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CASE 6528: BASS ENTERPRISES PRODUCTION Co.
CO. FOR UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO

Continued to May 23.

CASE NO.

6528

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
23 May 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Bass Enterprises Pro-) CASE
duction Company for an unorthodox) 6528
gas well location, Lea County, New)
Mexico.)

BEFORE: Richard L. Stenets

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 for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Conrad Coffield, Esq.
HINKLE, COX, EATON, COFFIELD,
& HENSLEY
Midland, Texas

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I N D E X

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LARRY HOOVER

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E X H I B I T S

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1 MR. STAMETS: Call now Case 6528.

2 MR. PADILLA: Application of Bass Enter-
3 prises Production Company for an unorthodox gas well loca-
4 tion in Lea County, New Mexico.

5 MR. COFFIELD: I'm Conrad Coffield with
6 the Hinkle Law Firm of Midland, Texas, appearing on behalf
7 of the applicant, and I have one witness to be sworn.

8
9 (Witness sworn.)

10
11 LARRY HOOVER

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

14
15 DIRECT EXAMINATION

16 BY MR. COFFIELD:

17 Q Please state your name, address, occupation
18 and employer.

19 A My name is Larry Hoover. I live in
20 Arlington, Texas. I work in Ft. Worth for Bass Enterprises
21 as a geological engineer.

22 Q Mr. Hoover, have you previously testified
23 before the Oil Conservation Division?

24 A No, I haven't.

25 Q Would you please give a brief resume of

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1 your educational background and experience to the Examiner?

2 A I have a Bachelor's of Science degree in
3 geology from the University of Puget Sound, which is in
4 Tacoma, Washington. I have approximately forty or more
5 hours towards a Master's degree in geological engineering
6 at the University of Idaho.

7 I worked ten years for Shell Oil as a
8 geological engineer. I am not working the last two years
9 with Bass Enterprises, also as a geological engineer, and
10 I have in the last two years, I have worked in the southeast
11 New Mexico area, as well as other areas with them.

12 Q Mr. Hoover, are you familiar with the
13 application of Bass Enterprises Production Company in this
14 case?

15 A Yes, I am.

16 Q Are you familiar with the property and
17 proposed well location involved?

18 A Yes, I am.

19 MR. COFFIELD: Is the witness considered
20 qualified?

21 MR. STAMETS: He is.

22 Q (Mr. Coffield continuing.) Mr. Hoover,
23 would you please state what Bass Enterprises Production
24 Company seeks in this particular case?

25 A Bass Enterprises seeks approval for the

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1 unorthodox location of its Hat Mesa No. 1 Well. This will
2 be a gas well drilled 660 feet from the north line and 660
3 feet from the west line of Section 10, Township 21 South,
4 Range 32 East, in Lea County, and the west one-half of
5 Section 10 is to be dedicated to the well.

6 Q Mr. Hoover, what general basis does Bass
7 seek -- on what general basis does Bass seek this location?

8 A This will be geologic reasons, which will
9 be explained.

10 Q Then would you go ahead and refer to Ex-
11 hibit -- what's marked as Exhibit One and explain this to
12 the Examiner?

13 A Exhibit One shows the 320 acres in the
14 west part of Section 10. They're colored in yellow, which
15 would be the dedicated acreage. Bass has a 100 percent
16 working interest in this acreage.

17 The proposed well is shown in red up in
18 the northwest portion of this 320-acre plat. Now, off-
19 setting leasehold owners are shown on the plat, as well as
20 wells. This is a recent map from Midland Map Company and
21 it does reflect all of -- to my knowledge -- all of the
22 wells, and it is up-to-date.

23 To point out the companies that are
24 contiguous to the 320 acres, starting in the north is
25 Grace Petroleum; to the -- on the west side is Union; on

1 the east side, Superior; and to the south, J. C. Barnes,
2 that is to the southwest; and to the southeast is also
3 Grace Petroleum.

4 There are some, even though this is a re-
5 cent map from Midland, there is some changes which should
6 be noted. To the southeast where it says Amini Oil, they
7 have since sold to Grace Petroleum.

8 Also, to the south of Section 10, due
9 south, it says B. B. Wolfe. Well, B. B. Wolfe assigned
10 this acreage some years ago to Bass Enterprises, so Bass
11 has 320 acres to the south.

12 Q Is Bass Enterprises Production Company
13 then both the leasehold owner and the operator of the tract
14 on which the proposed well is located?

