

CASE 6134: BURLESON & HUFF FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO

1/18
to 2/8
to 2/18
no flow 2/18

Case Number

6134

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 8, 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico.

) CASE
) 6134
) (Readvertised)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

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

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

1 MR. NUTTER: We will call Case Number 6134.

2 MS. TESCHENDORF: Case 6134, application of Burleson
3 & Huff for compulsory pooling, Lea County, New Mexico.

4 MR. NUTTER: This case has previously been heard and
5 was readvertised for correction in the land described.


6 Are there any appearances at this time in Case
7 Number 6134 as advertised?

8 We will take the case under advisement.
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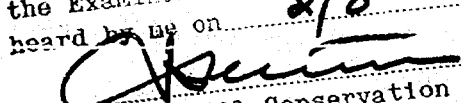
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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

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

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6132 heard by me on 2/8, 1978.

Examiner
New Mexico Oil Conservation Commission

BURLESON & HUFF

OIL PROPERTIES

BOX 2479 - PHONE 683-4747

MIDLAND, TEXAS 79702

July 14, 1978

JUL 27 1978

Stamets

Bob

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

Re: Case No. 6134, Order # R-5650, Burleson & Huff Mobil # 1
Well, SE/4 NW/4 of Section 22, T-25-S, R-37-E, Lea
County, New Mexico

Gentlemen:

In accordance with the above Order, enclosed are the well costs for the above well. We will use the Lovington National Bank, Lovington, New Mexico for escrow agent. We are sending a copy of this letter and the costs to all working interest owners who were force pooled.

Yours very truly,

BURLESON & HUFF

L. B. Burleson

Lewis B. Burleson

copy: Amoco Production Company
Box 3092
Houston, TX 77001
Attn: Greg S. Allen

Irving Ross Stuart, Jr.
c/o Mr. Dan Ward
2668 Rialto Ave.
San Bernardino, Calif. 92410

Mr. John A. Stuart
832 North Day
Powell, Wyoming 82435

Mr. James F. Stuart, CPA
1628 Wichersham Dr.
Anchorage, Alaska 99507

Mobil Oil Corporation
P. O. Box 820
Roswell, New Mexico 88201
Attn: S. W. Akers

BURLESON & HUFF

OIL PROPERTIES

BOX 2479 - PHONE 683-4747

MIDLAND, TEXAS 79702

July 14, 1978

ACTUAL WELL COSTS - Burleson & Huff Mobil # 1 - Located 1980 feet from the north and 2180 feet from the west lines of Section 22, T-25-S, R-37-E, Lea County, New Mexico, NMOCC Case # 6134, Order No. R-5650

Surface damages	\$ 1,363.65
Drilling	43,222.41
Stake Location	291.20
Build location & road	4,291.09
Line pits	1,015.36
Mud	3,060.68
Water	2,623.38
4½" & 8-5/8" casing	18,667.55
2-3/8" tubing	6,196.47
Log & perforate	7,409.88
Cement	7,503.48
Anchors	262.20
Tool rental	237.21
Frac	11,604.84
Acidize	2,446.29
Packer	529.36
Frac water	389.17
Completion unit	3,837.87
Head	538.63
Misc. fittings	1,375.13
150 bbl bank	2,000.00
Separator	600.00
Clean up location	313.66
Overhead - drilling & completing	400.00
Supervision - drilling & completing	1,925.00
Geologist - 3 days @ \$200.00 per day	600.00

\$122,704.51

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 18, 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico.

CASE
6134

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

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

For the Applicant:

Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 962-9212

I N D E X

2		<u>Page</u>
3	<u>LEWIS BURLESON</u>	
4	Direct Examination by Mr. Kellahin	3
5	Cross Examination by Mr. Stamets	10

EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
9 Applicant Exhibit One, Plat	6	10
10 Applicant Exhibit Two, AFE	7	10
11 Applicant Exhibit Three, Structure Map	8	10

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 Phone (505) 982-9212

1 MR. STAMETS: The hearing will please come to order.
2 We will call next Case 6134.

3 MS. TESCHENDORF: Case 6134, application of Burleson
4 & Huff for compulsory pooling, Lea County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason Kellahin,
6 Kellahin and Fox, appearing for the applicant and we have one
7 witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 LEWIS BURLESON

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

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you state your name, please?

16 A Lewis Burleson.

17 Q What is your connection with Burleson and Huff?

18 A I'm the co-owner of Burleson and Huff.

19 Q Are you an engineer, Mr. Burleson?

20 A No, I'm a geologist.

21 Q Are you familiar with the application before the
22 Commission in Case 6134?

23 A Yes, I am.

24 Q Have you testified before the Commission before
25 and had your qualifications accepted?

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1 A Yes, I have.

2 MR. KELLAHIN: Are the witness' qualifications
3 acceptable?

4 MR. STAMETS: They are.

5 Q (Mr. Kellahin continuing.) Mr. Burleson, what does
6 the applicant propose in Case 6134?

7 A We propose to dig a Queen sand well to a depth of
8 thirty-five hundred feet to test the Langlie Mattix pay and
9 test that well. If it is nonproductive we will plug back to
10 the Jalmat zone and we wish to force pool three individuals
11 and two companies who have not agreed to join to lease or to
12 farmout so that this well can be dug.

13 Q Now before we get to that, the case was advertised
14 as pooling the mineral interest in the Queen formation.
15 Actually are you asking that all interest from the surface to
16 the Queen be?

17 A Right, and it should have been all interest to the
18 Queen formation so that if the Queen is not productive we can
19 plug back to the Jalmat and make a well in that zone if it is
20 productive.

21 MR. KELLAHIN: If the Examiner please, on that
22 basis we would like to proceed with the hearing in this case
23 and ask that it be readvertised to cover all of the formations
24 from the surface to the base of the Queen.

25 MR. STAMETS: Okay, we will cause this to be

1 readvertised. Will you be filing an application on that?

2 MR. KELLAHIN: I was under the impression that the
3 application covered it but if you want another application on
4 it.

