

CASE 7387: SUN OIL COMPANY FOR AN UN-
ORTHODOX OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO

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DOCKET MAILED

Date 10/9/81

Case No.

7387

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

November 19, 1981

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

Re: CASE NO. 7387
ORDER NO. R-6832

Applicant:

Sun 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	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:

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CASE NO. 7387
Order No. R-6832

APPLICATION OF SUN OIL COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 21, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of November, 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, Sun Oil Company, seeks approval of an unorthodox oil well location 660 feet from the North line and 660 feet from the East line of Section 32, Township 9 South, Range 37 East, NMPM, to test the San Andres formation, West Sawyer-San Andres Pool, Lea County, New Mexico.
- (3) That the N/2 NE/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 oil and gas 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

-2-

Case No. 7387
Order No. R-6832

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share of the oil and gas 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:

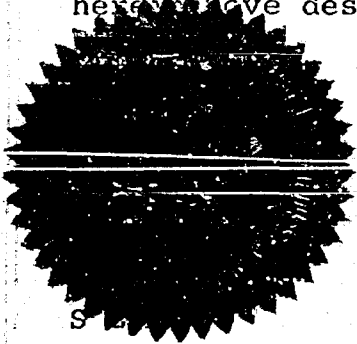
(1) That the application of Sun Oil Company for an unorthodox oil well location for the San Andres formation is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the East line of Section 32, Township 9 South, Range 37 East, NMPM, West Sawyer-San Andres Pool, Lea County, New Mexico.

(2) That the N/2 NE/4 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 hereinafter designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

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

21 October 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Sun Oil Company
for an unorthodox oil well loca-
tion, Lea County, New Mexico.

CASE
7387

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, 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

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I N D E X

NAT SUBRAMANIAM

Direct Examination by Mr. Kellahin

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E X H I B I T S

Applicant Exhibit One, Map

4

1
2 MR. STAMETS: We'll call Next Case 7387.

3 MR. PEARCE: Application of Sun Oil Com-
4 pany for an unorthodox oil well location, Lea County, New
5 Mexico.

6 MR. KELLAHIN: If the Examiner please,
7 I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf
8 of the applicant, and I have one witness to be sworn.

9
10 (Witness sworn.)

11
12 NAT SUBRAMANIAM
13 being called as a witness and being duly sworn upon his oath,
14 testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q All right, sir, would you please state
19 your name and occupation?

20 A My name is Naturajian (sic) Subramaniam.
21 I'm known as Nat Subramaniam. I'm a geologist for Sun Oil
22 Company.

23 Q Have you previously testified before the
24 Oil Conservation Division of New Mexico?

25 A It was a long time ago.

1
2 Q Would you describe to Mr. Stamets when
3 and where you obtained your degree in geology?

4 A My Masters was -- I obtained a geology --
5 a Masters degree in geology in 1960 from the University of
6 and I did my graduate work in the Univer-
7 sity of New Mexico in Albuquerque towards a PhD between the
8 years 1968 and '71.

9 I was qualified for the degree but I did
10 not complete it.

11 Q Where have you worked in the oil and gas
12 industry as a geologist?

13 A I was with Conoco for eight years in New
14 Mexico and in Texas between the years 1971, '72, to 1980.

15 MR. KELLAHIN: We tender Nat as an expert
16 geologist.

17 MR. STAMETS: He is considered qualified.

18 Q All right, would you turn to what we've
19 marked as Exhibit Number One and identify that for us?

20 A This Exhibit Number One shows the producing
21 wells completed in the San Andres zone in Lea County, New
22 Mexico, containing Sections 28, 29, 32, 33, in Township 9
23 South, Range 37 East, and in Sections 4 and 5 of Township 10
24 South, Range 37 East.

25 Q These are San Andres oil wells, are they

1
2 not, sir?

3 A. Yes, they are.

4 Q. And what is the name of the pool?

5 A. The pool is called West Sawyer Pool,
6 San Andres Pool.

7 Q. And you're seeking approval of an unor-
8 thodox location in Section 32, indicated by the red arrow?

9 A. Yes. We are seeking for well location
10 660 feet from the north and 660 from the east of Section 32.

11 Q. All right, sir. Would you explain to
12 us the West Sawyer Pool rules with regards to the location of
13 wells and why you're seeking an exception to those rules?

14 A. Yes. The West Sawyer Pool rules state
15 that if a first well in a quarter quarter section is located
16 in the southeast corner, then the next well should be located
17 in the northwest corner.

