

CASE 6805: HONDO OIL AND GAS COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO

Case Number

6805

Application

Transcripts.

Small Exhibits

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Hondo Oil and Gas Company ) CASE  
for an unorthodox gas well location, Eddy ) 6805  
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: Conrad Coffield, Esq.  
HINKLE LAW FIRM  
P. O. Box 3580  
Midland, Texas

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

# I N D E X

MIKE N. WHITE

Direct Examination by Mr. Coffield	3
Cross Examination by Mr. Nutter	10

# E X H I B I T S

Applicant Exhibit One, C-102	5
Applicant Exhibit Two, Plat	5
Applicant Exhibit Three, Map	6
Applicant Exhibit Four, Cross Section	8
Applicant Exhibit Five, Isopach	8

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7419

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7469

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

MR. NUTTER: We'll call next Case Number 6805.

MR. PADILLA: Application of Hondo Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico.

MR. COFFIELD: Conrad Coffield, with the Hinkle Law Firm, in Midland, Texas, appearing on behalf of the applicant.

I have one witness to be sworn.

(Witness sworn.)

MIKE N. WHITE

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q. Mr. White, would you please state your name, address, occupation, and employer?

A. My name is Mike N. White. I reside in Midland, Texas, and my employer is the Hondo Oil and Gas Company.

Q. Have you previously testified before the Division as an engineer?

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7401

1 A Yes, I have.

2 Q And were your qualifications made a matter  
3 of record and accepted by the Division?

4 A Yes, they were.

5 Q Are you familiar with Hondo's application  
6 in this case?

7 A Yes.

8 Q And furthermore, are you familiar with the  
9 property as well as the proposed well location involved?

10 A Yes.

11 MR. COFFIELD: Do you have any other  
12 questions, Mr. Examiner?

13 MR. NUTTER: No, sir, he's qualified.

14 Q Mr. White, what is it that Hondo is seeking  
15 by this application?

16 A We seek approval for the unorthodox loca-  
17 tion of our Federal 10 Well No. 1, a Wolfcamp-Pennsylvanian  
18 test to be drilled 1550 feet from the north line and 660 feet  
19 from the west line of Section 10, Township 18 South, Range  
20 28 East, the west half of said Section 10 to be dedicated  
21 to the well.

22 Q What's the general basis that Hondo seeks  
23 this change in location?

24 A We believe it is geologically superior to  
25 a standard location.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 191-B  
Santa Fe, New Mexico 87501  
Phone (505) 435-7409

1 Q Okay, then please refer to what we've  
2 marked as Exhibit One and explain that to the Examiner.

3 A This is a New Mexico State Form C-102,  
4 Well Location and Acreage Dedication Plat. It depicts the  
5 location of the proposed well in relation to section lines.

6 Q And where would the standard location be  
7 placed compared with the location you seek?

8 A A standard location for this proration  
9 unit would be 330 feet directly south.

10 Q Is the new one closer to the north line  
11 of the section?

12 A That is correct.

13 Q Is Hondo the principal leasehold owner  
14 as well as the proposed operator of the property on which  
15 this proposed location is sought?

16 A Yes.

17 Q Okay, let's refer to what you've marked  
18 as Exhibit Two and explain that to the Examiner.

19 A On Exhibit Two we've listed the co-owners  
20 and offset operators to the proposed location.

21 Q Okay, do you have anything else that you  
22 want to point out to the Examiner on that exhibit?

23 A It's just a plat to show this pictorially.

24 MR. NUTTER: Before you get any further --

25 A Yes, sir.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7403

1 MR. NUTTER: -- Mr. White, I notice that  
2 the first exhibit is labeled as an ARCO Oil and Gas Company  
3 well.

4 A. Yes, sir.

5 MR. NUTTER: On this second exhibit we  
6 see the designation for some of these leases as being owned  
7 by HDH&Y. Could you explain the seeming --

8 A. Yes.

9 MR. NUTTER: -- discrepancy?

10 A. Okay, surely. At the top of the Exhibit  
11 Two you'll notice that HDH&Y refers to Hondo, Depco, Huskie  
12 and Yates. And for all practical purposes Hondo is ARCO  
13 and we co-own these leases with Depco, Huskie, and Yates.

14 MR. NUTTER: Okay.

15 Q. And you're designated to operate for those  
16 parties?

17 A. Yes, we have, uh-huh. We have designation  
18 of operator froms from Depco, Huskie, and Yates in our  
19 possession.

20 MR. NUTTER: Who does, Hondo or ARCO?

21 A. Hondo does.

22 Q. All right, Mr. White, let's go to what  
23 we've marked as Exhibit Three and please explain that to the  
24 Examiner.

25 A. Exhibit Three is a generalized channel



1 sand trend map for what we refer to as Cycle Two of the  
2 Morrow Sand.

3 It is also referred to as Middle Morrow  
4 by others, I believe.

5 What we show on this map is what we be-  
6 lieve from geophysical and geological data to be the thickest  
7 depositional trends of this section of the Morrow Sand,  
8 which is our main objective in the proposed well.

9 I'd like to point out that this is what  
10 we believe to be the thickest of this -- of this section,  
11 but we do not mean to indicate by this exhibit that there  
12 could not possibly be other sections of this sand through  
13 the Section 10 of the mentioned township and range.

14 Q You mean you're saying you don't have any  
15 reason to believe that the areas that are not colored yellow  
16 are barren.

17 A That is right.

18 Q Is that correct?

19 A I might further say that the middle flank  
20 of these three flanks, from our data, is what we believe to  
21 be the thickest of this depositional trend, and that is our  
22 reason for putting the location where we did.

23 Q Any other features on this exhibit that  
24 you would like to explain or bring to the Examiner's atten-  
25 tion?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7419

1 A No.

2 Q Okay, let's go to what you've marked as  
3 Exhibit Four and explain that to the Examiner.

4 A If you would, keep Exhibit Three handy.  
5 I want to make a point with Exhibit Four.

6 Exhibit Four is a cross section showing  
7 four wells, four Morrow tests, in the area and I'd like to  
8 point out that our Exxon State No. 1 and 2 Wells in Section  
9 have been completed and if you'll notice on Exhibit Three,  
10 the Exxon 2 Well is located on what would appear to be the  
11 edge of this particular depositional trend, whereas the No.  
12 1 Well is more towards the middle, and this is borne out by  
13 the cross section, which shows the section of Cycle Two to  
14 be slightly thicker in the Exxon State 1 Well on the far  
15 left than it is on the No. 2 Well directly to the right.

16 And I'd like to further point out that  
17 of the remaining two wells in the cross section, one well,  
18 the Empire South Deep Unit No. 20, failed to encounter any  
19 producible sand in Cycle Two, and the Travis Deep Unit No.  
20 3, located not even a section away, had a very good section  
21 in Cycle Two, and this is just to point out how a small  
22 change in surface distance can bring about a big change in  
23 subsurface conditions.

