

Case Number

4328

Application

Transcripts.

Small Exhibits

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 25, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Pubco Petroleum
Corporation for compulsory pooling,
San Juan County, New Mexico.

Case No. 4328

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 4328.

MR. HATCH: Case 4328. Application of Pubco Petroleum Corporation for compulsory pooling, San Juan County, New Mexico.

MR. MORRIS: Mr. Examiner, I am Richard Morris of Montgomery, Federici, Hannahs and Morris, Santa Fe, appearing on behalf of the Applicant Pubco Petroleum Corporation. I have one witness and ask that he come forward, stand and be sworn, please. Mr. Don Walker.

(Witness sworn).

(Whereupon, Applicant's Exhibit 1 was marked for identification).

MR. UTZ: Are there other appearances in this case?

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, appearing on behalf of Dugan Production Company.

MR. UTZ: Other appearances?

MR. MORRIS: Mr. Examiner, due to the somewhat unusual nature of this case, I would like to make a brief opening statement, if I may.

MR. UTZ: You may do so.

MR. MORRIS: This case is an outgrowth of Case 4298, which was heard before you on January 21 of this year and resulted in the entry of Order Number R-3921, dated February 18, 1970.

That case was an application by Dugan Production Corporation for a non-standard unit in the undesignated Pictured Cliffs Pool and resulted in the order establishing the non-standard unit not only non-standard as to the amount of acreage involved, but as to its configuration.

The unit established by the order was Lots 1 and 2 and the northwest quarter of the southeast quarter of Section 33, Township 30 North, Range 14 West, plus Lot 2 of Section 4, Township 29 North, Range 14 West, all in San Juan County.

The order also has permitted Dugan Production Corporation alternative locations for the drilling of wells. In the hearing on the former case, Mr. Dugan proposed the drilling of wells either in the center of Lot 2 of Section 4 or in the center of Lot 2 of Section 33.

The order specifically permitted any interested party to bring a case before the Commission for the compulsory pooling of all mineral interest in either the southeast quarter of Section 33 or the northeast quarter of Section 4.

Since Pubco Petroleum Corporation had appeared at the former hearing and objected to the non-standard or the -- yes, the non-standard operation and spacing unit as proposed by Dugan Production Company on the ground of violation of correlative rights, Pubco responded to the invitation contained in Order Number R-3921 and brought this application before the Commission to pool the two quarter sections that are involved or to pool the one quarter section in which Dugan Production Company ultimately chooses to drill the proposed Pictured Cliffs Well.

MR. UTZ: Would you have responded without an invitation?

MR. MORRIS: I imagine so. In order to make the record in this case complete, I would at this time move that the evidence and the entire record in Case Number 4298 be incorporated by reference into the hearing of this case.

MR. UTZ: The record in Case 4298, which resulted in Order R-3921, will be entered into the record of this case.

MR. MORRIS: With that, Mr. Examiner, I would like to proceed with our evidence in this case.

MR. UTZ: You may proceed.

DONALD WALKER

the Witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Walker, please state your name and where you reside.

A I'm Donald Walker. I live in Albuquerque. I am employed by Pubco Petroleum Corporation as area production manager.

Q What area is covered by your duties as production manager?

A The -- my area goes from Texas into Central Wyoming with the San Juan Basin as a particular interest.

Q Would you briefly state your education and experience in the petroleum industry?

A I graduated from Oklahoma State University with Bachelor of Science Degree in petroleum engineering in 1961. Was employed by Tenneco Oil Company in Offshore South Louisiana from '61 until '64.

I transferred to Durango, Colorado, with Tenneco Oil Company and worked in the San Juan Basin from that area from '64 to '67. I was employed by Pubco Petroleum Corporation;

moved to Albuquerque and am there present.

O Are you familiar with the application of Pubco Petroleum Corporation in this case?

A Yes, I am.

O Are you also familiar with the hearing and the transcript of evidence that was taken in Case Number 4298?

A I have read the order and I have read the transcript.

MR. MORRIS: Are the witness' qualifications acceptable?

MR. UTZ: Yes, they are. When did you say you went to work for Pubco?

THE WITNESS: '67, 1967.

MR. KELLAHIN: If the Examiner please, I would like to make an objection to the qualifications of the witness unless his testimony is going to be confined solely to the engineering aspects of this case. Unless it be established that he, in his position, has authority to and is familiar with negotiations for unitization, which is really what we are dealing with here.

MR. UTZ: Can you establish that, counsel?

MR. MORRIS: Well, Mr. Examiner, I don't feel Mr. Kellahin's objection is well taken. We already have in evidence the transcript of the former hearing which contains the record on negotiations and I think that our evidence in this case

primarily will be confined to some of the engineering aspects of the case.

However, the witness' qualifications will stand and there is some matter of which he has no knowledge, I'm sure Mr. Kellahin can bring that out on cross examination.

MR. UTZ: Mr. Walker, are you familiar with the engineering aspects of this case and this immediate area?

THE WITNESS: Yes, sir.

MR. UTZ: Are you familiar with the negotiations that were drawn previous to this time --

THE WITNESS: Yes, sir.

MR. UTZ: -- of Pubco and Mr. Dugan?

THE WITNESS: Yes, sir.

MR. UTZ: Objection will be overruled. We will let him testify.

Q (By Mr. Morris) Mr. Walker, first let me ask if you have prepared or if there has been prepared under your supervision an exhibit showing the acreage in question in this hearing?

A This was prepared under my supervision, this Exhibit One, which shows the area of concern in Section 4, Section 33, Section 33 and 30 North, 14 West and Section 4, 29 North, 14 West.

Q In making my opening statement, Mr. Walker, did I fairly state the situation with respect to this acreage and what it is that Pubco Petroleum Corporation seeks by this hearing?

A Pubco's main interest in this hearing is that protection of our interest and our royalty owners interest.

Q And what is it that Pubco Petroleum Corporation seeks by this application in this hearing?

A To force pool as a standard unit the southeast quarter of Section 33, 30 North, 14 West or -- and the northeast quarter of Section 4, 29 North, 14 West.

Q Would you state for the record what acreage it is that Pubco Petroleum Corporation owns in each of these quarter sections?

A Pubco owns the -- in Section 33, Pubco owns the northeast quarter of the southeast quarter and in Section 4, Pubco owns the northeast quarter of the northeast quarter and the south half of the northeast quarter.

Q And who is the royalty owner under all of Pubco's acreage in both Section 33 and Section 4?

A Federal Government.

Q Now, your Exhibit Number One, also show by coloring in blue, the acreage owned by Dugan Production Corporation.

A Yes, it does.

O Is that the acreage that was established as a non-standard unit by Order Number 3921?

A Yes, it is.

O Mr. Walker, I believe you said already that you have reviewed the transcript of the testimony produced in Case Number 4298; is that correct?

A Yes, I have.

O And have you reviewed the portion of that transcript where Mr. Dugan has stated that he proposes to drill a well either in Section 4 or in Section 33?

A Yes, I have, from the transcript.

O All right. Do you have an opinion as to the proper risk factor that should be established in the event the Commission orders compulsory pooling of either/or both of these quarter sections with respect to the wells at the locations proposed by Dugan Production Corporation?

A Yes. Going to the proposed location in the southeast quarter of Section 33, the -- Pubco feels, and I think it was brought out in the transcript of the previous hearing, that the entire quarter probably contains gas reserves in Pictured Cliffs and Pubco has always felt it did contain gas reserves in the Pictured Cliffs; but, it was a matter of economics to

go after these reserves after our experience in the Russell Federal Number Two.

We feel like that the risk in this particular location is not real great, that we will be able to drill a well, a Pictured Cliffs Well: it will be a gas producer and will pay out and to this extent, we feel like the risk should be in the neighborhood of ten percent.

In the second location, which is in the northeast -- in the northwest of the northeast of Section 4, this location is further to the south. It is offsetting a dry hole drilled by Pubco in 1953 or '54 -- 1954, and we feel like that the risk has increased there because of the nature of the Pictured Cliffs production in this area.

It is not continuous. The sands aren't continuous and, therefore, we feel like the risk here is somewhere in the range of twenty percent.

Q Concerning cost of supervision, which the Commission is obliged to fix in a force pooling case, do you have any estimate as to what the cost of supervision of a well at either location would be?

A Yes. In this area the only line, pipe line that's in here is a high pressure line and as a result, you are required to use compression on these -- on our Russell Federal

Number Two. This runs the operating cost, the supervision, up considerably.

We feel like that from our experience, it is going to take at least a hundred dollars a month for supervision.

Q In your opinion, Mr. Walker, is it necessary that your application be granted in order to protect the correlative rights of all mineral interest in the lands that you hold under lease in each of these quarter sections?

A Yes.

MR. MORRIS: At this time, Mr. Examiner, we offer into evidence Applicant's Exhibit Number One.

MR. UTZ: Without objection, Exhibit Number One will be entered into the record of the case.

MR. MORRIS: That is all I have on direct examination.

MR. UTZ: Any questions of Mr. Walker?

MR. KELLAHIN: Yes, sir.

CROSS EXAMINATION

BY MR. KELLAHIN:

Q Mr. Walker, in connection to your testimony on cost, you said you thought a hundred dollars per month for supervision would be proper. Would that be confined to supervision or would that include cost of operation?

A Oh, no, sir. That is supervision, transportation.

That --

Q That is just maintaining your compressor and --

A That is a man to go by there.

Q -- a man. Your cost would be over and above that?

A Right. The operation of the compressor, the down-hole surface, maintenance surface, chemicals and all of the other things would be over and above that, which I don't see how it can possibly be fixed because of the nature of the --

Q That would vary from time to time, depends on what occurred; is that correct?

