

CASE 5878: MICHAEL T. GOTTLIEB
FOR TWO NON-STANDARD GAS PRORATION
UNITS, SAN JUAN COUNTY, NEW MEXICO

Case Number

5878

Application

Transcripts

Small Exhibits

ETC.



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
March 16, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Damon Weems
Attorney at Law
102 Northwest Energy Building
Farmington, New Mexico

Re: CASE NO. 5878
ORDER NO. R-5396

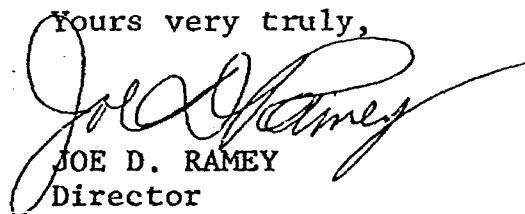
Applicant:

Michael T. Gottlieb

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 9, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Great Lakes Chemical
Corporation for two non-standard gas
proration units, San Juan County,
New Mexico.

CASE
5877

Application of Michael T. Gottlieb for
two non-standard gas proration units,
San Juan County, New Mexico.

CASE
5878

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

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

For the Applicant:
(Great Lakes Chemical Corp.)

William J. Cooley, Esq.
BURR & COOLEY
Attorneys at Law
152 Petroleum Center Bldg.
Farmington, New Mexico

For the Applicant:
(Michael T. Gottlieb)

Damon Weems, Esq.
Attorney at Law
Farmington, New Mexico

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1 MR. NUTTER: We will call Case Number 5877.

2 MS. TESCHENDORF: Case 5877, application of Great
3 Lakes Chemical Corporation for two non-standard gas proration
4 units, San Juan County, New Mexico.

5 MR. NUTTER: We will also call at this time Case
6 Number 5878.

7 MS. TESCHENDORF: Case 5878, application of Michael
8 T. Gottlieb for two non-standard gas proration units, San Juan
9 County, New Mexico.

10 MR. COOLEY: Off the record, please.

11 (THEREUPON, a discussion was held
12 off the record.)

13 MR. COOLEY: Mr. Examiner, I believe that this is
14 the first time that the Commission has ever been presented
15 with this problem. Great Lakes Chemical Corporation, whom I
16 represent, and I would also like to introduce Mr. Damon Weems,
17 attorney for Mr. Gottlieb.

18 This arises out of a contract consummated between
19 Mr. Gottlieb and his predecessor interest, R & G Drilling
20 Company and Great Lakes' predecessor. It had a provision in
21 it that if it should ever occur that infield drilling should
22 be permitted in the Blanco Mesaverde Gas Pool and this was a
23 farmout from Great Lakes to R & G, that should R & G or its
24 successor in it fail to drill the infield wells within a
25 period of eighteen months, then R & G or its successor in

1 interest would forfeit or reassign the Great Lakes', the
2 undrilled locations. This has occurred in the cases that we
3 have presented to you today.

4 MR. NUTTER: Now, did that agreement cover only the
5 lands covered by the Great Lakes Chemical application or did
6 it also cover the lands covered by the Gottlieb application?

7 MR. COOLEY: The entire three hundred and twenty acres,
8 Mr. Examiner, was farmed out in both 3 and 35. At that time,
9 as you are well aware, only one well was permitted but the
10 contract had this rather unusual provision that if infield
11 drilling was ever permitted and the farmee being R & G who is
12 now Gottlieb, our successor in interest, that if they failed
13 within an eighteen month period to drill these wells, that they
14 would reassign the undrilled one hundred and sixty acre infield
15 locations. This is now an accomplished fact. The assignments
16 from Mr. Gottlieb, who was the successor in interest to R & G
17 Drilling have been recorded and now the tracts are separately
18 owned.

19 MR. NUTTER: I see.

20 MR. COOLEY: What we seek here today, to the best
21 of our ability and imagination, is the most practical
22 solution, to establish four non-standard gas proration units
23 in the Blanco Mesaverde.

24 Now, there is one existing well in Section 3 which
25 is owned by Mr. Gottlieb and which is described in this

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1 application and in Section 35 there was a well drilled but
2 due to mechanical failure it ceased to produce and it was
3 ordered to be plugged and abandoned by the United States
4 Geological Survey.

5 I'm sure that Mr. Weems should and can better tell
6 you what Mr. Gottlieb's plans are with respect to that one
7 hundred and sixty acres.

