CASE 7244: CRESCENT ENERGY CORP. FOR AN UNORTHODOX OIL WELL LOCATION AND NON-STANDARD OIL PRORATION UNIT, ROOSEVELT COUNTY, NEW MEXICO.

Case No.

7244

Application

Transcripts

Small Exhibits

ETC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

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

May 22, 1981

Re: CASE NO. 7244
ORDER NO. R-6690

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Applicant:

Crescent Energy Corp.

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 x
Artesia OCD x
Aztec OCD

Other

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. 7244
Order No. R-6690

APPLICATION OF CRESCENT ENERGY CORP.
FOR AN UNORTHODOX OIL WELL LOCATION
AND NON-STANDARD OIL PRORATION UNIT,
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 6, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of May, 1981, 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, Crescent Energy Corp., seeks approval of an unorthodox Bough "C" oil well location 2630 feet from the North line and 1980 feet from the East line of Section 32, Township 8 South, Range 37 East, NMPM, to test the Pennsylvanian formation, Allison-Pennsylvanian Field, Roosevelt County, New Mexico.

(3) That an 80-acre non-standard oil proration unit, being the SW/4 NE/4 and NW/4 SE/4 of said Section 32 is proposed to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Crescent Energy Corp. for an unorthodox Bough "C" oil well location for the Pennsylvanian formation is hereby approved for a well to be located at a point 2630 feet from the North line and 1980 feet from the East line of Section 32, Township 8 South, Range 37 East, NMPM, Allison-Pennsylvanian Field, Roosevelt County, New Mexico.

(2) That an 80-acre non-standard oil proration unit, being the SW/4 NE/4 and NW/4 SE/4 of said Section 32 is hereby approved and shall be dedicated to the above-described well.

(3) 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

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
6 May 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Crescent Energy Corp., for an unorthodox oil well location and nonstandard oil proration unit, Roosevelt County, New Mexico.

CASE 7244

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

I N D E X

E X H I B I T S

MR. STAMETS: The hearing will come to order, please.

We will call next Case 7244.

MR. PADILLA: Application of Crescent Energy Corporation for an unorthodox oil well location and a nonstandard oil proration unit, Roosevelt County, New Mexico.

MR. KELLAHIN: I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant and I have one witness.

(Witness sworn.)

NELSON E. WEBERNICK

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Would you please state your name and occupation?

A. My name is N. E. Webernick. I'm a geologist with Crescent Energy in Midland, Texas.

Q. That's spelled W-E-B-E-R-N-I-C-K?

A. Right.

Q. Mr. Webernick, have you previously testified as a geologist before the New Mexico Oil Conservation Division?

A. Yes, I have.

Q. And were your qualifications as a geologist accepted and made a matter of record?

A. Yes, sir.

Q. And pursuant to this application, Mr. Webernick, have you made a study of the geology concerning this application?

A. Yes.

MR. KELLAHIN: We tender Mr. Webernick as an expert geologist.

MR. STAMETS: He is considered qualified.

Q. Mr. Webernick, let me refer you to what we have marked as the Applicant Exhibit Number One and have you generally identify for us Exhibit Number One.

A. Exhibit Number One is a structural map contoured on top of the Bough "C", which is the pay in the Allison Penn Field.

The regional dip in the field is to the southwest and actually within the mapped area there is no closure. The field is actually a stratigraphic trap mainly,

which is caused by the loss of porosity in a northerly direction.

Q. Where is the proposed location for the subject well, Mr. Webernick?

A. The proposed location is 2630 feet from the north line and 1980 feet from the east line of Section 32, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

Q. And that well location is in Section 32? And how is it identified on the plat?

A. As to the unit?

Q. As to the location, it's circled -- is the well location circled in red?

A. Circled in red.

Q. All right. Now, within Section 32 for the Allison Pennsylvanian Field, Mr. Webernick, would you identify for us the wells that have been drilled and completed in that field?

A. Actually within the east half of Section 32 there has been four wells drilled at orthodox locations. These wells are now plugged. They were actually all plugged in 1966.

One of the pool wells had produced 106,000 barrels of oil prior to plugging.

Q. All right, let's start with that well.

It's the No. 1 Well up there in the northwest of the northeast quarter?

A. Right.

Q. Would you identify for us now what information you have labeled on your exhibit with regards to each well on the plat?

A. Okay. Actually, if it's an oil well and never did produce any gas, I merely put the cumulative production through 1980, but if the well is at least partially a gas well, and by the way, these wells are marked in red, with red circles, the gas wells. The oil wells are marked with green circles.

The bottom line on the gas wells, for instance, is the amount of gas that was produced during 1980, and the daily current production is the second number, and the last number is the water production.

Q. All right. Will your proposed well be a gas well or an oil well?

A. We think the proposed location will be in the oil range.

Q. What are the Allison Pennsylvanian Field rules with regards to well locations?

A. Actually, the field rules as stated are really already drilled with -- with the plugged wells.

The field rules say they have to be drilled in the northwest quarter and the southeast quarter of any quarter section.

Q. All right, sir, so the proposed location would be unorthodox from that rule.

A. Yes.

Q. In what way is -- what is the spacing or proration unit to be assigned to an oil well in this field?

A. It's on 80-acre proration units.

Q. In what way is your proposed proration unit a nonstandard proration unit?

A. According to field rules the 80 acres should actually be assigned to a well that has been plugged in the northwest of the northeast.

Q. All right, the 80-acre proration unit must be contained within a governmental quarter section.

A. Right.

Q. And you have 40 acres in each of two separate 160-acre units. All right.

Would you identify for us on the structure map, Mr. Webernick, where you anticipate the oil/water contact to be?

A. The oil/water contact or the oil/gas?

Q. I'm sorry, the oil/gas contact.

A. We think that it will be very near the -5525 contour line. Therefor, if we move the well further to the north, by all information at hand we will be in the gas cap.

Q. Okay. If you should move the well down structure, what happens to the well then?

A. We think we would be in the oil range.

Q. All right. Is there a standard location within the proposed proration unit upon which you can drill?

A. No, I don't believe it is.

Q. All right. Is the proposed location the optimum location within the proposed proration unit on which to drill the oil well?

A. We think it's the optimum location.

Q. All right. Let's refer to Exhibit Number Two, now, Mr. Webernick.

A. Exhibit Number Two is a cross section that is marked on Exhibit Number One, the map. It was constructed merely to show that the porosity in the Bough "C" is continuous through the proposed location.