24 Q Let's go to what we've marked as Exhibit  
25 Five and explain that to the Examiner.

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) 455-7419

1 A Exhibit Five is an Isopachous map, again  
2 of Cycle Two, and this differs from Exhibit Three in that this  
3 shows gross sand interval, what we believe to be the gross  
4 sand interval of Cycle Two, whereas the generalized channel  
5 sand trend map showed what we believe to be the thickest  
6 and probably therefore the most productive of the section,  
7 and that would -- I was just trying to point out that the  
8 Isopach map is a gross type showing the entire interval,  
9 whereas Exhibit Three would tend to point out what we believe  
10 to be the producable parts of the interval.

11 Q Were these Exhibits One through Five  
12 prepared by you, Mr. White, or under your supervision?

13 A Yes, they were.

14 Q And in your opinion will the approval of  
15 Hondo's application prevent the drilling of unnecessary  
16 wells and otherwise prevent waste and protect correlative  
17 rights?

18 A Yes, we believe so.

19 MR. COFFIELD: Mr. Examiner, we move the  
20 admission of Exhibits One through Five.

21 MR. NUTTER: ARCO --

22 MR. COFFIELD: Hondo.

23 MR. NUTTER: -- Hondo, Hondo, Depco,  
24 Huskie, and Yates, Exhibits One through Five will be admitted  
25 in evidence.

## CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. White, you're proposing to dedicate the east half -- or the west half --

A Yes, sir.

Q -- of Section 10. Now, on your Exhibit One you don't show that this would consist of more than one lease, but apparently there is an Amminoil 40-acre tract included in that.

A Yes, there is.

Q Is that communitized with the remainder of the acreage?

A I'm not sure as to whether that's been done by this time, but it will be done prior to drilling the well, and we have received a waiver from Amminoil on the location and they have indicated to us -- I've spoken with one of their people, and he has indicated that they are in full accordance with our drilling the well and will join in the drilling of the well.

Q And if you were to drill the well at a standard location, you'd just be south a little bit, but you'd still be on your heavy yellow bar, wouldn't you?

A Yes, we would, but we believe it would

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Sallis Fe, New Mexico 87501  
Phone (505) 455-7479

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7419

1 not be as advantageous of a position geologically.

2 Q And if you dedicated the north half of  
3 the section and drilled at a standard location, you'd be  
4 off the heavy yellow bar.

5 A Yes, we would.

6 Q Now I notice here on Exhibit Five that  
7 the second well on the cross section, which is the Exxon  
8 No. 2 Well, I believe it was.

9 A Uh-huh.

10 Q Is shown to be an oil well with a circle  
11 around it. What's the deal there?

12 A It should not be shown that way. It's  
13 a -- all the little stars, or whatever you want to call them,  
14 are gas wells.

15 Q Did you have a color code on some of the  
16 exhibits? This one doesn't have any color code for this  
17 legend down here?

18 A Oh, yes, that's an oversight on my part.  
19 The two Exxon State Wells were both completed in Cycle Two  
20 of the Morrow, and also, the Travis Deep Unit No. 3, shown  
21 in the cross section, is a Cycle Two producer.

22 Q Okay, that's the third well on the cross  
23 section?

24 A The fourth one, actually, to the right.

25 Q That's the producing well?

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

1 A Yes, sir. Throughout this area Cycle Two  
2 is our main objective, and I apologize for not making the  
3 map more correct.

4 Q What is this, Middle Morrow?

5 A Other companies tend to refer to it as the  
6 Middle Morrow, yes, uh-huh. It's just our particular desig-  
7 nation.

8 Q Okay.

9 MR. NUTTER: Are there any further ques-  
10 tions of Mr. White? He may be excused.

11 Do you have anything further, Mr. Coffield?

12 MR. COFFIELD: No, Mr. Examiner, I do not.

13 MR. NUTTER: Does anyone have anything  
14 they wish to offer in Case Number 6805?

15 Mr. Daniel?

16 MR. DANIEL: Again, we have no problem  
17 with the location of the well, but as you pointed out, there  
18 are two leases in the west half, which would necessitate a  
19 communitization agreement.

20 Our regulations are such that where a  
21 lease can be independently developed without communitization,  
22 we do not go along with communitization.

23 A Yes, sir.

24 MR. DANIEL: Which in this case, the north  
25 half could be developed without a communitization agreement.

1 A. Yes, sir.

2 MR. DANIEL: If you can show by geology  
3 that that north half would not be productive, then you could  
4 probably get it for the west half.

5 A. Well, I'd like to point out that we have  
6 already applied for a north half proration unit and were  
7 turned down, so our -- our only recourse seemed to be to  
8 apply, then, for a west half, because we are intent on  
9 drilling this location.

10 MR. DANIEL: And you were turned down by  
11 the NMOCD?

12 A. Yes, sir.

13 MR. NUTTER: Why?

14 MR. COFFIELD: If I may, the -- I don't  
15 have reference to the case number but the observation by --  
16 which was set out in the order was that the dedication of  
17 the west half of the section was quite clearly more logical  
18 from analysis of the geological data submitted, and I trust  
19 it had to do with the fact that the channel runs down the  
20 west half, whereas if you're drilling the well -- it would  
21 appear if you would drill the well, from Exhibit Number  
22 Three, on the location where it is now, dedicating the west  
23 half, you're draining this --

24 MR. NUTTER: I think I recall that that  
25 was after a hearing and the supposition was that you'd be

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 191-B  
Saratoga, New Mexico 87501  
Phone (505) 455-7479

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

1 dedicating lands that were not connected to the well.

2 A. Yes, sir.

3 MR. NUTTER: A channel that's not con-  
4 nected and couldn't be drained.

5 MR. COFFIELD: Yes, sir. Yes, sir.

6 MR. NUTTER: I think I recall that order  
7 now.

8 A. I'd also like to point out that Amminoil  
9 indicated to us that they had no objection to a north half  
10 or a west half. They are in favor of us drilling the loca-  
11 trion from all intents and purposes.

12 MR. DANIEL: Okay, when you present your  
13 application for a com agreement, then, it will have to be  
14 based on geology, and from what you say, we may not have any  
15 problem.

16 A. Okay.

17 MR. NUTTER: Does anyone else have any-  
18 thing to offer in Case Number 6805?

19 We'll take the case under advisement.

20  
21 (Hearing concluded.)  
22  
23  
24  
25



## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd

I do hereby certify that the foregoing is a correct and true transcript of the hearing held in the Oil Conservation Division on 2/13 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  
13 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Hondo Oil and Gas Company ) CASE  
for an unorthodox gas well location, Eddy ) 6805  
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:

Conrad Coffield, Esq.  
HINKLE LAW FIRM  
P. O. Box 3580  
Midland, Texas

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  
Sartu, Pe, New Mexico 87501  
Phone (505) 455-7419

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

# I N D E X

MIKE N. WHITE

Direct Examination by Mr. Coffield	3
Cross Examination by Mr. Nutter	10

# E X H I B I T S

Applicant Exhibit One, C-102	5
Applicant Exhibit Two, Plat	5
Applicant Exhibit Three, Map	6
Applicant Exhibit Four, Cross Section	6
Applicant Exhibit Five, Isopach	8

SALLY W. BOYD, C.S.R.

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

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

MR. NUTTER: We'll call next Case Number 6805.

