

CASE 6896: JOHN E. SCHALK FOR A NON-  
STANDARD GAS PRORATION UNIT AND UNORTHO-  
DOX GAS WELL LOCATION, RIO ARriba COUNTY,  
NEW MEXICO DE NOVO DECEMBER 11, 1980

Gas

Case No.

6896

Application

Transcripts

Small Exhibits

ETC



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

February 10, 1981

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Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 6896  
ORDER NO. R-6496-A

Applicant:

John E. Schalk

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC \_\_\_\_\_  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

Other William F. Carr, Sumner Buell

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 6896 DE NOVO  
Order No. R-6496-A

APPLICATION OF JOHN E. SCHALK FOR  
A NON-STANDARD GAS PRORATION UNIT  
AND AN UNORTHODOX GAS WELL LOCATION,  
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 19, 1981, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of February, 1981, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, John E. Schalk, seeks an order for the establishment of a 160-acre non-standard gas proration unit and an unorthodox gas well location in the Blanco Mesaverde Pool comprising the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(3) That the matter came on for hearing at 9 a.m. on July 9, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter and, pursuant to this hearing, Order No. R-6496 was issued on October 21, 1980, which granted Schalk's application for a 160-acre non-standard gas proration unit in the Blanco Mesaverde Pool comprising the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.



-2-

Case No. 6896 De Novo  
Order No. R-6496-A

(4) That on November 17, 1980, application for Hearing De Novo was made by Curtis J. Little and Beartooth Oil and Gas Company and the matter was set for hearing before the Commission.

(5) That the matter came on for hearing de novo on January 19, 1981.

(6) That the evidence adduced at said hearing indicates that Division Order No. R-6496 entered October 21, 1980, should be affirmed.

IT IS THEREFORE ORDERED:

(1) That Division Order No. R-6496, entered October 21, 1980, is hereby affirmed.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

ALEX J. ARMIJO, Member

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

S E A L

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
19 January 1981

COMMISSION HEARING

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IN THE MATTER OF:

Application of Supron Energy Corpor-  
ation for a non-standard gas pro-  
ration unit, Rio Arriba County, New  
Mexico.

CASE  
6965

and

Application of John E. Schalk for a  
non-standard gas proration unit and  
an unorthodox gas well location,  
Rio Arriba County, New Mexico.

CASE  
6896

and

Application of John E. Schalk for  
compulsory pooling, Rio Arriba  
County, New Mexico.

CASE  
6996

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BEFORE: Commissioner Ramey  
Commissioner Arnold

TRANSCRIPT OF HEARING

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A P P E A R A N C E S

For the Oil Conservation  
Commission:

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

For Supron Energy:

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For John E. Schalk:

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

For Beartooth Oil and Gas:

Sumner Buell, Esq.  
JASPER & BUELL  
Santa Fe, New Mexico 87501

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1 MR. RAMEY: We'll call next Case Number

2 6965.

3 MR. PADILLA: Application of Supron  
4 Energy Corporation for a non-standard gas proration unit, Rio  
5 Arriba County, New Mexico.

6 MR. CARR: May it please the Commission,  
7 my name is William F. Carr, with the law firm of Campbell,  
8 Byrd, and Black, Santa Fe, appearing on behalf of Supron.

9 At this time I would request that the --  
10 this case be consolidated with the two cases following it on  
11 the docket, inasmuch as the same acreage is involved and the  
12 same questions will be relevant to the Commission.

13 MR. RAMEY: Okay, without objection, we  
14 will consolidate Case 6965 with 69 -- or 6896 and 6996, and  
15 call Case 6896 at this time.

16 MR. PADILLA: Application of John E.  
17 Schalk for a non-standard gas proration unit and an unorthodox  
18 gas well location, Rio Arriba County, New Mexico.

19 MR. RAMEY: Also call Case 6996.

20 MR. PADILLA: Application of John E.  
21 Schalk for compulsory pooling, Rio Arriba County, New Mexico.

22 MR. KELLAHIN: I'm Tom Kellahin of Santa  
23 Fe, New Mexico, appearing on behalf of John E. Schalk.

24 MR. RAMEY: Any witnesses, Mr. Kellahin?  
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MR. KELLAHIN: Yes, sir, I do.

MR. RAMEY: How many?

MR. KELLAHIN: I've got at least one.

MR. RAMEY: Mr. Carr?

MR. CARR: I have two witnesses.

MR. BUELL: Mr. Ramey, I'm appearing in  
Case 6965 and 6996, on behalf of Beartooth Oil and Gas Company.  
We will have two witnesses.

MR. RAMEY: Thank you.

I'll ask that all witnesses stand and be sworn at this time.

(Witnesses sworn.)

MR. KELLAHIN: Mr. Commissioners, I'd  
move to dismiss the application for de novo hearing of Bear-  
tooth Oil and Gas Company. I think the rules and regulations  
of the Commission require that in order to file an application  
for a de novo hearing, that you need to be a party of record  
at the Examiner hearing. That is not the case in this situ-  
ation. We believe that Beartooth Oil and Gas Company is not  
a proper party in which to file an application for a de novo  
hearing, and therefor we would move that the application be  
so dismissed.

MR. BUELL: May I respond, Mr. Ramey?

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MR. RAMEY: Yes, you may.

MR. BUELL: Mr. Ramey, I believe the applications recite that Beartooth Oil and Gas Company is a successor of Mr. Curtis J. Little, who was a party of record and did participate in the previous Examiner hearing, and I believe those specifications are in there, in the application, and we will bring out as part of our testimony, when our interest was acquired, and I'll say the interest will be identical.

MR. RAMEY: Mr. Kellahin, we'll take your motion under advisement and rule on it later, after we hear the testimony.

Mr. Carr. you may proceed.

MR. CARR: Thank you. I'd call Mr. Bjerke.

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

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your name for the record, please?



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A My name is Gudbrand Bjerke. I live in Dallas and I'm with Supron Energy Corporation as a landman.

MR. RAMEY: Would you spell your name, please, sir?

A G-U-D-B-R-A-N-D B-J-E-R-K-E.

Q Mr. Bjerke, have you previously testified before this Commission, had your credentials as a landman accepted and made a matter of record?

A Yes, sir.

Q Are you familiar with the application of Supron in this case and the subject area?

A Yes, sir.

MR. CARR: Are the witness' qualifications acceptable?

MR. RAMEY: Yes, they are.

Q Mr. Bjerke, will you briefly state what Supron is seeking with this application?

A They're -- Supron is seeking to get an unorthodox spacing in the southeast quarter of Section 8, 25 North, 3 West, Rio Arriba County, New Mexico.

Q Does this acreage immediately offset to the south the acreage which is involved in the Schalk application?

A Yes, sir.

1  
2 Q Would you state for the Commission exactly  
3 what acreage Supron controls in the southeast quarter of Sec-  
4 tion 8?

5 A In the southeast of 8 Supron controls  
6 160 acres, all formations.

7 Q So Supron has 100 percent of all --

8 A 100 percent.

9 Q And is this a Federal lease?

10 A It is a Federal lease.

11 Q Will you please summarize for the Com-  
12 mission Supron's efforts to develop their interest in this  
13 quarter section?

14 A In October or prior to October of 1979  
15 Supron sent a letter to Gulf Oil Corporation and one Mr.  
16 Jack L. Cayias trying to put together 320 acres, that's the  
17 east half of Section 8, for a Mesaverde test.

18 Gulf did respond on November the 27th  
19 that they were not interested in -- at this time to partici-  
20 pate.

21 Jack Cayias. I could never get a response  
22 in writing from him, but I called and contacted him on the  
23 phone later on, and he said he would not be interested in  
24 joining in the 320-acre test because he wanted \$3.00 an Mcf  
25 for his gas, and of course, Supron's 160-acres were dedicated

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2 to the Southern Union Gas Company of New Mexico at a much  
3 lower price.

4 So that ended up in an application for  
5 a forced pooling.

6 Q Now, Mr. Bjerke, are the -- does Exhibit  
7 One, Supron's Exhibit One, contain the letters that you wrote  
8 to Gulf and also responses from Gulf --

9 A That is right.

10 Q -- concerning this proposal?

11 All right. Will you continue now and  
12 review for the Commission Supron's efforts to develop this  
13 acreage?

14 A We filed for a forced pooling on May the  
15 7th, 19 -- the hearing was May 7th, 1980, but we had a title  
16 opinion rendered from the southeast of Section 8 and the  
17 northeast of Section 8, prior to that time and found that the  
18 people that we had contacted and advised about forced pooling  
19 was not the correct parties.

20 So we did the -- did the hearing, or dis-  
21 missed, and later on re-filed it for a hearing, and that same  
22 time we also included for both the Mesaverde and the Dakota  
23 but this time on 160-acre spacing, the southeast quarter  
24 where we controlled.

25 Q And when did you learn of Mr. Schalk's

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interest in this acreage?

A. Just prior to the hearing.

Q. Which hearing was that, the May 7 hearing?

A. The May 7 hearing.

Q. Have you had any contacts with Mr.

Schalk?

A. Only as far as I sent him a copy of our title opinion.

Q. And did each of you agree to develop your quarter section separately if the Oil Conservation Division would approve?

A. Yes, sir.

Q. Would you identify what has been marked for identification as Supron Exhibit Number Two?

A. Exhibit Number Two is the title opinion on the southeast quarter of Section 8.

Q. And Exhibit Number Three?

A. And Exhibit Number Three is the title opinion, dated April the 10th, the northeast of Section 8.

MR. RAMEY: Do you have any copies of these exhibits?

MR. CARR: Yes, sir, they are right in front of you, Mr. Chairman.

MR. RAMEY: Are these the ones?

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MR. CARR: Yes, sir.

Q Mr. Bjerke, does Supron have immediate plans to develop the southeast quarter of Section 8?

A Yes, sir, as soon as we get the Commission's blessing, we will develop the southeast of Section 8.

Q Were Exhibits One, Two, and Three either prepared by you or can you testify as to their accuracy?

A They were prepared by me and they are accurate.

MR. CARR: I have nothing further of Mr. Bjerke on direct.

MR. RAMEY: Any questions of the witness? Did you want to offer --

MR. CARR: I'd like to offer Exhibits One, Two, and Three.

MR. RAMEY: Exhibits One through Three will be admitted.

Any questions? The witness may be excused.

MR. CARR: At this time I would call Mr. Lee.

JERRY LEE

being called as a witness and being duly sworn upon his oath,

1 testified as follows, to-wit:

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4 DIRECT EXAMINATION

5 BY MR. CARR:

6 Q Will you please state your full name  
7 and place of residence?

8 A Jerry Lee. I reside in Dallas, Texas.  
9 I'm employed by Supron Energy Corporation as a drilling and  
10 production engineer.

11 Q Mr. Lee, have you previously testified  
12 before this Commission, had your credentials as an engineer  
13 accepted and made a matter of record?

14 A Yes, I have.

15 Q Are you familiar with Supron's applica-  
16 tion in this case and the subject area?

17 A I am.

18 Q Are the witness' qualifications ac-  
19 ceptable?

20 MR. RAMEY: They're acceptable.

21 Q Mr. Lee, will you please refer to what  
22 has been marked for identification as Supron Exhibit Number  
23 Four, and explain to the Commission what it is and what it  
24 shows?

25 A Supron Exhibit Four is a plat showing

1  
2 the location of various wells offsetting the acreage in ques-  
3 tion in Supron's application, that being the southeast quarter  
4 of Section 8, Township 25 North, Range 3 West, Rio Arriba  
5 County.

6 The plat in particular shows the producing  
7 Mesaverde wells which offset the area in question, and also  
8 the producing Dakota wells.

9 The Mesaverde wells being those with  
10 red dots; the Dakota wells being the gold dots.

11 Also shown on the plat in red are the  
12 upper number, being the cumulative production through Septem-  
13 ber, 1980 for the gas wells and the lower number, being the  
14 average Mcf per day in September, 1980, for these offset  
15 Mesaverde wells.

16 In green, for the Dakota wells, is the  
17 cumulative oil production through September, '80, with the  
18 lower number being the average rate in September, 1980.

19 On the Skelly Roberts No. 4 Well in the  
20 southwest quarter of Section 17 there is a question as to  
21 whether or not that is the correct cumulative for the well,  
22 as there are two entries in the committee reports, one being  
23 for the Ojitos Dakota, and the other being for the Ojitos  
24 Dakota-Gallup Pools.

25 It's approximately 55,000 barrels for

1  
2 the Skelly Roberts 4 and the Ojitos Dakota Pool and then  
3 15,600 barrels cumulative for the Ojitos Dakota-Gallup Pool,  
4 the Roberts 4.

5 Q What is the standard spacing for both  
6 the Mesaverde and Dakota formations in this area?

7 A The standard spacing unit is 320-acre  
8 spacing.

9 Q Has infill drilling been approved for  
10 both of these formations?

11 A For both the Blanco-Mesaverde and the  
12 Basin Dakota Pools infill drilling has been approved.

13 Q And are you familiar with the infill  
14 orders for each of these pools?

15 A I am familiar with them, yes.

16 Q Will you briefly summarize what these  
17 orders provide?

18 A These orders provide basically that two  
19 120-acre units were insufficient to adequately and efficiently  
20 drain these reservoirs, and therefor authorized a second  
21 well on each 320-acre unit for both the Blanco Mesaverde and  
22 the Basin Dakota Pools.

23 MR. CARR: May it please the Commission,  
24 these were Oil Conservation Division orders R-1670B and T,  
25 and we would request that you take administrative notice of



1  
2 those two orders.

3 MR. RAMEY: B and T?

4 MR. CARR: I believe so. I'm certain  
5 it's T. I believe it's also B for the Mesaverde.

6 MR. RAMEY: I think it's T for the Mesa-  
7 verde and --

8 MR. CARR: And B for the Dakota.

9 MR. RAMEY: -- B for the Dakota.

10 MR. CARR: That's right. You're right.  
11 We would request that you do take administrative note of the  
12 infill orders for these two formations.

13 Q Mr. Lee, are there operators in the  
14 area who are developing these formations under a 160-acre  
15 spacing pattern?

16 A Yes. Immediately offsetting this acreage  
17 in the west half of Section 8, John Schalk has drilled two  
18 wells on a 320-acre unit, being the west half of Section 8.

19 In the north half of Section 4 there's  
20 a 320-acre unit, which has been developed by Petro Lewis with  
21 two wells on the 320-acre unit.

22 Q If you drill a well as proposed and you  
23 are successful in completing it in both the Dakota and the  
24 Mesaverde, would the production from that well be prorated  
25 in both of those formations?

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A Yes, it would.

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Q And how would the non-standard proration unit which we are proposing affect the allowable for each of those zones?

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A The non-standard proration unit, being a small proration unit, would result in a restriction of the allowable to the well.

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Q Does Supron plan to drill this well at a standard location?

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A Yes, we do.

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Q Has this location been staked?

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A It has been staked now. It had not been at the last hearing.

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It has been staked at a location 800 feet from the south line and 365 feet from the east line of Section 8.

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Q If you are permitted to drill and complete this well on the proposed non-standard proration unit, do you believe it will drain reserves from adjoining properties in either the Dakota or the Mesaverde?

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A It would not, in my opinion. I would have to assume that given sufficient time, if no one developed their own properties offsetting it, it might, given sufficient time, but under the infill orders it's obvious it's been agreed

1  
2 amongst the operators that the -- one well will only adequately  
3 and efficiently drain 160 acres.

4 Q And that would be within some reasonable  
5 time frame.

6 A That's within some reasonable time frame.

7 Q Is it your opinion that granting the  
8 application would impair the correlative rights of any other  
9 operator in the area?

10 A No, not in my opinion.

11 Q And would you just briefly again summarize  
12 your reasons for reaching that conclusion?

13 A I would assume that should we be granted  
14 the 160-acre spacing and drilled a successful well in the  
15 Mesaverde and Dakota formations, that any offset operators  
16 would in some reasonable period of time develop their own  
17 property and therefor would not in any way be impaired or  
18 have any loss to their own properties.

19 Q If in fact you drill a well that isn't  
20 a commercial success, is it safe to assume that you would not  
21 be impairing the correlative rights of the offset operators?

