# Case MO.

7351

Application

Transcripts.

Small Exhibits

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### BRUCE KING GOVERNOR LARRY KEHOE

## STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING BANTA FE, NEW MEXICO 87501 1505) 827-2434

October 5, 1981

Mr. Thomas Kellahin Kellahin & Kellahin	ORDER NO. 3-6788
Attorneys at Law Post Office Box 1769 Santa Fe, New Hexico	Applicant:
	<del>Mid-Amorica Potroloum, I</del> nc.
Dear Sir:	,
Enclosed herewith are two copies Division order recently entered	

JOE D. RAMEY Director

Yours very truly,

JDR/fd
Copy of order also sent to:

Hobbs OCO 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. 7351 Order No. R-6788

APPLICATION OF MID-AMERICA PETROLEUM, INC. FOR COMPULSORY POOLING AND THE RESCISSION OF ORDER NO. R-6722, LEA COUNTY. NEW MEXICO.

#### ORDER OF THE DIVISION

#### BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 9, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of October, 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, Mid-America Petroleum, Inc., filed application for an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 12, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.
- (3) That applicant further requested rescission of Order No. R-6722 which approved an unorthodox location for the subject well based on dedication of the S/2 of said Section 12.
- (4) That all interests in the proposed proration unit have been pooled voluntarily and applicant now requests dismissal of that part of Case No. 7351 relating to compulsory pooling.
- (5) That Order No. R-6722 should be rescinded inasmuch as with the rededication of acreage, the proposed well location is now standard and no penalty should be imposed.

#### IT IS THEREFURE UNDERED:

- (1) That that pertion of Case No. 7351 relating to compulsory realing is hereby dismissed.
  - (2) That Division Order No. R-6722 is hereby rescinded.
- (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 herein-

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
JOE D. RAHEY
Director

500 Don Gaspar

Santa Fe, New Mexico 87501

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MR. NUTTER: Call Case Number 7351.

MR. PEARCE: Application of Mid-America

Petroleum, Inc., for compulsory pooling and rescission of Order No. R-6722, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant.

I wish to advise the Examiner that as of this date all of the anticipated parties that the joined us for a west half dedication for this well at the time the application was filed, have now agreed to join in this well.

As you may recall, this same location was the subject of a previous hearing, for which Order No. R-6722 was issued. The location, as you know, is unorthodox, if the dedication had been a south half dedication in the section.

As a result of that order, the location was penalized because of an objection, I believe, by Amoco. We have reoriented the proration unit so that we'll dedicate the west half of the section to the well.

With that declaration being made, we would request that the Order R-6722 be rescinded and that the new proration unit for this well, now being a standard location,

be approved.

MR. NUTTER: In other words, what we would do, Mr. Kellahin, would be dismiss Case Number 7351 with the exception of the request for rescission of Order No. R-67227

MR. KELLAHIN: Yes, sir, so that the District Office will realize that we've reoriented the proration unit and will not be subject to a penalty.

MR. NUTTER: Right. Okay, Case Number 7351 will be dismissed except that an order will be issued rescinding Order No. R-6722.

(Hearing concluded.)

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#### CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTITY 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, prop by me to the best of my ability.

Jacq W. Boyd CSE

Examiner

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 735%. heard by me on 1981.

Oll Conservation Division

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500 Don Gaspar

Santa Fe, New Mexico 87501

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MR. NUTTER: Call Case Number 7351.

MR. PEARCE: Application of Mid-America

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July W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 735.
Heard by me on 9/9 1981.

Examiner Oil Conservation Division

- CASE 7348: Application of Apollo Oil Company for salt water disposal, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the interval from 8834 feet to 8968 feet in its Lovington State 9 Well

  Mo. 2 in Unit N of Section 9, Township 17 South, Range 37 East, Midway-Abo Pool.
- CASE 7349: Application of Apollo Oil Company for salt water disposal, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough C Formation in the interval from 9645 feet to 9654 feet in its Jack Markham Hell No. 2 in Unit P of Section 11, Township 9 South, Range 35 East, Bough-Permo Pennsylvanian Pool.
- CASE 7350: Application of Conoco, Inc. for sait water disposal, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cisco formation in the interval from 8144 feet to 8160 feet in its levers

  Federal Well No. 2 in Unit R of Section 2, Township 20 South, Range 25 East, Springs-Upper Penn Gas Pool.
- Application of Mid-America Petroleum, Inc. for compulsory pooling and the rescission of Order No. R-6722, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formations underlying the W/2 of Section 12, Township 23 South, Range 34 East, to se 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. Applicant further seeks rescission of Order No. R-6722 which approved an unorthodox location for the subject well based on dedication of the S/2 of said Section 12.
- CASE 7352: Application of Yates Petroleum Corporation for designation of a tight formation, Eddy County, New Mexico.

