

CASE NO.

6209

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



Southern Union Exploration Company
First International Building
Dallas, Texas 75201
(214) 748-3511

January 30, 1979

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey, Director

Re: Case No. 6209; Order No. R-5710

Dear Mr. Ramey:

Per the captioned order, attached please find an itemized schedule of the actual costs to date to drill and attempt to complete the Grynberg Federal #1, 1400' P.C. test. Current status of the well is having been temporarily abandoned, subject to our inability to complete in the P.C. An evaluation of the results to date is being performed toward presenting recommendations to Management as to future plans. The indicated difference between estimated and actual costs is due to the additional acidizing, fracing, perforating and completion rig costs incurred in attempting to complete the well.

Very truly yours,

James G. Ellis

James G. Ellis
Chief Petroleum Engineer

JGE:mt
Attachment

cc: Mr. Michael P. Grace, Jr.
Suite 525
911 Walker
Houston, Texas 77002

FEB 1 1979
OIL CONSERVATION DIVISION
SANTA FE, N.M.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6209
Order No. R-5710

APPLICATION OF SOUTHERN UNION
EXPLORATION CO. FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of April, 1978, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Southern Union Exploration Co.,
seeks an order pooling all mineral interests in the Pictured
Cliffs formation underlying the NW/4 of oversize Section 18,
Township 25 North, Range 13 West, NMPM, San Juan County, New
Mexico.

(3) That the applicant has the right to drill and proposes
to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed pro-
duction 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 per month while drilling and \$125.00 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 August 1, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pictured Cliffs formation underlying the NW/4 of oversize Section 18, Township 25 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 196.67-acre non-standard 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 August, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pictured Cliffs formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of August, 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 Division 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 Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Southern Union Exploration Co. 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 Division 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 Division 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 Division and the Division 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 Division 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 \$125.00 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.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division 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 Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY, Director

S E A L

dr/

**SOUTHERN UNION SUPPLY COMPANY
WELL COST ESTIMATE**

Lease and Well No. Grynberg Federal #1
 Location 1320' FNL and 1320' FWL, Section 18, T-25-N, R-13-W
 Field WC-PC County San Juan State New Mexico
 Primary Target Pictured Cliffs Depth 1400 Estimated Days 6
 (WC) (D) (SO) (OWDD)

EQUIPMENT QUANTITY			TANGIBLE EQUIPMENT DESCRIPTION	EXPENDITURE COST		
Estimated		Actual		Estimated		Actual
Dry-Hole	Producer			Dry Hole	Producer	
100		41	Casing:	500	200	
	1400	1400	5-1/2"OD, Used \$5/ft.			
			2-7/8", 6.4 #, J-55, EUE\$3/ft.	4200	4200	
	1400	1400	Tubing:			
			1-1/4", ID, 1.7#, J-55, EUE\$2/ft.	2800	3402	
			Other Equipment:			
			Well Head	450	562	
			Packer	75	-	
			Miscellaneous Pipe & Fittings		393	
			Downhole Pump		775	
TOTAL TANGIBLES				500	9532	
				7525		

INTANGIBLE COST DESCRIPTION			
Drilling Contract:			
Footage	1400	ft. @ \$ 4.00 /ft.	5600
Daywork, w/D.P.	1	days @ \$ 1320 /day	1320
Daywork, w/o D.P.		days @ \$ /day	
Completion Rig Costs	2	days @ \$ 500 /day	1000
Other Rig Costs			-
Drill Pipe Rental			500
Tool and Equipment Rentals			500
Casing Crews, Tools and Tongs			1896
Fuel and Water			819
Bits and Coreheads			450
Drilling Mud and Chemicals			205
Primary Casing Cementing Services and Materials			500
Squeeze Cementing Services and Materials			600
Acidizing and Fracturing			1700
Open Hole Logging			2917
Cased Hole Logging and Perforating			5500
Coring, Core Analysis and Paleo.			2100
Mud Logger			1985
Drill Stem Tests			1000
Transportation & Labor			7082
Location Costs			-
Supervision			-
Geologist			300
Miscellaneous 5% Contingency			300
Production Facilities Hook Up			200
			11017
			800
			661
			535
			1195
TOTAL INTANGIBLES			13881
TOTAL ESTIMATED COST			11235
			76698
			14381
			18760
			86230

BY: David A. Jones
Faj
 Date March 15, 1978

COMPLETED WELL 33141

Date Spudded 4/29/78
 Date Completed Temp. Aband.
 Total Depth 1400'

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

August 28, 1978

Mr. Tommy Roberts
Box 1020
Farmington, New Mexico 87401

Re: Case No. 6209
Order No. R-5710

Dear Mr. Roberts:

This is with reference to your letter of August 18, 1978, wherein you request an extension of time to complete the well in the above referenced Order.

Since this well was spudded on April 29, 1978, and since you are experiencing difficulties in completing the well, an extension to the time period in Finding No. 1 of the above Order should be authorized. You are therefore given an extension of sixty days in which to complete this well.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

C
O
P
Y

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 22, 1978

Mr. Tommy Roberts
Box 1020
Farmington, New Mexico 87401

Re: Case No. 6209
Order No. R-5710

Dear Mr. Roberts:

OK This is with reference to your letter of August 18, 1978, wherein you request an extension of time to complete the well in the above referenced Order.

Since you still have approximately 98 days left in which to complete the well, I believe your request for a time extension is premature. If in late November, 1978, you still have not completed the well, I will entertain a request for a time extension.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Since this well was spudded on April 29, 1978, & since you are experiencing difficulties in completing the well, an extension to the time period in Finding No. 1 of the above Order should be authorized. You are therefore given an extension of sixty days in which to complete this well.

YUT

C
O
P
Y

LAW OFFICES

TANSEY, ROSEBROUGH, ROBERTS & GERDING, P.C.

621 WEST ARRINGTON
FARMINGTON, NEW MEXICO 87401

August 18, 1978

CHARLES M. TANSEY
HASKELL D. ROSEBROUGH
AUSTIN E. ROBERTS
RICHARD L. GERDING
BYRON CATON
TOMMY ROBERTS
JAMES B. COLLINS

Mailing Address:
P. O. Box 1020

Phone: 525-1801
Area Code 505

AUG 22 1978

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico 87501

Attention: Joe D. Ramey
Director

Re: Case No. 6209
Order No. R-5710

Dear Mr. Ramey:

Pursuant to the above-referenced Order, Southern Union Exploration Company was to commence the drilling of a well upon the subject property on or before August 1, 1978, and was required to complete the drilling of such well within 120 days after commencement thereof.