MR. PADILLA: Application of Hondo Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico.

MR. COFFIELD: Conrad Coffield, with the Hinkle Law Firm, in Midland, Texas, appearing on behalf of the applicant.

I have one witness to be sworn.

(Witness sworn.)

MIKE N. WHITE

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. White, would you please state your name, address, occupation, and employer?

A My name is Mike N. White. I reside in Midland, Texas, and my employer is the Hondo Oil and Gas Company.

Q Have you previously testified before the Division as an engineer?

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

A. Yes, I have.

Q. And were your qualifications made a matter of record and accepted by the Division?

A. Yes, they were.

Q. Are you familiar with Hondo's application in this case?

A. Yes.

Q. And furthermore, are you familiar with the property as well as the proposed well location involved?

A. Yes.

MR. COFFIELD: Do you have any other questions, Mr. Examiner?

MR. NUTTER: No, sir, he's qualified.

Q. Mr. White, what is it that Hondo is seeking by this application?

A. We seek approval for the unorthodox location of our Federal 10 Well No. 1, a Wolfcamp-Pennsylvanian test to be drilled 1550 feet from the north line and 660 feet from the west line of Section 10, Township 13 South, Range 28 East, the west half of said Section 10 to be dedicated to the well.

Q. What's the general basis that Hondo seeks this change in location?

A. We believe it is geologically superior to a standard location.

SALLY W. BOYD, C.S.R.

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

1 Q Okay, then please refer to what we've  
2 marked as Exhibit One and explain that to the Examiner.

3 A This is a New Mexico State Form C-102,  
4 Well Location and Acreage Dedication Plat. It depicts the  
5 location of the proposed well in relation to section lines.

6 Q And where would the standard location be  
7 placed compared with the location you seek?

8 A A standard location for this proration  
9 unit would be 330 feet directly south.

10 Q Is the new one closer to the north line  
11 of the section?

12 A That is correct.

13 Q Is Hondo the principal leasehold owner  
14 as well as the proposed operator of the property on which  
15 this proposed location is sought?

16 A Yes.

17 Q Okay, let's refer to what you've marked  
18 as Exhibit Two and explain that to the Examiner.

19 A On Exhibit Two we've listed the co-owners  
20 and offset operators to the proposed location.

21 Q Okay, do you have anything else that you  
22 want to point out to the Examiner on that exhibit?

23 A It's just a plat to show this pictorially.

24 MR. NUTTER: Before you get any further --

25 A Yes, sir.

203.

A. Okay, surely. At the top of the Exhibit all notice that HDSAY refers to Mondo, Depco, Huskie s. And for all practical purposes Mondo is ARCO o-own these leases with Depco, Huskie, and Yates.

Q. And you're designated to operate for those parties?

MR. NUTTER: Who does, Hondo or ARCC?

Q. All right, Mr. White, let's go to what

A. Exhibit Three is a generalized channel

SALLY W. BOYD, C.S.R.

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

1 sand trend map for what we refer to as Cycle Two of the  
2 Morrow Sand.

3 It is also referred to as Middle Morrow  
4 by others. I believe.

5 What we show on this map is what we be-  
6 lieve from geophysical and geological data to be the thickest  
7 depositional trends of this section of the Morrow Sand,  
8 which is our main objective in the proposed well.

9 I'd like to point out that this is what  
10 we believe to be the thickest of this -- of this section,  
11 but we do not mean to indicate by this exhibit that there  
12 could not possibly be other sections of this sand through  
13 the Section 10 of the mentioned township and range.

14 Q You mean you're saying you don't have any  
15 reason to believe that the areas that are not colored yellow  
16 are barren.

17 A That is right.

18 Q Is that correct?

19 A I might further say that the middle flank  
20 of these three flanks, from our data, is what we believe to  
21 be the thickest of this depositional trend, and that is our  
22 reason for putting the location where we did.

23 Q Any other features on this exhibit that  
24 you would like to explain or bring to the Examiner's atten-  
25 tion?



SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7449

1 A Yes.  
2 Q Now, let's go to what you've marked as  
3 Exhibit Four and explain that to the Examiner.

4 A If you would, keep Exhibit Three handy.  
5 I want to make a point with Exhibit Four.

6 Exhibit Four is a cross section showing  
7 four wells, four Morrow tests, in the area and I'd like to  
8 point out that our Exxon State No. 1 and 2 Wells in Section  
9 9 have been completed and if you'll notice on Exhibit Three,  
10 the Exxon 2 Well is located on what would appear to be the  
11 edge of this particular depositional trend, whereas the No.  
12 1 Well is more towards the middle, and this is borne out by  
13 the cross section, which shows the section of Cycle Two to  
14 be slightly thicker in the Exxon State 1 Well on the far  
15 left than it is on the No. 2 Well directly to the right.

16 And I'd like to further point out that  
17 of the remaining two wells in the cross section, one well,  
18 the Empire South Deep Unit No. 20, failed to encounter any  
19 producible sand in Cycle Two, and the Travis Deep Unit No.  
20 3, located not even a section away, had a very good section  
21 in Cycle Two, and this is just to point out how a small  
22 change in surface distance can bring about a big change in  
23 subsurface conditions.

24 Q Let's go to what we've marked as Exhibit  
25 Five and explain that to the Examiner.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7419

1 A Exhibit Five is an isopachous map, again  
2 of Cycle Two, and this differs from Exhibit Three in that this  
3 shows gross sand interval, what we believe to be the gross  
4 sand interval of Cycle Two, whereas the generalized channel  
5 sand trend map showed what we believe to be the thickest  
6 and probably therefore the most productive of the section,  
7 and that would -- I was just trying to point out that the  
8 isopach map is a gross type showing the entire interval,  
9 whereas Exhibit Three would tend to point out what we believe  
10 to be the producable parts of the interval.

11 Q Were these Exhibits One through Five  
12 prepared by you, Mr. White, or under your supervision?

13 A Yes, they were.

14 Q And in your opinion will the approval of  
15 Hondo's application prevent the drilling of unnecessary  
16 wells and otherwise prevent waste and protect correlative  
17 rights?

18 A Yes, we believe so.

19 MR. COFFIELD: Mr. Examiner, we move the  
20 admission of Exhibits One through Five.

21 MR. NUTTER: ARCO --

22 MR. COFFIELD: Hondo.

23 MR. NUTTER: -- Hondo, Hondo, Depco,  
24 Huskie, and Yates, Exhibits One through Five will be admitted  
25 in evidence.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 191-E  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

CROSS EXAMINATION

BY MR. NELTER:

Q Mr. White, you're proposing to dedicate the east half -- or the west half --

A Yes, sir.

Q -- of Section 10. Now, on your Exhibit One you don't show that this would consist of more than one lease, but apparently there is an Amminoil 40-acre tract included in that.

A Yes, there is.

Q Is that communitized with the remainder of the acreage?

A I'm not sure as to whether that's been done by this time, but it will be done prior to drilling the well, and we have received a waiver from Amminoil on the location and they have indicated to us -- I've spoken with one of their people, and he has indicated that they are in full accordance with our drilling the well and will join in the drilling of the well.

