

CASE 5098: Application of R. J.  
ZONNE FOR SPECIAL POOL RULES,  
LEA COUNTY, NEW MEXICO.

CASE No.

5098

---

Application,

Transcripts,

Small Exhibits

ETC.

~~BILL GROSSET~~

~~Dan Hutter~~

send <sup>marked</sup> check to:

Clearing Petroleum Corp.  
N. Broadway Plaza  
300 Pruitice Bldg  
Okla City, Okla  
73116

also Clarence Hinkle

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
May 12, 1976

EXAMINER HEARING

IN THE MATTER OF:

Case 5098 being reopened pursuant to the provisions of Order No. R-4682 which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico.

CASE  
5098  
(Reopened)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant: Clarence E. Hinkle, Esq.  
HINKLE, BONDURANT, COX & EATON  
Attorneys at Law  
Hinkle Building  
Roswell, New Mexico

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Page 2

I N D E X

1		
2		<u>Page</u>
3	<u>JOHN J. KEESEY</u>	
4	Direct Examination by Mr. Hinkle	3
5	Cross Examination by Mr. Nutter	10
6	Redirect Examination by Mr. Hinkle	14

EXHIBIT INDEX

7		
8		
9		
10		
11		
12		<u>Page</u>
13	Applicant's Exhibit No. One, Area Map	10
14	Applicant's Exhibit No. Two, Structure Map	10
15	Applicant's Exhibit No. Three, Production Tabulation	10
16	Applicant's Exhibit No. Four, Production Curve	10
17	Applicant's Exhibit No. Five, Performance Curve	10
18	Applicant's Exhibit No. Six, Cross Section	10
19	Applicant's Exhibit No. Seven, Economic Study	10

20  
21  
22  
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1 MR. NUTTER: We will call Case 5098.

2 MR. CARR: Case 5098, in the matter of Case 5098 being  
3 reopened pursuant to the provisions of Order No. R-4682, which  
4 order established special pool rules for the Red Tank-Morrow  
5 Gas Pool, Lea County, New Mexico, including a provision for  
6 six-hundred-and-forty-acre spacing.

7 MR. HINKLE: Mr. Examiner, Clarence Hinkle, Hinkle,  
8 Bondurant, Cox and Eaton appearing on behalf of Cleary  
9 Petroleum Corporation. We have one witness I would like to  
10 have sworn.

11 (THEREUPON, the witness was duly sworn.)

12 MR. HINKLE: We have seven exhibits. This is the  
13 official copy.

14 JOHN J. KEESEY

15  
16 called as a witness, having been first duly sworn, was  
17 examined and testified as follows:

18  
19 DIRECT EXAMINATION

20 BY MR. HINKLE:

21 Q. State your name and your residence.

22 A. My name is John J. Keesey.

23 MR. NUTTER: Would you spell that, please?

24 A. K-e-e-s-e-y.

25 MR. NUTTER: Thank you.

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Page 4

1 A I reside in Midland, Texas.

2 Q (Mr. Hinkle continuing.) You are a petroleum engineer?

3 A Yes, I am.

4 Q Are you connected with an engineering firm in Midland?

5 A Yes.

6 Q And what's the name of the firm?

7 A The name of that firm is Sipes, Williamson and Aycock,  
8 Incorporated.

9 Q Has that firm and you been employed in connection  
10 with this case?

11 A Yes, we have.

12 Q Are your qualifications as a petroleum engineer  
13 a matter of record with the Commission, having previously  
14 testified?

15 A Yes, they are.

16 Q And you were the original principal witness in this  
17 original case?

18 A That is correct.

19 MR. HINKLE: Are his qualifications sufficient?

20 MR. NUTTER: Yes, they are.

21 Q (Mr. Hinkle continuing.) Have you prepared or has  
22 there been prepared under your direction certain exhibits for  
23 introduction in this case?

24 A Yes, they have, we have seven exhibits.

25 Q And those are the ones that have been marked One

1 through Seven?

2 A. Yes, sir.

3 Q. Refer to Exhibit One and explain what this is and  
4 what it shows?

5 A. Exhibit One is an area map which shows the two wells  
6 under question, the No. 1 Well being in Section 20 and the  
7 No. 17-1 being in Section 17, these two sections are shaded  
8 in yellow. I would like to point out at this time that each  
9 of these sections has three separate leases residing on it.  
10 These are shown by the dashed lines.

11 Q. Now, at the time of the original hearing were both  
12 of these wells in Section 17 and 20 completed or just one of  
13 them?

14 A. No, during the time of the hearing only Well No. 1  
15 in Section 20 was completed.

16 Q. When was the well in Section 17 completed?

17 A. The well in Section 17 was drilling during the time  
18 of the original hearing and it was actually completed on  
19 February 18th, 1975.

20 Q. Have both of these wells been on production for  
21 about the same time?

22 A. No, both wells are currently on production. No. 1  
23 began production in May of 1974, No. 17-1 did not come on  
24 production until September of 1975.

25 Q. Do you have any further comments with respect to



1 Exhibit One?

2 A. No, that's all.

3 Q. Refer to Exhibit Two and explain what this shows?

4 A. Exhibit Two is simply a structure map which is based  
5 on the top of the Lower Strawn lime and this is a map which  
6 we took from Structural Maps, Incorporated in Midland. We  
7 used this because there are very few wells completed in the  
8 Morrow and there is no really good Morrow-type structural  
9 trends defined at the present time. This also shows the  
10 cross section trace denoted by AA prime.

11 Q. Is this the same structural map that was introduced  
12 at the original hearing?

13 A. It is, it has been adjusted slightly for the effects  
14 of drilling 17-1.

15 Q. Now, refer to Exhibit Three and explain what this  
16 shows?

17 A. Exhibit Three is the production tabulation for  
18 both wells, showing month-by-month production of condensate  
19 and gas through March of 1976.

20 Q. Do you have any further comments with respect to  
21 that exhibit?

22 A. No.

23 Q. Refer to Exhibit Four and explain that.

24 A. Exhibit Four is a production curve on Well No. 1,  
25 the original well drilled in the unit. As you can see production

1 is declining very rapidly. I have indicated on here an  
2 estimated economic limit of fifteen hundred MCF per month with  
3 an ultimate recovery under current producing operations of  
4 four hundred and sixty-four thousand, one hundred MCF.

5 Q Now, refer to Exhibit Five and explain that?

6 A It is a performance curve on Well No. 17-1, again  
7 showing a projection of estimated performance on the current  
8 operations with an ultimate recovery of five hundred and  
9 twenty-three thousand, four hundred MCF.

10 Q And refer to Exhibit Six and explain that?

11 A Exhibit Six is a cross section I made reference to.  
12 The trace of that is shown on Exhibit Two. It shows the Well  
13 No. 1 which is the log second from the right and 17-1 being  
14 to the left of it. The other two logs shown are dry holes  
15 drilled to the east and the west of the subject area. We have  
16 shown on this the structural trend, the top of the Strawn,  
17 the top of the Atoka and the top of the Morrow, with the  
18 Morrow being the completion zone. We have also shown on the  
19 two subject wells the completion zones and the completion  
20 information, test data and stimulation reports.

21 Q Do the Morrow zones in the two wells correlate  
22 pretty well?

23 A The two lower zones, that's the perforations in  
24 Well No. 1 and the lower perforations in 17-1 correlate from  
25 a correlative depth standpoint. However, the zones here are

1 reflected to be lenticular with two distinct zones existing  
2 in Well No. 1 and a more consistent zone being in the lower  
3 interval of Well No. 17-1. From this I imply that we are  
4 looking at a typical stratigraphic lenticular Morrow  
5 formation.

6 Q Are either of these wells making any water?

7 A Yes, No. 17-1 is making about a hundred and twenty-  
8 five barrels of water per day.

9 Q Do you know where the water is coming from?

10 A Yes, they ran a temperture and spinner survey and  
11 it was indicated to be coming out of the upper set of  
12 perforations.

13 Q Have you formed an opinion as to the size or the  
14 extent of the reservoir from which these wells are producing?

15 A That is difficult to pinpoint the actual area  
16 extent of the reservoir. As I discussed earlier there is  
17 a lenticular nature of the pay that is apparent, the zone is  
18 making water in Well No. 17-1, it does not appear in Well  
19 No. 1, which also reflects lenticular development and,  
20 therefore, it is hard to say whether the formation is really  
21 one-hundred-and-sixty acres or a six-hundred-and-forty acre  
22 reservoir but I do feel that the two existing wells are  
23 draining the existing reservoirs underlying the subject  
24 acreage.

25 Q What you have just testified to applies generally to

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Page 9

1 the Morrow formation as to the uncertainty of the extent?

2 A. That's correct.

3 Q. Have you made an economic study to determine whether  
4 or not it would be economically feasible to drill additional  
5 wells on three-hundred-and-twenty acres if the present rules  
6 are abolished?

7 A. Yes, I have and that is Exhibit Number Seven,  
8 a theoretical pay-out requirement for a typical Morrow well.  
9 I am showing the estimated cost to drill and complete at one  
10 point two, two million dollars and based on current gas price  
11 and condensate price, the estimated income would be point eight  
12 two five dollars per MCF. Adjusting for expenses and royalty  
13 payments it would be net of about point six oh two dollars  
14 per MCF, therefore to pay out or just to recoup the original  
15 drilling costs we would have to have over two billion cubic  
16 feet of gas or over four times what these two wells are  
17 projected to recover.

18 Q. In view of the performance of the two wells you  
19 testified to, does this indicate that it would be uneconomic  
20 to drill additional wells on three-twenties?

21 A. Yes, it does.

22 Q. Do you have any recommendation to make to the  
23 Commission with respect to the present pool rules?

24 A. Yes, I would like to recommend that the present  
25 field rules be made permanent for six-hundred-and-forty-acre

1 spacing.

2 Q Now, in the event that the Commission did abolish  
3 the present field rules and go back to three-hundred-and-  
4 twenty, what would be the situation with regard to the leases  
5 that make up this six-hundred-and-forty-acre unit?

6 A Well, in Exhibit One I mentioned that each of these  
7 tracts, 17 and 20, have actually three separate leases on  
8 them and what would occur is that Cleary Petroleum would be  
9 subject to losing a portion of the acreage they now hold from  
10 the current production.

11 Q In your opinion if the present rules are continued,  
12 would it be in the interest of conservation and prevention of  
13 waste and protect correlative rights?

14 A Yes, sir.

15 MR. HINKLE: We would like to offer Exhibits One  
16 through Seven.

17 MR. NUTTER: Exhibits One through Seven will be  
18 admitted into evidence.

19 (THEREUPON, Applicant's Exhibits One through  
20 Seven were admitted into evidence.)

21 MR. HINKLE: That's all we have on direct.

22

23

CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q Mr. Keesey, the projected recovery from the two wells

1 is about a billion cubic feet, is that it?

2 A Yes, that is correct.

3 Q And you are saying here on Exhibit Number Seven that  
4 it takes two billion cubic feet to pay the cost of one well,  
5 is that right?

6 A That's right.

7 Q Now, this estimated cost to drill of one point two  
8 two million dollars per well, how does that compare with the  
9 actual costs of the two wells that have been drilled?

10 A Well, Well No. 1 was lower because it was drilled  
11 in 1973 at a lower cost basis.

12 Q Do you know what it cost?

13 A Approximately eight hundred thousand dollars.

14 Q That's No. 1-17?

15 A No, that's --

16 Q That's No. 1 in Section 20?

17 A Right. Now, 17-1 which was drilled and completed in  
18 '74 cost in excess of one point three million dollars. Now,  
19 the additional cost there was they had some hole problems  
20 when setting the liner, I think that is some additional cost  
21 there.

22 Q And the No. 1 was drilled in '73 you say?

23 A Yes, that's correct.

24 Q Do you know what the estimate of reserves was back  
25 at the time of the original hearing and how does this projection

1 of the decline curve compare with the original estimates  
2 that were made?

3 A. Well, the original pore volume estimates, assuming  
4 a complete six-hundred-and-forty-acre homogeneous pay  
5 development, were approximately eight billion cubic feet of  
6 gas.

7 Q. But the decline curve doesn't hold that up?

8 A. The decline curve does not hold that up. The  
9 deliverabilities that were originally run were way in excess  
10 of the current rates and the current performance that we are  
11 seeing now. On the original hearing we testified at that  
12 time from the performance on Well No. 1 which at that time had  
13 been on stream about two months and was on a somewhat  
14 intermittent basis but was flowing at a constant rate of  
15 between eighteen hundred and two thousand MCF per day and  
16 at that time those rates were agreeing fairly well with our  
17 deliverability calculations but performance since that time  
18 has been considerably below what we had estimated.

19 Q. Now, on your Exhibit Number Three you show some  
20 rather erratic production figures from time to time, was that  
21 due to the condition of the well or fluctuations in the well  
22 or was that due to takes by the pipeline?

23 A. I think it is a combination of both. They did do  
24 some workover work on the No. 1 well in an attempt to improve  
25 production by an acid job and Well No. 17-1 is fairly constant

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1 there are no problems with that well other than it makes a  
2 lot of water but we are able to keep it flowing.

3 Q But it does flow rather consistently apparently?

4 A Yes.

5 Q Now, it has not experienced the decline that No. 1  
6 has?

7 A Not at the present time but I think if we look at  
8 the potential depletion effect by the earlier drilling and  
9 production of No. 1 and if you look at the current producing  
10 rate of 17-1 and look at the producing rate of Well No. 1  
11 during the early portion of 1975, I think you will see a  
12 very similar production characteristic.

13 Q Now, I notice from Exhibit Number Six that on Well  
14 No. 1 a drill stem test was attempted in the same productive  
15 interval, in the upper productive interval that is perforated  
16 in Well No. 1-17, but the packer failed on the DST and the  
17 well was completed down further in the hole.

18 A That is correct.

19 Q Has any attempt ever been made to perforate in  
20 there in that upper zone and produce from it?

21 A There has been no attempt to recomplete the well  
22 or test any other zones that are currently shown. They did  
23 try another DST in No. 17-1 and again the packer failed. There  
24 are no DST's on the upper zones up through the Strawn. However,  
25 from our investigation of logs we do feel that there is



1 potential behind pipe pay, particularly in the Strawn interval  
2 and also several stringers in the Atoka which did kick gas.

3 Q But no well has been completed in there at all?

4 A No.

5 MR. NUTTER: Are there any further questions?

6 MR. HINKLE: I have one other question.

7  
8 REDIRECT EXAMINATION

9 BY MR. HINKLE:

10 Q Do you know whether or not Cleary has any intention  
11 of trying to complete these wells in any other zones that  
12 haven't been tested?

