

CASE 4463: Application of ROGER
C. HANKS FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Continued 1-6-71

Case. Number.

4463

Application,
Transcripts.

Small Exhibts.

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 6, 1971

EXAMINER HEARING

-----)
IN THE MATTER OF:)

Application of Roger C. Hanks
for compulsory pooling, Lea County,
New Mexico.)

Case No.
4463

-----)
BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date JANUARY 6, 1971 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Jim Christy	R C Hawks	Roswell
Ray Hanks	"	Midland
Robert B. Oros	"	Midland
SG. Buell	Montgomery, Federici, Andrus	Santa Fe -
Mike M. Carter	Texaco Inc	Midland, Tex
Ken Bateman	White Sulphur Springs Colln	Santa Fe -
James E. Heintz	Coastal State Elms	Roswell.
E. R. Manning	El Paso Natural Gas	El Paso, Texas
George D. Neal	The Eastland Oil Co	Midland, Tex
JW MANAUGH	Delaware Appalachians	MIDLAND
Alvin W. Hofer	Montgomery, Federici etc	S. Fe
B. C. S. INCLAIR	Pennzoil United, Inc	MIDLAND
F. CLINTON EDWARDS	✓	✓
W. H. Ammentorp	✓	✓
J. A. Davidson	✓	✓
Bert L. Jordan	Gulf Oil Co	Roswell
Don Galtrey	"	"

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date JANUARY 6, 1971TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Col. Coater	Col. Coater	Resident
Jason Kellahi	Kellahi & Fox	Santa Fe
Stan D. Geddrie	Kerr-McGee Corp.	Oklahoma City
H. Dean	Pet. Camp	Midland
V. T. LYON	CONTINENTAL OIL CO.	HOBBS
Jack McGraw	Coastal States	Midland, Tex
W. D. Elliott	Coastal States	Corpus Christi, TEX
J. E. Sperry	Washburn Sperry et al	Alb.
Charles Ramsey	Pudco Petr.	Albq.
Peter B. Kessler	Rasler & Shelden	Astoria
Arnie S. Durdamie	RW Byram & Co.	Santa Fe

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E X H I B I T S

	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's Exhibit No. 1	10	17
Applicant's Exhibit No. 2	10	17
Applicant's Exhibit Nos. 3 & 4	13	17
Applicant's Exhibit No. 5	17	17

MR. NUTTER: The Hearing will come to order.
The first case is Case No. 4463, which is the Application
of Roger C. Hanks for compulsory pooling, Lea County,
New Mexico.

MR. CHRISTY: I am S. B. Christy of Jennings,
Christy and Copple, and we are attorneys for Roger C.
Hanks.

MR. BUELL: Mr. Examiner, I am Sumner Buell,
the firm of Montgomery, Federici, Andrews, Hannahs
and Morris, and we are attorneys for Gordon M. Cone,
Kathleen Cone and Jewell McFarland, and we have sought
in this matter a motion for continuance, and we filed
a written motion setting out our contentions.

MR. NUTTER: All right. Are there any other
appearances in this case?

Would you go ahead, Mr. Buell?

MR. BUELL: Mr. Commissioner, there is some
litigation presently pending in Lea County involving
the west half of the east half of Section 18 upon which
this well is located at the present time. Just very
briefly, in that litigation it is alleged that the
Applicant in this case, Mr. Hanks, has been a willfull
tresspasser and has drilled a well in a location which
is under consideration today without any right whatsoever,
and the suit asked, among other things, an accounting of

all production, and a declaration that Mr. Hanks is about that area without rights in the well, and we feel that until the litigation is determined in Lea County, that it would be inappropriate for the Commission in this case to go ahead with a hearing in this matter of Forced Pooling Application.

Now, we would like to point out, your Honor, that the rights of Mr. Hanks will turn upon the litigation in Lea County, and that this Commission is required by Statute to enter approval concerning the determination of how long he will be an operator, and the cost and risk factors involved, and if Mr. Hanks is finally determined to be a trespasser, then this body can designate him as an operator and go ahead with this hearing depending on the outcome of that litigation.

MR. NUTTER: For that reason you have requested a hearing according to your Motion for Continuance which was filed until April of 1971 or to such further hearing dates as may be required? Do you have any idea what these future hearing dates would be?

MR. BUELL: Mr. Examiner, that would be determined

by when the litigation is finally decided. We hope it would be by April.

MR. NUTTER: You have no assurance that it would be.

MR. CHRISTY: First, I think I ought to mention to the Commission that the land involved here is in the Vada-Penn Pool which was declared 460-acre spacing, and, secondly, the well in question here went on production in May and all the money was impounded waiting the outcome of this hearing. Now, to put this in perspective, there was a request for a postponement in November, and we went along with them to give them some time, right about to the day of the hearing, when the lawsuit was to be filed. We gave them another two months. The second thing is the question that Mr. Hanks is the owner involved with the parcel in the northeast, and in this litigation it involves the west half of the northeast. If Mr. Hanks loses the law suit and, nevertheless, after force pooling his way into the northeast, you are going to have forced pooling here no matter what Mr. Hanks does in the lawsuit. Now, to continue this case until April is in my judgement something that will serve no useful purpose because the earliest that this could be tried would be March, and there would be

30 days before the Appeal and 90 days more to perfect the Appeal. For whatever time it takes for the Appellant jurisdiction to hearing the case, you could not finally have the hearing of this case until May, and then it would be next fall and possibly next winter, and I think that it's too long a delay with respect to that operator question, so it would seem to me that the logical thing to do is to determine whether Mr. Hanks has a right to drill the well. He has spent approximately \$130,000 drilling it, and it seems to me the proper thing to do is to go ahead with the forced pooling hearing insofar as the matter of forced pooling to a point where Mr. Hanks, as temporary operator, would be required to be a litigant in a suit and to report back to the Commission when the case is finally determined at that point, if Mr. Hanks loses, you can call a hearing to determine how it ought to be operated. There is no cost-expense factor in here because we are only trying for the forced pooling in order to get the overriding royalties, and we don't have all of the mixture of monies and so forth, and so it would seem to me that the proper thing to do is, since this man has spent \$130,000, he might well be the temporary operator until this litigation is completed.

MR. NUTTER: We have received a copy of the Motion on December 31st, and immediately filed a response to it.

We came in today and there was no way to know, since it seemed to me unfair to hold Mr. Hanks back with the witnesses and so forth, and we think the proper thing to do is to proceed with this hearing and to hold in abeyance the question as to who should operate the well until we make the determination as to who the owners are. In the meanwhile, we could appoint Mr. Hanks as temporary operator.

MR. BUELL: In response to that, Mr. Examiner, I believe that the Statute requires that the pooling order carry in it the allocation of expenses and also carry with it the designation of operator. We feel that this is, as far as argument here is concerned, that they come up here prepared. Mr. Christy stated this motion since December 31st, and their order noticed for them to appear and the telephone is available to them to get a continuance or agree to one, and in that the procedure outlined by Mr. Christy was outlined to complete theirs before this Commission. We feel that one is sufficient, and that one can be had after the litigation is finished.

MR. NUTTER: I think the Motion will be denied.

ROGER C. HANKS

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q What is your name and your occupation, and where do you reside?

A Roger Hanks, 2100 Wilcox, Midland, Texas.

Q Your occupation?

A Geologist and oil operator.

Q Have you previously testified before this Commission and had your qualifications put on record as a petroleum engineer and geologist, and have they been accepted?

A Yes.

Q Now, Mr. Hanks, I believe this hearing involves the northeast quarter of Section 18, Township 9, Range 36 east, Lea County, New Mexico. When I am referring to the Section, I am referring to those lands.

A Yes.

Q Now, are you the owner of the working interest in the Northeast quarter, Section 18, subject to certain litigation now pending in District Court in Lea County?

A Yes.

Q Where did you acquire that interest from?

A Pan American Petroleum Corporation.

Q And this involves the west half of the northeast quarter of Section 18 which is known as the Cone-McFarland Tract?

A That is true.

Q Now, tell us a little bit about a well you drilled; is it 660 feet from the north line, 180 feet from the east line of Section 18?

A That's right; that is true.

Q Well, it was drilled about April 3rd of last year?

A That is true.

Q What was the total depth, about 9800 feet?

A Right.

Q Approximately what was the producing interval of this well?

A 9688 to 97 to 24.

Q Is this producing from the Vada-Penn Pool which was declared by the OCC Case, Order No. 395?

A It is.

Q Drilling of the well, did you comply with all of the rules and regulations of the New Mexico Oil Conservation Commission?

A I did.

Q Now, since there were two leases involved, one of these leases contained a pooling provision?

A No, I don't think so.

Q Therefore in the order to comply with the Vada-Penn Pool Rules, did you have a comunitization agreement

executed by several parties?

A I did.

(Whereupon, Applicant's Exhibit No. 1 was marked.)

BY MR. CHRISTY:

Q I show you Applicant's Exhibit No. 1 and I ask you if that map was prepared by you or under your direct supervision?

A It was.

Q Now, turning to the communitization agreement, again, which is Applicant's Exhibit No. 2, it appears to have been signed by your wife and ratified?

A Yes, sir.

(Whereupon, Applicant's Exhibit No. 2 was marked.)

BY MR. CHRISTY:

Q And the Pan American Petroleum Corporation, I assume that it retained the override in the assignment to you?

A It did.

Q It included the assignment of the overriding royalty?

A It did.

Q S.G. Reed was one of the lessors of the east half of the northeast of Section 18?

A Yes.

Q And that was signed by Mary Ruth Ford, who was a mineral owner in the northeast of Section 18?

A That is true.

Q And it was signed by Mr. B. M. Probandt, he was working partner?

A He was an override owner.

Q And override owner?

A Yes.

Q A. R. Chambers?

A An override owner.

Q An override owner, and now, what--

A (Interrupting) Chambers worked for the other owners, and Probandt for me.

Q Now, what are you seeking in this case, Case No. 4463 that we are now hearing?

A I am seeking at this time that the well be placed in the Vada-Penn Pool which belongs to me, there is no question about it.

Q Are you seeking to have forced pooling of the other mineral owners in the northeast section of 18, who did not sign the communitization agreement?

A Yes, that is true.

Q One of the mineral owners in the west half of the northeast was Mrs. Jewell McFarland and Mr. George Dorni (sic) and they also included the overriding royalty owners in the

west half of the northeast quarter, Mr. Cone, and that override was signed in the lease to Pan American, and that included the rest of the half of the northeast quarter?

A Yes.

Q Would that also include W. W. Rang (sic), who is a royalty owner?

A Yes.

Q Did you mail or cause to be mailed a notice of this hearing to these parties, Mrs. McFarland, Mr. Green and Mr. Cone and Mrs. Rang?

A To my knowledge, all the parties have been contacted.

Q Did you, as a matter of fact, hand a notice to Mr. Robert Ross, and he is here today?

A Under my direction, all of this was done.

Q Did you try to obtain these people's approval to this communitization agreement, and I specifically refer to the letter of October 22nd, 1970?

A Yes.

Q It was sent under your signature by Mr. Ross?

A Right.

Q Do you have a log on this well?

A I do.

Q I am referring to Applicant's Exhibit No. 2,

and--

A (Interrupting) The log must be No. 3.

Q I hand you Applicant's Exhibit No. 3 to this hearing, and I ask you what that log is on the well on the east quarter?

A I ran it personally and supervised it.

Q That is known as the Ford Well?

A The Jewell-Ford-McFarland.

MR. CHRISTY: Mr. Examiner, at this point we have testimony with respect to the well costs, the pay-out costs, the drilling completed, and so forth, and for the production data and so forth. I am wondering if the Commission wants to go into this at that point, or if it wishes to hold that question until final adjudication of the litigation?

MR. NUTTER: I think a certain amount of this in the record, Mr. Christy, if the witness can testify as to the actual cost to date of the well, and what production was, etcetera.

(Whereupon, a discussion was held off

the record, and Applicant's Exhibits Nos. 3 & 4 were marked.)

BY MR. CHRISTY:

Q Now, I refer to what has been marked as Applicant's Exhibit No. 4. What detail information is there; incidently,

was Exhibit No. 4 prepared by you or under your supervision?

A It was.

Q Now, on Schedule A it lists the production, net value, total cumulative value, working interest ownership, and net value to working interest. Does it accurately depict your projections on further pay-out of the Ford No. 1 well?

A Yes.

Q I noticed you have the price of the oil at \$3.15 a barrel up to and including December of 1970, and then it is escalated to \$3.37 thereafter on projection?

A Yes, we believe the price would increase.

Q Now, let me refer to Schedule B of Exhibit No. 4. Is this a tabulation of the projection of pay-out of the Well?