The purpose of this letter is to inform you that such well will not be completed within the prescribed time period and to request an extension of 60 days in which to complete the drilling of such well.

Southern Union Exploration is experiencing problems with the recovery of load water which problem has delayed the completion of the well.

If you have any questions concerning the drilling of this well, please feel free to call or write.

Yours very truly,

Tommy Roberts
Tommy Roberts

CC
Jim Ellis
Southern Union Exploration Company

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

 $dr/$

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6209

Order No. R- 5710

APPLICATION OF SOUTHERN UNION EXPLORATION
CO., FOR COMPULSORY POOLING, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of April, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Southern Union Exploration Co.
seeks an order pooling all mineral interests ⁱⁿ the Pictured Cliffs
formation underlying the NW/4
^{over size}
of ~~A~~ Section 18, Township 25 North, Range 13 West
NMPM, San Juan County, New
Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(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 \$125.00 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 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 August 1, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pictured Cliffs formation underlying the NW/4 ^{crystalline} of Section 18, Township 25 North, Range 13 West, NMPM, _____, San Juan County, New Mexico, are hereby pooled to form a ~~standard~~ ^{non-standard} 196.67-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 August, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pictured Cliffs formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of August, 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 Division 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 Division^{Director} and show cause why Order (1) of this order should not be rescinded.

(2) That Southern Union Exploration/^{Co.} 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 Division 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 Division 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 Division and the Division 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 Division will determine reasonable well costs after public notice and hearing.

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

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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 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 \$125.00 per month while producing are 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.

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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 San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division 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 Division may deem necessary.

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

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
APRIL 19, 1978

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of Southern Union)
Exploration Company for compulsory)
pooling, San Juan County, New)
Mexico.)
)

Case 6209

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 Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division

For the Applicant:

Tommy Roberts
Tansey, Rosebrough, Roberts, Garding
Attorneys at Law
511 W. Arrington
Farmington, New Mexico.

LANPHERE REPORTING SERVICE

P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

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* * * * *

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P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

MR. STAMETS: Call next Case 6209.

MS. TESCHENDORF: Case 6209. Application of Southern Union Exploration Company for compulsory pooling, San Juan County, New Mexico.

MR. ROBERTS: Tommy Roberts on behalf of Southern Union Exploration Company. I'm a member of the firm of Tansy, Roberts, Rosebrough, Garding, Farmington, New Mexico. I have two witnesses.

MR. STAMETS: I would like to have them stand and be sworn at this time please.

(WHEREUPON, the witnesses were
duly sworn.)

MR. ROBERTS: I call Mr. Steve Hanger.

STEPHEN HANGER

the witness herein, having been previously sworn,
was examined and testified as follows:

DIRECT EXAMINATION

BY MR. ROBERTS:

Q Would you state your name?

A Stephen Hanger.

Q And your occupation?

A Land man with Southern Union Exploration.

Q How long have you been in that position?

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P.O. BOX 449
56 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

A Two months.

MR. ROBERTS: Mr. Examiner, we don't anticipate any expert testimony from this witness and we would ask that he be allowed to go ahead and testify.

MR. STAMETS: You may proceed.

Q (By Mr. Roberts) Mr. Hanger, I show you what's been marked as Exhibit No. 1. Would you explain to the Examiner what that exhibit is?

A That's our application to permit to drill a well.

Q What is the significance of that exhibit?

A The initial exhibit we presented to the Commission called for 160 acre spacing up in Section 18 of 25 north, 13 west, San Juan County and the Commission requested that we include Michael Trust lands, which is at 36.97 acre lease along the west side of the northwest, northwest of this section, which is shown in Exhibit 2.

Q Directing your attention to Exhibit 2, would you again explain the working interest or the ownership interest of the minerals in this particular quarter section upon which you intend to drill a well?

A Southern Union owns the lease on the 160 acres in northwest, northwest Section 18 and the Mike Trust

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SANTA FE, NEW MEXICO 87501

land on the lease, on the 36.97 acres along the west end of that quarter, quarter section.

Q Mr. Hanger, have you been in contact with the people or persons of interest in the Mike Trust lands for the purpose of agreement as to the pooling of this acreage?

A Yes, I talked to Mr. Ray Anaya, who is the trustee for the Mike Trust land and the first time I contacted him I offered to see if he would sell the lease to us or sign it to us and he said no, they weren't interested in doing anything at this time with it.

Then I contacted him again and asked him if they would be willing to join us in the drilling of this well and he told us, no, they didn't really have the funds to join in the drilling of this well but they have no objections to a compulsory force pooling of these lands.

Q Mr. Hanger, have these exhibits been prepared by you or under your supervision?

A Yes.

MR. ROBERTS: We move for the introduction of those exhibits, o and 2.

MR. STAMETS: These exhibits will be admitted.

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P.O. BOX 449
54 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

(WHEREUPON, Applicant's Exhibits 1
and 2 admitted into evidence.)

MR. ROBERTS: We have no other questions
of this witness.

MR. STAMETS: Any questions of the witness?

MR. RAMEY: Just a clarification question.
I think you were referring to northwest of the northwest?

MR. HANGER: It would be the northwest
quarter, excuse me.

MR. RAMEY: Northwest quarter?

MR. HANGER: Right.

MR. STAMETS: Any other questions? The
wintess may be excused.

MR. ROBERTS: Call Dave Davies.

DAVID DAVIES

the witness herein, having been previously sworn,
was examined and testified as follows:

DIRECT EXAMINATION

BY MR. ROBERTS:

Q Would you state your name for the record?

A David John Davies.

Q What is your occupation?

A I'm a geologist with Southern Union Exploration.

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P.O. BOX 449
22 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

Out of Dallas.

Q How long have you been so employed?

A Between six and seven months.

Q Have you had any prior experience as a geologist?

A Yes, I certainly have. I worked for approximately three years with Inserts Exploration, Incorporated also out of Dallas. Partially during that time I was employed as a geological technician at Southern Methodist University in Dallas.

Q Would you briefly explain to the examiner your background, educational background?

A Yes. I attended Southern Methodist University in Dallas receiving a Bachelor of Science degree in geology with emphasis in segmentation, pigmentology. I received my degree in May of 1977.

Q Have you testified before this Commission?

A No, I have not.

MR. ROBERTS: We would ask that the witness' qualification as a geologist be accepted.

MR. STAMETS: The witness is considered qualified.

Q (By Mr. Roberts) Mr. Davies, would you

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P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

please look at what has been marked as Exhibit No. 4 and explain to the Examiner the significance of this exhibit?