13 A Yes, they do. Due to the depth of this well at  
14 fourteen thousand five hundred, of course, any workover attempt  
15 is costly, so Cleary's intent is to produce the Morrow zones  
16 until they reach their economic limit at which time they will  
17 come back up hole and they will do testing in the Atoka and  
18 Strawn zones.

19 MR. NUTTER: Are there further questions of the  
20 witness? He may be excused.

21 (THEREUPON, the witness was excused.)

22 MR. NUTTER: Do you have anything further, Mr.  
23 Hinkle?

24 MR. HINKLE: That's all.

25 MR. NUTTER: Does anyone have anything they wish to

1 offer in Case Number 5098? We will take the case under  
2 advisement.  
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Page 15

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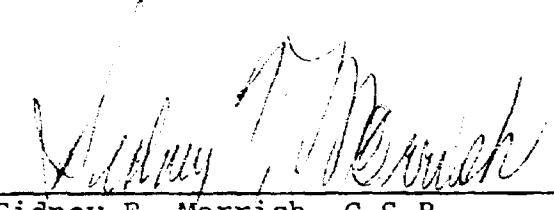
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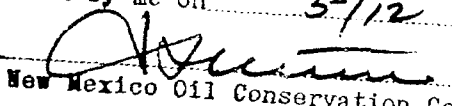
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Page 16

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5098 (rec)  
heard by me on 5-12, 1974.  
  
Examiner  
New Mexico Oil Conservation Commission

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Page 1

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

Case 5098 being reopened pursuant to  
the provisions of Order N. R-4682.

CASE  
5098

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

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1 MR. STAMETS: We will call Case 5098.

2 MR. CARR: Case 5098, in the matter of Case 5098  
3 being reopened pursuant to the provisions of Order No. R-4682,  
4 which order established special rules for the Red Tank-Morrow  
5 Gas Pool, Lea County, New Mexico, including a provision for  
6 six hundred and forty acre spacing.

7 MR. STAMETS: Are there any appearances in this  
8 case?

9 The record should reflect that there are no  
10 appearances. This matter will be taken under advisement and  
11 the hearing is adjourned.

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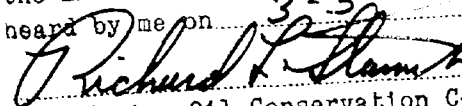
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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5098  
heard by me on 3-3, 1976  
, Examiner  
New Mexico Oil Conservation Commission

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 18, 1976

EXAMINER HEARING

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IN THE MATTER OF: )  
 )  
 )  
Case 5098 being reopened pursuant to ) CASE  
the provisions of Order No. R-4682, ) 5098  
which order established special rules ) (Reopened)  
for the Red Tank-Morrow Gas Pool, Lea )  
County, New Mexico, including a )  
provision for 640-acre spacing. )  
-----

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico



1 MR. NUTTER: Is there anybody here for Case Number  
2 5098?

3 At this time we will call Case Number 5098.

4 MR. CARR: Case 5098 in the matter of Case 5098  
5 being reopened pursuant to the provisions of Order No. R-4682,  
6 which order established special rules for the Red Tank-Morrow  
7 Gas Pool, Lea County, New Mexico, including a provision for  
8 six hundred and forty acre spacing. All interested parties  
9 may appear and show cause why said pool should not be developed  
10 on three hundred and twenty acre spacing.

11 MR. NUTTER: Are there any appearances in Case 5098?  
12 No appearances. We will continue this case to the Examiner  
13 Hearing scheduled to be held at this same place, March 3rd,  
14 1976.

15 We will now take a short recess.

16 (THEREUPON, the hearing was in recess.)  
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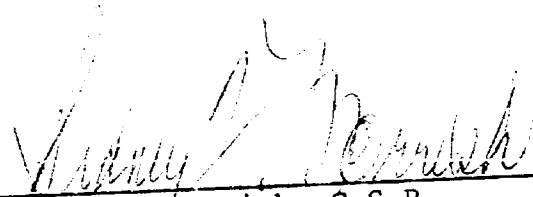
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Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is  
a complete and correct transcript of the  
the hearing held on 2/18/76  
heard by me on 2/18/76

  
Examiner  
New Mexico Oil Conservation Commission

dearnley, meier & associates

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1210 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1	BEFORE THE	
2	NEW MEXICO OIL CONSERVATION COMMISSION	
3	OIL CONSERVATION COMMISSION CONFERENCE ROOM	
4	STATE LAND OFFICE BUILDING	
5	SANTA FE, NEW MEXICO	
6	Wednesday, November 14, 1973	
7	IN THE MATTER OF:	
8	Application of R. J. Zonne	Case No. 5098
9	for special pool rules, Lea	
10	County, New Mexico.	
11	BEFORE: Daniel S. Nutter	
12	Examiner	
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19	TRANSCRIPT OF EXAMINER HEARING	
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1 MR. NUTTER: Call next Case 5098.

2 MR. DERRYBERRY: Case 5098, application of R.J.  
3 Zonne for special pool rules, Lea County, New Mexico.

4 MR. EATON: I'm Paul Eaton of the firm of Hinkle,  
5 Bondurant, Cox and Eaton representing the applicant.  
6 We have one witness, Mr. Foy, F-O-Y, Boyd, B-O-Y-D.

7 MR. NUTTER: Are there any other appearances in  
8 this case?

9 FOY W. BOYD,

10 a Witness, having been first duly sworn according to law,  
11 upon his oath testified as follows:

12 DIRECT EXAMINATION

13 BY MR. EATON:

14 Q Would you please state your name, your residence and  
15 your occupation?

16 A My name is Foy W. Boyd, Jr. I am a consultant petroleum  
17 engineer in Midland, Texas.

18 Q Are you by yourself, Mr. Boyd?

19 A No. I'm the owner and manager of a firm that is  
20 called Petroleum Consultant Services which is presently  
21 staffed with two petroleum engineers and six field  
22 associates.

23 Q And have you been employed by Mr. Zonne in connection  
24 with this case and in connection with the well which we  
25 will get into?

dearnley, maier & associates

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 A Yes, sir.

2 Q Are you familiar with the application of Mr. Zonne in  
3 this case?

4 A Yes, sir.

5 Q And are you familiar with the R. J. Zonne Federal  
6 Number 1 Well in Section 20 of 22 South, 32 East, Lea  
7 County, New Mexico?

8 A Yes, sir.

9 Q Mr. Boyd, have you previously testified before this  
10 Commission as a petroleum engineer?

11 A No. I have not.

12 Q Would you please give us your educational background and  
13 work experience?

14 A I was graduated from the University of Houston with a  
15 B.S. in Petroleum Engineering in 1956. I rough-necked  
16 and roust-abouted for Mobil Oil Company. I have worked  
17 for El Paso Natural Gas in the Four Corners area of  
18 Colorado, Utah, and Wyoming in drilling and completions.

19 Q And New Mexico?

20 A And New Mexico. And also I worked in El Paso Natural  
21 Gas in the Reservoir Engineering Department. I worked  
22 for Skelly Oil Company in west-central Texas as a  
23 Production Engineer. I was a District Supervisor for  
24 King Resources Company.

25 Q Where was that?

- 1 A In Midland, Texas operating in the west-Texas and  
2 southeast-New Mexico areas. Since that time, the last  
3 three years I have managed and owned Petroleum  
4 Consultant Services.
- 5 Q Are you generally familiar with the southeastern  
6 New Mexico area?
- 7 A Yes, sir.
- 8 Q Are you a member of any society or professional  
9 organization?
- 10 A I am a licensed engineer in the State of Texas and  
11 belong to TSPO and am a member of SPAE of AMIE.
- 12 MR. EATON: Are the witness' qualifications  
13 satisfactory?
- 14 MR. NUTTER: Yes, sir. They are.
- 15 Q Mr. Boyd, you are aware that by the application Mr.  
16 Zonne seeks creation of a new Morrow gas pool and the  
17 promulgation of temporary pool rules including  
18 640-acre spacing?
- 19 A Yes, sir.
- 20 Q I direct your attention to what has been marked for  
21 identification as Applicant's Exhibit Number 1 and  
22 please state what this exhibit represents.
- 23 A This is a leasehold ownership map which depicts the  
24 control wells in the general vicinity of the subject  
25 well. It also shows the unit outline of which well the

- 1 Zonne Federal Number 1 is in and it is located in  
2 Section 20, Township 22 South, Range 32 East, Lea  
3 County, New Mexico.
- 4 Q Now, you mentioned the unit. Is that a working-interest  
5 unit?
- 6 A Yes, sir.
- 7 Q Of which Mr. Zonne --
- 8 A Is the operator.
- 9 Q -- is the operator? You have, I notice, four wells that  
10 are numbered one, two, three, and four. What is the  
11 purpose of that numbering?
- 12 A The four wells were used to construct a cross section  
13 area of the cross section map of the area showing the  
14 presence of the Morrow sand.
- 15 Q All right. Let me first, Mr. Boyd, I believe the  
16 closest non-unit acreage to this well is in Section 16,  
17 the Pennzoil acreage to the northeast; is that correct?
- 18 A Yes, sir.
- 19 Q Do you know if Pennzoil is aware of the application  
20 in this case?
- 21 A To my knowledge, I think they are.
- 22 Q And do you know whether or not Pennzoil has advised  
23 Mr. Zonne that it has no objections to the application?
- 24 A It's my understanding they have.
- 25 Q All right. Now, would you move to what has been marked

1 as Applicant's Exhibit Number 2 and state what this  
2 exhibit depicts?

3 A This exhibit reflects, is a cross section of the area  
4 and reflects the presence of the Morrow sand and  
5 continuity of it across the area that is corresponded  
6 by the four control wells.

7 The Well Number 1 is the Clayton Williams  
8 Badger Unit-Federal Number 1 which is located in  
9 Section 15, Township 22 South, Range 31 East, Eddy  
10 County, which was recently drilled in approximately  
11 September of 1973 and was a dry hole.

12 Well Number 2 is the R. J. Zonne Federal Number 1  
13 which is the subject well. Well Number 3 is the  
14 Texas American Oil Corporation Todd State "36" Number 1  
15 which is located in Section 36, Township 23 South,  
16 Range 31 East and was drilled approximately in February  
17 of 1971.

18 Well Number 4 is the Shell Oil Bootleg Ridge Unit  
19 Number 1 which is located in Section 36, Township 22  
20 South, Range 32 East, Lea County, which was drilled  
21 during 1964.

22 The Texas American Oil Corporation Well is a  
23 producer and the Shell Oil Company Well is a dry hole.

24 Q Now, what is the primary purpose of this Exhibit Number  
25 2, Mr. Boyd?



1 A It shows the presence of the producing interval in the  
2 R. J. Zonne Number 2 or Number 1 Well to be present  
3 in all of these wells in the general vicinity of this  
4 particular well which I think indicates that the  
5 producing interval is present generally throughout  
6 the area.

7 MR. NUTTER: What is the perforated interval  
8 of the Zonne Well, Mr. Boyd?

9 THE WITNESS: It was 14,556 to 563, two shots per  
10 foot, 15 holes. 14,590 to 596, 13 holes.

11 MR. NUTTER: So that would be in the interval  
12 on your cross section just above the line labeled  
13 "Bottom of the Middle Morrow Sand"; correct?

14 THE WITNESS: That's correct, sir.

15 Q All right. Now, Mr. Boyd, would you please give a  
16 history of the Zonne Federal Number 1 Well?

17 A The Well was spudded in June, on June 23rd, 1973.  
18 It was drilled to a total depth of 14,865 feet.  
19 T.D. was reached on August 31, 1973, a total of  
20 sixty-nine days. Logs were run, openhole logs were  
21 run.

22 A five-inch liner was run and cleaned out and the  
23 rotary tools were moved off; and on day number seventy-five  
24 the rotary tools were moved off, on day number seventy-five.

25 The interval in the Morrow, DST Number 2, was in the

1 Morrow section from 14,370 to 14,422, and it had a  
2 packer failure and the test was invalid.

3 On September the 11th, 1973, a completion unit  
4 was moved in. The Well was perforated by the tubing  
5 conveyed gun with a differential on the wellbore. It  
6 was perforated by this means and gas was recovered  
7 immediately; and over a period of time the well was  
8 flowed and evaluated or tested naturally.

9 Then the guns were shot off and the well was  
10 treated with 2,000 gallons of MSA acid and subsequently  
11 flowed to the pits for cleaning up; and a temperature  
12 survey was run; and a spinner survey was run to  
13 determine the results of the treatment.

14 Subsequently the Four Point Back Pressure Test was  
15 run and the Well is presently waiting on a pipeline  
16 connection.

17 Q All right. Now, Mr. Boyd, please refer to Exhibit  
18 Numbers 3 and 4 and state what these Exhibits are  
19 intended to por ray.

20 A Exhibit 3 is a Form C-122 Multi-Point Back Pressure  
21 Test Form which was filled out by John West Company  
22 in Hobbs, New Mexico. These people were retained to  
23 perform the Four-Point Back Pressure Test on the  
24 Well.

25 Exhibit 3 is the results of the Four-Point Back

1 Pressure Test which was subsequently submitted to the  
2 Commission.

3 Q All right. Now, Exhibit 4 shows what, Mr. Boyd?

4 A Exhibit 4 is the Back Pressure Curve, and it is a  
5 graphical illustration of the data that is reflected  
6 on Exhibit 3, and it gives some indication as to the  
7 Well's capacity.

8 Q Well, to what extent does it give that information?

9 A It is a, the test is the flowing for certain time  
10 durations on separate chokes, different-sized chokes,  
11 variable volumes and gives some indications of the  
12 Well's deliverability and capacity at certain flowing  
13 pressures.

14 Q Do you have anything more which you wish to testify  
15 to with respect to Exhibits 3 and 4?

16 A Not at this time.

17 Q All right. Now, turning to what has been marked for  
18 identification as Applicant's Exhibit Number 5, please  
19 state what that Exhibit represents.

20 A This is a Gas Analysis that a sample was caught by the  
21 John West Engineering Firm conducting the tests. The  
22 analysis was run by United Chemical Corporation of  
23 Hobbs, New Mexico, and it reflects the MOL percent and  
24 composition of the natural gas that was produced from  
25 the section and also reflects the specific gravity and

1 the BTU content.

2 Q What is the value of this exhibit, Mr. Boyd?

3 A The value of it would be to tell you what type of  
4 quality the gas is and reflect the BTU's of the gas.

5 Q All right. That represents, what, a reasonably high  
6 BTU content?

7 A 1048 is a reasonably high BTU.

8 Q All right. Now, would you refer to Applicant's Exhibits  
9 Number 6 and 7 and state what they represent?

10 A Six is the Bottomhole Pressure Build-up Data obtained  
11 during the Four-Point Back Pressure Test by John  
12 West Engineering Company, and it is graphically  
13 illustrated on Exhibit 7. It is an indication of  
14 the rapid build-up. It is an indication of the  
15 permeability.

