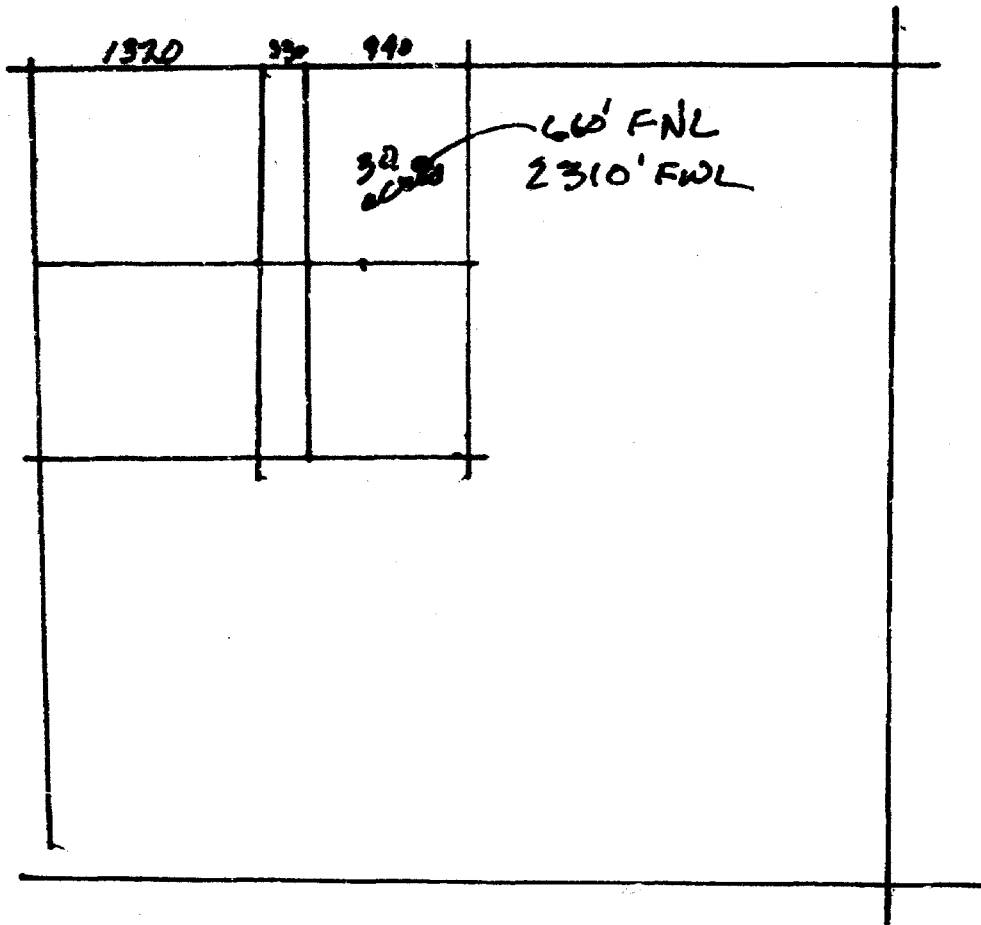


Heard testimony on 3/31  
and Court to Apr 14

Must be readdressed  
It's a 30-acre oil unit  
comprising the N/2 of  
the Easternmost 60 acres  
of the NW/4 of  
Sec. 15

Dismiss compulsory  
pooling portion of this  
case



Name --  
 need names and addresses  
 of people - if it mail,  
 General, and Coors?

DOCKET MAILED

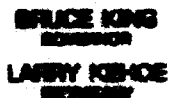
Date 3/19/82 (Potless)  
 4/2/82

CASE NO.

7520

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



POST OFFICE BOX 2029  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
505/827-1404

April 28, 1982

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

Re: CASE NO. 7520  
ORDER NO. R-6951

**Applicant:**

Lewis B. Burleson, Inc.