A Based on its present production and decline.

Q Now, Schedule 2 is a tabulation of oil and gas sales from the first runs through the latest available, with the date of the well completion down from November of 1970?

A Right.

Q By the way, have you seen any money from the well?

A It was asked that the runs be suspended, and no payment be made until the well is straightened out title-wise.

Q By that you mean this hearing that we were speaking

of?

A Right.

Q It may also be necessary to impound certain runs up in the northwest northeast, depending on the disposition of the Lea County case?

A True.

MR. CHRISTY: What I am getting to, Mr. Examiner, is that I don't think it is necessary to impound runs on the east northeast, and if this Application were granted, it may be necessary until we could stipulate to impound the west half. One of the reasons I want to go ahead is that I think it is fair to the royalty owners.

(Whereupon, Applicant's Exhibit No. 5 was marked for identification.)

BY MR. CHRISTY:

Q This is Applicant's Exhibit No. 5, entitled "Net Value to Working Interest/Pay-out and Pay-out Month of Based Lease Per Cent." Now, for the record, would you please tell us what your volumes are in the oil and in the gas?

A Well, I sold 31,695 barrels through the 30th of November.

Q How much gas?

A 51.620 million. The first month's production was 5451 barrels, and the second month's production was

7,084 barrels. November's production was 2520 barrels. The well is in need of change over of lifting equipment. I went ahead and I tried a method of hydralift to conventional which improved the production.

Q Approximately what did that cost?

A \$20,000.

MR. PORTER: You are going ahead with it?

THE WITNESS: I have to.

BY MR. CHRISTY:

Q In Schedule A to Applicant's Exhibit No. 4, you have depicted the working interest ownership percentage as 67.550. Now, let me refer to Applicant's Exhibit No. 5 on page 1, and tell me that this reflects the working interest in percentages without the burdens of the overriding royalties?

A Yes.

Q The balance of Exhibit No. 5 appears to be a tabulation of costs; is it an accurate statement?

A It is.

Q Would you give me, for the record, the final figures of those expenditures by the three categories?

A For the casing point 89,164.30; from the casing point forward it was 84,194.47; and the operations to date have been 16,086.76.

Q What is the total of these?

A The total is \$189,445.53, and this does not include salt water disposal connections.

Q Does the well have a substantial amount of salt water?

A Right, 500 barrels a day.

Q Now, in your opinion, Mr. Hanks, will this well effectively and efficiently drain the hydrocarbons in the well in the Vada-Penn Pool underlying the northeast quarter of Section 18?

A It will.

Q Then will the granting of this Application for this Force Pooling Application for the east portion of Section 18 of the Vada-Penn Pool, would that allow each to receive his or her just and equitable share of the recoverable minerals underlying his or her land?

A It will.

Q In your opinion, will the granting of this Application violate the correlative rights of any of the working interest owners?

A No.

MR. CHRISTY: At this time I would like to offer in evidence Applicant's Exhibits Nos. 1 through 5, inclusive.

MR. NUTTER: These exhibits will be received.
Are there any other questions of Mr. Hanks?

BY MR. NUTTER:

Q I note you have on your schedule No. 4 that you have shown your oil production declining down in February of 1972. Is it your intent to show a constant rate of production of 840 barrels per month through 1973?

A Well, we just took a recovery factor, which is the average for the field, and prorated it over 41 months. I believe it is rather difficult to tell on some of these wells just exactly what is accurate. It is sort of pulling it out from the sky.

Q You have come to a total ultimate recovery of how many barrels; do you have that on there?

A It should be 180,000, I believe.

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

MR. HANKS: The recent production decline of the well had been so disappointing as far as being able to predict what the ultimate recovery is. I can't tell. I can say that we are doing everything possible and we have worked it over twice.

BY MR. NUTTER:

Q In this Schedule D, you show that your costs which were incurred jumped from \$1,200 up to \$20,900 for January of 1971, and this would include a switch to conventional pumping, is that it?

A To allocate that in there, it is not the operational

cost. It is just strictly rods, you have to have tubing and you change that output.

Q It is the installation of the equipment, the big items which you bought in January of 1971; there's where you jumped up again.

A Yes, that's what we anticipated. At 800 barrels per month it is certainly not economical to do anything to get an improvement on it.

Q On Exhibit No. 5, Mr. Hanks, in the tabulation of costs we have the actual cost before the casing point and after the casing point, which would be for the drilling and equipping for the well improvement?

A Right.

Q On page 4, then, what would be the sum of these two costs; would it be the \$89,000 or the \$84,000; would that be the cost of drilling and equipping the well?

A Yes, sir.

Q The total of \$16,000, that was the actual operation cost for the well since its completion?

A Yes, sir, that month's operation costs and allocation, overhead, and operations.

Q That is the very next thing you have to get into under your cost-plus accounting in unitized operations which permit allocation of direct operating cost on a

shared basis between the parties, and then there is also these fixed charters for operational overhead?

A A combined rate, a combined fixed rate.

Q So you do have an overhead charge of \$115?

A Yes, \$115.

Q And that would be the total fixed overhead?

A Yes, sir, that would be true; I wish it were more.

Q But that \$115, then, is a constant rate?

A Yes, these operational charges are very much in line with the wells which operate in this area. Many others have the same similar lifting costs; it is about the same.

Q One other little thing, Mr. Hanks: Where were you getting your completion interval; it varied slightly from the interval shown on the Exhibit, 9688 or something?

A Yes, that interval on Exhibit 1 is correct. I apologize for that. I was looking from the log and not from the direct figure from the map.

MR. NUTTER: Is there anything further of Mr. Hanks?

BY MR. PORTER:

Q Apparently you made these projections of production after you made this installation in January; what did you base that on, the projection?

A That is an unfair question, but I will try to answer it. Experience, Mr. Porter; I don't know.

Q What I am getting at is whether the performance of the situation in the pool or of a producer or your own experience?

A Two and a half miles north there are wells that have made 80 barrels and it appeared to be not economical.

MR. NUTTER: Is there anything further of Mr. Hanks?

If there is nothing further, the witness may be excused.

MR. CHRISTY: That is all for the Applicant.

MR. NUTTER: That is all for Case No. 4463; we will take the case under advisement.

STATE OF NEW MEXICO)
) SS
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

I do hereby certify that the foregoing is a true and correct record of the hearing of Case No. 4463, held at Santa Fe, New Mexico, on 1/6/44, before the New Mexico Oil Conservation Commission, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

[Signature]
Richard L. Nye, Court Reporter
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 18, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Roger C. Hanks
for compulsory pooling, Lea
County, New Mexico.

Case No. 4463

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 4463.

MR. HATCH: Case 4463. Application of Roger C. Hanks for compulsory pooling, Lea County, New Mexico.

MR. MORRIS: Mr. Examiner, I'm Richard Morris of Montgomery, Federici, Andrews, Hannas & Morris, Santa Fe, appearing on behalf of Gordon Cone, Kathleen Cone and Jewel McFarland, who are the mineral interest owners under the west half, northeast quarter of Section 18, Township 9 South, Range 36 East, Lea County, New Mexico, which is a portion of the acreage involved in this case. At this time we wish to move the Commission to continue this case indefinitely on the grounds that the acreage that I have just specified is involved in litigations. And we have discussed this matter with Mr. Hinkle, the attorney for the Applicant. He has informed me over the telephone that he has no objection to the motion for continuance, and if the Commission has not yet received a letter from Mr. Hinkle, I am advised that he will submit a letter to the Commission concurring in this motion.

MR. HATCH: Our rules, I believe, require our records to show a time and place where it's continued. I wonder if you could give us some time that possibly could be continued again from something so that we can show a time in it.

MR. MORRIS: Well, we would suggest that this matter be continued at least until some time in January, 1971. We

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feel it will take some time to clear up the matters involved in the litigations.

MR. UTZ: You had an agreement with Mr. Hinkle, the attorney in the Applicants in regard to this continuance?

MR. MORRIS: That's correct.

MR. UTZ: We have not received a letter from him as yet, and Mr. Hinkle is not represented here or not here, nor Mr. Hanks is not represented, I don't believe. Hear your statement. We will continue Case 4463 until January 6, 1971.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, LINDA MALONE, Court Reporter, 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.

Linda Malone
Court Reporter

do hereby certify that the foregoing is
a true and correct record of the proceedings
before me on the 11-18-90
at Albuquerque, New Mexico
Linda Malone, Reporter
New Mexico Oil Conservation Commission

C O P Y

APR 28 1971

April 28, 1971

Mobil Oil Corporation
P. O. Box 900
Dallas, Texas 75221

Attention: Division Order Section

ma file
New Mexico O.C.C.
Order R-4099
Case 4463
(Our Ford #1 Well)

Gentlemen:

In accordance with paragraph 10, page 4 of the N.M.O.C.C. Order R-4099 calling for an Escrow Agent in Lea County, New Mexico for all funds not disbursed, please use the First National Bank of Hobbs, Hobbs, New Mexico.

It is my understanding that all funds due to me are to be paid in the near future in accordance with March 17, 1971 title opinion rendered by Jennings, Christy and Copple.

Very truly yours,

Original Signed By
ROGER C. HANKS

Roger C. Hanks

RCH:bb

cc: Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico
Attention: Mr. A. L. Porter, Jr.
Secretary-Director

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. 4463
Order No. R-4099

APPLICATION OF ROGER C. HANKS
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 6, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of February, 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Roger C. Hanks, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NE/4 of Section 18, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant has the right to drill in the NE/4 of said Section 18 and has drilled his Ford Federal Well No. 1 in the NW/4 NE/4 of said Section 18 to the Vada-Pennsylvanian Pool.
- (4) That there are interest owners in the proposed spacing and proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each

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CASE No. 4463

Order No. R-4099

interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

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

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

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

(10) That \$115.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator 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.

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

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Vada-Pennsylvanian Pool underlying the NE/4 of Section 18,

-3-

CASE NO. 4463

Order No. R-4099

Township 9 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 160-acre oil spacing and proration unit to be dedicated to the Roger C. Hanks Ford Federal Well No. 1 located in the NW/4 NE/4 of said Section 18.

(2) That Roger C. Hanks is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following the date of this order; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(4) That within 60 days from the date the schedule of said actual well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of said actual well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of said actual well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

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

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

-4-

CASE No. 4463

Order No. R-4099

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

(7) That \$115.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

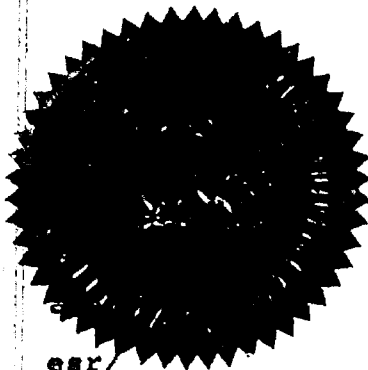
(8) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

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

(10) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

esr/

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE

1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

February 23, 1971

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

Attention: Mr. A. L. Porter, Jr.

Mr. Richard Morris
Montgomery, Federici, Andrews,
Hannahs & Morris
P. O. Box 2307
Santa Fe, New Mexico 87501

Re: Case 4463 ✓
Order R-4099

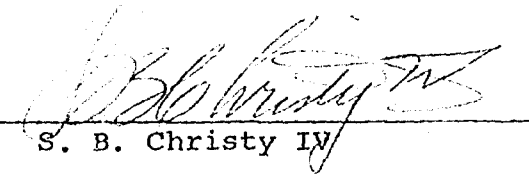
Gentlemen:

In compliance with the captioned we enclose herewith to each of you an itemized schedule of the actual well costs of the Ford-Federal No. 1 well involved in the captioned case.

