubing. Oh, that was just explained. Was that old tubing?

A That's old tubing and that's the tubing that we are actually using for the gas production.

Q Is there tubing in the well --

A Yes.

Q -- before?

A No. Well, we had some old tubing in there, but we had to buy some other.

Q This was new tubing?

A Well, it was secondhand tubing, but new for this well; yes, sir.

Q Test tubing; is that something different than

the --

A No, that's -- that's testing this tubing that we bought.

Q I see. The gas analysis -- I would say that would be self-explanatory --

A Yes, sir -- that's the analysis of the Yates gas.

Q And the cement squeeze; that would be the squeezing of your Queen Formations --

A No, that was a leak that we had in the casing trying to get to the bottom, and we allocated all of it to the gas well for this purpose.

Feeling this way about it, it had to be done in order to get either a gas or a Queen well, and this was a matter of getting down into the bottom of either the Yates or the Queen. So, we felt entitled to take it as a cost of the Yates completion.

In fact, it was that leak in the casing that ran the cost up quite a bit.

Q And the valves; was that the well head valves?

A Yes, sir.

Q And the pulling units would be for pulling tubing, I presume?

A That's right, and in connection with our -- for the plug back -- the plug back, the frack job and drilling out the hole after the squeeze.

Q And the swabbing would be on the gas?

A That's on the gas, yes, sir.

Q And the next pulling unit --

A We used him just for a little while and then dismissed him after starting to drill out on the cement job, but it is allocable to the gas completion.

Q And the water for loading the hole --

A Same thing; that's applicable to the gas again. And the sand pumping and the ABC Tool Rental; that was in the renting out.

Mr. Burleson is a lot more familiar with these costs than I am. Would you prefer to swear him in and have him go over it with you?

Q However you want to do it. We would be happy to swear him in.

A Why don't we do that then, because he was really out there on it and I wasn't. So, he is more familiar with it.

MR. UTZ: Why don't we just dismiss you, and let me ask if there are any further questions? The

witness may be dismissed.

(Witness excused.)

(Witness sworn.)

LEWIS BURLESON

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Lewis Burleson.

Q Are you a partner in Burleson & Huff, Applicants in this case?

A Yes, I am.

Q Mr. Burleson, have you testified before the Oil Conservation Commission before and given your qualifications as a geologist?

A Yes, I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Kellahin) Mr. Burleson, referring to what has been marked as Applicant's Exhibit No. 2, would you explain how these well costs were allocated as to the

Jalmat completion?

A We took all of the -- the getting down to cleaning out the well, re-entering and pulling the tubing that had been pulled, I think in about fifteen years, and then, laying that aside and buying more tubing, we could get back in there in testing our pipe -- we had a hole in the pipe at a thousand feet.

We had to squeeze that hole and redrill the hole out. And then, when we got down to the Yates Formation, any expenses that we had incurred after that, including rods and pumping units, pumper, overhead were allocated to the Cook No. 2 -- the Mattix Queen Well -- to the Cook No. 2, which is the Langlie-Mattix Queen Well, which produced for only two months.

And then, when they plugged back, the cost of plugging back, putting a permanent plug in the seven-inch -- I mean five and a half inch pipe -- perforating the well, acidizing, testing it, and then, we went back and fracked the well, because after acid, we did not have a commercial gas well. And then, fixing the well so that El Paso could tie into that gas well.

Those costs were all tied into the amounts shown here, because the people that -- on this forced

pooling would come in and enjoy the benefits of that old one the way it is now. In other words, our cost in this whole venture will be something like twenty-four or twenty-five thousand dollars. But the cost attributable only to the Yates Well is approximately twenty thousand.

I will be able to -- I can go over each one of these, and we have the invoices here. At the present time, at this well site, there is a separator and a battery; one 500 barrel tank that we left -- that we left there, which is jet construction, so that if this gas well ever makes some water, then we will have a place to put that water.

In this area, many of the wells do make water and we have connections, so that if this happens, and this is a 500 pound test separator, that El Paso can tie on the back of the separator and take the gas. So that the jet construction, this well and battery work was tying that battery in, so that we could sell gas when the well started making water.

The next one was dirt work, which was to build a pit to flow the well back -- it flowed water in the acid water, after our frack, because we did not -- we did not treat the Queen; we just put it on a pump, and we didn't need a pit, and pumped it into the tanks.

Union Supply, we had to get a new well head and rubber for the tubing head, which is out there now. ABC Rental, frack tank for a frack job on the Yates Formation.

Dowell acid job, \$854.00, was to acidize and breakdown the Yates Formation.

Eunice Well Service -- this is the pulling unit time that took to -- in January, when we completed the well in the Yates. This is when -- it took approximately three days to do that job.

X-L Water Company was water to load the hole on our frack job.

Cen-Tex Supply, and I -- we put this "miscellaneous" so, I'm not -- but this was some item that either -- well, I'm not sure what it was.

Stubble, McRae, Celon and Lofton, a law firm for the title opinion on the title of the south, for our title opinions for the gas well -- the division order.

MR. UTZ: Is there any acreage other than the forty?

MR. HUFF: It covered the entire south one hundred acres of the southeast quarter.