5 MR. STAMETS: Well, okay, we'll take care of that.
6 I didn't know if you were going to file something more but we
7 will take care of it.

8 MR. KELLAHIN: I will if you wish.

9 MR. STAMETS: No, I didn't want to stop you from it
10 if you wanted to.

11 Q (Mr. Kellahin continuing.) Now, Mr. Burleson, you
12 said you wanted to force pool the interest of three individual
13 operators, what operators are those and what interests are
14 they?

15 A All right, the three individuals are Irvine Ross
16 Stuart which has a point oh two seven four six two interest
17 under a forty acre tract. John A. Stuart which has a point
18 oh oh five four nine two interest under a forty acre tract.
19 And James F. Stuart who has a point oh oh five four nine two
20 percent interest under a forty acre tract. And two major
21 companies, Amoco Production which has a point one six six
22 six six seven percent or sixteen percent and they have
23 indicated that this was so small they had not had time to
24 say yes or no whether they will join or not and they don't
25 care if they are force pooled on this and they will decide

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1 before we dig this well what they will do. The other interest
2 is a fifty percent interest owned by Mobil and we have not
3 heard from Mobil at all, even on our request for a farmout
4 which was first initiated back in April of 1977 and I can't
5 understand why we haven't heard from Mobil. They have received
6 all of the letters and all of the correspondence that we
7 should have sent them so that they could be on notice that
8 a forced pooling hearing can be held.

9 Q Did you ask them to join in the formation--

10 A We sent them an AFE, asked them to join in the
11 digging or to farmout and we have yet to hear from them. We
12 have heard from Amoco.

13 Q Now did you make an effort to get the other interest
14 owners to join in the drilling of the well or to farmout to
15 you?

16 A These three were the only--there are fifteen
17 Stuarts and we have all of them in but these three and I
18 think their interest is so small that they just don't under-
19 stand. We offered to buy a lease and the interest is so
20 small that they are saying, well, it's just not worth signing
21 it.

22 Q Now what interest does Burleson and Huff have?

23 A Under lease right now we have thirty-seven percent.

24 Q And do you propose to drill a well?

25 A We propose to dig a well as shown on Exhibit One,

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1 nineteen eighty from the north and the west of Section 22,
 2 25 South, 37 East. This exhibit shows the offset operators
 3 as being Mobil to the east, Burleson and Huff to the north
 4 and to west Atlantic Richfield, to the northwest and Getty
 5 and Oil Development to the south.

6 Q And do you propose to drill a well to test the
 7 Morrow formation?

8 A No, the Queen.

9 Q The Queen?

10 A Yes, sir, we do to a depth of thirty-five hundred
 11 feet.

12 Q Now referring to what has been marked as Exhibit
 13 Number Two, would you identify that exhibit?

14 A Exhibit Number Two is an AFE for the cost of digging
 15 this well to the Queen formation, assuming that it would be an
 16 oil well and I think we have about a fifty percent chance of
 17 getting a gas well in the Queen because this AFE shows a
 18 pumping unit and the rods with a total cost of one hundred
 19 and twenty-five thousand dollars and using a fifteen percent
 20 contingency for a total estimated cost of one hundred and
 21 forty-three thousand nine hundred and eighty dollars.

22 Q Mr. Burleson, your company has drilled other wells
 23 in this area, has it not?

24 A Yes, we have.

25 Q And you have drilled Queen wells?

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1 A Right, we have two Queen that are two locations to
 2 the west of this well and on the north offset, although we did
 3 not dig it, we bought the well and have recompleted it from
 4 the Lower Queen to the Upper Queen as a marginal gas well.

5 Q Now on the basis of your experience, is the cost
 6 shown on your AFE, Exhibit Number Two, reasonable?

7 A Yes, it is.

8 Q Do you think you can drill the well for that figure?

9 A Yes, we do.

10 Q And that was the AFE which you have submitted to
 11 the other interest owners?

12 A Yes, it is.

13 Q Now referring to what has been marked as Exhibit
 14 Number Three would you identify that, please?

15 A Exhibit Number Three is a structure map I prepared
 16 on top of the Yates sand to show the location of this forty.
 17 The dip, as you can see, is to the west, and this forty is on
 18 the southwest flank of Mobil's Langlie Mattix Queen Unit,
 19 which is being waterflooded at the present time in the Lower
 20 Pen, Queen and Penrose and we propose to drill a well and
 21 complete it in the Upper Queen and the main zone that is
 22 producing in Mobil's flood area is nonproductive on the forty
 23 we are trying to force pool.

24 Q Will your proposed Queen Well not then be affected
 25 by Mobil's waterflood project?

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1 A No, it would not.

2 Q And you would not have any reason to participate in
 3 this waterflood?

4 A No, I think when they drew the unit they probably
 5 drew it right because structurally this is down dip from the
 6 main producing zone which is the Penrose.

7 Q Now does Burleson and Huff ask that this be compul-
 8 sory pooled?

9 A Yes, we do.

10 Q And you ask to be designated as the operator?

11 A Right.

12 Q Have you had experience with the drilling of wells
 13 in this area, Mr. Burleson?

14 A Yes, we have dug approximately twelve wells in the,
 15 say five miles from this well, and we now operate about
 16 thirty-five wells in the Jal area.

17 Q Now what risks are involved in drilling of wells
 18 of this type?

19 A Our main zone is the Queen formation on a lensing
 20 zone which I think will carry gas or oil and it would be gas
 21 or oil, it's going to depend upon the structure position on
 22 it. Whether this would be enough to sustain a cost of one
 23 hundred and forty-five thousand dollars will be the main risk
 24 involved.

25 Q Now what risk factor would you deem to be reasonable?

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 Phone (505) 982-9212

1 A We request for this operation a hundred and fifty
 2 percent risk for digging a Queen well to thirty-five hundred
 3 feet.

4 Q Now what are your costs of supervision?

5 A We would request that our monthly operating expenses
 6 under a normal operating agreement for a hundred dollars a
 7 month, per well, and we ask for two hundred dollars a month
 8 operating expense while the well is being drilled.