8 MR. NUTTER: Okay, so now we are back to Case 5877
9 and 78 and you wish to consolidate them for purpose of hearing,
10 is that it.

11 MR. COOLEY: All four or just two, sir?

12 MR. NUTTER: Well, it's the two cases, we will
13 consolidate the two cases for purpose of hearing and they
14 cover the four proration units.

15 MR. COOLEY: There are four applications.

16 MR. NUTTER: Well, we have already consolidated two
17 applications into a case and we have two cases, each of which
18 covers two non-standard units.

19 MR. COOLEY: Yes, sir. We only have one witness,
20 Mr. Eipper, who we will now call to the stand.

21 (THEREUPON, the witness was duly sworn.)

22 MR. COOLEY: Shall we proceed first, Mr. Examiner,
23 with Section 3?

24 MR. NUTTER: Section 3 will be fine.
25

E. WILLIAM EIPPER

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

DIRECT EXAMINATION

BY MR. COOLEY:

Q Mr. Eipper, would you state your full name for the
record, please?

A E. William Eipper.

Q And by whom are you employed?

A Great Lakes Chemical Corporation.

MR. NUTTER: How do you spell that name, please?

A E-i-p-p-e-r.

MR. NUTTER: Thank you.

Q (Mr. Cooley continuing.) Mr. Eipper, this proceeding
can get straight to the point as I have already made an
opening statement.

What is the situation with respect to the development
of the Blanco Mesaverde formation in Section 3 of Township 27
North, Range 8 West, San Juan County, New Mexico?

A In the eastern half of that section there is an
existing well, the Graham No. 44.

Q Graham, G-r-a-h-a-m?

A Right, that's the Graham Lease. The well is commonly
known as the R & G 44.

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1 Q And by whom is that well owned to the best of your
2 knowledge and recollection?

3 A My understanding is that the working interest is
4 owned primarily by Mr. Michael T. Gottlieb.

5 Q That is G-o-t-t-l-i-e-b?

6 A That is my understanding.

7 Q In 1959 did the Great Lakes Chemical Corporation's
8 predecessor enter into any type of an agreement with R & G
9 Drilling Company?

10 A Yes, they did and it's dated the seventh day of
11 January, 1959.

12 Q And did that agreement provide that if infield
13 drilling should ever be permitted by the New Mexico Oil
14 Conservation Commission that there was a time limit within
15 which R & G Drilling Company or its successors in interest had
16 within which to drill the infield well?

17 A Yes, it did.

18 Q And what was that provision?

19 A May I read directly from the agreement?

20 Q Please do so, sir.

21 A (Reading) Operator shall develop all interest and
22 acreage acquired hereunder pursuant to the spacing rules and
23 regulations of the New Mexico Oil Conservation Commission. In
24 the event of a change in said spacing regulations operator
25 shall drill all additional locations resulting therefrom within

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1 eighteen months from the date of said change. Failing therein,
2 the operator shall release such undrilled locations to Great
3 Lakes.

4 Q Is it your understanding that Michael T. Gottlieb
5 is the successor in interest to R & G Drilling Company with
6 respect to the agreement that you just testified to?

7 A Yes, he is.

8 Q Did he in fact comply with that eighteen month
9 limitation or requirement in the agreement?

10 A No, he did not. R & G nor Mr. Gottlieb is the
11 primary holder of the working interest.

12 Q Your answer was, no one has drilled that?

13 A That's right.

14 Q What has occurred as a result of this failure?

15 A Great Lakes --

16 Q This declamation --

17 A I beg your pardon?

18 Q I said, this failure to drill or this declamation
19 to drill.

20 A Well, Great Lakes Chemical Corporation duly notified
21 the R & G Drilling Company, Mr. Gottlieb and any other prior
22 holders of working interest of which we had record, that this
23 failure had occurred and that we wanted to have the working
24 interest reassigned to us and this has now taken place.

25 Q So now the ownership of the east half of Section 3

1 is common or not common?

2 A I would like to rephrase your question. Each half
3 of the east half of Section 3.

4 Q That was my question.

5 A It is separately owned.

6 MR. NUTTER: Each quarter in the east half?

7 A Right. They reassigned the one quarter section because
8 they do have a well in the other quarter section.

9 Q (Mr. Cooley continuing.) All right, now, which
10 quarter section was reassigned?

11 A It's the southeast quarter of Section 3.

12 Q And the northeast quarter of Section 3, as you
13 understand it, is owned by Mr. Gottlieb, et al?

14 A Right.

15 Q And the working interest in the southeast quarter
16 of Section 3 is owned by the applicant, Great Lakes Chemical
17 Corporation?

