

CASE 5940: C&K PETROLEUM, INC., FOR
COMPULSORY POOLING AND AN UNORTHODOX
LOCATION, LEA COUNTY, NEW MEXICO

Case Number
5940

Application
Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 25, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of C&K Petroleum, Inc., for) CASE
compulsory pooling and an unorthodox) 5940
location, Lea County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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

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EARL GAERTNER

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1 MR. STAMETS: We will call next Case 5940.

2 MS. TEXCHENDORF: Case 5940, application of C&K
3 Petroleum, Inc., for compulsory pooling and an unorthodox
4 location, Lea County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin & Fox,
6 Santa Fe, New Mexico appearing on behalf of the applicant and
7 I would like the record to reflect that I have the same witness
8 he has been sworn and has previously been qualified as an
9 expert.

10 MR. STAMETS: The record will so show.

11
12 EARL GAERTNER

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

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Mr. Gaertner, would you identify Exhibit Number One
19 and tell us what C&K Petroleum is seeking to accomplish?

20 A Exhibit Number One is a map, land plat, showing the
21 location of the acreage described as the south half of Section
22 6, Township 19 South, Range 32 East of Lea County, New Mexico.

23 Q What is the acreage you are concerned with for the
24 forced pooling application?

25 A This is a very unusual situation. This is a case

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1 where we are having to force pool overriding royalty interests.
2 The acreage is in the south half, the well has already been
3 drilled and completed, it is, I guess, a marginal Morrow well
4 but in order to get approval to sell gas here we have to have
5 a communitization agreement executed by all working interest
6 and royalty owners and we have several royalty interests
7 that have not for some reason been willing to execute the
8 communitization agreement.

9 Q What type of acreage is involved in the south half
10 of the section, Federal, State, fee, what is it?

11 A It's Federal acreage.

12 Q It's all Federal acreage?

13 A Yes, sir.

14 Q Would you describe for me Exhibit Two?

15 A We have not officially potentialized this well so I'm
16 enclosing this to show that it is an old well. The old total
17 depth was eleven thousand four hundred and eight feet, we
18 deepened the well to twelve thousand five hundred feet, ran
19 pipe at that depth and have completed it as a Morrow well.

20 Q Exhibit Number Three?

21 A Exhibit Number Three is copies taken really from the
22 daily drilling progress of the well, daily report, showing
23 the perforations, the acid treatment. On the second page of
24 Exhibit Three some of the flow tests that have been run on
25 the well. The well, as you can see, has been shut in now for

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1 seven months or longer, since 9-2, even a little longer than
2 that, well, from 9-2-76.

3 Q Exhibit Number Four?

4 A Exhibit Number Four is an itemized copy. It's not
5 an itemized copy but it is a copy showing the completion or
6 recompletion costs of the subject well, to date three hundred
7 and six thousand eight hundred and sixty-four dollars.

8 Q That's the final cost on the well?

9 A It should be very close.

10 Q What additional costs do you anticipate?

11 A Possible hook-up equipment, surface equipment, when
12 we tie into a low pressure line.

13 Q Exhibit Number Five?

14 A Exhibit Number Five is a list of those people who
15 have overriding royalty interest that have not been willing to
16 sign a communitization agreement for whatever reason, we
17 don't know why.

18 Q There is some error in the exhibit, Mr. Gaertner,
19 would you explain that to the Examiner?

20 A Yes. The exhibit that we are showing, actually
21 the exhibit is on the Number Seven here on the communitization
22 agreement. We show all of Section 6. These percentages are
23 going to change slightly because we are actually involved or
24 interested only in the south half of Section 6 at the present
25 time but we are going to amend the exhibit and we will forward

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1 copies to you of that.

2 Q These percentage figures have been based upon the
3 entire section because we are only force pooling the south
4 half of the section so we have to re-compute the figures. The
5 parties to be pooled are still the same?

6 A Right.

7 MR. KELLAHIN: I would ask your permission to submit
8 an amended exhibit.

9 MR. STAMETS: That will be fine.

10 Q (Mr. Kellahin continuing.) Exhibit Number Six?

11 A Exhibit Number Six is simply a letter showing some
12 evidence of contacts that have been made with these various
13 people. This, of course, was directed by Robert A. Spears
14 to Mr. Joseph M. Prichard who represents some of the overriding
15 royalty interest in Amarillo.

16 Q Exhibit Number Seven?

17 A Exhibit Number Seven is a letter written by Mrs.
18 Kelly Jones, a member of the Land Department of C&K Petroleum,
19 and it briefly outlines some of the efforts that she has made
20 to work with these people in trying to get this thing signed.

21 Q Exhibit Number Eight, Mr. Gaertner, what is it?

22 A Exhibit Number Eight is the communitization agreement
23 and on the back there are names and dates. The date, of
24 course, is the date that the various individuals who have
25 executed the agreement signed.

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1 Q Exhibit A to the communitization agreement has been
2 prepared based upon the entire Section 6, is that correct?

3 A That is correct and we will amend this and send you
4 a copy covering the south half.

5 Q Again the information contained will only change
6 as to the percentage interest and the parties remain the
7 same?

8 A That is correct.

9 Q C&K has already assumed the risk of drilling this
10 well, have they not, Mr. Gaertner, and you don't propose a risk
11 factor being assessed against these parties?

12 A No.

13 Q Do you request that C&K be designated as the operator?

14 A Yes.

15 Q And what charges do you propose to the Commission
16 while drilling and after drilling?

17 A Seventeen fifty and two hundred -- seventeen fifty
18 per month while drilling and two hundred after completion.

19 MR. STAMETS: Let me ask a question at this point.
20 Are any of these charges applicable to any overriding royalty
21 interests?

22 A No.

23 MR. STAMETS: So in essence there would be no need
24 in establishing any sort of risk factor or any charges in this
25 case since only royalty interests are being brought in?

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1 A. That's correct.

2 Q (Mr. Kellahin continuing.) Were Exhibits One
3 through Eight prepared by you directly or compiled under your
4 direction and supervision?