Q. The wells located on your cross section are identified on the Exhibit Number One by the line of cross section?

A. Right.

Q. All right, sir. Generally describe what conclusions you have reached from the cross section.

A. The cross section merely shows you that the location that we have selected should have the porosity in the Bough "C", which by the way, is very good porosity. It's about 13 percent. It's a dolomite, very vuggy porosity with permeabilities as high as 4000 millidarcies.

Q. Do you have any explanation for the general poor producing characteristics of the plugged and abandoned well to the south in this proration unit, as opposed to the other wells that produced from this field?

A. Actually, the well that was plugged to the south is an unusual well for the field, actually. The log shows that it has very poor porosity, and in studying this field, actually, it was the only log that I came across that showed these characteristics. All of the other wells have excellent porosity by log.

Q. Was that information some of the information you've used to determine that the proposed location is the optimum location?

A. Yes, that certainly entered into it. As a matter of fact, it's a very narrow optimum spot here to be drilling. If you go too far north you'll get in the gas cap and there's a possibility if you go too far south, you

won't have any porosity.

Q. All right. Have you notified the offset operators of your proposed location and nonstandard proration unit?

A. Yes, we have.

Q. And what, if any, objection have you received from any operator?

A. We actually only have heard from one operator, Marathon, which is -- has producing wells just to the west of us, and they verbally told us that they would not object.

Q. All right, sir. What, if any, lease expiration problems do you have with regards to this unit?

A. We do have a lease expiration problem in that the State lease expires June 1, 1981.

Q. Mr. Webernick, were Exhibits One and Two prepared by you or compiled under your direction and supervision?

A. Yes, they were.

Q. And in your opinion will approval of this application be in the best interests of conservation, prevention of waste, and the protection of correlative rights?

A. I think it will.

MR. KELLAHIN: We move the introduction

of exhibits One and Two.

MR. STAMETS: These exhibits will be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q. Mr. Webernick, it would appear that this pool has been under development for quite a number of years.

A. Yes, sir.

Q. Is it essentially fully developed at this point?

A. Yes, for all practical purposes I believe it is. It's been an unusual field. It was discovered in 1959 and there was a flurry of activity through '61. The pressures declined very rapidly and a lot of the wells, we think, were plugged prematurely, mainly because many of the operators, including the offset operator here, incidentally, Marathon, used gas lift to produce the wells, and for example, Marathon found out that this was not a good way to produce these wells. They installed rod type pumping units and the wells have accumulated a great amount of oil.

Also there were problems in this field with collapsed casing through the years.

Q. The Marathon wells offsetting you are

currently producing 95 and 116 barrels a day.

A. Yes, sir.

Q. Are those the best wells in the pool at this point?

A. Well, actually, there are some wells comparable to this up to the northwest in Section 30. One well has made over one million barrels of oil, the No. 4 Well there in the north half of Section 30.

Actually, a compilation of what these wells have produced within this band between the -5525 and -5550 Bough "C" contours, including every plugged well and everything, the wells have averaged 225,000 barrels of oil.

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

Is that the only witness you have?

MR. KELLAHIN: Yes, sir.

Anything else in this case?

The case 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 Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7244 heard by me on 5-6 1981.

Richard L. Stamets Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
6 May 1981

EXAMINER HEARING

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BEFORE: Richard L. Stamets

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CROSS EXAMINATION

BY MR. STAMETS:

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A. Yes, sir.

Q. Is it essentially fully developed at this point?

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

Is that the only witness you have?

MR. KELLAHIN: Yes, sir.

Anything else in this case?

The case will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

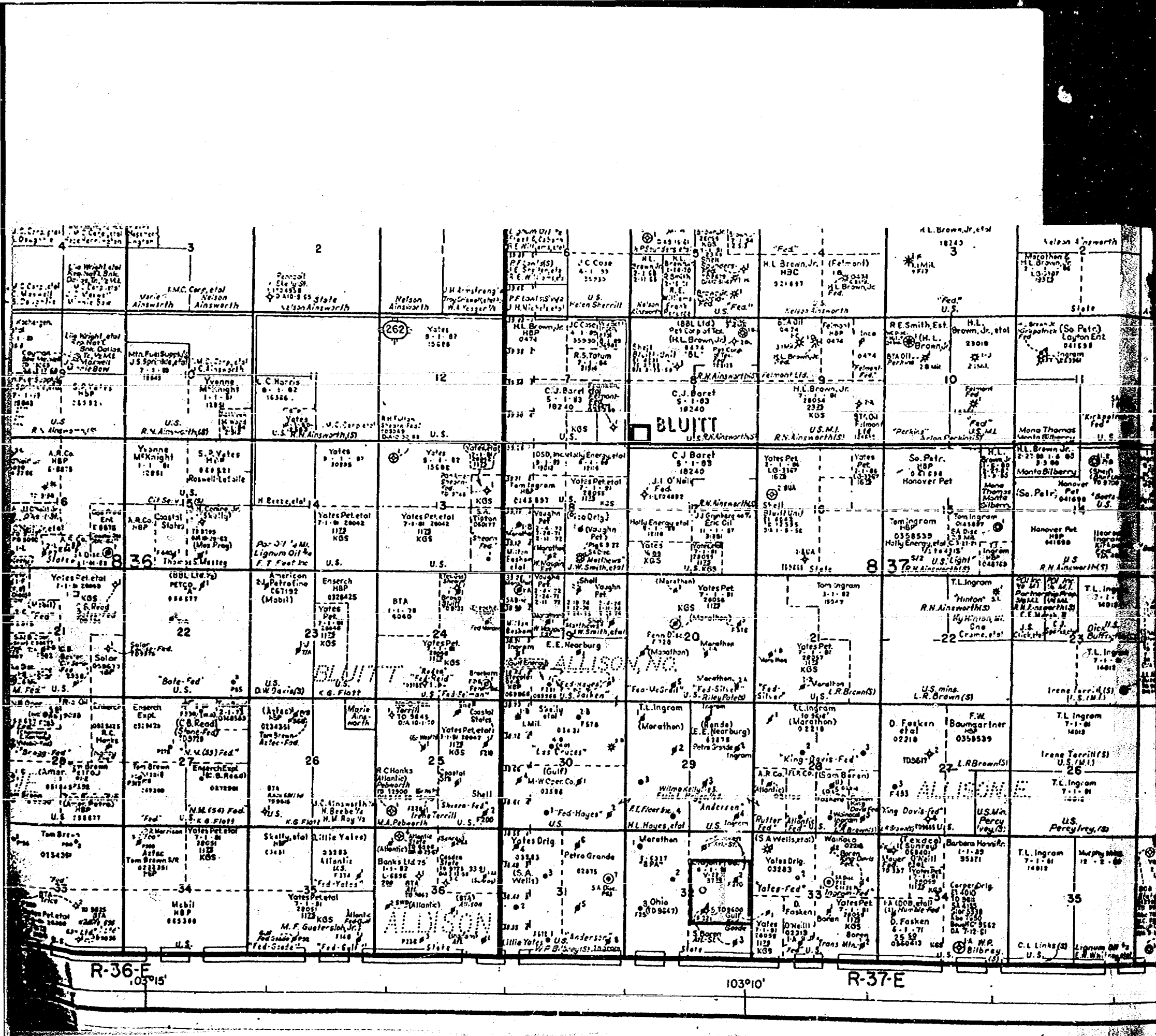
I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

