

THODCI GAS
STANDARD GAS
NEW MEXICO

DOCKET MAILED

Date 3/5/82

CASE NO.

7502

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

MARCH 16, 1982

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
G E Erbin	Geely O. & Co.	Midland, Tx
Larry K. Lofton	Geely Oil Co.	Midland, TX
David Daniel	Geely Oil Co.	Midland, Tx
J. H. Hays	Sun Exploration & Prod. Co.	Dallas, Texas
J. I. Power	Sun Expl. & Prod. Co.	Dallas, Texas
William L. Farr	Sampbell, Eyed and Black P.A.	Santa Fe, N.M.
W. R. Keeseler	El Paso Natural Gas	El Paso
Jeff A. Edmister	NM OGD	Aztec
S. S. Chay	"	"
JIM LEW	NEW MEXICO STATE LAND OFFICE	SANTA FE
RC Hayward	Minerals Management Service	Albuquerque.
Michael P. Hunter	MESA PETROLEUM CO	MIDLAND
W. L. J.	"	"
Steven C. James	"	"
W T Kellahin	Kellahin + Kellahin	Santa Fe
Robert H. Strand	Harvey E. Yates Co.	Roswell
R. H. H.	Beyann	Santa Fe
Joe Hall	Harvey E. Yates Co.	Roswell

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date MARCH 16, 1982 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Natarajan Subramaniam	Sun Expl. and Prod. Co.,	Dallas
Coby Osborne	Sun Expl. + Prod. Co.	Midland, Tx.
Tom Chua		Santa Fe
Paul Cooter	Santa Fe Exploration	Roswell
W.B. McEay	Consultant	Roswell
Wm McAlpine	Santa Fe Exploration	Roswell
E. F. Moller	Citias Service	MIDLAND
Em + L. Padilla	BCO	Santa Fe
Francis J. Walker	Jack Grayberg & Assoc.	Santa Fe
Scott Hall	Working Petroleum	ST
Jack Grayberg	State Land Office	
Johnny Roberts	Jack Grayberg & Assoc.	Dallas
Kevin H. McCall	Dugan Production	Farmington
Em + L. Padilla	Fairview Gas Producers	Farmington
James J. Young	Red Mountain Assoc.	SF
Robert H. Kofner	Jennings & Christy	Roswell
	Montgomery & Hudson	Santa Fe

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
16 March 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Sun Oil Company for
an unorthodox gas well location and
non-standard gas proration unit, Lea
County, New Mexico.

CASE
7502

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

NATARAJAN SUBRAMAMAIM

Direct Examination by Mr. Keilahin 3

Cross Examination by Mr. Stamets 7

E X H I B I T S

Applicant Exhibit One, Map 4

1
2 MR. STAMETS: Call now Case 7502.

3 MR. PEARCE: Application of Sun Oil Com-
4 pany for an unorthodox gas well location and non-standard
5 gas proration unit, Lea County, New 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 NATARAJAN SUBRAMAMAIM

13 being called as a witness and being duly sworn upon his oath,
14 testified as follows, co-wit:

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Mr. Subramamaim, would you please state
19 your name and occupation?

20 A My name is Natarajan Subramamaim. I
21 am a professional geologist for Sun Oil Company.

22 Q Mr. Subramamaim, have you previously
23 testified as a geologist and had your qualifications accepted
24 and made a matter of record?

25 A Yes.

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Q And have you prepared certain geological exhibits as part of the case today?

A Yes.

MR. KELLAHIN: If the Examiner please, we tender Mr. Subramamaim as an expert petroleum geologist.

MR. STAMETS: The witness is considered qualified.

Q Mr. Subramamaim, would you please refer to what we've marked as Sun Oil Company's Exhibit Number One and identify that plat for us?

A This is part of Sections 5, 6, 7, and 8, in Township 24 South, Range 37 East, in Lea County, New Mexico.

Q What's identified by the yellow shading?

A Those are the wells in the Jalmat Gas Field which --

Q The orange well symbols are the Jalmat Gas Wells?

A Yes, they are.

Q And what is the yellow shading in the sections? What's that?

A That represents Sun leaseholdings.