A Yes.

Q What about your drilling cost in this area. Do you know what they are?

A We know what it cost us to drill our particular well in the area.

Q Your Federal Number Two?

A Yes, sir.

Q What was the cost on that well?

A \$43,359.00 total investment. This is not -- this is drill, complete and equip.

Q That put it on the line?

A Yes, sir.

Q That has been a good well, has it not?

A It's been a good well as far as Pictured Cliffs; but, it's been very costly to make it good.

Q It's produced in excess of a billion cubic feet, has it not?

A As of March the 1st, 1970, our records indicate 975,986 MCF.

Q Now, you testified, as I understand, your Pubco Russell Federal Number Four was a dry hole drilled in 1954?

A I believe that is correct.

Q And, yet, you propose in your application to dedicate the northeast of the northeast of Section 4 to a well if it is drilled in the northwest of the northeast; isn't that what you said?

A That is correct.

Q In other words, you are willing to dedicate dry acreage to a well to be drilled by Mr. Dugan?

A Well, it was dry in 1954.

Q In '54. You don't know what it is now. Is that what you are saying?

A Yes, sir.

Q You testified in conclusion that, in your opinion, it's necessary to have a compulsory pooling in order to protect the correlative rights of Pubco and its royalty owners.

Has Pubco made any effort to obtain voluntary communitization of this acreage in either Section 33 or in Section 4?

A Pubco has not.

Q Is Pubco willing to drill a well on either one of these tracts --

A No.

Q -- and let Mr. Dugan pay his proportionate share of the cost?

A No.

Q Is Pubco willing to pay its proportionate share of the cost of any well drilled by Mr. Dugan or his company?

A No.

Q In other words, Pubco, then, is asking to be pooled into a well to be drilled by Mr. Dugan at no cost to Pubco and permit a ten percent risk factor if the well is drilled in Section 33 and a twenty percent risk factor if the well is drilled in Section 4?

A That is correct, sir.

Q Do you have anything to do with the authority of your company to commit acreage to a well? Can you make a communitization agreement? Do you have anything to do with that yourself or do you just recommend to your management that this be done?

A We have -- this goes through various branches of our company. Engineering looks at it; geology looks at it; land looks at it and usually makes the final recommendations and management approves or disapproves.

Q In this case, I take it then, management has acted and disapproved in communitization here?

A That is correct, sir.

Q That is on a voluntary basis because you are here asking for force pooling?

A On a communitization basis, this would be a basis of Pubco participating and I believe Pubco is asking for force pooling as a non-consent.

Q As a non-consent. Have you ever heard of a case before this Commission in which an Applicant for force pooling has declined to pay his proportionate share of the cost?

A I am not that familiar with the Commission hearings.

Q Now, you have mentioned something about considering the economics of your Pubco Russell Federal Number Two in considering the well proposed to be drilled in Section 33 in the southwest of the southeast.

What economics did you have in mind? What were you talking about?

A How much money we can make with a dollar invested

and on the Russell Federal Two, considering the investment cost and the operating cost, we have recovered \$57,000.00 from that well in fifteen years. Assuming constant income of fifteen years, this is equivalent to four and a half to five percent on our investments.

Therefore, we don't feel that this is a type of investment that we want to make with our particular dollar.

Q In assessing a risk factor to the drilling of the well, do you not take economics into consideration or are you just concerned whether you will get a gas producer?

MR. MORRIS: I will object to that simply on the grounds that Mr. Kellahin is asking for legal conclusion of the witness.

MR. KELLAHIN: I am not. The witness testified he assigned a ten percent risk factor to this well. I want to know what basis he assigned it. I think it is a proper question.

MR. MORRIS: I think the question is proper as rephrased by counsel.

MR. UTZ: You will remove your objection if he rephrases his question?

MR. MORRIS: Yes.

MR. UTZ: All right, sir.

MR. KELLAHIN: Answer it as it is rephrased if you can, Mr. Walker, in considering the risk factor to be assigned to the proposed well in Section 33, what factors did you consider in economics?

THE WITNESS: First, we considered the fact that we feel like the well will be a Pictured Cliffs producer. This is the Section 33. And, that it will pay out and it will make money.

We have made five percent on our well so -- well, what we want to do, we want to be fair but we feel like we can allow ten percent for anything that might happen in the drilling of this well in the future.

Q (By Mr. Kellahin) Including the possibility of recovery at cost; did you include that in your risk factor?

A Yes.

Q Did you take into consideration on that the cost of money for drilling a well of this kind? Did you give any consideration to what it cost, for example, to borrow money to drill this kind of a well?

MR. MORRIS: I will object to the question, Mr. Examiner, on the grounds that the statute specifically says that it's the risk involved in the drilling of the well; it says nothing about the risk factor properly bringing into

consideration interest or any factor other than the risk involved in the drilling of the well. Mr. Kellahin's question is an improper one.

MR. KELLAHIN: If the Examiner please, the cost of money is essentially a valid consideration on the part of any operator in drilling a well and it is a part of cost of drilling a well to be properly considered.

MR. UTZ: Your principal objection, Mr. Morris, is to the bringing in the cost of money?

MR. MORRIS: Yes, sir.

MR. UTZ: Objection will be sustained.

Q (By Mr. Kellahin) Mr. Walker, you say on the basis of your own experience you get a five percent return on your money per year, I take it?

A In this particular well I was speaking of was Russell Federal Number Two. This is what we recovered in this well.

Q From your testimony, I take it that your company does not feel it wants to drill a well for five percent of the return?

A We can put our money in the bank and recover more than that.

Q Isn't that a factor to be considered in considering the risk factor, Mr. Walker? Did you consider it, that you

could put your money in the bank and make more money than by drilling a well?

MR. MORRIS: I renew the objection, Mr. Examiner.

MR. KELLAHIN: He testified to it.

MR. MORRIS: Let's put the conflict in context here as far as my objection is concerned. Mr. Walker has testified as to this five percent return as being the basis on which Pubco has made a decision not to commit itself to participating in a well here.

It has nothing to do with the risk factor to be assigned to the well for the risk involved in the drilling of the well. Mr. Walker's testimony only went in that regard, only went to the reasons which appear to be very valid for refusing to voluntarily join in a unitization agreement which would not give Pubco the right to go non-consent.

MR. KELLAHIN: I won't labor the point. I think it is abundantly clear what we are talking about. I will withdraw the question.

I believe that's all.

MR. UTZ: Solves the problem quite easily.

MR. KELLAHIN: That's all the questions I have.

MR. UTZ: Are there other questions of the witness?

MR. NUTTER: Yes. I would like to ask a couple.

CROSS EXAMINATIONBY MR. NUTTER:

Q Mr. Walker, you mentioned a hundred dollars a month for supervision of the well. I would like to clarify just what we are including in the phrase "supervision."

MR. HATCH: While Mr. Nutter is gone, I have a question.

Mr. Walker, Pubco has no intention of drilling a well on this acreage itself?

THE WITNESS: No, sir, we don't have.

MR. HATCH: That's all the questions I have.

CROSS EXAMINATIONBY MR. UTZ:

Q Mr. Walker, you stated that you were in a position of non-consenter in this force pooling, is that correct?

A Yes.

Q As a non-consenter, does that mean that Pubco doesn't want a well drilled on this acreage?

A Pubco doesn't object to a well being drilled on the acreage as designated for force pooling. Pubco objects to investing their money in this well and, therefore, we would not wish to participate in the well.

Q I guess that would mean, if I may interpret your

answer -- you correct me if I am wrong -- you are not willing to gamble your money on the well, but you are willing to be force pooled into the well and at some rate of interest and participate in the profits, if any?

A Yes. In any profits in the future.

MR. MORRIS: Mr. Examiner, by "interest" you mean a factor?

MR. UTZ: Risk factor. He is talking about interest here -- I gathered from his testimony that he wasn't satisfied with a five percent interest on the well, five percent greater return.

MR. MORRIS: Yes.

MR. UTZ: While Mr. Nutter is getting the order, let me pursue the matter of this dry hole down here since it --

Q (By Mr. Utz) Mr. Walker, this well will be drilled if it is drilled in the first proposed location on Mr. Dugan's lease, is that the proper -- correct?

A Which -- the first proposed location? Which one are we talking about, the south location or --

Q The proposed location, put it that way, as it is labeled on your map. You have a proposed location and an alternate location. I am talking about the proposed location.

A Okay. It will be on Mr. Dugan's lease, yes, sir.

Q Would Pubco object to Mr. Dugan having 120-acre non-standard unit?

A Yes, sir. They would not be protecting our royalty owner.

Q Now, in regard to your Russell Federal Number Four, are you familiar with the completion data regarding this well?

A No, sir, I am not.

Q This was drilled prior to your time with Pubco?

A Yes, sir.

Q So, you don't know how the DST's were? Have you reviewed the records of this well any?

A I have not and I did not before this meeting.

Q So, you can't tell me whether it had any DST's or not on it, whether it produced water or just what have you?

A No, sir.

MR. UTZ: Any further questions?

CROSS EXAMINATION (Cont.)

BY MR. NUTTEP:

Q Mr. Walker, why wouldn't a 120-acre unit protect your royalty owner? If the takes from the well were three-quarters of the takes from a 160-acre unit, why wouldn't a 120-acre unit protect your royalty owner?

A This is a non-prorated area.

Q If the takes were taken ratably in accordance with the acreage that's dedicated to the wells, would that afford protection to your royalty owner?

A If they were taken ratably.

Q What are you doing to protect that royalty owner right now?

A At the present time there was no -- didn't seem to be any need for any protection. It's pretty well protected.

Q Did Pubco at one time own the blue acreage on this exhibit that I have, the Kline Lease?

