

CASE NO.

6373

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
17 February 1982

EXAMINER HEARING

IN THE MATTER OF:

Case 6373 being reopened pursuant to
the provisions of Order R-5875
and 5875-A, which created the East
High Hope-Abo Gas Pool, Eddy County,
New Mexico.

CASE
6373

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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MR. STAMETS: Let's call Case 6373.

MR. PEARCE: In the matter of Case 6373
being reopened pursuant to the provisions of Order R-5875
and 5875-A, which created the East High Hope-Abo Gas Pool,
Eddy County, and promulgated special rules therefor, including
the provision for 320-acre spacing units.

MR. STAMETS: Any appearances in this
case?

No? Well, in that event, the pool will
revert to standard spacing.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Ill. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6373
heard by me on 2-17 1982
Richard P. [Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
27 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Case 6373 being re-opened pursuant to) CASE
the provisions of Order No. R-5875.) 6373

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For Beard Oil Company:

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

SALLY W. BOYD, C.S.R.

Rt. 1 Box 195-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I N D E X

PAUL G. WHITE

| | |
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SALLY W. BOYD, C.S.R.
 Rt. 1 Box 199-B
 Santa Fe, New Mexico 87501
 Phone (505) 455-7409

1 MR. STAMETS: We'll call next Case 6373.

2 MR. PADILLA: In the matter of Case 6373
3 being reopened pursuant to the provisions of Order No.
4 R-5875, which order created the East High Hope-Abo Gas Pool,
5 with temporary special rules therefor providing for 320-acre
6 spacing.

7 MR. STAMETS: Call for appearances.

8 MR. KELLAHIN: Tom Kellahin of Santa Fe,
9 New Mexico, appearing on behalf of Beard Oil Company, and
10 I have one witness.

11 MR. STAMETS: I'd like to have him stand
12 and be sworn, please.

13
14 (Witness sworn.)
15

16
17 PAUL G. WHITE

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

20 DIRECT EXAMINATION

21 BY MR. KELLAHIN:

22 Q Would you please state your name and
23 occupation?

24 A My name is Paul G. White. I'm acting
25 as Consulting Engineer of Beard Oil Company. I live in

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.

Rt. 1 Box 195-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

1 Artesia, New Mexico, and Beard Oil Company is headquartered
2 in Oklahoma City, Oklahoma.

3 Q Mr. White, have you previously testified
4 before the Oil Conservation Division of New Mexico and had
5 your qualifications as an engineer accepted and made a matter
6 of record?

7 A Yes, sir, I have.

8 MR. KELLAHIN: We tender Mr. White as an
9 expert petroleum engineer.

10 MR. STAMETS: Mr. White is considered
11 qualified.

12 Q Mr. White, would you please turn to what
13 we've marked as Beard Oil Company Exhibit Number One and
14 identify that for us?

15 A Exhibit Number One is just a general
16 ownership map and it has colored in in black ink there the
17 Beard Oil Company's well, which is involved in the hearing.

18 The well is located in Section 17, Town-
19 ship 17 South, Range 24 East, Eddy County, New Mexico.

20 Q And that is the well upon which the
21 temporary special rules for this pool were created?

22 A Yes, sir, that is correct.

23 Q And what additional wells are included
24 within this pool?

25 A As I understand it, this is the only well

1 that's in the Abo zone in the East High Hope Pool.

2 Q All right. Will you please turn to Ex-
3 hibit Number Two and identify that?

4 A Exhibit Number Two identifies the loca-
5 tion of the well a little more specifically than Exhibit
6 Number One, and shows that the west half of Section 17 is
7 dedicated to this Beard Oil Company Hanlad No. 1, which is
8 a dual completion in the Abo and Atoka zones.

9 It also has on the little plat the two
10 Atoka zone wells that are producing in the area.

11 Q Would you refer to Exhibit Number Three
12 and identify that?

13 A Exhibit Number Three is a schematic
14 sketch of the Beard Oil Company Hanlad No. 1, showing the
15 dual completion and showing the well producing from Abo
16 perforations. They have that designated on this plat as
17 Upper Wolfcamp, but that is synonymous in the area, or
18 generally accepted as being synonymous with Abo, and it
19 shows the Abo perforations at 4670 to 4716 and the Atoka
20 perforations, 7100 to 7116.

21 Q Mr. White, do you have an opinion as to
22 whether or not the East High Hope-Abo Gas Pool ought to
23 continue on temporary special pool rules, spacing that
24 acreage on 320 acres?

25 A Yes, sir, at the present time I do have

SALLY W. HOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 an opinion. I feel that this will be the only way that
2 any Abo development will occur.

3 The Abo section in this area is quite
4 extensive and it's fairly well accepted that this Abo zone,
5 gas zone, extends across the country and is quite extensive
6 there, but it is of very poor quality and evidently very
7 tight, and it has to be developed at the present time along
8 with some other horizon to make it economically feasible
9 to develop at all.

10 The Abo zone standing alone would not be
11 economically feasible drilled on any kind of spacing, but
12 if it can be incorporated at the present time into some
13 other section, deeper section, that will produce, then the
14 Abo zone can be developed. I think that only in time, that
15 with some tight gas zone pricing stipulations, the Abo
16 might possibly be developed on smaller acreage and smaller
17 unit areas.

18 Q Do you have a recommendation to the
19 Examiner as to what period of time the temporary rules
20 ought to be continued?

21 A In my opinion, I would like for the
22 temporary rules to be extended for a period of two years
23 and we could study, then, what happens to the gas pricing
24 and this will determine what happens to the development of
25 the Abo zone specifically.

SALLY W. BOYD, C.S.R.

At. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (303) 455-7409

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Q If the special rules for this pool are
2 terminated and the spacing reverts to 160 acres, do you have
3 an opinion as to whether any further development would take
4 place in this pool?

5 A I do not feel with the quality of the
6 Abo zone at the present time that there would be any further
7 development at all.

8 Q Would you please turn to Exhibit Number
9 Four and identify that?

10 A Exhibit Number Four is a tabulation or
11 an economic appraisal of this Beard Oil Company Hanlad No.
12 1 Well, and it shows just the income from the Abo zone, and
13 this is an 8/8ths income, taking out operating costs but
14 not taxes. It's based on the Section 102 present gas price
15 on 1000 BTU gas, and this shows the cumulative income from
16 that section, that Abo section, on the well as of January 1,
17 1980, of \$15,745, and as I -- as I said, that is 8/8ths net
18 income.

19 Q Mr. White, do you know what a single
20 completion to the Abo formation costs?

21 A I would say the cost would be approxi-
22 mately \$230,000.

23 Q With the current costs to drill a well
24 now?

25 A Yes, sir.

Q And do you have an opinion as to what the cost, the current cost, would be to drill a dual completion dually the Atoka and the Abo?

A To dually complete with the Abo and the Atoka would cost in the neighborhood of \$320,000.

Q Based upon your economics shown on Exhibit Number Four, will this Hanlad No. 1 Well pay out?

A No, sir.

Q And if so, for how many -- how long will it take?

A No, sir, not as an Abo completion exclusively. It might pay out in, let's say, in the range of nine to ten years.

Q Would you turn to Exhibit Number Five and identify that exhibit?

A We included Exhibit Number Five on the Hanlad No. 1 Beard Oil Company Well to show what the Atoka zone in this same borehole had done in conjunction with the Abo as a dual completion. And this shows just the Atoka 8/8ths income from the well, and it shows a total cum net income to 8/8ths interest as of January 1, 1980, of \$26,737, and that's from the Atoka zone.

So the combined income from developing an Atoka well in conjunction with an Abo well would be in the neighborhood of \$41,000, in the ten months period.

SALLY W. BOYD, C.S.R.

RL-1 Box 193-B
Sault Fe, New Mexico 87501
Phone (505) 455-7409

BALLY W. BOYD, C.S.R.

Rt. 1 Box 199-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Q Mr. White, you've discussed the economics
2 of this pool and have reached the conclusion that it's unecon-
3 omic to drill wells on less than 320 acres.

4 Do you have an opinion as to whether the
5 subject well in fact will drain 320 acres?

6 A Yes, sir. The subject well will drain
7 320 acres in the Abo zone. The Abo zone is, as I said be-
8 fore, quite an extensive thing underlying quite a large,
9 large area, and it will drain 320 acres. The rate at which
10 the gas is produced is what prohibits the -- the economics
11 on drilling on 160 acres.

12 Q Were Exhibits One through Five prepared
13 by you or prepared under your direction?

14 A Yes, sir. They were either prepared by
15 me or under my direction.

16 Q And in your opinion, Mr. White, will
17 approval of this application be in the best interests of
18 conservation, the prevention of waste, and the protection of
19 correlative rights?

20 A Yes, sir, not only that but it will pro-
21 vide for some -- some, we hope, some development in the Abo
22 gas zone.

23 MR. KELLAHIN: That concludes our examin-
24 ation of Mr. White. We move the introduction of Exhibits
25 One through Five.

1 MR. STAMETS: These exhibits will be
2 admitted.

3
4 CROSS EXAMINATION

5 BY MR. STAMETS:

6 Q Mr. White, did you say Exhibit Five was
7 the -- okay, I see, the Atoka zone.

8 A Yes, sir, that's just the Atoka zone.

9 Q On your plat, which is Exhibit Number Two,
10 two other wells are shown there. Those are Atoka singles?

11 A Yes, sir, the two wells colored blue
12 are Atoka single completions.

13 Q And was the Abo tested or evaluated in
14 those wells?

15 A Mr. Examiner, I do not know if it was
16 or not.

17 Q So what we have at this point is really
18 the one well?

19 A Yes, sir, and it's the only well in the
20 Abo.

21 Q And is there any restriction, or what
22 are the restrictions on production from the Abo zone?

23 A The restrictions as to allowable?

24 Q Line pressure, whatever restrictions
25 there might be.

SALLY W. BOYD, C.S.R.

1111 N. 1st St., Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 A Well, sir, there's not any specific re-
2 strictions on the Abo zone other than the zone itself, the
3 permeability of the zone is just so -- such poor quality,
4 that it restricts the rate of delivery moreso than any other
5 line pressure or any other thing.

6 Q How long has this well been completed in
7 the Abo?

8 A The well started producing in the Abo
9 in -- in April of 1979.

10 Q How long before that was it completed, do
11 you know?

12 A I can tell you that in just a second.
13 This shows the well was -- the date the first production
14 was run was August the 11th, 1978, and they took their first
15 gas well deliverability test September 15, 1978.

16 Q What would the effect be reducing the
17 spacing from 320 to 160?

18 A The effect would be -- would be this:
19 There would be no more Abo wells drilled on the 160 because
20 you have to -- according to the economics, you would have
21 to drill an Atoka well in order to justify the well at all,
22 and of course this is on 320, and if you could drill an
23 Atoka well, then you would -- there's a possibility you
24 could produce the Abo gas zone in conjunction with the
25 Atoka.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

Q With only one Abo well completed, do you feel we have enough information or evidence to establish permanent rules for the Abo?

A No, sir, I do not. I think that in time we might possibly have permanent rules established with the possibility of some tight gas and some flexibility there in pricing. The Abo zone has produced, I believe, in the High Hope Field, which is near here. I think Yates Petroleum Corporation has some wells there, and there again the production is indicative of having to drill some other section to make the well economic.

Q What period of time for additional temporary pool rules did you or would you recommend?

A I would like to see two years, Mr. Examiner.

MR. STAMETS: Any other questions of the witness? He may be excused.

Anything further in this case?

MR. KELLAHIN: No, sir.

MR. PADILLA: Mr. Examiner, I have a telegram from Yates Petroleum. I would like to read it as a statement into the record, if I may.

MR. STAMETS: You certainly may.

MR. PADILLA: In the matter of Case 6373, Order R-5875, Yates Petroleum supports continuation of

SALLY W. BOYD, C.S.R.

Rt. 1 Box 195-B
Santa Fe, New Mexico 87501
Phone (505) 455-7489

1 temporary 320-acre spacing in the East High Hope-Abo Gas
2 Pool for another two or three years.

3 We believe the reservoir to be extensive
4 but tight, and that 160-acre spacing today is not economi-
5 cally feasible; however, in two or three years special
6 pricing for tight reservoirs would necessitate re-evaluation
7 of the feasibility of drilling on 160-acre spacing.

8 We believe that adoption of 160-acre
9 spacing at this time would be a deterrent of additional
10 development in the area.

11 Eddie Mahfood, Engineer, Yates Petroleum.
12 MR. STAMETS: Anything further in this
13 case?

14 The case will be taken under advisement.

15
16 (Hearing concluded.)
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SALLY W. BOYD, C.S.R.

Rt. 1 Box 181-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 451-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6373 heard by me on 2-27-1980.
Richard L. [Signature] Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
30 January 1980

EXAMINER HEARING

IN THE MATTER OF:

Case 6373 being reopened pursuant) CASE
to the provisions of Order No.) 6373
R-5875.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7401

1 MR. STAMETS: Call next Case 6373.

2 MR. PADILLA: In the matter of Case 6373
3 being reopened pursuant to the provisions of Order No.
4 R-5875, which order created the east High Hope-Abo Gas Pool
5 with temporary special rules thereby providing for 320-acre
6 spacing.

7 MR. STAMETS: The applicants, or the
8 operators in this case, have requested that this case be
9 continued to the February 27th Examiner Hearing, and it
10 will so be.

11
12 (Hearing concluded.)
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SALLY W. BOYD, C.S.R.

Box 195-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the 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.

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. 6373 heard by me on 1-30 1980.

Richard L. Stum, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Beard Oil Company) CASE 6373
for a dual completion, surface)
commingling, pool creation, and)
special pool rules, Eddy County,)
New Mexico.)

BEFORE: Richard L. Stamets

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 Beard Oil Company: Thomas W. Kellahin, Esq.
Kellahin & Fox
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1020 Plaza Blanca (SOS) 471-4482
Santa Fe, New Mexico 87501

I N D E X

JAMES W. VATER, JR.

Direct Examination by Mr. Kellahin

E X H I B I T S

Applicant Exhibit One, ownership plat

Applicant Exhibit Two, schematic drawing

Applicant Exhibit Three, open-flow-test

Applicant Exhibit Four, multi-point bi-pressure test

Applicant Exhibit Five, bottom-hole pressure survey

Applicant Exhibit Six, letter to Yates Petroleum Corp.

Applicant Exhibit Seven, AFE

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2091 Palm Bluffs (505) 471-4402
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3100 Plaza Blanca (S.W.) 411-4402
Santa Fe, New Mexico 87501

1 MR. STAMETS: The hearing will please
2 come to order. We will call at this time Case 6373.

3 MS. TESCHENDORF: Case 6373. Applica-
4 tion of Beard Oil Company for a dual completion,
5 surface commingling, pool creation, and special
6 pool rules, Eddy County, New Mexico.

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

10 JAMES W. VATER, JR.
11 being called as a witness and having been duly sworn
12 upon his oath, testified as follows, to-wit:

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you please state your name?

16 A James W. Vater, Jr.

17 Q By whom are you employed, Mr. Vater?

18 A I am employed by Beard Oil Company.

19 Q In what capacity?

20 A Vice President of Operations.

21 Q Mr. Vater, have you previously testified
22 before the Oil Conservation Division?

23 A No.

24 Q Would you state for the Examiner your
25 educational background?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3028 Plaza Blanca (D.B.) (71-24-22)
Santa Fe, New Mexico 87501

1 A I have a Master of Science degree in
2 petroleum engineering from the University of Oklahoma.

3 Q What year did you obtain that degree?

4 A 1949.

5 Q Subsequent to graduation, would you
6 summarize for the Examiner where you have been
7 employed and in what capacity?

8 A Since that time, I have worked primarily
9 for independents. The most recent is Beard Oil
10 Company for the past four years. Prior to that time,
11 I was with an independent out of Dallas for a year.
12 Before that, I was with Anadarko Production Company.
13 All of these were either engineering or management
14 capacity.

15 Q Have you made a study of and are you
16 familiar with the facts surrounding this particular
17 application?

18 A I am.

19 MR. KELLAHIN: We tender Mr. Vater
20 as an expert witness.

21 MR. STAMETS: The witness is considered
22 qualified. Mr. Vater, where do you live?

23 MR. VATER: Oklahoma City.

24 MR. STAMETS: Thank you, sir.

25 BY MR. KELLAHIN:

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-4402
Santa Fe, New Mexico 87501

1 Q Would you please refer to what we have
2 marked as Exhibit Number One, identify it and explain
3 what Beard Oil Company is seeking to accomplish?

4 A This is an ownership plat showing
5 Beard's acreage in the general area of the well,
6 which we're applying for dual completion. We have
7 three wells presently completed in this field, which
8 is undesignated. The other two wells are completed
9 at Atoka Sand. The Hanlad No. 1 is completed as a
10 dual from Atoka Sand and the Abo.

11 Q Would you please refer to Exhibit Number
12 Two and describe what information it contains?

13 A Exhibit Number Two is a schematic
14 drawing of the well bore in the Hanlad No. 1 showing
15 the perforations, the factor settings, the tubing
16 depth settings, the casing settings with the cement
17 information.