**Dear Sir:**

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

Yours very truly,

**JOE D. RAMEY**  
Director

**JDR/fd**

**Copy of order also sent to:**

Hobbs OCD \_\_\_\_\_ x  
Artesia OCD \_\_\_\_\_ x  
Aztec OCD \_\_\_\_\_

**Other**

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7520  
Order No. R-6951

APPLICATION OF LEWIS B. BURLESON, INC.  
FOR COMPULSORY POOLING AND A NON-STANDARD  
OIL PRORATION UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 14, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of April, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Lewis B. Burleson, Inc., seeks an order pooling all mineral interests in the Jalmat Pool underlying a 30-acre non-standard oil proration unit comprising the N/2 of the Easternmost 60 acres of the NW/4 of Section 15, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That no party objected to the formation of the proposed non-standard oil proration unit.

(4) That the non-standard oil proration unit should be approved.

(5) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(6) That all interest owners in the proposed proration unit have now agreed to pool their interests.

-2-

Case No. 7520  
Order No. R-6951

(7) That that portion of the subject application seeking compulsory pooling of the proposed non-standard oil proration unit should be dismissed.

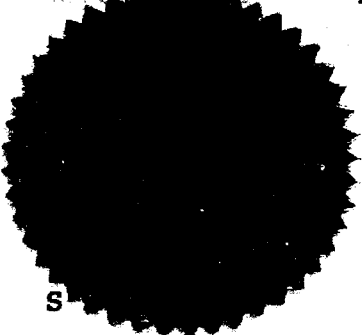
IT IS THEREFORE ORDERED:

(1) That Lewis B. Eurlson, Inc. is hereby granted approval for a 30-acre non-standard oil proration unit comprising the N/2 of the Easternmost 60 acres of the NW/4 of Section 15, Township 24 South, Range 36 East, NMPM, Jalmat Pool, Lea County, New Mexico.

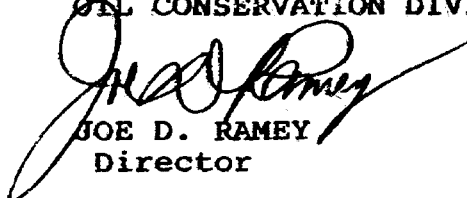
(2) That that portion of this case seeking compulsory pooling of said 30-acre non-standard proration unit is hereby dismissed.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
14 April 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Lewis B. Burleson, Inc.,  
for compulsory pooling and a non-standard  
oil proration unit, Lea County, New  
Mexico.

CASE  
7520

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

MR. STAMETS: We'll call at this time  
Case 7520.

MR. PEARCE: That is the application of  
Lewis B. Burleson, Inc., for compulsory pooling and a non-  
standard oil proration unit, Lea County, New Mexico.

MR. STAMETS: This case was previously  
heard and has been re-advertised to correct an error.

Is there any additional testimony in Case  
7520 today?

There being none, the case will be taken  
under advisement.

(Hearing concluded.)



## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing Before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2520, heard by me on 4-14 1982.

Richard L. Starn, Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santo Fe, New Mexico 87501  
Phone (505) 455-7409

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

31 March 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Lewis B. Burleson, Inc.,  
for compulsory pooling and a non-  
standard proration and spacing unit,  
Lea County, New Mexico.

CASE  
7520

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

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I N D E X

LEWIS B. BURLESON

Direct Examination by Mr. Kellahin

4

Cross Examination by Mr. Nutter

7

E X H I B I T S

Applicant Exhibit One, Land Plat

5

1  
2 MR. NUTTER: We'll call next Case Number  
3 7520.

4 MR. PEARCE: The application of Lewis  
5 B. Burleson for compulsory pooling and a non-standard pro-  
6 ration and spacing unit, Lea County, New Mexico.

7 MR. KELLAHIN: If the Examiner please,  
8 I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf  
9 of Lewis Burleson, Inc., and I have one witness to be sworn.