22 A That is correct.

23 Q Do you believe that granting this appli-  
24 cation would be in the best interest of conservation and the  
25 prevention of waste?

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A. Yes, I do.

Q. Was Exhibit Number Four prepared by you or under your direction and supervision?

A. It was.

MR. CARR: At this time we would offer into evidence Supron Exhibit Number Four.

MR. RAMEY: Supron Exhibit Four will be admitted.

MR. CARR: I have nothing further of this witness on direct.

MR. RAMEY: Any questions of this witness?

MR. KELLAHIN: I have.

MR. RAMEY: Mr. Kellahin.

CROSS EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Lee, the proposed Supron location in the southeast quarter of Section 8, I assume you've evaluated the potential of the economic well in both the Mesaverde and the Dakota formations?

A. That is correct, or we are in the process of evaluation.

Q. The application of Supron requests a

1  
2 non-standard proration unit for both the Dakota and Mesaverde  
3 pools, does it not?

4 A It does.

5 Q Is it your intention to develop both of  
6 those formations in a single completion?

7 A If we in fact develop both formations,  
8 it would in all probability be in a single completion. At  
9 the present time there is a well in which we have a joint  
10 interest in the west half of Section 7, southwest quarter of  
11 Section 7, immediately offsetting this, which we have a 50  
12 percent interest in. Southland Royalty is the operator, and  
13 we're awaiting the completion information on this well to  
14 make a determination of the feasibility of completing in the  
15 Dakota formation.

16 Q Based upon your current knowledge, Mr.  
17 Lee, how would you characterize the prospects of a Dakota  
18 completion?

19 A It would be marginally economic at best  
20 in a single completion; in all probability uneconomic in a  
21 dual completion.

22 Q The Dakota locations here in Sections  
23 17 and 18, those are Dakota oil wells aren't they?

24 A That is correct.

25 Q They're on 40-acre spacing, aren't they?

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2 A I would -- I think in this case it's  
3 the Ojitos Gallup-Dakota Pool and it is not a -- does not  
4 have any spacing other than the statewide, and that would be  
5 40-acre spacing.

6 In fact, our Dakota application in all  
7 probability would be a 40-acre application.

8 I would anticipate any production here  
9 being an oil well.

10 Q Did you tell me that this proposed loca-  
11 tion for development of the Mesaverde and Dakota is too great  
12 a risk for a dual completion?

13 A I don't think I --

14 Q You said something about a dual completion.  
15 You said this would be uneconomic as a dual completion?

16 A I said as a single completion the Dakota  
17 would be uneconomic, and marginally economic at best as a  
18 dual, the Dakota portion of it.

19 Q All right. The principal objective of  
20 the two formations -- the two pools then, would be the Mesa-  
21 verde formation?

22 A That is correct.

23 MR. KELLAMIN: I have nothing further.

24 MR. RAMEY: Any other questions of the  
25 witness?

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2 MR. BUELL: No questions.

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4 CROSS EXAMINATION

5 BY MR. RAMEY:

6 Q And this would not be a Basin Dakota gas  
7 pool extension?

8 A The current limits of the Ojitos Gallup-  
9 Dakota Pool, as best I've been able to determine, is the west  
10 half of Section 17, the southeast quarter of Section 18, and  
11 the northeast quarter of Section 19; therefor, I'm not sure  
12 whether or not we would be required to put that into the  
13 Ojitos Gallup-Dakota Pool. We're within a mile of an existing  
14 pool and that may require us to put it in the Ojitos Gallup-  
15 Dakota.

16 MR. RAMEY: Thank you. Any other ques-  
17 tions? You may be excused, Mr. Lee.

18 MR. CARR: That concludes the direct  
19 presentation of Supron.

20 MR. RAMEY: Do you have a witness, Mr.  
21 Kellahin?

22 MR. KELLAHIN: Yep.

23  
24 A. R. KENDRICK

25 being called as a witness and being duly sworn upon his oath,

1  
2 testified as follows, to-wit:

3  
4 DIRECT EXAMINATION

5 BY MR. KELLAHIN:

6 Q Mr. Kendrick, for purposes of the record  
7 would you please state your name and occupation?

8 A A. R. Kendrick, consulting petroleum  
9 engineer,

10 Q Have you previously testified before the  
11 Commission as a petroleum engineer, Mr. Kendrick?

12 A Yes, sir.

13 Q And what has been your history of em-  
14 ployment?

15 A I was employed by this Commission for  
16 24-1/2 years as a petroleum engineer in the northwest part of  
17 New Mexico, and since that time I've been consulting.

18 Q You were the district supervisor for the  
19 Commission subdivision in Aztec, were you?

20 A For about three years.

21 Q And did that responsibility include the  
22 area in question in these applications?

23 A Yes.

24 Q As a part of your -- are you a consultant  
25 to the applicant in this case?



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A Yes.

Q And as part of that employment, Mr. Kendrick, have you made a study of the facts surrounding these two applications by Mr. Schalk?

A Yes, sir.

MR. KELLAHIN: We tender Mr. Kendrick as an expert petroleum engineer.

MR. RAMEY: Mr. Arnold, you said that you wanted to comment on this one.

MR. ARNOLD: I know that Mr. Kendrick was very well trained and I believe that he's qualified.

A That was my trainer speaking.

Q Let's look at Exhibit Number One that you've marked, Mr. Kendrick, and have you identify this for me, please.

Q Exhibit Number One is a plat of Townships 25 and 26 North, Ranges 24 West. It's to show an outline of the Blanco Mesaverde Pool, and colored in red is the 160-acre drill tract that's requested in this hearing.

Q All right, sir, let's turn to Exhibit Number Two and have you tell me what that is.

MR. RAMEY: It seems to me you have the northeast quarter marked in red and Supron's exhibit shows the southwest. Are we talking about the same acreage?

1  
2  
3 MR. KELLAHIN: No, sir. The Supron acreage  
4 should be the southeast quarter.

5 A Supron's acreage is the southeast quarter.

6 MR. RAMEY: And there we're talking about  
7 the northeast quarter.

8 A Have these two cases been combined for  
9 testimony?

10 MR. RAMEY: Yes.

11 A Okay, our application is for the north-  
12 east quarter of Section 8.

13 Q Let me go back to Exhibit Number One, Mr.  
14 Kendrick. What is Mr. Schalk's intentions with regards to  
15 the development of that 160-acre non-standard proration unit?

16 A Mr. Schalk would prefer to drill a  
17 Dakota -- excuse me, a Mesaverde gas well in the northeast  
18 quarter of Section 8 as a heads-up type Mesaverde single com-  
19 pletion, with a 160-acre dedication.

20 Q Are you familiar with the Mesaverde in-  
21 fill orders of the Commission?

22 A Yes, sir.

23 Q And would you briefly summarize the  
24 fundamental findings and holdings of that infill order with  
25 regards to this particular area?

A It's my understanding that the decision

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was made or the finding was made that given a reasonable period of time, one well would not effectively drain the 320-acre drill tract, so wells were authorized to be drilled as a second well on the same 320-acre drill tract, but in the other quarter section from which the original well was drilled.

Q Is Mr. Schalk's application for a non-standard proration unit for this Mesaverde completion consistent with the Commission infill order?

A Yes. There would just be one Mesaverde well drilled in the northeast quarter.

Q All right. Let's turn to Exhibit Number Two, which is the Mesaverde penetration map, and have you identify that for us.

A The Mesaverde penetration map contains Township 25 North, Range 3 West, and a 2-section tier of wells in Section -- or in Township 25 North, Range 4 West, and in 26 North, Ranges 3 and 4 West, to provide a little bit of information surrounding the area in question of Section 8.

Also on this map the quarter section is colored in in red and the Mesaverde Pool boundary is colored in in green to show us proximity to the pool. It shows that this acreage is an extension to the existing pool and is not a pool well.

1  
2 Q The well location on Exhibit Number Two  
3 for Mr. Schalk's well appears to be in some portion of the  
4 northeast quarter of the northeast quarter, Mr. Kendrick.  
5 What is the location of Mr. Schalk's well to be in the north-  
6 east quarter?

7 A The intent to drill as approved at this  
8 time is the northeast quarter northeast quarter location.  
9 It is the intention to move this well to a southwest quarter  
10 of the northeast quarter, to a different location than is  
11 currently staked.

12 Q In your opinion, Mr. Kendrick, is a  
13 location in the southwest quarter of the northeast quarter  
14 the optimum location from which to drill a Mesaverde test  
15 to adequately and efficiently drain this proration unit?

16 A Based on the information we have at this  
17 time it's possible it would be a better location in the south-  
18 west quarter of the northeast quarter.

19 Q The best location is in the southwest  
20 of the northeast?

21 A Based on the information we have at this  
22 time, yes, sir.

23 Q All right. What is the working interest  
24 ownership in the northeast quarter of this section?

25 First of all for the Mesaverde.

1  
2 A For the Mesaverde formation, Mr. Schalk  
3 has a farmout agreement to drill in the Mesaverde for 50 per-  
4 cent of the Mesaverde. The other 50 percent of the Mesaverde  
5 I understand is owned now by the Beartooth Oil Company.

6 Q And what is your understanding of the  
7 ownership of the Dakota rights in that northeast quarter?

8 A I understand that Gulf Oil Corporation  
9 owns 50 percent and the Beartooth Oil Company owns 40 percent  
10 in the Dakota formation.

11 Q And what is your understanding of the  
12 ownership in the southeast quarter, the Supron acreage with  
13 regards to the Mesaverde and the Dakota?

14 A Based on the testimony given by Mr. Lee  
15 they own 100 percent of all formations.

16 Excuse me, by "they" I mean Supron Energy  
17 Corporation.

18 Q Let me direct your attention to Exhibit  
19 Number Three, Mr. Kendrick, and have you identify that exhibit  
20 for us.

21 A Exhibit Number Three is Townships 25  
22 North, Ranges 3 and 4 West, and 26 North, Ranges 3 and 4 West,  
23 showing the outlines of the Ojito, West Lindrith, and Wild  
24 Horse Dakota oil pools, being in the southeast part of the  
25 San Juan Basin. The quarter section involved in this case is

1  
2 also colored in red.

3 Q And Exhibit Number Four.

4 A Exhibit Number Four is Township 25 North,  
5 Range 3 West, with a 2-section perimeter on the west and  
6 north sides in Township 25 North, and Townships 26 North,  
7 Ranges 3 and 4 West, to show the proximity of the wells which  
8 have penetrated the Dakota formation about December the 1st  
9 of 1980.

10 Q These Dakota completions are in the  
11 Ojito Dakota Pool?

12 A Well, there are some in the Ojito Dakota  
13 Pool; some in the Basin Dakota Pool; some in the -- one is  
14 shown in the Wild Horse Dakota Pool; and some in the West  
15 Lindrith Dakota Pool, and some which apparently are West  
16 Lindrith Gallup-Dakota extensions.

17 Q How would you evaluate the prospects of  
18 a Dakota completion in the northeast quarter of this section?

19 A With three dry holes to the north between  
20 this location and any producing gas wells to the north, and  
21 four wells which produced as oil wells immediately southwest,  
22 I would say that the completion of a Dakota well on this loca-  
23 tion has a whole lot better chance of being an oil completion  
24 than a gas completion.

25 Q What, if any, understanding do you have,

1  
2 Mr. Kendrick, with regards to Mr. Schalk's opportunities to  
3 earn or develop Gulf's share of the Dakota rights in the  
4 northeast quarter?

5 A It's my understanding that the farmout  
6 to Mr. Schalk for the Mesaverde is still negotiable for the  
7 Dakota rights from the Gulf Oil Corporation.

8 Q Based upon your study of this area, Mr.  
9 Kendrick, would you recommend that Mr. Schalk drill a well  
10 that would test the Dakota rights?

11 A I could not recommend it because of the  
12 economics between the three dry holes and an oil completion  
13 that did not produce too much oil in the Dakota formation.

14 Q In your opinion would a well that was  
15 dually completed with the Dakota formation and the Mesaverde  
16 formation be an economic proposition for which you would  
17 recommend that Mr. Schalk undertake?

18 A I could not recommend that the Dakota  
19 formation be completed because at this time it does not ap-  
20 pear to be an economically feasible venture to deepen the  
21 well from the Mesaverde to the Dakota for the small amount  
22 of production that would be retrieved from the Dakota formation.

23 Q Generally what are the costs of a single  
24 completed Mesaverde formation in this area?

25 A Somewhere in the range of \$300,000 to

1  
2 \$350,000.

3 Q That's a completed well cost?

4 A Yes, sir.

5 Q And that would be for a Mesaverde single  
6 completion.

7 A Yes, sir.

8 Q What would be the additional costs to  
9 go ahead and drill this well to the Dakota formation?

10 A The additional costs, in my opinion,  
11 would be in the range of \$150,000 to \$175,000.

12 Q What is your understanding of Mr. Schalk's  
13 anticipated gas purchaser for the gas to be produced out of  
14 the Mesaverde for the northeast quarter?

15 A The gas produced from the northeast  
16 quarter would be dedicated to interstate sales.

17 Q I believe the testimony just now from  
18 Supron employee indicated that they were selling to Southern  
19 Union Gas, or Gas Company, under intrastate contracts?

20 A That was my understanding, yes.

21 Q What if any difference does that make  
22 for Mr. Schalk?

23 A The interstate price may be considerably  
24 different than the intrastate price, favorably -- more favor-  
25 ably for the interstate price.



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Q           Would you recommend to Mr. Schalk that he participate in a 320-acre east half proration unit, in which wells were drilled in each of the quarter sections, and that the working interest then spread the risk and share the potential profits from both wells?

A           I would make that recommendation but I don't think Mr. Schalk wants to make that approach. He would prefer to make that heads-up type well for his own investment.

Q           What -- what if any advantage is there to Supron or to Mr. Schalk with regards to any tight sand incentives in separating these two proration units?

A           The tight sand incentive at the present time, as I understand it, would be available for the interstate price but may not be available for the intrastate price.

MR. ARNOLD: May I interrupt? Why is that?

A           I'm not sure what the New Mexico legislature has approved as far as tight sand prices in the State of New Mexico, or what they will approve, but I understand that there is a considerable bonus available for incentive to drill tight sands on interstate price level.

MR. ARNOLD: But there's no law to that effect at the moment, though, is there, which controls tight

1 sand gas within the state?

2 A I'm not sure of any.

3 MR. ARNOLD: The only gas pricing bill  
4 that I'm aware of, is the one that does put a ceiling on all  
5 intrastate gas, that somebody has written in the -- Mr.  
6 Ramey?

7 MR. RAMEY: I know of none. The only  
8 one I know if it qualifies for tight sand, the well is eligible  
9 for tight sand gas pricing whether it be interstate or intra-  
10 state. The same with 103 and 102 classification.

11 Q The northeast quarter of this section,  
12 Mr. Kendrick, is that acreage subject to drainage by any of  
13 the offsetting Mesaverde or Dakota wells?

14 A There is a Mesaverde well drilled and  
15 producing in the northwest quarter of this section. There  
16 are no Dakota offsets to this well.

17 Q In your opinion, Mr. Kendrick, will  
18 approval of Mr. Schalk's application be in the best interest  
19 of conservation, prevention of waste, and protection of  
20 correlative rights?

21 A I think so, based on the information  
22 that we have at this time.

23 MR. KELLAHIN: May I have a minute,  
24 please?  
25

1  
2 MR. RAMEY: Yes.

3 MR. KELLAHIN: At this point, Mr. Ramey,  
4 we would ask Mr. Kendrick some questions with regard to the  
5 compulsory pooling case. I don't believe that will be neces-  
6 sary. Mr. Buell and I have stipulated and agreed that the  
7 compulsory pooling case will not be necessary; that Beartooth  
8 is here to contest whether or not the non-standard proration  
9 units ought to be approved or not, but that should the Com-  
10 mission approve the non-standard proration units, then they  
11 will agree to join in the drilling of a single Mesaverde com-  
12 pletion to test the northeast quarter by Mr. Schalk.