18 Q What is the current status of the well?

19 A The well is shut in.

20 Q How do you propose to produce the well?

21 A We would like to produce the lower zone,
22 the Atoka, through the tubing and produce the Abo
23 through the casing-tubing annulus.

24 MR. STAMETS: Excuse me. I believe the
25 perforations 4670 to 16 identify the upper Wolf Camp

1 on this plat.

2 MR. VATER: Well, they have been since
3 shown as Abo.

4 MR. STAMETS: So we should correct
5 Wolf Camp to Abo?

6 MR. VATER: Yes, sir.

7 MR. STAMETS: Thank you.

8 BY MR. KELLAHIN:

9 Q Your application also requests surface
10 commingling, Mr. Vater. How do you propose to do that?

11 A We would like to -- we have a contract
12 signed with Transwestern, and they have indicated to
13 us that they intend to set only one meter setting.
14 We would like to put on the Abo completion either a
15 turbine meter or a conventional orifice meter and to
16 allocate the production from this zone in that fashion.
17 We would prefer the turbine meter if it's acceptable
18 by the Commission.

19 Q If I understand you correctly, your
20 intent will be to meter each zone separately and then
21 to commingle at the surface?

22 A That's true, yes.

23 Q Please refer to Exhibit Number Three
24 and identify it.

25 A This is a 4. open-flow test taken by

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-4463
Buckle Up, New Mexico 87101

1 Davis Engineering on the Abo section, which shows
2 that it has an absolute open flow of 1,125,000
3 cubic feet.

4 Q Page two of Exhibit Three?

5 A Is the graph showing the determination
6 of the absolute open flow.

7 Q And page three of the exhibit?

8 A Three is the work sheet showing the
9 various calculations made in determining the open
10 flow.

11 Q And Exhibit Four? I'm sorry, page four
12 of Exhibit Three?

13 A It shows the components of the natural
14 gases produced from the Abo.

15 Q Do you anticipate any difficulty in
16 commingling the production from each of the zones at
17 the surface?

18 A No.

19 Q Please refer to Exhibit Four and
20 identify it.

21 A Exhibit Four is a multi-point bi-pressure
22 test taken by Davis Engineering on the Atoka zone.

23 Q And page two of Exhibit Four?

24 A Is the graph showing the results of the
25 information.

BALLY WALTON ROYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (315) 471-4467
Santa Fe, New Mexico 87501

1 Q And page three of Exhibit Four?

2 A It is the information showing what the
3 gas consists of in terms of hydrocarbons. Fourth
4 page is a work sheet.

5 Q In your opinion, Mr. Vater, is the gas
6 produced from the Atoka formation going to be compat-
7 ible with the gas produced from the Abo?

8 A Yes. There is no hydrogen sulfide,
9 nothing that would make them not compatible.

10 Q Please refer to Exhibit Number Five
11 and identify it.

12 A It is the bottom-hole pressure survey
13 taken on the Atoka zone by Benner Wire Line Services.

14 Q What is that bottom hole pressure?

15 A At the mid-point of the perforation is
16 2,087 pounds PSIG.

17 Q This is on the Atoka, is that correct?

18 A Yes.

19 Q Do you have bottom-hole pressure infor-
20 mation on the Abo?

21 A No. We have only surface information.

22 Q What is that surface pressure?

23 A Seventeen-hundred -- excuse me, 1,550
24 pounds PSIG at the surface.

25 Q How was that calculation made?

1 A This is a measured pressure at the
2 surface.

3 Q Sir, would you refer to Exhibit Number
4 Six and identify it?

5 A It is a letter that we wrote to Yates
6 Petroleum Corporation, asking them to waive any
7 objections to dual completion of the well, which has
8 been signed by the Yates Petroleum Company indicating
9 no opposition to the application.

10 Q Would you identify on Exhibit Number
11 One the proration unit that you propose for the
12 subject well?

13 A It would be the west half of Section 17.

14 Q What do the current rules provide for
15 spacing with regard to the Atoka formation?

16 A Three-hundred-twenty acres on the Atoka.

17 Q How about for the Abo formation?

18 A Hundred-and-sixty acres.

19 Q So this application would request
20 special pool rules for the Abo formation?

21 A Yes.

22 Q And this would be 320 acres as opposed
23 to 160 acres?

24 A Yes.

25 Q What's the basis for your request for

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Palm Blasen (955) 411-4463
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (955) 411-4493
Dallas, Texas 75201

1 the special pool rules, Mr. Vater?

2 A We feel at this point in time that we
3 just don't know how the Abo is going to hold up.
4 These wells are expensive. We estimate the cost of
5 the completed Abo Well as roughly \$215,000.

6 Q Let's go to that Exhibit Number Seven.
7 Would you identify that, please?

8 A Yes. That's an AFE that I prepared,
9 estimating the cost of an Abo completed well and a
10 dry hole.

11 Q Are there any additions or corrections
12 you'd like to make to that exhibit?

13 A The dry hole should be 130,500 rather
14 than 118,500 as I have shown.

15 Q What accounts for the difference?

16 A The \$12,000 for the surface and inter-
17 mediate casings was not included in the total.

18 Q Just a mathematical error?

19 A Yes.

20 Q Any other additions or corrections?

21 A No. Well, the wellhead on the tubing
22 side on the dry hole, that should have been down as
23 wellhead equipment to \$1,000. But two totals are
24 \$130,500 for the dry hole; \$215,184, complete well.

25 Q Would you describe for us the status

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2010 Plaza Alamos (505) 471-4603
Santa Fe, New Mexico 87501

1 of, first of all, the Beard well located in the
2 southwest quarter of Section 8. What is the status
3 of that well?

4 A It is shut in.

5 Q What kind of well is that?

6 A It is -- the well completed from the
7 Atoka, it has an open flow roughly of 1,500,000 cubic
8 feet of gas.

9 Q It's shut in, waiting pipeline connection?

10 A Yes.

11 Q Would you describe the current conditions
12 of the well located in the northeast quarter of
13 Section 8?

14 A It is also a shut-in gas well. It has
15 an open flow out of the Atoka of approximately
16 3,500,000, as I recall.

17 Q And neither of those wells is capable
18 of producing from the Abo?

19 A Neither one of them have been completed
20 in the Abo.

21 Q In your opinion, Mr. Vater, will the
22 approval of special pool rules to create 320-acre
23 spacing for the Abo formation avoid the drilling of
24 unnecessary wells for this particular area?

25 A Yes.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
808 Plaza Blanca (S.B.) 471-4462
Santa Fe, New Mexico 87501

1 Q In your opinion, will approval of this
2 application be in the best interests of conservation,
3 prevention of waste and protection of correlative
4 rights?

5 A Yes.

6 Q Are there any other Abo producing wells
7 in the immediate area?

8 A The closest Abo producing well is the
9 Yates well to the west, approximately two or three
10 miles, which has very recently been hooked up. I
11 do not know the producing characteristics of the well.

12 Q Is the working interest and royalty
13 interest the same with regard to the 160 acres versus
14 the 320-acre unit?

15 A It is.

16 Q Were Exhibits One through Seven compiled
17 by you directly, or compiled under your supervision
18 and direction?

19 They were.

20 MR. KELLAHIN: That concludes our
21 examination of Mr. Vater. We move the introduction
22 of Exhibits One through Seven.

23 MR. STAMETS: These Exhibits will be
24 admitted. Mr. Vater, has any estimate been made of
25 the element recovery that you expect from the Abo?

1 MR. VATER: We feel at this point in
2 time, until we get some history, it's just picking
3 numbers out of the air. We personally feel that if
4 we can get five or six-hundred-million out of the Abo,
5 we'll be doing real well. But until we get some
6 performance history, we just don't feel like you can
7 really get a handle on it.

8 MR. STAMETS: The basic reason for your
9 request for 320 on the Abo then is economics?

10 MR. VATER: That's basically it, yes.

11 MR. STAMETS: You're not convinced at
12 this point that it would be economical to drill on 160?

13 MR. VATER: That's right.

14 MR. STAMETS: Now, you propose two types
15 of metering here for the Abo zone. One would be the
16 standard orifice meter, which would be essentially
17 the same thing as the pipeline uses?

18 MR. VATER: That's true.

19 MR. STAMETS: Then the second is the
20 turbine.

21 MR. VATER: A turbine meter. Rockwell
22 manufactures a turbine meter which gives you a direct
23 read-out of the gas. We have used them in Oklahoma
24 and find that they're accurate. You can just take a
25 reading at the first of the month, or you can take it

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (605) 471-4403
Ocala Pa, New Mexico 87861

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (955) 471-4488
San Antonio, New Mexico 87501

1 every day and this will give it to you in MCF's, the
2 reading.

3 It is corrected for pressures. It is
4 not corrected for temperature. You can put on a
5 recording thermometer to correct it for temperature.
6 It would be simpler for us in terms of trying to get
7 the other charts integrated, but it's not that
8 important. Either way, whichever you would prefer.

9 MR. STAMETS: Do you have anything
10 which shows the comparative accuracies of the two
11 meters?

12 MR. VATER: They're accurate within a
13 one or two percent, just as is an orifice meter.
14 They can be calibrated periodically just like an
15 orifice meter. I can send some information to you
16 on their accuracy, if you would like it.

17 MR. STAMETS: That would be most helpful,
18 if you could send that in.

19 MR. VATER: Okay. Let me do that.
20 But as I say, the only reason we would suggest this
21 is that it's a little bit easier for us in the field
22 to get the measurements and not have to have the
23 charts integrated, but it's not that important.

24 MR. STAMETS: I believe you indicated
25 the working interest and the royalty interest in the

1 Abo were the same as those in the Atoka?

2 MR. VATER: That's true, yes.

3 MR. STAMETS: Is there apt to be any
4 value differences between the two gases?

5 MR. VATER: That's possible under the
6 new rules. We feel like at this point in time we
7 will have the new price, or discovery price for gas
8 on the Atoka, and we're not sure on the Abo. So it
9 is possible. It may take two or three years to
10 figure it out.

11 But what we do is just take the com-
12 bined meter readings from off the Transwestern and
13 back out the readings from the Abo and allocate the
14 rest of it to the Atoka.

15 MR. STAMETS: Will there be any gas
16 use occur before the gas goes through the transporters
17 meter?

18 MR. VATER: We will have -- no. I'm
19 sorry. I take that back. We're going to have a
20 production use there, so there will be some gas used
21 prior to the time it goes through the meter for the
22 indirect heater. That's all.

23 MR. STAMETS: Will that be gas used
24 from the combined stream?

25 MR. VATER: It will be gas used from the

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (805) 471-4462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (800) 471-4488
Santa Fe, New Mexico 87501

1 combined stream. What we will do in that case would
2 be to allocate it fifty-fifty between the zones. I
3 think that's the only way you could do it. It won't
4 be much. It's just whatever heat we have to have to
5 prevent hydration from forming.

6 MR. STAMETS: Perhaps Mr. Grissett,
7 our District Supervisor from Artesia, could help us
8 on this. Has a pool been named out there for the
9 Atoka?

10 MR. GRISSETT: Not yet.

11 MR. STAMETS: Has this been put on
12 any nomenclature as yet?

13 MR. GRISSETT: No.

14 MR. STAMETS: Do you have any proposed
15 name, Mr. Vater?

16 MR. VATER: We don't have any. Whatever
17 the Commission chooses is fine with us.

18 MR. STAMETS: Typically, when we put
19 a name on these things, we take something from the
20 geographical area and the formation names. I presume
21 that would be acceptable.

22 MR. VATER: That would be fine. We
23 have been advised by Transwestern that they're going
24 to have the Hagstrom and the Hanlad Wells ready
25 for sending gas the 18th of November. On the McCall,

1 it's supposed to be the 23rd of November. Now,
2 whether they'll meet that schedule, I don't know,
3 but that was the last time I've talked to them.
4 That was when they felt like they'd be in a position
5 to start taking gas.

6
7 MR. STAMETS: Any other questions of
8 the witness? You may be excused.

9 MR. VATER: Thank you.

10 MR. STAMETS: Anything further in this
11 case?

12 MR. KELLAHIN: No, sir.

13 MR. STAMETS: The case will be taken
14 under advisement.

15 (Hearing concluded.)
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25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca, Suite 201, Dallas, Texas 75219
Phone (214) 412-3142

REPORTER'S CERTIFICATE

I, STEFANIE XANTHULL, 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.

Stefanie Xanthull
Stefanie Xanthull, CSR

I do hereby certify that the foregoing is
a complete and true transcript of the proceedings in
the Examiner's hearing of Case No. 6373,
heard by me on 11-8 1976.
Richard L. Ham, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED INTERVIEW REPORTER
2020 Plaza, Suite 200 (202) 411-4103
Suite 200, New Mexico 87101



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 5, 1982

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6373
ORDER NO. R-5875-B

Applicant:

Beard Oil Company

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

| | |
|-------------|---|
| Hobbs OCD | x |
| Artesia OCD | x |
| Aztec OCD | |

Other

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. 6373
Order No. R-5875-B

IN THE MATTER OF CASE 6373 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDERS NOS. R-5875
AND R-5875-A WHICH CREATED THE EAST HIGH HOPE-ABO
GAS POOL IN EDDY COUNTY, NEW MEXICO AND PROMULGATED
SPECIAL RULES THEREFOR, INCLUDING A PROVISION FOR
320-ACRE SPACING UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 17, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 5th day of March, 1982, 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 by Orders No. R-5875 and R-5875-A, dated November 30, 1978 and March 19, 1980, respectively, temporary special rules and regulations were promulgated for the East High Hope-Abo Gas Pool, Eddy County, New Mexico, establishing temporary 320-acre spacing units.

(3) That pursuant to the provisions of Order No. R-5875-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

(4) That no party appeared to present testimony in this case.

-2-

Case No. 6373

Order No. R-5875-B

(5) That effective April 1, 1982, the Special Rules and Regulations for the East High Hope-Abo Gas Pool should be rescinded and such pool should be made subject only to the general Rules and Regulations of the Division.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1982, the Special Rules and Regulations governing the East High Hope-Abo Gas Pool, Eddy County, New Mexico, promulgated by Orders No. R-5875 and R-5875-A, are hereby rescinded.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the East High Hope-Abo Gas Pool or in the Abo formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well on or before March 15, 1981.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA, 1978, existing wells in the East High Hope-Abo Gas Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the East High Hope-Abo Gas Pool or in the Abo formation within one mile thereof shall receive no allowable.

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

-3-
Case No. 6373
Order No. R-5875-B

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2082
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 24, 1980

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6373
ORDER NO. R-5875-A

Applicant:

OCN (Beard Oil Company)

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

| | |
|-------------|----------|
| Hobbs OCD | <u>x</u> |
| Artesia OCD | <u>x</u> |
| Aztec OCD | |

Other

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. 6373
Order No. R-5875-A

IN THE MATTER OF CASE 6373 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-5875, WHICH ORDER
ESTABLISHED SPECIAL RULES AND REGULATIONS
FOR THE EAST HIGH HOPE-ABO GAS POOL,
EDDY COUNTY, NEW MEXICO, INCLUDING A
PROVISION FOR 320-ACRE PRORATION UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 27, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stanets.

NOW, on this 19th day of March, 1980, 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 by Order No. R-5875, dated November 30, 1978, temporary special rules and regulations were promulgated for the East High Hope-Abo Gas Pool, Eddy County, New Mexico, establishing temporary 320-acre spacing units.

(3) That pursuant to the provisions of Order No. R-5875, this case was reopened to allow the operators in the subject pool to appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

(4) That the evidence available at the time of the hearing was insufficient to establish that one well in the East High Hope-Abo Gas Pool can efficiently and economically drain and develop 320 acres.

Case No. 6373
Order No. R-5875-A

(5) That the operators in said East High Hope-Abo Gas Pool should be permitted an additional two years to gather reservoir data to establish the proper spacing for said pool.

(6) That this matter should be reopened at an examiner hearing during February, 1982, at which time the operators therein should be permitted to appear and show cause why said pool should not be developed on 160-acre spacing units.

(7) That a two year extension of the Special Rules and Regulations promulgated by Order No. R-5875 will serve to prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent reduced recovery which might result from the drilling of too few wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the temporary Special Rules and Regulations governing the East High Hope-Abo Gas Pool, Eddy County, New Mexico, promulgated by Order No. R-5875, are hereby continued in full force and effect until February, 1982.

