

CASE 7388: SUN OIL COMPANY FOR AN UN-
ORTHODOX OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO

DOCKET MAILED

Date 10/9/81

Case No.

7388

Application

Transcripts.

Small Exhibits

ETC



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

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:

BEST AVAILABLE COPY

CASE NO. 7388
Order No. R-6833

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 2500 feet from the North line and 1880 feet from the East line of Section 15, Township 19 South, Range 32 East, NMPM, to test the Yates formation, Northeast Lusk-Yates Pool, Lea County, New Mexico.

(3) That the SW/4 NE/4 of said Section 15 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. 7388
Order No. R-6833

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:

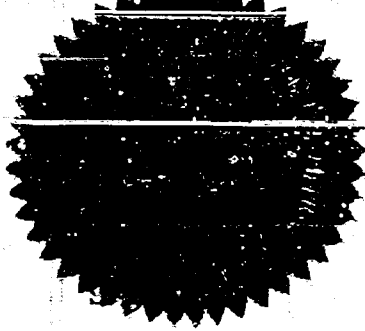
(1) That the application of Sun Oil Company for an unorthodox oil well location for the Yates formation is hereby approved for a well to be located at a point 2500 feet from the North line and 1880 feet from the East line of Section 15, Township 19 South, Range 32 East, NMPM, Northeast Lusk-Yates Pool, Lea County, New Mexico.

(2) That the SW/4 NE/4 of said Section 15 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
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
7388

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

EDWARD W. DOWD

Direct Examination by Mr. Kellahin 3

E X H I B I T S

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Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Map 5

MR. STAMETS: We'll call next Case 7388.

MR. PEARCE: Application of Sun Oil Company for an unorthodox oil well location, Lea 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.)

EDWARD D. DOWD

being called as a witness and being 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. Yes. My name is Edward D. Dowd. I go by Ed Dowd, D-O-W-D, and I'm a Regional Supervisor Geologist for Sun Oil Company, located in Dallas, Texas.

Q Mr. Dowd, have you previously testified before the Division as a geologist?

A. Yes, I have.

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

MR. STAMETS: He is considered qualified.

Q Let me direct your attention to what we've marked as Applicant Exhibit Number One, and have you identify that for us.

A. This is a plat showing the Sun's Jennings Federal "B" lease, located in Section 15 of the 19 South, 32 East, Lea County, New Mexico. And the plat shows the producing wells from the Yates formation colored in an orange dot with the proposed location located by a red dot, and that location being 2500 feet from the north line and 1880 feet from the east line of Section 15.

Q To what formation will this well be drilled?

A. To the Yates Sand.

Q And in what pool is the Yates Sand?

A. The Northeast Lusk Yates.

Q You're seeking an unorthodox location, Mr. Dowd?

A. Yes, sir, we are.

Q In what way is this unorthodox for this pool?

A. It is not located in the center of a

1
2 40-acre tract, drilling tract, which was Tract G of that
3 section.

4 Q All right. Is there any reason why you
5 cannot locate it in the center of that 40-acre tract?

6 A Yes, it will be too close to a high
7 pressure gas line that is exhibited on the plat.

8 Q The proposed location appears to straddle
9 two high pressure gas lines.

10 A Yes, it does. It falls -- locates in
11 between two high pressure lines, as we have designated on the
12 plat, Exhibit One.

13 Q This problem is similar to one that the
14 Commission solved with an unorthodox order for the Jennings
15 Federal "B" No. 1 Well?

16 A Yes, it was. Yes, it is.

17 Q All right, sir. Let's go, then, to
18 Exhibit Number Two and have you identify that for me.

19 A Exhibit Two is a structural map prepared
20 under my supervision on top of the Yates Sand producing zone.
21 In addition to that we have a type log on the lefthand side
22 that is the Sun No. 1 Jennings Federal B-1, and that is
23 located, that type log is located in the northeast of the
24 southwest quarter section 15. It is the well that had been
25 granted an unorthodox location previous to this date. The

1
2 structural contours exhibit a small anticline anomaly with
3 the producing wells from the Yates Sand being designated by
4 an orange dot and a red dot with a red arrow for the proposed
5 location.

6 Q All right, sir, and what is on the left
7 of the plat?

8 A The type log, electric log, covering the
9 Yates pay zone and through the Capitan Reef of the No. B-1
10 Jennings Federal.

11 Q Do you have a geologic opinion with re-
12 gards to the unorthodox location as being the optimum location
13 within this 40-acre tract to locate a well?

14 A Yes, I do. The location -- if the well
15 was located north or south of the proposed, it would be
16 structurally low on the north side. It would be similar to
17 the B-4, which is a low structural well, encountered salt
18 water in the Yates Sand formation.

19 A location to the south of the location
20 would be structurally low, as the No. A-2 Federal Jennings
21 was located down in the southwest -- southeast -- southwest
22 quarter of the southeast quarter. It was a dry hole, also.

23 Q What's the ownership, Mr. Dowd, for the
24 east half of Section 15? Is this all the same Federal lease?

25 A The ownership is 75 percent Sun and with

an outside party of 25 percent.

