

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
FOR PACIFIC ENTERPRISES OIL COMPANY (USA)  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. 10139

CERTIFICATE OF MAILING

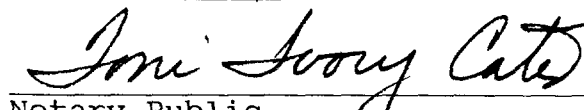
AND

COMPLIANCE WITH ORDER R-8054

In Accordance with Division Rule 1207 (Order R-8054) I hereby certify that on October 10, 1990, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the Application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for October 31, 1990, to the parties shown in the Application as evidenced by the attached copies of return receipt cards.

  
W. Thomas Kellahan

SUBSCRIBED AND SWORN to before me this 29 day of October, 1990.

  
Toni Ivory Cates  
Notary Public

My Commission Expires:

7-6-91

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
Pacific	EXHIBIT NO. 15
CASE NO.	10139

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this from being returned to you. The return receipt fee will provide you the name of the person delivered to, the date of delivery. For additional fees the following services are available. Consult postmaster for fee and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  
 Heirs of D. H. Ostrom & Pearl  
 M. Ostrom, c/o Joe W. Hayes,  
 Culton, Morgan, Birttan &  
 White, P.O. Box 189, Amarillo,  
 TX 79105  
 Re: PEOC Fed Com #12-1 (WTK)  
 FP

4. Article Number  
 P 438 025 444

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee  
 X

6. Signature - Agent  
 X

7. Date of Delivery  
 OCT 15 1990

8. Addressee's Address (ONLY if requested and fee paid)

**RECEIVED OCT 17 1990**

PS Form 3811, Apr. 1989

★ U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

P 438 025 445

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to George Gray	
Street and No. 133 S. Pacific, Apt 7	
City, State and ZIP Code Fond du Lac, WI 54601	
Postage	\$ .45
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.20
Postmark or Date Re: PEOC Fed Com #12-1 FP (WTK) 10/10/90	

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

P 438 025 446

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to E. L. Fulton	
Street and No. Leila Fulton	
P.O., State and ZIP Code La Plata County, CO	
Postage	\$ .45
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.20
Postmark or Date Re: PEOC Fed Com #12-1 FP (WTK) 10/10/90	

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

PACIFIC ENTERPRISES OIL COMPANY (USA) DIVISION

CERTIFIED RRR

December 13, 1990

'90 DEC 17 PM 9 28

SOUTHWEST REGION

200 N. Loraine, #400  
P.O. Box 3083  
Midland TX 79702-3083  
(915) 684-3861  
(915) 684-6426 (Fax)

Mr. George Gray  
5135 South Pacific, Apt. #7  
Glendale, California 91104

Mr. E. L. Fulton  
Leila Fulton  
La Plata County, Colorado

*10139*

RE: Square Lake Prospect #6139

-----  
PEOC Federal Com 12-1 Well  
N/2 Section 12, T-17-S, R-29-E  
Eddy County, New Mexico

Ladies and Gentlemen:

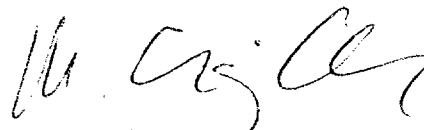
Enclosed please find a copy of the New Mexico Oil Conservation Division Order #R-9352 pooling all interest in the N/2 of Section 12, T-17-S, R-29-E, Eddy County, New Mexico.

Pursuant to Paragraph 3 of said Order, enclosed is an Authority For Expenditure for the drilling and completing of said well. Should you wish to participate, please forward your proportionate share of the estimated costs along with an executed Authority For Expenditure within thirty (30) days. In the event that Pacific does not hear from you within said time period, we will assume that you have chosen to go non-consent pursuant to the Order.

Should you have any questions or problems, please do not hesitate to contact me.

Very truly yours,

PACIFIC ENTERPRISES  
OIL COMPANY (USA)



M. Craig Clark  
Landman

MCC/dsr

cc: Mr. William J. LeMay  
State of New Mexico OCD  
P.O. Box 2088  
Santa Fe, NM 87504  
w/attachment

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 10139  
ORDER NO. R-9352

APPLICATION OF PACIFIC ENTERPRISES OIL  
COMPANY (USA) FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 31, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of November, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Pacific Enterprises Oil Company (USA), seeks an order pooling all mineral interests from 5000 feet below the surface to the top of the Mississippian Chester Limestone formation or to a depth of 11200 feet, whichever is deeper, underlying the N/2 of Section 12, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acre spacing, which presently includes the Undesignated Grayburg-Morrow Gas Pool.

(3) The applicant has a right to drill and proposes to drill its PEOC Federal Com "12" Well No. 1 at a standard gas well location thereon.

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

(13) 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 January 31, 1991, the order pooling said unit should become null and void and of no further effect whatsoever.

(14) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(15) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from 5000 feet below the surface to the top of the Mississippian Chester Limestone formation or to a depth of 11200 feet, whichever is deeper, underlying the N/2 of Section 12, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, within said vertical extent, which presently includes the Undesignated Grayburg-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 31st day of January, 1991, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 31st day of January, 1991, Decretory Paragraph No. (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 Decretory Paragraph No. (1) of this order should not be rescinded.

