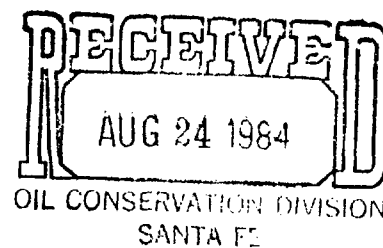


BLACK BEAR OIL & GAS CORPORATION
505 N. BIG SPIRNG
SUITE 404
MIDLAND, TEXAS 79701
(915) 682-3433



August 17, 1984

Case 8319
8320

Mr. Florene Davidson
Oil Conversation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Amerind Oil Company Compulsory
Pooling, T-16-S, R-37-N, Sec.
28, Lea County, New Mexico

Dear Mr. Davidsion:

We are in receipt of copy of application for Compulsory Pooling
filed on the above.

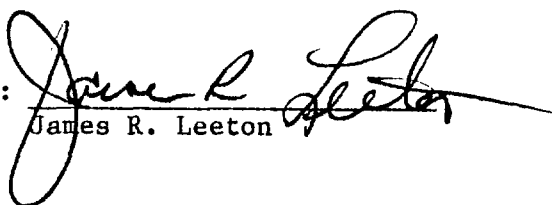
We have signed an A.F.E. and have consented to the drilling of a
well.

Therefore, we do not believe we are an appropriate party.

Please take notice of this in you file. We do not anticipate
appearing for the hearing unless you advise otherwise.

Yours very truly,

BLACK BEAR OIL & GAS
CORPORATION

By: 
James R. Leeton

JRL/c11

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY JR.
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WILLIAM B. BURFORD*
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RICHARD E. OLSON
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THOMAS M. HNASKO
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ATTORNEYS AT LAW

218 MONTEZUMA

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SANTA FE, NEW MEXICO 87504-2068

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October 3, 1984

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OF COUNSEL
CLARENCE E. HINKLE
ROY C. SNODGRASS, JR.
O. M. CALHOUN

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

*NOT LICENSED IN NEW MEXICO

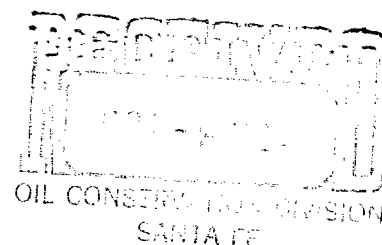
Mr. Gilbert Quintana
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: OCD Order Nos. R-7681 and R-7682
(Applications of Amerind Oil Company)

Dear Gilbert:

The above Orders were executed on September 28, 1984. Each Order, on page 3 contains a typographical error: In paragraph 1 the Township number should be 16 rather than 6. I have already informed Florene of this error. We request that corrected Orders be promulgated.

Also Order No. R-7682 approves Amerind's application for a well "at a standard location 1980 feet from the North line and 510 feet from the West line" of the section (See paragraph 3 on page 1 and paragraph 1 on page 3 of the enclosed order). The actual location of the well subject to Order No. R-7682 will be changed to another standard location in the unit. Therefore, we request that you issue a corrected Order stating that the application is approved for a well "at a standard location," and that a footage location be omitted. Since a standard location and not an unorthodox location is involved, we believe that a new hearing is not necessary.



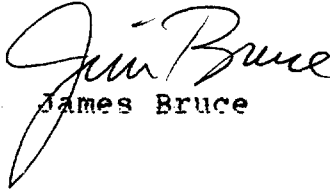
Mr. Gilbert Quintana
October 3, 1984
Page 2

We would also ask that both corrected Orders have an effective date of September 28, 1984.

Please call me if you have any questions.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JB:mar

cc: Conrad E. Coffield, Esq.
Bill Seltzer



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

October 15, 1934

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. James Bruce
Hinkley, Cox, Eaton,
Coffield & Hensley
Attorneys at Law
Post Office Box 2068
Santa Fe, New Mexico

Re: CASE NO. 8320
ORDER NO. R-7682-A

Applicant:

Amerind Oil Company

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 OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

5 September 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of Amerind Oil Co. for
compulsory pooling, Lea County,
New Mexico.

CASE
~~8319~~
8320

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Charles E. Roybal
Attorney at Law
Energy and Minerals Dept.
525 Camino de Los Marquez
Santa Fe, New Mexico 87501

For the Applicant:

James G. Bruce
Attorney at Law
HINKLE LAW FIRM
P. O. Box 2068
Santa Fe, New Mexico 87501

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I N D E X

WILLIAM SELTZER

Direct Examination by Mr. Bruce	4
Cross Examination by Mr. Quintana	10

E X H I B I T S

Amerind Exhibit One, Plat	5
Amerind Exhibit Two, Operating Agreement	6
Amerind Exhibit Three, AFE	7
Amerind Exhibit Four, AFE	7

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2
3 MR. QUINTANA: The hearing will
4 come to order for Docket 34-84.

