

Case Number

6027

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
11 January 1978

COMMISSION HEARING

IN THE MATTER OF:

Application of William G. Rabe and Alice
P. Rabe for a non-standard gas proration
unit, San Juan County, New Mexico.

Application of Great Lakes Chemical Corporation for a non-standard gas pro-
ration unit, San Juan County, New Mexico.

CASE 6026

and

CASE 6027

DE NOVO

CONSOLIDATED

BEFORE: Joe D. Ramey, Secretary-Director
Emery C. Arnold, Member

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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MR. RAMEY: Call Cases 6026 and 6027. It is my understanding that the applicant wants these cases consolidated for purposes of testimony.

MS. TESCHENDORF: Case 6026. Application of William G. Rabe and Alice P. Rabe for a non-standard gas proration unit, San Juan County, New Mexico, and Case 6027, application of Great Lakes Chemical Corporation for a non-standard gas proration unit, San Juan County, New Mexico.

MR. COOLEY: May it please the Commission.

MR. RAMEY: Go ahead, Mr. Cooley.

MR. COOLEY: William J. Cooley appearing on behalf of applicants in both cases with the request that 6026 and 6027 be consolidated for purposes of hearing.

MR. RAMEY: They will be consolidated. You have one witness, Mr. Cooley?

MR. COOLEY: One witness we would like to be sworn at this time.

MR. RAMEY: We ask that he stand and be sworn.

E. WILLIAM EIPPER

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

DIRECT EXAMINATION

BY MR. COOLEY:

Q. Would you state your name for the record, please.

A. E. William Eipper.

Q. Mr. Eipper, where do you reside?

A. West Lafayette, Indiana.

Q. And by whom are you employed?

A. Great Lakes Chemical Corporation.

Q. In your capacity as an employee of Great Lakes Chemical Corporation does it fall within your responsibilities to be responsible for exploration and development, acquisition and other oil and gas activities for Great Lakes Chemical Corporation?

A. Yes, sir, I am responsible for all of our oil and gas operations.

Q. You're a one-man oil and gas department?

A. That's right.

Q. For the record, Great Lakes is not a large producer.

A. Great Lakes is a duly qualified small producer and natural gas production represents a small percentage of our total business since we are primarily a chemical company and we have been in the San Juan Basin for over twenty-five years.

Q. In your capacity as director of the oil and gas operations with Great Lakes Chemical Corporation, have you had occasion to come in contact with Mr. Rabe who is also an applicant in some of these cases?

A. We have had essentially no direct contact with Mr. and Mrs. Rabe since they are quite elderly, live in Florida, and Mr. William C. Russell has acted as their agent.

Q. Has Mr. Russell as agent for the Rabes authorized you to also testify in behalf of the Rabes?

A. He has.

Q. Have you made it a point, Mr. Eipper, to become acquainted with oil and gas lease history of the Hammond lease which encompasses among other lands the E/2 of Section 25 which is the subject of this application?

A. Right.

Q. Have you made yourself familiar with the ownership and the history of this exact position of the case?

A. I have.

Q. How did Great Lakes first become involved in this?

A. Great Lakes obtained a full assignment of the federal lease from a group which we commonly refer to as the Herff interest.

Q. Is that H-e-r-f-f?

A. Yes. It was Herff, Rosenbaum and others.

Q. And Great Lakes is still the lessee of record?

A. We are the lessee of record of this federal land for all horizons.

Q. Are you personally familiar with the ownership of the

Mesaverde rights with respect to the E/2 of Section 25?

A. Yes, I am.

Q. When Great Lakes acquired the oil and gas lease rights to the E/2 of Section 25 - that is, by the way, in Township 27 North, Range 8 West, San Juan County, New Mexico - what was the original disposition of the acreage involved by Great Lakes?

A. We assigned the operating rights to the Mesaverde to R & G Drilling Company.

Q. Is that an operating assignment?

A. Only an operating assignment.

Q. Back in November of 1956?

A. There it is, right.

Q. I hand you what is identified as applicant's exhibit no. 1 and ask you if that is the operating assignment to which you have just referred. Operating agreement, rather.

A. It is.

Q. This operating agreement contains certain contractual obligations on the part of the operator or the owner, is that correct?

A. Yes, sir.

Q. Does that include the drilling of a Mesaverde well on the E/2 of Section 25?

A. Yes, sir.

Q. Was the well in fact drilled?

A. It was.

Q. Now was that referred to as the R & G Drilling Company No. 41 well?

A. That is correct.

Q. Was that a commercial producing well at one time?

A. It was for a long time.

Q. Do you have any idea what the cumulative production of that well was?

A. I don't have access to these figures but I believe it is in the magnitude of 700 to 800 million cubic feet.

Q. At this point I would like to ask the Commission to take additional notice of its own records as to the cumulative production of the original R & G Drilling Company No. 41 well which will serve as to the exact amount of production from that well. What then developed, Mr. Eipper, that changed the situation that was contemplated by the operating agreement that was identified as applicant's exhibit no. 1?

A. With regard to that well.

Q. With regard to the acreage. What happened?

A. What's happened since. Okay. To begin with, the R & G No. 41 is quite an old well. This well became very, very poor and the volume kept going down and down and it was discovered that water was entering this well from some other horizon. The

operators were ordered by the U.S.G.S. to abandon that well.
They have.....

Q. Was the well in fact abandoned?

A. It is my understanding that it has been abandoned as far as the Mesaverde formation is concerned.

Q. Were there any developments having to do with the New Mexico Oil Conservation Commission affecting this problem?

A. Mr. Russell, as the designated operator, has also advised them of this, and.....

Q. Did you understand my question? Did the Oil Conservation Commission do anything that changed the concept of the one well as provided for in this agreement?

A. Since the date that this agreement went into effect in November, 1974, the Commission authorized the drilling of infill wells. It became possible to drill a second well in the E/2 of Section 25 which, of course, was not contemplated.

Q. In addition to a replacement well for the original 41 well?

A. Right.

Q. This then permitted the drilling of two wells in the E/2 of Section 25, is that correct?

A. That is correct.

Q. Have those wells in fact been drilled?

A. They have.

Q. Can you tell us how the E/2 of 25 is now owned?

A. Yes, sir. If you will refer to.....

Q. I have here what have been marked as applicants' exhibits Nos. 2 and 3, the NE/4 being No. 2 and the SE/4 being No. 3. Refer, please, to the exhibit referring to the NE/4 which would be No. 2.

A. The working interest in the NE/4 is held exclusively by Mr. and Mrs. Rabe jointly, or separately I should say.

Q. Does this exhibit also reflect the royalty and overriding royalty ownership in that quarter section?

A. It does.

Q. Does it correctly reflect that?

A. Yes, sir, it does.

Q. Referring now to applicant's exhibit 3 having to do with the SE/4 of Section 25, would you refer first to the working interest ownership in that section?

A. In the SE/4 of Section 25 our corporation, Great Lakes Chemical Corporation, holds a 30% of 100% working interest and the Rabes each hold 15% for a total of a 60% working interest.

Q. Now, Mr. Eipper, this seems inconsistent with the exhibit No. 1. The entire operating rights of the Mesaverde formation were farmed out by Great Lakes to R & G Drilling Company. How does it come about that Great Lakes now owns a working interest in the SE/4 of Section 25?

A. Perhaps I better explain that. The original operating agreement or farmout allowed the drilling of a single well. Whoever wrote this agreement must have had a lot of foresight because they were allowed to drill one well on the 320 acres.

Q. Does that appear on the, in the last paragraph of exhibit No. 1?

A. In the last paragraph of page 1.

Q. Page 1 of exhibit 1?

A. That's right. Now when the Commission authorized the drilling of the infill well we had discussions with the holders of the operating agreement and pointed out to them that they did not have the right to drill the second well and that we reserved this right. Of course, they didn't agree with us, so after much conversation and haggling over how we might be able to resolve this, we pointed out to them also that there were other features of this contract that they had reached.

Q. Okay, what would that feature be, or those features be?

A. In all of the farmouts that Great Lakes gave back in this period of time we reserved the right of first refusal should the holders of the farmout agreement decide to sell it or transfer it to others or also in the event that they should abandon, that Great Lakes had the right of first refusal or the reversionary right in the case of abandonment. They played a little loosely with this and in fact in many of these cases including this one

they failed to make this offer to us so that we could apply the interest and in fact transfer them around among themselves.

Q. Does this particularly occur in paragraph 10 of exhibit No. 1 which appears on page 5 and page 6 thereof?

A. Yes, sir. So we went to these people and said, now look, you don't have the right to drill this well and they said well, neither do you because you in effect gave us the rights to the oil and gas underlying the half section.

Q. Was litigation contemplated by both parties in connection with this matter?

A. I don't know about the other side but we sure contemplated it and engaged you for this purpose, but we were unable to come to an agreement whereby we redivided these interests and we acquired 50% of the working interest of the SE/4.

Q. Did Great Lakes surrender anything in connection with this? Did Great Lakes give up anything in this bargain that we're talking about?

A. Not for this purpose and not to.....

Q. Did Great Lakes reduce in any way its overriding royalty ownership in the SE/4 of Section 25 in connection with this arrangement?