5 A. Yes, they were.

6 Q In your opinion, Mr. Gaertner, will approval of this
7 application be in the best interests of conservation, the
8 prevention of waste and the protection of correlative rights?

9 A. Yes, sir.

10 MR. KELLAHIN: We move the introduction of Exhibits
11 One through Eight.

12 MR. STAMETS: These exhibits will be admitted.

13 (THEREUPON, Applicant Exhibits One through
14 Eight were admitted into evidence.)

15 MR. KELLAHIN: That concludes our direct examination.

16

17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Gaertner, referring back to Exhibit Number Seven
20 which is a letter.

21 A. Yes.

22 Q I did not have a chance to look at this thoroughly
23 but this type of letter has been sent to each of the over-
24 riding royalty interest owners that are represented on
25 Exhibit Number Five asking for their participation or some

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1 indication whether they would join or not?

2 A Yes, that's right.

3 Q Okay.

4 A We have no idea really why these people have not
 5 signed this agreement, it's to their benefit but for some
 6 reason they will not or have not.

7 Q Now, the application in this case was for forced
 8 pooling all of the Pennsylvanian, is that necessary or should
 9 the order only pool the Morrow formation?

10 A Well, lets say all of the Pennsylvanian.

11 Q Now, is this well located within the boundaries of
 12 the Lusk-Strawn Pool?

13 A Yes, it is.

14 Q I believe the acreage requirement there is a hundred
 15 and sixty and so a three hundred and twenty acre compulsory
 16 pooling would not fit that spacing pattern?

17 A That's right.

18 Q I wonder perhaps if this should not be limited just
 19 to the Morrow formation in this case because of the acreage
 20 problem there?

21 MR. KELLAHIN: Do you have any potential production
 22 in the Strawn?

23 A Well, we can limit it to the Morrow because we earn
 24 no Strawn rights anyway.

25 Q (Mr. Stamets continuing.) So that would be

1 satisfactory?

2 A. That would take care of that, right.

3 MR. STAMETS: All right. Any other questions of
4 the witness?

5 MR. KELLAHIN: No, sir.

6 MR. STAMETS: He may be excused.

7 (THEREUPON, the witness was excused.)

8 MR. STAMETS: Anything further in this case? We
9 will take the case under advisement.

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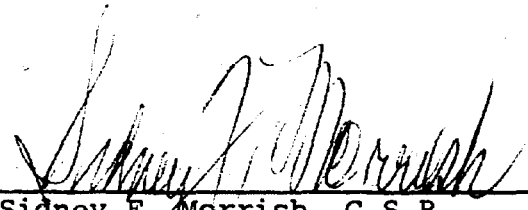
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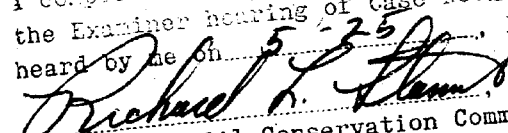
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REPORTER'S CERTIFICATE

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. 5940
heard by me on 5-25 1997

Richard L. Ham, Examiner
New Mexico Oil Conservation Commission

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. 5940
Order No. R-5452

APPLICATION OF C & K PETROLEUM, INC.
FOR COMPULSORY POOLING AND AN UNORTHODOX
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 25, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 8th day of June, 1977, 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, C & K Petroleum, Inc., seeks an
order pooling all mineral interests in the Morrow formation under-
lying the S/2 of Section 6, Township 19 South, Range 32 East,
NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and has
drilled its Federal "6" Well No. 1 at an unorthodox location
600 feet from the South line and 2012 feet from the West line
of said Section 6.

(4) That there are royalty 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

-2-

Case No. 5940
Order No. R-5452

pooling all mineral interests, whatever they may be, within said unit, and by authorizing the aforesaid unorthodox location.

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

(7) 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 Morrow formation underlying the S/2 of Section 6, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to applicant's Federal "6" Well No. 1 drilled at an unorthodox location 600 feet from the South line and 2012 feet from the West line of said Section 6.

(2) That C & K Petroleum, Inc. is hereby designated the operator of the subject well and unit.

(3) 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.

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

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

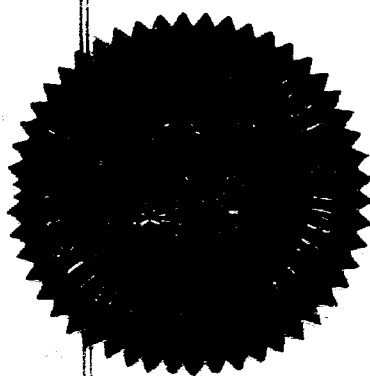
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

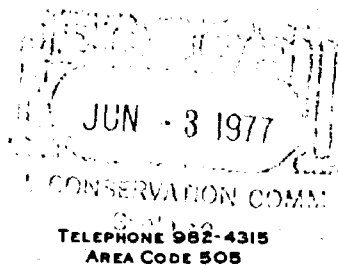
Joe D. Ramey
JOE D. RAMEY, Member & Secretary



JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
800 DON GASPAR AVENUE
POST OFFICE BOX 1789
SANTA FE, NEW MEXICO 87501

June 2, 1977



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

Re: NMOCC Case No. 5940
C & K Petroleum

Dear Dick:

Please find enclosed the corrected Exhibit "A" to the
Communitization agreement submitted as an exhibit at the
above referenced hearing on May 25, 1977.

Very truly yours,

W. Thomas Kellahin
W. Thomas Kellahin

CC: Mrs. Kelley Jones

WTK:kfm

EXHIBIT "A"

TO

COMMUNITIZATION AGREEMENT DATED SEPTEMBER 1, 1976

EMBRACING SECTION 6, T-19-S, R-32-E,

NMPM, EDDY COUNTY, NEW MEXICO

OPERATOR OF COMMUNITIZED AREA: C & K Petroleum, Inc.