A Yes, sir, I believe we did.

Q Did you make any effort to protect the Kline interest from drainage at that time?

A No, sir.

Q Mr. Walker, the Commission -- I'll read a paragraph from a standard order that the Commission has entered force pooling certain acreage. This particular order, it's Order Number Nine in -- and reads as follows:

"That one hundred dollars per month is hereby fixed as a reasonable charge for supervision of 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."

Now, I was wondering, when you were testifying on your direct testimony there about the operation of the compressor, wouldn't that be an actual expenditure required for operating the well rather than supervision of the well?

A No, sir. A compressor takes much more supervision than just an ordinary gas well. An ordinary gas well, we are talking about -- in my experience with Pubco, our operating costs are in the range of -- our supervision cost, our man that goes out there and looks at the well is costing us in the range of twenty-five to fifty dollars a month; but, this is not true if we put a compressor on the well. These costs double.

Q In a voluntary pooling arrangement agreed to in these Conus Accounting Procedures, isn't the supervision that is provided for in that voluntary agreement usually office overhead for supervision rather than field supervision of the equipment itself?

If either of you attorneys involved in this case

know the answer, I would appreciate advise on this. I believe that the Copus tables provide for office supervision or management supervision back in the office. It's office overhead and that supervision of the equipment out in the field itself would be a direct cost.

A Your office overhead is the indirect overhead charges, which is a set figure. It includes the cost of taking care of accounting, the state records, all --

Q These are costs that you can't pin down and say so much of this total overhead cost can be attributable to this well, this well, this well. It has to be a share of the total operational overhead?

A That is correct.

Q That is why we fix a certain round sum for that. Then, the supervision of the compressor itself, you have a compressor on a well and you know how much time it takes to operate or supervise that compressor, so why wouldn't that be a direct attributable charge to this particular well?

A I thought -- I was under the impression that we were setting a charge for the direct operating labor for this well.

Q Why wouldn't the supervision of this compressor be that? I want to be sure that the order, if the Commission

should enter an order providing a hundred dollars a month for reasonable cost of supervising the well, I want to be sure there is no misunderstanding as to whether this supervision includes the supervising of that compressor or if that compressor charge is going to be one of these actual operating cost that would be paid out of production.

MR. MORRIS: Maybe I can clear up the record. In considering this question, I advised Mr. Walker that it had been the Commission's practice in the past to consider something in the nature of seventy-five to a hundred dollars which, according to my understanding of past Commission practice in setting these figures, was to cover the cost of the switcher or pump as the case might be and if there was some extra amount of labor involved, due to compressor being involved on a well, that should be taken into consideration.

I think his answer to the question was given in connection with my advice to him on what past Commission practice has been.

(Whereupon, a discussion of the record was held).

Q (By Mr. Nutter) Back on the record. Mr. Walker, in interpreting what the word supervision would be in the Commission's order, would it be agreeable to you and to Pubco that the word "supervision" and in the Commission fixing an

established cost for supervision, would -- this would apply for operational overhead.

That would be to home office and district office expenses that can't be attributed to a given well?

A This would be acceptable to me. I would rather have the word "supervision" stricken and "overhead" replaced. District office overhead.

Q Supervising of the well itself by a man going out to the well looking after a compressor -- we won't use the word "supervise" in here -- but, looking after a compressor and looking after the well would be direct chargeable operating cost; is that correct?

A That is correct.

MR. NUTTER: Thank you.

MR. UTZ: Are there other questions?

CROSS EXAMINATION (Cont.)

BY MR. UTZ:

Q What pressure line, Mr. Walker, are you having to put this gas on?

A I believe this line pressure is running between 425 or 450.

Q Is that a main line or a gathering line?

A It's -- I'm sorry, I am going to have to say I

don't know.

Q I thought I remembered it was a main line. What kind of well head pressures did you get on the well?

A Our compressor suction pressure is 100 PSIG.

Q So, you're compressing from 100 to 450 or better?

A Yes, sir.

Q It would have to be better in order to put in a line.

A Yes, sir.

MR. UTZ: Are there other questions? The witness may be excused. Does that conclude your --

MR. MORRIS: Yes, sir, it is.

MR. UTZ: Does anyone else have any testimony they would like to put on in this case? Statements?

MR. KELLAHIN: Yes, sir.

If the Examiner please, at the outset, Mr. Morris said he was making a preliminary statement because of the unusual nature of this case and I couldn't agree with him more. I have been around this Commission since 1951 and never since I have been appearing here or listening to other cases have I ever heard of an Applicant for compulsory pooling who was not willing to pay his proportionate share of the cost of the well to be drilled on the unit to which he proposes to pool.

This puts them in the rather peculiar position of saying, while they are consenting to force pooling, not only consenting but actively seeking it, they want to go non-consent on any well that is drilled. This is a most unusual situation.

The main reason they don't want to go consent on the well, as I understand the testimony, is because they have a five percent recovery on their Pubco Russell Federal Well Number Two and they don't consider that adequate to justify drilling a well and yet they want to allow ten percent risk factor on the basis of that kind of recovery.

If the well is drilled in Section 4, they propose to dedicate to it dry acreage as approved by their Pubco Russell Federal Number Four Well, as this witness has testified and I assume take three-fourths of the recovery on this well after pay out. Again, they are not willing to pay their proportionate part of the cost of the drilling of such a well.

Now, in the past, the Commission has made the interpretation and I think wisely so that where the statute provides, as it does, that where such owners or owner have not agreed to pool their interest and where one such separate owner or owners has the right to drill, has drilled or proposes to drill a well on said unit to a competent source of supply, the Commission,

to avoid the drilling of unnecessary wells or to protect the correlative rights or to prevent waste, shall pool all or any part of such land or interest or both in the spacing or proration unit.

The Commission has interpreted that to mean, there must be some showing before this Commission of valid, good faith effort to reach some kind of a communitization agreement. The witness has testified that no such effort was ever made. Not only was none ever made, they don't even propose to make one.

They testified they don't propose to drill a well and they not only don't propose to drill a well, they don't propose to pay any part of the cost of the well to be drilled except out of production.

They are perfectly willing for the Applicant, Dugan Production Company, Applicant in the preceding case, to go ahead and drill a well and carry Pubco without cost. Now, if you read the statute it may well be argued that there is nothing against the position taken by Pubco.

The only argument really is a question of good faith. A company here has no intention of drilling a well. They have no intention of protecting their royalty owner, which it happens to be the United States Government, and yet they came here and objected to Dugan protecting a -- an individual royalty owner,

Mr. Kline, who owns the minerals here; his rights have to be protected, too.

And Mr. Dugan proposes to protect them since Pubco, who owns this lease, didn't see fit to protect them. Now, if Pubco Petroleum Corporation has a problem with the United States Government on protecting its interest in the quarter-quarter section involved in Section 33, we have a very ready remedy for them.

I am authorized to state on behalf of Dugan Production Company that we are willing to voluntarily pool with Pubco on a well to be drilled in that unit on any reasonable basis in which they agree to pay their proportionate share of the cost of drilling and completion and equipping the well and I don't think any better offer could be made than that.

And in the face of that, I don't see that the Commission has any authority or any right in good conscience to force pool this acreage. Now, the question was raised as to whether the dedication of 120 acres to the well in Section 33 would protect Pubco's royalty owner.

It might protect Pubco's royalty owner, assuming that production was based on in proportion to the acreage; but, it wouldn't protect the royalty owner, Kline, who has another 40-acre tract in the section to the south. I don't

think this is proper before the Commission in this case in any event because the Commission has already ruled on it in Case Number 429⁰ by its Order P-3921, authorizing the dedication of 160 acres to a well to be drilled either in Section 33 or Section 4.

In the absence of force pooling order by the Commission in this case, which we feel would be highly improper, the prior order will stand and there would be no further argument about what acreage will be dedicated to the well.

As I say, I have never heard of a case of this kind before. We question the good faith of Pubco and I think properly so since they sit here and admit all they are looking for is a free ride on a well they don't want to drill.

MR. MORRIS: Mr. Examiner --

MR. UTZ: Yes, sir.

MR. MORRIS: I would like to call the Commission's attention to a previous case. Admittedly, it's not the same case in many respects, but very few cases are identical. Unfortunately, I don't have the number of the case here but it was an application of a Mr. Swearingen in a case involved with a prior application by Mr. Charles Lovelace.

I believe a review of the records of the Commission will show that Mr. Lovelace had applied for a non-standard unit

and Mr. Swearingen, as the fee owner, had come in and applied for compulsory pooling, taking the position that he didn't want to participate in the drilling of the well; wish to be a non-consenting interest and that this was permitted by order of the Commission.

Now, regardless of that particular case, I think Mr. Kellahin has admitted here that the statute may properly be read to permit the application that Pubco has presented in this case. The only requirement for drilling -- I mean for bringing a compulsory pooling case is that someone proposes to drill -- someone who has the right to drill, has drilled or proposes to drill a well on the unit.

It does not say that the Applicant must propose to drill the well. It does not say the Applicant must agree to share in the cost of the drilling of the well. Only by the language of the statute, which would appear to be particularly designed so that any owner, any mineral interest owner, whether they are working interest, royalty interest or whoever, would have the right to bring a compulsory pooling case to require that someone who proposes to drill, dedicate all of the acreage in what would amount to a standard proration or spacing unit.

Mr. Kellahin has stated that he feels that the

matter is simply one of good faith and he has stated that Mr. Duncan offers to communitize on any basis that would require Pubco Petroleum Corporation to pay its share of the well that its involved.

I think it has come out in the evidence here that Pubco has very good reason for not feeling based on its own experience, has very good reason for feeling that it is not economically justified in participating in the drilling of a well in this area.