(2) That this matter shall be set for a hearing before a Division Examiner during February, 1982, at which time operators in said pool may appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

(3) 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/



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

December 5, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6373
ORDER NO. ~~R-5875~~

Applicant:

Beard Oil Company

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/Ed

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other

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. 6373
Order No. R-5875

APPLICATION OF BEARD OIL COMPANY FOR
A DUAL COMPLETION, SURFACE COMMINGLING,
POOL CREATION, AND SPECIAL POOL RULES,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 8, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 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, Beard Oil Company, seeks authority to complete its Haniad Well No. 1, located in Unit E of Section 17, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas from the Atoka formation through tubing and the Abo formation through the casing-tubing annulus, and to commingle the production at the surface.
- (3) That the applicant proposes to meter one zone of the dual completion prior to commingling and to determine the production from the other zone by the subtraction method utilizing the pipeline measured volume for the commingled stream.
- (4) That the mechanics of the proposed dual completion and commingling are feasible and in accord with good conservation practices provided that the gas stream measured prior to commingling should be dry.

-2-

Case No. 6373
Order No. R-5875

(5) That the supervisor of the Division's district office at Artesia should be authorized to approve the metering system to be used by the applicant.

(6) That applicant's said Hanlad Well No. 1 having its top perforations at 4670 feet, has discovered a separate common source of supply which should be designated the East High Hope-Abo Gas Pool; that the vertical limits of said pool should be the Abo formation and that the horizontal limits of said pool should be the W/2 of Section 17, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 320-acre spacing units should be promulgated for the East High Hope-Abo Gas Pool.

(8) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(9) That special rules and regulations should be established for a temporary period to expire February 1, 1980.

(10) That this case should be reopened at an examiner hearing during January, 1980, at which time the operators in the subject pool should appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

(11) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Beard Oil Company, is hereby authorized to complete its Hanlad Well No. 1, located in Unit E of Section 17, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas from the Atoka formation through 2-inch tubing and gas from the Abo formation through the casing-tubing annulus, with separation of the zones achieved by means of a packer set at approximately 7026 feet.

-3-

Case No. 6373
Order No. R-5875

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Division Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for gas wells in Southeast New Mexico.

(2) That the applicant is further authorized to commingle Atoka and Abo gas production at the surface after separately metering the Abo production.

(3) That the applicant shall determine Atoka production by subtracting the metered Abo production from the commingled stream measured by the transporter.

(4) That prior to installation of the meter on the Abo zone, the operator shall obtain approval for the use of such meter or meter system from the supervisor of the Division's district office at Artesia.

(5) That a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production, is hereby created and designated the East High Hope-Abo Gas Pool, with vertical limits comprising the Abo formation and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 17: W/2

(6) That temporary Special Rules and Regulations for the East High Hope-Abo Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
EAST HIGH HOPE-ABO GAS POOL

RULE 1. Each well completed or recompleted in the East High Hope-Abo Gas Pool or in the Abo formation within one mile thereof, and not nearer to or within the limits of another designated Abo gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

-4-

Case No. 6373
Order No. R-5875

RULE 2. Each well shall be located on a standard unit containing 320 acres, more or less, consisting of a governmental half section.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental half section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the nearest side boundary nor nearer than 1980 feet to the nearest end boundary nor nearer 330 feet to any governmental quarter-quarter section line.

RULE 5. The Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting

-5-

Case No. 6373

Order No. R-5875

the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED:

(7) That the locations of all wells presently drilling to or completed in the East High Hope-Abo Gas Pool or in the Abo formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well on or before February 1, 1979.

(8) That, pursuant to Paragraph A. of Section 65-3-14.5, MSA 1953, existing wells in the East High Hope-Abo Gas Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the East High Hope-Abo Gas Pool or in the Abo formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

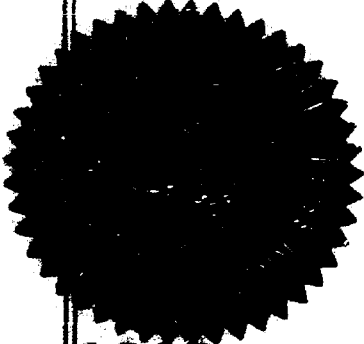
(9) That this case shall be reopened at an examiner hearing in January, 1980, at which time the operators in the subject pool may appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

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

-6-

Case No. 6373
Order No. R-5875

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

ed/

EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

CASE 7457: (Continued from January 20, 1982, Examiner Hearing)

Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

CASE 7482: Application of Wiser Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1295 feet from the South line and 1345 feet from the West line of Section 32, Township 21 South, Range 37 East, Penrose-Skelly Pool.CASE 7483: Application of Adams Exploration Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4176 feet to 4293 feet in its Griffin Well No. 4 located in Unit A, of Section 10, Township 8 South, Range 32 East, Chaveroo-San Andres Pool.CASE 7462: (Continued from February 3, 1982, Examiner Hearing)

Application of Marathon Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinbry production in the wellbore of its C. J. Saunders Well No. 3, located in Unit C of Section 1, Township 22 South, Range 36 East.

CASE 7474: (Continued from February 3, 1982, Examiner Hearing)

Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn, Atoka and Morrow formations underlying the E/2 of Section 25, Township 19 South, Range 33 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7484: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the E/2 of Section 1, Township 19 South, Range 25 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.CASE 7485: Application of Berge Exploration for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying two 160-acre proration units, the first being the NW/4 and the second being the SW/4 of Section 27, Township 7 South, Range 26 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.CASE 7486: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation underlying the NE/4 NE/4 of Section 6, Township 20 South, Range 39 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.CASE 7487: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation underlying the SE/4 SE/4 of Section 31, Township 19 South, Range 39 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Dockets Nos. 7-82 and 8-82 are tentatively set for March 3 and March 17, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

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

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

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for March, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1982, for both of the above areas.

CASE 7445: (Continued from December 16, 1981, Examiner Hearing)
(THIS CASE WILL BE CONTINUED TO THE EXAMINER HEARING ON MARCH 17, 1982)

Application of Harvey E. Yates Company for an WGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASE 7479: Application of Northwest Pipeline Corporation for amendment of Order No. R-2046, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-2046, which authorized approval of six non-standard proration units, Basin-Dakota Gas Pool.

The amendment sought is for the creation of the following non-standard proration units to be drilled at standard locations thereon: Township 31 North, Range 6 West, Section 25: N/2 (272.16 acres) and S/2 (273.3 acres); Section 36: N/2 (272.56 acres) and S/2 (272.88 acres); Township 30 North, Range 6 West; Section 1: N/2 (272.81 acres) and S/2 (273.49 acres).

CASE 7480: Application of Arco Oil & Gas Company for pool creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Upper Devonian gas pool for its Custer Well No. 1 located 1810 feet from the North line and 2164 feet from the West line of Section 6, Township 25 South, Range 37 East, Custer Field.

CASE 7481: Application of Arco Oil & Gas Company for amendment of Order No. R-6792, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6792, which authorized the directional drilling of applicant's Custer Wells Well No. 1 to an unorthodox location in the Devonian and Ellenburger formations and imposed a penalty in the Devonian. By stipulation applicant and the offset operator have agreed that the subject well is not affecting the offsetting property and applicant herein seeks removal of the penalty imposed for so long as the well produces only from the present perforated interval in the Upper Devonian.

CASE 7459: (Continued from January 20, 1982, Examiner Hearing)

Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.

CASE 7410: (Continued from January 20, 1982, Examiner Hearing)

Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

7488: Application of Burkhart Petroleum Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 NW/4 of Section 13, Township 8 South, Range 17 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7073: (Reopened and Readvertised)

In the matter of Case 7073 being reopened pursuant to the provisions of Order No. R-6558, which order promulgated special rules for the South Elkins-Fusselman Pool in Chaves County including provisions for 80-acre spacing units and a limiting gas-oil ratio of 3000 to one. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units with a limiting gas-oil ratio of 2000 to one.

CASE 7074: (Reopened and Readvertised)

In the matter of Case 7074 being reopened pursuant to the provisions of Orders Nos. R-6565 and R-6565-B, which created the South Elkins-Fusselman Gas Pool in Chaves County. All interested parties may appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is determined that said pool is producing from a retrograde gas condensate reservoir.

CASE 6373: (Reopened and Readvertised)

In the matter of Case 6373 being reopened pursuant to the provisions of Orders Nos. R-5875 and R-5875-A, which created the East High Hope - Abu Gas pool in Eddy County, and promulgated special rules therefor, including a provision for 320-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 7489: Application of Curtis J. Little for designation of a tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Township 25 North, Range 6 West, containing 6,720 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7490: Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Atoka-Morrow formation, underlying the N/2 of Section 19, Township 8 South, Range 30 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7491: Application of Harvey E. Yates Company for designation of a tight formation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka formation underlying portions of Townships 12, 13, and 14 South, Ranges 35 and 36 East, containing 46,720 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705, said area being an eastward and westward extension of previously approved tight formation area.

CASE 7492: Application of Harvey E. Yates Company for designation of a tight formation, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka-Morrow formation underlying all or portions of Townships 7, 8, and 9 South, Ranges 29, 30, and 31 East, containing 115,200 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7493: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Bootleg Ridge-Morrow Gas Pool. The discovery well is Getty Oil Company Getty 15 Federal Well No. 1 located in Unit J of Section 15, Township 22 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 15: S/2

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the North King-Devonian Pool. The discovery well is Canadian Oil Corporation Speight Well No. 1 located in Unit B of Section 3, Township 13 South, Range 37 East, NMPN. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPN
Section 3: NE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Loving-Atoka Gas Pool. The discovery well is Gulf Oil Corporation Eddy CR State Well No. 1 located in Unit B of Section 16, Township 23 South, Range 28 East, NMPN. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPN
Section 12: W/2

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPN
Section 4: S/2
Section 7: All
Section 8: All
Section 9: All
Section 16: All
Section 17: All
Section 18: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Brinkard production and designated as the Teague-Brinkard Pool. The discovery well is Alpha Twenty-One Production Company Lea Well No. 1 located in Unit B of Section 17, Township 23 South, Range 37 East, NMPN. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPN
Section 17: NE/4

(e) EXTEND the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPN
Section 23: All
Section 24: W/2

(f) EXTEND the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPN
Section 16: W/2

(g) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPN
Section 2: Lots 1 through 8

(h) EXTEND the Brunson-Fusselman Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPN
Section 5: SE/4

(i) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPN
Section 26: E/2

(j) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPN
Section 23: All
Section 26: All

(k) EXTEND the Cary-Montoya Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 4: W/2 SW/4
Section 5: SE/4
Section 9: W/2 W/2

(l) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 35: E/2
Section 36: W/2

(m) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2 SW/4
Section 27: SW/4

(n) EXTEND the Elkins-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 21: NE/4

(o) EXTEND the Empire-Abo Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2 SW/4

(p) EXTEND the Henshaw-Queen Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 19: NE/4 NW/4

(q) EXTEND the Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 26: W/2

(r) EXTEND the West Madine-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 8: NW/4

(s) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 28: NW/4

(t) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2 SW/4
Section 18: NW/4 and N/2 SW/4 and SW/4 SW/4

EXAMINER HEARING - WEDNESDAY - FEBRUARY 17, 1982

(u) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 2: NE/4 and E/2 NW/4

(v) EXTEND the Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2
Section 8: SW/4
Section 18: E/2 NW/4

(w) EXTEND THE West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 5: SW/4

(x) EXTEND the Turkey Track-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 15: All

(y) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 13: SE/4
Section 24: NE/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM
Section 12: S/2 NE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 7: S/2
Section 8: NW/4

| | | | | |
|---|---|---|---|---|
| 6 | 5 | 4 | 3 | 2 |
| U.S. | U.S. | U.S. | U.S. | U.S. |
| Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 |
| 7 | 8 | 9 | 10 | 11 |
| U.S. | U.S. | U.S. | U.S. | U.S. |
| Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 |
| 12 | 13 | 14 | 15 | 16 |
| U.S. | U.S. | U.S. | U.S. | U.S. |
| Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 |
| 17 | 18 | 19 | 20 | 21 |
| U.S. | U.S. | U.S. | U.S. | U.S. |
| Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 |
| 22 | 23 | 24 | 25 | 26 |
| U.S. | U.S. | U.S. | U.S. | U.S. |
| Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 |
| 27 | 28 | 29 | 30 | 31 |
| U.S. | U.S. | U.S. | U.S. | U.S. |
| Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 |
| 32 | 33 | 34 | 35 | 36 |
| U.S. | U.S. | U.S. | U.S. | U.S. |
| Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 | Beard Oil Yates Pat. 10-1-82 14780 |

BEARD OIL COMPANY
HANLAD #1
LOCATED UNIT E, SECTION 17
T17S-R24E, EDDY COUNTY
NEW MEXICO

EXHIBIT NO. _____

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
Bend EXHIBIT NO. 1
CASE NO. 6373
Submitted by _____
Hearing Date 22 Feb 80

BEARD OIL COMPANY
HANDLAD #1
LOCATED UNIT E, SECTION 17
T17S-R24E, EDDY COUNTY
NEW MEXICO

DIAGRAMMATIC WELL SKETCH

EXHIBIT NO. _____

13-3/8", 54#, H-40 @ 238'
w/250 sx cement

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Bond EXHIBIT NO. 3

CASE NO. 6373

Submitted by _____

Hearing Date 27 Feb 80

8-5/8", 24#, K-55 @ 1000'
w/765 sx cement

Approximate top of cement 4170'

H 40
Perforations
Upper Wolfcamp 4670-4716'

DV Tool @ 5000'
Cemented upper stage through DV
Tool @ 5000' w/250 sx cement

2" EUE, 4.7#, J-55 tubing
set @ 7026'

Approximate top of cement 6600'

Otis Sliding Sleeve
1 jt above packer @ 6994'

4 1/2", 10.5# & 11.6#, K-55 @ 7210'
w/200 sx cement

4 1/2" Otis Retrievmatic
Packer @ 7026' w/On-Off
tool above packer

Atoka perforations 7100-7116'

TOTAL DEPTH 7215'

SCHEMATIC DRAWING
BEARD OIL COMPANY
HANDLAD #1

EDDY COUNTY, NEW MEXICO

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Beard EXHIBIT NO. 2

CASE NO. 6373

Submitted by _____

Hearing Date 27 Feb 80

BEARD OIL COMPANY
HANLAD #1
LOCATED UNIT E, SECTION 17
T17S-R24E, EDDY COUNTY
NEW MEXICO
HIGH HOPE ABO

ECONOMIC APPRAISAL

EXHIBIT NO. _____

Abbo zone

| DATE | GAS Mcf | CUMUL GAS Mcf | GROSS INCOME \$ | OPER. COSTS \$ | NET INCOME \$ | CUMUL. NET INCOME \$ |
|-------|------------|---------------------|-----------------------|----------------------|---------------------|-------------------------------|
| 04-79 | 1,049 | 1,049 | 2,474 | 200 | 2,274 | 2,274 |
| 05-79 | 812 | 1,861 | 1,915 | 200 | 1,715 | 3,989 |
| 06-79 | 943 | 2,804 | 2,224 | 200 | 2,024 | 6,013 |
| 07-79 | 519 | 3,323 | 1,234 | 200 | 1,034 | 7,047 |
| 08-79 | 578 | 3,901 | 1,363 | 200 | 1,163 | 8,210 |
| 09-79 | 939 | 4,840 | 2,214 | 200 | 2,014 | 10,224 |
| 10-79 | 662 | 5,502 | 1,561 | 200 | 1,361 | 11,585 |
| 11-79 | 965 | 6,467 | 2,275 | 200 | 2,075 | 13,660 |
| 12-79 | 969 | 7,436 | 2,285 | 200 | 2,085 | 15,745 |

*GAS PRICE USED \$2.358/MCF SECTION 102

| | |
|------------------------------|----------------------|
| BEFORE EXAMINER STATEMENTS | |
| OIL CONSERVATION DIVISION | |
| Beard | EXHIBIT NO. <u>5</u> |
| NO. <u>6373</u> | |
| Reviewed by _____ | |
| Filing Date <u>27 Feb 80</u> | |

BEARD OIL COMPANY
 HANLAD #1
 LOCATED UNIT E, SECTION 17
 T17S-R24E, EDDY COUNTY
 NEW MEXICO

HIGH HOPE ATOKA

ECONOMIC APPRAISAL

EXHIBIT NO. _____

| DATE | GAS Mcf | CUMUL GAS Mcf | GROSS INCOME \$ | OPER. COSTS \$ | NET INCOME \$ | CUMUL. NET INCOME \$ |
|-------|------------|---------------------|-----------------------|----------------------|---------------------|-------------------------------|
| 03-79 | 1,373 | 1,373 | 3,237 | 200 | 3,037 | 3,037 |
| 04-79 | 1,695 | 3,068 | 3,996 | 200 | 3,796 | 6,833 |
| 05-79 | 1,345 | 4,413 | 3,171 | 200 | 2,971 | 9,804 |
| 06-79 | 1,535 | 5,948 | 3,619 | 200 | 3,419 | 13,223 |
| 07-79 | 1,426 | 7,374 | 3,362 | 200 | 3,162 | 16,385 |
| 08-79 | 1,319 | 8,693 | 3,110 | 200 | 2,910 | 19,295 |
| 09-79 | 939 | 9,632 | 2,214 | 200 | 2,014 | 21,309 |
| 10-79 | 854 | 10,486 | 2,013 | 200 | 1,813 | 23,122 |
| 11-79 | 937 | 11,423 | 2,209 | 200 | 2,009 | 25,131 |
| 12-79 | 766 | 12,189 | 1,806 | 200 | 1,606 | 26,737 |

*GAS PRICE USED \$2.358/MCF SECTION 102

CASE 6819: Application of V-F Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee or Devonian formations, or both, underlying four 40-acre units, being the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 23 South, Range 37 East, North Teague Field, each 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 wells 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 wells and a charge for risk involved in drilling said wells.