13 And therefor, we will at this point,  
14 based upon that agreement, dismiss Case 6996, and in addition,  
15 we will withdraw our opposition to Beartooth's participation  
16 in the hearings with regards to the non-standard gas proration  
17 unit here.

18 MR. RAMEY: Okay, then we can dismiss  
19 Case 6996, and we won't have to rule on your motion, is that  
20 correct?

21 MR. KELLAHIN: Is that what we agreed  
22 to?

23 MR. BUELL: Yeah, but I characterize  
24 that motion --

25 MR. KELLAHIN: That concludes my exam

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ination of Mr. Kendrick.

MR. RAMEY: Any questions of Mr. Kendrick?

MR. BUELL: I have none.

MR. RAMEY: Mr. Kendrick, for the record now, -- no, I don't want to ask you that question. Thank you. You may be excused.

Mr. Buell, you may proceed.

MR. BUELL: On behalf of Beartooth Oil and Gas Company, we would call our first witness, Mr. Donald K. Roberts.

DONALD K. ROBERTS

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Roberts, would you please state your name, where you reside, by whom you're employed, and in what capacity?

A Donald K. Roberts. I'm employed by Beartooth Oil and Gas Company, Billings, Montana. I'm the President of Beartooth Oil.

1  
2 Q What is Beartooth Oil Company's interest  
3 in the east half of Section 8 under discussion here?

4 A As Mr. Kendrick pointed out, we own or  
5 control a half interest in the Mesaverde in the northeast  
6 quarter and a half interest in the Dakota in the northeast  
7 quarter of Section 8.

8 Q You do not have any interest in the south-  
9 east quarter?

10 A No, that's 100 percent Supron.

11 Q When did you acquire your interest in  
12 the northeast quarter of Section 8? Your interests? The  
13 approximate date?

14 A It would be last August.

15 Q So that would be between the date of  
16 the hearing and the date of the issuance of the order in  
17 these two applications?

18 A That's when we acquired the interest  
19 under an agreement that exists now.

20 Q Now, Mr. Roberts, you oppose these two  
21 applications. Would you explain briefly why you do so?

22 A First of all, from a technical point of  
23 view, I don't think we have any argument with either Mr.  
24 Kendrick or Supron that the risk lies -- the Dakota is higher  
25 risk than the Mesaverde, simply because of the lack of Dakota --

1  
2 that the Dakota is higher risk than the Mesaverde, simply be-  
3 cause of the lack of Dakota controls in the area as compared  
4 to the Mesaverde.

5  
6 Our concern is that by granting 260-acre  
7 spacing units, deviates from a procedure that the New Mexico  
8 Commission has for a number of years and that the Mesaverde  
9 has been on 320-acre spacing with two wells through the in-  
10 fill program and the same with the Dakota.

11 We see no reason to deviate from the  
12 320 acre spacing for both formations in allowing two wells to  
13 be drilled.

14 We think to do otherwise in this instance  
15 because of the diversity of ownership could lead to a bad  
16 precedent by the Commission and would undermine the entire  
17 concept of the infill program, which we feel has worked very  
18 satisfactorily. We operate in another -- number of other  
19 states where similar situations are beginning to arise where  
20 closer spacing is needed in old gas producing areas, and what  
21 New Mexico did in the San Juan Basin, we know from personal  
22 experience, has been looked upon with favor by other oil and  
23 gas commissions.

24 We have some difficulty in understanding  
25 why in this instance they would go to 160-acre spacing rather  
than two wells with common ownership under 320.

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2 Q Are you willing -- or is Beartooth Oil  
3 and Gas Company willing to join in the drilling of the well  
4 by Supron in the southeast quarter?

5 A Yes, we are.

6 Q Are you willing to join in the drilling  
7 of a well in the northeast quarter?

8 A Yes.

9 Q In other words, you will join and parti-  
10 cipate with anybody --

11 A That's correct.

12 Q -- in the east half?

13 Are you aware in your personal knowledge  
14 of where the 320-acre spacing in the Mesaverde has been split  
15 into two 160 units before?

16 A I have not done an exhaustive search of  
17 it, but I am not, and I've talked to a number of people who  
18 are very familiar with it and none of them could recollect  
19 160-acre spacing in the Mesaverde.

20 Q If the two applications that are pre-  
21 sently pending and consolidated here are granted, do you feel  
22 your correlative rights will be adequately protected?

23 A I think our correlative rights would  
24 be better protected by having an interest in a well both in  
25 the northeast quarter and in the southeast quarter.

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Q Do you have anything further to add?

3

A In regard with correlative rights, not

4

only our correlative rights but other one's correlative

5

rights, and the prevention of waste, I don't think would be

6

changed or better protected by maintaining a 320-acre spacing

7

with two wells than it would be with going to 160-acre spacing.

8

MR. BUELL: I have nothing further of

9

this witness.

10

MR. RAMEY: Any questions of Mr. Roberts?

11

Mr. Carr?

12

13

#### CROSS EXAMINATION

14

BY MR. CARR:

15

Q Mr. Roberts, I just didn't hear your

16

answer to the question when did Beartooth acquire its interest

17

in this -- in the northeast quarter.

18

A The agreement, we have a farmout agree-

19

ment from the Caylas interest. The first agreement was

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entered into between the Monell interest and Curtis Little

21

in March or April. That agreement died of its own terms when

22

he was unable to obtain some title curative work and obtain

23

a drilling rig.

24

We would have participated with him

25

under that agreement.



1  
2 After that agreement died, we entered  
3 into a new agreement with Monell in August.

4 Q And at that time were you aware of  
5 Supron's plans to develop the southeast quarter on the 160 acre  
6 spacing basis?

7 A We knew there were some discussions being  
8 had as to dividing up on 160's. I think that was prior to  
9 the hearing, if my dates -- if I remember the dates correctly.

10 Q Mr. Roberts, if Supron's application  
11 were granted, is there anything that would prevent Beartooth  
12 from going ahead and drilling a well to produce its just and  
13 fair share of the reserves underlying its interests in its  
14 lease?

15 A In the northeast quarter?

16 Q Yes.

17 A We would have the right to drill a Mesa-  
18 verde-Dakota well in the northeast quarter with the other  
19 working interest owners in the northeast quarter.

20 MR. CARR: I have nothing further.

21  
22 CROSS EXAMINATION

23 BY MR. KELLAHIN:

24 Q Mr. Roberts, you don't disagree that in  
25 order to effectively and efficiently develop the east half

1  
2 of this section there's got to be two Mesaverde wells drilled?  
3 You don't have any dispute with the infill order, do you?

4 A No.

5 MR. KELLAHIN: No further questions.

6 MR. RAMEY: Mr. Nutter, can you recall,  
7 have we had a case where we granted non-standard --

8 MR. NUTTER: Yeah, there are a few.

9 MR. RAMEY: It seems that I --

10 MR. NUTTER: There has been a precedent  
11 for this action.

12 MR. RAMEY: As I recall, it seems like  
13 one lease had a stipulation that if there were two wells  
14 drilled on the 320, why it reverted back to two 160-acre  
15 leases, it seems to me.

16 MR. KENDRICK: Mr. Ramey, may I refresh  
17 your memory? In Township 27 North, Range 8 West, there are  
18 two sets of operators who acquired 160-acre drilling tracts,  
19 the R&G Drilling Company and the partner in their operations,  
20 in I think three pairs of the wells, and the Lynn Oil Company  
21 and Atlantic Richfield Company, I think split two pairs of  
22 wells.

23 MR. RAMEY: Thank you, Mr. Kendrick.

24 A I might add that by now establishing  
25 160-acre spacing in an undrilled 320-acres, isn't the Com-

1 mission about to get deluged with similar applications if  
2 you run around the San Juan Basin and can find such things;  
3 that everybody's going to want to come in if they think their  
4 160 is better than the other guy's 160, and want to form 160-  
5 acre spacing units that preclude the other quarter section  
6 owner?  
7

8 MR. ARNOLD: I think that's legitimate  
9 reasoning, all right.

10 MR. RAMEY: Probably the best thing for  
11 granting separate wells in this pool might have been to space  
12 it on 160 acres, but I think correlative rights were involved,  
13 and I think the Commission took the only course they could  
14 in granting the second well instead of going to 160-acre  
15 spacing.

16 A We agree with that, because with the  
17 old and the new wells and the price differential, and there's  
18 no problem there.

19 We're worried about deviating from that  
20 policy now.

21 MR. RAMEY: I think in the case here  
22 you would not have that situation, and would not be -- since  
23 you have an old well, say, in the southeast quarter, and then  
24 propose the second well, I think correlative rights would --  
25 would be protected by a 320-acre unit. But in this case, it's

possible that correlative rights can be protected by granting the two 160-acre units. That would probably be the decision of the Examiner.

A. In effect, aren't you then saying that you've got 320 up to a certain date and then on any 320's that have never had a well drilled on them, they then become 160's after that date?

MR. RAMEY: That's possible. It's possible.

Any other questions of Mr. Roberts? He may be excused.

A. Thank you.

MR. BUELL: Call Mr. Roy Pritchard.

ROY L. PRITCHARD

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Would you state your name, please?

A Roy L. Pritchard.

Q And by whom are you employed, Mr.

Pritchard?

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2

3

Q And by whom are you employed, Mr.  
Pritchard?

4

5

A Well, I am a consulting geologist, em-  
ployed by Beartooth.

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Q

And where do you reside?

In Farmington, New Mexico.

Are you familiar with the two applica-  
tions that are presently before the Commission by Supron and  
John Schalk?

Yes, sir.

Have you previously testified before the  
Commission or one of its Examiners and had your qualifications  
as a geologist accepted?

Yes, sir.

MR. BUELL: We tender Mr. Pritchard as  
an expert witness.

MR. RAMEY: He's so qualified.

Mr. Pritchard, how long have you been  
working as a geologist in the San Juan Basin area?

Since 1950.

So that's approximately 31 years?

Approximately.

And during that period of time have you  
particularly specialized in dealing with any single formation?

1  
2 A Well, not exclusively but since, oh,  
3 1960 I have primarily worked with the Mesaverde.

4 Q So that's for approximately the last 20  
5 years.

6 As a consulting geologist and having  
7 worked for -- and working for Beartooth, would you recommend  
8 that these two applications be approved?

9 A Well, no.

10 Q And why not, sir?

11 A Well, in addition to what Mr. Roberts has  
12 said, I would like to add that there are numerous areas in  
13 the San Juan Basin where similar situations exist where 320-  
14 acre drilling units have diverse ownership, and as Mr. Roberts  
15 stated, there might be a deluge of applications to the Com-  
16 mission.

17 But to me it appears that there are many  
18 areas where the Mesaverde has been noncommercial in the past.  
19 These are areas that I can think of, where the Pictured Cliffs  
20 has been developed on 160's and the Pictured Cliffs ownership  
21 for sure in many cases goes to all depths. There are numerous  
22 state leases which were sold as 160-acre tracts to where  
23 you're going to have a problem.

24 And, as a consultant, I would feel duty  
25 bound to advise any client that I had to seek an application

1  
2 for a hearing to establish 160-acre Mesaverde unit, if I  
3 thought it were to his benefit. And I would like to say that  
4 I feel that the present infill system has worked very well,  
5 and I would not like to see it change.

6 MR. BUELL: I have nothing further of  
7 this witness.

8 MR. RAMEY: Any questions of Mr. Pritchard?

9 MR. KELLAHIN: Yes, sir.

10 MR. RAMEY: Mr. Kellahin.

11  
12 CROSS EXAMINATION

13 BY MR. KELLAHIN:

14 Q I'm having a little difficulty under-  
15 standing your --

16 A Oh, I'm sorry.

17 Q -- reasoning, sir. Let me ask you this.  
18 If areas such as the east half of Section 8 are in fact deve-  
19 loped on 160 acres, you don't disagree with the proposition  
20 in the infill order that one well in the Mesaverde cannot  
21 effectively and efficiently drain within a reasonable period  
22 of time the Mesaverde.

23 A I agree.

24 Q And that whether we have two wells on  
25 a 320 under the infill order or whether we have one well on

1  
2 two non-standard proration units, each of which is 160 acres,  
3 we're not going to be drilling unnecessary wells, are we, sir?

4 A No.

5 Q Based upon your study, we are not, by  
6 approving the non-standard proration units, going to leave  
7 behind Mesaverde production that we might otherwise recover,  
8 are we?

9 A No, I don't think so.

10 Q In fact, just the reverse, if we are on  
11 160's then instead of an operator holding 320, if he's on  
12 160 that's the only acreage he would control, and we're going  
13 to have to drill that second well in order to properly and  
14 efficiently develop the Mesaverde formation.

15 A That is true.

16 Q If those things are true, upon what do  
17 you disagree with the proposition that we ought to have non-  
18 standard proration units, such as this?

19 A Well, in the Mesaverde in the San Juan  
20 Basin we have trends -- well, say the geometry of the sand-  
21 stone beds, and I speak primarily of the Point Lookout, which  
22 I think contains probably 80 to 85 percent of the gas in the  
23 Mesaverde, the trends run northwest-southeast, as I'm sure  
24 everyone here knows, but if you've got, say, an east half,  
25 that is a half section that runs north south, then you are



1  
2 going to have porosity differences in -- or even maybe bed  
3 differences. You might -- one of the quarter sections might  
4 have a Point Lookout bed that is absent in the other one, and  
5 through my past studies this I have learned, I know the area,  
6 and this is why I said that I would recommend to a client to  
7 break out his half if he -- if it were to his advantage, but  
8 not if it were to his disadvantage. I'd feel duty bound to  
9 a client to do that.

10 But there is a great difference at times.  
11 Especially north-south.

12 Q So what you're saying, an individual  
13 operator working interest owner sometimes has an economic  
14 advantage if it is 320 and he sometimes has an economic ad  
15 vantage at the 160.

16 A I'd say that that is true.

17 Q But in either situation the -- we're not  
18 drilling unnecessary wells, nor are we leaving Mesaverde  
19 production that ought to be produced.

20 A No.

21 Q All right, sir.

22 MR. ARNOLD: I'd like to ask a question  
23 or two, Mr. Pritchard.  
24  
25

## CROSS EXAMINATION

BY MR. ARNOLD:

Q To expand on that, actually, if you had a half section where you have one very good one 160 --

A Uh-huh.

Q -- and one very sorry 160 and two separate owners in the 160's, what you're saying is that you could easily get into the man who owns the good 160 would see that he could gain substantially by drilling a well on his 160 and not participating in the --

A Yes, sir.

Q -- whole 320. That's the question. And another reason that it puts the man with the other 160 in a bad position is that he might be forced into a forced offset situation where he would be required to even possibly drill a well that he didn't want to drill.

As I recall the proration hearing when we decided to go the route of two wells on a 320 rather than 160-acre spacing, that was the primary reasoning.

MR. KELLAHIN: The fact situations presented to the Commission today are not quite the same as Mr. Arnold's example. His example demonstrates that we have 100 percent in 160 by one operator and 100 percent in 160 by another operator, and under one 160 there is good or poten-

1  
2 tially good Mesaverde and the other one in the other 160 has  
3 crumby Mesaverde, and he's going to oppose the other operator  
4 that wants to break them off.

5 Is that not different than what we have  
6 here today, where we have Supron with its 100 percent in the  
7 160 wanting to drill their acreage, and Mr. Schalk in the ad-  
8 joining acreage also wants to drill his own well, and the  
9 only thing missing is that he lacks a 100 percent in that  
10 Mesaverde. In other words, we don't quite have that same  
11 situation here, do we?

12 MR. ARNOLD: I wasn't meaning to indicate  
13 that that was the case herein. I thought we were addressing  
14 a matter of precedence and you were having a hard time under-  
15 standing why it had ever been --

16 MR. KELLAHIN: No, I can understand how  
17 it can make a difference sometimes, but my question is whether  
18 in this fact situation it makes a difference.

19 MR. RAMEY: Did you get your answer, Mr.  
20 Kellahin?

21 MR. KELLAHIN: No, sir.

22 MR. RAMEY: Did you want an answer?

23 MR. KELLAHIN: No, sir.

24 MR. RAMEY: Any other questions of Mr.  
25 Pritchard? He may be excused.

1  
2 MR. BUELL: I have nothing further.