THE WITNESS: Yes, it did. Cen-Tex Supply -- I can't tell you exactly -- I can look it up -- I can't tell you what that \$91.00 is for.

Most of these that we are on right now, in fact, all of them are after February of this year. And the cost are the ones that we had in -- in recompleting this well. The abstract is the abstract covering the south one hundred acres, Jet Construction, \$66.00 -- this is to pull the line so El Paso could tie into it on the back side of our separator.

Perfor-Jet Service is perforating the Yates Formation.

Halliburton was to frac the well, ten thousand gallons, fifteen thousand pounds of sand.

Union Supply, this was some other pack-off valves on the well head --

Lea County was recording fees of the --

MR. HUFF: The assignment.

THE WITNESS: Yes, assignment, from Union to California.

Bill Cravey -- this is the production man in Artesia, who helped me on the -- on the well work.

Union Supply, and this was miscellaneous fittings going into the separator and tying this battery into the separator, if we make water -- and -- from the Yates.

The next was Dowell and some acid.

West Engineering did a test for us originally to see where the fluid level was standing in that well. When we opened it up after all those years, we had water in there, and we were trying to find out, when we first went in there, we were trying to find out what kind of -- we had an idea we had a hole on the back side, because it was low upon the annulus.

MR. HATCH: This particular well was done before the Queen?

THE WITNESS: Yes, it was. And then, my supervision, for twelve days, including the original drill out -- the original building of the road, and then five days, which took us to recomplete the Yates, at a hundred and twenty-five dollars a day. And I charged my car out at eight cents a mile, and then my actual food expenses -- which are those two items.

Because I supervised the majority of this well work. I mean this re-work -- the frac job and everything

else that was performed on the well.

MR. UTZ: I think the only thing we missed was this sand pumping up here on the drill out --

THE WITNESS: Okay. We squeezed the -- see, up there on the Halliburton, fifteen hundred dollars, we squeezed this hole at a thousand feet, with two hundred and fifty sacks of cement. So, we had to go back down and drill that plug that was in the hole.

And the Maypole Sales, this was a sand pump, and this was cleaning out the hole after we got rid of that drill out, to see if we couldn't save some money instead of putting a reverse circulation on there, and it didn't work. So, we had to get ABC Tool Rental out there to do it.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused).

MR. UTZ: Statements in this case? The case will be taken under advisement.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
JACK HUFF	
Direct Examination by Mr. Kellahin	2
Cross Examination by Mr. Utz	12
LEWIS BURLESON	
Direct Examination by Mr. Kellahin	27

E X H I B I T S

Applicant's Exhibits 1 and 2	2
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[illegible]

I, CA FENLEY, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

Alan Finkel

Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings at
the Executive hearing of Case No. 4199
heard by me on Aug 27 1969
Franklin D. Roosevelt
New Mexico Oil Conservation Commission

LEWIS B. BURLESON

JACK HUFF

BURLESON & HUFF
OIL PROPERTIES
BOX 935 - PHONE MU 3-4747
MIDLAND, TEXAS 79701

November 17, 1969

Mr. George M. Hatch
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

*gm
file - Core 4199*

Re: Order No. R-3840

Dear Mr. Hatch:

Enclosed are two copies of a letter addressed by us to the Commission as recommended in your letter of November 12th. If the letter is not satisfactory in all respects please let us know.

Yours very truly,

BURLESON & HUFF

Jack Huff
Jack Huff

JH/sw

Enc:

LEWIS B. BURLESON

JACK HUFF

BURLESON & HUFF

OIL PROPERTIES

BOX 935 - PHONE MU 3-4747

MIDLAND, TEXAS 79701

November 17, 1969

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 4199
Order No. R-3840
Application of Burleson
& Huff for Compulsory Pooling
and Non-Standard Gas Proration
Unit

Gentlemen:

Reference is made to the above captioned case and Commission order. The order requires that we furnish the Commission and each known Working Interest Owner in the unit an itemized schedule of actual well costs attributable to the recompletion of our No. 2 Cook Well in the Jalmat zone. Such a list has been submitted to you by us. We believe the question of costs has now become academic since we have acquired leases from all of the mineral owners under the SE/4 of Section 28, T-25-S, R-37-E, Lea County, New Mexico and in so far as we are concerned the list of costs is of no further consequence to us and we suggest that unless you desire to rule on this matter that no further action by the Commission with regard to it need be taken.

Yours very truly,

BURLESON & HUFF


Jack Huff

JH/sw

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 12, 1969

Mr. Jack Huff
Burleson & Huff
P. O. Box 935
Midland, Texas 79701

Re: Submission of itemized
schedule of actual well
costs required by Order
No. R-3840

Dear Mr. Huff:

As you have stated in your letter of November 7, 1969, that Burleson & Huff have secured leases from all parties owning an interest in the tract of land pooled by Order No. R-3840, I believe it will be satisfactory if you will send a letter to the Commission, as you have suggested, stating that leases have been acquired from all parties and that the entire list of costs is of no consequence.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr

C
O
P
Y

LEWIS B. BURLESON

JACK HUFF

BURLESON & HUFF

OIL PROPERTIES

BOX 935 - PHONE MU 3-4747

MIDLAND, TEXAS 79701

November 7, 1969

Mr. George M. Hatch
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Hatch:

Lewis Burleson advised me that you had some concern about the Schedule of Well Costs which we sent to the Commission in connection with Case No. 4199, Order No. R-3840, our Application for Compulsory Pooling and Non-Standard Gas Proration Unit for our Cook Lease covering the SE/4 of Section 28, T-25-S, R-37-E, Lea County, New Mexico. Since we now have leases from all parties under this tract, the well costs do not present a problem to us whatsoever. We will be happy to send you a new list of costs deleting therefrom the abstract and recording costs as well as any other costs which you might desire withdrawn. In the alternative we could send the Commission a letter setting forth that well costs are no longer necessary to the case since all parties have executed a lease to us and recommend that the entire list of costs be withdrawn and that the Commission not pass on the question at all in this matter.

We will be happy to cooperate in any way you suggest and will await your reply.

Yours very truly,

BURLESON & HUFF


Jack Huff

JH/sw

LEWIS E. BURLESON

JACK HUFF

BURLESON & HUFF

OIL PROPERTIES

BOX 935 • PHONE MU 3-4747

MIDLAND, TEXAS 79701

October 16, 1969

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Re: Case No. 4199
Order No. R-3840

Gentlemen:

In compliance with the Commission's order above shown, we submit herewith an itemized schedule of well costs attributable to the re-completion in the Jalmat zone of our No. 2 Cook well situated in the SE/4 of SE/4 of Section 28, T-25-S, R-37-E, N. M. P. M., Lea County, New Mexico. All other known working interest owners have been submitted an identical schedule of costs.

Yours very truly,

BURLESON & HUFF


Jack Huff

JH/sw

Enc:

Schedule of Actual Well Costs Attributable to Re-
Completion of the Burleson & Huff No. 2 Cook Well
in the Jalmat Zone, Said Well being Situated in
Unit P, 660 Feet from the South and East Lines of
Section 28, T-25-S, R-37-E, N. M. P. M., Lea County,
New Mexico

<u>PAYEE</u>	<u>FOR</u>	<u>AMOUNT</u>
Clyde Cooper	Damages	\$ 200.00
Merryman Construction Company	Location & Roads	1649.60
Dave Collier Supply Co.	Tubing	920.17
Hydro-Test of Permian Basin	Test Tubing	198.89
Petroleum Analytical Laboratory Service, Inc.	Gas Analysis	33.00
Halliburton Co.	Cement & Squeeze	1541.59
Cen-Tex Inc.	Valves	31.57
Eunice Well Servicing Co.	Pulling Unit	2798.51
Basin Well Servicing Inc.	Pulling Unit	1586.20
Gene's Well Service	Swabbing	170.47
Clark's Oil Well Servicing Inc.	Pulling Unit	366.89
X.L. Transportation Co.	Water	171.50
Maypole Packer Sales & Rental Inc.	Sand Pump	108.51
ABC Rental Tool Co.	Drill Out	1180.69
Republic Supply Co.	Gauge	30.90
Jet Construction Co.	Well & Battery Work	132.81
Merryman Construction Co.	Dirt Work	99.66
Union Supply Co., Inc.	Well Head	120.43
ABC Rental Tool Co.	Frac Tank	103.00
Dowell	Acidize Yates	854.13
Eunice Well Servicing Co.	Pulling Unit	1230.78
X.L. Transportation Co.	Water	187.97
Cen-Tex Inc.	Misc.	38.59
Stubbeman, McRae, Sealy & Laughlin	Title Opinion	200.00
Cen-Tex Inc.	Equip.	91.90
Lovington Abstract Co.	Abstract	79.31
Jet Construction Co.	Separator Work	66.95
Perforjet Service	Perforate	887.45
Halliburton	Frac. Well	2043.73
Union Supply Co., Inc.	Well Head	38.59
Lea County Clerk	Recording Fees	3.75
Bill Cravey	Supervision	250.00
Union Supply Co., Inc.	Miscellaneous Supplies	360.00
Dowell	Acid	166.09
West Engineering Co.	Sonolog Test	66.60
Union Supply Co., Inc.	Miscellaneous Supplies	309.00
Lewis B. Burleson	Supervision	1500.00
Lewis B. Burleson	Expenses, car, food & Lodging	255.00

\$20074.23



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87801

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIGO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

September 17, 1969

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

Re: Case No. 4199
Order No. R-3840
Applicant:
Burleson & Huff

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC

Other To individuals and companies listed on Exhibit A of
the application

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4199
Order No. R-3840

APPLICATION OF BURLESON & HUFF
FOR COMPULSORY POOLING AND A NON-
STANDARD GAS PRORATION UNIT, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 17th day of September, 1969, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Burleson & Huff, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the SE/4 of Section 28, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to form a non-standard gas proration unit to be dedicated to the Burleson & Huff Cook Well No. 2, a recom-pleted well, located 660 feet from the South line and 660 feet from the East line of said Section 28.

(3) That the applicant has the right to drill and has recom-pleted its Cook Well No. 2 located 660 feet from the South line and 660 feet from the East line of said Section 28 in the Jalmat Gas Pool.

