

CASE NO.

7685

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Cimarron Energy Corpor-	CASE
ation for an unorthodox location, Eddy	7685
County, New Mexico.	

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant:	James W. Klipstine, Esq.
	P. O. Box 1525
	Carlsbad, New Mexico 88220.

I N D E X

DENIE E. DeLUCHE

Direct EXamination by Mr. Klipstine

4

JOHN W. MORRIS

Direct Examination by Mr. Klipstine

6

Cross Examination by Mr. Stamets

8

E X H I B I T S

Applicant Exhibit One, Letters

4

Applicant Exhibit Two, Plat

Applicant Exhibit Three, Plat

5

Applicant Exhibit Four,

Applicant Exhibit Five, Waiver

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Applicant Exhibit Six, Isopach

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2 MR. STAMETS: We'll call next Case 7685.

3 MR. PEARCE: That is on the application
4 of Cimarron Energy Corporation for an unorthodox location,
5 Eddy County, New Mexico..

6 MR. STAMETS: You may proceed.

7 MR. KLIPSTINE: Thank you, Your Honor.

8 Mr. Examiner, my name is Jim Klipstine
9 and I represent Cimarron Energy, the Applicant in this matter.

10 I'll call two witnesses, Mr. Denis DeLuche
11 and Mr. John Morris.

12
13 (Witnesses sworn.)

14
15 MR. STAMETS: Mr. Klipstine, is this
16 your first session as an attorney before this agency?

17 MR. KLIPSTINE: It's my first appearance
18 here, yes.

19 MR. STAMETS: And I presume you are a
20 member of the New Mexico Bar?

21 MR. KLIPSTINE: Yes, sir, I am.

22 MR. STAMETS: Very good. Formalities
23 are out of the way and you may proceed.

24 MR. KLIPSTINE: Thank you.

25 First I'll examine Mr. DeLuche.

DENIS E. DE LUCHE

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

DIRECT EXAMINATION

BY MR. KLIPSTINE:

Q. Would you state your name for the record,
please, sir?

A. Denis DeLuche.

Q. And what is your relationship with Cimarron Energy Corporation?

A. I am a member of the Board of Directors and President of the corporation.

Q. Mr. DeLuche, have you obtained waivers in writing from all offsetting lease holders or operators in connection with the application before this Commission?

A. Yes, sir.

Q. And are those reflected in Exhibit One before the Commission?

A. Yes, sir, Exhibit One reflects letters signed by all offsetting operators or interest holders in offsets to Cimarron No. 1 location, with one exception.

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Q What is that exception?

A That will be shown in Exhibit Five.

Q What lease owner interest does -- has
waived in Exhibit Five?

A It was discovered by myself that one of
the lease -- or listed lease holders, Holly Energy, listed a
7/8ths interest in a lease and Read and Stevens listed a
1/8th interest. On finding that out I went to Read and Stevens
and we did obtain a waiver Friday from Read and Stevens.

Q And that's being tendered to the Commis-
sion as Exhibit Five?

A That is Exhibit Five, that's right.

Q Could you explain to the Commission what
Exhibit Number Three is?

A Exhibit Number Three is a plat of the pro-
posed location, together with offsetting operators.

Q And have you made certain that these are
the offset -- or lease operators around this prospect area?

A Yes, sir. Again this was done at Minerals
Management in Roswell, and he did compare and they are the
same.

Q When did you make that check?

A Yesterday.

Q Mr. DeLucas, have Exhibits One through

Five before the Commission been prepared at your direction?

A. Yes, sir.

Q. And are they accurate as far as you know?

A. Yes, sir.

MR. KLIPSTINE: That's all the questions I have of this witness.

MR. STAMETS: Did this witness discuss Exhibit Number Five, which is the Read and Stevens letter?

MR. KLIPSTINE: Yes, Your Honor. He indicated that that was executed yesterday and this is a new waiver that it tendered at the hearing here. It's not attached to our application.

MR. STAMETS: Okay, that's fine.

Are there any questions of this witness?

He may be excused.

MR. KLIPSTINE: The next witness will be Mr. John Morris.

JOHN W. MORRIS

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

DIRECT EXAMINATION

BY MR. KLIPSTINE:

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2 Q Will you state your name, please, sir?

3 A My name is John W. Morris.

4 Q And can you explain your relationship to
5 Cimarron Energy?

6 A Yes, sir. I've been retained as a consul-
7 tant geologist.

8 Q Would you briefly describe your education
9 experience in the field of geology?

10 A Yes, sir. I was a 1956 graduate from the
11 University of Houston with a Bachelor of Science.

12 From '56 to '72 I was employed and worked
13 for Mapco and Glover, Hefner, Kennedy (sic), in the Anadarko
14 Basin and the Uinta Basin and the Permian Basin.

15 From '72 to presently I've been associated
16 with Morco Geological Services, which I am President.

17 Q Mr. Morris, in your capacity as consultant
18 to Cimarron Energy, have you had an opportunity to examine
19 the proposed location in Section 34 for the Cimarron "RB"
20 No. 1?

21 A Yes, sir, I have, and we recommended at
22 the time, working from an Isopach that we prepared in con-
23 junction with -- with Coquina Oil, to move the location to
24 the northwest corner of the south half of the Section 34.

25 Q And for what reason do you recommend that

1
2 location for a well?

3 A Well, we're dealing as a primary objective
4 here with the Atoka Clastic section, which is a delta channel
5 which extends from the -- from Section 9 of 22, 28, down
6 through the Culebre Bluff area.

7 We feel that variation from the deeper
8 part of the channel a few hundred feet is significant in sand
9 thickness, porosity, permeability.

10 MR. KLIPSTINE: Mr. Examiner, I would
11 tender Mr. Morris as an expert petroleum geologist on this
12 particular location.

13 MR. STAMETS: He is considered qualified.

14 Q Mr. Morris, in your opinion would the un-
15 orthodox location applied for enhance the development of this
16 leasehold interest in any way?

17 A Yes.

18 MR. KLIPSTINE: I have no further ques-
19 tions.

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21 CROSS EXAMINATION

22 BY MR. STAMETS:

23 Q Mr. Morris, looking at Exhibit Six, that
24 is an Isopach map of the Atoka section, is that correct?

25 A That is correct.

Q And you're -- what you're indicating, or is it your belief that the best section geologically is at the thicker point of this Isopach.

A. Yes, sir.

Q Okay. And did you prepare this map yourself?

A. In conjunction with Tom Smith with Coquina.

Q So this was a collaborative effort with other geologists?

A. Yes.

Q Familiar with the territory.

MR. STANETS: Any other questions of the witness? He may be excused.

Anything further in this case?

We'll take the case under advisement.

(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. 7685 heard by me on 9/15 1982.

Richard L. [Signature], Examiner
Oil Conservation Division



September 20, 1982

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

Re: CASE NO. 7685
ORDER NO. R-7068

Applicant:

Cimarron Energy Corporation

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

Yours very truly,

JOE D. RAMEY
Director

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

79

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. 7685
Order No. R-7068

APPLICATION OF CIMARRON ENERGY
CORPORATION 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 September 15, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 17th day of September, 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, Cimarron Energy Corporation, seeks approval of an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line of Section 34, Township 22 South, Range 28 East, NMPM, to test the Pennsylvanian formation, Eddy County, New Mexico.

(3) That the S/2 of said Section 34 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. 7685

Order No. R-7068

(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.

