

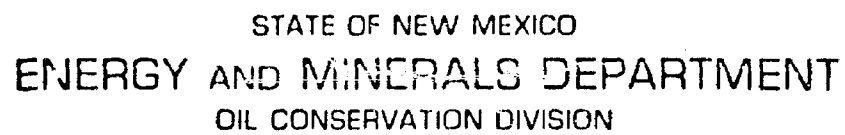
CASE 6789: KNOX INDUSTRIES, INC. FOR AN  
UNORTHODOX OIL WELL LOCATION, LEA COUNTY,  
NEW MEXICO

CASE NO.

6789

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



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

Knox Industries, Inc.

JOE D. RAMEY  
Director

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. 6789  
Order No. R-6261

APPLICATION OF KNOX INDUSTRIES, INC.  
FOR AN UNORTHODOX OIL WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 16, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th 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 the applicant, Knox Industries, Inc., seeks an exception to the well location requirements of the Scharb-Bone Springs Pool as promulgated by Order No. R-2589 to permit its New Mexico State Well No. 2 to be drilled in Unit H, 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 34 East, NMPM, Scharb-Bone Springs Pool, Lea County, New Mexico.

(3) That the E/2 NE/4 of said Section 1 is to be dedicated to the well.

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

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

-2-  
Case No. 6789  
Order No. R-6261

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil 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.

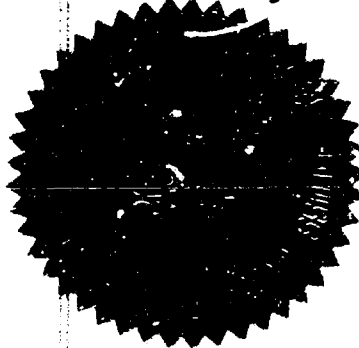
IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location is hereby approved for the Knox Industries, Inc. New Mexico State Well No. 2 to be drilled as an exception to the provisions of Order No. R-2589 at a point in Unit H 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 34 East, NMPM, Scharb-Bone Springs Pool, Lea County, New Mexico.

(2) That the E/2 NE/4 of said Section 1 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.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

fd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Knox Industries, Inc. ) CASE  
for an unorthodox oil well location, ) 6789  
Lea County, New Mexico. )

BEFORE: Daniel S. Nutter

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 the Applicant:

Chad Dickerson, Esq.  
LOSEE, CARSON & DICKERSON  
Artesia, New Mexico 88

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I N D E X

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BILL FORD

Direct Examination by Mr. Dickerson	3
Cross Examination by Mr. Nutter	8

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Map	5
Applicant Exhibit Three, Cross Section	5
Applicant Exhibit Four, Cross Section	6
Applicant Exhibit Five, Cross Section	7

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.P.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7499

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MR. NUTTER: Call Case Number 6789.

MR. PADILLA: Application of Knox Industries, Inc., for an unorthodox oil well location, Lea County, New Mexico.

MR. DICKERSON: Mr. Examiner, my name is Chad Dickerson, of Losee, Carson, and Dickerson, Artesia, appearing on behalf of the applicant.

We have one witness to be sworn.

(Witness sworn.)

BILL FORD

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

DIRECT EXAMINATION

BY MR. DICKERSON:

Q Will you state your name, where you reside, and by whom you're employed?

A Bill Ford from Midland, Texas. I'm a consulting geologist, at this time working for Knox Industries.

Q And, Mr. Ford, have you previously qualified as an expert before this Division and are your qualifications a matter of public record?



SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
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A Yes, they are.

MR. DICKERSON: Mr. Examiner, we tender Mr. Ford as an expert witness.

MR. NUTTER: Mr. Ford is qualified.

Q Mr. Ford, are you familiar with the application of Knox Industries in this proceeding?

A Yes.

Q Will you briefly state the purpose of this application?

A The purpose of this application is to move the proposed location into the southeast quarter of the northeast quarter of Section 1. Field rules would require that the well normally be drilled in the northeast northeast or the southwest of the northeast.

Q Mr. Ford, are you -- did you prepare, or are you familiar with the matters set forth in what are marked Exhibits One through Five so that you're able to testify as to those matters based on your own personal knowledge?

A Yes, sir.

Q Will you please refer to what has been marked Exhibit Number One and describe what that instrument depicts?