9 Q Were Exhibits One, Two and Three prepared by you
 10 or under your supervision?

11 A Yes, they were.

12 MR. KELLAHIN: We would like to offer into evidence
 13 Exhibits One, Two and Three.

14 MR. STAMETS: These exhibits will be admitted.

15 (THEREUPON, Applicant's Exhibits One, Two
 16 and Three were admitted into evidence.)

17 MR. KELLAHIN: That's all we have, Mr. Stamets.

18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Burleson, you intend to dedicate forty acres to
 21 this well regardless of whether it turns out to be a gas well
 22 or an oil well?

23 A In the Queen formation, yes. In the Langlie Mattix,
 24 you know, there is a good allowable if you get a gas well.

25 Q What about the situation if you complete it as a gas

1 well in the Jalmat?

2 A We own and it is presently nonproductive, it would
3 be the north half--we own the Yates rights under the north
4 half of the northeast quarter of this section, which is
5 eighty acres, and we also own the north forty to this forty
6 we are trying to force pool, which would be the northeast of
7 the northwest. So if we had a Yates well we would dedicate
8 one hundred and sixty acres to that gas well.

9 MR. STAMETS: Let's go off the record for a second.

10 (THEREUPON, the hearing was in recess.)

11 Q (Mr. Stamets continuing.) Mr. Burleson, will you
12 file an amended application in this case to provide for com-
13 pulsory pooling of either a forty acre tract as originally
14 advertised for the Langlie Mattix or for a hundred and sixty
15 tract, being the northwest quarter of Section 22, if this well
16 should be a Jalmat gas well?

17 A Yes, we will.

18 Q And you are the working interest owner under the
19 north half of the northwest quarter and the southwest of the
20 northwest quarter of Section 22?

21 A Will you say that again?

22 Q If you had to dedicate one hundred and sixty acres
23 to the Jalmat that would be the northwest quarter of Section
24 22?

25 A No, no, it would be the northeast of the northwest,

1 that forty, see where it says "Burleson and Huff"?

2 Q Okay.

3 A All right, then under Mobil's Queen Unit, we own
4 the north half of the northeast quarter.

5 Q Okay.

6 A We own the Yates rights under that eighty and forty
7 and with the other would be a hundred and sixty.

8 Q So in addition, that would be a nonstandard proration
9 unit?

10 A That's right.

11 Q So it would be compulsory pooling of a nonstandard
12 proration unit? What about the other interests under these
13 tracts?

14 A We own all of the working interest under that one
15 hundred and twenty.

16 Q Are the royalty interests such that the working
17 interest can cause those to be dedicated?

18 A Right, they can.

19 Q So that's not going to be a problem?

20 MR. STAMETS: Any other questions of the witness?

21 He may be excused.

22 (THEREUPON, the witness was excused.)

23 MR. STAMETS: Anything further in this case?


24 MR. KELLAHIN: That's all, sir.

25 MR. STAMETS: We will take the case under advisement.

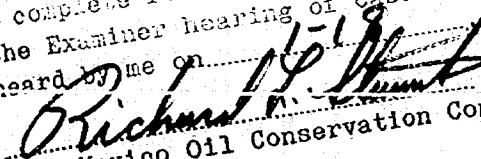
sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

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Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6134
heard by me on 15-19 1978

Richard A. Hunt, Examiner
New Mexico Oil Conservation Commission

Handwritten: 2 and 100

P. O. Box 779
Anchorage, Alaska 99510
April 24, 1978

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

Gentlemen:

Re: Case No. 6134
Order No. R-5645
Mobil No. 1, N/2 NE/4,
NE/4 NW/4, and SE/4 NW/4
Sec. 22, T25S, R37E
Lea County, New Mexico

Burleson & Huff indicated to you by letter dated March 3, 1978 (copy attached), that I was a working interest owner under the above tract of land. This is to advise that Burleson & Huff have not been authorized to act as my agent in regard to the above properties or in any other matter.

Cordially yours,

John A. Stuart
John A. Stuart

cc: Burleson & Huff
P. O. Box 2479
Midland, Texas 79702

JAS:klt

BURLESON & HUFF

OIL PROPERTIES
BOX 2479 - PHONE 683-4747
MIDLAND, TEXAS 79702
March 3, 1978

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

Re: Case No. 6134
Order No. R-5645
Mobil # 1, N/2 NE/4,
NE/4 NW/4 & SE/4 NW/4
Sec. 22, T-25-S, R-37-E,
Lea County, New Mexico

Gentlemen:

In compliance with the above order we enclose herewith an itemized schedule of estimated well costs for our # 1 Mobil Well located 1980 feet from the north line and 2180 feet from the west line of Section 22, T-25-S, R-37-E, Lea County, New Mexico.

A copy of this schedule has been mailed to each known working interest owner under the above tract of land.

Yours very truly,

BURLESON & HUFF


Jack Huff

JH/sw

copy: Amoco Production Company
Box 3092
Houston, Texas 77001
Attn: Greg S. Allen

Irving Ross Stuart, Jr.
c/o Mr. Dan Ward
2668 Rialto Ave.
San Bernardino, Calif. 92410

Mr. John A. Stuart
832 North Day
Powell, Wyoming 82435

Mr. James F. Stuart, CPA
1628 Wickersham Drive
Anchorage, Alaska 99507

Mobil Oil Corporation
P. O. Box 820
Roswell, New Mexico 88201
Attn: S. W. Akers

BURLESON & HUFF MOBIL LEASE
N/2 NE/4, NE/4 NW/4
SE/4NW/4 Section 22

TOWNSHIP 25 SOUTH, RANGE 37 EAST

Lea County, New Mexico

Estimated cost of drilling the Mobil No. 1 Well:

Drilling	\$ 34,000.00
8-5/8" casing	6,000.00
4-1/2" casing	12,500.00
Tubing	7,000.00
Cement	5,000.00
Build pad & location	3,000.00
Line Pit	700.00
Water	4,000.00
Log	4,500.00
Mud	6,000.00
Acid	1,000.00
Perforate	1,500.00
Frac	15,000.00
Completion costs	10,000.00
Pumping unit & rods	15,000.00
	<hr/>
	\$125,200.00
15% contingency	<hr/>
	18,780.00
TOTAL	<hr/>
	\$143,980.00