10  
11 (Witness sworn.)  
12

13 MR. KELLAHIN: Mr. Nutter, Mr. Burleson  
14 has reached an agreement with Mobil Corporation and General  
15 Crude Mobil Company concerning the compulsory pooling portion  
16 of the application and because of that agreement we would  
17 seek to dismiss that portion of the application at this time.

18 MR. NUTTER: With regards to compulsory  
19 pooling?

20 MR. KELLAHIN: Yes, sir.

21 MR. NUTTER: And the only thing you'd  
22 be seeking now would be the non-standard proration unit?

23 MR. KELLAHIN: Yes, sir, and as you know  
24 it's misadvertised. Mr. Burleson seeks a 30-acre non-standard  
25 oil location --

1  
2 MR. NUTTER: Oil proration unit.

3 MR. KELLAHIN: Yes, sir, which we'll  
4 talk about.

5  
6 LEWIS B. BURLESON

7 being called as a witness and being duly sworn upon his oath,  
8 testifies as follows, to-wit:

9  
10 DIRECT EXAMINATION

11 BY MR. KELLAHIN:

12 Q Mr. Burleson, would you please state  
13 your name and occupation?

14 A Lewis B. Burleson. I'm an oil operator  
15 from Midland, Texas.

16 Q Mr. Burleson, have you previously testi-  
17 fied before the Division?

18 A Yes, I have.

19 Q And what's your educational background,  
20 Mr. Burleson?

21 A I'm a geologist in training with a BS  
22 degree from the University of Texas, and have been practicing  
23 in New Mexico for 31 years.

24 MR. KELLAHIN: We tender Mr. Burleson  
25 as an expert witness?

MR. NUTTER: Mr. Burleson is qualified.

Q Mr. Burleson, let me show you what we've marked as Applicant Exhibit Number One and have you identify that for us.

A All right, it is a land plat of the area in question, centering in Section 15, 24 South, 36 East, Lea County, New Mexico.

Q What's the purpose of your application?

A For a non -- at the present I have an acre -- excuse me, I have a lease under a 60-acre tract, being the east 60 of the northwest quarter of Section 15.

Q That's what's identified in yellow on the plat?

A That is correct.

Q All right, sir. And what are you trying to do?

A Because I do not have a standard 40 acres which would be the northeast of the northwest, I would like to drill a well on a 30-acre tract in the northeast of the northwest.

Q All right, sir, would that well be located at a standard location?

A Yes, sir, it would be -- at present it would be from the lease line, 330 from the east line, 330 from

1 the north line, and 660 from the west line.

2 Q That portion of the northwest quarter  
3 that would constitute the other ten acres to make a standard  
4 40-acre proration unit is under whose ownership?

5 A All right. The minerals in the west 100  
6 acres of this tract have already been separated from the 60  
7 acre tract. There is no owner that is under both tracts, and  
8 Conoco owns the majority of leases under the 100-acre tract.

9 Q What, if any, discussions have you had  
10 with Conoco concerning the formation of this non-standard  
11 30-acre proration unit?

12 A They -- they have no objection to me  
13 drilling an oil well in the Jalmat Oil Pool on the 30-acre  
14 tract, and also have given me a farmout under the 60-acre  
15 tract where they own minerals.

16 Q Now with regards to the compulsory pooling  
17 portion of the application, you have a voluntary commitment  
18 now from all the working interest owners in that 30-acre  
19 tract?

20 A That is, that is correct.

21 Q So we can dismiss that portion of the  
22 application.

23 A Yes.

24 Q Okay, is there anything else you'd like  
25

1  
2 to add to your testimony, Mr. Burleson, about this proration  
3 unit?

4 A No.

5 MR. KELLAHIN: If the Examiner please,  
6 we move the introduction of Exhibit Number One.

7 MR. NUTTER: Exhibit Number One will be  
8 admitted in evidence.  
9

10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Burleson, are the royalty owners --  
13 interests identical throughout the northwest quarter of Sec-  
14 tion 15?