18 A Right.

19 Q What is your proposal with respect to the handling of
20 this matter, inasmuch as the Blanco Mesaverde gas field is
21 spaced on three hundred and twenty acres?

22 A Our proposal is in our application that the Commission
23 grant separate production proration units, non-standard units.

24 Q What is your suggestion with respect to the allowables
25 that should be assigned to each of these proposed non-standard

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1 gas proration units?

2 A In view of the completely separate ownership we
3 propose separate allowables if they would be non-standard
4 separate proration units.

5 Q If I understand you correctly sir, each of the
6 proposed non-standard proration units would have one-half or
7 fifty percent acreage assignment instead of a full one hundred
8 percent?

9 A Each of us would have a hundred and sixty acres,
10 correct, more or less.

11 Q Well, with respect to prorationing, am I correct
12 in assuming that you are proposing that each of these one
13 hundred and sixty acre non-standard proration units be assigned
14 a one-half acreage allocation and by one-half I mean one-half
15 of three hundred and twenty acres and that their deliverability
16 of each independent well be calculated into the allowable
17 that would be assigned to each of the wells?

18 A Yes, sir.

19 MR. COOLEY: Mr. Examiner, that concludes the
20 applicant's, Great Lakes Chemical Corporation, testimony with
21 respect to the east half of Section 3, Township 27 North,
22 Range 8 West, San Juan County, New Mexico insofar as the
23 Blanco Mesaverde Gas Pool is concerned.

24 MR. NUTTER: Okay, then, would you proceed with
25 Section 35?

1 MR. COOLEY: Mr. Examiner, Mr. Weems is here present,
2 representing the applicant, Michael T. Gottlieb. He might
3 wish to question or cross examine with respect to Section 3.

4 MR. NUTTER: Well, I thought we would just save any
5 cross examination until the conclusion of the direct on both
6 sections.

7 MR. COOLEY: All right, sir.

8 Q (Mr. Cooley continuing.) Mr. Eipper, was Section 35,
9 the west half of Section 35, Township 27 North, Range 8 West,
10 San Juan County, New Mexico, also farmed out by Great Lakes
11 Chemical Corporation to R & G Drilling Company?

12 A Right, it was.

13 Q And is it your understanding that Michael T. Gottlieb
14 is now the successor of interest to the oil and gas lease
15 operating rights?

16 A Yes, sir.

17 Q In that west half of said Section 35?

18 A Yes, sir.

19 Q Was the same provision with reassignment of an
20 undrilled one hundred and sixty acre tract if infield drilling
21 should ever be permitted by the Oil Conservation Commission
22 of New Mexico contained in the agreement, the farmout agreement,
23 in regard to this acreage?

24 A Yes, the same provision applies.

25 Q Has, in fact, any portion of the west half of

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1 Section 35, Township 27 North, Range 8 West, San Juan County,
2 New Mexico been reassigned by Mr. Gottlieb to Great Lakes
3 Chemical Corporation?

4 A Yes, it has.

5 Q And what portion was that?

6 A This is the northwest quarter in which no Mesaverde
7 well has been drilled.

8 Q I would like to regress for a moment. To your
9 knowledge is it the intention of Great Lakes Chemical Corpora-
10 tion to drill a well in the southeast quarter of Section 3 and
11 in the northwest quarter of Section 35?

12 A Yes, sir.

13 Q Of Township 27 North, Range 8 West, San Juan County,
14 New Mexico?

15 A Yes, sir.

16 MR. NUTTER: Now, what was that question?

17 MR. COOLEY: I asked if it was the intention of
18 Great Lakes Chemical Corporation to proceed proper to drill
19 wells in the southeast quarter of 3 and the northwest quarter
20 of 35 of Township 27 North, Range 8 West, San Juan County
21 New Mexico, is that correct, sir?

22 A Yes, it is.

23 Q (Mr. Cooley continuing.) Was there ever a well
24 drilled in the southwest quarter of Section 35, Township 27
25 North, Range 8 West, San Juan County, New Mexico?

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1 A Yes, there was.

2 Q And what was that well?

3 A That well was known as the Hammond 47 or more

4 commonly as the R & G No. 47. It was a dual Dakota-Mesaverde

5 well and that well has been plugged and abandoned.