A Well, Exhibit Number One is primarily a land plat showing the acreage in question and the location

1 in question.

2 Also shown on this exhibit are the lines  
3 of three cross sections that will be later exhibits.

4 Q Please refer to what is marked Exhibit  
5 Number Two and describe what it shows?

6 A Exhibit Number Two is a subsurface map  
7 contoured on the top of the Scarb producing horizon, in  
8 addition to which wells have been shown circled in red in  
9 which the Scarb producing horizon was penetrated and found  
10 to have no porosity and be nonproductive.

11 The shaded area in blue is the field  
12 proper in which the wells are producing from the Scarb hori-  
13 zon with known porosity.

14 This leaves an area between, as you can  
15 see in yellow, in which no wells have been drilled and the  
16 development of porosity is unknown.

17 Because of this exhibit and the ensuing  
18 cross sections, we feel it very important that we be able to  
19 move this location as far to the south and east in the north  
20 half of the section as possible so that we don't have to make  
21 a big step out not knowing what the porosity development will  
22 be.

23 Q Mr. Ford, please refer to what has been  
24 marked Exhibit Number Three and describe what it shows in  
25 relation to Exhibit Number Two.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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Rt. 1 Box 193-B  
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2 cross section coming from two dry holes, one in Section 32,  
3 one in the northeast of Section 6, into proven production in  
4 the Scarb Field proper.

5                   As can be seen on Well No. 5, the zone  
6 was perforated. It appears to be present on the electric  
7 logs, but was tested as tight and nonproductive. Just one  
8 diagonal location to the southeast the field is developed,  
9 or the porosity is developed sufficiently that this well has  
10 an accumulated production of over 500,000 barrels.

11                   So the porosity loss takes place very  
12 rapidly in a northwesterly direction between these two wells.

13                   Now these two wells were picked, or this  
14 cross section was picked because of the corollary between  
15 the proposed location and the Ohio MPA Well in Section 6,  
16 which is directly southeast of the proposed location. The  
17 relationship between the location and the Ohio Well would be  
18 identical to the relationship shown on this cross section.

19                   Q           Mr. Ford, please refer to Exhibit Number  
20 Four and describe what it shows.

21                   A           Exhibit Number Four is an additional  
22 cross section in which an attempt is made to line up the  
23 actual location between two proven -- two wells that have  
24 been drilled; one, the Lynn Meyer Well in Section 3, which  
25 is a dry hole and has very poor Scarb dolomite porosity

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

1 development. The next well, the Ohio State MPA, was the  
2 discovery well in the Scarb Field and therefore you can see  
3 that a permeability barrier exists again to the west of the  
4 Ohio Well between these two locations.

5 Here the original Ohio Well has an  
6 accumulated production of 156,000 barrels.

7 The third well on the cross section is  
8 identical to Well No. 6 on the previous cross section. The  
9 same well was used for both cross sections at the end result.

10 Q Please refer to what is marked Ex-  
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13 section slightly to the south of the proposed location, in  
14 which we again show that the porosity pinchout in a westerly  
15 direction from the field proper takes place within approxi-  
16 mately 1200 to 1300 feet.

17 Q Mr. Ford, do you have anything further  
18 you would like to add concerning any of these exhibits?

19 A I think not.

20 MR. DICKERSON: Mr. Examiner, we move  
21 that Exhibits One through Five be admitted.

22 MR. NUTTER: Exhibits One through Five  
23 will be admitted in evidence.

24 Q Mr. Ford, in your opinion would the  
25 granting of this application for an exception to the special

1 pool rules of this pool be in the interest of conservation,  
2 prevention of waste, and the protection of correlative rights?

3 A. Yes.

4 Q. And in your opinion does this evidence  
5 show that the proposed location of the Knox Industries Well  
6 would be geologically superior to an orthodox location?

7 A. Yes.

8 MR. DICKERSON: Mr. Examiner, we have  
9 nothing further unless you have questions.

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CROSS EXAMINATION

12

BY MR. NUTTER:

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Q. Mr. Ford, I note from your Exhibit One  
that this proposed location is on a lease indicated to be a  
Sun Oil Company lease. Does Knox Industries have a farmout  
from Sun here?

A. I can't answer that question. I came  
into this as a consulting geologist for Knox. I am not  
familiar with the lease proposition. I would assume, yes,  
that they do have.