15 A Yes, they are.

16 Q Would you refer now to what's been marked
17 as Exhibit Two, Mr. Hoover, and explain that?

18 A Okay. Exhibit Two are waivers from three
19 of the four contiguous leasehold owners, J. C. Barnes,
20 Grace Petroleum, and Superior. The only waiver which we
21 do not have is Union, which is to the west, and they have
22 told us that they will not contest this location.

23 Q Okay, refer to what's been marked as
24 Exhibit Three and explain that to the Examiner, please.

25 A Exhibit Three is a Form C-102 which has

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1 been presented to the State. It does show the proposed
2 location 660 from the north line and 660 from the west line
3 of the 320-acres to be dedicated. A standard location
4 would be 660 from the west line and 1930 from the north
5 line.

6 Q All right, Mr. Hoover, refer to what's
7 been marked as Exhibit Four and explain that to the Examiner,
8 please.

9 A Exhibit Four is a structure map. The
10 structure horizon contoured here is the lower Morrow. It
11 shows a structurally, a southeasterly plunging anticline,
12 assymetrical; it has a tight fold on the southwest flank.

13 320 acres discussed here in Section 10
14 are shown in yellow and the proposed well is shown in red
15 on the map.

16 I believe that because of this sharp
17 flexuring the compressive forces that have created it, pro-
18 bably have destroyed to some degree the permeability of the
19 reservoirs in the Morrow formation, as outlined there and
20 stippled on the map, and it would be between four wells
21 along this trend that are down-dip and structurally much
22 lower than any of the wells to the northeast, in the order
23 of 300 or 400 feet structurally.

24 I feel that fracturing, maybe shearing,
25 in the formation may have -- would make a well drilled in

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1 this area of high risk, because of possibly poorer reservoir
2 communication, and the standard location would fall approx-
3 imately in this area.

4 Q Okay, go on now to what's been marked as
5 Exhibit Five, Mr. Hoover, and explain that exhibit.

6 A Exhibit Five shows a cross section which
7 is in the righthand corner of the map showing the index.
8 The 320 acres there is colored in yellow, so these are,
9 say, the four wells which surround the acreage concerned
10 here.

11 On the map is shown the Morrow formation.
12 These four wells are Union Halfway, Federal -- Cleary
13 Federal "C", T.O.T.S.S. Federal, and Superior Government "H"
14 Community.

15 Colored in yellow on it is the -- is the
16 cleaner sand. It is those sands which have a gamma ray
17 response of less than 50 units.

18 The completions are shown in red, and the
19 thing to note here, I want to point out, is that there are
20 varying reservoir qualities throughout this area, and pro-
21 bably poor communication between a lot of the wells, and
22 the completions themselves have been somewhat various.

23 Now also, the Union well, which is on the
24 lefthand side there, shows generally poorer sand develop-
25 ment than the other wells, and to date its performance has

1 been much poorer, also, because the reservoir quality is
2 not as good.

3 The structure horizon the map was made
4 off is the lower -- top of the Lower Morrow, which is shown
5 as that bottom line that runs across there.

6 Q Anything further on that exhibit?

7 A No.

8 Q Mr. Hoover, approximately how much will
9 it cost you in that area to drill a well on this tract?

10 A Dry hole cost would run somewhere on the
11 order of half a million dollars. Completion cost, somewhere
12 between \$800,000 and a million dollars. So that if we did
13 drill in the standard location and we did indeed encounter
14 poor reservoir characteristics, it would be an unnecessary
15 well; we would have to move to a northerly location.

16 Q Mr. Hoover, is there any reason as far
17 as your -- as far as you understand, and your knowledge of
18 the area, why the granting of this unorthodox location would
19 trigger any other requests or applications for unorthodox
20 locations?

21 A I don't believe so, because the field
22 itself is -- the development of the field is pretty much at
23 a mature stage, and most the surrounding, outlying wells,
24 are the poorer wells. There hasn't been too much drilling
25 in this area except for the recent Union well, which appears

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1 to be a poor well. I feel that the development is just about
2 done, or, you know, very close to it.

3 Q Were these exhibits prepared by you or
4 under your supervision?

5 A Yes, they were.

6 Q And in your opinion will the approval of
7 this application prevent the drilling of unnecessary wells
8 and otherwise prevent waste and protect correlative rights?