Respectfully submitted,

JENNINGS, CHRISTY & COPPLE

By


S. B. Christy IV

SBC:pv

Encl.

cc: Mr. Roger C. Hanks

ROGER C. HANKS

2100 WILCO BUILDING
P. O. BOX 584
MIDLAND, TEXAS 79701

71 FEB 24 PM 1 05

February 18, 1971

SUMMARY OF COSTS
FORD No. 1

Before Casing Point	\$89,164.30
After Casing Point	\$91,328.84
Operations	<u>\$25,839.46</u>
Total Costs thru December 31, 1970	\$206,332.60

TABULATION OF COSTS
FORD No. 1

DATE	SOURCE OF CHARGE	BEFORE CASING POINT	AFTER CASING POINT	OPERATIONS
Feb 1970	Hinkle, Bonduarant, Cox & Eaton	\$ 195.00	\$	\$
	Lovington Abstract	33.28		
	Lovington Abstract	13.52		
Mar 1970	Mrs. Jewel Ford McFarland	350.00		
	Mrs. Jewel Ford McFarland	120.00		
	Apex Signs	10.33		
	Globe Construction	2,052.96		
	West Engineering	65.00		
	Gandy Pumping Service	14.04		
	Sheds Signs	16.64		
April 1970	Hinkle, Bonduarant, Cox & Eaton	103.10		
	Lynch, Chappell, Allday & Culp	334.98		
	Lynch, Chappell, Allday & Culp	4.29		
May 1970	Fort Worth Pipe&Supply	1,770.12		
	Valley Steel	(11.86)		
	Cactus Oilfield Salvage	12,862.92		
	Hobbs Pipe&Supply		19,622.57	
	Hobbs Pipe&Supply		5,391.65	
	Hills Engine Repair		6,249.36	
	Hobbs Pipe&Supply		2,137.20	
	Hobbs Pipe&Supply		(390.00)	
	FNA Drilling Co.	54,017.60		
	W.H.Snyder Mud Co.	1,095.59		
	W.M. Snyder Mud Co.	502.32		
	W.M.Snyder Mud Co.	2,322.32		
	W.M. Snyder Mud Co.	443.04		
	Shannick Oil Co.	1,323.92		
	Dowell, Inc.	1,286.19		
	Halliburton Co.		2,502.34	
	Halliburton Co.	236.80		
	W.M. Snyder Mud Co.	1,437.87		
	Obrie Luman	320.00		
	Field Services&Supply	160.16		
	N-N Construction Co.	111.02		
	N-N Construction Co.	102.96		
	Cicero Smith Lumber Co.		131.14	
	Well Units, Inc.		1,437.02	
	Western Co.		2,250.52	
	Western Co.		802.96	
	W.T. Probandt-Geological	662.32		
	Oiltex Supply	57.62		
	OK Welding	18.72		
	R.C. Hanks Trucking&Water	1,264.96		
June 1970	Bethlehem Steel		2,284.51	
	Oiltex Supply Co.		79.91	
	Mapp Tank Co.		3,744.00	
	R.C. Hanks-Truck	1,373.24		
	Halliburton Co.		(1.71)	
	Halliburton Co.			721.76
	Cicero Smith Lumber Co.		94.00	
	Gandy Pumping Service			211.12
	Kenneth Tank		36.40	
	Well Units, Inc.			1,107.34
	Lone Star Welders		46.80	
	Lone Star Welders	37.44		
	Lone Star Welders	32.76		
	R.C.Hanks-Pumper Salary&Expense			171.35
	R.C.Hanks-Mechanic&Roustabout			52.67
	Gandy Pumping Service		28.08	
	Gandy Pumping Service		9.36	
	Gandy Pumping Service		37.44	
	R.C.Hanks-Operating Overhead			115.00
	Cotton Distributing			16.85

DATE	SOURCE OF CHARGE	BEFORE CASING POINT	AFTER CASING POINT	OPERATIONS
June 1970	I.C.T.	\$	\$	\$ 228.04
	Oiltex Supply Co.		53.14	
	Oiltex Supply Co.		2.39	
	R.C.Hanks-Trucking, Water	872.80		
	Hills Engine Repair		75.92	
	United Chemical Corp.			136.41
	United Chemical Corp.			236.57
	Kobe, Inc.			187.72
	Kobe, Inc.			187.72
	Kobe, Inc.			32.55
	Kobe, Inc.			481.52
	Lovington Rental Tools		193.84	
	Lovington Rental Tools			989.04
	Oiltex Supply Co.		1.92	
	Oiltex Supply Co.		35.51	
July 1970	R.C.Hanks-Warehouse		241.28	
	R.C.Hanks-Warehouse		418.08	
	R.C.Hanks-Warehouse		6,552.00	
	R.C. Hanks-Warehouse		240.92	
	Bethlehem Steel		(8.40)	
	Continental Emsco.		100.44	
	Oiltex Supply Co.		19.83	
	Oiltex Supply Co.		143.49	
	Oiltex Supply Co.		187.67	
	Oiltex Supply Co.		25.81	
	Republic Supply		49.85	
	R.C.Hanks-Warehouse		14,040.00	
	Nolan H. Brunson, Inc.		265.20	
	R.C.Hanks-Warehouse		2,496.00	
	Nolan H. Brunson, Inc.		684.58	
	Gandy Pumping Service		719.95	
	R.C.Hanks-Warehouse		6,708.00	
	R.C. Hanks-Warehouse		364.00	
	Kenneth Tank Service		50.96	
	Kenneth Tank Service		309.40	
	Oil Field Rentals, Inc.		134.68	
	R.C.Hanks-Pumpers Salary & Exp			213.20
	R.C. Hanks-Mechanic&Roustabout			133.07
	Gandy Pumping Service		1,308.07	
	Gandy Pumping Service		179.14	
	R.C.Hanks-Operating Overhead			115.00
	Cotton Distributing			14.04
	Butane			9.73
	R.C.Hanks-Warehouse			16.63
	Oiltex Supply Co.		27.27	
	R.C.Hanks-Trucking&Water			574.86
	Kenneth Tank Service			18.20
	United Chemical Corp.			282.08
	Kobe, Inc.			1,132.56
	Kobe, Inc.			295.36
	Well Units, Inc.		595.40	
	B&B Painting		800.00	
	D&L Meter&Instrument			22.88
Aug 1970	Oiltex Supply Co.			12.14
	Oiltex Supply Co.			51.54
	Nolan H. Brunson, Inc.		684.58	
	FWA Drilling Co.	3,181.26		
	R.C.Hanks-PumperSalary&Exp			200.31
	R.C.Hanks-Mechanic&Roustabout			380.51
	Gandy Pumping Service			338.00
	Gandy Pumping Service			37.44
	R.C.Hanks-Operating Overhead			115.00
	Cotton Distributing Co.			18.72
	Cotton Distributing Co.			51.48
	Keeth Gas Co.			123.71
	R.C.Hanks-Warehouse			41.96
	Oiltex Supply Co.			102.32
	R.C.Hanks Fresh Water			74.10
	Kenneth Tank Service			36.40
	Kobe, Inc.			353.10
	R.C.Hanks-Trucking			49.14
	N-N Construction Co.			9.36
Sept 1970	Cactus Pipe&Supply Co.	382.07		
	FWA Drilling Co.	(13.00)		

DATE	SOURCE OF CHARGE	BEFORE CASING POINT	AFTER CASING POINT	OPERATIONS
Sept 1970	R.C.Hanks-Mechanic&Roustabout	\$	\$	\$ 123.39
	R.C.Hanks-Fresh Water			57.20
	R.C.Hanks-Operating Overhead			115.00
	R.C.Hanks-Pumper Salary&Exp			199.50
	R.C.Hanks-Warehouse			56.44
	Griffin & Ross			146.70
	Hills Engine Repair			65.09
	Keeth Gas Co.			4.91
Oct 1970	Bethlehem Steel			248.62
	Mrs. Jewel McFarland			89.34
	Tip Barnes			120.00
	R.C.Hanks-Mechanic&Roustabout			80.86
	R.C.Hanks-Trucking			135.20
	R.C.Hanks-Fresh Water			15.60
	R.C.Hanks-Operating Overhead			115.00
	R.C.Hanks-Pumper Salary&Exp			192.53
	R.C.Hanks-Warehouse			48.53
	Cotton Distributing			21.28
	Hills Engine Repair			32.08
	I.C.T.			114.88
	Keeth Gas Co.			50.31
	Kobe Inc.			180.50
	Kobe, Inc.			871.00
	Oiltex Supply			122.15
	Cicero Smith Lmbr Co.			7.48
Nov 1970	Top Pruiet			742.81
	Howell Spear			51.17
	R.C.Hanks-Mechanic&Roustabout			49.77
	R.C.Hanks-Fresh Water			7.80
	R.C.Hanks-Operating Overhead			115.00
	R.C.Hanks-Pumper Salary&Exp			214.49
	R.C.Hanks-Warehouse			23.75
	Griffin & Ross			618.72
	Griffin & Ross			337.81
	Hinkle, Bondurant, Cox&Eaton			156.00
	Hinkle, Bondurant, Cox&Eaton			4.62
	I.C.T.			123.30
	Keeth Gas Co.			52.84
	Keeth Gas Co.			20.23
	Kenneth Tank Service			26.00
	Select Well Service			419.63
	Wallace Oil Co.			34.55
	West Engineering			161.20
	Wallace Gas Co.			14.98
Dec 1970	Salt Water Disposal Line		6,374.25	
	J.L. Read Est.		160.12	
	R.C.Hanks-Roustabout			209.48
	R.C.Hanks-Trucking			21.84
	R.C.Hanks-Fresh Water			19.50
	R.C.Hanks-Operating Overhead			115.00
	R.C.Hanks-Pumper Salary&Exp			233.72
	Dillard Anderson, Ins.			697.00
	Dillard Anderson, Ins.			55.50
	R.C.Hanks-Warehouse Trf			114.06
	Dillard Anderson-Bonds			15.91
	Baker Oil Tools			389.48
	Baker Oil Tools			122.84
	Field Services, Inc.			115.44
	Keeth Gas Co.			108.32
	Kenneth Tank Service			218.40
	Kobe, Inc.			187.72
	Kobe, Inc.			1,132.56
	N-N Construction			15.60
	Oiltex Supply			11.75
	Oiltex Supply			10.29
	Oiltex Supply			16.36
	Oiltex Supply			37.48
	Oiltex Supply			73.32
	Oiltex Supply			25.13
	Select Well Service			1,671.80
	Wallace Oil Co.			28.01
	Western Co.			4,106.19
	R.C.Hanks-Drlg Overhead		600.00	
		\$89,164.30	\$91,328.84	\$25,839.46

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

February 17, 1971

TELEPHONE 622-8432
AREA CODE 505

71 FEB 18 AM 9 12

Roger C. Hanks
2100 Wilco Building
Midland, Texas 79701

Attention: Mr. Barry Brooks

Re: NMOCC Case 4463
Order R-4099

Dear Sir:

In response to our inquiry of February 15 the New Mexico Oil Conservation Commission has advised us that in accordance with the captioned a copy of the itemized schedule of actual well costs should be furnished to Mr. Gordon Cone, et al, and we request that you comply within 30 days from the date of the Order. Please also furnish us a copy of the schedule.

Since Mr. Richard Morris of Montgomery, Federici, Andrews, Hannahs & Morris, P. O. Box 2307, Santa Fe, New Mexico 87501, entered their appearance in the above case in behalf of Gordon Cone, et al, it is appropriate to furnish the schedule to the latter care of such attorneys.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By _____
S. B. Christy IV

SBC:pv
cc: Mr. A. L. Porter, Jr.
cc: Mr. Richard Morris

COPY

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 16, 1971

C
O
P
Y

Mr. S. B. Christy IV
Jennings, Christy & Copple
Attorneys at Law
P. O. Box 1180
Roswell, New Mexico 88201

Re: Case No. 4463
Order No. R-4099
Applicant: Roger C. Hanks

Dear Mr. Christy:

In response to your letter of February 15, 1971, I wish to inform you that Mr. Gordon Cone, et al, should be furnished an itemized schedule of actual well costs as an interest owner known to be claiming a working interest.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/GMH/esr

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

February 15, 1971

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

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

Re: Case No. 4463
Order No. R-4099
Applicant: Roger C. Hanks

Gentlemen:

Thank you for your letter of February 10, 1971, enclosing in duplicate the captioned Order.

In connection with Paragraph (3), page 3, which provides that Mr. Hanks will furnish to the Commission and to "each known working interest owner" in the subject unit an itemized schedule of actual well costs within 30 days following the date of the Order, we would appreciate additional clarification from the Commission in view of the pending litigation mentioned at the hearing on the captioned.

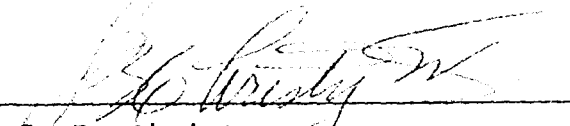
If Mr. Gordon Cone, et al, are successful in the litigation, then they will be working interest owners and we, of course, know of their existence. Conversely, if Mr. Cone, et al, are not successful in the litigation, then there are no working interest owners except Mr. Hanks.

We would be perfectly happy to furnish the itemization to such persons as the Commission may deem appropriate, but we would appreciate further instruction in view of the peculiar nature of the situation. A copy of the schedule will be furnished to the Commission promptly.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By


S. B. Christy IV

SBC:pv

cc: Mr. Roger C. Hanks
cc: Griffin & Ross



OIL CONSERVATION COMMISSION

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

February 10, 1971

GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. S. B. Christy
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: Case No. 4463
Order No. R-4099
Applicant:
Roger C. Hanks

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC _____

Other Mr. Sumner Buell, Mr. Paul Cooter

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.