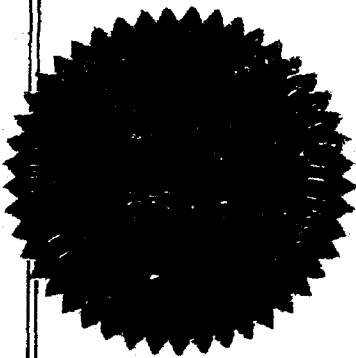
IT IS THEREFORE ORDERED:

(1) That the application of Cimarron Energy Corporation for an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well to be located at a point 1980 feet from the South line and 660 feet from the West line of Section 34, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 34 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



Amoco Production Company (USA)

Houston Region-West
600 Jefferson Building
Post Office Box 3092
Houston, Texas 77001

R. G. Smith
Regional Engineering
Manager-West

August 16, 1982

File: JCA-986.51-1569

Re: Unorthodox Location
Cimarron Well No. 1
Atoka/Morrow Formation
Eddy County, New Mexico

State of New Mexico
Energy and Minerals Department
P. O. Box 2088
Santa Fe, NM 87501

Gentlemen:

Cimarron Energy Corporation has filed an application for administrative approval of an unorthodox well location for the subject well at the following location:

660' FWL and 1980' FSL of Section 34, Township 22
South, Range 28 East, Eddy County

It is understood that the unorthodox location applied for by Cimarron Energy Corporation is due to geological conditions, therefore, Amoco hereby waives objection to the unorthodox well location as shown above.

This waiver supersedes our letter of August 6, 1982, which inadvertently stated the unorthodox location was for existing surface conditions.

Yours very truly,

JCA/lrd

cc: Cimarron Energy Corp.
P. O. Box 1525
Carlsbad, New Mexico 88220

Stamps
BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

EXHIBIT NO. 1
CASE NO. 7685

Exhibit 1

TO WHOM IT MAY CONCERN:

Mr. Steve Schalk, the Personal Representative of the Estate of J.E. Schalk, the owner of a mineral lease offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection he might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Steve Schalk for the Estate of
J.E. Schalk

by 

Dated: 29 July 1982

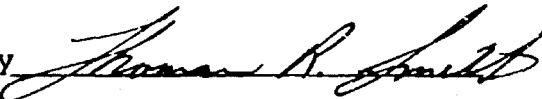
TO WHOM IT MAY CONCERN:

Coquina Oil Corporation, the operator of a proration unit offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection it might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Coquina Oil Corporation

by 

Dated: 27 July 1982

TO WHOM IT MAY CONCERN:

Delta Drilling Company, the operator of a proration unit offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection it might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Delta Drilling Company

by Larry L. Schulz

Dated: July 1982

August 5, 1982

Larry L. Schulz
Division Land Manager
West Texas Land Division

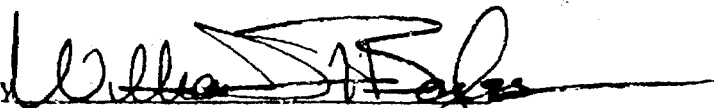
TO WHOM IT MAY CONCERN:

Holly Energy Company, the operator of a proration unit offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection it might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Holly Energy Company

by 
Dated: 29 July 1982

TO WHOM IT MAY CONCERN:

Union Oil Company of California, the operator of a proration unit offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection it might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Union Oil Company of California

by John Hansen

Attorney in Fact
Dated: 28th July 1982

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form C-102
Revised 10-1-77

All distances must be from the outer boundaries of the Section

Lessor Cimarron Energy			Lessee Cimarron "RB" Federal			Well No. One		
Letter 34	Section 22 South	Range 28 East	County Eddy					
If Postage Location of Well: 1980 feet from the South line and 660 feet from the West line.								
Well Level Elev. 3040	Producing Formation Atoka-Morrow		Pool Undesignated			Dedicated Acreage: 320 Acres		

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

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

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

☒ Yes ☐ No If answer is "yes" type of consolidation CommunitizationIf answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) NOT APPLICABLE

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

CERTIFICATION

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

Name James W. Klipstine, Jr.Position Secretary/TreasurerCompany CIMARRON ENERGY CORPORATION

BEFORE EXAMINER NUTTER

Date

OIL CONSERVATION DIVISION

EXHIBIT NO. 2CASE NO. 7685

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

July 28, 1982

Lithy Surveyor

Gary Robertson
Registered Professional Engineer
and/or Land Surveyor

N.M.L.S. #6692

Exhibit 2

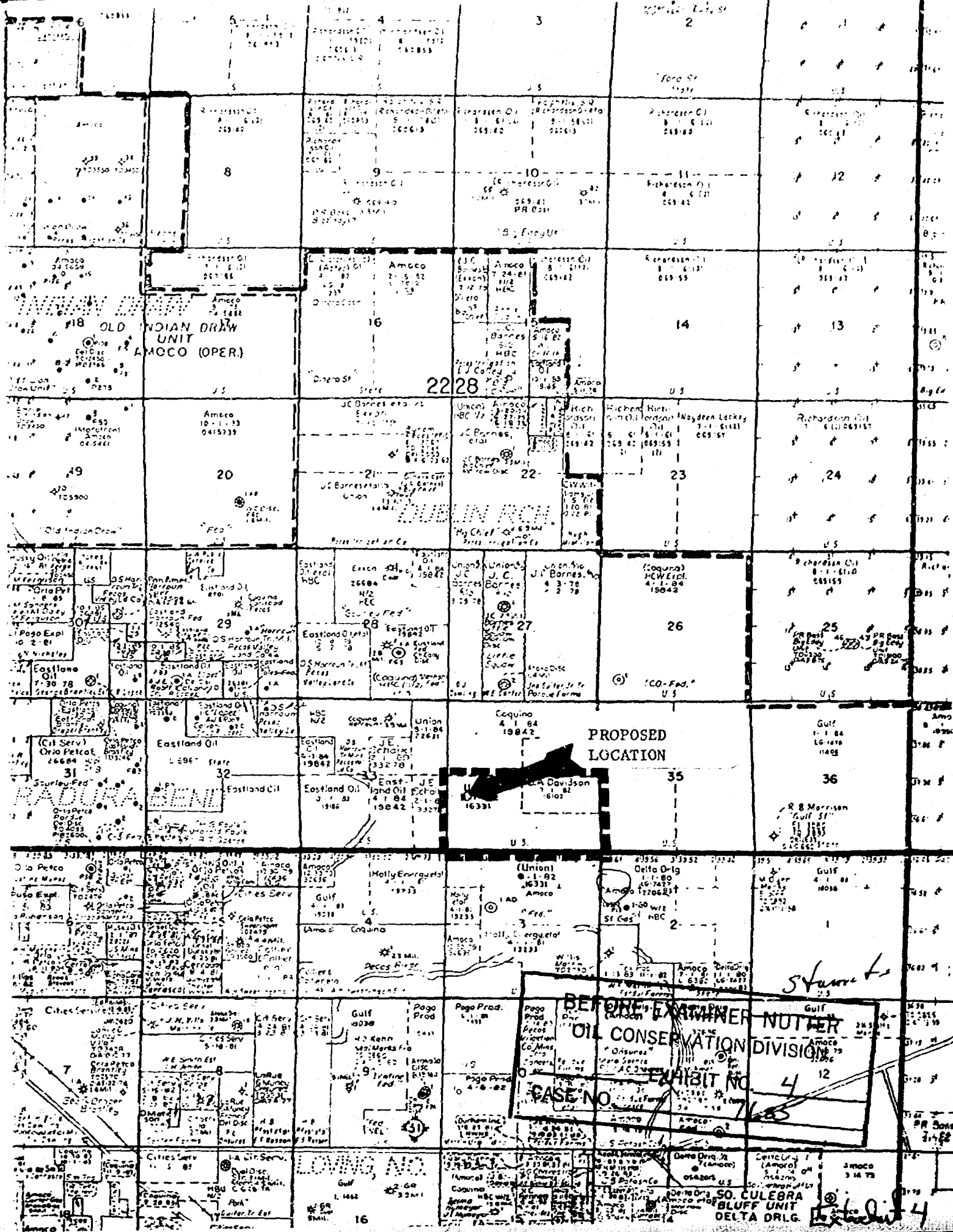
R-28-E

28 EXXON * 1-Courly Fed.		27 * J. C. BARNES 1-Little Squaw		26	
COQUINA * 1-Nathan Fed. Com.		* J.C.BARNES 2-Little Squaw			
COQUINA * 1-Harroun Com. COQUINA OPERATOR		33 UNION 22631	34 COQUINA 19842	35	
COQUINA OPERATOR T-22-S		J.E. SCHALK ESTATE 33278	O PROPOSED LOCATION CIMARRON ENERGY O 1-Cimarron		UNION 19601
T-23-S		4 HOLLY ENERGY 13733	3 AMOCO OPERATOR AMOCO 1-Fed. "AD" Com.	2 DELTA DRILLING LG-7427 AMOCO 1-State "GO" Gas Com.	
COQUINA * 1-Swearingen		<div>Stan</div>			