A Yes. It is a structure map of the area surrounding the area of interest in San Juan County, New Mexico, structure map on the top of the Pictured Cliff formation with a scale of one inch equals 2,000 feet. Basically, what it shows is, as you can see, as is typical of the San Juan Basin in this particular portion namely the southwest portion of the basin. There is very little structure relief whatsoever within the basin except for your gradual north to northeast redipping beds.

In other words, you don't have any sort of structural entrapment. Also this shows that the area surrounding the proposed location had very few wells drilled in it. In fact, there has only been two wells drilled within the, say, the last fifteen years within a radius of seven to eight miles. This area being the area southwest of the Bistie Gallup Field.

There has been activity north and northeast of the Bistie field. However, in this particular area there has not been any activity. Also, as you can see from this map, there is no Pictured Cliffs production at this time within an area of let's say six to seven miles

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SANTA FE, NEW MEXICO 87501

within the proposed location and therefore it can very definitely be classified as a wildcat and in fact, a wildcat not near any production, let's say.

The closest production would be approximately seven miles away to the northeast in the Nip Field.

Q Do you have any other comments to make concerning this exhibit?

A Not at this time.

Q I would like you to look at what has been marked as Exhibit No. 5 and describe that exhibit to the Examiner.

A This is--

Q --and explain the significance of that exhibit?

A This is a well cost estimate, an inhouse well cost estimate that we have drawn up showing the probable cost of a dry hole and incompleted well for the Grynberg Federal location, which it shows the total estimated cost dry hole cost of \$14,381.00 completion cost of \$18,760 and therefore a cost of a completed well is \$33,141.00.

Q Mr. Davies, have you been able to assing a risk factor to the attempted drilling of this well?

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SANTA FE, NEW MEXICO 87501

A Numerically I have not. However, I would classify it as a wildcat with a risk factor of approximately four or five or more. In other words, a highly risky prospect. There are, as I've mentioned, there is no production nearby. In fact, the only nearby well is the Anderson, F. R. Anderson No. 11-18 Federal approximately 1300 feet away in Section 18, Township 25 north, Range 13 west, which did not have any Pictured Cliff show at all.

Therefore, it could very well be classified as a wildcat well with a very high risk.

Q Have you been able to assign a cost of supervision to this well during the drilling of the well?

A Yes, we have.

Q What amount have you assigned?

A We have assigned a cost of \$1500 during drilling.

Q Upon the completion of the well do you anticipate any further supervisory cost associated with this particular well?

A Yes, we do. We anticipate approximately \$500 per month.

Q In your opinion will the granting of this application for compulsory pooling facilitate the protection

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of correlative rights and prevention of waste?

A Yes, it will.

Q Have the Exhibits 4 and 5 been prepared by you or under your supervision?

A Yes, they have.

MR. ROBERTS: We move for the introduction of Exhibits 4 and 5.

MR. STAMETS: These exhibits will be admitted.

(WHEREUPON, Applicant's Exhibits 4 and 5 admitted into the evidence.)

MR. ROBERTS: We have no other questions of this witness.

MR. STAMETS: I presume, Mr. Davies, that Southern Union would like to have the maximum risk factor assigned?

A That is correct, yes.

MR. STAMETS: Getting back to the \$500 production cost, I think you must be including something other than combined fixed rates in that the figure you presented is anywhere from four to five times higher than anyone else in the area.

MR. DAVIES: Well, the reason we have come

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SANTA FE, NEW MEXICO 87501

up with that figure basically is that there is no other production within an area of, you know, several miles around and therefore we basically had to come up with a figure. It may possibly be a little bit high. However, on the other hand having no other figures to go on for that particular area then we felt that would be a reasonable figure.

MR. STAMETS: Without, it would be difficult, I believe, for the Examiner to recommend that figure to the Director without a complete accounting thereof presented subsequent to this hearing or if you've got a copy of it with you today.

MR. DAVIES: It might, possibly.

MR. ROBERTS: Are you able to reduce it?

MR. DAVIES: I think it would be possible in that case to reduce it somewhat, yes. As I have said that was the figure that we have arrived at using basically no other information, you know, on current producers nearby and therefore, it would be possible and perhaps to to reduce that.

MR. STAMETS: Assuming too that you did get a discovery in the area, and additional wells would be drilled, producing costs would go down, would they not?

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SANTA FE, NEW MEXICO 87501

MR. DAVIES: Correct.

MR. STAMETS: Any other questions of the witness? He may be excused.

MR. ROBERTS: We do have a problem with time on this particular well. We have a rig assigned toward the end of this month that's available and in the area and it will be very helpful if we could have a rapid decision on this. Also our leases will be up May 1st, so we need--

MR. STAMETS: I would assume that if a reasonable supervision charge, something more like what you would find on the average well in the San Juan Basin were proposed before the day was over, that we could expediate this.

MR. DAVIES: We will provide that to you.

MR. STAMETS: I'm sure you have something. Anything further in this case? The case will be taken under advisement.

(WHEREUPON, hearing was concluded.)

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P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, CSR-RPR with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED At Santa Fe, New Mexico, this eleventh day of May, 1978.

Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Examiner hearing of Case No. 6209 heard by me on 4-19 1978.
Richard L. Ham
New Mexico Oil Conservation Commission, Examiner

LANPHERE REPORTING SERVICE

P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

May 15, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Tommy Roberts
Tansey, Rosebrough, Roberts
& Gerding
Attorneys at Law
P. O. Box 1020
Farmington, New Mexico 87401

Re: CASE NO. 6209
ORDER NO. R-5710-A

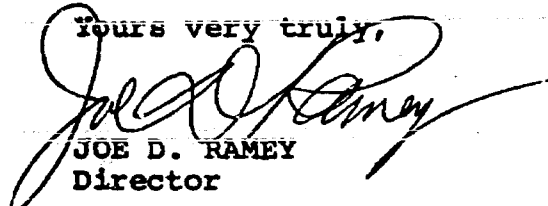
Applicant:

Southern Union Exploration Co.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC X

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF SOUTHERN UNION EXPLORATION
CO. FOR COMPULSORY POOLING, SAN JUAN
COUNTY, NEW MEXICO.