Q All right. My question is the 40-acre tract immediately to the south, which is the tract you're crowding, is that under Sun's ownership and control?

A Yes. Yes, it is.

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

A It certainly will.

Q Was -- and Exhibits Number One and Two were prepared under your direction and supervision?

A Under my direction, yes.

MR. KELLAHIN: We move the introduction of Exhibits One and Two.

MR. STAMETS: These exhibits will be admitted.

Any questions of this witness? He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

CERTIFICATE

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

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 transcript of the proceedings in
the Examinee's hearing heard by me.

10-7-81

7388
19 81

Buchanan G. Linn, Examiner
Oil Conservation Division

9

PET DEV CORP
McKay Fed
7-9-78 12983

Dorothy McKay

10

Sun Oil Co

PET DEV CORP
1-14-78 13000
Sun-McKay 13103

Sun Oil Co

Pet Dev Corp.
Robert McKay
OI
13650

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Sun O Co

en Majer

3001

Amoco

12957
8-11-77

Pet Dev Corp.
Superior
12980

16
1-30-78
AMOCO 12971
"D.R."
11000
8-13-78

Cleverock
Piedco

11000
8-8-72

Cactus Flg
3122

State

Sun

Sherry Down
Fed.
13055

Sherry Down
Fed.
13050

4,330
8-8-72

Sherry Fed
Com U.S.

B-4
3111

Jennings Fed

3050
1-28-78
Jennings Fed

4,400
9-15-80

4,330
8-8-72

Jennings Fed
B-2
13055
"B"

Sun

A-1
10900
PBA 1-2

El Paso
Gas Co.
1-28-78
Jennings Fed

4,400
9-15-80

4,330
8-8-72

A-2
3100
Jennings Fed "A"

Sun O Co

Sun O Co

Sun Oil Co

14

21

Stoon
Federal
10915

Sun Oil Co

Linehan & Stollenberg

2933
8/80

Sun Oil Co.

22

Sun Oil Co.

BEFORE EXAMINER STATES
OIL CONSERVATION DIVISION.

SUN EXHIBIT NO. 1

CASE NO. 7388

Submitted by

Hearing Date 21 OCT 81

23

28

Sun Oil Co.

Pan Amer
13180

Plains Unit

SUN PRODUCTION CO.



EAST LUSK FIELD

COUNTY Lea (T19S R32E) STATE New Mexico

TYPE Data Base DATUM

CONTOUR INTERVAL SCALE 1" = 2000'

GEOLOGY BY Neil Subramaniam DATE 10-9-81

DRAFTING BY Alan Yanko REVISED BY DATE

Pan Amer

11690
6-27-64

Culbertson et al
Lynch
11,517
6-20-42 Kereay & Co
All-Fed
2710

Pan Amer
11,514
Culbertson et al
Lynch
2776 12-12-42
Plains Unit-Fed

2811
2771

Pan Amer

2
2936

Ewell H Muse

3
4111
11485

5
11605

13
4,895

U.S.

**OIL CONSERVATION COMMISSION
DEDICATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

Distances must be from the outer boundaries of the Section

BEST AVAILABLE COPY

Lease Jennings A Federal		Well No. 3
Township 19South	Range 32East	County Lea
From the East line and 2500 feet from the North line		
Producing Formation NORTHEAST LUSK-YATES	Pool YATES	Dedicated Acreage: 40 Acres

the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below:

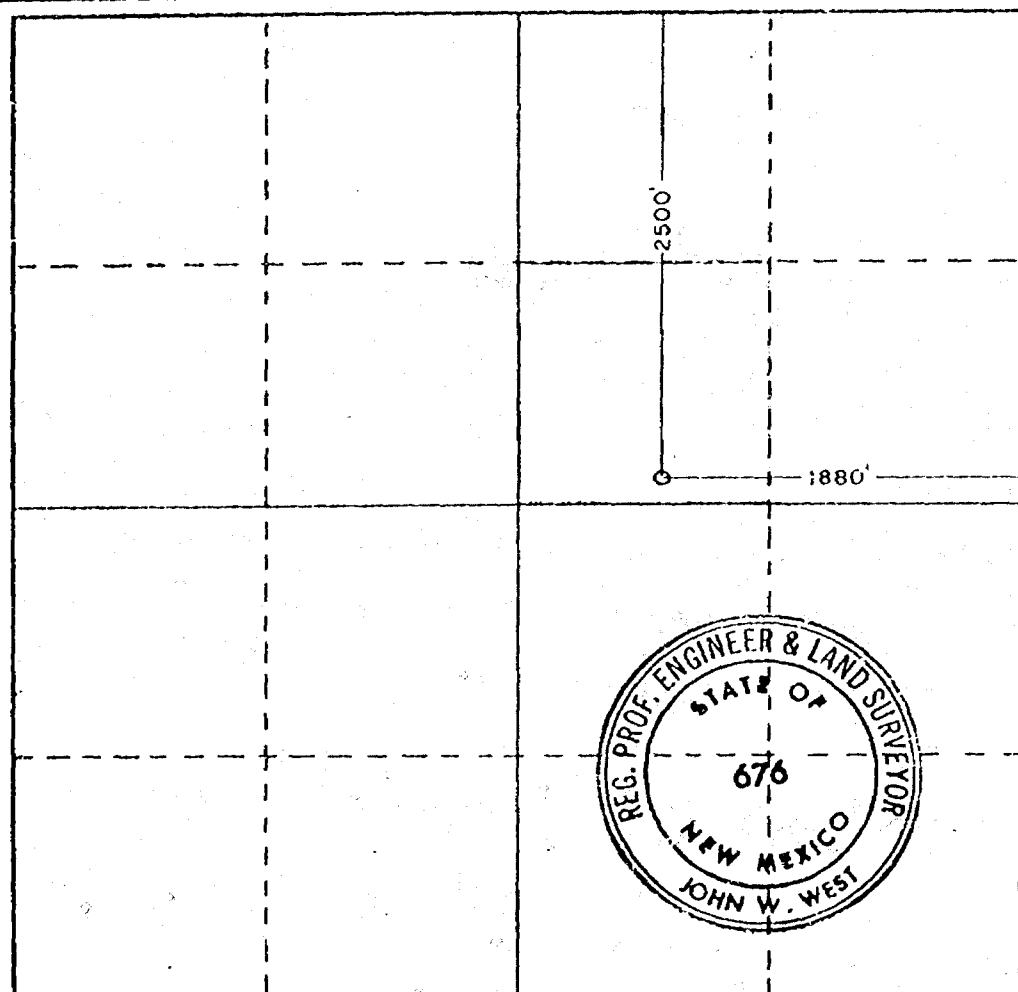
If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Maria L. Perez
Name
Maria L. Perez

Position
Sr. Accounting Assistant

Company
Sun Oil Company

Date
Oct. 8, 1981

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
Sept. 14, 1981

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **JOHN W. WEST 676**
PATRICK A. ROMERO 6468
Ronald J. Eidson 3239

0 320 640 960 1280 1600 1920 2240 2560 2880 3200 3520 3840 4160 4480 4800 5120 5440 5760 6080 6400

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

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

Application of Bass Enterprise 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 7323: (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 G of Section 30, 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 13, 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 TXO 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.

- WEST AVAN ARRI COUNTY
- 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 10 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.

- 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 20 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 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;

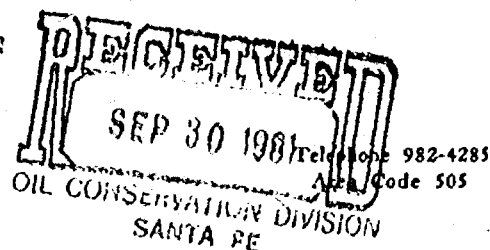
Also Sections 1 thru 12 in

22 South, 21 and 22 East,

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

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



September 25, 1981

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

RE: Sun Oil Company

Case 7388

Dear Joe;

Please set the enclosed application for an unorthodox well location for the Jennings "A" Federal Well #3, for hearing on October 21, 1981.

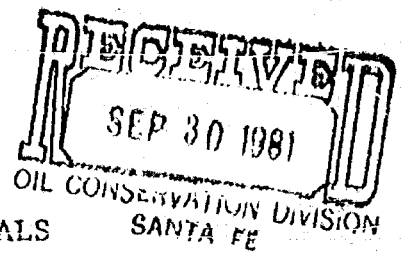
Very truly yours,



W. Thomas Kellahin

WTK:jm
Enclosed
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

Case 7388

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 the Northeast Lusk Yates Field, Lea County, New
Mexico to-wit: 1880 feet from the East line and 2500 feet
from the North line, (Unit G), Section 15, Township 19 South,
Range 32 East, NMPM. and in support thereof would show:

1. Applicant is an oil and gas operator with the right
to drill and develop the SW/4NE/4 of said Section 15.

2. Applicant proposes to drill a well to test the
Yates formation at an unorthodox well location 1880 feet from
the East line and 2500 feet from the North line of Section 15,
T19S, R32E, NMPM.

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

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

WHEREFORE, 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

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7388

ORDER NO. R- 6833

APPLICATION OF SUN OIL COMPANY
FOR AN UNORTHODOX ^{OIL} 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, 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} gas well location 2500
feet from the North line and 1880 feet from the
East line of Section 15, Township 19 South
Range 32 East, NMPM, to test the Yates
formation, Northeast Lusk-Yates Pool, Lea
County, New Mexico.

(3) That the SW/4 NE/4 of said Section 15 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} gas underlying the proration unit.

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

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Case No. _____
Order No. R- _____

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(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.

The application of Sun Oil Company for

IT IS THEREFORE ORDERED:

(1) That an unorthodox ^{oil} ~~gas~~ well location for the Yates formation is hereby approved for a well to be located at a point 2500 feet from the North line and 1880 feet from the East line of Section 15, Township 19 South, Range 32 East NMPM, Northeast Lusk-Yates Pool, Lea County, New Mexico.

(2) That the ^{NE/4} SW/4 of said Section 15 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.