Case No. 6134

Order No. R-5645

BURLESON & HUFF

OIL PROPERTIES

BOX 2479 - PHONE 683-4747

MIDLAND, TEXAS 79702

April 25, 1978

Amoco Production Company
P. O. Box 3092
Houston, Texas 77001

Attn: Mr. A. R. Reed

Re: Case No. 6134, Order No. R-5650, Mobil Well # 1,
S/2 SE/4 NW/4 Sec. 22, T-25-S, R-37-E, Lea County,
New Mexico, Amoco File CGF (3)-1607-WF

Gentlemen:

With reference to your letter of April 10, 1978 we advise that we have already drilled the above well. The well has not yet been completed. We anticipate perforating the well and treating it sometime this week. We will notify Mr. Staley where our perforations are and what our well treatment consisted of.

It would be our intention in the early recoupment period to send you semi-annual payout statements which will set forth the original well costs, operating charges and any additional charges together with the income attributable to your share of well costs, including risk penalty. As payout nears, we would start sending you quarterly statements and eventually it would be our intention to send you monthly payout statements.

By copy of this letter we are sending to Mr. Staley copies of all reports filed by us in connection with this well with the New Mexico Oil Conservation Commission.

We agree that an appropriate Operating Agreement should be negotiated sometime prior to payout.

Yours very truly,

BURLESON & HUFF

Jack Huff

JH/sw

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

Mr. H. K. Overstreet
Amoco Production Co.
P. O. Box 591
Tulsa, Okla. 74102

Mr. V. E. Staley
Amoco Production Co.
P. O. Drawer A
Levelland, Texas 79336



Amoco Production Company

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

A. R. Reed
Division Operations
Superintendent

April 10, 1978

File: CGF(3)-1607-WF

Re: Case No. 6134
Order No. R-5650
Drill Mobil Well No. 1
Section 22, T-25-S, R-37-E
Lea County, New Mexico

Mr. Jack Huff
Burleson & Huff
Box 2479
Midland, TX 79702

Gentlemen:

This will have reference to The Oil Conservation Commission of the State of New Mexico Order No. R-5650 issued February 21, 1978, which authorized compulsory pooling to enable Burleson & Huff to drill their Mobil Well No. 1 in Section 22, T-25-S, R-37-E, Lea County, New Mexico.

Inasmuch as Amoco Production Company elected not to participate in the drilling of the well our acreage within the proration units is affected by the compulsory pooling. The Order of the Commission affords the owners of such interests the opportunity to pay their share of estimated well costs in lieu of paying a share of reasonable well costs out of production. You have furnished the required estimate of well costs by your letter of March 3, 1978. Amoco declines to pay a share of the well costs and chooses the option of paying out of production our proportion of reasonable well costs, the 150 percent risk penalty, the \$200/month drilling overhead rate, and the \$100/month producing overhead as they are more particularly described and conditioned in the Order.

Upon completion of the well, you are requested to furnish the itemized schedule of actual well costs to our Mr. H. K. Overstreet, P.O. Box 591, Tulsa, OK 74102, and to this office accompanied by an explanation of any unusual charges. Such an explanation, along with a daily drilling report to Mr. V. E. Staley, in our Levelland Office, will be of assistance in our determination that actual costs shall be "reasonable well costs". Mr. Staley's address is P.O. Drawer A, Levelland, TX 79336.

File: CGF(3)-1607-WF
Page 2

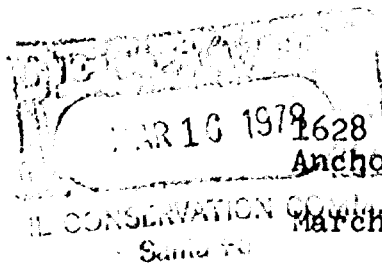
During the recoupment period, we would appreciate receiving payout statements at least quarterly and a final statement when all costs are recovered. These statements should be furnished to Mr. Overstreet. Copies of the reports required by the NMOCC for the drilling of the Mobil Well No. 1 are requested to be furnished to Mr. Staley and this office. An appropriate operating agreement should be negotiated on or before payout occurs.

Yours very truly,

ORIGINAL SIGNED BY
A. R. REED

HGA/slv
4/2394

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



1628 Wickersham Drive
Anchorage, Alaska 99507

MARCH 13, 1978

*Case 6134
RHS*

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

Gentlemen:

Reference is made to the attached letter, dated March 3, 1978, sent to you by Burleson & Huff, Oil Properties, Box 2479, Midland, Texas 79702.

I own a small interest in the royalties on the land mentioned in the letter, and wish to advise you that Burleson & Huff have not been granted any agreement to act as my agent in the drilling of the well.

I am not going to object to the drilling of the well, but do want it on record with your office that no agent agreement exists.

Sincerely,

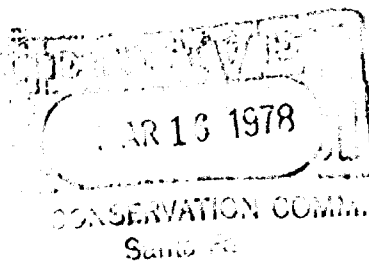
James F. Stuart
James F. Stuart, CPA

Attachment:

Ltr from Burleson & HUFF

cc: Burleson & Huff (w/o attachment)
Box 2479
Midland, Texas 79702

BURLESON & HUFF
OIL PROPERTIES
BOX 2479 - PHONE 683-4747
MIDLAND, TEXAS 79702
March 3, 1978



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

Re: Case No. 6134
Order No. R-5645
Mobil # 1, N/2 NE/4,
NE/4 NW/4 & SE/4 NW/4
Sec. 22, T-25-S, R-37-E,
Lea County, New Mexico

Gentlemen:

In compliance with the above order we enclose herewith an itemized schedule of estimated well costs for our # 1 Mobil Well located 1980 feet from the north line and 2180 feet from the west line of Section 22, T-25-S, R-37-E, Lea County, New Mexico.