Most communitization agreements that I am familiar with carry non-consent provisions in them, standard form communitization agreements so provide. I have not heard Mr. Kellahin make any offer to include in his offer to communitize any kind of a provision that would permit Pubco, as a working interest owner, to go non-consent.

When we come to a question that's really involved in this case, what we are talking about is that Pubco here in the southeast quarter of Section 33 simply does not feel justified economically to participate in the drilling of the well, but primarily wishes to see that its royalty owner, the United States Government, participates in the proceeds from the -- from any well that is drilled in this southeast quarter and the same would go for any well drilled in the northeast

quarter of Section 4.

I think not only can the statute be read as justifying Pubco's position in this matter, I think the statutes should be read in view of the requirements that the Commission protect correlative rights, that the Commission is obligated in this case to approve the application of Pubco and form standard spacing units here by compulsory pooling to protect the correlative rights of all interest.

That's all I have, Mr. Examiner.

MR. UTZ: Any other statements? The witness may be excused if he hasn't been before.

(Witness excused).

MR. UTZ: The case will be taken under advisement.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
DONALD WALKER	
Direct Examination by Mr. Morris	5
Cross Examination by Mr. Kellahin	11
Cross Examination by Mr. Nutter	20
Cross Examination by Mr. Utz	20

E X H I B I T S

Applicant's 1	2
---------------	---

[illegible]

I, BRENDA BURKS, 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.

Brenda Buks
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 4322 heard by me on Mar. 25, 1920.

Wm. D. [Signature], Examiner
New Mexico Oil Conservation Commission

William J. LeMay • Consulting Geologist

Telephone AC 505 982-3211
Box 2244 • 214 College Street
Santa Fe, New Mexico 87501

June 24, 1970

King Resources
Wall Tower West
Midland, Texas 79701

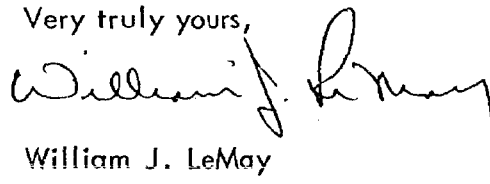
Pubco Petroleum Corp.
P.O. Box 869
Albuquerque, New Mexico 87103

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

Gentlemen:

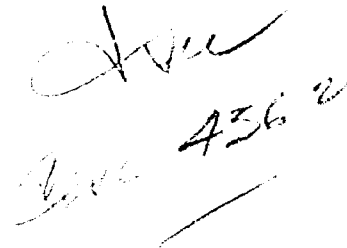
In accordance with Order No. R-3972, paragraph (4), I have enclosed a schedule of estimated well costs for re-entering and production testing the Morrow sand in the Texas Pacific No. 1 Buchanan, Section 7, T-20-S, R-25-E, Eddy County, New Mexico.

Very truly yours,


William J. LeMay

WJL/kld
Encl.

65
JUN 25 PM 1 08



WELL COST ESTIMATE

June 25, 1970

PROJECT

Re-entry of the Texas Pacific Oil Company

LEASE Buchanan Gas Com.		WELL NO. 1	SECTION 7	BLOCK/TOWNSHIP T-20-S	SURVEY/RANGE R-25-E	STATE New Mexico
UNIT Eddy	FIELD Dagger Draw	PROP. OF COST 100%			DATE WORK TO BEGIN Sept. 20, 1970	EST. DATE OF COM. Oct. 5, 1970

ASON WORK NECESSARY. OR BENEFITS TO BE DERIVED Gas sand not production tested.

DRILLING VENTURE TO EVALUATE PRODUCTIVE POSSIBILITIES OF MORROW SAND (9318-42)

WORK DETAIL	CASH OUTLAY NECESSARY	IF DRY HOLE DEDUCT AMOUNTS IN THIS COLUMN	ACTUAL COST
INTANGIBLES			
LOCATION and ROAD			
Survey and Permit	\$ 150.		
Road and Location Preparation	1,000.	\$ 500.	
Surface Damages	250.		
Fencing - Filling Pits - Cleanup	500.		
DRILLING TURNKEY			
_____ ft. at _____ per foot			
9 days Rig time at \$1,350 per day	12,150.		
_____ days Rig time at _____			
Drill Pipe - Tool Rental			
1 Bits at \$200.	200.		
_____ Bits at _____			
Reamer Cutters			
Core Barrel - Core Head Rental			
CASING CEMENTING Production string	1,800.		
SQUEEZE CEMENTING OR PLUGGING			
LOGGING - SIDEWALL CORING SNP, L & MLL	4,000.		
CORE ANALYSIS			
FORMATION TESTING			
PERFORATING tie-in log	900.		
ACIDIZING 3 treatments	4,000.		
SPECIAL RIG COMPLETING 4 days at \$350. per day	1,400.		
OTHER SERVICES			
TRUCKING	500.		
GEOLOGY	500.		
ENGINEERING	650.	200.	
LABOR	500.	400.	
TOOL and EQUIPMENT RENTAL			
WATER and FUEL			
CASING SUPPLIES			
DRILLING MUD and CHEMICALS and water	2,800.		
COMPANY SUPERVISION	300.	100.	
CONTINGENCIES 5%	1,600.		
TOTAL INTANGIBLES	\$33,200.	\$ 1,200.	
TANGIBLES			
CASING, CONDUCTOR			
CASING, SURFACE			
CASING, PROTECTION			
CASING, PRODUCTION 9,500' of 5 1/2" 17 lb. & 15 1/2 lb. J-55 & N-80	23,000.	16,000.	
CASING, OTHER			
TUBING 9,500' of 2 3/8" eue 4.7 lb. J-55	7,100.	7,100.	
PACKER	700.	400.	
Flow Lines	500.	500.	
Heater and High pressure separator	3,500.	3,500.	
WELL HEAD EQUIPMENT	1,500.	1,500.	
SUBSURFACE EQUIPMENT			
TOTAL TANGIBLES	\$36,300.	\$29,000.	
TOTAL ESTIMATED WELL COST	(A) \$69,500.	(B)	(C)
TOTAL ESTIMATED DRY HOLE COST	\$39,300.	\$30,200.	

REQUEST FOR ABOVE PROJECT
AGE BY:

W. J. LeMay

PROJECT RECOMMENDED BY:

W. J. LeMay

PROJECT APPROVED BY:

W. J. LeMay

PROJECT APPROVED BY:

PARTNE

Post Office Box 294
Zip Code 87401

DUGAN PRODUCTION CORP.

THOMAS A. DUGAN, President

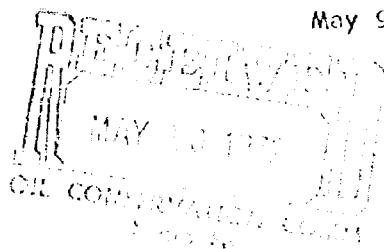
709 BLOOMFIELD RD.
FARMINGTON, NEW MEXICO

May 9, 1972

325-0238
TELEPHONE: ~~325-0184~~ Office
325-5691 Home

Area Code 505

*Referred Cliffs
Total depth
1003'*



*File -
Case 4328*

Mr. A. L. Porter
Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

The Cline #1, located in the SE/4 Section 33, T 30 N, R 14 W, San Juan County, New Mexico, was compulsory pooled by Case No. 4328, Order No. R-3971 in March, 1970.

The well was drilled in November, 1970 and connected to El Paso's gathering system in May, 1971 for a thirty day production test. The test showed that the well was not economical to produce at the current gas price. When the price of gas was increased in April, 1972, the well became a commercial venture; a second-hand compressor was installed and the well was put on production at that time.

We are forwarding the itemized costs of the drilling, completion, testing, and connection, as specified in Order No. R-3971.

Sincerely,

Thomas A. Dugan
Thomas A. Dugan

dw

cc: Pubco Petroleum
Emery Arnold, Oil Conservation Commission

att. 1

DUGAN PRODUCTION CORP.

Cline #1

Drilling, Completion & Connection Cost

TANGIBLE EQUIPMENT

Potwin Supply	56' 5½" Surface Casing	76.13
Jerome P. McHugh	1011.91' - 2 7/8" tubing for casing	1011.91
Potwin Supply	1018.52' - 1 1/4" tubing	397.22
Franklin Supply	Wellhead, etc.	143.92
Franklin Supply	Valves, etc.	99.33
Potwin Supply	Tubing Equip., Swedge	40.04
Total Tangibles		\$1768.55

INTANGIBLES

E. V. Echohawk	Survey location	113.20
E. G. Motto	Build location	189.28
Crane Drilling Co.	Drill well	1764.88
Dresser Industries	Open hole log	525.20
Byron Jackson Inc.	Cementing 2 7/8" casing	526.98
Cement and equipment for surface casing		63.57
Drilling Mud		158.18
Sample Bags		6.92
Haul surface casing, cement and mud		68.64
Float Equipment & centralizers		123.76
Haul 2 7/8" and 1 1/4" tubing		61.36
Haul frac water		316.16
Dresser Industries - Perforating		369.20
Frac Tank Rental		343.20
Dowell - Frac Well		1937.26
Completion - Rental Tools		176.80
Completion rig and trucking		1642.16
Rector	Stripper Rubber	86.96
Well Sign		15.00
Clean up location and fill pits		101.92
Machine Shop - Build wash over shoe		38.01
Supervision to drill and complete well		780.00
Total Intangibles		\$9406.64

TOTAL COST - DRILLING WELL \$11175.19

Test Well into El Paso Line
May 23, 1971 to June 23, 1971

Compressor Rental	395.20
Lay Line and Hook Up Compressor	536.12
Fittings and Equipment	144.25
Fittings and Equipment	4.80
Haul compressor to town	33.16
Labor and Supervision for Test	150.00
Testing Well	\$1263.53

Put Well on Production - April, 1972

Separator, 2823' Line Pipe and Fittings	2141.35
Compressor Purchase	5500.00
Haul Compressor to Lease and Hook-up	78.40
Putting Well on Production	\$7719.75

TOTAL WELL COST \$20158.47



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMijo
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

June 10, 1970

Mr. Richard S. Morris
Montgomery, Federici, Andrews,
Hannahs & Morris
Attorneys at Law
Santa Fe, New Mexico

Re: Case No. 4328
Order No. R-3971
Applicant:
Pubco Petroleum Corporation

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 x

Other Mr. Jason Kellahin

Memo

From

E. C. ARNOLD

SUPERVISOR AND OIL & GAS
INSPECTOR

To

George Hatch,

George - I presume that
Dugan may now proceed on
this well under the terms
of the force-pool order.

