

a CASE 5680: AMOCO PROD. CO. FOR
COMPULSORY POOLING, EDDY COUNTY, *cy*
NEW MEXICO

CASE NO.

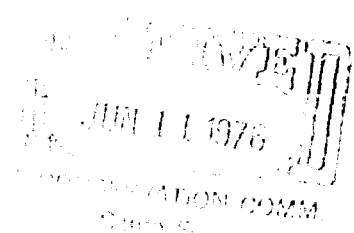
5680

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

WHITAKER & BROOKS
LAWYERS
608 FIRST NATIONAL BANK BLDG.
MIDLAND, TEXAS
79701

EO M. WHITAKER
RICHARD S. BROOKS
TELEPHONE 682-5285
AREA CODE 915

June 7, 1976



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

In re: David Fasken - Cemetery-Federal No. 1
T-20-S, R-2-E, Section 21: W/2
Eddy County, New Mexico
NMOCC Case No. 5680,
Order No. R-5219

Dear Mr. Ramey:

Complying with the captioned order, you will find enclosed here-
with an itemized schedule of actual well costs of the captioned well. Such
schedule in addition includes a statement of operating expense from comple-
tion of the well through April 1976.

Yours truly,

WHITAKER & BROOKS

Richard S. Brooks
Richard S. Brooks

RSB:mz
Enclosures

cc: Mr. Antone L. Peterson, III, Attorney
Amoco Production Company
Post Office Box 3092
Houston, Texas 77001

David Fasken - Cemetery Federal Lease - Well No. 1
 Eddy County, New Mexico
 Well Costs and Operating Expense
 From Inception thru April 30, 1976

Date	Tangible	Intangible	Total Well Costs	Operating Expense	Accumulated Operating Expense
October, 1974	232,772	16,247,173	16,304,622		
Nov., 1974	4,007,472	50,114,141	15,821,527		
Dec., 1974	386,911	65,440,964	23,751,934		
Jan., 1975		186,000	23,770,534		
Feb., 1975		3,203,622	24,090,896		
Mar., 1975	12,753,428	1,932,082	37,037,532		
April, 1975	40,000	4,591,227	36,918,042		
May, 1975	24,571,922		39,375,241		
June, 1975	1,940,323	5,964,422	39,628,964		
July, 1975	18,122	6,202,111	39,692,797		
Aug., 1975			39,692,797	304,000	304,000
Sept., 1975	1,028,711		39,703,084	1,280,233	1,584,233
Oct., 1975	6,137,463		39,689,132	4,321,166	5,905,399
Nov., 1975	1,097,720		39,798,852	6,009,182	6,598,721
Dec., 1975				1,238,022	6,722,523
Jan., 1976				2,624,588	6,984,981
Feb., 1976				304,000	7,015,381
Mar., 1976				280,624	7,296,005
April, 1976				1,724,555	7,468,460

Prepared by: *[Signature]*
 Louis A. Bartha, CPA
 Midland, Texas
 June 5, 1976



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001
Exploration Department

Antone L. Peterson III
Attorney

May 28, 1976

*File
Case 5680*

Mr. Richard Brooks
608 First National Bank
Midland, Texas 79701

Re: David Fasken Cemetery Federal Com Well No. 1
Eddy County, New Mexico

Dear Mr. Brooks:

A hearing was held on May 12, 1976 before Examiner Daniel S. Nutter of the New Mexico Oil Conservation Commission pursuant to the application of Amoco seeking to force-pool certain mineral interests within the proration unit relative to the captioned well. The Commission issued Order No. R-5219, a copy of which is attached hereto, on May 18, 1976 effectively force-pooling all mineral interests to form a 320-acre proration unit with David Fasken designated as unit operator.

I direct your attention to the decretal portion of the aforementioned Order, more specifically to number (3) therein, requiring David Fasken, as operator, to furnish the Commission and each known working interest owner in the subject unit an itemized list of actual well costs within 30 days after the effective date of the Order. If Amoco can be of any assistance to you in acting in conformance with the Commission's Order, please let me know.

Yours very truly,

Original Signed

Antone L. Peterson III

ALP:mlg

Attachments

cc: Mr. Joe D. Ramey, Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, N. M. 87501

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 12, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Company)
for compulsory pooling, Eddy County,)
New Mexico.)