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1

Lessor: United States of America

Original Lessee: Llano, Inc.

Lessee of Record: Llano, Inc.

Serial No. of Lease: NM 23007

Date of Lease: December 1, 1974

Description of
Lands Committed: T-19-S, R-32-E, NMPM,
Eddy County, New Mexico

Section 5: Lots 3 and 4 and E/2
of SW/4

Number of Acres: 162.09

Working Interest
and Percentage: Llano, Inc. ----- 100%

Overriding Royalty
and Percentage: NONE

Provision of Lease
Authorizing
Pooling: NONE

TRACT NO. 2

Lessor: United States of America

Original Lessee: Betty C. Hudson, whose husband is William A.
Hudson, II

Lessee of Record: Betty C. Hudson ---- 1/3
Edward R. Hudson --- 1/3
Mary Terrell Ard --- 1/3

Serial No. of Lease: NM 0319697

Date of Lease: November 1, 1962

Description of
Lands Committed: Insofar as said lease covers:
T-19-S, R-32-E, NMPM,
Eddy County, New Mexico

Section 6: NE/4 of SE/4

TRACT NO. 2 (Continued)

Number of Acres: 40 acres

Working Interest
and Percentage: Betty C. Hudson ---- 1/3
Edward R. Hudson --- 1/3
Mary Terrell Ard --- 1/3

Overriding Royalty
and Percentage: NONE

Provision of Lease
Authorizing
Pooling: NONE

TRACT NO. 3

Lessor: United States of America

Original Lessee: T. E. Brown

Lessee of Record: Continental Oil Company

Serial No. of Lease: NM 0309376

Date of Lease: October 1, 1950

Description of
Lands Committed: Insofar as said lease covers:
T-19-S, R-32-E, NMPM,
Eddy County, New Mexico

Section 6: NW/4 of SE/4 and S/2
of SE/4

Number of Acres: 120 acres

Working Interest
and Percentage: Continental Oil Company ----- 100%

Overriding Royalty
and Percentage: 5% of 8/8 of production owned by:
T. E. Brown, Jr., Jimmie Marie Joy, Individually
and as Trustee for Sandra Leigh Worley and
Susan Lynn Terry, E. W. Thorpe, Independent Exe-
cutor of the Estate of Claudyne Brown, deceased,
Lavohne Wellman Johnson, Gladys Wellman Stephens,
Tessie Wellman Darnell, Floyd H. Wellman, Patricia
Price Roberson, Katheryn Price Whittenburg, Lelah
Price Coyle and William Leslie Price.

Provision of Lease
Authorizing
Pooling: NONE

RECAPITULATION

<u>TRACT NUMBER</u>	<u>NO. OF ACRES COMMITTED</u>	<u>PERCENTAGE OF INTEREST IN COMMUNITIZED AREA</u>
1	162.09	50.32%
2	40.00	12.42%
3	120.00	37.26%
	<hr/> 322.09	<hr/> 100.00%

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN TRIPLICATE*
(Other instructions on reverse side)Form approved.
Budget Bureau No. 43-R1424.
5. LEASE DESIGNATION AND SERIAL NO.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER	7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR C & K Petroleum, Inc.	8. FARM OR LEASE NAME Greenwood Federal #6
3. ADDRESS OF OPERATOR 600 C & K Petroleum Bldg., Midland, Tx. 79701	9. WELL NO. 1
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 600' FSL & 2012' FWL, Sec 6, T-19-S, R-32-E.	10. FIELD AND POOL, OR WILDCAT Wildcat
14. PERMIT NO.	11. SEC. T. R. M., OR SLM, AND SURVEY OR AREA Sec. 6, T-19-S, R-32-E
15. ELEVATIONS (Show whether DF, RT, CR, etc.) 3644.3 Gr.	12. COUNTY OR PARISH Lea
	13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other) Spudding & running csg.

(Note: Report results of multiple completion or Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Spudded July 9, 1976. Drilled cement plug @ 2750'; test 8-5/8" csg with 1500# 30 min; held o-k. Cleaned out to 11,408', old TD. Drilled 7-7/8" new hole to 12,180'. 7-18-76 ran DST #1 (Morrow); Tested 12,074-12,180'; 15 min preflow- opened w/weak blow in 3 min. blowing off bottom of bucket; 1 hr ISI; 2-1/2 hr flow period; had GTS in 45 min (including 15 min preflow); Volume from 80 MCF/d to 225 MCF/d; pressure increased throughout test w/flowing on 1/4" ck; FFP 138 psi on 1/4" ck; 7-1/2 hrs FSI; Rec 414' distillate cut drlg fluid; Sample chamber- 1200 psi; 520 CC drlg fluid plus 100 cc dist. Pressures: IHP - 6291 psi; IFP from 27-47 psi; ISIP (1 hr) 4442 psi; FFP 27 psi to 285 psi; FSIP (7 1/2 hrs) 5337 psi; FHP - 6291 psi; BHT 170°F. Drilled 7-7/8" hole to 12,500'. Reached TD 7-23-76. Set 5-1/2" 20# and 17# csg @ 12,473', cemented with 420 sx class H; plugged-down @ 12:05 AM 7-26-76. Ran temp survey; found top of cement outside csg @ 10,640'.