A copy of this schedule has been mailed to each known working interest owner under the above tract of land.

Yours very truly,

BURLESON & HUFF


Jack Huff

JH/sw

copy: Amoco Production Company
Box 3092
Houston, Texas 77001
Attn: Greg S. Allen

Irving Ross Stuart, Jr.
c/o Mr. Dan Ward
2668 Rialto Ave.
San Bernardino, Calif. 92410

Mr. John A. Stuart
832 North Day
Powell, Wyoming 82435

Mr. James F. Stuart, CPA
1628 Wickersham Drive
Anchorage, Alaska 99507

Mobil Oil Corporation
P. O. Box 820
Roswell, New Mexico 88201
Attn: S. W. Akers

BURLESON & HUFF MOBIL LEASE
N/2 NE/4, NE/4 NW/4
SE/4NW/4 Section 22

TOWNSHIP 25 SOUTH, RANGE 37 EAST

Lea County, New Mexico

Estimated cost of drilling the Mobil No. 1 Well:

Drilling	\$ 34,000.00
8-5/8" casing	6,000.00
4-1/2" casing	12,500.00
Tubing	7,000.00
Cement	5,000.00
Build pad & location	3,000.00
Line Pit	700.00
Water	4,000.00
Log	4,500.00
Mud	6,000.00
Acid	1,000.00
Perforate	1,500.00
Frac	15,000.00
Completion costs	10,000.00
Pumping unit & rods	15,000.00
	<u>\$125,200.00</u>
15% contingency	<u>18,780.00</u>
TOTAL	\$143,980.00

Case No. 6134

Order No. R-5645

BURLESON & HUFF

OIL PROPERTIES
BOX 2479 - PHONE 683.4747
MIDLAND, TEXAS 79702
March 3, 1978

Stamato

LBH

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

Re: Case No. 6134
Order No. R-5645
Mobil # 1, N/2 NE/4,
NE/4 NW/4 & SE/4 NW/4
Sec. 22, T-25-S, R-37-E,
Lea County, New Mexico

Gentlemen:

In compliance with the above order we enclose herewith an itemized schedule of estimated well costs for our # 1 Mobil Well located 1980 feet from the north line and 2180 feet from the west line of Section 22, T-25-S, R-37-E, Lea County, New Mexico.

A copy of this schedule has been mailed to each known working interest owner under the above tract of land.

Yours very truly,

BURLESON & HUFF

Jack Huff
Jack Huff

JH/sw

copy: Amoco Production Company
Box 3092
Houston, Texas 77001
Attn: Greg S. Allen

Mobil Oil Corporation
P. O. Box 820
Roswell, New Mexico 88201
Attn: S. W. Akers

Irving Ross Stuart, Jr.
c/o Mr. Dan Ward
2668 Rialto Ave.
San Bernardino, Calif. 92410

Mr. John A. Stuart
832 North Day
Powell, Wyoming 82435

Mr. James F. Stuart, CPA
1628 Wickersham Drive
Anchorage, Alaska 99507

BURLESON & HUFF MOBIL LEASE
N/2 NE/4, NE/4 NW/4
SE/4NW/4 Section 22

TOWNSHIP 25 SOUTH, RANGE 37 EAST

Lea County, New Mexico

Estimated cost of drilling the Mobil No. 1 Well:

Drilling	\$ 34,000.00
8-5/8" casing	6,000.00
4-1/2" casing	12,500.00
Tubing	7,000.00
Cement	5,000.00
Build pad & location	3,000.00
Line Pit	700.00
Water	4,000.00
Log	4,500.00
Mud	6,000.00
Acid	1,000.00
Perforate	1,500.00
Frac	15,000.00
Completion costs	10,000.00
Pumping unit & rods	<u>15,000.00</u>
	\$125,200.00
15% contingency	<u>18,780.00</u>
TOTAL	\$143,980.00

Case No. 6134

Order No. R-5645

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. 6134
Order No. R-5650

APPLICATION OF BURLESON & HUFF 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 February 8, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of February, 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, Burleson & Huff, seeks an order pooling all mineral interests from the surface of the ground to the base of the Queen formation underlying the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East, NMPM, Langlie-Mattix Pool, Lea County, New Mexico, to form a 40-acre Langlie-Mattix oil proration unit or underlying the N/2 NE/4, NE/4 NW/4, and SE/4 NW/4 of said Section 22 to form a non-standard 160-acre Jalmat Gas Proration Unit.

(3) That the applicant has the right to drill and proposes to drill a well at a surface location 1980 feet from the North line and 1980 feet from the West line of said Section 22.

(4) That there are interest owners in the proposed proration units 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 units the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and/or gas in said pools, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

Case No. 6134
Order No. R-5650

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

(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 150 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 \$200.00 per month while drilling and \$100.00 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 June 1, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

(14) That upon completion of said well the applicant should notify the Secretary-Director of the Commission as to whether such well was completed as a Langlie Mattix oil well or a Jalmat gas well and which of the above-described proration units is to be assigned to the well, and should reimburse any working interest owner in acreage not included in such proration unit for any well costs advanced for the drilling of said well.

(15) That the pooling provisions of this order should expire, ipso facto, as to any acreage or formation described in Finding No. (2) above which acreage or formation is not dedicated to said well upon completion.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, from the surface of the ground to the base of the Queen formation underlying the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East, NMPM, Langlie Mattix Pool, Lea County, New Mexico, are hereby pooled to form a standard 40 acre oil spacing and proration unit to be dedicated to a well to be drilled 1980 feet from the North line and 1980 feet from the West line of said Section 22; and said formations underlying the N/2 NE/4, NE/4 NW/4, and SE/4 NW/4 of said Section 22, Jalmat Gas Pool, Lea County, New Mexico, are hereby pooled to form a non-standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a non-standard location as set out above which location is hereby approved.

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

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of June, 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 Burleson & Huff is hereby designated the operator of the subject well and units.

(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 units 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, 150 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 \$200.00 per month while drilling and \$100.00 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.

-5-

Case No. 6134
Order No. R-5650

(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.