CASE
5680

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Antone L. Peterson, III, Esq.
Legal Counsel for Amoco Production
500 Jefferson Building
P. O. Box 3092
Houston, Texas

ATWOOD, MALONE, MANN & COOTER
Attorneys at Law
Security National Bank Bldg.
Roswell, New Mexico

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General Court Reporting Service
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I N D E X

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JOE PULIDO

Direct Examination by Mr. Peterson

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Cross Examination by Mr. Nutter

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JOHN C. HUNTER

Direct Examination by Mr. Peterson

8

Cross Examination by Mr. Nutter

9

EXHIBIT INDEX

Amoco's Exhibit No. One, Land Plat

9

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Phone (505) 982-9212

1 MR. NUTTER: We will call Case Number 5680.

2 MR. CARR: Case 5680, application of Amoco Production
3 Company for compulsory pooling, Eddy County, New Mexico.

4 MR. NUTTER: Let the record show that the appearances
5 in this case are Atwood and Malone for the applicant also.

6 MR. PETERSON: Mr. Examiner, Amoco will have two
7 witnesses in this docket item. I would like to have Mr. Pulido,
8 the only witness who has not appeared previously sworn at this
9 time.

10 (THEREUPON, the witness was duly sworn.)

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12 JOE PULIDO

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

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17 BY MR. PETERSON:

18 Q. Would you state your name, your employer and the
19 capacity in which you are employed?

20 A. My name is Joe Pulido.

21 MR. NUTTER: How do you spell that, please?

22 A. P-u-l-i-d-o.

23 MR. NUTTER: Joe?

24 A. Joe.

25 MR. NUTTER: Thank you.

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1 A. I'm employed by Amoco Production Company in the
2 capacity of a Senior Landman.

3 Q. Could you give us an idea of your educational
4 background, Mr. Pulido?

5 A. Yes, I am a graduate of the University of Texas at
6 Austin in 1971 with a Bachelor of Business Administration,
7 specifically a petroleum land management degree.

8 Q. And you have been employed by Amoco since that time?

9 A. That is correct.

10 Q. You have been responsible for the New Mexico area
11 in your employment for some time, have you not?

12 A. Approximately a year and a half, yes.

13 Q. Have you testified previously before the Commission?

14 A. I have not.

15 MR. PETERSON: Mr. Examiner, are Mr. Pulido's
16 qualifications acceptable?

17 MR. NUTTER: Yes, they are.

18 MR. PETERSON: Thank you.

19 Q. (Mr. Peterson continuing.) Mr. Pulido, I direct
20 your attention to what has been labeled Amoco's Exhibit One.
21 Could you tell us what that exhibit shows, please?

22 A. This is a land plat delineating in red the Cemetery
23 Federal Com No. 1 Well, consisting of the west half of
24 Section 21, Township 20 South, Range 25 East.

25 Q. You are familiar with Amoco's efforts to secure.

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1 commitment of certain interests in that particular well, are
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3 A. Yes, that is correct.

4 Q. Could you tell us about Amoco's initial efforts in
5 this regard?

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7 House, a brokerage firm in Midland, to assist Amoco in
8 securing commitments of outstanding interests in the northwest
9 quarter of Section 21. In July of 1975 I received a report that
10 all outstanding interests had been committed with the exception
11 of three, consisting of three eighteen hundred fifteenths
12 mineral interests in the northwest quarter of Section 21.

13 Q. And how did Amoco proceed following this initial
14 effort by their brokers?

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16 all parties, outstanding mineral interests, by telephone. I
17 was successful in October of '75 in securing a lease on one
18 eighteen hundred and fifteenth interest from Bill R. Needham.
19 Since that time I have contacted Mr. George N. Needham and have
20 also delivered a lease to his house, specifically to his wife,
21 on October 22nd, 1975 and to this date I have not gotten a
22 response from them after several telephone calls.

23 Q. Mr. Needham wouldn't speak to you on the phone to
24 either reject or affirm your offer of a lease?

25 A. No. No, the lease was delivered and a bonus check

1 in the amount of fifty dollars was also with the lease.

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8 time no response was received. Apparently we were unable to
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12 Q. As I understand it, the interest which had been a
13 problem and which you have been unable to receive commitments
14 on, at least one interest there, all Needham heirs, Needham
15 family?