Q All right, and where is the subject location for this well?

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A. The subject location would be in the southeast quarter of the southeast quarter of Section 6, Township 24 South, Range 37 East.

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Q And it's identified by the green arrow?

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A. Yes.

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Q What is a standard spacing and proration unit for the Jalmat Gas Pool, Mr. Subramamaim?

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A. 640 acres, and locationwise they have to be 1980 from any of the boundary lines.

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Q All right, sir, and what spacing and proration unit do you propose to assign to this well?

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A. This will -- we would like to propose discontinuation of Well No. 1, which is in the northwest corner of the southeast quarter, and redrill a new well numbered 9 in the southeast quarter, and assign that 160 acres to that well.

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Q This 160-acre proration unit is already -- is now assigned to this No. 1 Well?

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A. No, 1 Well, that is correct.

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Q All right, and the new well is a replacement well.

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A. It would be a replacement well.

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Q All right, what do you propose to do with the first well?

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A. Plug and abandon it.

Q All right, sir. Are there any other non-standard proration units in this immediate area, Mr. Subramamaim?

A. Directly north of the same quarter in the north -- northeast quarter of Section 6 there are two wells within that 160, and in the immediate south of this quarter in the northeast quarter of Section 7 there -- you will see, there are two wells. One has been discontinued. They had the last production in August of '81.

Q All right, sir, what's indicated on the righthand side of the exhibit?

A. It shows a type log which is very close by. It shows the limits, the vertical limits of the Jalmat Oil and Gas Pools straight from the top of the Tansill to 100 feet above the Queen formation.

Q Why have you picked this particular location, Mr. Subramamaim?

A. It will be a little higher structurally and it will be in the porosity direction towards better extraction of the Jalmat Gas Pool.

Q All right, sir. Was this exhibit prepared by you?

A. Yes.

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

A. I do.

MR. KELLAHIN: We move the introduction of Sun Oil Company's Exhibit Number One.

MR. STAMETS: Exhibit Number One will be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Subramamaim, do you have the order number which authorized that non-standard proration unit initially?

A. Right offhand I do not.

MR. KELLAHIN: May we supply that to you, Mr. Stamets?

MR. STAMETS: Yes, you certainly may.

A. Yes.

Q And just for the record I would point out that the pool rules do provide that when less than 640 acres is dedicated to a well, as in this case, 160 acres, the location that you have would be at a standard location

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2 for 160 non-standard unit, so approval of the location by
3 this order is not necessary.

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

6 Anything further in this case?

7 The case will be taken under advisement.
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9 (Hearing concluded.)
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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. 2502 heard by me on 3-16 1982
Richard P. Starnes Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

RL 1 Box 193-B

Santa Fe, New Mexico 87301

Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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. 7502
Order No. R-6926

APPLICATION OF SUN OIL COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION AND
NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 16, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of March, 1982, 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 gas well location 760 feet from the South line and 960 feet from the East line of Section 6, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.
- (3) That the applicant also seeks approval for a 160-acre non-standard proration unit comprising the SE/4 of said Section 6.
- (4) That the proposed well location is orthodox for the non-standard proration unit and that portion of the subject application should be dismissed.
- (5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the 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

-2-
Case No. 7502
Order No. R-6926

number of wells, and will otherwise prevent waste and protect correlative rights.

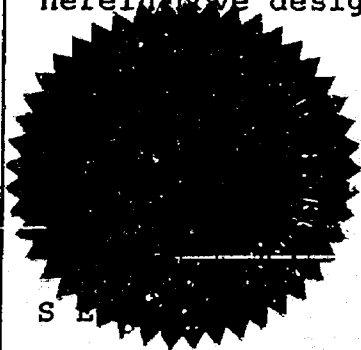
IT IS THEREFORE ORDERED:

(1) That Sun Oil Company is hereby granted a 160-acre non-standard gas proration unit comprising the SE/4 of Section 6, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

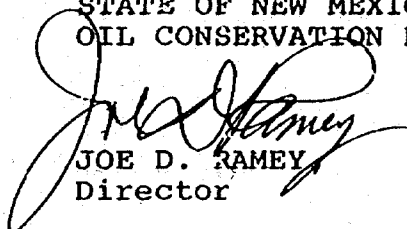
(2) That that portion of the subject application seeking approval of an unorthodox gas well location is hereby dismissed.