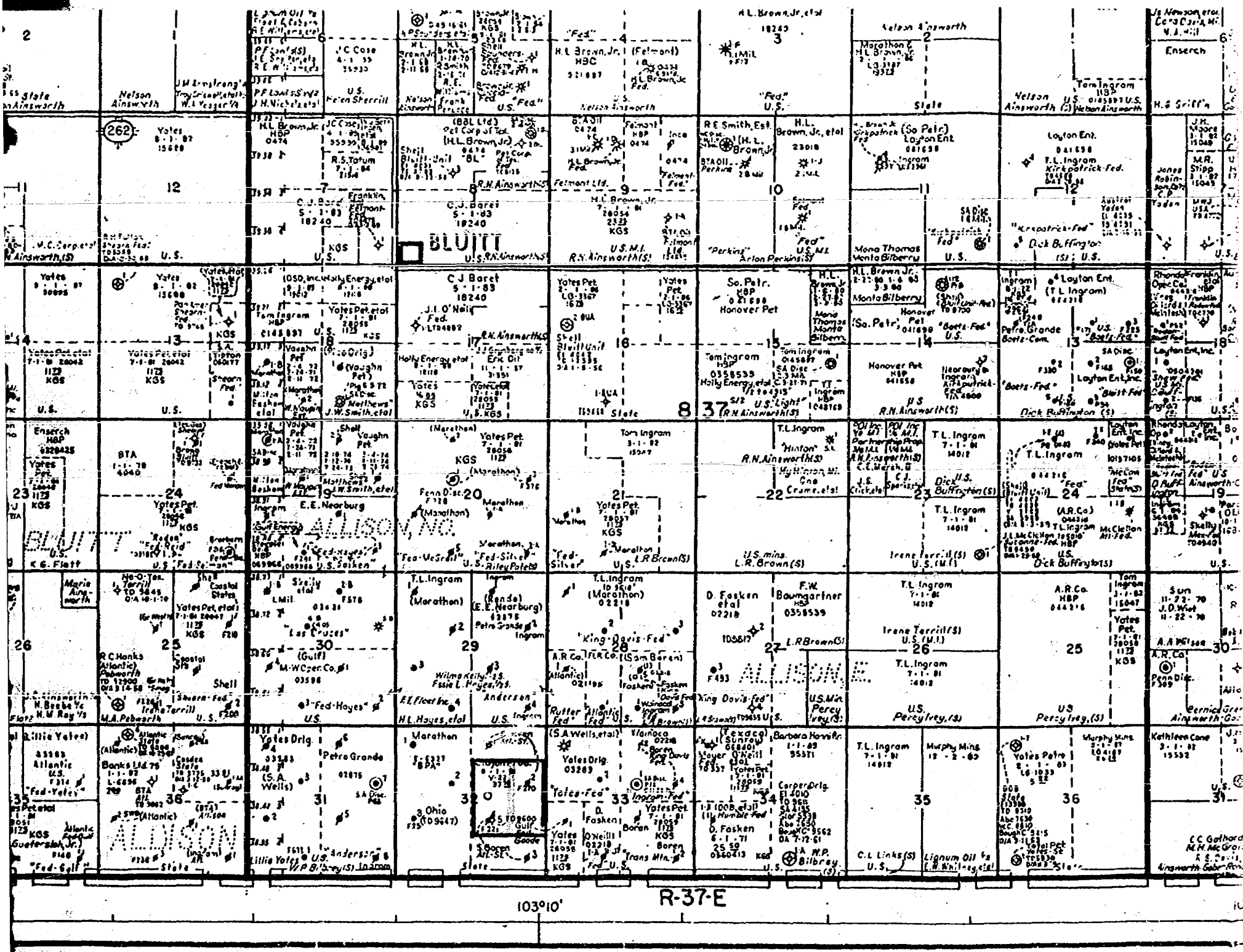
Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409


BLUITT
ALLISON
R-36-E
103°15'
103°10'
R-37-E


BLUITT
ALLISON
R-37-E
103°10'
Nelson Ainsworth
Yates
Enserch
Tom Ingram
Layton Ent.
Dick Buffington (S)
Sheell
Vaughn Pet
Marathon
Yates Pet.
Shell
Coastal States
Atlantic
Sun
Texaco
Amoco
Murphy Mtns
Lignum Oil
Irene Terrill (S)
L.R. Brown (S)
Percy Ivey, (S)
U.S.

CRESCENT ENERGY CORP.
OIL & GAS PROPERTIES, PRODUCTION & RANCHES

P. O. Box 3578
Midland, Texas 79702
915/682-2578

P. O. Box 12807
Dallas, Texas 75225
214/691-7808

Allison (Penn.) Field Prospect
2630 FNL & 1980 FEL, Section 32,
T-8-S, R-37-E, Roosevelt County, New Mexico

Crescent Energy corp. plans to drill an approximate 9650' Bough "C" well at the above captioned location. This proposed location is an unorthodox location and a non-standard oil proration unit as we are requesting the SW/4 NE/4 and NW/4 SE/4 of said section 32 be dedicated to the well.

The reason for this request is that a location further north than the proposed location would most likely be within the gas cap. By referring to the top of Bough "C" structural map (attached) please note that the presently producing gas wells are circled in red and the oil wells are circled in green. The gas wells are near or structurally higher than the -5525 contour line, therefore a Bough "C" well drilled above the -5525 foot contour line should produce gas rather than oil. A well drilled at the requested location should be within the oil column.

CRESCENT ENERGY CORP.
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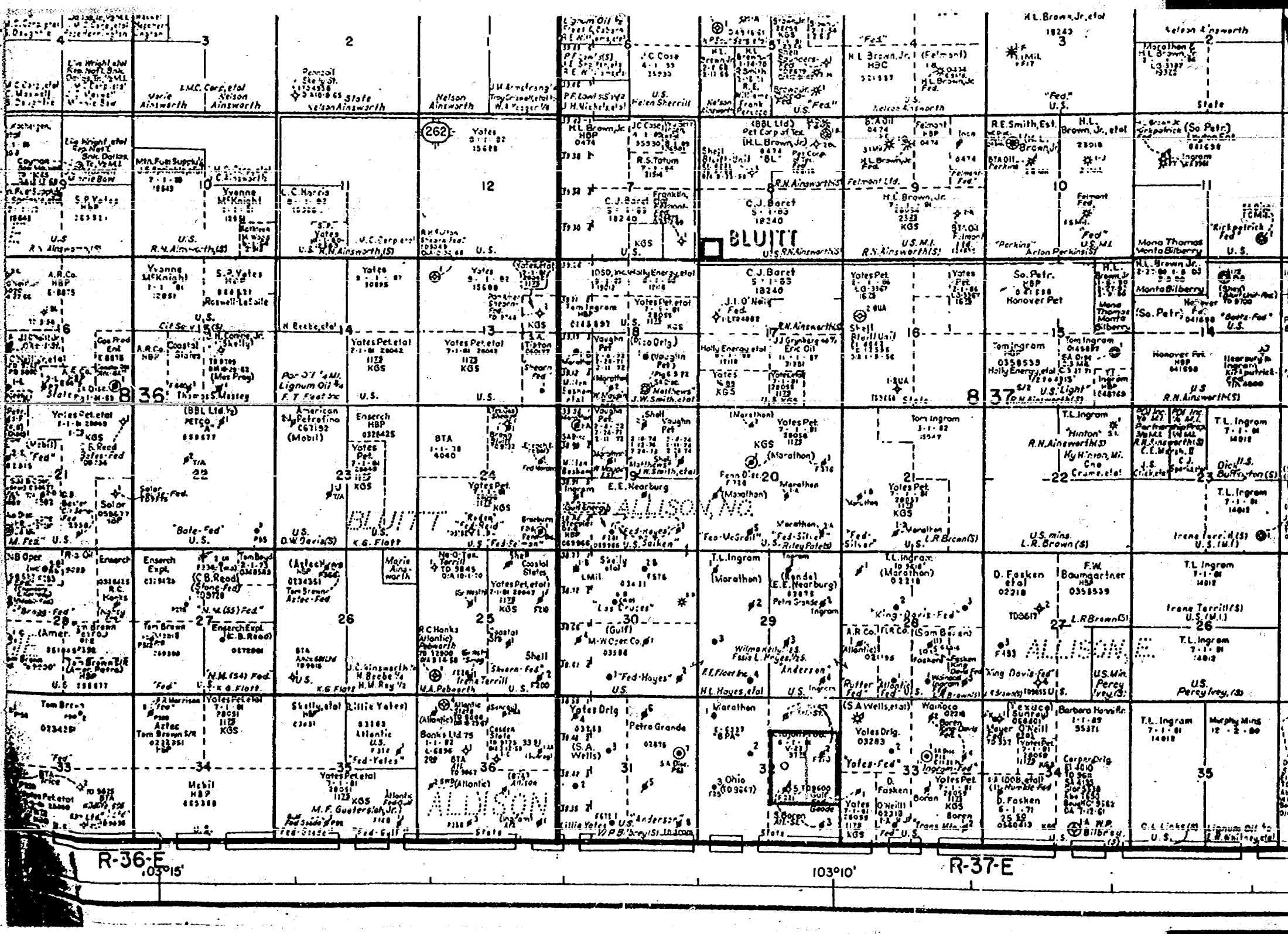
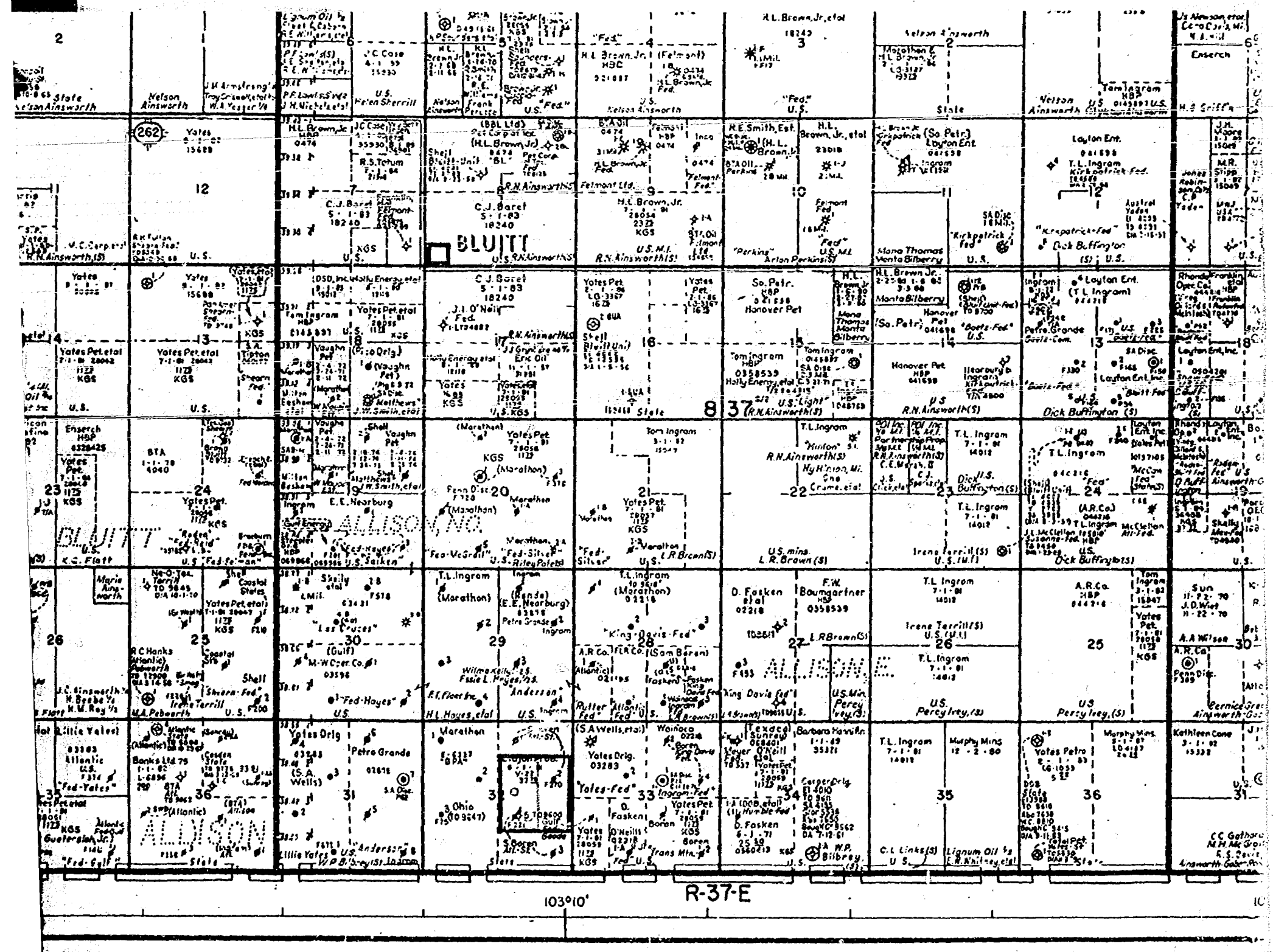
2630 FNL & 1980 FEL, Section 32,
T-8-S, R-37-E, Roosevelt County, New Mexico

Crescent Energy corp. plans to drill an approximate 9650' Bough "C" well at the above captioned location. This proposed location is an unorthodox location and a non-standard oil proration unit as we are requesting the SW/4 NE/4 and NW/4 SE/4 of said section 32 be dedicated to the well.

The reason for this request is that a location further north than the proposed location would most likely be within the gas cap. By referring to the top of Bough "C" structural map (attached) please note that the presently producing gas wells are circled in red and the oil wells are circled in green. The gas wells are near or structurally higher than the -5525 contour line, therefore a Bough "C" well drilled above the -5525 foot contour line should produce gas rather than oil. A well drilled at the requested location should be within the oil column.


BLUITT
ALLISON
R-36-E
103°15'
103°10'
R-37-E


BLUITT
ALLISON
ADDISON
262
State
Nelson Ainsworth
U.S.
Helen Sherrill
Tom Ingram
Layton Ent.
T.L. Ingram
Kirkpatrick Fed.
Dick Buffington (S)
Mona Thomas
Venta Bilberry
Arlon Perkins(S)
Hanover Pet
So. Petr.
Yates Pet.
Shell
Vaughn Pet.
Marathon
Ainsworth
Irene Terrill
Lillie Yates
Petro Grande
Banks Ltd. 79
Atlantic
Coastal States
Sun
Kathleen Cone
R-37-E
103°10'

CRESCENT ENERGY CORP.

OIL & GAS PROPERTIES, PRODUCTION & RANCHES

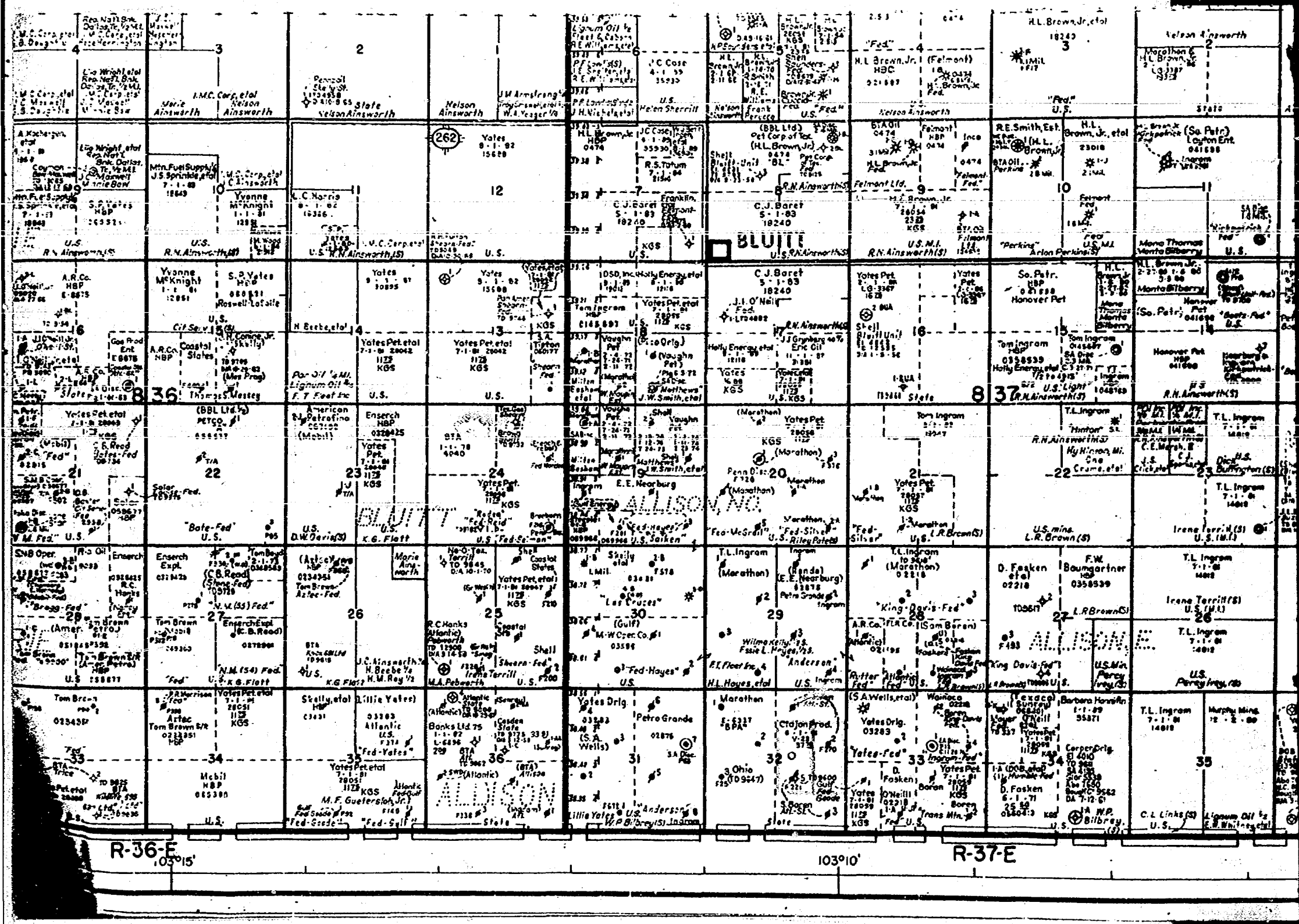
P. O. Box 3578
Midland, Texas 79702
915/682-2578