  Applicant, in the above-styled cause, pursuant to Section 107 of the Natural Gas Policy Act 18 CFR Section 271.701-705, seeks the designation as a tight formation of the Permo-Penn and formation underlying all of the following townships:

Township 17 South, Ranges 24 thru 26 East;

- 18 South, 24 and 25 East;
- 19 South, 23 thru 25 East;
- 20 South, 21 thru 24 East;
- 20 4 South, 21 and 22 East:
- 21 South, 21 and 22 East;

Also Sections 1 thru 12 in 22 South, 21 and 22 East,

All of the above containing a total of 315,000 acres more or less.

Docket No. 28-91

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 16, 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for October, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Dockets Nos. 29-81 and 30-81 are tentatively set for September 23 and October 7, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 9, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 7341: Application of Superior Cil Company for downhole commingling, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of South
  Carlabad Strawm and Morrow production in the wellbore of its Collatt State Com Well No. 1

  located in Unit J of Section 1, Township 23 South, Range 26 East.
- CASE 7342; Application of Arco Oil and Gas Company for downhole commingling, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry

  and Printerd production in the wellhore of its State 367 Well No. 2 located in Unit L of Section

  36 and its Roy Barton Well No. 2 located in Unit B or Section 15, both in Tornichip 21 South.

  Barge 37 East.
- CASE 7343; Application of Caribon Four Corners, Inc. for compulsory rooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cha Cha Callup Oil Pool underlying the E/2 MM/4 of Section 18, Township 29 Morth, Range 14 West, 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 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 7344: Application of Read & Stevens, Inc. for compulsory pooling, Eddy County, New Mexico.

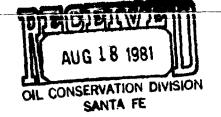
  Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 19, Township 23 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and 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 7345: Application of Bass Enterprises Production Company for compulsory pooling, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Lovington Penn Pool underlying the N/2 NE/4 of Section 13, Township 16 South, Range 36 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.
- Application of Cibola Energy Corporation for compulsory pooling, Chaves County, New Mexico.

  Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Devonian formations underlying the W/2 of Section 19, Township 10 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 7347: Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to
  be drilled 660 feet from the South Line and 860 feet from the West Line of Section 20, Township
  16 South, Range 34 East, Kemmitz-Morrow Gas Pool, the W/2 of said Section 20 to be dedicated to
  the well.

Jason Kellahin W. Thomas Kellahin Karen Aubrey KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501



Telephone 982-4285 Area Code 505

August 17, 1981

Mr. Joe D. Ramey Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

Case 7351

RE: Mid-America Petroleum Inc.

Dear Joe:

Please set the enclosed application for hearing on September 9, 1981.

W. Thomas Kellahin

WTK:jm Enclosure

cc: Mr. Bob Northington



#### STATE OF NEW MEXICO

#### DEPARTMENT OF ENERGY AND MINERALS

#### OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF MID-AMERICA PETROLEUM INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Puse 7351

#### APPLICATION

COMES NOW MID-AMERICA PETROLEUM INC., and applies to the New Mexico Oil Conservation Division for an order pooling the Pennsylvanian formations underlying the W/2 of Section 12, T23S, R34E, NMPM, Antelope Ridge Field, Lea County, New Mexico and in support thereof would show:

- 1. Applicant is an operator of and has the right to drill certain tracts in the W/2 of said Section 12.
- 2. Applicant has previously applied to the Division for an order approving an unorthodox gas well location in this section and a S/2 dedication. That said location was approved but penalized by Order R-6722 entered July 1, 1981 because of the S/2 dedication.
- 3. Applicant desires to amend said dedication and to now dedicate the W/2 of said Section 12 to the subject well thereby making a standard location and avoiding the penalty.
- 4. That Applicant has sought the cooperation of all interested parties involved in the unit and has been unable to obtain the necessary approvals or committments to form a voluntary unit for this well.

