

4/7/31

DOCKET MAILED

7/26/82

CASE NO.

7632

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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  
4 August 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Merriam Oil & Gas  
Corporation for a non-standard pro-  
duction unit, Rio Arriba County, New  
Mexico.

CASES  
7631  
and  
7632

&  
Application of Astec Energy Corpora-  
tion for a non-standard production unit,  
Rio Arriba County, New Mexico.

BEFORE: Richard L. Stanets

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:

Thomas C. H. Mills, Esq., for  
William F. Carr, Esq.  
CAMPELL, BYRD, & BLACK P. A.  
Jefferson Place  
Santa Fe, New Mexico 87501

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## INDEX

J. GREGORY HERRICK

Direct Examination by Mr. Carr

3

Cross Examination by Mr. Stenets

9

## EXHIBITS

Applicant Exhibit One, Plat

6

1  
2 MR. STANETS: We'll call next Case 7631.

3 MR. MILLS: Application of Marrion Oil  
4 and Gas Corporation for a non-standard proration unit, Rio  
5 Arriba County, New Mexico.

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

10 I would ask at this time that the Examiner  
11 also call Case 7632, which involves another non-standard pro-  
12 ration unit that adjoins the proration unit in the case pre-  
13 viously called. The testimony in both cases will be identi-  
14 cal.

15 MR. STANETS: If there is no objection,  
16 we will call Case 7632 and consolidate these cases for pur-  
17 poses of testimony.

18 MR. MILLS: Case 7632 is application of  
19 Artec Energy Corporation for a non-standard proration unit,  
20 Rio Arriba County, New Mexico.

21 MR. CARR: We will offer one exhibit.  
22 That will be the only exhibit offered in both cases.

23 And I have one witness who needs to be  
24 sworn.  
25

(Witness sworn.)

J. GREGORY MERRION

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

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your name and place of  
residence?

A J. Gregory Merrion, Farmington, New  
Mexico.

Q Mr. Merrion, by whom are you employed and  
in what capacity?

A Merrion Oil and Gas Corporation as Pres-  
ident.

Q Have you previously testified before  
this Commission or one of its examiners and had your creden-  
tials accepted and made a matter of record?

A I have.

Q And at that time how were you qualified?

A As a petroleum engineer.

Q Are you familiar with the applications  
filed by Merrion Oil and Gas Corporation and Artec Energy

1  
2 Corporation for non-standard proration units in Cases 7631  
3 and 7632?

4 A Yes, I am.

5 Q Are you familiar with the subject area?

6 A Yes, I am.

7 MR. CARR: Are the witness' qualifications  
8 acceptable?

9 MR. STAMETS: Mr. Herrion, in this case  
10 are you appearing as a consultant or representative of Aztec  
11 Energy Corporation?

12 A Aztec Energy is represented here by Mr.  
13 Wayne Townsend. I am not employed by Aztec Energy, but it is  
14 a joint problem and therefor, I'm presenting it for both of  
15 us.

16 MR. STAMETS: So you're representing them  
17 here in a petroleum engineering capacity for free.

18 A Yes, I guess so.

19 MR. STAMETS: I think you could probably  
20 do a land office business that way.

21 Yes, the witness is considered qualified.

22 Q Mr. Herrion, will you briefly state what  
23 Merrion Oil and Gas Corporation and Aztec Energy Corporation  
24 seek in this consolidated case?

25 A We seek non-standard proration units



1  
2 crossing section lines. The subject area has recently been  
3 approved for 160-acre oil and gas spacing and there are existing  
4 two wells which we would like to have L-shaped proration units  
5 for, and these will be complimentary and create no other prob-  
6 lems.

7 Q Will you please refer to what has been  
8 marked as Merrion Exhibit Number One and explain what it is  
9 and what it shows?

10 A Merrion Exhibit Number One is a township  
11 plat of Township 23 North, Range 6 West, showing the existing  
12 wells in the Counselor's Gallup field, and the approximate  
13 ownership of leases in that area.

14 Also, we have hachured an L-shaped proposed  
15 non-standard proration unit for Merrion Oil and Gas Corporation  
16 including the north half of the southeast quarter of Section 5,  
17 the southwest of the southeast quarter of Section 5, and the  
18 northwest of the northeast quarter of Section 8, which would  
19 be 160-acre L-shaped unit, comprised of 80 acres of fee land  
20 and owned by Merrion Oil and Gas Corporation; 80 acres of  
21 Federal land, which has been earned by Aztec Energy Corporation,  
22 and this would be dedicated as a proration unit under the Rita  
23 No. 2 Well, which has been drilled by Merrion Oil and Gas Cor-  
24 poration.