P. O. Box 12807
Dallas, Texas 75225
214/691-7808

Allison (Penn.) Field Prospect
2630 FNL & 1980 FEL, Section 32,
T-8-S, R-37-E, Roosevelt County, New Mexico

Crescent Energy corp. plans to drill an approximate 9650' Bough "C" well at the above captioned location. This proposed location is an unorthodox location and a non-standard oil proration unit as we are requesting the SW/4 NE/4 and NW/4 SE/4 of said section 32 be dedicated to the well.

The reason for this request is that a location further north than the proposed location would most likely be within the gas cap. By referring to the top of Bough "C" structural map (attached) please note that the presently producing gas wells are circled in red and the oil wells are circled in green. The gas wells are near or structurally higher than the -5525 contour line, therefore a Bough "C" well drilled above the -5525 foot contour line should produce gas rather than oil. A well drilled at the requested location should be within the oil column.


BLUITT
ALLISON NO.
ALLISON
R-36-E
103°15'
103°10'
R-37-E

BLUITT

ALLISON

R-37-E

103°10'

CASE 7244: Application of Crescent Energy Corp. for an unorthodox oil well location and non-standard oil proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Bough "C" location of a well to be drilled 2630 feet from the North line and 1980 feet from the East line of Section 32, Township 8 South, Range 37 East, Allison-Pennsylvanian Field, the SW/4 NE/4 and NW/4 SE/4 of said Section 32 to be dedicated to the well.

CASE 7245: Application of The Superior Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 21, Township 20 South, Range 35 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. (This case will be dismissed.)

CASE 7246: Application of Getty Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Getty 32 State Com. Well No. 1 located in Unit G of Section 32, Township 21 South, Range 32 East, to produce gas from the Atoka and Morrow formations.

CASE 7247: Application of Getty Oil Company for a gas well classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of its State 29-J Well No. 1, an oil well located in Unit J of Section 29, Township 24 South, Range 33 East, as a retrograde gas condensate well with the S/2 of said Section 29 to be dedicated to the well.

CASE 7248: Application of Inexco Oil Company for pool creation, special pool rules, and an oil discovery allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp oil pool for its Federal 10 State Com. Well No. 1 located in Unit L of Section 10, Township 21 South, Range 26 East, and the promulgation of special rules therefor, including provisions for 160-acre spacing. Applicant further seeks the assignment of approximately 42,290 barrels of discovery allowable to the aforesaid well.

CASE 7249: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 21, Township 18 South, Range 29 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7250: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 22, Township 18 South, Range 29 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7251: Application of Southern Union Exploration Company of Texas for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 36, Township 24 North, Range 1 West, to be dedicated to its Mobil Federal Well No. 1 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7252: Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying portions of Townships 24 and 25 North, Ranges 7, 8, 9, and 10 West, containing 135,040 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

Dockets Nos. 16-81 and 17-81 are tentatively set for May 20 and June 3, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 6, 1981

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:

CASE 7235: Application of Public Lands Exploration Inc. for a unit agreement, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks approval for the O'Connell Ranch Unit Area, comprising 640 acres, more or less, of State and fee lands in Township 11 North, Range 25 East, said unit being for the purpose of conducting an enhanced oil recovery project by the injection of steam.

CASE 7236: Application of Belco Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its James Ranch Well No. 11 located in Unit E of Section 36, Township 22 South, Range 30 East, to produce gas from the Atoka and Morrow formations thru parallel strings of tubing.

CASE 7237: Application of Conoco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State F-1 Well No. 10 located in Unit "J" of Section 1, Township 21 South, Range 36 East, to produce oil from the Hardy-Drinkard Pool and an undesignated Tubb pool thru parallel strings of tubing.

CASE 7238: Application of Holly Energy, Inc. for directional drilling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Salt Lake South Deep Well No. 1, the surface location of which is 2189 feet from the North line and 500 feet from the East line of Section 6, Township 21 South, Range 32 East, South Salt Lake-Morrow Gas Pool, in a northerly direction to bottom it within 150 feet of the center of Unit A (Lot 1) of said Section 6, Lots 1 thru 8 to be dedicated to the well.

CASE 7239: Application of Troy Strickland and E. V. Isbell for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 75.5-acre non-standard proration unit comprising Lot 3 and that portion of Lot 4 North of the San Juan River mid-channel, all in Section 14, Township 29 North, Range 15 West, to be dedicated to a well to be drilled at a standard location thereon.

CASE 7240: Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Blanco-Pictured Cliffs production in the wellbore of its Sunray B Well No. 6 located in Unit G of Section 1, Township 30 North, Range 10 West.

CASE 7241: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Mississippian location of its Austin State 18 Well No. 1 to be drilled 1980 feet from the South line and 1650 feet from the East line of Section 18, Township 14 South, Range 36 East, the S/2 of said Section 18 to be dedicated to the well.

CASE 7242: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Wolfcamp-Pennsylvanian location of its McDonald Well No. 1 to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.

CASE 7243: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian and Mississippian formations underlying the S/2 of Section 33, Township 13 South, Range 36 East, for a gas completion and/or all mineral interests in the Devonian formation underlying the SE/4 SE/4 of said Section 33 for an oil completion. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7217: (Continued from April 8, 1981, Examiner Hearing)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Morrow location of its Travis Ohio State Com Well No. 1 to be drilled 660 feet from the South and West lines of Section 13, Township 18 South, Range 28 East, the S/2 of said Section 13 to be dedicated to the well.

