

CASE 3910: Appli. of ATLANTIC  
RICHFIELD FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case Number

3910

Application

Transcripts.

Small Exhibits

ETC.

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 7, 1968

EXAMINER HEARING

IN THE MATTER OF: -----

Application of Atlantic  
Richfield Company for  
compulsory pooling, Lea  
County, New Mexico.

Case No. 3910

IN THE MATTER OF:

Application of Atlantic  
Richfield Company for  
compulsory pooling, Lea  
County, New Mexico.

Case No. 3911

IN THE MATTER OF:

Application of Signal Oil  
and Gas Company for a non-  
standard oil proration unit  
Lea County, New Mexico.

Case No. 3894

IN THE MATTER OF:

Application of R. R.  
Morrison for three non-  
standard proration units,  
Lea County, New Mexico.

Case No. 3918

IN THE MATTER OF:

Application of Sunray DX  
Oil Company for compulsory  
pooling, Lea County, New  
Mexico.

Case No. 3919

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date NOVEMBER 7, 1968 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
L.M. Williams	Tenneco	Midland, Tex
V.M. Williams	San Oil - D1 Division	Midland, Texas
Haseine, Jr.	San Oil - D1 Div.	Midland Texas
W.P. Tomlinson	Atlantic Richfield	Roswell, N.M.
Jack Beard	" "	" "
E.M. Pangle	" "	" "
Chas. E. Fisher	" "	" "
Richard J. Merwin	Montgomery et al	Santa Fe
A.C. Butler	Signal	Midland, Tex.
L.C. Spradock	San Oil - D1 Div.	Tulsa
R.R. W. Worsman	R.R. W. Worsman	North Fork of Brazos
W. T. Wheeler	Signal Oil & Gas	Midland, Tex
Jason Kellahan	Kellahan & Fox	Santa Fe
Boyle, M.	Michael Kelley Rod. & Kelly	SF
W.G. Abbott	AFUA, INC	Hobbs
R.B. Freels	T.P.O.C.	Del Rio
J.C. Chapman	American Petroleum Co. of Texas	Big Spring, Texas

## NEW MEXICO OIL CONSERVATION COMMISSION

## EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date NOVEMBER 7, 1968 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Frank H. Hollinger	Pan American Pet. Corp.	Denver, Colo.
Louis C. Rops	same -	"
Frank W. Houck	Pan Am Pet. Corp.	"
Samuel S. Dulbami	RW Ryburn & Co.	Santa Fe - Austin
John D. Russell	Gas Refining Oil Co.	Roswell.
Jack M. Campbell	Stephenson Campbell & Co.	Santa Fe

MR. UTZ: Gentlemen, the hearing will come to order. I am sure that you gentlemen that are in the first five cases today realize that this is a little bit complicated. Therefore, we are going to change our procedure somewhat, and I will, at this time, call cases 3910, 3911, 3894 and 3818 and 3819, and I will ask for appearances for all five cases. As you know, all these cases are involved in this conglomeration of nonstandard units, forced pooling and so forth. As soon as we have appearances and all the appearances, we will recess the hearing and call a pre-hearing conference down in the Land Office conference room downstairs. We will see if we can work out something before we get started. This doesn't mean we won't hear your cases. If you want to go ahead and hear them, we'll hear them. At this time, we will call for appearances.

MR. HATCH: We'll do this one case at a time because some of them, perhaps, may not be familiar with it.

MR. UTZ: Yes. I'll just call the cases and get the appearances. 3910.

MR. HINKLE: Clarence Hinkle, of Hinkle, Bondurant, and Christy appearing on behalf of Atlantic Richfield in connection with cases 3910 and 3911.

MR. MORRIS: Richard Morris, Montgomery, Federici, Andrews, Hannahs and Morris, Santa Fe, appearing for Mr. R. R. Morrison in cases 3910 and 3911.

MR. KELLAHIN: Jason Kellahin of Kellahin and Fox of Santa Fe appearing for BTA Oil Producers in cases 3910 and 3911.

MR. KELLY: Booker Kelly, of White, Gilbert, Koch and Kelly. I'll be appearing in all of the cases on behalf of Sun Oil Company, DX Division.

MR. HINKLE: I'd like to have my appearance also included in case 3918.

MR. KELLAHIN: If the Examiner please, I thought you were goin to call them one at a time.

MR. UTZ: Well, I was, but it didn't work out that way.

MR. KELLAHIN: I'd like my appearance for BTA to show in all of the cases.

MR. MORRIS: Mr. Examiner, that's the same for me. I'd like to have my appearances entered for Mr. R. R. Morrison and for Signal Oil and Gas Company in all five cases.

MR. BROWN: William Brofwn of Santa Fe, Legal Department, New Mexico State Land Office, appearing in cases numbered 3911 and 3919 for and on behalf of the Commissioner of Public Lands.

MR. KELLY: Mr. Examiner, I think since you're calling for appearance in all the cases now, in case 3919, the applicant this time moves to dismiss count two of its application which

is for the nonstandard one hundred sixty acre proration unit.

MR. MORRIS: Mr. Examiner, could I respond to the motion to dismiss the alternative there? Since the matter is going to a prehearing conference, could I ask that no action be taken by the Commission on this request until after this conference is concluded?

MR. UTZ: I think that's a reasonable request. I'll rule on the request for dismissal of this portion after the prehearing conference. Are there other appearances in any of these five cases since we have lumped them together at this time?

How many people are you going to have? Why don't you hold up your hands, all of you who want to attend this conference so we can figure out whether we've got a big enough room or not. Can we get fifteen in your room down there?

MR. BROWN: I think so.

MR. UTZ: About fifteen, sixteen, seventeen, eighteen.

UNIDENTIFIED SPEAKER: We probably can go into Morgan Hall. That might be better.

MR. UTZ: There's nobody in Morgan Hall, nobody going to use it that you know of?

MR. BROWN: We could check for sure.

MR. UTZ: Well, we'll be down. We'll recess the hearing for the time being and try to get this over within about thirty minutes. Now, you people that have any exhibits for the



following cases for any cases for today, why don't you see the reporter and get them all marked so that we can save a little time that way.

(Whereupon, Applicant Atlantic Richfield Exhibits Numbers One, Two, Three and Four were marked for identification in cases 3910 and 3911.)

(Whereupon, at 10:45, following a short recess, the following proceedings were had.)

MR. UTZ: The hearing will come to order, please. We'll continue the hearing on the same premiss that we started this morning and consolidate the first five cases for purposes of testimony only. Of course, separate orders will be written on each of the five cases, and these will be cases 3910, 3911, 3894, 3918 and 3919. I anticipate that these cases will take until at least noon so any of you people that don't want to listen to the fun, well, I'm sure you won't miss anything. You may proceed.

The order of testimony for these cases will be just as the cases are listed. It will be Atlantic, first, Signal, Morrison, and Sunray.

MR. KELLY: Just a minute. I would like to also have the record show Mr. Bob Spurlock, the attorney that's associated with me, and also, we have our motion to dismiss the second count of the application of 3919 which I would again renew for

the record.

MR. UTZ: You had an objection to the dismissal?

MR. MORRIS: No, I have no objection.

MR. UTZ: Without objection the second portion of case 3919 which calls for the nonstandard unit across the section line will be dismissed. You may proceed.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy of Roswell appearing on behalf of Atlantic Richfield Company in connection with cases 3910 and 3911. We have two witnesses and four exhibits which will all pertain to these two cases. I'd like to have the two witnesses sworn: Mr. Marvin Pringle and Jack Biard.

MR. UTZ: Why don't we just ask all the witnesses in these five cases to stand and be sworn at this time.

(Witnesses sworn.)

MR. UTZ: Did you have your exhibits marked, Mr. Hinkle?

MR. HINKLE: Yes, sir. Before proceeding with the testimony, as far as Atlantic Richfield is concerned, in connection with these two cases, we would like for the Commission and the Examiner to take notice of the special field rules which have been adopted in connection with the Simanola Pool and the Vada-Pennsylvanian Pool. There will be no attempt made to make the rules of the orders that have been entered in those cases a

part of the record in this case.

\* \* \* \* \*

MARVIN PRINGLE, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence and by whom you are employed?

A My name is Marvin Pringle. I reside in Roswell, New Mexico and I'm employed by the Atlantic Richfield Company.

Q What is your position with Atlantic Richfield?

A Senior Operations Engineer.

Q Have you previously testified before the Oil Conservation Commission?

A Yes, sir, I have.

Q You are a Graduate Petroleum Engineer?

A I am.

Q Your qualifications as a Petroleum Engineer are a matter of record with the commission?

A Yes, they are.

Q Are you familiar with the development that is taking place in the Simanola and the Vada-Pennsylvanian Pool?

A I am.

Q Have you made a study of the various well logs and the

production history of the wells in this area?

A I have.

Q Are you familiar with the applications of Atlantic Richfield in cases 3910 and 3911?

A Yes, sir, I am.

Q What is Atlantic Richfield seeking to accomplish by these applications?

A In connection with cases 3910, Atlantic Richfield is seeking pooling of interest in the Bough "C" formation and the standard proration unit consisting of the southwest quarter of Section 17, Township 10 South, Range 34 East.

In case 3911, Atlantic Richfield is seeking pooling of interest in the Bough "C" formation, a standard unit consisting of the southeast quarter of Section 8, Township 10 South, Range 34 East; in the alternative, we are seeking a nonstandard proration unit consisting of the east half of the southeast quarter of Section 8 and the west half of the southwest quarter of Section 9, all in Township 10 South, Range 34 East.

Q Would this last nonstandard unit you testified to be dedicated to a well to be drilled in the northeast southeast of

8?

A Yes, sir, it would.

Q Have you prepared or has there been prepared under your direction exhibits to be introduced in this case?

A Yes, sir, I have.

Q Refer to Atlantic Richfield's Exhibit Number One and explain what this shows?

A Exhibit Number One is a plat of the area in question. This exhibit shows the ownership os acreage in the area and wells that have been drilled thereon. It shows the outlines of the standard and nonstandard spacing and proration units covered by Atlantic Richfield's applications in cases 3910 and 3911. It's also a structural map with the structure being drawn on the top of the Bough "C" formation. Also shown on this exhibit is a cross section index trending from southwest to northeast through the area in question.

Q Is the structural condition shown by Exhibit Number One of any particular significance in this area?

A Structure shown is relatively flat and is of very little significance in this particular case. It then appears, and in my opinion, the production is dependant more on finding sufficient porosity and thickness of formation, rather than structure.

Q Now, refer to Exhibit Number Two and explain to the Commission what this is and what it shows?

A Exhibit Number Two are logs to form a cross section as indicated by the cross section index as shown on Exhibit Number One. On this exhibit, there's a reference line of minus fifty-

six hundred feet below the sea level. Also, there's a line drawn on top of the Bough "C" formation, and shown on each log is a bar with circles in it which represent the perforations present the productive intervals found in the Bough "C" formation in these wells.

The cross section shows that the productive interval of the Bough "C" formation ranges from, perhaps, five to nine feet thickness in this area. All of the wells on the cross section are productive and it shows that in the area encompassed by the proposed units requested by Atlantic Richfield, the Bough "C" formation is reasonably continuous and productive.

Q Is the Morrison No. 1 State 17, which is located in Section 17, shown on this cross section?

A No, sir, it is not. This well is located nineteen hundred and eighty feet from the south and west lines of Section 17 and it is not included on the cross section because at the time of preparation of the cross section, we did not have a log available on this well.

Q Are you familiar with the completion data of wells involved in the applications of Atlantic Richfield for compulsory pooling of the standard units in Section 17 and Section 8?

A Yes, sir, I am.

Q When were these wells drilled and completed?

A In connection with the well in Section 17, it was started on or about the 25th day of May, 1968, and completed on or about July 30th, 1968.

The well in Section 8 was commenced on or about July 29, 1968, and was completed approximately September 23, 1968.

Q Are both of these wells completed as wells capable of producing oil and gas in paying quantities?

A Yes, they are.

Q Are you familiar with the potential of these wells?

A Our information indicates that the well in Section 17 had initial potential tests of three hundred thirty-nine barrels of oil per day, and the well in Section 8 had initial potential of three hundred seventy-five barrels of oil per day.

Q Are you familiar with the production, or how much these wells have produced since they were placed on production?

A In connection with the well drilled in Section 17, records indicate that for the month of August, production was eighty-one hundred and forty-six barrels of oil, and for the month of September, it was eight-two hundred and ninety-one barrels of oil. The production record was not available to us for the month of October.

Q What about production from the well in Section 8?

A In Section 8, this well, as we have stated was completed on or about September 23, 1968, and, as far as we know,

there was no production in September and, again, the records are not available for the month of October.

Q Are you familiar with the special field rules and regulations for the Vada-Pennsylvanian Pool?

A Yes. There rules provide for one hundred and sixty acre spacing and proration units with a proportional factor of 4.77 for allowable purposes.

Q What do these rules provide where a well is drilled on a nonstandard proration unit?

A The allowable assigned to a nonstandard proration unit bears the same ratio to a standard allowable as the acreage in the nonstandard unit bears to one hundred sixty acres.

Q Does this mean that if wells are drilled on eighty acre spacing on the Vada-Pennsylvanian Pool that the allowable will be cut in half?

A This is as I interpret it.

Q Is Atlantic Richfield desirous of developing its acreage on a hundred sixty spacing as provided by the existing rules?

A We are. We are desirous to comply completely with the present rules in the Vada-Pennsylvanian Pool.

Q In your opinion, is there any question with respect to whether one well can effectively and efficiently drain as much as one hundred sixty acres in the Vada-Pennsylvanian Pool?

A No, there is not. I believe that one well will



efficiently and economically drain one hundred and sixty acres in the area in question. The Commission has previously heard a considerable amount of data pertaining to this matter in this reservoir, and the evidence undoubtedly speaks for itself as one hundred sixty acre units have been established.

Q In your opinion, would the pooling or communitization of acreage to form standard proration units, as requested in cases 3910 and 3911, prevent the drilling of unnecessary wells and generally be in the interest of conservation and the prevention of waste and the protection of correlative rights?

A Yes, sir.

MR. HINKLE: We would like to offer in evidence Exhibits 1 and 2.

MR. MORRIS: No objection.

MR. UTZ: Without objection --

MR. HINKLE: That's all of the direct examination.

MR. UTZ: -- Exhibits 1 and 2 will be entered into the record.

(Whereupon, Applicant's Exhibits 1 and 2 were admitted in evidence.)

MR. UTZ: Any questions of the witness?

MR. MORRIS: Yes, sir. First, I may ask Mr. Hinkle to what effect his other witness will testify so I won't ask unnecessary questions of this witness.

MR. HINKLE: Our other witness, Mr. Jack Biard, is the

Land Man for Atlantic Richfield and he will testify as to the negotiations which took place between Mr. Morrison and Atlantic with respect to voluntary formation of standard proration units.

MR. MORRIS: Does he intend to testify with respect to risk factors in that matter?

MR. HINKLE: He will testify as to what the proposal of Atlantic Richfield was with respect to risk factors.

MR. MORRIS: All right, sir. Thank you.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Pringle, I believe you have stated the dates of completion of Mr. Morrison's wells in both Sections 8 and 17, is that correct?

A Yes, sir, that's correct.

Q What pool rules were in effect at the time those wells were completed, if you know?

A I would like to defer this question to our next witness as he will testify on that matter.

Q Has there been any development by Atlantic, any of its acreage in either Sections 8 or 17?

A Yes. We have drilled our Hanagan Number One located in the northwest quarter of Section 17. This well was spudded on June 20th, 1968, and completed on or about July 29, 1968.

Q Is it a producing well?

A Yes, sir, it is.

MR. HINKLE: May I interrupt here just a minute? It looks we may be in agreement on the settlement, as far as 3910 and 11 are concerned. To be sure that we understand the terms and that everybody is in agreement, we would like to have about three minutes recess to see that we clearly understand each other and then, if we do, we can drop these cases out of your order; that is, 3910 and 3911.

MR. UTZ: I think it might be worth three minutes.

(Whereupon, recess was had.)

MR. HINKLE: Mr. Examiner, Atlantic Richfield and Morrison have reached an agreement. They're willing to stipulate that the Commission can enter a forced pooling order in cases 3910 and 3911. Now, we'll give you a written stipulation as to the terms as between the parties that the order is to embody as far as the well costs and the risk factors are concerned and that the order can designate Mr. Morrison as the operator of these two wells to be effective, as far as the production is concerned, as of October the 1st, 1968, as to both wells.

MR. BROWN: Can we have a copy of that order, would there be any objection, for our files?

MR. HINKLE: Oh, yes. The reason we wanted down a written stipulation is the figures as to the total cost that the order is to embody. They will have to be checked out there as to the actual cost to put in this order, but we are in agreement

on them. It's just a matter of getting them reduced to writing and getting them to the Commission. Now, of course, the reason we want the order from the Commission for forced pooling would be that it would be binding upon the royalty owners, the over-riding royalty.

MR. BROWN: This would be a standard unit, I take it.

MR. UTZ: It's your intention then to go ahead and hear the cases?

MR. HINKLE: No. We'll just stipulate that an order can be had according to the stipulation for forced pooling in both of these cases without further testimony.

MR. NUTTER: Also, I presume, Mr. Hinkle, that you would dismiss your alternative request here?

MR. HINKLE: Yes. We'll dismiss the alternative request in case 3911.

MR. UTZ: It's a little matter of a record on which to base an order.

MR. HINKLE: The basis is on the stipulation.

MR. HATCH: You're stipulating on this, you say, to be binding on who?

MR. HINKLE: On the over-riding royalty owners.

MR. HATCH: Well, the owners, but then --

MR. HINKLE: In other words, if we didn't --

MR. HATCH: But the order is binding on them, your stipulation doesn't -- I mean, you can't stipulate for them.

MR. HINKLE: Well, we're stipulating an order can be entered in these cases. They have entered no appearance in these cases and there's been publication of notice and I think that any order that's entered in the case would be binding upon them.

MR. BROWN: As far as the Stat's concerned, why, of course, we will go along with them. We have entered them before and the only --

MR. HATCH: You have entered them? I mean, on the order, the objection --

MR. BROWN: Well, the only objection was to the alternative, completing a nonstandard unit.

MR. UTZ: Well, the stipulation and objection, this does away with that.

MR. HATCH: This does away with that.

MR. BROWN: That's right. As I say, we've got no objection to it. We would, if it's not objectionable, like to have a copy of the stipulation for our files.

MR. UTZ: Now, you will get us the stipulation?

MR. HINKLE: A written stipulation as to the terms as far as the risk factors and the well costs and the amount, the half interest that we're paying and so forth, which we're in agreement on, but it's a matter of reducing it down to writing and be sure we get it correct.

MR. NUTTER: There's also a provision in our forced pooling order as to operating costs.

MR. HINKLE: That all will be in the stipulation. As to the operating costs, we have agreed upon that and what there will be in the future --

MR. NUTTER: Of course, there's a provision on overhead.

MR. HINKLE: -- and, of course, the accounting procedure and so forth to be followed.

MR. WHEELER: May I ask a question?

MR. UTZ: State your name, please, for the record.

MR. WHEELER: W. T. Wheeler with Signal. What's the purpose of including the terms of the oil work to the Commission?

MR. HINKLE: So that they can be embodied in the forced pooling order so that they will show that Atlantic Richfield is to pay a certain portion of the cost for each well and certain amount of risk factor and operating cost and that they are not to share in the production except beginning as of October the first or to get the term straightened out.

MR. WHEELER: Is it necessary that these terms be included in the order?

MR. HINKLE: Well, I think any order has to show there what Atlantic Richfield would have to pay to --

MR. UTZ: Well, it would have to show the risk factor and the operating costs. The Examiner will first rule on

your request to dismiss the alternative on cases --

MR. HINKLE: 3911.

MR. UTZ: -- 3911, the alternative of which is for a nonstandard unit to cross a section line, at this time will be dismissed. We will also accept the stipulation mentioned by Mr. Hinkle in lieu of further testimony in cases 3910 and 3911 and an order on each case will be written. The cases are both taken under advisement at this time.

MR. HINKLE: Thank you very much.

MR. MORRIS: May I have just a minute?

In view of the time here and in view of the increasing possibilities that we might be able to work out something on the other cases now, could I ask that the hearing be adjourned until after lunch?

MR. UTZ: Let me ask a question before that. Do we have any of the saltwater people here now?

MR. NUTTER: Yes.

MR. UTZ: We have two of them. Taken under advisement are Cases 3910 and 3911, and we'll recess further hearing on 3894, 3918 and 3919 until one thirty. Is that satisfactory?

MR. MORRIS: Yes, sir. Thank you.

(Whereupon, at approximately 11:20 o'clock a.m., recess was had, and at 1:30 o'clock p.m., the following proceedings were had.)

MR. UTZ: I'll call the cases again and let you make you motion on the record. We'll resume the hearing on Cases

3894 and 3918 and 3919 which were recessed this morning until one thirty.

MR. MORRIS: Mr. Examiner, with respect to Case 3894, Signal Oil and Gas Company requests that the case be dismissed. With respect to Case 3918, Mr. R. R. Morrison requests that that case be dismissed.

MR. KELLY: Comes now, Booker Kelly of Gilbert, White, Koch and Kelly on behalf of Sunray DX Oil Company, successor to Sunray DX Company, and moves that Case 3919 be dismissed.

MR. UTZ: Cases 3894 and 3918 and 3919 will be dismissed.



I N D E X

<u>WITNESS</u>	<u>PAGE</u>
MARVIN PRINGLE	
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<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
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I, Charlotte J. Macias, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Charlotte Morris  
Court Reporter

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Executive hearing of Case No. 3910  
heard by me on 11-7-68. 19 3894  
3918  
3919  
Per Mexico Oil Conservation Commission

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 23, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of Atlantic Richfield Company ) Case 3910  
for compulsory pooling, Lea County, New )  
Mexico. )

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will now call Case 3910.

MR. HATCH: Application of Atlantic Richfield Company  
for compulsory pooling, Lea County, New Mexico.

MR. NUTTER: And Case 3911.

MR. HATCH: Application of Atlantic Richfield Company  
for compulsory pooling, Lea County, New Mexico.

And the Commission has received a request that these  
two cases be continued until November the 7th, to be heard  
at the same time.

MR. NUTTER: Cases No. 3910 and 3911 will be continued  
to the Examiner hearing to be held at this same place at 9:00 A.M.,  
November 7th, 1968.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

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

I certify my hand this 1st day of November, 1968.

10/23/68 3910  
*Ada Dearnley*  
Ada Dearnley  
New Mexico Oil Conservation Commission

DAVID F. CARGO  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

P. O. BOX 2088  
SANTA FE

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

December 26, 1968

3910 ✓  
3911

Mr. Clarence Hinkle  
Hinkle, Bondurant & Christy  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico 88201

Re: Case No. \_\_\_\_\_  
Order No. R-3642 & R-3643  
Applicant: \_\_\_\_\_  
Atlantic-Richfield Company

Dear Sir:

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

Very truly yours,

*A. L. Porter, Jr.*  
A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC \_\_\_\_\_

Aztec OCC \_\_\_\_\_

Other Mr. Richard S. Morris, Mr. Booker Kelly and

Mr. Jason Kellahin

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. 3910  
Order No. R-3642

APPLICATION OF ATLANTIC RICHFIELD  
COMPANY FOR COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 7, 1968,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 26th day of December, 1968, 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, Atlantic Richfield Company, seeks  
an order pooling all mineral interests in the Bough "C" zone of  
the Pennsylvanian formation underlying the SW/4 of Section 17,  
Township 10 South, Range 34 East, NMPM, Vada-Pennsylvanian Pool,  
Lea County, New Mexico.

(3) That Atlantic Richfield Company is the owner and  
operator of the W/2 SW/4 of said Section 17, and R. R. Morrison  
is the owner and operator of the E/2 SW/4 of said Section 17.

(4) That on July 29, 1968, R. R. Morrison completed a  
well in the Bough "C" zone of the Pennsylvanian formation in  
the NE/4 SW/4 of said Section 17.

(5) That R. R. Morrison and Atlantic Richfield Company  
have entered into a stipulation consenting to the entry of an

-2-

CASE No. 3910  
Order No. R-3642

order of the New Mexico Oil Conservation Commission pooling their interests in order to form a standard 160-acre proration unit covering the SW/4 of said Section 17.

(6) That there are mineral interest owners in the proposed proration unit who have not agreed to pool their interests.

(7) That to avoid the drilling of unnecessary wells and to otherwise prevent waste, to protect correlative rights, and to afford to the owner of each interest in the said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil, gas and other liquid hydrocarbons in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(8) That R. R. Morrison should be designated the operator of the subject well and unit.

(9) That R. R. Morrison and Atlantic Richfield Company have stipulated upon the amount and method by which R. R. Morrison is to be reimbursed for his costs in the drilling of the unit well and upon the costs that have been and will be incurred in the operation of the unit well, and it is unnecessary for the Commission to make further provision therefor.

(10) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(11) That this order should be made effective at 7:00 a.m. October 1, 1968.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Vada-Pennsylvanian Pool underlying the SW/4 of Section 17, Township 10 South, Range 34 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 160-acre oil proration unit to be dedicated to the R. R. Morrison State "17" Well No. 1, located in the NE/4 SW/4 of said Section 17.

(2) That R. R. Morrison is hereby designated the operator of the subject well and unit.

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CASE No. 3910  
Order No. R-3642

(3) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(4) That the effective date of this order is 7:00 a.m. October 1, 1968.


(5) That the Supervisor of the Hobbs District Office of the Commission is hereby authorized to immediately increase the allowable assigned to the subject well to top unit allowable for the Vada-Pennsylvanian Pool; further to assign to the subject well an amount of back allowable equal to 139 barrels per day times the number of days from October 1, 1968, to the date of increase of allowable. This back allowable shall be made up at a rate to be determined by the Commission.

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

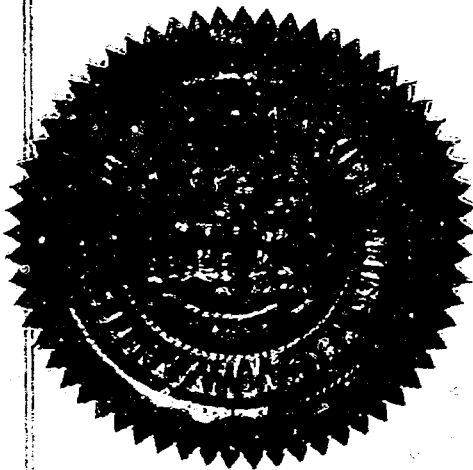
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID E. CARGO, Chairman

  
GUYTON B. HAYS, Member

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



esr/



DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 7, 1968

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3910: (Continued from the October 23, 1968 Examiner Hearing)

Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SW/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to a well located in the NE/4 SW/4 of said Section 17.

CASE 3911: (Continued from the October 23, 1968 Examiner Hearing)

Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SE/4 of Section 8, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to a well located in the NW/4 SE/4 of said Section 8. In the alternative applicant seeks approval of a non-standard oil proration unit comprising the E/2 SE/4 of said Section 8 and the W/2 SW/4 of Section 9, said Township and Range, said unit to be dedicated to a well to be drilled in the NE/4 SE/4 of said Section 8.

CASE 3894: (Continued and Readvertised)

Application of Signal Oil and Gas Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard oil proration unit comprising the W/2 NE/4 and the N/2 SE/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said unit to be dedicated to its State AP Well No. 1 located 1980 feet from the South line and 660 feet from the East line of said Section 17.

In the alternative, applicant seeks approval of an 80-acre non-standard oil proration unit comprising the N/2 SE/4 of

(Case 3894 continued)

said Section 17 and the assignment of approximately 79% of a standard 160-acre unit allowable for said pool to said 80-acre unit.

**CASE 3918:** Application of R. R. Morrison for three non-standard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of three non-standard 80-acre oil proration units in Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, described as follows:

Unit No. 1 comprising the E/2 SW/4 of Section 17, dedicated to applicant's State "17" Well No. 1 located in Unit K of said Section 17;

Unit No. 2 comprising the E/2 NE/4 of Section 17, dedicated to applicant's Atlantic "A" State Well No. 1 located in Unit A of said Section 17;

Unit No. 3 comprising the W/2 SE/4 of Section 8, dedicated to applicant's State "B" Well No. 1 located in Unit J of said Section 8.

Applicant further seeks the assignment of approximately 79% of a standard 160-acre unit allowable for said pool to each of the aforesaid 80-acre units.

**CASE 3919:** Application of Sunray DX Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SE/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to Signal Oil Company's State AP Well No. 1 located in Unit I of said Section 17. In the alternative applicant seeks approval of a non-standard proration unit comprising the S/2 SE/4 of said Section 17 and the N/2 NE/4 of Section 20, said Township and Range, said unit to be dedicated to applicant's New Mexico "AW" Well No. 1 located in the NE/4 NE/4 of said Section 20.

**CASE 3912:** Application of American Petrofina Company of Texas for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres, Glorieta, and Abo formations in the open-hole interval from approximately 4211 feet to 8690 feet in its Federal "C" Well No. 2 located in

November 7, 1968 - Examiner Hearing

Docket No. 32-68

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(Case 3912 continued)

Unit E of Section 21, Township 8 South, Range 36 East, South Prairie-Cisco Pool, Roosevelt County, New Mexico.

- CASE 3913:** Application of Pan American Petroleum Corporation for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian "D" formation in the perforated interval from 6267 feet to 6286 feet in its Navajo Tribal "U" Well No. 1 located in Unit L of Section 21, Township 26 North, Range 18 West, Tocito Dome-Pennsylvanian "D" Pool, San Juan County, New Mexico. Applicant further seeks an administrative procedure whereby other wells in said pool may be approved for disposal purposes, if completed in a manner similar to the subject well, without the requirement of notice and hearing.
- CASE 3914:** Application of Texas Pacific Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and Queen formations in the open-hole interval from approximately 3721 feet to 3995 feet in its State "A" a/c-2 Well No. 6 located in Unit B of Section 7, Township 22 South, Range 36 East, South Eunice Pool, Lea County, New Mexico.
- CASE 3915:** Application of Texas Pacific Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in the perforated interval from approximately 9570 feet to 9972 feet in its State "AH" Well No. 2 located in Unit N of Section 14, Township 12 South, Range 34 East, Ranger Lake Field, Lea County, New Mexico.
- CASE 3916:** Application of Texas Pacific Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the perforated interval from approximately 6686 feet to 6830 in its Woolley Federal No. 1 located in Unit M of Section 21, Township 17 South, Range 30 East, Loco Hills-Abo Pool, Eddy County, New Mexico.
- CASE 3917:** Application of Agua, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres and other formations in the interval from approximately 4530 feet to 6375 feet in its Corbin SWD Well No. G-31 located in the SW/4 NE/4 of Section 31, Township 17 South, Range 33 East, Corbin Field, Lea County, New Mexico.

- CASE 3920: Application of Kern County Land Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4158 feet to 4233 feet in its Federal 23 Well No. 11 located in Unit F of Section 23, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.
- CASE 3921: Application of Kern County Land Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4165 feet to 4291 feet in its Federal 21 Well No. 3 located in Unit O of Section 21, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.
- CASE 3922: Application of Tenneco Oil Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 4214 feet to 4344 feet in its State "V" Well No. 3 located in Unit K of Section 30, Township 7 South, Range 34 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.
- CASE 3923: Application of Tenneco Oil Company for salt water injection, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject produced salt water into the Wolfcamp formation in the perforated interval from approximately 10642 feet to 10699 feet in its Kemnitz-Wolfcamp Unit Well No. 7 located in Unit O of Section 19, Township 16 South, Range 34 East, Kemnitz-Wolfcamp Pool, Lea County, New Mexico.

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
S. B. CHRISTY IV  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
MICHAEL R. WALLER  
  
STUART D. SHANOR  
C. D. MARTIN  
PAUL J. KELLY, JR.

LAW OFFICES  
HINKLE, BONDURANT & CHRISTY  
600 HINKLE BUILDING  
ROSWELL, NEW MEXICO 86201

MIDLAND, TEXAS OFFICE  
521 MIDLAND TOWER  
(915) MU 3-4891  
OF COUNSEL: HIRAM M. DOW

October 18, 1968

TELEPHONE (505) 622-6510  
POST OFFICE BOX 10

*CEH*  
Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Attention: George Hatch and  
Dan Nutter

Gentlemen:

*file*  
This will refer to the writer's telephone conversations yesterday and today with George Hatch and Dan Nutter relative to the continuation of Cases 3910 and 3911 which were scheduled on the examiner's docket for October 23. These are the applications of Atlantic Richfield for force pooling acreage in the Bough "C" zone of the Vada-Pennsylvanian pool.

I advised George Hatch this morning that Atlantic Richfield had decided that it would be agreeable to continuing these cases until the November 7 hearing. Consequently, this can be considered as a motion for the continuance of these cases to the examiner's hearing to be held on November 7.

Due to the fact that these are the only two cases in which we have an interest that are included on the October 23 docket, I will not make an appearance on October 23.

Yours sincerely,

HINKLE, BONDURANT & CHRISTY

By *[Signature]*

CEH:cs

cc: Richard S. Morris

53 OCT 21 1968

*Rechecked Mailed  
10-25-68*

J. O. SETH (1883-1963)

A. K. MONTGOMERY  
WM. FEDERICI  
FRANK ANDREWS  
FRED C. HANNAHS  
RICHARD S. MORRIS  
SUMNER G. BUELL  
SETH D. MONTGOMERY  
FRANK ANDREWS III

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE  
SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307  
AREA CODE 505  
TELEPHONE 982-3876

December 11, 1968

New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: N.M.O.C.C. Cases 3910 and 3911;  
Applications of Atlantic Richfield  
Company for compulsory pooling  
Vada-Pennsylvanian Pool, Lea County,  
New Mexico.

*Rec'd O.C.C.  
12/11/68  
File*

Gentlemen:

During the hearing of these cases before Examiner  
Elvis A. Utz on November 7, 1968, it was announced on  
the record that Mr. R. R. Morrison and Atlantic Richfield  
Company had reached an agreement whereunder Mr. Morrison  
would not oppose the applications of Atlantic Richfield  
Company for compulsory pooling. A written stipulation  
between Mr. Morrison and Atlantic Richfield Company has  
been negotiated and is enclosed herewith. We ask that  
this stipulation be made a part of the record in Cases  
Nos. 3910 and 3911.

In order to facilitate the disposition of these cases by  
the Commission we have prepared and enclose herewith  
orders which we propose that the Commission enter in each  
of these cases.

In order to protect the correlative rights of all concerned  
the stipulation and the order provide for the establishment  
of standard units effective October 1, 1968. Mr. Hinkle and  
I both believe this is necessary in order to give effect to  
the agreement that was made by our respective clients. If it  
is necessary for Mr. Morrison as the operator of the two wells  
to make a request for back allowable to give effect to the  
effective date of the establishment of these units, please  
advise and such a request will be forthcoming. If it is  
appropriate to do so, you may consider this letter as  
Mr. Morrison's request for back allowable.

Very truly yours,

*Richard S. Morris*

RSM:dd  
enclosures

CC Mr. R. R. Morrison  
West Norfolk Avenue  
Norfolk, Nebraska

Mr. Clarence E. Hinkle  
Hinkle, Bondurant & Christy  
Post Office Box 10  
Roswell, New Mexico

Docket No. 31-68

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 23, 1968

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  
Elvis A. Utz, Alternate Examiner:

CASE 3894: Application of Signal Oil and Gas Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard oil proration unit comprising the W/2 NE/4 and the N/2 SE/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said unit to be dedicated to its State AP Well No. 1 located 1980 feet from the South line and 660 feet from the East line of said Section 17.

CASE 3895: Application of Sun Oil Company for a pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its New Mexico State "H" Lease by the injection of water into the San Andres formation through its New Mexico State "H" Well No. 13 located in the SE/4 SE/4 of Section 16, Township 8 South, Range 30 East, Cato-San Andres Pool, Chaves County, New Mexico. Applicant further seeks the promulgation of special rules to govern operation of said pressure maintenance project.

CASE 3887: (Continued from the October 9, 1968, Examiner Hearing)

Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier sand of Grayburg formation through two wells to be located in Units E and K of Section 12, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Applicant further proposes to produce oil from the Upper Grayburg through parallel strings of tubing, if said zones are productive in the subject wells.

CASE 3896: Application of Kersey & Hanson, Yates Drilling Company, and John H. Trigg for several waterflood projects, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to institute several cooperative waterflood projects by the injection of water into the Queen and Grayburg formations through four injection wells located in Sections 21

CASE 3896 continued

and 23, Township 18 South, Range 29 East, Turkey  
Track Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 3897: Application of Kersey-Wittkopp and E. A. Hanson for two waterflood projects, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to institute two cooperative waterflood projects by the injection of water into the Queen formation through two injection wells located in the NW/4 SE/4 and the SW/4 SE/4 of Section 6, Township 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 3898: Application of Tenneco Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the open-hole interval from approximately 3258 feet to 3341 feet in its Ginsberg-Federal Well No. 6 located in Unit E of Section 31, Township 25 South, Range 38 East, Langlie-Mattix Field, Lea County, New Mexico.

CASE 3899: Application of Cities Service Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from approximately 4087 feet to 4176 feet in its State AD Well No. 8 located in Unit J of Section 22, Township 10 South, Range 32 East, Mescalero-San Andres Pool, Lea County, New Mexico.

CASE 3900: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum Wolfcamp Pool and the North Vacuum Abo Pool in the well-bore of its State H-35 Well No. 7 located 660 feet from the North line and 1780 feet from the East line of Section 35, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 3901: Application of Continental Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formations in the perforated interval from approximately 3330 feet to 3552 feet in its Lynn A-28 Well No. 6 located in Unit H of Section 28, Township



(CASE 3901 continued)

23 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.

CASE 3902: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Queen formation through its Stevens "B" Well No. 8 located in Unit A of Section 12, Township 23 South, Range 36 East, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 3903: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Delaware formation in the perforated intervals from approximately 4675 feet to 4765 feet in its Payne Well No. 11 and from 4666 feet to 4740 feet in its Payne Well No. 12 located 660 feet from the South line and 1650 feet from the West line of Section 30, 1935 feet from the North line and 2090 feet from the West line of Section 31, respectively, Township 26 South, Range 33 East, El Mar-Delaware Pool, Lea County, New Mexico.

CASE 3904: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Delaware formation through its Thompson Federal 19 Well No. 2 located in Unit F of Section 19, Township 26 South, Range 32 East, North Mason-Delaware Pool, Lea County, New Mexico.

CASE 3905: Application of Texas Pacific Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from approximately 12,269 feet to 12,541 feet in its State "O" Well No. 1 located in Unit J of Section 15, Township 10 South, Range 36 East, South Crossroads-Devonian Pool, Lea County, New Mexico.

- CASE 3906:** Application of Skelly Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through its Mattix "A" Well No. 4 located in Unit K of Section 2, Township 24 South, Range 37 East, Langlie-Mattix Oil Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 3907:** Application of Skelly Oil Company for a waterflood project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the San Andres formation through its Hobbs "W" Well No. 9 located in Unit F of Section 29, Township 7 South, Range 34 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 3908:** Application of Pan American Petroleum Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 3932 feet to 4027 feet in its Miller Federal Well No. 4 located in Unit L of Section 35, Township 7 South, Range 31 East, Tom-Tom San Andres Pool, Chaves County, New Mexico.
- CASE 3909:** Application of Champlin Petroleum Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into San Andres formation, Chaveroo-San Andres Pool, Roosevelt County, New Mexico, through the following two wells located in Township 7 South, Range 33 East:

Champlin Lauck-Federal Well No. 12,  
Unit J of Section 29; Disposal Interval -  
4202 feet to 4404 feet;

Champlin State 32-7-33 Well No. 5, Unit J  
of Section 32; Disposal Interval - 4303  
feet to 4425 feet.

← CASE 3910:

Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SW/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to a well located in the NE/4 SW/4 of said Section 17.

CASE 3911:

Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SE/4 of Section 8, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Said acreage to be dedicated to a well located in the NW/4 SE/4 of said Section 8. In the alternative applicant seeks approval of a non-standard oil proration unit comprising the E/2 SE/4 of said Section 8 and the W/2 SW/4 of Section 9, said Township and Range, said unit to be dedicated to a well to be drilled in the NE/4 SE/4 of said Section 8.

CASE 3882:

(Continued from the October 9, 1968, Examiner Hearing)  
Application of Solar Oil Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 506 of the Commission Rules and Regulations to provide for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Teague Blinbry Pool, Lea County, New Mexico.

CASE 3883:

(Continued from the October 9, 1968, Examiner Hearing)  
Application of Solar Oil Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 506 of the Commission Rules and Regulations to provide for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Imperial Tubb-Drinkard Pool, Lea County, New Mexico.

Atlantic Richfield Company

North American Producing Division  
New Mexico-Arizona District  
Post Office Box 1978  
Roswell, New Mexico 88201  
Telephone 505 622 4041

Jack Biard  
District Landman

October 11, 1968

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

Gentlemen:

Confirming the recent telephone conversation between Mr. Lewis C. Cox with the firm of Hinkle, Bondurant & Christy and your Mr. George Hatch, Atlantic Richfield Company herewith submits in triplicate the following applications:

1. APPLICATION OF ATLANTIC RICHFIELD COMPANY FOR COMPULSORY POOLING OF OIL AND GAS LEASES COMPRISING THE SE $\frac{1}{4}$  SECTION 8, TOWNSHIP 10 SOUTH, RANGE 34 EAST, N.M.P.M. LEA COUNTY, NEW MEXICO TO FORM A 160 ACRE WELL SPACING AND PRORATION UNIT IN COMPLIANCE WITH SPECIAL FIELD RULES ADOPTED FOR THE VADA-PENNSYLVANIAN POOL FOR THE PURPOSE OF PRODUCING OIL AND GAS FROM THE BOUGH "C" ZONE OF THE PENNSYLVANIAN FORMATION, OR IN THE ALTERNATIVE FOR THE FORMATION OF A NON-STANDARD PRORATION UNIT CONSISTING OF THE E $\frac{1}{2}$ SE $\frac{1}{4}$  SECTION 8 AND THE W $\frac{1}{2}$ SW $\frac{1}{4}$  SECTION 9, TOWNSHIP 10 SOUTH, RANGE 34 EAST, N.M.P.M.
2. APPLICATION OF ATLANTIC RICHFIELD COMPANY FOR COMPULSORY POOLING OF OIL AND GAS LEASES COMPRISING THE SW $\frac{1}{4}$  SECTION 17, TOWNSHIP 10 SOUTH, RANGE 34 EAST, N.M.P.M. LEA COUNTY, NEW MEXICO TO FORM A 160 ACRE WELL SPACING AND PRORATION UNIT IN COMPLIANCE WITH SPECIAL FIELD RULES ADOPTED FOR THE VADA-PENNSYLVANIAN POOL FOR THE PURPOSE OF PRODUCING OIL AND GAS FROM THE BOUGH "C" ZONE OF THE PENNSYLVANIAN FORMATION.

Yours very truly,

ATLANTIC RICHFIELD COMPANY

*Jack Biard*  
Jack Biard  
District Landman

JB/lgb  
Enclosures

cc: Mr. W. P. Tomlinson  
Mr. R. R. Morrison  
Mr. Clem George



*Send back to  
R.R. Morrison  
Address on  
page 2 of application  
OK*

DOCKET MAILED

Date *10-14-68*

*R*

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF ATLANTIC RICHFIELD COMPANY )  
FOR COMPULSORY POOLING OF OIL AND GAS LEASES )  
COMPRISING THE SW $\frac{1}{4}$  SECTION 17, TOWNSHIP 10 )  
SOUTH, RANGE 34 EAST, N.M.P.M. LEA COUNTY, )  
NEW MEXICO TO FORM A 160 ACRE WELL SPACING )  
AND PRORATION UNIT IN COMPLIANCE WITH SPECIAL )  
FIELD RULES ADOPTED FOR THE VADA-PENNSYLVANIAN )  
POOL FOR THE PURPOSE OF PRODUCING OIL AND GAS )  
FROM THE BOUGH "C" ZONE OF THE PENNSYLVANIAN )  
FORMATION. )

*Chal*  
3910

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes Atlantic Richfield Company, with offices at Roswell, New Mexico and hereby makes application for the compulsory pooling of the oil and gas leasehold interests comprising the SW $\frac{1}{4}$  Section 17, Township 10 South, Range 34 East, Lea County, New Mexico for the purpose of forming a well spacing and proration unit in compliance with the special field rules adopted for the Vada-Pennsylvanian pool for the purpose of producing oil and gas from said unit from the Bough "C" zone of the Pennsylvanian formation, and in support thereof respectfully shows:

1. That on January 18, 1967 the Commission entered Order R-3179 in Case No. 3513 approving temporary special field rules for the Vada-Pennsylvanian pool providing for 80 acre spacing and proration units consisting of the N $\frac{1}{2}$ , S $\frac{1}{2}$ , E $\frac{1}{2}$  or W $\frac{1}{2}$  of a governmental quarter section. Order R-3179 was superseded by Order R-3179-A to provide for temporary special field rules for the Vada-Pennsylvanian pool and for standard well spacing and proration units containing 160 acres or a quarter section, and said rules were made permanent by Order R-3179-B entered by the Commission on September 12, 1968.

2. That applicant is the owner of an oil and gas lease embracing lands of the State of New Mexico covering the W $\frac{1}{2}$ SW $\frac{1}{4}$  Section 17, Township 10 South, Range 34 East, N.M.P.M. and that applicant is informed

and believes and upon such information and belief alleges that R. R. Morrison, whose address is West Norfolk Avenue, Norfolk, Nebraska, is the owner of the oil and gas lease covering the E $\frac{1}{2}$ SW $\frac{1}{4}$  Section 17. That the said R. R. Morrison completed, or caused to be completed, on or about July 30, 1968 a well capable of producing oil and gas in paying quantities from the Bough "C" zone of the Pennsylvanian formation, which well is located 1980 feet from the south and west lines of said Section 17, in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  said section. Said well was completed with a potential of 339 barrels of oil per day and 110 barrels of water through perforations at a depth of 9924 to 9930 feet. There is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A", a plat showing the proposed well spacing and proration unit, the location of the producing well upon said unit and the wells in the vicinity thereof, as well as the ownership of the oil and gas leases in the surrounding area.

3. That applicant has requested that the said R. R. Morrison enter into a pooling or communitization agreement with applicant for the purpose of forming a well spacing and proration unit comprising the SW $\frac{1}{4}$  Section 17 in compliance with the special field rules adopted by the Commission under Order R-3179-B, but so far R. R. Morrison has failed to comply with the request of applicant. That applicant stands ready, able and willing to pay 1/2 of all costs reasonably incurred in drilling and completing the well above referred to located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  said Section 17 and to enter into a pooling or communitization agreement providing for the pooling of said leasehold interests, subject to the approval of the Commissioner of Public Lands of the State of New Mexico. Any such pooling or communitization agreement would provide that the production of oil and gas from any portion of said unit shall constitute production from the respective leasehold interests embraced therein and would provide for the allocation of the production to the respective tracts within the unit in the proportion that the number of surface acres included within each tract bears to the number of surface acres embraced in the unit. Applicant is also ready, able and willing to enter into an operating agreement with R. R. Morrison and any other persons who may own or hold working interests in and to the oil and gas lease covering the E $\frac{1}{2}$ SW $\frac{1}{4}$  Section 17 designating R. R. Morrison as operator of the well spacing and proration unit and providing for the allocation of all costs of operation of said well on a reasonable basis.
4. That the compulsory pooling or communitization of the two leasehold interests hereinabove referred to for the purpose of forming

a well spacing and proration unit consisting of the SW $\frac{1}{4}$  Section 17 is necessary to avoid the drilling of unnecessary wells, to protect correlative rights and to prevent waste, and is in the interest of conservation and would be in compliance with New Mexico statutes and the rules, regulations and orders of the Commission.

5. Applicant requests that this matter be set down for hearing before an examiner as soon as possible.

ATLANTIC RICHFIELD COMPANY

By *W. P. Thompson*

HINKLE, BONDURANT & CHRISTY

By *Sam Hinkle*

Attorneys for Applicant

Box 10

Roswell, New Mexico

[illegible]



August 28, 1968

Simanola Area (Vada Pool)  
Lea County, New Mexico

Mr. R. R. Morrison  
West Norfolk Avenue  
Norfolk, Nebraska

Dear Mr. Morrison:

We have recently learned that the Oil Conservation Commission will promulgate an order, to be effective September 1, 1968, adding certain lands to the area now covered by the Vada Field rules. Among the lands to be added pursuant to such order are the SE $\frac{1}{4}$  Section 8 and the SW $\frac{1}{4}$  Section 17, Township 10 South, Range 34 East, Lea County, New Mexico.

You and your associates have recently drilled a well in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  Section 17 and have completed it as an oil producer from the Bough "C" formation. We understand that the lease on which this well was drilled covers the E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 17. Atlantic Richfield Company owns a lease from the State of New Mexico covering, among other lands, the W $\frac{1}{2}$ SW $\frac{1}{4}$  Section 17. In order to comply with the spacing regulations which will soon be issued, Atlantic Richfield Company proposes to unitize the various leasehold estates covering lands in the SW $\frac{1}{4}$  of Section 17 to the end that it will not be necessary to drill a well in the W $\frac{1}{2}$ SW $\frac{1}{4}$ . Naturally, each of us would want to approve title to the lease being contributed by the other party. Further, it would be necessary that we reach an agreement on the cost of the well and that we negotiate a mutually satisfactory joint operating agreement.

With respect to the SE $\frac{1}{4}$  Section 8, you and your associates are now in the process of drilling a well to test the Bough "C" formation, such well being located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 8 under the terms of a farmout

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
<i>Appl.</i> EXHIBIT NO. <u>3</u>
CASE NO. <u>3910, 3911</u>

EXHIBIT NO. 3

Mr. R. R. Morrison  
Page 2  
August 28, 1968

agreement from Atlantic Richfield Company. As you are aware, under the terms of such agreement, a successfully completed well will earn for you rights through the Bough "C" formation in the  $\frac{1}{2}$ EE $\frac{1}{4}$  of the section. The  $\frac{1}{2}$ EE $\frac{1}{4}$  of the section is owned by Atlantic Richfield Company and is, in fact, covered by the same base lease as the drillsite tract. We understand that this well has not yet penetrated the Bough "C" formation but probably will within the next few days. In order to comply with the spacing regulations which are soon to be issued, Atlantic Richfield Company hereby offers to assume 50% of the risk of a dry hole (provided our offer is accepted before the Bough "C" is drilled into) and thus eliminate the need to drill a well in the  $\frac{1}{2}$ EE $\frac{1}{4}$  of the section. We believe title to be satisfactory as to the entire EE $\frac{1}{4}$  and this would present no problem. Again, in this case, it would be necessary that we agree on the cost of the well and that we negotiate a mutually satisfactory operating agreement.

We are directing an information copy of this letter to Mr. Clem George and we ask that you call us collect in the event you have any questions concerning the offers we have made above.

Yours very truly,

ATLANTIC RICHFIELD COMPANY

Jack Biard  
District Landman

JB/dlm

cc: Mr. Clem George  
1114 Petroleum Life Bldg.  
Midland, Texas 79701

October 11, 1968

Simanola Area (Vada Pool)  
Ica County, New Mexico

Mr. R. R. Morrison  
West Norfolk Avenue  
Norfolk, Nebraska

Dear Mr. Morrison:

Please refer to my letter of August 28, 1968, concerning the following:

1. Our offer to unitize our lease on the  $\frac{1}{4}$ SW $\frac{1}{4}$  Section 17 with your lease on the  $\frac{1}{4}$ SW $\frac{1}{4}$  of the same section to the end that it would not be necessary to drill another well in the quarter section.
2. Our offer to communitize our interests with yours in the SE $\frac{1}{4}$  Section 8 so that only one well would be necessary here. When this offer was made it was conditioned upon your acceptance prior to the well penetrating the Rough "C" formation. You have since that time completed the well as a producer of oil from the Rough "C", and we hereby renew our offer to you to communitize our interests with yours.

We have not heard from you since our offer of August 28th, but we wish to assure you that we are still interested in forming LCO production units around your well in the  $\frac{1}{4}$ SE $\frac{1}{4}$  Section 8 and your well in the  $\frac{1}{4}$ SW $\frac{1}{4}$  Section 17, both in Township 10 South, Range 34 East, Ica County, New Mexico.

We stand ready, able and willing to pay one-half of all costs reasonably incurred in drilling and completing each of the wells above referred to and to enter into a pooling or communitization agreement providing for the pooling of said leasehold interests, subject to the approval of the Commissioner of Public Lands of the State of New Mexico. Any such pooling or communitization agreement would provide

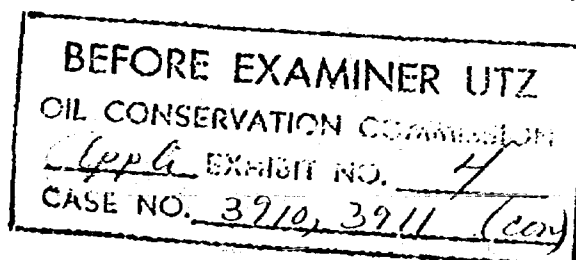


EXHIBIT NO. 4

Mr. R. R. Morrison  
Page 2  
October 11, 1968

that the production of oil and gas from any portion of said unit shall constitute production from the respective leasehold interest embraced therein and would provide for the allocation of the production to the respective tracts within the unit in the proportion that the number of surface acres included within each tract bears to the number of surface acres embraced in the unit.

We are also ready, able and willing to enter into an operating agreement with you and any other persons who may own or hold working interests in and to the oil and gas leases covering the  $\frac{1}{4}$  Section 8 (in one case) and  $\frac{1}{4}$  Section 17 (in the other case) designating you as operator of the well spacing and proration unit and providing for the allocation of all costs of operation of said wells on a reasonable basis. Under separate cover we are furnishing you with a copy of our application to the Oil Conservation Commission by which we are asking for compulsory pooling in the two instances. We would prefer, however, and we sincerely hope that you join us in this pooling, to get together before any hearing is held in the matter and work out a mutually satisfactory arrangement leading to the creation of 160 acre spacing and proration units for the  $\frac{1}{4}$  Section 8 and the  $\frac{1}{4}$  Section 17. I believe you are aware of the fact that as of October 1, 1968, a Rough "O" well with only 80 acres allocated to it is awarded only one-half of the allowable awarded to a Rough "O" well having 160 acres allocated to it. Under these circumstances, we believe that it would be to the best interests of all parties to join in a voluntary pooling arrangement as suggested above.

We will appreciate your considering these matters and, at your earliest convenience, getting in touch with us. We anticipate that the hearing, if held, will be held on October 23, 1968, and, hopefully, we can resolve these matters prior to that time.

Mr. P. E. Morrison  
Page 3  
October 11, 1968

Please let us know if we can furnish you any additional  
information.

Yours very truly,

ATLANTIC ENGINEERING COMPANY

Jack Beard  
District Manager

JB/100

cc: Mr. Allen George  
1118 Petroleum Life Building  
Midland, Texas 79701

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

STIPULATION CONSENTING TO ENTRY OF FORCE POOLING ORDERS IN CASES 3910 AND 3911 PURSUANT TO APPLICATIONS OF ATLANTIC RICHFIELD COMPANY FOR COMPULSORY POOLING FOR THE PURPOSE OF FORMING STANDARD PRORATION UNITS CONSISTING OF THE SW $\frac{1}{4}$  SECTION 17, TOWNSHIP 10 SOUTH, RANGE 34 EAST AND THE SE $\frac{1}{4}$  SECTION 8, TOWNSHIP 10 SOUTH, RANGE 34 EAST IN THE VADA-PENNSYLVANIAN POOL, LEA COUNTY, NEW MEXICO.

Comes the undersigned, Clarence E. Hinkle, of the firm of Hinkle, Bondurant & Christy, Roswell, New Mexico, attorneys for Atlantic Richfield Company and Richard S. Morris, of the firm of Montgomery, Federici, Andrews, Hannahs & Morris, attorneys for R. R. Morrison, and hereby stipulate and agree that the New Mexico Oil Conservation Commission may enter orders providing for the pooling of the SW $\frac{1}{4}$  Section 17 and the SE $\frac{1}{4}$  Section 8, Township 10 South, Range 34 East for the purpose of forming standard spacing and proration units for the production of oil and gas from the Vada-Pennsylvanian Pool, Lea County, New Mexico, and agree that the orders entered by the Commission in said cases may provide for the following:

1. Cases Nos. 3910 and 3911, being the applications of Atlantic Richfield Company for compulsory pooling to form standard proration units covering the SW $\frac{1}{4}$  Section 17 and the SE $\frac{1}{4}$  Section 8, Township 10 South, Range 34 East, N.M.P.M. came on regularly to be heard before Elvis A. Utz, examiner, at Santa Fe, New Mexico on November 7, 1968, and upon motion of the attorney for Atlantic Richfield Company said cases were consolidated for the purpose of taking testimony and evidence was duly introduced for and on behalf of Atlantic Richfield Company.

2. An appearance was entered in Cases Nos. 3910 and 3911 by Richard Morris, Esq. for and on behalf of R. R. Morrison and at the conclusion of the testimony offered by Atlantic Richfield in support of its applications, it was announced that Atlantic Richfield and R. R. Morrison had agreed on terms for the pooling of their respective leasehold interests embraced in the SE $\frac{1}{4}$  Section 8 and the SW $\frac{1}{4}$  of Section 17 to form standard spacing and proration units in accordance with the special field rules adopted for the Vada-Pennsylvanian Pool

and that a written stipulation would be entered into and filed with the Commission consenting to the Commission entering orders in Cases 3910 and 3911 providing for force pooling.

3. That in view of the stipulation entered into by and between Atlantic Richfield and R. R. Morrison, upon motion duly made by the attorneys for Atlantic Richfield Company, that portion of Case No. 3911 providing that in the alternative applicant seeks approval of a non-standard oil proration unit comprising the E $\frac{1}{2}$ SE $\frac{1}{4}$  Section 8 and the W $\frac{1}{2}$ SW $\frac{1}{4}$  Section 9, Township 10 South, Range 34 East, N.M.P.M. was dismissed.

4. That Atlantic Richfield Company is the owner and holder of certain oil and gas leases embracing the E $\frac{1}{2}$ SE $\frac{1}{4}$  Section 8 and the W $\frac{1}{2}$ SW $\frac{1}{4}$  Section 17, Township 10 South, Range 34 East and that R. R. Morrison is the owner and holder of certain oil and gas leases embracing the W $\frac{1}{2}$ SE $\frac{1}{4}$  Section 8 and the E $\frac{1}{2}$ SW $\frac{1}{4}$  Section 17 and that all of the lands embraced in said oil and gas leases are lands of the State of New Mexico.

5. That R. R. Morrison has caused to be drilled and completed wells capable of producing oil and gas from the Bough "C" zone of the Pennsylvanian formation of the Vada-Pennsylvanian Pool, in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 8 and the NE $\frac{1}{4}$ SW $\frac{1}{4}$  Section 17. That the well in Section 17 was completed on or about July 29, 1968 and the well in Section 8 was completed on or about September 23, 1968 and that the well in Section 17 has been on production from on or about August 1, 1968 and the well in Section 8 has been on production since on or about October 1, 1968.

6. That Atlantic Richfield Company and R. R. Morrison hereby agree that the New Mexico Oil Conservation Commission may enter orders in Cases 3910 and 3911 providing for the pooling of the respective leasehold interests hereinabove described owned by Atlantic Richfield Company and R. R. Morrison in said Sections 8 and 17, Township 10 South, Range 34 East so as to form standard proration units as provided by the special field rules adopted for the Vada-Pennsylvanian Pool in accordance with Section 65-3-14 New Mexico Statutes 1953 Annotated and further agree that the respective orders entered in said cases may provide for the following:

(a) R. R. Morrison shall be the operator of the acreage pooled to form standard pooling and proration units consisting of the SE $\frac{1}{4}$  Section 8 and the SW $\frac{1}{4}$  Section 17.

(b) That the force pooling orders to be entered in Cases 3910 and 3911 shall be effective as of 7:00 a.m. October 1, 1968, it being understood and agreed that Atlantic Richfield Company shall have no rights in and to the production or the proceeds therefrom obtained by R. R. Morrison from said wells up to 7:00 a.m. October 1, 1968. All oil, gas and other hydrocarbon substances which may be produced, saved and marketed from said wells from 7:00 a.m. October 1, 1968 shall be allocated 50% to the acreage of Atlantic Richfield Company and 50% to the acreage of R. R. Morrison constituting the respective tracts of said parties comprising the standard proration units for the SE $\frac{1}{4}$  Section 8 and the SW $\frac{1}{4}$  Section 17 and all operations conducted upon said units from and after 7:00 a.m. October 1, 1968 shall be deemed for all purposes to have been conducted upon each tract within the respective units by the owner or owners of such tracts. The portion of the production allocated to the respective tracts included in the standard proration units shall be considered as if produced from the separately owned tracts or interests by wells drilled thereon.

(c) Atlantic Richfield shall reimburse R. R. Morrison for 50% of \$100,000.00 plus 50% of \$12,500.00 as Atlantic Richfield's full share of all costs of drilling each well to the point of setting the production string or pipe. In addition, Atlantic Richfield shall pay to R. R. Morrison 50% of all actual costs which were incurred in completing and equipping each well, together with 50% of all operating expenses incurred in connection with each well from and after 7:00 a.m. October 1, 1968. It is understood and agreed that the operating costs for which R. R. Morrison shall be reimbursed as well as operating costs incurred in the future in connection with said wells shall be in accordance with the Copas 1962 form of Accounting Procedure recommended by the Council of Petroleum Accountants Societies of North America and that said Accounting Procedure shall provide for a combined fixed rate of administrative overhead equal to \$25.00 per month for each well and that said fixed rate shall not include salaries and expenses of the production foreman for R. R. Morrison.

(d) Atlantic Richfield Company and R. R. Morrison shall each be responsible for the payment of their respective proportionate parts of all royalties, overriding royalties and other lease burdens against their respective leasehold interests comprising the pooled units and all payments shall be based upon the production of oil, gas and other hydrocarbon substances which may be allocated to the respective tracts; provided, however, Atlantic Richfield shall not be responsible for any royalty, overriding royalty or other lease burdens which may be due and payable out of the production from the respective wells located on said units up to 7:00 a.m. October 1, 1968.

(e) All payments and reimbursements contemplated by this stipulation and all payments and reimbursements required by the forced pooling orders to be entered by the New Mexico Oil Conservation Commission in Cases 3910 and 3911 shall be made by Atlantic Richfield



to R. R. Morrison in cash within 30 days after receipt of invoice, and in no event shall any portion of any payment or reimbursement be paid out of the share of production attributable to Atlantic Richfield's interest in any well.

7. It is contemplated that a mutually acceptable operating agreement will be made and entered into by and between Atlantic Richfield Company and R. R. Morrison covering the future operations of the pooled units and that the Accounting Procedure hereinabove referred to will be made a part of said operating agreement.

8. The provisions of this stipulation and agreement shall be binding upon the heirs, personal representatives, successors and assigns of the parties hereto, and shall be considered as covenants running with the ownership of the respective leasehold interests covering the tracts which comprise the respective pooled units.

IN WITNESS WHEREOF, this stipulation is entered into this  
11th day of November, 1968.  
*December*

ATLANTIC RICHFIELD COMPANY

By [Signature]  
Member of the firm of  
HINKLE, BONDURANT & CHRISTY  
Attorneys for Atlantic Richfield  
Company  
Box 10  
Roswell, New Mexico 88201

R. R. MORRISON

By [Signature]  
Member of the firm of  
MONTGOMERY, FEDERICI, ANDREWS,  
HANNAHS & MORRIS  
Attorneys for R. R. Morrison  
Box 2307  
Santa Fe, New Mexico 87501

DRAFT

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:

APPLICATION OF ATLANTIC RICHFIELD  
COMPANY FOR COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO

CASE No. 3910

Order No. R-3642

12-2-68

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 7, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of December, 1968, 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, Atlantic Richfield Company, seeks an order pooling all mineral interests in the Bough "C" zone of the Pennsylvanian formation underlying the SW/4 of Section 17, Township 10 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.

(3) That Atlantic Richfield Company is the owner and operator of the W/2 SW/4 of said Section 17, and R. R. Morrison is the owner and operator of the E/2 SW/4 of said Section 17.

(4) That on July 29, 1968, R. R. Morrison completed a well in the Bough "C" formation in the NE/4 SW/4 of said Section 17.

(5) That R. R. Morrison and Atlantic Richfield Company have entered into a stipulation consenting to the entry of an order of the New Mexico Oil Conservation Commission pooling their interests in order to form a standard 160-acre proration unit covering the SW/4 of said Section 17.

(6) That there are mineral interest owners in the proposed proration unit who have not agreed to pool their interests, <sup>and to otherwise prevent waste,</sup>

(7) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in the said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil, gas and other liquid hydrocarbons in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(8) That R. R. Morrison should be designated the operator of the subject well and unit.

(9) That R. R. Morrison and Atlantic Richfield Company have stipulated upon the amount and method by which R. R. Morrison is to be reimbursed for his costs in the drilling of the unit well and upon the costs that have been and will be incurred in the operation of the unit well, and it is unnecessary for the Commission to make further provision therefor.

(10) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(11) That ~~in order to protect the correlative rights of all mineral interest owners in the pooled unit,~~ this order should be made effective at ~~7:00 a.m.~~ <sup>State "17" well No. 1,</sup> 7:00 a.m. October 1, 1968.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Vada-Pennsylvanian Pool underlying the SW/4 of Section 17, Township 10 South, Range 34 East, N.M.P.M., Lea County, New Mexico, are hereby pooled to form a 160-acre oil proration unit to be dedicated to the R. R. Morrison well that is located in the NE/4 SW/4 of said Section 17.

(2) That R. R. Morrison is hereby designated the operator of the subject well and unit.

(3) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify

the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(4) That the effective date of this order is ~~as of~~ 7:00 a.m. October 1, 1968.

(6) 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

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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

S E A L

~~(5) That the underproduction which has accrued  
to the subject well since~~

(5) That the Supervisor of the Hobbs District Office of the Commission is hereby authorized to immediately increase the allowable assigned to the subject well to top unit allowable for the Vada-Pennsylvanian Pool; further to assign to the subject well an amount of back allowable equal to 139 barrels per day times the number of days from October 1, 1968, to the date of increase of allowable. This back allowable shall be made up at a rate to be determined by the Commission.