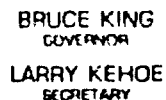


CASE 6791: HOLLY ENERGY, INC. FOR AN
UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO

CASE NO.

6791

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



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

February 12, 1980

Mr. Joel Carson
 Losee, Carson & Dickerson
 Attorneys at Law
 Post Office Box 239
 Artesia, New Mexico 88210

Re: CASE NO. 6791
ORDER NO. R-6262

Applicant:

Holly Energy, Inc.

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. 6791
Order No. R-6262

APPLICATION OF HOLLY ENERGY, INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY 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, Holly Energy, Inc., seeks approval of an unorthodox gas well location for 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, NMPM, Eddy County, New Mexico.

(3) That the N/2 of said Section 30 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. 6791

Order No. R-6262

(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.

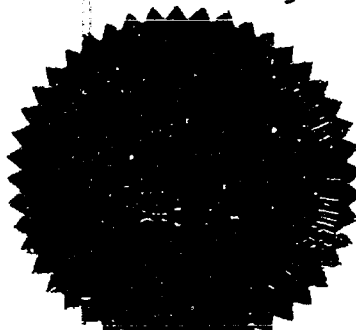
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Holly Energy, Inc. State 30 Well No. 1 to be drilled at a point 660 feet from the North line and 840 feet from the East line of Section 30, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

(2) That the N/2 of said Section 30 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
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 Holly Energy, Inc.,) CASE
for an unorthodox gas well location,) 6791
Eddy 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: Joel Carson, Esq.
LOSEE, CARSON, & DICKERSON
Artesia, New Mexico

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

ROBERT E. BOLING

Direct Examination by Mr. Carson 3

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit One-A, Structure Map 4

Applicant Exhibit Two, Isopach 4

Applicant Exhibit Three, Cross Section 5

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

1 MR. NUTTER: Call Case Number 6791.

2 MR. PADILLA: Application of Holly Energy
3 Inc., for an unorthodox Gas well location, Eddy County, New
4 Mexico.

5 MR. CARSON: Mr. Examiner, my name is
6 Joel Carson, Losee, CARson, and Dickerson, P. A., Artesia,
7 New Mexico, appearing on behalf of applicant.

8 I have one witness, Mr. Bob Boling, who
9 needs to be sworn.

10
11 (Witness sworn.)

12
13 ROBERT E. BOLING
14 being called as a witness and having been duly sworn upon
15 his oath, testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. CARSON:

19 Q Would you state your name, please?

20 A Robert E. Boling.

21 Q And Mr. Boling, by whom are you employed?

22 A Holly Energy.

23 Q And in what capacity?

24 A As a consultant geologist.

25 Q Mr. Boling, have you previously testi-

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 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 fied before this Commission?

2 A I have.

3 Q And have your qualifications been ac-
4 ceptable?

5 A Yes, sir.

6 MR. CARSON: Is the witness considered
7 qualified, Mr. Nutter?

8 MR. NUTTER: Yes, he is.

9 Q All right. Mr. Boling, would you please
10 state the purpose of this application?

11 A The application is for an unorthodox
12 Morrow location to be drilled in the north half of Section
13 30, with the north half dedicated to the well.

14 Q I refer you to Applicant's Exhibit Number
15 One and ask you to explain that exhibit.

16 A This is a land plat, which shows the
17 proposed location and the north half of 30, with the north
18 half of 30 dedicated to the well for a Morrow test.

19 Q I refer you to Applicant's Exhibit Num-
20 ber One-A and ask you to identify that exhibit, please.

21 A This is a structural map on the top of
22 the Morrow Clastics, covering this area, and shows a regional
23 southeast dip across the area.

24 Q I refer you to Applicant's Exhibit Num-
25 ber Two and ask you to identify that and explain what it

SALLY W. BOYD, C.S.R.

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

1 shows.

2 A This is an Isopach map which shows the
3 thickness of the area from the top of the Morrow Clastics
4 to the top of the Chester Mississippian unconformity below
5 it.

6 Essentially it shows the thickness of
7 the Morrow section in the area, and it shows the thickening,
8 the thickest part of the Morrow coming right through the
9 requested location.

10 Q And it would show that that location is
11 the -- is the best location in that proration unit, is that --

12 A Yes, that's right.

13 Q For drilling the well, is that correct?

14 A That's correct.

15 Q I refer you to Applicant's Exhibit Number
16 Three and ask you to identify it and explain it.

17 A This is a cross section which runs from
18 approximately three-quarters of a mile west of the -- of the
19 one good producing Morrow well in the area, through the good
20 producing Morrow well, and another half mile to the east
21 through -- into a poor producing well in the Morrow.

22 It also shows the importance of getting
23 in the thick part of the Morrow where the sands are deposited.

24 This is kind of interesting. You know,
25 that well is the one -- the Stanoline State AB No. 1 is among

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

1 the best Morrow wells in the State of New Mexico, with cumu-
2 lative production which is like 27.7-billion cubic feet, and
3 it has a little over 100 feet of sand in it, which sounds
4 good but when you start thinking about it being a 10-story
5 sandpile, it's a little different. You know, it really
6 stacked up in the -- in the deep -- where there had been
7 erosion down into the Chester and filled up with sand and
8 full of gas.

9 Q Mr. Boling, would you refer to the pub-
10 lication and give us the exact location in terms of footage
11 of this well? I think you have it in your notebook there.

12 A All right. The proposed location is
13 660 feet from the north line and 840 feet from the east line
14 of Section 30.

15 Q Mr. Boling, were Exhibits Number One,
16 One-A, Two, and Three prepared under your supervision?

17 A Yes, sir.

18 MR. CARSON: I'd move the introduction
19 of these exhibits, Mr. Examiner.

20 MR. NUTTER: Exhibits One through Three
21 will be admitted in evidence.

22 Q Mr. Boling, in your professional opinion
23 would the granting of this application prevent waste and
24 protect correlative rights, and otherwise prevent the drilling
25 of an unnecessary number of wells?

1 A It would.

2 MR. CARSON: We have no further questions
3 of the witness, Mr. Examiner.

4 MR. NUTTER: And the north half of the
5 section would be dedicated to the well, is that correct, Mr.
6 Boling?

7 A Yes, sir, that's correct.

8 MR. NUTTER: Are there any further
9 questions of the witness? He may be excused.

10 Do you have anything further, Mr. Carson?

11 MR. CARSON: Nothing further.

12 MR. NUTTER: Does anyone have anything
13 they wish to offer in Case Number 6791?

14 We'll take the case under advisement.

15
16 (Hearing concluded.)
17
18
19
20
21
22
23
24
25

SALLY W. BOYD, C.S.R.

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

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 correct record of the proceedings in
the final hearing of Case No. 6791,
heard by me on 1/14 1980.
[Signature], Examiner
Oil Conservation Division

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

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 Holly Energy, Inc.,
for an unorthodox gas well location,
Eddy County, New Mexico.

CASE
6791

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:

Joel Carson, Esq.
LOSEE, CARSON, & DICKERSON
Artesia, New Mexico

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

ROBERT E. BOLING

Direct Examination by Mr. Carson 3

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit One-A, Structure Map	4
Applicant Exhibit Two, Isopach	4
Applicant Exhibit Three, Cross Section	5

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 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. WUTTER: Call Case Number 6791.
2 MR. PADILLA: Application of Holly Energy
3 Inc., for an unorthodox Gas well location, Eddy County, New
4 Mexico.
5 MR. CARSON: Mr. Examiner, my name is
6 Joel Carson, Losee, Carson, and Dickerson, P. A., Artesia,
7 New Mexico, appearing on behalf of applicant.
8 I have one witness, Mr. Bob Boling, who
9 needs to be sworn.
10
11 (Witness sworn.)
12
13 ROBERT E. BOLING
14 being called as a witness and having been duly sworn upon
15 his oath, testified as follows, to-wit:
16
17 DIRECT EXAMINATION
18 BY MR. CARSON:
19 Q Would you state your name, please?
20 A Robert E. Boling.
21 Q And Mr. Boling, by whom are you employed?
22 A Holly Energy.
23 Q And in what capacity?
24 A As a consultant geologist.
25 Q Mr. Boling, have you previously testi-

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

1 filed before this Commission?