6 Q For what reason was it plugged and abandoned?

7 A Under orders of the U.S. Geological Survey due to

8 the fact that the well was incapable of further production.

9 Q And to your knowledge has it in fact been plugged

10 and abandoned?

11 A Yes, it has, both formations.

12 Q Have you been advised by Mr. Gottlieb that he

13 proposes to drill a substitute well in the northwest quarter of

14 Section 35?

15 A In the southwest quarter of Section 35?

16 Q I beg your pardon, the southwest, yes.

17 A Mr. Gottlieb has so advised us.

18 Q So there again there would be two wells in the west

19 half of Section 25, is that correct?

20 A Right.

21 Q And do you again propose that non-standard proration

22 units be established in the southwest quarter?

23 A Yes, sir.

24 Q And in the northwest quarter of said Section 35?

25 A Yes, sir.

1 Q And do you again propose that if in the event that
2 these wells are productive that they be separately prorated?

3 A Yes, sir.

4 Q In your opinion is this the only equitable manner in
5 which production from the two half sections that we have
6 discussed in 3 and 35 of 27 North, 8 West could be divided?

7 A Yes, sir.

8 MR. COOLEY: Mr. Examiner, I believe we have no
9 further questions.

10
11 CROSS EXAMINATION

12 BY MR. NUTTER:

13 A Mr. Eipper, I understand that the old Hammond 47
14 was located in the southwest quarter of Section 35?

15 A Yes, sir.

16 Q Now, we were talking awhile ago about the old
17 Graham No. 4 Well in Section 3?

18 A 44.

19 Q Or 44.

20 A 44 which is also more commonly known as the R & G.

21 Q It's 44 and not 4?

22 A Yes, 44.

23 Q Now, it's located in the northeast quarter of
24 Section 3?

25 A Right.

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1 Q And it also has been plugged and abandoned?

2 A No, sir, it is a producing well.

3 Q Presently producing?

4 A I believe that it is a marginal well but it is
5 producing and I have the latest statement here.

6 Q And it's owned by Gottlieb?

7 A Right.

8 MR. COOLEY: To the best of this witness' under-
9 standing.

10 A Yeah.

11 Q (Mr. Nutter continuing.) So, what we are talking
12 about now would be Great Lakes would be drilling two wells
13 on their two one hundred and sixties?

14 A Right.

15 Q Gottlieb would drill a replacement well for the old
16 No. 44?

17 A Right.

18 Q And presumably for the time being at least he would
19 keep this No. 44 in that other hundred and sixty?

20 A Yes, sir.

21 Q So we would end up with four wells on the four
22 units?

23 A Right.

24 MR. NUTTER: Okay, are there any further questions
25 of Mr. Eipper? He may be excused.

1 (THEREUPON, the witness was excused.)

2 MR. NUTTER: Do you have anything further, Mr. Cooley?

3 MR. COOLEY: Mr. Weems may wish to -- I have nothing
4 further, sir.

5 MR. WEEMS: Mr. Examiner, I'm Damon Weems from
6 Farmington, New Mexico. I represent R & G Drilling Company,
7 Incorporated and also Michael T. Gottlieb.

8 As a matter of form it would perhaps be necessary for
9 me to ask Mr. Eipper a few questions. All we care to establish
10 is the common ownership of the three twenties and as a
11 matter of fact they have been split into one sixties so that
12 we have a very strange situation.

13 If as a matter of form you would like for me to
14 proceed, I will proceed to ask him some questions.

15 MR. NUTTER: If you care to that's fine. I think he
16 has established it by direct testimony that the east half of
17 Section 3 is divided into two one hundred and sixty acre tracts
18 and that the ownership of the northeast quarter of Section 3
19 is with Gottlieb and that it's common and that the ownership
20 of the southeast quarter of Section 3 was reassigned back to
21 Great Lakes and that that one hundred and sixty is common
22 ownership.

23 MR. EIPPER: Is what?

24 MR. NUTTER: The ownership throughout that quarter
25 section is common.

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1 MR. EIPPER: In the quarter section, yes.

2 MR. NUTTER: And also in Section 35, the northwest
 3 quarter of that section was reassigned back to Great Lakes and
 4 that the ownership within that one hundred and sixty is common
 5 and that the southwest quarter of Section 35 is owned by
 6 Gottlieb and that the ownership of that one hundred and sixty
 7 is common?