LAW OFFICES
HINKLE, BONDURANT, COX & EATON

600 HINKLE BUILDING
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201

November 17, 1970

TELEPHONE (505) 822-6510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) MU 3-4891

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 4463 - examiner's
docket November 18

Gentlemen:

We filed on behalf of Roger C. Hanks an application for the compulsory pooling of all mineral interests in the Pennsylvanian formation underlying the NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36 East, Vada-Pennsylvanian Pool, Lea County. We have been advised by Mr. Richard Morris of the firm of Montgomery, Federici, Andrews, Hannahs & Morris that a suit has been filed by Gordon Cone against Pan American Petroleum Corporation which involves one of the leasehold interests in the above mentioned case. Mr. Morris will make a motion for continuance of the case when it comes up for hearing on November 18.

Mr. Hanks also desires that the case be continued and you may consider this letter as a motion on his behalf for such purpose.

Due to a possible conflict of interest, we are withdrawing from the case and Mr. Hanks will employ other counsel when this matter comes up for hearing before the Commission. We would suggest that the matter be continued until such time as a request is made by either Roger Hanks or Gordon Cone that the case be set down for hearing.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By 

CEH:cs
cc: Roger Hanks
cc: Richard Morris
cc: Griffin & Ross

DOCKET MAILED

Date 12-23-70

SW

RECEIVED

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF ROGER C. HANKS FOR COMPULSORY
POOLING OF THE NORTHEAST QUARTER
OF SECTION 18, T. 9 S., R. 36 E.,
LEA COUNTY, NEW MEXICO

Case No. 4463

RESPONSE TO MOTION FOR CONTINUANCE

COMES NOW Roger C. Hanks by his attorney of record and moves the Commission to deny the Motion for Continuance filed by Gordon M. Cone, Kathleen Cone and Jewel McFarland, and for grounds thereof, states:

1. This case was initially set for hearing before the Commission for November 18, 1970, and at the request of Gordon M. Cone, Kathleen Cone and Jewel McFarland, was temporarily continued. That the case has been reset by the Commission for hearing on January 6, 1971.

2. That Roger C. Hanks is the owner and operator of an oil and gas lease covering the E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36 East, being a portion of the lands involved in this Application and in which lands Gordon M. Cone, Kathleen Cone and Jewel McFarland own no interest in the mineral estate and which lands are not involved in Cause No. 30583 in the District Court of Lea County, New Mexico. As a consequence, no useful purpose would be served in continuing this case until final adjudication in said Cause No. 30583.

3. The Motion for Continuance requests continuance of this case until April of 1971 or for approximately three months.

Upon information and belief said Cause No. 30583 cannot finally be adjudicated by April of 1971, and that, therefore, any postponement until April of 1971 would serve no useful purpose.

4. Paragraph 5 of the Motion for Continuance asserts that the Movants would be substantially prejudiced if their Motion was not granted, stating that the reason would be that they would not be designated as operator of the well in question. Since it is solely the function of the Commission, and not the Movants to designate an operator for a well involved in a forced pooling proceeding, no substantial prejudice could exist. Further it has never been the practice of the Commission to appoint three parties (Movants) as an operator, and it would cause economic waste to so do.

5. In the event Movants are successful in their action in said Cause No. 30583, Roger C. Hanks, as owner of the leasehold in the E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36 East, would nevertheless have a right to force pool his mineral interest with that of the Movants with respect to the well in question, and that as a consequence, no useful purpose would be served in granting the requested continuance.

6. Roger C. Hanks was served with a copy of the Motion for Continuance at 2:00 P.M. on December 31, 1970, the next business day of the Commission being January 4, 1971; as aforementioned, this case has been set before the Commission at 9:00 A.M. on January 6, 1971. As a consequence of the foregoing, the granting of the Motion for Continuance would be a substantial injustice to

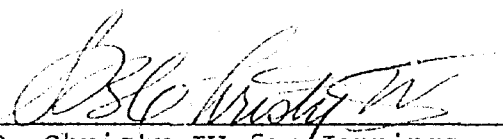
Roger C. Hanks and the Motion should, therefore, not be allowed.

THEREFORE it is respectfully requested that the Commission deny Movants Motion for Continuance, and that this case come on to be heard before the Commission, pursuant to the Notice previously given, at 9:00 A.M. on January 6, 1971.

Respectfully,

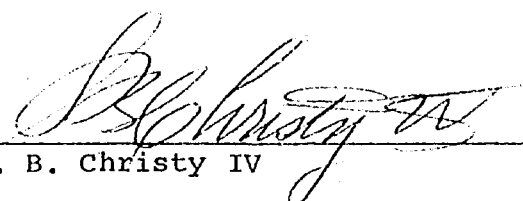
ROGER C. HANKS

By


S. B. Christy IV for Jennings,
Christy & Copple as a member
of the firm
P. O. Box 1180
Roswell, New Mexico 88201

CERTIFICATE OF MAILING

I hereby certify that I did on the 31st day of December, 1970, mail a true and correct copy of the above and foregoing Response to Motion for Continuance to Richard S. Morris, P. O. Box 2307, Santa Fe, New Mexico 87501, and that I did take such action for and in behalf of Roger C. Hanks.


S. B. Christy IV

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

J. O. SETH (1883-1963)

ATTORNEYS AND COUNSELORS AT LAW

A. K. MONTGOMERY
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
RICHARD S. MORRIS
SUMNER G. BUELL
SETH D. MONTGOMERY

350 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3676

December 30, 1970

FRANK ANDREWS III
OWEN M. LOPEZ

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

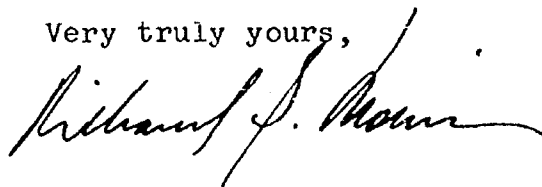
Re: Application of Roger C. Hanks
for Compulsory Pooling
Lea County, New Mexico;
N.M. OCC Case 4463

Gentlemen:

We submit herewith a Motion for Continuance of the hearing
in this case based upon title litigation now pending in
Cause No. 30583 in the District Court of Lea County, New
Mexico.

A copy of this motion is being sent to the attorneys for
Mr. Hanks and to the attorneys for Pan American Petroleum
Corporation which is an interested party in this applica-
tion.

Very truly yours,



RSM:peg
Enc.

cc S.B. Christy, Esq.
Atwood, Malone, Mann & Cooter, Esqs.,
Gordon M. Cone
Finis Heidel, Esq.

B-18-9-36

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF ROGER C. HANKS FOR COMPULSORY
POOLING OF THE NORTHEAST QUARTER
OF SECTION 18, T. 9 S., R. 36 E.,
LEA COUNTY, NEW MEXICO

Case No. 4463

MOTION FOR CONTINUANCE

Comes now GORDON M. CONE, KATHLEEN CONE and JEWEL
McFARLAND, by their attorneys, and moves the Commission, and its
duly appointed examiners, to continue the hearing of this case
until the first examiner hearing in the month of April, 1971,
and in support of their motion state:

1. Movants, Gordon M. Cone, Kathleen Cone and Jewel
McFarland, as plaintiffs, have brought suit against Pan American
Petroleum Corporation, Roger C. Hanks and Alice Ann Hanks, as
defendants, in Cause No. 30583 in the District Court of Lea
County, New Mexico, seeking a judgment of the Court declaring
a certain oil and gas lease covering the West Half East Half
of Section 18, T. 9 S., R., 36 E., N.M.P.M., Lea County, New
Mexico, to have terminated, and further seeking damages and
other relief against the said defendants.

2. The oil and gas lease involved in litigation in the
said Lea County Cause No. 30583 covers a portion of the lands
involved in the application of Roger C. Hanks for compulsory
pooling in Oil Conservation Commission Case 4463 and is the
basis of the claims of Roger C. Hanks and Pan American Petroleum
Corporation to ownership of interests in the oil and gas under-
lying the West Half of the Northeast Quarter of Section 18,
T. 9 S., R. 36 E., Lea County, New Mexico.

3. In the event plaintiffs are successful in their contentions in the said Lea County Cause No. 30583 the interest of Roger C. Hanks, Alice Ann Hanks and Pan American Petroleum Corporation in the West Half Northeast Quarter of Section 18, will have terminated and Roger C. Hanks will have no standing to proceed with the application for compulsory pooling in this case. Also, if the plaintiffs in Lea County Cause No. 30583 are successful in their litigation, Roger C. Hanks and Pan American Petroleum Corporation will have no interest in the West Half Northeast Quarter, and the ownership therein will be in the Movants rather than as claimed by the applicant.

4. In the event Movants are successful in Lea County Cause No. 30583 they rather than Roger C. Hanks will be the owners and operators of the well that has been drilled in the Northwest Quarter Northeast Quarter of Section 18, and will be entitled to bring ~~into~~ to the Commission an application for compulsory pooling, should that be necessary.

5. Section 65-3-14(c), N.M.S.A., requires the Commission to designate an operator of the proration units formed under its compulsory pooling authority. Movants will be substantially prejudiced if this motion is not granted for the reason that they rather than Roger C. Hanks should be recognized and designated as the owner and operator of the well in the Northwest Quarter Northeast Quarter of said Section 18, and should be designated as the operator of the unit.

6. In the exercise of its sound discretion, the New Mexico Oil Conservation Commission and its examiners should continue this case until such time as the ownership of oil and gas rights in the West Half Northeast Quarter of said Section 18 has been resolved in the litigation now pending in Lea County

Cause No. 30583, and to this end the hearing on this application should be continued to the first examiner hearing in the month of April, 1971, and to such future hearing dates as may be required.

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & MORRIS

BY: *Richard J. Shorman*
Post Office Box 7307
Santa Fe, N.M. 87501

Attorneys for Gordon M. Cone,
Kathleen Cone and Jewel McFarland

CERTIFICATE OF MAILING

I certify that on this 30th day of December, 1970, I caused to be mailed a true and correct copy of the foregoing MOTION FOR CONTINUANCE to S. B. Christy IV, Jennings, Christy & Copple, Post Office Box 1180, Roswell, N.M. 88201, as attorneys for Defendants Hanks, and to Atwood, Malone, Mann & Cooter, Esqs., Post Office Drawer 700, Roswell, N.M. 88201, as attorneys for Pan American Petroleum Corporation.

Richard J. Shorman

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 6, 1971

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

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

CASE 4463: Continued from the November 18, 1970, Examiner Hearing

Application of Roger C. Hanks for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the NE/4 of Section 18, Township 9 South, Range 36 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said acreage to be dedicated to applicant's Ford Federal Well No. 1 located in the NW/4 NE/4 of Section 18. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4477: Application of Gulf Oil Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Northwest Eumont Unit Waterflood Project, Eumont Pool, by the conversion to water injection of thirteen additional wells in Sections 26, 27, 33, and 34, of Township 19 South, Range 36 East, Lea County, New Mexico.

CASE 3786: (Reopened):

In the matter of Case No. 3786 being reopened pursuant to the provisions of Order No. R-3437-A, which order extended for a period of 18 months the special rules and regulations for the North Paduca-Delaware Pool, Lea County, New Mexico. All interested persons may appear and show cause why the gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations should not be discontinued.

CASE 4455: Continued from the November 18, 1970, Examiner Hearing

In the matter of the hearing called by the Oil Conservation Commission for the creation of a new oil pool and for the assignment of a discovery allowable, Sandoval County, New Mexico. The Commission, at the request of Refiners Petroleum Corporation, will consider the creation of a new oil pool for the production of oil from the Dakota formation comprising the NE/4 of Section 25, Township 22 North, Range 3 West, Sandoval County, New Mexico, said pool having been discovered by said corporation's Cuba Union Well No. 1 located in Unit A of said Section 25. Also to be considered will be the assignment of approximately 34,390 barrels of discovery allowable to said well.