Please advise if there are
further steps he needs to
take - Thanks -

Ermy

Post Office Box 234
Zip Code 87410

DUGAN PRODUCTION CORP.

THOMAS A. DUGAN, President

709 BLOOMFIELD RD.
FARMINGTON, NEW MEXICO
September 23, 1970

325-0238
TELEPHONE: 325-9104 Office
325-3664 Home
Area Code 505



Mr. Emery Arnold
Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

Dear Emery:

As instructed in paragraph 4, page 4 of Order R-3971, we sent Pubco Petroleum Corporation a cost estimate - registered mail - return receipt requested. The receipt indicated that Pubco received the cost estimate on June 18, 1970. Pubco has not replied to our transmittal letter with the cost estimate as required in paragraph 5, page 4, Order R-3971.

We plan to proceed with the drilling of the Cline well in the near future on the basis that Pubco is a non-consenting interest owner.

Sincerely,

Handwritten signature of Thomas A. Dugan.
Thomas A. Dugan

SC

GM
file -
Case 4328

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. 4328
Order No. R-3971

APPLICATION OF PUBCO PETROLEUM CORPORATION
FOR COMPULSORY POOLING, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 25, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of June, 1970, 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 Order No. R-3921, dated February 18, 1970, estab-
lished a 171.15-acre non-standard gas proration unit in an
undesignated Pictured Cliffs gas pool comprising the NW/4 SE/4
and the S/2 SE/4 of Section 33, Township 30 North, Range 14 West,
and the NW/4 NE/4 of Section 4, Township 29 North, Range 14 West,
NMPM, San Juan County, New Mexico, dedicated to a well to be
drilled within 25 feet of the center of either the SW/4 SE/4 of
said Section 33 or the NW/4 NE/4 of said Section 4.

(3) That said Order No. R-3921 further provided that the
establishment of said non-standard proration unit was without
prejudice to the right of either Dugan Production Corporation
or any other owner of mineral interests in either the SE/4 of
said Section 33 or the NE/4 of said Section 4 to bring a case

before the Commission for the compulsory pooling of all mineral interests in either of said quarter sections within 30 days from the date of Order No. R-3921.

(4) That in accordance with the provisions of said Order No. R-3921 the applicant, Pubco Petroleum Corporation, filed a timely application seeking an order pooling all mineral interests in the undesignated Pictured Cliffs gas pool underlying the SE/4 of said Section 33 if a well is drilled to the Pictured Cliffs formation in the SW/4 SE/4 of said Section 33 and an order pooling all mineral interests in the undesignated Pictured Cliffs gas pool underlying the NE/4 of said Section 4 if a well is drilled to the Pictured Cliffs formation in the NW/4 NE/4 of said Section 4.

(5) That the applicant, Pubco Petroleum Corporation, is the owner of a mineral interest in the SE/4 of said Section 33 and the owner of a mineral interest in the NE/4 of said Section 4.

(6) That Dugan Production Corporation is the owner of a mineral interest in both of said quarter sections and has the right to drill and proposes to drill a well in either the SW/4 SE/4 of said Section 33 or the NW/4 NE/4 of said Section 4.

(7) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 of said Section 33 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the undesignated Pictured Cliffs gas pool, all mineral interests, whatever they may be in said pool within the SE/4 of said Section 33 should be pooled, provided a well is drilled in said quarter section.

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the NE/4 of said Section 4 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the undesignated Pictured Cliffs gas pool, all mineral interests, whatever they may be in said pool within the NE/4 of said Section 4 should be pooled, provided a well is drilled in said quarter section.

(9) That Dugan Production Company should be designated the operator of the well that is drilled and the unit on which the well is located.

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

(11) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 50% thereof as a reasonable charge for the risk involved in the drilling of the well.

(12) 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.

(13) 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.

(14) That \$100.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) of the 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 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) 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.

(16) That Order No. R-3921 should be superseded.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the undesignated Pictured Cliffs gas pool underlying the SE/4 of

Section 33, Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 171.93-acre non-standard gas proration unit for said pool to be dedicated to a well to be drilled to the Pictured Cliffs formation within 25 feet of the center of the SW/4 SE/4 of said Section 33, provided said well is drilled.

(2) That all mineral interests, whatever they may be, in the undesignated Pictured Cliffs gas pool underlying the NE/4 of Section 4, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 150.30-acre non-standard gas proration unit for said pool to be dedicated to a well to be drilled to the Pictured Cliffs formation within 25 feet of the center of the NW/4 NE/4 of said Section 4, provided said well is drilled.

(3) That Dugan Production Corporation is hereby designated the operator of the well that is drilled and the unit on which it is located.

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

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

(6) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs 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 completion of the well, 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.

CASE No. 4328
Order No. R-3971

(7) 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.

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

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 50% 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.

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

(10) That \$100.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) of the 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.

(11) 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.

-6-

CASE No. 4328
Order No. R-3971

(12) 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.

(13) That 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; 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.

(14) That Order No. R-3921 is hereby superseded.

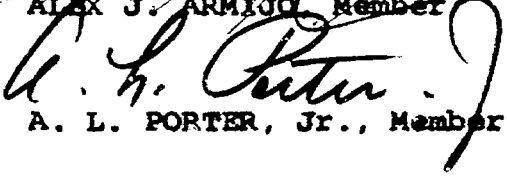
(15) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

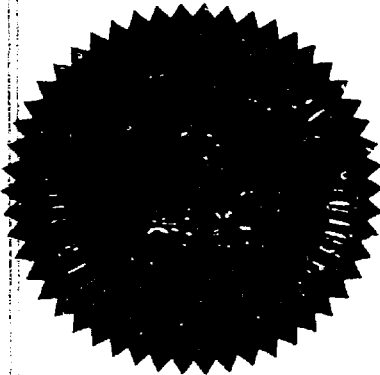
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


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



esr/

POST OFFICE BOX 234
Zip Code 87401

DUGAN PRODUCTION CORP.

THOMAS A. DUGAN, President

709 BLOOMFIELD RD.
FARMINGTON, NEW MEXICO

June 17, 1970

TELEPHONE: 325-9184 Office
325-5894 Home

Area Code 505

Pubco Petroleum Corporation
Box 1419
Albuquerque, New Mexico

Gentlemen:

As provided in New Mexico Oil Conservation Commission Order #R 3971, page 4, paragraph 4, enclosed are cost estimates for the drilling of two wells on our Cline lease in San Juan County, New Mexico.

The cost estimate for the drilling and completion of each well is \$18,845.00. In addition to the drilling cost it will be necessary to purchase one compressor to compress gas from both wells. It is estimated that it will cost \$22,000.00 to purchase the compressor, install and connect both wells to El Paso Natural Gas Company's line.

Sincerely,

Original signed by T. A. Dugan

Thomas A. Dugan

sc

cc: NMOCC - Santa Fe
NMOCC - Aztec

Enc.

file - Case 4328

FIELD WELL COST ESTIMATE

AM file - Case 4328

Lease No _____ Cline _____ Well No 1
 Location C SW/4 SE/4 Sec 33 T 30 N R 14 W
 Elev: ---

Spud Date: _____ Completion Date: ---

LOCATION COSTS:

Survey By: _____ Cost: \$ 75.00
 Road & Loc. Const: by _____ Cost: 500.00
 Drlg. Gas Line Cost by _____ Cost: ---
 Water Line Const. by _____ Cost: ---
 Location Cleanup by _____ Cost: 200.00

DRILLING

Drilling Contr. _____
 Footage 1000 Feet at \$4.50 Per Ft Cost: 300.00
 Day work W/D.P. _____ Days at _____ Per day _____ Cost: ---
 Day work wo D.P. _____ Days at _____ Per day _____ Cost: ---

TUBULAR GOODS

Surface Csg. 100' 7 5/8" @ \$3.00/ft. Cost: 300.00
 Intermediate Csg. _____ Cost: ---
 Production Csg. 1000' 4 1/2" @ \$1.40/ft. Cost: 1400.00
 Tubing 1000' 1 1/4" @ \$0.54/ft. Cost: 540.00

WELL HEAD

Manufacture _____ Size _____ Cost: 300.00
 Aux. Well head equip _____ Cost: 300.00

CEMENTINGPrimary

Surf Csg. Service by _____ Cost: 250.00
 Bulk Cement _____ Cost: 250.00

Intermediate Csg Service by _____ Cost: \$ ---

Bulk Cement _____ Cost: ---

Production Csg Service by _____ Cost: \$605.00

Bulk Cement _____ Cost: 450.00

Secondary

Squeeze etc. _____ Cost: ---

LINER HANGER _____ Cost: ---

& Service _____ Cost: ---

Float Equipment

Surface _____ Cost: 50.00

Intermediate _____ Cost: ---

Production _____ Cost: 400.00

WATER

Drilling _____ Cost: ---

MUD

Cost: 500.00

Drilling Gas Metering _____ Cost: ---

Gas @ 12¢/MCF _____ Cost: ---

MISC. WELL EQUIP. & SERVICE

Packers, Fishing Equip., etc:

Cost: ---

LOGGING

Cost: \$1000.00

TRUCKING

Cost: 500.00

COMPLETION

Completion Rig

Cost: 1000.00

Perforating

Services by

Type	Total holes	Cost holes	Cost:
			600.00

Water

Fracing		Cost:	500.00
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Frac Equipment & Service

Company	No. Trucks	
	Amt. Sand 10,000	Cost: 4000.00

Rubber Balls

Company	No.	@	Cost:
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	125.00	
FIELD SUPERVISION	5 days @ \$500.00/day	Cost: 625.00

Remarks:

Total Cost Estimate

\$18,845.00

7 77

FIELD WELL COST ESTIMATE

SWA
file - Case 4328

Lease No _____ Cline _____ Well No 2
 Location C NW/4 NE/4 Sec 4 T 29 N R 14 W
 Elev: ---

Spud Date: _____ Completion Date: ---

LOCATION COSTS:

Survey By: _____ Cost: \$ 75.00
 Road & Loc. Const: by _____ Cost: 500.00
 Drlg. Gas Line Cost by _____ Cost: ---
 Water Line Const. by _____ Cost: ---
 Location Cleanup by _____ Cost: 200.00

DRILLING

Drilling Contr. _____
 Footage 1000 Feet at \$4.50 Per Ft Cost: 4500.00
 Day work W/D.P. _____ Days at _____ Per day Cost: ---
 Day work wo D P. _____ Days at _____ Per day Cost: ---

TUBULAR GOODS

Surface Csg. 100' 7 5/8" @ \$3.00/ft. Cost: 300.00
 Intermediate Csg. _____ Cost: ---
 Production Csg. 1000' 4 1/2" @ \$1.40/ft. Cost: 1400.00
 Tubing 1000' 1 1/4" @ \$0.54/ft. Cost: 540.00

WELL HEAD

Manufacture _____ Size _____ Cost: 300.00
 Aux. Well head equip _____ Cost: 300.00

CEMENTINGPrimary

Surf Csg. Service by _____ Cost: 250.00
 Bulk Cement _____ Cost: 250.00

Intermediate Csg Service by _____ Cost: \$ ---

Bulk Cement _____ Cost: ---

Production Csg Service by _____ Cost: \$605.00

Bulk Cement _____ Cost: 450.00

Secondary

Squeeze etc. _____ Cost: ---

LINER HANGER _____ Cost: ---

& Service _____ Cost: ---

Float Equipment

Surface _____ Cost: 50.00

Intermediate _____ Cost: ---

Production _____ Cost: 400.00

WATER

Drilling _____ Cost: ---

MUD

Cost: 500.00

Drilling Gas Metering _____ Cost: ---

Gas @ 12¢/MCF _____ Cost: ---

MISC. WELL EQUIP. & SERVICE

Packers, Fishing Equip., etc:

Cost: ---

LOGGING

Cost: \$1000.00

TRUCKING

Cost: 500.00

COMPLETIONCompletion Rig

Cost: 1000.00

Perforating

Services by

Type	Total holes	Cost holes	Cost:
Water			600.00

Water

Fracing Cost: 500.00

Frac Equipment & ServiceCompany

No. Trucks

Amt. Sand 10,000

Cost: 4000.00

Rubber BallsCompany

No.

@

Cost:

FIELD SUPERVISION

5

125.00
days @ \$XXXXX/day

Cost: 625.00

Remarks:

Total Cost Estimate

\$18,845.00

Case 4228

Hq. 3-25-70

Rec. 4-2-70

Done pool the SE/4 sec.
331 ¹⁴⁻³⁰ a Pictured Cliffs
unit and the NE/4 sec of
144 39W.

allow for cash participa-
tion within 30 da. of order or
150 % risk factor.

allow 75% cost of super-
vision plus actual cost
of operation.

Pool only the P.C.

Thurston

Designate Dugan as the
operator
DD

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 25, 1970

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. Ute, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 4321: Application of Sun Oil Company-DX Division for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Cass Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said pool was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the pool.
- CASE 4324: Application of Pennzoil United, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Lea-Bone Springs Pool to permit the completion of a well at an unorthodox location 2310 feet from the South line and 1800 feet from the East line of Section 35, Township 19 South, Range 34 East, Lea County, New Mexico.
- CASE 4325: Application of Mobil Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp Pool and the Vacuum-Upper Pennsylvanian Pool in the wellbore of its Bridges State Well No. 119, a triple completion, located in Unit F of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4326: Application of Newmont Oil Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C I to permit the recompletion of a well at an unorthodox oil well location 1325 feet from the South line and 990 feet from the East line of Section 31, Township 17 South, Range 30 East, Loco Hills-Queen Pool, Eddy County, New Mexico.
- CASE 4327: Application of Franklin, Aston & Fair for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's leases comprising the NE/4 and N/2 SE/4 of Section 1, Township 18 South, Range 29 East and the E/2, N/2 NW/4, and S/2 SW/4 of Section 6, Township 18 South, Range 30 East, Loco Hills Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells located or to be located on said leases in unlined surface pits.

Examiner Hearing - March 25, 1970

-2-

- CASE 4328: Application of Pubco Petroleum Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the undesignated Fictured Cliffs gas pool underlying the SE/4 of Section 33, Township 30 North, Range 14 West, San Juan County, New Mexico. Said SE/4 to be dedicated to a well to be drilled in the SW/4 SE/4 of said Section 33. Applicant further seeks an order pooling all mineral interests in said gas pool underlying the NE/4 of Section 4, Township 29 North, Range 14 West, San Juan County, New Mexico. Said NE/4 to be dedicated to a well to be drilled in the NW/4 NE/4 of said Section 4. Also to be considered will be the costs of drilling said wells, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said wells.
- CASE 4329: Application of R. D. Collier for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Sinclair Parke Well No. 1 located in Unit F, Section 22, Township 17 South, Range 30 East, Jackson-Abo Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit in the vicinity of said well.
- CASE 4314: (Continued and readvertised from February 25, 1970, Examiner Hearing and March 4, 1970 Examiner Hearing)
Application of Coastal States Gas Producing Company for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the W/2 and SE/4 of Section 21, Township 13 South, Range 33 East, Lea County, New Mexico, from the Lazy J-Pennsylvanian Pool and the extension of the North Baum Upper Pennsylvanian Pool to include said deleted acreage.
- CASE 4319: (Continued from the March 4, 1970, Examiner Hearing)
Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the North Vacuum-Abo Pool and the Vacuum-Wolfcamp Pool in the wellbores of its New Mexico "Q" State Well No. 4 and its New Mexico "N" State Well No. 6, triple completions located respectively in Unit P of Section 25, Township 17 South, Range 34 East and Unit L

(Case 4319 continued)

of Section 30, Township 17 South, Range 35 East, Lea County, New Mexico.

- CASE 4322: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp and Vacuum-Upper Pennsylvanian Pools in the wellbore of its Shell State Well No. 1, a triple completion, located in Unit J of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4323: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg and San Andres formations through its USA Federal "C" Well No. 1 located in Unit P, Section 15, Township 17 South, Range 32 East, Maljamar (Grayburg-San Andres) Pool, Lea County, New Mexico.
- CASE 4330: Application of Tenneco Oil Company for an unorthodox location and dual completion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion of its Hospah Well No. 37X to produce oil from the Hospah-Upper and South Hospah-Lower Sand Oil Pools at an unorthodox location for said pools 1280 feet from the North and West lines of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico.
- CASE 4331: Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "E" Well No. 3, to be located 790 feet from the North and West lines of Section 13, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.
- CASE 4264: (Continued from the February 4, 1970 Examiner Hearing)
Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "J" Well No. 1, to be located 2390 feet from the South line and 2410 feet from the East line of Section 11, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

CASE 4301: (Continued from the February 4, 1970 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Robert T. Smith and all other interested persons to appear and show cause why the following Robert T. Smith wells located in Section 32, Township 20 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

State Well No. 1 located 487 feet from the North line and 990 feet from the East line;

State "A" Well No. 1 located 400 feet from the North line and 990 feet from the East line;

State Well No. 3 located 330 feet from the North line and 330 feet from the West line;

State Well No. 6 located 220 feet from the North line and 1485 feet from the East line;

State Well No. 6-Y located approximately 5 feet West of the above-described Well No. 6;

State Well No. 8 located 1155 feet from the North line and 2475 feet from the East line.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 25, 1970

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 4321: Application of Sun Oil Company-DX Division for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Cass Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said pool was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the pool.
- CASE 4324: Application of Pennzoil United, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Lea-Bone Springs Pool to permit the completion of a well at an unorthodox location 2310 feet from the South line and 1800 feet from the East line of Section 35, Township 19 South, Range 34 East, Lea County, New Mexico.
- CASE 4325: Application of Mobil Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp Pool and the Vacuum-Upper Pennsylvanian Pool in the wellbore of its Bridges State Well No. 119, a triple completion, located in Unit F of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4326: Application of Newmont Oil Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C I to permit the recompletion of a well at an unorthodox oil well location 1325 feet from the South line and 990 feet from the East line of Section 31, Township 17 South, Range 30 East, Loco Hills-Queen Pool, Eddy County, New Mexico.
- CASE 4327: Application of Franklin, Aston & Fair for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's leases comprising the NE/4 and N/2 SE/4 of Section 1, Township 18 South, Range 29 East and the E/2, N/2 NW/4, and S/2 SW/4 of Section 6, Township 18 South, Range 30 East, Loco Hills Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells located or to be located on said leases in unlined surface pits.