3 MR. RAMBY: Do you have anything further  
4 Mr. Carr?

5 MR. CARR: I'd like to make a statement.

6 MR. KELLAHIN: I already have.

7 MR. CARR: It sounds like my statement  
8 distinctly resembles Mr. Kellahin's question.

9 As I understood the Commission's reason-  
10 ing in authorizing infill drilling of 320-acre tracts, it was  
11 to permit the development of the Mesaverde under a greater  
12 well density without at the same time impairing correlative  
13 rights.

14 What we have here -- we do not have here  
15 a situation where we have one owner with the sweet half of  
16 the 320 acres who's trying to create a non-standard proration  
17 unit, thereby carving out the other interest and forcing him  
18 into a situation where they either have no well or have to  
19 drill an offset.

20 What we have here is a situation where  
21 we have two individual operators, each of whom is proposing  
22 to drill their respective quarter sections.

23 Now, this Commission is charged with  
24 protecting correlative rights, and correlative rights are  
25 defined as affording to each interest owner an opportunity

1  
2 to produce his just and fair share of the reserves under his  
3 tract, and we submit that the fair way to do that, the best  
4 way to protect the correlative rights of all those involved  
5 is to let each, afford each the opportunity to produce their  
6 share of the reserves under their tract, and to do that, we  
7 submit you should grant both the applications of Mr. Schalk  
8 and Supron.

9 MR. RAMEY: Thank you, Mr. Carr.

10 MR. BUELL: Very briefly, Mr. Ramey, I  
11 think that the issue here is one of policy and what the Com-  
12 mission wishes to establish as a policy and precedent. And  
13 secondly, I think correlative rights are very much being  
14 affected in this particular hearing.

15 We certainly have no argument with Mr.  
16 Kellahin's testimony concerning the prevention of waste.  
17 It's well recognized, but I think the issue here to be addressed  
18 is one of correlative rights and I think that my client's  
19 correlative rights are being affected.

20 MR. RAMEY: Thank you, Mr. Buell.

21 The Commission will take Cases 6965 and  
22 6896 under advisement.

23  
24 (Hearing concluded.)  
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

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

COMMISSION HEARING

IN THE MATTER OF:

Application of John E. Schalk for a  
non-standard gas proration unit and  
an unorthodox gas well location, Rio  
Arriba County, New Mexico.

CASE  
6896

BEFORE: Oil Conservation Commission

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Commission:

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

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by me to the best of my ability.

Sally W. Boyd C.S.R.



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ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
11 December 1980

COMMISSION HEARING

IN THE MATTER OF:

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico.

CASE  
6896

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For the Oil Conservation  
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Sally W. Boyd C.S.R.

Docket No. 1-81

Dockets Nos. 4-81 and 5-81 are tentatively set for January 28 and February 11, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 14, 1981

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for February, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7117: Application of Gulf Oil Corporation for a non-standard gas proration unit, unorthodox location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 320-acre non-standard proration unit comprising the E/2 of Section 25, Township 20 South, Range 36 East, Eumont Gas Pool, to its L. W. White (NCT-A) Wells No. 2 in Unit I and No. 7 at an unorthodox location 990 feet from the North line and 660 feet from the East line of said Section 25.
- CASE 7118: Application of El Paso Exploration Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Tocito and Basin-Dakota production in the wellbore of its Jicarilla 152 W Well No. 3 in Unit D of Section 7, Township 26 North, Range 5 West.
- CASE 7119: Application of Shell Oil Company for a unit agreement, Bernalillo and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the West Mesa Unit Area, comprising 26,722 acres, more or less, of State, Federal, and fee lands in Townships 10, 11, and 12 North, Ranges 1 and 2 East.
- CASE 7120: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota production in the wellbore of its Merry May Well No. 1 in Unit I of Section 24, Township 24 North, Range 10 West.
- CASE 7121: Application of Flag-Redfern Oil Co. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pinon-Fruitland and Fulcher Kutz-Pictured Cliffs production in the wellbores of its Aloha Wells Nos. 1 and 2 located in Units L and D, respectively, of Section 16, Township 28 North, Range 11 West.
- CASE 7122: Application of Elk Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in the interval from 10,445 feet to 10,516 feet in its C. S. State Well No. 2 in Unit K of Section 26, Township 14 South, Range 34 East, High Plains-Pennsylvanian Pool.
- CASE 7123: Application of Yates Petroleum Corporation 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 "AB" Well No. 7, a Morrow test to be drilled 1980 feet from the North line and 660 feet from the West line of Section 9, Township 18 South, Range 25 East, the N/2 of said Section 9 to be dedicated to the well.
- CASE 7124: Application of Caribou Four Corners, Inc. for two non-standard proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Section 13, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, as follows: a 56.09-acre unit consisting of those fee lands comprising the NE/4 NW/4 and northermost 16.09 acres of the SE/4 NW/4 of said Section 13, and a 66.33-acre unit consisting of those fee lands comprising the NW/4 NW/4 and northermost 23.33 acres of the SW/4 NW/4 of said Section 13. In the alternative applicant seeks an order directing the escrowing of funds attributable to those lands in the E/2 NW/4 and W/2 NW/4, respectively, of said Section 13 which are not included in the above-described non-standard proration units.

- CASE 7125:** Application of Western Oil Producers Inc. for the amendment of Order No. R-5399, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5399 to include production from all of the Pennsylvanian formations in its Amoco State Well No. 1 at an unorthodox location in Unit M of Section 28, Township 16 South, Range 33 East.
- CASE 7126:** Application of Franks Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 1980 feet from the North line and 1315 feet from the West line, Section 3, Township 21 South, Range 32 East, Hat Mesa-Morrow Gas Pool, the N/2 of said Section 3 to be dedicated to the well.
- CASE 7127:** Application of Ellwade Corporation for amendment of Order No. R-6399, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6399 which approved a 129.52-acre non-standard gas proration unit comprising the W/2 of Section 33, Township 26 South, Range 30 East, for the Wolfcamp formation in the Ross Draw Area. Applicant seeks to have said order also apply to all formations of Pennsylvanian age.
- CASE 6670:** (Reopened and Readvertised)
- In the matter of Case 6670 being reopened and pursuant to the provisions of Order No. R-6183 which order promulgated temporary special rules and regulations for the Red Hills-Devonian Gas Pool in Lea County, New Mexico, including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.
- CASE 7128:** Application of HNG Oil Company for pool creation, special pool rules, assignment of a discovery allowable, and dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new Wolfcamp oil pool for its San Simon 6 State Comm. Well No. 1 located 1980 feet from the North line and 660 feet from the East line of Section 6, Township 22 South, Range 35 East, with special rules therefor, including provisions for 160-acre spacing. Applicant further seeks a discovery allowable for said well and approval for its dual completion to produce oil from the Wolfcamp and gas from an undesignated Morrow pool thru parallel strings of tubing.
- CASE 7129:** Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7130:** Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 12, Township 15 South, Range 27 East, to be dedicated to its Trobough "A" State Comm. Well No. 1 in Unit J, and the other being the NE/4 of said Section 12 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.
- CASE 7131:** Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 1, Township 15 South, Range 27 East, to be dedicated to its Trobough Comm. Well No. 1 in Unit J, and the other being the NE/4 of said Section 1 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.
- CASE 7132:** Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 13, Township 15 South, Range 27 East, to be dedicated to its Rose Well No. 1 located in Unit J, and the other being the SW/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the South and West lines of the section.

- CASE 7133:** Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the NW/4 of Section 12, Township 15 South, Range 27 East, to be dedicated to its Hurd Well No. 1 in Unit C, and the other being the SW/4 of said Section 12 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the South and West lines of the section.
- CASE 7134:** Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the NW/4 of Section 13, Township 15 South, Range 27 East, to be dedicated to its Langley "Com" Well No. 1 in Unit C, and the other being the NE/4 of said Section 12 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.
- CASE 7100:** (Continued from the December 10, 1980, Examiner Hearing)  
Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Travis 24 State Com Well No. 1 in Unit H of Section 24, Township 18 South, Range 28 East.
- CASE 7086:** (Continued from the December 10, 1980, Examiner Hearing)  
Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.
- CASE 6940:** (Continued from the December 30, 1980, Examiner Hearing)  
Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7103:** (Continued from the December 30, 1980, Examiner Hearing)  
Application of E. L. Latham, Jr. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Pennsylvanian formations underlying the N/2 of Section 7, Township 22 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7114:** (Continued from the December 30, 1980, Examiner Hearing)  
Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rio Penasco "JX" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 35, Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to the well.

DOCKET: COMMISSION HEARING - MONDAY - JANUARY 19, 1981

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

The following cases are continued from the December 11, 1980, Commission Hearing:

CASE 7025: (DE NOVO)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Upon application of Southland Royalty Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7008: (DE NOVO)

Application of Coronado Exploration Corp. for eight compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying eight 40-acre proration units, being the NE/4 NE/4 of Section 4 and the NW/4 NE/4 of Section 5, both in Township 12 South, Range 28 East, and the NW/4 SE/4 of Section 6, the NE/4 NW/4 of Section 23, the NE/4 SE/4 of Section 28, the SE/4 SE/4 of Section 29, the NE/4 NW/4 of Section 32, and the SE/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

Upon application of Tenneco Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6965: (DE NOVO)

Application of Supron Energy Corporation for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Mesaverde and Dakota gas proration unit comprising the SE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6896: (DE NOVO)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6996:

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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Docket No. 3-81

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 21, 1981

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

CASE 7042: (Continued and Readvertised)

Application of Doyle Hartman for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to the following depths underlying the following 40-acre tracts in Section 19, Township 24 South, Range 37 East: NW/4 NE/4: 3446 feet; SE/4 NE/4: 3408 feet; SW/4 NE/4: 3419 feet; SE/4 SE/4: 3402 feet; and NE/4 SE/4: 3387 feet.

CASE 7043: (Continued and Readvertised)

Application of Cities Service Company for downhole commingling and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie Mattix production in the wellbores of the following Doyle Hartman wells in Section 19, Township 24 South, Range 37 East: his Adele Sowell Wells Nos. 1 and 2 located in Units I and P, respectively, and his Cities Thomas Wells Nos. 1, 3, and 4 in Units B, H, and G, respectively. Applicant further seeks approval of the simultaneous dedication of the E/2 of Section 19 for Jalmat production from the above Hartman wells and from its Thomas "A" Wells Nos. 1 and 2, located in Units O and C, respectively.

CASE 7041: (DE NOVO)

Application of John Yuronka for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3,408 feet, subsurface, under the NW/4 SW/4 of Section 17, Township 24 South, Range 37 East.

Upon application of Cities Service Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: COMMISSION HEARING - THURSDAY - DECEMBER 11, 1980

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

CASE 7025: (DE NOVO)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Upon application of Southland Royalty Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7008: (DE NOVO)

Application of Coronado Exploration Corp. for eight compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying eight 40-acre proration units, being the NE/4 NE/4 of Section 4 and the NW/4 NE/4 of Section 5, both in Township 12 South, Range 28 East, and the NW/4 SE/4 of Section 6, the NE/4 NW/4 of Section 23, the NE/4 SE/4 of Section 28, the SE/4 SE/4 of Section 29, the NE/4 NW/4 of Section 32, and the SE/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

Upon application of Tenneco Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6965: (DE NOVO)

Application of Supron Energy Corporation for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Mesaverde and Dakota gas proration unit comprising the SE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6896: (DE NOVO)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6996: (Continued from November 25, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.



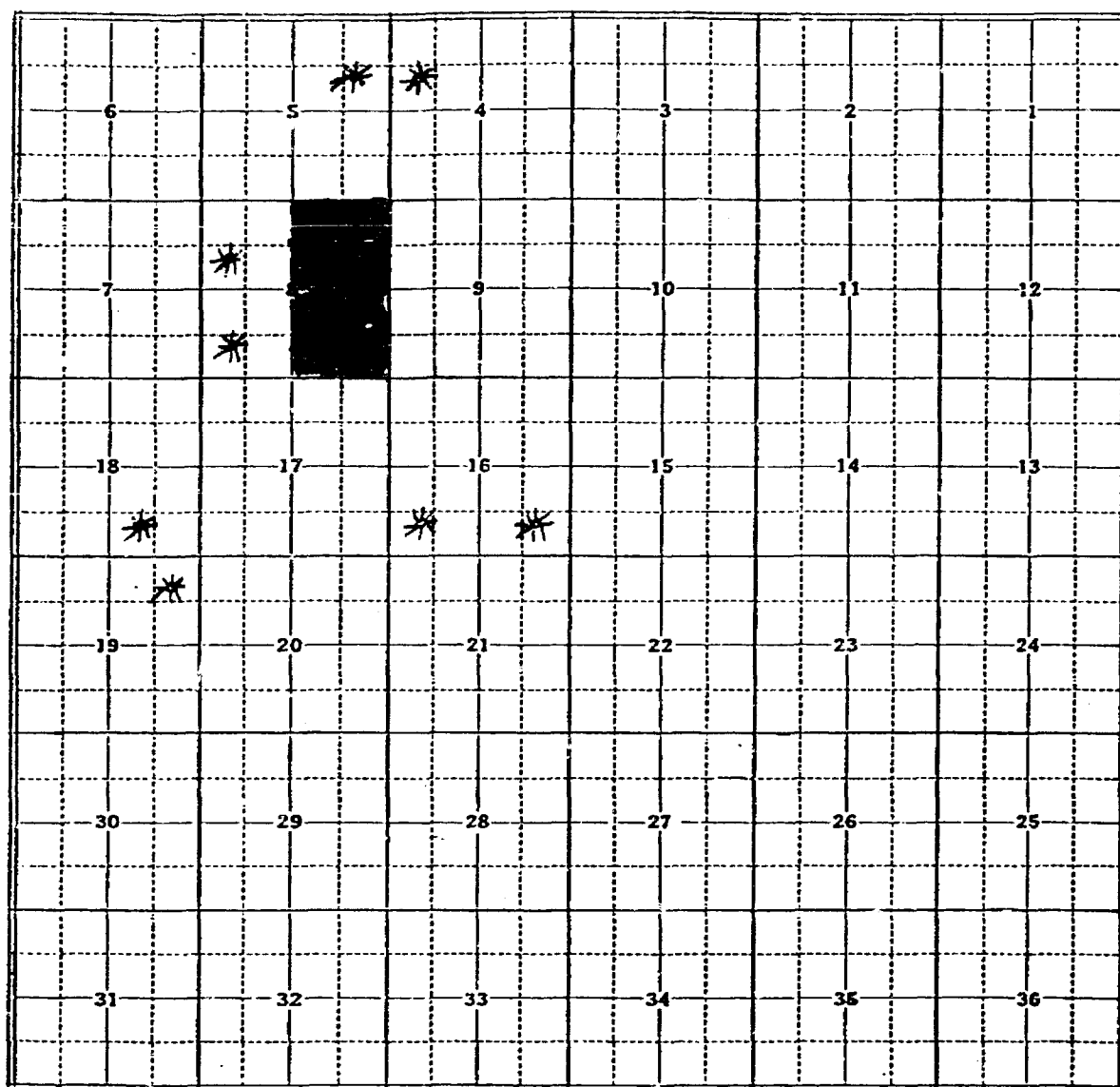
FEDERAL ABSTRACT COMPANY  
P. O. BOX 1681  
SANTA FE, NEW MEXICO

RED - STATE LAND  
BLUE - FEE LAND

TWP. 25N RGE. 3W N.M.P.M.