8 MR. EIPPER: Yes. May I add something, Mr. Examiner?

9 MR. NUTTER: Yes, please do.

10 MR. EIPPER: Great Lakes is also the lessee from
 11 the United States Government and the basic leaseholder on
 12 all of these properties and so we have also reassigned the
 13 designation of operator in effect to ourselves for these
 14 quarter sections where we have recovered the title to the
 15 working interest.

16 MR. COOLEY: I think this is a legal matter. Great
 17 Lakes has at all times material to this case been the lessee
 18 of record and what we are speaking of are oil and gas lease-
 19 hold operating rights to only certain formations and we speak
 20 here and address ourselves only to the Mesaverde.

21 MR. NUTTER: We are discussing the Mesaverde formation
 22 with respect to all of this testimony?

23 MR. COOLEY: Yes, sir.

24 MR. NUTTER: Does that cover what you were going to
 25 cover, Mr. Weems?

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1 MR. WEEMS: Yes, in Case Number 5878 we are asking
2 essentially for the same thing as 5877 so I believe any
3 testimony would be redundant. Thank you, Mr. Examiner.

4 MR. NUTTER: Just as a matter of curiosity, Mr. Weems,
5 R & G I know was owned partially by Bill Russell, was Gottlieb
6 the G in the R & G so it was Russell and Gottlieb?

7 MR. WEEMS: Yes.

8 MR. NUTTER: I see.

9 MR. WEEMS: That is no longer the case, however.

10 MR. NUTTER: Then Gottlieb is the owner?

11 MR. WEEMS: Yes, Mr. Gottlieb.

12 MR. NUTTER: Okay, fine. Are there any further
13 questions of Mr. Eipper? He may be excused.

14 (THEREUPON, the witness was excused.)

15 MR. NUTTER: Do you have anything further, Mr. Cooley?

16 MR. COOLEY: I do not, sir.

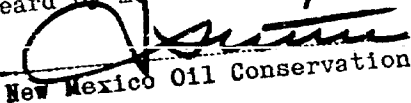
17 MR. NUTTER: Does anyone have anything to offer in
18 Case Number 5877 or 5878? If not, we will take the cases
19 under advisement.
20
21
22
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24
25

REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9 
10 Sidney F. Morrish, C.S.R.

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11
12
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16 do hereby certify that the foregoing is
17 a complete record of the proceedings in
18 the Examiner hearing of Case No. 5877-78
19 heard by me on 3/9, 19 79.
20 , Examiner
21 New Mexico Oil Conservation Commission
22
23
24
25

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. 5878
Order No. R-5396

APPLICATION OF MICHAEL T. GOTTLIEB
FOR TWO NON-STANDARD GAS PRORATION
UNITS, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 9, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of March, 1977, 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, Michael T. Gottlieb, seeks approval
of two 160-acre non-standard Blanco Mesaverde gas proration units
comprising the NE/4 of Section 3 and the SW/4 of Section 35,
respectively, of Township 27 North, Range 8 West, NMPM, to be
dedicated to his Graham Well No. 44, located in Unit B of said
Section 3 and to a well to be drilled at a standard location in
the SW/4 of said Section 35, respectively.

(3) That each of the non-standard proration units may
reasonably be presumed productive of gas from the Blanco Mesaverde
Pool and that each of the non-standard gas proration units should
be efficiently and economically drained and developed by the
aforesaid wells.

(4) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the Blanco Mesaverde Pool, will prevent the
economic loss caused by the drilling of unnecessary wells, avoid
the augmentation of risk arising from the drilling of an excessive
number of wells, and will otherwise prevent waste and protect
correlative rights.

-2-

Case No. 5878
Order No. R-5396

IT IS THEREFORE ORDERED:

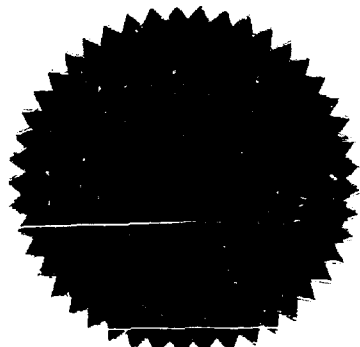
(1) That two 160-acre non-standard gas proration units in the Blanco Mesaverde Pool comprising the NE/4 of Section 3 and the SW/4 of Section 35, respectively, in Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico, are hereby established and dedicated to the Michael T. Gottlieb Graham Well No. 44 located in Unit B of said Section 3, and to a well to be drilled at a standard location in the SW/4 of said Section 35, respectively.