2 A I have.

3 Q And have your qualifications been ac-
4 ceptable?

5 A Yes, sir.

6 MR. CARSON: Is the witness considered
7 qualified, Mr. Nutter?

8 MR. NUTTER: Yes, he is.

9 Q All right. Mr. Boling, would you please
10 state the purpose of this application?

11 A The application is for an unorthodox
12 Morrow location to be drilled in the north half of Section
13 30, with the north half dedicated to the well.

14 Q I refer you to Applicant's Exhibit Number
15 One and ask you to explain that exhibit.

16 A This is a land plat, which shows the
17 proposed location and the north half of 30, with the north
18 half of 30 dedicated to the well for a Morrow test.

19 Q I refer you to Applicant's Exhibit Num-
20 ber One-A and ask you to identify that exhibit, please.

21 A This is a structural map on the top of
22 the Morrow Clastics, covering this area, and shows a regional
23 southeast dip across the area.

24 Q I refer you to Applicant's Exhibit Num-
25 ber Two and ask you to identify that and explain what it

SALLY W. BOYD, C.S.R.

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

1 shows.

2 A This is an Isopach map which shows the
3 thickness of the area from the top of the Morrow Clastics
4 to the top of the Chester Mississippian unconformity below
5 it.

6 Essentially it shows the thickness of
7 the Morrow section in the area, and it shows the thickening,
8 the thickest part of the Morrow coming right through the
9 requested location.

10 Q And it would show that that location is
11 the -- is the best location in that proration unit, is that --

12 A Yes, that's right.

13 Q For drilling the well, is that correct?

14 A That's correct.

15 Q I refer you to Applicant's Exhibit Number
16 Three and ask you to identify it and explain it.

17 A This is a cross section which runs from
18 approximately three-quarters of a mile west of the -- of the
19 one good producing Morrow well in the area, through the good
20 producing Morrow well, and another half mile to the east
21 through -- into a poor producing well in the Morrow.

22 It also shows the importance of getting
23 in the thick part of the Morrow where the sands are deposited.

24 This is kind of interesting. You know,
25 that well is the one -- the Stanoline State AB No. 1 is among

SALLY W. BOYD, C.S.R.

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

1 the best Morrow wells in the State of New Mexico, with cumu-
2 lative production which is like 27.7-billion cubic feet, and
3 it has a little over 100 feet of sand in it, which sounds
4 good but when you start thinking about it being a 10-story
5 sandpile, it's a little different. You know, it really
6 stacked up in the -- in the deep -- where there had been
7 erosion down into the Chester and filled up with sand and
8 full of gas.

9 Q Mr. Boling, would you refer to the pub-
10 lication and give us the exact location in terms of footage
11 of this well? I think you have it in your notebook there.

12 A All right. The proposed location is
13 660 feet from the north line and 840 feet from the east line
14 of Section 30.

15 Q Mr. Boling, were Exhibits Number One,
16 One-A, Two, and Three prepared under your supervision?

17 A Yes, sir.

18 MR. CARSON: I'd move the introduction
19 of these exhibits, Mr. Examiner.

20 MR. NUTTER: Exhibits One through Three
21 will be admitted in evidence.

22 Q Mr. Boling, in your professional opinion
23 would the granting of this application prevent waste and
24 protect correlative rights, and otherwise prevent the drilling
25 of an unnecessary number of wells?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A IL would.

MR. CARSON: We have no further questions of the witness, Mr. Bolinger.

MR. NUTTER: And the north half of the section would be dedicated to the well, is that correct, Mr. Boling?

A Yes, sir, that's correct.

MR. NUTTER: Are there any further questions of the witness? He may be excused.

Do you have anything further, Mr. Carson?

MR. CARSON: Nothing further.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6791?

We'll take the case under advisement.

(Hearing concluded.)

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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.

I do hereby certify that the foregoing is
a correct transcript of the proceedings in
the hearing of Case No. 6791,
heard by me on 1/16 1980.

 , Examiner
Oil Conservation Division

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

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-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 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.

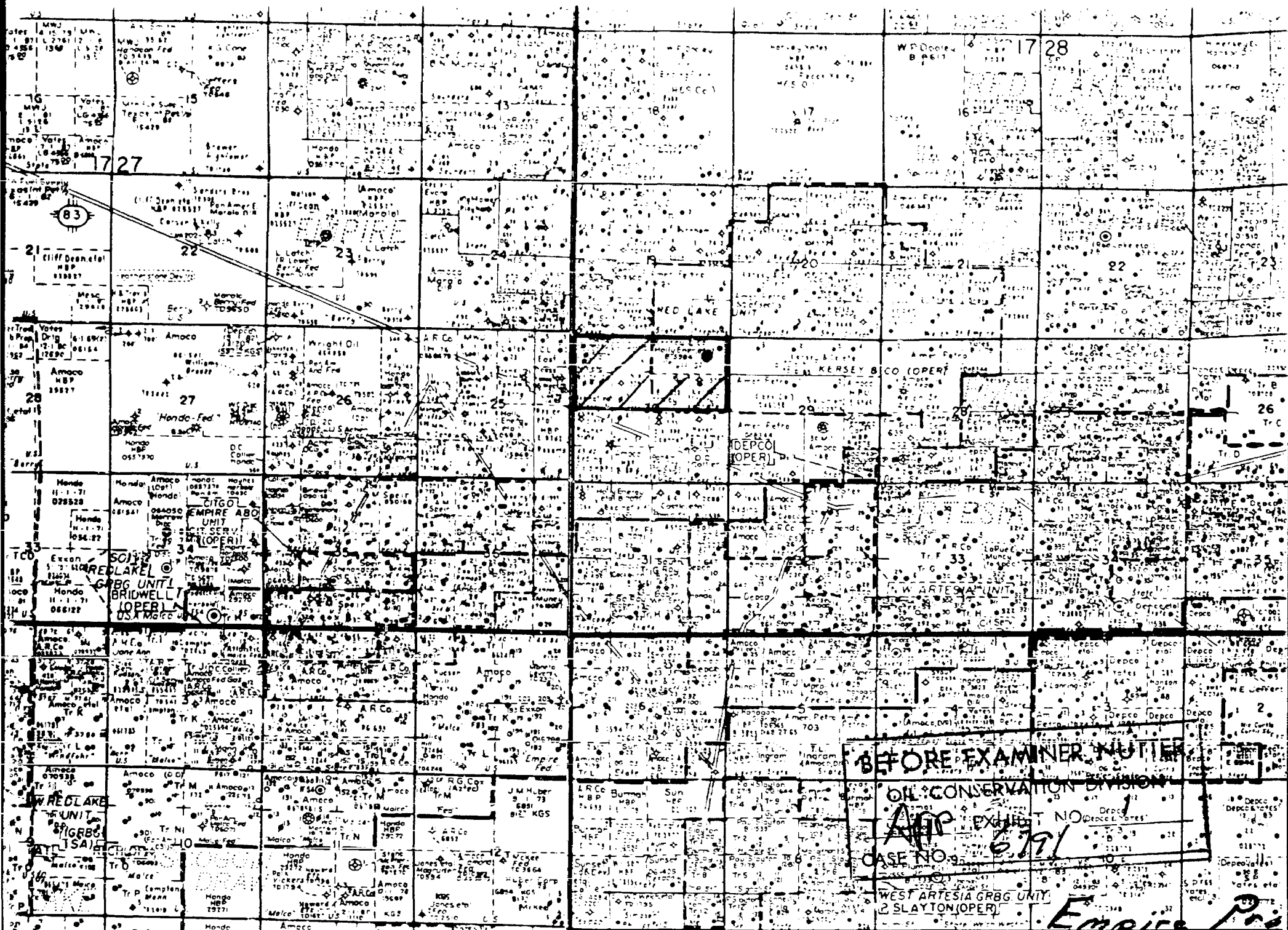
In the alternative, applicant seeks an order force pooling all of said Section 19 to form a standard 640-acre unit.