A. This is correct. We gave half of one percent of our overriding royalty interest into the working interest which would have otherwise been 59½% raising it to a total of 60%. Now we also gave, for this and perhaps other reasons, a 6% of that

override to Mildred P. Russell.

Q. So all together in connection with the resolution of the total legal problems that were involved Great Lakes surrendered a total of 6½% overriding royalty interest in the SE quarter section?

A. That's right.

Q. Mr. Russell also owns working interests and other interests in the general area, is that correct? Mr. and Mrs. Russell.

A. He does but not in the working interest.....

Q. In this particular well in the general area the whole thing was trying to be resolved as well as just Section 25 being resolved?

A. That's right.

Q. Were there other sections involved?

A. Oh, yes. As you know, we had the problems in Section 3 and Section 35 to be resolved and there were problems to be resolved between Russell and other holders of working interests in the area.

Q. As a result of the overall trade were all the problems and disagreements resolved?

A. Right.

Q. With all parties concerned?

A. Right.

Q. By virtue of this fact then, after these many years since 1956, Great Lakes again became a working interest owner in certain of this acreage?

A. Correct.

Q. In Section 3 it became a working interest owner, is that correct?

A. Absolutely.

Q. Having to do with previous cases already being resolved by this Commission?

A. Yes, sir. In Section 35, the same thing.

Q. And was that considered by the Commission in Case No. 5877 which resulted in Order No. R-5395?

A. It was heard by the Commission on March 9 of 1977.

Q. So what you had was a resolution of a great many problems in Section 25 which is one of a number of sections and acreage that was involved?

A. That is right.

Q. And Great Lakes gave some and took some?

A. Yes, sir.

Q. To resolve all these problems?

A. Right.

Q. And the other parties gave some and took some?

A. Right.

Q. Now with respect to Section 25 was there a division of

interest or any agreement that was reached having to do with it?

A. There was.

Q. Describe that, please.

A. This was a division of interest agreement that was entered into by the Rabes and Great Lakes Chemical Corporation and Mr. and Mrs. Russell in which we divided up and reassigned working interests and overriding royalties to reach the results as shown on exhibits 2 and 3. I can testify that those division of interest agreements reflect exactly what's shown.

Q. Now have there been any wells drilled since application was originally made in this case on the E/2 of Section 25?

A. Yes, sir.

Q. Describe those, please.

A. Right. Since this original application was filed in this case both wells have been drilled.

Q. What do you mean by both wells?

A. 41R which replaces the well that was ordered to be abandoned was drilled by the Rabes.

Q. Where was that drilled?

A. It's in the NE/4 of Section 25. It's known as the William C. Russell No. 41R. That well has been brought on as a commercial well now awaiting pipeline connection. In the SE/4, Great Lakes Chemical Corporation in conjunction with the Rabes drilled another well which is a better well and that well has

been completed also awaiting pipeline connection and all of the necessary papers have been filed. They're just waiting for El Paso to connect.

Q. Are both these wells drilled on standard locations?

A. Yes, sir, they were drilled on standard locations.

MR. ARNOLD: Excuse me, what's the number of that well?

A. The new one? That'll be the William C. Russell No. 41A.

Q. (Mr. Cooley continuing) In the SE/4?

A. Right. It's a standard infill well.

Q. Now, will you explain to the Commission why they refer to it as the William C. Russell well since he does not own it?

A. Mr. William C. Russell is the designated operator for this, both of these quarter sections and he is the operator preferred by the Rabes and, for the time being, Great Lakes Chemical Corporation is going along with this but I point out, as the holder of the federal lease, we are the ones who designate that operator and it is very likely that we may make changes now that that well is drilled and on the line or will be on the line soon.

Q. Do you have any comparison on the completion data of the two wells involved?

A. Yes, sir, I do.

Q. Please describe that.

A. I'm just going to tell you what these numbers are without trying to evaluate them. The seven or eight day shut-in pressure on the 41R was 812 and on the 41A 1012. In the three hour test the flowing pressure on the tubing was 96 pounds on the 41R and 104 pounds on the 41A. The flow rate was 1125 on the 41R and 1218 on the 41A. The calculated absolute open flow on the 41R was 1136 MCFD and on the 41A was 1403 MCFD, a substantial difference.

Q. To speak of the difference, does it appear from the data you just presented to the Commission that one well is better than the other?

A. Right, it certainly does to me.

Q. Which well would you say is better?

A. The 41A is a better well which even before it was drilled when it was contemplated because of the fact that probably more or less 50% of the reserves under the NE/4 have already been withdrawn by this old No. 41 well.

Q. Did Great Lakes Chemical Corporation own any of the working interest in the old 41 well at any time which these reserves that you speak of were produced?

A. No, sir.

Q. But it does own a working interest in the 41R?

A. It does.

Q. That being 30%, is that correct?

A. 30 percent of a hundred percent.

Q. Half of the working interest. Do you have any conclusions to draw as to whether both the NE/4 and the SE/4 of Section 25 are commercially productive of gas in the Mesaverde formation?

A. They are.

Q. From what would you draw this conclusion?

A. From that initial potential test. They certainly.....

Q. From those commercial wells?

A. The commercial wells, you bet.

Q. In your opinion could any waste be caused by the granting of the application here sought?

A. No, sir.

Q. What is the real purpose of this application?

A. We have had no participation in the fruits, you might say, of the gas production from the NE/4 and now when we have a very definite 50% working interest in this SE/4, we feel that it is only equitable that this be a separate production unit, you might say a separate proration unit, so that we are allowed the full rights to our equity in that gas without any reduction of that, why, the fact that the other owners have the NE/4 and have already withdrawn a portion of the gas.

Q. Was it contemplated by the parties in the division of interest that you referred to previously that separate proration units would be established?

A. Yes.

Q. And was it contemplated by the parties that each set of working interest owners would pay for each well?

A. Yes, it was.

Q. Was that in fact done?

A. It sure was.

Q. In other words, Great Lakes paid for 50% of the drilling

of 41A, is that correct?

A. Yes, sir.

Q. They paid no portion of the costs of drilling 41R?

A. Right.

Q. Mr. Eipper, do you have anything further you want to present in this case?

A. No.

MR. COOLEY: The applicants rest.

MR. RAMEY: Would you like to offer your exhibits at this time, Mr. Cooley?

MR. COOLEY: We would like to offer Exhibits 1, 2, and 3.

MR. RAMEY: They will be accepted. Any questions of the witness?

CROSS EXAMINATION

BY MR. ARNOLD:

Q. I'd like to clarify a point in my mind here. As far

as the old 41 well was concerned, Great Lakes didn't share in the production of this well at all?

A. No, sir.

Q. Why was that again? The proration unit didn't.....

A. We didn't share in it simply because we farmed out all of the working interest. We did hold an overriding interest in all of these properties through there that are operated by Russell, R & G, and.....

Q. You had an overriding royalty interest in the old 41 well then?

A. That is correct.

Q. But you didn't have a working interest?

A. No working interest whatsoever. In fact.....

MR. COOLEY: Because of Exhibit 1, all of the working interest was farmed out.

Q. (Mr. Arnold continuing) Well, if all of the working interest was farmed out, why would you feel put upon because of the fact that you didn't have a working interest in that production?

A. Well, we're looking at it at the present. We do have a working interest now in the SE/4 which we look upon as a little bit separate from that NE/4.

Q. Well, the only reason I ask the question is I understood you were making an issue of the fact that you hadn't

shared in the working interest in the old well and that a great deal of the gas had been produced.

A. Well, with the new well coming on, the 41 replacement well, if you put that in with our new No. 41A well, you see it might be able to produce at the same level because half of the total reserves there have already been withdrawn.

Q. What was the - the proration unit was always the E/2, even for the old well?

A. In a standard proration unit of 320 acres to the.....

MR. RAMEY: So you feel that if you formed the standard unit of the E/2, if that could be worked out, why, your rights wouldn't be protected because part of the gas has already been drained off the NE/4?

A. Yes, sir.

MR. COOLEY: I can only add to that, Mr. Commissioner...

MR. RAMEY: Are you testifying, Mr. Cooley?

MR. COOLEY: No.

MR. RAMEY: You were answering your witness' question a while ago now, so, okay, if you want to make a statement now.

MR. COOLEY: I would only recall to your attention the testimony of the witness and that was it was contemplated by the parties at the time they divided up the pie, so to speak, that these units would be set. Otherwise, the deal would have been

different. And that was his testimony. I'm not trying to testify.

CROSS EXAMINATION

BY MR. RAMEY:

Q. Mr. Eipper, you don't feel you could form a standard 320-acre drilling unit?

A. No, sir.

Q. And even if you did, Great Lakes' rights would be somewhat in jeopardy due to the fact that the production from the NE/4 prior to, from the old well.....

A. We would certainly want a different division of the interest in the property if we had to do it that way. I can assure you from our conversations with Mr. Rabe and his agent and so forth that he is just not receptive to that. Frankly, it was extremely difficult to even arrive at this arrangement.

Q. You feel you have exhausted all possibilities of forming a standard unit?

A. Right.

MR. RAMEY: Any other questions of the witness?

MR. EIPPER: Can I say something off the record?

No? Okay.

MR. RAMEY: Mr. Stamets.