25 The complimentary proration unit would be

the other hachured L-shaped unit, comprised of the southeast of the southeast of Section 5, the northeast and south half of the northeast quarter of Section 8, which is all one Federal lease, which Axtec Energy has earned from Gulf Oil Corporation by the drilling of the Dever No. 1 Well.

Q Mr, Merrion, what was the order number approving the 160-acre oil and gas spacing in this area?

A Order No. R-7Q34.

Q And when was that order entered?

A July 28th, 1982.

Q What is the status of each of the wells on the subject non-standard spacing units?

A They are -- have been completed and produced and are either producing intermittently or shut in waiting on a gas market.

Q Are they drilled at approved or standard locations?

A The Order R-7Q34 gave blanket approval to existing wells that had been drilled prior to the order; therefor, they would be standard or approved locations.

Q What problems would result if standard 160-acre spacing units were dedicated to each of these subject wells?

A It would involve an additional communiti-

1  
2 zation agreement. Under the proposed non-standard units we  
3 will not need a communitization agreement covering the L-  
4 shaped unit under the Dever No. 1. There will be a communiti-  
5 ation agreement required for the 80 acres of fee and 80 acres  
6 of Federal land under the Rita No. 2.

7 It will also -- in other words, there has  
8 been prior production from the Dever No. 1 and the Rita No. 2.  
9 The Dever No. 1 has some mechanical problems which will make  
10 it difficult for Aztec Energy and Merrion Oil and Gas to get  
11 together on sharing the well. This, perhaps, is the most  
12 important reason for the non-standard proration unit.

13 Q Will approval of these applications re-  
14 quire other wells to subsequently have to be developed on  
15 non-standard spacing or proration units?

16 A These two non-standard units are compli-  
17 mentary and will use up the two standard units which might  
18 otherwise be used and therefor will cause no downhole theft  
19 or require or cause any other problems.

20 Q In your opinion will granting these ap-  
21 plications be in the best interest of conservation, the pre-  
22 vention of waste, and the protection of correlative rights?

23 A It will.

24 Q Was Exhibit One prepared by you?

25 A It was prepared under my direction.

1  
2 Q Can you testify as to its accuracy?

3 A Yes, I can.

4 MR. CARR: At this time, Mr. Stamets, we  
5 would offer Applicant's Exhibit Number One.

6 MR. STAMETS: Exhibit One will be admitted.

7 MR. CARR: I have nothing further on  
8 direct.

9

10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Merrion, my recaller isn't too good  
13 today, apparently, but I seem to remember that this order  
14 that you spoke of, 7034, was effective August 1.

15 A The effective date of R-7034 is August  
16 1st.

17 Q All right. Now, is it important when the  
18 effective date of any order approving these two non-standard  
19 units, is that date important? Should that also be August 1  
20 or can that be any date that such order might be issued?

21 A I'll refer that to my lawyer.

22 MR. CARR: It would be safer for it to be  
23 effective August 1.

24 MR. STAMETS: So that's what you seek.

25 MR. CARR: Yes, sir. I think we could work

1  
2 it out if it were another date but it would be simpler to  
3 do it that way.

4 MR. STAMETS: Okay.

5 Any other questions of the witness?

6 He may be excused.

7 Anything further in this case?

8 MR. CARR: Nothing further.

9 MR. STAMETS: The case will be taken under  
10 advisement.

11  
12 (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 and correct transcript of the proceedings in the Examiner hearing of Case No. 763187632 heard by me on 8-14 1982.

Richard F. Stewart, Examiner  
Oil Conservation Division

ENCL. BOYD, CSR.  
JAN 1973  
BUREAU OF OIL CONSERVATION  
WASHINGTON, D.C. 20541  
PHONE (202) 451-1609



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

STATE OF NEW MEXICO  
LARRY KIRCH  
DIRECTOR

POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
505 827-0001

August 11, 1982

Mr. William F. Carr  
Campbell, Byrd & Black  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico

Re: CASE NO. 7632  
ORDER NO. R-7055

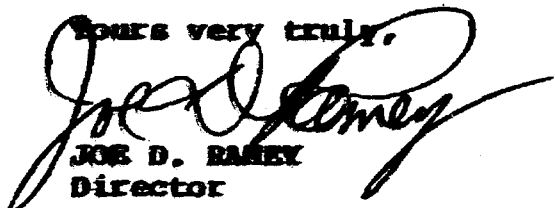
Applicant:

Aztec Energy Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

  
JOE D. RANEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x  
Artesia OCD x  
Aztec OCD x

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. 7632  
Order No. R-7055

**APPLICATION OF AZTEC ENERGY CORPORATION  
FOR A NON-STANDARD PRORATION UNIT,  
RIO ARRIERA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 9 a.m. on August 4, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of August, 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, Aztec Energy Corporation, seeks approval of a 160-acre non-standard proration unit comprising the SE/4 SE/4 of Section 5 and the E/2 NE/4 and SW/4 NE/4 of Section 8, Township 23 North, Range 6 West, NMPM, to be dedicated to its Dever Well No. 1 located in Unit A of said Section 8.

(3) That the entire non-standard proration unit may reasonably be presumed productive from the Counselors-Gallup Oil Pool and that the entire non-standard proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the Counselors-Gallup Oil 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.



-2-

Case No. 7632

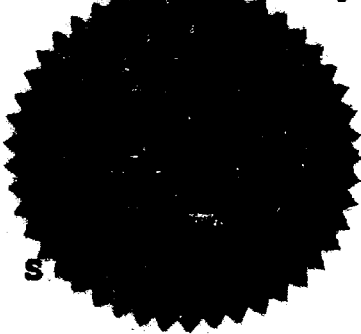
Order No. R-7055

IT IS THEREFORE ORDERED:

(1) That Astec Energy Corporation is hereby authorized a 160-acre non-standard proration unit in the Counselors-Gallup Oil Pool comprising the SE/4 SE/4 of Section 5, and the E/2 NE/4 and SW/4 NE/4 of Section 8, Township 23 North, Range 6 West, HMPN, Rio Arriba County, New Mexico, to be dedicated to its Dever Well No. 1, located in Unit A of said Section 8.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

Dockets Nos. 26-62 and 27-62 are tentatively set for August 16 and September 1, 1962. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 4, 1962**  
**9 A.M. - MORGAN HALL, OIL CONSERVATION DIVISION**  
**STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO**

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

- CASE 7627:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Sandi Production, Inc., United States Fidelity and Guaranty Company and other interested parties to appear and show cause why the El Paso Well No. 1 located in Unit L, Section 26, and the Pound Ranch C Well No. 14 located in Unit C, Section 14, both in Township 28 North, Range 1 East, Rio Arriba County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7628:** Application of Wiser Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-Shale oil well to be drilled 1345 feet from the South line and 660 feet from the West line of Section 32, Township 21 South, Range 37 East, the NW/4 SW/4 of said Section 32 to be dedicated to the well.
- CASE 7629:** Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates and Seven Rivers formation in the open hole interval from 3169 feet to 3383 feet in its Arnott-Ramsey (NUT-8) Well No. 3, located in Unit E, Section 16, Township 25 South, Range 37 East, Jalmat Pool.
- CASE 7630:** Application of Ralph Mix for an oil treating plant permit, Eddy 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 18, Township 19 South, Range 26 East.
- CASE 7631:** Application of Morrison Oil & Gas Corporation for a non-standard proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit comprising the W/2 SE/4 and SW/4 SE/4 of Section 5 and the NW/4 NE/4 of Section 8, Township 23 North, Range 6 West, Hageesi-Gallup Area.
- CASE 7632:** Application of Antec Energy Corporation for a non-standard proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit comprising the SE/4 SE/4 of Section 5, and the E/2 NE/4 and SW/4 NE/4 of Section 8, Township 23 North, Range 6 West, Hageesi-Gallup Area.
- CASE 7638:** (Continued from June 23, 1962, 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 Batesbough Well No. 2, located in Unit M of Section 12, Township 9 South, Range 35 East.
- CASE 7620:** (Continued from July 21, 1962, Examiner Hearing)  
 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 all formations from the surface through the base of the Abo formation underlying the SW/4 of Section 8, Township 5 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 7633:** Application of T. E. McKivain, Jr. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the base of the Abo formation underlying the SW/4 of Section 8, Township 5 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 7634:** 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 Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.  
 (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the West Indian Flaca-Atoka Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 797 located in Unit J of Section 21, Township 21 South, Range 28 East, NMPH. Said pool would comprise:

**TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPH**  
 Section 21: E/2

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for San Andres production and designated as the South Bluff-San Andres Pool. The discovery well is the Ike Lovelady, Inc. Lignum Well No. 1 located in Unit A of Section 35, Township 8 South, Range 37 East, N20W. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, N20W  
Section 35: NE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Permian-Pennsylvanian production and designated as the Boyd Permian-Pennsylvanian Gas Pool. The discovery well is Yates Petroleum Corporation Rio Pecos NW Federal Com Well No. 1 located in Unit F of Section 11, Township 19 South, Range 25 East, N20W. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, N20W  
Section 2: E/2  
Section 3: E/2  
Section 11: W/2

(d) CREATE a new pool in Chavez County, New Mexico, classified as a gas pool for Pre-Permian production and designated as the Four Ranch Pre-Permian Gas Pool. The discovery well is Plains Radio Broadcasting Canal Well No. 1 located in Unit F of Section 7, Township 9 South, Range 27 East, N20W. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, N20W  
Section 1: E/2  
Section 12: E/2  
Section 13: All

TOWNSHIP 9 SOUTH, RANGE 27 EAST, N20W  
Section 7: W/2  
Section 18: W/2

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Yates and Seven Rivers production and designated as the House Yates-Seven Rivers Gas Pool. The discovery well is the MGF Oil Corporation J. Wright Well No. 1 located in Unit D of Section 5, Township 20 South, Range 39 East, N20W. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 39 EAST, N20W  
Section 31: SE/4  
Section 32: SW/4

TOWNSHIP 20 SOUTH, RANGE 39 EAST, N20W  
Section 5: NW/4

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Pollock-Wolfcamp Pool. Further, to assign approximately 46,910 barrels of discovery allowable to the discovery well, the Reading and Bates Company Dickinson Cattle Company 33 Well No. 1 located in Unit H of Section 33, Township 14 South, Range 38 East, N20W. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 38 EAST, N20W  
Section 33: SW/4

(g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the West Red Hills-Wolfcamp Gas Pool. The discovery well is the BTA Oil Producers Mesa 8105 JV-P Well No. 1 located in Unit I of Section 1, Township 26 South, Range 32 East, N20W. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, N20W  
Section 1: E/2

(h) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Townsend-Abo Pool. The discovery well is the Charles B. Gillespie, Jr. Exxon Townsend Well No. 1 located in Unit B of Section 9, Township 16 South, Range 35 East, N20W. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, N20W  
Section 9: NE/4

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

TOWNSHIP 6 SOUTH, RANGE 34 EAST, N20W  
Section 8: SE/4

(j) EXTEND the Bluff-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, N20W  
Section 23: E/2

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

TOWNSHIP 9 SOUTH, RANGE 31 EAST, N20W  
Section 3: S/2

(l) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, N20W  
Section 31: W/2

(m) EXTEND the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, N20W  
Section 3: S/2

(n) EXTEND the High Lonesome-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, N20W  
Section 19: SE/4 NE/4

(o) EXTEND the Norte Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, N20W  
Section 7: W/2  
Section 18: All  
Section 19: W/2  
Section 30: W/2

(p) EXTEND the West Madine-Blinsbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, N20W  
Section 5: NW/4  
Section 8: SW/4

(q) EXTEND the Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 24 EAST, N20W  
Section 35: W/2

TOWNSHIP 5 SOUTH, RANGE 24 EAST, N20W  
Section 3: E/2

TOWNSHIP 6 SOUTH, RANGE 24 EAST, N20W  
Section 15: All  
Section 16: All  
Section 17: All  
Section 18: E/2

TOWNSHIP 7 SOUTH, RANGE 26 EAST, N20W  
Section 27: All  
Section 33: All  
Section 34: All

TOWNSHIP 8 SOUTH, RANGE 25 EAST, N20W  
Section 13: S/2

TOWNSHIP 8 SOUTH, RANGE 26 EAST, N20W  
Section 3: All  
Section 4: All  
Section 5: All  
Section 6: E/2

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

TOWNSHIP 6 SOUTH, RANGE 34 EAST, N2PM

Section 7: S/2

Section 8: S/2

(s) EXTEND the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, N2PM

Section 32: SW/4

(t) EXTEND the Square Lake Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, N2PM

Section 11: S/2

(u) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, N2PM

Section 36: SE/4

TOWNSHIP 8 SOUTH, RANGE 31 EAST, N2PM

Section 1: N/2

(v) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, N2PM

Section 5: N/2

(w) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, N2PM

Section 12: SE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, N2PM

Section 18: N/2

(x) EXTEND the Willow Lake-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, N2PM