CRESCENT ENERGY CORP.
P. O. Box 3578
Midland, Texas 79702

April 8, 1981

RECEIVED
APR 13 1981
OIL CONSERVATION DIVISION
SANTA FE

New Mexico Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. J. D. Ramey
Oil & Gas Director

Case 7244

Re: Application for Unorthodox Location in the Allison (Penn.) Field, Roosevelt County, New Mexico

Gentlemen:

We have a farmout from Clayton Williams, Jr. on the south half of the northeast quarter and the north half of the southeast quarter of Section 32, Township 8 South, Range 37 East.

We desire to drill an approximate 9600' Bough "C" well at a location 2630' from the north line and 1980' from the east line of Section 32 as shown on attached map. This location is not in accordance with Order No. R-1389-B.

The reason for drilling the well at this location is that a location further north would most likely be within the gas cap. Upon application of geological and engineering information at hand it is believed that the proposed location as shown on the attached maps should be within the oil column.

It is my understanding that your next hearing is set for May 6, 1981. Since the acreage involved expires June 1, 1981 it is imperative we have your permission to proceed at the earliest date possible.

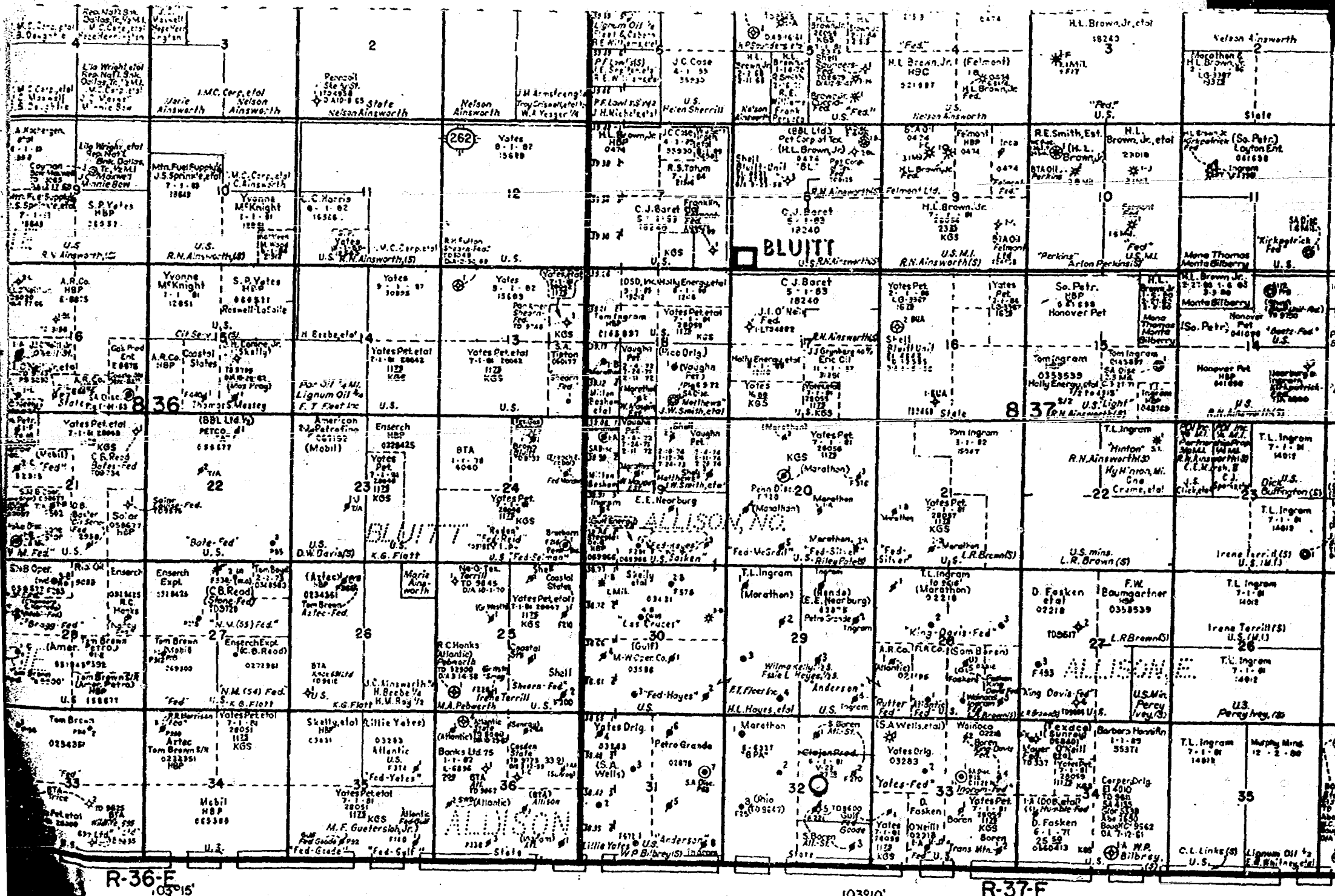
Please advise if additional information is required.

