

**CASE 5540: CLEVEROCK ENERGY CORP.
FOR A NON-STANDARD GAS SPACING
UNIT, LEA COUNTY, NEW MEXICO.**

CASE NO.

5540

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

September 9, 1975

Walter R. Kegel
1321 Paseo De Peralta
Santa Fe, New Mexico

Re: CASE NO. 5540
ORDER NO. R-5085

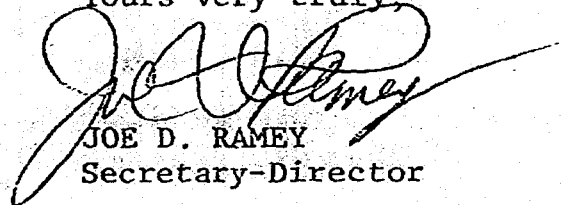
Applicant:

CleveRock Energy Corporation

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
Secretary-Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC _____

Other _____

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. 5540
Order No. R-5085

APPLICATION OF CLEVEROCK ENERGY
CORPORATION FOR A NON-STANDARD GAS
SPACING UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of September, 1975, 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, CleveRock Energy Corporation, seeks approval of a 320-acre non-standard gas spacing and proration unit comprising the S/2 of Section 16, Township 19 South, Range 32 East, NMPM, Lusk-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to its Superior "C" State Well No. 1, located in Unit K of said Section 16 and to be drilled deeper to the Morrow formation.
- (3) That a standard gas spacing and proration unit for said well would include all of said Section 16.
- (4) That the working interest owner in the N/2 of said Section 16 did not wish to join in the drilling deeper of said Superior "C" State Well No. 1.
- (5) That no operator appeared and objected to the proposed non-standard gas spacing and proration unit.
- (6) That the entire non-standard gas spacing unit may reasonably be presumed productive of gas from the Lusk-Morrow Gas Pool and that the entire non-standard gas spacing unit can be efficiently and economically drained and developed by the aforesaid well.

-2-

Case No. 5540
Order NO. R-5085

(7) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Lusk-Morrow Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas spacing and proration unit in the Lusk-Morrow Gas Pool comprising the S/2 of Section 16, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the CleveRock Energy Corporation Superior "C" State Well No. 1, located in Unit K of said Section 16 and to be drilled deeper to the Morrow formation.

(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/

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. 5540Order No. R- 5085

APPLICATION OF CLEVEROCK ENERGY
CORPORATION FOR A NON-STANDARD GAS
SPACING UNIT, LEA COUNTY, NEW MEXICO.

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NOW, on this day of September, 1975, the Commission,
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and the recommendations of the Examiner, and being fully advised
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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, CleveRock Energy Corporation, seeks approval
of a 320-acre non-standard gas spacing and proration unit comprising ^{new}
the S/2 of Section 16, Township 19 South; Range 32 East, ^{Rusk Morrow Gas Pool, Lea County} NMPM, to be
dedicated to its Superior State ^C Well No. 1, located in Unit K of
said Section 16, and to be drilled deeper to the
[^]
Morrow formation.

-2-

(3) That a standard gas spacing and proration unit in said well would include all of said Section 12 16.
(4) That the working interest owner in the N/2 of said Section 12 did not wish to join in the drilling deeper of said Superior "C." State ^{Well} No. 1.
(5) That no operator appeared and objected to the proposed non-standard gas spacing and proration unit.

(6) That the entire non-standard gas spacing unit may reasonably be presumed productive of gas from the Lusk-Morrow Gas Pool and that the entire non-standard gas spacing unit can be efficiently and economically drained and developed by the aforesaid well.

(7) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Lusk-Morrow Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells; avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas spacing and proration unit in the Lusk-Morrow Gas Pool comprising the S/2 of Section 16, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to ^{The Cleveland Energy Corporation} ~~the~~ Superior State ~~Well~~ No. 1, located in Unit K of said Section 16. and to be drilled deeper to the Morrow formation.

-3-
Case No. 5540
Order No. R-

(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.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 27, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of CleveRock Energy
Corporation for a non-standard gas
spacing unit, Lea County, New Mexico.

CASE
5540

BEFORE: Richard L. Stamets, 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:

Walter R. Kegel, Esq.
KEGEL & McCULLOH, P.A.
1321 Paseo de Peralta
Santa Fe, New Mexico

sid morish reporting service

General Court Reporting Service
825 Calle Meja, No. 122, Santa Fe, New Mexico 87501
Phone (505) 981-9212

I N D E X

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Page

J. C. JOHNSON

Direct Examination by Mr. Kegel

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Cross Examination by Mr. Stamets

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EXHIBIT INDEX

Page

Offered Admitted

Exhibits A through H

6

6

Exhibit I, Map

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Phone (505) 981-9212

1 MR. STAMETS: We will call the next case, 5540.

2 MR. CARR: Case 5540, Application of CleveRock
3 Energy Corporation for a non-standard gas spacing unit,
4 Lea County, New Mexico.

5 MR. KEGEL: Appearing for the Applicant, Walter R.
6 Kegel, Attorney, Santa Fe. I would like to call again Mr.
7 Johnson as our witness.

8 MR. STAMETS: Let the record show that this is the
9 same Mr. Johnson who appeared in the previous case and he
10 is still sworn.

11 J. C. JOHNSON

12 called as a witness, having been previously sworn, was
13 examined and testified as follows:

14
15 DIRECT EXAMINATION

16 BY MR. KEGEL:

17 Q Mr. Johnson, would you explain this application,
18 please?

19 A We have submitted an application for a non-standard
20 unit that is currently spaced with six hundred and forty
21 acre spacing for the Morrow gas. In the application we have
22 stated that as Item Number One, that we have contacted
23 Amoco who owns the north half of Section 16, and have offered
24 to go in jointly to drill on a six hundred and forty acre
25 spacing unit or for farmout to CleveRock on an equitable basis,

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1 to let us jointly drill on a six forty.

2 We have received from Amoco a decline to farmout
3 the acreage and in our opinion it is feasible to force pool
4 at this time a six hundred and forty acre Morrow gas unit
5 and, therefore, we have elected to ask for a non-standard
6 unit on three hundred and twenty acres. We would like to
7 point out that the normal spacing for Morrow gas is for
8 three hundred and twenty acres by State rules, and also
9 during the past year in this field there have been three wells
10 drilled as a second well on the six hundred and forty spacing
11 unit by Phillips Petroleum. They are the Phillips Number
12 12-A drilled in Section 20, T 19 South, Range 32 East and
13 the Phillips 13, Section 18, T 19 South, Range 32 East and
14 the Phillips Number 1 Lusk, Section 19, T 19 South, Range 32
15 East.

16 As further evidence of what has been done, we
17 have a letter that we would like to present to the Commission
18 from Royal McKay on our behalf requesting a farmout from
19 Amoco. Also a letter from Amoco turning down the request.

20 Q What exhibits do you have attached here?

21 A None. We have received letters waiving objections
22 to this application from Royal McKay, Llano, Inc., Phillips
23 Petroleum Company, Sun Oil and Amoco that we would like to
24 present as exhibits. And also registered return receipt
25 requested receipts from three other operators in this area,

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1 Anadarko, Mobile Oil and Clinton Oil who we have not heard
2 from.

3 MR. KEGEL: If you wish to question the witness,
4 Mr. Examiner, while I finish marking these exhibits, please.

5
6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 Q Is Amoco the sole interest owner in the north half
9 of this section?

10 A That is correct.

11 Q What about the royalty interest in that area?

12 A I believe that is a Federal lease, but I'm not
13 sure.

14 Q And you have a waiver from Amoco?

15 A We have a waiver from Amoco, yes. A waiver has
16 been sent to the Commission, I have made a copy, a carbon,
17 in the event that the Commission does not have it.

18 Q Mr. Johnson, did you at any time consider the
19 possibility of forced pooling in this acreage?

20 A Yes, we did. In considering the forced pooling
21 we felt that the equity involved here of deepening this
22 well, we estimate a dry hole estimate of approximately
23 two hundred and seventy thousand dollars. I might go back
24 and explain what I mean by deepening. We are going to
25 re-enter a well located in the northeast quarter of the

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1 southwest quarter that was drilled to eleven thousand, six
2 hundred feet. The nine and five-eighths casing was cut and
3 removed at about fourteen hundred feet which we would have to
4 go back and repair. To deepen this well to the Morrow we feel
5 will cost in the range of two hundred and seventy thousand
6 dollars and a completed well cost will be in the range of
7 five hundred thousand dollars, and the percentage that we
8 would get from a forced pooling of two hundred percent non-
9 consent, as an example, we do not feel would be economical to
10 the investors in the well to force pool, therefore, we have
11 elected to -- if we are going to invest five hundred thousand
12 dollars we would like to have one hundred percent of the
13 revenue from it. We do not believe that in this area, to
14 protect everyone's correlative rights, why a three hundred
15 and twenty acre non-standard unit is not an unusual sized
16 unit.

17 MR. STAMETS: Any other questions of this witness?

18 MR. KEGEL: I have no further questions and I
19 would like to offer Applicant's Exhibits A through H.

20 MR. STAMETS: I would like to take a look at those.

21 MR. KEGEL: Those are the various items Mr. Johnson
22 testified concerning.

23 MR. STAMETS: These exhibits will be admitted.

24 Anything further in this Case?

25 MR. JOHNSON: Yes, one question was asked about the

1 royalty owner. It appears from the map that I have available
2 here that the State of New Mexico is a royalty owner under both
3 leases, both the north half and the south half.

4 MR. STAMETS: Do you have a copy of that map you
5 can make available?

6 MR. KEGEL: It was an exhibit in the other case. I
7 can make it available, yes, sir. We will copy it and offer
8 it as Exhibit I then.

9 MR. STAMETS: That exhibit will also be admitted.

10 MR. KEGEL: Thank you.

11 MR. STAMETS: Anything further?

12 MR. KEGEL: Nothing further.

13 MR. STAMETS: We will take the Case under advisement.

14 MR. KEGEL: Thank you.

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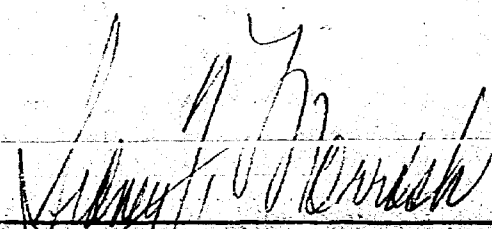
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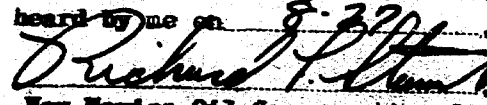
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State of New Mexico)
) ss.
County of Santa Fe)

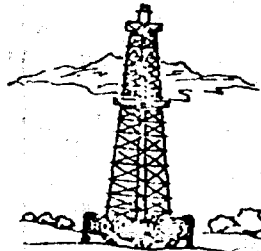
I, SIDNEY F. MORRISH, a court reporter, do hereby
certify that the foregoing and attached Transcript of Hearing
before the New Mexico Oil Conservation Commission was reported
by me, and the same is a true and correct record of the said
proceedings to the best of my knowledge, skill and ability.


Sidney F. Morrish, Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5340
heard by me on 8-27, 1925.

Richard L. Altman, Examiner
New Mexico Oil Conservation Commission

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Roy L. McKay



OIL
&
GAS

Amoco Production Company
P.O. Box 3092
Houston, Texas 77001

Attention: Mr. Joe Pulido

POST OFFICE BOX 2014 • TELEPHONE 505/623-4735
ROSWELL, NEW MEXICO 88201

August 4, 1975

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. A

CASE NO. 5540

Submitted by app

Hearing Date 8/27/75

Re: Section 16-T19S, R32E
Lea County, New Mexico

Gentlemen:

I, on behalf of Petroleum Development Corporation, propose to re-enter the Superior 1-C dry hole (TD11,633) located 1980 FSL and 1980 FWL of Section 16, and deepen to a total depth of 13,000 feet to test the Morrow formation. Said well will be commenced on or before September 15, 1975. We propose to communitize all of Section 16, T19S, R32E (640 acres).

We shall first attempt a re-entry at an estimated cost of \$40,000 and if successful, we shall continue drilling operations to total depth with estimated cost of \$260,000. Total drilling and completing cost are estimated at \$470,000.

We propose that Amoco Production Company jointly drill the well based on actual acreage percentage estimated as follows:

Petroleum Development Corporation	-50%
Amoco Production Company	-50%

I feel that by re-entering this well that it will save the group approximately \$250,000.

In the event Amoco Production Company would prefer to farmout their acreage, we would offer a one-sixteenth (1/16th) override, converting to a thirty-three and one-third per cent (33-1/3%) working interest at payout.

Your early reply to this proposal will be greatly appreciated.

c.c. Petroleum Development Corporation ✓

Very truly yours,

Roy L. McKay
Roy L. McKay

LEASES

• PRODUCTION

• INVESTMENTS



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

August 13, 1975

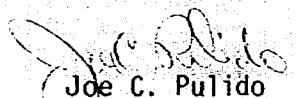
Re: Section 16, T-19-S, R-32-E
Lea County, New Mexico

Mr. Roy L. McKay
P. O. Box 2014
Roswell, NM 88201

Dear Mr. McKay:

Amoco is in receipt of your letter dated August 4, 1975, wherein you propose the reentry of the Superior 1-C, located in the S/2 of Section 16, and deepen said well to a depth of approximately 13,000 feet. At the present time Amoco is not interested in participating in said reentry and therefore, must decline your offer to join or farmout its interest in the N/2 of Section 16. We would, however, like to thank you for giving us the opportunity to review your proposal.

Yours very truly,


Joe C. Pulido
Land Department

JCP/jw
3/817

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. B
CASE NO. 5540
Submitted by Appl.
Hearing Date 8/27/75

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. C

CASE NO. 5540

Submitted by appl.

Hearing Date 8/27/75

Mr. Roy L. McKay
Box 2014
Roswell, New Mexico 88201

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

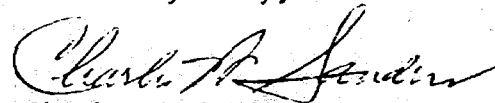
Gentlemen:

CleveRock Energy Corporation respectfully requests your timely assistance in the matter of your waiving objection to the subject application, copy attached, for 320-acre proration unit in lieu of standard 640-acre unit.

The proposed Morrow test is an abandoned dry hole, located 1980 feet from the South and West Section Lines, Township 19 South, Range 32 East, Lea County, New Mexico, which will be deepened from 11,683 feet to approximately 13,000 feet.

The reasons for requesting this non-standard unit are set forth in the attached application. Examiner hearing to review the application is scheduled for August 27, 1975, in Santa Fe. Thank you for your assistance.

Yours very truly,


Charles W. Sanders
Agent

WAIVER OF OBJECTION:

Roy L. McKay hereby waives objection to the above-proposed non-standard gas proration unit for CleveRock Energy Corporation, said 320-acre unit to comprise the S/2 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico.

COMPANY: Roy L. McKay

BY: 

RECEIVED AUG 7 1975

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975

BECKETT EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. D

CASE NO. 5540

Submitted by appl.

Hearing Date 8/27/75

Llano, Inc.
Box 2215
Hobbs, New Mexico 88240

Attention: Mr. Don Gary

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

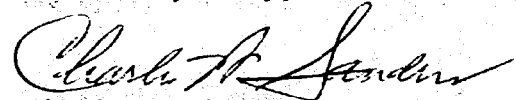
Gentlemen:

CleveRock Energy Corporation respectfully requests your timely assistance in the matter of your waiving objection to the subject application, copy attached, for 320-acre proration unit in lieu of standard 640-acre unit.

The proposed Morrow test is an abandoned dry hole, located 1980 feet from the South and West Section Lines, Township 19 South, Range 32 East, Lea County, New Mexico, which will be deepened from 11,683 feet to approximately 13,000 feet.

The reasons for requesting this non-standard unit are set forth in the attached application. Examiner hearing to review the application is scheduled for August 27, 1975, in Santa Fe. Thank you for your assistance.

Yours very truly,


Charles W. Sanders
Agent

WAIVER OF OBJECTION:

Llano, Inc. hereby waives objection to the above-proposed non-standard gas proration unit for CleveRock Energy Corporation, said 320-acre unit to comprise the S/2 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico.

COMPANY: LLANO, INC.

BY:  Pres.

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975

Phillips Petroleum Company
Phillips Building
4th & Washington
Odessa, Texas 79760

Attention: Mr. Paul Hanna

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. E

CASE NO. 5540

Submitted by Appl.

Hearing Date 8/27/75

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

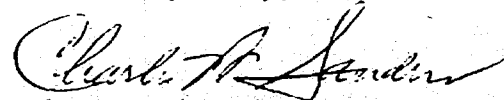
Gentlemen:

CleveRock Energy Corporation respectfully requests your timely assistance in the matter of your waiving objection to the subject application, copy attached, for 320-acre proration unit in lieu of standard 640-acre unit.

The proposed Morrow test is an abandoned dry hole, located 1980 feet from the South and West Section Lines, Township 19 South, Range 32 East, Lea County, New Mexico, which will be deepened from 11,683 feet to approximately 13,000 feet.

The reasons for requesting this non-standard unit are set forth in the attached application. Examiner hearing to review the application is scheduled for August 27, 1975, in Santa Fe. Thank you for your assistance.

Yours very truly,


Charles W. Sanders
Agent

WAIVER OF OBJECTION:

Phillips Petroleum Company hereby waives objection to the above-proposed non-standard gas proration unit for CleveRock Energy Corporation, said 320-acre unit to comprise the S/2 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico.

COMPANY: PHILLIPS PETROLEUM COMPANY

BY: W B Taylor AUG 12 1975

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975

AUG 12 1975
BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. F
CASE NO. 5540
Submitted by Appl.
Hearing Date 8/27/75

Sun Oil Company
P. O. Box 2880
Dallas, Texas 75331

Attention: Mr. Ed Stine

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

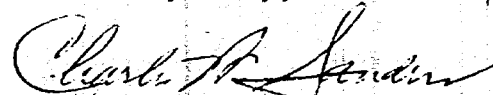
Gentlemen:

CleveRock Energy Corporation respectfully requests your timely assistance in the matter of your waiving objection to the subject application, copy attached, for 320-acre proration unit in lieu of standard 640-acre unit.

The proposed Morrow test is an abandoned dry hole, located 1980 feet from the South and West Section Lines, Township 19 South, Range 32 East, Lea County, New Mexico, which will be deepened from 11,683 feet to approximately 13,000 feet.

The reasons for requesting this non-standard unit are set forth in the attached application. Examiner hearing to review the application is scheduled for August 27, 1975, in Santa Fe. Thank you for your assistance.

Yours very truly,


Charles W. Sanders
Agent

WAIVER OF OBJECTION:

Sun Oil Company hereby waives objection to the above-proposed non-standard gas proration unit for CleveRock Energy Corporation, said 320-acre unit to comprise the S/2 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico.

COMPANY: SUN OIL COMPANY

BY: H. R. Huey
8-12-75



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

August 22, 1975

File: DRC-986.51NM-3071

Re: Non-Standard Proration Unit Waiver
S/2 Section 16, T-19-S, R-32-E
Lea County, New Mexico

RECORD EXAMINER STAMETS:	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	9
CASE NO.	5540
Submitted by	appel
Hearing Date	8/27/75

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

Gentlemen:

CleveRock Energy Corporation has made application for a non-standard 330 acre gas proration unit for a proposed Morrow test in Lea County.

We understand the location to be 1980' from the south and west section lines. The 320 acre unit desired is described as the S/2 Section 16, T-19-S, R-32-E, in Lea County.

Amoco Production Company has no objection to this application and hereby waives notice and hearing.

Yours very truly,

E. E. Morris

cc: CleveRock Energy Corporation
9720-B Candelaria N.E.
Albuquerque, NM 87112

EHW:pf

AUG 25 REU

U.S. POSTAL SERVICE
OFFICIAL BUSINESS

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Albuquerque, New Mexico 87112

U.S. POSTAL SERVICE
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Mobil Oil Corporation
P. O. Box 820
Roswell, NM 88201

PENALTY FOR PRIVATE
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OF POSTAGE, \$300



BEFORE EXAMINATION
OIL CONSERVATION COMMISSION
EXHIBIT NO. H

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CERTIFIED NO. 563830 ① *[Signature]*
INSURED NO. _____ ② SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED 8/8/75 ③ SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

USPO

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CERTIFIED NO. 563827 ① *Clinton O. C. Sullivan*
INSURED NO. _____ ② SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED AUG 11 1975 ③ SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

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CERTIFIED NO. 563828 ① *James L. [Signature]*
INSURED NO. _____ ② SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED AUG 7 1975 ③ SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

[illegible]



Amoco Production Company 1975
500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

E. E. Morris
Division Engineer

August 22, 1975

File: DRC-986.51NM-3071

Re: Non-Standard Proration Unit Waiver
S/2 Section 16, T-19-S, R-32-E
Lea County, New Mexico

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

Gentlemen:

CleveRock Energy Corporation has made application for a non-standard 320 acre gas proration unit for a proposed Morrow test in Lea County.

We understand the location to be 1980' from the south and west section lines. The 320 acre unit desired is described as the S/2 Section 16, T-19-S, R-32-E, in Lea County.

Amoco Production Company has no objection to this application and hereby waives notice and hearing.

Yours very truly,

E. E. Morris

cc: CleveRock Energy Corporation
9720-B Candelaria N.E.
Albuquerque, NM 87112

EHW:pf

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975

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

Attention: Joe D. Ramey

NISP- 1001
Rule 4 R-2373
Due Sept 6

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

S/2 of 16
NE 1/4 SW 1/4

Dear Mr. Ramey:

K-16-19-32

In accordance with Rule 4 of Order R-2373 (establishing temporary pool rules for the Lusk Morrow Field, made a permanent order in 1975) CleveRock Energy Corporation hereby makes application for exception to Rule 2 which requires each proration unit to contain 640 acres.

Approval is requested for a 320-acre non-standard gas proration unit comprising the south half of Section 16, Township 19 South, Range 32 East, Lusk Morrow Field, Lea County, New Mexico. The proposed Morrow test, located 1980 feet from the south and west section lines, is an abandoned dry hole which will be deepened from 11,683 feet to approximately 13,000 feet.

Letters of request for a waiver of objection together with copies of this application have been sent to all offset operators by certified mail as indicated by the attached listing.

The following reasons are set forth for this request:

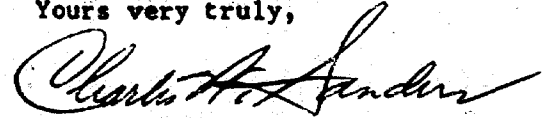
1. The lessee of the N/2 of Section 16, Township 19 South, Range 32 East, Amoco Production Company, has been asked to jointly drill the proposed well and contribute their acreage toward formation of a standard 640-acre proration unit. Formal reply has not been received to date, but verbal communication indicates that Amoco is not interested.
2. For the last several years, the 320-acre proration unit has been assigned to most Morrow gas wells and has been considered appropriate to economic and reservoir-drainage considerations.

A well located 1980' FSL & 1980' FWL
formerly Stat. C well No. 1 K

Check for change of
ownership & lease name change
before finalizing order

3. Recent drilling of second wells on 640-acre proration units in the Lusk field have resulted in apparent economic producers (Phillips). This, together with the lenticular nature of the Morrow sands, would seem to indicate that the smaller-size proration unit would not violate correlative rights of offset operators.

Yours very truly,



Charles W. Sanders
Agent

CWS:cm

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975

AUG 7 1975
OIL CONSERVATION COMM.
Santa Fe

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

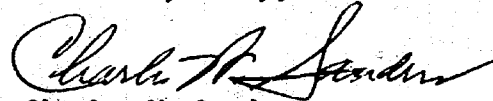
Gentlemen:

CleveRock Energy Corporation respectfully requests your timely assistance in the matter of your waiving objection to the subject application, copy attached, for 320-acre proration unit in lieu of standard 640-acre unit.

The proposed Morrow test is an abandoned dry hole, located 1980 feet from the South and West Section Lines, Township 19 South, Range 32 East, Lea County, New Mexico, which will be deepened from 11,683 feet to approximately 13,000 feet.

The reasons for requesting this non-standard unit are set forth in the attached application. Examiner hearing to review the application is scheduled for August 27, 1975, in Santa Fe. Thank you for your assistance.

Yours very truly,


Charles W. Sanders
Agent

WAIVER OF OBJECTION:

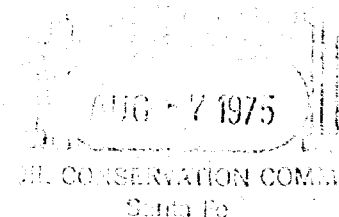
_____ hereby waives objection to the above-proposed non-standard gas proration unit for CleveRock Energy Corporation, said 320-acre unit to comprise the S/2 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico.

COMPANY: _____

BY: _____

Exhibit C
Case 5540

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112



Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

NOTIFICATION LIST

Copies of the above-captioned application have been mailed this date, August 6, 1975, to the following lessees of record at Morrow depths or designated operators in the sections (640-acre units) shown, all in Township 19 South, Range 32 East, Lea County, New Mexico:

Section 16, 21	Amoco Production Company P. O. Box 3092 Houston, Texas 77001 Attn: Mr. Joe Pulido
Section 8, 9	Roy L. McKay Box 2014 Roswell, New Mexico 88201
Section 10, 15, 22	Sun Oil Company P. O. Box 2880 Dallas, Texas 75221 Attn: Mr. Ed Stine
Section 21	Clinton Oil Company P. O. Box 94129 Houston, Texas 77018 Attn: Mr. Fletcher Hicks, Jr.
Section 21	Mobil Oil Corporation P. O. Box 820 Roswell, New Mexico 88201 Attn: Mr. James Posey
Section 20, 17	Phillips Petroleum Company Phillips Building 4th & Washington Odessa, Texas 79760 Attn: Mr. Paul Hanna
Section 17	Anadarko Production Company Two Greenway Plaza East, Suite 410 Houston, Texas 77046 Attn: Mr. Win Howard

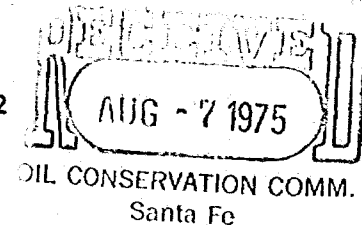
Section 8

Llano, Inc.
Box 2215
Hobbs, New Mexico 88240
Attn: Mr. Don Gary

Some of the above firms may have interests in sections other than those indicated.

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975



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

Attention: Joe D. Ramey

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

Dear Mr. Ramey:

In accordance with Rule 4 of Order R-2373 (establishing temporary pool rules for the Lusk Morrow Field, made a permanent order in 1975) CleveRock Energy Corporation hereby makes application for exception to Rule 2 which requires each proration unit to contain 640 acres.

Approval is requested for a 320-acre non-standard gas proration unit comprising the south half of Section 16, Township 19 South, Range 32 East, Lusk Morrow Field, Lea County, New Mexico. The proposed Morrow test, located 1980 feet from the south and west section lines, is an abandoned dry hole which will be deepened from 11,683 feet to approximately 13,000 feet.

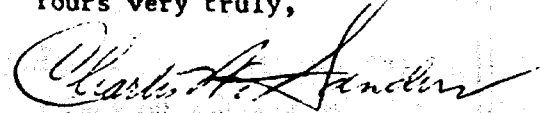
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The following reasons are set forth for this request:

1. The lessee of the N/2 of Section 16, Township 19 South, Range 32 East, Amoco Production Company, has been asked to jointly drill the proposed well and contribute their acreage toward formation of a standard 640-acre proration unit. Formal reply has not been received to date, but verbal communication indicates that Amoco is not interested.
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3. Recent drilling of second wells on 640-acre proration units in the Lusk field have resulted in apparent economic producers (Phillips). This, together with the lenticular nature of the Morrow sands, would seem to indicate that the smaller-size proration unit would not violate correlative rights of offset operators.

Yours very truly,

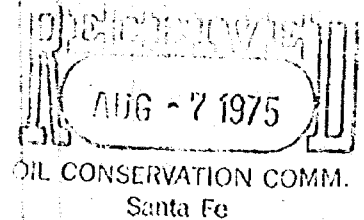


Charles W. Sanders
Agent

CWS:cm

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975



Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico


Gentlemen:

CleveRock Energy Corporation respectfully requests your timely assistance in the matter of your waiving objection to the subject application, copy attached, for 320-acre proration unit in lieu of standard 640-acre unit.

The proposed Morrow test is an abandoned dry hole, located 1980 feet from the South and West Section Lines, Township 19 South, Range 32 East, Lea County, New Mexico, which will be deepened from 11,683 feet to approximately 13,000 feet.

The reasons for requesting this non-standard unit are set forth in the attached application. Examiner hearing to review the application is scheduled for August 27, 1975, in Santa Fe. Thank you for your assistance.

Yours very truly,


Charles W. Sanders
Agent

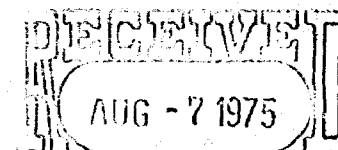
WAIVER OF OBJECTION:

_____ hereby waives objection to the above-proposed non-standard gas proration unit for CleveRock Energy Corporation, said 320-acre unit to comprise the S/2 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico.

COMPANY: _____

BY: _____

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112



OIL CONSERVATION COMM.
Santa Fe

Re: Application for a Non-Standard
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Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

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Section 21	Mobil Oil Corporation P. O. Box 820 Roswell, New Mexico 88201 Attn: Mr. James Posey
Section 20, 17	Phillips Petroleum Company Phillips Building 4th & Washington Odessa, Texas 79760 Attn: Mr. Paul Hanna
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Section 8

Llano, Inc.
Box 2215
Hobbs, New Mexico 88240
Attn: Mr. Don Gary

Some of the above firms may have interests in sections other than those indicated.

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975

AUG - 7 1975
NEW MEXICO
OIL CONSERVATION COMM.
Santa Fe

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

Attention: Joe D. Ramey

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

Dear Mr. Ramey:

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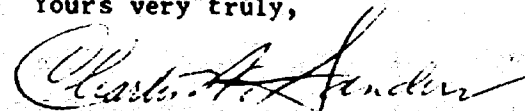
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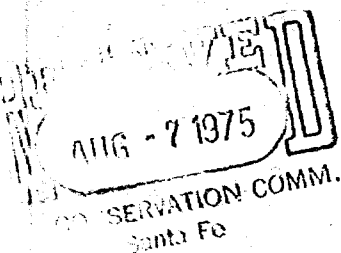


Charles W. Sanders
Agent

CWS:cm

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975



Re: Application for a Non-Standard
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S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

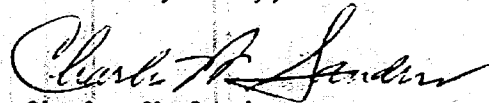
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Yours very truly,


Charles W. Sanders
Agent

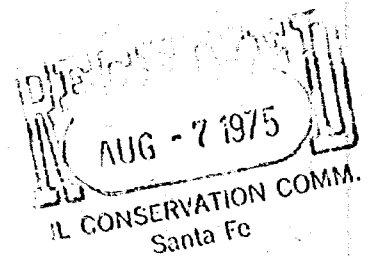
WAIVER OF OBJECTION:

_____ hereby waives objection to the above-proposed non-standard gas proration unit for CleveRock Energy Corporation, said 320-acre unit to comprise the S/2 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico.

COMPANY: _____

BY: _____

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112



Re: Application for a Non-Standard
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Lea County, New Mexico

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Section 8

Llano, Inc.
Box 2215
Hobbs, New Mexico 88240
Attn: Mr. Don Gary

Some of the above firms may have interests in sections other than those indicated.

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Box 2215
Hobbs, NM 88240

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Anadarko Production Co.
Two Greenway Plaza East, Suite 410
Houston, Texas 77006

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PETROLEUM DEVELOPMENT CORP.
9720-B Candelaria, N. E.
Albuquerque, New Mexico 87112

U.S. POSTAL SERVICE
OFFICIAL BUSINESS

Phillips Petroleum Co.
Phillips Building
4th & Washington
Odessa, Texas 79760

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



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9720-B Candelaria, N. E.
Albuquerque, New Mexico 87112

U.S. POSTAL SERVICE
OFFICIAL BUSINESS

Mobil Oil Corporation
P. O. Box 820
Roswell, NM 88201

PENALTY FOR PRIVATE
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9720-B Candelaria, N. E.
Albuquerque, New Mexico 87112

U.S. POSTAL SERVICE
OFFICIAL BUSINESS

Clinton Oil Co.
P. O. Box 94129
Houston, Texas 77018

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
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PETROLEUM DEVELOPMENT CORP.
9720-B Candalaria, N. E.
Albuquerque, New Mexico 87112

3911 Sep 1972

U.S. POSTAL SERVICE
OFFICIAL BUSINESS
Sup Oil Co.
P. O. Box 2880
Dallas, Texas 75331
Attn: Mr. Ed Stine

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



PS Form 3811 Sep. 1972

Postmark of Delivering Office

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TO

PETRO
9720-B Candelaria, N. E.
Albuquerque, New Mexico 87112

U.S. POSTAL SERVICE
OFFICIAL BUSINESS

Roy L. McKay
Box 2014
Roswell, New Mexico 88201

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



PS Form 3811 Sep. 1972

Postmark of Delivering Office

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PETROLEUM DEVELOPMENT CORP.
9720-B Candelaria, N. E.
Albuquerque, New Mexico 87112

U.S. POSTAL SERVICE
OFFICIAL BUSINESS

Amoco Production Co.
P. O. Box 3092
Houston, Texas 77001
Attn: Joe Pulido

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



PS Form 3811 Sep. 1972

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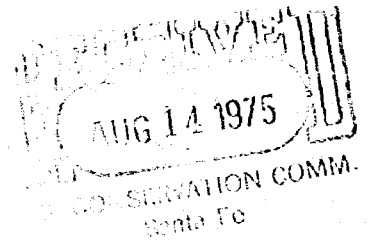
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TO

PETROLEUM DEVELOPMENT CORP.
9720-B Candelaria, N. E.
Albuquerque, New Mexico 87112

OIL CONSERVATION COMMISSION
Hobbs DISTRICT



OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE August 13, 1975

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____
NSP X

Gentlemen:

I have examined the application dated _____
for the Cleverock Energy Corp. 1980/S & W 16-19-32
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

O.K.---J.W.R.

Yours very truly,

John W. Runyan

Dockets Nos. 21-75 and 22-75 are tentatively set for hearing on September 10 and September 24, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 27, 1975

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 5536: (Continued from the August 13, 1975 Examiner Hearing)

Application of Petroleum Development Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its McKay-West Federal Well No. 1, located in Unit F of Section 34, Township 18 South, Range 32 East, Lea County, New Mexico, to produce oil from the Bone Spring formation and gas from the Morrow formation through parallel strings of tubing.

CASE 5540: Application of CleveRock Energy Corporation for a non-standard gas spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas spacing unit comprising the S/2 of Section 16, Township 19 South, Range 32 East, Lusk-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to its Superior State "C" Well No. 1, located in Unit K of said Section 16.

CASE 5541: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Horseshoe Lake Unit Area comprising 2569 acres, more or less, of State, Federal and fee lands in Townships 24 and 25 South, Range 28 East, Eddy County, New Mexico.

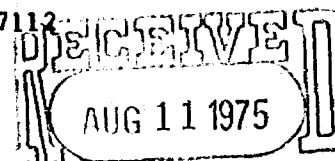
CASE 5534: (Continued & Readvertised)

Application of Texaco Inc. for three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations for its West Vacuum Unit Wells Nos. 51, 52, and 53 to be located, respectively, 1360 feet from the South line and 150 feet from the East line of Section 33; 1466 feet from the South line and 1375 feet from the West line of Section 34; and 1410 feet from the South line and 2600 feet from the East line of Section 34, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Field, Lea County, New Mexico.

CASE 5542: Application of Mesa Petroleum Co. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Merritt Unit Area comprising 2546 acres, more or less, of State lands in Township 18 South, Ranges 34 and 35 East, Lea County, New Mexico.

CLEVEROCK ENERGY CORPORATION
9720-B Candelaria N.E.
Albuquerque, New Mexico 87112

August 6, 1975



Anadarko Production Company
Two Greenway Plaza East, Suite 410
Houston, Texas 77046

Attention: Mr. Win Howard

Case 5540

Re: Application for a Non-Standard
Gas Proration Unit for CleveRock
Energy Corporation in the
S/2 of Section 16, T-19S, R-32E
Lea County, New Mexico

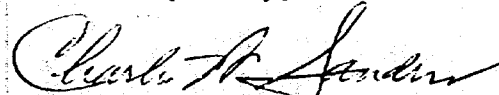
Gentlemen:

CleveRock Energy Corporation respectfully requests your timely assistance in the matter of your waiving objection to the subject application, copy attached, for 320-acre proration unit in lieu of standard 640-acre unit.

The proposed Morrow test is an abandoned dry hole, located 1980 feet from the South and West Section Lines, Township 19 South, Range 32 East, Lea County, New Mexico, which will be deepened from 11,683 feet to approximately 13,000 feet.

The reasons for requesting this non-standard unit are set forth in the attached application. Examiner hearing to review the application is scheduled for August 27, 1975, in Santa Fe. Thank you for your assistance.

Yours very truly,


Charles W. Sanders
Agent

WAIVER OF OBJECTION:

Anadarko Production Company hereby waives objection to the above-proposed non-standard gas proration unit for CleveRock Energy Corporation, said 320-acre unit to comprise the S/2 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico.

COMPANY: ANADARKO PRODUCTION COMPANY

BY: 

DOCKET MAILED

Date 8/19/75

Cont ⁵⁵³⁶ to 13th to 27th

27th
// Application Cleveland Energy Corp
for non-shand gas
production unit, Lea Co N.M.

S/2 16-19S 32E Lea
Super St C # 1
1980' FSI - 1980 FWL
Lusk Marrow Pool to be deepened
from 11,683 to 13,000

called in by Sanders Petr Development
Corp. Albg.