5 The first case we'll call this
6 morning will be Case 8319.

7 This is the application of Ame-
8 rind Oil Company for compulsory pooling, Lea County, New
9 Mexico.

10 MR. BRUCE: Mr. Examiner, my
11 name is Jim Bruce with the Hinkle Law Firm in Santa Fe, and
12 I have one witness to be sworn.

13 MR. QUINTANA: Are there any
14 other appearances in this case?

15 MR. BRUCE: One other thing,
16 Case 8320 involves the same land ownership matters and we
17 would ask the Commission to hear both cases at the same
18 time.

19 MR. QUINTANA: For the -- for
20 the convenience of testimony we'll combine Case 8319 and
21 8320. Let the record show that.

22 We'll call also Case 8320.

23 Are there any appearances in
24 Case 8320?
25

(Witness sworn.)

BILL SELTZER,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. BRUCE:

Q Would you please state your name, city of
residence, occupation, and relationship to the applicant?

A My name is Bill Seltzer. I live in Mid-
land, Texas. I'm an independent landman. I'm a land con-
sultant for Amerind Oil Company.

Q Have you previously testified before the
New Mexico OCD and had your qualificaitons as a landman made
a matter of record?

A Yes.

Q Are you familiar with Amerind's applica-
tions in connection with these two cases and with the land
ownership matters relating to the areas embraced within the
applications?

A Yes.

MR. BRUCE: Mr. Examiner, is
the witness considered qualified?

MR. QUINTANA: Yes, he is.

Q Mr. Seltzer, would you please state for
the record what Amerind seeks in these two cases?

A Amerind seeks orders pooling all the min-
eral interest in the Pennsylvanian formation underlying the

1 north half of the northwest quarter of Section 28, Township
2 16 South, Range 37 East, as to Case 8319, and underlying the
3 south half of the northwest quarter of Section 28, 16 South,
4 Range 37 East, as to Case Number 8320.

5 In each instance Amerind proposes a well
6 to be drilled at a standard location within each 80-acre
7 tract.

8 Amerind also seeks in each case consider-
9 ation of the cost of drilling and completing each well, al-
10 location of the cost of each well, and also, the actual
11 costs and charges for supervision.

12 Also Amerind seeks to be designated as
13 operator and to be allocated a charge for the risk involved
14 in drilling each well.

15 Q Would you please refer now to Exhibit
16 Number One and describe that for the Examiner?

17 A Exhibit Number One is a plat showing the
18 four sections area with wells in that area noted on the plat
19 as well as proposed wells located on the two 80-acre tracts
20 in the northwest quarter of Section 28.

21 Q In your position as a land consultant for
22 Amerind, are you advised as to Amerind's plans for drilling
23 of wells in this area?

24 A Yes.

25 Q And with reference to Exhibit One would
you please describe for the Examiner what Amerind proposes
in connection with the development of the northwest quarter

1
2 of Section 28?

3 A Amerind proposes to drill a well in each
4 80-acre tract to approximate depth of 11,600 feet in order
5 to test the Pennsylvanian formation.

6 Both wells will be within the Northeast
7 Lovington Pennsylvanian Pool, which requires 80-acre spac-
8 ing. In fact, Amerind is drilling the No. 1 Spite Well and
9 is down to approximately 8650 feet at the present time.

10 Q Would you please now refer to Exhibit
11 Number Two and describe what acreage Amerind controls in the
12 two areas?

13 A Exhibit Number Two is a joint operating
14 agreement for the entire northwest quarter of Section 28.

15 Exhibit A attached to the operating
16 agreement is a list -- is a list of the parties who have in-
17 terest in the northwest quarter of 28 as of July 1, 1984.

18 Since that date we have secured farmouts
19 from Shell Oil Company and a lease from Dorothy Jean Van-
20 Zandt Sanders; therefore, Amerind's interest is now 77.9698
21 percent.

22 In addition thereto, Amerind and Black-
23 burn Oil Company have joined in the drilling of this No. 1
24 Well.

25 The remaining nonconsenting parties own
approximately 12-1/2 percent in the acreage.

Q And these parties who have consented have
joined only in the No. 1 Well at this time, is that correct?

1
2 A That's right, they've only joined in the
3 one.

4 Q On a party by party basis, would you de-
5 scribe your efforts to obtain the commitment of the unpooled
6 parties that you've just mentioned?

