

CASE 3919: Application of SUNRAY
DX OIL COMPANY FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

Case Number

3919

Application

Transcripts

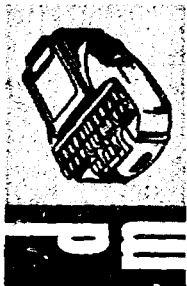
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 7, 1968

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	Sun Oil - Dr. Division	Midland, Texas
Haseide, J.	Sun Oil - Dr. Div.	Midland Texas
W.P. Tomlinson	Atlantic Richfield	Roswell, N.M.
Jack Beard	" "	" "
E.M. Pungile	" "	" "
James H. Hubble	" "	" "
William J. Merri	Montgomery, et al	Santa Fe
A.C. Parker	Signal	Midland, Tex.
L.C. Spence	Sun Oil - Dr. Div.	Tulsa
R.P. W. W. W. W.	W.P. W. W. W.	Port of Houston
W. T. Wheeler	Signal Oil & Gas	Midland, Tex.
Jason Kellahin	Kellahin & Fox	Santa Fe
Boyle, W.	multiple listed below	S.F.
W.G. Abbott	AFUA, INC	Hobbs
R.B. Freels	T.P.O.C.	Dallas
J.C. Chapman	Am.	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. Hollingsworth	Pac. America Pet. Corp.	Denton, Colo.
Louis C. Ross	same -	"
Frank W. Houck	Pac Am Pet. Corp.	"
Arno S. Dulsami	RW Byrum & Co.	Santa Fe - Austin
John D. Russell	Gas Pacific 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 of 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, 1962, and completed on or about July 29, 1962.

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 you 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

WITNESS

MARVIN PRINGLE

Direct Examination by Mr. Hinkle

Cross Examination by Mr. Morris

EXHIBIT

Applicant's 1
through 4

Applicant's 1
and 2

MARKED

5

PAGE

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7

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OFFERED AND
ADMITTED

13

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

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 Macias
Court Reporter

I do hereby certify that the foregoing is
a true and correct record of the proceedings in
the hearing of Case No. 3810-11
heard by me on 11-22-65. 19 3894
3818-12
New Mexico Oil Conservation Commission

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

November 7, 1968 - Examiner Hearing

Docket No. 32-68

(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, Tociito 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.

November 7, 1968, Examiner Hearing

Docket No. 32-68

-4-

- 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.

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

November 18, 1968

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

Re: Case No. 3919
Order No. R-3561
Applicant:
Sunray DX Oil 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. Booker Kelly, Mr. Bob Spurlock, 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. 3919
Order No. R-3561

APPLICATION OF SUNRAY DX OIL
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 18th day of November, 1968, the Commission, a
quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

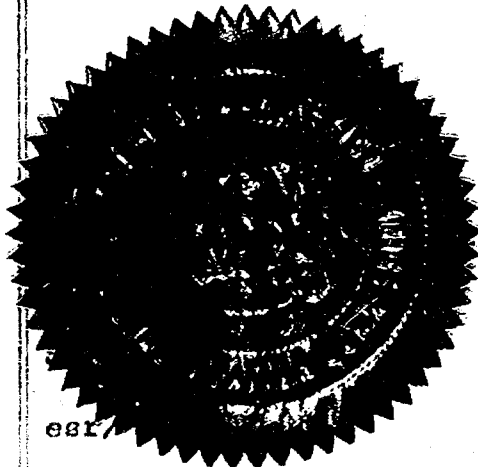
FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 3919 is hereby dismissed.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

David F. Cargo
DAVID F. CARGO, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

Case 3919

Head. 11-768

Rec. 11-768

Dismiss as requested by
applicant.

Thos. H. [Signature]

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

Case No. 3919

APPLICATION OF SUNRAY DX OIL COMPANY
TO FORCE POOL THE SE $\frac{1}{4}$ OF SECTION 17
TOWNSHIP 10 SOUTH, RANGE 34 EAST LEA
COUNTY, NEW MEXICO. IN THE ALTERNATIVE
IF THE APPLICATION FOR FORCE POOLING BE
DENIED APPLICANT SEEKS CREATION OF A NON-
STANDARD PRORATION UNIT VADA-PENNSYLVANIAN
POOL LEA COUNTY, NEW MEXICO.

APPLICATION
COUNT I

Comes now Sunray DX Oil Company by its attorneys White, Gilbert, Koch & Kelly
and for its Application states:

1. Sunray DX Oil Company is the operator and principal working interest
owner of the S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 17, Township 10 South, Range 34 East, Lea
County, New Mexico.