BEFORE BY	DATE
OIL COMPANY	
C&K	2
CASE NO.	5940
Submitted by	
Hearing Date	

18. I hereby certify that the foregoing is true and correct

SIGNED

(This space for Federal or State office use)

TITLE Administrative Supervisor

DATE Sept. 2, 1976

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

DATE

*See Instructions on Reverse Side

- 7-31 Picked up tubing; spotted 350 gals of 15% ascetic acid & pulled tbg out of hole & ran a GR-correlation log from PBTD 12430-11800; shut down for night.
- 8-1 PBTD 12430'; resumed operations; perforated w/1 JSF .48 ID selective fire gun following perfs: 12114, 127, 129, 131, 143, 147, 149, 163, 168, 169, 170, 191, 201, 209, 234, 235, 236; total of 17 holes; ran Baker packer & on & off tool top of packer w/a 1.780 profile nipple; ran tbg to 12012'; reverse circ. 5 bbls acid back in tbg; set packer @ 12010; installed wellhead; tested pkr & broke down perfs w/350 gals 15% ascetic acid; treating pressure 5400 psi @ 1 BPM; ISIP 5200 psi - 30 min SI - 3100 psi; made 4 swab runs - swabbed est. 15 bbls to pit & shut down for night.
- 8-2 SION; SITP 150 psi; bled gas off tbg; run swab - fluid level 2000' from surface; swab to pit for 8 hrs - last 3 runs of swab from SN had full tbg string of gas; SION; this morning TP 500 psi; now bleeding gas off tubing; will acidize this afternoon; results to follow.
- 8-3 Bled gas off tbg; ran swab - found scattered fluid 9500' from surface; made 3 runs with swab - swab dry; Western Co. acidized with 4000 gals 7½% MS Acid w/ 1000 SCF of Nitrogen/bbl; used 151,000 SCF of Nitrogen; ran 25 ball sealers in 500 gal stages of acid; Treating pressure 7500 psi @ 6.3 BPM including nitrogen; and @ 8000 psi 8.4 BPM including nitrogen; didn't ball out; had ball action 3 times; ISIP 6800 psi; in 7 min. 6600 psi; open well to flow to pit; in 1½ hrs had small amt. GTS; run swab - scattered fluid level 7500' from surface; swabbed down to SN; Est. gas vol. 75 -150,000; SION; SITP 1250 psi; now bleeding pressure off.
- 8-4 Bled gas off tbg; SITP 1250 psi; run swab - found scattered fluid 9500' from surface; run swab once an hour to keep well swabbed down; gas vol. 75-150,000 CFG; shut well in for 5 hrs; TP 1000 psi; open well up & let flow overnight; gas vol. appears to be the same; will swab well down this AM & rig down & release completion rig; will flow test well prior to considering frac.
- 8-5 Ran swab to SN - had a scattered amt of fluid from 11000'; waited 3 hrs; ran swab again - had 500' scattered fluid on bottom w/ small amt oil; rig down & release completion rig; left well flowing on 24/64" choke to clean up; gas vol. est. 125-150 MCF; "0" TP; will shut well in for pressure build up.
- 8-6 SI for 24 hour pressure build up; Western Co. is working up a frac recommendation for well; Gas volume 75-150 MCF.
- 8-7 SI 26 hours; SITP 2160 psi.
- 8-8 Opened to flow to pit 24 hrs; well unloaded small amt of condensate at end of 24 hrs; "0" TP; Gas volume 100-150 MCF; shut well in.
- 8-9 SI 24 hrs; SITP 1980 psi; opened to flow; unloaded small amt of heavy misty condensate; presently flowing to pit 100-150 MCF; "0" TP; will shut well in @ 2:00 PM.
- 8-10 Shut in for pressure build up; prep to move in stac pac to flow test well.
- 8-11 SI 22 hrs; SITP 1970 psi.
- 8-12 SI 46 hrs; SITP 2375 psi.
- 8-13 Shut in; setting stac pac & test tank today.

Greenwood Federal "6" #1; Lusk (Morrow) Prospect; Lea Co., NM; PTD 12,400'; TD 12504';
PSTD 12430'; Spudded 7-9-76; 660 FSL & 2012 FWL; Sec. 6; T19S; R32E; C&K Int.: .369161

- 8-14 SI 94 hrs; SITP 2750 psi.
- 8-15 Completed setting stac pac & hooking up test equipment.
- 8-16 Flow flow testing well and are measuring gas through stac pac; Gas volume 74,000 cu. ft. gas; Small amount of liquid; Separator & tbg. pressure 285 psi.
- 8-17 Flow testing well; Gas volume 38,000 cu. ft. per day; in past 2 days unloads once a day 10 bbls oil; Continuing to test well; Separator pressure 285 psi.
- 8-18 Flowing through test equipment; Separator pressure 285 psi; last 24 hrs made 2 heads of fluid; total of 5.8 bbls of oil; gas volume increasing slightly; Gas volume 47 MCF.
- 8-19 Still flow testing well..
- 8-20 Flow testing well; made 1 BO & 1 BW Gas volume 47 MCF & increasing; chart indicated approximately 40 heads of gas; continuing to test.
- 8-21 Flow testing; gas vol. 54 MCFGPD; 285 psi separator pressure.
- 8-22 Lowered sep. press. to 30 psi & conducting flow rate test; Conoco has a low pressure gas line near location; Testing well @ 30 psi to determine capability at this low pressure.
- 8-23 Continuing to flow test @ 30 psi back pressure.
- 8-24 Flow testing well @ 30 psi separator pressure.
- 8-25 Shut in yesterday for 72 hour build up.
- 8-26 Shut in for pressure build up.
- 8-27 Shut in for pressure build up.
- 8-28-30 Shut in for pressure build up.
- 8-31 Shut in 168 hours, SITP 2640 psi.
- 9-1 Shut in 194 hrs; SITP 2650 psi.
- 9-2 Shut in; attempting to negotiate gas contract.
- 9-3 Well shut in.
- 9-4-7-8 Well shut in.
- 9-9 Well shut in.
- 9-10 Well shut in.
- 9-11-13 Well shut in.
- 9-14 Well shut in.
- 9-15 Well shut in.
- 9-16 Well shut in.
- 9-17 Well shut in.
- 9-18-20 Well shut in
- 9-21 Well shut in.
- 9-22 Well shut in.
- 9-23 Well shut in.
- 9-24 Well shut in.
- 9-25-27 Well shut in.
- 9-28 Well shut in.
- 9-29 Well shut in.
- 9-30 Well shut in.



REC'D
MAY 23 1977
CANDK

May 17, 1977

MEMO TO: G. C. Tompson

FROM: Dan R. Erb

Re: Greenwood Federal 6 No. 1

The costs detailed below are the deepening and recompletion costs necessary to complete the subject well as a Morrow producer.

