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CASE 6104: AREA PERSONNEL CURRENT FOR
COMMISSIONER POLICE, SAN ANTONIO,
SAN ANTONIO

2

Case Number

6106

Application

Transcripts.

Small Exhibits

FTR

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Mesa Petroleum Com-
pany for compulsory pooling, Lea
County, New Mexico.

CASE
6106

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico 87501

For the Applicant:

Clarence E. Hinkle, Esq.
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& HENSLEY
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1 MR. STAMETS: Case 6106.

2 MS. TESCHENDORF: Case 6106. Application of
3 Mesa Petroleum Company for compulsory pooling, Lea County,
4 New Mexico.

5 MR. HINKLE: Clarence Hinkle, Hinkle, Cox,
6 Eaton, Coffield, and Hensley, representing Mesa Petroleum
7 Company. We have two witnesses I'd like to have sworn.

8 MR. STAMETS: If they'll stand and be sworn
9 at this time.

10 (Witnesses sworn.)

11 MR. STAMETS: You may proceed, Mr. Hinkle.

12
13 DENNIS CROWLEY

14
15 being called as a witness on behalf of Mesa Petroleum Com-
16 pany, and having been duly sworn upon his oath, testified
17 as follows, to-wit:

18
19 DIRECT EXAMINATION

20 BY MR. HINKLE:

21 Q State your name, your residence, and by whom
22 you are employed.

23 A Dennis Crowley, Midland, Texas. I'm employed
24 by Mesa Petroleum as a division Exploration Geologist.

25 Q Are you familiar with the application of Mesa

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1 in this case?

2 A Yes, sir, I am.

3 Q What is Mesa seeking to accomplish?

4 A Mesa Petroleum requests an order pooling all
5 the mineral interests in the Wolfcamp formation underlying
6 the east half of Section 31, Township 15 South, Range 36
7 East, Lea County, New Mexico, and this is to be dedicated
8 to a well that would be drilled at a standard location.

9 Mesa also requests consideration be given to
10 the cost of drilling and completing this said well and the
11 allocation of the cost thereof as -- of the well as actual
12 operating cost and charges for supervision.

13 Also to be considered will be the designation
14 of Mesa Petroleum as operator of the well and a charge for
15 risk involved in drilling this said well.

16 Q Have you previously testified before the Com-
17 mission?

18 A Yes, sir, I have.

19 Q And you've qualified as a petroleum geologist?

20 A Yes, sir.

21 Q And your qualifications are a matter of record
22 with the Commission?

23 A Yes, sir.

24 Q Have you made a study of this particular area
25 that's involved in this case?

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1 A Yes, sir, I have.

2 MR. HINKLE: Are his qualifications acceptable?

3 MR. STAMETS: They are.

4 Q (Mr. Hinkle continuing.) Referring to the
5 exhibit that's been marked Exhibit One, and explain what
6 this is and what it shows.

7 A This is a structure map on top of the 3rd
8 Brother Wolfcamp Zone. The contour interval is on fifty
9 feet and the scale of the map is a one-to-two thousand.

10 The town of Lovington you can see is in the
11 cross-hatched area down here in the south in Section 3 and
12 4, 16 South, 36 East.

13 The wells that are colored blue on the left-
14 hand side, or west side, of the map, and also there's one
15 up in the northeast corner, are wells that are completed
16 and are producing or did produce from the 3rd Brother Wolf-
17 camp Zone of the Townsend pay.

18 The wavy blue line that you see up at the
19 top of the map and also down towards the center portion
20 of the map, is the areal extent of the Wolfcamp Townsend
21 Reef trend as it passes through this area in here.

22 Our structural data in here indicates sub-
23 surface, and also with some aid of seismic, that we have
24 a north or a south plunging nose coming across Section 31
25 and what we're planning and hoping for is the continuation

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1 of this Townsend Reef trend across the nose, putting us up
2 out of the water which was encountered in the well in Sec-
3 tion 29 of 15 South, 36 East.

4 This well was originally drilled by Charlie
5 Read and it was IP'd for 122 barrels of oil a day.

6 Q Which well are you referring to?

7 A This is -- all right, this is a well in the
8 southeast quarter and the one that is painted blue. It is --

9 Q Section 29.

10 A In Section 29, yes, sir, of 15 South, 36 East.
11 That's up here (indicating).

12 And this well was, as I said, was IP'd for
13 122 barrels of oil and 238 barrels of water per day. The
14 well produced 1247 barrels of oil and then was subsequently
15 P&A'd in 1969, so we're getting high to that well.

16 The wells over on the left that you see that
17 are painted blue, and they are in Township 15 South, 36 East,
18 Sections 26, 35, and then to the township just to the south
19 in 16, 36, Section 5, these are all fringe or edge wells
20 on the northeast end of the Townsend producing field,
21 Wolfcamp field.

22 Q What is your projected depth for your well
23 that you propose to drill?

24 A 10,950 feet.

25 Q And what formations will that penetrate?

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1 A Well, that will penetrate the San Andres and
2 we would expect to look for shows at the base of the Abo,
3 top of the Wolfcamp, the Gladiola Zone, which is the Wolf-
4 camp and lies, oh, seventy-five to a hundred feet just
5 above the 3rd Brother Zone, and then the 3rd Brother or
6 Townsend Zone that is producing in these wells that are
7 shown on the map.

8 Q Now, should this well be completed as a gas
9 well, the east half of 31 would be dedicated to the well?

10 A Yes, sir, that's what we would request.

11 Q In the event it's completed as an oil well the
12 normal spacing would be dedicated to the well?

13 A Yes, sir.

14 Q Is the well location at a standard location?

15 A Yes, sir, it is. It's 1980 from the north
16 and east lines of Section 31, 15 South, 36 East and that
17 is a standard location, sir.

18 Q When do you intend to commence the well?

19 A Our target date is January the 31st, 1978.
20 That's, of course, depending on your rig availability, but
21 this is our projected starting date.

22 Q Do you have an estimate as to the cost of
23 drilling and completing this well?

24 A Yes, sir. Our dry hole costs are estimated at
25 \$313,700 and our completed costs at \$452,000.

1 Q Do you have an estimate that should be used
2 here for cost of supervision?

3 A Yes, sir, we're asking \$1500 a month.

4 Q Is that usual and customary in this area?

5 A Yes, sir.

6 Q Are you seeking a risk factor --

7 A Yes, sir, we are. We would like a two hundred
8 percent risk factor on this test.

9 I might also point out that the Morrow produces
10 about six miles southwest of us in the Townsend Morrow Field.
11 There are four wells that produced on the Morrow there and
12 then just south of those wells in the, oh, in the North
13 Shubar Field, there are two more wells that produced on the
14 Morrow, so at a later date, should we run high and be on
15 a structure here, why there is a good possibility we would
16 drill a well to the Morrow to test the Morrow on this half
17 section, also, if we're successful in our original test.