IT IS FURTHER ORDERED:

(1) That upon completion of the well being drilled under the terms of this order, the applicant shall notify the Secretary-Director of the Commission of the pool in which said well is completed and the proration unit assigned thereto, and shall reimburse any working interest owner in acreage not included in such proration unit for any well costs advanced for the drilling of said well.

(2) That the pooling provisions of this order shall terminate, ipso facto, as to any acreage not dedicated to said well upon completion and as to any formation not included within the vertical limits of the pool in which said well is completed.

(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, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary


S E A L

jr/

Atlantic Richfield Co.	Burleson & Huff	Mobil Oil Corporation
-----1980'	-----1980'	
Atlantic Richfield Co. & Burleson & Huff	0	
		22
Oil Development Co. of Texas	Getty Oil Co.	Union Texas Petroleum Co.

BURLESON & HUFF MOBIL LEASE BEFORE EXAMINER STAMETS
 SE/4NW/4 Section 22 OIL CONSERVATION COMMISSION
 TOWNSHIP 25 SOUTH, RANGE 37 EXHIBIT NO. 1
 Lea County, New Mexico CASE NO. 6134
 Case No. 6134 Submitted by Burleson
 Exhibit _____ Hearing Date 1-18-78

BURLESON & HUFF MOBIL LEASE
SE/4NW/4 Section 22
TOWNSHIP 25 SOUTH, RANGE 37 EAST
Lea County, New Mexico

Estimated cost of drilling the Mobil No. 1 Well:

Drilling	\$ 34,000.00
8-5/8" casing	6,000.00
4-1/2" casing	12,500.00
Tubing	7,000.00
Cement	5,000.00
Build pad & location	3,000.00
Line Pit	700.00
Water	4,000.00
Log	4,500.00
Mud	6,000.00
Acid	1,000.00
Perforate	1,500.00
Frac	15,000.00
Completion costs	10,000.00
Pumping unit & rods	15,000.00
	<hr/>
	\$125,200.00
15% contingency	<hr/>
	18,780.00
TOTAL	<hr/>
	\$143,980.00

Case No. 6134

Exhibit NO. _____

BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION
<i>Burleson & Huff</i> EXHIBIT NO. <u>2</u>
CASE NO. <u>6134</u>
Submitted by <u>Burleson</u>
Hearing Date <u>1-18-78</u>

- CASE 6145: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gavilan-Pictured Cliffs and Blanco-Mesaverde production within the wellbore of his June Well No. 1 located in Unit B of Section 28, Township 28 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 6146: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6147: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Undesignated Greenhorn, Bisti-Lower Gallup, and Basin Dakota production within the wellbore of its Big 8 Well No. 1 located in Unit L of Section 8, Township 24 North, Range 9 West, San Juan County, New Mexico.
- CASE 6148: Application of Coquina Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Vivian Well No. 1 located in Unit F of Section 30, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to produce oil from the Drinkard and Granite Wash formations thru the casing-tubing annulus and the tubing, respectively.

CASE 6134: (Readvertised)

Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground to the base of the Queen formation underlying the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East, Lea County, New Mexico, to form a 40-acre Langlie Mattix oil proration unit or underlying the N/2 NE/4, NE/4 NW/4, and SE/4 NW/4 of said Section 22 to form a non-standard 160-acre Jalmat gas proration unit. 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 6096: (Continued from January 18, 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 Wolfcamp 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 6133: (Continued from January 18, 1978 Examiner Hearing)

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.

Docket No. 5-78

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 15, 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 March, 1978, from fifteen prorated pools in Lea, Eddy and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1978, from four prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1978, for both of the above areas.

Dockets Nos. 7-78 and 9-78 are tentatively set for hearing on February 22 and March 8, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 8, 1978

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

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

- CASE 6137: Application of Amoco Production Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Nellis Federal Well No. 3 to be located 1980 feet from the North line and 660 feet from the West line of Section 8, Township 19 South, Range 33 East, West Tonto-Pennsylvanian Gas Pool, Lea County, New Mexico, the N/2 of said Section 8 to be dedicated to the well.
- CASE 6138: Application of Amoco Production Company for a non-standard proration unit, simultaneous dedication, and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 480-acre non-standard gas proration unit comprising the E/2 and NW/4 of Section 24, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Gillully Federal Gas Com Wells Nos. 4, 7 and 15 located in Units B, O, and E, respectively, of Section 24. Applicant also seeks approval for the unorthodox location of said Well No. 15 located 1650 feet from the North line and 990 feet from the West line of said Section 24.
- CASE 6139: Application of Petro-Lewis Corporation for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Boling Federal Well No. 8-22 to be drilled at a point 990 feet from the North line and 2160 feet from the West line of Section 22, Township 19 North, Range 3 West, Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico.
- CASE 6140: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 3,000 feet below the surface to the base of the Queen formation underlying the SE/4 NW/4 of Section 21, 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 6141: Application of Paul Slayton 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 528 feet to 547 feet in his Hastie Well No. 7 located in Unit L of Section 18, Township 17 South, Range 28 East, Empire Field, Eddy County, New Mexico.
- CASE 6142: Application of Atlantic Richfield Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the E/2 of Section 29, Township 24 North, Range 3 West, Rio Arriba 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 6143: Application of Atlantic Richfield Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 33, Township 24 North, Range 3 West, Rio Arriba 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 6144: Application of Southland Royalty Company for two unorthodox locations and two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 120-acre non-standard gas proration units comprising the S/2 SE/4 of Section 10 and the SW/4 SW/4 of Section 11, and comprising the SE/4 SW/4 and the S/2 SE/4 of Section 11, all in Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, San Juan County, New Mexico, each of said units to be dedicated to a well drilled at an unorthodox location thereon.