CROSS EXAMINATION

BY MR. STAMETS:

Q. Mr. Eipper, this E/2 of Section 25, was it originally the 320-acre proration unit dedicated to the old No. 41 well?

A. Right.

Q. When was it plugged?

A. To answer the question as to when was the old No. 41 well plugged, I do not remember the exact date but it was, as I recall, in the third quarter of 1977. There was production of maybe a hundred thousand cubic feet in May or June.

Q. That's close enough. When was the 41R drilled?

A. The 41R was drilled starting in October.

Q. Of '77?

A. Right. The initial potential test was at the end of November.

Q. And is that about the same time then this division of working interest would take place? On completion of 41R and 41A?

A. The division of interest was dated effective September 1 after it was known that that well would be abandoned.

Q. After 41A was.....

A. 41R - 41.....

Q. 41 was to be abandoned?

A. Right. When that was learned.....

Q. Before the drilling of these two wells?

A. Right. The division of interest was entered into before the drilling and then the next item was this application to the Commission for the non-standard proration units and

then the 41R was spudded, after that the 41A.

Q. Has there been any objection by the U. S. Geological Survey as to this proposal?

A. No, sir.

Q. They've been advised of this proposal?

A. Yes, sir.

MR. STAMETS: That's all I have.

MR. RAMEY: Any more questions of the witness?

MR. ARNOLD: I have one more concerning the allowable. Have you made any calculations to determine what the difference in allowable would be if you prorate this as one proration unit versus - one 320-acre proration unit versus two 160?

A. Our one-man gas department is not capable of making these calculations.

MR. RAMEY: You're speaking of yourself?

A. Yes.

MR. COOLEY: I think that we can ask the Commission to take notice of its own Rules and Regulations. If the same approach was taken here as was taken in Case No. 5877, the total allowable allocated to the E/2 of Section 25 would be the same allowable whether there be two 160-acre proration units or one 320-acre proration unit with the total production coming from two wells taking into consideration the productivity, etc. The allowable basically being these days two months later the actual

production.

MR. ARNOLD: Do you anticipate they will both be marginal wells and won't be able to produce the allowable assigned?

MR. COOLEY: That is the case in the entire Mesaverde gas field as far as I know at this point.

MR. ARNOLD: Well, I think there's still a few prorated gas wells alright but I agree with you.....

MR. COOLEY: By and large there is no proration in the Mesaverde gas field today.

MR. ARNOLD: Well, legally there is.

MR. COOLEY: What I'm saying is there's no limitation upon production, is what I'm trying to say.

MR. EIPPER: You may see the problem - may I interject?

MR. RAMEY: Yes, you may testify if you want to, Mr. Eipper.

MR. COOLEY: I'm not trying to testify but I did want to discuss the effect of our present proration rules.

MR. EIPPER: You can see the way the allowables are issued but you put this as one unit, then we have no control over the gas produced from the other well and so we certainly want to have a fixed allowable for our well not just the net between the total allowable and what is produced by somebody

else's well.

MR. ARNOLD: Of course, the reason I asked the question was because if there is - I believe under the present infill drilling order you add deliverabilities of two wells and use one acreage factor, I presume it would be a non-standard unit. Then you will use individual deliverabilites from each of the wells because a half acreage factor on each well - and I simply hadn't calculated this out to see what the difference might be on assigned allowable but I would think if there is a difference, then certainly maybe the correlative rights of off-set operators to the tracts might be involved but, I mean if there was an allowable advantage, of course, like you say, market demand in excess of deliverability of the pool is not particularly a practical consideration at this point, maybe, but it certainly is a legal consideration.

MR. COOLEY: Well, that's what I was trying to bring up. Again I'm not trying to testify but it seems to me that as a legal matter to which I think that Mr. Arnold directs himself that the combined total has got to be the same.

MR. ARNOLD: It probably is.

MR. COOLEY: To evaluate. Just how it's divided, that's what we're getting at right here. Great Lakes feels that there should be a greater allowable coming to the 41A well because of its greater deliverability and they should be allowed

to produce this and prompt their well and be paid for this gas rather than sharing with the owners of the 41R well who have already enjoyed production as working interest owners from the original 41 well. That's the whole point of this application.

MR. ARNOLD: Well, of course, what occurs to me is that a similar situation might arise in dozens of proration units through the institution of infill drilling.

MR. COOLEY: I think it's quite likely that they will so arise. That's the reason - this original case, to get back to 5877, I think at this point we'd better go off the record.

(A discussion was held off the record.)

MR. RAMEY: Let's go back on the record now. In Case 5877 and R-5395 two non-standard proration units very similar to this were formed and acreage factors of .5 were assigned each 160-acre tract in this case?

MR. COOLEY: Yes, sir, that's exactly what occurred. That was part of this overall deal that Mr. Eipper has testified to.

MR. RAMEY: Any other questions of the witness? He may be excused. Do you have anything further to add, Mr. Cooley?

MR. COOLEY: No, I have nothing further to add. I have no testimony to offer myself.

MR. RAMEY: The Commission will take the case under advisement and the hearing is adjourned.

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

Florence Davidson
Florence Davidson

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 14, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of William G. Rabe and
Alice P. Rabe for a non-standard gas
proration unit, San Juan County, New
Mexico, and Application of Great Lakes
Chemical Corporation for a non-standard
gas proration unit, San Juan County,
New Mexico.

CASES
6026 and
6027
CONSOLIDATED

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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1 MR. STAMETS: The hearing will please come to
2 order. I'll call at this time Case 6026.

3 MS. TESCHENDORF: Case 6026, application of
4 William G. Rabe and Alice P. Rabe for a non-standard gas
5 proration unit, San Juan County, New Mexico.

6 MR. COOLEY: We would also ask to be consolidated
7 with the case of Great Lakes, 6027, is there any objection
8 to that?

9 MR. STAMETS: Will you have the same witnesses
10 appearing in both cases?

11 MR. COOLEY: We will have only one witness.

12 MR. STAMETS: Okay. Call Case 6027.

13 MS. TESCHENDORF: Case 6027, application of Great
14 Lakes Chemical Corporation for a non-standard gas proration
15 unit, San Juan County, New Mexico.

16 MR. COOLEY: Mr. Landry.

17 MR. STAMETS: I'll call for appearances in
18 these two cases which are consolidated for purposes of
19 testimony?

20 (REPORTER'S NOTE: There being no response the
21 witness was then sworn.)

22
23 WILLIAM E. LANDRY

24 was called as a witness by the applicant, and having been
25 first duly sworn, testified upon his oath as follows:

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (305) 982-9212

DIRECT EXAMINATION

BY MR. COOLEY:

Q Mr. Landry, will you state your full name for the record, please?

A William E. Landry.

Q And what is your occupation?

A I am Area Manager for Minerals Management, a Division of Scientific Software.

Q What is your educational background?

A Bachelor of Science, Chemical Engineering, University of Colorado.

MR. COOLEY: Mr. Examiner, do you consider the witness' qualifications are acceptable?

MR. STAMETS: Mr. Landry, what is your relationship to the applicant in these two cases?

THE WITNESS: In the case of Great Lakes Chemical Corporation we represent them in the filing of permits, drilling and completing the wells.

MR. STAMETS: As a management firm?

THE WITNESS: Yes, sir.

MR. STAMETS: How about the applicant in Case 6026?

THE WITNESS: I have had no contact with them as such, sir.

MR. COOLEY: I have authorization from Mr. Rabe that Mr. Landry also represent him.

1 MR. STAMETS: In a management situation?

2 MR. COOLEY: Yes.

3 MR. STAMETS: Are the matters covered by these
4 two hearings today within the normal scope of your business?

5 THE WITNESS: Yes, sir, we frequently have traced
6 or go through lawyers to trace the ownership of properties.

7 MR. STAMETS: The witness is considered qualified.

8 MR. COOLEY: Now, Mr. Examiner, we have a brief,
9 I guess is what you would call it, of title examination
10 proving to be the ownership of the northeast quarter and
11 the southeast quarter of Section 25, to be diverse. Would
12 you care to have those introduced into evidence?

13 MR. STAMETS: I am not certain that that is important
14 or germane to the case. They may be or may not be. I cannot
15 evaluate them.

16 MR. COOLEY: As you know, Mr. Examiner, we are
17 asking for two non-standard proration units by virtue of the
18 fact that the ownership is diverse.

19 Now, if the Examiner would like to have the
20 representation of the abstract company that this ownership
21 is diverse or if he will simply accept the testimony of the
22 witness that it is diverse -- we will do either.

23 MR. STAMETS: Mr. Cooley, I can't decide for you how
24 to present your case. I will take either or both and act on
25 the evidence that is presented.

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1 MR. COOLEY: Okay.

2 Q (Mr. Cooley continuing.) Mr. Landry, is the
3 ownership of the northeast quarter of Section 25 diverse
4 from that of the southeast quarter of Section 25 according
5 to the information that has been submitted to you by the
6 abstract company?

7 A Yes, it is diverse, the southeast belonging to
8 Great Lakes Chemical Corporation and the northeast belonging
9 to the other party.

10 MR. COOLEY: Mr. Examiner, we request a non-standard
11 proration unit for the northeast quarter of Section 25 and
12 the southeast quarter of Section 25 by virtue of the diverse
13 ownership.

