

CASE NO.

7544

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Dinero Operating Company  
for an unorthodox gas well location,  
Eddy County, New Mexico.

CASE  
7544

BEFORE: Daniel S. Nutter

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:

William F. Carr, Esq.  
CAMPBELL, BYRD, & BLACK P.A.  
Jefferson Place  
Santa Fe, New Mexico 87501

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**I N D E X**

**ROYCE E. LAWSON, JR.**

Direct Examination by Mr. Carr	3
Cross Examination by Mr. Nutter	12

**E X H I B I T S**

Applicant Exhibit One, Plat	5
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1  
2 MR. NUTTER: Call next Case Number 7544.

3 MR. PEARCE: That is the application of  
4 Dinero Operating Company for an unorthodox gas well location,  
5 Eddy County, New Mexico.

6 MR. CARR: May it please the Examiner, my  
7 name is William F. Carr, from the law firm Campbell, Byrd,  
8 and Black, P. A. of Santa Fe, appearing on behalf of the ap-  
9 plicant.

10 I have one witness.

11  
12 (Witness sworn.)

13  
14 MR. PEARCE: Mr. Examiner, if the record  
15 could reflect, we have received for our file an entry of ap-  
16 pearance on behalf of the Commissioner of Public Lands in this  
17 matter.

18  
19 ROYCE F. LAWSON, JR.

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

22  
23 DIRECT EXAMINATION

24 BY MR. CARR:

25 Q Will you state your full name and place of

1 residence?

2 A My name is Royce E. Lawson, Junior. I live  
3 in Midland, Texas.

4 Q Mr. Lawson, by whom are you employed and in  
5 what capacity?

6 A I'm self-employed. I'm an independent  
7 geologist and geophysicist in Midland

8 Q Are you employed by Dinero Operating Com-  
9 pany in connection with this case?

10 A Yes, I am.

11 Q Have you previously testified before this  
12 Commission or one of its examiners?

13 A Yes, sir.

14 Q Were your credentials at that time accepted  
15 and made a matter of record?

16 A Yes.

17 Q Are you familiar with the application in  
18 this case filed on behalf of Dinero Operating Company?

19 A Yes, sir, I am.

20 Q Are you familiar with the subject area and  
21 the proposed well?

22 A Yes.

23 MR. CARR: Are the witness' qualifications  
24 acceptable?  
25

1  
2 MR. NUTTER: They are.

3 Q Mr. Lawson, will you briefly state what  
4 Dinero is seeking with this application?

5 A Dinero is seeking permission to -- for a  
6 location to be located 660 feet from the north and east line  
7 of Section 20, 22 South, 28 East, in the Dublin Ranch Field  
8 area, which a Morrow -- Atoka-Morrow Field in Eddy County.

9 Q What will be the primary objectives in  
10 drilling this well?

11 A The primary objectives will be the Ellen-  
12 burger, which is a depth of 16,500 foot -- feet, and also  
13 the Siluro-Devonian, the Atoka, and the Morrow zones, which  
14 produce in the nearby field.

15 Q Mr. Lawson, will you please refer to what  
16 has been marked for identification as Dinero Exhibit Number  
17 One and explain to the Examiner what this is and what it  
18 shows?

19 A This is a land plat showing the area of  
20 the Dublin Ranch Field, Township 22 South, 28 East. It shows  
21 the proposed location in Section 20, northeast northeast of  
22 Section 20, and the proposed depth, which is 16,500 feet, an  
23 Ellenburger test well.

24 It also shows outlines of two units that  
25 are existing in the area. These are working interest units.

1  
2 One of them, the larger unit is the working interest unit for  
3 the group test; the other, the smaller unit inside is the  
4 existing working interest unit for the Atoka-Morrow that's  
5 producing in that -- within that unit.