16 It indicates the rapid build-up evidences good  
17 permeability in the vicinity of the Well.

18 Q All right. Now, have you obtained an estimate of  
19 the reserves for the Federal Number 1 Well?

20 A Yes, sir.

21 Q Who conducted the study?

22 A We requested that a study be made by Sipes, Williamson &  
23 Aycock, Incorporated, consulting engineers in Midland,  
24 Texas.

25 Q Is it a recognized reservoir consulting firm?

1 A Yes, sir.

2 Q Is Exhibit Number 8 the report of that firm to Mr.  
3 Zonne?

4 A Yes, sir.

5 Q Could you please summarize the report for the benefit  
6 of the Examiner?

7 A Well, they took all of the available information which  
8 was made and analyses of the logs, the flowing and  
9 shut-in bottomhole pressure data and the data that the  
10 Back Pressure Test revealed; and they came up with  
11 certain reservoir parameter data and determined the  
12 recovery factor and also a drainage radius and subsequently  
13 estimated the reserves on 320's and 640's.

14 Q Could you just state what those reserve estimates were?

15 A The recoverable reserves on a 320-acre drainage is  
16 3,074.7 million. On a 640-acre drainage it was  
17 estimated to be 6,159.4 million. That's utilizing the  
18 recovery factor of 64 percent of the original gas  
19 in place.

20 Q Did they reach any conclusions as to whether the  
21 640 acres can be adequately drained from the Federal  
22 Number 1 Well?

23 A Yes, they did.

24 Q Do you know what conclusion that was?

25 A That they determined that 640 acres would be adequate to

- 1 drain the Well.
- 2 Q Mr. Boyd, what was the cost of the Federal Number 1 Well?
- 3 A Approximately \$600,000 to drill and complete.
- 4 Q Do you anticipate that this cost will prevail for
- 5 subsequent wells which may be drilled in the area?
- 6 A No, sir.
- 7 Q And in the pool?
- 8 A I do not.
- 9 Q Why is that?
- 10 A Well, with the current casing situation, the prices are
- 11 going to increase. We are seeing a normal price
- 12 increase in everything that is utilized in the drilling
- 13 and completions of wells these days.
- 14 Q Since the completion of this well, have any other wells,
- 15 Morrow wells, been started or commenced in the area?
- 16 A No, sir.
- 17 Q Do you know whether Mr. Zonne plans to drill additional
- 18 Morrow wells in the vicinity of this Federal Number 1?
- 19 A Yes, sir.
- 20 Q Do you know when he anticipates drilling his next well?
- 21 A Approximately within ninety days dependent upon rig
- 22 availability and availability of tubular goods.
- 23 Q With a history of production from the Federal Number 1
- 24 Well and with data obtained from any subsequent well,
- 25 will Mr. Zonne have in time better information as to the

1 characteristics of this pool?

2 A Yes, sir.

3 Q In your opinion, will this Federal Number 1 Well  
4 effectively and efficiently drain 640 acres?

5 A Yes, sir.

6 Q Mr. Boyd, assume that 640-acre spacing is allowed on  
7 a temporary basis and further assume that development  
8 within the next year establishes that 640-acre spacing  
9 will not effectively drain 640 acres. On those  
10 assumptions, will development within the coming year  
11 on 640-acre spacing be detrimental to later  
12 development on 320-acre spacing?

13 A No, sir.

14 Q In your opinion, will the establishment of 640-acre  
15 spacing on a temporary basis avoid the drilling of  
16 unnecessary wells?

17 A Yes, sir.

18 Q In your opinion, will it prevent waste and protect the  
19 correlative rights of other owners in the pool?

20 A Yes, sir.

21 Q Have Exhibits 1 through 8 been prepared by you or  
22 under your supervision or at your direction?

23 A Yes, sir.

24 Q As to those exhibits which were prepared at your  
25

1 direction, were they prepared by reputable and competent  
2 consultant engineers or geologists?

3 A Yes, sir.

4 MR. EATON: Mr. Examiner, we tender Applicant's  
5 Exhibits 1 through 8 into evidence.

6 MR. NUTTER: R. J. Zonne Exhibits 1 through 8 will  
7 be admitted into evidence.

8 MR. EATON: We have no further questions of this  
9 witness, and we rest the case.

10 CROSS-EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Boyd, is this well connected as of now?

13 A No, sir.

14 Q Has the contract been signed?

15 A It's my understanding one has been executed with the  
16 Natural Gas Pipeline.

17 Q Do you have any idea when the Well will be connected?

18 A It's my understanding that again possibly within  
19 sixty days.

20 Q How far away is this pipeline?

21 A I believe it's within three miles, four miles, excuse  
22 me.

23 Q Now, do you know, in making their study here, Sipes,  
24 Williamson & Lycock, what abandonment pressure they  
25 used? They have only got a recovery factor estimated



1 at about 64 percent of the gas. I wonder what their  
2 abandonment pressure was. I went through this quickly  
3 and I didn't see it.

4 A No, sir. I don't. From their report I cannot tell  
5 myself.

6 Q Now, they do mention in here at one point, I notice,  
7 they comment on the low permeability in the reservoir.

8 A I asked them about this, sir; and they indicate that  
9 in talking in terms of permeability and other items  
10 we speak relatively sometimes; and the permeability  
11 has been calculated to be .51 millidarcies.

12 This is relatively low in some cases, but plenty  
13 adequate to drain 640 acres in this particular case,  
14 it's my understanding.

15 Q With a recovery factor of 64 percent?

16 A Yes, sir.

17 MR. NUTTER: Are there any further questions of  
18 Mr. Boyd? He may be excused. Do you have anything  
19 further, Mr. Eaton?

20 MR. EATON: No, sir, Mr. Nutter.

21 MR. NUTTER: Does anyone have anything they wish  
22 to offer in Case Number 5098? We will take the  
23 case under advisement.

24 \* \* \* \* \*

25

dearnley, meier & associates

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C E R T I F I C A T E

I, JANET RUSSELL, a Court Reporter, in and for the  
County of Bernalillo, State of New Mexico, do hereby certify  
that the foregoing and attached Transcript of Hearing before  
the New Mexico Oil Conservation Commission was reported by me;  
and that the same is a true and correct record of the said  
proceedings to the best of my knowledge, skill and ability.

*Janet Russell*  
COURT REPORTER

11/14 5098  
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*Chadwick*

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I N D E X

WITNESS:

PAGE

FOY W. BOYD

Direct Examination by Mr. Eaton

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Cross-Examination by Mr. Nutter

14

E X H I B I T S

Offered

Admitted

Applicant's 1 - 8

14

14

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5098 (Reopened)  
Order No. R-4682-B

IN THE MATTER OF CASE 5098 BEING REOPENED  
PURSUANT TO THE PROVISIONS OF ORDER NO.  
R-4682, WHICH ORDER ESTABLISHED SPECIAL  
RULES AND REGULATIONS FOR THE RED TANK-  
MORROW GAS POOL, LEA COUNTY, NEW MEXICO,  
INCLUDING A PROVISION FOR 640-ACRE SPACING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 12, 1976,  
at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 18th day of May, 1976, the Commission, a  
quorum being present, 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 Commission has jurisdiction of this cause and the  
subject matter thereof.

(2) That by Order No. R-4682, dated November 30, 1973,  
temporary special rules and regulations were promulgated for the  
Red Tank-Morrow Gas Pool, Lea County, New Mexico, establishing  
temporary 640-acre spacing units.

(3) That pursuant to the provisions of Order No. R-4682,  
this case was reopened to allow the operators in the subject pool  
to appear and show cause why the Red Tank-Morrow Gas Pool should  
not be developed on 320-acre spacing units.

(4) That the evidence establishes that one well in the Red  
Tank-Morrow Gas Pool can efficiently and economically drain and  
develop 640-acres.

(5) That the Special Rules and Regulations promulgated by  
Order No. R-4682 have afforded and will afford to the owner of  
each property in the pool the opportunity to produce his just  
and equitable share of the gas in the pool.

-2-

Case No. 5098 (Reopened)  
Order No. R-4682-B

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-4682 should be continued in full force and effect until further order of the Commission.

(7) That Order No. R-4682-A, which rescinded Order No. R-4682 effective at 7:00 o'clock a.m., May 1, 1976, should be rescinded prior to its effective date, thereby making the Special Rules and Regulations governing the Red Tank-Morrow Gas Pool continuously in effect from November 30, 1973, until further order of the Commission.

IT IS THEREFORE ORDERED:

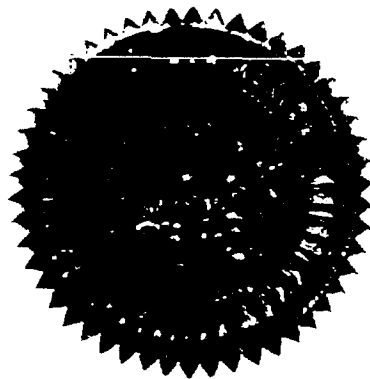
(1) That the Special Rules and Regulations governing the Red Tank-Morrow Gas Pool, Lea County, New Mexico, promulgated by Order No. R-4682, are hereby continued in full force and effect until further order of the Commission.

(2) That Order No. R-4682-A is hereby rescinded effective prior to May 1, 1976.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

jr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5098  
Order No. R-4682

APPLICATION OF R. J. ZONNE FOR  
SPECIAL POOL RULES, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 14, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of November, 1973, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, R. J. Zonne, seeks the creation of a new gas pool for Morrow production in Lea County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That the Federal Well No. 1 located in Unit G of Section 20, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, having its top perforations at 14,556 feet, has discovered a separate common source of supply which should be designated the Red Tank-Morrow Gas Pool; that the vertical limits of said pool should be the Morrow formation and that the horizontal limits of said pool should be all of said Section 20.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Red Tank-Morrow Gas Pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Red Tank-Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the Red Tank-Morrow Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Red Tank-Morrow Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the Red Tank-Morrow Gas Pool, with vertical limits comprising the Morrow formation and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO  
TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM  
Section 20: All

(2) That temporary Special Rules and Regulations for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
RED TANK-MORROW GAS POOL

RULE 1. Each well completed or recompleted in the Red Tank-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.



-4-

Case No. 5098  
Order No. R-4682

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Red Tank-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District office of the Commission in writing of the name and location of the well on or before December 20, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Red Tank-Morrow Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Red Tank-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Red Tank-Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Red Tank-Morrow Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Red Tank-Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

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

-5-

Case No. 5098

Order No. R-4682

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*I. R. Trujillo*  
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5098 (Reopened)  
Order No. R-4682-A

IN THE MATTER OF CASE 5098 BEING  
REOPENED PURSUANT TO THE PROVISIONS OF  
ORDER NO. R-4682, WHICH ORDER ESTABLISHED  
SPECIAL RULES FOR THE RED TANK-MORROW GAS  
POOL, LEA COUNTY, NEW MEXICO, INCLUDING A  
PROVISION FOR 640-ACRE SPACING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 18, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of March, 1976, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That by Order No. R-4682, dated November 30, 1973, temporary special rules and regulations were promulgated for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, establishing temporary 640-acre spacing units.
- (3) That pursuant to the provisions of Order No. R-4682, this case was reopened to allow the operators in the subject pool to appear and show cause why the Red Tank-Morrow Gas Pool should not be developed on 320-acre spacing units.
- (4) That no operator appeared to present testimony in this case.
- (5) That the Special Rules and Regulations for said Rock Tank-Morrow Gas Pool should be rescinded effective 7:00 o'clock a.m. May 1, 1976, and said pool should thereafter be governed by the Statewide Rules for gas pools in New Mexico.

-2-

Case No. 5098 (Reopened)  
Order No. R-4682-A

IT IS THEREFORE ORDERED:

(1) That effective May 1, 1976, the Temporary Special Rules and Regulations for the Red Tank-Morrow Gas Pool, promulgated by Order No. R-4682, are hereby rescinded and the pool is placed under the Statewide Rules for gas pools in New Mexico.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
*Phil R. Lucero*  
PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

dr/

Docket No. 14-76

Dockets Nos. 15-76 and 16-76 are tentatively set for hearing on May 26 and June 9, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 12, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
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 June, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for June, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5676: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal GC Com Well to be drilled 660 feet from the South and East lines of Section 32, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the E/2 of said Section 32 to be dedicated to the well.

CASE 5677: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dunken Nose Unit Area comprising 6393 acres, more or less, of State and Fee lands in Township 17 South, Ranges 18 and 19 East, Chaves County, New Mexico.

CASE 5678: Application of Amoco Production Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate its State "E" Tract 18 Well No. 15, the surface location of which is 330 feet from the North line and 2310 feet from the West line of Section 1, Township 17 South, Range 36 East, Lovington-Abo Pool, Lea County, New Mexico, by directionally drilling said well and bottoming it in the Abo formation within 100 feet of a point 600 feet from the North line and 2310 feet from the West line of said Section 1.

CASE 5679: Application of Amoco Production Company for approval of an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 9 to be drilled 660 feet from the North line and 990 feet from the West line of Section 5, Township 18 South, Range 29 East, South Empire-Morrow Gas Pool, Eddy County, New Mexico, the W/2 of said Section 5 to be dedicated to the well.

CASE 5680: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 21, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to David Fasken's Cemetery Federal Com Well No. 1 located in Unit L of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of David Fasken as operator of the well and a charge for the risk involved in drilling said well.

CASE 5681: Application of A. H. Rains for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation through the open-hole interval from approximately 550 feet to 561 feet in his Pure State Well No. 1, located in Unit J of Section 15, Township 21 South, Range 27 East, Magruder-Yates Pool, Eddy County, New Mexico.

CASE 5098: (Reopened)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 5473: (Reopened)

In the matter of Case 5473 being reopened pursuant to the provisions of Order No. R-5029, which order established special rules and regulations for the West Knowles-Drinkard Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5682: Application of Champlin Petroleum Company for three non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the three following described 160-acre non-standard gas proration units in Township 22 South, Range 27 East, East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico:

the NW/4 of Section 1 to be dedicated to applicant's Pecos-Federal Well No. 1, located in Unit C of said Section 1;

the NE/4 of Section 1 to be dedicated to applicant's Wilson Gas Com Well No. 1, located in Unit G of said Section 1; and

the NE/4 of Section 2 to be dedicated to applicant's Nix-Yates Well No. 1, located in Unit G of said Section 2.

CASE 5122: (Reopened)

In the matter of Case 5122 being reopened pursuant to the provisions of Order No. R-4693-A, which order extended the special pool rules for the East Lusk-Wolfcamp Oil Pool, Lea County, New Mexico, including a provision for 160-acre proration units and a limiting oil-gas ratio of 4000 to 1. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre spacing and why the special oil-gas ratio should remain in effect.

CASE 5670: (Continued from the April 28, 1976 Examiner Hearing)

Application of Read & Stevens, Inc. for an unorthodox location and directional drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate its Harris-Federal Well No. 3, the surface location of which is 660 feet from the South line and 1980 feet from the East line of Section 27, Township 15 South, Range 28 East, Chaves County, New Mexico, by directionally drilling said well from a kick-off point at approximately 6000 feet and bottoming it at an unorthodox location in the Pennsylvanian formation within 250 feet of a point 990 feet from the South line and 1650 feet from the East line of said Section 27, the S/2 of the Section to be dedicated to the well.

CASE 5683: Southeastern Nomenclature case calling for the creation and extension of certain pools in Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Jal-Wolfcamp Pool. The discovery well is the Skelly Oil Company West Jal "B" Well No. 1 located in Unit J of Section 17, Township 25 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM  
Section 17: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Lusk-Morrow Gas Pool. The discovery well is the Petroleum Development Corporation McKay West Federal Well No. 1 located in Unit F of Section 34, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 34: All

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 3: W/2

- (c) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Fusselman production and designated as the Peterson-Fusselman Pool, and assign 39,205 barrels of discovery allowable to the discovery well, Amoco Production Company Swearingen "C" Well No. 1 located in Unit H of Section 18, Township 5 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM  
Section 18: SW/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the East Shugart-Queen Pool. The discovery well is the Martindale Petroleum Corporation W. H. Peckham Well No. 1 located in Unit G of Section 6, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 6: NE/4

- (e) EXTEND the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM  
Section 1: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 34: NE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 31: S/2  
Section 32: W/2

- (g) EXTEND the Bluitt-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM  
Section 34: NW/4

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM  
Section 3: SE/4  
Section 4: All  
Section 9: N/2

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

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM  
Section 26: SE/4

- (i) EXTEND the Flying "H" Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
Section 10: S/2

- (j) EXTEND the Garrett-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM  
Section 29: NE/4

- (k) EXTEND the Gladiola-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM  
Section 5: NE/4

- (l) EXTEND the West Jal-Fusselman Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM  
Section 17: E/2

- (m) EXTEND the Maljamar-Grayburg San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 11: SW/4

- (n) EXTEND the North Mescalero-Cisco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM  
Section 11: SW/4

- (o) EXTEND the North Morton-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 26: SE/4

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

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM  
Section 17: SW/4

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

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM  
Section 27: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 35: SW/4

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

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
Section 8: W/2 and SE/4  
Section 17: E/2

- (t) EXTEND the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM  
Section 26: N/2  
Section 27: NE/4

- (u) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM  
Section 30: NE/4

- (v) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 28: SW/4



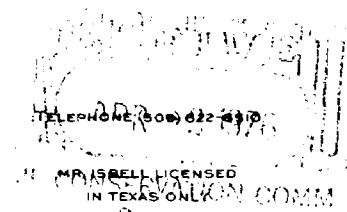
CLARENCE E. HINKLE  
W. E. BONDURANT, JR. (1914-1973)  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
C. D. MARTIN  
PAUL J. KELLY, JR.

JAMES H. BOZARTH  
RONALD G. HARRIS  
JAMES H. ISBELL  
DOUGLAS L. LUNSFORD

LAW OFFICES  
HINKLE, BONDURANT, COX & EATON

600 HINKLE BUILDING  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 86201

April 1, 1976



MIDLAND, TEXAS OFFICE  
521 MIDLAND TOWER  
(315) 683-4691

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Attention: Dan Nutter

Re: Case No. 5098  
Order R-4682-A

Gentlemen:

This will refer to the telephone conversation of Lewis Cox with Dan Nutter on Tuesday, March 30, and also my conference with Mr. Nutter on March 31 relative to Cleary Petroleum Corporation making application to reopen the captioned case in order to show cause why the special rules for the Red Tank-Morrow Gas Pool providing for 640 acre spacing should remain in effect.

Apparently the notice of hearing on the order to show cause which was had on March 10, 1976 was not brought to the attention of officials of Cleary until after Order R-4682-A was issued and they would like to have the case reopened and the opportunity to present evidence in support of their position. It is our understanding that this will be included on the examiner's docket for April 28.

Thank you for your cooperation in connection with this matter.

Yours sincerely,

HINKLE, BONDURANT, COX & EATON

BY

CEH:cs

cc: Cleary Petroleum - Midland  
cc: Cleary Petroleum - Oklahoma City



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO  
March 11, 1976



STATE GEOLOGIST  
EMERY C. ARNOLD

Re: CASE NO. 5098  
ORDER NO. R-4682-A

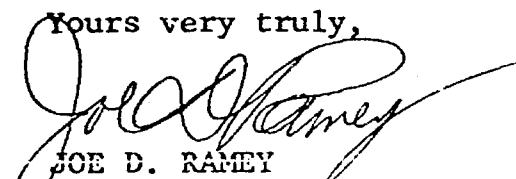
Mr. Paul W. Eaton, Jr.  
Hinkle, Bondurant, Cox & Eaton  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico 88201

Applicant:  
R. J. Zonne

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

Other Cleary Petroleum Corporation

Dockets Nos. 9-76 and 10-76 are tentatively set for hearing on March 17 and March 31, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 3, 1976

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

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

CASE 5621: (Continued and Readvertised)

Application of El Paso Natural Gas Company, as agent for Northwest Production Corporation, for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota and Blanco-Mesaverde gas production in the wellbore of the Northwest Production Corporation Jicarilla 119N Well No. 4, located in Unit II of Section 6, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 5631: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Bisti-Lover Gallup Oil Pool, San Juan County, New Mexico, to permit the drilling of wells in said pool at any point within a 40-acre tract not closer than 330 feet to the outer boundary thereof.

CASE 5632: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, to delete therefrom the provisions for a volumetric withdrawal formula and substitute therefor a casinghead gas equivalent formula similar to that in effect for the Angels Peak-Gallup Pool, as promulgated by Order No. R-1410-C.

CASE 5633: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry, Tubb-Drinkard and Devonian production in the wellbore of its J. P. No. 1 Well located in Unit C of Section 2, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5634: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Durcan Dome Unit Area comprising 7,641 acres, more or less, of State lands in Township 17 South, Ranges 17 and 18 East, Chaves County, New Mexico.

CASE 5635: Application of Sundance Oil Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the perforated interval from approximately 3852 to 3858 feet in its Ingram Federal Well No. 2 located in Unit I of Section 5, Township 8 South, Range 31 East, Ton Ton-San Andres Pool, Chaves County, New Mexico.

CASE 5636: Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the SW/4 SE/4 of Section 32, Township 2 South, Range 27 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3950.

CASE 5637: Application of R. C. Bennett & J. C. Ryan for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Exxon-State Well No. 2, located in Unit F of Section 25, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Upper Pennsylvanian formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 5638: Application of Belco Petroleum Corporation for Amendment of Order No. R-5111, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Commission Order No. R-5111, which order pooled all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, to be dedicated to a well drilled at an unorthodox location 660 feet from the South line and 1920 feet from the West line of said Section 5. Applicant proposes the amendment of said order to pool all such mineral interests in the formations of Mississippian and Siluro-Devonian age underlying the W/2 of said Section 5 and to approve the unorthodox location of the well for said formations.

CASE 5639: Application of Franklin, Aston & Fair for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Strawn production for its Aztec State No. 3 Well located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre spacing units.

CASE 5640: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Brunson-Ellenburger, East Brunson-McKee and Drinkard oil production in the wellbore of its Sims No. 6 Well located in Unit H of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5641: Application of John Yurenka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the Queen formation through the open-hole interval from approximately 3875 to 3975 feet in his State JO 117 Well No. 3 located in Unit B of Section 15, Township 23 North, Range 37 East, Lea County, New Mexico.

CASE 5642: Application of Penroc Oil Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Canyon and Morrow production in the wellbore of its JCH-State Well No. 1, located in Unit O of Section 2, Township 20 South, Range 2 East, Eddy County, New Mexico.

CASE 5643: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the West Arkansas Junction-San Andres Pool. The discovery well is the Coquina Oil Corporation State KEN Well No. 1, located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

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

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Cabin Lake-Atoka Gas Pool. The discovery well is the Corinne Grace Livingston Ridge Unit Well No. 14, located in Unit L of Section 36, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM  
Section 36: W/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Grayburg-San Andres production and designated as the Cemetery-Grayburg San Andres Pool. The discovery well is the Gulf Oil Corporation Jones Federal NCI-A Well No. 1, located in Unit I of Section 14, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM  
Section 14: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Cemetery-Wolfcamp Gas Pool. The discovery well is the David Fasker Seven Rivers Federal Well No. 1, located in Unit C of Section 17, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM  
Section 17: W/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Henshaw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Marco Polo FA State Well No. 1, located in Unit H of Section 32, Township 16 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM  
Section 32: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Queen-Grayburg and San Andres production and designated as the South Loco Hills Queen-Grayburg-San Andres Pool. The discovery well is the Gene A. Snow Alcott Well No. 1, located in Unit I of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 31: SE/4 NE/4 & SW/4 SE/4  
Section 32: S/2 NW/4, N/2 SW/4, W/2 NE/4 and SE/4 NE/4

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Lusk-Morrow Gas Pool. The discovery well is the Adobe Oil Company Hannifin State Com Well No. 1, located in Unit 2 of Section 16, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM  
Section 16: S/2

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Otis-Morrow Gas Pool. The discovery well is the Apexco Inc. Walterschied Com Well No. 1, located in Unit G of Section 35, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
Section 26: W/2  
Section 35: All

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Penasco Draw-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Scout EH Federal Com Well No. 2, located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 27: E/2

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Scanlon-Morrow Gas Pool. The discovery well is the Harvey E. Yates Fannie Lou Federal Well No. 1, located in Unit G of Section 31, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 31: N/2

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Queen production and designated as the Square Lake-Queen Gas Pool. The discovery well is the Corpening Enterprises Exxon State Well No. 1, located in Unit M of Section 16, Township 16 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
Section 16: SW/4

(l) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 21: S/2 SW/4 & E/2 SE/4  
Section 28: N/2 NE/4

(m) EXTEND the North Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 13: N/2  
Section 14: All

(n) EXTEND the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM  
Section 35: E/2  
Section 36: W/2

(o) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM  
Section 19: SE/4

(p) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
Section 25: SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 30: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 3: All

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

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

- (s) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 24: E/2

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 19: W/2

- (t) EXTEND the Tonto (Seven Rivers) Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 13: SW/4  
Section 14: S/2

- (u) EXTEND the Townsend-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, & 16, and SE/4

- (v) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM  
Section 16: All  
Section 34: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM  
Section 3: All

CASE 5098: (Reopened) (Continued from February 18, 1976 Examiner Hearing)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4602, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

Docket No. 6-76

Dockets Nos. 8-76 and 9-76 are tentatively set for hearing on March 3 and March 17, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 18, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
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 March, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for March, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1976, for both of the above areas.

CASE 5627: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Blinebry and Drinkard oil and gas production in the wellbore of his Eubanks Well No. 3, located in Unit K of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5628: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Blinebry, Drinkard, and Brunson-Ellenburger production in the wellbore of its A. H. Blinebry Federal Well No. 3, located in Unit E of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 5629: Application of Odessa Natural Corporation for pool creation, amendment of a discovery allowable and special pool rules, Rio Arriba and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Dakota formation in Township 23 North, Range 3 West, Rio Arriba and Sandoval Counties, New Mexico, and the promulgation of special pool rules for said pool, including a provision for 320-acre spacing. Applicant further seeks the assignment of an oil discovery allowable to the discovery well for the pool being the Dave W. Thomas Chacon Jicarilla Apache "D" Well No. 1, located in Unit A of Section 23, Township 23 North, Range 3 West, Sandoval County, New Mexico.

CASE 5098: (Reopened)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 5630: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the contraction of the Double L-Queen Associated Pool by the deletion of certain lands on the east side thereof and the concurrent extension of the Vest Ranch-Queen Pool to include said lands. Further, to consider the reclassification of said Vest Ranch-Queen Pool and the promulgation of special pool rules therefor similar to those rules previously adopted for the Double L-Queen Associated Pool. Also to consider redesignation of the Vest Ranch Queen Pool as the Vest Ranch Queen Associated Pool.

The Double L-Queen Associated Pool would be contracted by the deletion of the following-described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, N2PM  
Section 31: E/2 SE/4                      Section 32: All  
Section 33: SW/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, N2PM  
Section 4: W/2                              Section 5: All  
Section 6: SE/4                            Section 7: NE/4  
Section 8: All                              Section 9: W/2  
Section 16: NW/4                           Section 17: N/2

The Vest Ranch Associated Queen Pool would be extended by the addition of the following-described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, N2PM  
Section 28: SW/4                           Section 29: SE/4  
Section 32: E/2                            Section 33: W/2 and SE/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, N2PM  
Section 4: W/2                              Section 5: All  
Section 8: N/2 and SE/4                   Section 16: NW/4 and SW/4 SE/4  
Section 17: N/2

Docket No. 7-76

Dockets Nos. 8-76 and 9-76 are tentatively set for hearing on March 3 and March 17, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - FEBRUARY 24, 1976  
OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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CASE 5571: (De Novo) (Continued from January 21, 1976 Commission Hearing)

Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of said order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Upon application of Robert G. Cox, this case will be heard De Novo pursuant to the provisions of Rule 1220.





## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

I. R. TRUJILLO  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

December 3, 1973

Mr. Paul W. Eaton, Jr.  
Hinkle, Bondurant, Cox & Eaton  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico 88201

Re: CASE NO. 5098  
ORDER NO. R-4682  
Applicant:  
R. J. Zonne

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC       x        
Artesia OCC             
Aztec OCC           

Other

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
C. D. MARTIN  
PAUL J. KELLY, JR.

LAW OFFICES  
**HINKLE, BONDURANT, COX & EATON**  
600 HINKLE BUILDING  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88201

TELEPHONE (505) 622-6510

November 15, 1973

MIDLAND, TEXAS OFFICE  
521 MIDLAND TOWER  
(915) 683-4691

Mr. D. S. Nutter  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Case No. 5098  
R. J. Zonne

Dear Dan:

I left the hearing yesterday carrying the third set of exhibits in the above case. I return them herewith. Tuesday night in Santa Fe I locked my car keys in the car.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

*Paul W. Eaton, Jr.*  
Paul W. Eaton, Jr.