Examiner Hearing - March 25, 1970

-2-

- CASE 4328: Application of Pubco Petroleum Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the undesignated Fictured Cliffs gas pool underlying the SE/4 of Section 33, Township 30 North, Range 14 West, San Juan County, New Mexico. Said SE/4 to be dedicated to a well to be drilled in the SW/4 SE/4 of said Section 33. Applicant further seeks an order pooling all mineral interests in said gas pool underlying the NE/4 of Section 4, Township 29 North, Range 14 West, San Juan County, New Mexico. Said NE/4 to be dedicated to a well to be drilled in the NW/4 NE/4 of said Section 4. Also to be considered will be the costs of drilling said wells, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said wells.
- CASE 4329: Application of R. D. Collier for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Sinclair Parke Well No. 1 located in Unit F, Section 22, Township 17 South, Range 30 East, Jackson-Abo Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit in the vicinity of said well.
- CASE 4314: (Continued and readvertised from February 25, 1970, Examiner Hearing and March 4, 1970 Examiner Hearing)
Application of Coastal States Gas Producing Company for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the W/2 and SE/4 of Section 21, Township 13 South, Range 33 East, Lea County, New Mexico, from the Lazy J-Pennsylvanian Pool and the extension of the North Baum Upper Pennsylvanian Pool to include said deleted acreage.
- CASE 4319: (Continued from the March 4, 1970, Examiner Hearing)
Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the North Vacuum-Abo Pool and the Vacuum-Wolfcamp Pool in the wellbores of its New Mexico "Q" State Well No. 4 and its New Mexico "N" State Well No. 6, triple completions located respectively in Unit P of Section 25, Township 17 South, Range 34 East and Unit L

(Case 4319 continued)

of Section 30, Township 17 South, Range 35 East, Lea County, New Mexico.

- CASE 4322: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp and Vacuum-Upper Pennsylvanian Pools in the wellbore of its Shell State Well No. 1, a triple completion, located in Unit J of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4323: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg and San Andres formations through its USA Federal "C" Well No. 1 located in Unit P, Section 15, Township 17 South, Range 32 East, Maljamar (Grayburg-San Andres) Pool, Lea County, New Mexico.
- CASE 4330: Application of Tenneco Oil Company for an unorthodox location and dual completion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion of its Hospah Well No. 37X to produce oil from the Hospah-Upper and South Hospah-Lower Sand Oil Pools at an unorthodox location for said pools 1280 feet from the North and West lines of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico.
- CASE 4331: Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "E" Well No. 3, to be located 790 feet from the North and West lines of Section 13, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.
- CASE 4264: (Continued from the February 4, 1970 Examiner Hearing)
Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "J" Well No. 1, to be located 2390 feet from the South line and 2410 feet from the East line of Section 11, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

CASE 4301: (Continued from the February 4, 1970 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Robert T. Smith and all other interested persons to appear and show cause why the following Robert T. Smith wells located in Section 32, Township 20 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

State Well No. 1 located 487 feet from the North line and 990 feet from the East line;

State "A" Well No. 1 located 400 feet from the North line and 990 feet from the East line;

State Well No. 3 located 330 feet from the North line and 330 feet from the West line;

State Well No. 6 located 220 feet from the North line and 1485 feet from the East line;

State Well No. 6-Y located approximately 5 feet West of the above-described Well No. 6;

State Well No. 8 located 1155 feet from the North line and 2475 feet from the East line.

DOCKET: REGULAR HEARING - WEDNESDAY - APRIL 15, 1970

OIL CONSERVATION COMMISSION - 9 A.M. - THE HOLIDAY INN, 200 SOUTH LINAM,
HOBBS, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for May, 1970;
- (2) Consideration of the allowable production of gas for May, 1970, from fifteen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for May, 1970.

THE FOLLOWING CASES WILL BE HEARD BY THE COMMISSION OR BY A. L. PORTER, Jr., EXAMINER OR DANIEL S. NUTTER, ALTERNATE EXAMINER:

CASE 4332: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the inclusion of the NW/4 of Section 10, Township 9 South, Range 36 East, Lea County, New Mexico, in the Allison-Pennsylvanian Pool or the Vada-Pennsylvanian Pool, whichever is proper.

CASE 4333: Application of Phillips Petroleum Company for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Marley "A" Well No. 1, a wildcat well, located in Unit P of Section 3, Township 11 South, Range 31 East, Chaves County, New Mexico, in such a manner as to permit the production of oil from the San Andres formation through perforations from 4148 feet to 4165 feet and the disposal of produced salt water into the San Andres formation through the perforated interval from 4344 feet to 4800 feet.

CASE 4084: (Reopened)

In the matter of Case No. 4084 being reopened pursuant to the provisions of Order No. R-3732, which order established 160-acre spacing units and an 80-acre proportional factor of 4.77 for the Feather-Wolfcamp Pool, Lea County, New Mexico. All interested parties may appear and show cause why the said pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 should or should not be retained.

- CASE 4334: Application of Pan American Petroleum Corporation for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to recomplete its State Gas Com "BG" Well No. 1 at an unorthodox location 1450 feet from the North line and 1490 feet from the West line of Section 2, Township 29 North, Range 10 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, the N/2 of said section to be dedicated to the well.
- CASE 4335: Application of Gulf Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Vacuum (Grayburg-San Andres) Pool by the injection of water into the San Andres formation through its Lea "FE" State Wells Nos. 2 and 4, located in Units C and E, respectively, of Section 11, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4336: Application of Byron McKnight for an exception to Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties. Said exception would be for applicant's lease comprising all of Section 19, W/2 Section 20, NW/4 Section 29, and NW/4 Section 30, Township 19 South, Range 34 East, undesignated Yates-Seven Rivers gas pool, Lea County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells on said leases in unlined surface pits on the leases.
- CASE 3859: (Continued from the October 15, 1969, Regular Hearing)
Application of Wilson Oil Company for an exception to Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's leases in Sections 13, 23, and 24 of Township 21 South, Range 34 East, and Sections 7 and 18 of Township 21 South, Range 35 East, Wilson Yates-Seven Rivers Pool, Lea County, New Mexico. Applicant, seeks authority to continue to dispose of produced water in seven unlined surface pits located in the center of the W/2 of said Section 13, center of the W/2 SE/4 of said Section 13, SW/4 NE/4 of said Section 23, center of SW/4 of said Section 24, center of the NE/4 of said Section 7, NE/4 SW/4 of said Section 7, NW/4 NW/4 of said Section 18.

(Case 3859 continued)

In the alternative, applicant seeks an extension of time in which to comply with the provisions of said order.

CASE 4337: Application of Petroleum Corporation of Texas for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Dexter Hanagan Graridge Federal Well No. 1 located in Unit J, Section 22, Township 17 South, Range 30 East, Jackson-Abo Pool, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit in the vicinity of said well.

CASE 4338: Application of Skelly Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Lea "D" Lease by selective injection of water into various zones of the Grayburg-Jackson Pool through three wells located in Units B, H, and J of Section 26, Township 17 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.

CASE 4339: Southeastern nomenclature case calling for an order for the creation of certain new pools and the assignment of oil discovery allowables and the contraction and extension of certain other pools in Lea, Chaves and Eddy Counties, New Mexico.

(a) Create a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the Tower-San Andres Pool comprising the following:

TOWNSHIP 11 SOUTH, RANGE 31 EAST, NMPM
SECTION 3: SE/4

(Case 4339 continued)

Further, for the assignment of approximately 20,740 barrels of oil discovery allowable to the discovery well Phillips Petroleum Company's Marley "A" Well No. 1, located in Unit P of said Section 3

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Tres Papalotes-Pennsylvanian Pool, comprising the following:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 33: NE/4

Further, for the assignment of approximately 52,340 barrels of oil discovery allowable to the discovery well Lone Star Producing Company's New Mexico (80) State Well No. 1 located in Unit B of said Section 33.

(c) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Cherry Canyon production and designated as the Sand Dunes-Cherry Canyon Pool. The discovery well is Texas American Oil Corporation's Todd 26 Federal Well No. 2 located in Unit G of Section 26, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
SECTION 26: SW/4 NE/4

(d) Create a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Warren-Devonian Pool. The discovery well is Continental Oil Company's SEMU Burger B No. 58 located in Unit C of Section 29, Township 20 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 29: NW/4

(e) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM
SECTION 26: S/2

(Page 43-9 continued)

(f) Extend the East Caprock-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
SECTION 23: NE/4

(g) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
SECTION 23: NW/4 NW/4

(h) Extend the South Eunice-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
SECTION 11: NE/4

(i) Extend the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
SECTION 9: NE/4
SECTION 10: NW/4

(j) Extend the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
SECTION 20: All

(k) Extend the Round Tank-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMFM
SECTION 30: W/2 NW/4 and NW/4 SW/4

(l) Extend the Shugart Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMFM
SECTION 25: W/2 NW/4

(m) Contract the Bough Permo- Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMFM
SECTION 14: S/2

(n) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMFM
SECTION 13: S/2

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMFM
SECTION 18: S/2

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMFM
SECTION 10: SE/4
SECTION 14: S/2
SECTION 15: NE/4
SECTION 23: NW/4

J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
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February 26, 1970

70 MAR 2 35

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

Case 4328

Gentlemen:

Enclosed for filing are the original and two copies
of an Application for compulsory pooling on behalf
of Pubco Petroleum Corporation.

This application is related to Order No. R-3921,
which was entered in Case No. 4298 on February 18,
1970.

We would appreciate this application being set for
hearing as soon as possible.