6 Q And that's the Big Chief Morrow Unit?

7 A Yes, sir.

8 Q If you are able to complete a well in the  
9 Ellenburger formation, what would be the spacing for that  
10 well?

11 A Probably a 640-acre spacing in this area.

12 Q And if you were successful in completing  
13 in the Morrow?

14 A A standard location 320 -- proration unit,  
15 320 acres.

16 Q That would be a standard spacing unit?

17 A Yes, sir.

18 MR. NUTTER: Now, Mr. Lawson, when you said  
19 probably 640, that's just conjecture. If you got a well in  
20 the Ellenburger you'd ask for creation of a pool and special  
21 pool rules, is that it, or have you already established 640-  
22 acre spacing in here?

23 There's no -- this is a rank wildcat, Mr.  
24 Examiner, and there are no -- there's no Ellenburger wells  
25 in -- within -- clear down in Texas or over in the platform.

1  
2 MR. NUTTER: So your 640-acre spacing you  
3 talked about is just conjecture.

4 A Yes, sir, but it's -- it's accepted in  
5 Texas and we would probably ask for that same spacing.

6 MR. NUTTER: So it doesn't mean a thing,  
7 necessarily, here.

8 A No, but this is kind of where we're looking  
9 at.

10 MR. NUTTER: Yeah.

11 A Production.

12 Q Mr. Lawson, would you review for Mr. Nutter  
13 Dinero's plans to develop offsetting properties?

14 A Yes, sir. At the present time Dinero is  
15 drilling a well in the north half of Section 16, which is an  
16 Atoka-Morrow well. They have just completed or finished  
17 drilling, rather, they haven't completed, they're moving the  
18 rig off this week, a well over in the north half of Section  
19 15, and this well -- both -- this well looks like it's going  
20 to make a real good Atoka-Morrow well; it blew out in the  
21 Atoka.

22 The well in the north half of 16 is pre-  
23 sently drilling at a depth of about 11,000 feet and in the --  
24 in the Wolfcamp, and they will go for a Morrow test, Morrow  
25 production, and we, in addition to this well, we intend to



1  
2 move onto the south half of this section and drill another  
3 Atoka-Morrow well.

4 And we feel like that the -- the well in  
5 the north half will adequately drain the north half of 16 and  
6 a well, which we're drilling immediately after this well, in  
7 the south half of 16 will drain this section, the rest of --  
8 the remainder, the remainder of Section 16.

9 Q Mr. Lawson, have you selected a well loca-  
10 tion in the south half of 16?

11 A Tentatively we've selected a location of  
12 1980 from the south and east of Section 16, which we feel  
13 will accurately test and evaluate and produce -- drain the  
14 south half of Section 16, a standard proration unit.

15 Q That location is subject to being moved  
16 depending on the information you gain from the well in the  
17 north half of that section, is that correct?

18 A Possibly so, but right now, from all the  
19 information we have in, we have good subsurface information  
20 and a good study in the area, we feel like this will be a  
21 good location.

22 MR. NUTTER: What was that location again?

23 A 1980 out of the south and east of Section  
24 16.

25 Q Is Section 16 a State, Federal, or fee

1 lease?

2  
3 A It's a State lease.

4 Q And what is the -- what kind of a lease is  
5 Section 20?

6 A Section 20 is a Federal lease and we -- it  
7 has already had one Morrow test on Section 20, which is the  
8 Amoco well in the south half of 20, which was proved a dry  
9 hole, or tight well in the Morrow. The Atoka-Morrow was  
10 not commercial in this location.

11 We feel that the well we're going to drill  
12 in the northeast northeast of Section 20 is the best, optimum  
13 location for both the Ellenburger and the Morrow and Atoka  
14 in this section.

15 Q And that is from a geological standpoint?

16 A From geologic and also from an economical  
17 standpoint.

18 Q If you were required to move this well back  
19 to what would be a standard location for a 640-acre unit,  
20 how would that affect Dinero's plans to go forward with the  
21 well?

22 A Well, it would seriously jeopardize our  
23 plans to drill this well. This is -- this is a rank wildcat.  
24 There's not any Ellenburger production within 20, 25 miles  
25 of here, and at the present time this location is one which

1  
2 we feel is justifiable from a geologic standpoint and an econ-  
3 omical standpoint in that this is the optimum location on the  
4 on the Ellenburger from seismic lines we've shot in the area,  
5 and also from the studies we've made on the Atoka-Morrow.