PWE/jw  
Enclosure

Docket No. 32-73

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 14, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
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:

CASE 5044: (Continued from the October 3, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Sycor Newton, Peru Milling Company, R. E. Deming and Aetna Life and Casualty Company and all other interested parties to appear and show cause why the State L 6350 Well No. 1 located in Unit M of Section 10, Township 23 South, Range 11 West, Luna County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5098: Application of R. J. Zonne for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a Morrow gas pool for his Federal Well No. 1 located in Unit G of Section 20, Township 22 South, Range 32 East, Lea County, New Mexico, and the promulgation of special rules therefor, including a provision for 640-acre spacing.

CASE 4849: (Reopened)

In the matter of Case No. 4849 being reopened pursuant to the provisions of Order No. R-4436 which order established temporary special rules for the Humble City-Atoka Pool, Lea County, New Mexico, including a provision for 80-acre spacing. All interested parties may appear and show cause why said pool rules should remain in effect.

CASE 5099: Application of Pennzoil Company for a pool creation, special pool rules and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a Wolfcamp gas pool for its Moore Com Well No. 1 located at an unorthodox Wolfcamp location 2310 feet from the South line and 660 feet from the East line of Section 23, Township 22 South, Range 26 East, Eddy County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 320-acre spacing.

CASE 5100: Application of Estill Production Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the W/2 of Section 21, Township 18 South, Range 33 East, South Corbin-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 5101: Application of Southern Union Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its McKittrick-Federal Well No. 1 at a point 2390 feet from the North line and 830 feet from the East line of Section 14, Township 22 South, Range 24 East, Eddy County, New Mexico, the E/2 of said Section 14 to be dedicated to the well.
- CASE 5102: Application of Anne Burnett Tandy dba Windfohr Oil Company for two waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute two waterflood projects by the injection of water into the Grayburg and San Andres formations through 6 wells on its Jackson "B" Lease and through 3 wells on its Gissler "B" Lease, located in Sections 1 and 11, respectively, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.
- CASE 5103: Application of David Fasken for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location at a point 1000 feet from the North and West lines of Section 32, Township 20 South, Range 25 East, Indian Hills-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5104: Application of El Paso Natural Gas Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Rocky Arroyo "C" Well No. 1 located in Unit F of Section 8, Township 22 South, Range 22 East, Rocky Arroyo Field, Eddy County, New Mexico, in such a manner as to produce gas from the Canyon formation and gas from the Morrow formation through the casing-tubing annulus and through the tubing, respectively.
- CASE 5105: Application of Stallworth Oil and Gas for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location at a point 760 feet from the North line and 860 feet from the West line of Section 11, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, as an exception to the provisions of Rule 4 of Order No. R-3179-A.
- CASE 5106: Application of Read & Stevens, Inc. for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Harris Federal Well No. 2 at a point 990 feet from the North line and 2310 feet from the West line of Section 24, Township 15 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, as an exception to Rule 2 of Order No. R-1670-R, the N/2 of said Section 24 to be dedicated to said well.

CASE 5107: Southeastern nomenclature case calling for the extension of certain pools in Lea County, New Mexico.

(a) Extend the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

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

(b) Extend the Blinebry Oil Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
Section 1: SE/4  
Section 12: NE/4

(c) Extend the Blinebry Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
Section 1: SE/4  
Section 12: NE/4

(d) Extend the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 12: SW/4

(e) Extend the South Eunice-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 2: SE/4

(f) Extend the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
Section 7: SE/4  
Section 8: SW/4  
Section 17: N/2 NW/4

(g) Extend the West Garrett-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM  
Section 31: SE/4

Examiner Hearing - Wednesday - November 14, 1973

Docket No. 32-73

-4-

(h) Extend the High Plains-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 26: NW/4

CASE 5114: Application of Texaco Inc. and Perry R. Bass for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests underlying the W/2 of Section 32, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to the well currently being drilled by Amini Oil Company at an unorthodox location for said 320-acre unit at a point 990 feet from the South line and 1980 feet from the West line of said Section 32.

5098

Use order No. R-4405 as guide.  
create Red Tank-Morran Gas Pool  
with Morran formation as vertical  
limits and all of Sec 20  
T 22 S R 32 E Lea Co as horizontal  
limits.

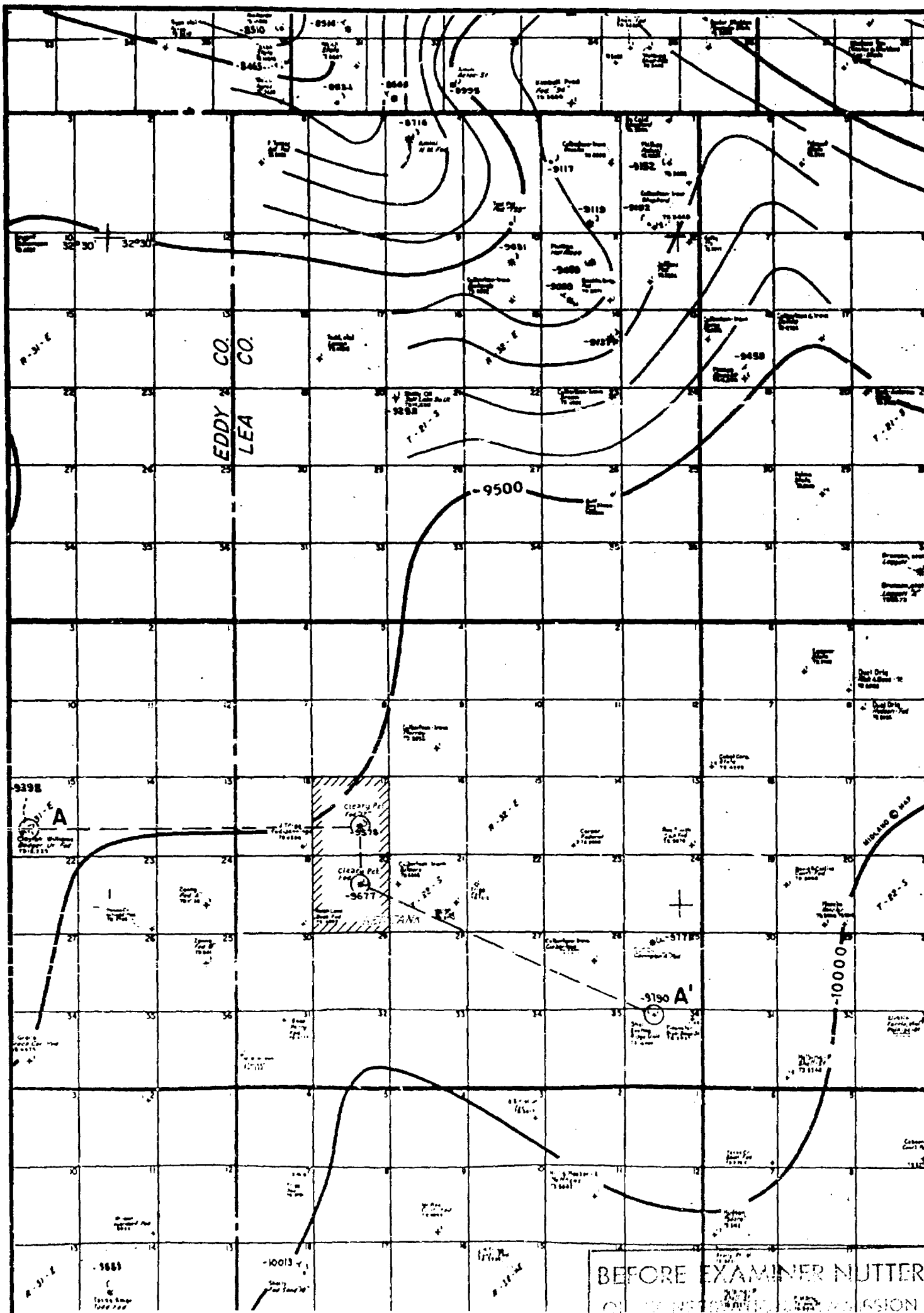
6-16

[illegible]

CLEARY PETROLEUM CORP. - FEDERAL NO. 1 & NO. "17"-1

FIELD RED TANK (Morrow)		County LEA		State NEW MEXICO	
Engineer J. J. K.		Drwn. By Del		Date 5-10-76	
				File Cleary Pet.	
<u>SIPES, WILLIAMSON &amp; AYCOCK, INC.</u>				Ref. No.	
				5.1032	
Consulting Engineers				Midland - Houston, Texas	





STRUCTURE MAP  
contoured on  
LOWER STRAWN LIME

BEFORE EXAMINER NUTTER  
OIL & GAS COMMISSION

EXHIBIT NO. 2  
CASE NO. 5098

FIELD	RED TANK (Morrow)	County	LEA & EDDY	State	NEW MEXICO
Engineer	J. J. K.	Drwn. By	Del	Date	5-10-76
				File	Cleary Pet.
SIPES, WILLIAMSON & AYCOCK, INC.				Ref. No.	EXHIBIT
Consulting Engineers				6.1032	
Midland - Houston, Texas					

HEARING FOR 640 ACRE SPACING  
FEDERAL #1 and #17-1, RED TANK (MORROW) FIELD,  
LEA COUNTY, NEW MEXICO  
CLEARY PETROLEUM CORPORATION  
MAY 12, 1976

DATE	FEDERAL #1		FEDERAL #17-1	
	BO	MCF	BO	MCF
1974				
MAY	79	30,954		
JUN	174	50,376		
JUL	168	39,414		
AUG	144	29,744		
SEP	103	11,020		
OCT	144	4,726		
NOV	103	15,061		
DEC	119	21,924		
1975				
JAN	27	15,209		
FEB	55	17,666		
MAR	48	16,843		
APR	20	5,797		
MAY	44	16,879		
JUN	39	14,513		
JUL	27	10,027		
AUG	17	11,210		
SEP	27	9,307	77	17,525
OCT	33	10,363	59	15,606
NOV	24	8,800	83	15,304
DEC	18	7,782	60	14,586
1976				
JAN	22	7,102	51	16,233
FEB	15	6,505	68	13,981
MAR	26		70	
CUM	1,476	361,222	468	93,235

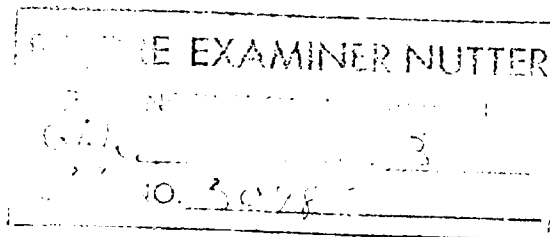
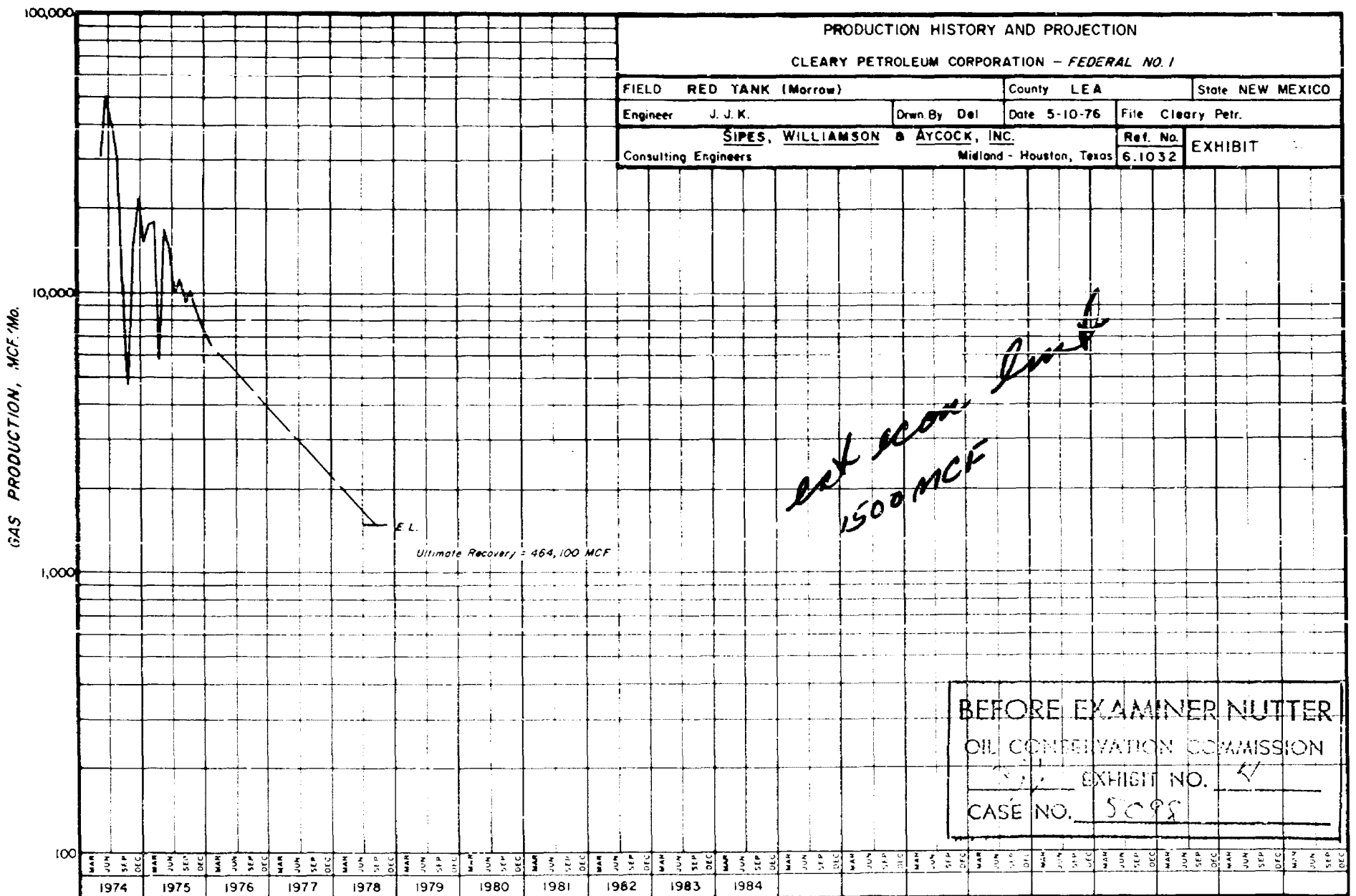
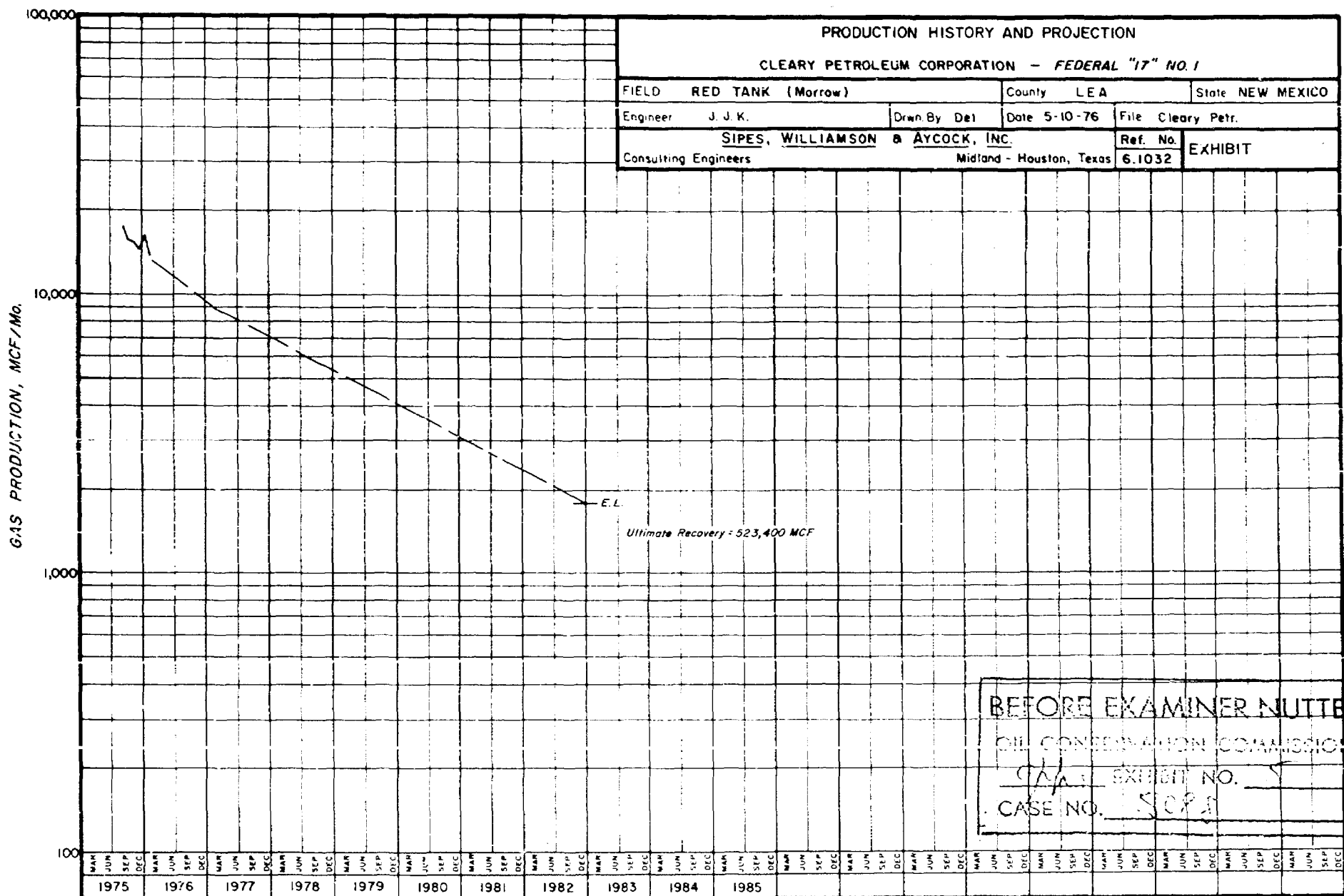