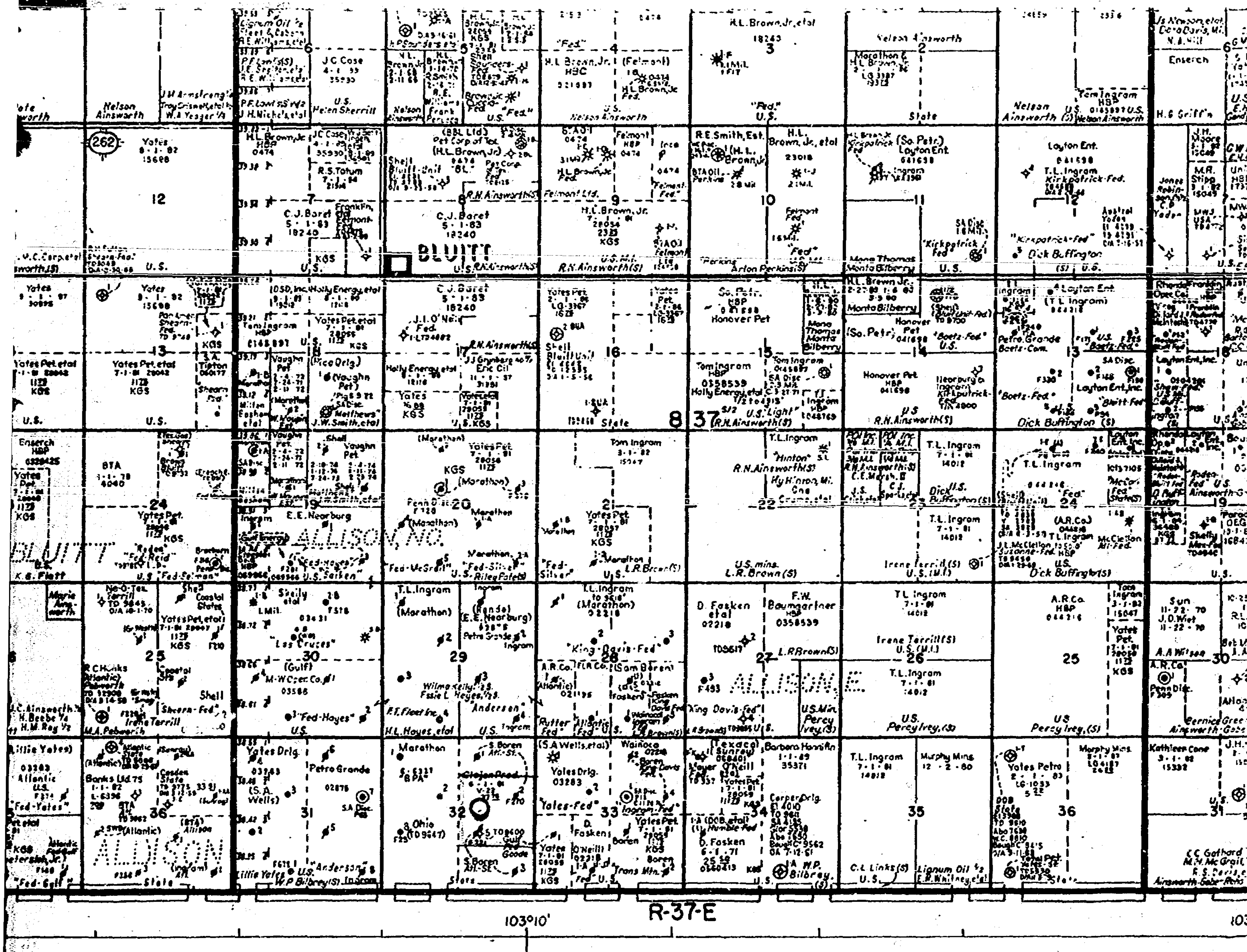
called Webernick 4/15
Dedicate the SW/4 NE/4 and NW/4 SE/4
Jan

Yours very truly,

N. E. Webernick

N. E. Webernick


BLUITT
ALLISON
R-36-E
103°15'
103°10'
R-37-E



R-37-E
103°10'
BLUITT
ALLISON, N.M.
ALLISON
Nelson Ainsworth
H.L. Brown, Jr., etal
18243
J.C. Case
U.S. Helen Sherrill
"Fed."
U.S.
State
Yates
9-1-82
15698
12
C.J. Baret
5-1-83
18240
KGS
R.E. Smith, Est.
Layton Ent.
T.L. Ingram
Kirkpatrick-Fed.
"Kirkpatrick-Fed"
Dick Buffington
Arlon Perkins(S)
Monta Bilberry
R.N. Ainsworth(S)
Honover Pet
Yates Pet. etal
Tom Ingram
Holly Energy, etal
Petro Grande
Boetz-Com.
"Boetz-Fed."
Layton Ent., Inc.
Enserch
BTA
E.E. Nearburg
Marathon
"Fed-McGrail"
"Fed-Silver"
U.S. Riley Foltz(S)
L.R. Brown(S)
U.S. mins.
L.R. Brown (S)
Irene Terrill (S)
U.S. (M.I.)
Dick Buffington(S)
McClellan
Shell
Coastal States
"Las Cruces"
(Gulf)
"Fed-Hayes"
"King-Davis-Fed"
D. Fosken etal
F.W. Baumgartner
0358539
Percy Irey,(S)
A.R. Co.
Sun
A.A. Wilson
Penn Disc.
Yates Drlg.
(S.A. Wells)
Petro Grande
Ohio
S. Boren
Atl.-St.
"Yates-Fed"
Yates Pet.
Barbara Hannifin
1-1-89
35371
T.L. Ingram
7-1-81
14012
Murphy Mins.
12-2-80
Yates Petro
LG-1033
C.L. Links(S)
Lignum Oil ½
E.R. Whitney, etal
Kathleen Cone
C.C. Gathard
M.H. McGrail
W.P. Bilbrey(S)
Lillie Yates
Atlantic
Banks Ltd. 75
Cosden State
M.A. Peberdh
Irene Terrill

DRAFT

dr/

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. 7244

ORDER NO. R- 6690

APPLICATION OF CRESCENT ENERGY CORP.

FOR AN UNORTHODOX ~~GAS~~ OIL WELL LOCATION, AND NON-STANDARD OIL PRORATION UNIT, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 6, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this ____ day of May, 1981, 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, Crescent Energy Corp., ~~Bought~~ seeks approval of an unorthodox ~~gas~~ oil well location 2630 feet from the North line and 1980 feet from the East line of Section 32, Township 8 South Range 37 East, NMPM, to test the Pennsylvanian formation, Allison-Pennsylvanian Field ~~Pool~~, Roosevelt County, New Mexico.

(3) That the SW/4 NE/4 and NW/4 SE/4 of said Section 32 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the ~~gas~~ oil underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the ~~gas~~ oil ~~xxx~~ in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED: ~~the application of Creseent~~ Energy Corporation for Bough "C" ~~Bough C~~

(1) That an unorthodox ~~gas~~ oil well location for the Pennsylvanian formation is hereby approved for a well to be located at a point 2630 feet from the North line and 1980 feet from the East line of Section 32, Township 8 South, Range 37 East NMPM, Allison-Pennsylvanian Field ~~xxx~~Pool, Roosevelt County, New Mexico.

(2) That the an 80-acre non-standard oil proration unit, being SW/4 NE/4 and NW/4 SE/4 is hereby approved and of said Section 32 shall be dedicated to the above-described well.

(3) 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.