Q And if you were to drill the well at a standard location, you'd just be south a little bit, but you'd still be on your heavy yellow bar, wouldn't you?

A Yes, we would, but we believe it would

SALLY W. BOYD, C.S.R.

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

1 not be as advantageous as it is geologically.

2 Q Did you delineate the north half of  
3 the section and drilled the second location, you'd be  
4 off the heavy yellow layer.

5 A Yes, we would.

6 Q Now I refer here on Exhibit Five that  
7 the second well on the cross section, which is the Exxon  
8 No. 2 Well, I believe it was.

9 A Uh-huh.

10 Q Is shown to be an oil well with a circle  
11 around it. What's the deal there?

12 A It should not be shown that way. It's  
13 a -- all the little stars, or whatever you want to call them,  
14 are gas wells.

15 Q Did you have a color code on some of the  
16 exhibits? This one doesn't have any color code for this  
17 legend down here?

18 A Oh, yes, that's an oversight on my part.  
19 The two Exxon State Wells were both completed in Cycle Two  
20 of the Morrow, and also, the Travis Deep Unit No. 3, shown  
21 in the cross section, is a Cycle Two producer.

22 Q Okay, that's the third well on the cross  
23 section?

24 A The fourth one, actually, to the right.

25 Q That's the producing well?

1 A Yes, sir. Throughout this area Cycle Two  
2 is our main objective, and I apologize for not making the  
3 map more correct.

4 Q What is this, Middle Morrow?

5 A Other companies tend to refer to it as the  
6 Middle Morrow, yes, uh-huh. It's just our particular desig-  
7 nation.

8 Q Okay.

9 MR. NUTTER: Are there any further ques-  
10 tions of Mr. White? He may be excused.

11 Do you have anything further, Mr. Coffield?

12 MR. COFFIELD: No, Mr. Examiner, I do not.

13 MR. NUTTER: Does anyone have anything  
14 they wish to offer in Case Number 6805?

15 Mr. Daniel?

16 MR. DANIEL: Again, we have no problem  
17 with the location of the well, but as you pointed out, there  
18 are two leases in the west half, which would necessitate a  
19 communitization agreement.

20 Our regulations are such that where a  
21 lease can be independently developed without communitization,  
22 we do not go along with communitization.

23 A Yes, sir.

24 MR. DANIEL: Which in this case, the north  
25 half could be developed without a communitization agreement.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7499

1 A Yes, sir.

2 MR. DANIEL: If you can show by geology  
3 that that north half would not be productive, then you could  
4 probably get it for the west half.

5 A Well, I'd like to point out that we have  
6 already applied for a north half proration unit and were  
7 turned down, so our -- our only recourse seemed to be to  
8 apply, then, for a west half, because we are intent on  
9 drilling this location.

10 MR. DANIEL: And you were turned down by  
11 the NMOCD?

12 A Yes, sir.

13 MR. NUTTER: Why?

14 MR. COFFIELD: If I may, the -- I don't  
15 have reference to the case number but the observation by --  
16 which was set out in the order was that the dedication of  
17 the west half of the section was quite clearly more logical  
18 from analysis of the geological data submitted, and I trust  
19 it had to do with the fact that the channel runs down the  
20 west half, whereas if you're drilling the well -- it would  
21 appear if you would drill the well, from Exhibit Number  
22 Three, on the location where it is now, dedicating the west  
23 half, you're draining this --

24 MR. NUTTER: I think I recall that that  
25 was after a hearing and the supposition was that you'd be

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 dedicating lands that would be connected to the well.

2 A Yes, sir.

3 Q That's a piece of that's not con-  
4 nected and couldn't be drilled.

5 A. GUTHRIE: Yes, sir. Yes, sir.

6 Q. NUTTER: I think I recall that order  
7 now.

8 A. I'd also like to point out that Arminoil  
9 indicated to us that they had no objection to a north half  
10 or a west half. They are in favor of us drilling the loca-  
11 trion from all intents and purposes.

12 MR. DANIEL: Okay, when you present your  
13 application for a com agreement, then, it will have to be  
14 based on geology, and from what you say, we may not have any  
15 problem.

16 A Okay.

17 MR. NUTTER: Does anyone else have any-  
18 thing to offer in Case Number 6805?

19 We'll take the case under advisement.

20

21 (Hearing concluded.)

22

23

24

25

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

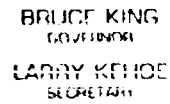
REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-E  
Sanit. Fe, New Mexico 87501  
Phone (505) 455-7400

I do hereby certify that the foregoing is  
a true and correct copy of the transcript  
as reported by me on 2/13 1980  
[Signature] Examiner  
Oil Conservation Division





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 21, 1980

Re: CASE NO. 6805  
ORDER NO. R-6271

Hondo Oil and Gas Company

Yours very truly,

JOE D. RAMEY  
Director

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. 6805  
Order No. R-6271

APPLICATION OF HONDO OIL AND GAS  
COMPANY 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 February 13, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th 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, Hondo Oil and Gas Company, seeks approval of an unorthodox gas well location for its Federal 10 Well No. 1 to be drilled 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, NMPM, to test the Wolfcamp-Pennsylvanian formation, Eddy 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. 6305  
Order No. R-6271

(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.

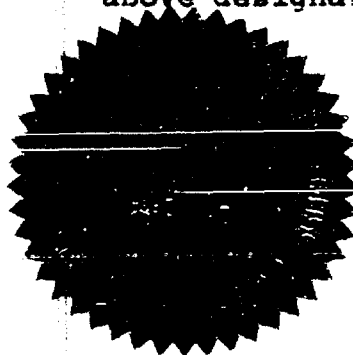
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Wolfcamp-Pennsylvanian formation is hereby approved for the Hondo Oil and Gas Company Federal 10 Well No. 1 to be drilled at a point 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, NMPM, Eddy 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