16 A. Apparently that is the case.

17 Q. Did you try and seek any information about Phyllis F
18 Needham Sims from her other relatives?

19 A. Yes, Mr. Bill R. Needham who I was able to secure
20 a lease from was not able to give me any further information
21 from the information we had received from the broker.

22 MR. PETERSON: I have no further questions of Mr.
23 Pulido, Mr. Examiner.

24

25

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CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Pulido, you have two single one eighteen fifteenth interests outstanding is that correct?

A That is correct, yes, sir.

Q And these are undivided interests in what tract?

A The northwest quarter of Section 21.

Q They've got an undivided interest in the entire northwest quarter?

A That's correct.

Q Now, are these interests owned in fee by these people?

A Yes.

Q So they would be working interest owners under the pooling action of the Commission?

A Yes, sir.

Q As well as royalty owners?

A Yes, sir.

MR. NUTTER: Okay. Are there any further questions of Mr. Pulido? He may be excused.

(THEREUPON, the witness was excused.)

MR. PETERSON: Mr. Examiner, I would now like to call Amoco's second witness, Mr. John Hunter.

I would like the record to reflect that Mr. Hunter has testified previously today and his qualifications have been

1 acceptable and he has been sworn.

2 MR. NUTTER: The record will so show.

3

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5 called as a witness, having been previously sworn, was
6 examined and testified as follows:

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10 Q. Mr. Hunter, have you calculated the costs allocatable
11 to the Cemetery Federal Com No. 1?

12 A. Well, Amoco is not the operator of the Cemetery
13 Federal Com Well No. 1, but I have been informed by the
14 operator that the estimated cost to drill and complete the
15 well was about five hundred and one thousand, seven hundred
16 and fifteen dollars.

17 Q. Do you have an opinion as to the expenses of
18 supervision while drilling this well?

19 A. Yes, sir, I would recommend that the uncommitted
20 interests should be charged on the same basis that Amoco is
21 charged in an operating agreement that Amoco has with the
22 operator, David Fasken. In that operating agreement there
23 is a rate schedule for combined fixed rates for supervision
24 while drilling and Amoco is paying on the basis of two thousand
25 dollars per month supervision charges while drilling.

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1 Q Do you have an opinion as to the expenses of
2 operation in light of the fact that this well is a producer?

3 A Referring back to the operating agreement between
4 David Fasken and Amoco, there is also a combined fixed rate
5 schedule for supervision costs while producing the well and
6 these charges are two hundred dollars per month.

7 Q Who are you recommending as operator, Mr. Hunter?

8 A David Fasken.

9 Q Is Amoco requesting the statutory maximum two
10 hundred percent risk factor penalty?

11 A Yes, we are.

12 MR. PETERSON: Mr. Examiner, I move that Amoco's
13 Exhibit One be admitted into evidence.

14 MR. NUTTER: Amoco's Exhibit One will be admitted
15 into evidence.

16 (THEREUPON, Amoco's Exhibit Number One was
17 admitted into evidence.)

18 MR. PETERSON: I have no further questions of
19 Mr. Hunter.

20

21 CROSS EXAMINATION

22 BY MR. NUTTER:

23 Q Mr. Hunter, what is the present status of this well?

24 A The well is on production.

25 Q That's what I thought. Where are you getting this two

1 hundred percent risk factor now? You are talking as though you
2 are bringing this forced pooling action prior to the time the
3 well is drilled?

4 A. Well, as you heard from Mr. Pulido's testimony, we
5 really couldn't tell which way to go, he didn't give us a "yes"
6 or "no" on the lease agreement and so he didn't indicate any
7 interest in joining into the well either so we would propose
8 taking these charges out of production.

9 Q. Did Phyllis F. Needham Sims ever get a chance to join?
10 You haven't been able to get in touch with her?

11 A. We have never been able to contact her, no.

12 Q. She might have joined had you gotten in touch with
13 her. Now, the cost that you gave the well, five hundred and
14 one thousand, seven hundred and fifteen dollars. You stated
15 that to be an estimated cost. Was that the actual cost that
16 Fasken finally tabulated upon completion of the well?

17 A. When they talked to me, I just talked to them
18 recently and we did not really have sufficient time to break
19 down and itemize the cost of these wells and he, not David
20 Fasken, but his consultant, Jim Henry in Midland, gave me these
21 numbers and I'm sure that he can furnish an itemized statement
22 for the drilling of this well.