CASE 6373: (Reopened and Readvertised) (Continued from January 30, 1980, Examiner Hearing)

In the matter of Case 6373 being reopened pursuant to the provisions of Order No. R-5875 which order created the East High Hope-Abo Gas Pool with temporary special rules therefor providing for 320-acre spacing. All interested parties may appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

CASE 6820: Application of Boyd Operating Co. for a dual completion and unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Blakemore Federal Well No. 1 at an unorthodox Wolfcamp location in the center of Unit A of Section 20, Township 9 South, Range 26 East, to produce gas from the Wolfcamp and Abo formations.

CASE 6821: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its Andrews Well No. 1 located in Unit F of Section 14, Township 21 South, Range 37 East.

CASE 6822: Application of Mesa Petroleum Co. for a gas well classification and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the classification of its Jog State Well No. 1 as a retrograde gas condensate well with 320-acre spacing; applicant further seeks approval for the unorthodox location of said well in the center of Unit L of Section 2, Township 24 South, Range 32 East, the S/2 of said Section 2 to be dedicated to the well.

CASE 6767: (Continued from February 13, 1980, Examiner Hearing)

Application of Alpha Twenty-One Production Company for two non-standard gas proration units, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 NW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 2, and also a 200-acre unit comprising the S/2 N/2 and NE/4 NW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 560 feet from the West line of Section 27. Applicant further seeks a finding that the drilling of the latter well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

Dockets Nos. 6-80 and 7-80 are tentatively set for March 12 and 26, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 27, 1980

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

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

CASE 6787: (Continued from February 13, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6811: Application of Laguna Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SE/4 NE/4 of Section 13, Township 8 South, Range 32 East, 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 6812: Application of Maralo Inc. to amend Order No. R-5816, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-5816 to permit the seven waterflood injection wells authorized to be drilled at unorthodox locations by said order to be produced until May 1, 1980, or until depleted, prior to being placed on water injection.

CASE 6813: Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and 660 feet from the West line of said Section 13.

CASE 6814: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Betenbough Unit Area, comprising 1921 acres, more or less, of State and fee lands in Township 13 South, Range 36 East.

CASE 6797: (Continued from January 30, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 28, Township 18 South, Range 29 East, 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 6815: Application of Florida Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ross Draw Unit Well No. 8, a Wolfcamp gas well 1650 feet from the North and East lines of Section 27, Township 26 South, Range 30 East, the N/2 of said Section 27 being dedicated to the well.

CASE 6816: Application of Hanson Oil Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Penrose Grayburg formation in the perforated interval from 3404 feet to 3633 feet in its Creek Well No. 1 located in Unit G of Section 35, Township 18 South, Range 30 East, Shugart Pool.

CASE 6817: Application of Newbourne Oil Company to amend Order No. R-6100, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6100 whereby the unorthodox Morrow location approved by said order would instead be applicable to the Wolfcamp and Bone Springs formations.

CASE 6818: Application of Tenneco Oil Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East.

CASE 6784: (Continued from January 16, 1980, Examiner Hearing)

Application of Merrion & Bayless for a non-standard proration unit and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the W/2 of Section 18 and the W/2 of Section 19, Township 32 North, Range 14 West, Barker Creek-Paradox Pool, to be dedicated to its Ute Well No. 7 at an unorthodox location 1685 feet from the South line and 3335 feet from the East line of said Section 19.

In the alternative, applicant seeks an order force pooling all of said Section 19 to form a standard 640-acre unit.

CASE 6373: (Reopened and Readvertised)

In the matter of Case 6373 being reopened pursuant to the provisions of Order No. R-5875 which order created the East High Hope-Abo Gas Pool with temporary special rules therefor providing for 320-acre spacing. All interested parties may appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

CASE 6802: Application of Harlan Drilling Company for drilling drainholes, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill and case a vertical hole to an approximate depth of 3200 feet in the Gallup formation from a surface location 1930 feet from the South line and 678 feet from the East line of Section 13, Township 19 North, Range 6 West, and to then drill two lateral drainholes therefrom, each to a distance of approximately 200 feet in the Gallup formation. In the event the Gallup formation is non-productive, applicant seeks authority to drill vertically to the Dakota formation at a depth of approximately 4200 feet and to then drill two 200-foot lateral drainholes.

CASE 6795: (Continued from January 16, 1980, Examiner Hearing)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Oil Pool by the injection of water into the Menafee formation through its San Luis Fed. Wells Nos. 1 and 2, located in Unit K of Section 21, Township 18 South, Range 3 East. Applicant further seeks an administrative procedure for approval of additional producing and injection wells at unorthodox locations in said project.

Docket No. 3-80

Dockets Nos. 4-80 and 5-80 are tentatively set for February 13 and 27, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 30, 1980
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

CASE 6787: (Continued from January 16, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6796: Application of Union Oil Company of California for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 1, Township 8 South, Range 28 East, to be dedicated 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 6797: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 28, Township 18 South, Range 29 East, to be dedicated 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 6798: Application of Estoril Producing 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 Curry Federal Well No. 1, to be drilled 1980 feet from the South line and 660 feet from the East line of Section 22, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, the S/2 of said Section 22 to be dedicated to the well.

CASE 6799: Application of Caulkins Oil Company for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4, S/2 NE/4 and S/2 SW/4 of Section 16, Township 26 North, Range 6 West, Blanco Mesaverde Pool, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6794: (Continued from January 16, 1980, Examiner Hearing)

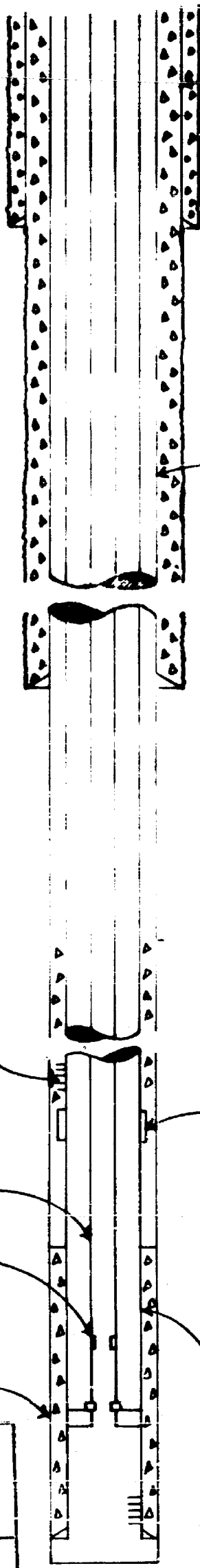
Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tocito Gallup and Dakota production in the wellbore of its Breech "D" Well No. 140 located in Unit A of Section 11, Township 26 North, Range 6 West.

CASE 6800: Application of Caulkins Oil Company for dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Breech "E", Wells Nos. 83-E located in Unit L of Section 5 and 54-E and 68-E located in Units P and L of Section 4; Breech "A" No. 268-E located in Unit P of Section 16; and Breech "D" No. 346 located in Unit D of Section 22, all in Township 26 North, Range 6 West, in such a manner as to produce gas from the Dakota formation and commingled Chacra and Mesaverde production through parallel strings of tubing.

CASE 6801: 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 dually complete its Breech "C" Well No. 248-E located in Unit D of Section 13, Township 26 North, Range 6 West, in such a manner as to produce commingled Tapacito-Gallup and Dakota production and commingled Chacra and Mesaverde production through parallel strings of tubing.

CASE 6790: (Continued from January 16, 1980, Examiner Hearing)

Application of Merrion & Bayless for gas well commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to temporarily commingle certain of its Pictured Cliffs gas wells in Sections 1, 2, 3, 9, 10, and 11, Township 26 North, Range 13 West, in a common gathering system and meter the entire lease output through the purchaser's sales meter located in Unit M of said Section 7.



13-3/8", 54#, H-40 @ 238'
w/250 sx cement

8-5/8", 24#, K-55 @ 1000'
w/765 sx cement

Approximate top of cement 4170'

Perforations
Upper Wolfcamp 4670-4716'
ABO

2" EUE, 4.7#, J-55 tubing
set @ 7026'

Otis Sliding Sleeve
1 jt above packer @ 6994'

4 1/2" Otis Retrievmatic
Packer @ 7026' w/On-Off
tool above packer

DV Tool @ 5000'
Cemented upper stage through DV
Tool @ 5000' w/250 sx cement

Approximate top of cement 6600'

4 1/2", 10.5# & 11.6#, K-55 @ 7210'
w/200 sx cement

Atoka perforations 7100-7116'

TOTAL DEPTH 7215'

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Beard EXHIBIT NO. 2

CASE NO. 6373

Submitted by 8 Nov 78

Hearing Date _____

SCHEMATIC DRAWING

BEARD OIL COMPANY

HANLAD #1

EDDY COUNTY, NEW MEXICO

NEW MEXICO OIL CONSERVATION COMMISSION
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Form C-122
 Revised 9-1-65

| | | | | | |
|--|-------------|-------------------------|------------------------------------|------------------------------|--------------------|
| Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special | | | | Test Date 9-15-78 | |
| Company BEARD OIL COMPANY | | | | Connection TO AIR | |
| Pool UNDESIGNATED | | | | Formation APO | |
| Completion Date 9-15-78 | | Total Depth 7220 | | Plug Back TD 7210 | |
| | | | | Elevation 3822 GL | |
| Form or Lease Name HANLAD | | | | Well No. #1 | |
| Csq. Size 4 1/2 | Wt. 10.5 | Set At 7220 | Perforations: From 4670 To 4716 | | Unit #1 |
| Thg. Size 2 3/8 | Wt. 4.7 | Set At 7026 | Perforations: From To | | Unit E |
| Type Well - Single - Bradenhead - G.G. or G.O. Multiple G.G. Dual | | | | Packer Set At 7026 | |
| Producing Thru CSG | | Reservoir Temp. °F 8 | | Mean Annual Temp. °F 13.2 | |
| State NEW MEXICO | | County EDDY | | | |
| L 4670 | H 4670 | G _g .713 | % CO ₂ 7.17 | % N ₂ 1.28 | % H ₂ S |
| Prover | | Meter Run 3 | | Taps FLG | |

| FLOW DATA | | | | | | TUBING DATA | | CASING DATA | | Duration of Flow | |
|-----------|------------------|---|--------------|-----------------|----------------------|-------------|-----------------|-------------|-----------------|------------------|----------|
| NO. | Prover Line Size | X | Orifice Size | Press. p.s.i.g. | Diff. h _w | Temp. °F | Press. p.s.i.g. | Temp. °F | Press. p.s.i.g. | | Temp. °F |
| SI | | | | | | | | | 1550 | | 72 FPS. |
| 1. | 3 X 1.500 | | | 505 | 2 | 57 | | | 1420 | | 1 Hr. |
| 2. | 3 X 1.500 | | | 505 | 4 | 50 | | | 1170 | | 1 Hr. |
| 3. | 3 X 1.500 | | | 505 | 8 | 56 | | | 700 | | 1 Hr. |
| 4. | 3 X 1.500 | | | 445 | 2 | 65 | | | 450 | | 1 Hr. |
| 5. | | | | | | | | | | | |

| RATE OF FLOW CALCULATIONS | | | | | | | |
|---------------------------|-----------------------|------------------|-------------------------|-----------------------|-------------------------------|---|----------------------|
| NO. | Coefficient (24 Hour) | $\sqrt{h_w P_m}$ | Pressure P _m | Flow Temp. Factor Ft. | Gravity Factor F _g | Super Compress. Factor, F _{sp} | Rate of Flow Q, Mcfd |
| 1 | 11.13 | 32.19 | 518.2 | 1.003 | 1.181 | 1.057 | 449 |
| 2 | 11.13 | 45.53 | 518.2 | 1.010 | 1.181 | 1.061 | 643 |
| 3 | 11.13 | 64.39 | 518.2 | 1.004 | 1.181 | 1.057 | 898 |
| 4 | 11.13 | 30.27 | 458.2 | .9952 | 1.181 | 1.048 | 415 |
| 5 | | | | | | | |

| NO. | R | Temp. °R | T _g | Z | Gas Liquid Hydrocarbon Ratio | A.P.I. Gravity of Liquid Hydrocarbons | Specific Gravity Separator Gas | Specific Gravity Flowing Fluid | Critical Pressure | Critical Temperature |
|-----|-----|----------|----------------|------|------------------------------|---------------------------------------|--------------------------------|--------------------------------|-------------------|----------------------|
| 1. | .74 | 517 | 1.36 | .895 | | | .717 | | 697 | 380 |
| 2. | .74 | 510 | 1.34 | .889 | | | | | | |
| 3. | .74 | 516 | 1.36 | .895 | | | | | | |
| 4. | .66 | 525 | 1.38 | .911 | | | | | | |
| 5. | | | | | | | | | | |

| NO. | P _i | P _w | P _e | P _e ² - P _w ² |
|-----|----------------|----------------|----------------|---|
| 1 | 1433.3 | 2054.3 | 389.3 | |
| 2 | 1183.4 | 1400.4 | 1043.2 | |
| 3 | 713.9 | 509.7 | 1943.9 | |
| 4 | 463.5 | 214.3 | 2228.3 | |
| 5 | | | | |

(1) $\frac{P_e^2}{P_e^2 - P_w^2} = 6.277$

(2) $\left[\frac{P_e^2}{P_e^2 - P_w^2} \right]^n = 2.505$

AD = Q $\left[\frac{P_e^2}{P_e^2 - P_w^2} \right]^n = 1.125$

Gas Liquid Hydrocarbon Ratio _____ Mcf/bbl.

A.P.I. Gravity of Liquid Hydrocarbons _____ Deg.

Specific Gravity Separator Gas .717

Specific Gravity Flowing Fluid X X X X X

Critical Pressure 697 P.S.I.A.

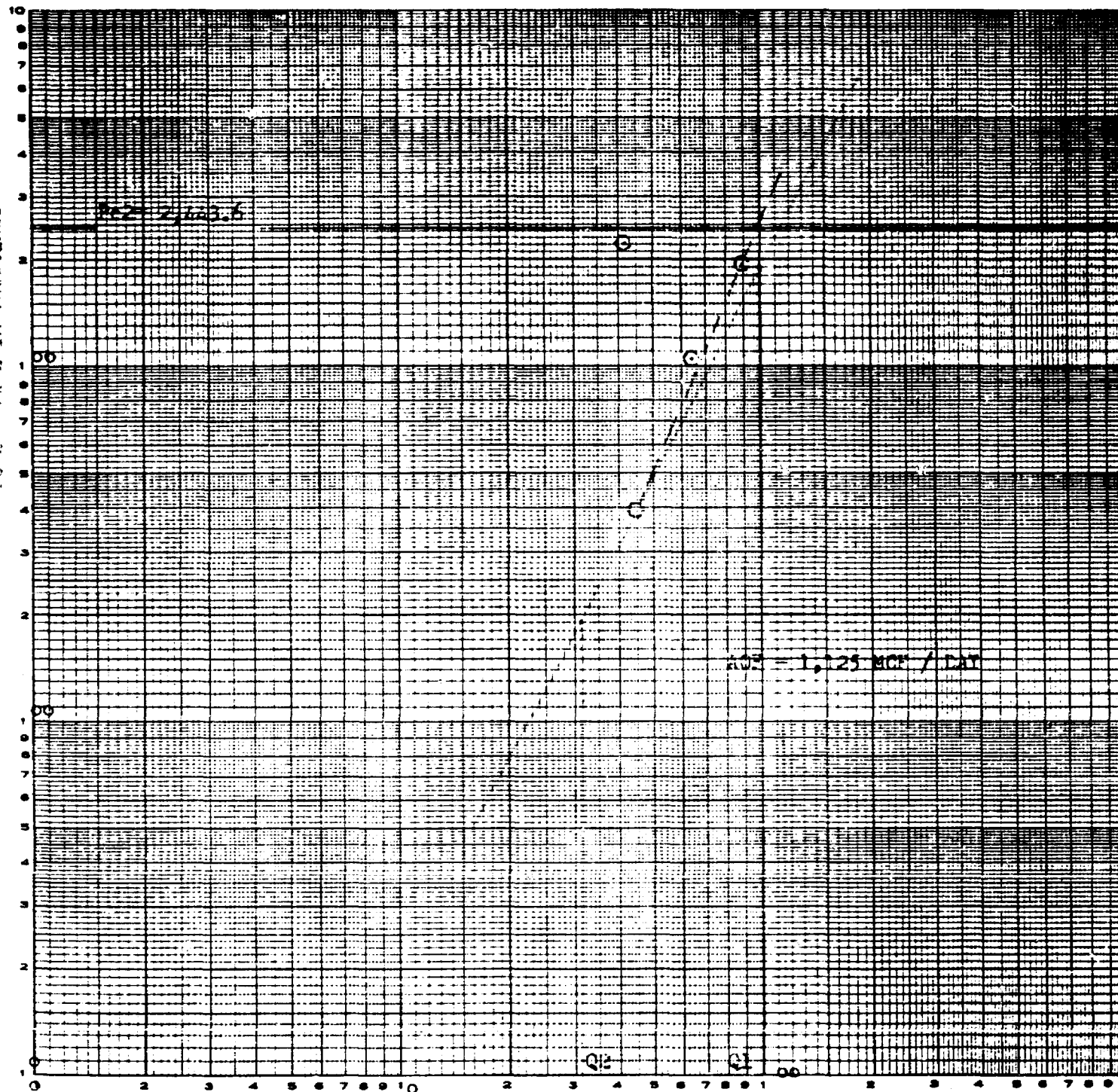
Critical Temperature 380 R

| | | | | | | |
|--------------------|-------|----------------|------------------|------|----------|------|
| Absolute Open Flow | 1.125 | Mcf/d @ 15.025 | Angle of Slope θ | 63.5 | Slope, n | .500 |
|--------------------|-------|----------------|------------------|------|----------|------|