BEFORE EXAMINER NUTTER "T" = 2000'
OIL CONSERVATION DIVISION

EXHIBIT NO. 3
CASE NO. 7685

Exhibit 3



TO WHOM IT MAY CONCERN:

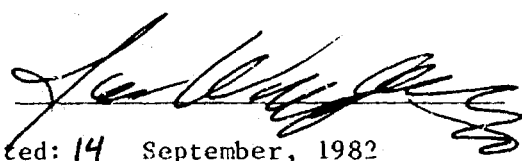
Read & Stevens, the owner of an interest in a mineral lease offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co., N.M.

hereby waives any objection it may have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that location as is possible due to existing surface conditions.

Read & Stevens

by



Dated: 14 September, 1982

Stamets

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>5</u>
CASE NO.	<u>7685</u>

Exhibit 5

Dockets Nos. 31-82 and 32-82 are tentatively set for September 29 and October 13, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING WEDNESDAY-SEPTEMBER 15, 1982

9 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

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

CASE 7638: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cibola Energy Corporation, American Employers Insurance Company and all other interested parties to appear and show cause why the Simms Ranch Well No. 1, located in Unit N, Section 9, the Clyde Berlier Well No. 1, located in Unit K and the Clyde Berlier Well No. 2, located in Unit F, both in Section 21, the Mora Ranch Well No. 3 located in Unit M and the Mora Ranch Well No. 4, located in Unit M, both in Section 5, all in Township 21 North, Range 21 East, Mora County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7637: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R.A.F. Enterprises, Fireman's Fund Insurance Company and all other interested parties to appear and show cause why the Shaw Well No. 1, located in Unit M, Section 18, Township 4 North, Range 8 East, Torrance County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7635: (Continued from September 1, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: (Continued from September 1, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7673: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Almost Texas Unit Area, comprising 3,840 acres, more or less, of State and Federal lands in Township 26 South, Range 31 East.

CASE 7664: (Continued from September 1, 1982, Examiner Hearing)

Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Little Cuevo Unit Area, comprising 13,407 acres, more or less, of State and Fee lands in Township 17 South, Range 18 East.

CASE 7674: Application of Trican Energy, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Javalina Basin Unit Area, comprising 3,840 acres, more or less, of State and Federal lands in Township 25 South, Range 34 East.

CASE 7675: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Justis Blinebry, Justis Tubb-Drinkard, and Justis Devonian production in the wellbore of its G. L. Erwin "A" Federal Well No. 2 located in Unit K, Section 35, Township 24 South, Range 37 East.

CASE 7676: Application of Tenneco Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from 4970 feet to 4982 feet in its Jennings Fed. Well No. 3 located in Unit B of Section 14, Township 24 South, Range 32 East.

CASE 7677: Application of Anadarko Production Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Teas Yates Waterflood Project by converting two wells located in Unit F of Sections 13 and 14, Township 27 South, Range 33 East and drilling three new injection wells at unorthodox locations in Units M of Section 11 and Unit L of Section 13, Township 20 South, Range 33 East, and Unit E of Section 18, Township 20 South, Range 34 East.

CASE 7678: Application of Phillips Petroleum Company for a pressure maintenance project, Lea County, New Mexico. Applicant in the above-styled cause, seeks authority to institute a pressure maintenance project in the Vacuum Grayburg-San Andres Pool by the injection of water into the Grayburg San Andres formation through eight injection wells to be drilled at unorthodox locations in Section 35, Township 17 South, Range 34 East, as follows: 2630 feet from the South line and 1330 feet from the West line; 2630 feet from the South and West lines; 2630 feet from the South line and 1330 feet from the East line; 1310 feet from the South line and 1330 feet from the West line; 1310 feet from the South line and 10 feet from the East line; 10 feet from the South line and 1310 feet from the East line; 1330 feet from the North line and 1310 feet from the West line; and 1330 feet from the North line and 10 feet from the West line. Applicant also proposes two production wells at unorthodox locations in said Section 35 as follows: 1310 feet from the South line and 2630 feet from the East line and 1310 feet from the South and East lines.

CASE 7630: (Continued from September 1, 1982, Examiner Hearing - This Case will be Dismissed)

Application of Ralph Nix 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 7671: (Continued from September 1, 1982, Examiner Hearing)

Application of Texas Eastern Developments, Inc. for an exception to Rule 307, San Juan County, New Mexico. Applicant in the above-styled cause, seeks an exception to Rule 307 of the Division Rules and Regulations to permit it to draw a vacuum on the Shiprock Gallup Oil Pool reservoir through 16 wells in Sections 16 and 17, Township 29 North, Range 18 West. Applicant further seeks an administrative procedure whereby it could extend the proposed vacuum system to include additional wells in the same reservoir.

CASE 7679: Application of C & K Petroleum, Inc. for the amendment of Order No. R-4857-A and for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-4857-A to provide that the lands pooled by said order shall be the W/2 SE/4 of Section 27, Township 16 South, Range 37 East, dedicated to its Ship 27 Well No. 2 located in Unit O in said Section 27. Applicant further seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 SE/4 of the aforesaid Section 27, to be dedicated to a well to be drilled in Unit P of said Section 27. 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 7680: Application of Unichem International, Inc. for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into several unlined surface pits located in Section 11, Township 23 South, Range 29 East.

CASE 7681: Application of Cibola Energy Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Ordovician gas well to be drilled 330 feet from the North line and 990 feet from the East line of Section 13, Township 9 South, Range 27 East, the E/2 of said Section 13 to be dedicated to the well.

CASE 7682: Application of Cibola Energy Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Mississippian gas well drilled 330 feet from the North line and 330 feet from the West line of Section 34, Township 11 South, Range 28 East, the W/2 of said Section 34 to be dedicated to the well.

CASE 7683: Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying the E/2 SE/4 of Section 12, Township 29 North, Range 15 West, to be dedicated to a well 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 7684: Application of R. E. Lauritsen for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the W/2 of Section 11, Township 29 North, Range 15 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 7685: Application of Cimarron Energy Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian test to be drilled 1980 feet from the South line and 660 feet from the West line of Section 34, Township 22 South, Range 28 East, the S/2 of said Section 34 to be dedicated to the well.

CASES 7528 and 7529: (Continued and Readvertised)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following two 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 7528: NW/4 Section 4, Township 5 South, Range 24 East

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

(Continued from September 1, 1982, Examiner Hearing)

CASES 7666, 7667, 7668, and 7669: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the four following 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 7666: SW/4 Section 3;

CASE 7667: NW/4 Section 4;

CASE 7668: NW/4 Section 14;

All of the above being in Township 5 South, Range 24 East and

CASE 7669: NW/4 Section 2, Township 9 South, Range 25 East.

CASE 7670: (Continued from September 1, 1982, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 14 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7652: (Continued from August 18, 1982, Examiner Hearing)

Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco formation underlying all of partial Sections 34 and 35, Township 20 1/2 South, Range 23 East, underlying a previously approved 688-acre non-standard proration unit, to be dedicated to a well at a previously approved unorthodox location which is to be re-entered. Also to be considered will be the cost of re-entering 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 re-entering said well.