18 Q The reason you're asking for two hundred per-
19 cent in this case is that this is essentially a wildcat
20 well?

21 A Very definitely, yes, sir.

22 Q And you've got a big risk factor.

23 Was this Exhibit Number One prepared by you
24 or under your direction?

25 A Yes, sir, it was.

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1 MR. HINKLE: We'd like to offer Exhibit Number
2 One.

3 MR. STAMETS: Exhibit Number One will be ad-
4 mitted.

5 MR. HINKLE: That's all of this witness.
6

7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Mr. Crowley, you asked for \$1500 per month
10 supervision charge. I presume that's while the well's
11 being drilled?

12 A Yes, sir, that's while the well is being
13 drilled.

14 Q And what about after the well goes on pro-
15 duction?

16 A Our engineer estimated it would be about
17 \$700 a month, the operating expense for an oil well, and
18 about \$500 a month for gas.

19 Q Okay. That seems rather high.

20 A It did to me but this is what -- the figures
21 provided to me by our engineers, came up with. Now, that
22 must be -- that must be, oh, the costs of fuel, lifting
23 costs, everything should be added on for.

24 Q Okay. What we're talking about here is not
25 the overall cost of operation which would be chargeable to

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1 the well but the overhead charges which would be attributed
 2 to the well.

3 A I would -- I don't have those figures. I
 4 couldn't provide them. I can get them for you, but I don't
 5 have them here.

6 Q It's a little unusual.

7 MR. HINKLE: Would \$250 seem to be reasonable?
 8 This doesn't include, as he explained, all the other charges
 9 of --

10 A These charges will be what now?

11 Q Let me suggest that while your next witness
 12 is on that Mr. Crowley could call and find out what that
 13 figure is. I would imagine it's going to be in the \$200
 14 range.

15 MR. HINKLE: It's been fun \$200, \$250, I think,
 16 in most of these cases.

17 A Well, I would think \$250 would be adequate,
 18 yes.

19 MR. HINKLE: Well, you will go ahead and re-
 20 commend \$250?

21 A I will, yes.

22 MR. HINKLE: Let me go back on the record.

23

24 REDIRECT EXAMINATION

25 BY MR. HINKLE:

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1 Q In your opinion, what would the supervisory
 2 charges for this well after it is on production be?

3 A \$250.

4 MR. HINKLE: Okay. I believe we offered the
 5 exhibit.

6 MR. STAMETS: Okay, Exhibit One will be ad-
 7 mitted if it hasn't already been.

8 Any other questions of this witness?

9 He may be -- Mr. Ramey?

10

11 CROSS EXAMINATION

12 BY MR. RAMEY:

13 Q Mr. Crowley, are you drilling for gas?

14 A We don't really know what we're going to get
 15 here. The Wolfcamp does produce oil in here and there's
 16 no Wolfcamp gas producers in the immediate area that I know
 17 of, but if we run high in our structure like this, there's
 18 a possibility we could get a high gas, you know, G/O ratio
 19 well that could be classified as gas, but we don't know.

20 Q Well, the normal spacing for oil would not be
 21 320 acres.

22 A No, sir, it would be forty for oil.

23 Q But you're asking for forced pooling on 320
 24 acres.

25 A Yes, sir, in case we do get a gas well.

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1 MR. HINKLE: That's in the application. We
 2 worded it that way.

3 MR. STAMETS: So that if the well turned out
 4 to be an oil well, then the spacing would go back to --

5 A Yes.

6 MR. HINKLE: That's right, would go back to the
 7 normal spacing.

8 MR. STAMETS: And anything above that you could
 9 ask for special pool rules for.

10 A Right, uh-huh.

11 MR. HINKLE: Okay.

12 MR. STAMETS: He may be excused.

13
 14 ROBIN DONNELLY

15
 16 being called as a witness on behalf of Mesa Petroleum Com-
 17 pany, and having been duly sworn upon his oath, testified
 18 as follows, to-wit:

19
 20 DIRECT EXAMINATION

21 BY MR. HINKLE:

22 Q State your name, your residence, and by whom
 23 you are employed.

24 A Robin Donnelly. I reside in Midland, Texas,
 25 and I work for Mesa Petroleum Company.

1 Q What is your position with Mesa?

2 A I'm a Land Man.

3 Q What have your duties been with respect to
4 this particular area, as far as the land department is
5 concerned?

6 A Well, I've supervised acquisition of lease-
7 holds in this area as well as the quiet title suits and
8 search for the owners of the property.

9 Q Well, have you been successful in acquiring
10 for Mesa the leasehold interest on most all of Section 31?

11 A Yes, sir. We have -- we got approximately
12 ninety-six percent of the leasehold under lease.

13 Q Have you prepared or has there been prepared
14 under your direction certain exhibits for introduction in
15 this case?

16 A Yes, sir.

17 Q And they're the ones that have been marked
18 Two, Three, and Four?

19 A Yes, sir.

20 Q Refer to Exhibit Number Two and explain what
21 this is and what it shows.

22 A This Exhibit Number Two is a map showing the
23 area within two miles radius of the location of the well,
24 showing the other lessees in the area; also showing the
25 wells that have been drilled, along with the location that

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1 we're proposing.

2 The numbers shown are Mesa leaseholds.

3 Q And in other cases the name of the owner,
 4 lease owners, are shown?

5 A Yes.

6 Q Does this show that Mesa owns practically all
 7 the leasehold interest in Section 31?

8 A Yes.

9 Q And some surrounding areas?

10 A Right.

11 Q Now refer to Exhibit Number Two and -- Three,
 12 rather, and explain what this shows.

13 A Exhibit Number Three is a smaller map showing
 14 the actual division of the east half of Section 31. There
 15 are two divisions on here, Chavez Lovington Addition Number
 16 Two and Chavez Lovington Addition.

17 The lots marked in red are the ones that we
 18 are seeking to force pool.

19 Q That Mesa does not have an oil and gas lease
 20 on?

21 A Yes. The other lots, the approximately two
 22 thousand lots in here, two thousand plus lots, which we do
 23 have leaseholds on.

24 Q Have you personally inspected this area?

25 A Yes, sir.

1 Q Have the streets or alleys been designated or
2 graded or anything so far?

3 A No, sir, there's no -- no improvements upon
4 the land on the east half.

5 Q Whatsoever?

6 A Yes, sir.

7 Q I believe you stated that part of this is in
8 the municipal limits of Lovington, is that right?

9 A Yes, sir, the -- the darker lines, black lines,
10 showing the -- I believe this is the southwest of the
11 southeast quarter, and the triangulated area marked Burns
12 Subdivision, are in the Lovington city limits.