CASE NO. 6209
Order No. R-5710-A

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-5710,
dated April 21, 1978, does not correctly state the intended
order of the Division,

IT IS THEREFORE ORDERED:

(1) That the first paragraph of Section (1) on Page 3
of Order No. R-5710, Case No. 6209, be and the same is
hereby corrected to read as follows:

"(1) That all mineral interests, whatever
they may be, in the Pictured Cliffs formation
underlying the NW/4 of oversize Section 18,
Township 25 North, Range 13 West, NMPM, San
Juan County, New Mexico, are hereby pooled to
form a 196.97-acre non-standard gas spacing
and proration unit to be dedicated to a well
to be drilled at a standard location thereon."

(2) That this order shall be effective nunc pro tunc
as of April 21, 1978.

DONE at Santa Fe, New Mexico, this 12th day of May, 1978.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Division Director


dr/



JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

April 24, 1978

Re: CASE NO. 6209
ORDER NO. R-5710

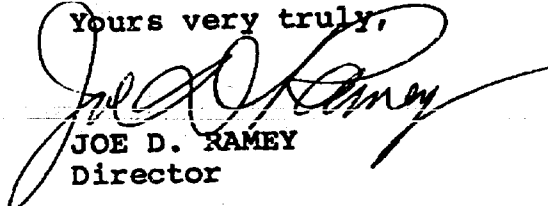
Mr. Tommy Roberts
Tansey, Rosebrough, Roberts
& Gerding
Attorneys at Law
P. O. Box 1020
Farmington, New Mexico 87401

Applicant:
Southern Union Exploration Co.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC x

Other _____



Southern Union Exploration Company
First International Building
Dallas, Texas 75270
(214) 748-3511

May 3, 1978

Handwritten initials: RFL

Mr. Ray Anaya
Eddy County Courthouse
Room 105
Carlsbad, New Mexico 88220

Re: NMOCC Case No. 6209
Order No. R-5710 Dated April 21, 1978

Dear Mr. Anaya:

Per the captioned order, please find attached the well cost estimate for the Grynberg Federal #1, located in section 18-T25N-R13W, San Juan County, New Mexico. Due to our lease subject to expiration on 5/1/78, I am not able to provide the Mike Trust Lands with 30 days notice prior to drilling, however this poses no problem. We spudded on April 29, 1978, and this date are logging. There is no indication as yet as to whether we will complete the well.

Yours very truly,

Handwritten signature: James G. Ellis

James G. Ellis
Chief Petroleum Engineer

JGE:mt

cc: NMOCC - Santa Fe - w/att
NMOCC - Aztec - w/att

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6209
Order No. R-5710

APPLICATION OF SOUTHERN UNION
EXPLORATION CO. FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of April, 1978, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Southern Union Exploration Co.,
seeks an order pooling all mineral interests in the Pictured
Cliffs formation underlying the NW/4 of oversize Section 18,
Township 25 North, Range 13 West, NMPM, San Juan County, New
Mexico.

(3) That the applicant has the right to drill and proposes
to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed pro-
duction 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 per month while drilling and \$125.00 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.

-3-

Case No. 6209

Order No. R-5710

(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 August 1, 1978, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pictured Cliffs formation underlying the NW/4 of oversize Section 18, Township 25 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 196.67-acre non-standard 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 August, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pictured Cliffs formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of August, 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 Division 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 Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Southern Union Exploration Co. 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 Division 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

-4-

Case No. 6209
Order No. R-5710

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 Division 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 Division and the Division 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 Division 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 \$125.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the

-5-

Case No. 6209
Order No. R-5710

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.

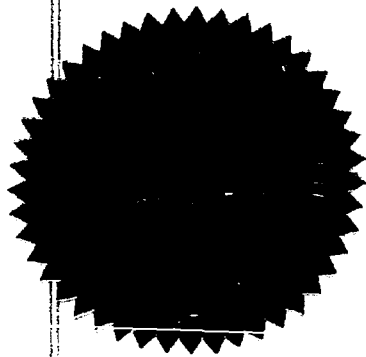
(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of 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 Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY, Director



dr/

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM 5459		
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
7. NAME OF OPERATOR Southern Union Exploration Company		7. UNIT AGREEMENT NAME		
8. ADDRESS OF OPERATOR Suite 1800, First International Bldg., Dallas, Texas 75270		8. FARM OR LEASE NAME Grynberg Federal		
9. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1650' FNL, 1650' FWL, SEC. 18, T25N, R13W At proposed prod. zone		9. WELL NO. 1		
10. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 26 miles south of Farmington, New Mexico		10. FIELD AND POOL, OR WILDCAT Wildcat		
11. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 1650'		11. SEC., T., R., M., OR S.E. AND SURVEY OR AREA SEC. 18, T25N, R13W NMPM		
12. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		12. COUNTY OR PARISH San Juan		
13. ELEVATIONS (Show whether DF, RT, GR, etc.) 6421' GR		13. STATE N.M.		
14. NO. OF ACRES IN LEASE 640		14. NO. OF ACRES ASSIGNED TO THIS WELL 196.97		
15. PROPOSED DEPTH 1400'		15. ROTARY OR CABLE TOOLS Rotary		
16. APPROX. DATE WORK WILL START* April 15, 1978				
23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
6 1/4	5 1/2 (new)	14.00	100	To surface
4 3/4	2 7/8 (new)	6.5	1400	To surface per caliper log

Operator proposes to drill a Pictured Cliffs test at this location. The Fruitland formation is estimated at 750' and Pictured Cliffs at 1200'. The well will be drilled with mud of 8.5 lb/gal weight, 35 viscosity and less than 10 cc fluid loss. The completion will be determined from open hole logs. No abnormal pressures or temperatures are anticipated.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1

CASE NO. 6209

Submitted by So. Union Exp

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface structure and proposed and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] Agent TITLE Area Manager
Minerals Management DATE 3-8-78
(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

APPROVED BY TITLE DATE
CONDITIONS OF APPROVAL, IF ANY:

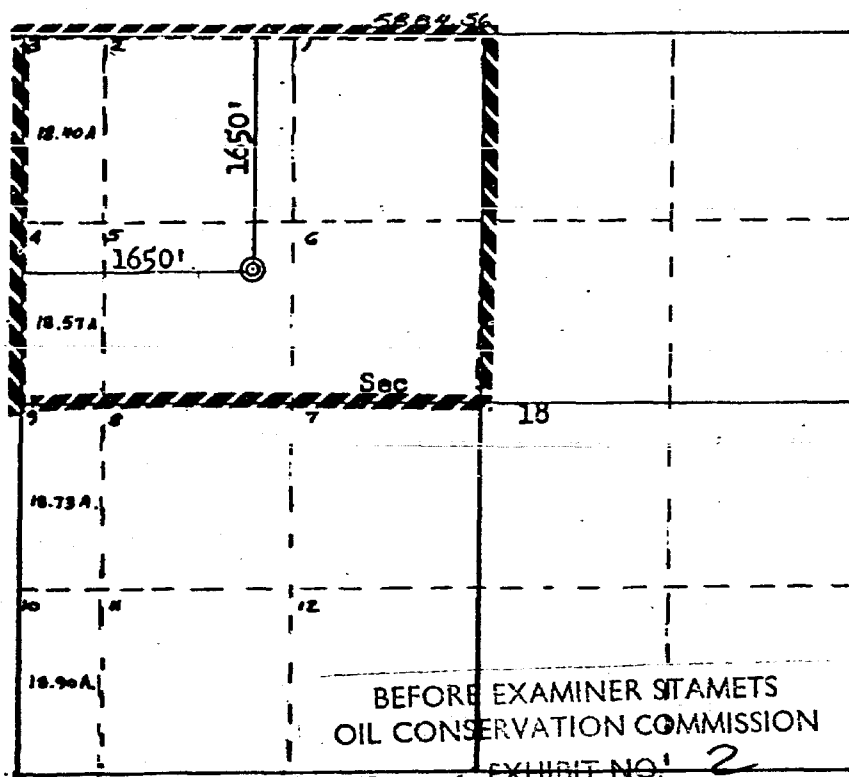
*See Instructions On Reverse Side

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator Southern Union Exploration Co.			Lease Grynberg-Federal		Well No. 1
Unit Letter E (lot #5)	Section 18	Township 25N	Range 13W	County San Juan	
Actual Footage Location of Well: 1650 feet from the North line and 1650 feet from the West line					
Ground Level Elev. 6421	Producing Formation Pictured Cliffs		Pool Undesignated		Dedicated Acreage 196.97 Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes," type of consolidation _____</p> <p>If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.</p>					



SCALE: 1"=1320'

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. **2**
CASE NO. **6209**
Submitted by **So. Union Exp**
Hearing Date **April 20, 1978**

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
W. E. Landry
Position
Area Manager
Company
Minerals Management Inc.
Date
3-8-78

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
March 7, 1978
Registered Professional Engineer and Land Surveyor
Fred B. Kopp Jr.
Certificate No.
3950

MEXICO OIL CONSERVATION COMMISSION 24-11

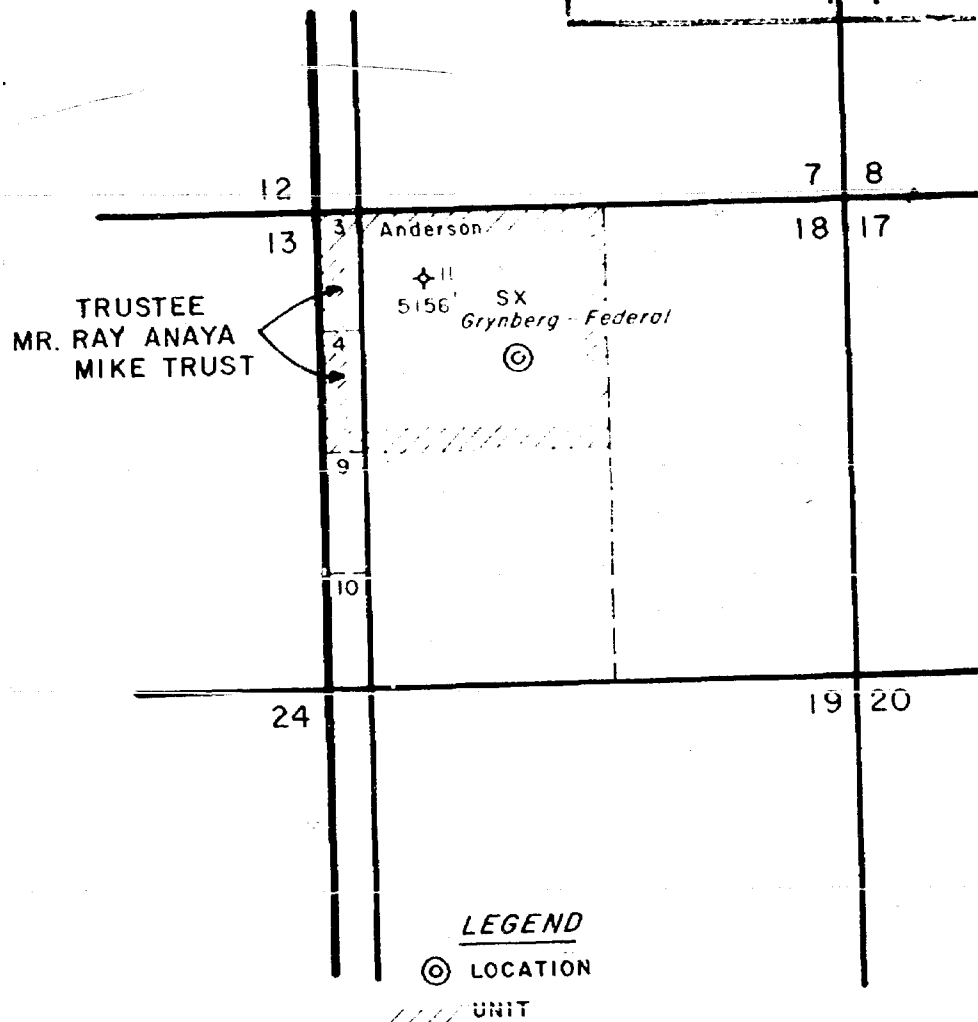
BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 3

CASE NO. 6209

Submitted by Southern Union Exploration

T 25 N - R 14 W
Hearing Date 4/19/78



SOUTHERN UNION EXPLORATION COMPANY

COMPULSORY POOLING APPLICATION
NEW MEXICO CASE 6209
SET FOR APRIL 19, 1978, HEARING
EXHIBIT I

ACREAGE MAP
SAN JUAN COUNTY, NEW MEXICO

GEOLOGICAL STAFF
DRAFTED BY: H.E.B.