(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
Director

S E

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 176
Santa Fe, New Mexico 87501

MAR 21 1982

Telephone 982-4285
Area Code 505

March 18, 1982

Mr. Richard L. Stamets
OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Sun Oil Company
Division Case 7502
March 16, 1982

Dear Dick:

At the referenced hearing on March 16th, we informed you that Sun's Well No. 1, Unit J, Section 6, was a previously approved nonstandard 160 Jalmat Gas Pool dedication.

You requested that we find you the previous Division Order Number. Sun has researched their records and Melba Carpenter of the District Office has reviewed the Division files in Artesia.

Apparently this unit was never the subject of a Division Hearing. The well was completed in early 1950s and may have predated the creation of the Jalmat Gas Pool. Melba says that it is carried on the Division records as a 160 acre unit but that there is no number assigned to that approval.

Very truly yours,

KELLAHIN & KELLAHIN

W. Thomas Kellahin
W. Thomas Kellahin

WTK:rb

cc: Mr. J. T. Harris,
Sun Oil Company

Dockets Nos. 9-82 and 10-82 are tentatively set for March 31, and April 14, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - MARCH 16, 1982

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 April, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7502: Application of Sun Oil Company for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 760 feet from the South line and 960 feet from the East line of Section 6, Township 24 South, Range 37 East, Jalmat Gas Pool, and a 160-acre non-standard proration unit comprising the SE/4 of said Section 6.

CASE 7503: Application of Sun Oil Company for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the North line and 1400 feet from the East line of Section 22, Township 22 South, Range 36 East, Jalmat Gas Pool, and a 120-acre non-standard proration unit comprising the W/2 NE/4 and SE/4 NE/4 of said Section 22.

CASE 7504: Application of Cities Service Company for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a subsurface depth of 3416 feet underlying the NW/4 of Section 19, Township 24 South, Range 37 East.

CASE 7505: Application of BCO, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Lybrook-Gallup and Basin-Dakota production in the wellbores of wells drilled and to be drilled in Section 2, 3, 4, 9 and 10, Township 23 North, Range 7 West.

CASE 7506: Application of Getty Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Abo formation in the perforated interval from 8900 feet to 9300 feet in its State "P" Well No. 1, located in Unit P, Section 32, Township 16 South, Range 37 East, Lovington-Abo Pool.

CASE 7507: Application of Sonny's Oilfield Service, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 East.

CASE 7508: Application of P & O Oilfield Services, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 NE/4 of Section 10, Township 25 South, Range 36 East.

CASE 7459: (Continued from February 17, 1982, Examiner Hearing)

Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.

CASE 7457: (Continued from February 17, 1982, Examiner Hearing)
(This Case will be continued to April 28, 1982)

Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

Page 2
Examiner Hearing
TUESDAY - MARCH 16, 1982

- CASE 7509:** Application of Supron Energy Corporation for a non-standard proration unit or compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit for the Dakota and Mesaverde formations comprising the SW/4 of Section 2, Township 21 North, Range 8 West, or in the alternative, an order pooling all mineral interests from the surface down through the Dakota formation underlying the S/2 of said Section 2, 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 7510:** Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Penn formations underlying the N/2 of Section 10, Township 22 South, Range 32 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 7511:** (This Case will be continued to March 31, 1982)
Application of Buffton Oil & Gas Inc. for compulsory pooling, Lea 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 35, Township 16 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.
- CASE 7496:** (Continued from March 3, 1982, Examiner Hearing)
Application of Viking Petroleum, Inc. for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Abo gas well to be drilled 62 feet from the South line and 1984 feet from the East line of Section 29, Township 5 South, Range 24 East, the SE/4 of said Section to be dedicated to the well.
- CASE 7512:** Application of Viking Petroleum, Inc. for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well located in Unit H of Section 31, Township 13 South, Range 34 East, Nonombre-Penn Pool, said well being a recompleted Morrow test and located in the SE/4 of the quarter section whereas the oil rules require wells to be located in the NE/4 or SW/4 of the quarter section.
- CASE 7476:** (Continued from March 3, 1982, Examiner Hearing)
Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation underlying two 160-acre gas spacing units, being the NE/4 and SE/4, respectively, of Section 12, Township 5 South, Range 24 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 7513:** Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the SE/4 of Section 12, Township 5 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 7514:** Application of Santa Fe Exploration Co. for compulsory pooling, or in the alternative a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Permo-Penn, Strawn, Atoka and Morrow formations underlying the W/2 of Section 2, Township 20 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 200 percent charge for risk involved in drilling said well. In the event said 200 percent risk factor is not approved, applicant seeks a non-standard unit excluding the lands of owners not participating in the well.