13 Q But Mesa has leases on all of the Burns Sub-
14 division, too?

15 A Yes.

16 Q Now refer to Exhibit Number Four and explain
17 what this is.

18 A Exhibit Number Four is a list or schedule of
19 the last known owners of the property, listing any addresses
20 we could find or which we attempted to contact the owner
21 at.

22 Q Has Mesa conducted a suit to quiet title
23 covering all of Section 31?

24 A Yes, sir, we have.

25 Q And that's been completed and a decree quieting

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1 title has been entered?

2 A Yes, sir.

3 Q And does this list show the ownership in ac-
 4 cordance with that decree of the court?

5 A Yes, sir, it does.

6 Q It also shows that most of these owners are
 7 unknown, is that right?

8 A That's correct.

9 Q Now, in the cases where the address is shown,
 10 what has happened in those cases?

11 A In those cases these are the addresses that
 12 we were able to find, and we attempted to contact the
 13 people. These particular ones were all returned addressee
 14 unknown or unable to find the occupant.

15 Q So you actually have not been able to contact
 16 them for purposes of obtaining a lease, is that correct?

17 A That's correct.

18 Q That's true of all the unknown owners?

19 A Yes, sir.

20 Q Now, on page three of Exhibit Four, you indi-
 21 cate that there are some tracts there that are owned --
 22 you have the record title owner as the State of New Mexico.
 23 What is the situation with respect to these?

24 A These are lots where the taxes were not paid
 25 and the State has taken -- taken them under kind of a trust

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1 deal for a period of redemption in case the owner should
2 come back and redeem it for taxes.

3 Q So they have not been redeemed so far?

4 A Correct.

5 Q So that's the reason why the ownership is
6 shown here in individuals as well as the State?

7 A Right.

8 Q When does the period of redemption expire?
9 On these tracts?

10 A One of the leases expires in January of next
11 year. The others expire in 1978 -- '79.

12 Q So actually you will not be able to obtain
13 leases on these tracts until such time as the period of
14 redemption expires or until these lots have been redeemed,
15 and in that case you'll have to acquire them from the
16 State of New Mexico, is that right?

17 A Yes, sir. Actually, until that redemption
18 is completed, the State of New Mexico cannot do anything
19 with the leases, or with the property at all.

20 Q If this application is approved, in your
21 opinion will it be in the interest of conservation, pre-
22 vention of waste, and protection of correlative rights?

23 A Yes, sir.

24 MR. HINKLE: I'd like to offer Exhibits Two,
25 Three, and Four.

MR. STAMETS: These exhibits will be admitted.

MR. HINKLE: That's all we have of this witness.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Donnelly, is somebody paying the taxes on all of these other lots on Exhibit Number Four?

A Let's see. From the records we have these were last known people who were assessed for taxes. Current rolls will not show if they've been paid up to this point, until next year, so we won't really know who's paid it. But the way we look at it, they haven't been paid at this time.

Q How long does it take -- how many years of not paying taxes does it take before the State has to take the land?

A I think it's three years.

Q So it would seem that somebody's probably paid these taxes in the last three years.

A Could be. Not all of them. We've done extensive research in tax rolls trying to attempt to find the owners and we've just been unable to. So the period of time may be a year or two years that the taxes have not been paid. I believe all these will be subject to -- to

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1 State tax collectors shortly.

2 MR. STAMETS: Any other questions of this
3 witness?

4 He may be excused. Anything further?

5 MR. HINKLE: No.

6 MR. STAMETS: This case will be taken under
7 advisement.


8 (Hearing concluded.)

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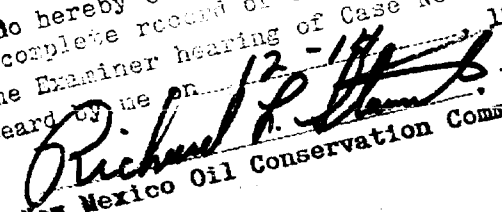
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REPORTER'S CERTIFICATE

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 and
7 ability.

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11 
12 Sidney F. Morrish, C.S.R.
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6106
heard by me on 12-14-1977
 Examiner
New Mexico Oil Conservation Commission

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

Order No. R- 5613

APPLICATION OF MESA PETROLEUM COMPANY FOR
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this day of December, 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, Mesa Petroleum Company,
seeks an order pooling all mineral interests in the Wolfcamp
formation underlying the E/2
of Section 31, Township 15 South, Range 36 East,
NMPM, Lea County, New
Mexico.

Case No.
Order No. R-

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon in the E/2 of Said Section 31.

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

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

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

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

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

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

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

-3-
Case No.
Order No. R-

*#1500.00 per month while drilling
and #250.00 per month while producing*

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

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before Apr. 11, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

(14) ~~That~~ That ~~the~~ *should* said well be completed as an oil well, the applicant should immediately notify the Secretary-Director of the Commission ^{of such fact} establish an appropriate oil ^{specification} production unit and dedicate the same to said well, and reimburse any working interest owner ^{in average} not included in such production unit for any well costs advanced for the drilling of said well.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be,
in the Wolfcamp formation underlying the E/2
of Section 31, Township 15 South, Range 36 East,
NMPM, Lea County, New Mexico,
are hereby pooled to form a standard 320- acre gas spacing
and proration unit to be dedicated to a well to be drilled
at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall
commence the drilling of said well on or before the 1st day of
April, 1978, and shall thereafter continue the drilling
of said well with due diligence to a depth sufficient to test the
Wolfcamp formation;

PROVIDED FURTHER, that in the event said operator does not
commence the drilling of said well on or before the 1st day of
April, 1978, Order (1) of this order shall be null
and void and of no effect whatsoever; unless said operator obtains
a time extension from the Commission for good cause shown.

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

(2) That Mesa Petroleum Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

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

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

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

-5-
Case No.
Order No. R-

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

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

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

(B) As a charge for the risk involved in the drilling of the well, 200 per month of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

*1500.00 per month while drilling
and 2500.00 per month while producing are*
(9) That per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-
Case No.
Order No. R-

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

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

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

4

IT IS FURTHER ORDERED:

(1) That should the well being drilled ~~by the applicant~~ ~~at the E.P. of said~~ ~~well~~ under the terms of this order be completed as an oil well, ^{the applicant shall immediately} notify the Secretary-Director of the commission, ~~seek to~~ establish an appropriate oil spacing and proration unit, dedicate the same to said well, and reimburse any working interest owner ^{The 8/2 of said Section 31} in an acreage is not included in such proration unit for any well costs advanced ^{by such owner} for the drilling of said well.