(4) That there are interest owners in the proposed non-standard 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 non-standard 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 actual well costs attributable to the recompletion of the subject well in the Jalmat zone, but excluding any costs attributable to the attempted recompletion in the Queen formation and costs of lease acquisition, to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of said actual well costs should have withheld from production his share of the reasonable well costs plus an additional 25% thereof as a reasonable charge for the risk involved in the recompletion of the well.

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

(10) That \$75.00 per month should be fixed as a reasonable charge for supervision for the subject well; that the operator should be authorized to withhold from production the proportionate share of such supervision charge 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 the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(11) 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.

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CASE No. 4199

Order No. R-3840

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Gas Pool underlying the SE/4 of Section 28, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 160-acre non-standard gas proration unit to be dedicated to the Burleson & Huff Cook Well No. 2, a recompleted well, located 660 feet from the South line and 660 feet from the East line of said Section 28.

(2) That Burleson & Huff is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs attributable to the recompletion of the subject well in the Jalmat zone, but excluding costs attributable to the attempted recompletion in the Queen formation and costs of lease acquisition, within 30 days following the date of this order; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 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 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(4) That within 60 days from the date the schedule of said actual well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of said actual 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 said actual well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) 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 said actual well costs within 60 days from the date the schedule of actual well costs is furnished to him.

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CASE No. 4199
Order No. R-3840

(B) As a charge for the risk involved in the recompletion of the well, 25% of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of actual well costs within 60 days from the date the schedule of actual well costs is furnished to him.

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

(7) That \$75.00 per month is hereby fixed as a reasonable charge for supervision for the subject well; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge 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 the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(8) 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.

(9) 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.

(10) That all proceeds from production from the subject well which are not disbursed for any reason shall 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 Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

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CASE No. 4199
Order No. R-3840

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



David F. Cargo
DAVID F. CARGO, Chairman

Alex J. Armijo
ALEX J. ARMIGO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

csr/

Case #4199
Heard 8-27-69
Rec. 9-8-69

Grant Burleson & Huff
request for compulsory
pooling of the SW/4 of sec.
28-25S-37E. for J. Almat
Gas pool production.
Grant \$1500.00 for
supervision & overhead.

The pooled interest will
only be .0001374 of the 160
or .003664 of the 160 acres
the 160. Some of the can-
not be located.
These usual order forms.
Trust. W. J.

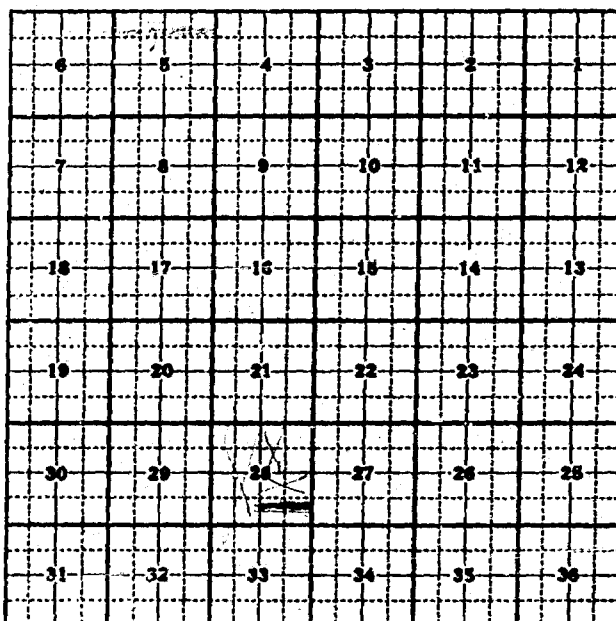
Name

Address

Ph.

Remarks:

25-37



T R State
or County

CASE 4194 - Continued from Page 1 -

seeks authority to inject gas through two additional wells located in Unit L of Section 34, Township 17 South, Range 35 East and Unit B of Section 4, Township 18 South, Range 35 East and to expand said project area to include the SE/4 NE/4 of Section 33 and the NW/4, N/2 SE/4, and SW/4 SE/4 of Section 34 Township 17 South, Range 35 East. Applicant further seeks authority to dually complete all gas injection wells in the project in such a manner as to permit the production of oil from the lower section of the Abo Reef through tubing and the injection of gas into the upper section of the Abo Reef through the casing-tubing annulus.

CASE 4195: Application of Continental Oil Company for eight non-standard gas proration units and a non-standard gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of acreage to establish the eight following non-standard gas proration units in Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico:

A 120-acre non-standard unit comprising the SE/4 NE/4 and E/2 SE/4 of Section 14, to be dedicated to the "SEMU" Well No. 46, located in Unit D of said Section 14;

A 240-acre non-standard unit comprising the NE/4 and E/2 SE/4 of Section 26, to be dedicated to the "SEMU" Well No. 64, located in Unit G of said Section 26;

A 560-acre non-standard unit comprising the W/2 and W/2 SE/4 of Section 26 and the E/2 E/2 of Section 27, to be dedicated to the "SEMU" Well No. 65, located in Unit L of said Section 26;

A 640-acre non-standard unit comprising the W/2 and the W/2 E/2 of Section 14 and E/2 E/2 of Section 15, to be dedicated to the "SEMU" Well No. 66, located in Unit L of said Section 14;

DOCKET No. 24-69

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 27, 1969

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4191: Application of Gulf Oil Corporation for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4408 feet to 4415 feet in its Roosevelt "AN" State Well No. 3 located in the NW/4 SE/4 of Section 32, Township 7 South, Range 36 East, adjacent to the Todd-Lower San Andres Pool, Roosevelt County, New Mexico.