Month/Year	IDC	Drilling L & W	Completion L & W	Total
June 1976	\$ 471.50	\$ 449.25	\$ -	\$ 920.75
July 1976	118,410.96	6,682.07	39,081.25	164,174.28
August 1976	31,258.56	-	89,703.62	120,962.18
September 1976	3,011.43	-	994.28	4,005.71
October 1976	607.30	-	1,041.90	1,649.20
November 1976	2,884.46	-	11,520.99	14,405.45
December 1976	78.83	-	668.20	747.03
	<u>\$156,723.04</u>	<u>\$7,131.32</u>	<u>\$143,010.24</u>	<u>\$306,864.60</u>

If I can be of further assistance, please contact me.

Dan R. Erb
DAN R. ERB
MANAGER
GENERAL ACCOUNTING

DRE:hf

BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION	CASE NO. 5970	Submitted by	Hearing Date
CWK EXHIBIT NO. 4			

2 HOUSTON CENTER • SUITE 2828 • HOUSTON, TEXAS 77002 • 713 654-4460 • CABLE ADDRESS: CANDK

(5)
GREENWOOD FEDERAL "6" No. 1 Well

600' FSL & 2012' FWL Section 6, T-19-S, R-32-E, Lea County, New Mexico
Formation: Morrow

SERIAL NO. OF LEASE: NM-0309376

<u>Names & Addresses</u>	<u>Ownership (none 100%)</u>
T. E. Brown, Jr. P. O. Box 68 Artesia, New Mexico (505) 746-2711	$\frac{202.68}{640}$ X 5% ORRI (not 100%)
Patricia Price Roberson and husband C/O W. L. Price 1201 Plaza One Amarillo, Texas 79101	$\frac{202.68}{640}$ X 5% ORRI (not 100%)
Kathryn Price Whittenburg and husband C/O W. L. Price 1201 Plaza One Amarillo, Texas 79101	$\frac{202.68}{640}$ X 5% ORRI (not 100%)
Lela Price Coyle and husband C/O W. L. Price 1201 Plaza One Amarillo, Texas 79101	$\frac{202.68}{640}$ X 5% ORRI (not 100%)
William L. Price and wife 1201 Plaza One Amarillo, Texas 79101	$\frac{202.68}{640}$ X 5% ORRI (not 100%)

SERIAL NO. OF LEASE: LC-071857-B

<u>Names & Addresses</u>	<u>Ownership (none 100%)</u>
Patricia Price Roberson and husband same as above	$\frac{200}{640}$ X 5% ORRI (not 100%)
Kathryn Price Whittenburg and husband same as above	$\frac{200}{640}$ X 5% ORRI (not 100%)
Lela Price Coyle and husband same as above	$\frac{200}{640}$ X 5% ORRI (not 100%)
William L. Price and wife same as above	$\frac{200}{640}$ X 5% ORRI (not 100%)

BEFORE EXAMINER STAMP	
OIL CONSERVATION COMMISSION	
C+K	EXHIBIT NO. 5
CASE NO. 5940	
Submitted by _____	
Hearing Date _____	

RAYMOND A. LYNCH (1913-1970)
CLOVIS G. CHAPPELL
MARTIN L. ALLDAY
CHARLES C. ALDRIDGE
RANDALL LUNDY
KENNETH W. NORDMAN
GARY G. WISNER
JAMES M. ALSUP
ROBERT A. SPEARS
WALTER M. HALL
DAVID W. CHILDRESS
TON C. McCALL
RONALD G. TEFTELLER
GEORGE D. GILLES

LYNCH, CHAPPELL, ALLDAY & ALDRIDGE

ATTORNEYS

201 WALL TOWERS EAST

MIDLAND, TEXAS 79701

March 29, 1977

AREA CODE 945
683-3351

Mr. Joseph M. Pritchard
Sanders, Saunders, Brian, Finney & Thomas
1100 Plaza One
Amarillo, Texas 79101

Dear Joe:

I was just curious if you had a chance to talk with Mr. Saunders concerning the execution by Mr. W. L. Price of the Communitization Agreement for C&K Petroleum, Inc.

If you have, please ask him to let me know exactly what his position is so that I may pass the word along to my client.

I appreciate very much your helping me in connection with this matter. Best regards.

Sincerely,

ORIGINAL SIGNED BY:
ROBERT A. SPEARS

Robert A. Spears

RAS:cr

cc: C&K Petroleum, Inc.

BEFORE THE	COMMISSIONER OF
OIL COMMISSION	
C&K	6
CASE NO.	5940
Submitted by	
Hearing Date	

REC'D

MAR 30 1977

C&K Petroleum, Inc.



600 C & K PETROLEUM BUILDING
POST OFFICE DRAWER 3546
MIDLAND, TEXAS 79702
(915) 683-3311

May 16, 1977

TO WHOM IT MAY CONCERN

RE: Greenwood "6" Federal No. 1 Well located
600' FSL & 2012' FWL, Section 6, T-19-S,
R-32-E, NMPM, Lea County, New Mexico

Under letter dated September 16, 1976, we forwarded copies of Communitization Agreement concerning the captioned to Patricia Price Roberson and husband, Kathryn Price Whittenburg and husband, Lela Price Coyle and husband, and William L. Price and wife, to Mr. W. L. Price, C/O Win, Inc., 1201 Plaza One, Amarillo, Texas 79101, for execution by the above named parties.

Under letter dated September 16, 1976 we forwarded copies of Communitization Agreement to Mr. T. E. Brown, Jr. at P. O. Box 68, Artesia, New Mexico for execution.

We attach hereto copies of above said letters and agreements.