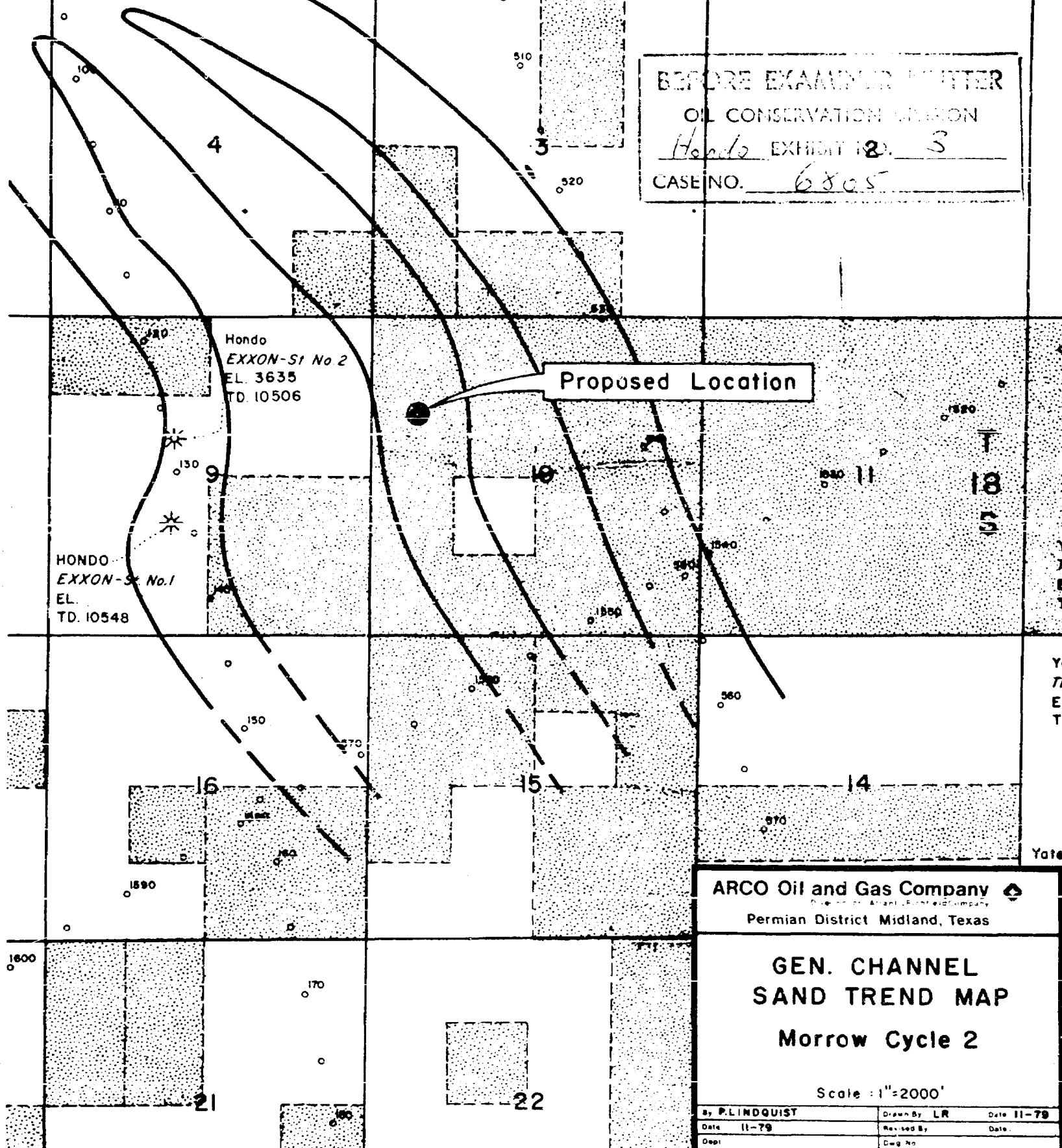
*Joe D. Ramey*  
JOE D. RAMEY  
Director

fd/

A.R.C.O.  
Empire St. No. 1-33  
EL. 3691 KB  
TD. 10498

R - 28 - E

BEFORE EXAMINER  
OIL CONSERVATION DIVISION  
*Hondo* EXHIBIT 12. *3*  
CASE NO. *6805*



ARCO OIL & Gas Co.

Form 11

1

Section 1, South 1/4, East 1/4, Ledy  
1/4 North 1/4, East 1/4, Ledy  
364.0

1. Is there a lease, deed, or other instrument which relates to the subject well or to the land on which the well is located?

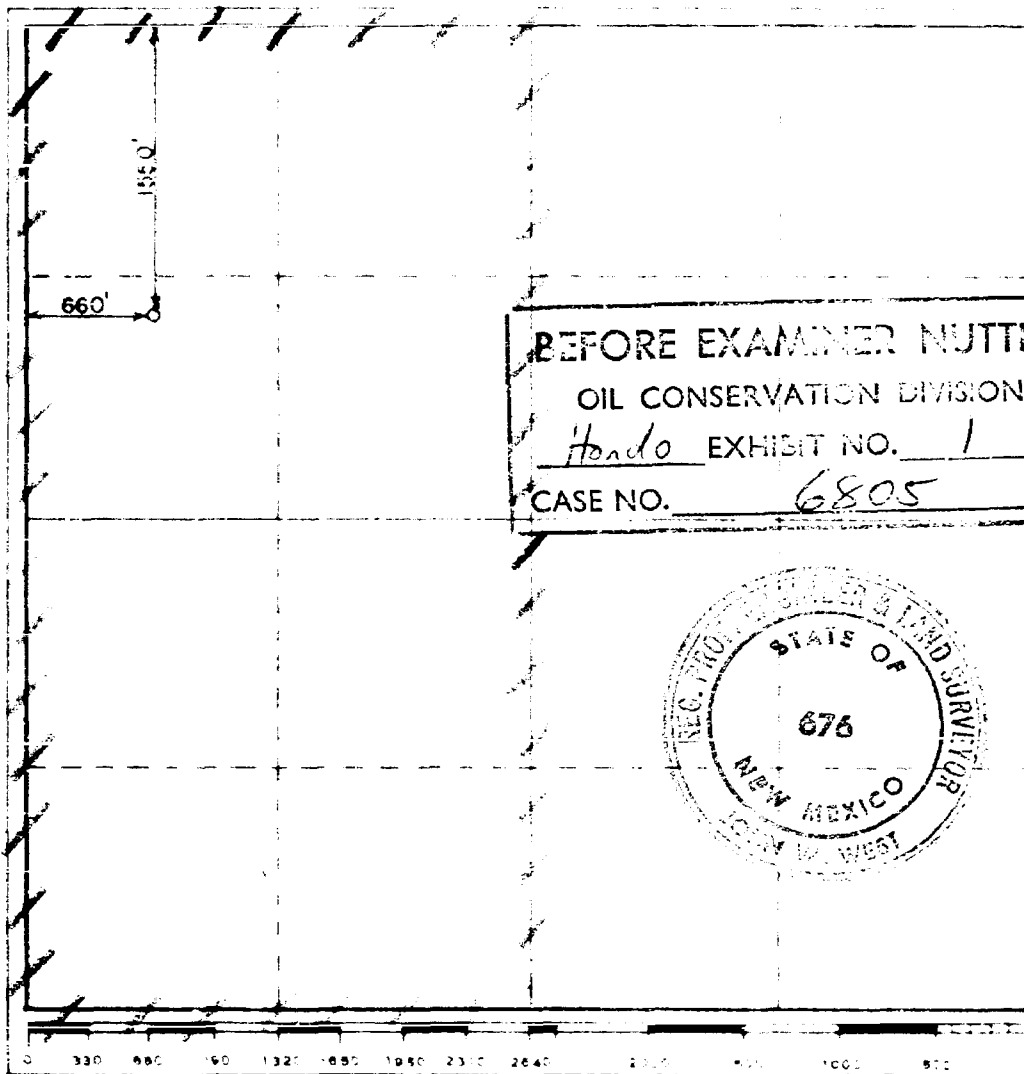
If more than one lease is recorded in the well log, the lease which is the most recent and has the greatest interest and royalty should be recorded.

2. If more than one lease of different ownership is recorded in the well log, the lease which is the most recent and has the greatest interest and royalty should be recorded by community, unit, or forced pooling.

Yes No If answer is "Yes" type of lease is (state)

If answer is "No" list the owners and their descriptions who have actually been assigned to the well (if necessary) in this form if necessary.