15 A No, sir, under the 100-acre tract, which  
16 is the west portion, there is -- there is not one royalty  
17 owner that's the same under the 60-acre tract. They're all  
18 different.

19 When this --

20 Q Well, now --

21 A When this fee tract came out of a fee,  
22 they were -- they were separated. They've never been together.

23 Q This is not Federal acreage?

24 A No, sir, it's fee land.

25 Q Well now, Conoco is the owner of either



1  
2 all or a portion of the working interest ownership under both  
3 tracts and they've given you a farmout under the 30, is that  
4 right?

5 A Right. Now they're a mineral owner under  
6 the 60 and have given me a lease, but they're not a mineral  
7 owner under the 100; they own the leases under the 100 acres.

8 You see, they own minerals under the 60-  
9 acre tract but they own a lease --

10 Q They own it in fee?

11 A Yes, they own this in fee.

12 Q So they're the royalty owner as well as  
13 the working interest owner and they farmed out their working  
14 interest to you.

15 A Right. Right, and they have no objections  
16 to drilling that well.

17 Q Uh-huh.

18 A They said if we -- well, they don't --  
19 they don't think I'm going to do very good there, so they're  
20 just not worried about it. How's that?

21 Q Well now, and then who is the royalty  
22 owner under the 100 acres?

23 A I'll tell you who they are. J. Hunter  
24 McCore in Midland, or Hobbs, or somewhere; PanAm; Emma Coleman  
25 a Mr. Ransome of Goodrich; and the Coleman Estate; and the

1  
2 Hoffton Burkes (sic).

3 Q And who owns the working interest there?

4 A Conoco and ARCO own that.

5 Q So you have Conoco's consent as far as  
6 the ownership in the -- in the west half of the northwest  
7 quarter, or the western 100 acres.

8 A Right.

9 Q But you don't have consent of the royalty  
10 owners there, do you?

11 A No, sir, I do not. And under the 60-acre  
12 tract there are ten major companies own the minerals under  
13 the 60-acre tract.

14 Q Why didn't you seek to compulsory pool  
15 all interests in the 40 acres and combine those two leases  
16 and make a standard proration unit?

17 A Well, I got shoved into -- into -- this  
18 is the way Conoco wanted me to go, you know. I questioned it,  
19 too, because usually you always have a 40-acre proration unit  
20 instead of a 30, and I figured I could -- if that's the way  
21 they wanted to go, I'd go that way, I realized the allowable  
22 would turn out to be 1/4th less under a 30-acre tract than  
23 a 40, but -- but I can stand 60 barrels a day.

24 Q Now are you willing to go on record here  
25 today as waiving objection to the formation of a 50-acre unit

1  
2 to the west of --

3 A Yes, sir, I would.

4 Q -- if the lease owners there would decide  
5 to dedicate that land?

6 A Yes, sir, that would be fine with me.

7 Q Okay.

8 MR. NUTTER: Are there any further ques-  
9 tions of Mr. Burleson? He may be excused.

10 This case was misadvertised. It will  
11 have to be readvertised -- it has been readvertised for the  
12 April 14th hearing, so at this time we will continue it to  
13 April 14th, 1982 Examiner Hearing, and take it -- at that time  
14 we'll take it under advisement.

15  
16 (Hearing concluded.)  
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## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing Before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a correct and true transcript of the hearing held on 3/31 1987 at 7:20 in the hearing room of the Oil Conservation Division.