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EXAMINER HEARING - TUESDAY - MARCH 16, 1982

CASE 7515: Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12, and 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 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 7445: (Continued from February 17, 1982, Examiner Hearing)
(This Case will be continued to April 28, 1982)

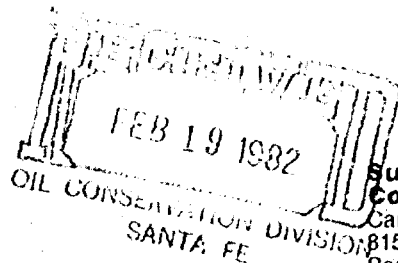
Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASE 7492: (Continued and Readvertised)

Application of Harvey E. Yates Company for a tight formation, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka-Morrow formation underlying all or portions of Townships 7, 8, and 9 South, Ranges 28, 29, 30 and 31 East, containing 161,280 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 7500: (Continued from March 3, 1982, Examiner Hearing)

Application of Read & Stevens, Inc. for an exception to the maximum allowable base price provisions of the New Mexico Natural Gas Pricing Act, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order of the Division prescribing the price allowed for production enhancement gas under Section 107 of the Natural Gas Policy Act as the maximum allowable base price if production enhancement work which qualifies under the NGPA is performed on its Hackberry Hills Unit Well No. 4 located in Section 22, Township 22 South, Range 26 East, Eddy County, New Mexico.



Sun Production
Company
Campbell Centre II
8150 North Central Expy
Post Office Box 2880
Dallas Texas 75221
214 733 9100

February 17, 1982

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Re: Unorthodox Well Location and
Non-Standard Gas Proration Unit
Courtland Myers Well No. 9
Jalmat Gas Pool, Lea County,
New Mexico

Gentlemen:

Sun Exploration and Production Co. has requested a hearing for permission to drill Well No. 9 on our Courtland Myers lease as an unorthodox well location on a non-standard gas proration unit. Well No. 9 is to be located on Unit "P", 760' from the South line and 960' from the East line of Section 6, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico.

The SE/4 of Section 6 will be dedicated to Well No. 9. This SE/4 of Section 6 is currently dedicated to Well No. 1 which will be closed in. Well No. 1 is a dually completed well with the oil completion in the Myers Langlie Mattix Unit operated by Getty and the gas completion in Well No. 1 will be shut off. Well No. 9 is to be a replacement well for Well No. 1.

This is a Federal lease and all necessary requirements will be fulfilled and necessary forms filed with the Hobbs office. A copy of this letter is being sent to our offset operators by certified mail as their notice of this application. These offset operators are:

New Mexico Oil Conservation Division
February 17, 1982
Page Two

Amoco Production Co., Box 68, Hobbs, New Mexico 88240
Getty Oil Co., Box 730, Hobbs, New Mexico 88240
Gulf Oil Corp., Box 670, Hobbs, New Mexico 88240
Texaco, Inc., Box 728, Hobbs, New Mexico 88240

Very truly yours,

J. T. Power

By:


J. T. Harris

JTP:JTH:cb

cc: Mr. Jerry T. Sexton
New Mexico Oil Conservation Division
Box 1980
Hobbs, New Mexico 88240

Mr. Tom Kellahin
500 Don Gaspar Ave., Box 1769
Santa Fe, New Mexico 87501

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

Santa Fe, New Mexico 87501

Jason Kellahin

W. Thomas Kellahin

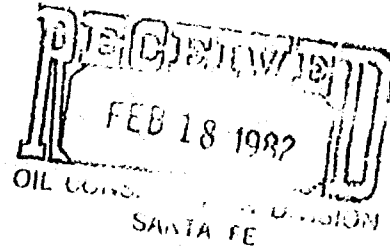
Karen Aubrey

Telephone 982-4285

Area Code 505

February 18, 1982

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



RE: Sun Oil Company

Dear Mr. Ramey:

Please set the enclosed application for Sun Oil Company's Courtland Myers Well No. 9 for hearing on Tuesday, March 16, 1982.