14
15 CROSS EXAMINATION

16 BY MR. STAMETS:

17 Q Mr. Landry, is this acreage dedicated to an existing
18 well in the Blanco Mesaverde Pool?

19 A No, sir, neither acreages have been developed as
20 yet.

21 Q Have any contacts been made between the owners to
22 attempt to form a standard proration unit in this pool?

23 A None that I am informed of, sir.

24 Q As far as you know there have been no contacts to
25 form a standard proration unit?

1 A. No, to my knowledge no.

2 MR. COOLEY: I may interject, Mr. Examiner, that
3 that is an impossibility. That the two parties do not
4 seek to form any form of a standard proration unit.

5 Q (Mr. Stamets continuing.) But there has been no
6 indication from either party that any attempt has been made
7 to form such a unit or any indication that they choose not
8 to with the exception of Mr. Landry's testimony this afternoon
9 and he does not seem to clear on this particular point --

10 MR. COOLEY: Well, I can represent to you, sir,
11 that these parties are totally incompatible and they do not
12 desire to form a standard proration unit or any form of
13 operating agreement or any other agreement that would make
14 this into a standard proration unit.

15 For this reason we ask for two non-standard
16 proration units.

17 I am authorized to represent Mr. Rabe and I hope
18 this does not constitute a conflict of interest. I don't
19 think it does. He simply wants his one hundred and sixty
20 acres and my client, Great Lakes, wants their one hundred
21 and sixty acres.

22 MR. STAMETS: Any other questions of the witness?
23 Anything further in this case? The witness may be excused
24 and the case will be taken under advisement.

25 (THEREUPON, the witness was excused.)

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4 seek to form any form of a standard proration unit.

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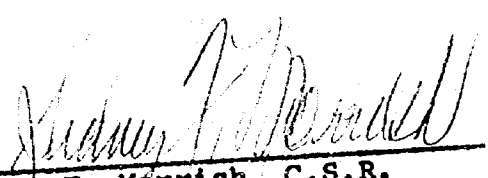
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19 think it does. He simply wants his one hundred and sixty
20 acres and my client, Great Lakes, wants their one hundred
21 and sixty acres.

22 MR. STAMETS: Any other questions of the witness?
23 Anything further in this case? The witness may be excused
24 and the case will be taken under advisement.

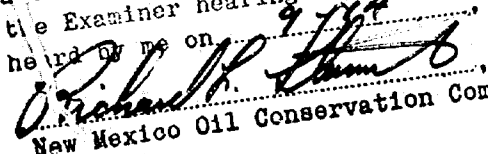
25 (THEREUPON, the witness was excused.)

REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill
7 and ability.

8
9 
10 Sidney F. Morrish, C.S.R.

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

11
12
13
14 I do hereby certify that the foregoing is,
15 a complete record of the proceedings in
16 the Examiner hearing of Case No. 602686027
17 heard by me on 9/13/77, 1977.
18 , Examiner
19 New Mexico Oil Conservation Commission
20
21
22
23
24
25

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. 6027 DE NOVO
Order No. R-5577-A

APPLICATION OF GREAT LAKES CHEMICAL
CORPORATION FOR A NON-STANDARD GAS
PRORATION UNIT, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 11, 1978, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 24th day of January, 1978, the Commission, a quorum being present, having considered the testimony presented, and the exhibits received at said hearing, 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 upon receipt of the application of Great Lakes Chemical Corporation for an order forming a 160-acre non-standard Blanco-Mesaverde gas proration unit comprising the SE/4 of Section 25, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico, the Commission set the same for hearing as Case No. 6027 on September 14, 1977.

(3) That this matter came on for hearing at 9:00 a.m. September 14, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

(4) That the testimony was heard by the Commission examiner, and, pursuant to said hearing, Commission Order No. R-5577 was entered on November 15, 1977, denying the application.

(5) That on December 13, 1977, application for hearing DE NOVO was made and the matter was set for hearing before the Commission.

(6) That the matter came on for hearing DE NOVO on January 11, 1978.

-2-

Case No. 6027 DE NOVO
Order No. R-5577-A

(7) That the applicant, Great Lakes Chemical Corporation, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the SE/4 of Section 25, Township 27 North, Range 8 West, NMPM, to be dedicated to a well drilled at a standard location thereon.

(8) That due to a unique working interest agreement applying to the E/2 of said Section 25, each quarter section therein should be developed as a separate 160-acre non-standard gas proration unit in said Blanco-Mesaverde Pool.

(9) That no owner of interest in said Section 25 or of any acreage offsetting the proposed non-standard proration unit appeared and objected to the application.

(10) That the entire proposed non-standard proration unit may reasonably be presumed to be productive of gas from the Blanco-Mesaverde Pool and should be efficiently and economically drained and developed by the aforesaid well.

(11) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco-Mesaverde Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

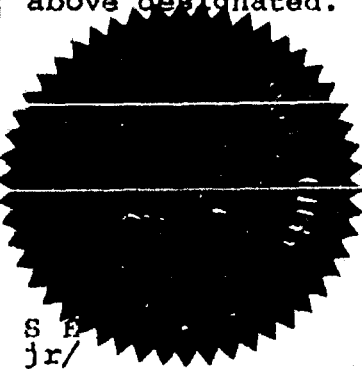
IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Blanco-Mesaverde Pool comprising the SE/4 of Section 25, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico, is hereby established and dedicated to a well drilled at a standard location in the SE/4 of said Section 25.

(2) That the acreage factor assigned to the aforesaid 160-acre non-standard unit for proration purposes shall be 0.5.

(3) 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

S E
jr/



OIL CONSERVATION COMMISSION

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

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
November 15, 1977



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. William J. Cooley
Burr & Cooley
Attorneys at Law
Suite 300, 300 W. Arrington
Farmington, New Mexico 87401

Re: CASE NO. 6027
ORDER NO. R-5577

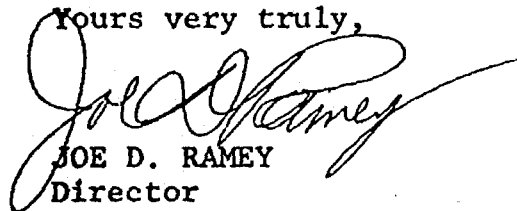
Applicant:

Great Lakes Chemical Corporation

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC X

Other _____

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. 6027
Order No. R-5577

APPLICATION OF GREAT LAKES CHEMICAL
CORPORATION FOR A NON-STANDARD GAS
PRORATION UNIT, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 14,
1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of November, 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, Great Lakes Chemical Corporation,
seeks approval of a 160-acre Blanco-Mesaverde non-standard gas
proration unit comprising the SE/4 of Section 25, Township 27
North, Range 8 West, NMPM, to be dedicated to a well to be drilled
thereon.

(3) That the applicant failed to prove the necessity for
or the propriety of the proposed non-standard proration unit.

(4) That the application should be denied.

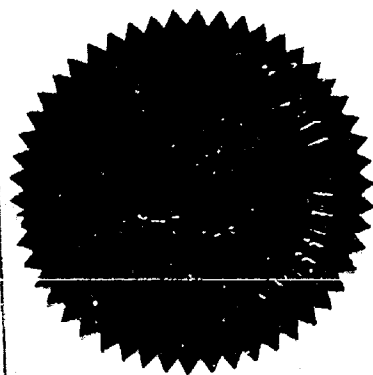
IT IS THEREFORE ORDERED:

(1) That the application of Great Lakes Chemical Corporation
for a 160-acre non-standard gas proration unit in the Blanco
Mesaverde Pool comprising the SE/4 of Section 25, Township 27
North, Range 8 West, NMPM, San Juan County, New Mexico, is
hereby denied.

-2-
Case No. 6027
Order No. R-5577

(2) 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 herein-
above 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

S E A L

jr/

Case 6026
6027

Exhibit 1

SNE:cb (2) 11/5/36

STATE OF NEW MEXICO

County of San Juan

I hereby certify that this instrument was
filed for record on the 7 day of
Oct. 1937
at 1:06 o'clock P. M. and duly re-
corded in book 345 page 104
of the Records of said county.

Lila A. Nash
Probate Clerk and ex-officio Recorder

Edmund Stewart
Deputy

OPERATING AGREEMENT

(Section 25, East Half (E $\frac{1}{2}$), Township 27 N., Range 8 W., San Juan County, New Mexico)

THIS AGREEMENT made and entered into by and between GREAT LAKES
OIL & CHEMICAL COMPANY, a Michigan corporation, hereinafter referred to as
"Great Lakes," HERBERT HERFF, MINNA G. HERFF, his wife, GERALD ROSENBAUM,
MILDRED A. ROSENBAUM, his wife, JOSEPH LEWIS, LOUISE O. LEWIS, his wife, MELVIN
H. GARRETT and GERTRUDE M. GARRETT, his wife, hereinafter collectively referred
to as "Owners," and R & G DRILLING COMPANY, INC., a New Mexico corporation, here-
inafter called "Operator."

