

CASE NO.

6336

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
27 September 1978

EXAMINER HEARING

IN THE MATTER OF:)

Application of Burleson & Huff for a)
non-standard proration unit, Lea)
County, New Mexico.)

CASE
6336

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico 87501

I N D E X

LEWIS BURLESON

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 6

E X H I B I T S

Applicant Exhibit One, Plat 6

MR. NUTTER: Call next Case Number 6336.

MS. TESCHENDORF: Case 6336, Application of Burleson and Huff for a non-standard proration unit, Lea County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, appearing on behalf of the applicant. I have one witness to be sworn.

(Witness sworn.)

LEWIS BURLESON

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you're employed, and in what capacity?

A I'm -- my name is Lewis Burleson and I'm the general partner in Burleson and Huff.

Q Mr. Burleson, have you previously testified before the Oil Conservation Division and had your qualifications as an expert witness accepted and made a matter of record?

A Yes, I have.

MR. KELLAHIN: We tender Mr. Burleson as an

expert witness.

MR. NUTTER: Yes, he is.

Q (Mr. Kellahin continuing.) Would you identify Exhibit Number One and tell the Examiner what you're seeking?

A Exhibit Number One is a map in the area of our Marshall No. 1 shown by the arrow, which is -- we have drilled to a depth of 3600 feet and will complete it as in the Eumont in the Queen as a gas well, and wish to dedicate 160 acres, being the west half of the southwest quarter of 12 and the east half of the southeast quarter of 11.

This 160-acre unit being in two sections was the previous unit approved by the Oil Conservation Commission for the Sun Marshall No. 1, which is shown on the map as their No. 2 oil well, but it was a gas well which was plugged about a year and a half ago.

MR. NUTTER: Is this the well north of the subject well?

A Yes, sir. That should be a gas well.

MR. NUTTER: That's an old gas well then.

A Right, that's been plugged.

MR. NUTTER: And it did have this same acreage dedicated to it.

A Yes, sir, it did. I could have gotten an

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order on it, but they plugged about a year and a half ago and then we secured a farmout from Sun on the Eumont rights covering this 160 acres.

I have colored all the offset gas units to show that all the acreage in the immediate vicinity of this 160 acres is dedicated to producing gas wells.

Of interest is in Section 13 and 14, Continental B Lockhart Unit No. 1 -- B-14 No. 1, has 320 in Section 13, 160 acres, and that's a dual -- and that is dedicated that, what would it be, 480 acres is dedicated to their No. 1 Well, which would be in Unit D in Section 13.

So we have a unit going across two section lines right to the south of us.

Q And that's the only reason that this is a non-standard proration unit, is it not?

A Right, that we -- that we request the acreage for our unit happens to be in two sections.

Q And there is no other acreage available which you could dedicate to this particular well?

A No, there is not.

Q In your opinion, Mr. Burleson, will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes.

MR. KELLAHIN: We move the introduction of Exhibit Number One.

MR. NUTTER: Exhibit One will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Burlison, what is the name and number of your well there?

A It's the No. 1 Marshall.

Q And has it been drilled and completed?

A No, sir, it -- I don't like to -- when we turn around and frac them, I don't like to shut them in and I had to get this dedication over before we perforated, but we have set pipe on it.

Q And you're pretty sure you've got a gas well.

A Right. No, I'm sure we do from the log.

MR. NUTTER: Are there any further questions of Mr. Burlison? He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything further they wish to offer in Case Number 6336?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6336 heard by me on 9/27 1978.
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6336
Order No. R-5828

APPLICATION OF BURLISON & HUFF
FOR A NON-STANDARD PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 27, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of October, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Burlison & Huff, seeks approval of a 160-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 11 and the W/2 SW/4 of Section 12, Township 21 South, Range 36 East, NMPM, to be dedicated to a well at a standard location in Unit P of said Section 11.
- (3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.
- (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 Eumont 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.