CASE 7672: (Continued from September 1, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning discovery allowable, contracting, 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 an oil pool for Brushy Canyon production and designated as the Brushy Draw-Brushy Canyon Pool. Further, to assign approximately 25,410 barrels of discovery allowable to the discovery well, the J. C. Williamson UCBHW Federal Well No. 1 located in Unit M of Section 25, Township 26 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 25: SW/4

- (b) CREATE a new pool in Lea County, New Mexico classified as an oil pool for San Andres production and designated as the Hobbs Channel-San Andres Pool. The discovery well is the Bass Enterprises Production Company Humble City Unit Well No. 1 located in Unit D of Section 36, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 36: NW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Humphreys Mill-Morrow Gas Pool. The discovery well is the Florida Exploration Company Reno Com Well No. 1 located in Unit D of Section 11, Township 25 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 35 EAST, NMPM
Section 11: N/2

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Justis-Abo Pool. The discovery well is the Santa Fe Energy Company Carlson B-25 Federal Well No. 3 located in Unit O of Section 25, Township 25 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 25: SE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the McMillan-Upper Pennsylvanian Gas Pool. The discovery well is the Southland Royalty Company Pecos River Federal 20 Com Well No. 1 located in Unit J of Section 20, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 20: E/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Mosley Canyon-Strawn Gas Pool. The discovery well is W. A. Moncrief, Jr., Jurnegan State Well No. 1 located in Unit C of Section 8, Township 24 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM
Section 8: N/2

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the West Nadine-Tubb Pool. The discovery well is the Tamarack Petroleum Company, Inc. Kornegay A Well No. 1 located in Unit F of Section 9, Township 20 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 9: NW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Pitchfork Ranch-Morrow Gas Pool. The discovery well is the HNG Oil Company Madera 32 State Com Well No. 1 located in Unit C of Section 32, Township 24 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 32: N/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Yeso production and designated as the Seven Rivers-Yeso Pool. The discovery well is Chama Petroleum Corporation Irami Federal Well No. 1 located in Unit N of Section 34, Township 19 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 34: SW/4

- (j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the East Skaggs-Abo Pool. The discovery well is the Texaco Inc. Ch. H. Weir A Well No. 12 located in Unit G of Section 12, Township 20 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 12: NE/4

- (k) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Teague-Tubb Pool. The discovery well is the Alpha Twenty-One Production Company Lea Well No. 2 located in Unit A of Section 17, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 17: NE/4

- (l) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Townsend-Devonian Pool. The discovery well is the Kimbark Oil and Gas Company New Mexico 1-4 State Com Well No. 1 located in Unit N of Section 4, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 4: Lots 11, 12, 13, and 14

- (m) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Welch-Bone Spring Pool. The discovery well is the Quanah Petroleum, Inc. Hay B Federal Com Well No. 1 located in Unit A of Section 9, Township 26 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NMPM
Section 9: SW/4

- (n) CONTRACT the horizontal limits of the Buckeye-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 3: W/2 NW/4

Examiner Hearing - WEDNESDAY - SEPTEMBER 15, 1982

- (o) CONTRACT the horizontal limits of the Vacuum-Abo Reef Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 3: E/2 NW/4

- (p) EXTEND the Antelope Sink-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 13: N/2
Section 14: N/2

- (q) EXTEND the West Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: NW/4

- (r) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 26: E/2

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

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 5: NW/4
Section 6: E/2

- (t) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 14: N/2 S/2 and NE/4

- (u) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 3: S/2
Section 4: All

- (v) EXTEND the Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 26: NW/4
Section 27: NE/4 and E/2 NW/4

- (w) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2
Section 36: W/2

- (x) EXTEND the South Empire-Wolfcamp Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 36: E/2 NE/4

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 31: NW/4 and S/2 NE/4

- (y) EXTEND the Forty Niner Ridge-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 16: SE/4

- (z) EXTEND the Hardy-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 2: Lots 11, 12, 13, 14, and S/2
Section 11: NW/4

- (aa) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 20: NW/4

- (bb) EXTEND the West Milnesand-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM
Section 19: W/2

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

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 30: SE/4
Section 31: N/2 NE/4

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 15: S/2

- (dd) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 18: NE/4 and S/2 SE/4

- (ee) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 23: S/2
Section 26: N/2

- (ff) EXTEND the West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 17: S/2
Section 20: All

- (gg) EXTEND the Saunders Permo-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 21: NE/4

DOCKET: COMMISSION HEARING - WEDNESDAY - SEPTEMBER 22, 1982

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

The following cases were continued from the August 26, 1982, Commission Hearing:

CASE 7656: Application of Cities Service Company for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, pursuant to the provisions of Section 70-2-17 C, NMSA, 1978 Comp., and Paragraph (5) of Division Order No. R-6781, seeks a determination of reasonable well costs for two wells drilled under the provisions of said Order No. R-6781 by Doyle Hartman on lands pooled by said order.

CASE 7657: Application of Harvey E. Yates Company for non-rescission of Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the non-rescission of Order No. R-6873, which order pooled certain lands to be dedicated to a proposed Ordovician test well to be drilled thereon, being the W/2 of Section 18, Township 9 South, Range 27 East. Said order provided that should the unit well not be drilled to completion, or abandonment, within 120 days after commencement thereof, operator shall appear and show cause why the pooling order should not be rescinded.

CASE 7658: (Readvertised)

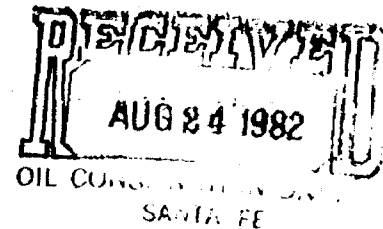
Application of Harvey E. Yates Company for a dual completion and downhole commingling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Seymour State No. 1 located in Section 18, Township 9 South, Range 27 East, in such a manner that Abo perforations from 4912 feet to 4929 feet would be commingled with Upper Atoka perforations from 5926 feet to 5952 feet and the aforesaid intervals dually completed with Lower Atoka perforations from 6008 feet to 6048 feet and produced through parallel strings of tubing.

Cimarron Energy Corporation

P. O. Box 1525
Carlsbad, New Mexico 88220
505-885-0290

August 23, 1982

Mr. R. L. Stamets
Technical Support Chief
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Case 1685

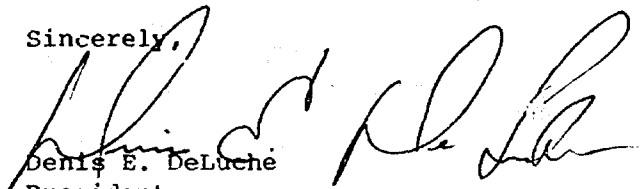
Re: Application for Non-
Standard Location:
Cimarron R. B. Well No.1
1980/S and 660/W of
Section 34, T22S, R28E,
Eddy County, New Mexico.

Dear Mr. Stamets:

As per your letter dated August 19, 1982, Cimarron Energy does at this time request a public hearing reference our above-listed Application for Non-Standard Location.

Our representatives will plan on being in Santa Fe on September 15, 1982 for this hearing.

Sincerely,


Denis E. DeLuche
President

DED:jg

cc: File

Mr. John Morris
Morco Geological Services
310 N. Canal
Carlsbad, N. M. 88220

Mr. James W. Klipstine, Jr.
Cimarron Energy Corporation
P. O. Box 1525
Carlsbad, N. M. 88220

Coquina Oil Corporation
P. O. Box 2960
Midland, Texas 79701

Union Oil of California
P. O. Box 671
Midland, Texas 79702

Mr. Doyle Hartman
P. O. Box 10426
Midland, Texas 79702



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

August 19, 1982

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

Cimarron Energy Corporation
P. O. Box 1525
Carlsbad, New Mexico 88220

Case 7685

Re: Application for
Non-Standard Location:
Cimarron RB Well No. 1,
1980/S and 660/W of
Section 34, T22S, R28E,
Eddy County, New Mexico

Gentlemen:

The subject application does not qualify for administrative approval under Rule 104 F II of the Division Rules and Regulations.