APRIL, 1978

SOUTHERN UNION SUPPLY COMPANY
WELL COST ESTIMATE

Lease and Well No.	Crynberg Federal #1		
Location	1320' FWL and 1320' FWL, Section 18, T-25-N, R-13-W		
Field	WC-PC	County	San Juan State New Mexico
Primary Target	Pictured Cliffs	Depth	1400 Estimated Days 6
(WC) (D) (SO) (OWDD)			

[illegible]

INTANGIBLE COST DESCRIPTION

Drilling Contract:					
Footage	1400		ft. @ \$4.00 /ft.	5600	
Daywork, w/D.P.	1		days @ \$1320 /day	1320	
Daywork, w/o D.P.			days @ \$ /day		
Completion Rig Costs	2		days @ \$ 500 /day		1000
Other Rig Costs					
Drill Pipe Rental				500	500
Tool and Equipment Rentals					
Casing Crews, Tools and Tongs					
Fuel and Water				450	
Bits and Coreheads					
Drilling Mud and Chemicals				500	
Primary Casing Cementing Services and Materials				600	1700
Squeeze Cementing Services and Materials					
Acidizing and Fracturing					5500
Open Hole Logging				2100	
Cased Hole Logging and Perforating					1000
Coring, Core Analysis and Paleo.					
Mud Logger					
Drill Stem Tests					
Transportation				300	300
Location Costs				550	200
Supervision				500	500
Geologist				800	
Miscellaneous 5% Contingency				661	535
Production Facilities Hook Up					
TOTAL INTANGIBLES				13881	11235
TOTAL ESTIMATED COST				14381	18760

BY: Special Agent
FBI
Date March 15, 1978

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 5
CASE NO. 6209 Date Spudded
Date Completed
Submitted Southern U. & O. Exp. 12/1/78
Hearing 4-19-78

Dockets Nos. 16-78 and 17-78 are tentatively set for hearing on May 3 and 17, 1978. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 19, 1978

9 A.M. - OIL CONSERVATION DIVISION 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 May, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6151: (Continued from March 22, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vega Petroleum Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the North Caprock Queen Unit No. 1 Well No. 5Y located in Unit E of Section 8, Township 13 South, Range 32 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6199: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marion B. Edmonds and O. A. Peters and all other interested parties to appear and show cause why the Edmonds & Peters Federal Well No. 1 located in Unit M of Section 3, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6200: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Astro-Tex Oil Corp., American Employers' Insurance Co., and all other interested parties to appear and show cause why the Cain Well No. 2 located in Unit J of Section 22, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6201: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paul Haskins and all other interested parties to appear and show cause why the Federal "17" Well No. 1 located in Unit P of Section 17, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6202: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Teledyne Fed. Gas Com Well No. 1 to be located 660 feet from the South line and 1980 feet from the East line of Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico, the E/2 of said Section 4 to be dedicated to the well.

CASE 6203: Application of Walter W. Krug DBA Wallen Production Co., for special casing-cementing rules in the Potash-Oil Area, Lea County, New Mexico. Applicant, in the above-styled cause, asks that the special cable tool casing-cementing rules for wells in the North Lynch Yates-Seven Rivers Pool, as promulgated by Order No. R-4253, be extended to encompass additional lands, including all or portions of Sections 20, 21, 27, 28, 33 and 34, Township 20 South, Range 34 East, Lea County, New Mexico.

CASE 6204: Application of Producing Royalties, Inc., for exemption from the Natural Gas Pricing Act, San Juan County, New Mexico. Applicant, in the above-styled cause, proposes to drill a replacement Pictured Cliffs gas well in the same proration unit as its Payne Well No. 2, that is, the NW/4 of Section 12, Township 29 North, Range 12 West, San Juan County, New Mexico, and seeks exemption from the Natural Gas Pricing Act pursuant to a finding that the new well is justified for reasons other than avoiding the application of said act.

CASE 6205: Application of Gifford, Mitchell & Wisenbaker for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Quanah Parker Well No. 2-Y to be located 2770 feet from the South line and 2310 feet from the East line of Section 28, Township 26 South, Range 36 East, West Scarborough-Yates Pool, Lea County, New Mexico, the SW/4 NE/4 of said Section to be dedicated to the well.

- CASE 6206: Application of Cleary Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well at a point 4650 feet from the South line and 1980 feet from the West line of Section 5, Township 21 South, Range 32 East, South Lake-Morrow Field, Lea County, New Mexico, Lots 11, 12, 13, and 14, and SW/4 of said Section 5 to be dedicated to the well.
- CASE 6207: Application of Belco Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Little et al Well No. 1 to be drilled 1290 feet from the South line and 1720 feet from the West line of Section 20, Township 22 South, Range 27 East, South Carlsbad-Cherry Canyon Pool, Eddy County, New Mexico, the SE/4 SW/4 of said Section 20 to be dedicated to the well.
- CASE 6208: Application of Layton Enterprises, Inc., for two non-standard oil proration units and two unorthodox locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, each to be dedicated to a well to be drilled at an unorthodox location thereon. The first unit would comprise 102.55 acres being the N/2 NW/4 and Lot 1 of Section 16 with the well located 800 feet from the North line and 450 feet from the East line of the section; the second unit would comprise 101.84 acres being the S/2 NW/4 and Lot 2 of Section 16 with the well located 2120 feet from the North line and 450 feet from the East line of the section.
- CASE 6209: Application of Southern Union Exploration Co., for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 18, Township 25 North, Range 13 West, San Juan 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 6210: Application of Orla Petco, Inc., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Upper Delaware formation through the perforated interval from 2560 feet to 2690 feet in its Sanders Well No. 1 located in Unit G of Section 6, Township 23 South, Range 28 East, Herradura Bend- Delaware Field, Eddy County, New Mexico.

LAW OFFICES
TANSEY, ROSEBROUGH, ROBERTS & GERDING, P.C.
621 WEST ARRINGTON
FARMINGTON, NEW MEXICO 87401

CHARLES M. TANSEY
HARVEY D. ROSEBROUGH
AUSTIN E. ROBERTS
RICHARD L. GERDING
BYRON CATON
TOMMY ROBERTS
JAMES B. COLLINS

April 6, 1978

Mailing Address:
P.O. Box 1020

Phone: 325-1801
Area Code 505

Case 6209

Bill

Mr. Ray Anaya
Eddy County Courthouse Room 105
Carlsbad, New Mexico 88220

Re: Application of Southern Union
Exploration Company for compulsory
pooling of the mineral interest
underlying the NW $\frac{1}{4}$ of Section 18,
Township 25 North, Range 13 West,
N.M.P.M., San Juan County, New
Mexico

Dear Mr. Anaya:

I have been retained by Southern Union Exploration Company, Dallas, Texas, to assist them in filing an application for compulsory pooling of the mineral interest underlying the above referenced quarter Section. I have been informed that you are the Trustee for the Mike Trust, which trust estate consists partly of mineral interest underlying approximately 36.97 acres in the NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico. I am also informed that Southern Union Exploration Company has been in contact with you concerning the voluntary pooling of all mineral interest underlying said quarter Section.