CASE 4192: Application of Southwest Production Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Buffalo Valley "Com" Well No. 2 at an unorthodox location 1650 feet from the North line and 990 feet from the East line of Section 35, Township 14 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, in exception to the provisions of Rule 2 of the special rules for said pool.

CASE 4193: Application of Humble Oil & Refining Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Bowers "A" Federal Com 33 Well No. 33 located in Unit D of Section 29, Township 18 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Hobbs (Grayburg-San Andres) Pool and the Hobbs-Blinbry Pool through parallel strings of tubing.

CASE 4194: Application of Phillips Petroleum Company for an amendment of Order No. R-3181 and dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3181, which order established special rules regulating the operation of the Phillips Petroleum Company Vacuum Abo Pressure Maintenance Project, Vacuum-Abo Reef Pool, Lea County, New Mexico. Applicant.

CASE 4197 - Continued from Page 3 -

Applicant now seeks authority to locate said well at an unorthodox location 1980 feet from the North line and 1450 feet from the West line of said Section 35 in the Forest (San Andres) Pool.

CASE 4198: Application of Continental Oil Company for amendment of Order No. R-3487, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3487 which authorized the applicant to utilize its Eaves "A" Well No. 10, located in Unit P of Section 19, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, to dispose of salt water into the Seven Rivers formation in the interval from 3208 feet to 3255 feet. Applicant now seeks authority to inject produced salt water into the Yates and Seven Rivers formations in the perforated and open-hole interval from approximately 3107 feet to 3410 feet in said well and the reclassification of said salt water disposal well to a pressure maintenance injection well.

CASE 4199: Application of Burleson & Huff for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the SE/4 of Section 28, Township 25 South, Range 37 East, Lea County, New Mexico. Said 160-acre non-standard gas proration unit to be dedicated to the Burleson & Huff "Cook" Well No. 2, a recompleted well, located 660 feet from the South and East lines of said Section 28. Also to be considered will be the costs of drilling and/or recompleting said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4200: Application of Burleson & Huff for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NE/4 of Section 29, Township 25 South, Range 37 East, Lea County, New Mexico. Said 160-acre non-standard gas proration unit to be dedicated to a well,

CASE 4195 - Continued from Page 2 -

A 320-acre non-standard unit comprising the SE/4, S/2 NE/4, and E/2 SW/4 of Section 24, to be dedicated to the "SEMU" Well No. 67, located in Unit K of said Section 24;

A 640-acre non-standard unit comprising the E/2 and E/2 W/2 of Section 23 and W/2 W/2 of Section 24, to be dedicated to the "SEMU" Well No. 58, located in Unit J of said Section 23;

An 80-acre non-standard unit comprising the E/2 NW/4 of Section 24, to be dedicated to the "SEMU" Well No. 69, located in Unit F of said Section 24;

A 320-acre non-standard unit comprising the E/2 E/2 of Section 22 and the W/2 W/2 of Section 23, to be dedicated to the "SEMU" Well No. 90, to be completed at a non-standard location 660 feet from the South and East lines of said Section 22.

CASE 4196: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of three existing non-standard gas proration units into one 360-acre non-standard unit comprising the W/2 and the NW/4 NE/4 of Section 18, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Stevens "B" Wells Nos. 15 and 16, located in Units F and K, respectively, of said Section 18. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 4197: Application of Continental Oil Company for an amendment to Order No. R-37, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3756 which authorized, among other things, the drilling of a water injection well in the Forest Donahue Waterflood Project area at a location 1980 feet from the North line and 1550 feet from the West line of Section 35, Township 16 South, Range 29 East, Eddy County, New Mexico

CASE 4204 - Continued from Page 5 -

and unorthodox locations in Sections 3 and 4, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection wells at orthodox and unorthodox locations may be approved for said project administratively.

CASE 4205: Application of Tesoro Petroleum Corporation for four unorthodox injection well locations and amendment of Order No. R-2807, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Hospah Upper Sand Oil Pool in its Hospah Unit Waterflood Project Area through four additional injection wells at unorthodox locations in Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico, said wells to be located as follows:

Well No. 62 located 1900 feet from the South line and 1140 feet from the West line;

Well No. 63 located 1980 feet from the North line and 2310 feet from the West line;

A well to be drilled 1430 feet from the South line and 2625 feet from the East line;

A well to be drilled 30 feet from the South line and 2350 feet from the East line.

Applicant further seeks the amendment of Order No. R-2807, which order authorized the aforesaid waterflood project, to establish a procedure whereby additional injection wells at unorthodox locations, as may be necessary to complete an efficient injection pattern, may be approved administratively.