6 The Atoka-Morrow is a series of beach and  
7 bar and channel sands in this area, and we feel like that  
8 this location will be an optimum location to penetrate one of  
9 these bars from the Morrow and Atoka zones.

10 Q Is there a general trending in the Morrow  
11 and Atoka in this area?

12 A Yes, there is. It's -- the general trending  
13 of the Atoka-Morrow is northwest/southeast, generally. We  
14 have adequate well control now in the Dublin Ranch Field to  
15 pretty well define these trends.

16 Q In your opinion would approval of the  
17 drilling the proposed well at the proposed location impair  
18 the correlative rights of any other interest owner in the  
19 area?

20 A Impair them?

21 Q Yes.

22 A No, it will not.

23 Q And why do you say that?

24 A Well, we feel like that this well will,  
25 if it's successful, we intend to develop this area on a large

1  
2 pattern of deep drilling, and we feel like that all the oper-  
3 ators and the royalty owners within this unit area are going  
4 to benefit greatly by this completion of this well in the  
5 Ellenburger or the Siluro-Devonian, deeper had, so we feel  
6 like that if we can complete a well here, we're certainly  
7 going to enhance everyone's position in this area.

8 Q Have you notified all offsetting operators  
9 of this application?

10 A Yes, we have.

11 Q And when was this notice provided?

12 A We -- about two weeks ago we notified every-  
13 one of this.

14 Q And what responses have you received to  
15 date?

16 A Favorable to date, and they're -- most,  
17 all the offset operators have been aware of this unit; we've  
18 been working on it for a good while.

19 Q Will Dinero have approval from all of the  
20 interest owners in Section 20?

21 A Yes, Dinero has.

22 Q In your opinion will granting the applica-  
23 tion be in the best interest of conservation and the prevention  
24 of waste?

25 A I believe it will.

Q Was Exhibit One prepared by you?

A Yes, sir.

MR. CARR: At this time, Mr. Nutter, we would offer into evidence Dinero Exhibit Number One.

MR. NUTTER: Exhibit One will be admitted in evidence.

MR. CARR: I have nothing further on direct.

#### CROSS EXAMINATION

BY MR. NUTTER:

Q Now, Mr. Lawson, for the time being in the Pennsylvanian, if you get Atoka-Morrow production, the north half of the section would be dedicated, is that it?

A Yes, sir, the well drilling in the northwest of 16 is -- is a standard proration unit on the north half.

Q I mean in Section 20, this location, you'd dedicate the north half of Section 20 to it.

A In the Atoka-Morrow?

Q Yes, sir.

A Yes, sir, it will be the north half or the east half of that section.

Q I think the application specified it would be the north half --

A Okay.

Q -- to be dedicated. And of course in Section 16 you have the north half dedicated to a well that's now drilling.

A Yes, sir.

Q The proposed location would be dedicated to the south half.

A Yes, sir.

Q So it's -- the location that's been picked here today is mainly to get on this northwest/southeast trend in the Atoka-Morrow and the location is not all that important as far as Ellenburger is concerned.

A No, sir, it is important as far as the Ellenburger is concerned. We have seismic to confirm this location and this is the optimum location on our seismic.

Q So you're not only looking at the optimum location for Atoka-Morrow but also Ellenburger, --

A Yes, sir.

Q -- going to this nonstandard location.

A Yes, sir, right.

Q I see.

MR. NUTTER: Are there any other questions of the witness? He may be excused.

Do you have anything further, Mr. Carr?

MR. CARR: Nothing further, Mr. Nutter.

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2 MR. NUTTER: Does anyone have anything they  
3 wish to offer in Case Number 7544?

4 We'll take the case under advisement.

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6 (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

SALLY W. BOYD, C.S.R.

A. C. Box 100-3

San Francisco, California 94101

Phone (415) 433-7467

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2544 heard by me on 4/28 1982.