Follow-up telephone calls were made to Mr. Price in November, 1976, December, 1976 and January, 1977, in addition to at least three telephone calls to Mr. Price's attorney, Mr. Howard Saunders of Sanders, Saunders, Brian, Finney & Thomas of Amarillo, Texas, by our attorney, Mr. Robert A. Spears of Lynch, Chappell, Allday & Aldridge of Midland, Texas. In addition, Mr. Spears contacted Mr. Joseph Pritchard (who is with the same law firm in Amarillo as Mr. Saunders) and followed up with a letter dated March 29, 1977, copy of which is also attached.

After numerous attempts to contact Mr. T. E. Brown, Jr. by telephone, we reached Mrs. Brown at (505) 746-3828 in Artesia, New Mexico in December, 1977 and left word for him to call us.

As of this date we have been unsuccessful in obtaining signatures of the above named parties to the Communitization Agreement concerning the captioned well.

Kelley Jones
(Mrs.) Kelley Jones

BEFORE FRANCHISE TAXES	
OIL CONSERVATION COMMISSION	
C+K	7
CASE NO.	5940
Submitted by	
Hearing Date	



POST OFFICE DRAWER 3546
600 C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701
(915) 683-3311

September 16, 1976

TO THE INTEREST OWNERS

RE: Communitization Agreement
Greenwood Federal "6" No. 1 Well
Section 6, T-19-S, R-32-E,
Lea County, New Mexico

Gentlemen:

Enclosed please find one copy of the captioned agreement along with five (5) extra signature pages and acknowledgements. We must file this instrument with the U. S. Geological Survey in five original copies. Same must be approved prior to selling production from the subject well.

Upon your review of the enclosed, please secure execution of all five extra signature pages, have each acknowledged and return to the undersigned at your earliest convenience. The copy of the agreement is for your files.

Thank you very much for your assistance in this matter.

Very truly yours,

C & K PETROLEUM, INC.

A handwritten signature in cursive script that reads 'Danie Lebow'.

(Ms.) Danie Lebow
Petroleum Landwoman

DL:kj
Enclosures

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
C+K	EXHIBIT NO. 8
CASE NO.	5940
Submitted by	
Hearing Date	

COMMUNITIZATION AGREEMENT

THIS AGREEMENT entered into as of the 1st day of September, 1976, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto",

W I T N E S S E T H :

WHEREAS, the act of February 25, 1920, 41 Stat. 437, as amended, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease or any portions thereof with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement.

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

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

T-19-S, R-32-E, N.M.P.M.

Section 6: All

Eddy County, New Mexico,

containing 640 acres, more or less, and this agreement shall extend to and include only the Morrow formation underlying said lands and the dry gas and associated liquid hydrocarbons herein referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit A designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four executed copies of a designation of successor operator shall be filed with the Regional Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, a log and history of any well drilled on the communitized area, monthly reports of operations, statements of communitized substances sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

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

7. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

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

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

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

11. This agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect for a period of two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas operation regulations of the Department of the Interior.

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

14. This agreement shall be binding upon the parties hereto and the interests of all parties over which the undersigned parties may hold the power or right to pool and unitize, and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

15. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or

consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written, and have set opposite their respective names the date of execution.

C & K PETROLEUM, INC.

ATTEST:

By _____

President

Secretary

Date Executed:

9-16-76

CONTINENTAL OIL COMPANY

ATTEST:

By _____

Secretary

Date Executed:

LLANO, INC.

ATTEST:

By _____

Secretary

Date Executed:

10-4-76

Date Executed:

9-24-76

BETTY C. HUDSON

Date Executed:

9-24-76

Date Executed:

9-24-76

Date Executed:

9-24-76

Date Executed:

9-24-76

Date Executed:

9-24-76

Date Executed:

10-5-76

Date Executed:

Date Executed:

10-5-76

Date Executed:

9-27-76

Date Executed:

Date Executed:

Date Executed:

Date Executed:

WILLIAM A. HUDSON, II

EDWARD R. HUDSON, JR.

ANN F. HUDSON

JULIAN ARD

MARY HUDSON ARD

JIMMIE MARIE JOY *Jerry*

~~Husband of JIMMIE MARIE JOY~~

Jerry
JIMMIE MARIE JOY, trustee for
SANDRA LEIGH WORLEY and SUSAN LYNN
TERRY.

E. W. THORP, independent executor of
the Estate of CLAUDYNE BROWN, deceased.

T. E. BROWN, JR.

PATRICIA PRICE ROBERSON

Husband of PATRICIA PRICE ROBERSON

KATHERYN PRICE WHITTENBURG

Date Executed:

Husband of KATHERYN PRICE WHITTENBURG

Date Executed:

LELA PRICE COYLE

Date Executed:

Husband of LELA PRICE COYLE

Date Executed:

WILLIAM L. PRICE

Date Executed:

Wife of WILLIAM L. PRICE

Date Executed:

11-1-76 *

* FLOYD H. WELLMAN

Date Executed:

* Wife of FLOYD H. WELLMAN

Date Executed:

* LAVOHNE WELLMAN JOHNSON

Date Executed:

* Husband of LAVOHNE WELLMAN JOHNSON

Date Executed:

* GLADYS WELLMAN STEPHENS

Date Executed:

* Husband of GLADYS WELLMAN STEPHENS

Date Executed:

* TESSIE WELLMAN DARNELL

Date Executed:

* Husband of TESSIE WELLMAN DARNELL

10-2-76

NANCY CUMMINGS

10-2-76

J. L. BUCKLEY

10-7-76 **

RITA BUCKLEY

KINCAID & WATSON DRILLING COMPANY

By _____
President

Date Executed:

3-4-77

THE STATE OF TEXAS) (

COUNTY OF MIDLAND) (

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by _____, President of C & K PETROLEUM, INC., a corporation, on behalf of said corporation.