WITNESSETH:

WHEREAS, Owner owns the following described oil and gas lease:

Lease dated February 1, 1940, from the United
States of America, as Lessor, to W. E. Hammond, as
Lessee, Santa Fe Serial No. 076420, now N.M.-03603,
which said lease covers the following described
land in San Juan County, New Mexico:

Section 25, East Half (E $\frac{1}{2}$), Township
27 N., Range 8 W. San Juan County, New Mexico,

and other lands as therein set forth,

(The above described land is hereinafter
called the "acreage")

and

WHEREAS, Operator desires to develop and operate the acreage for
the production of oil and/or gas, such operation to be limited, however, to
depths lying between the base of the Pictured Cliffs formation and the base
of the Mesa Verde formation.

Operator shall have the right to drill for, produce and operate
not to exceed one (1) well in the above described lease for oil and/or gas
insofar as and only insofar as said lease covers the acreage but only from
that certain zone or formation at a depth lying between the base of the Pictured
Cliffs formation and above the base of the Mesa Verde formation. Operator
shall receive and retain all of the oil and/or gas produced from depths lying
below the base of the Pictured Cliffs formation and above the base of the
Mesa Verde formation from the acreage under the terms of said lease subject,

.p.

however, to the burden of the royalties payable to the United States of America, to the burden of certain overriding royalties heretofore created affecting said lease and aggregating three percent (3%) of total production of oil and/or gas and subject to the overriding royalty aggregating twenty-five percent (25%) of the total production of oil and/or gas hereinafter provided for.

2.

Owner hereby reserves and Operator shall pay to Owner a free overriding royalty on oil and/or gas produced from the acreage under the terms of said lease from depths below the base of the Pictured Cliffs formation equal to twenty-five percent (25%) of the total production of such oil and/or gas. Said overriding royalty shall be paid to Owner either in kind or in value as Owner may from time to time elect. Should Owner elect to receive said overriding royalty in kind, twenty-five percent (25%) of the oil and/or gas produced from the acreage below the base of the Pictured Cliffs formation shall be delivered to Owner or for Owner's account into the pipe line or pipe lines to which the wells may be connected. Should Owner elect to receive the value of said overriding royalty, Operator shall pay to Owner twenty-five percent (25%) of the market value at the wells of the oil and/or gas produced from the acreage below the base of the Pictured Cliffs formation. Said overriding royalty shall be free of all costs except applicable production and severance taxes. However, when the average lease production per well per day, averaged on a monthly basis, from the wells affected by said overriding royalty is (a) as to oil, 15 barrels or less, or (b) as to gas, 500,000 cubic feet or less, the overriding royalty provided for in this section, to the extent that the same, when added to overriding royalties previously created and to the royalty payable to the United States of America, exceeds seventeen and one-half (17½), shall be suspended and to the extent and for the duration of such suspension converted, at Owner's election, into either (1) a working interest, which, after deducting applicable current operating costs (and said working

104-B

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Interest shall be subject only to its proportionate share of current operating costs) will return to Owner each month an amount equal to the value of the production during such month to the credit of such suspended overriding royalty, or (II) an interest in the net profits, if any, derived by Operator from operation of said lease sufficient to equal each month the value of the production during such month to the credit of such suspended overriding royalty.

3.

The twenty-five percent (25%) overriding royalty reserved under the provisions of Section 2 of this agreement shall be owned by and divided among the Owners herein, their heirs, executors, administrators, successors and assigns, as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------|-------------|
| Herbert Herff 295 Union Ave., Memphis Tenn. | .08181250 % |
| Joseph Lewis 295 Union Avenue, Memphis, Tenn. | .01221875 % |
| Gerald Rosenbaum Harris Hotel, Kalamazoo, Michigan | .01221875 % |
| Melvin Garrett Suite 1423, Davis Bldg. 1309 Main St., Dallas, Texas | .01875000 % |
| Great Lakes Oil & Chemical Co. Suite 465, Subway Terminal Bldg. 417 South Hill Street Los Angeles 13, California | .12500000 % |
| Total | 25 % |

Any interest derived under the provisions of said Section 2 through ownership of said overriding royalty shall be owned by each of the parties Owner in the proportion that its interest in said overriding royalty bears to the whole of said overriding royalty, and said interests shall be in lieu of any other interest, vested, contingent or otherwise.

4.

Except as hereinabove provided to the contrary, the costs and expenses of developing and operating the acreage below the base of the Pictured Cliffs formation for the production of oil and/or gas shall be borne solely by Operator.

5.

It is recognized that Operator shall have the right to operate its wells on the acreage for the production of oil and/or gas from depths lying below the base of the Pictured Cliffs formation and above the base of the Mesa Verde formation and during the term hereinafter provided, for drilling and producing oil and/or gas from any well or wells which may be drilled by Operator to a formation below the depth of the Mesa Verde formation. It is further recognized that Owner shall have the right to operate its presently producing well or wells in production of oil and/or gas from depths above the base of the Pictured Cliffs formation. Each party shall at all times have and enjoy the right of ingress and egress to and from the acreage, subject to the rights of the United States of America and any surface owner thereon, and each party hereto shall have the right to use so much of the surface as may be reasonably necessary and proper in the conduct of its operations, but Operator herein shall so conduct its operations and so locate and limits its improvements, equipment, structures, facilities and appliances as to interfere as little as possible with the operations of the Owner.

6.

Notwithstanding anything to the contrary herein set forth, it is expressly understood and agreed that each party shall conduct its operations in full conformity with the applicable requirements of law and the regulations as to operations on Federal lands and lawful orders of any duly constituted governmental agency or authority, and the provisions of all applicable leases and contracts, and shall pay and discharge in full its obligations incident to such operations and shall so operate as not to cause any unlawful personal injury or death, or damage to the property of others, and will protect all rights of the other party in and to the acreage from forfeiture, loss or cancellation on account of any default.

7.

Operator shall bear and pay all rentals and minimum royalties applicable to the production of any oil and/or gas Operator obtains on

104-20

Encl (3) 11/5/56

above described land; provided, however, that if Operator shall subsequently, but for a period of not more than two (2) years from date hereof, obtain production of oil and/or gas from said land at a depth below the base of the Mesa Verde formation, thereafter as to the parcel of land on which such production is obtained said rentals and minimum royalties shall thereafter be borne by Operator.

8.

For the purpose of more properly conserving the natural resources of the land embraced within this Agreement, the production of oil, gas and other hydrocarbon substances shall be at all times without waste as defined by applicable State or Federal laws. It is expressly understood and agreed by the parties hereto that full power and authority to make determinations required to fulfill the intent and purposes of this section shall be vested in the Federal Oil and Gas Supervisor, subject to the right to appeal to the Secretary of the Interior, by any party in interest hereunder, within a reasonable time.

9.

This Agreement, within the limitations herein provided, shall remain in force for the full term of said lease and any extension or renewal thereof. Each party agrees to assist the other with respect to any applications for extensions or renewals of said lease, which, however, is now held by production.

10.

Should Operator at any time desire to surrender, release, abandon or otherwise terminate or permit to expire its rights under this agreement, it shall first tender to Great Lakes at least sixty (60) days prior to such surrender, release, abandonment, termination or expiration an assignment of all of the interest acquired by Operator hereunder, and further it is under-

stood and agreed that in the event that Operator receives a bona fide offer from any other corporation, person, firm or partnership for the purchase or acquisition of any and/or all of Operator's wells which may be drilled on the lands hereinbefore referred to during the life of this Agreement, then Operator shall first offer to sell to Great Lakes such well or wells at a price not in excess of the bona fide offer so received by Operator from others, and Great Lakes shall have forty-five (45) days from and after notice by registered mail from Operator that a bona fide offer has been received, and Great Lakes shall within said forty-five (45) day period advise Operator by registered mail whether or not it elects to purchase said wells.

11.

This Agreement and the rights granted to Operator hereunder shall be subject to any presently existing gas sales contracts covering the acreage. Further, Owner shall not be deemed to have warranted title, expressly or by implication, to the rights and interest herein granted to Operator.

12.

This contract is subject to approval by the Secretary of the Interior under the provisions of the Act of Congress approved February 25, 1920 (41 Stat. 437), as amended March 4, 1931 (46 Stat. 1523), August 21, 1935 (49 Stat. 674) and August 8, 1946 (60 Stat. 952).

13.

This contract shall be binding upon and inure to the benefit of the parties hereto, their heirs, administrators, executors, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this instrument, or have caused this instrument to be executed and delivered by their respective officers hereunto duly authorized, and their corporate seals hereto affixed, on this 9th day of November, 1956.

GREAT LAKES OIL & CHEMICAL COMPANY

417 S. Hill St., Los Angeles 13,
California

By Charles S. Hale
Charles S. Hale, President

Attest: M. E. McMartin
M. E. McMartin, Ass't. Secy.

Herbert Horff

295 Union Avenue, Memphis, Tenn.

Kenna C. Horff

295 Union Avenue, Memphis, Tenn.

Gerald Rosenbaum

Harris Hotel, Kalamazoo, Michigan

Mildred A. Rosenbaum

Harris Hotel, Kalamazoo, Michigan

Joseph Lewis

295 Union Avenue, Memphis, Tenn.

Louise O. Lewis

295 Union Avenue, Memphis, Tenn.

Malvin M. Garrett

Suite 1423 - Davis Bldg.
1309 Main St., Dallas, Texas

Gertrude M. Garrett

Suite 1423 - Davis Bldg.
1309 Main St., Dallas, Texas

K & C DRILLING COMPANY, INC.