Exhibit # 12





800 000

#1

in 73

17-1

1.3 million  
in 1974

THEORETICAL PAYOUT REQUIREMENTS  
FOR TYPICAL MORROW WELL  
HEARING FOR 640 ACRE SPACING  
FEDERAL #1 and #17-1, RED TANK (MORROW) FIELD,  
LEA COUNTY, NEW MEXICO  
CLEARY PETROLEUM CORPORATION  
MAY 12, 1976

Estimated cost to drill and complete to 14, 500':

\$1,220,000

Estimated income per MCF:

$$\begin{aligned} \$/\text{MCF} &= 0.77 \$/\text{MCF} \times 1.0 \text{ MCF} + 0.0045 \text{ BC}/\text{MCF} \times \$12.24/\text{BC} \\ &= 0.825 \end{aligned}$$

Net income after operating expenses and royalty (net lease = 80.26%):

$$\begin{aligned} \$/\text{MCF} &= (0.825)(.8026 - .06 \$/\text{MCF} \text{ operating expense}) \\ &= 0.602 \end{aligned}$$

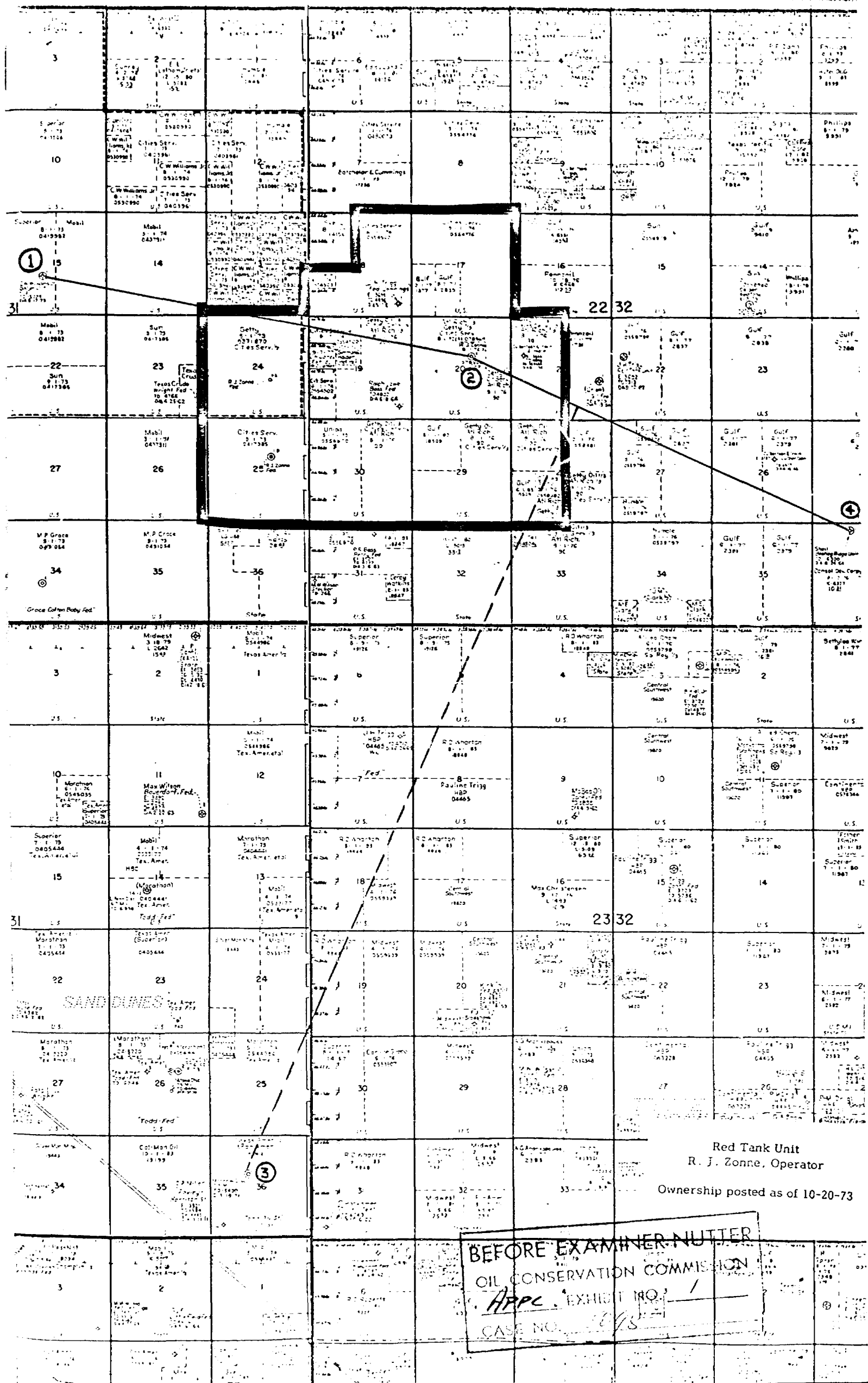
Theoretical reserves required for payout of Drilling Cost:

$$Q = \frac{1,220,000}{0.602} = 2,026,578 \text{ MCF}$$

/cjs

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>7</u>
CASE NO. <u>5078</u>

Exhibit # \_\_\_\_\_



Red Tank Unit  
R. J. Zonne, Operator  
Ownership posted as of 10-20-73

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
APPL. EXHIBIT NO. 1  
CASE NO. 10/18

BEFORE EXAMINER NUTTER

NEW MEXICO OIL CONSERVATION COMMISSION  
OIL CONSERVATION COMMISSION ONE POINT BACK PRESSURE TEST FOR GAS WELLForm C-122  
Revised 9-1-65

APPL EXHIBIT NO. 3

CASE NO. 5098

<input checked="" type="checkbox"/> Initial		<input type="checkbox"/> Annual		<input type="checkbox"/> Special		Test Date 10-7-73	
Company R. J. ZONNE				Connection TO AIR			
Pool WILDCAT				Formation MORROW			
Completion Date 10-7-73		Total Depth 14,855'		Plug Back TD 14,765'		Elevation 3621.0'	
Csg. Size 5"		Wt. 18.0#		Set At 14,865'		Perforations 14556-14563 From 14590 To 14596	
Tub. Size 2 7/8"		Wt. 6.5 N80		Set At 14,504'		Well No. 1	
Type Well - Single - Bradenhead - G.C. or G.O. Multiple SINGLE				Packer Set At 14,482'		County LEA	
Producing Thru TUBING		Reservoir Temp. °F 206° @ 14,456'		Mean Annual Temp. °F 60.0°		Baro. Press. - P <sub>a</sub> 13.2	
L 14,504'		H 14,504'		G <sub>g</sub> 0.6127		Prover 4 INCH	
				% CO <sub>2</sub> 1.06		% H <sub>2</sub> S -----	
				% N <sub>2</sub> .51		Meter Run FLANGE	
FLOW DATA				TUBING DATA		CASING DATA	
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. in. hw	Temp. °F	Duration of Flow
SI							
1.	4" X 1.750"			550.0	5.0	74	111.3 HRS.
2.	4" X 1.750"			555.0	14.0	61	7/64
3.	4" X 1.750"			560.0	32.0	73	10/64
4.	4" X 1.750"			560.0	45.0	75	11/64
5.							12/64
RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>m</sub>	Flow Temp. Factor F <sub>t</sub>	Gravity Factor F <sub>g</sub>	Super Compress. Factor F <sub>pv</sub>	Rate of Flow Q, Mcfd
1.	14.93	53.07	563.2	.9868	1.277	1.045	1043
2.	14.93	89.19	568.2	.9990	1.277	1.051	1785
3.	14.93	135.43	573.2	.9877	1.277	1.048	2673
4.	14.93	160.60	573.2	.9859	1.277	1.047	3161
5.							
NO.	P <sub>r</sub>	Temp. °R	T <sub>r</sub>	Z	Gas Liquid Hydrocarbon Ratio T.S.T.M. Mcf/bbl.		
1.	0.84	534	1.49	.915	A.P.I. Gravity of Liquid Hydrocarbons _____ Deg.		
2.	0.85	521	1.45	.905	Specific Gravity Separator Gas 0.6127 XXXXXXXXXX		
3.	0.86	533	1.48	.911	Specific Gravity Flowing Fluid XXXXX		
4.	0.86	535	1.49	.913	Critical Pressure 670 P.S.I.A. _____ P.S.I.A.		
5.					Critical Temperature 359 R _____ R		
P <sub>r</sub> 5742.2		P <sub>w</sub> 3297.3					
NO.	P <sub>r</sub> <sup>2</sup>	P <sub>w</sub>	P <sub>w</sub> <sup>2</sup>	P <sub>r</sub> <sup>2</sup> - P <sub>w</sub> <sup>2</sup>	(1) $\frac{P_r^2}{P_r^2 - P_w^2} = 1.9239$		
1.		5433.2	29520	3453	(2) $\left[ \frac{P_r^2}{P_r^2 - P_w^2} \right]^n = 1.5645$		
2.		5043.2	25434	7539			
3.		4535.2	20568	12405			
4.		3979.2	15834	17139			
5.							
Absolute Open Flow 4945 Mcfd @ 15.025				Angle of Slope 55.0°		Slope, n 0.684	
Remarks: BOTTOM HOLE PRESSURE MEASURED WITH KUSTER GUAGE @ 14,456 FEET							
Approved By Commission:		Conducted By: DON TYSON		Calculated By: ROY WEST		Checked By: J.W.W.	