[Signature] Examiner  
Oil Conservation Division



1  
2 STATE OF NEW MEXICO  
3 ENERGY AND MINERALS DEPARTMENT  
4 OIL CONSERVATION DIVISION  
5 STATE LAND OFFICE BLDG.  
6 SANTA FE, NEW MEXICO

7 14 April 1982

8 EXAMINER HEARING

9 IN THE MATTER OF:

10 Application of Dinero Operating  
11 Company for an unorthodox gas  
12 well location, Eddy County, New  
13 Mexico.

CASE  
7544

14 BEFORE: Richard L. Stamets

15 TRANSCRIPT OF HEARING

16 A P P E A R A N C E S

17  
18  
19 For the Oil Conservation  
20 Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

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23 For the Applicant:  
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MR. STAMETS: We'll call next Case 7544.

MR. PEARCE: Application of Dinero Operating  
Company for an unorthodox gas well location, Eddy County, New  
Mexico.

MR. STAMETS: At the request of the appli-  
cant this case will be continued to the April 28th Examiner  
Hearing.

(Hearing concluded.)

## C E R T I F I C A T E

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 75-44 heard by me on 4-14 1982

Richard L. [Signature], Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

K - Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 435-7409



**May 13, 1982**

POST OFFICE BOX 2088  
STATE 1-ND OFFICE BUREAU  
SANTA FE, NEW MEXICO 87501  
(505) 837-2444

Re: CASE NO. 7544  
ORDER NO. R-6971

**Applicant:**

**Dinero Operating 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:

CASE NO. 7544  
Order No. R-6971

APPLICATION OF DINERO OPERATING COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 28, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of May, 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, Dinero Operating Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the East line of Section 20, Township 22 South, Range 28 East, NMPM, to test the Pennsylvanian and Ellenburger formations, Dublin Ranch Field, Eddy County, New Mexico.
- (3) That the N/2 of said Section 20 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 7544

Order No. R-6971

(6) 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.

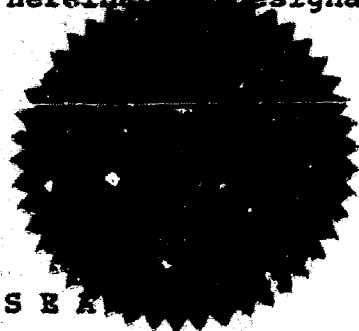
IT IS THEREFORE ORDERED:

(1) That the application of Dinero Operating Company for an unorthodox gas well location for the Pennsylvanian and Ellenburger formations 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 20, Township 22 South, Range 28 East, NMPM, Dublin Ranch Field, Eddy County, New Mexico.

(2) That the N/2 of said Section 20 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.



S E A

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director

INDIAN FL

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OLD INDIAN DRAW UNIT  
AMOCO (OPER.)

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BIG CHIEF UNIT

BIG CHIEF UNIT

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HERRADURA REND

LOVIN

SO. GULF BLUFF UNIT  
DELTA DRILL  
(OPER.)

LOVIN

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

~~INSTR~~ EXHIBIT NO. 1

CASE NO. 7584



Dockets Nos. 13-82 and 14-82 are tentatively set for May 12 and May 26, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - APRIL 22, 1982

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

CASE 7509: (Continued and Readvertised)

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 31 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 7535: (Continued and Readvertised)

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 the Abo formation underlying the SW/4 of Section 17, Township 6 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 7553: (Continued from April 14, 1982, Examiner Hearing)

Application of Fred Pool Drilling Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the SW/4 of Section 17, Township 6 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.

Docket No. 12-82

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 28, 1982

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

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

CASE 7560: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Charles H. Neisen, Fidelity and Deposit Company of Maryland, Surety, and all other interested parties to appear and show cause why the Crownpoint Well No. 1, located in Unit F, Section 18, Township 18 North, Range 13 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7469: (Continued from March 31, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H. M. Bailey & Associates, Commercial Union Insurance Company, and all other interested parties to appear and show cause why the following wells on the H. M. Bailey Lease, Township 21 North, Range 1 West, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program: In Section 10: Nos. 9 in Unit A, 9, 11, 12, and 13 in Unit B, 10 and 14 in Unit C, and No. 15 in Unit C of Section 9.