23 Q. I think since the well has been completed I think it
24 would be more appropriate to have an actual figure for the
25 cost of drilling the well and also since we are talking about

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1 a two thousand dollar per month combined fixed rate while
2 drilling to know the time that was consumed in the drilling
3 operation and how long that two thousand dollars was
4 applicable and also since it has been on production when the
5 two hundred dollar a month producing combined fixed rate would
6 apply, which presumably would have been from the date of
7 completion or the date of first production to the present time.

8 A. Yes, sir, I assume that the operator will be
9 willing to furnish this information to the Commission.

10 Q. Would you contact Mr. Henry and have him furnish
11 this detailed information, actual costs and so forth to us?

12 A. Yes, sir.

13 MR. NUTTER: Are there any further questions of
14 Mr. Hunter?

15 I think I interrupted you, did you have something
16 further?

17 MR. PETERSON: Mr. Examiner, that's all right.

18 MR. NUTTER: Sorry. Does anyone have any further
19 questions of Mr. Hunter? He may be excused.

20 (THEREUPON, the witness was excused.)

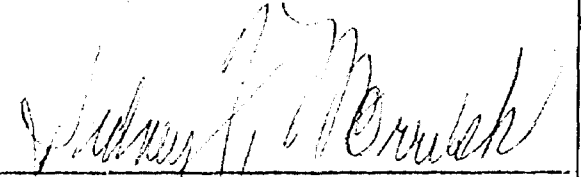
21 MR. NUTTER: Do you have anything further, Mr.
22 Peterson?

23 MR. PETERSON: No, sir.

24 MR. NUTTER: Does anyone have anything they wish to
25 offer in Case Number 5680. We will take the case under advise-
ment and take a fifteen minute recess.

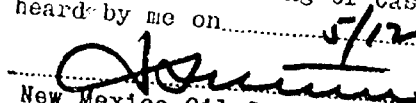
REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.



Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5680
heard by me on 5/12, 19 74
 Examiner
New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 12, 1976

EXAMINER HEARING

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BEFORE: Daniel S. Nutter, Examiner

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I N D E X

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JOE PULIDO

Direct Examination by Mr. Peterson 3

Cross Examination by Mr. Nutter 6

JOHN C. HUNTER

Direct Examination by Mr. Peterson 8

Cross Examination by Mr. Nutter 9

EXHIBIT INDEX

Amoco's Exhibit No. One, Land Plat 9

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CROSS EXAMINATION

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A Yes, sir.

Q As well as royalty owners?

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Phone (505) 982-9212

1 Q Do you have an opinion as to the expenses of
2 operation in light of the fact that this well is a producer?

3 A Referring back to the operating agreement between
4 David Fasken and Amoco, there is also a combined fixed rate
5 schedule for supervision costs while producing the well and
6 these charges are two hundred dollars per month.

7 Q Who are you recommending as operator, Mr. Hunter?

8 A David Fasken.

9 Q Is Amoco requesting the statutory maximum two
10 hundred percent risk factor penalty?

11 A Yes, we are.

12 MR. PETERSON: Mr. Examiner, I move that Amoco's
13 Exhibit One be admitted into evidence.

14 MR. NUTTER: Amoco's Exhibit One will be admitted
15 into evidence.

16 (THEREUPON, Amoco's Exhibit Number One was
17 admitted into evidence.)

18 MR. PETERSON: I have no further questions of
19 Mr. Hunter.

20

21 CROSS EXAMINATION

22 BY MR. NUTTER:

23 Q Mr. Hunter, what is the present status of this well?

24 A The well is on production.

25 Q That's what I thought. Where are you getting this two

1 hundred percent risk factor now? You are talking as though you
2 are bringing this forced pooling action prior to the time the
3 well is drilled?

4 A Well, as you heard from Mr. Pulido's testimony, we
5 really couldn't tell which way to go, he didn't give us a "yes"
6 or "no" on the lease agreement and so he didn't indicate any
7 interest in joining into the well either so we would propose
8 taking these charges out of production.

9 Q Did Phyllis F. Needham Sims ever get a chance to join?
10 You haven't been able to get in touch with her?

11 A We have never been able to contact her, no.

12 Q She might have joined had you gotten in touch with
13 her. Now, the cost that you gave the well, five hundred and
14 one thousand, seven hundred and fifteen dollars. You stated
15 that to be an estimated cost. Was that the actual cost that
16 Fasken finally tabulated upon completion of the well?