2 Jurisdiction - - -



February 1, 1978

FEB - 3 1978

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

Attn: Mr. R. L. Stamets

RLH

Re: Case No 6106
Order No R-5613

Mattie Burns #1
Sec 31, T15S, R36E
Lea County, New Mexico

Gentlemen:

In accordance with the provisions of Case 6106, Order No R-5613, attached is a copy of the drilling cost estimate for the subject well. Mesa Petroleum Co is the sole working interest owner for the Mattie Burns #1 Well.

Also, we will furnish an itemized schedule of actual well costs within 90 days following completion of the well.

Cordially,

Michael P. Houston
Michael P. Houston

MPH/vlh

Attachment



AFE/COST ESTIMATE

PERMIAN BASIN

Co / Div / Subdiv / Dept

AFI = 78-201

ID = 01-05-NM-0095-0001-001-0

Costs Controlling Account =

Exploratory ☒ Development ☐LEASE, WELL NAME, AND LOCATION **Mattie Burns No. 1 1980' FN&EL Sec 31, T15S, R36E**
Lea County, New MexicoDESCRIPTION **Cost estimate to drill and complete a flowing 10,950' Wolfcamp oil well, complete with anticipated separation and storage equipment.**

Sub Item Codes	ITEM DESCRIPTION	Drill Hole Cost	Completion Cost	Producer Other
X01	DRILLING—FOOTAGE	Ft. At \$	\$	\$
X02	DRILLING or COMPLETION RIG MI-RU, RD-MO—DAY WORK	15,000		15,000
	(A) DAY WORK 36 DAYS at \$ 3600 /DAY	129,600		129,600
X03	DRILLING or COMPLETION RIG		4,900	4,900
	(A) BOILER DAYS At \$ /DAY			
	(B) CAMP & CATERING DAYS At \$ /DAY			
	(C) OTHER DAYS At \$ /DAY			
X04	CEMENTING SERVICES, CEMENT & ACCESSORIES	20,000	6,000	26,000
X05	MUD, CHEMICALS, SERVICES & EQUIP. (A) MUD, CHEM., OIL	15,000	2,000	17,000
	(B) MUD ENGINEER			
	(C) WATER	5,000		5,000
X06	LOGS, TESTING & MUD LOGGING UNIT	18,600		18,600
X07	DRILL STEM TEST & RELATED TESTING EQUIPMENT	6,600		6,600
X08	PERFORATING, WELL STIMULATION SERVICES		14,000	14,000
X09	LOCATION, ROADS, SURVEYS, AIRSTRIPS	9,000	1,400	10,400
X10	LABOR, SUPERVISION, ENGINEERING & OVERHEAD	7,200	3,000	10,200
X11	RENTAL EQUIPMENT & TOOLS	1,000	2,500	3,500
X12	ROCK BITS, HOLE OPENERS, REAMERS, STABILIZERS	31,000		31,000
X13	HAULING & FREIGHT	3,500	3,000	6,500
X14	MOBILIZATION - INSTALLATION			
X15	DEMOBILIZATION - DISMANTLING & SALVAGE			
X16	SUPPLYBOATS, CREWBOATS, BARGES, TUGS			
X17	FUEL, LUBES, POWER			
X18	SHOREBASE, OFFICE, DOCK FEE & CRANES			
X19	AIRCRAFT RENTALS—HELICOPTERS, FIXED WING			
X20	DIVERS AND RELATED EQUIPMENT			
X21	MISCELLANEOUS			
X22	COST to ABANDON (NOT INCLUDED IN PRODUCER TOTAL)	9,000 *		
	Total Intangible & Non-Controllable Costs	\$ 270,500	\$ 36,800	\$ 298,300 *
X41	BUOYS AND MARKERS	\$	\$	\$
X42	CASING/TUBULARS			
	(A) 400 FT. OF 13-3/8 " OD \$ 14 /FT.	5,600		5,600
	(B) 4200 FT. OF 8-5/8 " OD \$ 10 /FT.	42,000		42,000
	(C) 11000 FT. OF 4-1/2 " OD \$ 5 /FT.		55,000	55,000
	(D) 11000 FT. OF 2-3/8 " OD \$ 2.50 /FT.		27,500	27,500
	(E) FT. OF " OD \$ /FT.			
X43	WELL HEAD & GUIDE STRUCTURE	1,500	5,000	6,500
X44	SUB-SURFACE WELL EQUIPMENT		1,500	1,500
X45	SURFACE WELL EQUIPMENT		2,000	2,000
X46	OTHER MAJOR EQUIPMENT			
	(A) 2-500 bbl storage tanks		7,200	7,200
	(B) Heater-Treater (Used)		6,000	6,000
	(C) Separator & Misc		4,200	4,200
X47	BUILDINGS			
X48	ELECTRICAL & INSTRUMENTATION EQUIPMENT			
X49	INSTALLATION, MATERIALS, & SERVICES		3,000	3,000
	Total Tangible Controllable & Non-Controllable Costs	\$ 49,100	\$ 111,400	\$ 160,500
	Total Costs	\$ 319,600	\$ 148,200	\$ 458,800 *

Michael P. Houston

Division Engineer 12-29-77

Mesa W/I
Others W/I

100

Operations Manager

VP-Operations

XC: RHN - MESA-original

Schedule showing ownership of lots and addresses, where known, in Chaves Lovington Addition and Chaves Lovington Addition No. 2, Lea County, New Mexico, upon which Mesa Petroleum Co. does not have oil and gas leasehold interests:

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 4

CASE NO. C106

Submitted by Mesa Petroleum Co.

Hearing Date 12-14-77

Chaves Lovington Addition:

Block No.	Lot No.	Lot Owner	Address
1	6	Riley McDaniel	Unknown
2	7	Last assessed to Jerry Smith	Unknown
2	22	Ruby Chafman, aka Ruby C. Gouling	Unknown
4	2	Otis W. Downs	Unknown
4	13	Hoyt West	Unknown
4	22	Last assessed to Carrie L. Dowd	Unknown
5	20	R. D. Hogar and Jane Hogar	Unknown
6	9	Emma Thuringer and Joseph Bender	Unknown
6	20,21	Kay Borclay Hull and Martha Kable Stanley	Unknown
7	20	Heirs or devisees of Iva L. Heinsius	Unknown
10	4	Samuel L. Weinberger	Unknown
10	9	Violet Young	Unknown
10	20	Merle Scofield	Unknown
11	13	Heirs or devisees of Ben H. Lamb	Unknown
12	3	Gary P. Fox	Unknown
12	12	Emily C. Halenfeld	Unknown
13	11	Isabelle Smith	Unknown
13	21	Margaret Christensen	Unknown
14	21	Heirs or devisees of Theresa Lane	Unknown
15	14	Gladys Mae Jasnan and Dave Robinson	1584 N. Cypress La Habra, California
17	3	H. Watson Chambers and Bernice P. Chambers	Unknown