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BURLESON & HUFF FOR COMPULSORY
POOLING AND NON-STANDARD UNIT,
LEA COUNTY, NEW MEXICO

AMENDED APPLICATION

Come now Burleson & Huff and apply to the Oil Conservation Commission of New Mexico for an order pooling all of the mineral interests from the surface of the ground to the base of the Queen formation underlying the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East, N.M.P.M., as to the Langlie-Mattix Pool, and the N/2 NE/4, and NE/4 NW/4 and the SE/4 NW/4 as to the Jalmat Pool, and in support thereof would show the Commission:

Applicant proposes to drill its Mobil No. 1 well at a location 1980 feet from the North line, and 1980 feet from the West line of Section 22, Township 25 South, Range 37 East to test the Queen formation, and to test the Yates formation and other formations in the Jalmat gas pool. Applicant has the right to drill on the proposed units but has been unable to obtain participation of other interest owners in the units involved.

In order to obtain its just and equitable share of the hydrocarbons underlying the tracts involved applicant seeks compulsory pooling of the units, with provision of applicant to be the operator, together with provision for recovery of its costs of drilling and completing the well, a charge for supervision, and a risk factor for the risk involved in

drilling the well.

Applicant further seeks approval of a non-standard proration unit in the Jalmat Gas Pool for the proposed well.

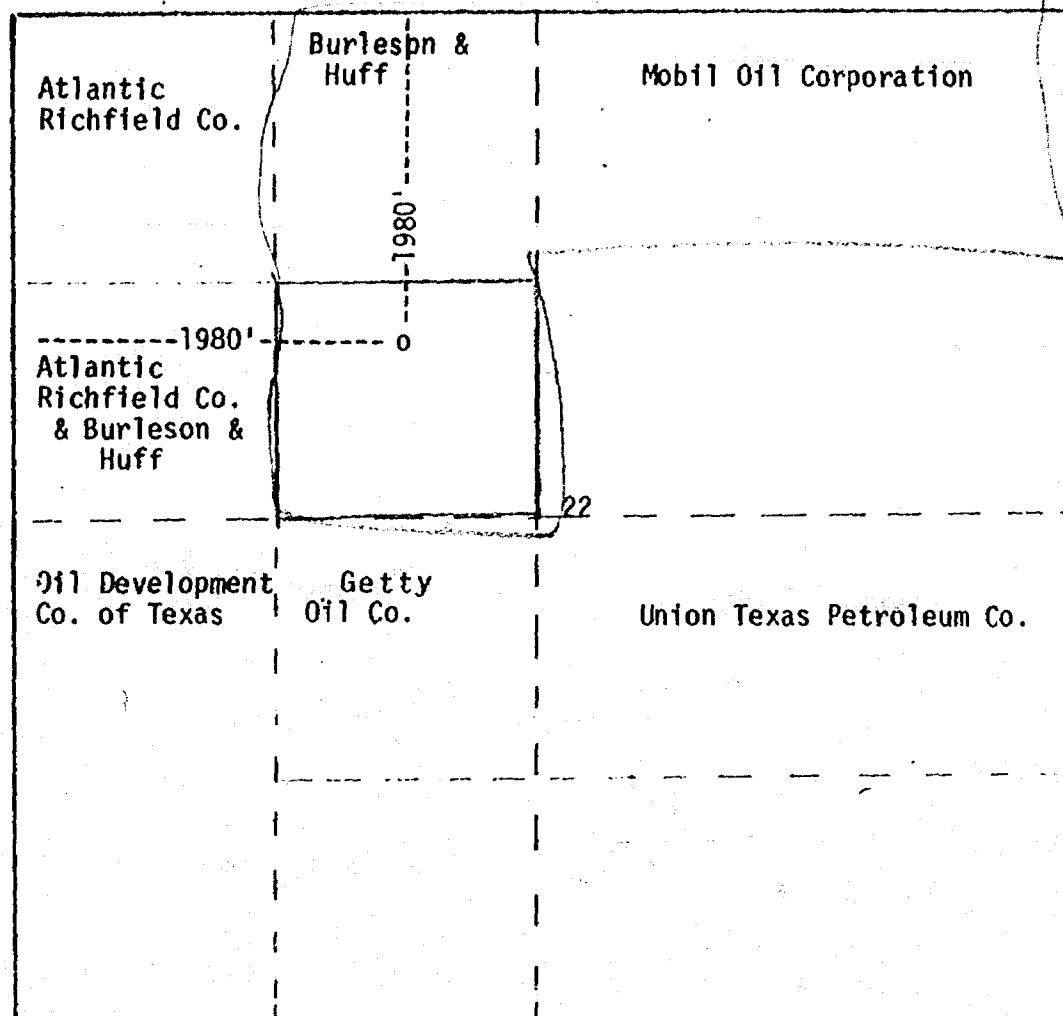
Applicant prays that this application be re-advertised, and that after notice and an opportunity for all interested parties to be heard, the Commission enter its order pooling the mineral interests and approve the non-standard unit as prayed for.

Respectfully submitted,

BURLESON & HUFF

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

Attorneys for Applicant



BURLESON & HUFF MOBIL LEASE

SE/4NW/4 Section 22

TOWNSHIP 25 SOUTH, RANGE 37 EAST

Lea County, New Mexico

Case No. 6134

Exhibit /

BURLESON & HUFF MOBIL LEASE

SE/4NW/4 Section 22

TOWNSHIP 25 SOUTH, RANGE 37 EAST

Lea County, New Mexico

Estimated cost of drilling the Mobil No. 1 Well:

Drilling	\$ 34,000.00
8-5/8" casing	6,000.00
4-1/2" casing	12,500.00
Tubing	7,000.00
Cement	5,000.00
Build pad & location	3,000.00
Line Pit	700.00
Water	4,000.00
Log	4,500.00
Mud	6,000.00
Acid	1,000.00
Perforate	1,500.00
Frac	15,000.00
Completion costs	10,000.00
Pumping unit & rods	15,000.00
	<hr/>
	\$125,200.00
15% contingency	<hr/>
	18,780.00
TOTAL	<hr/>
	\$143,980.00

Case No. 6134

Exhibit NO. 2

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 HNG 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, Histi-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 Burleson & 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 M 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 Wolfcamp 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 Sombrero-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 West 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 Bluff-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

Case 6134

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

KELLAHIN and FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
P. O. BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4518
AREA CODE 505

December 28, 1977

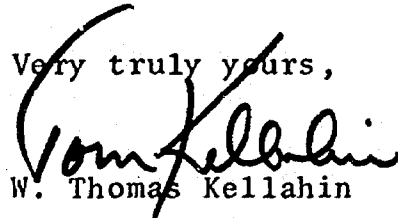
Mr. Joe Ramey, Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Burleson & Huff

Dear Mr. Ramey:

Enclosed please find the application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. I would appreciate you setting this for the January 18th hearing.