If the well is to be located closer than 990 feet to the end boundary of the proration unit it does not qualify under said rule. At your request, however, we will set this matter for public hearing. Such a request made on or before August 25, 1982, will be set for hearing on September 15, 1982, in Santa Fe.

Sincerely,

R. L. STAMETS
Technical Support Chief

RLS/fd



Amoco Production Company (USA)

Houston Region-West
500 Jefferson Building
Post Office Box 3092
Houston, Texas 77001

R. G. Smith
Regional Engineering
Manager West

August 16, 1982

1003
AUG 17 1982

File: JCA-986.51-1569

Re: Unorthodox Location
Cimarron Well No. 1
Atoka/Morrow Formation
Eddy County, New Mexico

State of New Mexico
Energy and Minerals Department
P. O. Box 2088
Santa Fe, NM 87501

Case 1685

Gentlemen:

Cimarron Energy Corporation has filed an application for administrative approval of an unorthodox well location for the subject well at the following location:

660' FWL and 1980' FSL of Section 34, Township 22
South, Range 28 East, Eddy County

It is understood that the unorthodox location applied for by Cimarron Energy Corporation is due to geological conditions, therefore, Amoco hereby waives objection to the unorthodox well location as shown above.

This waiver supersedes our letter of August 6, 1982, which inadvertently stated the unorthodox location was for existing surface conditions.

Yours very truly,

R. G. Smith

JCA/lrd

cc: Cimarron Energy Corp.
P. O. Box 1525
Carlsbad, New Mexico 88220



Amoco Production Company (USA)

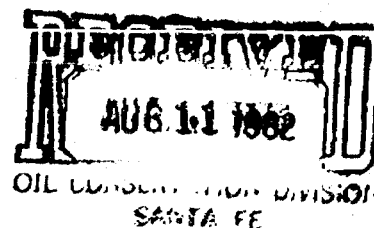
Houston Region West
500 Jefferson Building
Post Office Box 3092
Houston, Texas 77001

R. G. Smith
Regional Engineering
Manager West

August 6, 1982

File: JCA-986.51-1562

Re: Unorthodox Location
Cimarron Well No. 1
Atoka/Morrow Formation
Eddy County, New Mexico



State of New Mexico
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

C640 7-85

Gentlemen:

Cimarron Energy Corporation has filed an application for administrative approval of an unorthodox well location for the subject well at the following location:

660' FWL and 1980' FSL of Section 34, Township 22
South, Range 28 East, Eddy County

It is understood that the unorthodox location applied for by Cimarron Energy Corporation is due to existing surface condition, therefore, Amoco hereby waives objection to the unorthodox well location as shown above.

Yours very truly,

R. G. Smith
MLC

MLC/lrd

cc: Cimarron Energy Corp.
P. O. Box 1525
Carlsbad, New Mexico 88220

TO WHOM IT MAY CONCERN:

Mr. Steve Schalk, the Personal Representative of the Estate of J.E. Schalk, the owner of a mineral lease offsetting the proration unit operated by Cimarron Energy Corporation and located in:

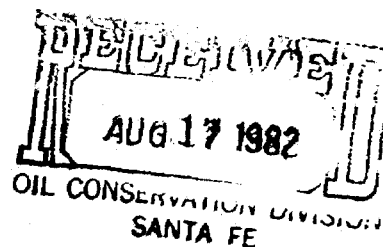
Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection he might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Steve Schalk for the Estate of
J.E. Schalk

by 

Dated: 29 July 1982



TO WHOM IT MAY CONCERN:

Union Oil Company of California, the operator of a proration unit offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection it might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Union Oil Company of California

by John Hansen

Attorney in Fact
Dated: 28th July 1982

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AUG 17 1982

SANITARY

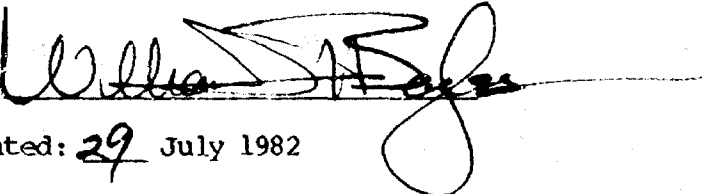
TO WHOM IT MAY CONCERN:

Holly Energy Company, the operator of a proration unit offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection it might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Holly Energy Company

by 
Dated: 29 July 1982

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AUG 17 1982

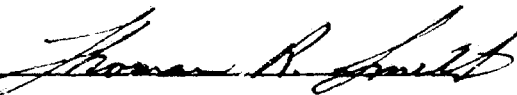
TO WHOM IT MAY CONCERN:

Coquina Oil Corporation, the operator of a proration unit offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection it might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

Coquina Oil Corporation

by 

Dated: 27 July 1982

RECEIVED
AUG 17 1982
OIL CONSERVATION DIVISION
SANTA FE

TO WHOM IT MAY CONCERN:

Delta Drilling Company, the operator of a proration unit offsetting the proration unit operated by Cimarron Energy Corporation and located in:

Township 22 South, Range 28 East
Section 34: S/2 NMPM Eddy Co. N.M.

hereby waives any objection it might have to an unorthodox well location within the above described proration unit. It is understood that the unorthodox location applied for by Cimarron Energy Corporation is 660' FWL and 1980' FSL in Section 34 or as near to that point as is possible due to existing surface conditions.

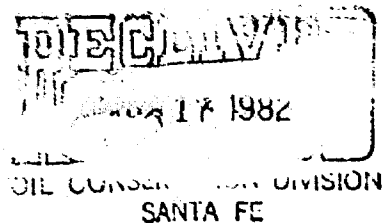
Delta Drilling Company

by Larry L. Schulz

Dated: July 1982

August 5, 1982

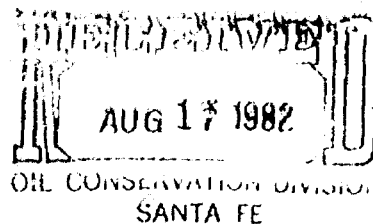
Larry L. Schulz
Division Land Manager
West Texas Land Division



Cimarron Energy Corporation

P. O. Box 1525
Carlsbad, New Mexico 88220
505-885-0290

August 11, 1982



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

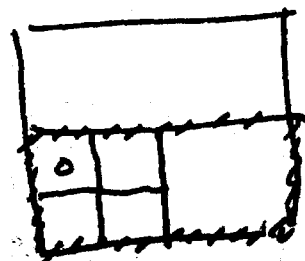
RE: Amended Application for unorthodox drilling location in S₄, T22S
R28E, NMPM, Eddy County, New Mexico.

Dear Sir:

Cimarron Energy Corporation, the operator of a drilling unit consisting of the S₄, T22S, R28E, NMPM, Eddy County, New Mexico, on 23 June 1982, made application for an unorthodox drilling location within that drilling unit for topographical reasons. Further evaluation of the potential development of this unit requires that an additional request for a location movement be asked for geological, as well as topographical reasons.

In support of its amended application, Cimarron Energy Corporation states:

- 1 The United States Bureau of Land Management examined the proposed standard location and stated the location could not be approved for topographical reasons. Attached and marked as Exhibit A is a plat drawn by Mr Michael Fabio of the B.L.M. showing a draw proceeding to the northwest, necessitating the change of location
- 2 Said draw prevents a topographical movement of location to the immediate north, requiring the original permitted move to a location 1585' FWL and 591' FSL within the unit. Attached as Exhibit B is a plat of this location.
3. Further geological evaluation for the purpose of achieving the maximum potential of producing formations indicates the movement of the drilling site to the north and west will be advantageous. Attached as Exhibit C is an isopach of the Atoka clastics formation indicating why such a move would be advantageous
4. The contemplated new drilling location would be satisfactory for topographical reasons and would allow maximum development of the leasehold interests involved in the drilling unit. A plat of the requested new drilling location is attached as Exhibit D.