No water will be assigned to the well until all interests have been considered by community, unit, or forced pooling, or otherwise in accordance with standard and of unitizing such interests has been approved by the Commission.



BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
Hondo EXHIBIT NO. 1  
CASE NO. 6805



CERTIFICATION

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

*John W. West*

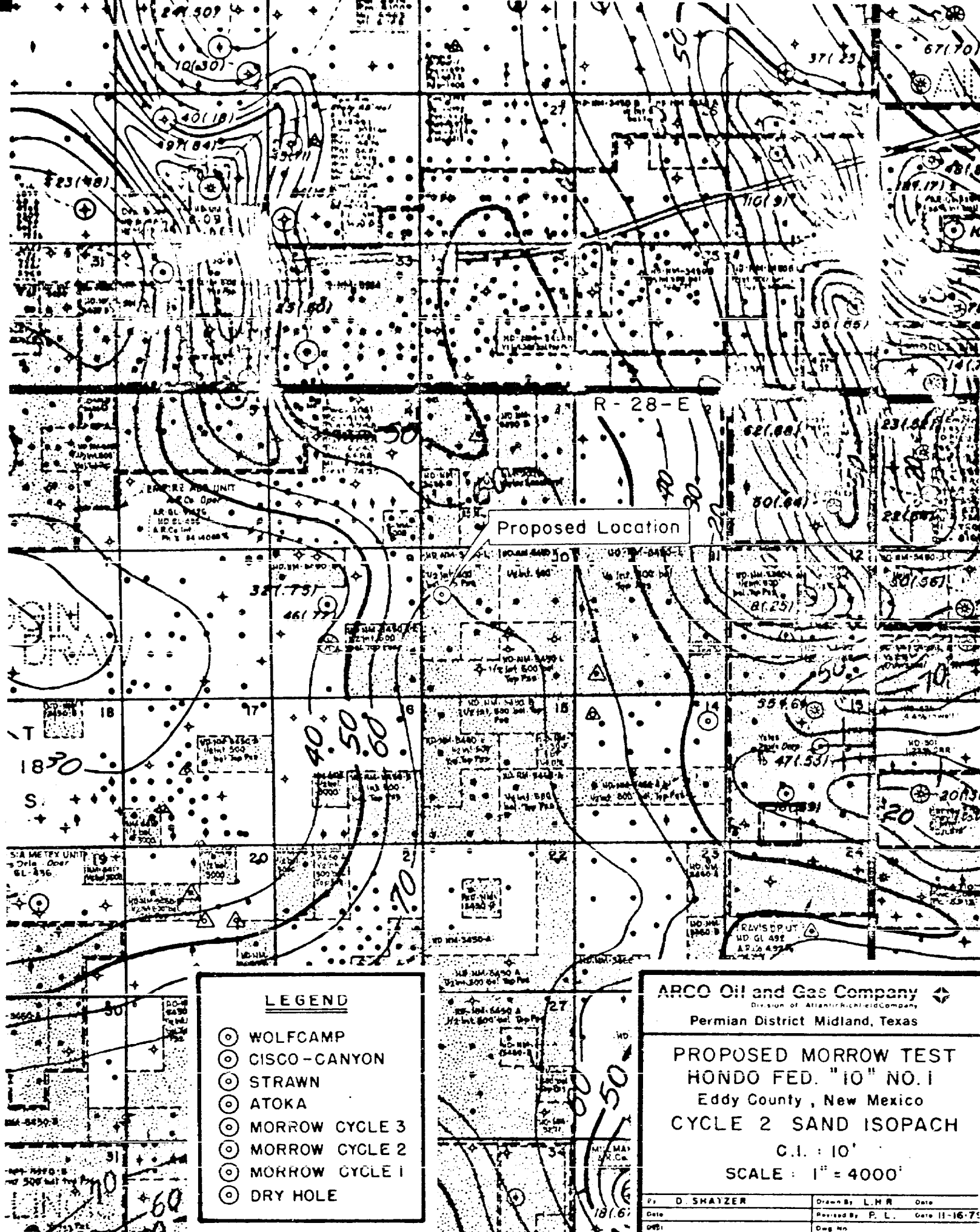
I hereby certify that the well location shown on this map was plotted from field notes of all surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

November 10, 1979

*John W. West*

John W. West 676  
Patrick A. Romero 6843  
Ronald J. Edison 3239

R28E											
American Petrofina				AMOCO				CITIES SERVICE			
				HDS&Y				HDS&Y			
AMOCO								HDS&Y			
AMOCO				YATES				AM. PETRO.			
AM. PETRO.				ARCO				HDS&Y			
								DEPCO			
								DEPCO			
HDS&Y				AM. PETRO.							
CITIES SERVICE & MARATHON				EXXON				HDS&Y			
EXXON				HDS&Y							
								AMINOIL			
								HDS&Y			
YATES											
DEPCO											
GULF				ARCO							
TEXACO				ELK OIL				HDS&Y			
								HDS&Y			
								W.E. JEFFERS			
								W.E. JEFFERS			
								W.E. JEFFERS			



ARCO Oil & Gas Co. Federal 10

10 South 20 East Eddy

1530 North 660 West

364.3

1. During the acreage dedication, the subject well is located in the \_\_\_\_\_ section of the \_\_\_\_\_ Township, \_\_\_\_\_ County, \_\_\_\_\_ State.

2. If more than one lease is dedicated to the well, outline each (identifying the lease number, acreage, and working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests been consolidated by communitization, unitization, forcepooling, 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 by communitization, unitization, forcepooling, or otherwise, until a non-standard unit, eliminating such interests has been approved by the Division.

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

Standard location 330' S of proposed loc.

BEFORE EXAMINER MUTTER  
OIL CONSERVATION DIVISION  
Hondo EXHIBIT NO. 1  
CASE NO. 6805

STATE OF NEW MEXICO  
REG. PROP. DIVISION  
676  
JOHN W. WEST

November 10, 1979

JOHN W. WEST 676  
PATRICIA A. ROMERO 6868  
RONALD L. EASON 3239



OFFSET OPERATORS TO  
PROPOSED FEDERAL "10" NO.  
(HDH&Y-HONDO, DEPCO, HUSKY,

BEFORE EXAMINED MUTTER  
YATES)  
OIL CONSERVATION BILL ON  
14016 EXHIBIT 2  
CASE NO. 6805

R28E

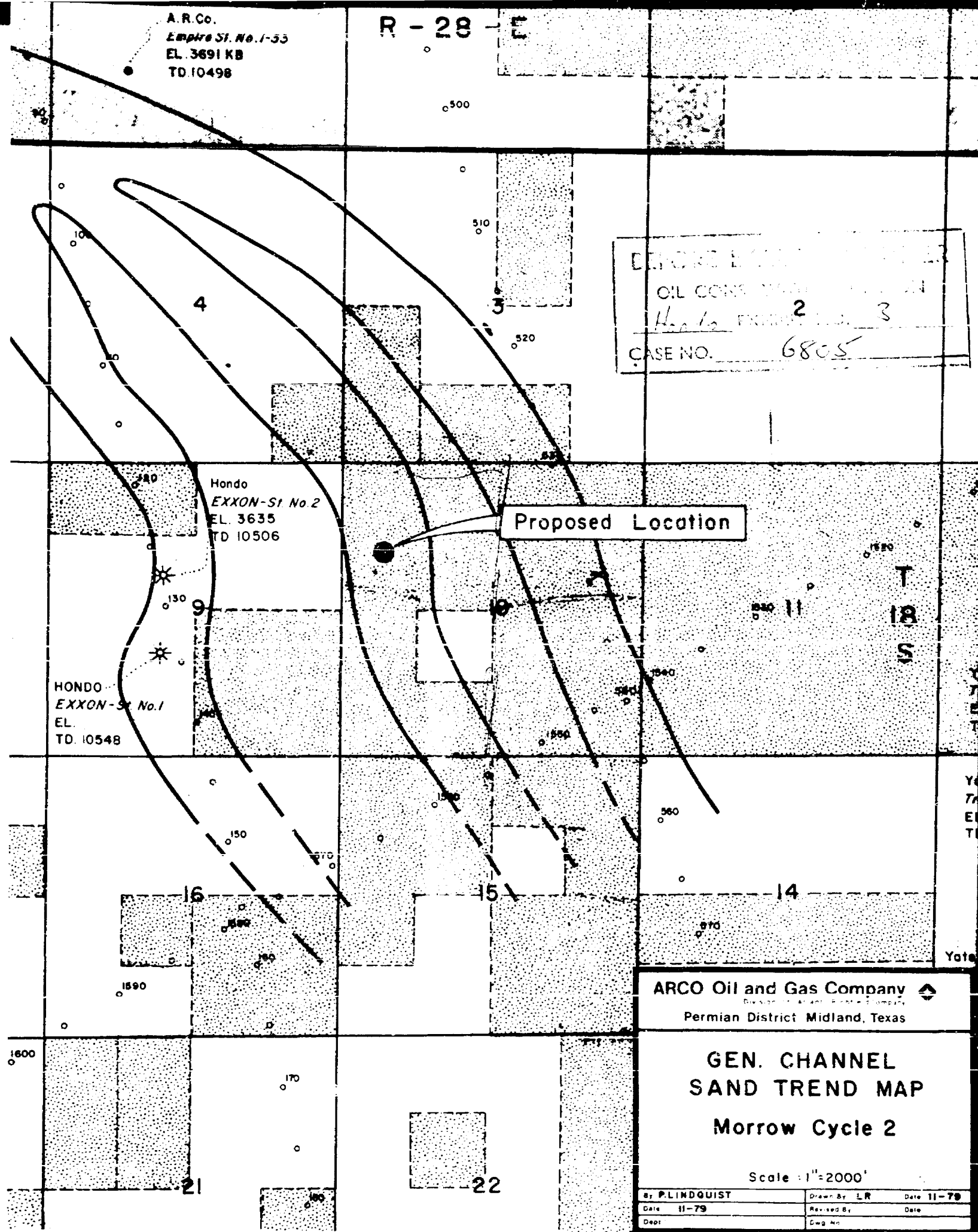
American Petrofina	AMOCO	CITIES SERVICE	HDH&Y	HDH&Y	HDH&Y	2
	AMOCO	HDH&Y	HDH&Y	DEPCO	W.E. JEFFERS	FEATHER- STONE FARMS
AMOCO	YATES	AM. PETRO.	DEPCO			
AM. PETRO.	ARCO	HDH&Y	DEPCO	FEATHER- STONE FARMS	CITIES SERVICE	
HDH&Y	AM. PETRO.	<div data-bbox="1066 1029 1108 1068">⊙</div> PROPOSED LOCATION  <div data-bbox="1150 1179 1276 1218">AMINOIL</div> HDH&Y		HDH&Y		11
CITIES SERVICE & MARATHON	EXXON					
EXXON	HDH&Y					
YATES		HDH&Y	W.E. JEFFERS	HOLLY ENERGY		17
DEPCO			W.E. JEFFERS	HDH&Y		
GULF	ARCO	HDH&Y	W.E. JEFFERS	HOLLY ENERGY		
TEXACO	ELK OIL	W.E. JEFFERS				