18 Q. The first well in a 160-acre tract --

19 A. Yes.

20 Q. -- is located in the southeast quarter,
21 then the second well has to be in the northwest quarter.

22 A. Yes, that is correct.

23 Q. It's a quarter quarter section is what
24 we're talking about.

25 A. Quarter quarter section.

1
2 Q All right. In this case you desired not
3 to locate a well in the northwest of the northeast?

4 A Yes.

5 Q All right, why not?

6 A For one or two reasons. As the map shows,
7 the exhibit shows a structural contour map drawn on the top
8 of the San Andres Zone 1 porosity, which is the producing
9 zone in the San Andres. As you can see, the well would be
10 located in the top of the structure and any of the wells on
11 the up dip direction, for instance, the well in the southeast
12 corner of Section 29 was suspended due to no production, and
13 you can see in Section 6 in the northeast corner there was
14 minor gas produced and later abandoned in Township 10 South,
15 Range 37 East, Section 6.

16 It is apparent from the correlation of
17 the logs and mapping of this San Andres pool that towards
18 the north, as one goes towards the northwest away from the
19 structure, you don't -- you encounter more gas and not enough
20 oil.

21 Q All right. Are there other wells in this
22 pool that have been granted exceptions to the spacing rule?

23 A I should believe so. If you'll look at
24 the exhibit again, you will see in the same section, 32,
25 there is this Zia Petroleum well was drilled in June of '74,

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Julian Hart (sic) State No. 1 was drilled in '76, but both of them are adjacent to each other; they are in the same southern half of the section.

Q All right, sir.

A To further elaborate, the two wells, the Coastal States No. 1 in the southwestern corner of Section 33 and the Oil Development Company of Texas No. 1 in the same section are also in the southwestern quarter.

Q The Coastal States well was started in '69 and that would have been the first well.

A Yes, sir.

Q In this southwest quarter and it should have been over in the other 40-acre tract.

A Yes.

Q All right, sir. So there are precedents for exceptions in this area.

A Yes, there are.

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

A Yes, I do.

Q And was this exhibit prepared by you?

A Yes, it was.

MR. KELLAHIN: We move the introduction

of Sun Oil Company's Exhibit Number One.

MR. STAMETS: Exhibit One will be admitted.

Any questions of the witness? He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7387
heard by me on 10-21 1981.
Richard D. Latham, Examiner
Oil Conservation Division

Docket Nos. 34-81 and 35-81 are tentatively set for October 21 and November 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - OCTOBER 14, 1981

9 A.M. - OIL CONSERVATION COMMISSION - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

(The following cases are continued from the October 14, 1981, Commission hearing to October 16, 1981.)
CASE 7345: (Continued and Readvertised)

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 San Andres, Bone Springs and Pennsylvanian formations, Lovington field, 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.

CASE 7346: (DE NOVO)

Application of Clements Energy, Inc., for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 of Section 32, Township 15 South, Range 27 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Upon application of Southland Royalty Company, this case will be heard DE NOVO pursuant to the provisions of Rule 1220.

Docket No. 34-81

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 21, 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 November, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for November, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7373: Application of J. C. Williamson for Amendment of Division Order No. R-6738, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-6738, which approved an unorthodox location for a well 1560 feet from the North line and 1830 feet from the West line of Section 10, Township 23 South, Range 34 East. Applicant seeks the Amendment of said order to reflect the corrected location of said well at a point 1580 feet from the North line and 2614 feet from the West line of said Section 10.

CASE 7374: Application of Dugan Production Corporation for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Farmington formation well located 330 feet from the South line and 990 feet from the East line of Section 9, Township 28 North, Range 11 West, the E/2 of said Section 9 to be dedicated to the well.

- CASE 7375: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Angel Peak Gallup-Basin Dakota production in the wellbore of its McAdams Well No. 2 located in Unit P of Section 34, Township 27 North, Range 10 West.
- CASE 7376: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Bisti-Lower Gallup production in the wellbore of its Big 8 Well No. 1-E, located in Unit O of Section 8, Township 24 North, Range 9 West.
- CASE 7377: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota production in the wellbore of its July Jubilee Well No. 1 located in Unit A of Section 10, Township 24 North, Range 9 West.
- CASE 7378: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wildhorse-Gallup and Basin-Dakota production in the wellbore of his Apache E Well No. 1, located in Unit A of Section 18, Township 26 North, Range 3 West.
- CASE 7356: (Continued from September 23, 1981, Examiner Hearing)
- Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, 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 7379: Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.
- CASE 7380: Application of Bird Oil Corporation for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Entrada location of a well to be drilled 2310 feet from the North line and 1325 feet from the East line of Section 10, Township 22 North, Range 9 West, the SW/4 NE/4 of said Section 10 to be dedicated to the well.
- CASE 7381: Application of H. L. Brown, Jr., for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the South line and 2310 feet from the East line of Section 34, Township 7 South, Range 37 East, Bluit-Wolfcamp Gas Pool, the E/2 of said Section 34 to be dedicated to the well.
- CASE 7382: Application of IXO Production Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow well to be drilled 660 feet from the South and West lines of Section 20, Township 17 South, Range 28 East, the W/2 of said Section 20 to be dedicated to the well.
- CASE 7383: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying the NW/4 of Section 19, Township 19 South, Range 25 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 7384:

Application of Morris P. Antzell for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the surface to the base of the MZ formation underlying the NE/4 SW/4 of Section 12, Township 2 South, Range 38 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 the pool and its maintenance.

CASE 7385:

Application of El Paso Natural Gas Company for a unit operating agreement, El Paso County, New Mexico. Applicant, in the above-styled cause, seeks approval for the proposed unit operating agreement and Basin-Dakota production in the wellbore of the El Paso Unit Well No. 1, located in Unit A of Section 6, Township 2 North, Range 1 West.

CASE 7386:

Application of El Paso Natural Gas Company for a unit operating agreement, El Paso County, New Mexico. Applicant, in the above-styled cause, seeks approval for the proposed unit operating agreement and Basin-Dakota production in the wellbore of the El Paso Unit Well No. 2, located in Unit A of Section 31, Township 2 North, Range 1 West.

CASE 7387:

Application of Sun Oil Company for an unorthodox oil 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 North and East lines of Section 12, Township 2 South, Range 38 East, located in Unit 1 of Section 12, Township 2 South, Range 38 East.

CASE 7388:

Application of Sun Oil Company for an unorthodox oil 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 North and East lines of Section 12, Township 2 South, Range 38 East, located in Unit 1 of Section 12, Township 2 South, Range 38 East.

CASE 7389:

Application of Yates Petroleum Corporation for an Amendment to Division Order No. R-4361, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-4361, which promulgated special rules and regulations for the Permian Draw San Andres-Yates Pool, by amending Rule 5 to permit the simultaneous dedication of gas wells and oil wells and amending Rule 9 to provide for annual gas-liquid ratio tests in lieu of semi-annual tests.

CASE 7365:

(Continued from October 7, 1981, Examiner Hearing)
Application of Yates Petroleum Corporation for the amendment of Order No. R-6406, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6406, to permit recompletion of its State "J" No. 2 Well, drilled at an unorthodox location 660 feet from the South line and 660 feet from the East line of said Section 21, Township 18 South, Range 28 East, in any and all Wolfcamp and Pennsylvanian pays in said well.

CASE 7390:

Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the W/2 of Section 12, Township 2 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 7391:

Application of Harvey E. Yates Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the Travis Penn Unit encompassing 480 acres, more or less, underlying all or portions of Sections 11 and 12, Township 18 South, Range 28 East, Eddy County, New Mexico.

The unitized interval would be the Cisco-Canyon formation between the depths of 9815 feet and 9935 feet in Harvey E. Yates Company's Travis Deep Unit No. 1 Well. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

- CASE 7384:** Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 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 7385:** Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco-Mesaverde and Basin-Dakota production in the wellbore of its San Juan 27-5 Unit Well No. 59, located in Unit A of Section 6, Township 27 North, Range 5 West.
- CASE 7386:** Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No. 54, located in Unit L of Section 31, Township 27 North, Range 5 West.
- CASE 7387:** Application of Sun Oil Company for an unorthodox oil 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 North and East lines of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, the N/2 NE/4 of said Section 32 to be dedicated to the well.
- CASE 7388:** Application of Sun Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the Northeast Lusk Yates Pool, 2500 feet from the North line and 1880 feet from the East line of Section 15, Township 19 South, Range 32 East the SW/4 NE/4 of said Section 15 to be dedicated to the well.
- CASE 7389:** Application of Yates Petroleum Corporation for an Amendment to Division Order No. R-4365, Eddy County, New Mexico. Applicant, in the above-styled cause seeks the amendment of Division Order No. R-4365, which promulgated special rules and regulations for the Penasco Draw San Andres-Yeso Pool, by amending Rule 5 to permit the simultaneous dedication of gas wells and oil wells and amending Rule 9 to provide for annual gas-liquid ratio tests in lieu of semi-annual tests.
- CASE 7365:** (Continued from October 7, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for the amendment of Order No. R-6406, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6406, to permit recompletion of its State "JM" No. 2 Well, drilled at an unorthodox Morrow location 660 feet from the South line and 660 feet from the East line of said Section 25, Township 18 South, Range 24 East, in any and all Wolfcamp and Pennsylvanian pays in said well.
- CASE 7390:** Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the W/2 of Section 18, Township 9 South, Range 27 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 7391:** Application of Harvey E. Yates Company for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the Travis Penn Unit encompassing 480 acres, more or less, underlying all or portions of Sections 12 and 13, Township 18 South, Range 28 East, Eddy County, New Mexico.