[Signature], Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Ed. J. Jan 191-8

San Jose, New Mexico 87501  
Phone (505) 455-7409

Dockets No. 11-82 and 12-82 are tentatively set for April 28 and May 12, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 14, 1982**

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

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The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Watter, Alternate Examiner:

---

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for May, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for May, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 7536:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit A. H. Bernstein and all other interested parties to appear and show cause why the Allen Well No. 1 located in Unit F, Section 23, Township 29 North, Range 13 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7537:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit F. E. Umberger, Trustee and all other interested parties to appear and show cause why the Davis Pooled Unit Well No. 1, located in Unit I, Section 27, Township 29 North, Range 11 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7538:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Francis L. Harvey and all other interested parties to appear and show cause why the Pinkstaff Estate Well No. 1, located in Unit A, Section 29, Township 29 North, Range 10 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7539:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit B.M.M.S. Company, American Employers Insurance and all other interested parties to appear and show cause why the following wells: Waggoner No. 1, Brown No. 2, Wyper No. 2, located in Units K, M, and O, respectively, of Section 29, Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

**CASE 7540:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Pauly-Anderson-Fritchard and all other interested parties to appear and show cause why the Maloy Well No. 1, located in Unit F, Section 16, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7541:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit E. J. Wiley and all other interested parties to appear and show cause why the Hare (Ransom) Well No. 1, located in Unit W, Section 14, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7542:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Benson-Montin-Greer Drilling Corporation, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the following wells: Dustin No. 1, located in Unit K, Section 6, and the Gallegos Canyon Unit No. 2, located in Unit K, Section 35, both in Township 29 North, Range 12 West, and the Segal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit W, Section 15, both in Township 31 North, Range 13 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

**CASE 7543:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Calvin Petroleum Corporation, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why the Kaempf SWD Well No. 1, located in Unit W, Section 19, Township 30 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Examiner Hearing - WEDNESDAY - APRIL 14, 1982

- CASE 7544:** Application of Dinero Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and East lines of Section 20, Township 22 South, Range 28 East, Morrow formation, the W/2 of said Section 20, to be dedicated to the well.
- CASE 7545:** Application of Baker Engineering for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 258.16-acre non-standard gas proration unit for the Morrow formation comprising all of partial Section 32, Township 26 South, Range 30 East.
- CASE 7546:** Application of Sonny's Oil Field Services, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the NW/4 NE/4 of Section 29, Township 19 South, Range 38 East.
- CASE 7547:** Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 2550 feet from the North line and 1350 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the SE/4 NW/4 of said Section 15 to be dedicated to the well.
- CASE 7517:** (Continued from March 31, 1982, Examiner Hearing)  
Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1450 feet from the South line and 1400 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the NE/4 SW/4 of said Section 15 to be dedicated to the well.
- CASE 7548:** Application of Tahoe Oil & Cattle Co. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4882 feet to 4992 feet in its Schwalbe Well No. 1, located in Unit F of Section 21, Township 9 South, Range 37 East, West Sawyer-San Andres Pool.
- CASE 7549:** Application of E. L. Brown for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox Pennsylvanian gas well location 609 feet from the South line and 1665 feet from the East line of Section 32, Township 15 South, Range 32 East, the S/2 of said Section 32 to be dedicated to the well, an existing well which is to be deepened.
- CASE 7550:** Application of Harvey E. Yates Company for the Rescission of Order No. R-6918, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-6918, which compulsorily pooled the Atoka-Morrow formation underlying the W/2 of Section 19, Township 8 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Applicant now seeks the rededication of the E/2 of said Section 19 to the aforesaid well without compulsory pooling.
- CASE 7551:** Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 21, Township 11 South, Range 31 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7552:** Application of Merriam Oil & Gas Company for compulsory pooling, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Gallup formation underlying the S/2 SE/4 of Section 20, Township 23 North, Range 6 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7553:** Application of Fred Pool Drilling Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation, underlying the SW/4 of Section 17, Township 6 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Examiner Hearing - WEDNESDAY - APRIL 14, 1982

**CASE 7559:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending certain pools in Lea and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the Caudill-Mississippian Gas Pool. The discovery well is the Moran Exploration, Inc. Gann Well No. 1 located in Unit D of Section 9, Township 15 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM  
Section 9: NW/4