(2) That the acreage factor assigned to each of the afore-said 160-acre non-standard units for proration purposes shall be 0.5.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/

Papers Santa Fe
Farmington

Case _____

Application of Michael T. Gattlieb. *MSU*
for two non-standard gas proration
units, San Juan County, New Mexico.

Applicant, in the above-styled cause,
seeks approval of two 160-acre non-
standard ~~Blanchard~~ gas proration units comprising
the NE 1/4 of Section 3, and the SW 1/4 of
Section 35, ¹⁰⁴respectively, Township 27 North,
Range 8 West, San Juan County, New Mexico.

JD

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN RE: THE APPLICATION OF -

MICHAEL T. GOTTLIEB

Case 5878

For a non-standard gas proration
unit in the Blanco Mesaverde gas
pool, San Juan County, New Mexico

A P P L I C A T I O N

COMES NOW the Applicant, Michael T. Gottlieb, by and through
his attorney, Damon Weems, 102 Northwest Energy Building, Farming-
ton, New Mexico, and respectfully makes application to the Commis-
sion for a 160-acre non-standard gas proration unit in the Blanco
Mesaverde gas pool consisting of:

Township 27 North, Range 8 West, N.M.P.M.

Section 3: NE/4

San Juan County, New Mexico.

In support of the foregoing, Applicant would show the Com-
mission that the ownership of the working interest in the oil
and gas lease operating rights in the above-described lands is
completely different and apart from that in the SE/4 of said
Section 3.

Applicant submits that the most practical way to prorate
the allowable production from the existing well in the NE/4 of
said Section 3 and the well which Applicant is reliably informed
that the owner of the working interest in the oil and gas lease
operating rights in the SE/4 of said Section 3 proposes to
drill is to establish non-standard proration units for each
of said wells.

Applicant requests that this application be set down for
hearing at the next Examiner Hearing scheduled by the Commission.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Damon Weems", written over a horizontal line.

Damon Weems
Attorney for Michael T. Gottlieb

Dockets Nos. 9-77 and 10-77 are tentatively set for hearing on March 23 and April 6, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 9, 1977

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for April, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5863: (Continued & Readvertised)

Application of Amerada Hess Corporation for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla Apache "B" Well No. 16, completed as an oil well in the Dakota formation at a point 1850 feet from the South line and 1500 feet from the West line of Section 29, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, said well having been projected as a Basin-Dakota gas well at a standard gas well location for said pool.

CASE 5857: (Continued & Readvertised)

Application of Union Oil Company of California for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter its Pipeline Deep Unit Federal Well No. 3, the surface location of which is 1980 feet from the North and East lines of Section 7, Township 19 South, Range 34 East, Lea County, New Mexico, and to directionally drill said well in a southerly or easterly direction and complete it in the Morrow formation at a point no closer than 330 feet to the outer boundary of the proration unit, the E/2 of said Section 7.

CASE 5873: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 1115 of the Commission Rules and Regulations to provide for the filing of information required on Form C-115, Operator's Monthly Report, in the manner and sequence prescribed by the Commission.

CASE 5874: Application of Texaco 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 Lower San Andres formation through the perforated interval from 5926 to 5946 feet of its New Mexico "R" State Well No. 5, located in Unit B of Section 2, Township 18 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 5866: (Continued from February 16, 1977, Examiner Hearing)

Application of Union Texas Petroleum for an exception to casing and cementing requirements of Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing and cementing requirements of Order No. R-111-A to eliminate the salt protection string in a well it proposes to drill in Unit D of Section 33, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 5048: (Reopened) (Continued from January 19, 1977, Examiner Hearing)

In the matter of Case 5048 being reopened pursuant to the provisions of Order No. R-4637-A, which order extended the temporary special pool rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5117: (Reopened) (Continued from February 2, 1977, Examiner Hearing)

In the matter of Case 5117 being reopened pursuant to the provisions of Order No. R-4691-A, which order extended the temporary special pool rules for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said North Dagger Draw-Upper Pennsylvanian Pool should not be developed on less than 160-acre proration units and why the special depth bracket allowable should be retained.