Rio Arriba COUNTY

DATE July 9, 1980



MESAVERDE



C. J. Little 1/2 Schalk 1/2



Supron

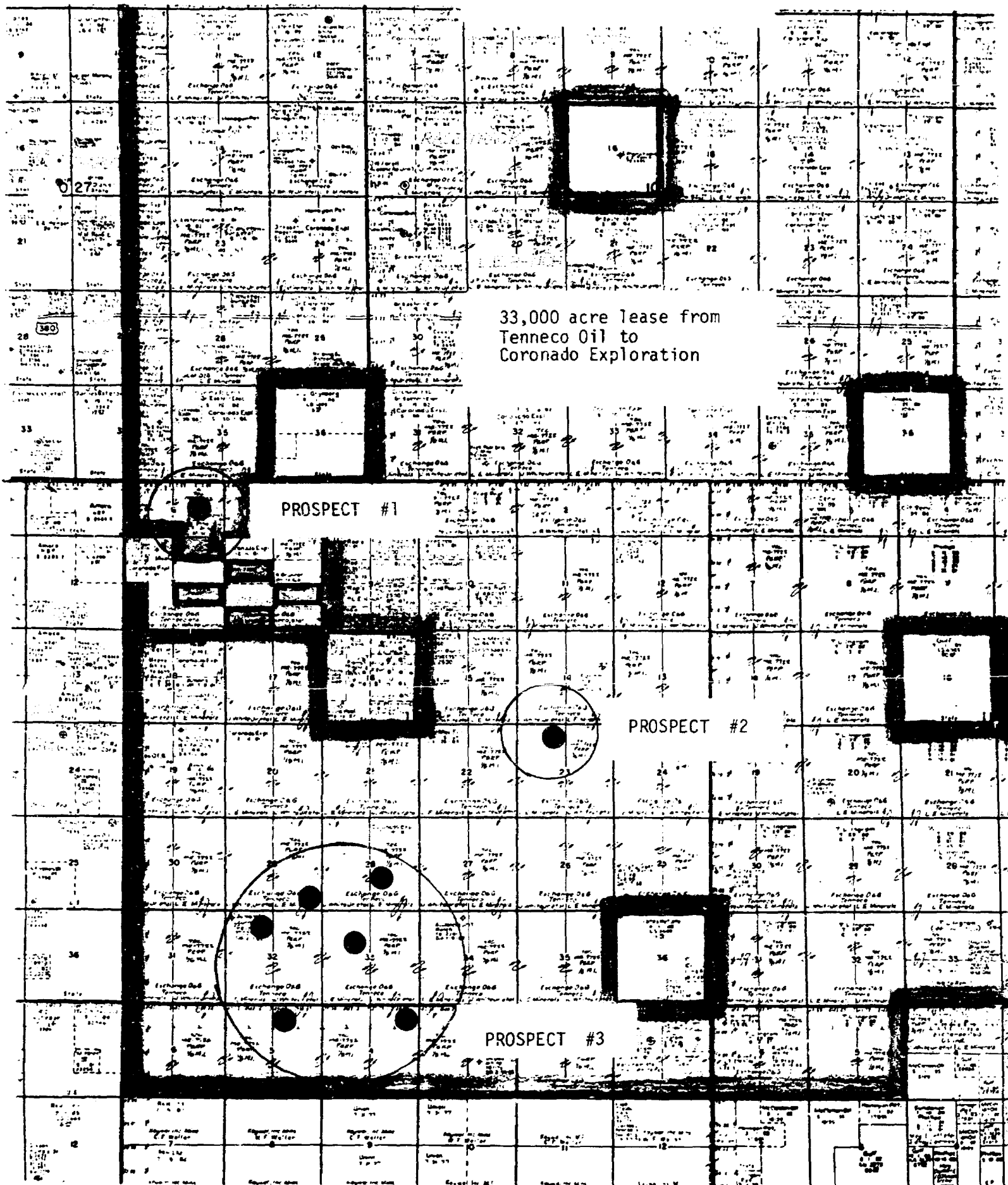
BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Little EXHIBIT NO. 1

CASE NO. 6869 - 6965

EXHIBIT  
NEW MEXICO OIL & GAS COMMISSION



33,000 acre lease from  
Tenneco Oil to  
Coronado Exploration

PROSPECT #1

PROSPECT #2

PROSPECT #3

ONADO EXPLORATION CORPORATION

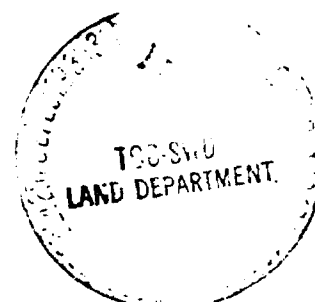
1005 MARQUETTE N.W.  
ALBUQUERQUE, NEW MEXICO 87102  
TELEPHONE (505) 242-2050  
(505) 843-6762

WHEN REPLYING  
PLEASE REFER TO:

Sherrill #1  
Sec. 6, T11S, R28E  
Chaves County, NM

May 30, 1980

Tenneco Oil  
6800 Park Ten Blvd.  
Suite 200 North  
San Antonio, Texas 78213



Gentlemen:

Our records indicate that Tenneco has a 12.5% interest in the spacing unit surrounding the proposed well. We propose the drilling of the subject San Andres test and invite you to participate in its drilling. We enclose herewith two copies of an AFE covering the well as well as two copies of an operating agreement. We intend to commence this well right away. If you desire to participate please execute the operating agreement as well as one copy of the AFE.

If you elect not to participate in the drilling of the well we would also be willing to lease the acreage on the following terms:

Lease acreage: Lots 1 & 2 and the SE/4 Section 6,  
Township 11 South, Range 28 East NMPM

Bonus: \$50.00 per net acre

Royalty: 3/16th

Term: 5 years

Yours truly,

Harvey E. Yates, Jr.  
President

HEYJr:car

Enc.

CORONADO EXPLORATION CORPORATION

1005 MARQUETTE N.W.  
ALBUQUERQUE, NEW MEXICO 87102  
TELEPHONE (505) 242-2050  
(505) 843-6762

WHEN REPLYING  
PLEASE REFER TO: Polly #1  
Sec. 33, T11S, R28E  
Chaves Co., New Mexico

June 5, 1980

Tenneco Oil  
6800 Park Ten Blvd.  
Suite 200 North  
San Antonio, Texas 78213

Gentlemen:

Our records indicate that Tenneco has a 12.5% interest in the spacing unit surrounding the proposed well. We propose the drilling of the subject San Andres test and invite you to participate in its drilling. We enclose herewith two copies of an AFE covering the well as well as two copies of an operating agreement. We would like to commence this well right away. If you desire to participate please execute the operating agreement as well as one copy of the AFE.

If you elect not to participate in the drilling of the well we would also be willing to lease the acreage on the following terms:

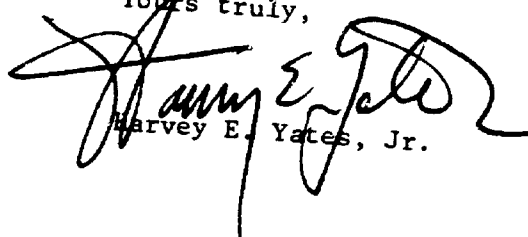
Lease acreage: W/2 Section 33, Township 11 South, Range 28 East NMPM

Bonus: \$50.00 per net acre

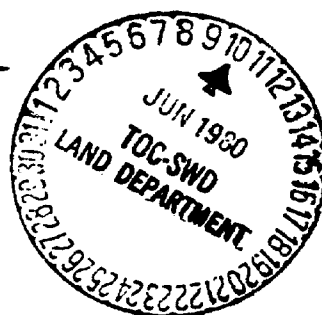
Royalty: 3/16th

Term: 5 years

Yours truly,

  
Harvey E. Yates, Jr.

HEYJ/pb  
encl.



CORONADO EXPLORATION CORPORATION

1005 MARQUETTE N.W.  
ALBUQUERQUE, NEW MEXICO 87102  
TELEPHONE (505) 242-2050  
(505) 843-6762

Louise #1  
WHEN REPLYING Sec. 28, T11S, R28E  
PLEASE REFER TO: Chaves Co., New Mexico

June 5, 1980

MC 7722 1/2 11 2

Tenneco Oil  
6800 Park Ten Blvd.  
Suite 200 North  
San Antonio, TX 78213

Gentlemen:

Our records indicate that Tenneco has a 12.5% interest in the spacing unit surrounding the proposed well. We propose the drilling of the subject San Andres test and invite you to participate in its drilling. We enclose herewith two copies of an AFE covering the well as well as two copies of an operating agreement. We would like to commence this well right away. If you desire to participate please execute the operating agreement as well as one copy of the AFE.

If you elect not to participate in the drilling of the well we would also be willing to lease the acreage on the following terms:

Lease acreage: E/2 Sec. 28, Township 11 South, Range 28 East NMPM

Bonus: \$55.00 per net acre

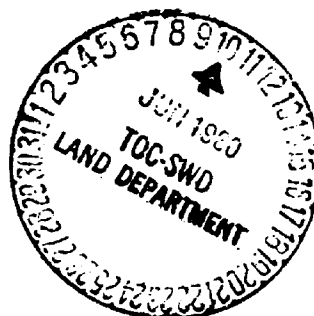
Royalty: 3/16th

Term: 5 years

Yours truly,

*Harvey E. Yates, Jr.*  
Harvey E. Yates, Jr.  
President

HEYJ/pb  
encl.



**Tenneco Oil  
Exploration and Production**

A Tenneco Company

Southwestern Division

6800 Park Ten Blvd. • Suite 700 North  
San Antonio, Texas 78213  
(512) 734-6161

July 28, 1980



Mr. Harvey E. Yates, Jr.  
Coronado Exploration Corporation  
1005 Marquette NW  
Albuquerque, New Mexico 87102

RE: Lease of Company Minerals  
- Lots 1 & 2 and SE/4 Section 6,  
T11S-R28E; W/2 Section 33, T11S-R28E;  
E/2 Section 28, T11S-R28E;  
Chaves County, New Mexico  
White Ranch Area

Dear Mr. Yates:

Reference is made to your two (2) letters of June 5, 1980 and to your letter of May 30, 1980 and to our meeting and various telephone conversations whereby you have requested leases of Tenneco's minerals in the above referenced acreage. After careful consideration by Tenneco Oil Company management and staff, Tenneco Oil Company proposes to grant, subject to final management approval, three (3) leases of company minerals on the following terms:

- 1) Each area will be covered by a separate letter agreement which will be identical except for the description of land.
- 2) Within ninety (90) days of the execution of the formal letter agreement, Coronado Exploration shall commence the drilling of a San Andres test at a lawful location on the referenced acreage. You may not drill below the San Andres.
- 3) Upon completion of said test as a commercial producer of oil and/or gas, Coronado Exploration shall earn a lease of company minerals limited to 100' below the total depth drilled and limited to the proration unit assigned to that well.
- 4) Said lease shall carry a royalty of 25% proportionally reduced as to Tenneco's net mineral interest in the proration unit.

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• **Tenneco Oil**

Mr. Harvey E. Yates, Jr.  
July 29, 1980  
Page 2

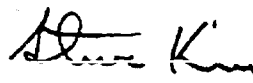
- 5) Tenneco Oil Company's letter agreement shall contain but not limited to the following clauses:
- a. A substitute initial well provision.
  - b. A clause requiring that drilling reports, log, etc., be delivered to Tenneco.
  - c. An operator's insurance provision.
  - d. A call on production equal to Tenneco's net mineral interest in the proration unit.
  - e. A takeover provision in the event Tenneco does not concur with your plugging and abandonment.

If the terms of this proposal are satisfactory, please notify the undersigned within twenty (20) days of the date hereof. At that time, a formal letter agreement shall be prepared by Tenneco Oil Company for our execution.

Very truly yours,

TENNECO OIL COMPANY

By:

  
Steve D. King  
Landman

SDK/njr  
Enclosure as stated



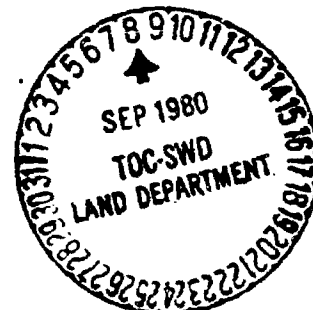
CORONADO EXPLORATION CORPORATION

1009 MARQUETTE N.W.  
ALBUQUERQUE, NEW MEXICO 87102  
TELEPHONE (505) 242-2050  
(505) 843-6762

WHEN REPLYING San Andres Exploration  
PLEASE REFER TO:

September 3, 1980

Mr. Steven King  
TENNECO OIL  
6800 Park Ten Blvd.  
Suite 200 North  
San Antonio, Texas 78213



Dear Mr. King,

Over the last several months I have visited with you at length and have exchanged a great deal of correspondence regarding my request that Tenneco either participate in San Andres exploration or lease acreage for the purpose of San Andres exploration in Township 11S, Range 28E and Township 12S, Range 28E, Chaves County, New Mexico. As you know, most of the suggested locations are in the southern half of Township 11S, Range 28E where, to the best of my knowledge, there is no San Andres production. Tenneco's interest in the acreage is 12.5% being that acreage formerly owned by U.V. Industries.

Tenneco has refused to participate in the exploration. Furthermore, Tenneco has refused to lease except under very onerous terms involving, among other things:

- a) lease covering only the proration unit
- b) lease reduced to the producing horizons at end of the primary term
- c) primary term of 120 days
- d) royalty of 25%
- e) shut-in gas clause of \$1,000 per year
- f) requirement that Tenneco be able to delay plugging 24 hrs. and that it be able to take over the well (this in spite of the fact that Tenneco has only 12.5% interest in the minerals)

As you know, I have scheduled force pooling hearings several times but have each time either canceled the hearings or have continued the hearing when there appeared to be a glimmer of hope that a reasonable compromise could be reached with Tenneco. In that there is apparently no hope of compromise with Tenneco, I am going forward with the force pooling hearing set for Wednesday, September 17th in Santa Fe.

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I again send you an operating agreement. All of the wells proposed would be drilled under a like operating agreement. I also enclose an AFE. In that each well is approximately the same depth, the AFE can be applied to each of the wells. Below is a list of the locations of the proposed wells.

Wells in T11S, R28E

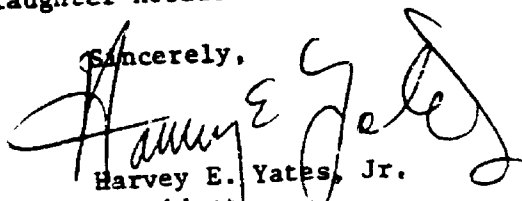
Sherrill #1	Sec. 6	2310 FNL & 2310 FEL
Dorothy #1	Sec. 23	1980 FWL & 660 FNL
Louise #1	Sec. 28	1980 FSL & 660 FEL
Miller #1	Sec. 29	660 FSL & 660 FEL
Dark Horse #1	Sec. 32	1980 FWL & 660 FNL
Polly #1	Sec. 33	1980 FNL & 1980 FWL

Wells in T12S, R28E

Eireen #1	Sec. 5	660 FNL & 1980 FEL
Michelle #1	Sec. 4	660 FNL & 660 FEL

We intend to test the Slaughter horizon of the San Andres.

Sincerely,

  
Harvey E. Yates, Jr.  
President

HEYJr./gg

PROPOSED AMENDMENT  
TO  
ORDER OF THE OIL CONSERVATION DIVISION  
IN THE APPLICATION OF CORONADO EXPLORATION CORP.  
FOR EIGHT COMPULSORY POOLINGS  
CHAVES COUNTY, NEW MEXICO

PROVIDED, HOWEVER, that the Operator of said units shall not concurrently drill any or all of the following six 40-acre proration units, being the NE/4 NE/4 Section 4 and the NW/4 NE/4 Section 5, T12S-R28E, and the NE/4 SE/4 Section 28, the SE/4 SE/4 Section 29, the NE/4 NE/4 Section 32, and the SE/4 NW/4 Section 33, T11S-R28E.

PROVIDED, FURTHER, that for the second well and each subsequent well to be drilled pursuant to this order from among the six wells mentioned above, the Operator shall, for each said well, comply as follows:

- 1) That after the effective date of this order, and not more than 45 days prior to the commencing of the next well, the Operator shall furnish to Tenneco Oil Company for the second well and for subsequent well:
  - (a) An itemized schedule of the estimated well cost for the well to be drilled.
  - (b) A copy of any and all logs for the previous well.
  - (c) A copy of any and all production tests for the previous well.
  - (d) Representative core samples, cutting samples and related information from the previous well.
  - (e) A copy of the daily drilling reports for the previous well.
- 2) Upon receipt of the foregoing information, Tenneco Oil Company shall have 30 days thereafter to pay its share of the estimated well cost for the well to be drilled to the Operator in lieu of paying its share of reasonable well costs out of production and in order to avoid the risk factor for the well to be drilled.
- 3) The failure of Tenneco Oil Company to comply with the foregoing shall result in it being subject to a risk factor penalty of 100% for that well.
- 4) The failure of the Operator to comply with the foregoing shall be deemed an assumption by the Operator of the entire risk of drilling the subject well and for that particular well, Tenneco Oil Company shall pay its proportionate share of the well cost out of its share of production, but shall not be subject to any risk factor penalty.

PROVIDED, FURTHER, that in the event said Operator does not commence the drilling of any of the said eight wells on or before the first day of October, 1981, this order shall be null and void and of no effect whatsoever as to said well(s).

PROVIDED, FURTHER, that the Operator will furnish Tenneco Oil Company, at its place of business in San Antonio, for any and all wells drilled pursuant to this order, the following reports and information.

- (a) A daily drilling report telephoned to Tenneco's representative.
- (b) One copy of all state forms filed in conjunction with each well, i.e., intent to drill, surveys, completions, plugging, spacing orders, etc.
- (c) One copy of all bottom hole pressure tests, drill stem tests, absolute open flow potential tests, allowable tests, velocity surveys, etc.
- (d) Two field prints and two final prints of all electrical log surveys, geologic logs, mud logs, and core analyses.
- (e) Representative core samples, cutting samples, and other related information.

BEFORE THE  
OIL CONSERVATION COMMISSION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

NOV 7 1980

OIL CONSERVATION DIVISION  
SANTA FE

APPLICATION OF JOHN E. SCHALK  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX GAS WELL  
LOCATION, RIO ARRIBA COUNTY,  
NEW MEXICO.

CASE NO. 6896

APPLICATION FOR HEARING DE NOVO

Come now Curtis J. Little and Beartooth Oil and Gas Company,  
by their attorneys, Jasper & Buell, and applies to the Oil  
Conservation Commission for a hearing de novo in this case and,  
as grounds therefor, state:

1. On July 9, 1980, a hearing was held before Examiner  
Daniel S. Nutter on the application of John E. Schalk for a non-  
standard Gas Proration Unit, Rio Arriba County, New Mexico, said  
application being Case No. 6896, a copy of which is attached  
hereto as Exhibit A.

2. As a result of the hearing on July 9, 1980, an  
Order, R-6496, was issued by the Oil Conservation Division on  
October 21, 1980, granting the application. A copy of the Order  
is attached hereto as Exhibit B.

3. Applicant, Curtis J. Little, appeared at the  
hearing on July 9, 1980, and testified in opposition to the  
application. Curtis J. Little is a party adversely affected by  
the decision pursuant to § 70-2-13 (NMSA 1978). Beartooth Oil  
and Gas Company is a successor in interest to Curtis J. Little.

WHEREFORE, applicants ask that this application be heard  
de novo before the Oil Conservation Commission.


JASPER & BUELL

By

Sumner G. Buell  
Sumner G. Buell  
Attorneys for Applicants  
Post Office Box 1626  
Santa Fe, New Mexico 87501

CERTIFICATE OF MAILING

I hereby certify that on this 17<sup>th</sup> day of November, 1980,  
I caused a true and correct copy of the above and foregoing  
Application for Hearing de Novo to be mailed to counsel for  
John E. Schalk, W. Thomas Kellahin, Esquire, Post Office Box  
1769, Santa Fe, New Mexico 87501.

  
Sumner G. Buell

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

IN THE MATTER OF THE APPLICATION OF  
JOHN E. SCHALK FOR APPROVAL OF A  
NON-STANDARD PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, BLANCO  
MESAVERDE POOL, RIO ARRIBA COUNTY,  
NEW MEXICO.

RECEIVED  
OIL CONSERVATION DIVISION  
JAN 20 1996  
Case 6896

APPLICATION

COMES NOW JOHN E. SCHALK, by and through his attorneys  
KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation  
Division for approval of an unorthodox location and a 160-acre  
non-standard spacing and proration unit consisting of the NE/4  
of Section 8, T25N, R3W, Blanco Mesaverde Pool, Rio Arriba  
County, New Mexico, and in support thereof would show:

1. Applicant is the operator of that portion of the NE/4  
of Section 8, T25N, R3W, NMFM, Rio Arriba County, New Mexico,  
from the base of the Pictured Cliffs formation through the base  
of the Mesaverde Formation.

2. Applicant proposes to drill his Schalk-Gulf #2 well at  
an unorthodox well location, 1,925<sup>790</sup> feet from the north line and  
790 feet from the east line of Section 8, to a depth sufficient  
to test the Mesaverde formation and to dedicate the NE/4 to  
said well.

3. That said dedication would constitute a 160-acre non-  
standard proration and spacing unit for the Blanco Mesaverde  
Pool, but is necessary in order to protect the correlative  
rights of the applicant.

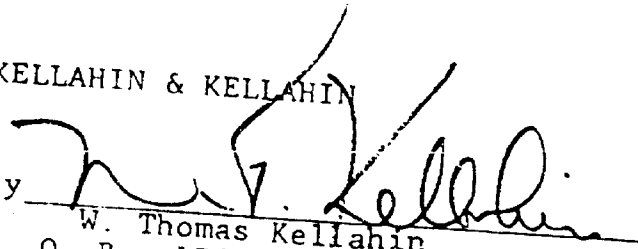
4. That granting of the application will be in the best  
interests of conservation, the prevention of waste, and

the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set before the Division's duly appointed examiner and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By

  
W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: 982-4285

ATTORNEYS FOR APPLICANT



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

RECEIVED 127 1980

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

CASE NO. 6896  
Order No. R-6496

APPLICATION OF JOHN E. SCHALK  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX GAS WELL  
LOCATION, RIO ARriba COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 21st day of October, 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 sub-  
ject matter thereof.

(2) That the applicant, John E. Schalk, is the owner of a  
50 percent undivided working interest in the Mesaverde formation  
underlying the NE/4 of Section 8, Township 25 North, Range 3  
West, NMPM, Rio Arriba County, New Mexico, and proposes the  
establishment of a 160-acre non-standard gas proration unit in  
the Blanco Mesaverde Pool comprising said lands to be dedicated  
to a well to be drilled thereon.

(3) That the application for hearing was for said well  
to be drilled at an unorthodox location, but the applicant has  
requested dismissal of that portion of the application and would  
drill the well at a standard location.

(4) That the applicant in Case No. 6965, Supron Energy  
Corporation, proposes the establishment of a 160-acre non-standard

E X H I B I T " B "

-2-

Case No. 6896

Order No. R-6496

gas proration unit in the Blanco Mesaverde Pool comprising the SE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to a well it proposes to drill at a standard location thereon.

(5) That by Order No. R-1670-T, dated November 14, 1974, the Division authorized the drilling of a second well on each 320-acre Blanco Mesaverde proration unit, thereby creating in effect a 160-acre spacing pattern for said pool.

(6) That the W/2 of Section 8 comprises a 320-acre Blanco Mesaverde gas proration unit, and has dedicated thereto two wells, one in the NW/4 of the section and the other in the SW/4 of the section.

(7) That approval of the subject application, together with the application in Case No. 6965, to form two 160-acre non-standard units in the E/2 of Section 8 would authorize the full development of the E/2 of Section 8 by the drilling of two wells thereon, and would save the administrative overhead and legal expense which would be required by the communitization of the NE/4 and SE/4 of the section to form a single 320-acre unit to be dedicated to two wells.

(8) That approval of the aforesaid 160-acre units for the Blanco Mesaverde Pool does not preclude the creation of a single 320-acre unit for the Dakota formation or the creation of two 160-acre non-standard Dakota units in the E/2 of Section 8, nor the drilling of either one or two wells to the Dakota formation, should any of the owners in the W/2 of Section 8 so desire.

(9) That approval of the application in this case will prevent waste and will not impair correlative rights.

(10) That the application for an unorthodox gas well location should be dismissed.

IT IS THEREFORE ORDERED:

(1) That the applicant, John E. Schalk, is hereby granted approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

(2) That the application in this case for an unorthodox gas well location is hereby dismissed.

-3-

Case No. 6896

Order No. R-6496

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

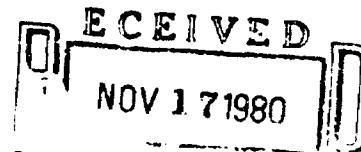
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L

fd/



BEFORE THE  
OIL CONSERVATION COMMISSION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF JOHN E. SCHALK  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX GAS WELL  
LOCATION, RIO ARriba COUNTY,  
NEW MEXICO.

CASE NO. 6896

APPLICATION FOR HEARING DE NOVO

Come now Curtis J. Little and Beartooth Oil and Gas Company,  
by their attorneys, Jasper & Buell, and applies to the Oil  
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as grounds therefor, state:

1. On July 9, 1980, a hearing was held before Examiner  
Daniel S. Nutter on the application of John E. Schalk for a non-  
standard Gas Proration Unit, Rio Arriba County, New Mexico, said  
application being Case No. 6896, a copy of which is attached  
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2. As a result of the hearing on July 9, 1980, an  
Order, R-6496, was issued by the Oil Conservation Division on  
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the decision pursuant to § 70-2-13 (NMSA 1978). Beartooth Oil  
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WHEREFORE, applicants ask that this application be heard  
de novo before the Oil Conservation Commission.

JASPER & BUELL


By

  
Sumner G. Buell

Attorneys for Applicants  
Post Office Box 1626  
Santa Fe, New Mexico 87501

CERTIFICATE OF MAILING

I hereby certify that on this 17<sup>th</sup> day of November, 1980,  
I caused a true and correct copy of the above and foregoing  
Application for Hearing de Novo to be mailed to counsel for  
John E. Schalk, W. Thomas Kellahin, Esquire, Post Office Box  
1769, Santa Fe, New Mexico 87501.

  
Sumner G. Buell

STATE OF NEW MEXICO

DEPARTMENT OF ENERGY AND MINERALS

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF  
JOHN E. SCHALK FOR APPROVAL OF A  
NON-STANDARD PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, BLANCO  
MESAVERDE POOL, RIO ARRIBA COUNTY,  
NEW MEXICO.

RECEIVED  
OIL CONSERVATION DIVISION  
MAY 02 1960  
Case 6896

APPLICATION

COMES NOW JOHN E. SCHALK, by and through his attorneys  
KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation  
Division for approval of an unorthodox location and a 160-acre  
non-standard spacing and proration unit consisting of the NE/4  
of Section 8, T25N, R3W, Blanco Mesaverde Pool, Rio Arriba  
County, New Mexico, and in support thereof would show:

1. Applicant is the operator of that portion of the NE/4  
of Section 8, T25N, R3W, NMPM, Rio Arriba County, New Mexico,  
from the base of the Pictured Cliffs formation through the base  
of the Mesaverde Formation.

2. Applicant proposes to drill his Schalk-Gulf #2 well at  
an unorthodox well location, <sup>790</sup>1,925 feet from the north line and  
790 feet from the east line of Section 8, to a depth sufficient  
to test the Mesaverde formation and to dedicate the NE/4 to  
said well.

3. That said dedication would constitute a 160-acre non-  
standard proration and spacing unit for the Blanco Mesaverde  
Pool, but is necessary in order to protect the correlative  
rights of the applicant.

4. That granting of the application will be in the best  
interests of conservation, the prevention of waste, and

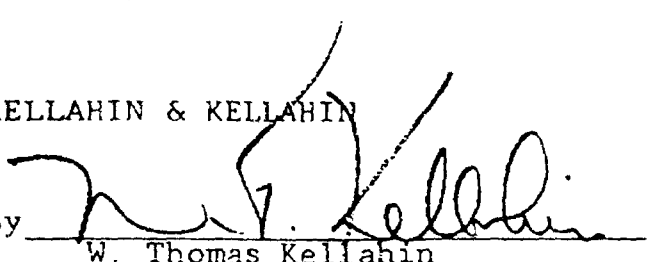
E X H I B I T " A "

the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set before the Division's duly appointed examiner and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By

  
W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: 982-4285

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

RECEIVED 27 1980

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

CASE NO. 6896  
Order No. R-6496

APPLICATION OF JOHN E. SCHALK  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX GAS WELL  
LOCATION, RIO ARriba COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 21st day of October, 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 sub-  
ject matter thereof.

(2) That the applicant, John E. Schalk, is the owner of a  
50 percent undivided working interest in the Mesaverde formation  
underlying the NE/4 of Section 8, Township 25 North, Range 3  
West, NMPM, Rio Arriba County, New Mexico, and proposes the  
establishment of a 160-acre non-standard gas proration unit in  
the Blanco Mesaverde Pool comprising said lands to be dedicated  
to a well to be drilled thereon.

(3) That the application for hearing was for said well  
to be drilled at an unorthodox location, but the applicant has  
requested dismissal of that portion of the application and would  
drill the well at a standard location.

(4) That the applicant in Case No. 6965, Supron Energy  
Corporation, proposes the establishment of a 160-acre non-standard

E X H I B I T " B "



-2-

Case No. 6896

Order No. R-6496

gas proration unit in the Blanco Mesaverde Pool comprising the SE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to a well it proposes to drill at a standard location thereon.

(5) That by Order No. R-1670-I, dated November 14, 1974, the Division authorized the drilling of a second well on each 320-acre Blanco Mesaverde proration unit, thereby creating in effect a 160-acre spacing pattern for said pool.

(6) That the W/2 of Section 8 comprises a 320-acre Blanco Mesaverde gas proration unit, and has dedicated thereto two wells, one in the NW/4 of the section and the other in the SW/4 of the section.

(7) That approval of the subject application, together with the application in Case No. 6965, to form two 160-acre non-standard units in the E/2 of Section 8 would authorize the full development of the E/2 of Section 8 by the drilling of two wells thereon, and would save the administrative overhead and legal expense which would be required by the communitization of the NE/4 and SE/4 of the section to form a single 320-acre unit to be dedicated to two wells.

(8) That approval of the aforesaid 160-acre units for the Blanco Mesaverde Pool does not preclude the creation of a single 320-acre unit for the Dakota formation or the creation of two 160-acre non-standard Dakota units in the E/2 of Section 8, nor the drilling of either one or two wells to the Dakota formation, should any of the owners in the W/2 of Section 8 so desire.

(9) That approval of the application in this case will prevent waste and will not impair correlative rights.

(10) That the application for an unorthodox gas well location should be dismissed.

IT IS THEREFORE ORDERED:

(1) That the applicant, John E. Schalk, is hereby granted approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

(2) That the application in this case for an unorthodox gas well location is hereby dismissed.


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Case No. 6896  
Order No. R-6496

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

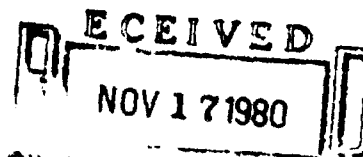
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L

fd/



BEFORE THE OIL CONSERVATION DIVISION  
OIL CONSERVATION COMMISSION SANTA FE  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF JOHN E. SCHALK  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX GAS WELL  
LOCATION, RIO ARRIBA COUNTY,  
NEW MEXICO.

CASE NO. 6896

APPLICATION FOR HEARING DE NOVO

Come now Curtis J. Little and Beartooth Oil and Gas Company,  
by their attorneys, Jasper & Buell, and applies to the Oil  
Conservation Commission for a hearing de novo in this case and,  
as grounds therefor, state:

1. On July 9, 1980, a hearing was held before Examiner  
Daniel S. Nutter on the application of John E. Schalk for a non-  
standard Gas Proration Unit, Rio Arriba County, New Mexico, said  
application being Case No. 6896, a copy of which is attached  
hereto as Exhibit A.


2. As a result of the hearing on July 9, 1980, an  
Order, R-6496, was issued by the Oil Conservation Division on  
October 21, 1980, granting the application. A copy of the Order  
is attached hereto as Exhibit B.

3. Applicant, Curtis J. Little, appeared at the  
hearing on July 9, 1980, and testified in opposition to the  
application. Curtis J. Little is a party adversely affected by  
the decision pursuant to § 70-2-13 (NMSA 1978). Beartooth Oil  
and Gas Company is a successor in interest to Curtis J. Little.

