

CASE 5790: DOME PET. CORP. FOR  
POOL CREATION AND ASSIGNMENT  
OF A DISCOVERY ALLOWABLE, MCKINLEY  
COUNTY, NEW MEXICO

Cont to  
Nov 10

CASE 110.

5790

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 10, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Dome Petroleum Corpora- ) CASE  
tion for pool creation and assignment of ) 5790  
a discovery allowable, McKinley County, )  
New Mexico. )

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: Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant: Ken Bateman, Esq.  
WHITE, KOCH, KELLY & McCARTHY  
Attorneys at Law  
220 Otero Street  
Santa Fe, New Mexico

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1 MR. STAMETS: We will call at this time Case 5790.

2 MS. TESCHENDORF: Case 5790, application of Dome  
3 Petroleum Corporation for pool creation and assignment of  
4 discovery allowable, McKinley County, New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 MR. BATEMAN: Mr. Examiner, excuse me, I'm Ken  
7 Bateman of White, Koch, Kelly and McCarthy representing the  
8 petitioner here.

9 MR. STAMETS: I would like to have any witnesses in  
10 this case stand and be sworn, please.

11 MR. BATEMAN: I have one witness to be sworn.

12 (THEREUPON, the witness was duly sworn.)  
13

14 WILLIAM E. BABYAK

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

18 DIRECT EXAMINATION

19 BY MR. BATEMAN:

20 Q State your full name, address and place of employment  
21 for the record, please?

22 A My name is William E. Babyak, that's B-a-b-y-a-k.  
23 I live at 5160 Quarles, that's Q-u-a-r-l-e-s, Drive, in  
24 Littleton, Colorado. I'm employed as District Engineer for  
25 Dome Petroleum Corporation in Denver.

1 Q Have you previously testified before the Commission  
2 and made your qualifications a matter of record?

3 A Yes, I have.

4 Q Are you familiar with the well in question in the  
5 application today?

6 A Yes, sir.

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

9 MR. STAMETS: Yes.

10 Q (Mr. Bateman continuing.) Mr. Babyak, would you  
11 refer to Exhibit One which is a location and acreage map and  
12 state what Dome seeks by its application?

13 A We seek two things, one is the designation of a new  
14 pool which we would like to call the Ojo Encino Pool, and the  
15 other is the authorization of a discovery allowable for the  
16 deepest discovery in the County of McKinley.

17 Exhibit One is an acreage and location map. It  
18 shows the lease ownerships within a two-mile distance of the  
19 discovery well which we are calling the Federal 21-1, located  
20 in Section 21 of Township 20 North, Range 5 West.

21 I would also like to say that the lease ownerships  
22 are also depicted on the Form C-109 which we will refer to  
23 later on.

24 Q Does Exhibit One also indicate the nearest production  
25 to this well?

1 A Yes, it does. I would like to refer to an error on  
2 the map. In Section 23 there is a well designated to fifty-one  
3 hundred and thirty-two feet, which is a "dry hole and not a  
4 producer.

5 Q What is the nearest production?

6 A The nearest production that we know of is up in  
7 Section 18 and Section 7, Basin Fuels' production from the  
8 Point Lookout and the Menefee.

9 Q What area are you producing from in the Federal No. 1

10 A The Federal 21-1 is producing from the Entrada  
11 formation, Jurassic in age. There is approximately, we will  
12 get into it later on, there is about three thousand feet  
13 of vertical segregation.

14 Q What is the status of the two Dome wells that are  
15 indicated on there?

16 A They are both producing oil and water from the  
17 Entrada formation, on pump.

18 Q You have indicated the offset operators on this  
19 exhibit. Have all of the offset operators been notified of  
20 your application?

21 A Well, it has been published.

22 Q Have you also notified them?

23 A Well, I don't know that we were supposed to.

24 Q I believe you did.

25 A Okay.

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1 Q Now, let's proceed with Exhibit Two. Has a log  
2 of the well been prepared?

3 A Yes, it's a dual induction laterolog run to total  
4 depth. What I would like to point out on this is on run  
5 number two you will see the top of the Entrada at five, eight,  
6 seven, seven feet on log depth and going on up the hole, the  
7 nearest offsetting production is from the Menefee and the  
8 Point Lookout. The Lower Menefee is eighteen hundred and  
9 forty-two feet log depth on the log and the Point Lookout is  
10 at twenty-seven, forty-eight.

11 What I would like to point out here, there is a  
12 great degree of vertical segregation between the Entrada,  
13 Point Lookout and the Menefee.

14 Q Mr. Babyak, would you proceed then with Exhibit  
15 Three, which is the structure map which has been prepared  
16 and describe the producing area in the new pool?

17 A Well, first of all I would like to point out that  
18 we are making water so we are probably getting close to an  
19 oil-water contact in this well. You can see this map which  
20 has been prepared from reflection seismic indicates a small  
21 structure, pretty much in the center of Section 21 and we  
22 believe the horizontal limits of production to be fairly well  
23 localized, within Section 21 certainly and certainly within  
24 the limits of Section 21.

25 The nearest other production from the Entrada is

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1 about nine and a half miles to the southeast in the Eagle Mesa  
2 Field. It is operated by Petro-Lewis.

3 Q And do you recall what county that production is  
4 in?

5 A I believe it is Sandoval.

6 Q That's correct. Let's proceed then with Exhibit  
7 Number Four which is a Form C-109. We have already described  
8 the nearest comparable production. What pool designation do  
9 you recommend?

10 A We would like the designation of Ojo Encino,  
11 predominantly for the geographic location relative to a school  
12 close by.

13 Q Now, in your opinion is this production the deepest  
14 in the County of McKinley?

15 A Yes.

16 Q And you are requesting a discovery allowable, is  
17 that correct?

18 A Yes.

19 Q If the Commission grants your application will  
20 correlative rights be protected and will waste be prevented?

21 A Yes, sir.

22 Q Were Exhibits One through Four prepared by you or  
23 at your direction?

24 A Yes, they were.

25 MR. BATEMAN: At this time I offer Exhibits One

1 through Four.

2 MR. STAMETS: Any objection to the admission of  
3 these exhibits? They will be admitted.

4 (THEREUPON, Applicant's Exhibits One  
5 through Four were admitted into evidence.)

6 MR. BATEMAN: No further direct.

7 MR. STAMETS: Are there any questions of this  
8 witness?

9

10

CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Babyak, have you calculated the discovery  
13 allowable on this well?

14 A I believe it is ten barrels per day to the top  
15 of the perforations which would give it fifty-eight thousand,  
16 seven hundred and seventy barrels.

17 Q I believe that's a day, isn't it, that would be  
18 produced over a period of two years?

19 A Two years, yes.

20 Q Have you got your handy calculator out?

21 A It would work out to be about fifty barrels a day  
22 extra allowable.

23 Q Fifty barrels a day?

24 A Approximately, yes.

25 Q What is the allowable at this depth?

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1 A One hundred and seven.

2 Q So you would be producing -- one hundred and seven,  
3 you say?

4 A Yes, it is the normal depth bracket allowable. We  
5 would be producing a hundred and fifty-seven barrels a day.

6 Q Is that rate of production substantially less than  
7 production which is allowed from other Entrada pools?

8 A Yes, it is.

9 Q So you believe that this can be produced without  
10 waste, without sucking in, say, down dip water?

11 A Well, we've got the thing on beam pump right now  
12 and I think as of two or three days from the start of  
13 production it began to make water. That's just the normal  
14 happenstance of the vertical permeabilities that good, that  
15 you live with the water but you also produce the oil.

16 MR. STAMETS: Any other questions of the witness?

17 Q (Mr. Stamets continuing.) Oh, what would you  
18 like the horizontal limits of this pool to be?

19 Normally, let me state, normally, we make the pool  
20 relatively small and include the area which has already been  
21 developed.

22 A Well, for the time being, certainly the two forty  
23 acre spots around the two wells drilled will suffice.

24 MR. STAMETS: Okay. Any further questions?

25 Mr. Kendrick?

CROSS EXAMINATION

1  
2 BY MR. KENDRICK:

3 Q Mr. Babyak, do you have electric power in this  
4 area so that you could utilize bottom-hole pumps in these  
5 wells?

6 A Not at the present time. We have, however, signed  
7 a letter of intent with the Jemez Cooperative Electrical  
8 Company and they are clearing right-of-way, et cetera and  
9 we are going to get power in.

10 MR. KENDRICK: Thank you.

11 MR. STAMETS: If there are no further questions  
12 the witness may be excused.

13 (THEREUPON, the witness was excused.)

14 MR. STAMETS: Anything further in this case?

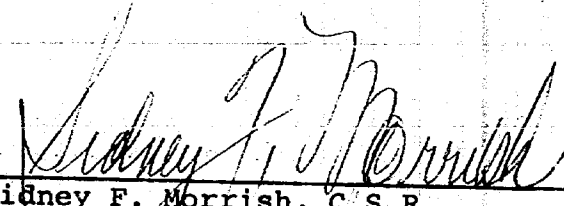
15 The case will be taken under advisement.  
16  
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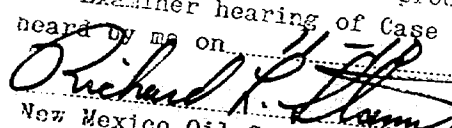
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REPORTER'S CERTIFICATE

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. 5790  
heard by me on 4-7-76.  
  
Richard K. Hamm, Examiner  
New Mexico Oil Conservation Commission

**NEW MEXICO OIL CONSERVATION COMMISSION**  
**APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL**

Form C-109  
 Adopted 9-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.  
 If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator <b>Dome Petroleum Corp.</b>		Address <b>1600 Broadway-St. 1500, Denver, CO 80202</b>	
Lease Name <b>Federal 21</b>		Well No. <b>1</b>	County <b>McKinley</b>
Well Location Unit Letter <b>K</b> : <b>2310</b> Feet from The <b>South</b> Line and <b>2310</b> Feet From the <b>West</b> Line of Section <b>21</b> , Township <b>20N</b> , Range <b>5W</b> , NMPM			
Suggested Pool Names (List in order of preference) 1. <b>OJO ENCINO</b> 2. <b>ENCINO</b> 3. <b>ENCINO WASH</b>			
Name of Producing Formation <b>Entrada</b>		Perforations <b>5877-5885</b>	Date of Filing Form C-104 <b>August 27, 1976</b>
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? <b>No</b>		If Yes, Give Date of Filing <b>July 20, 1976</b>	Date Well was Spudded <b>August 26, 1976</b>
Total Depth <b>6110</b>	Plugged Back Depth <b>6031</b>	Depth Casing Shoe <b>6109</b>	Tubing Depth <b>2992</b>
Oil Well Potential (Test to be taken only after all load oil has been recovered) <b>215</b> Bbls, Oil Per Day Based On <b>197</b> Bbls In <b>22</b> Hours; <b>0</b> Bbls Water Per Day Based On <b>0</b> Bbls		Elevation (Gr., DF, RKB, RT, etc.) <b>6787 KB</b>	
In <b>22</b> Hours; Gas Production During Test: <b>TSIM</b> MCF; Gas-Oil Ratio: <b>TSIM</b> Method Of Producing: <b>Pumping</b> Chk. Size: <b>-</b>			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name <b>Undesignated</b>	Name of Producing Formation <b>Pt. Lookout &amp; Menefee</b>	Top of Pay <b>1910' (Menefee)</b>	Bottom of Pay <b>2835' (Lookout)</b>	Currently Producing? <b>Yes</b>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool <b>2-3/4 miles northwest</b>		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool <b>3100'</b>		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name <b>Eagle Mesa (Sandoval County)</b>	Top of Pay <b>5433'</b>	Bottom of Pay <b>5519'</b>	Currently Producing? <b>Yes</b>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool <b>9 1/2 miles southeast</b>			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? <b>Yes</b>	If Yes, Give Name, Location, and Depth of Next Deepest Oil Producing Well in this County <b>EXHIBIT NO. 4</b>
--	--

Is the Subject Well Multiple Completion? <b>No</b>	Is Discovery Allowable Requested for other Zone(s)? <b>No</b>	If Yes, Name all Such Formations <b>Submitted by Applicant</b>
---	--	---

**BEFORE EXAMINER STAMETS**  
**OIL CONSERVATION COMMISSION**

**CASE NO. 5790**

**Submitted by Applicant**

**Hearing Date Nov 10, 1976**

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
Kirby Exploration Company	Box 1745, First City National Bank Building, Houston, Texas 77001
Aquitaine Oil Corporation	Suite 1900, Transco Tower, 2700 So. Post Oak Rd., Houston, Texas 77027
Natural Gas Pipeline Company	P.O. Box 283, Houston, Texas 77001
Gulf Energy & Minerals Company (U.S.)	P.O. Drawer 1150, Midland, Texas 79701
Billie Robinson (Mrs.)	P.O. Box 1281, Santa Fe, New Mexico 87501
Mountain Fuel and Supply Company	P.O. Box 11368, Salt Lake City, Utah 84139

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks: Under nearest comparable production, the top of pay denotes depth in the highest structural well while bottom refers to base in lowest structural well.

**CERTIFICATION**

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

*William E. Sisk* District Engineer September 21, 1976

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 27, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Dome Petroleum Corpora-  
tion for pool creation and assignment  
of a discovery allowable, McKinley  
County, New Mexico.

CASE  
5790

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:

Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

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

1 MR. NUTTER: We will call Case Number 5790.

2 MS. TESCHENDORF: Case 5790, application of Dome  
3 Petroleum Corporation for a pool creation and assignment of  
4 a discovery allowable, McKinley County, New Mexico.

5 MR. NUTTER: The Commission has received a request  
6 from the counsel representing Dome Petroleum Corporation for  
7 continuance of this case.

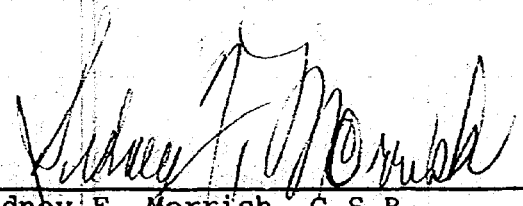
8 The case will be continued to the Examiner Hearing  
9 scheduled to be held at this same place at nine o'clock A.M.,  
10 November 10th, 1976.

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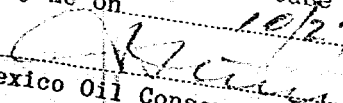
REPORTER'S CERTIFICATE

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.

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Phone (505) 982-9212

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5790,  
heard by me on 10/27, 1976.  
 Examiner  
New Mexico Oil Conservation Commission

NEW MEXICO OIL CONSERVATION COMMISSION  
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Form C-109  
Adopted 9-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 309.  
If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator <b>Dome Petroleum Corp.</b>		Address <b>1600 Broadway-Ste. 1500, Denver, CO 80202</b>	
Lease Name <b>Federal 21</b>		Well No. <b>1</b>	County <b>McKinley</b>
Well Location Unit Letter <b>K</b> ; <b>2310</b> Feet from The <b>South</b> Line and <b>2310</b> Feet			
From the <b>West</b> Line of Section <b>21</b> , Township <b>20N</b> , Range <b>5W</b> , NMPM			
Suggested Pool Names (List in order of preference) 1. <b>OJO ENCINO</b> 2. <b>ENCINO</b> 3. <b>ENCINO WASH</b>			
Name of Producing Formation <b>Entrada</b>	Perforations <b>5877-5885</b>	Date of Filing Form C-104 <b>August 27, 1976</b>	
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? <b>No</b>	If Yes, Give Date of Filing	Date Well was Spudded <b>July 20, 1976</b>	Date Compl. Ready to Prod. <b>August 26, 1976</b>
Total Depth <b>6110</b>	Plugged Back Depth <b>6031</b>	Depth Casing Shoe <b>6109</b>	Tubing Depth <b>2992</b>
		Elevation (Gr., DF, RKB, RT, etc.) <b>6787 KB</b>	
Oil Well Potential (Test to be taken only after all load oil has been recovered)			
<b>215</b> Bbls. Oil Per Day Based On <b>197</b> Bbls In <b>22</b> Hours; <b>0</b> Bbls Water Per Day Based On <b>0</b> Bbls			
In <b>22</b> Hours; Gas Production During Test:	<b>TSTM</b>	MCF;	Gas-Oil Ratio: <b>TSTM</b>
Method Of Producing: <b>Pumping</b>		Chk. Size	-

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name: Undesignated Secs 7-18, T20N R5W	Name of Producing Formation Pt. Lookout & Menefee	Top of Pay 1910' (Menefee)	Bottom of Pay Pt. 2835' (Lookout)	Currently Producing? Yes
Horizontal Distance and Direction from Nearest Well in this Pool 2-3/4 miles northwest		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 3100'		

**NEAREST COMPARABLE PRODUCTION** (Includes past and present oil or gas production from this pay or formation only):

Pool Name Eagle Mesa (Sandoval County)	Top of Pay 5433'	Bottom of Pay 5519'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 9½ miles southeast			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? Yes	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
---	--

Is the Subject Well Multiple Completion?	Is Discovery Allowable Requested for other Zone(s)?	If Yes, Name all Such Formations
No	No	

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
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Aquitaine Oil Corporation	Suite 1900, Transco Tower, 2700 So. Post Oak Rd., Houston, Texas 77027
Natural Gas Pipeline Company	P.O. Box 283, Houston, Texas 77001
Gulf Energy & Minerals Company (U.S.)	P.O. Drawer 1150, Midland, Texas 79701
Billie Robinson (Mrs.)	P.O. Box 1281, Santa Fe, New Mexico 87501
Mountain Fuel and Supply Company	P.O. Box 11368, Salt Lake City, Utah 84139

*Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.*

Remarks: Under nearest comparable production, the top of pay denotes depth in the highest structural well while bottom refers to base in lowest structural well.

### CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

William E. Babcock District Engineer September 21, 1976  
Signature Position Date

**NEW MEXICO OIL CONSERVATION COMMISSION**  
**APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL**

Form C-109  
 Adopted 9-1-66

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Operator <b>Dome Petroleum Corp.</b>		Address <b>1600 Broadway-St. 1500, Denver, CO 80202</b>	
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Suggested Pool Names (List in order of preference) 1. <b>OJO ENCINO</b> 2. <b>ENCINO</b> 3. <b>ENCINO WASH</b>			
Name of Producing Formation <b>Entrada</b>		Perforations <b>5877-5885</b>	Date of Filing Form C-104 <b>August 27, 1976</b>
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? <b>No</b>		If Yes, Give Date of Filing	Date Well was Spudded <b>July 20, 1976</b>
Total Depth <b>6110</b>		Plugged Back Depth <b>6031</b>	Depth Casing Shoe <b>6109</b>
Tubing Depth <b>2992</b>		Elevation (Gr., DF, RKB, RT, etc.) <b>6787 KB</b>	
Oil Well Potential (Test to be taken only after all load oil has been recovered) <b>215</b> Bbls, Oil Per Day Based On <b>197</b> Bbls In <b>22</b> Hours; <b>0</b> Bbls Water Per Day Based On <b>0</b> Bbls			
In <b>22</b> Hours; Gas Production During Test: <b>TSIM</b> MCF; Gas-Oil Ratio: <b>TSIM</b> Method Of Producing: <b>Pumping</b> Chk. Size <b>-</b>			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name <b>Secs 7-18, T20N R5W</b>	Name of Producing Formation <b>Pt. Lookout &amp; Menefee</b>	Top of Pay <b>1910' (Menefee)</b>	Bottom of Pay Pt. <b>2835' (Lookout)</b>	Currently Producing? <b>Yes</b>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool <b>2-3/4 miles northwest</b>		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool <b>3100'</b>		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name <b>Eagle Mesa (Sandoval County)</b>	Top of Pay <b>5433'</b>	Bottom of Pay <b>5519'</b>	Currently Producing? <b>Yes</b>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool <b>9 1/2 miles southeast</b>			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? <b>Yes</b>	If Yes, Give Name, Location, and Depth of Nearest Production in this County
--	---

Is the Subject Well Multiple Completion? <b>No</b>	Is Discovery Allowable Requested for other Zone(s)? <b>No</b>	If Yes, Name all Such Formations
---	--	----------------------------------

**BEFORE EXAMINER STAMETS**  
**NEW MEXICO OIL CONSERVATION COMMISSION**  
**EXHIBIT NO. 4**  
**CASE NO. 5790**  
 Submitted by **Applicant**  
 Hearing Date **Nov. 10, 1976**

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
Kirby Exploration Company	Box 1745, First City National Bank Building, Houston, Texas 77001
Aquitaine Oil Corporation	Suite 1900, Transco Tower, 2700 So. Post Oak Rd., Houston, Texas 77027
Natural Gas Pipeline Company	P.O. Box 283, Houston, Texas 77001
Gulf Energy & Minerals Company (U.S.)	P.O. Drawer 1150, Midland, Texas 79701
Billie Robinson (Mrs.)	P.O. Box 1281, Santa Fe, New Mexico 87501
Mountain Fuel and Supply Company	P.O. Box 11368, Salt Lake City, Utah 84139

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks: Under nearest comparable production, the top of pay denotes depth in the highest structural well while bottom refers to base in lowest structural well.

**CERTIFICATION**

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

*William E. Babcock* District Examiner *September 21, 1976*

WHITE,  
KOCH, KELLY  
&  
McCARTHY

CASE #

~~310~~

Call

JACQUE

9824374

when case number is assigned.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF DOME PETROLEUM CORPORATION FOR  
THE CREATION OF A NEW OIL POOL AND  
FOR THE AWARD OF A DISCOVERY  
ALLOWABLE.

Case No. 5790

APPLICATION

COMES NOW the Applicant Dome Petroleum Corporation and respectfully makes application to the Oil Conservation Commission for the creation of a new pool to be designated "Ojo Encino" and for the award of a discovery allowable to its Federal 21-1 located in Section 21, T20N, R5W, McKinley County, New Mexico, and cause therefor respectfully shows the Commission as follows:

1. It is indicated on the attached Form C 109 that the Applicant completed its Federal 21-1 on August 26, 1976 in the Entrada Formation with perforation between 5877 and 5885 feet which, upon information and belief, is the deepest oil production within McKinley County. Attached hereto and marked Exhibit "A" and "B", respectively, are completed Form C 109 and C 104.

2. Location of all offset wells and lease ownership within a two mile radius of the Federal 21-1 is attached hereto as Exhibit "C".

3. Attached hereto as Exhibit "D" is an electrical log of the Federal 21-1 with the top of the Entrada Formation marked.

WHEREFORE, the Applicant prays the Commission's Order designating the new pool discovery as the "Ojo Encino" and further applying discovery allowable of ten barrels per foot of depth to the top of the perforations to its Federal 21-1.

DOME PETROLEUM CORPORATION

By:

WHITE, KOCH, KELLY & McCARTHY

By:

*Kenneth B. Bator*  
Its Attorneys

P. O. Box 787

Santa Fe, New Mexico 87501

(505) 982-4374



## OIL CONSERVATION COMMISSION

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

DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO



STATE GEOLOGIST  
EMERY C. ARNOLD

Mr. Kenneth Bateman  
White, Koch, Kelly & McCarthy  
Attorneys at Law  
P. O. Box 787  
Santa Fe, New Mexico

Re: CASE NO. 5790  
ORDER NO. R-5330

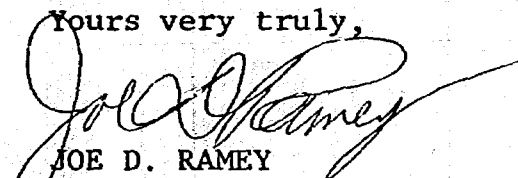
Applicant:

Dome Petroleum 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  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC X  
Aztec OCC X

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. 5790  
Order No. R-5330

APPLICATION OF DOME PETROLEUM  
CORPORATION FOR POOL CREATION  
AND ASSIGNMENT OF A DISCOVERY  
ALLOWABLE, MCKINLEY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 10, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 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 the applicant, Dome Petroleum Corporation, has discovered a new common source of supply for the production of oil from the Entrada formation in its Federal 21 Well No. 1, located in Unit K of Section 21, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico, said well being completed to produce from the Entrada formation August 26, 1976, through casing perforations from 5,877 feet to 5,885 feet.

(3) That the applicant seeks the creation and designation of a new oil pool for said Federal 21 Well No. 1, and the assignment of an oil discovery allowance to the discovery well.

(4) That having made a bona fide deepest McKinley County discovery of a new common source of supply, the discovery well, applicant's Federal 21 Well No. 1 is eligible for and should be assigned an oil discovery allowable of ten barrels for each foot of depth from the surface of the ground to the top of the perforations at 5,877 feet, or 58,770 barrels.

-2-

Case No. 5790

Order No. R-5330

(5) That a new pool for said discovery well should be created and designated the Ojo Encino-Entrada Oil Pool, and the vertical limits of said pool should be the Entrada formation and the horizontal limits should comprise:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM  
Section 21: SE/4 NW/4 and NE/4 SW/4

(6) That creation of a new pool and the assignment of a discovery allowable, all as described in Findings Nos. (4) and (5) above are in the interest of conservation, will prevent waste, and will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective December 1, 1976, a new pool for the production of oil from the Entrada formation in McKinley County, New Mexico, is hereby created and designated as the Ojo Encino-Entrada Oil Pool with vertical limits comprising the Entrada formation and horizontal limits as follows:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM  
Section 21: SE/4 NW/4 and NE/4 SW/4

(2) That the discovery well for said pool, the Dome Petroleum Corporation Federal 21 Well No. 1 located in Unit K of Section 21, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico, is hereby assigned an oil discovery allowable of 58,770 barrels of oil, to be produced within 730 days after the effective date of this order.

(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, Member

  
JOE D. RAMEY, Member & Secretary

SEAL

jr/



**CASE 5776:** (Continued & Readvertised)

Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 8 to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.

**CASE 5794:** Application of Continental Oil 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 31, Township 22 South, Range 31 East, Los Medanos Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in Unit L of said Section 31. 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 applicant as operator of the well and a charge for risk involved in drilling said well.

**CASE 5795:** Application of Continental Oil Company for an exception to the provisions of Order No. R-1670, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 21(A) of the General Rules and Regulations for the prorated gas pools of Northwestern New Mexico contained in Order No. R-1670, to permit the reporting of Basin Dakota production from wells on its Northeast Haynes Lease in Township 24 North, Range 5 West, Rio Arriba County, New Mexico, without the necessity of separately measuring the production from each well.

**CASE 5777:** (Continued & Readvertised)

Application of Gifford & Mitchell and M. B. Wisenbaker for pool creation, pool rules, and a non-standard gas spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Pennsylvanian production for its Horse Back Well No. 1 located 1000 feet from the South line and 1980 feet from the East line of Section 33, Township 26 South, Range 36 East, Lea County, New Mexico, the promulgation of pool rules therefor, including a provision for 640-acre spacing and approval for a 589.52-acre non-standard gas spacing unit comprising all of partial Sections 33 and 34 of the aforesaid township.

Docket No. 30-76

Dockets Nos. 31-76 and 32-76 are tentatively set for hearing on November 10 and November 23, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: COMMISSION HEARING - THURSDAY - NOVEMBER 4, 1976**

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

**CASE 5743:** In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells located in Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32.

Upon application of John W. Adams, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 31-76 and 32-76 are tentatively set for hearing on November 10 and November 23, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 27, 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:

CASE 5768: (Continued from September 29, 1976, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Service Drilling Company, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, Mora County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5785: (Continued from October 13, 1976, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Seven Rivers-Queen formation underlying the NE/4 NE/4, NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4 of Section 19, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to form four 40-acre proration units to be dedicated to four oil wells to be drilled at standard locations on said tracts. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 5574: (Reopened) (Continued from October 13, 1976, Examiner Hearing)

In the matter of Case 5574 being reopened pursuant to the provisions of Order No. R-5118 which order established a temporary special depth bracket allowable of 750 barrels of oil per day for the Eagle Mesa-Entrada Oil Pool, Sandoval County, New Mexico. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

CASE 5789: Application of Amoco Production Company for salt water disposal well, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Fusselman formation through the perforated interval from 8213 feet to 8538 feet in its Swearingen "C" Well No. 2 located in Unit M of Section 18, Township 5 South, Range 33 East, Petersen-Fusselman Pool, Roosevelt County, New Mexico.

CASE 5790: Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production and the assignment of approximately 58,770 barrels of oil discovery allowable to the discovery well, being the Federal 21 Well No. 1 located in Unit K of Section 21, Township 20 North, Range 5 West, McKinley County, New Mexico.

CASE 5791: Application of Texaco Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard Eumont gas proration unit comprising the E/2 SE/4, SW/4 SE/4, and SE/4 SW/4 of Section 23; the W/2 NW/4 of Section 25; and the E/2 NE/4 of Section 26, all in Township 19 South, Range 36 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's William Weir Wells Nos. 1 and 2 at unorthodox locations in Unit E of said Section 25 and Unit N of said Section 23, respectively.

CASE 5792: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Angels Peak-Gallup and Basin-Dakota production in the wellbore of its McAdams Well No. 3 located in Unit H of Section 34, Township 27 North, Range 10 West, San Juan County, New Mexico.

CASE 5793: Application of Dugan Production Corporation for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Sherman Edward Well No. 2A, to be drilled at a point 2500 feet from the North line and 510 feet from the West line of Section 3, Township 29 North, Range 5 West, Blanco Mesaverde Gas Pool, Rio Arriba County, New Mexico, the W/2 of said Section 3 to be dedicated to the well.

Docket No. 31-76

Dockets Nos. 32-76 and 33-76 are tentatively set for hearing on November 23 and December 15, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 10, 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. Mutter, Alternate Examiner:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for December, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 5796:** In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Hixon Development Company, National Surety Corporation, and all other interested parties to appear and show cause why the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50 located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, Bisti-Lower Gallup Pool, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

**CASE 5798:** Application of Exxon Corporation for a unit agreement, Sierra and Dona Ana Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the Prisor Unit Area comprising 24,910 acres, more or less, of State, Federal, and fee lands in Townships 16 and 17 South, Ranges 1 East and 1 West, Sierra and Dona Ana Counties, New Mexico.

**CASE 5799:** Application of Gulf Oil Corporation for an unorthodox gas well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard proration unit comprising the NE/4 SW/4 and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, Township 21 South, Range 37 East, Tubb Gas Pool, Lea County, New Mexico, to be dedicated to applicant's J. N. Carson Well No. 9 located at an unorthodox location 1874 feet from the South line and 2086 feet from the West line of said Section 28.

**CASE 5809:** Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard, Tubb, and Blinberry production in the wellbore of its Manda "B" Well No. 1, located in Unit C of Section 28, Township 22 South, Range 37 East, Lea County, New Mexico.

**CASE 5800:** Application of Yates Petroleum Corporation for salt water disposal well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Morrow formation through the perforated interval from 8983 feet to 9129 feet in its Bob Gushwa Well No. 1 located in Unit J of Section 21, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

**CASE 5801:** Application of Atlantic Richfield Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 275-acre non-standard gas proration unit comprising the W/2 E/2, N/2 NW/4, and SE/4 NW/4 of Section 19, Township 21 South, Range 36 East, Eusont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State 176 Wells Nos. 3 and 6 located, at unorthodox locations in Units J and C, respectively, of said Section 19.

**CASE 5802:** Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 28-7 Unit Well No. 75 located in Unit L of Section 15, Township 28 North, Range 7 West, Rio Arriba County, New Mexico.

**CASE 5803:** Application of El PamCo., Inc., for downhole commingling and simultaneous dedication, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Fruitland and Pictured Cliffs gas production in the wellbore of its Valdez "A" Well No. 1, located in Unit P of Section 24, Township 29 North, Range 11 West, San Juan County, New Mexico. Applicant further seeks approval for the simultaneous dedication of the SE/4 of said Section 24 to said well and its Valdez Well No. 1 located in Unit I of said Section 24.

**CASE 5804:** Application of Stevens Oil Company for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its O'Brien "C" Well No. 2 located in Unit D of Section 1, Township 9 South, Range 28 East, Chaves County, New Mexico, to produce oil from the San Andres and Devonian formations through parallel strings of tubing.

- CASE 5805: Application of Morris R. Antweil for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Morrow formations underlying the N/2 of Section 3, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location in Unit G of said Section 3. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5806: Application of Anadarko Production Company for two unorthodox well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of its Artesia State Unit Well No. 9-5 to be drilled 1270 feet from the North line and 50 feet from the East line of Section 23 and its Artesia State Unit Well No. 2-3 to be drilled 50 feet from the South line and 1270 feet from the West line of Section 13, both in Township 18 South, Range 27 East, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.
- CASE 5797: Application of C&K Petroleum, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Dallas Ranch Unit Area comprising 5746 acres, more or less, of State, Federal, and fee lands in Township 9 South, Range 26 East, Chaves County, New Mexico.
- CASE 5807: Application of C&K Petroleum, Inc., for compulsory pooling and a non-standard unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to form a non-standard 336.6-acre unit to be dedicated to a well located 1680 feet from the North line and 1980 feet from the East line of said Section 13. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5808: Application of C&K Petroleum, Inc., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to and including the Pennsylvanian formation underlying the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 16 South, Range 37 East, Lea County, New Mexico, to form four 40-acre oil proration units, the first to be dedicated to a well to be drilled at a point 660 feet from the South and East line of said Section 21 to test the Strawn formation and each of the others to a well subsequently drilled thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 5785: (Continued from October 27, 1976 Examiner Hearing)
- Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Seven Rivers-Queen formation underlying the NE/4 NE/4, NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4 of Section 19, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to form four 40-acre proration units to be dedicated to four oil wells to be drilled at standard locations on said tracts. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 5790: Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production and the assignment of approximately 58,770 barrels of oil discovery allowable to the discovery well, being the Federal 21 Well No. 1 located in Unit K of Section 21, Township 20 North, Range 5 West, McKinley County, New Mexico.
- CASE 5776: (Continued from October 27, 1976, Examiner Hearing)
- Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 8 to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.



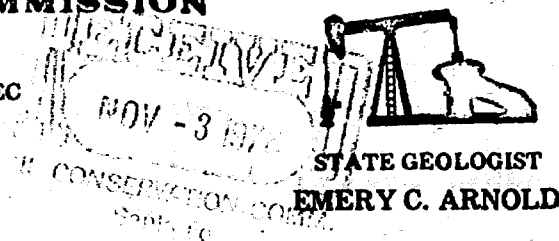
DIRECTOR  
JOE D. RAMEY

## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
1000 RIO BRAZOS RD. - AZTEC

87410

LAND COMMISSIONER  
PHIL R. LUCERO



November 2, 1976

DICK:

Mr. Bill Babyak  
Dome Petroleum Corp.  
Suite 1500  
Colorado State Bank Building  
1600 Broadway  
Denver, Colorado 80202

Re: Case 5790, November 10, 1976

Dear Bill:


Due to a prior commitment I asked that the subject case be called  
at 9:00 A.M. on November 10th.

If this causes any hardship on your people, please call me so that  
it can be called later in the day.

I would appreciate an advance copy of your exhibits if you need the  
case later than noon.

We can change the hour anytime prior to November 10th.

Yours very truly,

  
A. R. Kendrick  
Supervisor, District #3

ARK:mc





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:

5790  
CASE NO. 5574  
Order No. R-5118

*Dome Petroleum*  
APPLICATION OF ~~PILON EXPLORATION~~  
CORPORATION FOR POOL CREATION AND  
ASSIGNMENT OF A DISCOVERY ALLOWABLE, *McKinley*  
~~AND SPECIAL POOL RULES, SANDOVAL~~  
COUNTY, NEW MEXICO.

R-5330

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on ~~October 22, 1975~~ *November 10, 1976*  
at Santa Fe, New Mexico, before Examiner ~~Daniel S. Natter~~ *RLS*

NOW, on this ~~17th~~ day of November, 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.

*Dome Petroleum*  
(2) That the applicant, ~~Pilon Exploration~~ Corporation, has  
discovered a new common source of supply for the production of  
oil from the Entrada formation in its Federal ~~21~~ Well No. 1,  
located in Unit ~~K~~ of Section ~~21~~, Township ~~20~~ North, Range ~~5~~  
West, NMPM, ~~Sandoval~~ County, New Mexico, said well being  
completed to produce from the Entrada formation August 26,  
1976, through casing perforations from ~~5,883~~ feet to ~~5,885~~  
feet. *5877* *51885*

(3) That the applicant seeks the creation and designation  
of a new oil pool for said Federal ~~21~~ Well No. 1, ~~the promulga-~~  
~~tion of special rules for said pool including the assignment~~  
~~of a special depth bracket allowable~~, and the assignment of an  
oil discovery allowance to the discovery well.

*deepest McKinley County*  
(4) That having made a bona fide discovery of a new common  
source of supply, the discovery well, applicant's Federal ~~21~~  
Well No. 1 is eligible for and should be assigned an oil  
discovery allowable of ~~five~~ barrels for each foot of depth  
from the surface of the ground to the top of the perforations  
at ~~5,483~~ feet, or ~~27,415~~ barrels.

*5877*

*58,770*

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*Oil, Enclaves*

(5) That a new pool for said discovery well should be created and designated the ~~Media-Entrada~~ <sup>Oil Enclaves</sup> Entrada Oil Pool, and the vertical limits of said pool should be the Entrada formation and the horizontal limits should comprise:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM

Section 10: ~~SW/4 SW/4~~ *SE/4 NW/4 and NE/4 SW/4*

Section 12: ~~SW/4 SW/4~~

Section 13: ~~NW/4 NW/4~~

Section 14: ~~NE/4 NE/4~~

(6) That the aforesaid oil pool produces from the Entrada formation with a high water-oil cut, apparently as the result of a high connate water saturation and an active water-drive mechanism.

(7) That tests have shown that high-volume pumping of wells in the subject pool appears to reduce the water-oil cut and should result in the recovery of additional quantities of oil, thereby preventing waste.

(8) That the applicant proposes a special depth bracket allowable of 2,000 barrels of oil per day for the subject pool.

(9) That the water-oil cuts encountered in the wells completed in said pool to date, even when reduced by high-volume pumping, would result in the production of excessive volumes of fluid beyond the physical capacity of the available producing equipment or disposal facilities, if production were such as to justify a 2,000 barrel-per-day oil allowable.

(10) That production of such excessive quantities of fluid as would be necessary to even approach 2,000 barrels of oil per day would greatly increase the hazard of water coning and subsequent loss of oil production, thereby causing waste.

(11) That the Entrada formation in the subject pool bears close resemblance to the Entrada formation in the Media-Entrada Oil Pool, which is located some five miles to the east-southeast.

(12) That the reservoir characteristics and the well-producing characteristics in the subject pool and said Media-Entrada Oil Pool appear to be almost identical.

(13) That a special depth bracket allowable of 750 barrels of oil per day has been in effect in said Media-Entrada Oil Pool for quite some time and has proven to be efficient and in the interest of conservation.

(14) That until more is known of the actual characteristics of the reservoir and the fluid mechanics in the subject pool, it appears to the Commission to be unwise to establish a depth bracket allowable for the subject pool which exceeds the depth bracket allowable previously established for a very similar oil pool.



(15) That the applicant's proposed 2,000 barrel-per-day depth bracket allowable should be denied.

(16) That temporary special pool rules should be adopted for the subject pool which provide for a depth bracket allowable of 750 barrels of oil per day per well.

(6) That creation of a new pool, <sup>on the</sup> assignment of a discovery allowable, ~~and the promulgation of temporary special pool rules,~~ all as described in Findings Nos. (4) ~~and (5)~~ <sup>and (5)</sup> above are in the interest of conservation, will prevent waste, and will not impair correlative rights, and should be approved.

(18) That this case should be reopened at an examiner hearing in October, 1976, at which time the operators in the subject pool should appear and show cause why the temporary special depth bracket allowable should be made permanent.

IT IS THEREFORE ORDERED:

(1) That effective <sup>December</sup> ~~November~~ 1, 1976, a new pool for the production of oil from the Entrada formation in ~~Sandoval~~ <sup>McKinley</sup> County, New Mexico, is hereby created and designated as the ~~Eagle Mesa-Entrada Oil Pool~~ with vertical limits comprising the Entrada formation and horizontal limits as follows:

TOWNSHIP <sup>20</sup> ~~29~~ NORTH, RANGE <sup>5</sup> ~~4~~ WEST, NMPM  
Section ~~11~~: ~~SE 1/4 SE 1/4~~ <sup>SE 1/4 NW 1/4 and NE 1/4 SW 1/4</sup>  
Section ~~12~~: ~~SW 1/4 SW 1/4~~  
Section ~~13~~: ~~NW 1/4 NW 1/4~~  
Section ~~14~~: ~~NE 1/4 NE 1/4~~

(2) That the discovery well for said pool, the <sup>Dome Petroleum</sup> ~~Pilon~~ <sup>McKinley</sup> ~~Exploration Corporation Federal~~ <sup>58770</sup> Well No. 1 located in Unit ~~210~~ <sup>K</sup> of Section ~~210~~, Township <sup>20</sup> North, Range <sup>5</sup> West, NMPM, ~~Sandoval~~ County, New Mexico, is hereby assigned an oil discovery allowable of ~~27,415~~ barrels of oil, to be produced within 730 days after the effective date of this order.

(3) That applicant's request for a 2,000 barrel-per-day special depth bracket allowable is hereby denied.

(4) That a temporary special depth bracket allowable of 750 barrels of oil per day is hereby established for the Eagle Mesa-Entrada Oil Pool, Sandoval County, New Mexico.

(5) That this case shall be reopened at an examiner hearing in October, 1976, at which time the operators in the subject pool may appear and show cause why the temporary special depth bracket allowable should not be rescinded.

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(6) That the Secretary-Director of the Commission may, at any time it appears that premature water encroachment or water coning is occurring, or other evidence of reservoir damage is apparent, rescind the provisions of this order and cause the top unit allowable for the Eagle Mesa-Entrada Oil Pool to revert to 107 barrels of oil per day.

(7) That each month the applicant shall take production fluid level tests on each producing well in the pool and shall report the results of these tests along with other pertinent monthly well production data to the Aztec district office of the Commission.

(8) 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. Raney*  
JOE D. RANEY, Member & Secretary

S E A L

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