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Case No. 6336
Order No. R-5828

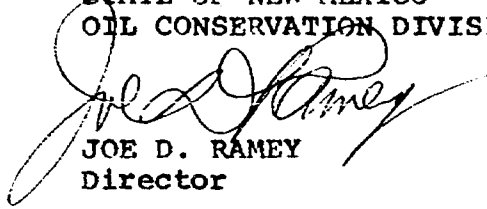
IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 SE/4 of Section 11 and the W/2 SW/4 of Section 12, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to a well at a standard location thereon in Unit P of said Section 11.

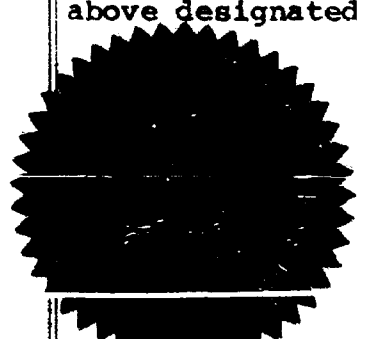
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director



S E A L

fd/

Dockets Nos. 32-78 and 33-78 are tentatively set for hearing on October 11 and October 25, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 27, 1978

9 A.M. - OIL CONSERVATION DIVISION 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:

- CASE 6329: Application of David Fasken for unorthodox gas well locations and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following three wells located in Township 21 South, Range 24 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico:
- Ross Federal Com. Well No. 2 to be drilled 3300 feet from the South line and 660 feet from the West line of Section 4, Lots 9 through 16 of said section to be dedicated to the well; Ross Federal Com. Well No. 3 to be drilled 6040 feet from the South line and 460 feet from the West line of Section 4, to be dedicated to a 284.6-acre non-standard proration unit comprising Lots 1 through 8 of said section; and Shell Federal Com. Well No. 2 to be drilled 3300 feet from the South line and 660 feet from the West line of Section 5, Lots 9 through 16 of said section to be dedicated to the well.
- CASE 6330: Application of Petroleum Corporation of Texas for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the NE/4 of Section 32, Township 24 North, Range 3 West, Chacon-Dakota Associated Pool, Rio Arriba 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 6331: Application of American Petrofina Company of Texas for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 990 feet from the South line and 990 feet from the East line of Section 29, Township 32 North, Range 9 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, the E/2 of said Section 29 to be dedicated to the well.
- CASE 6332: Application of Reading & Bates Oil and Gas Company for an unorthodox gas well location and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of a well to be drilled 330 feet from the North line and 1650 feet from the West line of Section 5, Township 23 South, Range 36 East, Lea County, New Mexico, to produce gas from the Jalmat Yates formation and oil from the Langlie Mattix Seven Rivers formation.
- CASE 6333: Application of Maddox Energy 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 E/2 of Section 27, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. In the alternative, applicant seeks an order pooling only the NE/4 of said section for the production of gas from formations above the Wolfcamp. 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 6334: Application of Grace Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its New Mexico Federal "G" Well No. 1 to be drilled 4650 feet from the South line and 660 feet from the East line of Section 6, Township 21 South, Range 32 East, Lea County, New Mexico, Lots 9, 10, 15, and 16 and the SE/4 of said Section 6 to be dedicated to the well.
- CASE 6335: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat gas and Langlie Mattix oil production within the wellbore of its Jack B-30 Well No. 2 located in Unit B of Section 30, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 6336: Application of Burleson & Huff for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 11 and the W/2 SW/4 of Section 12, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to a well at a standard location in Unit P of said Section 11.
- CASE 6337: Application of Mark D. Wilson to limit application of pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to limit the application of the McMillian-Morrow Gas Pool present rules to the horizontal limits of said pool only, Eddy County, New Mexico.

BURLESON & HUFF

OIL PROPERTIES
BOX 2479 - PHONE 683-4747
MIDLAND, TEXAS 79702
August 24, 1978

AUG 28 1978

Santa Fe

Case 6336

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: R. L. Stamets

Re: Application for a 160-acre
non-standard proration unit,
Marshall No. 1, E/2 SE/4
Sec. 11 and W/2 SW/4 Sec. 12,
T-21-S, R-36-E, Lea County,
New Mexico

Dear Mr. Stamets:

Thank you for your letter of August 22, 1978. Please set this application for hearing on September 27, 1978. I will plan to be in Santa Fe for the hearing.