9 A Yes, it will.

10 MR. COFFIELD: I move the admission of
11 Exhibits One through Six.

12 MR. STAMETS: These ---

13 MR. COFFIELD: Five, One through Five.

14 MR. STAMETS: These exhibits will be ad-
15 mitted.

16 MR. COFFIELD: And I have no further
17 questions of him on direct.

18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Hoover, looking at Exhibit Number
21 Five, the cross section, it would appear as though in the
22 area of your application, that the further north one goes,
23 the thicker sands one encounters, and the further south one
24 goes, the thinner sands one encounters.
25

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1 A. I think in general this is true, although
2 these are just four wells, we look at the overall picture
3 throughout the whole area and it doesn't -- you go further
4 north and the sands are even less, well, there's less of
5 them, less development.

6 Q. From this standpoint, though, if you got
7 a thicker sand body, you should be able to make a better
8 well, is that correct?

9 A. That's right, you will, and better perme-
10 ability, more chance of getting a better reservoir there
11 or being able to better drain the total reservoir.

12 Q. Do you have any evidence to support this
13 probable area of low permeability that you show on Exhibit
14 Number Four?

15 A. Okay, Four, it is conjecture that the
16 wells that are located to the southwest, the four that are
17 much lower structural position, that something, you know,
18 fairly drastic is occurring between those wells and the wells
19 to the northwest. Certainly it's tight, tightly folded in
20 that area at the least, and due to some of the --

21 Q. Have you examined the logs on the wells
22 that sit across this line?

23 A. Yes.

24 Q. And seen that they are very similar?

25 A. Yes.

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1 Q And have you seen instances where production
2 did not seem to measure up to what you would expect?

3 A Well, we're saying that the area, the
4 stippled area, would probably be the area of poor perfor-
5 mance itself.

6 Q Is that in fact what's happening?

7 A Well, there isn't any well really located
8 within this -- within this delineated area.

9 This is a belief that you probably, because
10 of the tight folds and everything there, that you would
11 probably get more shearing, more fracturing of the reservoir,
12 and possibly poor communication, and it would be best to
13 stay out of that area.

14 Q Well, in some cases getting a fractured
15 formation is highly -- makes a well produce at a very rapid
16 rate, doesn't it?

17 A Yeah, that's right, but on the other hand,
18 it could also be fractures filled, and that would certainly
19 reduce it.

20 MR. STAMETS: Any other questions of the
21 witness?

22 MR. COFFIELD: No, sir.

23 MR. STAMETS: He may be excused.
24 Anything further in this case?

25 Take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

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

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete report of the proceedings in the Examiner hearing of Case No. _____ heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY WALTON BOYD
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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. 6528
Order No. R-6018

APPLICATION OF BASS ENTERPRISES
PRODUCTION CO. FOR AN UNORTHODOX
GAS WELL LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 23, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of June, 1979, 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, Bass Enterprises Production Co., seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 10, Township 21 South, Range 32 East, NMPM, to test the Morrow formation, Hat Mesa-Morrow Gas Pool, Lea County, New Mexico.
- (3) That the W/2 of said Section 10 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.
- (6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic

-2-

Case No. 6528
Order No. R-6018

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

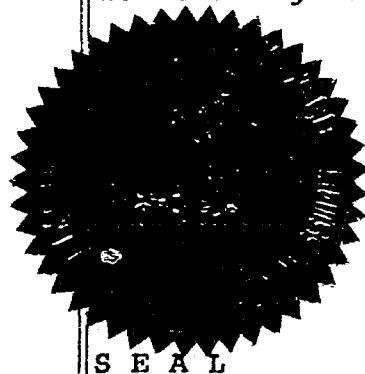
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the West line of Section 10, Township 21 South, Range 32 East, NMPM, Hat Mesa-Morrow Gas Pool, Lea County, New Mexico.

(2) That the W/2 of said Section 10 shall be dedicated to the above-described well.

(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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

BASS ENTERPRISES PRODUCTION CO.
FORT WORTH NATIONAL BANK BUILDING
FORT WORTH, TEXAS 76102

May 21, 1980

Re: Case No. 6528
Order No. R-6018
Application of Bass Enterprises
Production Co. for an Unorthodox
Gas Well Location, Lea County,
New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico

Dear Sirs:

We are returning the referenced order and transcript
as agreed.

Also enclosed are some of the Exhibits of Case No. 6715;
the transcript and the other exhibits have previously been
returned to you.