18	3	Eva Bealer	Unknown
19	15	Marie Kelly	Unknown
21	4	Jacquelyn Penblett	Unknown
21	9	Dorothy Blanche Whitehead	Unknown
22	6	F. M. Kimbrough	Unknown
22	15	Myrtle Herman	Unknown
22	20	Russell H. Fischer	Unknown
23	12	Ida Mae Houghton	Unknown
23	18	Halda Costigan	Unknown
23	24	Carrie Lee Kelsey	Unknown
25	10	Richard Van Horn and Wanda Van Horn	Unknown
26	4	Big Three Land Company	Unknown
26	8	Cotton Butane Company, Inc.	Unknown
27	11	May Leitner and Frank Leitner	Unknown
28	23	Stanley Johnson and Elda L. Johnson	Unknown
2	7	State of New Mexico	
27	4	State of New Mexico	
28	14	State of New Mexico	

Chaves Lovington Addition No. 2:

21	37	Clarence G. Adams	Unknown
4	8,9	Ruth Mildred Bacon Atkinson	Unknown
27	27	Fred Bartlow	Unknown
15	24	Mae M. Bell	Unknown
28	5	Big Three Land Company	Unknown
30	18	Big Three Land Company	Unknown
19	17	F. Warde Brand and Nancy Brand DeVarenes	c/o Dunne & Gaston, Attys. 100 Wilshire Blvd. Santa Monica, Ca. 90401
28	3	James H. Bridgewater Susan E. Bridgewater	Unknown
7	19	Michele Cowan	Unknown
11	19	Michele Cowan	Unknown
5	27	J. B. Ellis	Unknown
22	13	Ralph E. Gamble	4865 Merrill Avenue Riverside, Ca. 92506
1	13	John B. Gellately Martha Gellately	Unknown
16	12	James S. Goodwin and wife, Norine C. Goodwin	Unknown
4	21	Audrey Gore	Unknown
8	13	Lsllie Gresham	Unknown
9	8	Retta C. Sandheim Gunther	Unknown
32	37,28	Kay Barclay Hall	Unknown
34	37,28	Pauline Bell Hartley and husband Albert W. Hartley	P.O. Box 1389 Wickenburg, Arizona 85358

21	26	Maude N. Hill	Unknown
11	9, 10	Tena R. Weil Holmes	Unknown
17	14, 15	Delbert Hugenberg	Unknown
34	30, 32	E. B. Kaminski	Unknown
18	8	Nancy Kampf	Unknown
16	3, 4	Colleen BTnnett Kimball	Unknown
8	10, 11	Ronnie Kirkland	Unknown
6	4	Howard R. La Fetra	Unknown
		Anna L. La Fetra	
9	15	Charles H. Lupold	Unknown
32	25	Mrs. J. M. Moffet	Unknown
6	8	Caleb Moore	Unknown
11	19	Carol Carney Murphy	Unknown
7	19	Carol Corney Murphy	Unknown
26	5	Martha Engle Overkamp	Unknown
32	15	Eva Parsons	Unknown
30	21	Eunice Payne	Unknown
28	12	Helen V. Raymond	Unknown
19	37, 38	C. J. Richardson	Unknown
		Marie L. Richardson	
24	28	C. J. Richardson	Unknown
		Marie L. Richardson	
26	20	C. J. Richardson	Unknown
		Marie L. Richardson	
18	4	O. G. Snyder & Violet	Unknown
13	10, 11	Isabelle Catherine	Unknown
	13	Williams Smith	
32	32	Leone I. Smith aka	
		Leona I. Smith	Unknown
31	10	A. D. Stanker	Unknown
32	37, 38	Martha Kable Stanley	Unknown
29	19	Mabel Robinson Stover	Unknown
5	24, 25	Howard E. Tiffany	Unknown
	26	J. Kenneth Tiffany	
2	19, 20	Ward D. Von Tillow	Unknown
21	22	Hoyt West	Unknown
7	24, 25	Esther B. Wilttrout	Unknown
19	26	Walter H. Yahn	Unknown
		Barbara J. Yahn	

Block No.	Lot No.	Name of Last Assessed Owner	Address	Record Title Owner
17	27, 28	Georgia Briere	Unknown	State of New Mexico
22	35	Robert Gregg	Unknown	State of New Mexico
31	9	New Mexico Exploration Company, Ltd.	Unknown	State of New Mexico
34	25	State of New Mexico		

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. 6106
Order No. R-5613

APPLICATION OF MESA PETROLEUM COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 4th day of January, 1978, 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, Mesa Petroleum Company, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 31, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location in the E/2 of said Section 31.

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

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

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

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

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

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

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

(11) That \$1500.00 per month while drilling and \$250.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before April 1, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

(14) That should said well be completed as an oil well, the applicants should immediately notify the Secretary-Director of the Commission of such fact, establish an appropriate oil spacing and proration unit and dedicate the same to said well, and reimburse any working interest owner in acreage not included in such proration unit for any well costs advanced for the drilling of said well.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp formation underlying the E/2 of Section 31, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of April, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Wolfcamp formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of April, 1978, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

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

(2) That Mesa Petroleum Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

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

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

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

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

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That \$1500.00 per month while drilling and \$250.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

-5-

Case No. 6106
Order No. R-5613

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

IT IS FURTHER ORDERED:

(1) That should the well being drilled under the terms of this order be completed as an oil well rather than a gas well, the applicant shall immediately notify the Secretary-Director of the Commission, establish an appropriate oil spacing and proration unit, dedicate the same to said well, and reimburse any working interest owner in the E/2 of said Section 31 whose acreage is not included in such proration unit for any well costs advanced by such owner for the drilling of said well.

(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.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY O. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/

Dockets Nos. 1-78 and 2-78 are tentatively set for hearing on January 4 and 18, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 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 January, 1978, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

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

CASE 6101: Application of Gulf Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Nopal Draw Unit Area comprising 1920 acres, more or less, of Federal and Fee lands in Township 21 South, Range 25 East, Eddy County, New Mexico.

CASE 6102: Application of Transocean Oil, Inc., for a unit agreement, Catron County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Quemado Unit Area comprising 33,844 acres, more or less, of Federal, State, and Fee lands in Township 2 North, Ranges 15, 16, and 17 West, Catron County, New Mexico.

CASE 6103: Application of Getty Oil Company for expansion of its Fren Seven-Rivers Waterflood Project and 28 dual completions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Fren Seven-Rivers Waterflood Project by injection of water into the Seven-Rivers formation thru 32 wells in its Getty Unit Area, Township 17 South, Range 31 East, Eddy County, New Mexico, 28 of which wells would be dual completions in the Fren Seven-Rivers Pool and the Grayburg-Jackson Pool.