Remarks: POINT ALIGNMENT TOO STEEP A 63.5° SLOPE WAS DRAWN THROUGH LOWEST RATE OF FLOW IN THE ESTABLISHMENT LINE.

| | | | |
|------------------------|------------|------------|------------|
| Approved by Commission | Checked by | Checked by | Checked by |
| | | | |

COMPANY : BEARD OIL COMPANY
 LEASE : HANLAD
 WELL NO : #1
 FIELD : UNIT M
 COUNTY : EEFY
 DATE : 9-15-78



$$Q_1 = 1000 \text{ MCF} = \text{Log Of } Q_1 = 3.000000$$

$$Q_2 = 316 \text{ MCF} = \text{Log Of } Q_2 = 2.500000$$

$$K = 1.25$$

HYDROCARBON ANALYSIS

Form 15-1R (Rev. 12-65)

PETROLEUM ANALYSIS
LABORATORY

| | | | | | |
|---------------------------------|--------------|-----------------------|---------------|------------------|--------------|
| TYPE ANALYSIS | Pod | Mass Spec. | Chromatograph | Other | Analysis No. |
| | | | | | 42261 |
| Sample From | | | | | |
| Handed | | | | | |
| Owner | | | | State | County |
| Beard Oil Co. | | | | New Mexico | Eddy |
| Location or Field | | Formation | | Depth | From To |
| Undesignated | | Abo | | | |
| Date Secured | Secured by | | | Department | |
| 9-15-78 | Swartz | | | | |
| Date Run | Run by | | | Checked by | |
| 9-18-78 | Andrews | | | | |
| Water Pres. | Bomb Pres. | | Source Temp. | | Atmos. Temp. |
| | | | | | |
| BTU @ 14.696 | Actual | Calculated, Dry | | SP. GR. @ 14.696 | Actual |
| | | 959.59 | | @ 60° F | Calculated |
| | | | | | .713 |
| Hydrogen Sulphide | | Mercaptan | | Total | Sum |
| as gr. H ₂ S/100 SCF | | as gr. Sulfur/100 SCF | | | |
| 0 | | 0 | | 0 | |
| VAPOR PRESS. | Actual, Reid | | Calculated | | |
| @ 100° F | | | | | |

| COMPONENT | | MOLE % | GPM | LIQ. VOL. % |
|-------------------|------------------|--------|-------|-------------|
| Helium | HE ₂ | | | |
| Hydrogen Sulphide | H ₂ S | | | |
| Carbon Dioxide | CO ₂ | 7.17 | | |
| Nitrogen | N ₂ | 1.28 | | |
| Methane | C ₁ | 80.79 | | |
| Ethane | C ₂ | 6.29 | | |
| Propane | C ₃ | 2.69 | .740 | |
| Isobutane | IC ₄ | .44 | .144 | |
| Normal Butane | C ₄ | .80 | .252 | |
| Isopentane | IC ₅ | .24 | .088 | |
| Normal Pentane | C ₅ | .22 | .080 | |
| Hexane | C ₆ | .06 | .025 | |
| Heptane | C ₇ | .02 | .010 | |
| | | 100.00 | 1.339 | |

DISTRIBUTION

| | | |
|-----|-----|------------------------|
| HH | TD | RTW |
| SS | AJD | ES |
| REJ | CLW | Res Eng - Test Section |
| JWC | HOW | File |

| ENGLER | |
|--------|-----------|
| IBP | % @ 96 |
| 5 | % @ 140 |
| 10 | % @ 275 |
| 20 | End Point |
| 30 | Recovery |
| 40 | Residue |
| 50 | Loss |
| 60 | |
| 70 | |
| 80 | |
| 90 | |

REMARKS

17 - 17- 24

Form C-122
Revised 9-1-65

| | | | | | | | | | | | |
|---|------|---|-------------------|---------------------------------|--------------------|----------------------------------|-----------|----------------------|--|---------|--|
| Type Test | | <input checked="" type="checkbox"/> Initial | | <input type="checkbox"/> Annual | | <input type="checkbox"/> Special | | Test Date | | 8/25/78 | |
| Company | | | | Connection | | | | | | | |
| Beard Oil Company | | | | Air | | | | | | | |
| Pool | | | | Formation | | | | Unit | | | |
| Undersigned | | | | Atoka | | | | M | | | |
| Completion Date | | Total Depth | | Plug Back TD | | Elevation | | Form or Lease Name | | | |
| 8/4/78 | | 7220 | | 7210 | | 3822 GL | | Hanlad | | | |
| Csg. Size | Wt. | d | Set At | Perforations: | | | | Well No. | | | |
| 4 1/2 | 10.5 | | 7220 | From 7100 To 7116 | | | | 1 | | | |
| Tbg. Size | Wt. | d | Set At | Perforations: | | | | Unit Sec. Twp. Page. | | | |
| 2 3/8 | J 55 | | 7026 | From To | | | | M 17 17 24 | | | |
| Type Well - Single - Bordenhead - G.C. or G.O. Multiple | | | | | | Packer Set At | | County | | | |
| | | | | | | 7026 | | Eddy | | | |
| Producing Thru | | Reservoir Temp. °F | | Mean Annual Temp. °F | | Baro. Press. - P ₂ | | State | | | |
| Tbg. | | 146 @ 7108 | | 60 | | 13.2 | | New Mexico | | | |
| L | H | Gg | % CO ₂ | % N ₂ | % H ₂ S | Prover | Meter Run | Taps | | | |
| 7026 | 7026 | .617 | .58 | 1.34 | | | 3" | Flg. | | | |

| FLOW DATA | | | | | | TUBING DATA | | CASING DATA | | Duration of Flow | |
|-----------|------------------|---|--------------|-----------------|----------------------|-------------|-----------------|-------------|-----------------|------------------|----------|
| NO. | Prover Line Size | X | Orifice Size | Press. p.s.i.g. | Diff. h _w | Temp. °F | Press. p.s.i.g. | Temp. °F | Press. p.s.i.g. | | Temp. °F |
| SI | | | | | | | 1712 | | | | 72 Hr. |
| 1. | 3 X 1.625 | | | 500 | 2.0 | 64 | 1530 | | | | 1 Hr. |
| 2. | 3 X 1.625 | | | 500 | 4.0 | 77 | 1233 | | | | 1 Hr. |
| 3. | 3 X 1.625 | | | 500 | 8.0 | 85 | 823 | | | | 1 Hr. |
| 4. | 3 X 1.625 | | | 500 | 13.0 | 89 | 620 | | | | 1 Hr. |
| 5. | | | | | | | | | | | |

| RATE OF FLOW CALCULATIONS | | | | | | | |
|---------------------------|-----------------------|------------------|-------------------------|-----------------------|-------------------|-----------------------------|----------------------|
| NO. | Coefficient (24 Hour) | $\sqrt{h_w P_m}$ | Pressure P _m | Flow Temp. Factor Ft. | Gravity Factor Fg | Super Compress. Factor, Fpv | Rate of Flow Q, Mcfd |
| 1 | 13.24 | 32.04 | 513.2 | .9962 | 1.273 | 1.047 | 563 |
| 2 | 13.24 | 45.31 | 513.2 | .9840 | 1.273 | 1.044 | 784 |
| 3 | 13.24 | 64.07 | 513.2 | .9768 | 1.273 | 1.041 | 1098 |
| 4 | 13.24 | 81.68 | 513.2 | .9732 | 1.273 | 1.040 | 1393 |
| 5 | | | | | | | |

| NO. | P ₁ | Temp. °R | T ₁ | Z | Gas Liquid Hydrocarbon Ratio | Mcf/tbl. |
|-----|----------------|----------|----------------|------|---------------------------------------|----------|
| 1. | .76 | 524 | 1.44 | .913 | DRY | |
| 2. | .76 | 537 | 1.47 | .918 | A.P.I. Gravity of Liquid Hydrocarbons | Deg. |
| 3. | .76 | 545 | 1.49 | .922 | Specific Gravity Separator Gas | XXXXXXX |
| 4. | .76 | 549 | 1.50 | .924 | Specific Gravity Flowing Fluid | XXXXX |
| 5. | | | | | Critical Pressure | P.S.I.A. |
| | | | | | Critical Temperature | R |

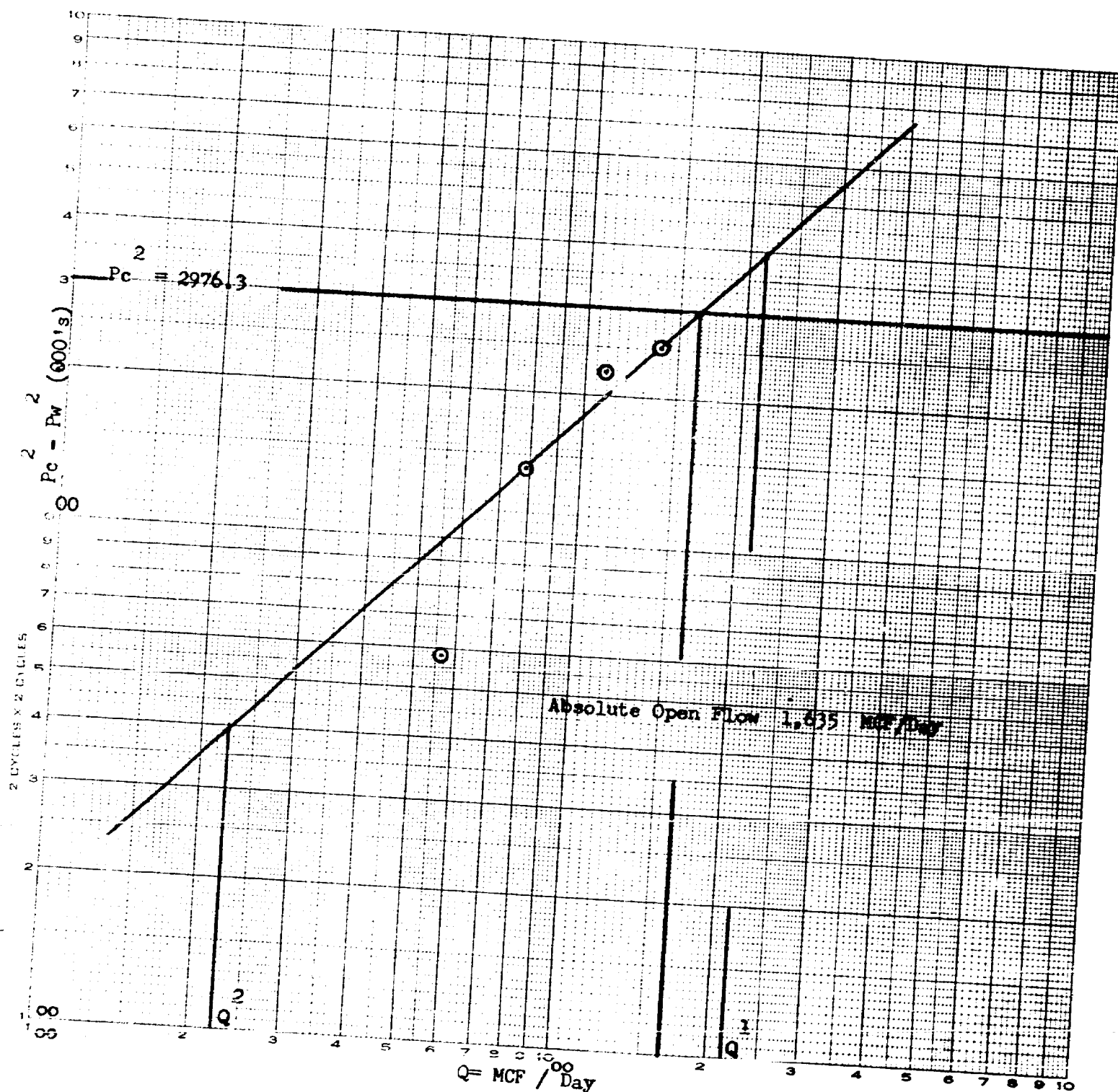
| NO. | P ₁ ² | P _w ² | P _w ² | P _c ² - P _w ² | (1) $\frac{P_c^2}{P_c^2 - P_w^2} =$ | (2) $\left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n =$ |
|-----|-----------------------------|-----------------------------|-----------------------------|---|-------------------------------------|--|
| 1 | | 1545.4 | 2388.4 | 587.9 | 1.177 | 1.173 |
| 2 | | 1251.8 | 1566.9 | 1409.4 | | |
| 3 | | 853.1 | 727.8 | 2248.5 | | |
| 4 | | 669.5 | 443.2 | 2528.1 | | |
| 5 | | | | | | |

| | | | | | | | |
|--------------------|--|--------------|--|------------------|--|----------|--|
| Absolute Open Flow | | Mcf @ 15.025 | | Angle of Slope @ | | Slope, n | |
| 1,635 | | | | 45.5° | | .980 | |

| | | | |
|----------|--|--|--|
| Remarks: | | | |
| | | | |

| | | | |
|-------------------------|---------------|----------------|-------------|
| Approved by Completion: | Conducted By: | Calculated By: | Checked By: |
| | | | |

Company: Beard Oil Company
 Lease : Hanlad
 Well No: #1
 Field : Unit M.
 County : Eddy
 Date : 8/25/78



$Q_1 = 2150$; Log Of $Q_1 = 3.332438$

$Q_2 = 225$; Log Of $Q_2 = 2.352183$

$N = .980$

1 Pass Natural Gas Chromatograph Calculations
Rev. 12-17 (Rev. 12-62)

| | | | | | | | |
|-----------------------------------|--|-------------------|--|------------|-------|--------------|--|
| Sample From | | | | | | Analysis No. | |
| Well #1 | | | | | | 42145 | |
| Owner | | | | | | | |
| Beard Oil Company | | | | | | | |
| Location or Field | | | | Formation | State | County | |
| | | | | Atoka | N.M. | Eddy | |
| Date Secured | | Secured By | | Depth | From | To | |
| 8/25/78 | | | | | | | |
| Date Run | | Run By | | Department | | | |
| 8/28/78 | | Day | | | | | |
| Source Press. | | Bomb Press. | | Checked By | | | |
| | | | | | | | |
| SULPHUR - GRS. PER 100 cu. Ft. | | Hydrogen Sulphide | | Mercaptan | | Atmos. Temp. | |
| | | .06 | | .00 | | | |
| | | | | Total | | Sweet | |
| | | | | .06 | | | |

| COMPONENT | AREA | FACTOR | CORRECTED AREA | MOLE % | GPM | BTU | Sp. Gr. |
|------------------------------------|---------|--------|----------------|---------|------|---------|---------|
| Helium HE ₂ | | | | | | | |
| Hydrogen Sulphide H ₂ S | | | | | | | |
| Carbon Dioxide CO ₂ | 1.5156 | 3539 | .54 | .58 ✓ | | | .009 |
| Nitrogen N ₂ | 2.9475 | 4239 | 1.25 | 1.34 ✓ | | | .013 |
| Methane C ₁ | 1702584 | 4987 | 84.91 | 91.17 ✓ | | 922.64 | .505 |
| Ethane C ₂ | 12.1530 | 3342 | 4.06 | 4.36 ✓ | | 77.30 | .045 |
| Propane C ₃ | 5.3130 | 2736 | 1.45 | 1.56 ✓ | .429 | 39.36 | .024 |
| Iso Butane IC ₄ | 1.4108 | 2470 | .35 | .38 ✓ | .124 | 12.39 | .008 |
| Normal Butane C ₄ | 1.3692 | 2421 | .33 | .35 ✓ | .110 | 11.45 | .007 |
| Iso Pentane IC ₅ | .6980 | 2282 | .16 | .17 ✓ | .062 | 6.82 | .004 |
| Normal Pentane C ₅ | .3128 | 2292 | .07 | .08 ✓ | .029 | 3.22 | .002 |
| Hexane C ₆ | | | .01 | .01 ✓ | .004 | .48 | |
| Heptane C ₇ | | | | | | | |
| TOTAL | | | 93.13 | 100.00 | .758 | 1073.66 | .617 |

Remarks:

HH
REJ
SS
RES ENG TEST SEC
JWC
TD
AJD
CLW
HOW
RTW
ES

Unit M 17 1724

Meter No.