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



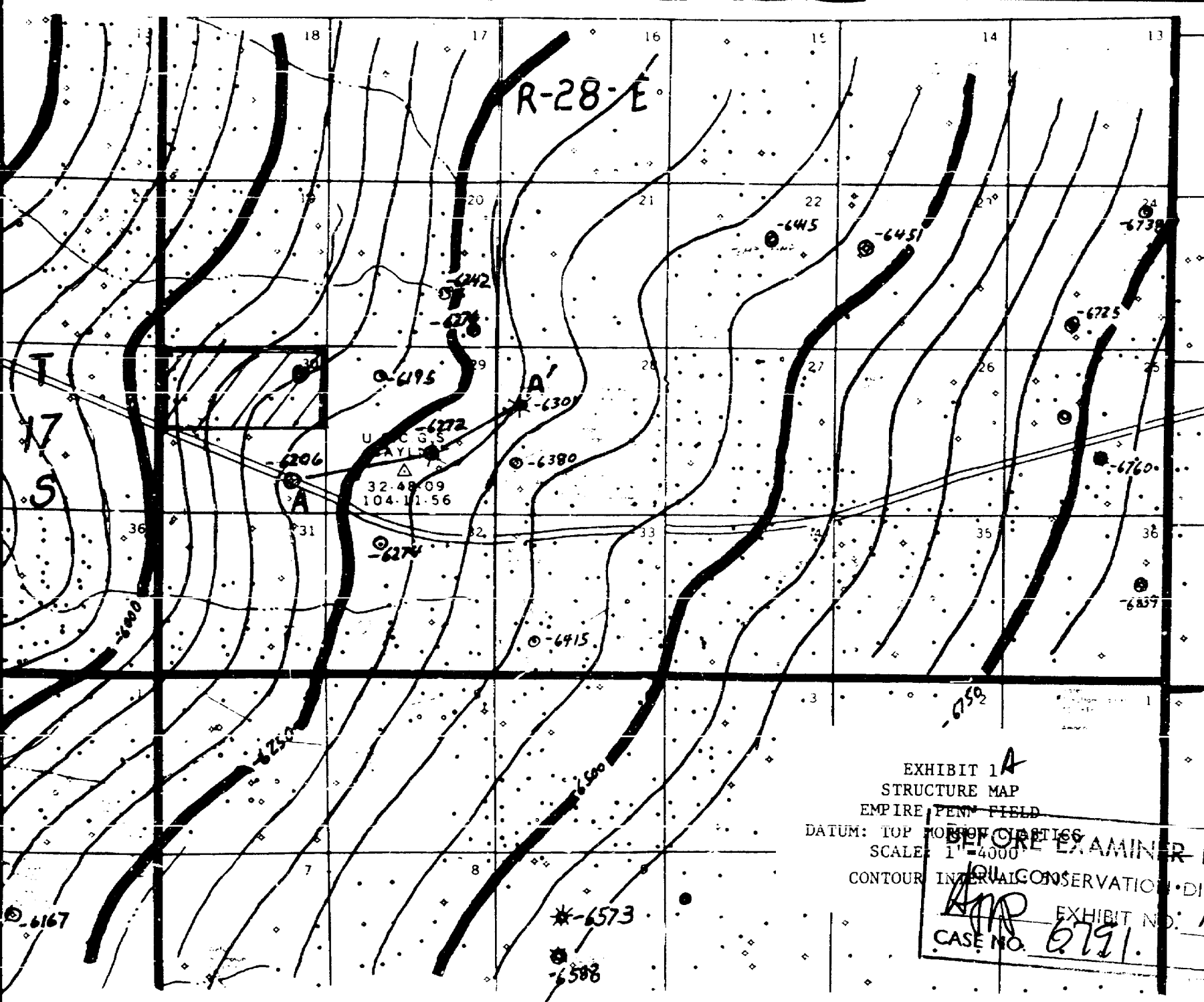


EXHIBIT 1A
STRUCTURE MAP
EMPIRE, ~~PENT~~ FIELD

DATUM: TOP OF CASTLE
SCALE: 1"=4000'

CONTOUR INTERVAL CONSERVATION DIVISION

EXHIBIT NO: 1A
CASE NO. 6791.

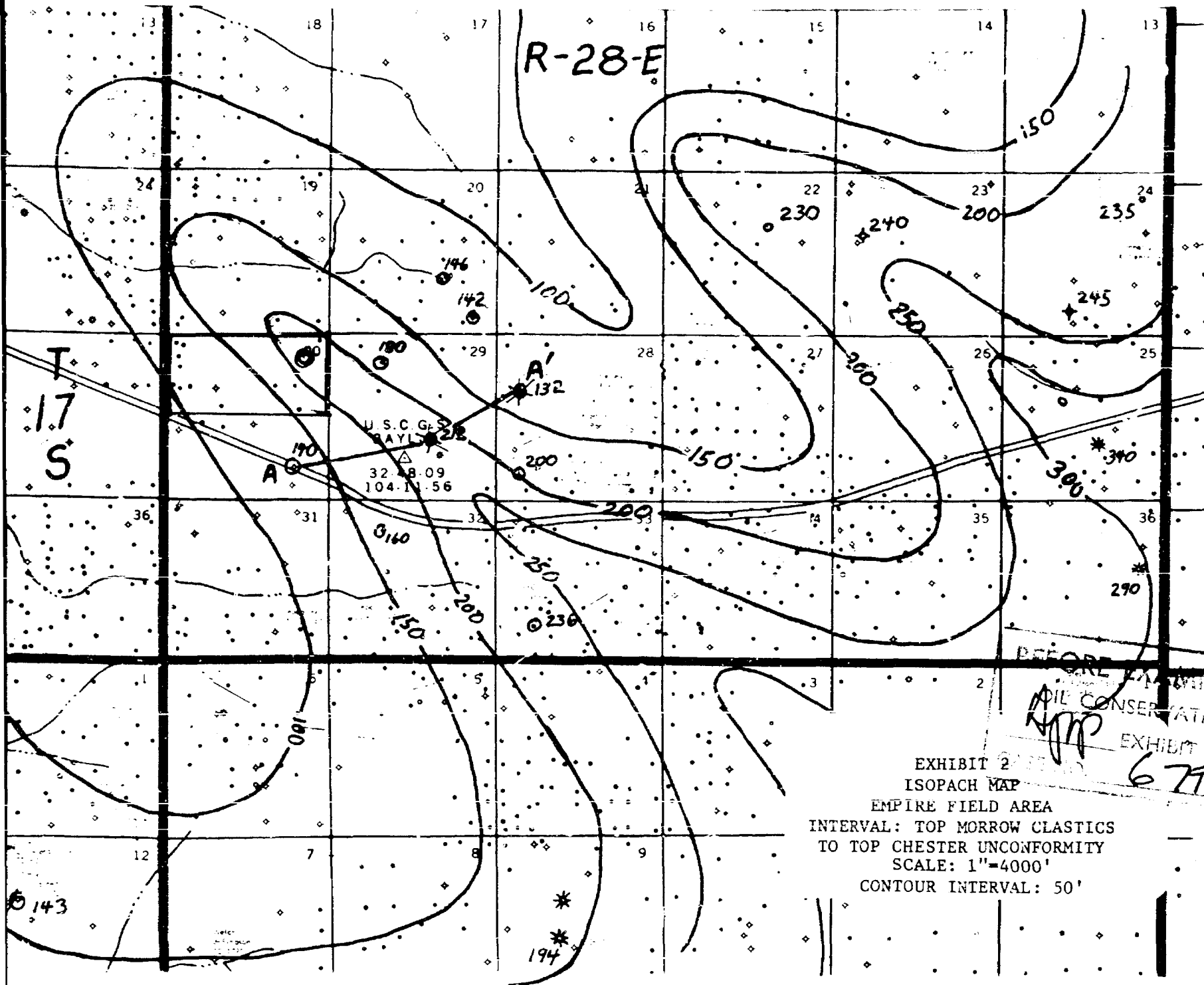


EXHIBIT 2
 ISOPACH MAP
 EMPIRE FIELD AREA
 INTERVAL: TOP MORROW CLASTICS
 TO TOP CHESTER UNCONFORMITY
 SCALE: 1"=4000'
 CONTOUR INTERVAL: 50'