CASE 6104: Application of Betrice Bedingfield for salt water disposal, Eddy County, New Mexico, Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation thru the open-hole interval from 487 feet to 517 feet in her Sunray State Well No. 1 and from 500 feet to 552 feet in her Hastie Well No. 8, located in Unit E of Section 30 and Unit F of Section 18, respectively, both in Township 17 South, Range 28 East, Empire Yates-Seven Rivers Pool, Eddy County, New Mexico.

CASE 6105: Application of Mewbourne Oil Company for creation of an associated gas pool and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Querecho Plains-Queen Oil Pool as an associated pool and approval of a 120-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 22 and the NW/4 SW/4 of Section 23, both in Township 18 South, Range 32 East, Lea County, New Mexico, to be dedicated to its Federal "F" Well No. 1 located in Unit L of said Section 23.

CASE 6106: Application of Mesa Petroleum Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 31, Township 15 South, Range 36 East, 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 6108: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bradshaw IY Com Well No. 1 to be located 660 feet from the South and West lines of Section 35, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, the S/2 of said Section 35 to be dedicated to the well.

CASE 6109: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Burton Flat-Morrow and North Burton Flat-Wolfcamp production in the wellbore of its Stonewall EP State Well No. 1 located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico.

CASE 6110: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Kennedy Farms-Morrow and Kennedy Farms-Atoka production in the wellbore of its Caffall FD Com Well No. 1 located in Unit O of Section 15, Township 17 South, Range 26 East, Eddy County, New Mexico.



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

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

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

Memo No. 6-77

NOTICE! NOTICE! NOTICE!

TO ALL OPERATORS FROM JOE D. RAMEY, SECRETARY-DIRECTOR

THIS IS A FINAL REMINDER THAT ALL EXISTING ONE-WELL AND BLANKET PLUGGING BONDS MUST BE REPLACED BY NEW BONDS ON THE REVISED FORMS PRIOR TO JANUARY 1, 1978.

This requirement is in accordance with Commission Order No. R-5432 entered May 24, 1977.

The most recent reminder of this requirement was sent to all operators by OCC Memorandum No. 5-77 dated October 17, 1977, and explained that if replacement bonds are not on file and approved by the deadline date, operators will be required to shut in all producing, drilling, and injection wells.

Response to the requirement for replacement bonds has been less than adequate. At this writing, there still remain more than one thousand bonds which have not yet been replaced, and there is less than one month before the deadline.

This is the final reminder that will be sent to operators to replace existing bonds by January 1, 1978, or face the shutting in of wells.

JDR/DSN/jr

December 2, 1977

Case 6106

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

600 HINKLE BUILDING

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

November 22, 1977

W. E. BONDURANT, JR. (1914-1973)

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IN TEXAS ONLY

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
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CLARENCE E. HINKLE
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.

JAMES H. BOZARTH
JAMES H. ISBELL
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

On November 18 we forwarded to you an application for Mesa Petroleum Co. for compulsory pooling of the E $\frac{1}{2}$ Section 31, Township 15 South, Range 36 East, Lea County. At the time the application was filed the exhibits were not complete. We have now received these exhibits and they are enclosed in triplicate. We have also revised the application due to the fact that we have learned that the W $\frac{1}{2}$ SE $\frac{1}{4}$ Section 31 has also been subdivided into the Chaves Lovington Addition and there are certain lots in this subdivision upon which Mesa does not have oil and gas leases and which should be included in the force pooling. We have included these lots and the owners, where known, in the application. Please substitute the enclosed application for the one previously sent to you.

Yours very truly,

HINKLE, COX, EATON, COFFIELD & HENSLEY

Clarence E. Hinkle
Clarence E. Hinkle

CEH:cs

cc: Mr. Robert Northington
cc: Mr. C. D. Martin

STATE OF NEW MEXICO

APPLICATION OF MESA PETROLEUM CO.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO. APPLICANT SEEKS AN ORDER
POOLING ALL MINERAL INTERESTS IN THE
FORMATIONS DOWN TO AND INCLUDING THE
WOLFCAMP FORMATION UNDERLYING THE E $\frac{1}{2}$
SECTION 31, TOWNSHIP 15 SOUTH, RANGE
36 EAST, LEA COUNTY, NEW MEXICO, OR
SO MUCH THEREOF AS MAY CONSTITUTE A WELL
SPACING OR PRORATION UNIT APPROVED BY
THE COMMISSION TO BE DEDICATED TO A WELL
TO BE DRILLED TO TEST THE WOLFCAMP FORMA-
TION. ALSO TO BE CONSIDERED WILL BE THE
COST OF DRILLING AND COMPLETING SAID
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WELL AS OPERATING COSTS, CHARGES FOR
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THE RISK INVOLVED IN DRILLING SAID WELL
AND THE DESIGNATION OF APPLICANT AS
OPERATOR.

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Comes Mesa Petroleum Co., acting by and through the under-
signed attorneys, and hereby makes application for compulsory
pooling, Lea County, New Mexico. Applicant seeks an order pooling
all mineral interests in the formations down to and including the
Wolfcamp formation underlying the E $\frac{1}{2}$ Section 31, Township 15 South,
Range 36 East, Lea County, New Mexico, or so much thereof as may
constitute a well spacing or proration unit approved by the Com-
mission to be dedicated to a well to be drilled to test the Wolfcamp
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operating costs, charges for supervision, together with a charge for
the risk involved in drilling said well and the designation of appli-
cant as operator. In support of this application, applicant respect-
fully shows:

1. There is attached hereto as Exhibit "A" a plat showing
the proposed spacing and drilling unit. Said plat also shows the

ownership of all leasehold interests within an area of 2 miles from the proposed drilling unit, together with all wells which have been drilled in the area and the proposed test well to be located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 31, Township 15 South, Range 36 East, N.M.P.M.