BEFORE EXAMINER NUTTER

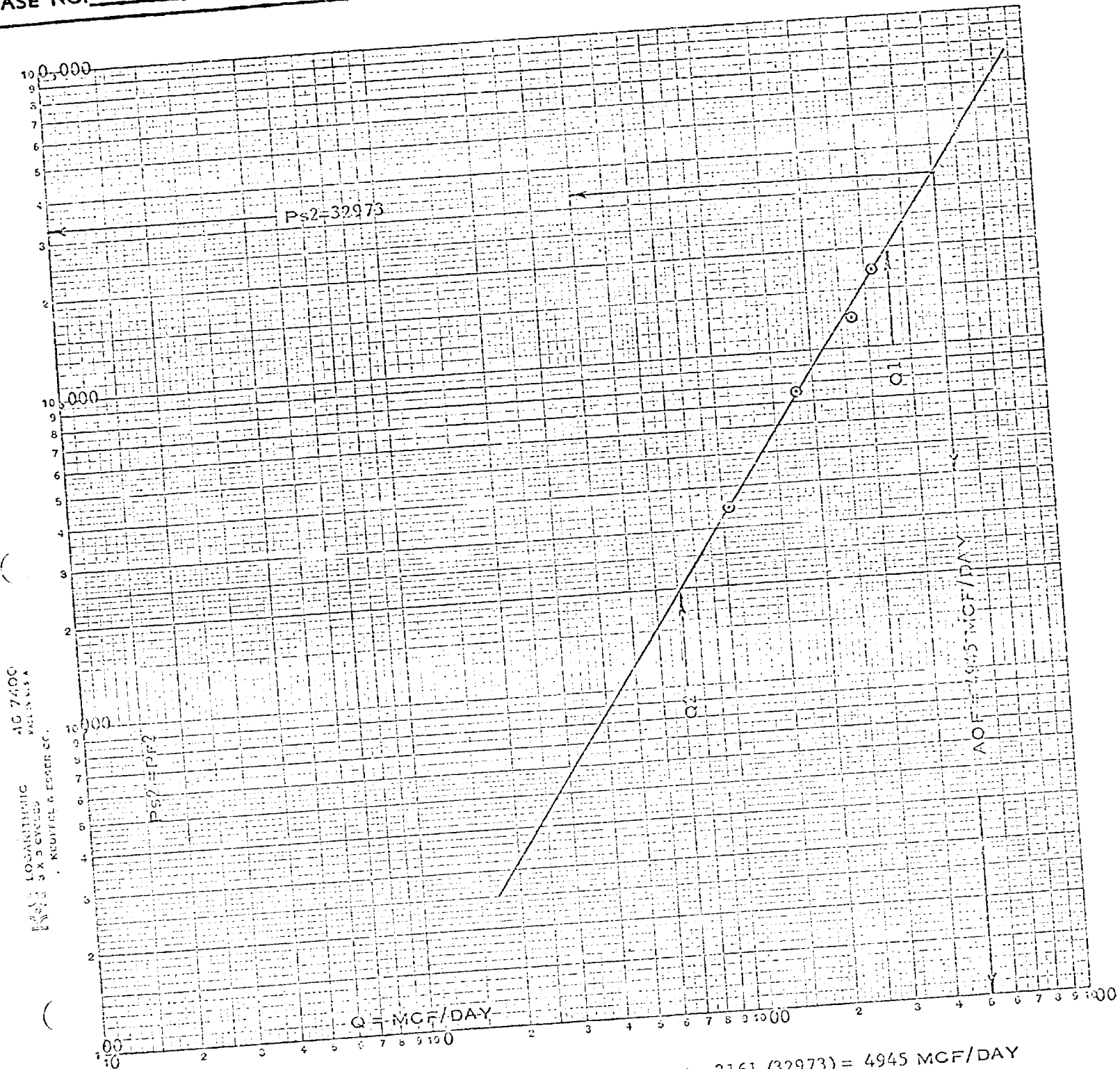
OIL CONSERVATION COMMISSION

EXHIBIT NO. 4

CASE NO. 5093

FEDERAL NO. 1

OCTOBER 7, 1973



$$\begin{aligned} \text{ABS. SLOPE (N)} &= Q1 = 3525 = 7.5471591 \\ &= Q2 = 730 = 6.8633229 \\ (\text{S}) &= 0.6838362 \end{aligned}$$

$$\text{AOF} = 3161 (32973) = 4945 \text{ MCF/DAY}$$

17139



# UNITED CHEMICAL CORPORATION

OF NEW MEXICO

P. O. BOX 1499

PHONE 393-7751

HOBBS, NEW MEXICO 88240

KE-1011

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 5

CASE NO. 5098

CERTIFICATE OF ANALYSIS

No. 2711

Run No.

Date of Run 10-9-73

Date Secured 10-7-73

A Sample of RJ Zonne - Zonne Federal #1  
 Secured from John West Engineering  
 At Hobbs, New Mexico Secured by Don Tyson  
 Time \_\_\_\_\_ Date \_\_\_\_\_  
 Sampling conditions \_\_\_\_\_ Press \_\_\_\_\_  
 Temp. \_\_\_\_\_

## FRACTIONAL ANALYSIS

### Percentage Composition

	MOL %	LIQ. %	G.P.M.
Carbon Dioxide	1.06		
Air	.51		
Nitrogen			
Oxygen			
Hydrogen sulfide			
Hydrogen	92.17		
Methane	3.95		1.054
Ethane	1.57		.431
Propane			
Butanes	.21		.069
Iso-Butane	.33		.104
N-Butane			
Pentanes			
Iso-Pentane	.08		.029
N-Pentane	.06		.022
Hexanes	.06		.025
Heptanes			
TOTAL	100.00		1.734

Calc. Sp. Gr. 0.6127  
 Calc. A.P.I. \_\_\_\_\_  
 Calc. Vapor Press. \_\_\_\_\_ PSIA  
 Sp. Gr. \_\_\_\_\_  
 Mol. Wt. \_\_\_\_\_

### LIQUID CONTENT (GAL./MCF)

Propane Calc. G.P.M. .431  
 Butanes Calc. G.P.M. .173  
 Pentanes Plus. G.P.M. .076  
 Ethane Calc. G.P.M. 1.054  
 \_\_\_\_\_ RVP Gasoline G.P.M. \_\_\_\_\_  
 B.T.U./Cu. Ft. @ 14.696 P.S.I.A.  
 Dry Basis 1048  
 Wet Basis 1067  
 Sulfur Analysis by Titration  
 Gr./100 Cu. Ft. \_\_\_\_\_  
 Hydrogen Sulfide \_\_\_\_\_  
 Mercaptans \_\_\_\_\_  
 Sulfides \_\_\_\_\_  
 Residual Sulfur \_\_\_\_\_  
 Total Sulfur \_\_\_\_\_

Run by Deane Simpson 1067 dry Checked by \_\_\_\_\_ Approved by \_\_\_\_\_

Additional Data and Remarks

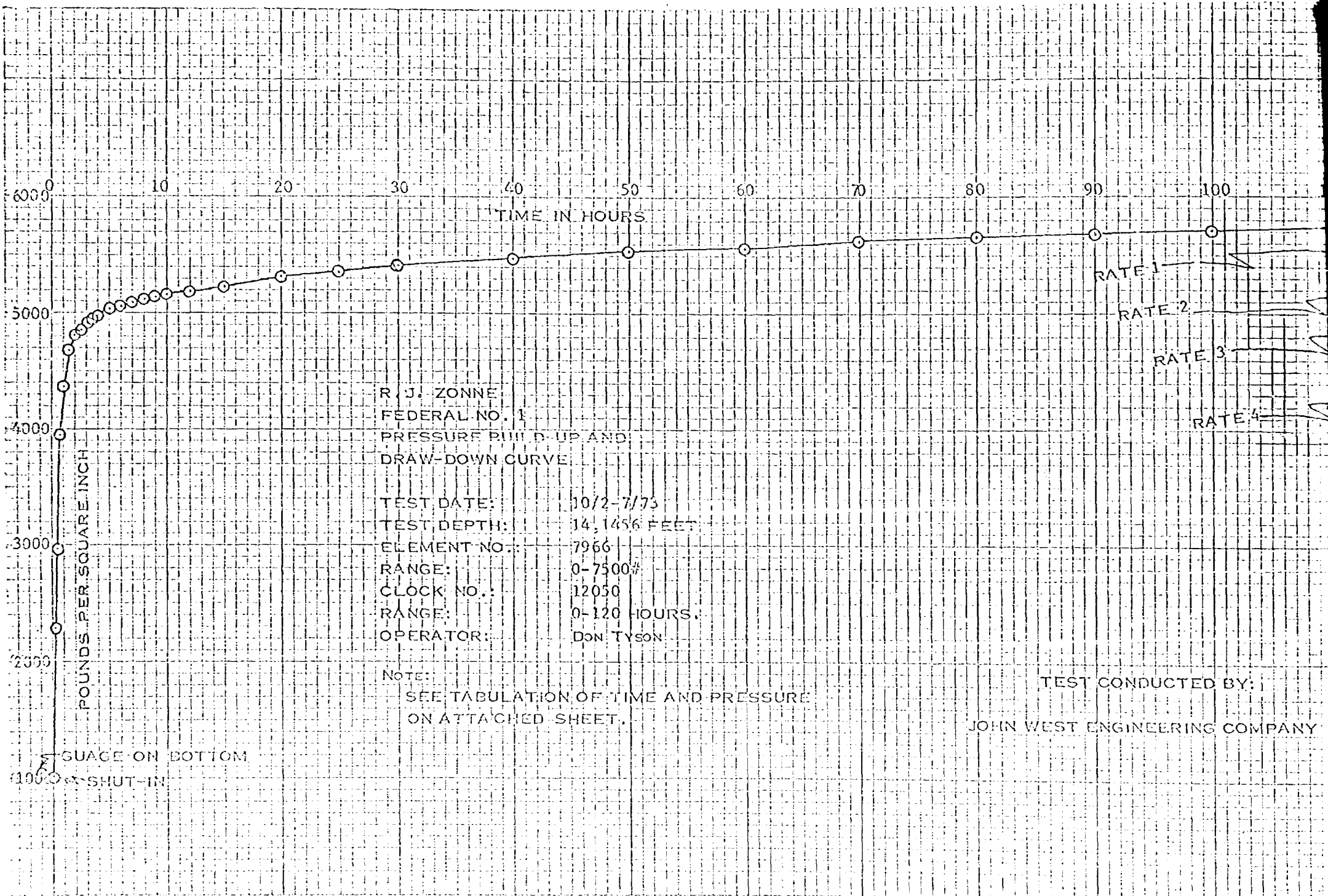
R.J. ZONNE  
FEDERAL NO. 1  
PRESSURE BUILD-UP & DRAW-DOWN  
TABULATION OF PRESSURE AND TIME

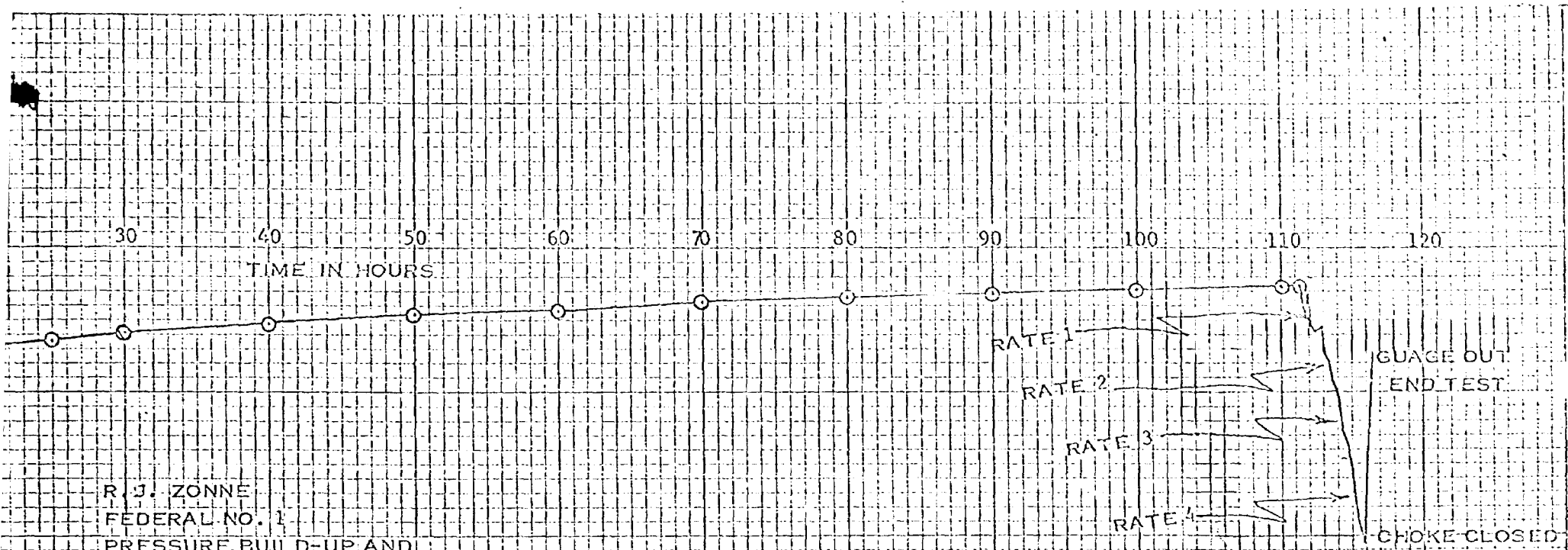
TEST CONDUCTED BY:  
JOHN WEST ENGINEERING COMPANY

TEST DATE: OCTOBER 2-7, 1973  
TEST DEPTH: 14,456 FEET  
ELEMENT NO.: 7966  
RANGE: 0-7500 POUNDS  
CLOCK NO.: 12052  
RANGE: 0-120 HOURS  
OPERATOR: DON TYSON

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
APPL. EXHIBIT NO. 6  
CASE NO. 5098

DATE	TIME	CUM. HRS. / MIN.		P.S.I.G. @ 14,456 FEET
10-2-73	5:50 P.M.	FLOWING		1035 GUAGE REACHED 14,456'
		00 Hrs.	00 Min.	1008 SHUT-IN
	6:50 P.M.	00	15	2292
		00	30	2965
		00	45	3932
		01	00	4369
		01	30	4683
		02	00	4802
		02	30	4832
		03	00	4911
		03	30	4963
		04	00	4989
		05	00	5022
		06	00	5060
		07	00	5093
		08	00	5115
		09	00	5130
10-2-73	11:50 P.M.	10	00	5160
10-3-73	12:50 A.M.	12	00	5193
		15	00	5238
		20	00	5301
		25	00	5357
		30	00	5402
		40	00	5476
		50	00	5532
		60	00	5576
		70	00	5617
		80	00	5651
10-3-73	7:50 P.M.	90	00	5677
		100	00	5703
10-4-73	12:50 A.M.	110	00	2725
		111	20	5729 OPEN CHOKE BEGAIN TEST
10-4-73	8:50 P.M.	111	40	5513 CLOSED CHOKE FOR REPAIRS
		111	55	5680 OPEN CHOKE RATE 1 @ 7/64
		112	10	5465
		112	25	5409
		112	40	5416
		112	55	5420 END RATE 1
		113	10	5286 BEGAIN RATE 2 @ 10/64
		113	25	5212
		113	40	5082
		113	55	5030 END RATE 2
10-5-73	6:50 A.M.	114	10	4918 BEGAIN RATE 3 @ 11/64
		114	25	4738
		114	40	4612
		114	55	4522 END RATE 3
		115	10	4429 BEGAIN RATE 4 @ 12/64
		115	25	4133
		115	40	3996
		115	55	3966 END RATE 4 SHUT-IN
		116	30	5337 GUAGE OUT END TEST.
		116	30	
10-5-73	4:50 P.M.			
10-5-73	2:50 A.M.			
10-6-73	10:50 P.M.			
10-6-73	8:50 A.M.			
10-7-73	10:10 A.M.			
10-7-73	10:30 A.M.			
10-7-73	10:45 A.M.			
10-7-73	11:45 A.M.			
10-7-73	12:00 P.M.			
10-7-73	12:45 P.M.			
10-7-73	1:00 P.M.			
10-7-73	1:45 P.M.			
10-7-73	2:00 P.M.			
10-7-73	2:45 P.M.			
10-7-73	3:20 P.M.			