WORKSHEET FOR CALCULATION OF STATIC COLUMN WELLHEAD PRESSURE (P_w)

DATE 8/25/78

WELL NO. 1

LEASE Harland

Range 24

COMPANY Bead Oil Company

Section 17

Township 17

% N₂

% H₂S

LOCATION: Unit M 7026 L/H 1.000

G 617

% CO₂

P_{cr} 671

T_{cr} 365

L 7026 d 1.995 F_r .018231 GH 4335

1st 2nd 1st 2nd 1st 2nd 3rd 4th

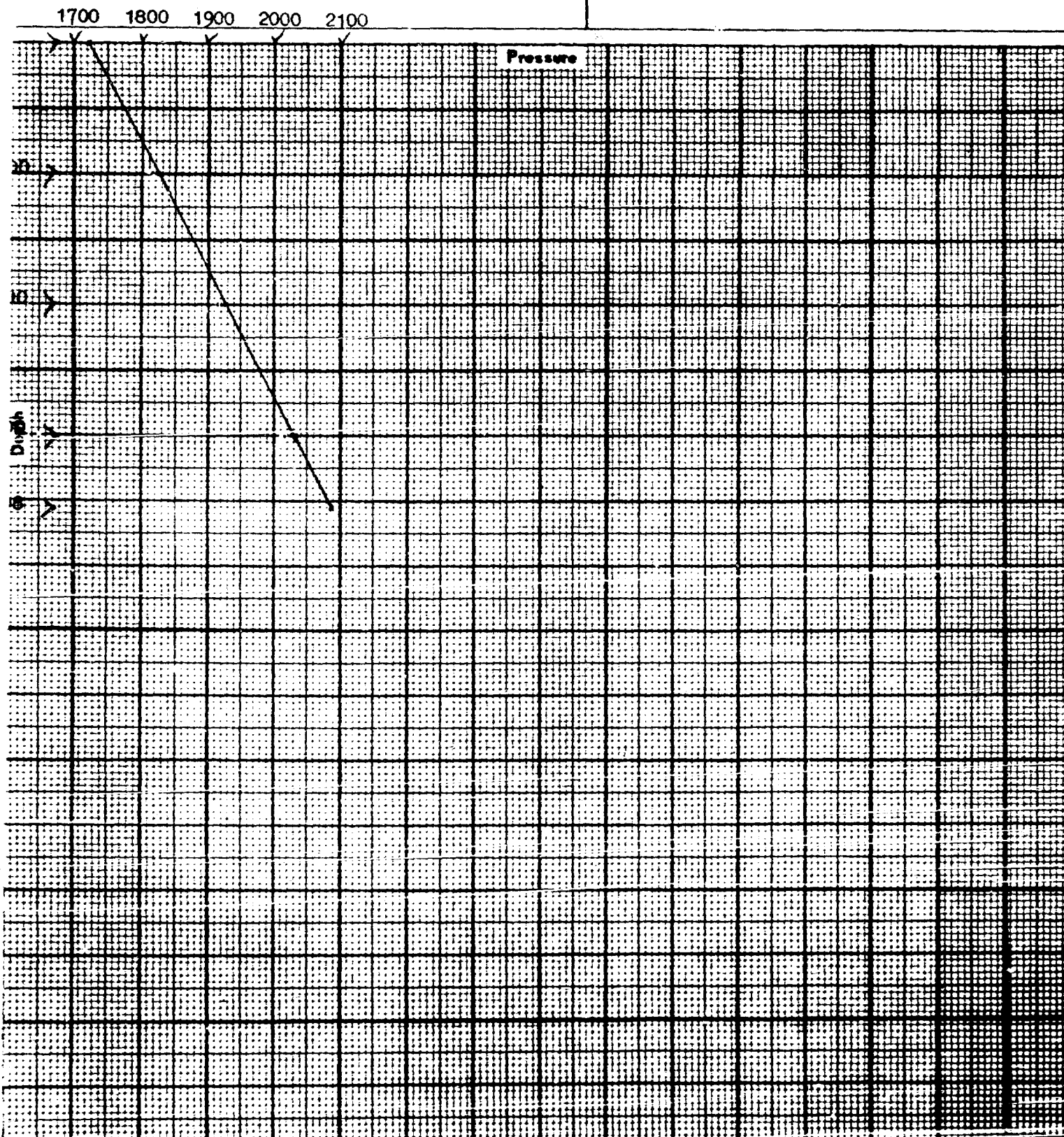
| LINE | 1st | 2nd | 1st | 2nd | 1st | 2nd | 3rd | 4th |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| 1 Q _m | .563 | .563 | .784 | .784 | 1.098 | 1.098 | 1.393 | 1.393 |
| 2 T _w (W.H. °R) | 534 | 534 | 534 | 534 | 606 | 606 | 606 | 606 |
| 3 T _s (B.H. °R) | 606 | 606 | 606 | 606 | 570 | 570 | 570 | 570 |
| 4 T = (T _w + T _s) | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 |
| 5 Z (Est.) | .848 | .840 | .863 | .860 | .905 | .897 | .928 | .920 |
| 6 T ₂ | 433.4 | 478.8 | 434.8 | 490.2 | 515.9 | 511.3 | 529.0 | 524.4 |
| 7 GH/T ₂ | 8.968 | 9.054 | 8.762 | 8.843 | 8.404 | 8.479 | 8.195 | 8.267 |
| 8 e ^s (Table XIV) | 1.400 | 1.404 | 1.389 | 1.393 | 1.370 | 1.374 | 1.360 | 1.363 |
| 9 1-e ^s (Table XIV) | .286 | .288 | .280 | .282 | .270 | .272 | .265 | .267 |
| 10 P _r | 1543.2 | 1543.2 | 1246.2 | 1246.2 | 836.2 | 836.2 | 633.2 | 633.2 |
| 11 P _r 2/1000 | 2381.5 | 2381.5 | 1553.0 | 1553.0 | 699.2 | 699.2 | 400.9 | 400.9 |
| 12 F _r (Table XV) | .018231 | .018231 | .018231 | .018231 | .018231 | .018231 | .018231 | .018231 |
| 13 F _c = F _r T ₂ | 3.812 | 8.729 | 9.020 | 8.937 | 9.404 | 9.321 | 9.643 | 9.561 |
| 14 F _c Q _m | 4.96 | 4.91 | 7.07 | 7.01 | 10.33 | 10.23 | 13.43 | 13.32 |
| 15 L/H (F _c Q _m) ² | 24.6 | 24.2 | 50.0 | 49.1 | 106.6 | 104.8 | 180.5 | 177.4 |
| 16 F _w = L/H (F _c Q _m) ² (1-e ^s) | 7.03 | 6.95 | 14.00 | 13.86 | 28.82 | 28.53 | 47.75 | 47.27 |
| 17 P _w ² = P _r ² + F _w | 2388.5 | 2388.4 | 1567.0 | 1566.9 | 728.1 | 727.8 | 448.7 | 448.2 |
| 18 P _s ² = e ^s P _w ² | 3343.4 | 3354.0 | 2176.6 | 2183.0 | 997.8 | 1000.2 | 610.1 | 611.1 |
| 19 P _s | 1828.5 | 1831.4 | 1475.3 | 1477.5 | 998.9 | 1001.1 | 781.1 | 781.7 |
| 20 P = (P _r + P _s) | 1685.8 | 1687.3 | 1360.8 | 1361.9 | 917.5 | 918.1 | 707.2 | 707.5 |
| 21 P _r = (P/P _{cr}) | 2.51 | 2.51 | 2.03 | 2.03 | 1.37 | 1.37 | 1.05 | 1.05 |
| 22 T _r = (T/T _{cr}) | 1.56 | 1.56 | 1.56 | 1.56 | 1.56 | 1.56 | 1.56 | 1.56 |
| 23 Z (Table XI) | .840 | .840 | .860 | .860 | .897 | .897 | .920 | .920 |

Bennett Wire Line Service
305 McArthur Ave. Ph. (505) 746-3281
Artesia, New Mexico - 88210

BOTTOM HOLE PRESSURE SURVEY REPORT

OPERATOR BEARD OIL CO.
LEASE Hanlad
WELL NO. 1
FIELD _____
DATE 8/24/78 TIME 11:00 A.M.
STATUS Shut-in TEST DEPTH 7108 Ft.
TIME S.I. 72 Hrs. LAST TEST DATE _____
CAS. PRES. _____ BHP LAST TEST _____
TUB. PRES. 1723 BHP CHANGE _____
ELEV. _____ FLUID TOP _____
DATUM _____ WATER TOP _____
TEMP 146° RUN BY Billy Joe Catney
CLOCK NO. _____ GAUGE NO. _____
ELEMENT NO. 9526

| DEPTH | PRESSURE | GRADIENT |
|--------|-----------|----------|
| 0 Ft. | 1723 Lbs. | " |
| 2000 " | 1828 " | 5.2 |
| 4000 " | 1929 " | 5.0 |
| 6000 " | 2034 " | 5.2 |
| 7108 " | 2087 " | 4.7 |



BEARD OIL COMPANY
SUITE 200, 2000 CLASSEN BUILDING
2000 CLASSEN BOULEVARD
OKLAHOMA CITY, OKLAHOMA 73106

October 6, 1978

Yates Petroleum Corp.
207 South 4th Street
Artesia, NM 88210

Attention: Mr. Ray Beck
Re: Beard Oil Company #1 Hanlad
C. SW NW Section 17-17S-24E
Eddy County, New Mexico

Gentlemen:

Per copy of enclosed Application for Multiple Completion notice is hereby given by Beard Oil Company of their proposal to dually complete the above referenced well and to commingle the production from the two zones at the surface.

If you have no objection to this proposal, please note your waiver of objection and consent to the same below on the enclosed copy of this letter and return it to Beard Oil Company in the enclosed, self-addressed envelope.

Yours very truly,

BEARD OIL COMPANY

James W. Vater, Jr.
James W. Vater, Jr.
Vice President

The undersigned offset operator acknowledges receipt of the above notice and waives any further time in which to make objection thereto, and agrees that such commingling of production may be accomplished forthwith as proposed.

YATES PETROLEUM COMPANY *JB*

By: *Edith H. Hays*
Date: 10-10-78

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Beard EXHIBIT NO. 6

CASE NO. 6373

Submitted by _____

Hearing Date _____

BEARD OIL COMPANY

2000 Classen Center, Suite 200 South
Oklahoma City, Oklahoma 73106

1111 2
L 1111 1
Date _____

AUTHORITY FOR EXPENDITURE

Prospect Number _____ District _____ AFE # _____

Lease _____ Well No. _____ Field _____ State _____
New Mexico

Location _____ County _____
Adair

Description Of Work To Be Done _____ Estimated Date Work To Be:
Commenced _____ Completed _____
Drilling And Completion of 4000
Abc well

| Details of Estimated Costs | | ESTIMATED COST | |
|--|-----------------|--------------------------|-----------|
| INTANGIBLE DRILLING COST | | COST BASED ON 100% W. I. | |
| | ACCTG. CODE NO. | PRODUCER | DRY HOLE |
| Surface damage, surveying | 363 | \$ 1000 | \$ 1000 |
| Building location, roads, dig and fill pits | 354 | 6000 | 5000 |
| Drilling: 4800 ft @ \$10.00 per foot | 350 | 48000 | 48000 |
| Daywork: 3 Days @ \$4000 per day | 351 | 12000 | 12000 |
| Pulling and swabbing unit: 90 @ \$50 per | 353 | 4500 | |
| Mud, water | 357 | 2000 | 2200 |
| Cementing service, float eqpt., centralizers | 366 | 13000 | 9000 |
| Logging, DST, coring | 355 | 8000 | 6000 |
| Acid treatment, frac treatment, perforating | 359 | 12000 | |
| Trucking & auto | 360 | 3000 | 1000 |
| Geological and production supervision | 362 | 4000 | 2000 |
| Miscellaneous | 365 | 5000 | 5000 |
| Overhead | 361 | 8000 | 5000 |
| Roustabout work | 352 | 2500 | |
| Contingencies | 368 | 8000 | 5000 |
| Total Intangible Cost | | 151900 | 116500 |
| TANGIBLE COST | | | |
| Casing: 250' 13 3/4" 48 lb @ 1400/lb | 138 | 31000 | 12000 |
| 100' 8 5/8" 24 lb @ 2500/lb | | | |
| 4800' 4 1/2" 15 lb @ 4500/lb | | | |
| Tubing: 4800' 2 3/4" EUE 4.7" J-55 @ 2300/lb | 138 | 11280 | 1000 |
| Wellhead equipment | 135 | 5000 | |
| Pumping unit, engine, and subsurface pump | 136 | | |
| Sucker rods | 142 | | |
| Tanks, separator, treater, etc. | 134 | 12000 | |
| Flow line | 139 | 10000 | |
| Miscellaneous Fittings | 141 | 2000 | 500 |
| Contingencies | 131 | 2000 | 500 |
| Total Tangible Cost | | 63480 | 2100 |
| TOTAL ESTIMATED COST | | \$ 215380 | \$ 118600 |
| Remarks: Flowing production from Abc. | | | 139500 |

| OPERATOR'S APPROVAL | | Company | W. I. % | COSTS | |
|-------------------------|-------|---------|---------|----------|----------|
| By: | Date: | | | Producer | Dry Hole |
| _____ | _____ | _____ | _____ | _____ | _____ |
| Title: | _____ | _____ | _____ | _____ | _____ |
| NON-OPERATOR'S APPROVAL | | _____ | _____ | _____ | _____ |
| By: | Date: | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| Title: | _____ | _____ | _____ | _____ | _____ |
| For: | _____ | _____ | _____ | _____ | _____ |

CASE 6370: Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Gilluly B Fed. Well No. 22 to be drilled 2310 feet from the North line and 1980 feet from the West line of Section 33, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated with the current unit Wells No. 3 and 15 located in Units N and H, respectively, to the present 360-acre non-standard proration unit in Section 33.

CASE 6371: Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Phillips-Woolworth Well No. 1 located 2310 feet from the North line and 1980 feet from the East line of Section 26, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 6372: Application of Belco Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1495 feet from the North line and 330 feet from the West line of Section 6, Township 23 South, Range 31 East, Los Mendanos Atoka Pool, Eddy County, New Mexico, the W/2 of said Section 6 to be dedicated to the well.

CASE 6373: Application of Beard Oil Company for a dual completion, surface commingling, pool creation, and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the gas-gas dual completion of its Hanlad Well No. 1 located in Unit E of Section 17, Township 17 South, Range 24 East, Eddy County, New Mexico, to produce gas from the Atoka formation through tubing and the Abo formation through the casing-tubing annulus, and to commingle the production at the surface. Applicant further seeks the creation of a new Abo gas pool and the adoption of special pool rules therefor, including a provision for 320-acre spacing and proration units for a temporary period of one year.

CASE 6374: Application of Mesa Petroleum Company for a special oil allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a temporary increase in the oil allowable for its West Knowles Well No. 5 located in Unit H of Section 34, Township 16 South, Range 37 East, West Knowles-Drinkard Pool, Lea County, New Mexico, from 310 barrels to 500 barrels for the 90-day period extending from October 1, 1978 to December 31, 1978.

CASE 6375: Application of Harper Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Wantz-Abo, Drinkard, and Blinebry production within the wellbore of its S. J. Sarkeys Well No. 2 located in Unit H of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 6352: (Continued and Readvertised)

Application of Southland Royalty Company for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Grenier "A" Well No. 1A located in Unit C of Section 26, Township 30 North, Range 10 West, to produce gas from the Blanco-Pictured Cliffs and Blanco Mesaverde Pools, San Juan County, New Mexico, with separation of the zones to be achieved by means of a polished bore receptacle and mandrel.

CASE 6346: (Continued and Readvertised)

Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of its Jicarilla K Well No. 14 located in the SE/4 of Section 11, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6348: (Continued and Readvertised)

Application of Supron Energy Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Mesaverde and Dakota production in the wellbore of its Starr Well No. 3 located in the NE/4 of Section 5, Township 26 North, Range 8 West, San Juan County, New Mexico.

CASE 6341: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for dual completions and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the dual completion of its Jicarilla A Well No. 8 located in the NW/4 of Section 23; its Jicarilla E Well No. 7 located in the SE/4 of Section 15; and its Jicarilla E Well No. 8 located in the NW/4 of Section 15, all in Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Mesaverde formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbores of said wells.