We appreciate the use of this information and if we can
be of service in the future, please advise.

Yours very truly,

Larry W. Hoover
Larry W. Hoover
Geological Engineer

LWH:sra
Enclosures

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
23 May 1979

EXAMINER HEARING

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LARRY HOOVER

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MR. STAMETS: Call now Case 6528.

MR. PADILLA: Application of Bass Enterprises Production Company for an unorthodox gas well location in Lea County, New Mexico.

MR. COFFIELD: I'm Conrad Coffield with the Hinkle Law Firm of Midland, Texas, appearing on behalf of the applicant, and I have one witness to be sworn.

(Witness sworn.)

LARRY HOOVER

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Please state your name, address, occupation and employer.

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Q Mr. Hoover, have you previously testified before the Oil Conservation Division?

A. No, I haven't.

Q Would you please give a brief resume of

1 your educational background and experience to the Examiner?

2 A. I have a Bachelor's of Science degree in
3 geology from the University of Puget Sound, which is in
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11 New Mexico area, as well as other areas with them.

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17 proposed well location involved?

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19 MR. COFFIELD: Is the witness considered
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21 MR. STAMETS: He is.

22 Q. (Mr. Coffield continuing.) Mr. Hoover,
23 would you please state what Bass Enterprises Production
24 Company seeks in this particular case?

25 A. Bass Enterprises seeks approval for the

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22 the completions themselves have been somewhat various.

23 Now also, the Union well, which is on the
24 lefthand side there, shows generally poorer sand develop-
25 ment than the other wells, and to date its performance has

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 been much poorer, also, because the reservoir quality is
2 not as good.

3 The structure horizon the map was made
4 off is the lower -- top of the Lower Morrow, which is shown
5 as that bottom line that runs across there.

6 Q Anything further on that exhibit?

7 A No.

8 Q Mr. Hoover, approximately how much will
9 it cost you in that area to drill a well on this tract?

10 A Dry hole cost would run somewhere on the
11 order of half a million dollars. Completion cost, somewhere
12 between \$800,000 and a million dollars. So that if we did
13 drill in the standard location and we did indeed encounter
14 poor reservoir characteristics, it would be an unnecessary
15 well; we would have to move to a northerly location.

16 Q Mr. Hoover, is there any reason as far
17 as your -- as far as you understand, and your knowledge of
18 the area, why the granting of this unorthodox location would
19 trigger any other requests or applications for unorthodox
20 locations?

21 A I don't believe so, because the field
22 itself is -- the development of the field is pretty much at
23 a mature stage, and most the surrounding, outlying wells,
24 are the poorer wells. There hasn't been too much drilling
25 in this area except for the recent Union well, which appears

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Santa Fe, New Mexico 87501

1 to be a poor well. I feel that the development is just about
2 done, or, you know, very close to it.

3 Q Were these exhibits prepared by you or
4 under your supervision?

5 A Yes, they were.

6 Q And in your opinion will the approval of
7 this application prevent the drilling of unnecessary wells
8 and otherwise prevent waste and protect correlative rights?

9 A Yes, it will.

10 MR. COFFIELD: I move the admission of
11 Exhibits One through Six.

12 MR. STAMETS: These --

13 MR. COFFIELD: Five, One through Five.

14 MR. STAMETS: These exhibits will be ad-
15 mitted.

16 MR. COFFIELD: And I have no further
17 questions of him on direct.

18
19 CROSS EXAMINATION

20 BY MR. STAMETS:

21 Q Mr. Hoover, looking at Exhibit Number
22 Five, the cross section, it would appear as though in the
23 area of your application, that the further north one goes,
24 the thicker sands one encounters, and the further south one
25 goes, the thinner sands one encounters.

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CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

1 A. I think in general this is true, although
2 these are just four wells, we look at the overall picture
3 throughout the whole area and it doesn't -- you go further
4 north and the sands are even less, well, there's less of
5 them, less development.

6 Q. From this standpoint, though, if you got
7 a thicker sand body, you should be able to make a better
8 well, is that correct?

9 A. That's right, you will, and better perme-
10 ability, more chance of getting a better reservoir there
11 or being able to better drain the total reservoir.

12 Q. Do you have any evidence to support this
13 probable area of low permeability that you show on Exhibit
14 Number Four?