My Commission Expires:

Notary Public in and for Midland
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by _____, President of CONTINENTAL OIL COMPANY, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by _____, President of LLANO, INC., a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by _____, BETTY C. HUDSON.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by _____,
WILLIAM A. HUDSON, II.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by _____,
EDWARD R. HUDSON, JR.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by _____,
ANN F. HUDSON.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by _____
JULIAN ARD.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by _____
MARY HUDSON ARD.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by _____
JIMMIE MARIE JOY, trustee for SANDRA LEIGH WORLEY and SUSAN LYNN
TERRY.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by JIMMIE MARIE JOY and
_____, her husband.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by _____
E. W. THORP, independent executor of the ESTATE of CLAUDYNE BROWN,
deceased.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by T.E. BROWN, JR.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by PATRICIA PRICE ROBERSON and _____, her husband.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by KATHERYN PRICE WHITTENBURG and _____, her husband.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by LELA PRICE COYLE and _____, her husband.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by WILLIAM L. PRICE and
_____, his wife.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by FLOYD H. WELLMAN and
_____, his wife.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS)(

COUNTY OF _____)(

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by LAVOHNE WELLMAN JOHNSON and
_____, her husband.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by GLADYS WELLMAN STEPHENS and _____, her husband.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by TESSIE WELLMAN DARNELL and _____, her husband.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by ROGER CUMMINGS.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by NANCY CUMMINGS.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by J. L. BUCKLEY.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____
day of _____, 1976, by RITA BUCKLEY.

My Commission Expires: _____

Notary Public in and for _____
County, Texas

THE STATE OF TEXAS) (

COUNTY OF _____) (

The foregoing instrument was acknowledged before me this _____ day of _____, 1976, by _____ of KINCAID & WATSON DRILLING COMPANY, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for _____ County, Texas

EXHIBIT A
TO
COMMUNITIZATION AGREEMENT DATED SEPTEMBER 1, 1976,
EMBRACING SECTION 6, T-19-S, R-32-E,
NMPM, EDDY COUNTY, NEW MEXICO

Operator of Communitized Area: C & K Petroleum, Inc.

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lessor: United States of America.

Original Lessee: Llano, Inc.

Lessee of Record: Llano, Inc.

Serial No. of Lease: NM 23007

Date of Lease: Dec. 1, 1974

Description of
Lands Committed: T-19-S, R-32-E, NMPM,
Eddy County, New Mexico

Section 6: Lots 3 and 4 and
E/2 SW/4

Number of Acres: 162.09 acres

Working Interest
and Percentage: Llano, Inc. ----- 100%

Overriding Royalty
and Percentage: NONE

Provision of Lease
Authorizing
Pooling: NONE

Tract No. 2

Lessor: United States of America.

Original Lessee: Betty C. Hudson, whose husband is William A. Hudson
Hudson, II.

Lessee of Record: Mary Terrell Ard --- 1/3
Betty C. Hudson ---- 1/3
Edward R. Hudson --- 1/3

Serial No. of Lease: NM 0319697

Date of Lease: November 1, 1962

Description of
Lands Committed: SE/4 of NE/4, NE/4 of SE/4 of Section 6.

Number of Acres: 80.

Working Interest
and Percentage: Betty C. Hudson ---- 1/3
Mary Terrell Ard --- 1/3
Edward R. Hudson --- 1/3

Overriding Royalty
and Percentage: NONE

Provision of Lease
Authorizing
Pooling: NONE

Tract No. 3

Lessor: United States of America.

Original Lessee: T. E. Brown

Lessee of Record: Continental Oil Company -----100%

Date of Lease: October 1, 1950.

Serial No. of Lease: NM-0309376

Description of
Lands Committed: T-19-S, R-32-E, NMPM,
Eddy County, New Mexico
Section 6: Lots 1, 2, ~~NW/4~~, SE/4 and S/2 (SE/4)

Number of Acres: 202.68

Working Interest
and Percentage: Gulf Oil Corporation -----100%

Overriding Royalty
and Percentage: 5% of 8/8 of production owned by:
T.E. Brown, Jr., Jimmie Marie Joy, individually
and as trustee for Sandra Leigh Worley and
Susan Lynn Terry, E. W. Thorpe, independent
executor of the estate of Claudyne Brown,
deceased, Lavohne Wellman Johnson, Gladys
Wellman Stephens, Tessie Wellman Darnell,
Floyd H. Wellman, Patricia Price Roberson,
Katheryn Price Whittenburg, Lelah Price Coyle
and William Leslie Price.

Tract No. 4

Lessor: United States of America.

Original Lessee: W. H. Peckham and E. B. Clark

Lessee of Record: Continental Oil Company

Date of Lease: October 1, 1950

Serial No. of Lease: LC-071857-B

Description of

Lands Committed:

T-19-S, R-32-E, NMPM,

Eddy County, New Mexico

Section 6: N/2 NE/4, SW/4 NE/4 and E/2 NW/4

Number of Acres:

200 acres.

Working Interest

and Percentage:

Continental Oil Company -----100%

Overriding Royalty

and Percentage:

5% of 8/8 of production owned by:

Patricia Price Roberson, Katheryn Price

Whittenburg, Lelah Price-Coyle, William L.

Price, Floyd H. Wellman, Lavohne Wellman

Johnson, Gladys Wellman Stephens and

Tessie Wellman Darnell.

Production Payment

and Percentage:

\$120,000 payable out of 1% of production
owned by:

Roger Cummings, D. D. Kincaid and J. C. Watson,

d/b/a Kincaid & Watson Drilling Company,

and/or Kincaid & Watson Drilling Company, a

New Mexico corporation and J. L. Buckley.