CASE 4206: Application of Shell Oil Company for an unorthodox oil well location and amendment to Order No. R-2538, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 1315 feet from the North line and 2625 feet from the West line of Section 34, Township 19

CASE 4200 -- Continued from Page 4 --

to be recompleted, located 660 feet from the East line and 1930 feet from the North line of said Section 29. Also to be considered will be the costs of drilling and/or recompleting said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4201: Application of Mobil Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Langlie Mattix Queen Unit Area comprising 1120 acres, more or less, of federal and fee lands in Sections 10, 11, 14, 15, 22, and 23, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 4202: Application of Mobil Oil Corporation for a waterflood project and unorthodox injection well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Langlie-Mattix Queen Unit Area by the injection of water into the Queen sand through 17 wells at orthodox and unorthodox locations in Sections 10, 11, 14, 15, 22, and 23, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection wells at orthodox and unorthodox locations may be approved for said project administratively.

CASE 4203: Application of Mobil Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Humphrey Queen Unit Area comprising 761 acres, more or less, of federal and fee lands in Sections 3 and 4, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 4204: Application of Mobil Oil Corporation for a waterflood project and unorthodox injection well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Humphrey Queen Unit Area by the injection of water into the Queen sand through 11 wells at orthodox

CASE 4208 - Continued from Page 7 -

several waterflood projects by the injection of water into the Seven Rivers formation through his Mary Lou Well No. 1 located in Unit H of Section 29 and his Caroline Well No. 4 located in Unit E of Section 28, both in Township 19 South, Range 28 East, East Millman-Seven Rivers Pool, Eddy County, New Mexico.

CASE 4209: Application of Harvey E. Yates Company of Artesia for several pressure maintenance projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute several pressure maintenance projects by the injection of water into the Seven Rivers and Queen formations, McMillan (Seven Rivers-Queen) Pool, Eddy County, New Mexico, through the following-described wells in Township 20 South, Range 27 East:

Page & Yates Well No. 8 - Unit M - Section 5
Page & Yates Well No. 6 - Unit I - Section 6
Page & Yates Well No. 7 - Unit J - Section 6
Lillie Yates Well No. 2 - Unit B - Section 7

CASE 4206 - Continued from Page 6 -

South, Range 35 East, as an infill well in its East Pearl-Queen Unit Waterflood Project area, East Pearl-Queen Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2538, which order authorized the aforesaid waterflood project, to establish a procedure whereby additional producing wells at unorthodox infill locations in the aforesaid project area, as may be necessary to complete an efficient producing pattern, may be approved administratively.

CASE 4207: Application of C. W. Trainer and DEL-LEA, Inc., for an unorthodox gas well location, Lea County, New Mexico. Applicants, in the above-styled cause, seek an exception to Rule 104 C II to permit the drilling of a well at an unorthodox gas well location 330 feet from the North line and 660 feet from the West line of Section 35, Township 12 South, Range 34 East, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico. The N/2 of said Section 35 to be dedicated to the well.

CASE 4186: (Readvertised)

Application of Tenneco Oil Company for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota Gas Pool underlying the North half of Section 11, Township 29 North, Range 13 West, San Juan County, New Mexico. Said acreage to be dedicated to a well to be drilled at an unorthodox gas well location 2250 feet from the North line and 600 feet from the East line of said Section 11. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. In the absence of a valid objection an order will be issued upon the record entered in the subject case August 6, 1969.

CASE 4208: Application of John A. Yates of Artesia for several waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute

COSTS ON COOK NO. 2 ATTRIBUTABLE TO THE GAS WELL

<u>PAYEE</u>	<u>FOR</u>	<u>AMOUNT</u>
Cooper	Damages <i>measured</i>	\$ 200.00 -
Merryman Cons't.	Location and Roads <i>measured</i>	1649.60 -
Collier Supply	Tubing <i>new tubing / casing etc.</i>	920.17
Hydro-Test	Test Tubing <i>test tubing</i>	198.89
Petroleum Lab	Gas Analysis <i>gas analysis</i>	33.00
Halliburton	Cement & Squeeze <i>cementing</i>	1541.59
Cen-Tex Supply	Valves <i>well head</i>	31.57
Eunice Well Service	Pulling Unit <i>pulling tubing & B.</i>	2798.51
Basin Well Service	Pulling Unit	1586.20
Gene's Well Service	Swabbing	170.47
Clark's Well Service	Pulling Unit <i>pulling on cement job</i>	366.89
X.L. Transport	Water <i>water</i>	171.50
Maypole Sales	Sand Pump <i>water</i>	108.51
ABC Tool Rental	Drill Out <i>from casing</i>	1180.69
Republic Supply	Gauge	30.90
Jet Con't.	Well & Battery Work	132.81
Merryman Construction	Dirt Work	79.66
Union Supply	Well Head	120.43
ABC Rental	Frac Tank	103.00
Dowell	Acidize Yates	854.13
Eunice Well Service	Pulling Unit <i>pulling</i>	1230.78
X L Water	Water	187.97
Cen-Tex Supply	Misc.	38.59
Stub. McRae, S. & L.	Title Opinion	200.00
Cen-Tex Supply	Equip.	91.90
Lovington Abstract	Abstract	79.31
Jet Const.	Separator Work	66.95
Perfor Jet Service	Perforate	887.45
Halliburton	Frac. Well <i>12000 gal 15.000%</i>	2043.73
Union Supply	Well Head	38.59
Lea County	Recording Fees	3.75
Bill Cravey	Supervision	250.00
Union Supply	Miscellaneous Supplies <i>fittings</i>	360.00
Dowell	Acid	166.09
West Engineering	Sonolog Test <i>log</i>	66.60
Union Supply	Miscellaneous Supplies	309.00
Lewis B. Burleson	Supervision <i>12500 gal</i>	1500.00
Lewis B. Burleson	Expenses, car, food & Lodging	255.00
		\$20074.23