The purpose of this letter is to give you notice that I have filed an application for compulsory pooling with the

1978
New Mexico Oil Conservation Commission, which application shall be heard by a hearing examiner on April 19, 1978. The office of the Oil Conservation Commission informs me that you will be mailed a copy of the trailing docket for that particular date.

If you have any questions, please feel free to call me.

Very truly yours,

Tommy Roberts

Tommy Roberts

TR/da
cc to:

Southern Union Exploration Company
Attention: Mr. James Ellis

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

LAW OFFICES

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BYRON CATON
TOMMY ROBERTS
JAMES B. COLLINS

April 6, 1978

Mailing Address:
P. O. Box 1020

Phone: 825-1801
Area Code 505

Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: In the matter of the application
of Southern Union Exploration
Company

Gentlemen:

Enclosed herewith are original and two copies of Application
in the above captioned matter.

Yours very truly,

Tommy Roberts
Tommy Roberts

TR/da
Enclosures

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Case 6209

IN THE MATTER OF THE APPLICATION
OF SOUTHERN UNION EXPLORATION COMPANY
FOR COMPULSORY POOLING OF ITS WELL TO
BE DRILLED IN THE NW $\frac{1}{4}$ of Section 18,
Township 25 North, Range 13 West,
N.M.P.M., San Juan County, New Mexico.

APPLICATION

COMES NOW Southern Union Exploration Company, by its undersigned attorneys, as provided by §65-3-14, New Mexico Statutes Annotated, 1953, as amended, and hereby makes application to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interest in and under the NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, from the surface to the base of the Pictured Cliffs formation, and in support thereof Applicant would show:

1. Applicant is the owner of the right to drill an oil or gas well and develop part of the following described acreage: NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico and proposes to drill a well to the Pictured Cliffs formation at a standard location thereon.

2. Applicant has requested the agent and attorney-in-fact for the Mike Trust land, the owner of an unleased mineral interest in 36.97 acres in said NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, to lease said interest to applicant or to voluntarily agree to pool said interest and acreage and join with applicant in the drilling of the above proposed well. The owner of said 36.97 acre tract has not agreed to lease said interest to applicant and has not voluntarily agreed to pool or join in the drilling of the well proposed by applicant. Applicant owns operating rights to 160 acres of the approved proration unit in the NW $\frac{1}{4}$ of Section 18 and Mike Trust Lands owns operating rights to 36.97 acres of the approved proration unit in said quarter and Section.

The name and address of the agent and attorney-in-fact for the Mike Trust Land is: Ray Anaya, Eddy County Courthouse, Room 105, Carlsbad, New Mexico 88220.

3. Applicant requests that it be designated Operator of the pooled unit requested above.

4. The Commission should pool all interest in the spacing or proration unit as a unit in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent waste.

5. The risk and expense of drilling and completing the proposed well is great and if any owners of any other possible interest in the NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, do not choose to pay their share of the cost of drilling and completion, Applicant should be allowed a reasonable charge for the supervision and a charge for the risk involved in addition to recovery of the actual cost of drilling and completing the well.

WHEREFORE, Applicant respectfully requests the Commission set this matter for hearing before the Commission's duly appointed examiner on April 19, 1978, and that after notice and hearing as required by law the Commission enter its order pooling all interests from the surface to the base of the Pictured Cliffs formation underlying the NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and designate Applicant Operator of the pooled unit, together with provision for Applicant to recover its costs out of production, including a risk factor to be determined by the Commission, with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest

may be determined and for further orders as may be proper in
the premises.

Respectfully submitted,

Southern Union Exploration Company

By: Tansey, Rosebrough, Roberts &
Gerding, P.C.

P. O. Box 1020
Farmington, New Mexico 87401

By: Tommy Roberts
Attorney for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SOUTHERN UNION EXPLORATION COMPANY
FOR COMPULSORY POOLING OF ITS WELL TO
BE DRILLED IN THE NW $\frac{1}{4}$ of Section 18,
Township 25 North, Range 13 West,
N.M.P.M., San Juan County, New Mexico.

APPLICATION

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1. Applicant is the owner of the right to drill an oil or gas well and develop part of the following described acreage: NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico and proposes to drill a well to the Pictured Cliffs formation at a standard location thereon.

2. Applicant has requested the agent and attorney-in-fact for the Mike Trust land, the owner of an unleased mineral interest in 36.97 acres in said NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, to lease said interest to applicant or to voluntarily agree to pool said interest and acreage and join with applicant in the drilling of the above proposed well. The owner of said 36.97 acre tract has not agreed to lease said interest to applicant and has not voluntarily agreed to pool or join in the drilling of the well proposed by applicant. Applicant owns operating rights to 160 acres of the approved proration unit in the NW $\frac{1}{4}$ of Section 18 and Mike Trust Lands owns operating rights to 36.97 acres of the approved proration unit in said quarter and Section.

The name and address of the agent and attorney-in-fact for the Mike Trust Land is: Ray Anaya, Eddy County Courthouse, Room 105, Carlsbad, New Mexico 88220.

3. Applicant requests that it be designated Operator of the pooled unit requested above.

4. The Commission should pool all interest in the spacing or proration unit as a unit in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent waste.

5. The risk and expense of drilling and completing the proposed well is great and if any owners of any other possible interest in the NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, do not choose to pay their share of the cost of drilling and completion, Applicant should be allowed a reasonable charge for the supervision and a charge for the risk involved in addition to recovery of the actual cost of drilling and completing the well.

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may be determined and for further orders as may be proper in
the premises.

Respectfully submitted,

Southern Union Exploration Company

By: Tansey, Rosebrough, Roberts &
Gerding, P.C.

P. O. Box 1020

Farmington, New Mexico 87401

By: Tommy Roberts
Attorney for Applicant

19.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SOUTHERN UNION EXPLORATION COMPANY
FOR COMPULSORY POOLING OF ITS WELL TO
BE DRILLED IN THE NW $\frac{1}{4}$ of Section 18,
Township 25 North, Range 13 West,
N.M.P.M., San Juan County, New Mexico.

APPLICATION

COMES NOW Southern Union Exploration Company, by its undersigned attorneys, as provided by §65-3-14, New Mexico Statutes Annotated, 1953, as amended, and hereby makes application to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interest in and under the NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, from the surface to the base of the Pictured Cliffs formation, and in support thereof Applicant would show:

1. Applicant is the owner of the right to drill an oil or gas well and develop part of the following described acreage: NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico and proposes to drill a well to the Pictured Cliffs formation at a standard location thereon.
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4. The Commission should pool all interest in the spacing or proration unit as a unit in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent waste.