Very truly yours,

Richard S. Morris

RSM:F
Encls.

cc: Mr. Charles E. Ramsey, Jr.
Manager, Engineering & Evaluation
Pubco Petroleum Corporation
P.O. Box 869
Albuquerque, New Mexico 87103

Kellahin & Fox
Attorneys at Law
P.O. Box 1769
Santa Fe, New Mexico 87501

*Send Packet
to Mr. Ramsey*

DOCKET MAILED

Date 2-12-70

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

70 MAR 2 AM 8 35

APPLICATION OF PUBCO PETROLEUM
CORPORATION FOR COMPULSORY
POOLING IN AN UNDESIGNATED
PICTURED CLIFFS GAS POOL, SAN
JUAN COUNTY, NEW MEXICO.

Case No. 4328

APPLICATION

Comes now Pubco Petroleum Corporation and applies to the New Mexico Oil Conservation Commission for compulsory pooling of all mineral interests in the $SE\frac{1}{4}$ of Section 33, Township 30 North, Range 14 West, and in the $NE\frac{1}{4}$ of Section 4, Township 29 North, Range 14 West, San Juan County, New Mexico, and in support of its application states:

1. By Order No. R-3921 entered in Case No. 4298, on February 18, 1970, the Commission established a nonstandard unit consisting of the $NW\frac{1}{4} SE\frac{1}{4}$ and the $S\frac{1}{2} SE\frac{1}{4}$ of said Section 33, and the $NW\frac{1}{4} NE\frac{1}{4}$ of Section 4, Township 29 North, Range 14 West, San Juan County, New Mexico, comprising 171.15 acres. Under the said Order, Dugan Production Company is authorized to dedicate the said nonstandard unit to a well drilled either in the $SW\frac{1}{4} SE\frac{1}{4}$ of said Section 33 or in the $NW\frac{1}{4} NE\frac{1}{4}$ of said Section 4. Establishment of the said nonstandard unit by the said Order is subject to the right of Pubco Petroleum Corporation to bring this case before the Commission for the compulsory pooling of all mineral interests in the $SE\frac{1}{4}$ of said Section 33 or in the $NE\frac{1}{4}$ of said Section 4, or in both of said quarter sections.

2. In the event Dugan Production Corporation elects to drill a Pictured Cliffs Well in the $SW\frac{1}{4} SE\frac{1}{2}$ of said Section 33, Pubco Petroleum Corporation seeks an order pooling all mineral interests in the $SE\frac{1}{4}$ of said Section 33. Pubco Petroleum Corporation is the owner and operator of the $NE\frac{1}{4} SE\frac{1}{4}$ of said Section 33, and compulsory pooling of the entire $SE\frac{1}{4}$ of said Section 33

is necessary to protect the correlative rights of all mineral interests therein, including the rights of the United States of America, which is the royalty owner under the said acreage owned and operated by Pubco Petroleum Corporation.

3. In the event Dugan Production Corporation elects to drill a Pictured Cliffs Well in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 4, Pubco Petroleum Corporation seeks an order pooling all mineral interests in the NE $\frac{1}{4}$ of said Section 4. Pubco Petroleum Corporation is the owner and operator of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ and the S $\frac{1}{2}$ NE $\frac{1}{4}$ of said Section 4, and compulsory pooling of the entire NE $\frac{1}{4}$ of said Section 4 is necessary to protect the correlative rights of all mineral interests therein, including the rights of the United States of America, which is the royalty owner under the said acreage owned and operated by Pubco Petroleum Corporation.

WHEREFORE, Pubco Petroleum Corporation requests that this application be set for hearing before the Commission or one of its examiners, and that the Commission enter its order in accordance with this application.

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS
& MORRIS

By Richard S. Morris
P.O. Box 2307
Santa Fe, New Mexico 87501
Attorneys for Pubco Petroleum
Corporation.

DRAFT

GMH/esr

April 23, 1970

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. 4328

Order No. R-3971

APPLICATION OF PUBCO PETROLEUM CORPORATION
FOR COMPULSORY POOLING, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 25, 19670, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of , 19670, 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 Order No. R-3921, dated February 18, 1970, established a 171.15-acre non-standard gas proration unit in an undesignated Pictured Cliffs gas pool comprising the NW/4 SE/4 and the S/2 SE/4 of Section 33, Township 30 North, Range 14 West, and the NW/4 NE/4 of Section 4, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, dedicated to a well to be drilled within 25 feet of the center of either the SW/4 SE/4 of said Section 33 or the NW/4 NE/4 of said Section 4.

(3) That said Order No. R-3921 further provided that the establishment of said non-standard proration unit was without prejudice to the right of either Dugan Production Corporation

or any other owner of mineral interests in either the SE/4 of said Section 33 or the NE/4 of said Section 4 to bring a case before the Commission for the compulsory pooling of all mineral interests in either of said quarter sections within 30 days from the date of Order No. R-3921.

(4) That in accordance with the provisions of said Order No. R-3921 the applicant, Pubco Petroleum Corporation, filed a timely application seeking an order pooling all mineral interests in the undesignated Pictured Cliffs gas pool underlying the SE/4 of said Section 33 if a well is drilled to the Pictured Cliffs formation in the SW/4 SE/4 of said Section 33 and an order pooling all mineral interests in the undesignated Pictured Cliffs gas pool underlying the NE/4 of said Section 4 if a well is drilled to the Pictured Cliffs formation in the NW/4 NE/4 of said Section 4.

(5) That the applicant, Pubco Petroleum Corporation, is the owner of a mineral interest in the SE/4 of said Section 33 and the owner of a mineral interest in the NE/4 of said Section 4.

(6) That Dugan Production Corporation is the owner of a mineral interest in both of said quarter sections and has the right to drill and proposes to drill a well in either the SW/4 SE/4 of said Section 33 or the NW/4 NE/4 of said Section 4.

(7) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 of said Section 33 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the undesignated Pictured Cliffs gas pool, all mineral interests, whatever they may be in said pool within the SE/4 of said Section 33 should be pooled, *provided a well is drilled in said quarter section.*

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each

interest in the NE/4 of said Section 4 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the undesignated Pictured Cliffs gas pool, all mineral interests, whatever they may be in said pool within the NE/4 of said Section 4 should be pooled, *provided a well is drilled in said quarter section.*

(9) That Dugan Production Company should be designated the operator of the ~~subject well~~ *that is drilled and the unit the* and units. *which the well is located.*

(10) That any non-consenting working interest owner should be afforded the opportunity ~~as to each well~~ *the well that is drilled,* to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(11) That any non-consenting working interest owner that does not pay his share of estimated well costs ~~for the well to be drilled in the SW/4 SE/4 of said Section 33~~ should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 50% thereof as a reasonable charge for the risk involved in the drilling of the well.

(12) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be drilled in the NW/4 NE/4 of said Section 4 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 50% thereof as a reasonable charge for the risk involved in the drilling of the well.

~~12 (11)~~ That any non-consenting interest owner should be afforded the opportunity ~~as to each well~~ 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.

13 ~~(12)~~ That following determination of reasonable well costs, ~~as to each well~~, any non-consenting working interest owner that

has paid his share of estimated costs should pay, ~~as to each well~~ 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.

(continued fixed rates)
\$100.00
(14) ~~That \$22.00 per month should be fixed as a reasonable charge for supervision for each of the subject wells;~~ *of the 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 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) ~~That~~ 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.

(16) That Order No. R. 3921 should be superseded.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the undesignated Pictured Cliffs gas pool underlying the SE/4 of Section 33, Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a ^{171.93}~~124.8~~-acre non-standard gas proration unit for said pool to be dedicated to a well to be drilled to the Pictured Cliffs formation, ^{within 25 feet of the center of} the SW/4 SE/4 of said Section 33, *provided said well is drilled.*

(2) That all mineral interests, whatever they may be, in the undesignated Pictured Cliffs gas pool underlying the NE/4 of Section 4, Township 29 North, Range 14 West, NMPM, San Juan County,

New Mexico, are hereby pooled to form a 150.30-acre non-standard gas proration unit for said pool to be dedicated to a well to be drilled ~~to the Pictured Cliffs formation, in the~~ ^{within 25 feet of the center of} NW/4 NE/4 of said Section 4, ~~provided said well is drilled.~~

(3) That Dugan Production Corporation is hereby designated ~~the operator of the subject wells and units~~ ^{well that is drilled on the unit on which it is located.}

(4) That the operator shall furnish the Commission and each known working interest owner ~~in the SW/4 of said Section 33~~ an itemized schedule of estimated well costs, ~~as to the well to be drilled in the SW/4 SE/4 of said Section 33,~~ within 30 days following the date of this order.

(5) That the operator shall furnish the Commission and each known working interest owner in the NE/4 of said Section 4 an itemized schedule of estimated well costs, as to the well to be drilled in the NW/4 NE/4 of said Section 4, within 30 days following the date of this order.

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

(7) That the operator shall furnish the Commission and each known working interest owner ~~in the subject units~~ an itemized schedule of actual well costs ~~as to each well~~ within 30 days following completion of ~~each~~ ^{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 completion of ~~each~~^{the} well, 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.

(8) That within 30 days following determination of reasonable well costs, ~~as to each well~~, 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.

(9) That the operator is hereby authorized, ~~as to each well~~, to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 50% 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.

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

(11) That ¹⁰⁰\$75.00 per month is hereby fixed as a reasonable charge for supervision ~~for each of the subject wells;~~ *(combined fixed rates) of the 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 wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) 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.

(13) 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.

(14) That all proceeds from production from the subject wells 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; 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.

that Order No. R-3921 is hereby superseded.

(15) 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 4329: Application of R. D.
COLLIER FOR AN EXCEPTION TO
ORDER NO. R-3221, AS AMENDED.