CASE 7458: (Continued from March 3, 1982, Examiner Hearing)

Application of Marks & Garner Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Bough C formation in the perforated interval from 9596 feet to 9616 feet in its Betanbough Well No. 2, located in Unit M of Section 12, Township 9 South, Range 35 East.

CASE 7561: Application of Franks Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North line and 1980 feet from the West line of Section 9, Township 21 South, Range 32 East, Nat Mesa-Morrow Gas Pool, the W/2 of said Section 9 to be dedicated to the well.

CASE 7565: Application of Delta Drilling Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Mesclero Unit Area, comprising 719.77 acres, more or less, of State, Fee and Federal lands in Townships 9 and 10 South, Range 32 East.

CASE 7544: (Continued and Readvertised)

Application of Dinero Operating Company 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-Elfenberger well to be drilled 660 feet from the North and East lines of Section 20, Township 22 South, Range 28 East, the W/2 of said Section 20 to be dedicated to the well.

CASE 7562: Application of Northwest Exploration Company for pool creation and special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup-Dakota oil pool for its Gavilan Well No. 1 located in Unit A of Section 26, Township 25 North, Range 2 West, with special rules therefor, including provisions for 160-acre spacing.

CASE 7519: (Continued from March 31, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Menafes Oil Pool to provide for well to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7563: Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all Permian formation underlying the NE/4 NE/4 of Section 26, Township 16 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 7437: (Continued from March 16, 1982, Examiner Hearing)

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, SE/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

CASE 7564: 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 from the surface down through the Abo formation underlying the NW/4 of Section 30, Township 6 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 7445: (Continued from March 16, 1982, Examiner Hearing - This Case will be continued to May 26, 1982)

Application of Harvey E. Yates Company for an NGSA 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.

CASES 7524 THRU 7534: (Continued from March 31, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 11 cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case 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 7524: SE/4 Section 2, Township 5 South, Range 24 East

CASE 7525: SW/4 Section 3, Township 5 South, Range 24 East

CASE 7526: NW/4 Section 3, Township 5 South, Range 24 East

CASE 7527: SE/4 Section 3, Township 5 South, Range 24 East

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7530: NW/4 Section 11, Township 6 South, Range 24 East

CASE 7531: SW/4 Section 11, Township 6 South, Range 24 East

CASE 7532: SE/4 Section 27, Township 6 South, Range 24 East

CASE 7533: SW/4 Section 27, Township 6 South, Range 24 East

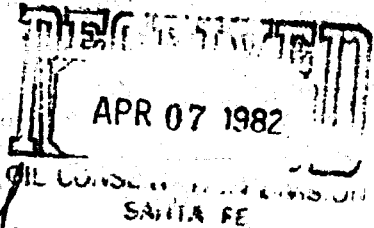
CASE 7534: NW/4 Section 34, Township 6 South, Range 24 East

CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
HARL D. BYRD  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
WILLIAM G. WARDLE  
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SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

April 7, 1982



Mr. Joe D. Ramey  
Director  
Oil Conservation Division  
New Mexico Department of Energy  
& Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Re: Case 7544: Application of Dinero Operating Company  
for an Unorthodox Gas Well Location, Eddy County,  
New Mexico

Dear Mr. Ramey:

Dinero Operating Company hereby requests that Case 7544 be continued from the examiner hearing scheduled for April 14, 1982 and readvertised for the April 28, 1982 examiner hearing to include an unorthodox well location 660 from the north and east lines of Section 20, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico for a well to the Morrow and Ellenburger formations. The north half of said Section 20 will be dedicated to the proposed well.

If additional information is required to docket this matter for hearing on April 28, please advise.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'William F. Carr'.