Section 32: N/2 N/2

Section 33: N/2 NW/4

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

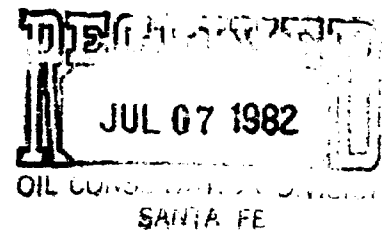
JACK M. CAMPBELL  
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BRUCE D. BLACK  
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June 25, 1982

Case 7632

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



Re: Application of Aztec Energy Corporation for a Non-Standard Proration Unit, Rio Arriba County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Aztec Energy Corporation in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on August 4, 1982.

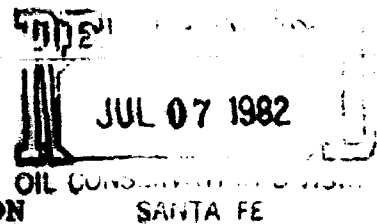
Very truly yours,

William F. Carr

WFC:jh  
w/enc.

cc: Aztec Energy Corporation

BEFORE THE  
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

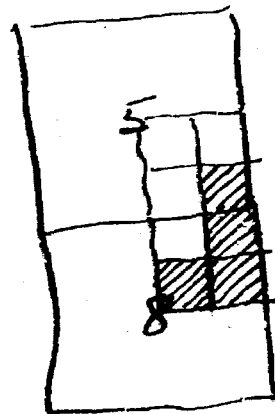
IN THE MATTER OF THE APPLICATION  
OF AZTEC ENERGY CORPORATION FOR A  
NON-STANDARD PRORATION UNIT, RIO  
ARRIBA COUNTY, NEW MEXICO

Case 7632

APPLICATION

Comes now, AZTEC ENERGY CORPORATION, by its undersigned attorneys, and hereby applies to the New Mexico Oil Conservation Division for approval of a non-standard proration unit in the Gallup Formation, Rio Arriba County, New Mexico and in support of its application states:

1. Applicant is the operator of the Dever #1 Well located in Unit A of Section 8, Township 23 North, Range 6 West, N.M.P.M., Rio Arriba County, New Mexico.
2. Applicant seeks the establishment of a non-standard 160-acre proration unit for the Dever #1 Well to be comprised of the SE/4 SE/4 of Section 5 and the E/2 NE/4 and SW/4 NE/4 of Section 8, Township 23 North, Range 6 West, N.M.P.M.
3. Granting the application and the drilling of the proposed wells will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.



WHEREFORE, Applicant respectfully requests that this matter be set for hearing before one of the Division's duly appointed examiners on August 4, 1982 and, that after notice of hearing as required by law, the Division enter its order approving the application.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By 

William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87501

Attorneys for Applicant



*BASE*

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:

*Call*  
*JSR*

CASE NO. 7632

Order No. R-7055

*M.S.*

APPLICATION OF AZTEC ENERGY CORPORATION  
FOR A NON-STANDARD PRORATION UNIT,  
RIO ARriba COUNTY, NEW MEXICO.

*See*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 4, 1982,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of August, 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, Aztec Energy Corporation, seeks approval of a 160-acre non-standard gas proration unit comprising the SE/4 SE/4 of Section 5 and the E/2 NE/4 and SW/4 NE/4 of Section 8, Township 23 North, Range 6 West, NMPN, to be dedicated to its Deer Well No. 1, located in Unit A of said Section 8.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the <sup>Counchera</sup> ~~Nageezi~~-Gallup <sup>Oil Pool</sup> ~~area~~ and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce <sup>its</sup> ~~his~~ just and equitable share of the <sup>Oil Pool</sup> ~~gas~~ in the <sup>Counchera</sup> ~~Nageezi~~-Gallup <sup>Oil Pool</sup> ~~Area~~, 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:

<sup>Aztec Energy Corporation is here by authorized</sup>  
(1) That a 160-acre non-standard gas proration unit in the <sup>Counchera</sup> ~~Nageezi~~-Gallup <sup>Oil Pool</sup> ~~Area~~ comprising the SE/4 SE/4 of Section 5, and the E/2 NE/4 and SW/4 NE/4 of Section 8, Township 23 North, Range 6 West, NMPN, Rio Arriba County, New Mexico, <sup>To be</sup> ~~is hereby~~ established and dedicated to its

Dever Well No 1, located in Unit A of  
said Section 8.

(2) 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