Docket No. 35-78

Dockets Nos. 37-78 and 38-78 are tentatively set for hearing on November 21 and December 6, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 7, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6146: (DE NOVO) (Continued and Readvertised)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6266: (DE NOVO)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Upper Pennsylvanian test well to be located 660 feet from the North and East lines or, in the alternative, 990 feet from the North and East lines of Section 23, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, all of said Section 23 to be dedicated to the well.

Upon application of Harvey E. Yates Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6377: Application of Durham, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North and East lines of said Section 8. 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 6378: In the matter of the hearing called by the Oil Conservation Division on the motion of Shell Oil Company to permit Corinne Grace and all other interested parties to appear and show cause why Division Order No. R-3713, which pooled all of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be declared null and void, if said pooling order has not already automatically expired due to non-production.

CASE 6379: Application of Shell Oil Company for pool contraction and pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.

Docket No. 36-78

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 8, 1978

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

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

CASE 6369: Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its DR Well No. 3 to be drilled 660 feet from the North and East lines of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico, to be simultaneously dedicated with its Well No. 1 located in Unit E to the present 320-acre unit comprising the N/2 of said Section 16.

CASE 6342: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla J Well No. 10 located in the SE/4 of Section 26, Township 26 North, Range 5 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Tooto and Dakota production in the wellbore of said well.

CASE 6343: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla H Well No. 8 located in the SE/4 of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbore of said well.

CASE 6344: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla F Well No. 1 located in the SW/4 of Section 27, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Mesaverde and Dakota production in the wellbore of said well.

CASE 6345: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla H Well No. 7 located in the SW/4 of Section 19, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 6347: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Dakota production in the wellbore of its Jicarilla K Well No. 17 located in the SW/4 of Section 12, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6376: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Mescalero Sands-Pennsylvanian Gas Pool. The discovery well is Petroleum Development Corporation Estelle Federal Well No. 1 located in Unit E of Section 34, Township 12 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 30 EAST, NMPM
Section 34: W/2

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the Sioux-Yates Pool. The discovery well is Tishman Federal Well No. 1 located in Unit N of Section 5, Township 26 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM
Section 31: NE/4
Section 32: W/2

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 5: W/2

(c) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 31: N/2
Section 32: N/2
Section 33: All

(d) EXTEND the Blinberry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 26: SE/4

- (e) EXTEND the vertical limits of the Box-Canyon Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include the Canyon and Wolfcamp formations and redesignate said pool as the Box Canyon-Permian Pennsylvanian Gas Pool and extend the horizontal limits of said pool to include therein:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPH
Section 13: All
Section 23: S/2
Section 26: E/2
Section 35: E/2
Section 36: W/2

TOWNSHIP 22 SOUTH, RANGE 21 EAST, NMPH
Section 1: W/2

- (f) EXTEND the North Burton Flats-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPH
Section 28: S/2
Section 33: E/2

- (g) EXTEND the East Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPH
Section 27: S/2

- (h) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPH
Section 28: W/2

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPH
Section 10: W/2
Section 21: S/2

- (i) EXTEND the Comanche Stateline Tansill-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPH
Section 33: NW/4

- (j) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPH
Section 29: W/2

- (k) EXTEND the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPH
Section 22: SW/4 and W/2 SE/4

- (l) EXTEND the Forehand Ranch-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPH
Section 15: NW/4 SE/4

- (m) EXTEND the Fowler-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPH
Section 16: SE/4

- (n) EXTEND the Jenkins-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPH
Section 28: S/2

- (o) EXTEND the Kennitz-Cisco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPH
Section 16: W/2

- (p) EXTEND the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPH
Section 10: W/2 and SW/4
Section 15: NW/4

- (q) EXTEND the West Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 9: N/2

- (r) EXTEND the Revelation-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 3: W/2

- (s) EXTEND the Rock Tank-Upper Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 1: All

- (t) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 25: N/2

- (u) EXTEND the Southwest Sulphate-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 14: NE/4 NE/4

- (v) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

- (w) EXTEND the Watkins Yates-Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 6: SW/4

- (x) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 8: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 4: All

- (y) EXTEND the Wilson-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 14: S/2

- (z) EXTEND the Winchester-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 24: S/2

- (aa) EXTEND the Winchester-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 26: E/2 and SW/4

BEARD OIL COMPANY
SUITE 200, 2000 CLASSEN BUILDING
2000 CLASSEN BOULEVARD
OKLAHOMA CITY, OKLAHOMA 73106

OCT 23 1978

CONSERVATION COMMISSION
Santa Fe

October 19, 1978

Case 6373

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

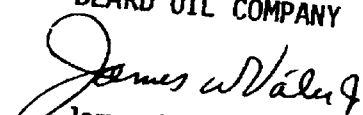
Re: Beard Oil Company #1 Harlad
C SW NW Section 17-17S-24E
Eddy County, New Mexico

Gentlemen:

Attached for your information and file is Xerox copy
of signed waiver of objection and consent by Yates
Petroleum Corp. to the proposed dual completion and
commingling of production from the above referenced
well.

Yours very truly,

BEARD OIL COMPANY


James W. Vater, Jr.
Vice President

JWVJ:tlg
Attachment

XC to: Mr. W. A. Gressett, Supervisor, w/attachment
District II

Mr. Jason Kellahin, w/attachment
Santa Fe

BEARD OIL COMPANY
SUITE 200, 2000 CLASSEN BUILDING
2000 CLASSEN BOULEVARD
OKLAHOMA CITY, OKLAHOMA 73106

OCT 10 1978

OCT 23 1978

October 6, 1978

Yates Petroleum Corp.
207 South 4th Street
Artesia, NM 88210

Attention: Mr. Ray Beck
Re: Beard Oil Company #1 Hanlad
C. SW NW Section 17-17S-24E
Eddy County, New Mexico

Gentlemen:

Per copy of enclosed Application for Multiple Completion notice is hereby given by Beard Oil Company of their proposal to dually complete the above referenced well and to commingle the production from the two zones at the surface.

If you have no objection to this proposal, please note your waiver of objection and consent to the same below on the enclosed copy of this letter and return it to Beard Oil Company in the enclosed, self-addressed envelope.

Yours very truly,

BEARD OIL COMPANY

James W. Vater, Jr.
James W. Vater, Jr.
Vice President

The undersigned offset operator acknowledges receipt of the above notice and waives any further time in which to make objection thereto, and agrees that such commingling of production may be accomplished forthwith as proposed.

YATES PETROLEUM COMPANY

By: *Eddie M. Walters*
Date: 10-10-78



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

P.O. DRAWER 80
ARTESIA, NEW MEXICO 88210
(505) 748-4881

October 12, 1978

Beard Oil Company
2000 Classen Center
Suite 200 South
Oklahoma City, Okl. 73106

Re: Hanlad
#1-E-17-17-24
Eddy County, N.M.

Gentlemen:

We hereby acknowledge receipt of the Completion Reports and a copy of the application for dual completion on the subject well.

According to our geologist, Mr. John Runyan, the upper zone in this well is in the basal abo and therefore would require 160 acre spacing, unless you expand your hearing to include 320 acre spacing for the abo.

Please submit the proper acreage dedication (160 acres) for the abo.

If you have any questions concerning this matter, please feel free to call upon me.

Sincerely yours,

W. A. Gressett
Supervisor, District II

WAG:ro

Xc/ Mr. R.L. Stamets ✓
Santa Fe, N.M.

Set for hearing

--- Last para is official notice,
& given.

C 14

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN
KAREN AUBREY

KELLAHIN and FOX
ATTORNEYS AT LAW
P. O. BOX 1789
SANTA FE, NEW MEXICO 87501

OCT 18 1978

TELEPHONE 968-4222
AREA CODE 505

October 17, 1978

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

Gentlemen:

Enclosed is the application of Beard Oil Company
for dual completion, surface commingling of production, and
adoption of pool rules, Eddy County, New Mexico.

It is requested that this application be set for hear-
ing before the Division's examiner on November 8, 1978.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

CC: Mr. Jim Voten

JWK:kfm

Enclosure

OCT 18 1978

Santa Fe

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
ENERGY AND MINERALS DEPARTMENT

Case 6373

A P P L I C A T I O N

Comes now Beard Oil Company, 2000 Classen Building, Oklahoma City, Oklahoma, and applies to the Oil Conservation Division, Energy and Minerals Department, for approval of a dual completion, surface commingling, and adoption of pool rules, Eddy County, New Mexico, and in support thereof would show:

1. Applicant proposes to drill its Hanland No. 1 well in Unit E, Section 17, Township 17 South, Range 24 East., N.M.P.M., Eddy County, New Mexico, and to complete it for production from the Atoka and Abo formations.
2. Applicant proposes to dually complete the well, producing the Atoka through tubing, and the Abo through the casing-tubing annulus. It is not anticipated that there will be appreciable volumes of fluid produced from either formation.
3. In order to economically produce and operate the well, applicant proposes to commingle production at the surface. One zone will be metered prior to commingling for allocation purposes. All interests, including royalty interests, are common as to both zones.
4. Spacing for the Atoka formation is 320 acres. Applicant seeks adoption of pool rules for the Abo formation, including a provision for 320 acre spacing and proration units for a temporary period of one year, it being applicant's belief that one well will efficiently drain and develop 320 acres,

and the one-year period will give applicant sufficient time to determine what the spacing should be.

WHEREFORE Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law the Division enter its order permitting dual completion, surface commingling of production, and adoption of pool rules as applied for.

Respectfully submitted,

BEARD OIL COMPANY

By James W. Kellah
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEARD OIL COMPANY
SUITE 200, 2000 CLASSEN BUILDING
2000 CLASSEN BOULEVARD
OKLAHOMA CITY, OKLAHOMA 73106

OCT 11 1978

October 6, 1978

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

Re: Beard Oil Company #1 Hanlad
C SW NW Section 17-17S-24E
Eddy County, New Mexico

Gentlemen:

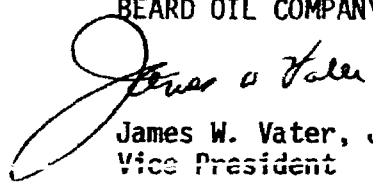
Attached is the Application for Multiple Completion together with supporting information for the dual completion of the above referenced well.

It is proposed to flow the upper zone through the casing-tubing annulus and the lower zone through the tubing. In addition we request permission to commingle the production from these zones at the surface and to allocate the production between the zones in any fashion acceptable to the New Mexico Oil Conservation Commission.

If the enclosed Application and the above request can not be handled administratively, please docket them for an Examiner's Hearing at your earliest convenience.

Yours very truly,

BEARD OIL COMPANY


James W. Vater, Jr.
Vice President

JWV:tlg
Encl.'s

XC to: Mr. W. A. Gressett, Supervisor
District II

Yates Petroleum Corp.
Attention: Mr. Ray Beck

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

OCT 11 1978

| | | | |
|---|----------------------|-----------------------------|-----------------------------------|
| Operator BEARD OIL COMPANY | | County Eddy | Date September 29, 1978 |
| Address 2000 Classen Center, 200 S., Okla. City, OK | | Lease HANLAD | Well No. 1 |
| Location of Well E | Section 17 | Township 17 South | Range 24 East |

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X
2. If answer is yes, identify one such instance: Order No. _____ ; Operator Lease, and Well No.: _____

| 3. The following facts are submitted: | Upper Zone | Intermediate Zone | Lower Zone |
|--|-----------------------------|-------------------|----------------------|
| a. Name of Pool and Formation | Undesignated (Upr Wolfcamp) | | Undesignated (Atoka) |
| b. Top and Bottom of Pay Section (Perforations) | 4670-4716 | | 7100-7116 |
| c. Type of production (Oil or Gas) | Gas | | Gas |
| d. Method of Production (Flowing or Artificial Lift) | Flowing | | Flowing |

4. The following are attached. (Please check YES or NO)

| Yes | No | |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.* |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112A.) |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Yates Petroleum Company, 207 South Fourth Street, Artesia, New Mexico 88210

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO _____. If answer is yes, give date of such notification October 2, 1978.

CERTIFICATE: I, the undersigned, state that I am the Vice President of the BEARD OIL COMPANY (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.


James W. Vater, Jr. Signature

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

OCT 11 1978

All distances must be from the outer boundaries of the Section

| | | | | |
|---|--|--|--|-----------------------|
| Operator BEARD OIL COMPANY | | Lease HANLAD | | Well No. 1 |
| Unit Letter E | Section 17 | Township 17 South | Range 24 East | County Eddy |
| Actual Footage Location of Well: 1980 feet from the North line and 660 feet from the West line | | | | |
| Ground Level Elev. 3822' GL | Producing Formation Upper Wolfcamp | Feet Undesignated (Upper Wolfcamp) | Dedicated Acreage: 320 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

| | |
|--|--|
| BEARD OIL COMPANY | |
| <div style="border: 1px dashed black; width: 100px; height: 100px; position: relative;"> 1980' 660' -- 0 </div> | |
| HANLAD LEASE | |

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

James W. Vater, Jr.
Name **James W. Vater, Jr.**
Position **Vice President**

Company **BEARD OIL COMPANY**

Date **October 5, 1978**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

**MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

OCT 11 1978

Form C-102
Superseded C-120
Effective 1-1-63

All distances must be from the outer boundaries of the Section.

| | | | | | |
|---|-------------------------------------|-----------------------------|--|---------------------------|----------------------|
| Operator Beard Oil Company | | Lease Hanlad | | County Santa Fe | Well No. 1 |
| Unit Letter E | Section 17 | Township 17 South | Range 24 East | County Eddy | |
| Actual Footage Location of Well: | | | | | |
| 1980 feet from the North line and 660 feet from the West line | | | | | |
| Ground Level Elev. 3822.4 | Producing Formation Atoka | Pool Undesignated | Dedicated Acreage: 320 Acres | | |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

| | |
|-------------------|--|
| BEARD OIL COMPANY | |
| | |
| | |
| HANLAD LEASE | |

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

James W. Vater, Jr.
Name **James W. Vater, Jr.**
Position **Vice President**

BEARD OIL COMPANY
Company

May 2, 1978
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
April 24, 1978

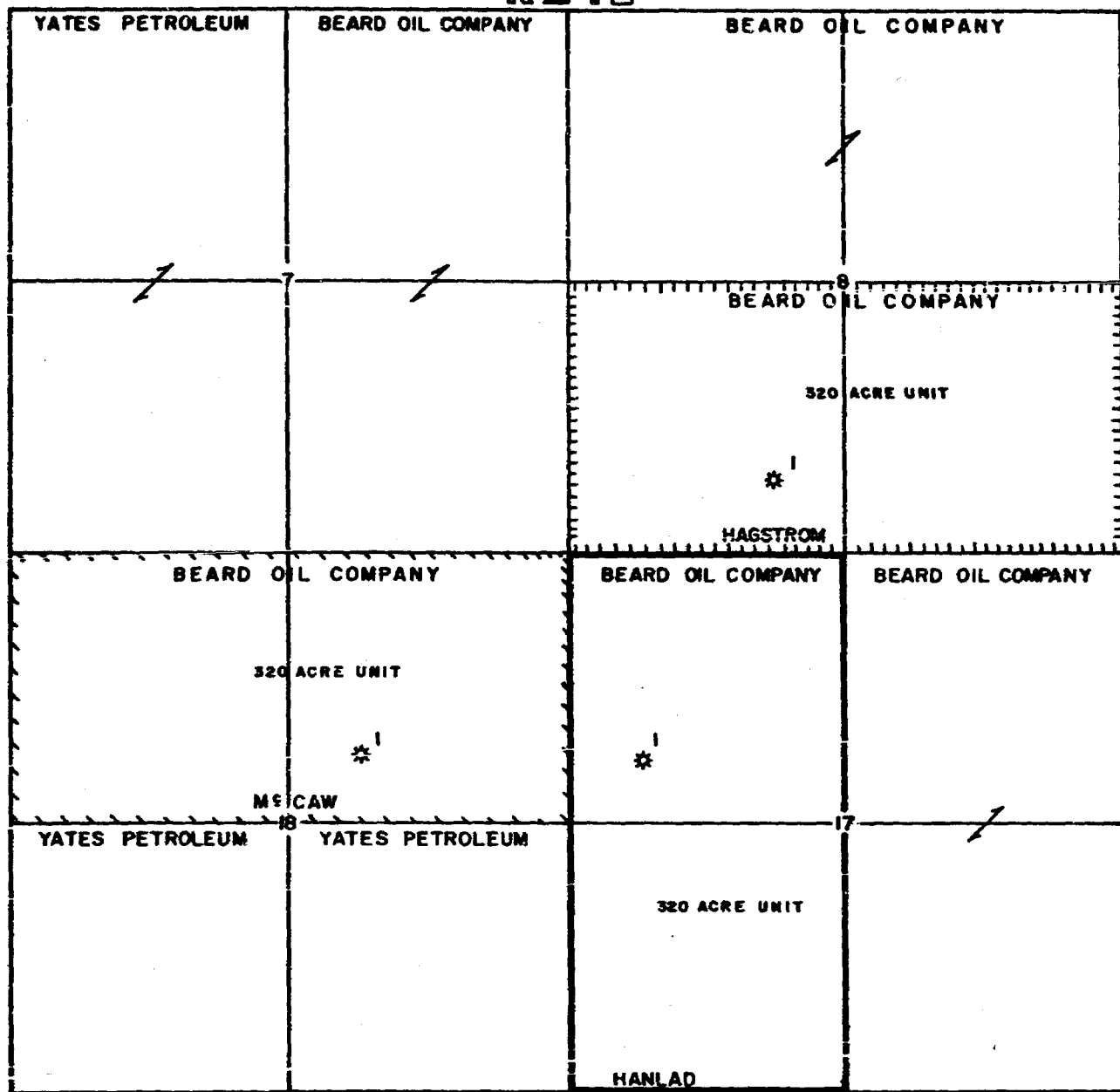
Registered Professional Engineer and/or Land Surveyor