William F. Carr

WFC:jh  
w/enc.  
cc: Mr. James C. Dewey

Dockets No. 11-82 and 12-82 are tentatively set for April 28 and May 12, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 14, 1982

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

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

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- ALLOWABLE:** (1) Consideration of the allowable production of gas for May, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 7536:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit A. H. Bernstein and all other interested parties to appear and show cause why the Allan Well No. 1 located in Unit F, Section 23, Township 29 North, Range 13 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7537:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit F. K. Umbarger, Trustee and all other interested parties to appear and show cause why the Davis Pooled Unit Well No. 1, located in Unit I, Section 27, Township 29 North, Range 11 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7538:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Francis L. Harvey and all other interested parties to appear and show cause why the Pinkstaff Estate Well No. 1, located in Unit A, Section 29, Township 29 North, Range 10 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7539:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit B.M.N.S. Company, American Employers Insurance and all other interested parties to appear and show cause why the following wells: Waygoner No. 1, Brown No. 2, Wyper No. 2, located in Units K, M, and O, respectively, of Section 29, Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

**CASE 7540:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Pauly-Anderson-Fritchard and all other interested parties to appear and show cause why the Maloy Well No. 1, located in Unit 7, Section 16, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7541:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit E. J. Wiley and all other interested parties to appear and show cause why the Hare (Ransom) Well No. 1, located in Unit M, Section 14, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7542:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Ransom-Montin-Greer Drilling Corporation, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the following wells: Dustin No. 1, located in Unit K, Section 6, and the Callegos Canyon Unit No. 2, located in Unit K, Section 35, both in Township 29 North, Range 12 West, and the Regal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit M, Section 15, both in Township 31 North, Range 13 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

**CASE 7543:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Calvin Petroleum Corporation, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why the Kaampf SWD Well No. 1, located in Unit W, Section 19, Township 30 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

*Continued from March 31, 1982, Examiner Hearing*

- CASE 7544:** Application of Dinero Operating Company for an unorthodox gas well location, Eddy 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 20, Township 22 South, Range 28 East, Morrow formations, the W/2 of said Section 20, to be dedicated to the well. *Ellenburger*
- CASE 7545:** Application of Baker Engineering for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 258.16-acre non-standard gas proration unit for the Morrow formation comprising all of partial Section 32, Township 26 South, Range 30 East.
- CASE 7546:** Application of Sonny's Oil Field 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 its salt water disposal site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 East.
- CASE 7547:** Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 2550 feet from the North line and 1350 feet from the West line of Section 15, Township 22 South, Range 37 East, Permian Skelly Pool, the SE/4 NW/4 of said Section 15 to be dedicated to the well.
- CASE 7517:** (Continued from March 31, 1982, Examiner Hearing)  
Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1450 feet from the South line and 1400 feet from the West line of Section 15, Township 22 South, Range 37 East, Permian Skelly Pool, the NE/4 SW/4 of said Section 15 to be dedicated to the well.
- CASE 7548:** Application of Tahoe Oil & Cattle Co. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4932 feet to 4992 feet in its Schwalbe Well No. 1, located in Unit P of Section 21, Township 9 South, Range 37 East, West Sawyer-San Andres Pool.
- CASE 7549:** Application of H. L. Brown for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox Pennsylvanian gas well location 609 feet from the South line and 1665 feet from the East line of Section 32, Township 15 South, Range 32 East, the S/2 of said Section 32 to be dedicated to the well, an existing well which is to be deepened.
- CASE 7550:** Application of Harvey E. Yates Company for the Rescission of Order No. R-6918, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-6918, which compulsorily pooled the Atoka-Morrow formation underlying the W/2 of Section 19, Township 8 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Applicant now seeks the rededication of the E/2 of said Section 19 to the aforesaid well without compulsory pooling.
- CASE 7551:** 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 Wolfcamp through Mississippian formations underlying the E/2 of Section 21, Township 11 South, Range 31 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 7552:** Application of Merrion Oil & Gas Company for compulsory pooling, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Gallup formation underlying the S/2 SE/4 of Section 20, Township 23 North, Range 6 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as 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 7553:** Application of Fred Pool Drilling Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation, underlying the SW/4 of Section 17, Township 6 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.