Very truly yours,


W. Thomas Kellahin

WTK:kfm

Enclosure

DEC 30 1977

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BURLESON & HUFF FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Burleson & Huff and applies to the Oil Conservation Commission of New Mexico for an order pooling all mineral interests from surface to base of Queen Formation, underlying the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, at a standard location, and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the 40 acre tract composed of the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East at standard location within said Section 22.
2. Applicant has sought to obtain the cooperation of all parties.
3. In order to obtain their just and equitable share of the production underlying the above lands, Burleson and Huff need an order pooling the mineral interest involved.
4. Those who have not consented to join in the drilling of the well, with their addresses, to the best of applicant's information and belief, are as follows:

<u>NAME</u>	<u>ADDRESS</u>	<u>INTEREST</u>
Amoco Production Company	Box 3092 Houston, Texas 77001 Attn: Mr. Greg S. Allen	1/3rd mineral interest in S/2SE/4NW/4 of Sec. 22

*Insert
here*

Case
6134

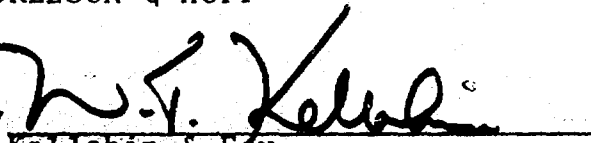
Mr. Wilbur L. Stuart	5102 Cornell El Paso, Texas 79924	1/40th of 29/66th S/2SE/4NW/4 of Sec. 22
Irving R. Stuart	c/o Mr. Dan Ward 2668 Ralto Ave. San Bernardino, California 92410	1/8th of 29/66th S/2SE/4NW/4 of Sec. 22
John A. Stuart	832 North Day Powell, Wyoming 82435	1/40th of 29/66th S/2SE/4NW/4 of Sec. 22
Mobil Oil Corporation	Roswell, New Mexico 88201	N/2SE/4NW/4 of Sec. 22
James F. Stuart	1628 Wickersham Dr. Anchorage, Alaska 99507	1/40th of 29/66th S/2SE/4NW/4 of Sec. 22

WHEREFORE applicant prays that this application be set for hearing before the Commission, or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling all of the mineral interests underlying the SE/4NW/4 of Section 22, Township 25 South, Range 37 East, NMPM. Applicant further prays that it be named operator of the well, and that the order make provision for applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling or recompleation of the well, and for such other and further relief as may be proper.

Respectfully submitted,

BURLESON & HUFF

By


Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

Attorneys for Applicant

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 6134

Order No. R- 5650

APPLICATION OF BURLESON & HUFF
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 February 18, 1978
at Santa Fe, New Mexico, before Examiner Richard L. Stamets DSN.

NOW, on this Feb 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, Burleson & Huff
seeks an order pooling all mineral interests from the surface of the ground to the base of
the Queen
formation underlying the SE/4 NW/4
of Section 22, Township 25 South, Range 37 East,
NMPM, Langlie Mattix Pool, Lea County, New
Mexico, to form a 40-acre Langlie Mattix oil proration unit or underlying
the N/2 NE/4, NE/4 NW/4, and SE/4 NW/4 of said Section 22 to form a non-standard
160-acre Jalmat Gas Proration unit.

(3) That the applicant has the right to drill and proposes to drill a well *at a surface location 1980 feet from the North line and 1980 feet from the West line of said Section 22.*

(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 ^{oil and/or} gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

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

(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 150 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 ^{\$200.00 per month while drilling and \$100.00 while producing} _____ 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 June 1, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

(14) That upon completion of said well the applicant should notify the Secretary-Director ^{of the Commission} as to whether such well was completed as a Lang He Matrix oil well or a full mat gas well and which of the ^{above-described} proration units ^{is to be} assigned to the well, and should reimburse any working interest owner in acreage not included in such proration unit for any well costs advanced for the drilling of said well.

(15) That the pooling provisions of this order should ^{apply} ~~not apply~~ ^{to} any acreage or formation described in Finding No. (2) above which acreage ^{or formation} is not dedicated to said well upon completion.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, from the surface of the ground to the base of the Queen formation underlying the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East, NMPM, Langlie Mattix Pool, Lea County, New Mexico, are hereby pooled to form a standard 40 acre oil spacing and proration unit to be dedicated to a well to be drilled 1980 feet from the North line and 1980 feet from the West line of said Section 22; and said formations underlying the N/2 NE/4, NE/4 NW/4, and SE/4 NW/4 of said Section 22, Jalmat Gas Pool, Lea County, New Mexico, are hereby pooled to form a non-standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a ~~non~~^{non-}standard location as set out above which location is hereby approved.

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

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of June, 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 Burleson & Huff 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, 150 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 \$200.00 per month while drilling and \$100.00 per month while producing are ~~per month~~ is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-

Case No.

Order No. R-

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

(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.

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

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

IT IS FURTHER ORDERED:

(1) That upon completion of the well being drilled under the terms of this order, the applicant shall notify the Secretary-Director of the Commission of the pool in which said well is completed and the ~~proportion~~ ^{proportion unit} ~~dedicated~~ ^{assigned} thereto, and shall reimburse any working interest owner in acreage not included in such proportion unit for any well costs advanced for the drilling of said well.

(2) That the pooling provisions of this order shall terminate, ipso facto, as to any acreage not dedicated to said well upon completion and as to any formation not included within the vertical limits of the pool in which said well is completed.

(3) Jurisdiction

Boulder & Huff

Camp Gulch

Pooling

Rea County

of the
SE/4 NW/4

S22 T25S R37E

green formation
standard location

Called in 12/28/77

Tom Kellahin