Yours very truly,

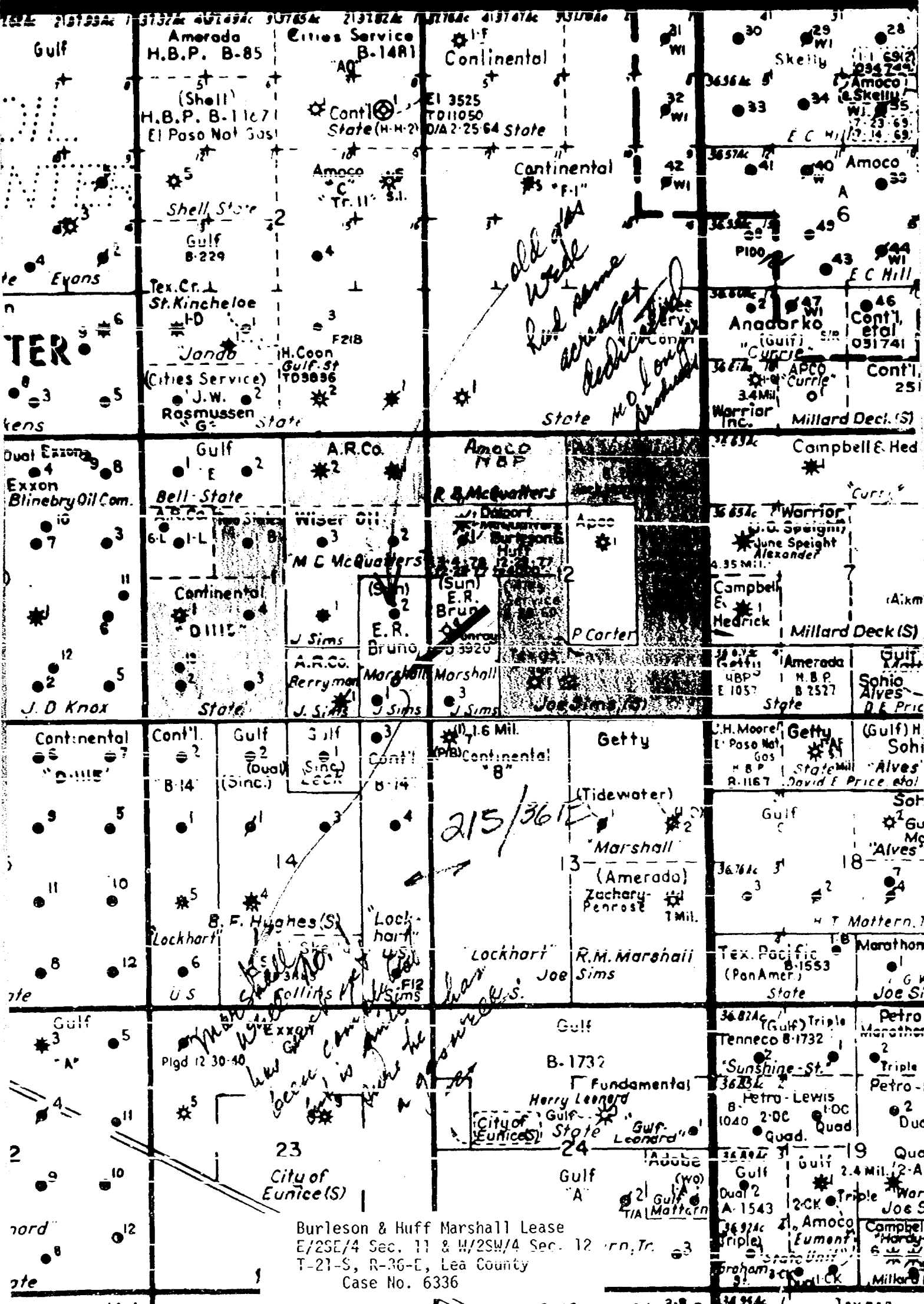
BURLESON & HUFF



Lewis B. Burleson

SW

R37E



Burlison & Huff Marshall Lease
 E/2SE/4 Sec. 11 & W/2SW/4 Sec. 12
 T-21-S, R-36-E, Lea County
 Case No. 6336

*old well
 had same
 acreage
 dedicated
 M.D. Long*

215/36

because is in the lease

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EUMONT-HARDY UNIT
 CONTINENTAL OPER



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

August 22, 1978

POST OFFICE BOX 6000
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

NICK FRANKLIN
SECRETARY

Case 6336

Mr. Lewis B. Burleson
Burleson & Huff
P. O. Box 2479
Midland, Texas 79702

Re: Application for a 160-acre
non-standard proration unit,
Marshall No. 1, E/2 SE/4
Sec. 11 and W/2 SW/4 Sec. 12,
T-21-S, R-36-E, Lea County,
New Mexico

Dear Mr. Burleson:

We are unable to administratively approve the
subject application in that the proposed non-standard
unit crosses the section line. Unless we hear otherwise,
this application will be set for hearing on September 27,
1978.

Very truly yours,

R. L. STAMETS
Technical Support Chief

RLS/dr

BURLESON & HUFF

OIL PROPERTIES

BOX 2479 - PHONE 883-4747

MIDLAND, TEXAS 79702

August 15, 1978

Case 6336

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

Re: Marshall # 1, E/2 SE/4 Sec. 11
 and W/2 SW/4 Sec. 12, T-21-S,
 R-36-E, Lea County, New Mexico

Gentlemen:

We are preparing to drill our No. 1 Marshall well as a Eumont Queen gas test. The well is located 660 feet from the south and east lines of Section 11, T-21-S, R-36-E, Lea County. Our lease acreage consists of the E/2 SE/4 of Section 11 and W/2 SW/4 of Section 12, T-21-S, R-36-E, Lea County, and we therefore request that you approve a non-standard gas spacing unit for our well in the Eumont Queen Gas Pool consisting of this acreage. The requested non-standard unit was formerly a non-standard unit for Sun Oil Company's # 1 Marshall before it was plugged. All of the offsetting acreage is dedicated for the production of gas.

Three copies of plat showing the location of our well and our proposed spacing unit are enclosed. The proposed unit is outlined in red.

Copies of this application and plat have been sent to all offsetting operators, as follows:

Wiser Oil Company
 Box 2467
 Hobbs, New Mexico 88240

Atlantic Richfield Company
 Box 1610
 Midland, Texas 79702

Continental Oil Company
 Box 1959
 Midland, Texas 79702

Texaco, Inc.
 Box 3109
 Midland, Texas 79702

Cities Service Oil Co.
 Box 1919
 Midland, Texas 79702

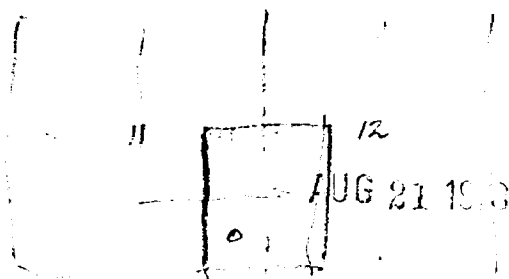
Gulf Oil Company
 Box 1150
 Midland, Texas 79702