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the North Dora-Pennsylvanian Pool. The discovery well is the Enscher Exploration, Inc. Collier Well No. 1 located in Unit I of Section 29, Township 4 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM  
Section 29: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Johnson Ranch-Morrow Gas Pool. The discovery well is the Mesa Petroleum Company Jackson Unit Well No. 1 located in Unit G of Section 22, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM  
Section 22: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Triste Draw-Delaware Pool. The discovery well is the Getty Oil Company Getty 28 State Well No. 1 located in Unit J of Section 28, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM  
Section 28: SE/4

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Triste Draw-Morrow Gas Pool. The discovery well is the Amoco Production Company State IG Com Well No. 1 located in Unit B of Section 32, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM  
Section 32: W/2

(f) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Vaca Draw-Wolfcamp Gas Pool. The discovery well is the HNG Oil Company Bell Lake 11 Federal Well #1 located in Unit B of Section 11, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM  
Section 11: W/2

(g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Vacuum-Bone Spring Pool. The discovery well is the Amoco Production Company State HS Com Well No. 1 located in Unit K of Section 9, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 9: SW/4

(h) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Granite Wash production and designated as the South Tanneryhill-Granite Wash Gas Pool. The discovery well is the Threshold Development Company Harris 14 Well No. 1 located in Unit B of Section 14, Township 6 South, Range 33 East, NMPM, currently classified as producing from the Pennsylvanian formation and in the Tanneryhill-Pennsylvanian Gas Pool. The well has been re-evaluated and the producing interval is more correctly defined as Granite Wash. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM  
Section 14: W/2

CASE 7520: (Continued and Readvartised)

Application of Lewis S. Burleson, Inc. for compulsory pooling and a non-standard oil proration unit. Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Pool underlying a 30-acre non-standard oil proration unit comprising the N/2 of the Zasternmost 60 acres of the NW/4 of Section 15, Township 24 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7554: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Drinkard formation underlying the NW/4 SW/4 of Section 5, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7555: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Drinkard formation underlying the SW/4 NW/4 of Section 5, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7556: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the San Andres formation underlying the NE/4 NW/4 of Section 5, Township 20 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7557: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SW/4 of Section 32, Township 19 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7558: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SE/4 of Section 31, Township 19 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7515: (Continued from March 31, 1982 Examiner Hearing)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Range 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.



(i) ABOLISH the Tanneyhill-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described as:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NORTH  
Section 14: All

(j) EXTEND the Seam-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NORTH  
Section 7: SE/4

(k) EXTEND the Silbrey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NORTH  
Section 4: W/2  
Section 5: NE/4

(l) EXTEND the Blinbrey Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NORTH  
Section 33: NW/4

(m) EXTEND the Bootleg Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NORTH  
Section 17: W/2

(n) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NORTH  
Section 9: W/2

(o) EXTEND the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NORTH  
Section 16: SE/4  
Section 20: NE/4

(p) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NORTH  
Section 14: All

(q) EXTEND the Sowell-Morrow Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NORTH  
Section 11: NW/4

(r) EXTEND the Wantz-Abco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NORTH  
Section 9: NE/4

Dockets Nos. 10-82 and 11-82 are tentatively set for April 14 and April 28, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 31, 1982  
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Butter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 7469: (Continued from March 3, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H. M. Bailey & Associates, Commercial Union Insurance Company, and all other interested parties to appear and show cause why the following wells on the H. M. Bailey Lease, Township 21 South, Range 1 West, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program: In Section 10: Nos. 9 in Unit A, 9, 11, 12, and 13 in Unit B, 10 and 14 in Unit C; and No. 15 in Unit C of Section 9.

CASE 7497: (Continued and Readvertised)

Application of Parabo, Inc. for an oil treatment plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the SW/4 of Section 29, Township 21 South, Range 38 East.

CASE 7516: Application of Benson-Montin-Greer for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Canada Ojitos Unit Area, comprising 12,361 acres, more or less, of Jicarilla Apache Indian lands in Township 27 North, Range 1 West.

CASE 7517: Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1450 feet from the South line and 1400 feet from the West line of Section 15, Township 22 South, Range 37 East, Fenrose Skelly Pool, the NE/4 SW/4 of said Section 15 to be dedicated to the well.