Provision of Lease

Authorizing

Pooling:

NONE

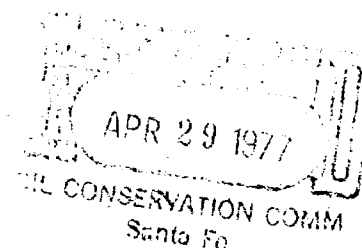
RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	162.09	25.14%
2	80	12.41%
3	202.68	31.43%
4	<u>200</u>	<u>31.02%</u>
	644.77	100.00%

- CASE 5932: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico, to be dedicated to it's Moore "FQ" Well No. 1 located in Unit F of said Section 19. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5933: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 15, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to it's Hunter "FL" Well No. 1 located in Unit F of said Section 15. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5934: Application of HNG Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its El Paso Federal 29 Well No. 1 to be located 2427 feet from the North line and 904 feet from the West line of Section 29, Township 24 South, Range 27 East, Eddy County, New Mexico, the W/2 of said Section 29 to be dedicated to the well.
- CASE 5935: Application of Union Texas Petroleum for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the E/2 W/2 and W/2 E/2 of Section 7, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Britt Well Nos. 3 and 12 located at unorthodox locations in Units G and C of said Section 7, respectively.
- CASE 5936: Application of El Paso Natural Gas Company for a dual completion and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its San Juan 27-4 Unit Well No. 109 to be located at an unorthodox location 990 feet from the South line and 1840 feet from the East line of Section 23, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Tapacito-Pictured Cliffs and Blanco-Mesaverde Pools.
- CASE 5937: Application of Sun Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Lusk-Morrow, East Lusk-Wolfcamp and East Lusk-Bone Springs production in the wellbore of its Shearn Federal Well No. 1, located in Unit L of Section 15, Township 19 South, Range 32 East, Lea County, New Mexico.
- CASE 5938: Application of V-F Petroleum, Inc., for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Landreth State Well No. 1 to be drilled 330 feet from the South line and 1100 feet from the West line of Section 15, Township 10 South, Range 36 East, South Crossroads-Devonian Pool, Lea County, New Mexico, the S/2 SW/4 of said Section 15 to be dedicated to the well.
- CASE 5939: Application of C&K Petroleum, Inc., for compulsory pooling and an unorthodox location, 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 7, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to it's Carlsbad Well No. 7 to be located at an unorthodox location 760 feet from the South line and 690 feet from the West line of said Section 7. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5940: Application of C&K Petroleum, Inc., for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 6, Township 19 South, Range 32 East, Lea County, New Mexico, to be dedicated to it's Federal Well No. 6 to be located at an unorthodox location 600 feet from the South line and 2012 feet from the West line of said Section 6. 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 applicant as operator of the well and a charge for risk involved in drilling said well.

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF C & K PETROLEUM, INC. FOR
APPROVAL OF COMPULSORY POOLING AND
UNORTHODOX WELL LOCATION, LEA
COUNTY, NEW MEXICO



A P P L I C A T I O N

Comes now C & K Petroleum, Inc. and applies to the Oil Conservation Commission of New Mexico for compulsory pooling and approval of an unorthodox well location, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop Section 6, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and proposes to drill its Federal No. 6 well, to be located 600 feet from the South line, and 2012 feet from the West line of Section 6, an unorthodox well location, as a Pennsylvanian well.

2. All interest owners have agreed to the drilling of the proposed well with the exception of the following interest owners whose addresses are given to the best of applicant's information and belief:

T. E. Brown, Jr.
P. O. Box 68
Artesia, New Mexico 88210

Patricia Price Roberson & husband
c/o W. L. Price
1201 Plaza One
Amarillo, Texas 79105

Kathryn Price Whittenburg
& husband
c/o W. L. Price
1201 Plaza One
Amarillo, Texas 79105

Lela Price Coyle & husband
c/o W. L. Price
1201 Plaza One
Amarillo, Texas 79105

William L. Price & wife
c/o W. L. Price
1201 Plaza One
Amarillo, Texas 79105

3. Applicant has made diligent effort to obtain voluntary agreement to the drilling of the proposed well, and has been unable to obtain such agreement.

WHEREFORE applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as provided by law, the Commission enter its order pooling all of the mineral interests, whatever they may be underlying the proposed unit, together with provision for applicant to recover its necessary costs in drilling and equipping the well, charges for supervision, and operation, and for a risk factor for the risk assumed in drilling the well, as provided by law.

Respectfully submitted,

C & K PETROLEUM, INC.

By Jason Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501
Attorneys for Applicant

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. 5940

Order No. R-5452

APPLICATION OF C & K PETROLEUM, INC.
FOR COMPULSORY POOLING AND AN UNORTHODOX
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 25, 1977
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of , 1977, 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, C & K Petroleum, Inc.,
seeks an order pooling all mineral interests in the
~~Pennsylvanian~~ ^{Morrow} formation underlying the S/2
of Section 6, Township 19 South, Range 32 East,
NMPM, ~~Lea~~ ^{Lea} County, New
Mexico.

Case No.
Order No. R-

Well No. 1

and has drilled

(3) That the applicant has the right to drill ~~and proposes~~
its Federal Well No. 6 ~~to be located~~ at an unorthodox
~~to drill xxxxxx/~~ location 600 feet from the South line and 2012
feet from the West line of said Section 6.

(4) That there are interest owners in the proposed proration
Coyalty
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, *and by authorizing the aforesaid unorthodox location.*

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

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

(8) That any non-consenting working interest owner that
does not pay his share of estimated well costs should have
withheld from production his share of the reasonable well costs
plus an additional _____ 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 that has paid his
share of estimated costs should pay to the operator any amount
that reasonable well costs exceed estimated well costs and
should receive from the operator any amount that paid estimated
well costs exceed reasonable well costs.

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

(7) ~~(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 all mineral interests, whatever they may be, in the ~~Pennsylvanian~~ Morrow formation underlying the S/2 of Section 6, Township 19 South, Range 32 East, NMPM, _____, Lea County, New Mexico, are hereby pooled to form a standard 320- acre gas spacing ^{well No. 1} and proration unit to be dedicated to ~~applicant's~~ applicant's Federal ~~Well No. 6~~ drilled at an unorthodox location 600 feet from the South line and 2012 feet from the West line of said Section 6.

~~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 _____ 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 C & K Petroleum, Inc. 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 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~~

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, _____ 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 is hereby fixed as a reasonable charge for supervision (combined fixed rates); 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.

-6-

Case No.

Order No. R-

(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.

(3) ~~(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.

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

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

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