T  
18  
S

A.R. Co.  
Empire St. No. 1-53  
EL. 3691 KB  
TD 10498

R - 28 - E

DEVELOPMENT OF  
OIL CONSERVATION  
Hondo 2 3  
CASE NO. 6805

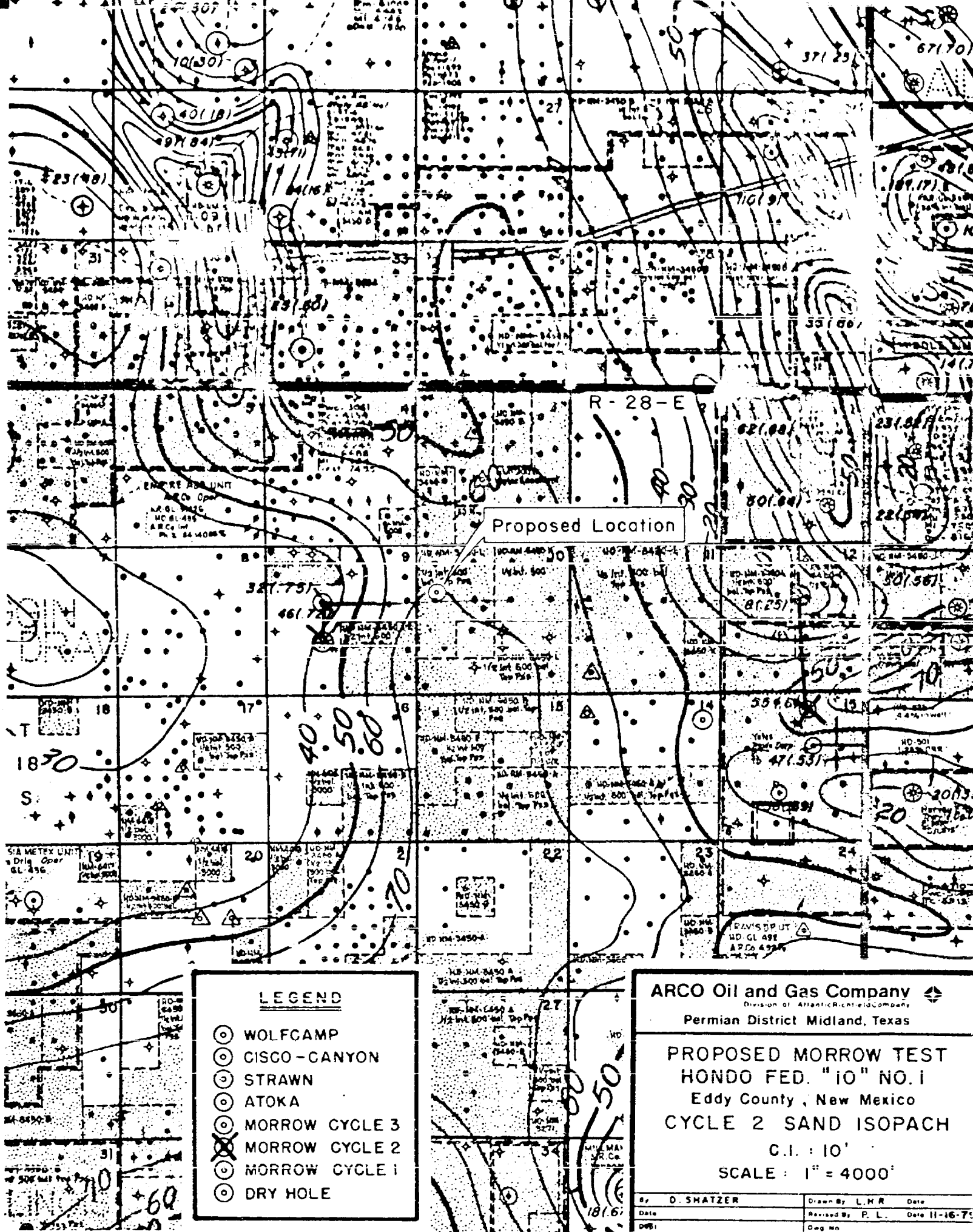


ARCO Oil and Gas Company  
Permian District Midland, Texas

GEN. CHANNEL  
SAND TREND MAP  
Morrow Cycle 2

Scale: 1"=2000'

By P. LINDQUIST	Drawn By L.R.	Date 11-79
Date 11-79	Revised By	Date
Dept.	Geog. No.	



Dockets Nos. 5-80 and 6-80 are tentatively set for February 27 and March 12, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 13, 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 March, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for March, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1980, for both of the above areas.

CASE 6803: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit EPROC Associates, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why its Monsanto State H Well No. 1 located in Unit E of Section 2, Township 30 North, Range 16 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

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

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

CASE 6487: (Continued from January 3, 1980, Examiner Hearing)

Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Com Well No. 2 located in Unit N of Section 6, Township 21 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.

CASE 6804: Application of The Superior Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bondurant Federal Com Well No. 1, a Morrow test to be drilled 1980 feet from the South line and 660 feet from the East line of Section 1, Township 19 South, Range 32 East, the S/2 of said Section 1 to be dedicated to the well.

CASE 6767: (Continued from January 16, 1980, Examiner Hearing)

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

CASE 6805: Application of Hondo Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 10 Well No. 1, a Wolfcamp-Pennsylvanian test to be drilled 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, the W/2 of said Section 10 to be dedicated to the well.

CASE 6806: Application of Westall, Mask and Jennings for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into unlined surface pits adjacent to tank batteries in Sections 23, 24, 25, 26, 27, 34 and 35, Township 18 South, Range 31 East.

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4891

OF COUNSEL

CLARENCE E. HINKLE

W. E. BONDURANT, JR. (194-1972)

ROSWELL, NEW MEXICO OFFICE

800 HINKLE BUILDING

(505) 822-6510

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 PERRIN  
C. RAY ALLEN  
JACQUELINE W. ALLEN  
T. CALDER EZZELL, JR.  
WILLIAM B. BURFORD  
JOHN S. NELSON  
RICHARD E. JOLSON

Case 6805

January 21, 1980

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 of Hondo Oil & Gas Company for an unorthodox gas well location in Section 10, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

It is my understanding that the docket setting for February 13, 1980 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 February 13, 1980 hearing. However, if anything is needed in addition, please let me know.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

  
Conrad E. Coffield

CEC:rh  
Enclosures

Mr. Dan Nutter

-2-

January 21, 1980

xc/enc: Mr. Mike White  
Hondo Oil & Gas Company  
Post Office Box 1610  
Midland, Texas 79702

xc/enc: Mr. Bill Johnston  
Hondo Oil & Gas Company  
Post Office Box 1610  
Midland, Texas 79702

xc/enc: Mr. Jerry Tweed  
Hondo Oil & Gas Company  
Post Office Box 1610  
Midland, Texas 79702

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

APPLICATION OF HONDO OIL & )  
GAS COMPANY FOR AN UNORTHODOX )  
WELL LOCATION, EDDY COUNTY, )  
NEW MEXICO )

Case 6805


APPLICATION

Hondo Oil & Gas 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 Federal "10" No. 1 Well to be drilled at a point 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations.
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 February 13, 1980 Examiner's hearing.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By:

  
Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Hondo Oil &  
Gas Company

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

APPLICATION OF HONDO OIL & )  
GAS COMPANY FOR AN UNORTHODOX )  
WELL LOCATION, EDDY COUNTY, )  
NEW MEXICO )

*Case 6805*

APPLICATION

Hondo Oil & Gas 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 Federal "10" No. 1 Well to be drilled at a point 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations.
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 February 13, 1980 Examiner's hearing.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Hondo Oil &  
Gas Company



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

APPLICATION OF HONDO OIL & )  
GAS COMPANY FOR AN UNORTHODOX )  
WELL LOCATION, EDDY COUNTY, )  
NEW MEXICO )

Case 6805

APPLICATION

Hondo Oil & Gas 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 Federal "10" No. 1 Well to be drilled at a point 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations.

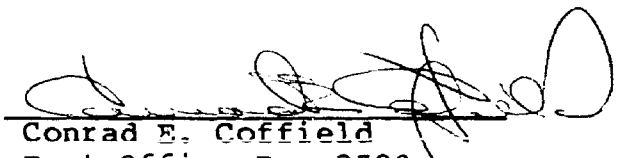
2. That the  $W\frac{1}{2}$  of Section 10 is to be dedicated to the well.

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 February 13, 1980 Examiner's hearing.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By:

  
Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Hondo Oil &  
Gas Company

# Memo

From

FLORENE DAVIDSON  
ADMINISTRATIVE SECRETARY

To

Called in by Conrad Coffield  
January 17, 1980

Unorthodox Gas Well Location

Eddy County

Hondo Oil & Gas Co.

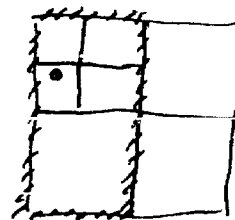
Federal 10 #1

1550/A + 660/A

10-18-28

Woffcamp and Pennsylvanian  
formations

W/2 to be dedicated



OIL CONSERVATION COMMISSION-SANTA FE

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:

*JOK*  
CASE NO. 6805

ORDER NO. R- 6271

*BLH*  
APPLICATION OF HONDO OIL AND GAS COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

*[Signature]*  
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 13,  
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of February, 19 80, 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, Hondo Oil and Gas Company,  
for its Federal 10 Well No. 1 to be drilled  
seeks approval of an unorthodox gas well location/ 1550  
feet from the North line and 660 feet from the  
West line of Section 10, Township 18 South  
Range 28 East, NMPM, to test the Wolfcamp-Pennsylvanian  
formation, Pool, Eddy  
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 Wolfcamp-Pennsylvanian the Hondo Oil and Gas Company Federal 10 Well No. 1 formation is hereby approved for ~~a well~~ to be drilled at a point 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East NMPM, \_\_\_\_\_ Pool, Eddy 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.