CASE 7518: Application of Consolidated Oil & Gas Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the perforated interval from 8688 feet to 8856 feet in its Midway State Well No. 1, located in Section 8, Township 17 South, Range 37 East, Midway-Abo Pool.

CASE 7519: Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Menafee Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7510: (Continued from March 16, 1982, Examiner Hearing)

Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Penn formations underlying the W/2 of Section 10, Township 22 South, Range 32 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7511: (Continued from March 16, 1982, Examiner Hearing)

Application of Buffton Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Devonian formations underlying the W/2 of Section 35, Township 16 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7520: Application of Lewis B. Burleson Inc. for compulsory pooling and a non-standard proration and spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Pool underlying a 160-acre non-standard proration unit comprising the NW/4 of Section 15, Township 24 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7521: Application of William B. Barnhill for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the South and West lines of Section 35, Township 19 South, Range 25 East, Permian-Penn. Strata, Atoka and Morrow formations, the E/2 of said Section 35 to be dedicated to the well.

CASE 7522: Application of Santa Fe Exploration Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the North and West lines of Section 14, Township 20 South, Range 25 East, Permian-Penn. Strata, Atoka and Morrow formations, the E/2 of said Section 14 to be dedicated to the well.

CASE 7523: Application of Robert M. Enfield for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the E/2 of Section 18, Township 19 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North and East lines of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7524 THRU 7535: Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 12 cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and production unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7524: SE/4 Section 2, Township 5 South, Range 24 East

CASE 7525: SW/4 Section 3, Township 5 South, Range 24 East

CASE 7526: NW/4 Section 3, Township 5 South, Range 24 East

CASE 7527: SE/4 Section 3, Township 5 South, Range 24 East

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7530: NW/4 Section 11, Township 6 South, Range 24 East

CASE 7531: SW/4 Section 11, Township 6 South, Range 24 East

CASE 7532: SE/4 Section 27, Township 6 South, Range 24 East

CASE 7533: SW/4 Section 27, Township 6 South, Range 24 East

CASE 7534: NW/4 Section 34, Township 6 South, Range 24 East

CASE 7535: SW/4 Section 17, Township 6 South, Range 25 East

CASE 7515: (Continued and Readvertised)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

**KELLAHIN and KELLAHIN**

*Attorneys at Law*

900 Don Gaspar Avenue

Post Office Box 1709

Santa Fe, New Mexico 87501

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

Telephone 962-4385  
Area Code 505

February 25, 1982

Mr. Joe D. Ramey  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

RE: Lewis B. Burleson Inc.

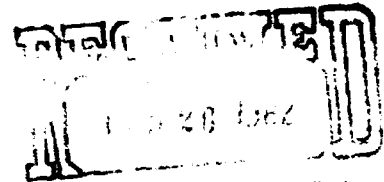
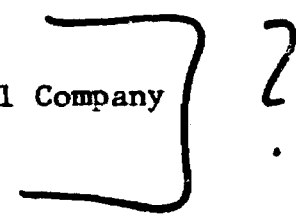
Dear Mr. Ramey:

Please set the enclosed pooling application for  
hearing on March 31, 1982.

Very truly yours,

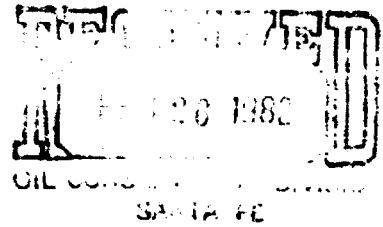
  
W. Thomas Kellahin

WTK:jm  
Enclosure  
cc: Mobil Corporation  
General Crude Mobil Company  
Conoco Inc.