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Wapahant EXHIBIT NO. 2
CASE NO. 4199

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54½ EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

August 1, 1969

Case 4199

Oil Conservation Commission of New Mexico
Post Office Box 2088
Santa Fe, New Mexico

Gentlemen:

Enclosed please find two applications for Burleson
& Huff for filing and setting for hearing on
August 27, both in triplicate.

Yours very truly,

JASON W. KELLAHIN

jwk:peg
Enc. as stated

*Send duplicate
to attached
list*

DOCKET MARKED
Date 8-15-69

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
BURLESON & HUFF FOR AN ORDER FOR
COMPULSORY POOLING OF THE SE/4 OF
SECTION 28, TOWNSHIP 25 SOUTH, RANGE
37 EAST, N.M.P.M., LEA COUNTY, NEW
MEXICO, AND FOR APPROVAL OF A NON-
STANDARD UNIT IN THE JALMAT GAS POOL

Dec 4/99

A P P L I C A T I O N

Comes now BURLESON & HUFF and applies to the Oil Conservation Commission of New Mexico for an order for compulsory pooling of all mineral interests in and under the SE/4 of Section 28, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, insofar as the Jalmat Gas Pool is concerned, and for approval of a non-standard unit in said pool, and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the SE/4 of said Section 28, with the exception of unleased mineral interests underlying the N/2 N/2 SE/4, and the N/2 S/2 N/2 SE/4, the ownership of which, to the best of applicant's knowledge and belief, is listed on Exhibit "A", attached to this application and made a part hereof.

2. Under the pool rules for the Jalmat Gas Pool, as contained in Commission Order No. R-1670, a standard drilling and proration unit for the Jalmat Gas Pool consists of 640 acres, comprising a standard governmental section. To the best of applicant's information and belief, the W/2, and the E/2 NE/4 and the SW/4 NE/4 of Section 28 are presently dedicated to wells in the Jalmat Pool, and it is not possible to dedicate a standard proration unit to a well located in the SE/4 of said section, unless a non-standard unit is approved consisting of the SE/4 of Section 28, Township 25 South, Range 37 East,

applicant will be deprived of the right to obtain its just and equitable share of the oil and gas underlying said lands.

3. Applicant has completed a well in the Jalmat Gas Pool designated as the Burleson & Huff Cook No. 2 well, located 660 feet from the south and east lines of said Section 28.

4. The owners of the mineral interests underlying the SE/4 of said section have been unable to pool their interests, and unless said acreage is pooled, as provided by law, the applicant will be denied the right to recover its just and equitable share of the oil and gas underlying the lands owned by it in the Jalmat Gas Pool.

WHEREFORE, applicant prays that the Commission set this application for hearing before the Commission or before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving a non-standard drilling and proration unit in the Jalmat Gas Pool, consisting of the SE/4 of Section 28, Township 25 South, Range 37 East, N.M.P.M., and force pooling all of the oil and gas mineral interests underlying said SE/4 insofar as production from the Jalmat Gas Pool is concerned.

Applicant further prays that the Commission designate it as operator of said unit, and make suitable provision for recovery of its costs incurred in the drilling, completion, supervision and operation of said well, from any non-consenting owners, and including a suitable risk factor for the risk involved in the drilling and completion of a well or wells on said tract, to be recovered out of any non-consenting owners prorata share of production, together with provision for the recovery of the costs of operation of said well and the

supervision thereof, and for such other and further provisions
as may be proper.

Respectfully submitted,

BURLESON & HUFF

BY: _____

KELLAHIN & FOX

Post Office Box 1769

Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

EXHIBIT "A"

N/2 N/2 SE/4 & N/2 S/2 N/2 SE/4
Section 28,
T-25-S, R-37-E
Lea County, New Mexico