15 A. Okay, Four, it is conjecture that the
16 wells that are located to the southwest, the four that are
17 much lower structural position, that something, you know,
18 fairly drastic is occurring between those wells and the wells
19 to the northwest. Certainly it's tight, tightly folded in
20 that area at the least, and due to some of the --

21 Q. Have you examined the logs on the wells
22 that sit across this line?

23 A. Yes.

24 Q. And seen that they are very similar?

25 A. Yes.

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1 Q And have you seen instances where production
2 did not seem to measure up to what you would expect?

3 A Well, we're saying that the area, the
4 stippled area, would probably be the area of poor perfor-
5 mance itself.

6 Q Is that in fact what's happening?

7 A Well, there isn't any well really located
8 within this -- within this delineated area.

9 This is a belief that you probably, because
10 of the tight folds and everything there, that you would
11 probably get more shearing, more fracturing of the reservoir,
12 and possibly poor communication, and it would be best to
13 stay out of that area.

14 Q Well, in some cases getting a fractured
15 formation is highly -- makes a well produce at a very rapid
16 rate, doesn't it?

17 A Yeah, that's right, but on the other hand,
18 it could also be fractures filled, and that would certainly
19 reduce it.

20 MR. STAMETS: Any other questions of the
21 witness?

22 MR. COFFIELD: No, sir.

23 MR. STAMETS: He may be excused.

24 Anything further in this case?

25 Take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that the said transcript is a full, true, and cor-
 rect record of the hearing. prepared by me to the best of
 my ability, knowledge, and skill, from notes taken during
 the course of the hearing.

Sally W. Boyd C.S.R.
 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. 6528,
 heard by me on 6-23 1975.
Richard L. Stem, Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3020 Plaza Blanca (505) 471-2462
 Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Bass Enterprises Pro-) CASE
duction Company for an unorthodox) 6523
gas well location, Lea 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 87503

For the Applicant:

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 2020 Plaza Blanca (606) 471-2462
 Santa Fe, New Mexico 87501

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MR. STAMETS: The hearing will please come to order. Will call at this time Case 6528.

MS. TESCHENDORF: Case 6528. Application of Bass Enterprises Production Company for an unorthodox gas well location, Lea County, New Mexico.

The applicant has requested that the case be continued to the May 23rd Examiner Hearing.

MR. STAMETS: The case will be so continued.

(Hearing concluded)

REPORTER'S CERTIFICATE

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

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6528
heard by me on 4-25, 1979.
Richard L. Stewart, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Bass Enterprises Pro-
duction Company for an unorthodox
gas well location, Lea County, New
Mexico.

CASE
6528

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 87503

For the Applicant:

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

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MR. STAMETS: The hearing will please come to order. Will call at this time Case 6528.

MS. DESCHENDORF: Case 6528. Application of Bass Enterprises Production Company for an unorthodox gas well location, Lea County, New Mexico.

The applicant has requested that the case be continued to the May 23rd Examiner Hearing.

MR. STAMETS: The case will be so continued.

(Hearing concluded)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2310 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

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

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

CASE 6550: Application of Yates Petroleum Corporation for an unorthodox gas well location and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the S/2 of Section 12, Township 19 South, Range 24 East, to be dedicated to its Allison Federal "CQ" Well No. 2 to be drilled at an unorthodox location 1980 feet from the South line and 660 feet from the West line of said Section 12. 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 6492: (Continued from May 9, 1979, 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 San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6551: Application of Bass Enterprises Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Lower Morrow gas well location 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 28 East, the N/2 of said Section 1 to be dedicated to the well.

CASE 6528: (Continued from April 25, 1979, Examiner Hearing)

Application of Bass Enterprises Production Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Morrow test well location to be drilled 660 feet from the North and West lines of Section 10, Township 21 South, Range 32 East, Lea County, New Mexico, the W/2 of said Section 10 to be dedicated to the well.

CASE 6552: Application of Maddox Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 3, Township 24 South, Range 28 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 6553: Application of The Atlantic Richfield Company for approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration units in the Empire Abo Unit located in Townships 17 and 18 South, Ranges 27, 28 and 29 East, which could not be so drained by the existing wells.

CASE 6554: Application of The Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all royalty interests in the Devonian, McKee, and Ellenburger formations underlying the E/2 of Section 20, Township 22 South, Range 36 East, Langlie Field, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6555: Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 560 feet from the East line of Section 30, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, all of said Section 30 to be dedicated to the well.

CASE 6556: Application of Curtis Little for the amendment of Order No. R-5962, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5962 to provide for the unorthodox location of a well to be drilled 1000 feet from the South line and 50 feet from the East line of Section 11, Township 28 North, Range 12 West, Basin-Dakota Pool, and for the extension of the date to commence drilling.

CASE 6435: (Continued from February 28, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its W. A. Weir "B" Well No. 3 located in Unit B of Section 26, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

W A I V E R

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

ATTENTION: MR. JOE D. RAMEY

This is to advise that the undersigned has been given due notice that Bass Enterprises Production Company has made application for an exception to Rule 2 of the Special Rules and Regulations for the Hat Mesa Morrow Gas Pool.

We hereby waive any objection to the granting of this application for the above well which will be located:

Bass Hat Mesa #1 to be located 660' FN&WL, Section 10,
Township 21 South, Range 32 East, Lea County, New Mexico.

Executed this 21st day of May, 1979.

COMPANY: _____

BY: J. L. Berner, Jr.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 2

CASE NO. 6528

Submitted by Bass

Hearing Date 5-23-79

W A I V E R

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

ATTENTION: MR. JOE D. RAMEY

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Bass Hat Mesa #1 to be located 660' FN&WL, Section 10,
Township 21 South, Range 32 East, Lea County, New Mexico.

Executed this 14th day of May, 1979.

COMPANY: Grace Petroleum Corporation

BY:


Buddy J. Knight
District Production Manager

May 22, 1979

TELECOPIED TO BASS ENTERPRISES - Midland (915) 684-5723 - ATTN: J. E. FULLIG
From R. R. Amira - Superior, Conroe

W A I V E R

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

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Bass Hat Mesa #1 to be located 660' FN&WL, Section 10,
Township 21 South, Range 32 East, Lea County, New Mexico.

Executed this 21st day of May, 1979.

COMPANY: THE SUPERIOR OIL COMPANY

P. O. Box 71
Conroe, Texas 77301

BY:

J. S. Eads
J. S. Eads
Manager Western Division

W A I V E R

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

ATTENTION: MR. JOE D. RAMEY

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Bass Hat Mesa #1 to be located 660' FN&WL, Section 10,
Township 21 South, Range 32 East, Lea County, New Mexico.

Executed this 21st day of May, 1979.

COMPANY: _____

BY: J. C. Barua, Jr.

BEFORE E. A. INER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 6528

Submitted by Bass

Hearing Date 5-23-79

W A I V E R

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

ATTENTION: MR. JOE D. RAMEY

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Township 21 South, Range 32 East, Lea County, New Mexico.

Executed this 14th day of May, 1979.

COMPANY: Grace Petroleum Corporation

BY:


Buddy J. Knight
District Production Manager

AY. 22. 1979

TELECOPIED TO BASS ENTERPRISES - Midland (915) 684-5723 - ATTN: J. E. YULLIG
From A. A. A. - Superior, Conroe

W A I V E R

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

ATTENTION: MR. JOE D. RAMEY

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We hereby waive any objection to the granting of this application for the above well which will be located:

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Township 21 South, Range 32 East, Lea County, New Mexico.

Executed this 21st day of May, 1979.

COMPANY: THE SUPERIOR OIL COMPANY

P. O. Box 71
Conroe, Texas 77301

BY:

J. S. Eads
Manager Western Division

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 11/65

All distances must be from the outer boundaries of the Section

| | | | | | |
|--|-------------------------------|----------------------------------|------------------|---------------------------------|------------|
| PERRY R. BASS | | | Lease Hat Mesa | | Well No. 1 |
| Unit Letter D | Section 10 | Township 21 South | Range 32 East | County Lea | |
| Actual Footage Location of Well: 660 feet from the North line and 660 feet from the West line | | | | | |
| Ground Level Elev. 3748.0 | Producing Formation MORROW | Pool HAT MESA MORROW GAS POOL | | 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.

| | |
|--|--|
| | <p>BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION</p> <p>FILE NO. 3</p> <p>CASE NO. 6528</p> <p>Submitted by Bass</p> <p>Hearing Date 5-23-79</p> |
| | |

CERTIFICATION

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

Gary E. Gerhard
Name GARY E. GERHARD
Position SR. DRILLING ENGINEER
Company BASS ENTERPRISES PROD. CO.
Date May 11, 1979

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 May 10, 1979

Registered Professional Engineer and/or Land Surveyor

John W. West
Certificate No. John W. West 676

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

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4691

OF COUNSEL
CLARENCE E. HINKLE

W. E. BONDURANT, JR. (1914-1973)

ROSWELL, NEW MEXICO OFFICE
600 HINKLE BUILDING
(505) 622-6510

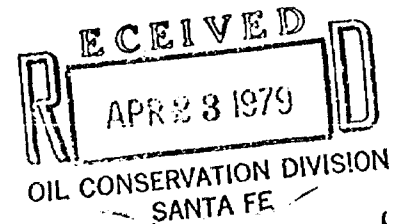
ONLY ATTYS. COFFIELD, MARTIN, BOZARTH,
BOHANNON, FOSTER, ALLEN, ALLEN & BURFORD
LICENSED IN TEXAS

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH

DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER
K. DOUGLAS FERRIN
C. RAY ALLEN
JACQUELINE W. ALLEN
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD
JOHN S. NELSON
RICHARD E. OLSON

April 20, 1979

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501



Re: Case No. 6528--
Bass Enterprises
Production Co.
Application for
Unorthodox Gas
Well Location in
Lea County, New
Mexico - April 25
Hearing

*Cont to
May 23
Bfl*

Dear Dan:

I have today been contacted by my client, Bass Enterprises Production Company, in connection with the above referenced case. They have advised me that certain matters have come up relative to the proposed Hat Mesa Well No. 1 which is the subject of the application by Bass Enterprises Production Company in the above case. It will require some additional time in order to resolve certain questions on this well.

With the foregoing in mind, they have asked that I request the Division to grant a continuance in the above referenced case so that it will be set for hearing approximately one month from now. Accordingly, I note that Docket 20-79 is tentatively set for hearing on May 23, 1979. We therefore ask that you grant a continuance of Case No. 6528 such that it will be included on the May 23 docket, or as soon thereafter as is convenient for the Division.

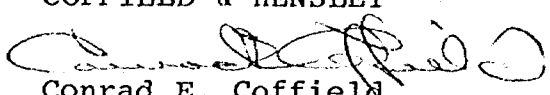
Page -2-
Mr. Dan Nutter

If any additional information is needed or if there is any problem with this request for a continuance, please call me.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:cm

xc: Mr. Jens Hansen
Bass Enterprises Production Company
3100 Fort Worth National Bank Building
Fort Worth, Texas 76102

Dockets Nos. 18-79 and 20-79 are tentatively set for hearing on May 9 and 23, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 25, 1979

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. Stanets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 6525: In the matter of the hearing called by the Oil Conservation Division on its own motion to amend the Special Rules for the Tubb Gas Pool in Lea County, New Mexico, to provide for the classification of wells as oil wells and gas wells on the basis of gas-oil ratios rather than on the basis of liquid gravity as at present.
- CASE 6526: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider a procedure for the adoption of findings, when applicable and pursuant to the Federal Natural Gas Policy Act, that another well is necessary to effectively and efficiently drain that portion of its proration unit which cannot be so drained by any existing well, and that existing well spacing requirements are waived. The proposed procedure would provide a system whereby such findings could be issued administratively without the necessity for public hearing.
- CASE 6527: Application of Tenneco Oil Company for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 80-acre non-standard oil proration units, the first comprising the N/2 NW/4, the other the N/2 NE/4, of Section 12, Township 9 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said units to be dedicated to applicant's Ward Insall Wells Nos. 1 and 2, respectively, located in Units D and A of said Section 12.
- CASE 6528: Application of Bass Enterprises Production Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Morrow test well location to be drilled 660 feet from the North and West lines of Section 10, Township 21 South, Range 32 East, Lea County, New Mexico, the W/2 of said Section 10 to be dedicated to the well.
- CASE 6529: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to its Brantley Gas Com. Well No. 1 located in Unit K of said Section 22. 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 6530: Application of Amoco Production Company for unorthodox gas well locations, temporary injection of produced gas, and to vent gas, Union and Harding Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations in the Tubb formation of its State FI Well No. 3, located 1315 feet from the South line and 1980 feet from the East line of Section 36, Township 20 North, Range 34 East, Union County, and its Heimann Well No. 5, located 660 feet from the South line and 1315 feet from the West line of Section 3, Township 19 North, Range 33 East, Harding County. Applicant further seeks authority to conduct pressure interference tests, including authority to vent gas produced from the State FI Well No. 1 for a period not to exceed 45 days and to inject produced gas into its Heimann Well No. 4 located in Unit K of Section 34, Township 20 North, Range 33 East, for a period not to exceed six months.
- CASE 6531: Application of Getty Oil Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate its Baker B Well No. 6 at an unorthodox location 510 feet from the South and West lines of Section 10, Township 22 South, Range 37 East, Lea County, New Mexico, and its Baker B Well No. 15 located in Unit L of said Section 10, the current unit well, to the existing proration unit.
- CASE 6532: Application of Northwest Production Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Jicarilla 117E Well No. 5 located in Unit M of Section 28, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 6072: (Continued from March 28, 1979, Examiner Hearing)
- In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

LAW OFFICES

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April 6, 1979

Case 6528

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Dan:


Transmitted herewith you will find triplicate executed copies of an Application for Bass Enterprises Production Company for an unorthodox well location in Section 10, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

It is my understanding that the docket setting for April 25 is still available for this matter, and accordingly, we request that it be heard on that date.

I trust that the enclosed copies of the Application are all that is needed in order for this to be set for the April 25 hearing. However, if anything is needed in addition, please let me know.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:rf
Enclosures

xc: Mr. Jens Hansen
3100 Fort Worth National Bank
Fort Worth, Texas 76102

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION OF BASS ENTERPRISES)
PRODUCTION COMPANY FOR AN)
UNORTHODOX WELL LOCATION, LEA)
COUNTY, NEW MEXICO)

Case 6528

APPLICATION

Bass Enterprises Production Company hereby makes
application for approval of an unorthodox gas well location
and states:

1. Applicant seeks approval of an unorthodox gas well
location for its Hat Mesa Well No. 1 to be drilled at a
point 660 feet from the North line and 660 feet from the
West line of Section 10, Township 21 South, Range 32 East,
N.M.P.M., Lea County, New Mexico, to test the Morrow formation
at a proposed depth of approximately 14,300 feet.


2. That the W $\frac{1}{2}$ of Section 10 is to be dedicated to
the well.

3. Approval of the unorthodox location will be in the
interest of conservation, prevention of waste and protection
of correlative rights.

4. Applicant requests that this matter be heard at
the April 25, 1979 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By:


Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Bass Enterprises
Production Company

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION OF BASS ENTERPRISES)
PRODUCTION COMPANY FOR AN)
UNORTHODOX WELL LOCATION, LEA)
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HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Bass Enterprises
Production Company

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION OF BASS ENTERPRISES)
PRODUCTION COMPANY FOR AN)
UNORTHODOX WELL LOCATION, LEA)
COUNTY, NEW MEXICO)

Case 6528


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of correlative rights.
4. Applicant requests that this matter be heard at
the April 25, 1979 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By:


Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Bass Enterprises
Production Company

for Apr 25

Application of Bass Enterprises
Production Co. for an unortho-
dox gas well location, Lea
County, New Mexico.

Applicant, in the above styled cause, seeks
approval for an unorthodox Morrow test
to be drilled 660 feet from the North
and West lines of Section 10, Township
21 South, Range 32 East, Lea County
New Mexico, the W/2 of said Section 10
to be dedicated to the well.

Called in by Conrad Coffield 10:15am 4/5/79

Written application to follow

Hot Mesa #1

DRAFT

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. 6528

ORDER NO. R- 6018

APPLICATION OF BASS ENTERPRISES PRODUCTION CO.

FOR AN UNORTHODOX GAS WELL LOCATION,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 23,
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.
NOW, on this _____ day of _____, 19 79, 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, Bass Enterprises Production Co.,
seeks approval of an unorthodox gas well location 660
feet from the North line and 660 feet from the
West line of Section 10, Township 21 South
Range 32 East, NMPM, to test the Morrow
formation, Hat Mesa-Morrow Gas Pool Pool, Lea
County, New Mexico.

(3) That the W/2 of said Section 10 is to be
dedicated to the well.

(4) That a well at said unorthodox location will better
enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox
location.

-2-

Case No. _____

Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the West line of Section 10, Township 21 South, Range 32 East NMPM, Hart Mesa - Morrow Gas Pool, Pool, Lea County, New Mexico.

(2) That the W/2 of said Section 10 shall be dedicated to the above-described well.

(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.