Yours very truly,

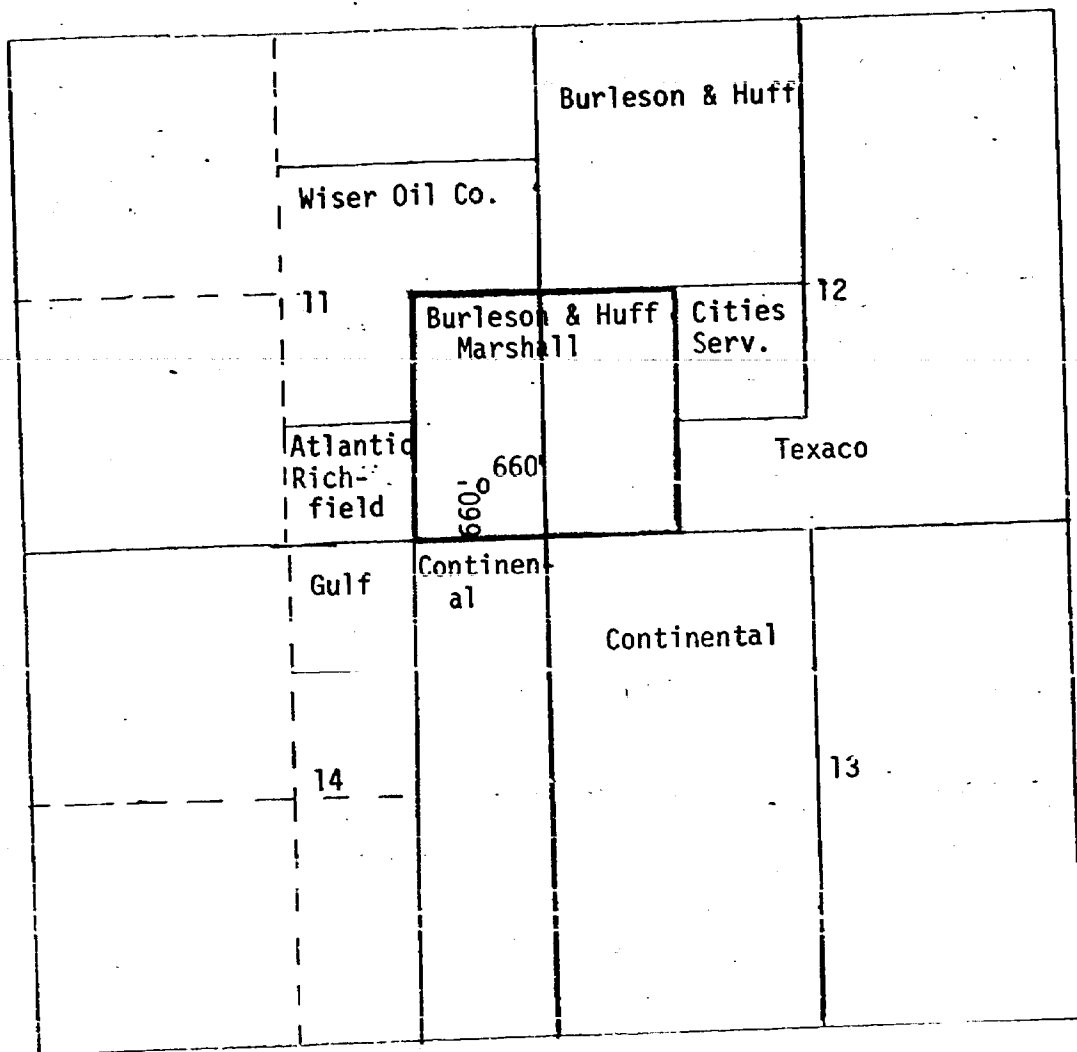
BURLESON & HUFF

Lewis B. Burleson

Lewis B. Burleson



AUG 31 1931



BURLESON & HUFF MARSHALL LEASE
E/2 SE/4 Sec. 11 and W/2 SW/4 Sec. 12
TOWNSHIP 21 SOUTH, RANGE 36 EAST
LEA COUNTY, NEW MEXICO

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

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[Handwritten signature]
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IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6336

Order No. R- 5828

APPLICATION OF BURLESON & HUFF

FOR A NON-STANDARD PRORATION UNIT,

LEA COUNTY, NEW MEXICO.

[Handwritten signature]

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 27
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this _____ day of _____, 19 78, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Burleson & Huff
seeks approval of a 160-acre non-standard gas proration unit
and the W/2 SW/4 of Section 12,
comprising the E/2 SE/4 of Section 11/, Town-
ship 21 South, Range 36 East, NMPM, to be dedicated to
a well ~~xxxxxxx~~ at a standard location
~~its~~ located in
Unit P of said Section 11.

(3) That the entire non-standard proration unit may reasonably
be presumed productive of gas from the Eumont
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(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 Eumont 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 a 160-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 SE/4 and the W/2 SW/4 of Section 11/, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to ~~its~~ a well at a standard location thereon ~~located~~ in Unit p of said Section 11.

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

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