Oil Conservation Division

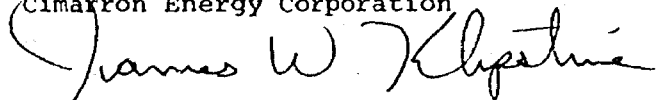
Page 2

August 11, 1982

- 5 The operators and/or owners of all offsetting leases have waived objections to the requested new drilling location. The duly executed waivers are enclosed with this application. Attached as Exhibit E is a mineral ownership plat showing completed wells as well as the ownership of all leases offsetting the proration unit.
- 6 The requested new location has been cleared by the Llano Estacado Center for Advanced Studies of Eastern New Mexico University as being devoid of potential archeological, historical or cultural sites. A copy of the survey conducted by the Center is attached as Exhibit F.
7. Rule 104(F) of the Rules and Regulations of the Oil Conservation Division states in part:
"The Division Director may approve the unorthodox location upon receipt of waivers from all offset operators..."

Therefore, the applicant, Cimarron Energy Corporation, requests the approval of an unorthodox drilling location being located 1980' FSL and 660' FWL in the S $\frac{1}{4}$, T22S, R28E, NMPM, Eddy County, New Mexico.

Respectfully submitted
Cimarron Energy Corporation



James W. Klipstine, Jr.
Vice President-Operations

JWK;jq
Enclosures

Exhibit A

CIMMARON ENERGY CORP. #1 CIMMARON FED. N.M. 16331

NM 16331
WI: CIMMARON ENERGY 100%
ORRI: UNION OIL CO. OF
CALIF. 6.25%

NM 16102
WI: CIMMARON ENERGY 100%
ORRI Tom INGRAM 12.5%
JA. DAVIDSON 6.25%

DRAW
DRAW
BORE HOLE
LOCATION
560

≈ 1855

DRAWN BY MICHAEL FABIO
Michael Fabio

All distances must be from the outer boundaries of the Section

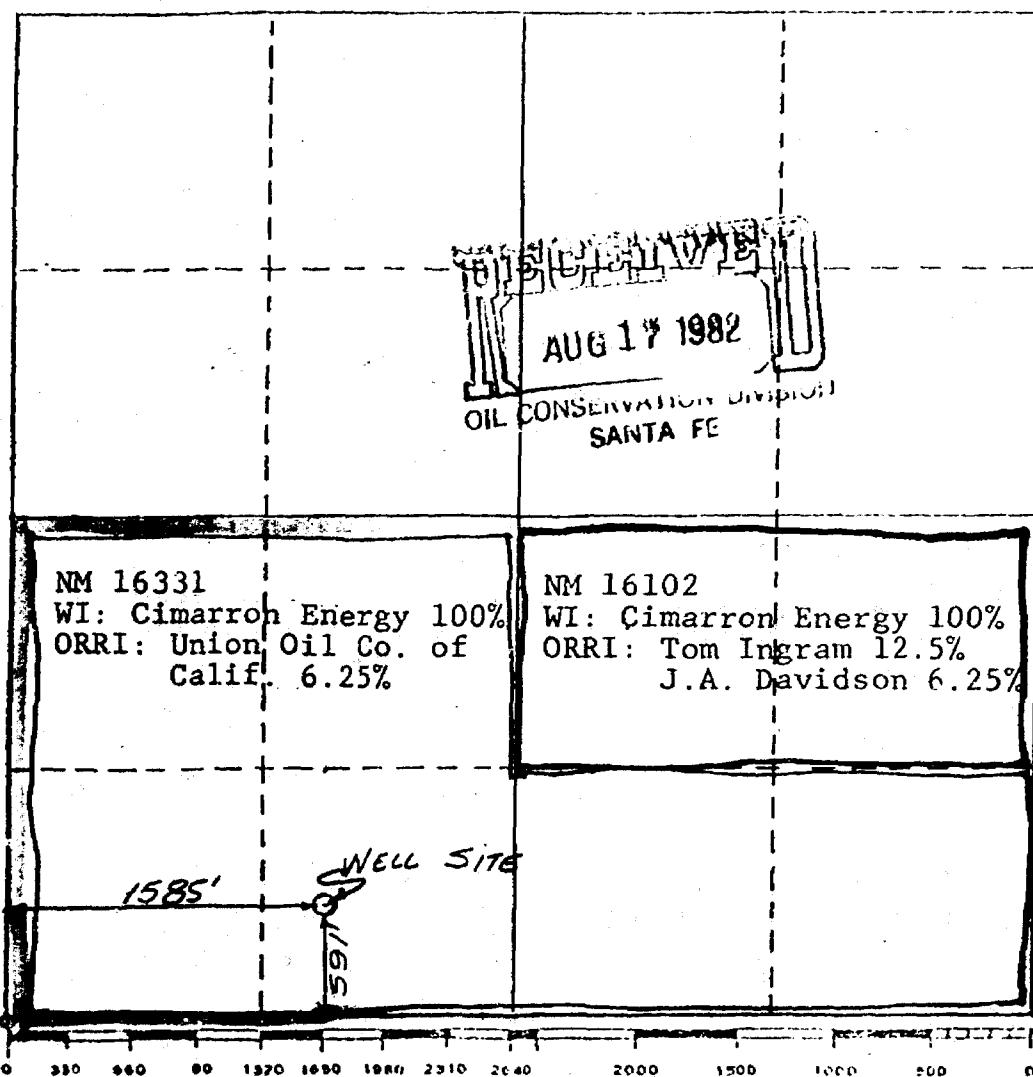
Operator Cimarron Energy Corporation		Lease Cimarron		Well No. 1
Unit Letter n/a	Section 34	Township 22 South	Range 28 East	County EDDY
Actual Footnote Location of Well:				
591	feet from the South	line and 1585'	feet from the West	line
Ground Level Elev. 3035.7	Producing Formation Atoka/Morrow	Pool Wildest	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or machine marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