Examiner Hearing - WEDNESDAY - APRIL 14, 1982

CASE 7520: (Continued and Readvertised)

Application of Lewis B. Burleson, Inc. for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Pool underlying a 30-acre non-standard oil proration unit comprising the N/2 of the Easternmost 60 acres of the NW/4 of Section 15, Township 24 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 7554: 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 top of the Drinkard formation underlying the NW/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 7555: 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 top of the Drinkard formation underlying the SW/4 NW/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 7556: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the San Andres formation underlying the NE/4 NW/4 of Section 5, Township 20 South, Range 39 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 7557: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SW/4 of Section 32, Township 19 South, Range 39 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 7558: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SE/4 of Section 31, Township 19 South, Range 39 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 7515: (Continued from March 31, 1982 Examiner Hearing)

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, Range 12 and 13 West, Township 28 North, Range 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.

Page 4 of 5

Examiner Hearing - WEDNESDAY - APRIL 14, 1982

**CASE 7559:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending certain pools in Lea and Roosevelt Counties, New Mexico.

(a) **CREATE** a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the Caudill-Mississippian Gas Pool. The discovery well is the Moran Exploration, Inc. Gann Well No. 1 located in Unit D of Section 9, Township 15 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM  
Section 9: NW/4

(b) **CREATE** a new pool in Roosevelt County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the North Dora-Pennsylvanian Pool. The discovery well is the Research Exploration, Inc. Collier Well No. 1 located in Unit I of Section 29, Township 4 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM  
Section 29: E/2

(c) **CREATE** a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Johnson Ranch-Morrow Gas Pool. The discovery well is the Mesa Petroleum Company Jackson Unit Well No. 1 located in Unit G of Section 22, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM  
Section 22: E/2

(d) **CREATE** a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Triste Draw-Delaware Pool. The discovery well is the Getty Oil Company Getty 28 State Well No. 1 located in Unit J of Section 28, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM  
Section 28: SE/4

(e) **CREATE** a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Triste Draw-Morrow Gas Pool. The discovery well is the Amoco Production Company State 26 Com Well No. 1 located in Unit B of Section 32, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM  
Section 32: W/2

(f) **CREATE** a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Vaca Draw-Wolfcamp Gas Pool. The discovery well is the HNG Oil Company Bell Lake 11 Federal Well #1 located in Unit 3 of Section 11, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM  
Section 11: 1/2

(g) **CREATE** a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Vacuum-Bone Spring Pool. The discovery well is the Amoco Production Company State 25 Com Well No. 1 located in Unit K of Section 9, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 9: SW/4

(h) **CREATE** a new pool in Roosevelt County, New Mexico, classified as a gas pool for Granite Wash production and designated as the South Tennyhill-Granite Wash Gas Pool. The discovery well is the Threshold Development Company Harris 14 Well No. 1 located in Unit B of Section 14, Township 6 South, Range 33 East, NMPM, currently classified as producing from the Pennsylvanian formation and in the Tennyhill-Pennsylvanian Gas Pool. The well has been re-evaluated and the producing interval is more correctly defined as Granite Wash. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM  
Section 14: W/2



- (i) ABOLISH the Tanneyhill-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described as:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM  
Section 14: All

- (j) EXTEND the Sawa-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM  
Section 7: SE/4

- (k) EXTEND the Silbrey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM  
Section 4: W/2  
Section 5: NE/4

- (l) EXTEND the Blinkey Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 33: NW/4

- (m) EXTEND the Bootleg Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM  
Section 17: W/2

- (n) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 9: W/2

- (o) EXTEND the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM  
Section 16: SE/4  
Section 20: NE/4

- (p) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM  
Section 14: All

- (q) EXTEND the Sowell-Morrow Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM  
Section 11: NW/4

- (r) EXTEND the Wanta-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 9: NE/4

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. 7544

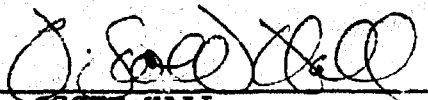
APPLICATION OF DINERO OPERATING COMPANY

ENTRY OF APPEARANCE

COMES NOW Alex J. Armijo, Commissioner of Public Lands for the State of New Mexico, by and through the undersigned counsel, and requests of the Oil Conservation Division that he be allowed to enter this appearance as a party of record in the aforesaid proceeding.