5. Those interested parties who have not or who are unable to join in the drilling of the well for this unit area as follows:

NAME		
Sunmark Exploration Co. 824 C & K Petroleum Bldg. Midland, Texas 79701 (915) 684-0051	NE/4NW/4; S/2NW/4	16.85%
E. L. Latham, Jr. Lea County Airport Hobbs, New Mexico 88240 (505) 393-8923	N/2NE/4NW/4	5.03%
John S. Eaves A-9 Money St. Henderson, Nevada 89015	NW/4NW/4	3.125%
William A. Chalfant First National Bank Bldg. Midland, Texas 79701 (915) 684-9819	NW/4NW/4	3.125%
Robert L. Summers 1004 Sandia Drive Hobbs, New Mexico 88240	NW/4NW/4	3.125%
(505) 393-3407  Texas International Petroleum Corporation 2200 N.W. 50 Street Suite 200 Oklahoma City, Oklahoma 73112 (405) 840-1562	S/2NW; NW/4NW/4	18.75%

- 6. Copies of this application have been mailed to the parties named in paragraph 5 above.
- 7. Applicant desires to be dsignated operator of the pooled unit.
- 8. 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 oil in said unit, all mineral interest, whatever they may be, underlying the subject unit, should be pooled.

- 9. 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% thereof as a reasonable charge for the risk involved in the drilling of the well.
- 10. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

- A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. Upon hearing the Division enter its order granting the application as requested.
- C. And for such other relief as may be just in the premises.

KELLAHIN & KELLAHIN

P.O. Box 1769

Santa Fe, New/Mexico 87501 (505) 982-4285

Attorneys for Applicant



# STATE OF NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF MID-AMERICA PETROLEUM INC., FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Care 7351

#### APPLICATION

COMES NOW MID-AMERICA PETROLEUM INC., and applies to the New Mexico Oil Conservation Division for an order pooling the Pennsylvanian formations underlying the W/2 of Section 12, T23S, R34E, NMPM, Antelope Ridge Field, Lea County, New Mexico and in support thereof would show:

- 1. Applicant is an operator of and has the right to drill certain tracts in the W/2 of said Section 12.
- 2. Applicant has previously applied to the Division for an order approving an unorthodox gas well location in this section and a S/2 dedication. That said location was approved but penalized by Order R-6722 entered July 1, 1981 because of the S/2 dedication.
- 3. Applicant desires to amend said dedication and to now dedicate the W/2 of said Section 12 to the subject well thereby making a standard location and avoiding the penalty.
- 4. That Applicant has sought the cooperation of all interested parties involved in the unit and has been unable to obtain the necessary approvals or committments to form a voluntary unit for this well.

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(505) 393-8923		
John S. Eaves A-9 Money St. Henderson, Nevada 89015	NW/4NW/4	3.125%
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- B. Upon hearing the Division enter its order granting the application as requested.
- C. And for such other relief as may be just in the premises.

KELLAHIN & KELLAHIN

W. Thomas Kell

P.O. Box 1769 Santa Fe, New/Mexico 87501 (505) 982-4285

Attorneys for Applicant

DRAFT

#### 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:

CONSIDERING:
CASE NO. 7351
Order No. R- 1,788
APPLICATION OF MID-AMERICA PETROLEUM, INC. FOR COMPULSORY POOLING AND THE RESCISSION OF ORDER NO. R-6722, LEA COUNTY, NEW MEXICO.
ORDER OF THE DIVISION
BY THE DIVISION:
This cause came on for hearing at 9 a.m. on September 9
19, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter
NOW, on this day of September , 19 81 , the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
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FINDS:
(1) That due public notice having been given as required by
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have been pouled reluntarily and applicant pero
To comparls any parling.
(5) That Order 70. 2-6722 should be beschool
proposed & well bocation is man I handard and no
puelly should be imposed.
IT IN THERE FORE ORDERED: