

CASE 3911: Appli. of ATLANTIC  
RICHFIELD FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case Number

3911

Application  
Transcripts.

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4691 • ALBUQUERQUE, NEW MEXICO

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 for compulsory pooling, Lea  
County, New Mexico.

3911  
Case 3910

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.

WITNESS my hand and seal this 1st day of November, 1968.  
a complete record of the proceedings in  
the Examiner hearing of Case No. 3910  
heard by me on 10/23 1968

*Ada Dearnley*  
Ada Dearnley  
New Mexico Oil Conservation Commission

DAVID F. CARCO  
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.  
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. 3911  
Order No. R-1643

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 SE/4 of Section 8, 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 E/2 SE/4 of said Section 8, and R. R. Morrison is the owner and operator of the W/2 SE/4 of said Section 8.

(4) That on September 23, 1968, R. R. Morrison completed a well in the Bough "C" zone of the Pennsylvanian formation in the NW/4 SE/4 of said Section 8.

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

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CASE No. 3911  
Order No. R-3643

order of the New Mexico Oil Conservation Commission pooling their interests in order to form a standard 160-acre proration unit covering the SE/4 of said Section 8.

(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 SE/4 of Section 8, 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 "B" Well No. 1, located in the NW/4 SE/4 of said Section 8.

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

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CASE No. 3921  
Order No. R-3643

(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.

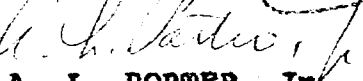
(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

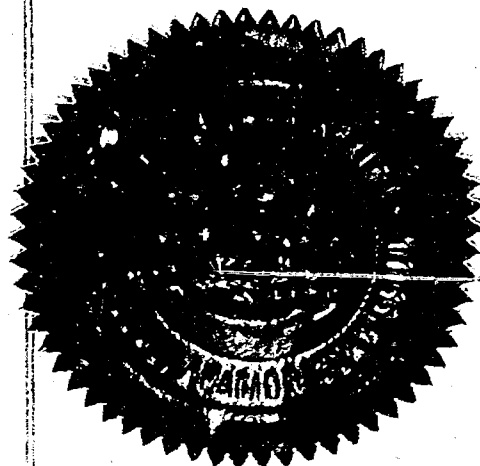
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID E. CARGO, Chairman

  
GUYTON S. HAYS, Member

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



esr/



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 of 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.

11th IN WITNESS WHEREOF, this stipulation is entered into this 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

Docket No. 32-68

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

(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.



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 28, 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 Tubbs-Drinkard Pool, Lea County, New Mexico.



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

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 FORMA- )  
TION 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. )

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 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., 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

10-25-68  
Date

section, and said rules were made permanent by Order R-3179-B entered by the Commission on September 12, 1968.

2. That subsequent to the adoption of special field rules for the Vada-Pennsylvanian pool under Order R-3179 providing for 80 acre well spacing and proration units, Atlantic Richfield Company farmed out to R. R. Morrison its certain oil and gas lease embracing the  $W\frac{1}{2}SE\frac{1}{4}$  Section 8, Township 10 South, Range 34 East, N.M.P.M. That pursuant to said farmout agreement R. R. Morrison completed, or caused to be completed, the Morrison State B-1 well located 1980 feet from the south and east lines of said Section 8. Said well was completed on or about September 23, 1968 in the Bough "C" zone of the Pennsylvanian formation and was potentialized as capable of producing 375 barrels of oil per day and 260 barrels of water on a 24 hour test. Said well was completed through perforations at a depth of 9896 to 9900 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 prior to the completion of said well and before the same had reached a depth sufficient to test the Bough "C" zone of the Vada-Pennsylvanian pool and after the special field rules had been changed to provide for 160 acre well spacing and proration units, applicant proposed to R. R. Morrison that he pool or communitize the oil and gas leasehold interest farmed out to him covering the  $W\frac{1}{2}SE\frac{1}{4}$  Section 8 with the oil and gas lease retained by applicant, being out of the same base lease, covering the  $E\frac{1}{2}SE\frac{1}{4}$  Section 8, but R. R. Morrison has refused to do so. 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  $NW\frac{1}{4}SE\frac{1}{4}$  Section 8 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  $W\frac{1}{2}SE\frac{1}{4}$  Section 8 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. In the alternative, applicant desires that its leasehold interest covering the  $E\frac{1}{2}SE\frac{1}{4}$  Section 8 be pooled or communitized with the leasehold interest of applicant covering the  $W\frac{1}{2}SW\frac{1}{4}$  Section 9, Township 10 South, Range 34 East N.M.P.M. for the purpose of forming a non-standard well spacing and proration unit, subject to the approval of the Commissioner of Public Lands of the State of New Mexico inasmuch as the lands in both of said sections are state lands.

5. 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  $SE\frac{1}{4}$  Section 8, or in the alternative the pooling or communitization of the leasehold interests covering the  $E\frac{1}{2}SE\frac{1}{4}$  Section 8 and the  $W\frac{1}{2}SW\frac{1}{4}$  Section 9 for the purpose of forming a non-standard well spacing and proration unit, 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.

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

ATLANTIC RICHFIELD COMPANY

By *[Signature]*

HINKLE, BONDURANT & CHRISTY

By *[Signature]*  
Attorneys for Applicant  
Box 10  
Roswell, New Mexico



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:

CASE No. 3911

Order No. R-3643

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 \_\_\_\_\_ 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 SE/4 of Section 8, 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 E/2 SE/4 of said Section 8, and R. R. Morrison is the owner and operator of the W/2 SE/4 of said Section 8.

(4) That on September 23, 1968, R. R. Morrison completed a well in the Bough "C" formation in the NW/4 SE/4 of said Section 8.

(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 SE/4 of said Section 8.

(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, <sup>and to otherwise prevent waste,</sup> 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) <sup>That</sup> ~~That in order to protect the correlative rights of all mineral interest owners in the pooled unit.~~ This order should be made effective ~~as of~~ <sup>at</sup> 7:00 a.m. October 1, 1968.

IT IS THEREFORE ORDERED:

State "B" Well No. 1,

(1) That all mineral interests, whatever they may be, in the Vada-Pennsylvanian Pool underlying the SE/4 of Section 8, 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 NW/4 SE/4 of said Section 8.

(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

*That the underproduction that has occurred to  
the subject*

(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.

CASE 3912: Application of AMERICAN  
PETROFINA CO. OF TEXAS FOR SALT  
WATER DISPOSAL, ROOSEVELT COUNTY.

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