17 A When they talked to me, I just talked to them
18 recently and we did not really have sufficient time to break
19 down and itemize the cost of these wells and he, not David
20 Fasken, but his consultant, Jim Henry in Midland, gave me these
21 numbers and I'm sure that he can furnish an itemized statement
22 for the drilling of this well.

23 Q I think since the well has been completed I think it
24 would be more appropriate to have an actual figure for the
25 cost of drilling the well and also since we are talking about

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morrish reporting service

General Court Reporting Service
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Phone (505) 982-9212

1 a two thousand dollar per month combined fixed rate while
2 drilling to know the time that was consumed in the drilling
3 operation and how long that two thousand dollars was
4 applicable and also since it has been on production when the
5 two hundred dollar a month producing combined fixed rate would
6 apply, which presumably would have been from the date of
7 completion or the date of first production to the present time.

8 A. Yes, sir, I assume that the operator will be
9 willing to furnish this information to the Commission.

10 Q Would you contact Mr. Henry and have him furnish
11 this detailed information, actual costs and so forth to us?

12 A. Yes, sir.

13 MR. NUTTER: Are there any further questions of
14 Mr. Hunter?

15 I think I interrupted you, did you have something
16 further?

17 MR. PETERSON: Mr. Examiner, that's all right.

18 MR. NUTTER: Sorry. Does anyone have any further
19 questions of Mr. Hunter? He may be excused.

20 (THEREUPON, the witness was excused.)

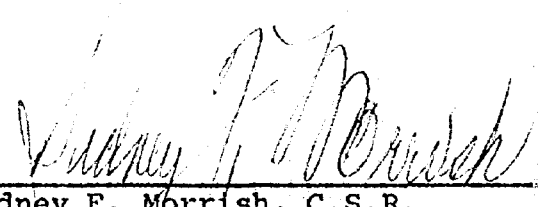
21 MR. NUTTER: Do you have anything further, Mr.
22 Peterson?

23 MR. PETERSON: No, sir.

24 MR. NUTTER: Does anyone have anything they wish to
25 offer in Case Number 5680. We will take the case under advise-
ment and take a fifteen minute recess.

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5680,
heard by me on 5/12, 1976.


Examiner
New Mexico Oil Conservation Commission

Sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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. 5680
Order No. R-5219

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 12, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of May, 1976, 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, Amoco Production Company, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 21, Township 20 South, Range 25 East, NMPM, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, to form a standard spacing and proration unit for said pool.

(3) That the applicant further seeks the dedication of said unit to the David Fasken Cemetery Federal Com Well No. 1, which has been drilled and completed in Unit L of said Section 21.

(4) That there are interest owners in the 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 gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

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

(8) 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.

(9) 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.

(10) That \$2,000.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) while drilling and completion operations were in progress, and that \$200.00 per month should be fixed as a reasonable charge for supervision while producing; 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.

(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 Pennsylvanian formation underlying the W/2 of Section 21, Township 20 South, Range 25 East, NMPM, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to the David Fasken Cemetery Federal Com Well No. 1 located in Unit L of said Section 21.

(2) That David Fasken is hereby designated the operator of the subject well and unit.

(3) That within 30 days after the effective date of this order, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs; that if no objection to the actual well costs is received by the Commission and the Commission 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 Commission will determine reasonable well costs after public notice and hearing.

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

(5) 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.
- (B) As a charge for the risk involved in the drilling of the well, 50 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.

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

(7) That \$2,000.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) while drilling and completion operations were in progress; that \$200.00 per month is hereby fixed as a reasonable charge for supervision while producing; 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 such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-4-

Case No. 5680
Order No. R-5219

(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.

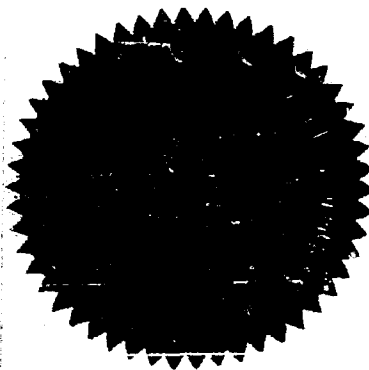
(9) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(10) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy 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



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

Dockets Nos. 15-76 and 16-76 are tentatively set for hearing on May 26 and June 9, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 12, 1976

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 Richard L. Stamets, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for June, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5676: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal GC Com Well to be drilled 660 feet from the South and East lines of Section 32, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the E/2 of said Section 32 to be dedicated to the well.