WHEREFORE, applicants ask that this application be heard  
de novo before the Oil Conservation Commission.

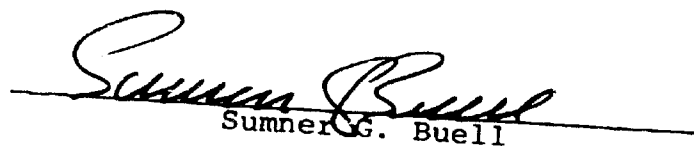
JASPER & BUELL

By

  
Sumner G. Buell  
Attorneys for Applicants  
Post Office Box 1626  
Santa Fe, New Mexico 87501

CERTIFICATE OF MAILING

I hereby certify that on this 17<sup>th</sup> day of November, 1980,  
I caused a true and correct copy of the above and foregoing  
Application for Hearing de Novo to be mailed to counsel for  
John E. Schalk, W. Thomas Kellahin, Esquire, Post Office Box  
1769, Santa Fe, New Mexico 87501.

  
Sumner G. Buell

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

IN THE MATTER OF THE APPLICATION OF  
JOHN E. SCHALK FOR APPROVAL OF A  
NON-STANDARD PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, BLANCO  
MESAVERDE POOL, RIO ARriba COUNTY,  
NEW MEXICO.

231213  
MAY 22 1966  
OIL CONSERVATION DIVISION  
Case 6896

APPLICATION

COMES NOW JOHN E. SCHALK, by and through his attorneys  
KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation  
Division for approval of an unorthodox location and a 160-acre  
non-standard spacing and proration unit consisting of the NE/4  
of Section 8, T25N, R3W, Blanco Mesaverde Pool, Rio Arriba  
County, New Mexico, and in support thereof would show:

1. Applicant is the operator of that portion of the NE/4  
of Section 8, T25N, R3W, NMPM, Rio Arriba County, New Mexico,  
from the base of the Pictured Cliffs formation through the base  
of the Mesaverde Formation.
2. Applicant proposes to drill his Schalk-Gulf #2 well at  
an unorthodox well location, 1,925<sup>790</sup> feet from the north line and  
790 feet from the east line of Section 8, to a depth sufficient  
to test the Mesaverde formation and to dedicate the NE/4 to  
said well.
3. That said dedication would constitute a 160-acre non-  
standard proration and spacing unit for the Blanco Mesaverde  
Pool, but is necessary in order to protect the correlative  
rights of the applicant.
4. That granting of the application will be in the best  
interests of conservation, the prevention of waste, and

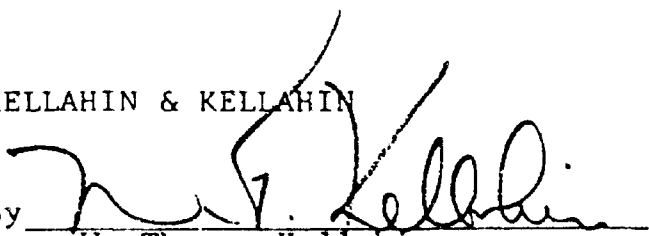
EXHIBIT "A"

the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set before the Division's duly appointed examiner and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By

  
W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: 982-4285

ATTORNEYS FOR APPLICANT

RECEIVED OCT 27 1980

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. 6896  
Order No. R-6496

APPLICATION OF JOHN E. SCHALK  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX GAS WELL  
LOCATION, RIO ARRIBA COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 21st day of October, 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 sub-  
ject matter thereof.

(2) That the applicant, John E. Schalk, is the owner of a  
50 percent undivided working interest in the Mesaverde formation  
underlying the NE/4 of Section 8, Township 25 North, Range 3  
West, NMPM, Rio Arriba County, New Mexico, and proposes the  
establishment of a 160-acre non-standard gas proration unit in  
the Blanco Mesaverde Pool comprising said lands to be dedicated  
to a well to be drilled thereon.

(3) That the application for hearing was for said well  
to be drilled at an unorthodox location, but the applicant has  
requested dismissal of that portion of the application and would  
drill the well at a standard location.

(4) That the applicant in Case No. 6965, Supron Energy  
Corporation, proposes the establishment of a 160-acre non-standard

E X H I B I T " B "

-2-

Case No. 6896

Order No. R-6496

gas proration unit in the Blanco Mesaverde Pool comprising the SE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to a well it proposes to drill at a standard location thereon.

(5) That by Order No. R-1670-T, dated November 14, 1974, the Division authorized the drilling of a second well on each 320-acre Blanco Mesaverde proration unit, thereby creating in effect a 160-acre spacing pattern for said pool.

(6) That the W/2 of Section 8 comprises a 320-acre Blanco Mesaverde gas proration unit, and has dedicated thereto two wells, one in the NW/4 of the section and the other in the SW/4 of the section.

(7) That approval of the subject application, together with the application in Case No. 6965, to form two 160-acre non-standard units in the E/2 of Section 8 would authorize the full development of the E/2 of Section 8 by the drilling of two wells thereon, and would save the administrative overhead and legal expense which would be required by the communitization of the NE/4 and SE/4 of the section to form a single 320-acre unit to be dedicated to two wells.

(8) That approval of the aforesaid 160-acre units for the Blanco Mesaverde Pool does not preclude the creation of a single 320-acre unit for the Dakota formation or the creation of two 160-acre non-standard Dakota units in the E/2 of Section 8, nor the drilling of either one or two wells to the Dakota formation, should any of the owners in the W/2 of Section 8 so desire.

(9) That approval of the application in this case will prevent waste and will not impair correlative rights.

(10) That the application for an unorthodox gas well location should be dismissed.

IT IS THEREFORE ORDERED:

(1) That the applicant, John E. Schalk, is hereby granted approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

(2) That the application in this case for an unorthodox gas well location is hereby dismissed.




-3-  
Case No. 6896  
Order No. R-6496

(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 herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L

fd/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 6896 DE NOVO  
Order No. R-6496-A

APPLICATION OF *JOHNE. SCHALK* FOR A NON-STANDARD GAS  
PRODUCTION UNIT AND *AN UNORTHODOX GAS WELL LOCATION*  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on *January 19,*  
*1981*, at Santa Fe, New Mexico, before the Oil Conservation  
Commission of New Mexico, hereinafter referred to as the  
"Commission."

NOW, on this th day of *January, 1981*, the Commission, a  
quorum being present, having considered the testimony presented  
and the exhibits received at said hearing, and being fully ad-  
vised in the premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Commission has jurisdiction of this cause and the  
subject matter thereof.

(2) That applicant, *John E. Schalk*, seeks  
an order for the establishment of a *2160-acre non-standard gas production unit and an*  
*unorthodox gas well location* in the *Blanco Mesavende Gas Pool* comprising *Section 8*, Township 25 North,  
Range 3 West NMPM, Rio Arriba County, New Mexico.

(3) That the matter came on for hearing at 9:00 a.m. on  
*July 9, 1980*, at Santa Fe, New Mexico, before Examiner  
*Daniel S. Nutter* and, pursuant to this hearing, Order No.  
R-6496 was issued on *October 21, 1980*, which granted *Schalk's*  
application for a *2160-acre non-standard gas production unit*  
*in the Blanco Mesavende Pool* comprising *the NE 1/4 of*  
*Section 8, Township 25 North, Range 3 West, NMPM,*  
*Rio Arriba County, New Mexico* ~~and a unit~~

(4) That on *November 17, 1980* application for Hearing  
De Novo was made by *Curtis J. Little & Beartooth Oil & Gas Company* and  
the matter was set for hearing before the Commission.

(5) That the matter came on for hearing de novo on  
*January 19, 1981.*

-2-

Case No. De Novo  
Order No. R- -A

*Division*  
(6) That the evidence adduced at said hearing indicates that ~~Commission~~ Order No. R-6496 entered *October 21, 1980*, should be affirmed.

IT IS THEREFORE ORDERED:

- (1) That *Division* ~~Commission~~ Order No. R-6496, entered *October 21, 1980*, is hereby affirmed.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

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

ALEX J. ARMIJO, Member

*A. L. Porter Jr.*  
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

CASE 6896: JOHN E. SCHALK FOR A NON-  
STANDARD GAS PRORATION UNIT AND UNORTHO-  
DOX GAS WELL LOCATION, RIO ARriba COUNTY  
NEW MEXICO

6/25  
1970

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

EXAMINER HEARING

IN THE MATTER OF:

Application of John E. Schalk for a) CASE  
non-standard gas proration unit and) 6896  
an unorthodox gas well location, )  
Rio Arriba 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, John  
E. Schalk:

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

For Curtis Little:

Sumner Buell, Esq.  
JASPER & BUELL  
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 433-7409

# I N D E X

## A. R. KENDRICK

Direct Examination by Mr. Kellahin 4

Cross Examination by Mr. Nutter 14

## CURTIS LITTLE

Direct Examination by Mr. Buell 15

Cross Examination by Mr. Kellahin 20

# E X H I B I T S

Schalk Exhibit One, Plat 5

Schalk Exhibit Two, Logs 13

Schalk Exhibit Three, Logs 13

Schalk Exhibit Four, Logs 13

Little Exhibit One, Plat 16

Little Exhibit Two, Plat 17

SALLY W. BOYD, C.S.R.

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

1 MR. NUTTER: We'll call Case Number 69 --  
2 6896.

3 MR. PADILLA: Application of John E.  
4 Schalk for a non-standrd gas proration unit and unorthodox  
5 gas well location, Rio Arriba County, New Mexico.

6 MR. KELLAHIN: Mr. Examiner, I'm Tom  
7 Kellahin, appearing on behalf of the applicant, and I have  
8 one witness.

9 MR. BUELL: Mr. Examiner, I'm Summer  
10 Buell of Santa Fe, appearing on behalf of Curtis J. Little,  
11 in opposition to the application, and we will have one wit-  
12 ness.

13  
14 (Witnesses sworn.)

15  
16 A. R. KENDRICK  
17 being called as a witness and having been duly sworn upon his  
18 oath, testified as follcws, to-wit:

19  
20 DIRECT EXAMINATION

21 BY MR. KELLAHIN:

22 MR. KELLAHIN: Mr. Nutter, we'd like to  
23 delete that portion of the application that requests an unor-  
24 thodox well location. The applicant proposes to drill a well  
25 at a standard location no closer than 790 feet from the outer

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Santa Fe, New Mexico 87501  
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1 boundary of the 160-acre tract.

2 MR. NUTTER: In Case Number 6896 the ap-  
3 plication will be amended to be for a non-standard gas pro-  
4 ration unit only, for a well to be drilled at a standard loca-  
5 tion.

6 Q Would you please state your name and occu-  
7 pation?

8 A A. R. Kendrick, Vice President of Manana  
9 Gas, Incorporated, and consultant.

10 Q Are you a petroleum engineer, Mr. Kendrick?

11 A Yes, sir.

12 Q Have you previously testified before the  
13 Division as a petroleum engineer?

14 A Yes, sir.

15 Q What has been your history of employment,  
16 Mr. Kendrick?

17 A For twenty years I was petroleum engineer  
18 for the Oil Conservation Division; five years I was District  
19 Supervisor; and I am now vice president of Manana Gas and  
20 consulting petroleum engineer.

21 Q You were a District Supervisor for the  
22 Oil Conservation Division in what area, Mr. Kendrick?

23 A In the northwest part of New Mexico.

24 Q Did that area of responsibility include  
25 the area that's involved in this application?

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

Page 5

1 A Yes.

2 Q And have you made a study of the facts  
3 surrounding this particular application?

4 A Yes, sir.

5 MR. KELLAHIN: We tender Mr. Kendrick as  
6 an expert petroleum engineer.

7 MR. NUTTER: Mr. Kendrick is qualified.

8 Q Mr. Kendrick, would you take what we've  
9 marked as the Applicant Exhibit Number One and identify for  
10 us the acreage that Mr. Schalk desires to be dedicated as a  
11 non-standard gas proration unit for the Mesaverde Pool?

12 A The application is for a non-standard  
13 drill tract, being the northeast quarter of Section 8, Town-  
14 ship 25 North, Range 3 West.

15 Q And how is that indicated on your exhibit?

16 A It is not identified on the exhibit.

17 Q All right. There is a circle indicated  
18 on the northeast quarter of Section 8 on the exhibit. What  
19 is that intended to represent?

20 A That's the current application to drill  
21 has been approved for a well in the northeast of the northeast,  
22 or in Unit letter A of Section 8.

23 MR. KELLAHIN: We neglected to make addi-  
24 tional copies of this, and I ought to have, but this is the  
25 index for the wells and it will assist you in identifying the

1 wells, Mr. Examiner. It identifies the wells by unit letter  
2 and section.

3 Q For the information of Mr. Little and  
4 everyone, Mr. Kendrick, let's look at Exhibit Number One and  
5 first of all go back and identify for us again the northeast  
6 quarter of Section 8 and what is indicated by that circle.

7 A The circle indicates an approved intention  
8 to drill for a well in that location, being a Unit letter A  
9 Location, for a well to the Mesaverde formation, for Schalk  
10 Development Company. The call of this case is to ask that  
11 the drill tract for that well be the northeast quarter instead  
12 of 320 acres.

13 Q This plat is graphed out on 40-acre tracts,  
14 is it not?

15 A Yes, the subdivision shown on this plat  
16 are 40 acres.

17 Q And this application seeks approval of a  
18 160-acre proration unit?

19 A Right.

20 Q What would be a standard proration unit  
21 for the Blanco Mesaverde Gas Pool?

22 A Half section or 320 acres.

23 Q On the west half of Section 8 you have  
24 two well spots indicated. Would you describe first of all  
25 the well in the northwest quarter of this section?

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1           A           Well, the northwest quarter is Schalk  
2 Development's Schalk 41 No. 2-A Well. It had an initial  
3 potential, absolute open flow of 5,948,000, and was first  
4 delivered into the line on March the 7th, 1980.

5           Q           Is this a single Mesaverde completion?

6           A           Yes, sir.

7           Q           Would you describe for us the well located  
8 in the southwest quarter of Section 8?

9           A           That well is the Schalk Development Com-  
10 pany's Schalk 41 Well No. 2. It had an initial potential,  
11 absolute open flow of 5,284,000. It first delivered into  
12 the pipeline on July the 2nd, 1979.

13          Q           Is that well a Mesaverde completion,  
14 single?

15          A           Yes, sir.

16          Q           What acreage is dedicated to those wells  
17 in the Blanco Mesaverde Pool?

18          A           The west half of the section is dedicated  
19 to the two wells.

20          Q           How did Mr. Schalk come to have two wells  
21 on one 320-acre proration spacing unit?

22          A           The Mesaverde Pool rules provide for in-  
23 fill drilling, which authorizes the drilling of a second well  
24 on the 320-acre tract.

25          Q           What does Mr. Schalk propose with regards

1 to the east half of Section 8?

2 A He proposes to drill a well where he  
3 would only dedicate the northeast quarter to that well, be-  
4 cause he owns no interest interest in the southeast quarter.

5 Q To your knowledge, Mr. Kendrick, who is  
6 the owner of the interest in the southeast quarter?

7 A I understand that Supron Energy Corpora-  
8 tion owns the southeast quarter.

9 Q Let's look at the well in Section 5 just  
10 to the north of Section 8 and have you identify that well for  
11 me.

12 A The well in the northeast quarter of  
13 Section 5 is PetroLewis Corporation's Florence No. 8 Well,  
14 which was completed with an absolute open flow of 1,481,000.  
15 It first delivered into the pipeline on April the 11th, 1980.

16 Q And commencing from left to right, what  
17 is the status of the well located in Section 4 in Unit E?

18 A In Unit letter E of Section 4, the well  
19 is Florence -- Petro Lewis Corporation's Florence No. 7, which  
20 potentialled for 3,631,000 feet. It first delivered into the  
21 line on June the 28th, 1979.

22 Q And continuing to the east, what is the  
23 status of the well in the northeast quarter of Section 4?

24 A In Unit H of 4 is Petro Lewis Corporation's  
25 Florence No. 7-A. It potentialled with an absolute open flow

SALLY W. BOYD, C.S.R.