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

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

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



CERTIFICATION

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

James W. Klipstine, Jr.
Name **James W. Klipstine, Jr.**

Vice-President of Operations
Position

CIMARRON ENERGY CORPORATION
Company

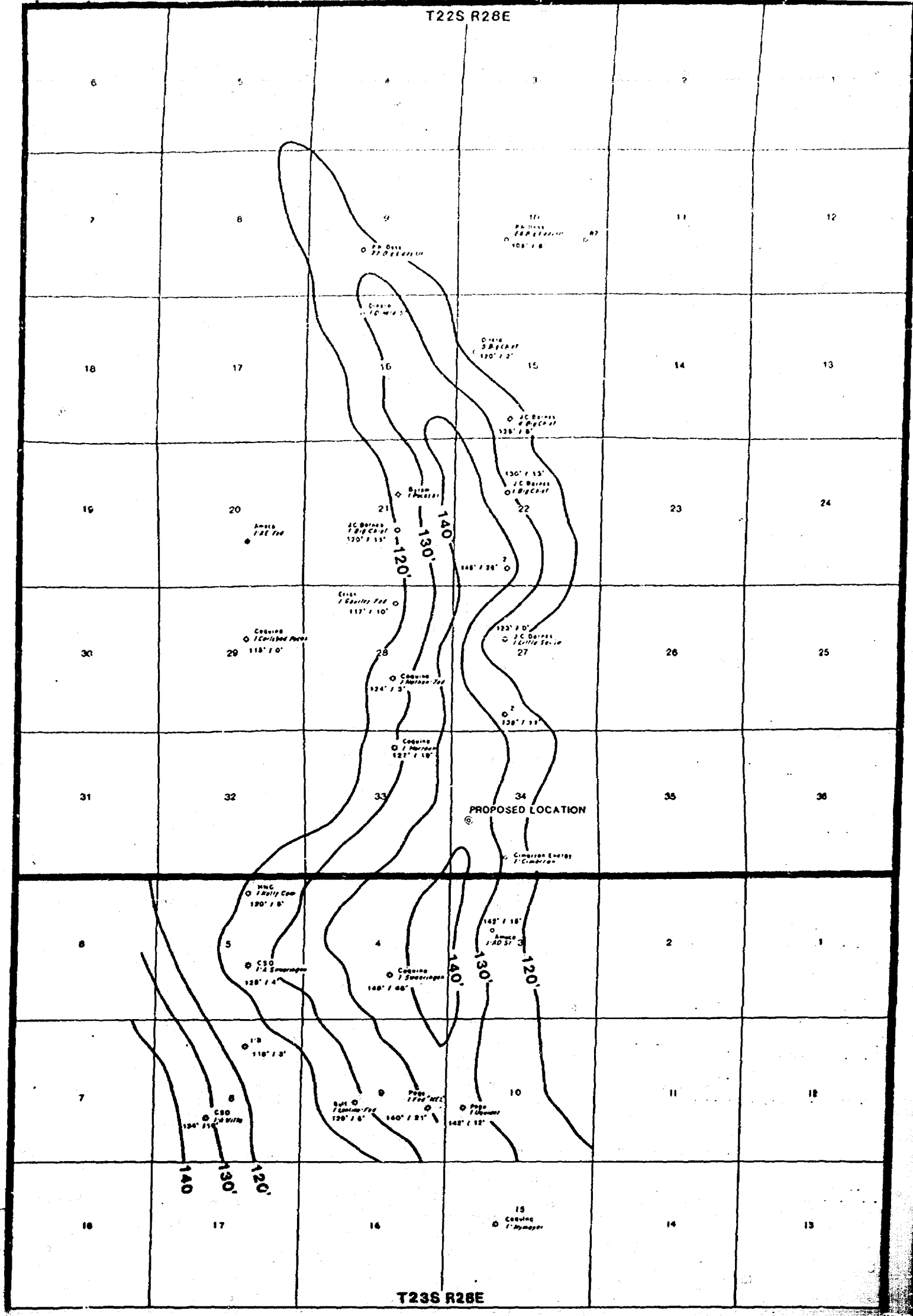
July 1, 1982
Date

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

June 30, 1982
Date Surveyed

Gary Robertson
Registered Professional Engineer and/or Land Surveyor

NMLS 6692
Certificate No.



CIMARRON ENERGY CORPORATION

Exhibit C

ATOKA CLASTIC ISOPACH

© 1 CIMARRON
EDDY CO. N.M.

SCALE 1" = 2000'

C-1 10'

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2000
SANTA FE, NEW MEXICO 87501Form C-102
Revised 10-1-79

All distances must be from the corner boundaries of the Section

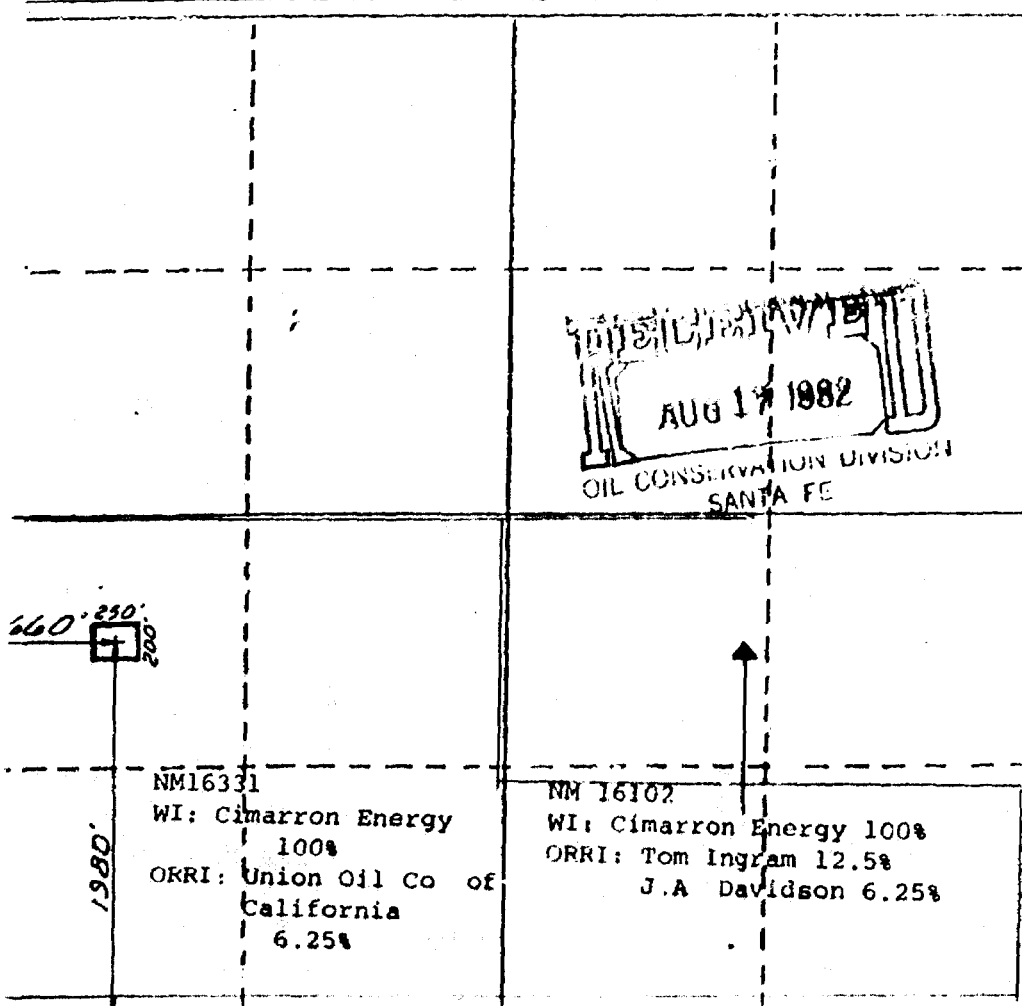
Owner		Lease		Well No.	
Cimarron Energy		Cimarron "RB"			
Letter	Section	Township	Range	County	
	34	22 South	28 East	Eddy	
of Postage Location of Well:					
1980	feet from the	South	line and	660	feet from the West
and Level Elev.	Producing Formation		Pool	Dedicated Acreage	
3040	Atoka/Morrow		Wildcat	320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization #SCR-309

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

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



CERTIFICATION

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

James W. Klipstine
Name
James W. Klipstine
Position
Vice-President-Operations
Company
Cimarron Energy Corporation
Date
10 August 1982

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

July 28, 1982
Date Surveyed
Gary Robertson
Registered Professional Engineer
and/or Land Surveyor

N.M.L.S. #6692

Exhibit E

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LOVING, NO.

SO CULEBRA

Introduction

An archaeological reconnaissance was recently completed by the Agency for Conservation Archaeology (A.C.A.) at Eastern New Mexico University for Cimarron Energy Corporation in Eddy County, New Mexico, on lands administered by the Bureau of Land Management. The reconnoitered area will be impacted by the construction of a well pad and an access road. The project was administered by Tammie Klipstine for Cimarron Energy Corporation and Dr. Colleen M. Beck, Director of ACA. This report was prepared by the Portales office of ACA.

The field work was conducted on August 2, 1982 by Michael Kyte. Excellent field and weather conditions prevailed throughout the course of this reconnaissance. This survey was conducted under Federal Antiquities Permit number 82-EM-037. A search of the National Register has been made and properties within this area are not listed on the Register.

Survey Technique

Visual inspection of the pad was completed by walking a series of parallel transects. Each transect was covered in a tightly spaced zigzag pattern. The access road was examined as two transects, with a tightly spaced zigzag pattern covering the length and breadth. The distance between transects was 25 feet (7.6 meters). This method maximized the opportunity of observing any cultural resources within or near the proposed area of impact.

