

CASE TO BE ADVERTISED AND PUT ON DOCKET FOR JUNE 20th HEARING.

Telephoned in by Conrad Coffield on May 16, 1984.
Application following shortly.

Amerind Oil Co. - Compulsory pooling, Lea County.

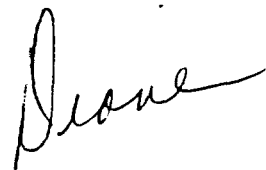
All interests in the Pennsylvanian Formation covering
the N/2 SW/4 of Section 21, T-16-S, R-37-E, Northeast
Lovington-Pennsylvanian Pool, Lea County.

Additional case to go to hearing on June 20th

Telephoned in by Conrad Coffield on May 16, 1984

Amerind Oil Co. - compulsory pooling, Lea County.

All interests in the Pennsylvanian Formation
covering the S/2 SW/4 of Sec. 21, T-16-S, R-37-E,
Northeast Lovington - Pennsylvanian Pool, Lea County

A handwritten signature in cursive script, appearing to read "D. Stone", is located in the lower right quadrant of the page.

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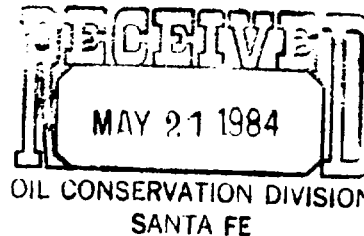
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May 17, 1984

OF COUNSEL
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W. E. BONDURANT, JR. (1913-1973)
 ROBERT A. STONE (1905-1981)

*NOT LICENSED IN TEXAS



Ms. Florene Davidson
 Oil Conversation Division
 Post Office Box 2088
 Santa Fe, New Mexico 87501

Re: Amerind Oil Co. --
 Applications for Compulsory
 Pooling in Lea County, New
 Mexico

Dear Florene:

Pursuant to my telephone conversation with Diane, I am transmitting herewith, executed in triplicate, copies of the following Applications, which have been set on the docket for June 20, 1984:


1. Application by Amerind Oil Co. for Compulsory Pooling of N $\frac{1}{4}$ SW $\frac{1}{4}$ Section 21, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. Application by Amerind Oil Co. for Compulsory Pooling of S $\frac{1}{4}$ SW $\frac{1}{4}$ Section 21, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

If any additional materials or information are required, please advise.

Very truly yours,

HINKLE, COX, EATON,
 COFFIELD & HENSLEY


 Conrad E. Coffield

CEC:cl
 copies: Mr. Bill Seltzer
 Mr. Jim Bruce

BEFORE THE OIL CONSERVATION DIVISION
OF THE ENERGY AND MINERALS DEPARTMENT
STATE OF NEW MEXICO

APPLICATION OF AMERIND OIL CO.)
FOR COMPULSORY POOLING, LEA)
COUNTY, NEW MEXICO)

APPLICATION

Amerind Oil Co., by its undersigned attorneys, hereby makes application for an Order pooling all interests in the Pennsylvanian Formation underlying the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 21, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show:

1. Applicant is entitled to proceed with the drilling of a well located in the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 21, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico, under the authority of Applicant's ownership of an oil and gas leasehold interest therein.

2. Applicant proposes to drill its well at a legal location in said S $\frac{1}{2}$ SW $\frac{1}{4}$ Section 21, to a depth of approximately 11,700 feet to test the Pennsylvanian Formation and seeks to dedicate the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 21 to the well. Applicant requested the parties listed on the attached schedule as owners of undivided mineral interests in S $\frac{1}{2}$ SW $\frac{1}{4}$ Section 21 to agree to lease, participate in the drilling of said well or to farmout or otherwise commit their interests to said well, but the parties so far have refused to do so.

3. Applicant seeks that the Division consider the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charge for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

4. The pooling of all interests in the Pennsylvanian Formation in S $\frac{1}{2}$ SW $\frac{1}{4}$ Section 21 is in the interest of conservation and will prevent waste and protect correlative rights.

5. Applicant respectfully requests the setting of this matter before the Division at its regular hearing on June 20, 1984.

Dated this 17th day of May, 1984.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Amerind Oil Co.

SCHEDULE

UNLEASED AND UNCOMMITTED
MINERAL OWNERS

Township 16 South, Range 37 East, N.M.P.M.
Lea County, New Mexico

Section 21: S $\frac{1}{2}$ SW $\frac{1}{4}$

<u>Name and Address*</u>	<u>Undivided Fractional Interest</u>
Lon Baumgartner and wife, Martha Baumgartner 615 N. 28th Street Billings, Montana 59101 (1968 Address)	1/320
V. R. Belieu Merced County, California	1/320
Thomas T. Davies 221 Second Ave. North Great Falls, Montana 59401 (1948 Address)	1/640

- * Addresses shown are the result of applicant's extensive search for the whereabouts of the above-named parties and these represent the last known addresses pursuant to the best information now available. Applicant has not been successful in actually locating any of the above-named parties.

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. 8051
Order No. R-7484

APPLICATION OF AMERIND OIL COMPANY FOR
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on March 14, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 29th day of March, 1984, 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, Amerind Oil Company, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the E/2 SW/4 of Section 21, Township 16 South, Range 37 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

(3) That the Wolfcamp formation is not a portion of the vertical limits of the Northeast Lovington-Pennsylvanian Pool and should be dismissed from further consideration in this case.

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

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

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste, and to afford to the owner of each interest in said unit the opportunity to

recover or receive without unnecessary expense his just and fair share of the oil in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(8) 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.

(9) That any non-consenting working interest owner who 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.

(10) 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.

(11) That following determination of reasonable well costs, any non-consenting working interest owner who 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.

(12) That \$4,000.00 per month while drilling and \$400.00 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.

(13) 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.

(14) 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 July 1, 1984, 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 Pennsylvanian formation underlying the E/2 SW/4 of Section 21, Township 16 South, Range 37 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby pooled to form a standard 80-acre oil 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 July, 1984, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of July, 1984, 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 Amerind Oil Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 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 who 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 \$4,000.00 per month while drilling and \$400.00 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 interest's 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 immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That that portion of this case seeking pooling of all mineral interests in the Wolfcamp formation is hereby dismissed.

(14) 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