Very truly yours,

A handwritten signature in dark ink, appearing to read "W. Thomas Kellahin". The signature is written in a cursive style with a large, looping initial "W".

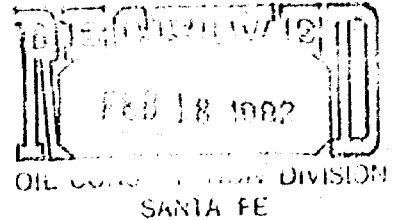
W. Thomas Kellahin

WTK:jm

Enclosure

cc: Mr. 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 AN UNORTHODOX
GAS WELL LOCATION AND NON-STANDARD
GAS PRORATION AND SPACING UNIT, JALMAT
GAS POOL, LEA COUNTY NEW MEXICO.

Case 7502

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 New Mexico Oil Conserva-
tion Division for approval for its Courtland Myers Well No. 9,
Unit P, Section ⁶~~16~~, T24S, R37E, NMPM, of an unorthodox well
location 760 feet from the South line and 960 feet from the
East line of said section and a non-standard spacing and proration
unit consisting of the SE/4 of said Section ⁶~~16~~, and in support
thereof would show:

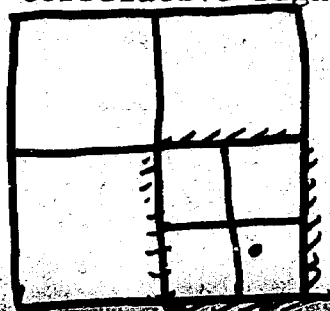
1. Applicant is the operator and has the right to drill
and develop the Jalmat Gas Pool rights underlying the SE/4 of
Section ⁶~~16~~, T24S, R37E, NMPM, Lea County, New Mexico.

2. Applicant proposes to drill its Courtland Myers
Well #9 in Unit P of said section at an unorthodox well location
760 feet from the South line and 960 feet from the East line
of Section ⁶~~16~~.

3. Applicant also proposes to dedicate the SE/4 of said
section as a non-standard spacing and proration unit for this
well.

4. The subject well is a replacement well for Sun Oil
Company's Courtland Myers Well #1.

5. Approval of this application will prevent waste,
result in the recovery of gas that would otherwise not be
recovered, protect correlative rights and be in the best interests
of conservation.



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

Respectfully submitted,

SUN OIL COMPANY

By: 

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

ATTORNEYS FOR APPLICANT

*Stevens
Peterson*

JAR

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:

MS.

CASE NO. 7502

Order No. *R-6926*

APPLICATION OF SUN OIL COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION AND
NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 16, 1982,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of March, 1982, 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 gas well location 760 feet from the South line and 960 feet from the East line of Section 6, Township 24 South, Range 37 East, NMPM, to test the formation, Jalmat Gas Pool, Lea County, New Mexico.

(3) That the applicant also seeks approval for a 160-acre non-standard proration unit comprising the SE/4 of said Section 6.

(4) That the proposed well location is orthodox for the non standard proration unit and that portion of the subject application should be dismissed.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the 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 Sun Oil Company is hereby ^{granted} ~~authorized~~ an ~~unorthodox gas well location for a well to be located at a point 760 feet from the South line and 960 feet from the East line of Section 6, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico,~~ *to be dedicated to a well to be drilled at a standard location thereon.*

~~(2) That a 160-acre non-standard gas proration unit is hereby approved comprising the SE/4 of said Section 6.~~

(2)

(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

(2) That that application portion of the subject application seeking approval of an unorthodox gas well location is hereby dismissed.