CASE 5677: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dunkin Nose Unit Area comprising 6393 acres, more or less, of State and Fee lands in Township 17 South, Ranges 18 and 19 East, Chaves County, New Mexico.

CASE 5678: Application of Amoco Production Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate its State "E" Tract 18 Well No. 15, the surface location of which is 330 feet from the North line and 2310 feet from the West line of Section 1, Township 17 South, Range 36 East, Lovington-Abo Pool, Lea County, New Mexico, by directionally drilling said well and bottoming it in the Abo formation within 100 feet of a point 600 feet from the North line and 2310 feet from the West line of said Section 1.

CASE 5679: Application of Amoco Production Company for approval of an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 9 to be drilled 660 feet from the North line and 990 feet from the West line of Section 5, Township 18 South, Range 29 East, South Empire-Morrow Gas Pool, Eddy County, New Mexico, the W/2 of said Section 5 to be dedicated to the well.

CASE 5680: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 21, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to David Fasken's Cemetery Federal Com Well No. 1 located in Unit L of said Section 21. 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. Also to be considered will be the designation of David Fasken as operator of the well and a charge for the risk involved in drilling said well.

CASE 5681: Application of A. H. Rains for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation through the open-hole interval from approximately 550 feet to 561 feet in his Pure State Well No. 1, located in Unit J of Section 15, Township 21 South, Range 27 East, Magruder-Yates Pool, Eddy County, New Mexico.

CASE 5098: (Reopened)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 5473: (Reopened)

In the matter of Case 5473 being reopened pursuant to the provisions of Order No. R-5029, which order established special rules and regulations for the West Knowles-Drinkard Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

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BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR)
COMPULSORY POOLING, PENNSYLVANIAN)
FORMATION, WEST HALF OF SECTION)
21, TOWNSHIP 20 SOUTH, RANGE 25) CASE. NO. 5680
EAST, CEMETERY-MORROW GAS POOL,)
EDDY COUNTY, NEW MEXICO.)

ENTRY OF APPEARANCE

The undersigned Atwood, Malone, Mann & Cooter
of Roswell, New Mexico, hereby enter their appearance
herein for the Applicant, Amoco Production Company,
with Antone Peterson, Esquire, of Houston, Texas.

ATWOOD, MALONE, MANN & COOTER

By Charles Malone
Attorneys for Amoco Production
Company
Post Office Drawer 700
Roswell, New Mexico 88201



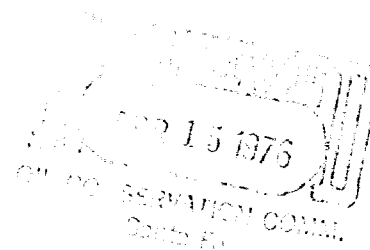
Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

Guy Buell
Attorney

April 12, 1976

Re: Application to Pool All
Mineral Interest Owners in
the W/2 of Section 21,
T-20-S, R-25-E
Cemetary-Morrow Gas Pool
Eddy County, New Mexico



New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Please schedule a hearing on the earliest possible docket to consider the application of Amoco Production Company (Amoco) for an order pooling all the mineral interests in the Pennsylvanian formation underlying the W/2 of Section 21, Township 20 South, Range 25 East, Cemetary-Morrow Gas Pool, Eddy County, New Mexico. The W/2 of Section 21 is to be dedicated to David Fasken's Cemetary Federal Com Well #1, located in Unit L. Attached is a plat showing the subject Unit and all offsetting properties.

All mineral interest owners have voluntarily joined in this unit except for the following:

George N. Needham, Jr.
P. O. Box 1144
La Porte, Texas 77571

Phyllis F. Needham Sims
6500 W. 14th, Apt. 5
Lakewood, Colorado (Last known address)

In addition, Amoco will also request the Commission to determine the costs for drilling and completing the well, the costs for

New Mexico Oil Conservation Commission
April 12, 1976
Page 2

operating and supervision, and the proper allocation of these costs along with the charge for the risk involved in the drilling of the well.

Amoco will recommend that David Fasken be designated as operator of the well.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Guy Buehl".

