

CASE 1139: Application of Lowry, et al, for
approval of 160 acre NS drilling & gas spac-
ing unit, South Blanco-Dakota Gas Pool.

Case No.

1139

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 10, 1956

C
O
P
Y

Mr. Jason W. Kellahin
P.O. Box 597
Santa Fe, New Mexico

Dear Sir:

On behalf of your client, Lowery, et al, Operating Account, we enclose two copies of Order R-896 issued October 10, 1956, by the Oil Conservation Commission in Case 1139, which was heard on September 5th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
Encls.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1139
Order No. R-396

APPLICATION OF LOWERY ET AL
OPERATING ACCOUNT, FOR AN ORDER
GRANTING APPROVAL OF A 160 NON-
STANDARD GAS DRILLING AND SPACING
UNIT IN THE SOUTH BLANCO-DAKOTA
GAS POOL, RIO ARriba COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock a.m. on September 5, 1956, at Santa Fe, New Mexico, before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 10th day of October, 1956, the Commission, a quorum being present, having considered the application, the evidence adduced, the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

(1) That due notice having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That the applicant is the operator of the State of New Mexico lease, and the No. D-268 Well, located 1980 feet from the North line and 660 feet from the East line of Section 16, Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant proposes to dedicate the S/2 NE/4 and the N/2 SE/4 of said Section 16 to its aforementioned State No. D-268 Well.

(4) That the applicant is the operator of all leases offsetting the proposed non-standard unit.

(5) That the creation of the proposed drilling and spacing unit will not cause waste or violate correlative rights.

-2-

Order No. R-896

IT IS THEREFORE ORDERED:

That the application of Lowery et al., Operating Account, for a 160-acre non-standard drilling and spacing unit in the South Blanco-Dakota Gas Pool consisting of the S/2 NE/4 and the N/2 SE/4 of Section 16, Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico be and the same is hereby approved.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


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



ir/

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1139

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

September 5, 1956

IN THE MATTER OF:

Application of Lowry, et al, Operating Account,
for an order granting approval of a non-stand-
ard drilling and gas spacing unit in the South
Blanco-Dakota Gas Pool, Rio Arriba County, New
Mexico, in exception to Rule 104 (d) of the
New Mexico Oil Conservation Commission Rules
and Regulations. Applicant, in the above-
styled cause, seeks an order granting approval
of a 160 acre non-standard drilling and gas
spacing unit in the South Blanco-Dakota Gas
Pool consisting of the S/2 of the NE/4 and the
N/2 of the SE/4 of Section 16, Township 26 North,
Range 6 West, Rio Arriba County, New Mexico;
said unit to be assigned to applicant's State
Well No. D-268 located 1980 feet from the North
Line and 660 feet from the East line of said
Section 16.

Case No.
1139

BEFORE:

Mr. Warren Mankin

TRANSCRIPT OF HEARING

MR. MANKIN: The last case on the docket is Case 1139.

MR. COOLEY: Application of Lowry, et al, Operating Account,
for an order granting approval of a non-standard drilling and gas
spacing unit in the South Blanco-Dakota Gas Pool, Rio Arriba County,
New Mexico, in exception to Rule 104 (d) of the New Mexico Oil
Conservation Commission Rules and Regulations.

MR. KELLAHIN: Jason W. Kellahin, Santa Fe, New Mexico,
representing the applicant. I was advised this morning that Mr.
Art Holland would be unable to be present, and he asked me to under-
take to present the case as the only witness.

DAVID M. KENNEDY

Having first been duly sworn, testified as follows:

A. This is an application for approval of a non-standard gas drilling and spacing unit in the South Blanco-Dakota Gas Pool, consisting of the south half of the northeast quarter, the north half of the southeast quarter of Section 16, Township 26 North, Range 6 West. The acreage to be dedicated to Lowrey, et al., Operating Account, Well D-268, located 1980 feet from the north line and 660 feet from the east line of the Section 16.

Referring to what has been marked as Applicant's Exhibit No. 1, that is a well record copied from the record which is on file with the Oil Conservation Commission. That record shows Well D-268 was completed as the Applicant's State No. 1, and I believe that designation has not been changed on the Commission's record. It was completed on March 2 of 1951 for 2500 MCF per day after treatment between 7165 feet and 7333 feet. The exhibit which is marked as Applicant's Exhibit No. 2 outlines the proposed unit, the ownership and surrounding acreage. This plat shows the proposed unit colored in yellow and outlined by dashed lines. The area in Section 16 consisting of the north half of the north half of the section, and the area consisting of the remainder of the section were originally on one basic state lease which was subsequently divided prior to the time that Lowrey took over the operation of the lease.

There are shown on the Exhibit 3 other Dakota wells which I believe to be the only Dakota wells within this immediate area. These are designated as D-63 in the northwest quarter of the southeast quarter of Section 1, D-204 in the southeast quarter of the southeast quarter of Section 2, and D-266 which is the subject of this

application. The Wall 3-268 reflects a low magnitude of reserves and according to the production figures which are in line with the Commission has produced approximately 1,000 MCF per day. I am informed that the core analysis indicates a low magnitude of reserves and is not a profitable well. Now, the ownership in the section, as I previously stated, has been divided and appears as follows at the present time:

The north half of the north half of Section 16 is, of course, a state lease with the state overriding with a state royalty. James I. Harvey and Clyde E. Harvey hold a five percent overriding royalty interest on that portion of the section as tenants in common. Charles Reuter and Tim G. Lowry own an 82 1/2% working interest subject to payments out of production to seven individuals in the amounts of one-third of \$576,000 to be paid out of the 12 1/2% royalty. As to the south half of the north half in the southeast quarter of Section 16, again that is a state lease with the state royalty against it, the five percent overriding interest is held by J. I. Harvey and Clyde Harvey and the 82 1/2% working interest is held by Myron S. Fox and Tim G. Lowry. As to the southwest quarter of the section, it is a state lease with state royalty, Francis L. Lowry holding five percent overriding and Myron S. Fox and Tim G. hold an 82 1/2% working interest. These ownerships are as shown on the division order and are also, I have checked them against the records on file with the State Land Office and I believe them to be correct.

Now, referring to what has been marked as Applicant's Exhibit No. 3, this exhibit shows the production data on the Wall 3-268 from the date it commenced producing in April of 1951 to July of 1956.

This shows a cumulative gas production of 63,886 MCF with distillate production of 2,238 barrels of distillate. The exhibit, of course, is broken down first by years for the years 1951 through 1955 inclusive, and by months for the year 1956, and reflects a productive capacity of the well.

Now, referring to what has been marked as Applicant's Exhibit No. 4, this exhibit presents the economic data on this particular well and shows the basis upon which it is figured at the price of distillate after severance and commission taxes, \$2.40, price of gas of 11.7¢ per MCF. On this basis the production to date approximates \$63,234 with expenditures of some \$303,244 which leaves in the approximate amount before payout of \$240,210 on this particular well. At the date of drilling of their well, for reasons which I am afraid I cannot answer, the acreage which is now proposed to be dedicated to the well was dedicated and royalty was paid both to the state and to the overriding royalty owner and to those who held interests in the well on the basis of that dedication. At this date to change the dedication of the acreage would cause an extremely serious accounting problem due to the difference in the ownership of the separate tracts within the section, and that is primarily, we must frankly admit, the reason for this application at this date. The application was also made at the request of the State Land Office in order to correct their accounting procedures up there.

The other factor which I think should be brought out and is reflected by the exhibits, is that no further development of the Dakota could reasonably be expected in this immediate area due to the economic factors involved. In regard to the exhibits I have checked personally. None of these were prepared by me or under my

direction and supervision. However, I have checked the information contained on all the exhibits with the exception of Exhibit No. 4, upon which no information was available to me. I believe that on the face of the exhibit itself, however, it shows the manner in which the economics was figured with the exception of the past expenses and cost of operation, and on that I have no information. I move the introduction of the Exhibits 1 through 4 inclusive.

MR. MANKIN: Is there objection to entering Exhibits 1 through 4 in this case? If not they will be so entered.

MR. KELLAHIN: That is all I have.

MR. MANKIN: If there is nothing further, the witness will be excused. We will take the case under advisement and the hearing is adjourned.

(Witness excused.)

MR. MANKIN: We will reopen Case 1139 to read a telegram that the Oil Commission received on August 31 which essentially Stanolind Oil and Gas Company requests that their objection be made in, for an order.

"New Mexico Oil Conservation Commission, 25 Mabry Hall, Capitol Building, Santa Fe, New Mexico. Stanolind Oil and Gas Company requests their objection be noted to the application of Lowry et al, in Case No. 1139 for an order granting approval of a non-standard 160 acre drilling and gas spacing unit in the South Blanco-Dakota Gas Pool. Although it is recognized that the application is probably due to varying ownership of acreage, granting such application is undesirable in that it does not permit a uniform and orderly development pattern. It is further requested that this telegram be read into the record for Case 1139 at the September 5 Examiner Hearing.

C. L. Kelley. Stenolind Old and Co. Attorney, Roswell, New Mexico"

Anything further? We will close the case and the hearing is adjourned in respect to that.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 1139 were taken by me on September 5, 1956; that the same is a true and correct record to the best of my knowledge, skill and ability.

Ada Dearnley
Reporter

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

LA 191 SSJ254

1956 AUG 31 PM 2 24

(12)

L RWA100 PD=WUX ROSWELL NMEX 31 202PM=

*NEW MEXICO OIL CONSERVATION COMMISSION=

125 MABRY HALL CAPITOL BLDG SANTA FE NMEX=

STANOLIND OIL AND GAS COMPANY REQUESTS THEIR OBJECTION

BE NOTED TO THE APPLICATION OF LOWRY, ET AL IN ~~CASE~~

~~1139~~ FOR AN ORDER GRANTING APPROVAL OF A NON STANDARD

160 ACREDRILLING AND GAS SPACING UNIT IN THE SOUTH

BLANCO DAKOTA GAS POOL. ALTHOUGH IT IS RECOGNIZED THAT

THE APPLICATION IS PROBABLY DUE TO VARYING OWNERSHIP OF

ACREAGE, GRANTING SUCH AN APPLICATION IS UNDESIRABLE

IN THAT IT DOES NOT PERMIT A UNIFORM AND ORDERLY

DEVELOPMENT PATTERN. IT IS FURTHER REQUESTED THAT THIS

TELEGRAM BE READ INTO THE RECORD FOR CASE 1139 AT THE

SEPTEMBER 5 EXAMINER HEARING=

C L KELLEY STANOLIND OIL AND GAS CO ROSWELL

NMEX=

1956 AUG 31 PM 2:47

MAIN OFFICE OCC

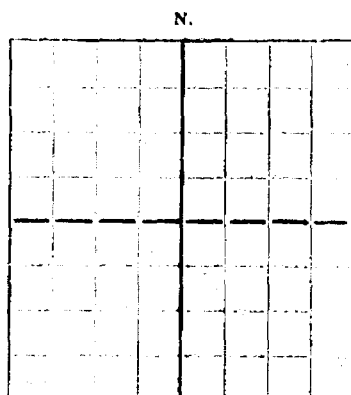
THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Coal No. 1139
Applicant's Exhibit 11

WELL RECORD

AREA 640 ACRES
LOCATE WELL CORRECTLY

Mail to Oil Conservation Commission, Santa Fe, New Mexico, or its proper agent not more than twenty days after completion of well. Follow instructions in the Rules and Regulations of the Commission. Indicate questionable data by following it with (?). SUBMIT IN TRIPLICATE.

Lowry et al Operating Account

State

Company or Operator

Lease

Well No. 1 in NE/4 of Sec. 16, T. 26N

R. 6W, N. M. P. M., Wildcat Field, Rio Arriba County.

Well is 1980 feet south of the North line and 660 feet west of the East line of Sec. 16

If State land the oil and gas lease is No. E-291 Assignment No.

If patented land the owner is Address

If Government land the permittee is Address

The Lessee is Address

Drilling commenced December 15, 1950 Drilling was completed March 2, 1951

Name of drilling contractor Cree & Johnson Address Pampa, Texas

Elevation above sea level at top of casing 6496 GL feet.

The information given is to be kept confidential until further notice 19

OIL SANDS OR ZONES

(See tops on reverse side)

No. 1, from to No. 4, from to

No. 2, from to No. 5, from to

No. 3, from to No. 6, from to

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from to feet.

No. 2, from to feet.

No. 3, from to feet.

No. 4, from to feet.

CASING RECORD

SIZE	WEIGHT PER FOOT	THREADS PER INCH	MAKE	AMOUNT	KIND OF SHOE	CUT & FILLED FROM	PERFORATED FROM TO	PURPOSE
9-5/8"	36	8R		513'			None	Surface
7" Csg.	23	8R		5393'			Not perforated	Prod. Str.
7" Csg.	26	8R		1802'			None	Prod. Str.
TUBING								
2-1/2"EUE	6.5	8R		6972'				Tubing

MUDDING AND CEMENTING RECORD

SIZE OF HOLE	SIZE OF CASING	WHERE SET	NO. SACKS OF CEMENT	METHOD USED	MUD GRAVITY	AMOUNT OF MUD USED
	9-5/8"	508'	250	Halliburton		
	7"	7120	250	Halliburton		
	2-1/2"	EUE 6950'	None			

PLUGS AND ADAPTERS

Heaving plug--Material.....Length.....Depth Set.....
 Adapters--Material.....Size.....

RECORD OF SHOOTING OR CHEMICAL TREATMENT

SIZE	SHELL USED	EXPLOSIVE OR CHEMICAL USED	QUANTITY	DATE	DEPTH SHOT OR TREATED	DEPTH CLEANED OUT
		SNG	840 Qts.	4/2/51	7165 to 7333	7056

Results of shooting or chemical treatment. Before shot making 750 MCF per day. After shot making 3000 MCF per day.

RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests or deviation surveys were made, submit report on separate sheet and attach hereto.

TOOLS USED

Rotary tools were used from Surface feet to 7637 feet, and from _____ feet to _____ feet.
 Cable tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet.

PRODUCTION

Put to producing April 24 1951
 The production of the first 24 hours was _____ barrels of fluid of which _____ % was oil; _____ % emulsion; _____ % water; and _____ % sediment. Gravity, Be _____
 If gas well, cu. ft. per 24 hours 2500 MCF Gallons gasoline per 1,000 cu. ft. of gas _____
 Rock pressure, lbs. per sq. in. 1050

EMPLOYEES

_____, Driller _____, Driller
 _____, Driller _____, Driller

FORMATION RECORD ON OTHER SIDE

I hereby swear or affirm that the information given herewith is a complete and correct record of the well and all work done on it so far as can be determined from available records.

Albuquerque, New Mexico 10/11/51
 Place Date

Name _____

Position General Superintendent

Representing Lowry et al Operating Account
 Company or Operator.

Address Room 216, 616 East Central
Albuquerque, New Mexico

FORMATION RECORD

FROM	TO	THICKNESS IN FEET	FORMATION
Surface	2740'	2740'	Sand and shale
2740'	2835'	95'	Sand and shale - spadded coal
2835'	3665'	830'	Sand and shale
3665'	3722'	57'	Hard sand and shale
3772'	4660'	888'	Sand and shale - broken coal
4660'	5075'	415'	Sand and shale
5075'	5130'	55'	Coal, sand and shale
5130'	5245'	115'	Sand and shale
5245'	5295'	50'	Sand
5295'	5660'	365'	Sand and shale
5660'	5675'	15'	Shale
5675'	7040'	1365'	Sand and shale
7040'	7080'	40'	Sandy lime
7080'	7108'	28'	Sand and shale
7108'	7130'	22'	Sand
7130'	7135'	5'	Hard sand and shale
7135'	7283'	148'	Sand and shale
7283'	7305'	22'	Hard sand
7305'	7312'	7'	Sand
7312'	7380'	68'	Hard sand
7381'	7460'	79'	Sand
7460'	7487'	27'	Hard sand
7487'	7507'	20'	Sandy shale
7507'	7528'	21'	Greenish shale & sand
7528'	7540'	12'	Sandy shale and lime
7540'	7572'	32'	Green shale, lime and sand
7572'	7583'	11'	Hard green shale and sand - spots of lime
7583'	7592'	9'	Sand, shale and lime
7592'	7602'	10'	Sandy shale and lime
7602'	7637'	35'	Sand and shale
			<u>FORMATION TOPS</u>
Top of the Pictured Cliffs		2839'	
Top of the Cliff House		4520'	
Top of the Menefee		4572'	
Top of the Point Lookout		5158'	
Top of the Tocito		6552'	
Top of the Dakota		7095'	
Top of the Morrison		7365'	

[illegible]

County _____ Pool _____

TOWNSHIP _____ South, RANGE _____ East, NEW MEXICO PRINCIPAL MERIDIAN

	6	5	4	3	2	1
7	8	9	10	11	12	
13	14	15	16	17	18	
19	20	21	22	23	24	
25	26	27	28	29	30	
31	32	33	34	35	36	

351
712
356
712
1000 Road
1000 ft. above sea level
1000 ft. above sea level
1000 ft. above sea level
1000 ft. above sea level

STATE OF TEXAS
COMMISSION
STATE OIL FIELD
Permit No. _____
CASE _____

Lowry et al.
South Blanco

PRODUCTION DATA

LOWRY, ET AL. D-233

SOUTH BLANCO DAKOTA POOL

Commenced Producing - April 1951

<u>Yr. or Mo.</u>	<u>Distillate Prod. - bbls.</u>	<u>Gas Production MCF</u>
1951	716	39,953
1952	224	73,639
1953	283	151,622
1954	519	138,390
1955	308	130,299
<u>1956</u>		
Jan.		10,063
Feb.		9,881
March		10,774
April	45	10,582
May	48	10,950
June	36	10,353
July	29	5,380
	<u>2208</u>	<u>601,886</u>

BEFORE THE
OIL CASES VALUATION COMMISSION
SANTA FE, N.M.
Exhibit No. 4
CASE 1139

Case No. 1139
Appellate Exhibit #4

ECONOMICS

LOWRY, ET AL - D-268

SOUTH BLANCO DAKOTA POOL

Price for distillate after severance and conservation commission taxes \$2.82/bbl.

Price for gas per MCF after severance and conservation taxes 11.7¢/MCF

Approximate Daily Income:

Distillate		
1-1/4 bbls. X \$2.82 X 0.825	\$	2.91
Gas		
350 MCF X \$.117 X 0.825		<u>33.78</u>
	\$	<u>36.69</u>

Approximate yearly operating profit:

\$ 36.69 X 365 day	\$ 13,392.00
Less Operating Expenses	<u>1,200.00</u>
	<u>\$ 12,192.00</u>

Approximate past income:

Distillate		
2208 bbls. X \$2.82 X 0.825	\$	5,137.00
Gas		
601,886 MCF X \$.117 X 0.825		<u>58,097.00</u>
	\$	<u>63,234.00</u>

Past expense and expenditure:

To June 30, 1956	\$ 303,844.00
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Approximate amount to payout:

\$ 303,844.00 - 63,234.00	<u>\$ 240,610.00</u>
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF R. E. JACKSON FOR
THE COMPULSORY POOLING OF INTERESTS
IN THE SW/4 OF SECTION 28, TOWNSHIP
29 NORTH, RANGE 10 WEST, N.M.P.M.,
AZTEC-PICTURED CLIFFS GAS POOL, SAN
JUAN COUNTY, NEW MEXICO.

CASE NO. 1138

APPLICATION

Comes now R. E. Jackson and makes application for an order pooling the rights and interests of all persons having the right to drill for, produce, or share in the production of oil, gas and liquid hydrocarbons, or any of them, underlying the SW/4 of Section 28, Township 29 North, Range 10 West, N.M.P.M., in the Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico, upon such terms as may be just and reasonable, as provided by law, and in support thereof alleges:

1. That R. E. Jackson, applicant herein, is the owner and holder of oil and gas mineral leases upon and covering an undivided 5/7ths mineral interest in and to the N/2 SW/4 of said Section 28.
2. That the remaining 2/7ths undivided mineral interest, as applicant is reliably informed and believes, is held by Stanolind Oil and Gas Company, and is operated by Francis L. Harvey, P. O. Box 990, Wichita Falls, Texas, under a farmout agreement.
3. That said 2/7ths undivided mineral interest in the N/2 SW/4 of said Section 28 has been pooled with lands in the S/2 SW/4 for the formation of a 160-acre unit for the production of gas from the Aztec-Pictured Cliffs Gas Pool, as applicant is informed and believes.
4. That Francis L. Harvey, as operator, has heretofore drilled and completed for the production of gas from the Pictured Cliffs Formation his Brington Pooled Unit Well No. 1, located 990 feet from the west line and 990 feet from the south line of

the SW/4 of said Section 28, and dedicated thereto said SW/4, as shown by the gas well plat heretofore filed with the Commission.

5. That said Francis L. Harvey, as operator of the Bruington Pooled Unit Well No. 1, has refused to pool or communitize the interest held by him with those of applicant for the formation of a standard drilling and proration unit, though requested to do so.

6. That an allowable based upon the full 160 acres comprising the SW/4 of said Section 28 has heretofore been assigned to the Bruington Pooled Unit Well No. 1.


7. That unless the interests of applicant are pooled, as requested herein, applicant and his lessors will be deprived of the opportunity to recover their just and equitable share of the oil and gas underlying their lands, and will be denied their right to recover their fair share of the reserves in the Aztec-Pictured Cliffs Gas Pool, and correlative right will not be protected.

Wherefore, applicant prays that this application be set for hearing before an examiner in Santa Fe, New Mexico, at the earliest practicable date, and that, after notice and hearing, as required by law, the Oil Conservation Commission enter its order pooling all of the interests in the SW/4 of Section 28, Township 29 North, Range 10 West, N.M.P.M., and for such other and further relief as may be just and proper.

Respectfully submitted,

R. E. Jackson

By


Attorney for Applicant
Santa Fe, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO
IN 1951

*3 copies
sent to [unclear]
8/23/51*

IN THE MATTER OF THE APPLICATION OF
LOWRY, ET AL., OPERATING ACCOUNT, FOR
APPROVAL OF A NON-STANDARD 160-ACRE
DRILLING AND SPACING UNIT CONSISTING
OF THE S/2 OF THE NE/4 AND THE N/2 OF
THE SE/4, SECTION 16, TOWNSHIP 26 NORTH,
RANGE 6 WEST, SOUTH BLANCO-DAKOTA GAS
POOL, RIO ARriba COUNTY, NEW MEXICO,
FOR ITS WELL NO. D-268 AS AN EXCEPTION
TO RULE 104 (d) OF THE RULES AND REGU-
LATIONS OF THE NEW MEXICO OIL
CONSERVATION COMMISSION.

CASE NO. 1134

APPLICATION

Comes now Lowry, et al., Operating Account, and applies for approval of a non-standard drilling and spacing unit consisting of the S/2 of the NE/4 and the N/2 of the SE/4 of Section 16, Township 26 North, Range 6 West, N.M.P.M., South Blanco-Dakota Gas Pool, Rio Arriba County, New Mexico, as an exception to Rule 104 (d) of the rules and regulations of the New Mexico Oil Conservation Commission, for their Well No. D-268, and in support thereof would show:

1. That the applicant heretofore drilled its Well No. D-268, which well was completed March 2, 1951, and is producing from the vertical and horizontal limits of the South Blanco-Dakota Gas Pool, as presently defined, said well being located in the SE/4 NE/4 of Section 16, Township 26 North, Range 6 West, 1980 feet from the north line and 660 feet from the east line of said Section 16.

2. That the N/2 of the N/2 of said Section 16 comprises ownership different from the remainder of the section and communitization could be achieved only with extreme difficulty and that all of the ownership in the proposed unit is the same.

3. That the proposed unit consists of contiguous quarter-quarter sections and lies wholly within a single governmental section.

4. That the entire proposed unit may be reasonably presumed to be productive of gas.

5. That the granting of this application would not adversely affect the correlative rights of any owner or offsetting operator, but would tend to protect correlative rights, and is in the interests of conservation.

6. That unless this application is granted, applicant may be deprived of its right to recover its fair share of gas and liquid hydrocarbons from the reservoir.

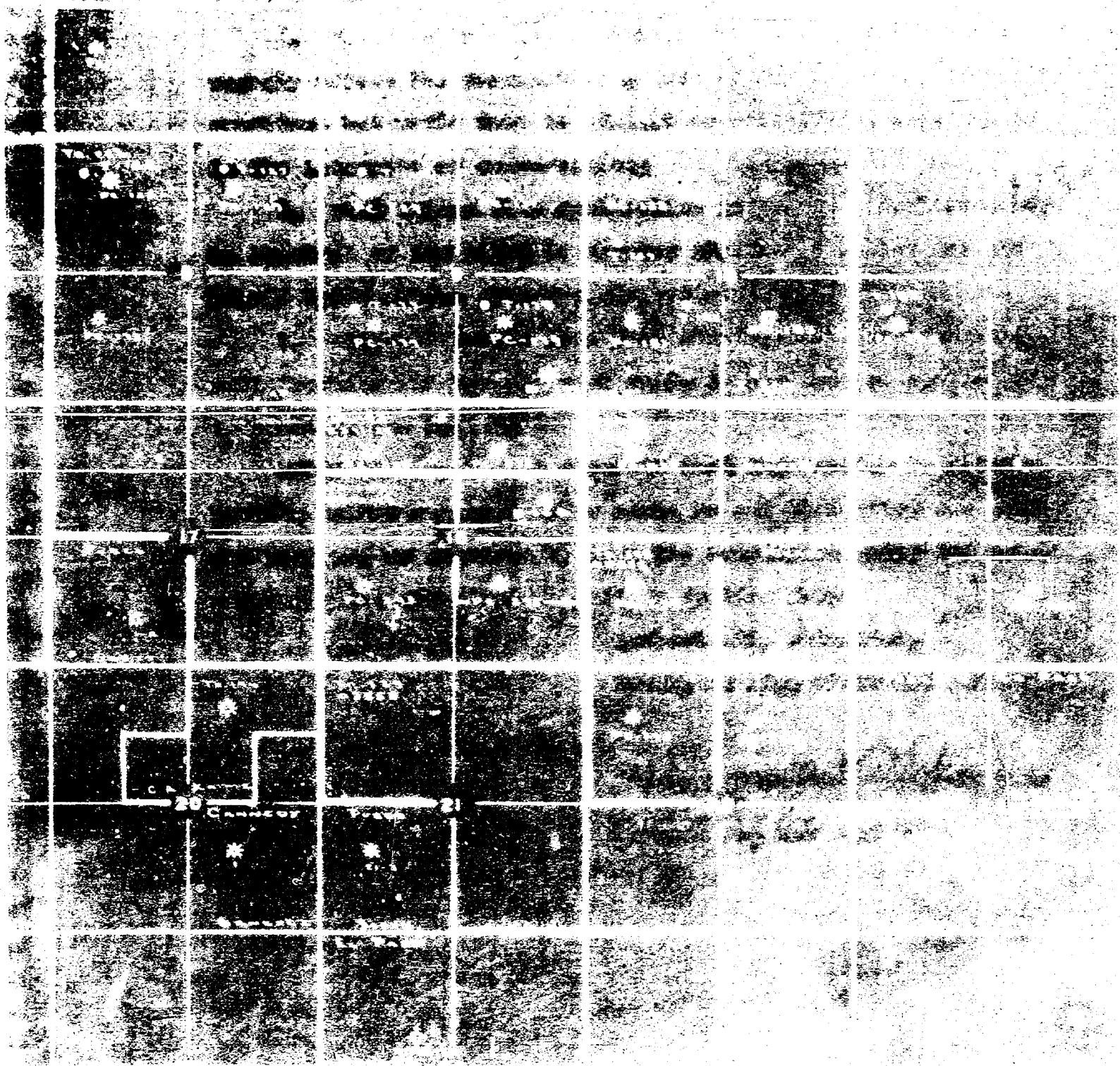
7. Attached hereto is a plat showing the lease ownership, well location and the proposed unit, to the best of applicant's information and belief.

WHEREFORE, applicant requests that this matter be set for hearing before an examiner in Santa Fe and that after due notice and hearing, as required by law, the Commission enter its order approving the non-standard unit as applied for.