Cimarron "RB" Federal #1

Location

The proposed well pad and access road are located 9 miles southeast of Carlsbad, New Mexico, in the Pecos River Valley. The pad measures 400 X 400 feet (121.9 X 121.9 meters) and the access road measures 50 X 180 feet (15.2 X 54.9 meters). They are situated as follows:

Well Pad:

NW 1/4 SW 1/4, Section 34, T22S R28E, NMPM, Eddy County, NM (BLM)

Access Road:

NW 1/4 SW 1/4, Section 34, T22S R28E, NMPM, Eddy County, NM (BLM)

Plat: Figure 1

Map Reference: USGS Carlsbad, NM Quadrangle 15 minute series, 1939 PR 1971 (figure 2)

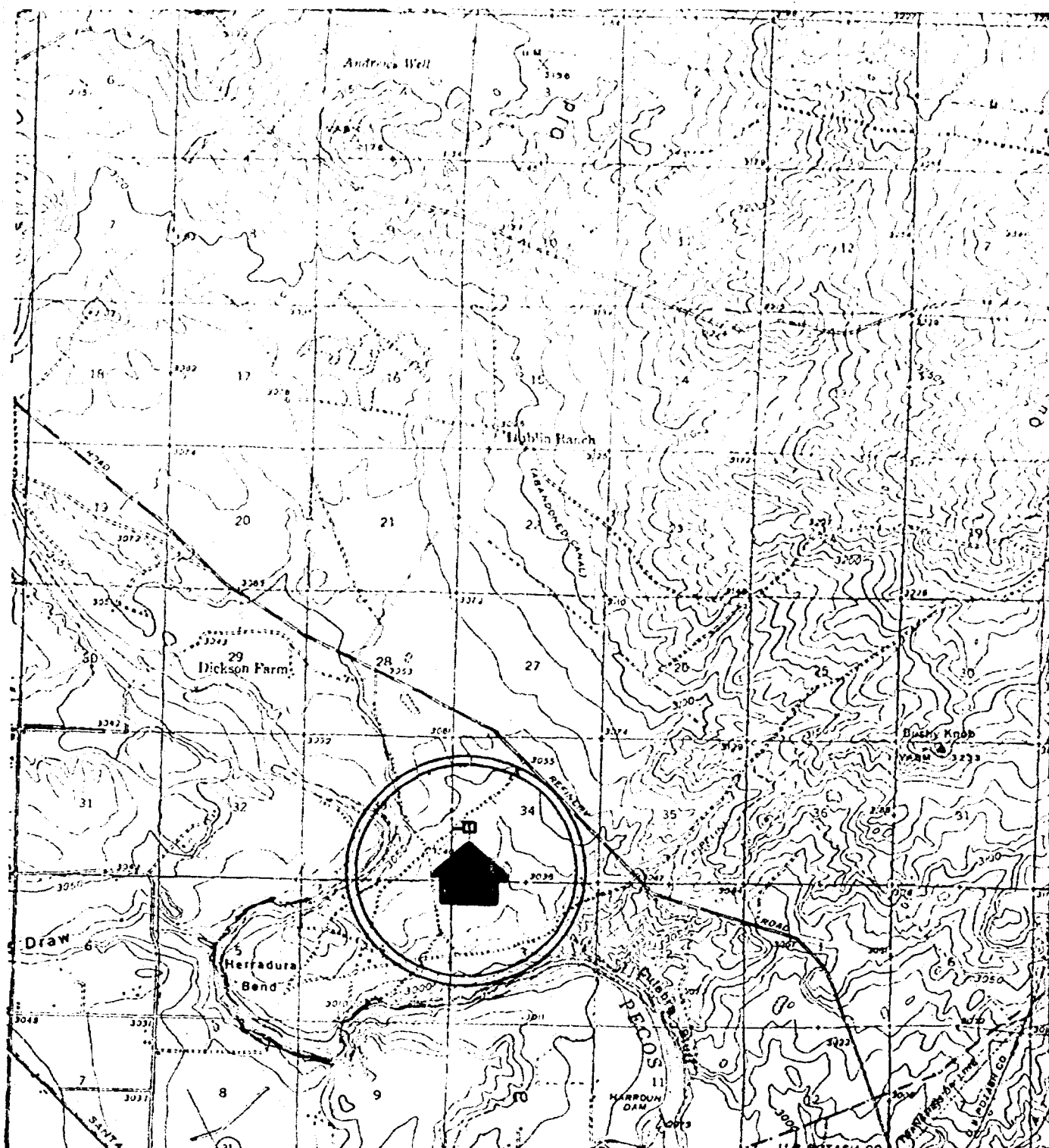
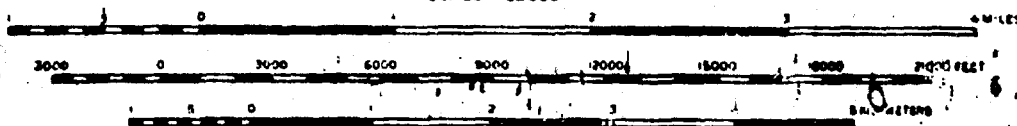


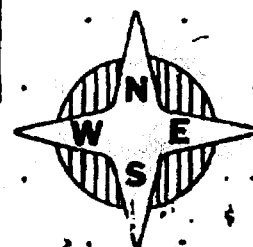
Figure 2: Location of Cimarron "RB" Federal #1
Section 34, T22S R28E, Eddy County, NM

Map: USGS Carlsbad, NM Quadrangle (1939 PR 1971)

SCALE 1:62500



15 MINUTE
SERIES



Terrain

The proposed well pad and access road are located in the Pecos River Valley. They are situated on a rolling plain on the first terrace above the Pecos River floodplain, drainage is to the east and southeast. The elevation varies from 3040 to 3042 feet (926.5 to 927.2 meters). The soil encountered in the area is predominantly a calcareous sandy loam. Taxonomically it can be classified as a calciorthids. Lithic inclusions consist of caliche fragments which are very common in the area with occasional lag gravel present.

Floristics

ACA encountered a moderate floral assemblage at this location. The density of the vegetation in the area is approximately 45 percent, consisting primarily of shrubs. The dominant species is mesquite (Prosopis juliflora). Among other species present are creosote bush (Larrea tridentata), oak brush (Quercus havardii), buffalo grass (Buchloe dactyloides), and broom snakeweed (Gutierrezia sarothrae).

Cultural Resources

ACA did not encounter any archaeological sites or isolated manifestations, either within or near the proposed facilities.

A review of the National Register did not find any properties listed for this location.

Recommendations

ACA recommends clearance for the proposed well pad and access road and suggests that construction be allowed to proceed as currently planned.

DRAFT

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. 77685

ORDER NO. R- 7062

APPLICATION OF Cimarron Energy Corporation

FOR AN UNORTHODOX GAS WELL LOCATION,

Eddy County COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 15,
19 82, at Santa Fe, New Mexico, before Examiner BLS.

NOW, on this _____ day of _____, 19____, 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, Cimarron Energy Corporation,
seeks approval of an unorthodox gas well location 1980
feet from the South line and 660 feet from the
West line of Section 34, Township 22 South
Range 28 East, NMPM, to test the Pennsylvanian
formation, _____ POCO, Eddy
County, New Mexico.

(3) That the 5/2 of said Section 34 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. _____

Order No. R- _____

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the 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:

*Cimarron Energy Corporation
is hereby granted*

(1) That an unorthodox gas well location for the Pennsylvanian formation ~~is hereby approved~~ for a well to be located at a point 1980 feet from the South line and 660 feet from the West line of Section 34, Township 22 South, Range 28 East NMPM, Edo, Eddy County, New Mexico.

(2) That the 5/2 of said Section 34 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.

FIDELITY AND GUARANTY COMPANY, DONA ANA
COUNTY NEW MEXICO

DOCKET MAILED

~~9/20/82~~
10/15/82