CASE 5875: Application of Atlantic Richfield Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate a previously approved 320-acre non-standard Jalkat gas proration unit comprising the W/2 of Section 29, Township 24 South, Range 37 East, Lea County, New Mexico, to its William H. Harrison "A" WN Well No. 2 located in Unit D and William H. Harrison "D" Wells Nos. 1 and 6 in Units L and N, respectively, of said Section 29. Applicant further seeks approval of an unorthodox location for its William H. Harrison "D" WN Well No. 6 at a location 660 feet from the South line and 1950 feet from the West line of said Section.

CASE 5876: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Cavilan-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of his June Well No. 1 located in Unit B of Section 28, Township 28 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 5820: (Continued from February 16, 1977, Examiner Hearing)

Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 4, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5867: (Continued from February 16, 1977, Examiner Hearing)

Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 19, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico, to be dedicated to its Forrest Well No. 1 to be located in Unit N of said Section 19. Also to be considered will be the cost of completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in completion of said well.

CASE 5877: Application of Great Lakes Chemical Corporation for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard Blanco Mesaverde gas proration units comprising the SE/4 of Section 3, and the NW/4 of Section 35, respectively, Township 27 North, Range 8 West, San Juan County, New Mexico.

CASE 5878: Application of Michael T. Gottlieb for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard Blanco Mesaverde gas proration units comprising the NE/4 of Section 3, and the SW/4 of Section 35, respectively, Township 27 North, Range 8 West, San Juan County, New Mexico.

CASE 5879: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 12, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5880: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 20, Township 18 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

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CASE 5881: Application of Western Oil Producers, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Amoco State Well No. 1, completed in the Atoka formation at a point 660 feet from the South and West lines of Section 28, Township 16 South, Range 33 East, Lea County, New Mexico, the W/2 of said Section 28 to be dedicated to the well.

CASE 5859: (Continued & Readvertised)

Application of Caulkins Oil Company for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blanco Mesaverde and Basin-Dakota production in the wellbore of its Breech D Well No. 307, located in Unit M of Section 13, Township 26 North, Range 7 West, Rio Arriba County, New Mexico, and to dually complete the commingled formations and the Chacra formation in said well.

DAMON L. WEEMS
ATTORNEY AT LAW
102 NORTHWEST ENERGY BUILDING
FARMINGTON, NEW MEXICO 87401
(505) 327-4469

FEB 14 1977
OIL CONSERVATION COMM.
Santa Fe

February 11, 1977

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

Case 5878

Gentlemen:

Forwarded herewith are two (2) applications on behalf of my client, Michael T. Gottlieb for non-standard gas proration units in the Blanco Mesa-Verde gas pool in San Juan County, New Mexico.

I would appreciate these applications being set down for hearing before a Commission Examiner at the earliest possible date.
Sincerely,


DAMON L. WEEMS

DW:gg

Encls.

cc: Oil Conservation Commission
1000 Rio Brazos Road
Aztec, NM 87410

DRAFT

dr/

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. 5878

Order No. R- 5376

APPLICATION OF MICHAEL T. GOTTLIEB
FOR TWO NON-STANDARD GAS PRORATION
UNITS, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 9,
1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of March, 1977, 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, Michael T. Gottlieb, seeks approval
of two 160-acre non-standard Blanco Mesaverde gas proration units
comprising the NE/4 of Section 3 and the SW/4 of Section 35,
respectively, of Township 27 North, Range 8 West, NMPM, to be
dedicated to his Graham Well No 44, located in Unit B
of said Section 3 and to a well to be drilled at
a standard location in Section 35, respectively
located in Unit each of the SW/4 of said of said Section

(3) That the ~~cause~~ ^{each of} non-standard proration units may rea-
sonably be presumed productive of gas from the Blanco Mesaverde ^{each of the} gas Pool and that the entire
non-standard gas proration units ^{should be} can be efficiently and economically
drained and developed by the aforesaid wells.

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Case No. 5878
Order No. R-

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Blanco Mesaverde

~~Gas~~ Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That two 160-acre non-standard ~~Blanco Mesaverde~~ gas proration units in the Blanco Mesaverde

~~Gas~~ Pool comprising the NE/4 of Section 3 and the SW/4 of Section 35, respectively, in Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico, are hereby established and dedicated to The Michael T. Gattlieb Graham Well No. 44 located

in Unit B of said Section 3, and to a well to be drilled at a standard location in the SW/4 of said Section 35, respectively.

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

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

(2) That the acreage factor assigned to each of the aforesaid 160-acre ^{non-standard} units for proration purposes shall be 0.5.