(2) Pacific Enterprises Oil Company (USA) is hereby designated the operator of the subject well and unit.

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

(9) \$5000.00 per month while drilling and \$500.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); 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) Any unleased 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) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(14) The operator of the subject well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(15) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

## PACIFIC ENTERPRISES OIL COMPANY (USA)

ORIGINAL

## AUTHORITY FOR EXPENDITURE

SOUTHWEST REGION  
200 N. Loraine, #400  
P.O. Box 3083  
Midland TX 79702-3083  
(915) 684-3861  
(915) 684-6426 (Fax)

DIVISION: Permian Basin Exploration Team

DATE: 5-31-90

DEPARTMENT: Exploration and Development

Midland, Texas

WELL NAME: PEOC Federal Comm #12-1

LOCATION: 660' FNL and 1980' FWL of Section 12, T-17-S, R-29-E  
Eddy County, New Mexico

Drill and Test Cost  
Completion

\$431,000.00  
294,000.00

TOTAL

\$725,000.00

## JUSTIFICATION:

Proposed 11,200' well to test the Morrow Formation.  
See attached detailed Drilling and Completion Cost Estimate.

PARTICIPANTS	WORKING INTEREST	COST	GROSS AFE AMOUNT
Pacific Enterprises			\$725,000.00
Oil Company (USA)	83.3330%	\$604,166	
George Gray	4.1667%	30,209	
L. Fulton	12.5000%	<u>90,625</u>	
		\$725,000	

APPROVED \_\_\_\_\_ DISAPPROVED \_\_\_\_\_

COMPANY REPRESENTATIVE \_\_\_\_\_

COMPANY \_\_\_\_\_

DATE \_\_\_\_\_



26/January/1990

PACIFIC ENTERPRISES OIL CO. (USA)  
DRILLING & COMPLETION DETAILED COST ESTIMATE

CATEGORY	NO.	DRILL & TEST	NO.	COMPLETION	
<u>TOTAL</u>					
Surface Casing					
450' of 13-3/8" OD H-40 48#/ft., 8rd, ST&C @ 18.50/ft.	50	8,400	xxx	0	8,400
Intermediate Casing					
2000' of 8-5/8" OD, 24#/ft., 8rd ST&C @ \$9.00/ft.					
1500' of 8-5/8" OD, 32#/ft., 8rd ST&C @ \$12.50/ft.	51	36,800	xxx	0	36,800
Production Casing					
11,200' of 5-1/2" OD, 17#/ft, N-80 @ 8.25/ft.	xxx	0	52	92,400	92,400
Liner					
___ ft of ___" OD, ___#/ft @ \$___/ft	xxx	0	53	0	0
Tubing					
10,900' of 2-3/8" OD, N-80, 4.7#/ft, 8rd, EUE @ \$3.15/ft	xxx	0	54	34,400	34,400
Xmas Tree & Tubing Head Components	55	3,500	182	12,000	15,500
Pumping Unit or Prime Mover	xxx	0	56	0	0
Production Platform - Mat. & Labor	xxx	0	58	0	0
Rods	xxx	0	59	0	0
Subsurface Pump	xxx	0	60	0	0
Tanks	xxx	0	61	15,000	15,000
Circulating Pump	xxx	0	63	0	0
Dehydrator	xxx	0	64	0	0
Heater Treater or Gunbarrel	xxx	0	65	8,000	8,000
Separator/FKKO	xxx	0	66	0	0
Flowline & Connection 500' ft of 2" OD FG Linepipe @ \$3/ft	xxx	0	68	1,500	1,500
Meter, Meter Run & Connections	xxx	0	70	5,000	5,000
Buildings	xxx	0	71	0	0
Packer	xxx	0	72	5,000	5,000
Miscellaneous Equipment (fittings, etc.)	73	3,300	185	5,700	9,000
<u>TOTAL TANGIBLES</u>		52,000		179,000	231,000
Installation of Tubing	xxx	0	54	0	0
Installation of Pumping Unit & Prime Mover	xxx	0	56	0	0
Installation of Tanks	xxx	0	61	5,000	5,000
Installation of Dehydrator	xxx	0	64	0	0
Installation of Heater Treater or Gun Barrel	xxx	0	65	5,000	5,000
Installation of Separator/FKKO	xxx	0	66	0	0
Installation of flowline	xxx	0	68	5,000	5,000
Installation of Miscellaneous Equipment	73	0	185	2,000	2,000
<u>TOTAL INTANGIBLE INSTALLATION COSTS</u>		0		17,000	17,000
Est. 5280' gas sales line @ \$48,000		379,000		98,000	477,000
		52,000		179,000	231,000
		0		17,000	17,000
<u>TOTAL WELL COST COMPLETED</u>		431,000		294,000	725,000

Prepared by: *C. Robert Munkley Jr.*Date: *1-26-90*Approved by: *(Signature)*Date: *1-27-90*