2. The W $\frac{1}{2}$ SE $\frac{1}{4}$ Section 31 has been subdivided into the Chaves Lovington Addition and the NE $\frac{1}{4}$ Section 31 has been subdivided into the Chaves Lovington Addition No. 2 and are divided into lots, streets and alleys. It is intended that the compulsory pooling include any interest that the owners have in streets and alleys. Applicant is the owner of all the oil and gas lease rights in and to the E $\frac{1}{2}$ said Section 31 except certain lots in the above mentioned subdivisions which are shown on Exhibit "B" attached hereto and are more particularly described, together with the owners and their addresses, where known, as follows:

Chaves Lovington Addition:

Block No.	Lot No.	Lot Owner	Address
1	6	Riley McDaniel	Unknown
2	7	Last assessed to Jerry Smith	Unknown
2	22	Ruby Chafman, aka Ruby C. Gouling	Unknown
4	2	Otis W. Downs	Unknown
4	13	Hoyt West	Unknown
4	22	Last assessed to Carrie L. Dowd	Unknown
5	20	R. D. Hogar and Jane Hogar	Unknown
6	9	Emma Thuringer and Joseph Bender	Unknown
6	20,21	Kay Borclay Hull and Martha Kable Stanley	Unknown
7	20	Heirs or devisees of Iva L. Heinsius	Unknown
10	4	Samuel L. Weinberger	Unknown
10	9	Violet Young	Unknown
10	20	Merle Scofield	Unknown
11	13	Heirs or devisees of Ben H. Lamb	Unknown
12	3	Gary P. Fox	Unknown
12	12	Emily C. Halenfeld	Unknown
13	11	Isabelle Smith	Unknown
13	21	Margaret Christensen	Unknown
14	21	Heirs or devisees of Theresa Lane	Unknown
15	14	Gladys Mae Jasnan and Dave Robinson	1584 N. Cypress La Habra, California
17	3	H. Watson Chambers and Bernice P. Chambers	Unknown

18	3	Eva Bealer	Unknown
19	15	Marie Kelly	Unknown
21	4	Jacquelyn Penblett	Unknown
21	9	Dorothy Blanche Whitehead	Unknown
22	6	F. M. Kimbrough	Unknown
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22	20	Russell H. Fischer	Unknown
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23	18	Halda Costigan	Unknown
23	24	Carrie Lee Kelsey	Unknown
25	10	Richard Van Horn and Wanda Van Horn	Unknown
26	4	Big Three Land Company	Unknown
26	8	Cotton Butane Company, Inc.	Unknown
27	11	May Leitner and Frank Leitner	Unknown
28	23	Stanley Johnson and Elda L. Johnson	Unknown
2	7	State of New Mexico	
27	4	State of New Mexico	
28	14	State of New Mexico	

Chaves Lovington Addition No. 2:

21	37	Clarence G. Adams	Unknown
4	8,9	Ruth Mildred Bacon Atkinson	Unknown
27	27	Fred Bartlow	Unknown
15	24	Mae M. Bell	Unknown
28	5	Big Three Land Company	Unknown
30	18	Big Three Land Company	Unknown
19	17	F. Warde Brand and Nancy Brand DeVarenes	c/o Dunne & Gaston, Attys. 100 Wilshire Blvd. Santa Monica, Ca. 90401
28	3	James H. Bridgewater	Unknown
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7	19	Michele Cowan	Unknown
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5	27	J. B. Ellis	Unknown
22	13	Ralph E. Gamble	4865 Merrill Avenue Riverside, Ca. 92506
1	13	John B. Gellately	Unknown
		Martha Gellately	
16	12	James S. Goodwin and wife, Norine C. Goodwin	Unknown
4	21	Audrey Gore	Unknown
8	13	Lillie Gresham	Unknown
9	8	Retta C. Sandheim Gunther	Unknown
32	37,28	Kay Barclay Hall	Unknown
34	37,28	Pauline Bell Hartley and husband Albert W. Hartley	P.O. Box 1389 Wickenburg, Arizona 85358

21	26	Maude N. Hill	Unknown
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17	14, 15	Delbert Hugenberg	Unknown
34	30, 32	E. B. Kaminski	Unknown
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Block No.	Lot No.	Name of Last Assessed Owner	Address	Record Title Owner
17	27, 28	Georgia Briere	Unknown	State of New Mexico
22	35	Robert Gregg	Unknown	State of New Mexico
31	9	New Mexico Exploration Company, Ltd.	Unknown	State of New Mexico
34	25	State of New Mexico		

Where the addresses of the owners are shown to be unknown, applicant has made a due and diligent effort to ascertain said addresses in connection with a suit to quiet title which has been prosecuted to completion covering said Section 31.

3. The test well to be located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 31 will be projected to test the Wolfcamp formation, at an anticipated depth of 10,950 feet. In the event said well should be completed as a well capable of producing gas in paying quantities, the entire E $\frac{1}{2}$ of said Section 31 would be dedicated to the well, which is on a standard location. In the event said well should be completed as a well capable of producing oil in paying quantities, depending upon the character of the well, applicant may want to make application to the Commission for a larger spacing and proration unit than 40 acres to be dedicated to the well because of the depth of the well and character of the production. Because of this situation, applicant desires that the force pooling order to be issued by the Commission cover such spacing and proration unit as may be approved by the Commission if the well is completed as a well capable of producing either oil or gas in paying quantities, except of course in the event the well is completed as an oil well and applicant does not desire to make application for a larger spacing unit, the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 31 would be dedicated to the well.

4. That compulsory pooling is being sought under the provisions of Section 65-3-14 N.M.S.A., 1953 Comp., and in connection therewith consideration is to be given to the cost of drilling and completing said well, the proper allocation of the cost thereof, as well as the cost of operating said well and charges for supervision. Also to be considered is the charge for the risk involved in drilling the well and the approval of applicant as operator.

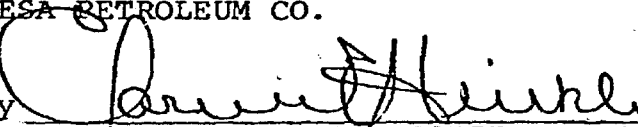
5. Applicant believes that the approval of this application will avoid the drilling of unnecessary wells and would be in the interests of the protection of correlative rights and the prevention of waste.

6. Applicant requests that this matter be set down for the examiner's hearing to be held on December 1st, 1977.

Respectfully submitted,

MESA PETROLEUM CO.

By


HINKLE, COX, EATON, COFFIELD & HENSLEY
Attorneys for Applicant
P.O. Box 10
Roswell, New Mexico 88201

STATE OF NEW MEXICO

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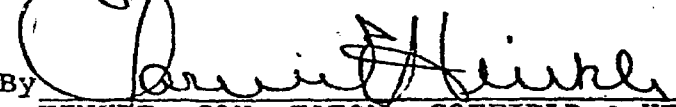
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By 
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22	35	Robert Gregg	Unknown	State of New Mexico
31	9	New Mexico Exploration Company, Ltd.	Unknown	State of New Mexico
34	25	State of New Mexico		

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4. That compulsory pooling is being sought under the provisions of Section 65-3-14 N.M.S.A., 1953 Comp., and in connection therewith consideration is to be given to the cost of drilling and completing said well, the proper allocation of the cost thereof, as well as the cost of operating said well and charges for supervision. Also to be considered is the charge for the risk involved in drilling the well and the approval of applicant as operator.