The Commissioner states further that oil and gas lands owned by the State of New Mexico are involved in this proceeding that may or may not be adversely affected by the order or decision of the Division in this matter.

Respectfully submitted,



J. SCOTT HALL  
Attorney for Alex J. Armijo  
Commissioner of Public Lands  
for the State of New Mexico  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148  
505/827-2743

From the desk of:

LAVONDA NORMAN

March 22, 1982

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

Case 7544

Attention: Mr. Dan Nutter

Gentlemen:

In regard to our telephone conversation concerning our request for a non-standard location in Section 20, T-22-S, R-28-E, Eddy County, New Mexico. I am enclosing a copy of the original letter that we sent to the Commission. The off-set operators have been notified of this request.

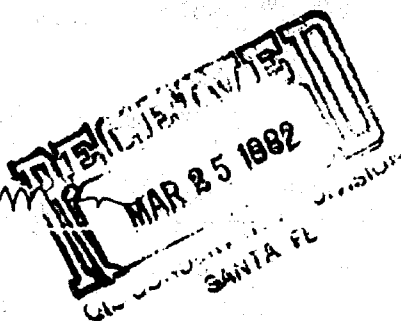
If we need to do anything further in this regard, please advise.

Sincerely,

DINERO OPERATING COMPANY

*Lavonda Norman*

Lavonda Norman  
Production Department



**DINERO**  
P. O. DRAWER 10505  
MIDLAND, TEXAS 79702

PHONE 015/684-4292

February 25, 1982

*Case 7544*

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

Attention: Mr. Joe Ramey,  
Member and Director, Oil Conservation Division

Re: Section 20, T-22-S, R-28-E  
Eddy County, New Mexico

Dear Mr. Ramey:

Dinero Operating Company has succeeded to the Operating Rights of Amoco Production Company in the above referenced acreage through terms of a mutual acceptable farm-out agreement.

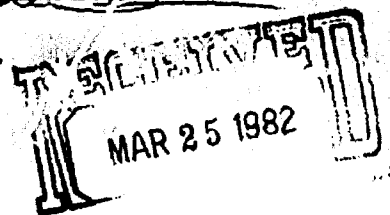
Dinero Operating Company would now like to request through the New Mexico Oil Conservation Commission a non-standard section. We understand that our request must be placed on the docket and a hearing held before approval for this non-standard location can be granted. We request that said be put on the docket and that Dinero Operating Company be notified of the date of the hearing so that we may present our facts and geological information, which we feel would warrant this non-standard location.

660FNL If anything further is needed, please do not hesitate to contact me.  
" FEL *Walter M/2*

Sincerely,

DINERO OPERATING COMPANY

*[Signature]*  
Dewey  
inager



*Dear Mr. Nutter*

*Here is the photo copy of the  
letter I mailed to Mr. Ramey.*

*I appreciate your help in this  
matter*

*[Signature]*

Herbix  
Gases

*John*

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:

*[Signature]*

CASE NO. 7544  
Order No. R-6971

APPLICATION OF DINERO OPERATING COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

*m. 9*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 28, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of May, 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, Dinero Operating Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the East line of Section 20, Township 22 South, Range 28 East, NMPM, to test the <sup>Pennsylvanian and</sup> Ellenburger formations, Dublin Ranch Field, ~~Post~~, Eddy County, New Mexico.

(3) That the N/2 of said Section 20 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the 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 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 the application of Dinero Operating Company for an unorthodox gas well location for the ~~Pennsylvanian and~~ <sup>A</sup> Ellenburger formations is hereby approved for a well to be located at a point 650 feet from the North line and 660 feet from the East line of Section 20, Township 22 South, Range 28 East, <sup>Dublin Ranch Field,</sup> NMPM, Eddy County, New Mexico.

(2) That the N/2 of said Section 20 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

JOE D. RAMEY,  
Director

S E A L