The unitized interval would be the Cisco-Canyon formation between the depths of 9815 feet and 9935 feet in Harvey E. Yates Company's Travis Deep Unit No. 2 Well. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

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- CASE 7392:** Application of Sam H. Snoddy, for an unorthodox gas well location in the Oil-Potash Area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the location of a Pennsylvanian well to be drilled 660 feet from the North and East lines of Section 26, Township 26 South, Range 32 East, Oil-Potash Area, the N/2 of said Section 26 to be dedicated to the well.
- CASE 7393:** Application of Uriah Exploration Incorporated for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco, Canyon and Morrow formations underlying the W/2 of Section 13, Township 22 South, Range 24 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 7394:** Application of Supron Energy Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian well to be drilled 467 feet from the North line and 1650 feet from the West line of Section 13, Township 22 South, Range 24 East, the N/2 of said Section 13 to be dedicated to the well.
- CASE 7395:** Application of Curtis J. Little for Designation of a Tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 25 and 26 North, Ranges 6 and 7 West containing a total of 14,400 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.
- CASE 7300:** (Reopened and Readvertised)
- Application of Dome Petroleum Corporation for designation of a tight formation, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Townships 21 and 22 North, Ranges 5, 6, and 7 West, containing 73,018 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.
- CASE 7352:** (Continued from September 23, 1981, Examiner Hearing)
- 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 Permian Penn 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 1/2 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.

KELLAHIN and KELLAHIN

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Santa Fe, New Mexico 87501

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Karen Aubrey

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Area Code 505

October 1, 1981

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

*Rec'd
9/30*

Case 7387

RE: Sun Oil Company

Dear Joe:

Please set the enclosed application for an unorthodox well location for their New Mexico "S" State Well No. 2, for a hearing on October 21, 1981.

Very truly yours,

W. Thomas Kellahin
W. Thomas Kellahin

WTK:jm
Enclosure
cc: J. T. Harris

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

IN THE MATTER OF THE APPLICATION OF
SUN OIL COMPANY FOR APPROVAL OF AN
UNORTHODOX WELL LOCATION, LEA COUNTY
NEW MEXICO.

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Case 7387

A P P L I C A T I O N

COMES NOW SUN OIL COMPANY by and through its attorneys,
Kellahin & Kellahin and applies to the Oil Conservation
Division of New Mexico for approval of an unorthodox well
location in West Sawyer San Andres Pool, Lea County, New
Mexico to-wit: 660 feet from the East line and 660 feet from
the North line, Section 32, Township 9 South, Range 37 East,
NMPM, and in support thereof would show:

1. Applicant is an oil and gas operator with the right
to drill and develop the N/2NE/4 of said Section 32.

2. Applicant proposes to drill a well to test the
West Sawyer San Andres Pool at an unorthodox well location
660 feet from the East line and 660 feet from the North line
of Section 32, T9S, R37E, NMPM, as an exception to Rule 4 of
said Pool Rules.

3. Applicant proposes to dedicate the N/2NE/4 of said
section to this well.

4. Approval of this application will prevent waste and
protect correlative rights.

WHEREOF, Applicant requests that this matter be set for hearing before the Division's Examiner and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By: 

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

ATTORNEY FOR SUN OIL COMPANY

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:

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CASE NO. 7387

ORDER NO. R- 6832

APPLICATION OF SUN OIL COMPANY
OIL
FOR AN UNORTHODOX ~~GAS~~ WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 21,
1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of October, 19 81, 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, Sun Oil Company,
oil
seeks approval of an unorthodox ~~gas~~ well location 660
feet from the North line and 660 feet from the
East line of Section 32, Township 9 South
Range 37 East, NMPM, to test the San Andres
formation, West Sawyer-San Andres Pool, Lea
County, New Mexico.

(3) That the N/2 NE/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 and gas} underlying the proration unit.

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

-2-

Case No. _____

Order No. R- _____

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the ^{oil and gas} ~~gas~~ 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 Sun Oil Company

(1) That an unorthodox ^{oil} ~~gas~~ well location for the San Andres formation is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the East line of Section 32, Township 9 South, Range 37 East NMPM, West Sawyer-San Andres Pool, Lea County, New Mexico.

(2) That the N/2 NE/4 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.