7 A The Sohio Oil Company was forwarded a
8 certified -- a copy by certified mail of the operating
9 agreement and AFE requesting them to join. That was on July
10 the 11th, 1984. I have periodically called them. In fact,
11 I called them five times last week requesting an answer to
12 join us in drilling this well, and they have refused to give
13 me an answer.

14 J. R. McKinley and his family, Cleroy,
15 Inc. and Lanroy, Inc. are all out of Tulsa, Oklahoma, and
16 have advised me that they will not join, will not farmout,
17 but go ahead and farm me -- go ahead and force pool them ac-
18 cording to your New Mexico statutes.

19 Q Would you please now refer to what is
20 marked as Exhibits Three and Four and explain those for the
21 Examiner?

22 A Exhibit Three is an AFE for the No. 1
23 Speight Well with estimated costs of completed producing
24 well is \$720,000.

25 Q And the same figures are used --

 A The same figure is on Exhibit Four. It's
the same -- same AFE only a different location.

 Q Does Amerind wish to be named as operator

1
2 of both of these proposed wells?

3 A Yes.

4 Q Do you have a recommendation as to a
5 charge for the risk involved, which should be granted to
6 Amerind for drilling the wells?

7 A Yes. I recommend the maximum allowed by
8 New Mexico Statutes, which I understand is 200 percent.

9 Q Is that amount in line with current non-
10 consent provisions and joint operating agreements being ne-
gotiated and used in this area?

11 A Yes, it is.

12 Q Are the proposed expenses of the two
13 wells, reflected on Exhibits Three and Four, in line with
14 expenses which are normally expected in drilling wells to
this depth in this area?

15 A Yes, these proposed expenses are well in
16 line with the cost of other wells drilled to this depth in
17 the general area.

18 Q Do you have a recommendation as to the
19 amount which Amerind should be paid for supervision or ad-
20 ministrative expenses?

21 A Yes, it is our recommendation that \$4000
22 per month be allowed for drilling wells and \$400 per month
be allowed for producing wells.

23 The accounting procedures set forth these
24 amounts are attached in Exhibit C of our operating agree-
25 ment.

1
2 Q Are the amounts that you have just recom-
3 mended in line with amounts normally charged by Amerind and
4 other operators for wells of this type in this area?

5 A Yes, these fall directly in line with the
6 amounts normally called for in the joint operating agree-
7 ments covering wells of this type in the general area. These
8 are the same charges used by Amerind for its other wells in
the Northeast Lovington Pennsylvanian Pool.

9 Q In your opinion will the granting of Ame-
10 rind's application in these two cases be in the interest of
11 conservation, the prevention of waste, and the protection of
12 correlative rights?

13 A Yes.

14 Q Were Exhibits One through Four prepared
15 by you or under your supervision?

16 A Exhibits One and Two were prepared by me.

17 Exhibits Three and Four, which are the
18 AFE's, were prepared by Mr. Bob Lybrook, Vice President of
Amerind.

19 MR. BRUCE: Mr. Examiner, at
20 this time I'd move the admission of Exhibits One through
21 four, and I have no further questions.

22 MR. QUINTANA: Exhibits One
23 through four will be admitted into evidence.

24 CROSS EXAMINATION

25 BY MR. QUINTANA:

1
2 Q Mr. Seltzer, I have a couple questions
3 for you.

4 A Okay.

5 Q First of all, I'd like to clarify on both
6 Well No. 1 and 2, the same people that -- non-consenting
7 interest owners, are the same for both wells?

8 A Yes. The interest is common throughout
9 the north half of Section 28 as to mineral interest and
10 leasehold interest.

11 Q Sohio, J. R. McKinley, Junior, and Cleroy
12 and Lanroy were all the non-consenting interest owners in
13 both wells?

14 A Correct.

15 Q One other question, please, sir.
16 You recommended a 200 percent penalty,
17 maximum penalty. I notice there's -- are there other wells
18 in the area that have produced from this interval?

19 A Yes.

20 Q On what do you base your 200 percent
21 recommendation?

22 A On the -- we had a compulsory pooling on
23 the quarter section right north of there. You'll see the
24 No. 1 Higgins and No. 2 Higgins.

25 Q Yes.

A We had compulsory pooling there, and
those penalties were granted in those two instances.

Q No further questions.

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MR. QUINTANA: Are there any questions, further questions of the witness? He may be excused.

Cases 8319 and 8320 will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner's hearing of Case No. 8319 & 8320
heard by me on SEPT. 5 1984.
Gilbert P. Quintana Examiner
Oil Conservation Division