BEFORE
 WINNER NUTTER
 OIL CONSERVATION DIVISION
 EXHIBIT NO. 2
 6771

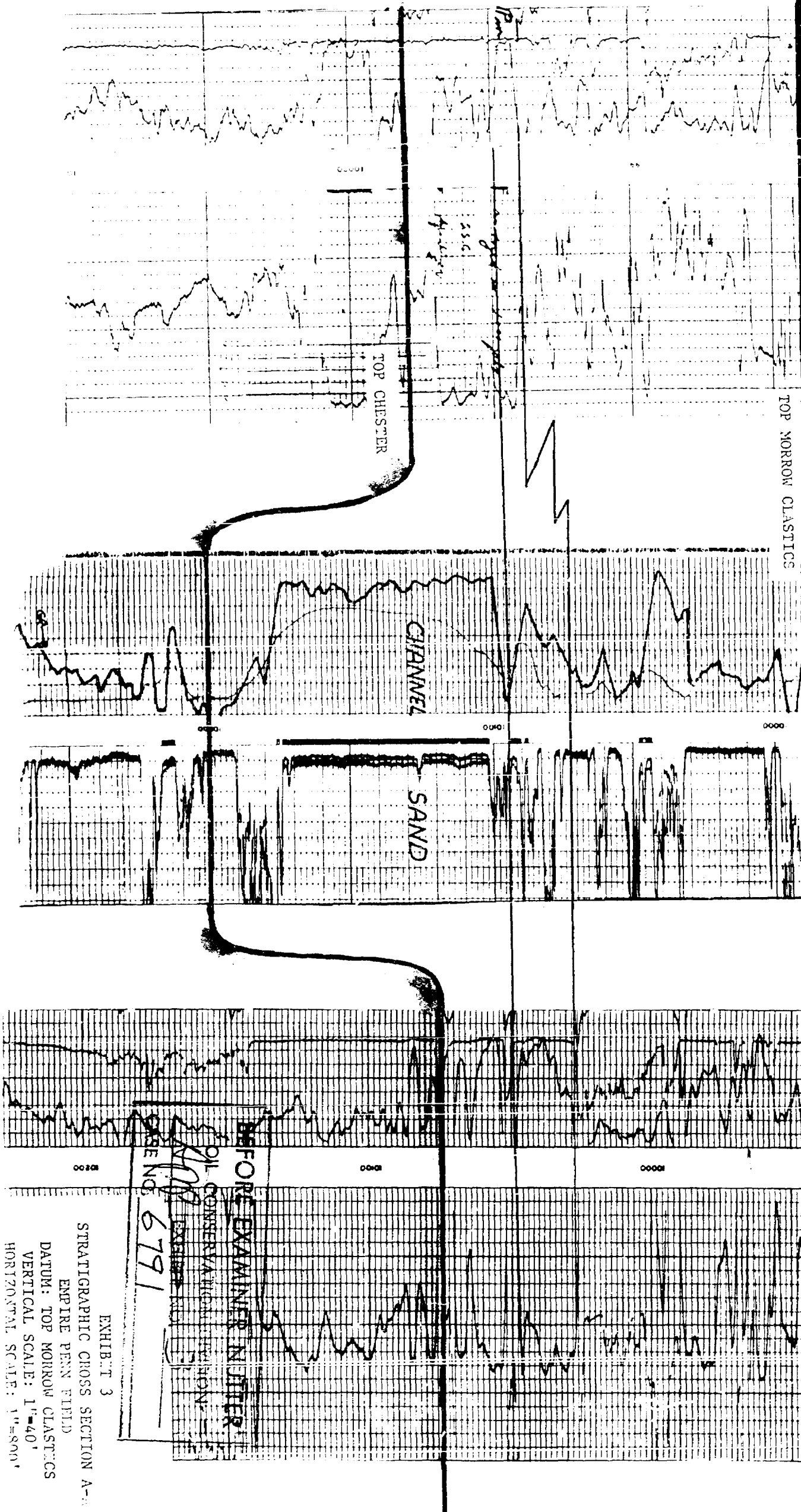
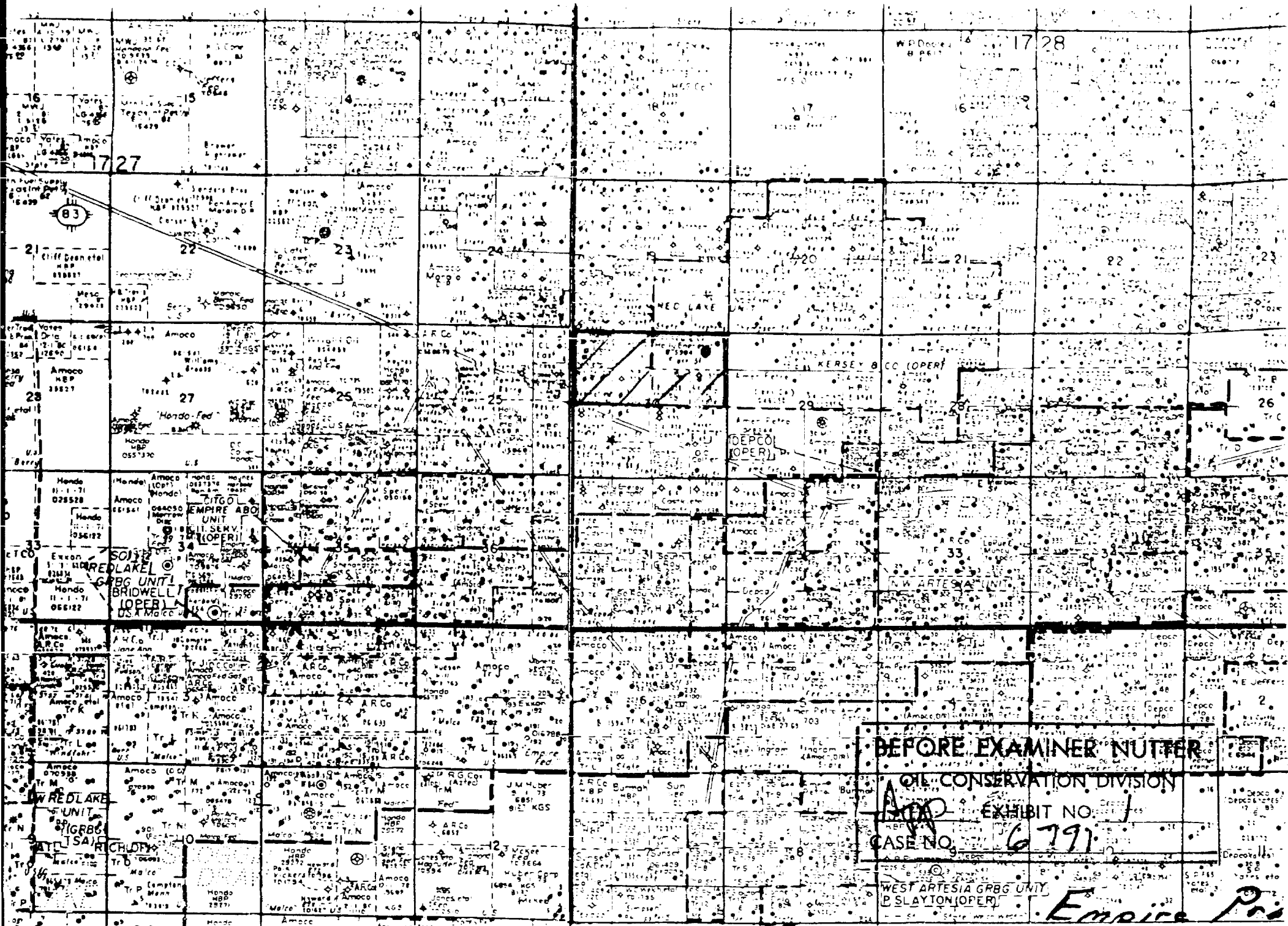
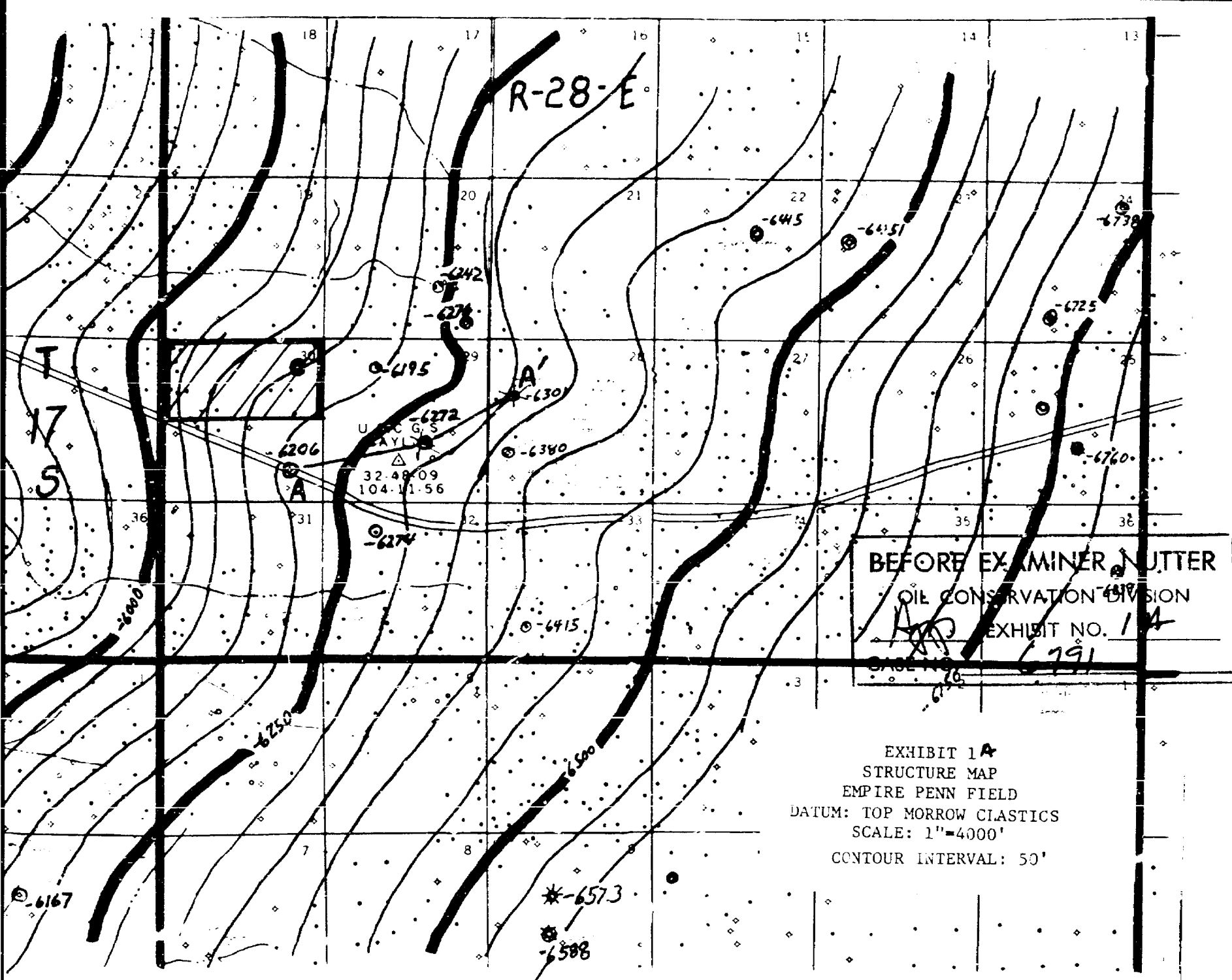
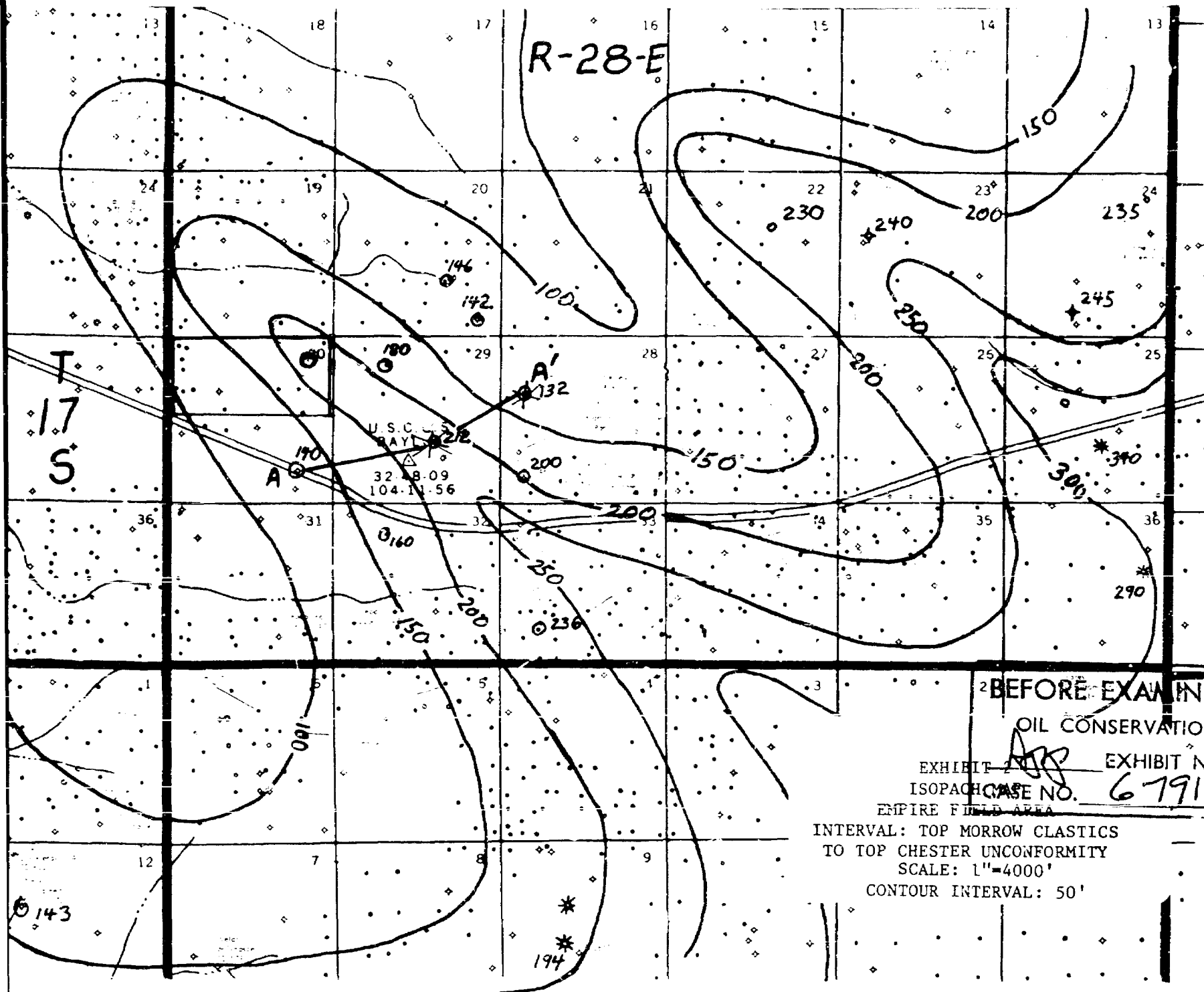


EXHIBIT 3
 STRATIGRAPHIC CROSS SECTION A-A
 EMPIRE PENN FIELD
 DATUM: TOP MORROW CLASTICS
 VERTICAL SCALE: 1"=40'
 HORIZONTAL SCALE: 1"=800'







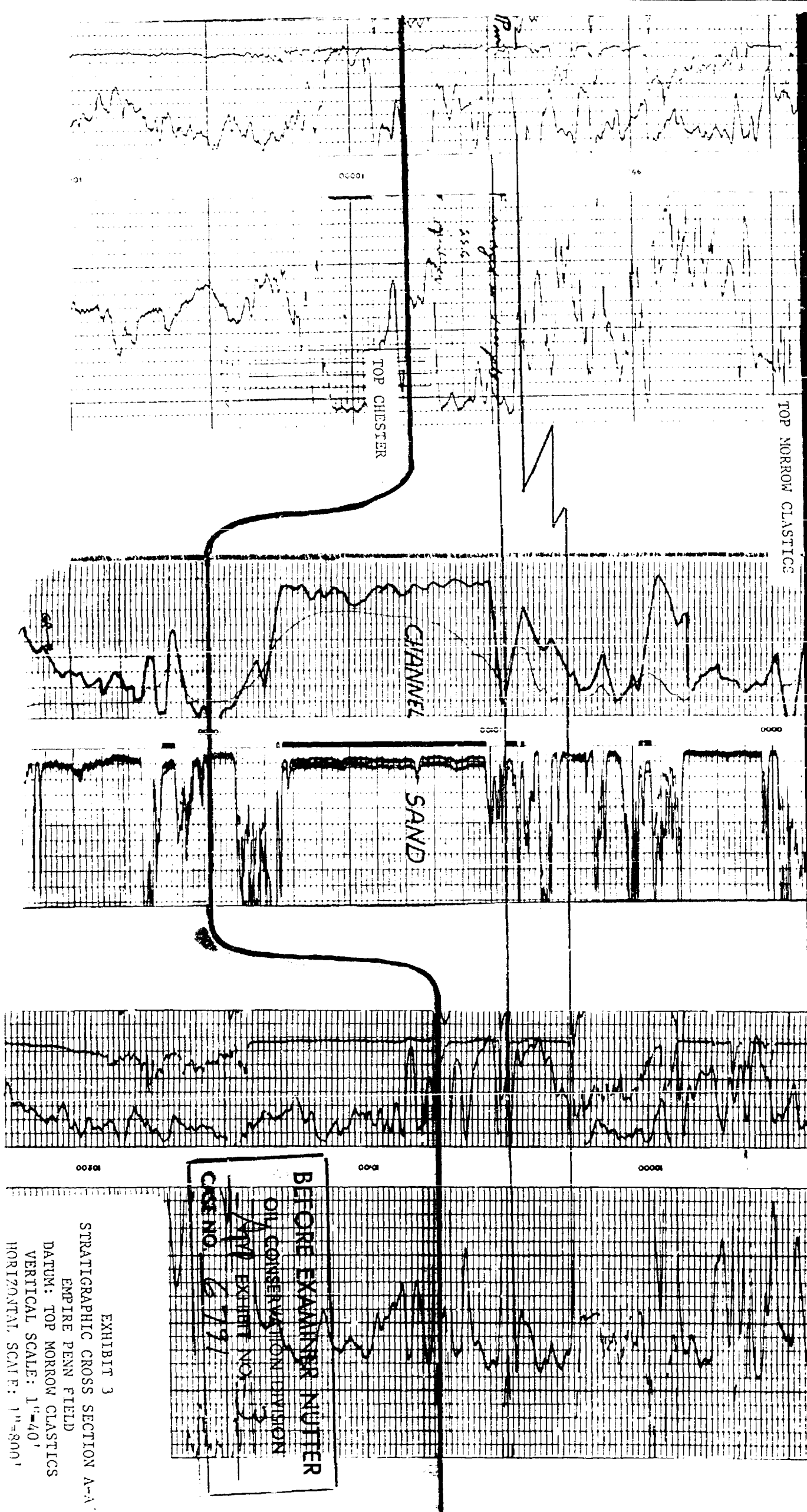
2 BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