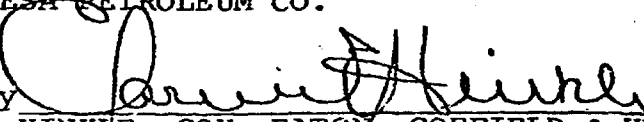
5. Applicant believes that the approval of this application will avoid the drilling of unnecessary wells and would be in the interests of the protection of correlative rights and the prevention of waste.

6. Applicant requests that this matter be set down for the examiner's hearing to be held on December 1st, 1977.

Respectfully submitted,

MESA PETROLEUM CO.

By


HINKLE, COX, EATON, COFFIELD & HENSLEY
Attorneys for Applicant
P.O. Box 10
Roswell, New Mexico 88201

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

600 HINKLE BUILDING

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

November 18, 1977

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

JAMES H. BOZARTH
JAMES H. ISBELL
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER

W. E. BONDURANT, JR. (194-1973)

TELEPHONE (505) 622-6510

MR. ISBELL LICENSED
IN TEXAS ONLY

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

NOV 21 1977
OIL CONSERVATION COMMISSION
SANTA FE, N.M.

Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 88201

Gentlemen:

We enclose herewith in triplicate application of Mesa Petroleum Co. for compulsory pooling of the E $\frac{1}{2}$ Section 31, Township 15 South, Range 36 East, Lea County. We would like to have this matter set down for the examiner's hearing which we understand will be held on December 15.

The application refers to Exhibits "A" and "B". These plats are being completed by Mesa Petroleum Co. in their Midland office and will be forwarded to us in a few days. We felt it best to send you the application to be sure it is filed in time to get it on the docket for the December 15 hearing. We will send you the plats to be attached within the next few days.

Yours sincerely,

HINKLE, COX, EATON, COFFIELD & HENSLEY


Clarence E. Hinkle

CEH:cs
Enc.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF MESA PETROLEUM CO.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO. APPLICANT SEEKS AN ORDER
POOLING ALL MINERAL INTERESTS IN THE
FORMATIONS DOWN TO AND INCLUDING THE
WOLFCAMP FORMATION UNDERLYING THE E $\frac{1}{2}$
SECTION 31, TOWNSHIP 15 SOUTH, RANGE
36 EAST, LEA COUNTY, NEW MEXICO, OR
SO MUCH THEREOF AS MAY CONSTITUTE A WELL
SPACING OR PRORATION UNIT APPROVED BY
THE COMMISSION TO BE DEDICATED TO A WELL
TO BE DRILLED TO TEST THE WOLFCAMP FORMA-
TION. ALSO TO BE CONSIDERED WILL BE THE
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WELL, THE ALLOCATION OF SUCH COSTS, AS
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THE RISK INVOLVED IN DRILLING SAID WELL
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OPERATOR.

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

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signed attorneys, and hereby makes application for compulsory
pooling, Lea County, New Mexico. Applicant seeks an order pooling
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Wolfcamp formation underlying the E $\frac{1}{2}$ Section 31, Township 15 South,
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the proposed spacing and drilling unit. Said plat also shows the

ownership of all leasehold interests within an area of 2 miles from the proposed drilling unit, together with all wells which have been drilled in the area and the proposed test well to be located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 31, Township 15 South, Range 36 East, N.M.P.M.

2. The NE $\frac{1}{4}$ Section 31 has been subdivided into the Chaves-Lovington Subdivision No. 2 and is divided into small lots, streets and alleys. It is intended that the compulsory pooling include any interest that the owners have in streets and alleys. Applicant is the owner of all the oil and gas lease rights in and to the E $\frac{1}{4}$ said Section 31 except certain lots in the above mentioned subdivision which are shown on Exhibit "B" attached hereto and are more particularly described, together with the owners and their addresses, where known, as follows:

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Respectfully submitted,

MESA PETROLEUM CO.

By


HINKLE, COX, EATON, COFFIELD & HENSLEY
Attorneys for Applicant
P.O. Box 10
Roswell, New Mexico 88201

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Respectfully submitted,

MESA-PETROLEUM CO.

By 

HINKLE, COX, EATON, COFFIELD & HENSLEY
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21	22	Hoyt West	Unknown
7	24, 25	Esther B. Wiltrout	Unknown
19	26	Walter H. Yahn	Unknown
		Barbara J. Yahn	

Block No.	Lot No.	Name of Last Assessed Owner	Address	Record Title Owner
17	27, 28	Georgia Briere	Unknown	State of New Mexico
22	35	Robert Gregg	Unknown	State of New Mexico
31	9	New Mexico Exploration Company, Ltd.	Unknown	State of New Mexico
34	25	State of New Mexico		

Where the addresses of the owners are shown to be unknown, applicant has made a due and diligent effort to ascertain said addresses in connection with a suit to quiet title which has been prosecuted to completion covering said Section 31.

3. The test well to be located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 31 will be projected to test the Wolfcamp formation, at an anticipated depth of 10,950 feet. In the event said well should be completed as a well capable of producing gas in paying quantities, the entire E $\frac{1}{2}$ of said Section 31 would be dedicated to the well, which is on a standard location. In the event said well should be completed as a well capable of producing oil in paying quantities, depending upon the character of the well, applicant may want to make application to the Commission for a larger spacing and proration unit than 40 acres to be dedicated to the well because of the depth of the well and character of the production. Because of this situation, applicant desires that the force pooling order to be issued by the Commission cover such spacing and proration unit as may be approved by the Commission if the well is completed as a well capable of producing either oil or gas in paying quantities, except of course in the event the well is completed as an oil well and applicant does not desire to make application for a larger spacing unit, the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 31 would be dedicated to the well.

4. That compulsory pooling is being sought under the provisions of Section 65-3-14 N.M.S.A., 1953 Comp., and in connection therewith consideration is to be given to the cost of drilling and completing said well, the proper allocation of the cost thereof, as well as the cost of operating said well and charges for supervision. Also to be considered is the charge for the risk involved in drilling the well and the approval of applicant as operator.

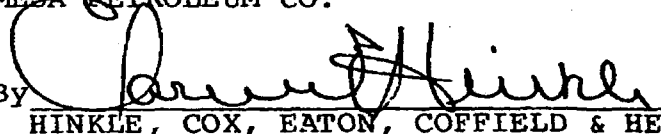
5. Applicant believes that the approval of this application will avoid the drilling of unnecessary wells and would be in the interests of the protection of correlative rights and the prevention of waste.

6. Applicant requests that this matter be set down for the examiner's hearing to be held on December 15, 1977.

Respectfully submitted,

MESA PETROLEUM CO.

By


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