- CASE 4478: Application of Refiners Petroleum Corporation for the creation of a new oil pool and special rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Graneros-Dakota formation for its Cuba-Union Well No. 1 located in Unit A of Section 25, Township 22 North, Range 3 West, Sandoval County, New Mexico, and for the promulgation of special rules therefor, including a provisions for 160-acre spacing units.
- CASE 4479: Application of Eastland Oil Company for the creation of a new pool, assignment of discovery allowable, and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new pool for the production of oil from the Grayburg and San Andres formations for its Arco Federal Well No. 1 located in the NW/4 NW/4 of Section 5, Township 18 South, Range 31 East, Eddy County, New Mexico, and for the assignment of an oil discovery allowable to said well. Applicant further seeks the adoption of special pool rules to provide for a limiting gas-oil ratio of 5,000 to one.
- CASE 4480: Application of Coastal States Gas Producing Company for expansion of a unit area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Flying "M" (San Andres) Unit Area, authorized by Order No. R-3220, to include some 879 acres, more or less, of Federal, State and Fee lands in Townships 9 and 10 South, Range 33 East, Flying "M" San Andres Pool, Lea County, New Mexico.
- CASE 4481: Application of Delaware-Apache Corporation for a non-standard proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit comprising the SW/4 NE/4 and NW/4 SE/4 of Section 20, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled at a standard location in the SW/4 NE/4 of said Section 20.
- CASE 4482: Application of the Petroleum Corporation for the creation of a new pool, special rules therefor, and exceptions to Orders Nos. R-3221 and R-4070, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Petco State Well No. 1 located in Unit P of Section 26, Township 19 South, Range 29 East, Eddy County, New Mexico, and for the promulgation of special rules therefor, including provisions for 160-acre spacing units and a limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil. Applicant further seeks exceptions to Orders Nos. R-3221 and R-4070, respectively, to permit the disposal of water produced by said well in an unlined surface pit and to flare gas produced by said well.
- CASE 3709: (Reopened)
In the matter of Case 3709 being reopened pursuant to the provisions of Order No. R-3366-A, which order extended 80-acre spacing units for the Akah Nez-Devonian Oil Pool, San Juan County, New Mexico, for a period of two years. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

- CASE 4483: Application of Pubco Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Kemnitz-Lower Wolfcamp East Unit Area comprising the SW/4 and W/2 SE/4 of Section 22, the E/2 NW/4 of Section 27, and the E/2 NE/4 of Section 28, Township 16 South, Range 34 East, Kemnitz-Lower Wolfcamp Pool, Lea County, New Mexico.
- CASE 4484: The application of the Oil Conservation Commission upon its own motion for an order granting an exception to the ninth paragraph of Chapter II, Section 2 of Order No. R-333-F to permit shutting in gas wells for the required shut-in test at some period during the 1971 test season other than immediately following the 7-day deliverability flow test; further to permit measuring the shut-in test pressure during the 8th to 15th day of shut-in of the well rather than on the 8th day as presently required. The above exceptions would be for the 1971 annual deliverability test season only and would be applicable to all wells in San Juan, Rio Arriba, McKinley, and Sandoval Counties, New Mexico, subject to the testing requirements of Chapter II of Order No. R-333-F.
- CASE 4485: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit comprising the NW/4 NW/4, S/2 NW/4, NE/4 SW/4, and S/2 SW/4 of Section 1, Township 25 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Wells "A" Wells Nos. 2 and 7, located, respectively, in Units E and F of said Section 1. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in any proportion.
- CASE 4486: Application of Continental Oil Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Langlie-Mattix Jack A-29 waterflood project, Langlie-Mattix Pool, by the drilling of an additional injection well at an orthodox location in the SW/4 NW/4 of Section 29, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 4487: Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the W/2 of Section 6, Township 23 South, Range 27 East, South Carlsbad Strawn Gas Pool, Eddy County, New Mexico, said acreage to be dedicated to a well in the W/2 of said Section 6. Also to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.
- CASE 4488: Application of Resler and Sheldon for downhole commingling, Lea County, New Mexico. Applicants, in the above-styled cause, seek approval for the downhole commingling of gas and liquids produced from the Jalmat Gas Pool and oil and gas produced from the Langlie-Mattix Oil Pool through a common string of tubing in their Steeler Well No. 1 located in Unit L of Section 20, Township 23 South, Range 37 East, Lea County, New Mexico.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 20, 1970

Mr. Sim B. Christy
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

DOCKET MAILED

Date 12.23-70

Dear Mr. Christy:

Reference is made to your letter of November 19, 1970, wherein you advise the Commission that henceforth your law firm will represent Roger C. Hanks. The case which you refer to - Case 4463, has been continued to the January 6, 1971 examiner hearing.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/ir

C
O
P
Y

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

November 19, 1970

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

Attention: Mr. A. L. Porter, Jr.

Re: Case No. 4463

Gentlemen:

As you were advised in a letter of November 17, 1970, Mr. Hinkle has withdrawn as attorney for Roger C. Hanks in connection with the captioned. This letter is to advise you that the undersigned firm will henceforth represent Mr. Hanks in this matter.

We would appreciate your placing the captioned cause on the next available docket and advise the date the case has been set.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By

S. B. Christy IV

SBC:pv

cc: Mr. Richard Morris
cc: Mr. Roger Hanks
cc: Griffin & Ross

Docket No. 25-70

DOCKET: REGULAR HEARING - WEDNESDAY - NOVEMBER 18, 1970

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

ALLOWABLE: Consideration of the allowable production of gas for December, 1970, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico, and also presentation of purchaser's nominations for said pools for the six-month period beginning January 1, 1971. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for December, 1970.

CASE 4453: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the promulgation of an order prohibiting the flaring or venting of casinghead gas in the State of New Mexico on or after December 31, 1970, when certain conditions exist. Copies of the proposed order will be circulated by way of the Commission's general mailing list and will be available upon request made to the Commission at its Santa Fe office.

* * * * *

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTIER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, IN THE OIL CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF SAID BUILDING AT 9:30 A.M.

CASE 4454: Southeastern New Mexico nomenclature case calling for the extension of certain pools in Lea, Chaves and Roosevelt Counties, New Mexico.

(a) Extend the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM
SECTION 11: N/2 and SW/4

(b) Extend the Double L-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
SECTION 31: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
SECTION 27: SE/4

(d) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 14: NW/4
SECTION 27: NE/4

(e) Extend the Vada-Pennsylvanian Pool in Roosevelt County,

(Case 4454 continued)

New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM
SECTION 33: NE/4

- CASE 4455: In the matter of the hearing called by the Oil Conservation Commission for the creation of a new oil pool and for the assignment of a discovery allowable, Sandoval County, New Mexico. The Commission, at the request of Refiners Petroleum Corporation, will consider the creation of a new oil pool for the production of oil from the Dakota formation comprising the NE/4 of Section 25, Township 22 North, Range 3 West, Sandoval County, New Mexico, said pool having been discovered by said corporation's Cuba Union Well No. 1 located in Unit A of said Section 25. Also to be considered will be the assignment of approximately 34,390 barrels of discovery allowable to said well.
- CASE 4456: Application of Pan American Petroleum Corporation for expansion of pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Cato Baskett Pressure Maintenance Project, Cato-San Andres Pool, by the conversion to water injection of its Baskett "D" Wells Nos. 1 and 2, located respectively, in Units C and A of Section 11, Township 8 South, Range 30 East, Chaves County, New Mexico.
- CASE 4457: Application of Tenneco Oil Company for the creation of a new pool, assignment of discovery allowable, and promulgation of special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the "D" zone of the Dakota formation for its Don Ne Pah Well No. 1 located in Unit D of Section 18, Township 17 North, Range 8 West, McKinley County, New Mexico, and for the assignment of an oil discovery allowable to said well. Applicant further seeks the promulgation of special rules for said pool, including provisions for 80-acre spacing units with wells to be drilled in either the northwest or southeast quarter-quarter sections.
- CASE 4458: Application of Continental Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the South Eunice Unit Area comprising 2720 acres, more or less, of Federal and Fee lands in Sections 20, 21, 22, 28, 29, and 33, Township 22 South, Range 36 East, South Eunice Pool, Lea County, New Mexico.
- CASE 4459: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its South Eunice Unit Area by the injection of water into the Seven Rivers and Queen formations through 30 wells located in Sections 20, 21, 22, 28, 29, and 33, Township 22 South, Range 36 East, South Eunice Pool, Lea County, New Mexico.
- CASE 4460: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause,

(Case 4460 continued)

seeks the consolidation of two existing non-standard gas proration units into one 480-acre non-standard unit comprising the N/2 and SE/4 of Section 23, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Meyer B-23 Wells Nos. 1, 2, and 3, located in Units C, O, and E, respectively, of said Section 23. Applicant further seeks authority to produce the allowable from any of said wells in any proportion.

CASE 4461: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of two existing non-standard gas proration units into one 120-acre non-standard unit comprising the E/2 SW/4 and NW/4 SE/4 of Section 9, Township 21 South, Range 37 East, Blinebry Gas Pool, Lea County, New Mexico, to be dedicated to its Hawk B-1 Wells Nos. 2 and 6, located in Units J and N, respectively, of said Section 9. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in any proportion.

CASE 4462: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from an undesignated Gallup oil pool and undesignated Dakota oil pool in the wellbores of four wells to be drilled in Township 25 North, Range 4 West, West Lindrith Field, Rio Arriba County, New Mexico, as follows:

Jicarilla 22 Well No. 5 - Unit L - Section 22
Jicarilla 28 Well No. 9 - Unit A - Section 28
Jicarilla 28 Well No. 10 - Unit L - Section 28
Jicarilla 28 Well No. 11 - Unit B - Section 33

CASE 4463: Application of Roger C. Hanks for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the NE/4 of Section 18, Township 9 South, Range 36 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said acreage to be dedicated to applicant's Ford Federal Well No. 1 located in the NW/4 NE/4 of said Section 18. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4451: (Readvertised)

Application of Union Oil Company of California for a non-standard oil proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit comprising the SW/4 SE/4 of Section 17 and the NW/4 NE/4 of Section 20, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled at a standard location in the NW/4 NE/4 of said Section 20.

Examiner Hearing
November 18, 1970

Docket No. 25-70

-4-

CASE 4464: Application of Pan American Petroleum Corporation for authority to over-produce a gas well's allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to over-produce the allowable of its Gallegos Canyon Unit Well No. 185, located in Unit D of Section 33, Township 28 North, Range 12 West, Basin-Dakota Pool, San Juan County, New Mexico, in the amount of 19,311 MCF. According to applicant, this amount of gas, produced by other wells in the Gallegos Canyon Unit and with royalty and taxes already paid, was injected into the subject well to create a reservoir back-pressure prior to fracturing on work-over. Applicant seeks authority to produce, without being subject to allowable, royalty, or taxes, the volume of gas injected into the well.

COMMUNITIZATION AGREEMENT

THIS AGREEMENT made and entered into this 22nd day of October 1970 by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto";

WITNESSETH:

WHEREAS, the New Mexico Oil Conservation Commission under Order R-3179-A has adopted special rules and regulations for the Vada-Pennsylvanian Pool in which the lands hereinafter referred to are situated providing for 160 acre drilling and spacing units and providing that the standard proration unit of from 158 through 162 acres shall be assigned a proportional factor of 4.77 for allowable purposes and that the allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in the non-standard unit bears to 160 acres, and

WHEREAS, Roger C. Hanks and Lacy Armour as working interest owners have completed a well producing oil, gas and other hydrocarbon substances from the Vada-Pennsylvanian Pool located in Unit B Section 18, Township 9 South, Range 36 East, N.M.P.M. which is within the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of said section, and

WHEREAS, the parties hereto own working, royalty and other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement, which cannot be independently developed and operated in conformity with the well spacing program established for the field or area in which said lands are located, and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing oil, gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

BEFORE EXAMINER
NEW MEXICO OIL CONSERVATION COMMISSION
A. I. EXHIBIT NO. # 2
CASE NO. 4463

NOW THEREFORE, in consideration of the premises and the mutual advantage of the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36
East, N.M.P.M. Lea County, New Mexico,
containing 160 acres, more or less,

and this agreement shall extend to and include only the formations within the vertical limits of the Vada-Pennsylvanian Pool underlying said lands and the oil, gas and associated liquid hydrocarbons (hereinafter referred to as (communitized substances") producible from such formations.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "A" designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area.

4. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportions that the acreage interest of each leasehold bears to the entire acreage committed to this agreement.

5. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area shall be determined and paid on the basis prescribed in each of the individual leases. Except as herein modified and changed, the oil and gas leases

subject to this agreement shall remain in full force and effect as originally made or issued.

6. There shall be no obligation on the lessees to offset any producing well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diversified ownership thereof, but the parties hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

7. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

8. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable federal or state statutes. This agreement shall be subject to all applicable rules and regulations and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

9. This agreement shall be effective as of the date of first production, and shall remain in force and effect for so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities. This agreement shall not

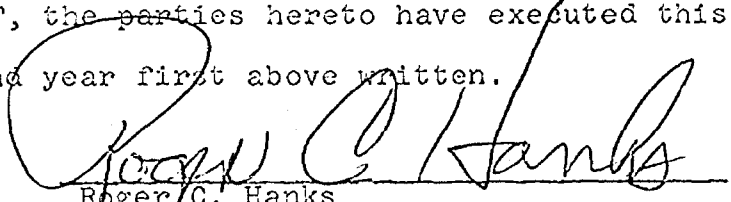
terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.