Q. Well now, do you know what they propose  
to -- this is an 80-acre spaced pool, is it not?

A. That is correct.

Q. And do you know what they propose to  
dedicate to this well?

SALLY W. BOYD, C.S.R.

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

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Rt. 1 Box 193-B  
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1 A No, I do not, because I do remember  
2 seeing a map in their office in which they had shown the 80  
3 acres both as standup and laydown.

4 MR. DICKERSON: Mr. Examiner, if I can  
5 point out, the application reflects that Knox desires to  
6 dedicate the east half northeast quarter as a proration unit.

7 MR. NUTTER: The east half of the north-  
8 east.

9 And the standard location for this pool  
10 would require for that dedication that the well would be  
11 located in the northwest northwest -- northeast northeast  
12 of Section 1.

13 MR. DICKERSON: Yes, sir, right.

14 MR. NUTTER: Which would put you another  
15 1320 feet away from this porosity development that you're  
16 anticipating.

17 MR. DICKERSON: Yes, sir.

18 MR. NUTTER: I see.

19 Are there further questions of Mr. Ford?  
20 He may be excused.

21 Do you have anything further, Mr. Dick-  
22 son?

23 MR. DICKERSON: No, sir.

24 MR. NUTTER: Does anyone have anything  
25 they wish to offer in case Number 6789?

Take the case under advisement.

## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand 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.

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. 6789  
heard by me on 1/16 1980.

[Signature] Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 453-7469

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

EXAMINER HEARING

IN THE MATTER OF:

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for an unorthodox oil well location, ) 6789  
Lea County, New Mexico. )

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
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# I N D E X

## BILL FORD

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SALLY W. BOYD, C.S.R.  
Rt. 1 Box 191-B  
Santa Fe, New Mexico 87.31  
Phone (505) 435-7409

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We have one witness to be sworn.

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Rt. 1 Box 193-3  
Santa Fe, New Mexico 87501  
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SALLY W. BOYD, C.S.R.  
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Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone: (505) 455-7409

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Rt. 1 Box 193-B  
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Rt. 1 Box 193-B  
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1 pool rules of this pool be in the interest of conservation,  
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10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Ford, I note from your Exhibit One  
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2 seeing a map in their office in which they had shown the 80  
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4 MR. DICKERSON: Mr. Examiner, if I can  
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20 He may be excused.

21 Do you have anything further, Mr. Dick-  
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24 MR. DICKERSON: No, sir.

25 MR. NUTTER: Does anyone have anything  
they wish to offer in case Number 6789?

Take the case under advisement.



## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand 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.

Sally W. Boyd, C.S.R.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
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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. 6789  
heard by me on 1/16 1980.  
\_\_\_\_\_, Examiner  
Oil Conservation Division

Dockets Nos. 3-80 and 4-80 are tentatively set for January 30 and February 13, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 16, 1980

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for February, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6787: 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 6788: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its South Mattix Unit Well No. 35 located in Unit F of Section 15, Township 24 South, Range 37 East, to produce gas from the Fowler-Upper Paddock Pool and oil from the Fowler-Drinkard Pool thru parallel strings of tubing.

CASE 6789: Application of Knox Industries, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the well location requirements of the Scharb-Tone Springs Pool as promulgated by Order No. R-2589 to permit its New Mexico State Well No. 2 to be drilled in Unit H of Section 1, Township 19 South, Range 34 East, the E/2 NE/4 of said Section 1 to be dedicated to the well.

CASE 6790: 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.

CASE 6784: (Continued from January 3, 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 6791: Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 30 Well No. 1, a Morrow test to be drilled 660 feet from the North line and 840 feet from the East line of Section 30, Township 17 South, Range 28 East, the N/2 of said Section 30 to be dedicated to the well.

CASE 6792: Application of Florida Exploration Company for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 324.25-acre non-standard gas proration unit comprising Lots 1 and 2 and N/2 NE/4 of Section 33 and Lots 2, 3, and 4 and NW/4 NE/4 and N/2 NW/4 of Section 34, all in Township 26 South, Range 30 East, Ross Draw Area, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6793: Application of Meadco Properties, Ltd. for an exception to Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to permit a proposed well in Unit E of Section 4, Township 21 South, Range 29 East, to be completed by setting surface casing at 550 feet and production casing at total depth and cementing both casing strings to the surface.