Attachment

GTB:as

Case 5680									
1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

Guy Buell
Attorney

April 12, 1976

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New Mexico Oil Conservation Commission
April 12, 1976
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Very truly yours,

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Attachment

GTB:as

Case 5630									
1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

Guy Buell
Attorney

April 12, 1976

Re: Application to Pool All
Mineral Interest Owners in
the W/2 of Section 21,
T-20-S, R-25-E
Cemetary-Morrow Gas Pool
Eddy County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Please schedule a hearing on the earliest possible docket to consider the application of Amoco Production Company (Amoco) for an order pooling all the mineral interests in the Pennsylvanian formation underlying the W/2 of Section 21, Township 20 South, Range 23 East, Cemetary-Morrow Gas Pool, Eddy County, New Mexico. The W/2 of Section 21 is to be dedicated to David Fasken's Cemetary Federal Com Well #1, located in Unit L. Attached is a plat showing the subject Unit and all offsetting properties.

All mineral interest owners have voluntarily joined in this unit except for the following:

George N. Needham, Jr.
P. O. Box 1144
La Porte, Texas 77571

Phyllis F. Needham Sims
6500 W. 14th, Apt. 5
Lakewood, Colorado (Last known address)

In addition, Amoco will also request the Commission to determine the costs for drilling and completing the well, the costs for

New Mexico Oil Conservation Commission
April 12, 1976
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operating and supervision, and the proper allocation of these costs along with the charge for the risk involved in the drilling of the well.

Amoco will recommend that David Fasken be designated as operator of the well.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Guy Burre".

Attachment

GTB:as

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

DRAFT

dr/

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. 5680

Order No. R-5219

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 12, 1976
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of May, 1976, 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, Amoco Production Company,
seeks an order pooling all mineral interests in the
Pennsylvanian formation underlying the W/2
of Section 21, Township 20 South, Range 25 East,
NMPM, Cemetery-Morrow Gas Pool, Eddy County, New
Mexico, *to form a standard spacing and proration unit for*
said pool.

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Case No.
Order No. R-

Further seeks the dedication of said unit to the
(3) That the applicant ~~has the right to drill and proposes~~
David Fasken Cemetery Federal Com Well No. 1, which has
~~been drilled and completed in Unit L of said Section 21.~~

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

(5) That to avoid the drilling of unnecessary wells, to
protect correlative rights, and to afford to the owner of each
interest in said unit the opportunity to recover or receive
without unnecessary expense his just and fair share of the gas
in said pool, the subject application should be approved by
pooling all mineral interests, whatever they may be, within said
unit.

David Fasken

(6) That ~~the applicant~~ ^A 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 well
costs to the operator in lieu of paying his share of reasonable
well costs out of production.~~

(7) That any non-consenting working interest owner ~~that~~ ^{that}
~~has not paid~~ ^{has not paid} ~~estimated~~ ^{estimated} well costs should have
withheld from production his share of the reasonable well costs
plus an additional 50 percent thereof as a reasonable charge for the
risk involved in the drilling of the well.

(8) 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.

⁹
(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.

→ were in progress, and that \$200 per month should be fixed as a reasonable charge for supervision while producing;

(10) That \$2000.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) ^{while drilling and completion operations} 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.

(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.

~~(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 all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the W/2 of Section 21, Township 20 South, Range 25 East, NMPM, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, are hereby pooled to form a standard 320- acre gas spacing and proration unit to be dedicated ~~to a well to be drilled to the~~ David Fasken Cemetery Federal Com Well No. 1 located in Unit L of said Section 21.

~~PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the _____ day of _____, 19____, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;~~

~~PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the _____ day of _____, 19____, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Commission 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 Commission and show cause why Order (1) of this order should not be rescinded.~~

(2) That David Fasken is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order, and within 30 days, ~~prior to commencing said well,~~ the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of ^{actual} ~~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 Commission 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 Commission and the Commission 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 Commission 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 that has paid his share of estimated costs in advance as provided~~

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above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

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

(B) As a charge for the risk involved in the drilling of the well, 50 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.~~

(6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs. *> were in progress; that \$200.00 per month is hereby fixed as a reasonable charge for supervision while producing;*

(7) That \$2000.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) *while drilling and completion operations* 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 such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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Order No. R-

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

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

(10) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy 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.