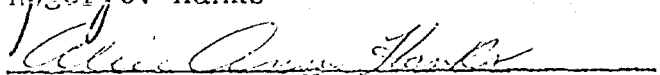
10. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be, and hereby is, conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest.

11. This agreement shall be binding upon the parties hereto, and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

12. This agreement may be executed in any number of counterparts, no one of which need be executed by all of the parties, and may be ratified or consented to by separate instrument, in writing, specifically referring hereto; and this agreement shall be binding upon all parties who have executed such counterpart, ratification, or consent hereto with the same force and effect as if all the parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.


Roger C. Hanks


Alice Ann Hanks

Lacy Armour a widow

ATTEST

STATE OF TEXAS)
 : ss
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this
22nd day of October 1970 by Roger C. Hanks and Alice Ann
Hanks, his wife.

My Commission Expires:
June 1, 1971

Whanda L. Butler
Notary Public

STATE OF)
 : ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this
____ day of _____ 1970 by Lacy Armour ~~xxxxx~~ a widow
~~xxxxxxxxxxxxxx~~.

My Commission Expires:

Notary Public

EXHIBIT "A"
TO COMMUNITIZATION AGREEMENT DATED OCTOBER 22, 1970
BETWEEN ROGER C. HANKS, et al, COVERING THE NE/4 of
SECTION 18, TOWNSHIP 9 SOUTH, RANGE 36 EAST, LEA COUNTY,
NEW MEXICO.

OPERATOR OF COMMUNITIZED AREA:

Roger C. Hanks
2100 Wilco Building
Midland, Texas

DESCRIPTION OF TRACTS IN COMMUNITIZED AREA:

Tract No. 1: All of the E/2 of the NE/4 of Section 18, T-9-S, R-36-E,
N.M.P.M., Lea County, New Mexico containing 80 acres more
or less.

Tract No. 2: All of the W/2 of the NE/4 of Section 18, T-9-S, R-36-E,
N.M.P.M., Lea County, New Mexico containing 80 acres more
or less.

WORKING INTEREST OWNERSHIP PERCENTAGES IN COMMUNITIZED AREA:

Roger C. Hanks	75%
Lacy Armour	25%
Total	100%

PERCENTAGE OWNERSHIP OF COMMUNITIZED SUBSTANCES:

Roger C. Hanks	50.92500%
Lacy Armour	16.62500%
W. T. Reed (1/2 X 3/16 X 1/2)	4.68750%
Mary Ruth McCrory (1/2 X 3/16 X 1/2)	4.68750%
Jewel Ford McFarland (1/2 X 1/8 X 1/2)	3.12500%
Gordon M. Cone (1/2 X 1/8 X 1/2)	3.12500%
Mrs. W. W. Ranck (1/64 X 1/2)	.78125%
J. Lawrence Green and (1/64 X 1/2)	.78125%
wife Nila M. Green	
Gordon M. Cone and (1/32 X 1/2)	1.56250%
wife Kathleen Cone	
Pan American Petroleum Corporation	
(11.25% X 1/2 + 11.25% X 1/2)	11.25000%
W. T. Probandt	1.57500%
R. E. Chambers	0.87500%
TOTAL	100.00000%

COMMUNITIZATION AGREEMENT

THIS AGREEMENT made and entered into this 22nd day of October 1970 by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto";

WITNESSETH:

WHEREAS, the New Mexico Oil Conservation Commission under Order R-3179-A has adopted special rules and regulations for the Vada-Pennsylvanian Pool in which the lands hereinafter referred to are situated providing for 160 acre drilling and spacing units and providing that the standard proration unit of from 158 through 162 acres shall be assigned a proportional factor of 4.77 for allowable purposes and that the allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in the non-standard unit bears to 160 acres, and

WHEREAS, Roger C. Hanks and Lacy Armour as working interest owners have completed a well producing oil, gas and other hydrocarbon substances from the Vada-Pennsylvanian Pool located in Unit B Section 18, Township 9 South, Range 36 East, N.M.P.M. which is within the NW1/4NW1/4 of said section, and

WHEREAS, the parties hereto own working, royalty and other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement, which cannot be independently developed and operated in conformity with the well spacing program established for the field or area in which said lands are located, and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing oil, gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW THEREFORE, in consideration of the premises and the mutual advantage of the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36
East, N.M.P.M. Lea County, New Mexico,
containing 160 acres, more or less,

and this agreement shall extend to and include only the formations within the vertical limits of the Vada-Pennsylvanian Pool underlying said lands and the oil, gas and associated liquid hydrocarbons (hereinafter referred to as (communitized substances") producible from such formations.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "A" designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area.

4. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportions that the acreage interest of each leasehold bears to the entire acreage committed to this agreement.

5. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area shall be determined and paid on the basis prescribed in each of the individual leases. Except as herein modified and changed, the oil and gas leases

subject to this agreement shall remain in full force and effect as originally made or issued.

6. There shall be no obligation on the lessees to offset any producing well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diversified ownership thereof, but the parties hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

7. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

8. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable federal or state statutes. This agreement shall be subject to all applicable rules and regulations and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

9. This agreement shall be effective as of the date of first production, and shall remain in force and effect for so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities. This agreement shall not

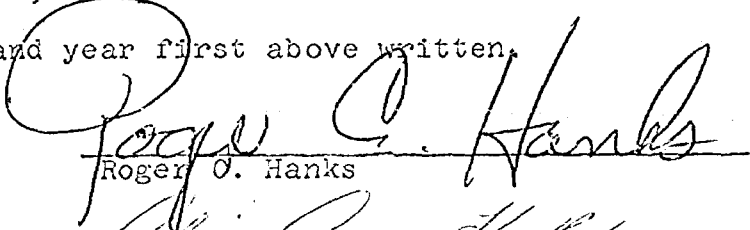
terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.

10. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be, and hereby is, conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest.

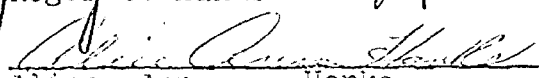
11. This agreement shall be binding upon the parties hereto, and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

12. This agreement may be executed in any number of counterparts, no one of which need be executed by all of the parties, and may be ratified or consented to by separate instrument, in writing, specifically referring hereto; and this agreement shall be binding upon all parties who have executed such counterpart, ratification, or amendment hereto with the same force and effect as if all the parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.



Roger O. Hanks



Alice Ann Hanks

Lacy Armour a widow

XXXXXXX

STATE OF TEXAS)
 : ss
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this
22nd day of October 1970 by Roger C. Hanks and Alice Ann
Hanks, his wife.

My Commission Expires:
June 1, 1971

Wanda Sander
Notary Public

STATE OF)
 : ss
COUNTY OF)

The foregoing instrument was acknowledged before me this
____ day of _____ 1970 by Lacy Armour ~~xxxx~~ a widow
~~xxxxxxxxxxxxxxxxxxxx~~.

My Commission Expires:

Notary Public

EXHIBIT "A"
TO COMMUNITIZATION AGREEMENT DATED OCTOBER 22, 1970
BETWEEN ROGER C. HANKS, et al, COVERING THE NE/4 of
SECTION 18, TOWNSHIP 9 SOUTH, RANGE 36 EAST, LEA COUNTY,
NEW MEXICO.

OPERATOR OF COMMUNITIZED AREA:

Roger C. Hanks
2100 Wilco Building
Midland, Texas

DESCRIPTION OF TRACTS IN COMMUNITIZED AREA:

Tract No. 1: All of the E/2 of the NE/4 of Section 18, T-9-S, R-36-E,
N.M.P.M., Lea County, New Mexico containing 80 acres more
or less.

Tract No. 2: All of the W/2 of the NE/4 of Section 18, T-9-S, R-36-E,
N.M.P.M., Lea County, New Mexico containing 80 acres more
or less.

WORKING INTEREST OWNERSHIP PERCENTAGES IN COMMUNITIZED AREA.

Roger C. Hanks	75%
Lacy Armour	25%
Total	100%


PERCENTAGE OWNERSHIP OF COMMUNITIZED SUBSTANCES:

Roger C. Hanks	50.92500%
Lacy Armour	16.62500%
W. T. Reed (1/2 X 3/16 X 1/2)	4.68750%
Mary Ruth McCrory (1/2 X 3/16 X 1/2)	4.68750%
Jewel Ford McFarland (1/2 X 1/8 X 1/2)	3.12500%
Gordon M. Cone (1/2 X 1/8 X 1/2)	3.12500%
Mrs. W. W. Ranck (1/64 X 1/2)	.78125%
J. Lawrence Green and (1/64 X 1/2)	.78125%
wife Nila M. Green	
Gordon M. Cone and (1/32 X 1/2)	1.56250%
wife Kathleen Cone	
Pan American Petroleum Corporation	
(11.25% X 1/2 + 11.25% X 1/2)	11.25000%
W. T. Probandt	1.57500%
R. E. Chambers	0.87500%
TOTAL	100.00000%

CONSENT AND RATIFICATION
OF COMMUNITIZATION AGREEMENT
NE/4 SECTION 18, TOWNSHIP 9 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO
(Ford No. 1)

The undersigned (whether one or more) hereby acknowledge receipt of a copy of that certain Communitization Agreement executed by Roger C. Hanks, et al, dated October 22, 1970 covering oil and associated hydrocarbons in the Bough "C" formation in the NE/4 Section 18, Township 9 South, Range 36 East, N.M.P.M., Lea County, New Mexico (the "Communitized Area"), and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being either the owners of leasehold, royalty overriding royalty or interest in the lands or minerals embraced in said Communitized Area as indicated on the schedule attached to the Communitization Agreement as Exhibit A, or a successor or successors in interest to such owner listed on said Exhibit, do hereby authorize the communitization or pooling of all of their said interests in said Communitized Area pursuant to said Communitization Agreement, and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Communitization Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.



Lacy Armour, a widow

HUSBAND-WIFE ACKNOWLEDGMENT

STATE OF X
 X
COUNTY OF X

The foregoing instrument was acknowledged before me this _____ day of _____, 1970 by _____ and wife _____.

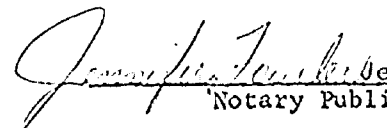
Notary Public

My Commission expires:

SINGLE ACKNOWLEDGEMENT

STATE OF TEXAS X
 X
COUNTY OF WICHITA X

The foregoing instrument was acknowledged before me this 29th day of October, 1970 by Lacy Armour, a widow.



Jennifer Fowler
Notary Public

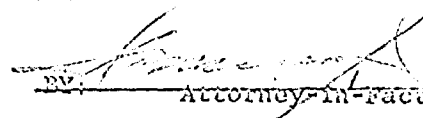
My Commission Expires:
June 1, 1971

CONSENT AND RATIFICATION
OF COMMUNITIZATION AGREEMENT
NE/4 SECTION 18, TOWNSHIP 9 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO
(Ford No. 1)

The undersigned (whether one or more) hereby acknowledge receipt of a copy of that certain Communitization Agreement executed by Roger C. Hanks, et al, dated October 22, 1970 covering oil and associated hydrocarbons in the Bough "C" formation in the NE/4 Section 18, Township 9 South, Range 36 East, N.M.P.M., Lea County, New Mexico (the "Communitized Area"), and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being either the owners of leasehold, royalty overriding royalty or interest in the lands or minerals embraced in said Communitized Area as indicated on the schedule attached to the Communitization Agreement as Exhibit A, or a successor or successors in interest to such owner listed on said Exhibit, do hereby authorize the communitization or pooling of all of their said interests in said Communitized Area pursuant to said Communitization Agreement, and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Communitization Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

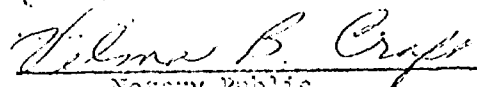
Pan American Petroleum Corporation


BY: D. B. Mason, Jr.
Attorney-in-Fact



STATE OF Texas
COUNTY OF Tarrant

The foregoing instrument was acknowledged before me this 27th day of October, 1970, by D. B. Mason, Jr., Attorney-in-Fact for Pan American Petroleum Corporation, on behalf of said corporation.