CASE 6794: 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 Breccia "D" Well No. 140 located in Unit A of Section 11, Township 26 North, Range 6 West.

LAW OFFICES

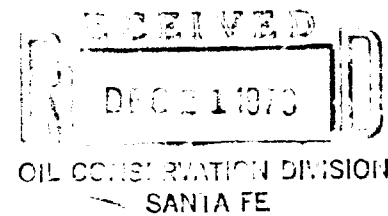
LOSEE, CARSON & DICKERSON, P. A.

A. J. LOSEE  
JOEL M. CARSON  
CHAD DICKERSON  
DAVID R. VANDIVER

300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210

AREA CODE 505  
746-3608

December 19, 1979



Mr. Joe D. Ramey, Director  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*Case 6789*

Dear Mr. Ramey:

Enclosed for filing, please find three copies of an Application of Knox Industries, Inc. for relief from the well location requirements of the Scharb-Bone Springs Pool, Lea County, New Mexico.

We ask that this case be set for hearing before an examiner and that you furnish us with a docket of said hearing.

Thank you.

Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.

*Chad Dickerson*  
Chad Dickerson

CD:pvm  
Enclosures

cc w/enclosure: Mr. J. R. Colter

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
KNOX INDUSTRIES, INC. FOR RELIEF FROM :  
THE WELL LOCATION REQUIREMENTS OF THE :  
SCHARB-BONE SPRINGS POOL, LEA COUNTY, :  
NEW MEXICO :

CASE NO. 6789

APPLICATION

COMES NOW Knox Industries, Inc., by its attorneys,  
and in support hereof, respectfully states:

1. Applicant is the operator of the Bone Springs  
formation underlying:

Township 19 South, Range 34 East, N.M.P.M.

Section 1: E/2 NE/4

containing 80 acres, more or less,  
in Lea County, New Mexico.

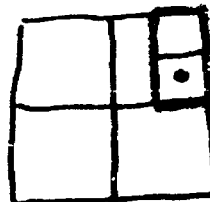
2. By its Order No. R-2589, made permanent by Order  
No. R-2589-B, the New Mexico Oil Conservation Commission pro-  
mulgated special rules and regulations for the Scharb-Bone  
Springs Oil Pool, which provided, among other things, in Rule 4  
that the first well drilled on every standard or nonstandard  
unit in the pool shall be located in the NE/4 or SW/4 of a gov-  
ernmental quarter section.

3. Applicant proposes to drill its New Mexico State  
No. 2 Well to be located 1980 feet from the north line and 660  
feet from the east line of said Section 1, and to dedicate the  
E/2 NE/4 of said Section 1 to the well.

4. Applicant seeks an exception to the well loca-  
tion requirements of the Scharb-Bone Springs Oil Pool to permit  
the drilling of its well as aforesaid.

WHEREFORE, applicant prays:

A. That this application be set for hearing before  
an examiner and that notice of said hearing be given as re-  
quired by law.



B. That the Division grant an exception to the well location requirements of the Scharb-Bone Springs Oil Pool to permit applicant to drill its well at the above location, and to dedicate the E/2 NE/4 of said Section 1 to its well.

C. And for such other and further relief as may be just in the premises.

KNOX INDUSTRIES, INC.

By:   
Chad Dickerson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
KNOX INDUSTRIES, INC. FOR RELIEF FROM :  
THE WELL LOCATION REQUIREMENTS OF THE :  
SCHARB-BONE SPRINGS POOL, LEA COUNTY, :  
NEW MEXICO :

CASE NO. 6789

APPLICATION

COMES NOW Knox Industries, Inc., by its attorneys,  
and in support hereof, respectfully states:

1. Applicant is the operator of the Bone Springs  
formation underlying:

Township 19 South, Range 34 East, N.M.P.M.

Section 1: E/2 NE/4

containing 80 acres, more or less,  
in Lea County, New Mexico.

2. By its Order No. R-2589, made permanent by Order  
No. R-2589-E, the New Mexico Oil Conservation Commission pro-  
mulgated special rules and regulations for the Scharb-Bone  
Springs Oil Pool, which provided, among other things, in Rule 4  
that the first well drilled on every standard or nonstandard  
unit in the pool shall be located in the NE/4 or SW/4 of a gov-  
ernmental quarter section.