EXHIBIT ~~2~~ EXHIBIT NO. 2

ISOPACH CASE NO. 6791

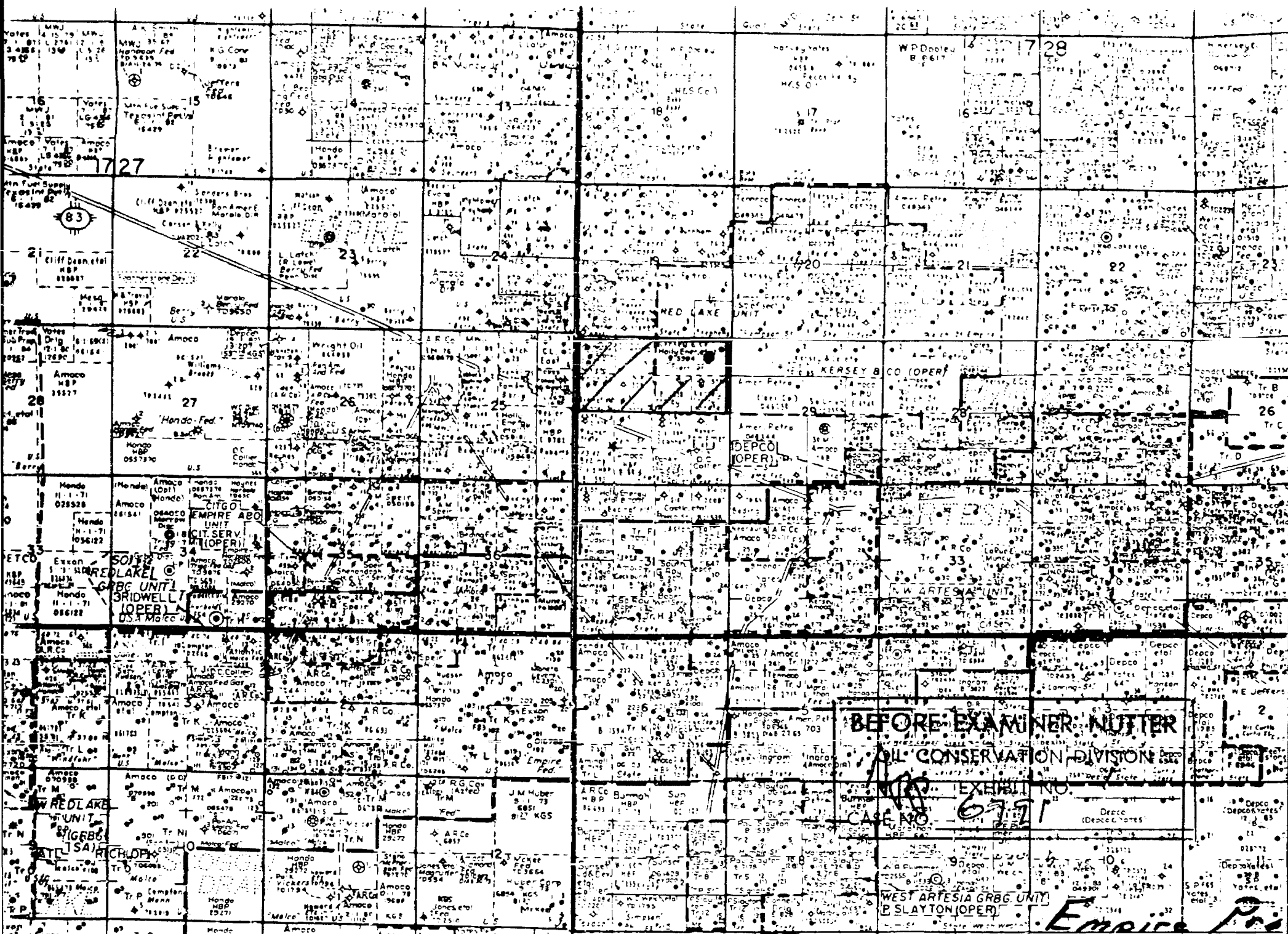
EMPIRE FIELD AREA

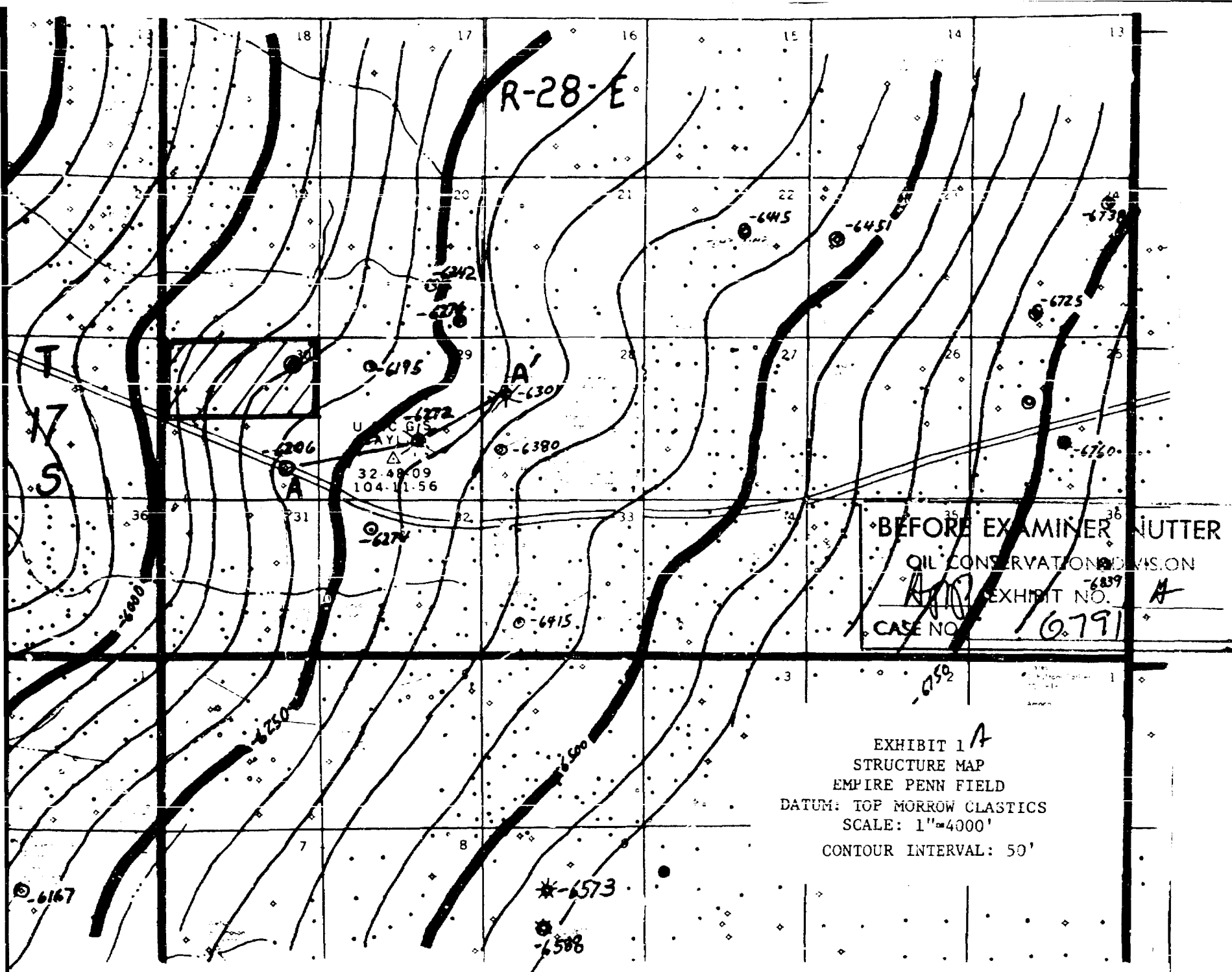
INTERVAL: TOP MORROW CLASTICS
TO TOP CHESTER UNCONFORMITY
SCALE: 1"=4000'
CONTOUR INTERVAL: 50'