William C. Russell, President

Attest: John R. Lehr
John R. Lehr, Secretary

P. O. Box 1848, Farmington, New Mexico

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS

On DEC 11 1958 before me, the undersigned,

a Notary Public in and for said County and State, personally appeared CHARLES S. HALE, known to me to be the President, and M. E. McMARTIN, known to me to be the Assistant Secretary of the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal

Rudney A. Secrest
Notary Public in and for said
County and State

My Commission Expires March 1, 1959

STATE OF Florida)
COUNTY OF Palm Beach) SS

On this 4th day of December 1956 before me personally appeared HERBERT HERFF, to me personally known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Robert O. Wilson
Notary Public

My Commission Expires:

Notary Public, State of Florida at large
My commission expires Nov. 27, 1959.
Bonded by American Surety Co. of N. Y.

STATE OF Florida)
COUNTY OF Palm Beach) SS

On this 4th day of December 1956 before me personally appeared HERBERT HERFF, known to me to be the person who is described in and who executed the within instrument as the attorney in fact of MINNA G. HERFF, wife of said HERBERT HERFF, GERALD ROSENBAUM and MILDRED A. ROSENBAUM, husband and wife, JOSEPH LEWIS and LOUISE O. LEWIS, husband and wife, thereto as principals and his own name as attorney in fact as his and their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Robert O. Wilson
Notary Public

My Commission Expires:

Notary Public, State of Florida at large
My commission expires Nov. 27, 1959.
Bonded by American Surety Co. of N. Y.

104-11

ONE:cb (3) 11/5/56

STATE OF TEXAS }
COUNTY OF DALLAS } SS

On this 7th day of December 1956, before me personally appeared MELVIN M. GARRETT and GERTRUDE M. GARRETT, husband and wife, to me personally known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my

official seal the day and year in this certificate first above written.

Esther M. Grady
Notary Public

My Commission Expires:

June 1, 1957

STATE OF NEW MEXICO }
COUNT OF San Juan } SS

On this 9th day of November 1956, before me appeared William C. Russell to me personally known, who being by me duly sworn did say that he is the President of R & G Drilling Company, Inc., and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said William C. Russell acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my

official seal the day and year in this certificate first above written.

Edw. H. Dorenbant
Notary Public

My Commission Expires:

January 6, 1960

ROYALTY, OVERRIDNG ROYALTY AND WORKING INTEREST OWNERSHIP

Township 27 North, Range 8 West
Section 25: NE/4

| | |
|----------------------------------|----------------|
| United States of America | 12.5% R.I. |
| Great Lakes Chemical Corporation | 12.5% O.R.R.I. |
| William C. Russell | 12.0% O.R.R.I. |
| American Petrofina Co. | 1.75% O.R.R.I. |
| Lalo Enriquez | .25% O.R.R.I. |
| Union Oil Company of California | .75% O.R.R.I. |
| A. W. Rutter | .25% O.R.R.I. |
| William G. Rabe | 30.00% W.I. |
| Alyce P. Rabe | 30.00% W.I. |
| | <u>100%</u> |

Case 6026
6027

Exhibit 2

ROYALTY, OVERRIDING ROYALTY AND WORKING INTEREST OWNERSHIP

Township 27 North, Range 8 West
Section 25: SE/4

United States of America
William C. Russell*
American Petrofina Co.
Lalo Enriquez
Union Oil Company of California
A. W. Rutter
Great Lakes Chemical Corporation
Great Lakes Chemical Corporation
William G. Rabe
Alyce P. Rabe

12.5% R.I.
18.5% O.R.R.I.
1.75% O.R.R.I.
.25% O.R.R.I.
.75% O.R.R.I.
.25% O.R.R.I.
6.00% O.R.R.I.
30.00% W.I.
15.00% W.I.
15.00% W.I.
100%

* William C. Russell 12.5%
Mildred P. Russell 6.0%

Cases 6026
6027

Exhibit 3

Dockets Nos. 4-78 and 5-78 are tentatively set for hearing on February 8 and 22, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 11, 1978

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

CASE 5958: (DE NOVO)

Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gonzales-Mesaverde and Otero-Chacara production in the wellbores of its AXI Apache "J" Wells Nos. 18, 23, and 24 located in Units A, D, and P of Section 8; Nos. 19 and 22 in Units D and L of Section 6; Nos. 20 and 21, in Units C and I of Section 5; and No. 25 in Unit A of Section 7, all in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

Upon application of Continental Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6026: (DE NOVO)

Application of William G. Rabe and Alice P. Rabe for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 25, Township 27 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

Upon application of William G. Rabe and Alice P. Rabe this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6027: (DE NOVO)

Application of Great Lakes Chemical Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the SE/4 of Section 25, Township 27 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

Upon application of Great Lakes Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 18, 1978

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1978, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for February, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6123: Application of Stevens Oil Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its O'Brien "F" Well No. 1 located 1650 feet from the South line and 330 feet from the East line of Section 35, Township 8 South, Range 28 East, Twin Lakes-San Andres Associated Pool, Chaves County, New Mexico, the SE/4 of said Section 35 to be dedicated to the well.

CASE 6124: Application of HMO Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Shoetar Ranch Unit Area comprising 961 acres, more or less, of State lands in Townships 16 and 17 South, Range 35 East, Lea County, New Mexico.

- CASE 6125: Application of Shell Oil Company for an exception to Rule 202(B), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Rule No. 202(B), San Juan County, New Mexico, to permit the temporary abandonment of certain wells on its Carson Unit Area in Township 25 North, Ranges 11 and 12 West, Bluff-Lower Gallup Oil Pool, San Juan County, New Mexico. Applicant further seeks that any further extensions be administratively approved.
- CASE 6126: Application of Yates Petroleum Corporation 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 Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 21, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to its Siegenthaler IS Well No. 2 to be drilled at an unorthodox location 1460 feet from the South line and 1980 feet from the West line 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6127: Application of Southland Royalty Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Aztec Palmillo State Com Well No. 1 located in Unit G of Section 32, Township 18 South, Range 29 East, to produce oil from the Wolfcamp and gas from the Morrow formations.
- CASE 6128: Application of Champlin Petroleum Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "36" Well No. 1 located 1980 feet from the South line and 660 feet from the West line of Section 36, Township 21 South, Range 27 East, East Carlsbad Gas Field, Eddy County, New Mexico, the S/2 of said Section 36 to be dedicated to the well.
- CASE 6129: Application of King Resources Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Gardner Draw Unit Area comprising 19,840 acres, more or less, of Federal, State, and fee lands in Townships 19 and 20 South, Ranges 20 and 21 East, Eddy County, New Mexico.
- CASE 6130: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo and Wantz Granite Wash production in the wellbore of its Lockhart B-35 Well No. 5 located in Unit H of Section 35, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6131: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Southeast Monument Unit Area, Warren McKee Pool, Lea County, New Mexico, by the injection of water into the McKee formation through 8 wells. Applicant further seeks the establishment of an administrative procedure for adding or substituting injection wells.
- CASE 6132: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Warren Unit Area, Warren McKee Pool, Lea County, New Mexico, by the injection of water into the McKee formation through 4 wells. Applicant further seeks the establishment of an administrative procedure for adding and substituting injection wells.
- CASE 6133: Application of Doyle Hartman for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 of Section 8, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to form a non-standard unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. 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 6134: Application of Burlison & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Queen formation underlying the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East, Langlie Mattix Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. 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 6119: (Continued from January 4, 1978, Examiner Hearing)

Application of Caulkins Oil Company for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Pictured Cliffs, Chacra and Mesaverde production in the wellbore of its Breech Well No. 228, to be located in Unit A of Section 18, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, and to dually complete the commingled formations and the Dakota formation in said well.

CASE 6120: (Continued from January 4, 1978, Examiner Hearing)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Mesaverde production in the wellbores of its Breech E Wells Nos. 109 in Unit I of Section 3 and 104 in Unit P of Section 5 and its Breech A Wells Nos. 627 in Unit B of Section 8, 677 and 679 in Units L and J, respectively, of Section 9, and 207 in Unit A of Section 10, all in Township 26 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 6121: (Continued from January 4, 1978, Examiner Hearing)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Chacra production in Sections 3, 4, 5, 7 thru 11, 13 thru 18, 21, 22, 24, and 25 in Township 26 North, Range 6 West, and Sections 13, 14, 23, and 24, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 6122: (Continued from January 4, 1978, Examiner Hearing)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Mesaverde and Dakota production in the wellbores of its Breech E Wells Nos. 64 and 58 located in Unit A of Section 1 and Section 3, its State A Well No. 62 in Unit A of Section 2, and its Breech D Well No. 341 located in Unit B of Section 21, all in Township 26 North, Range 6 West; and its Breech F Wells Nos. 4 and 45 located in Unit A of Section 33, Unit M of Section 35, both in Township 27 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 6096: Continued from January 4, 1978, Examiner Hearing

Application of Texas Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wulfcamp and Pennsylvanian formations underlying the S/2 of Section 14, Township 21 South, Range 34 East, Lea County, New Mexico, to be dedicated to applicant's South Wilson State Well No. 1 to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. 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 6135: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the extension of the Wagon Mound Dakota-Morrison Gas Pool in Township 21 North, Range 21 East, Mora County, New Mexico.