5. The risk and expense of drilling and completing the proposed well is great and if any owners of any other possible interest in the NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, do not choose to pay their share of the cost of drilling and completion, Applicant should be allowed a reasonable charge for the supervision and a charge for the risk involved in addition to recovery of the actual cost of drilling and completing the well.

WHEREFORE, Applicant respectfully requests the Commission set this matter for hearing before the Commission's duly appointed examiner on April 19, 1978, and that after notice and hearing as required by law the Commission enter its order pooling all interests from the surface to the base of the Pictured Cliffs formation underlying the NW $\frac{1}{4}$ of Section 18, Township 25 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and designate Applicant Operator of the pooled unit, together with provision for Applicant to recover its costs out of production, including a risk factor to be determined by the Commission, with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest

may be determined and for further orders as may be proper in
the premises.

Respectfully submitted,

Southern Union Exploration Company

By: Tansey, Rosebrough, Roberts &
Gerding, P.C.

P. O. Box 1020
Farmington, New Mexico 87401

By: Jimmy Roberts
Attorney for Applicant

Memo

Case 6209
From

A. R. KENDRICK
Supervisor

To Dick:

Re: Order R-5710
paragraph (1)
The NW/4 of
Section 18 contains
196.97 Acres

Al

Al is right. We need
a Nunc Tunc Dick

NEW MEXICO OIL CONSERVATION COMMISSION - AZTEC, NEW MEXICO

All distances must be from the outer boundaries of the Section.

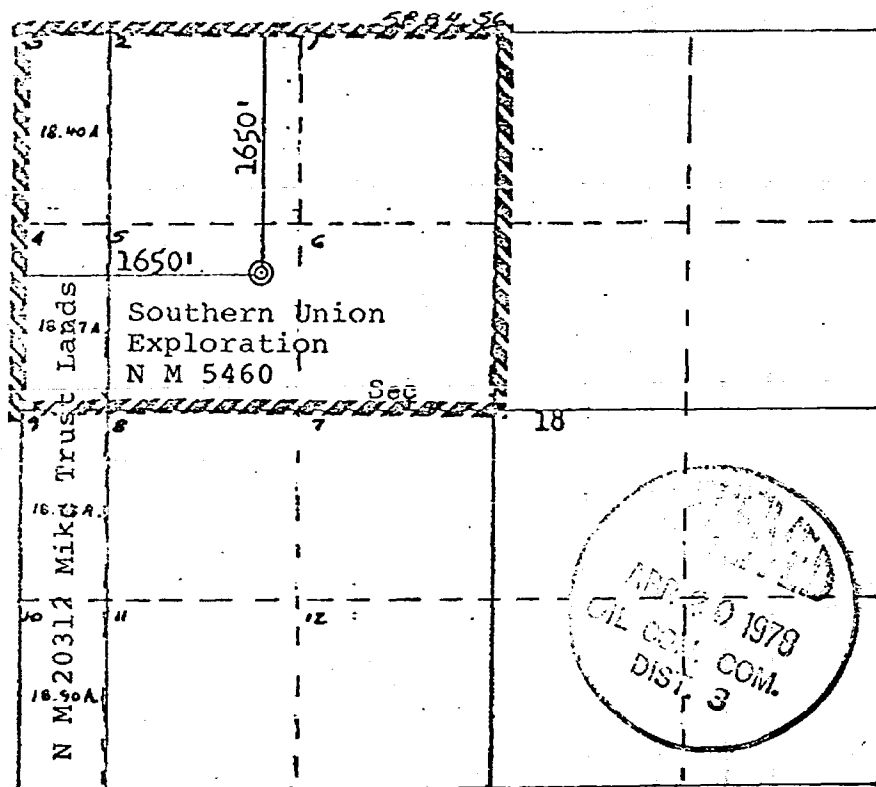
Operator Southern Union Exploration Co.			Lease Grynborg-Federal		Well No. 1
Unit Letter E (lot #5)	Section 18	Township 25N	Range 13W	County San Juan	
Actual Footage Location of Well: 1650 feet from the North line and 1650 feet from the West line					
Ground Level Elev: 6421	Producing Formation Pictured Cliffs	Pool Undesignated	Dedicated Acreage 196.97 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



SCALE: 1"=1320'

APR 14 1978

U. S. GEOLOGICAL SURVEY
WASHINGTON

RECEIVED

APR 13 1978

U. S. GEOLOGICAL SURVEY
DURANGO, COLO.

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
W. E. Landry
Position
Area Manager
Company
Minerals Management Inc.
Date
3-8-78

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
March 7, 1978
Registered Professional Engineer and Land Surveyor
Fred B. Noe Jr.
Certificate No.
3950

FORM 24-11

Memo

Case
6209

From

R. L. STAMETS
TECHNICAL
SUPPORT CHIEF

To 3-27-78

Tommy Roberts ⁷⁴⁴ Farmington

Comp. 150 m. Pooling. ~~150~~
Pictured cliffs Formation
Southern Union Exploration

Co. NW/4 18-25 N-13 W

S T G.

(No Pool Name)

To be dedicated to
a well to be drilled
at a standard location
thereon.

325-180/

OIL CONSERVATION COMMISSION-SANTA FE

~~11/11~~ ~~11/11~~
forced pooling

1207 / 1207 / 1207 /
good docket to =

Mike Trust lands
% Ray Anaya
Eddy County, Oklahoma
Rm 105
Carlsbad 88220

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

CASE NO. 6209

Order No. R- 5710-A

APPLICATION OF SOUTHERN UNION EXPLORATION CO.
FOR COMPULSORY POOLING,

SAN JUAN COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-5710
dated April 21, 1978, does not correctly state the
intended order of the Division,

IT IS THEREFORE ORDERED:

the first paragraph of Section
(1) That ~~That~~ (1) on Page 3 of Order No. R-5710, Case
No. 6209, be and the same is hereby corrected to read as follows:

"(1) That all mineral interests, whatever they
may be, in the Pictured Cliffs formation underlying
the NW/4 of oversize Section 18, Township 25 North,
Range 13 West, NMPM, San Juan County, New Mexico, are
hereby pooled to form a 196.97-acre non-standard gas
spacing and proration unit to be dedicated to a well to
be drilled at a standard location thereon."

(2) That this order shall be effective nunc pro tunc as of
April 21, 1978.

DONE at Santa Fe, New Mexico, this _____ day of May, 1978.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director