2. Signal Oil Company is the owner and operator of the State AP well No. 1
located in Unit 1, Section 17, Township 10 South, Range 34 East, Lea County, New
Mexico, which well has presently dedicated to it the N $\frac{1}{2}$ of the SE $\frac{1}{4}$ of said Section
17.

3. Prior to the entry of the New Mexico Oil Conservation Commission's Order
No. R-3472 said AP Well No. 1 was located in the Simanola-Pennsylvanian Pool which
pool had 80-acre spacing units. This Commission by Order No. R-3472 contracted
the Simanola-Pennsylvanian Pool and placed all of Section 17 in the Vada-Pennsyl-
vanian Pool.

4. The Rules and Regulations of the Vada-Pennsylvanian Pool provide for
160-Acre spacing units rather than 80-Acre spacing units and for spacing units
to be made up of standard governmental quarter sections.

5. Applicant in good faith has been unsuccessful in its attempt to
voluntarily pool all mineral interests in the SE $\frac{1}{4}$ of Section 17 to form a standard
160 Acre oil proration unit.

DOCKET MAILED

Date 10-25-68

WHITE, GILBERT, KOCH & KELLY
ATTORNEYS AT LAW
P. O. BOX 787
SANTA FE, NEW MEXICO 87501

WHITE, GILBERT, KOCH & KELLY
ATTORNEYS AT LAW
P. O. BOX 787
SANTA FE, NEW MEXICO 87501

6. The working interest owners in the $SE\frac{1}{4}$ of said Section 17 are to the best of applicant's knowledge:

Signal Oil Company
Sunray DX Oil Company
Trust U-D Donaldson Brown
John B. Rich
Neville G. Penrose

A copy of this application has been sent to the above listed working interest owners.

7. Applicant in order to protect its correlative rights and to avoid the drilling of unnecessary wells seeks an order pooling the vertical limits of the Vada-Pennsylvanian Pool in the $SE\frac{1}{4}$ of Section 17, Township 10 S. Range 34 E. Lea County, New Mexico.

COUNT II

Comes now Applicant Sunray DX Oil Company and for a second alternative form of relief prays that in the event its application for force pooling of the $SE\frac{1}{4}$ of Section 17, Township 10 South, Range 34 East, Lea County, New Mexico, be properly denied by this Commission and without waiving its rights sought under Count I hereof, states:

1. Applicant is the operator of the New Mexico AW No. 1 Well located in the $NE\frac{1}{4}$ of the $NE\frac{1}{4}$ of Section 20, Township 10 South, Range 34 East, Lea County, New Mexico.

2. Prior to the entry of New Mexico O.C.C. Order No. R-3472 the said Well was located in the Simanola-Pennsylvanian Pool and the $N\frac{1}{2}$ of the $NE\frac{1}{4}$ of said Section 20 was dedicated to the New Mexico AW No. 1 Well.

3. This Commission by its Order No. R-3472 contracted the Simanola-Pennsylvanian Pool and placed the $N\frac{1}{2}$ of the $NE\frac{1}{4}$ of said Section 20 in the Vada-Pennsylvanian Pool.

4. Applicant in addition to being the operator of the $N\frac{1}{2}$ of the $NE\frac{1}{4}$ of said Section 20 is the operator of the $S\frac{1}{2}$ of the $SE\frac{1}{4}$ of Section 17, Township 10 South, Range 34 East, Lea County, New Mexico, which together compromise 160 acres which it proposes to dedicate to its New Mexico AW No. 1 Well in the Vada-

WHITE, GILBERT, KOCH & KELLY
ATTORNEYS AT LAW
P. O. BOX 787
SANTA FE, NEW MEXICO 87501

1
2
3 Pennsylvania Pool.

4 5. The composition of the two 80- Acre Tracts in contiguous sections as
5 described above would constitute a non-standard proration unit under the Rules
6 and Regulations for the Vada-Pennsylvanian pool and Applicant seeks approval for
7 this non-standard proration unit which will if granted prevent waste and protect
8 the correlative rights of the Applicant and not impair correlative rights of
9 other operators in the pool.

10 WHEREFORE Sunray DX Oil Company requests that this Application be set down
11 for hearing before the Commission, or one of its examiners, and that the Commission
12 enter its Order approving the force pooling, or in the alternative if said force
13 pooling be properly denied approving this proposed non-standard proration unit.

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WHITE, GILBERT, KOCH & KELLY

By W.B. Kelly
Attorneys for Sunray DX Oil Company

DRAFT

GMH/esr

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. 3919

Order No. R-3561

APPLICATION OF SUNRAY DX OIL
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this _____ day of November, 1968, the Commission,
a quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 3919 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.