- ✓ Elks National Foundation *1/40* *appts to locate* Joseph Wesley Gallaher II
P.O. Box 720 1216 Sixth Street
Roanoke, Virginia 24004 Moundsville, West Va. 26041
- ✓ Boys' Clubs of America *1/11* *How located* Charles T. Gallaher II
771-1st Avenue 1216 Sixth Street
New York, New York 10017 Moundsville, West Va. 26041
- ✓ J. Richardson Lyeth, Jr., *3/10* *appts to locate* Adam Arnold
& Munro Longyear Lyeth 3417 Fulton Street, NW *10/42,972 8/14*
c/o Mr. Robert J. Emery Washington, D. C. 20007 *unable to locate*
- ✓ Lytle, Soule & Emery Norma Meta Sanders *10/42,972 8/14*
2210-1st National Building Post Office Box 192 *unable to locate*
Oklahoma City, Oklahoma 73102 Wolfeboro, New Hampshire 03894
- ✓ Onez Norman Rooney *located* Abelow Family Trust No. 3608 *located*
2915 Libery Bank Building Republic National Bank, Trustee
Oklahoma City, Oklahoma 73102 P.O. Box 241
Dallas, Texas 75221
- ✓ Mr. Lionel L. Shatford *unable to locate* W.B. Trammell
Hubbards Halifax Co., *5/42,972 8/14* 601 Southern Natl. Bank Bldg., *located*
Nova Scotia, Canada Houston, Texas 77002
- ✓ Mrs. Frank P. Sullivan *from together* Union Oil of California *1/8 8/14*
1630 W. River Drive 300 Security National Building
Margate, Florida 33063 Roswell, New Mexico 88201 *unable to locate*
- ✓ Mrs. B.B. Wehling *27/42,972 8/14*
c/o Mrs. Frank P. Sullivan *no reply*
1630 W. River Drive
Margate, Florida 33063
- ✓ Mrs. Jeanne C. Gallion *located* James W. Sullivan
c/o Mrs. Frank P. Sullivan
1630 W. River Drive
Margate, Florida 33063
- ✓ Harry L. Jones & Isabel Jones *located*
108 S. Court Street
Orlando, Florida 32801
- ✓ Cora Holman *11/42,972 8/14*
1525 Ocean Drive, Apt. C *unable to locate*
Corpus Christi, Texas 78404

DOCKET MARK

Date

8-15-69

*Order R-3840
mailed to
this firm.*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4199
~~4198~~

Order No. R-3840

John
APPLICATION OF BURLESON & HUFF
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO. AND A NON-STANDARD GAS PRORATION UNIT,

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
August 27, 1969, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of _____, 1969, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Burleson & Huff,
seeks an order pooling all mineral interests in the _____
Jalmat Gas Pool underlying the SE/4 of

Section 28, Township 25 ~~North~~ South, Range 37 ~~West~~ East, NMPM,
Lea County, New Mexico, *to form a non-standard gas proration unit to be dedicated to the Burleson & Huff Cook well no. 2, a recompletable well, located 660 feet from the south line and 660 feet from the east line*

(3) That the applicant has the right to drill and *has recompletable*
its Cook well no. 2 located 660 feet from the south line and 660 feet from the east line
to drill a well in the _____ of said Section 28 to the

Jalmat Gas Pool.

(4) That there are interest owners in the proposed *non-standard spacing* 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

non-standard
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 *actual* well costs *attributable to the recompletion of the subject well in the relevant zone, but excluding* to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of *said actual* ~~estimated~~ well costs should have withheld from production his share of the reasonable well costs plus an additional 25 % thereof as a reasonable charge for the risk involved in the *recompletion* ~~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 said 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 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.

(N.V. 12) That \$ 25 per month should be fixed as a reasonable charge for supervision for the subject well; that the operator should be authorized to withhold from production the proportionate share of such supervision charge 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 the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(SEE UNDER)

This offering is made to all interested parties in the Queen's County, New York, and is not a contract of insurance.

escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Gas Pool underlying the 514

of Section 28, Township 25 ^{North} _{South}, Range 32 ^{West} _{East}, NMPM,

Rea County, New Mexico, are hereby pooled to form a 160-

^{non-standard}
~~acre~~ ^{oil spacing} gas proration unit to be dedicated to the Burleson and Huff

Cook Well No. 2, a completed well, located 660 feet from the South line and 660 feet from the East line of said Section 28.

(2) That Burleson & Huff is hereby designated the operator of the subject well and unit.

(3) ~~That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.~~

(4) That within ~~30~~ ⁶⁰ days from the date the schedule of ~~estimated~~ ^{actual} well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of ~~estimated~~ ^{said actual} 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~~ ^{said actual} well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(3) ~~(5)~~ That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized ^{attributable to the recompletion of the subject well} schedule of actual well costs ^{the date of this order;} within 30 days following ^{completion} of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following ^{Receipt of said schedule} completion of the well, the actual well

is the Jalmat zone, but excluding all cost attributable to the recompletion of the well in the Jalmat zone.

costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 30 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.

(5) ~~477~~ 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~~ ^{said actual} well costs within ~~30~~ ⁶⁰ days from the date the schedule of ~~estimated~~ ^{actual} well costs is furnished to him.

(B) As a charge for the risk involved in the ~~drilling~~ ^{completion} of the well, 25 % 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~~ ^{actual} well costs within ~~30~~ ⁶⁰ days from the date the schedule of ~~estimated~~ ^{actual} well costs is furnished to him.

(6) ~~48~~ That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(7) (9) That \$ 75 ⁰⁰ per month is hereby fixed as a reasonable charge for supervision for the subject well; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge 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 the subject well, not

hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(8) ~~(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.

(9) ~~(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.

(10) ~~(12)~~ That all proceeds from production from the subject well which are not disbursed for any reason shall 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 Commission of the name and address of said escrow agent within 90 days from the date of this order.

(11) ~~(13)~~ 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 hereinabove designated.

CASE 4200: Appli. of BURLESON &
HUFF FOR COMPULSORY POOLING AND
A NON-STANDARD GAS PRORATION UNIT.