Notary Public

VELMA B. CRAFT

CONSENT AND RATIFICATION
OF COMMUNITIZATION AGREEMENT
NE/4 SECTION 18, TOWNSHIP 9 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO
(Ford No. 1)

The undersigned (whether one or more) hereby acknowledge receipt of a copy of that certain Communitization Agreement executed by Roger C. Hanks, et al, dated October 22, 1970 covering oil and associated hydrocarbons in the Bough "C" formation in the NE/4 Section 18, Township 9 South, Range 36 East, N.M.P.M., Lea County, New Mexico (the "Communitized Area"), and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being either the owners of leasehold, royalty overriding royalty or interest in the lands or minerals embraced in said Communitized Area as indicated on the schedule attached to the Communitization Agreement as Exhibit A, or a successor or successors in interest to such owner listed on said Exhibit, do hereby authorize the communitization or pooling of all of their said interests in said Communitized Area pursuant to said Communitization Agreement, and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Communitization Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.


W. T. Reed, dealing with his
sole and separate property

HUSBAND-WIFE ACKNOWLEDGMENT

STATE OF X
 X
COUNTY OF X

The foregoing instrument was acknowledged before me this 28 day of SEPTEMBER, 1970 by _____ and wife _____.

Notary Public

My Commission expires:

SINGLE ACKNOWLEDGEMENT

STATE OF New Mexico X
 X
COUNTY OF Lea X

The foregoing instrument was acknowledged before me this 28th day of September, 1970 by W. T. Reed _____.

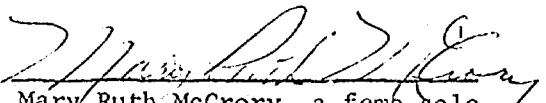

Notary Public

My Commission Expires:
SEP 28 1971

CONSENT AND RATIFICATION
OF COMMUNITIZATION AGREEMENT
NE/4 SECTION 18, TOWNSHIP 9 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO
(Ford No. 1)

The undersigned (whether one or more) hereby acknowledge receipt of a copy of that certain Communitization Agreement executed by Roger C. Hanks, et al, dated October 22, 1970 covering oil and associated hydrocarbons in the Bough "C" formation in the NE/4 Section 18, Township 9 South, Range 36 East, N.M.P.M., Lea County, New Mexico (the "Communitized Area"), and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being either the owners of leasehold, royalty overriding royalty or interest in the lands or minerals embraced in said Communitized Area as indicated on the schedule attached to the Communitization Agreement as Exhibit A, or a successor or successors in interest to such owner listed on said Exhibit, do hereby authorize the communitization or pooling of all of their said interests in said Communitized Area pursuant to said Communitization Agreement, and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Communitization Agreement or a counterpart thereof.

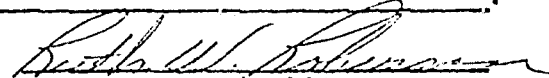
IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.


Mary Ruth McCrory, a feme sole,
dealing with her sole and separate
property

HUSBAND-WIFE ACKNOWLEDGMENT

STATE OF New Mexico X
COUNTY OF Lea X

The foregoing instrument was acknowledged before me this 6th day of November 1970 by Mary Ruth McCrory


Notary Public

My Commission expires:

May 21, 1974

SINGLE ACKNOWLEDGEMENT

STATE OF NEW MEXICO X
COUNTY OF LEA X

The foregoing instrument was acknowledged before me this _____ day of _____, 1970 by Mary Ruth McCrory

Notary Public

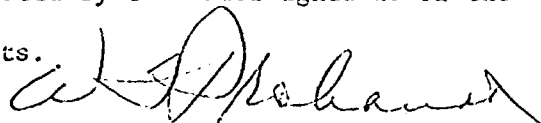
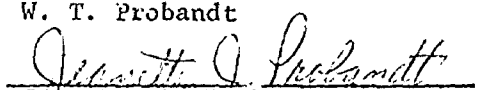
My Commission Expires:

CONSENT AND RATIFICATION
OF COMMUNITIZATION AGREEMENT
NE/4 SECTION 18, TOWNSHIP 9 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO

(Ford No. 1)

The undersigned (whether one or more) hereby acknowledge receipt of a copy of that certain Communitization Agreement executed by Roger C. Hanks, et al, dated October 22, 1970 covering oil and associated hydrocarbons in the Bough "C" formation in the NE/4 Section 18, Township 9 South, Range 36 East, N.M.P.M., Lea County, New Mexico (the "Communitized Area"), and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being either the owners of leasehold, royalty overriding royalty or interest in the lands or minerals embraced in said Communitized Area as indicated on the schedule attached to the Communitization Agreement as Exhibit A, or a successor or successors in interest to such owner listed on said Exhibit, do hereby authorize the communitization or pooling of all of their said interests in said Communitized Area pursuant to said Communitization Agreement, and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Communitization Agreement or a counterpart thereof.

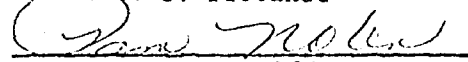
IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.


W. T. Probandt

Jeanette J. Probandt

HUSBAND-WIFE ACKNOWLEDGMENT

STATE OF ☒
COUNTY OF ☒

The foregoing instrument was acknowledged before me this 28 day of October, 1970 by W. T. Probandt and wife Jeanette J. Probandt.


Notary Public

My Commission expires:

June 1, 1971

SINGLE ACKNOWLEDGEMENT

STATE OF ☒
COUNTY OF ☒

The foregoing instrument was acknowledged before me this _____ day of _____, 1970 by _____.

Notary Public

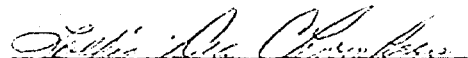
My Commission Expires:

CONSENT AND RATIFICATION
OF COMMUNITIZATION AGREEMENT
NE/4 SECTION 18, TOWNSHIP 9 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO
(Ford No. 1)

The undersigned (whether one or more) hereby acknowledge receipt of a copy of that certain Communitization Agreement executed by Roger C. Hanks, et al, dated October 22, 1970 covering oil and associated hydrocarbons in the Bough "C" formation in the NE/4 Section 18, Township 9 South, Range 36 East, N.M.P.M., Lea County, New Mexico (the "Communitized Area"), and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being either the owners of leasehold, royalty overriding royalty or interest in the lands or minerals embraced in said Communitized Area as indicated on the schedule attached to the Communitization Agreement as Exhibit A, or a successor or successors in interest to such owner listed on said Exhibit, do hereby authorize the communitization or pooling of all of their said interests in said Communitized Area pursuant to said Communitization Agreement, and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Communitization Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.


R. E. Chambers


wife of R. E. Chambers

HUSBAND-WIFE ACKNOWLEDGMENT

STATE OF TEXAS X
COUNTY OF WICHITA X

The foregoing instrument was acknowledged before me this 26th day of October, 1970 by R. E. Chambers and wife Lollie Dee Chambers.


Notary Public

My Commission expires:
6-1-71

SINGLE ACKNOWLEDGEMENT

STATE OF X
COUNTY OF X

The foregoing instrument was acknowledged before me this _____ day of _____, 1970 by _____.

Notary Public

My Commission Expires:

SCHEDULE "B"

FORD No. 1
TABULATION OF PROJECTED
PAYOUT ON WELL

Initials Date
Prepared By
Approved By

COUNT WRITE	DATE	COSTS INCURRED		OIL & GAS SALES		BALANCE TO BE RECOVERED
		MONTHLY	CUMULATIVE	MONTHLY	CUMULATIVE	
1	1970					
2	Prior to June	* 123386	* 123386	* -	* -	* 103286
3	June	13960	137346	11599	11599	125747
4	July	39481	176827	15544	27143	149181
5	August	5861	182688	17360	44503	138185
6	September	1137	183825	10959	55462	120563
7	October	2445	186270	9962	65424	120846
8	November	3173	189443	6226	71650	117795
9	December	1200	190643	11159	82809	107836
10						
11	1971					
12	January	* 20900	* 211543	10552	93361	118184
13	February	900	212443	8914	102275	110170
14	March	900	213343	9261	111536	101809
15	April	900	214243	8315	119911	94324
16	May	900	215143	7971	127882	87263
17	June	900	216043	7126	135008	81037
18	July	900	216943	6756	141764	75181
19	August	900	217843	6073	147837	70002
20	September	900	218743	5289	153126	65319
21	October	900	219643	4858	157984	61661
22	November	900	220543	4041	162025	58520
23	December	900	221443	3568	165593	55552
24						
25	1972					
26	January	900	222343	2961	168554	53791
27	February	900	223243	2057	170611	50634
28	March	900	224143	2057	172668	51477
29	April	900	225043	2057	174725	50320
30	May	900	225943	2057	176782	49163
31	June	900	226843	2057	178839	48006
32	July	900	227743	2057	180896	46849
33	August	900	228643	2057	182953	45692
34	September	900	229543	2057	185010	44535
35	October	900	230443	2057	187067	43378
36	November	900	231343	2057	189124	42221
37	December	900	232243	2057	191181	41064
38						
39	1973					
40	January	900	233143	2057	193238	39907
41	February	900	234043	2057	195295	38750
42	March	900	234943	2057	197352	37593
43	April	900	235843	2057	199409	36436
44	May	900	236743	2057	201466	35279
45	June	900	237643	2057	203523	34122
46						
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* Computed by hand

SCHEDULE "C"

FORD No. 1
TABULATION OF OIL & GAS SALES
FROM FIRST RUNS THROUGH LATEST AVAILABLE

LINE NO. WRITE	PRODUCTION Mo.	VOLUME	
		OIL Bbls	GAS Mcf
1			
2	JUNE 1970	5451	-
3			
4	JULY 1970	7024	6340
5			
6	AUGUST 1970	7616	15545
7			
8	SEPTEMBER 1970	4758	11232
9			
10	OCTOBER 1970	4266	11911
11			
12	NOVEMBER 1970	2520	6592
13			
14		51695	51670
15			
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21	THE OIL & GAS PURCHASERS ARE HOLDING ALL PROCEEDS FROM RUNS ON THE FORD #1 IN SUSPENSE - THERE HAVE BEEN NO DISTRIBUTIONS TO THE MINERAL, ROYALTY, OVERRIDING ROYALTY OR WORKING INTEREST OWNERS.		
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BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
A EXHIBIT NO. 45
4463

Tabulation of Costs Ford No. 1

Page 1

DATE	SOURCE/CHARGE	Before Casing Price	After Casing Price	Quantity
Feb 1970	Hinkle, Bonanza	195.00		1
	Sealington Abstract	3328		2
		1852		3
Mar 1970	His Jewel Ford McFarland	35000		4
		12800		5
	Opert Signs	1033		6
	Allope Cost. Auction	205296		7
	West Engineering	6500		8
	Gandy Pumping Service	1400		9
	Shed Signs	1664		10
April 1970	Hinkle Bonanza	10310		11
	Synch Chappell	33493		12
		429		13
May 1970	Fort Worth P & S	177012		14
	Vally Signs	<1186>		15
	Cactus Oilfield Salvage	1286292		16
	Nobles Pipe & Supply		1962257	17
			539165	18
	Wille Engine Repair		624936	19
	Nobles Pipe & Supply		213720	20
			<39000>	21
	FWAD Drilling Co.	5401760		22
	W. H. Snyder Mud Co.	109559		23
		50232		24
		232232		25
		44304		26
	Shamrock Oil Co.	132392		27
	Danville	128619		28
	Halliburton Co.		250234	29
		23680		30
	W. H. Snyder Mud Co.	143787		31
	Oliver Oilman	32000		32
	Feld Services & Supply	16016		33
	N-N Construction Co.	11102		34
		10296		35
	Cicero Smith Lumber Co.		13114	36
	West Lumber Co.		143702	37
	Western Co.		225052	38
			80296	39
	W. T. Probandt - Biological	65232		40
	Oil Field Supply	5762		41
	Oil Well Drilling	1872		42
	R. C. Hanks Drilling & Water	126496		43
June 1970	Borchert Steel		208451	44
	Water Supply		781	45
	Mojo Tool Co.		314400	46
	R. C. Hanks - Truck	137200		47
	Halliburton Co.		<171>	48
			9400	49
	Cicero Smith			50