R. J. ZONNE  
FEDERAL NO. 1

PRESSURE BUILD-UP AND  
DRAW-DOWN CURVE

TEST DATE: 10/2-7/73  
TEST DEPTH: 14,1456 FEET  
ELEMENT NO.: 7966  
RANGE: 0-7500#  
CLOCK NO.: 12050  
RANGE: 0-120 HOURS  
OPERATOR: DON TYSON

NOTE:  
SEE TABULATION OF TIME AND PRESSURE  
ON ATTACHED SHEET.

TEST CONDUCTED BY:

JOHN WEST ENGINEERING COMPANY

CASE NO. 5098

EXHIBIT NO. 7

BEFORE EXAMINATION  
OIL CONSERVATION COMMISSION

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

APPL EXHIBIT NO. 8 SIPS, WILLIAMSON & AYCOCK, INC.

CASE NO. 5098

CONSULTING ENGINEERS

Midland, Texas

November 13, 1973

1100 GIRLS TOWER WEST  
MIDLAND, TEXAS 79701  
915 683-1841

800 MAIN BUILDING  
HOUSTON, TEXAS 77002  
713 228-8146

Mr. R. J. Zonne  
103 Wall Towers West  
Midland, Texas 79701

Subject: Reserve Evaluation of R. J. Zonne's  
Federal No. 1, Lea County, New Mexico

Dear Mr. Zonne:

As requested, we have evaluated the reserves in your Federal Well No. 1, located in Section 20, Township 22 South, Range 32 East, Lea County, New Mexico. The results of our evaluation can be summarized as follows:

Completion Zone, Morrow, Feet	14,556 to 14,596
Thickness, Gross, Feet	42
Thickness, Net, Feet	13
Average $\phi$ , Percent	9.6
Average Permeability, MD	0.51
Average Water Saturation, Percent	12.4
Average Gas Saturation, Percent	87.6
Static BHP, PSIA	5,802.0
Expected Drainage Area, Acres	640

	320 Acre <u>Drainage</u>	640 Acre <u>Drainage</u>
OGIP, MMCF	4,804.2	9,608.2
Recoverable Reserves, MMCF	3,074.7	6,159.4
Recovery Factor, Percent	64	64
Estimated Life, Years	59	73

The first portion of this evaluation consisted of determining the hydrocarbon reserves in place and the drainage area for the existing completion interval from 14,556 to 14,596 feet. This is the same interval that was tested on October 7, 1973, for a calculated absolute open flow of 4,945 MCFPD, as reported on NMOCC Form C-122. Our evaluation included a detailed analysis of logs, flowing and shut-in bottom hole pressure data, and data contained on the above mentioned Form C-122. At present, we are completing our analysis of projected deliverabilities and resulting cash flows for this well. These data will be forwarded in the next few days, along with the net portion of recoverable reserves applicable to your interest. Until our runs are completed, an accurate value is not available, but we estimate that your net interest for 320 and 640 acre drainage will be about 1,427.8 and 2,526.8 MMCF, respectively.

Mr. R. J. Zonne  
November 13, 1973  
Page 2

The original gas-in-place was determined by a detailed study of the Formation Density Log and Dual Laterlog run on the well. This analysis included a formation density-resistivity crossplot to determine the feet of net pay, average porosity and average water saturation. From this data the hydrocarbon reserves were calculated on an acre basis. Continuous pay quality was assumed in determining the gas-in-place for the drainage acres studied. The original gas-in-place was determined to be 15.01 MMCF per acre.

A thorough analysis of the variable rate drawdown test and shut-in bottom hole buildup test conducted between October 2 and October 7, 1973, was performed in order to determine the transient condition of the well, average permeability, effective drainage area, and estimated recovery factor. These data show that the well was flowed for an unknown period of time prior to being shut-in on October 2, 1973. After an 111 hour shut-in buildup period, the well was tested for four (4) hours on a 4-point variable flow rate test. It is obvious from the data that the well was not flowing at a stabilized condition at the end of each 1-hour flow period. It was determined by calculation that the radius of investigation during this test was about 97 feet. In view of this, it was necessary to assume no significant change in pay quality beyond this 97 feet in our evaluation of 320 and 640 acre drainage areas. In the case of a 640 acre drainage area, the average radius of drainage is 2,980 feet. Therefore, if the pay is non-continuous, some reduction in reserves would be expected.

Further analysis of the flow and buildup test data indicated a static reservoir pressure of 5,802 psia, as compared to the 5,742.2 psia obtained after the 111 hour shut-in period. The average permeability for the pay (13 feet) was determined to be 0.51 millidarcies.

One of the most significant items determined from this pressure data is that 640 acres can be adequately drained from this well. This again assumes no significant changes in continuity of pay. The time to stabilization was calculated to be 157 days, which is an entirely reasonable period, and indicates 640 acres drainage can be expected. We also calculated a period of stabilization for 320 acres, in order to give you comparative figures for this smaller area, which is a common spacing for typical Atoka and Morrow wells in New Mexico. Gross reserves for 320 and 640 acres are 4,804.2 and 9,608.4 MMCF, respectively. Although changes in pay quality could limit the drainage area below 640 acres, it certainly should be greater than the 320 acres.

The last parameter determined from the data is the expected recovery factor. In the case of 320 acres, the recovery factor was determined to be 64 percent. This appears to be a reasonable figure in view of the low permeability. The recovery factor for 640 acre drainage is slightly lower, in the range of 62 to 63 percent. For our analysis, and pending completed runs from our deliverability analysis, we have assumed a recovery factor of 64 percent for both cases.

Mr. R. J. Zonne  
November 13, 1973  
Page 3

In addition to the above, we also analyzed the logs for possible hydrocarbon bearing zones behind the pipe. Our analysis showed that there are several zones which should contain reserves. However, we wish to point out that these zones were not tested and we have no data to confirm the log analysis nor to determine drainage efficiency, BHP, etc. The intervals of interest are listed below with gross reserve figures based on both 320 and 640 acre drainage. Again, we are providing both figures in order to facilitate you in your analysis of this property. We have, for lack of a better number, assumed a 64 percent recovery factor.

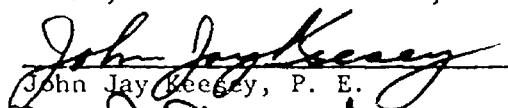
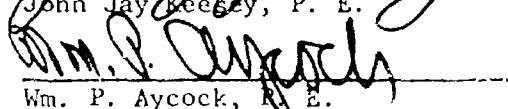
Geological Description	Depth Interval	Pore Volume Gross MMCF Reserves		Future Recovery Gross, MMCF	
		320 Acres	640 Acres	320 Acres	640 Acres
Strawn	13,314 to 13,411	14,720	29,440	9,440	18,880
Middle Atoka	13,794 to 13,812	2,600	5,200	1,663	3,326
Lower Atoka	13,994 to 13,999	1,774	3,548	1,135	2,270
Top Morrow	14,106 to 14,114	1,847	3,694	1,180	2,360
Morrow	14,518 to 14,530	2,182	4,364	1,398	2,796

The Strawn interval has a 22.8 percent water saturation and may contain considerable oil reserves rather than gas reserves. The gross OOIP (STB) for 640 acres could be upwards of 11,880,000 barrels. The next zone has a water saturation of about 31 percent, while the 5-foot interval from 14,994 to 14,999 has 17 percent water saturation. The fourth interval has a water saturation of only seven (7) percent. The last interval, which is just above the completion interval, has the highest water saturation of any zone at 46.2 percent. All of these intervals contain some hydrocarbons, with the two intervals with saturations in excess of 30 percent, presenting the higher risk of encountering commercial and/or gas rates.

We hope that the above data will provide the necessary information that you need. The deliverability and cash flow data will be forwarded as soon as possible. It has been a pleasure serving you professionally, and if you have any questions on the above, please advise.

Very truly yours,

SIPES, WILLIAMSON & AYCOCK, INC.

  
John Jay Geesey, P. E.  
  
Wm. P. Aycock, P. E.

/cr

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
C. O. MARTIN  
PAUL J. KELLY, JR.

LAW OFFICES  
**HINKLE, BONDURANT, COX & EATON**  
521 MIDLAND TOWER  
MIDLAND, TEXAS 79701

TELEPHONE (915) 683-4691

ONLY MESSRS. COFFIELD & MARTIN  
LICENSED IN TEXAS

October 24, 1973

ROSWELL, NEW MEXICO OFFICE  
600 HINKLE BUILDING  
(505) 622-6510

Mr. D. S. Nutter, Chief Engineer  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: R. J. Zonne Federal No. 1 Well --  
Request for 640 Acre Spacing

Dear Dan:

Please consider this letter both as confirmation of our telephone conversation relative to the above and as an application, filed on behalf of R. J. Zonne, for a setting on the November 14 docket.


On behalf of R. J. Zonne, we hereby request a hearing establishing 640 acre spacing for the R. J. Zonne Federal No. 1 Well located 1,980 feet from the north line and 1,980 feet from the east line of Section 20, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico. Mr. R. J. Zonne is the operator of this well and desires the establishment of a 640 acre proration spacing for the well, with said 640 acres being all of Section 20, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico. The well was completed in the Morrow formation at a total depth of 14,856 feet beneath the surface.

It is my understanding that this matter will be included on the November 14 docket. If you need any additional information, or if this matter will not be heard on November 14, please let me know immediately.

Thank you.

Very truly yours,

HINKLE, BONDURANT, COX & EATON

  
Conrad E. Coffield

CEC:

xc: Mr. R. J. Zonne  
P. O. Box 964  
Midland, Texas 79701

xc: Mr. Paul W. Eaton, Jr.

11-1-73



DRAFT

dr/

(12)

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

*[Handwritten signatures]*

CASE NO. 5098 (Reopened)

IN THE MATTER OF CASE 5098 BEING REOPENED Order No. R- 4682-A  
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4682,  
WHICH ORDER ESTABLISHED SPECIAL RULES FOR THE  
RED TANK-MORROW GAS POOL, LEA COUNTY, NEW MEXICO,  
INCLUDING A PROVISION FOR 640-ACRE SPACING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 18,  
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of February, 1976, the Commission,  
a quorum being present, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That by Order No. R-4682, dated November 30, 1973,  
temporary special rules and regulations were promulgated for the  
Red Tank-Morrow Gas Pool, Lea County, New Mexico, establishing  
temporary 640-acre spacing units.

(3) That pursuant to the provisions of Order No. R-4682,  
this case was reopened to allow the operators in the subject pool  
to appear and show cause why the Red Tank-Morrow Gas Pool should  
not be developed on 320-acre spacing units.

(4) That no operator appeared to present testimony in this case.

(5) That the Special Rules and Regulations for ~~the~~<sup>said</sup> Rock Tank - Morrow Gas Pool should be rescinded effective 7:00 o'clock a.m. May 1, 1976, and said pool

should thereafter be governed by the statewide Rules for gas pools in New Mexico

It IS Therefore Ordered:

(1) That effective May 1, 1976, the Temporary Special Rules and Regulations for the Rock Tank - Morrow Gas Pool, promulgated by Order No. R-4682, are hereby rescinded and the pool is placed under the Statewide Rules for gas pools in New Mexico.

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

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

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5098 (Reopened)

Order No. R-4682-B

IN THE MATTER OF CASE 5098 BEING  
REOPENED PURSUANT TO THE PROVISIONS  
OF ORDER NO. R-4682, WHICH ORDER  
ESTABLISHED SPECIAL RULES AND REGULATIONS  
FOR THE RED TANK-MORROW  
GAS POOL, LEA COUNTY, NEW MEXICO,  
INCLUDING A PROVISION FOR 640-ACRE SPACING.  
~~PROMULGATION THEREOF.~~

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 12,  
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this        day of May, 1976, the  
Commission, a quorum being present, having considered the testi-  
mony, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That by Order No. R-4682, dated November 14,  
19 73, temporary special rules and regulations were promulgated  
for the Red Tank-Morrow Gas Pool, Lea  
County, New Mexico, establishing temporary 640-acre spacing  
units.

(3) That pursuant to the provisions of Order No. R-4682,  
this case was reopened to allow the operators in the subject pool  
to appear and show cause why the Red Tank-Morrow  
Gas Pool should not be developed on 320-acre spacing units.

(4) That the evidence establishes that one well in the  
Red Tank-Morrow Gas Pool can efficiently and  
economically drain and develop 640 acres.

-2-

Case No. \_\_\_\_\_

Order No. R-\_\_\_\_\_

(5) That the Special Rules and Regulations promulgated by Order No. R-4682 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-4682 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Red Tank-Morrow Gas Pool, Lea County, New Mexico, promulgated by Order No. R-4682, are hereby continued in full force and effect until further order of the Commission.

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

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

(1) That Order No. R-4682-A, which rescinded Order No. R-4682 effective at 7:00 o'clock am May 1, 1976, <sup>should be</sup> ~~is hereby~~ rescinded prior to its effective date, thereby making the Special Rules and Regulations governing the Red Tank-Morrow Gas Pool continuously in effect from November 30, 1973, until further order of the Commission.

(2) That Order No. R-4682-A is hereby rescinded effective prior to May 1, 1976.

DRAFT

jr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5098

Order No. R-4682

APPLICATION OF R. J. ZONNE FOR  
SPECIAL POOL RULES, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 14, 1973,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of November, 1973, the Commission,  
a quorum being present, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, R. J. Zonne, seeks the creation of a new gas pool  
for Morrow production in Lea County, New Mexico, and the promulgation of special  
rules and regulations governing said pool, including a provision for 640-acre  
spacing units.

(3) That the Federal Well No. 1 located in Unit G of Section 20,  
Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, having its  
top perforations at 14,556 feet, has discovered a separate common source of  
supply which should be designated the Red Tank-Morrow Gas Pool; that the  
vertical limits of said pool should be the Morrow formation and that the  
horizontal limits of said pool should be all of said Section 20.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Red Tank-Morrow Gas Pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Red Tank-Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the Red Tank-Morrow Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Red Tank-Morrow Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the Red Tank-Morrow Gas Pool, with vertical limits comprising the Morrow formation and horizontal limits comprising the following-described area:

-3-  
CASE NO. 5098  
Order No. R-

LEA COUNTY, NEW MEXICO  
TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM  
Section 20: All

(2) That temporary Special Rules and Regulations for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
RED TANK-MORROW GAS POOL

RULE 1. Each well completed or recompleted in the Red Tank-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Red Tank-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District office of the Commission in writing of the name and location of the well on or before December 20, 1973



-5-

CASE NO. 5098

Order No. R-

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Red Tank-Morrow Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Red Tank-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Red Tank-Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Red Tank-Morrow Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Red Tank-Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

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

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

Courad Coffield-Hinkle Farm

640 acre spg

R. J. Zonne

Feed No. 1 unit G

all of 20 22S 32E

14856 ft Morrow

(Hinkle)