Case 7520

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION



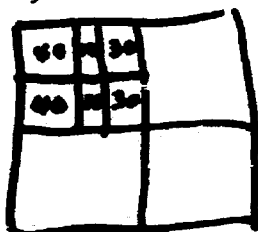
IN THE MATTER OF THE APPLICATION OF  
LEWIS B. BURLESON INC. FOR COMPULSORY  
POOLING AND A NON-STANDARD PRORATION  
AND SPACING UNIT, JALMAT POOL, LEA  
COUNTY, NEW MEXICO

Case 7520

A P P L I C A T I O N

COMES NOW LEWIS B. BURLESON, INC., by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest in the Jalmat Pool underlying the North 30 acres of the East 60 acres of the NW/4 of Section 15, T24S, R36E, Lea County, New Mexico, and for approval to form a non-standard spacing and proration unit consisting of the above described acreage, and in support thereof would show:

1. Applicant is an operator and has acquired the right to drill and develop the Jalmat rights underlying the North 30 acres of the East 60 acres of the NW/4 of Section 15, T24S, R36E, NMPM, Lea County, New Mexico.
2. Applicant proposes to drill a Jalmat oil well at a location 2310 feet from the West line and 660 feet from the North line of said Section 15.
3. Applicant proposes to dedicate to the subject well a thirty acre tract consisting of the acreage described above and seeks approval of this tract as a non-standard spacing and proration unit.
4. Applicant has sought the cooperation of all interested parties involved in the proposed unit and has been unable to obtain the necessary approvals or commitments to form a voluntary unit for this well.



5. Those interested parties who have not joined in the drilling of the well for this unit are as follows:

<u>NAME</u>	<u>Ownership</u>
Mobil Corporation P.O. Box 633 Midland, Texas 79702	7/32
General Crude Mobil Company P.O. Box 633 Midland, Texas 79702	7/32

6. Copies of this application have been mailed to the parties in paragraph 5 above.

7. Applicant desires to be designated operator of the pooled unit.

8. 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 in said unit, all mineral interest, whatever they may be, underlying the subject unit, should be pooled.

9. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

10. Applicant should be authorized to withhold from production the proportionate share of reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing the Division enter its order granting the application as requested.

C. And for such other relief as may be just in the premises.

Respectfully submitted,

KELLAHIN & KELLAHIN

By 

W. Thomas Kellahin

P.O. Box 1769

Santa Fe, New Mexico 87501

(505) 982-4285

ATTORNEY FOR APPLICANT

Orders

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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



CASE NO. 7520

Order No. R- 6951



APPLICATION OF LEWIS B. BURLESON, INC.  
FOR COMPULSORY POOLING AND A NON-STANDARD  
OIL PRORATION UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 14, 1982,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of April, 1982, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:



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

(2) That the applicant, Lewis B. Burleson, Inc., seeks an order pooling all mineral interests in the Jalmat Pool underlying a 30-acre non-standard oil proration unit comprising the N/2 of the Easternmost 60 acres of the NW/4 of Section 15,, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That ~~no~~ party objected to the formation of the proposed non standard oil proration unit.

(4) That the non standard oil proration unit should be approved.

(5) ~~(4)~~ That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(6) ~~(4)~~ That <sup>all</sup> ~~there are~~ interest owners in the proposed proration unit ~~who~~ have <sup>now</sup> ~~not~~ agreed to pool their interests.

(7) That that portion of the subject application seeking compulsory pooling of the proposed ~~non~~ non standard oil proration unit should be dismissed.

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

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

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before \_\_\_\_\_, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That Lewis B. Burkson, Inc. is hereby granted approval for a 30-acre nonstandard oil production unit comprising the NW 1/4 of the Easternmost 60 acres of the NW 1/4 of Section 15, Township 24 South, Range 36 East, NM PM, Jalisco Pool, Lea County, New Mexico.

(2) That that portion of this case seeking compulsory pooling of said 30-acre nonstandard production unit is hereby dismissed.

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the \_\_\_\_\_ day of \_\_\_\_\_, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Lewis B. Burleson, Inc. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

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

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the

Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

JOE D. RAMEY,  
Director

S E A L