Tabulation of Costs Fold No. 1

pg 2 of 4

	1	2	3	4	5	6	7	8
	Date	Source of Charge	Blanking Point	After Coing Point	Operating			
1	June 1970	Sandy Pumping Service			21112			1
2		Kenneth Tank		3640				2
3		Well Units			110734			3
4		Some Star Well		4620				4
5								5
6			3744					6
7			3276					7
8		R.C. Hanks - Pumping Service			17135			8
9		Mechanics & Pumps			5267			9
10		Sandy Pumping Service		2808				10
11				936				11
12				3744				12
13		R.C. Hanks - Operating Dashed			11500			13
14		Coil on Distributing			1635			14
15		T.C. T.			2236			15
16		Oil Field Supply Co.		5314				16
17				239				17
18		R.C. Hanks - Trucking & Water	87280					18
19		Hi Up Engine Repair		7592				19
20		United Chemical Corp.			13641			20
21					23657			21
22		Kobe, Inc.			18772			22
23					18772			23
24					3255			24
25					4215			25
26		Sanington Rental Tools		19384				26
27		Oil Field Supply		142			9870	27
28				3551				28
29	July 1970	R.C. Hanks - Warehouse		24128				29
30				41808				30
31				655200				31
32				24072				32
33				<840				33
34		Barthelme Steel		10044				34
35		Continental Enco.		1983				35
36		Oil Field Supply Co.		14349				36
37				18767				37
38				2531				38
39				4955				39
40		Republic Supply		1404000				40
41		R.C. Hanks - Warehouse		26520				41
42		Nolan H. Blumson, Inc.		249600				42
43		R.C. Hanks - Warehouse		68453				43
44		Nolan H. Blumson, Inc.		71935				44
45		Sandy Pumping Service		670300				45
46		R.C. Hanks - Warehouse		36400				46
47				5096				47
48		Kenneth Tank Service		30740				48
49		Oil Field Rental, Inc.		13160				49

Tabulation of Costs Ford No. 1

pg. 3 of 4

1	2	3	4	5	6	7
COLUMN	Date	Source of Charge	Bolae Craning Point	Ally Craning Point	Quantity	
1	July 1970	R.C. Hanks - Pumping Sol. & Expense			21320	1
2		✓ ✓ - Mechanic & Paintwork			13507	2
3		✓ ✓ Gandy Pumping Service		130207		3
4		✓ ✓		17814		4
5		✓ ✓ R.C. Hanks - Operating Overhead			11500	5
6		✓ ✓ Cotton Dyeing & Finishing Co.			1404	6
7		✓ ✓ Bullone			973	7
8		✓ ✓ R.C. Hanks - Warehouse			1632	8
9		✓ ✓ Oiltop Supply Co.		2727		9
10		✓ ✓ R.C. Hanks - Trucking Water			57426	10
11		✓ ✓ Kenneth Tank Service			1870	11
12		✓ ✓ United Chemical Corp.			2700	12
13		✓ ✓ Kobe, Inc.			113256	13
14		✓ ✓ Kobe, Inc.			29536	14
15		✓ ✓ Wall, Inc.		37840		15
16		✓ ✓ B & B Painting		20000		16
17	Aug 1970	✓ ✓ Ash Meter & Instrument			2033	17
18		✓ ✓ Oiltop Supply Co.			1214	18
19		✓ ✓			5154	19
20		✓ ✓ Alan H. Branson, Inc.		62458		20
21		✓ ✓ FWA Drilling Co.	318126			21
22		✓ ✓ R.C. Hanks - Pumping Sol. & Expense			20031	22
23		✓ ✓ - Mechanic & Paintwork			38051	23
24		✓ ✓ Gandy Pumping Service			33800	24
25		✓ ✓			3744	25
26		✓ ✓ R.C. Hanks - Operating Overhead			11500	26
27		✓ ✓ Cotton Dyeing & Finishing Co.			1872	27
28		✓ ✓			5145	28
29		✓ ✓ Keith Gas Co.			12371	29
30		✓ ✓ R.C. Hanks - Warehouse			4196	30
31		✓ ✓ Oiltop Supply Co.			10232	31
32		✓ ✓ R.C. Hanks - Fresh Water			7410	32
33		✓ ✓ Kenneth Tank Service			3840	33
34		✓ ✓ Kobe, Inc.			35310	34
35		✓ ✓ R.C. Hanks - Trucking			4914	35
36	Sept 1970	✓ ✓ N-N Construction Co.			936	36
37		✓ ✓ Contract Pipe & Supply	38207			37
38		✓ ✓ FWA Drilling Co.	< 1300			38
39		✓ ✓ R.C. Hanks - Mechanic & Paintwork			10337	39
40		✓ ✓ - Fresh Water			3500	40
41		✓ ✓ - Operating Overhead			11500	41
42		✓ ✓ - Pumping Sol. & Expense			19950	42
43		✓ ✓ Warehouse			5644	43
44		✓ ✓ Hillman & Ross			14170	44
45		✓ ✓ Hill's Engine Repair			6502	45
46	Oct 1970	✓ ✓ Keith Gas Co.			421	46
47		✓ ✓ Richardson Steel			24000	47
48		✓ ✓ H.S. Jewel McFarland			8134	48
49		✓ ✓ Top Waxes			10000	49
50		✓ ✓ R.C. Hanks - Mechanic & Paintwork			8086	50

FORD No. 1 TABULATION OF COSTS

Pg 4 of 4

DATE	Source	Charge	Before Closing Point	After Closing Point	Operations
1	Oct 1970	Rogers C. Banks - Trucking			13520
2		✓ ✓ ✓ - Fresh Water			1560
3		✓ ✓ ✓ - Operating Overhead			11500
4		✓ ✓ ✓ - Pump & Salary Exp.			19253
5		✓ ✓ ✓ - Warehouse Tel.			4853
6		Cotton Distributing			2123
7		Hills Engine Repair			3200
8		I. C. T.			11483
9		Keith Gas Co.			5081
10		Kobe Inc.			18060
11		Oil Stop Supply			87100
12		Cicero Smith Tank Co.			12215
13		Top Primer			748
14	Nov. 1970	Howell Specs			74281
15		Rogers C. Banks - Mechanics & Repairs			5117
16		✓ ✓ ✓ - Fresh Water			4977
17		✓ ✓ ✓ - Operating Overhead			780
18		✓ ✓ ✓ - Pump & Salary Exp.			11500
19		✓ ✓ ✓ - Warehouse Tel.			21442
20		Shiffin & Ross			2375
21		Hinkle Bandwag			51372
22		I. C. T.			33721
23		Keith Gas Co.			15600
24		Kenneth Tank Service			462
25		Salem Well Service			12330
26		Wallace Oil Co.			5234
27		West Engineering			2023
28		Wallace Gas Co.			2600
29					11963
30					3455
31					16170
32					1478
33					
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35			8916220	8419247	1602576
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CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
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ROSWELL, NEW MEXICO 88201

TELEPHONE (505) 622-6510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) MU 3-4691

October 27, 1970

Case 4463

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith in triplicate application of Roger C. Hanks for force pooling of the NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36 East, Lea County, which is in the Vada-Pennsylvanian Pool.

We would like for this matter to be set down for hearing at the examiners hearing to be held on November 18.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By Clarence E. Hinkle
CH

CEH:cs
Enc.
cc: Robert Ross

DOCKET MAILED

Date 11-5-70

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF ROGER C. HANKS FOR
THE POOLING OF THE LEASEHOLD INTERESTS
COMPRISING THE NE $\frac{1}{4}$ SECTION 18, TOWN-
SHIP 9 SOUTH, RANGE 36 EAST, 160 ACRES
LEA COUNTY, SO AS TO CONSTITUTE A
STANDARD DRILLING AND PRORATION UNIT
SUBJECT TO THE SPECIAL RULES AND
REGULATIONS FOR THE VADA-PENNSYLVANIAN
POOL SET FORTH IN COMMISSION ORDER
R-3179-A, SUCH POOLING TO INCLUDE ALL
ROYALTY, OVERRIDING ROYALTY AND OTHER
MINERAL INTERESTS OF ALL OWNERS WITHIN
SAID LANDS.

Case 4463

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes Roger C. Hanks, acting by and through the undersigned attorneys, and hereby makes application for the pooling of the leasehold interests comprising the NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36 East, 160 acres, Lea County, so as to constitute a standard drilling and proration unit subject to the special rules and regulations for the Vada-Pennsylvanian Pool set forth in Commission order R-3179-A, such pooling to include all royalty, overriding royalty and other mineral interests of all owners within said lands, and in support thereof respectfully shows:

1. That applicant is the owner of a 75% interest and Lacy Armour of a 25% interest in and to the following described oil and gas leases:

(a) Oil and gas lease dated September 9, 1965 in which Mary Ruth McCrory et al are lessors and Pan American Petroleum Corporation is lessee covering E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36 East, N.M.P.M. as to all lease rights down to a depth of 9,910 feet below the surface.

(b) Oil and gas lease dated August 3, 1965 in which Mrs. Jewel McFarland is lessor and J. Lawrence Green is lessee, covering W $\frac{1}{2}$ NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36 East, N.M.P.M. as to all rights down to a depth of 9,910 feet below the surface.

2. That on or about May 30, 1970 applicant completed the Roger C. Hanks No. 1 Ford Federal well located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 18, Township 9 South, Range 36 East, N.M.P.M. at a depth of 9,810 feet for production in paying quantities in the Vada-Pennsylvanian Pool. Said well is open in the producing interval from 9,696 feet to 9,724 feet and was initially completed with a potential of 480 barrels of oil per day and 340 barrels of water per day. Applicant is the operator of said well through an agreement with Lacy Armour.

3. That under Order R-3179-A of the Commission providing for special rules and regulations for the Vada-Pennsylvanian Pool 160 acre drilling and spacing units are established, with a proportional factor of 4.77 for allowable purposes and said order provides that the allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage of the non-standard unit bears to 160 acres.

4. Applicant has made a diligent effort to have all of the royalty and owners of mineral interests under the said NE $\frac{1}{4}$ Section 18 join in a communitization agreement to form a standard proration unit as required by the special rules and regulations adopted by the Commission for the Vada-Pennsylvanian Pool, but has not been successful in having the communitization agreement ratified or consented to by all of the royalty and mineral owners. There is attached hereto as Exhibit "A" a plat showing the outlines of the proposed communitized area and the location of all wells within a radius of 2 miles producing from the Vada-Pennsylvanian Pool, as well as the ownership of all leasehold interests within said 2 mile radius.

5. That the formation of a standard drilling and proration unit as provided by the special rules and regulations of the Commission for said pool will avoid the drilling of unnecessary wells and protect correlative rights, as well as prevent waste.

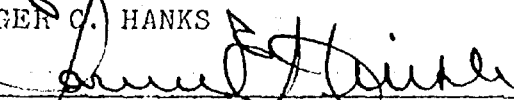
6. Applicant is willing that the pooling of the royalty and mineral interests which have not been communitized shall be upon such terms and conditions as are just and reasonable and will afford to the owner or owners of the respective interests in the unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil or gas or both and applicant is willing that the order effecting such pooling shall be effective as of the time of first production, all as provided by Section 65-3-14 New Mexico Statutes 1953 Annotated and applicable special rules and regulations of the Commission for the Vada-Pennsylvanian Pool.

7. Applicant requests that this matter be set for hearing at the examiners hearing to be held on November 18, 1970.

Respectfully submitted,

ROGER C. HANKS

By


Member of the firm of
HINKLE, BONDURANT, COX & EATON
Attorneys for Applicant

-4- 4463
CASE No. ~~4400~~
Order No. ~~R-2840~~

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

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

(7) That ~~\$75.00~~ ^{\$115.00} per month is hereby fixed as a reasonable charge for supervision for the subject well; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

(10) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

Done at Santa Fe, etc

(9) That \$ _____ per month is hereby fixed as the reasonable charge for supervision and operational overhead for the cost of operating the subject well, and the operator is

8-3187-4

DRAFT

GMH/esr

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. 4463

Order No. R-4099

APPLICATION OF ROGER C. HANKS
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 6, 19 71, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this _____ day of January, 19 71, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Roger C. Hanks,
seeks an order pooling all mineral interests in the _____

Vada-Pennsylvanian Pool underlying the NE/4 of
Section 18, Township 9 NORTH, Range 36 East NMPM,
Lea County, New Mexico.

(3) That the applicant has the right to drill and ~~proposes~~
~~its Ford Federal Well No. 1~~
~~to drill a well~~ in the NW/4 NE/4 of said Section 18 to the
Vada-Pennsylvanian Pool.

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

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

interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the ^{oil} ~~gas~~ in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

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

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

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

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

(11) That \$ 115.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what

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

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Vada-Pennsylvanian Pool underlying the NE/4 of Section 18, Township 9 ~~North~~ South, Range 36 ~~West~~ East, NMPM, Lea County, New Mexico, are hereby pooled to form a 160 -
oil spacing ~~and production~~ the acre ~~gas-production~~ unit to be dedicated to Roger C. Hanks Ford Federal Well No. 1 located in the NW/4 NE/4 of said Section 18.

(2) That Roger C. Hanks is hereby designated the operator of the subject well and unit.

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

(4) That within 60 days from the date the schedule of said actual well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of said actual well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of said actual well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

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

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of said actual well costs within 60 days from the date the schedule of actual well costs is furnished to him.