CASE 6136: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation and extension of certain pools in Lea, Chaves, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Caprock-San Andres Pool. The discovery well is the Elk Oil Company State D.J. Well No. 1 located in Unit H of Section 2, Township 12 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 2: NE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the West Scarborough-Yates Pool. The discovery well is the Gifford, Mitchell and Wisenbaker Horse Back Well No. 2 located in Unit G of Section 33, Township 26 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 33: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Sombbrero-Morrow Gas Pool. The discovery well is the Phillips Petroleum Company Michel Well No. 1 located in Unit C of Section 13, Township 16 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 13: NW/4

(d) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production and designated as the East Vest Ranch-Morrow Gas Pool. The discovery well is the Cockrell Corporation Occidental Federal Well No. 1 located in Unit A of Section 22, Township 14 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
Section 22: N/2

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 23: SW/4
Section 26: NW/4

(f) EXTEND the Bluitt-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 10: NE/4
Section 11: NW/4

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

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 21: W/2

(h) EXTEND the South Brunson-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 31: SW/4

(i) EXTEND the West Kemnitz-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 29: S/2
Section 30: SE/4

(j) EXTEND the Querecho Plains-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 27: NW/4

(k) EXTEND the Tom Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 23: SW/4
Section 26: W/2
Section 33: SE/4

(l) EXTEND the Townsend-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 27: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 15: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 23: SW/4
Section 26: NW/4

(o) EXTEND the West Warren-Blinebry Pool in Lea County, New Mexico, to include therein:

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

redi-letter

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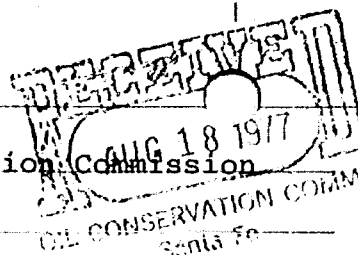
Case 6027

TO

New Mexico Oil Conservation Commission

P. O. Box 2088

Santa Fe, N.M. 87501



FROM

BURR & COOLEY
Suite 300, 300 W. Arrington
Farmington, N.M. 87401

Tele.: 505/325-1702

SUBJECT Applications for Non-Standard Proration Units

DATE 8 / 16 / 77

MESSAGE Gentlemen:

Forwarded herewith are three copies each of two Applications for non-standard gas proration units for Great Lakes Chemical Corporation and William G. Rabe and Alice P. Rabe. We request that these Applications be consolidated for purposes of hearing.

Thank you.

SIGNED

REPLY

SIGNED

DATE

SEND PARTS 1 AND 3 WITH CARBON INTACT - PART 3 WILL BE RETURNED WITH REPLY

Rediform 45 472

Poly Pak (50 Lbs) 4P472

Dockets Nos. 30-77 and 31-77 are tentatively set for hearing on September 28 and October 12, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 14, 1977

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6016: (Continued from August 31, 1977 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Land Oil Company, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Garner Well No. 1 located in Unit D of Section 23, Township 14 South, Range 25 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5981: (Continued from July 6, 1977 Examiner Hearing)

Application of W. A. Moncrief, Jr., for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Upper-Pennsylvanian production for his State Well No. 1 located in Unit E of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, and the promulgation of special rules therefor, including a provision for 80-acre spacing.

CASE 5983: (Continued from July 20, 1977 Examiner Hearing)

Application of Yates Petroleum Corporation for the amendment of Order No. R-5445, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent. Said order pooled the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico.

CASE 6024: Application of Read & Stevens, Inc., for two unorthodox gas well locations, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its R & J Federal Well No. 1 located in the center of Unit A of Section 20, Township 12 South, Range 31 East, and its Jackson Well No. 1, located in the center of Unit I of Section 25, Township 12 South, Range 30 East, Southeast Chaves-Queen Gas Area, Chaves County, New Mexico, the E/2 of said Section 20 and the S/2 of said Section 25, respectively, to be dedicated to the wells.

CASE 6025: Application of Roger C. Hanks for a special gas-oil ratio limitation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special gas-oil ratio limitation of 4000 cubic feet of gas per barrel of oil for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, retroactive to August 22, 1977.

CASE 6026: Application of William G. Rabe and Alice P. Rabe for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 25, Township 27 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 6027: Application of Great Lakes Chemical Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the SE/4 of Section 25, Township 27 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 6028: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Luzon Unit Area comprising 5117 acres, more or less, of Federal and fee lands in Township 24 South, Ranges 35 and 36 East, Lea County, New Mexico.

CASE 6029: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tubb, Drinkard, East Brunson-McKee, and East Brunson-Ellenburger production in the wellbore of its Sims Well No. 6 located in Unit M of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

- CASE 6030: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 SE/4 of Section 4, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to be dedicated to its re-entered Smith Well No. 1 located in Unit P of said Section 4, or in the alternative, to a well to be drilled at a standard location thereon. Also to be considered will be the cost of re-entering and recompleting or of drilling and completing the unit 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 recompleting or drilling said well.
- CASE 6032: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SW/4 SW/4 of Section 21, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to be dedicated to its re-entered Lanchart Well No. 1-Y located in Unit M of said Section 21, or, in the alternative, to a well to be drilled at a standard location thereon. Also to be considered will be the cost of re-entering and recompleting or of drilling and completing the unit 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 recompleting or drilling said well.
- CASE 6031: Application of Rex Alcorn for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 SW/4 of Section 35, Township 16 South, Range 37 East, West Knowles-Drinkard Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the South line and 1980 feet from the West line of said Section 35. 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 6033: Application of Basin Fuels, Inc., for salt water disposal, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Mesaverde formation through the perforated interval from 1948 feet to 2755 feet in its Slick Well No. 1 located in Unit O of Section 7, Township 20 North, Range 5 West, Franciscan Lake-Mesaverde Pool, McKinley County, New Mexico.
- CASE 6034: Application of Flag-Redfern Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4941 feet to 5022 feet in its Bilbrey "51" Well No. 1 located in Unit A of Section 23, Township 9 South, Range 37 East, Sawyer-San Andres Pool, Lea County, New Mexico.
- CASE 6035: Application of Southern Union Supply Co., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the N/2 NE/4 of Section 30, Township 9 South, Range 33 East, Flying M-San Andres Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. 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 6017: (Continued from August 31, 1977 Examiner Hearing)
- Application of E. L. Latham, Jr. and Roy G. Barton, Jr., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, Flying M-San Andres Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. 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 6036: Application of E. L. Latham, Jr., and Roy G. Barton, Jr., for compulsory pooling of a standard or a non-standard oil proration unit and an unorthodox location, or in the alternative, 40-acre spacing, Lea County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests in the Flying M-San Andres Pool underlying the E/2 NE/4 of Section 30, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location for said pool within 200 feet of the center of the NE/4 NE/4 of said Section 30, or an order pooling only the NE/4 NE/4 of Section 30 to form a non-standard 40-acre unit to be dedicated to the aforesaid well. In the alternative, applicants seek the amendment of the Flying M-San Andres Pool Rules to provide for 40-acre spacing, and seek an order pooling the aforesaid NE/4 NE/4 of Section 30 as a standard unit for said pool to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling

and completing the proposed 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 applicants as operator of the well and a charge for risk involved in drilling said well.

CASE 6097: In the matter of the hearing called by the Oil Conservation Commission upon its own motion for the creation and extension of certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Combs-Delaware Gas Pool. The discovery well is the Penroc Oil Corporation Combs Federal Well No. 1 located in Unit P of Section 15, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 15: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the East Lake-Morrow Gas Pool. The discovery well is the Coquina Oil Corporation Gulf Federal Well No. 1 located in Unit A of Section 5, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 5: N/2

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Cisco production and designated as the Hume-Cisco Pool. The discovery well is Vaquero Independent Producers, Inc. Jackrabbit Draw Com Well No. 1 located in Unit L of Section 15, Township 16 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 15: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Malaga-Morrow Gas Pool. The discovery well is the HNG Oil Company Ogden 8 Com Well No. 1 located in Unit H of Section 8, Township 24 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 8: E/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Millman-Atoka Gas Pool. The discovery well is the Depeco, Inc. DHY State B Well No. 1 located in Unit L of Section 11, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 11: W/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Pearsall-Abo Pool. The discovery well is the Harvey E. Yates Company, Inc. South Maljamar Deep Well No. 1 located in Unit O of Section 30, Township 17 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 30: SE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Springs production and designated as the Penlon-Bone Springs Pool. The discovery well is the Penroc oil Corporation Allied B Well No. 1 located in Unit K of Section 27, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 27: SW/4

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Penlon-Delaware Gas Pool. The discovery well is the Penroc Oil Corporation Allied Com Well No. 2 located in Unit B of Section 27, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 27: NE/4

- (i) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Rock Lake-Morrow Gas Pool. The discovery well is the Union Oil Company of California Northern Natural State Well No. 1 located in Unit O of Section 28, Township 22 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 28: S/2

- (j) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 22: S/2
Section 27: All
Section 34: N/2

- (k) EXTEND the North Burton-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 32: SW/4

- (l) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 24: All
Section 25: E/2
Section 36: All