John W. West

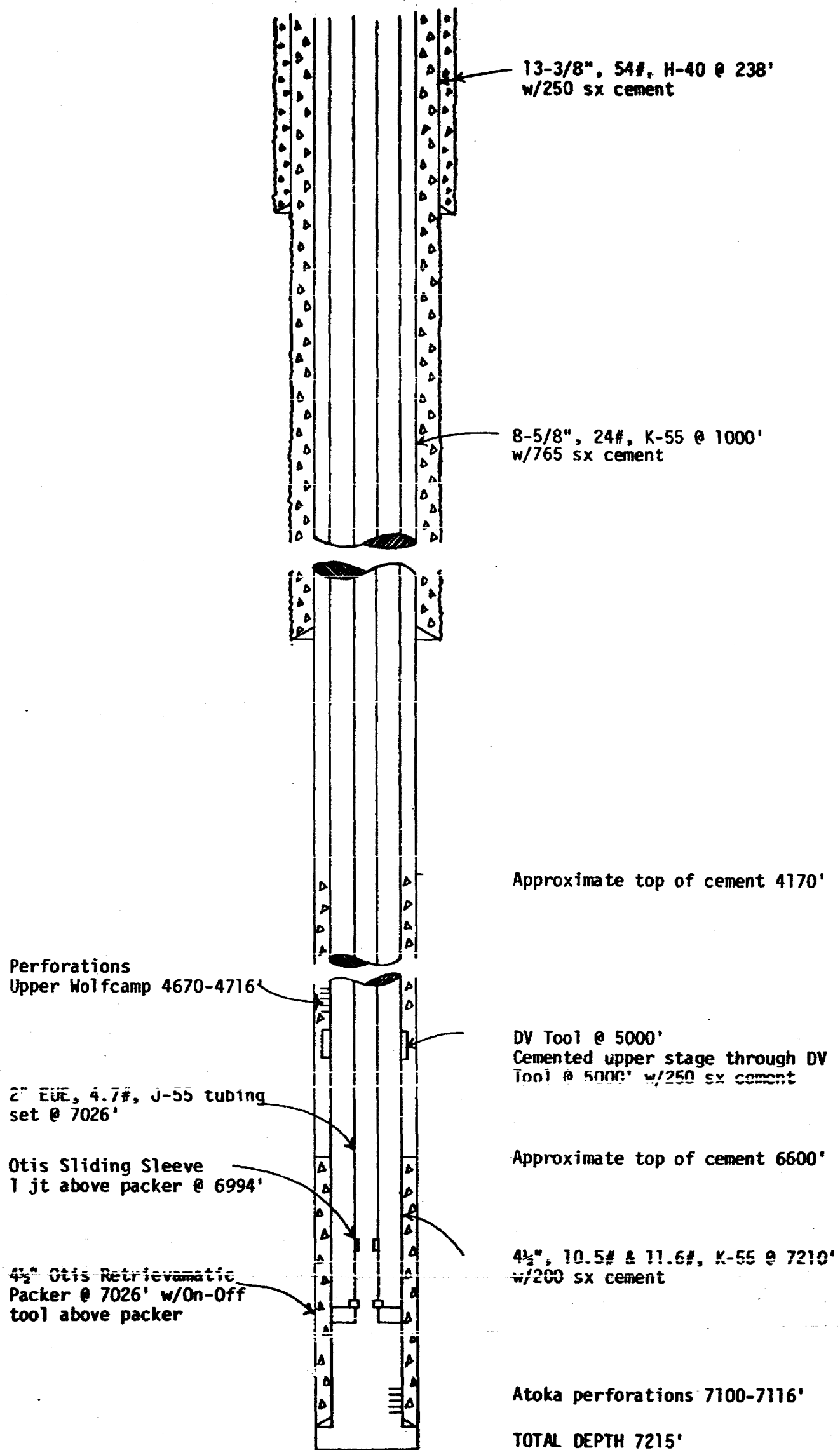
Certificate No. **John W. West 676**
Robert J. Elders

0 320 640 960 1280 1600 1920 2240 2560 2880 3200 3520 3840 4160 4480 4800 5120 5440 5760 6080 6400 6720 7040 7360 7680 8000 8320 8640 8960 9280 9600 9920 10240 10560 10880 11200 11520 11840 12160 12480 12800 13120 13440 13760 14080 14400 14720 15040 15360 15680 16000

R 24 E



**OWNERSHIP PLAT
EDDY COUNTY, NEW MEXICO**



SCHEMATIC DRAWING
BEARD OIL COMPANY
HANLAD #1

FINDY COUNTY, NEW MEXICO

BEARD OIL COMPANY
SUITE 200, 2000 CLASSEN BUILDING
2000 CLASSEN BOULEVARD
OKLAHOMA CITY, OKLAHOMA 73106

October 6, 1978

Yates Petroleum Corp.
207 South 4th Street
Artesia, NM 88210

Attention: Mr. Ray Beck
Re: Beard Oil Company #1 Hanlad
C. SW NW Section 17-17S-24E
Eddy County, New Mexico

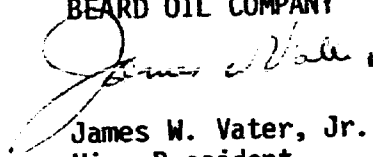
Gentlemen:

Per copy of enclosed Application for Multiple Completion notice is hereby given by Beard Oil Company of their proposal to dually complete the above referenced well and to commingle the production from the two zones at the surface.

If you have no objection to this proposal, please note your waiver of objection and consent to the same below on the enclosed copy of this letter and return it to Beard Oil Company in the enclosed, self-addressed envelope.

Yours very truly,

BEARD OIL COMPANY


James W. Vater, Jr.
Vice President

The undersigned offset operator acknowledges receipt of the above notice and waives any further time in which to make objection thereto, and agrees that such commingling of production may be accomplished forthwith as proposed.

YATES PETROLEUM COMPANY

By: _____

Date: _____

ROUGH

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:

JDR

CASE NO.

6373

Order No. R-

5875

Application of Beard Oil Company for a dual completion, surface commingling, pool creation, and special pool rules, Eddy County, New Mexico.

JSu
ORDER OF THE DIVISION

JS
RLH
BY THE DIVISION:

This cause came on for hearing at 9 o'clock a.m. on

Nov 8, 1978, at Santa Fe, New Mexico, before
Examiner RLS.

NOW, on this _____ day of _____, 19____, 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, Beard Oil Company,
seeks authority to complete its 7anted
Well No. 1, located in Unit E of Section 17, Town-
ship 17 South, Range 24 East, NMPM, Eddy
County, New Mexico, as a dual completion (conventional) to
(combination)

to produce gas from the Atoka formation through tubing and the Abo
formation through the casing-tubing annulus, and to commingle the production at the surface.

~~IT IS ORDERED THAT~~

Eddy County, New Mexico

(3) That the applicant proposes to meter one zone of the dual completion prior to commingling and to determine the production from the other zone by subtraction. The subtraction method utilizing the pipeline measured volume for the commingled stream.

(4) That the mechanics of the proposed dual completion and commingling are feasible and in accord with good conservation practices.

provided that the gas stream measured prior to commingling ~~shall~~ ^{should} be dry.

(5) That the supervisor of the Division's District office at Artesia should be authorized to approve the metering system to be used by the applicant.

(6) That applicant's said Hauled Well No. 1 has discovered having its top perforations at 4670 feet,

has discovered a separate common source of supply which should be designated the East High Hope - ~~1760~~ Gas Pool; that the vertical limits of said pool should be the 1760 formation and that the horizontal limits of said pool should be the W^{1/2} of ~~Section 17~~ Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 320-acre spacing units should be promulgated for the East High Hope - 1760 Gas Pool.

(8) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(9) That special rules and regulations should be established for a temporary period to expire February 1, 1980. ~~connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves~~

(10) That this case should be reopened at an examiner hearing during January, 1980, ~~a well in the South Carlisle-Moffatt Gas Pool~~, at which time the operators in the subject pool should appear and show cause why the East High Hope - 1760 Gas Pool should not be developed on 160-acre spacing units.

(11) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Beard Oil Company,
is hereby authorized to complete its Healed

Well No. 1, located in Unit C of Section 17,
Township 17 South, Range 24 East, NMPN, Eddy
County, New Mexico, as a dual completion (conventional)

(combination)
(tubingless)

to produce ^{oil} gas from the Atoka formation through 2-inch tubing
and gas from the Abo formation through the
casing-tubing annulus, with separation of the zones
achieved by means of a packer set at approximately 226 ft.

PROVIDED HOWEVER, that the applicant shall complete, operate,
and produce said well in accordance with the provisions of Rule
112-A of the Division Rules and Regulations insofar as said rule
is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take
packer leakage tests upon completion and
annually thereafter during the Annual Shut-In Pressure
Test Period for the gas wells in Southeast New Mexico pool.

(2) That the applicant is further authorized
to commingle Atoka and Abo gas
production at the surface after separately
metering the Abo production.

(3) That the applicant ~~shall~~ shall determine
Atoka production ~~by~~ by subtracting the
~~and~~ metered Abo production from
the commingled stream measured by
the transporter.

(4) That prior to installation of the meter
on the Abo zone, the operator shall obtain
~~the~~ approval for the use of ~~the~~ such
meter or meter system from the supervisor
of the Division's district office at
Artesia.

gas pool for *A60* production, is hereby created and designated the *East High Hope A60* Gas Pool, with vertical limits comprising the *A60* formation and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP *17* SOUTH, RANGE *24* EAST, NMPM
Section *23-17*
17: W/2

(6) ~~That~~ That temporary Special Rules and Regulations for the *East High Hope-A60* Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
East High Hope-A60 GAS POOL

RULE 1. Each well completed or recompleted in the *East High Hope-A60* Gas Pool or in the *A60* formation within one mile thereof, and not nearer to or within the limits of another designated *A60* gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 320 acres, more or less, consisting of a governmental half section.

RULE 3. The *Director* of the *Division* may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental half section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The ~~Director~~ Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the ~~Director~~ Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the nearest side boundary nor nearer than 1980 feet to the nearest end boundary nor nearer 330 feet to any governmental quarter-quarter section line.

RULE 5. The *Director* may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The *Director* may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the *Director* has received the application.

IT IS FURTHER ORDERED:

(7) That the locations of all wells presently drilling to or completed in the *East High Hope-A60* Gas Pool or in the *A60* formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the *Division* in writing of the name and location of the well on or before *February 1, 1979*.

CASE NO. 5099
Order No. R-4683

(8) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, existing wells in the ~~East High Hope - Abo~~ ~~Pool~~ shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division in dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the ~~East High Hope - Abo~~ ~~Gas Pool~~ or in the ~~Abo~~ formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(9) That this case shall be reopened at an examiner hearing in ~~January, 1980,~~ ~~at which time the operators in the subject pool may appear and show cause why the East High Hope - Abo Gas Pool should not be developed on 160-acre spacing units.~~

(10) 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

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

STATE OF NEW MEXICO
~~OIL CONSERVATION COMMISSION~~

I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

SEAL

jr/

ROUGH

dr/

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. 6373

Order No. R- ~~4294~~ R-5875-A

IN THE MATTER OF CASE 6373 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R- 5875, WHICH ORDER
ESTABLISHED SPECIAL RULES AND REGULATIONS
FOR THE EAST HIGH HOPE-ABO
GAS POOL, EDDY COUNTY, NEW MEXICO,
INCLUDING A PROVISION FOR 320 -ACRE
PRORATION UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 27
January 30
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of February, 1980, 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 by Order No. R-5875, dated November 30
19 78, temporary special rules and regulations were promulgated
for the East High Hope-Abo Gas Pool, Eddy
County, New Mexico, establishing temporary 320 -acre spacing
units.

(3) That pursuant to the provisions of Order No. R-5875
this case was reopened to allow the operators in the subject pool
to appear and show cause why the East High Hope-Abo

Gas Pool should not be developed on 160 -acre spacing units.

(4) That the evidence ^{available at the time of the hearing was insufficient to} establish that one well in the
East High Hope-Abo Gas Pool can efficiently and economically
drain and develop 320 acres.

~~(5) That~~

(5) That the operators in said East High Hope-Abo Gas Pool should be permitted an additional two years to gather reservoir data to establish the proper spacing ~~pattern~~ for said pool

-2-

Case No.
Order No. R- hearing during February, 1982, at which time the operators therein should be permitted to appear and show cause why said pool should not be developed on 160-acre spacing units.

(5) That the Special Rules and Regulations promulgated by Order No. R-5875 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

(5) That ^{a two year extension to} ~~in order to~~ prevent the economic loss caused by the drilling of unnecessary wells, ~~to~~ ^{will} avoid the augmentation of risk arising from the drilling of an excessive number of wells, ~~to~~ ^{will} prevent reduced recovery which might result from the drilling of too few wells, and ~~to~~ ^{will} otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-5875 will serve ~~continued in full force and effect until further order of the Commission.~~

IT IS THEREFORE ORDERED:

(1) That the ^{Temporary} Special Rules and Regulations governing the East High Hope-Abo Gas Pool, Eddy County, New Mexico, promulgated by Order No. R-5875, are hereby continued in full force and effect until ^{February, 1982.} ~~further order of the Division.~~

(3) 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.

(2) That this matter shall be set for a hearing before ~~an~~ ~~Commissioner~~ a Division Examiner during February, 1982, at which time operators in said pool may appear and show cause why the East High Hope-Abo Gas pool should not be developed on 160-acre ~~spacing~~ spacing units.

HEPBIE
RICK

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:

WHD
ME.

CASE NO. 6373

Order No. R-~~5875~~
5875-B

OLL JAR

IN THE MATTER OF CASE 6373 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDERS NOS. R-5875
AND R-5875-A WHICH CREATED THE EAST HIGH HOPE-ABO
GAS POOL IN EDDY COUNTY, NEW MEXICO AND PROMULGATED
SPECIAL RULES THEREFOR, INCLUDING A PROVISION FOR
320-ACRE SPACING UNITS.

OK

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 17,
1982, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this _____ day of February, 1982, 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 by Orders No. R-5875 and R-5875-A, dated November 30, 1978 and March 19, 1980, respectively, temporary special rules and regulations were promulgated for the East High Hope-Abo Gas Pool, Eddy County, New Mexico, establishing temporary 320-acre spacing units.

(3) That pursuant to the provisions of Order No. R-5875-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

(4) That no party appeared to present testimony in this case.

(5) That effective ~~March 31, 1982~~ ^{April 1, 1982}, the Special Rules and Regulations for the East High Hope-Abo Gas Pool should be rescinded and such pool should be made subject only to the general Rules and Regulations of the Division.

risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by these orders should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED:

effective ~~April 11, 1982~~, April 11, 1982.

(1) That the Special Rules and Regulations governing the East High Hope-Abo Gas Pool, Eddy County, New Mexico, promulgated by Orders No. R-5875 and R-5875-A, are hereby ~~continued in full force and effect until further order of the Division.~~ *rescinded.*

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the ~~Madera-Lower Penn Gas Pool~~ *East High Hope-Abo Gas* or in the ~~Morrow~~ *Abo* formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the ~~Hobbs~~ *Artistic* District office of the Division in writing of the name and location of the well on or before ~~October 15, 1981.~~ *March 15, 1981*

(2) That, pursuant to Paragraph A. of Section 70-2-18, ~~MSA, 1978,~~ *East High Hope-Abo* existing wells in the ~~Madera-Lower Penn Gas Pool~~ shall have dedicated thereto ~~600~~ *160* acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

160 Failure to file new Forms C-102 with the Division dedicating ~~600~~ *160* acres to a well or to obtain a non-standard unit approved by the Division ~~within 60 days from the date of this order~~ shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the ~~Madera-Lower Penn Gas Pool~~ *East High Hope-Abo* or in the ~~Lower Penn Gas Pool~~ *Abo* formation within one mile thereof shall receive no ~~more than one unit~~ *OK* allowable, ~~starting April 1, 1982.~~

(3) 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

5923 13

Amby

CASE 6374: MESA PETROLEUM CORPORATION
FOR A SPECIAL OIL ALLOWABLE, LEA COUNTY,
NEW MEXICO