Respectfully submitted,

LOWRY, ET AL., OPERATING ACCOUNT

By Jason W. Kellahan
Attorney for Applicant
P. O. Box 597
Santa Fe, New Mexico



DOCKET: EXAMINER HEARING: SEPTEMBER 5, 1956

Oil Conservation Commission 9:00 a.m. Mabey Hall, State Capitol, Santa Fe

The following cases will be heard before Warren W. Mankin, Examiner

CASE 1085: (Readvertisement)

Application of Shell Oil Company for an order amending the Carson Unit Agreement as established by Commission Order R-828. Applicant, in the above-styled cause, seeks an order amending the Carson Unit Agreement in the following particulars:

- (a) To eliminate from the Unit Area All of Sections 3, 4, 9, 10, 15, 16, 21, 22, 27, 28, 33 and 34 of Township 25 North, Range 12 West, San Juan County, New Mexico.
- (b) To reduce the number of wells to be drilled under the agreement from five to four.
- (c) To consider any well commenced subsequent to July 15, 1956, within the amended area to have been drilled in accordance with the requirements of the Unit Agreement and as fulfilling part of the drilling requirements.

CASE 1138:

Application of R. E. Jackson for an order pooling all oil and gas interests in certain acreage in the Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico, in accordance with Section 65-3-14 (c) New Mexico Statutes Annotated (1953). Applicant, in the above-styled cause, seeks an order pooling the rights and interests of all persons having the right to drill for, produce, or share production of oil, gas and liquid hydrocarbons, or any of them, underlying the SW/4 of Section 28, Township 29 North, Range 10 West, Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico. The above-described quarter section is presently dedicated to the Bruington Pooled Unit Well No. 1 which is operated by Frances L. Harvey and located in the SW/4 SW/4 of said Section 28.

CASE 1139:

Application of Lowry, et al, Operating Account, for an order granting approval of a non-standard drilling and gas spacing unit in the South Blanco-Dakota Gas Pool, Rio Arriba County, New Mexico, in exception to Rule 104 (d) of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of a 160 acre non-standard drilling and gas spacing unit in the South Blanco-Dakota Gas Pool consisting of the S/2 of the NE/4 and the N/2 of the SE/4 of Section 16, Township 26 North, Range 6 West, Rio Arriba County, New Mexico; said unit to be assigned to applicant's State Well No. D-268 located 1980 feet from the North line and 660 feet from the East line of said Section 16.

DOCKET EXAMINER HEARING SEPTEMBER 6, 1956

New Mexico Oil Conservation Commission 10:00 a.m. Hobbs, New Mexico

Oil Conservation Commission Office, 1000 W. Broadway, Hobbs, New Mexico

The following cases will be heard before Warren W. Mankin, Examiner:

CASE 1140: Application of Magnolia Petroleum Company for an order granting approval of its proposed Tres Ranchos Unit Agreement embracing 1200 acres, more or less, in Eddy County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of its proposed Tres Ranchos Unit Agreement embracing 1200 acres, more or less, of State lands described as:

Township 19 South, Range 23 East

All Section 10

W/2 W/2 Section 11

W/2 NW/4 Section 14

N/2 Section 15 (All in Eddy County, New Mexico)

CASE 1141: Application of Tom Boyd and Jack Plemons for an order granting permission to commingle oil in exception to Rule 303 of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting permission to commingle oil from the Grayburg-Jackson and the Grayburg-Keeley Pools; said oil to be produced from applicant's Continental State 27 Well No. 4 located in the NW/4 No. 5 of Section 27, Township 17 South, Range 29 East, Grayburg-Keeley Pool, Eddy County, New Mexico, with oil production from applicant's Wells No. 1, 2 and 3 in the Grayburg-Jackson Pool.

CASE 1142: Application of Amerada Petroleum Corporation for an order granting permission to convert its non-productive H. C. Posey "A" No. 2 Well in the East Caprock Devonian Pool, Lea County, New Mexico, into a salt water disposal well in compliance with Rule 701 of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting permission to recomplete as a salt water disposal well its H. C. Posey "A" No. 2 Well located in the NE/4 of the SE/4 of Section 11, Township 12 South, Range 32 East, Lea County, New Mexico. Said well is located 1980 feet from the South line and 660 feet from the East line of said Section 11. Applicant proposes to inject salt water into the Dewey Lake formation at an interval between 1300 and 1450 feet through casing perforations.