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 16: All
Section 18: All
Section 19: All
Section 20: S/2
Section 21: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: W/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: Lots 3, 4, 5, 6, 11, 12, 13, & 14
Section 5: All
Section 8: S/2
Section 17: All
Section 20: All
Section 29: W/2
Section 30: All
Section 31: N/2
Section 32: W/2

- (m) EXTEND the East Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 35: S/2

- (n) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 13: N/2

- (o) EXTEND the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM
Section 1: NE/4

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM
Section 8: NE/4

- (p) EXTEND the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 19: SE/4

(q) EXTEND the Indian Draw-Delaware Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 7: SE/4 and N/2 SW/4
Section 18: W/2 SW/4

(r) EXTEND the South Leonard-Queen Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 11: SW/4

(s) EXTEND the East Lusk-Bone Springs Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 16: SE/4

(t) EXTEND the West Tonto-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 7: S/2 and NE/4

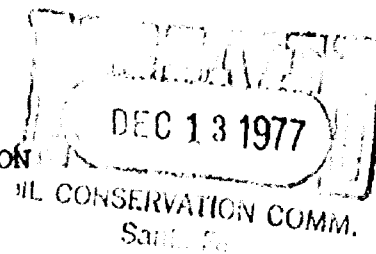
(u) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 9: All
Section 19: All

DOCKET: COMMISSION HEARING - TUESDAY - SEPTEMBER 20, 1977
OIL CONSERVATION COMMISSION - 9 A.M. - CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5961: (REHEARING)

Application of D. L. Hannifin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO



IN RE: THE APPLICATION OF -

GREAT LAKES CHEMICAL CORPORATION

for a non-standard gas proration
unit in the Blanco Mesaverde gas
pool, San Juan County, New Mexico.

Case No. 6027

APPLICATION FOR HEARING DE NOVO

COMES NOW the Applicant, Great Lakes Chemical Corporation,
by and through its attorneys, Burr & Cooley, Suite 300, 300 W.
Arrington, Farmington, New Mexico, and respectfully makes
application to the Commission for a 160-acre non-standard gas
proration unit in the Blanco Mesaverde gas pool consisting of:

Township 27 North, Range 8 West, N.M.P.M.
Section 25: SE/4
San Juan County, New Mexico.

In support of the foregoing, Applicant would show the
Commission that the ownership of the working interest in the oil
and gas lease operating rights in the above-described lands is
completely different and apart from that in the NE/4 of said
Section 25.

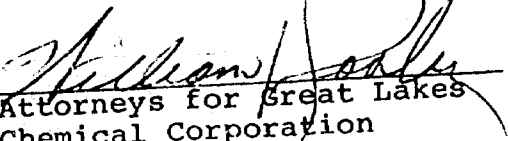
The Applicant would further show the Commission that
immediately upon approval of this Application, Applicant proposes
to make application to drill a well to test the Mesaverde
formation underlying the SE/4 of said Section 25.

Applicant submits that the most practical way to prorate the
allowable production from the wells proposed to be drilled in the
SE/4 of Section 25 and the NE/4 of Section 25 is to establish
non-standard proration units for each of said wells.

Applicant requests that this Application be set down for hearing at the next Examiner Hearing scheduled by the Commission.

BURR & COOLEY
Suite 300, 300 W. Arrington
Farmington, New Mexico 87401

By


Attorneys for Great Lakes
Chemical Corporation

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN RE: THE APPLICATION OF -

GREAT LAKES CHEMICAL CORPORATION

for a non-standard gas proration
unit in the Blanco Mesaverde gas
pool, San Juan County, New Mexico.

A P P L I C A T I O N

COMES NOW the Applicant, Great Lakes Chemical Corporation,
by and through its attorneys, Burr & Cooley, Suite 300, 300 W. Arr-
ington, Farmington, New Mexico, and respectfully makes application
to the Commission for a 160-acre non-standard gas proration unit
in the Blanco Mesaverde gas pool consisting of:

Township 27 North, Range 8 West, N.M.P.M.

Section 25: SE/4

San Juan County, New Mexico.

In support of the foregoing, Applicant would show the Commission
that the ownership of the working interest in the oil and gas lease
operating rights in the above-described lands is completely different
and apart from that in the NE/4 of said Section 25.

The Applicant would further show the Commission that immediately
upon approval of this Application, Applicant proposes to make
application to drill a well to test the Mesaverde formation under-
lying the SE/4 of said Section 25.


Applicant submits that the most practical way to prorate the
allowable production from the wells proposed to be drilled in the
SE/4 of Section 25 and the NE/4 of Section 25 is to establish non-
standard proration units for each of said wells.

Applicant requests that this Application be set down for

hearing at the next Examiner Hearing scheduled by the Commission.

BURR & COOLEY
Suite 300, 300 W. Arrington
Farmington, New Mexico 87401

By


William J. Cooley
Attorneys for Great Lakes
Chemical Corporation

DRAFT

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

dr/

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6027

Order No. R- 5577

APPLICATION OF GREAT LAKES CHEMICAL CORPORATION
FOR A NON-STANDARD ^{GAS} PRORATION UNIT,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 14,
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of September, 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, Great Lakes Chemical Corporation,
seeks approval of a 160 ^{Blanco Mesaverde}-acre non-standard gas proration unit
comprising the SE/4 of Section 25, Town-
ship 27 North, Range 8 West, NMPM, to be
dedicated to ~~its~~ a well to be drilled thereon
~~located in Unit~~ of said Section.

(3) That the entire non-standard proration unit may rea-
sonably be presumed productive of gas from the Blanco-Mesaverde
Gas Pool and that the entire non-standard
gas proration unit can be efficiently and economically drained
and developed by the aforesaid well.

(4) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the Blanco-Mesaverde ~~Pool~~
Pool, will prevent the economic loss caused by the drilling of
unnecessary wells, avoid the augmentation of risk arising from
the drilling of an excessive number of wells, and will otherwise
prevent waste and protect correlative rights.

-2-

Case No. _____

Order No. R- _____

IT IS THEREFORE ORDERED:

(1) That ^{the application of Great Lakes Chemical Corporation for} a 160-acre non-standard gas proration unit in the Blanco Mesaverde Gas Pool comprising the SE/4 of Section 25, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico, is hereby ^{denied} ~~established~~ and dedicated to its use, located in Unit _____ of said Section _____.

(2) 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.

(3) That the applicant failed to prove the necessity for or the propriety of the proposed non-standard proration unit.

(4) That the application should be denied.

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CASE NO. 6027 DE NOVO
ORDER NO. R-5577-A

7/28
APPLICATION OF GREAT LAKES
CHEMICAL CORPORATION FOR A
NON-STANDARD GAS PRORATION
UNIT, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 11, 1978, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

Now, on the ____ day of January, 1978, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 upon receipt of the application of Great Lakes Chemical Corporation for an

(2)

160-acre Blanco Mesquite
order forming a non-standard gas proration
unit comprising the SE/4 of Section 25,
Township 27 North, Range 8 West, NMPM,
San Juan County, New Mexico, The Commission
set the same for hearing as Case No.
6027 on September 14, 1977.

(3) That this matter came on for
hearing at 9:00 a.m. September 14, 1977,
at Santa Fe, New Mexico, before
Examiner Richard L. Stanets.

(4) That testimony was heard by
the Commission examiner, and, pursuant to
said hearing, Commission Order No. 5577
was entered on November 15, 1977, denying
the application.

(5) That on December 13, 1977, application
for hearing DE NOVO was made, and
the matter was set for hearing before
the Commission.

(6) That the matter came on for
hearing De Novo on January 11, 1978.

(7) That the applicant, Great Lakes
Chemical Corporation, seeks approval of
a 160-acre non-standard Blanco Mesquite
gas proration unit comprising the SE/4
of Section 25, Township 27 North, Range
8 West, NMPM, to be dedicated to
a well drilled at a standard location
in the SE/4 of said section 25.
thereon

(8) That due to a unique working interest agreement ~~is~~ applying to the E/2 of said Section 25, each quarter section therein should be developed as a separate 160-acre non standard gas proration unit in said Blanco-Misaverde Pool.

(9) That no owner of interest in said Section 25 nor any acreage offsetting the proposed non standard proration unit appeared and objected to the application

- (9)
- (8) That the interest ~~owners~~^{owners} of a standard gas proration unit, being the E/2 of said Section 25, cannot agree to the formation of said standard gas proration unit.
- (10) ~~(9)~~ That the ^{entire proposed} non-standard proration unit may reasonably be presumed to be productive of gas from the Blanco-Mesaverde Pool and should be efficiently and economically drained and developed by the aforesaid well.
- (11) ~~(10)~~ That approval of the subject application will afford the applicant the opportunity to produce ~~its~~^{its} just and equitable share of the gas in the Blanco-Mesaverde Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That a 160-acre non-standard gas proration unit in the Blanco-Mesaverde Pool comprising the SE/4 of Section 25, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico, ~~is~~^{is} hereby established and dedicated to a well drilled at a standard location in the SE/4 of said Section 25.

(4)

(2) That the acreage factor assigned to ~~the~~ the aforesaid 160-acre non-standard unit for proration purposes shall be 0.5.

(3) Jurisdiction etc.