3. Applicant proposes to drill its New Mexico State  
No. 2 Well to be located 1980 feet from the north line and 660  
feet from the east line of said Section 1, and to dedicate the  
E/2 NE/4 of said Section 1 to the well.

4. Applicant seeks an exception to the well loca-  
tion requirements of the Scharb-Bone Springs Oil Pool to permit  
the drilling of its well as aforesaid.

WHEREFORE, applicant prays:

A. That this application be set for hearing before  
an examiner and that notice of said hearing be given as re-  
quired by law.

B. That the Division grant an exception to the well location requirements of the Schall-Done Springs Oil Pool to permit applicant to drill its well at the above location, and to dedicate the E/2 NE/4 of said Section 1 to its well.

C. And for such other and further relief as may be just in the premises.

ENOX INDUSTRIES, INC.

By: Chad Dickerson  
Chad Dickerson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
KNOX INDUSTRIES, INC. FOR RELIEF FROM :  
THE WELL LOCATION REQUIREMENTS OF THE :  
SCHARB-BONE SPRINGS POOL, LEA COUNTY, :  
NEW MEXICO :

CASE NO. 6789

APPLICATION

COMES NOW Knox Industries, Inc., by its attorneys,  
and in support hereof, respectfully states:

1. Applicant is the operator of the Bone Springs  
formation underlying:

Township 19 South, Range 34 East, N.M.P.M.

Section 1: E/2 NE/4

containing 80 acres, more or less,  
in Lea County, New Mexico.

2. By its Order No. R-2589, made permanent by Order  
No. R-2589-B, the New Mexico Oil Conservation Commission pro-  
mulgated special rules and regulations for the Scharb-Bone  
Springs Oil Pool, which provided, among other things, in Rule 4  
that the first well drilled on every standard or nonstandard  
unit in the pool shall be located in the NE/4 or SW/4 of a gov-  
ernmental quarter section.

3. Applicant proposes to drill its New Mexico State  
No. 2 Well to be located 1980 feet from the north line and 660  
feet from the east line of said Section 1, and to dedicate the  
E/2 NE/4 of said Section 1 to the well.

4. Applicant seeks an exception to the well loca-  
tion requirements of the Scharb-Bone Springs Oil Pool to permit  
the drilling of its well as aforesaid.

WHEREFORE, applicant prays:

A. That this application be set for hearing before  
an examiner and that notice of said hearing be given as re-  
quired by law.



B. That the Division grant an exception to the well location requirements of the Scharf-Bone Springs Oil Pool to permit applicant to drill its well at the above location, and to dedicate the E/2 NE/4 of said Section 1 to its well.

C. And for such other and further relief as may be just in the premises.

KNOX INDUSTRIES, INC.

By: Chad Dickerson  
Chad Dickerson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

$dr/$ 

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

ORDER NO. R- 6261

FOR AN UNORTHODOX OIL WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

BY THE DIVISION:

NOW, on this \_\_\_\_\_ day of January, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

(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, Knox Industries, Inc., seeks an exception to the well location requirements of the Scharb-Bone ~~seeks approval of an unorthodox oil well location~~ Springs Pool as promulgated by Order No. R-2589 to permit its New Mexico State Well No. 2 ~~feet from the~~ to be drilled in Unit H, 1980 feet from the North line and 660 feet from the East line of ~~line of Section 1~~, Township 19 South

Range 34 East, NMPM, ~~to test the~~  
~~formation,~~ Scharb-Bone Spring Pool, Lea  
County, New Mexico.

(3) That the E/2 NE/4 of said Section 1 is to be dedicated to the well.

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

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

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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 oil 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 oil well location ~~for the Scharb Cone Springs Pool~~ <sup>the Knox Industries, Inc. Pool</sup> ~~as New Mexico State Well No. 2 to be drilled~~ <sup>is hereby approved for</sup> ~~as an exception to the provisions of Order No. R-2589~~ <sup>at a point in Unit H 1480 feet from the North line and 100 feet from the East line</sup> of Section 1, Township 19 South, Range 34 East

NMPM, Scharb-Cone Spring Pool, Lea County,  
New Mexico.

(2) That the E/2 NE/4 of said Section 1 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.