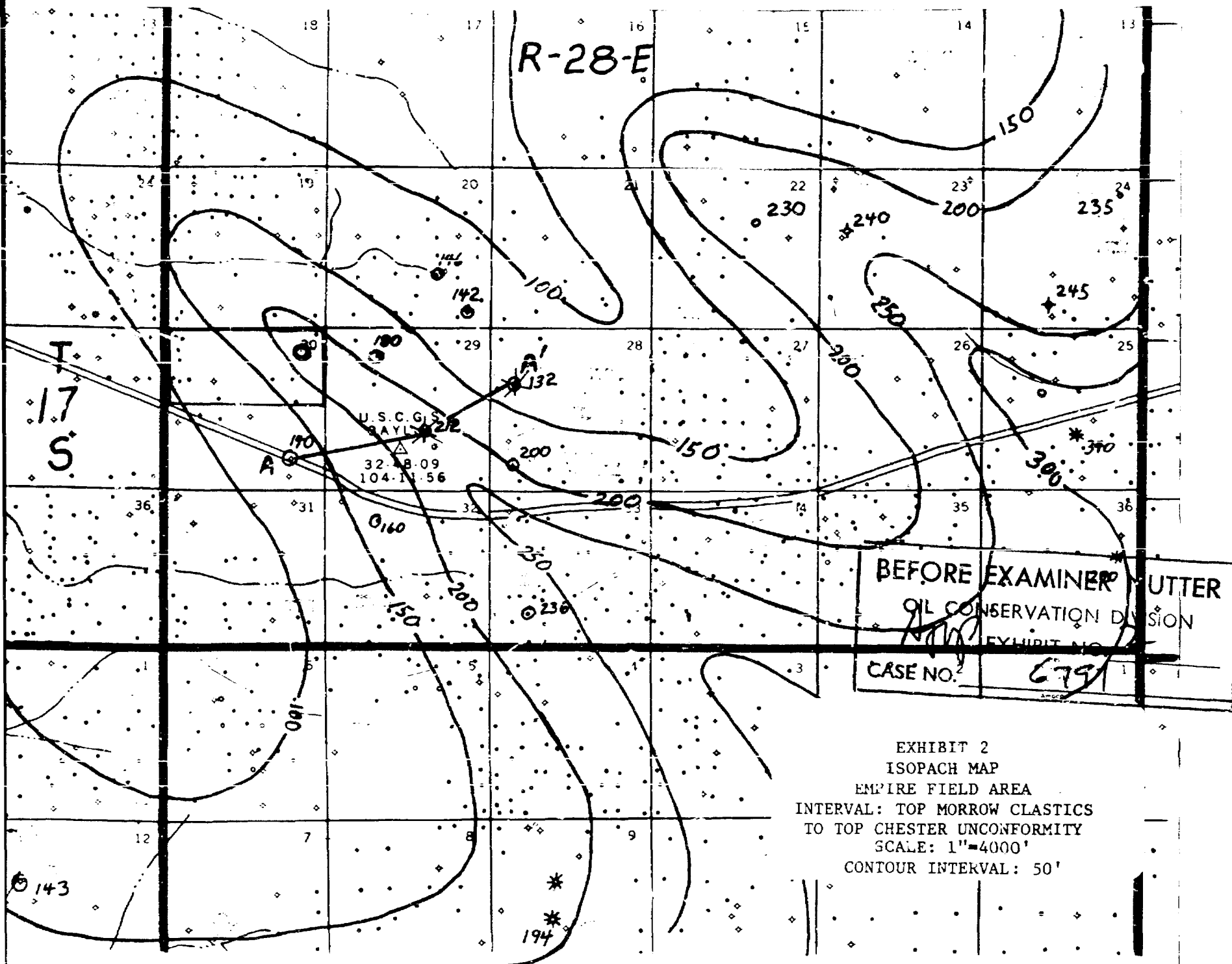


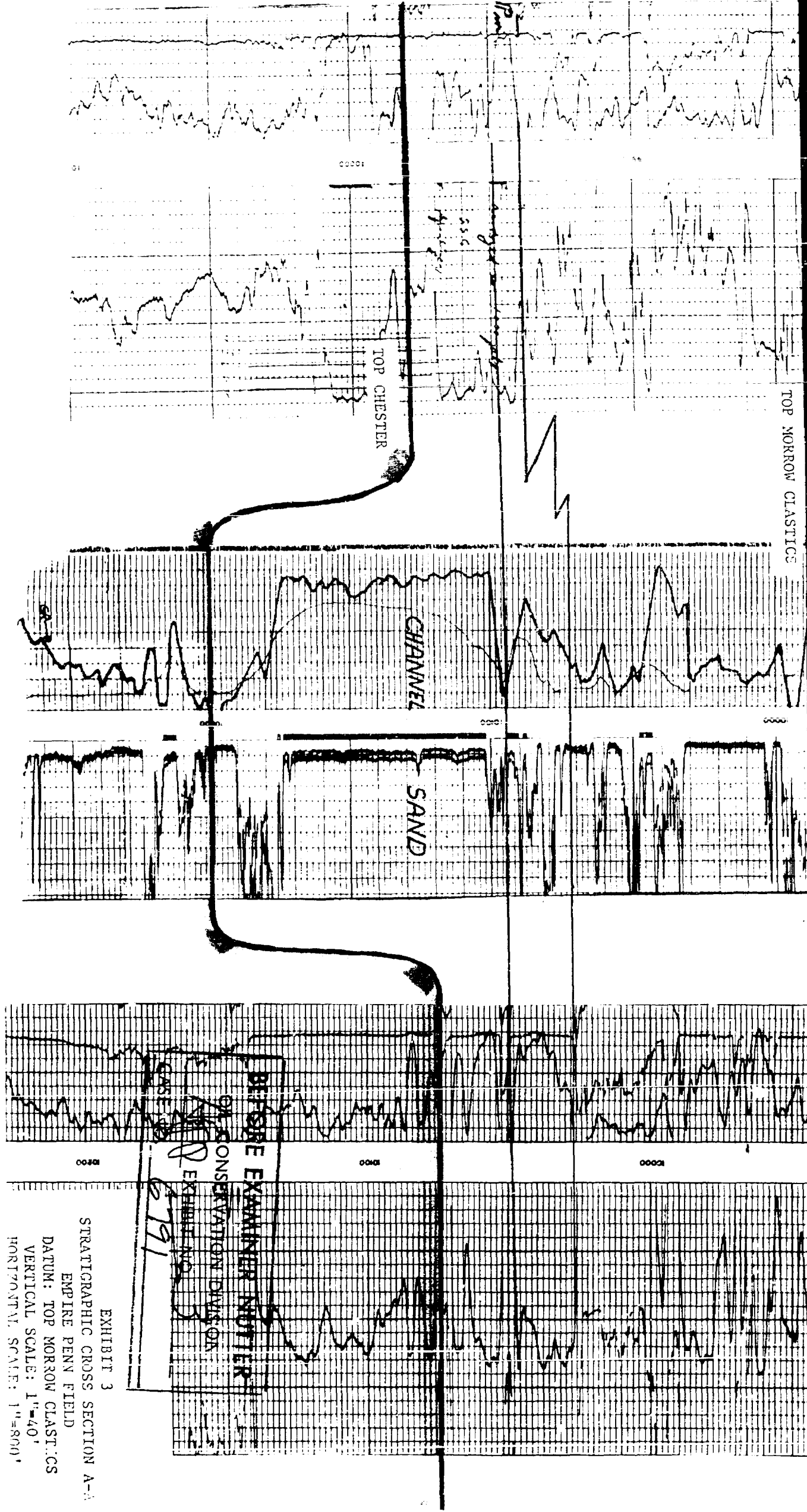
BEFORE EXAMINER INITIALS
 OIL CONSERVATION DIVISION
 APP EXHIBIT NO. 3
 CASE NO. 6791

EXHIBIT 3
 STRATIGRAPHIC CROSS SECTION A-A'
 EMPIRE PENN FIELD
 DATUM: TOP MORROW CLASTICS
 VERTICAL SCALE: 1"=40'
 HORIZONTAL SCALE: 1"=800'









BEFORE EXAMINER NOTED
OF CONSERVATION DIVISION
CASE NO. 6791
EXHIBIT NO. 3

EXHIBIT 3
STRATIGRAPHIC CROSS SECTION A-A
EMPIRE PENN FIELD
DATUM: TOP MORROW CLASTICS
VERTICAL SCALE: 1"=40'
HORIZONTAL SCALE: 1"=800'



ENERGY, INC.

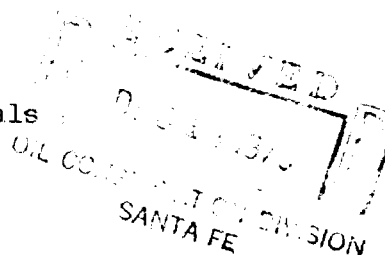
Phone: 505-746-6161

P. O. Box 726

Artesia, N. M. 88210

November 13, 1979

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



Case 6791

Attention: Mr. J. E. Kapteina

Re: Non-Standard Gas Well Location
Sec. 30, T-17S, R-28E
Eddy County, New Mexico
State 30 - 1

Gentlemen:

Holly Energy Inc. respectfully requests that a hearing be called to consider Holly's application for a permit to drill State 30-1 at a non-standard location, which will require an exception to Paragraph C-II of Rule 104, New Mexico Oil Conservation Commission Rules and Regulations.

The requested location is 660 feet FNL and 840 feet FEL of Section 30, T-17S, R-28E. Rule 104, Paragraph C-II requires that a well will be not closer than 1980 feet to the nearest end boundary.

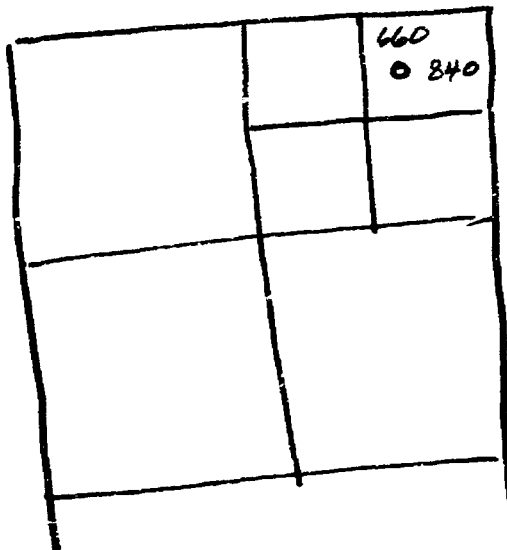
The proposed well is projected to a depth of 10,000 feet to test the gas reservoirs to a depth sufficient to test the Morrow.

Yours truly,

Robert Loyd

Robert Loyd
Superintendent

N/2



Dedication N/2
according to Bill
Kremer -
could not get a hold
of Rayd.

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. 6791

ORDER NO. R- 6262

APPLICATION OF HOLLY ENERGY, INC.

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 16,
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

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,

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, Holly Energy, Inc.,
for its State 30 Well No. 1, a Morrow test to be drilled
seeks approval of an unorthodox gas well location/ 660

feet from the North line and 840 feet from the

East line of Section 30, Township 17 South

Range 28 East, NMPM, ~~to test the~~ XXXXXXXXXXXXXXXXXXXX

~~Formation,~~ Pool, Eddy

County, New Mexico.

(3) That the N/2 of said Section 30 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 the Holly Energy, Inc. State 30 Well No. 1 drilled formation is hereby approved for ~~to be located~~ to be located at a point 660 feet from the North line and 840 feet from the East line of Section 30, Township 17 South, Range 28 East NMPM, _____ ~~Pool~~, Eddy County, New Mexico.

(2) That the N/2 of said Section 30 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.