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1 of 3, -- excuse me, I've got the same number copied twice.  
2 One of those is wrong.

3 The initial potential for the well in  
4 Unit H of 4, the absolute open flow should read 3247 Mcf, and  
5 it first delivered into the pipeline on January the 18th, 1980.

6 Q Describe for us the well located in Unit  
7 E of Section 3.

8 A That's Petro Lewis Corporation's Ruddick  
9 No. 7. It had an absolute open flow of 1,721,000, and first  
10 delivered into the pipeline on April the 11th, 1980.

11 Q Mr. Kendrick, are all these Petro Lewis  
12 wells single completions in the Mesaverde Pool?

13 A I believe they are. I'm not certain, but  
14 I believe that they are singles.

15 Q The information you've given us is limited  
16 to the Blanco Mesaverde pool?

17 A Yes.

18 Q Between the two Schalk wells in the west  
19 half of Section 8, which is the better of the two wells?

20 A Based on the initial potential, the well  
21 in the northwest quarter is the better well.

22 Q I realize you filed an application for  
23 permit to drill for Unit A in Section 8. Based upon your  
24 study as a petroleum engineer, do you have a recommendation  
25 as to any other location within the northeast quarter of

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1 Section 8 which you would recommend Mr. Schalk to locate his  
2 well?

3 A I would recommend to Mr. Schalk that, if  
4 possible, to move the location to a standard location in the  
5 southwest quarter of the northeast quarter.

6 Q Why would you recommend that, Mr. Kendrick?

7 A Since the other well is a good well, that  
8 would tend to crowd toward it a little but still be on a  
9 standard location, so it's really not crowding the well at all,  
10 but --

11 Q Let's move to the northwest there into  
12 Section 6 and you have located a well spot in Unit O of Sec-  
13 tion 6. What is that?

14 A The well in the southeast quarter of Sec-  
15 tion 6, being Unit O, is Schalk Development's Schalk-Gulf  
16 No. 3 Well. This well has recently been drilled and cased  
17 to the Mesaverde. Mr. Schalk considers this as a commercially  
18 acceptable well, but it has not been completed.

19 Q Do you have any production tests on the  
20 Mesaverde for that well?

21 A No, sir, it's just been logged and cased.

22 Q All right, sir. If you go to the south,  
23 now, and look in Section 18 in Unit O there's a well spot.  
24 Would you identify that well for us?

25 A In Section 18 in Unit O, that well is

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1 Getty Oil Company's C. W. Roberts No. 3 Well. It had an ini-  
2 tial potential of 373 Mcf, and first delivered into the pipe-  
3 line about 1974.

4 Q Okay. And going into Unit A of Section  
5 19, would you describe that well for us?

6 A That well is Getty Oil Company's Lydia  
7 Rentz No. 4, and it's initial potential was 2,825,000, and  
8 it first delivered to the pipeline in 1974.

9 Q Am I correct in assuming that all the  
10 wells located on this plat are Mesaverde completions?

11 A Mesaverde completions or wells that tested  
12 in the Mesaverde.

13 Q All right, sir. Let's go to Unit C in  
14 Section 17 to the east -- I'm sorry, that's not C -- F of 17,  
15 and have you identify that for us.

16 A That well is Getty Oil Company's C. W.  
17 Roberts No. 5. They obtained permission to downhole commingle  
18 the Dakota, Gallup, and Mesaverde in an attempt to make a  
19 commercial well out of it, and the field people have yet to  
20 complete the Mesaverde. It's completed in the Gallup and  
21 Dakota, but the completion has not yet been done in the MESA-  
22 verde formation.

23 Q Who's the operator of that well?

24 A Getty Oil Company.

25 Q If you'll continue to the east to Section

1 16, and in Unit M there's a well location. What is that?

2 A Schalk Development Company's Schalk 41  
3 Well No. 1. It had an initial potential, absolute open flow  
4 of 3,634,000. It first delivered August the 10th, 1979.

5 Q Is that an economic well?

6 A Yes.

7 Q All right, let's go to Unit P in Section  
8 16 and have you identify that well for us.

9 A That's Schalk Development Company's Schalk  
10 41 Well No. 3. It's absolute open flow was 1,062,000. It  
11 first delivered August the 13th, 1979.

12 Q Okay, and then last, there is a well spot  
13 located in C of 13 to the east. Is that a dry hole?

14 A Skelly Oil Company drilled that hole in  
15 1958 as their Hurt No. 3, and they plugged and abandoned the  
16 well without making -- or without completing the well as a  
17 producer. They plugged and abandoned it at the time of  
18 drilling. It never produced.

19 Q Mr. Kendrick, are you aware of the gener-  
20 al geological trend in the Mesaverde formation, whereby pro-  
21 duction tends to trend from the northwest to the southeast?

22 A It appears to do that in certain parts of  
23 the reservoir, yes.

24 Q How does that trend hold up in this parti-  
25 cular area?

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1                   A           Exhibits Two, Three, and Four are copies  
2 of wireline logs for the wells in the area.

3                               Exhibit Two is the log of the well in the  
4 southeast quarter of Section 6.

5                               Exhibit Three being the well in the south-  
6 west quarter of Section 8.

7                               And Exhibit Four being the well in the  
8 northwest quarter of Section 8.

9                               For the two wells in Section 8 the perfor-  
10 ated intervals are marked on the logs, but when the logs are  
11 compared as to the character of a particular trend in this  
12 immediate area, they are not what we'd call laydown type com-  
13 parisons, because the character of the reservoir changes sub-  
14 stantially between wells, even though they are all considered  
15 as commercial wells.

16                   Q           Mr. Kendrick, do you have an opinion as  
17 to whether or not the northeast quarter of Section 8 is reason-  
18 ably productive from the Mesaverde formation?

19                   A           Yes, we have no reason to doubt the ability  
20 of a well in the northeast quarter of Section 8 to be a com-  
21 mercial well.

22                   Q           Mr. Kendrick, do you have an opinion as  
23 to whether or not a well drilled at a standard location in  
24 the northeast quarter could reasonably develop the Mesaverde  
25 in that northeast quarter of Section 8?

1 A I have no reason to doubt that a well  
2 would be commercial and would properly drain the quarter sec-  
3 tion.

4 Q Were Exhibits One through Four prepared  
5 by you or compiled under your direction and supervision?

6 A Yes, sir.

7 Q And in your opinion, Mr. Kendrick, will  
8 approval of this application be in the best interests of con-  
9 servation, prevention of waste, and the protection of correla-  
10 tive rights?

11 A Yes.

12 MR. KELLAHIN: That concludes our examin-  
13 ation. We move the introduction of Exhibits One through Four.

14 MR. NUTTER: Applicant's Exhibits One  
15 through Four will be admitted in evidence.

16  
17 CROSS EXAMINATION

18 BY MR. NUTTER:

19 Q Mr. Kendrick, the applicant here is pro-  
20 posing a non-standard unit comprising the northeast quarter  
21 of Section 8. The following case on the docket is the appli-  
22 cation of Supron. They're proposing a 160-acre non-standard  
23 unit in the southeast quarter of Section 8.

24 This would result in the drilling of two  
25 wells. Under the infill drilling program authorized for the

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1 Mesaverde, two wells could be drilled in the east half of Sec-  
2 tion 8, even though you had a standard unit, couldn't they?

3 A Yes.

4 Q So we're not actually increasing the  
5 drainage, or the radius of drainage of the tract by going to  
6 non-standard units rather than having two wells on a single  
7 unit, are we?

8 A That's correct. The number of wells is  
9 not different.

10 Q The number of wells doesn't change.

11 MR. NUTTER: Are there any further ques-  
12 tions of the applicant -- of the witness? He may be excused.

13 Did you have any questions?

14 MR. BUELL: No.

15 MR. NUTTER: He may be excused.

16  
17 CURTIS R. LITTLE

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

20  
21 DIRECT EXAMINATION

22 BY MR. BUELL:

23 Q Would you state your name, please?

24 A Curtis Little.

25 Q Mr. Little, would you please give the

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1 Examiner your address and your occupation?

2 A Room 150, Petroleum Plaza Bldg., Farming-  
3 ton, New Mexico, and I'm a petroleum geologist and independent  
4 operator.

5 Q Mr. Little, have you previously testified  
6 before the Oil Conservation Division, or one of its examiners?

7 A I have.

8 Q And have your qualifications as a petro-  
9 leum geologist been accepted?

10 A Yes, sir.

11 MR. BUELL: Are the witness' qualifications  
12 accepted?

13 MR. NUTTER: Yes, they are.

14 Q Mr. Little, what is your interest in this  
15 application?

16 A I own -- I have a farmout agreement, one  
17 half of the Dakota rights -- well, one-half of the rights  
18 from the base of the Pictured Cliffs formation to the base of  
19 the Dakota formation.

20 MR. NUTTER: Under what lands, Mr. Little?

21 A In the undivided north half of Section 8.

22 Q Handing you what has been marked as  
23 Little's Exhibit Number One, would you explain to the Examiner  
24 what that shows?

25 A My title opinion indicated that Schalk

1 has half the Mesaverde rights in the northeast quarter; Gulf  
2 has everything below the Mesaverde; Supron has all rights to  
3 the southeast quarter.

4 Q And handing you what has been marked as  
5 Applicant's Exhibit Number Two, would you identify that and  
6 please explain what that shows?

7 A That shows the deep rights below the  
8 Mesaverde as Gulf and I having the northeast quarter, Supron  
9 the southeast quarter.

10 Q Why do you oppose this application?

11 A I, as a background, this has been pending  
12 for many months. I offered to support Mr. Schalk as being  
13 operator of the 320-acre standard proration unit. I offered  
14 to be operator and asked his support; that I would use his  
15 rig and fully work with him in developing the spacing unit.  
16 I sent him AFE's of the dual Mesaverde-Dakota well, as well  
17 as single completions, Mesaverde; single completions, Dakota,  
18 showing the savings of a dual.

19 I consulted with El Paso on the mechanics  
20 of duals and the success ratio and how they broke it down.

21 As of Monday I was advised that was not  
22 acceptable. They were going ahead and hold a hearing and  
23 I'm here to protest their request, and request that 320-acre  
24 spacing be in effect, and Supron or Schalk or I, or someone,  
25 be operator and drill the 320-acre spacing unit up on Dakota

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1 and Mesaverde horizons.

2 Q Do you have any other proposed alterna-  
3 tives to the plan that is proposed here by Mr. Schalk, as well  
4 as the next case on the docket that is proposed by Supron?

5 A I have -- when I was advised of the Supron  
6 case when I opened my mail Monday morning, I immediately  
7 called Supron and told them that I would support their being  
8 operator; that I would execute their AFE and a standard oper-  
9 ating agreement; that would give Supron and Little 75 percent  
10 interest. If Mr. Schalk did not want to join, I wouldn't  
11 farm out. There was compulsory pooling position to be able  
12 to take.

13 Q Do you have anything further to add to  
14 this matter?

15 A Well, I think it's unfair to myself and  
16 the royalty owners under this standard proration unit. Sec-  
17 tion -- the west half of 8 is already a unit. The people that  
18 I've taken the farmout from join me and request that their  
19 risks be spread over the unit in case we get one good one and  
20 one bad one.

21 I'm in complete agreement with Mr. Kendrick  
22 on the place to drill the northeast well.

23 Q Do you think that the granting of this  
24 application would prevent waste and protect correlative  
25 rights?

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1 A It would prevent a big waste of money in  
2 my case to be able to dual it; drill one well instead of two  
3 in the northeast quarter.

4 Q Do I understand your answer to be that  
5 you believe it would be wasteful to drill one well just to  
6 the Mesaverde when a dual could be drilled at the same time?

7 A Yes, sir, that is correct. And the cor-  
8 relative rights, I feel that the royalty owners in the north-  
9 east quarter, their correlative rights would be protected by  
10 an east half standard State-approved proration unit.

11 Q Okay. Were Exhibits One and Two prepared  
12 by you or under your supervision?

13 A Yes, sir.

14 MR. BUELL: I would move the admission  
15 of Exhibits One and Two.

16 MR. NUTTER: Exhibits One and Two will be  
17 admitted in evidence.

18 MR. BUELL: I have nothing further of this  
19 witness.

20 MR. NUTTER: Are there any questions of  
21 the witness?

22 MR. KELLAHIN: Yes, sir.

23 MR. NUTTER: Mr. Kellahin?  
24  
25

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CROSS EXAMINATION

BY MR. KELLAHIN:

Q Mr. Little, you indicated you had a 50 percent interest from the base of the Pictured Cliffs to the base of the Mesaverde formation in the north half of Section 8?

A Northeast quarter.

Q Northeast quarter.

MR. NUTTER: I think it was to the base of the Dakota, wasn't it?

A To the base of the Dakota.

Q All right.

A In the northeast.

Q You don't have any interest in the southeast quarter of Section 8?

A No, sir.

Q Can you identify for us on your Exhibit the location of any of the Dakota wells in the area? Are there any Dakota wells in the area?

A On this plat? The Dakota wells are shown on Exhibit Two. They've all been depleted.

Q The wells I have on Exhibit Number Two in Sections 17, 18, and 19, those are all Dakota wells?

A Yes, sir. Formerly Skelly, now Getty, depleted. As I recall their production ranged in the neigh-

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1 borhood of 80,000 barrels of oil and half a billion cubic  
2 feet, I don't recall.

3 Q Exhibit Number One, then, which I don't  
4 seem to have, is the ones where you've plotted the Mesaverde  
5 wells?

6 A Yes.

7 Q All right.

8 A I did not have Mr. Schalk's well that  
9 was logged on the 3rd day of July. I was unaware that that  
10 well had been drilled.

11 Q If I understand your position correctly,  
12 Mr. Little, it's that you prefer to have the entire east half  
13 of Section 8 developed by one well that's a dual completion  
14 in the Dakota and the Mesaverde?

15 A Yes, sir, by two wells.

16 Q You would drill two wells in the east  
17 half of Section 8?

18 A I suppose Supron would be the majority  
19 interest owner in the spacing unit, 50 percent. They would  
20 be operator and develop an orderly development of the east  
21 half.

22 Q I'm a little confused by your statement.  
23 You support the proposition for two Mesaverde wells in the  
24 east half?

25 A Two Dakota-Mesaverde duals in the east

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1 half.

2 Q All right, sir. You indicated your title  
3 opinion showed that you shared the ownership of the Mesaverde  
4 rights on a 50/50 basis with Gulf Oil Company?

5 A The Dakota rights?

6 Q Mesaverde.

7 A In the northeast quarter?

8 Q Yes, sir.

9 A Schalk has the Mesaverde on a farmout  
10 from --

11 MR. BUELL: Mr. Kellahin, that's on Ex-  
12 hibit One.

13 MR. KELLAHIN: Okay, keep your exhibits  
14 straight.

15 MR. BUELL: There's only two.

16 MR. KELLAHIN: All right, sir, thank you.  
17 I have no further questions.

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

20 MR. BUELL: I have nothing further, Mr.  
21 Examiner.

22 MR. NUTTER: Does anyone have anything to  
23 offer in Case Number 6896?

24 MR. KASTLER: Mr. Examiner, I'm Bill  
25 Kastler with Gulf Oil.

1 As the facts will point out, Gulf did farm  
2 out the Mesaverde rights to Mr. Schaik and we concur in his  
3 application.

4 MR. NUTTER: Thank you.

5 If there is nothing further, we'll take  
6 the case under advisement.

7  
8 (Hearing concluded.)  
9  
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C E R T I F I C A T E

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

*Sally W. Boyd C.S.R.*

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6826 heard by me on 7/9 19 80.

*[Signature]*, Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of John E. Schalk for a) CASE  
non-standard gas proration unit and) 6896  
an unorthodox gas well location, )  
Rio Arriba 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, John E. Schalk: W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
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For Curtis Little: Sumner Buell, Esq.  
JASPER & BUELL  
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I N D E X

A. R. KENDRICK

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CURTIS LITTLE

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Page 3

1 MR. NUTTER: We'll call Case Number 69 --  
2 6896.

3 MR. PADILLA: Application of John E.  
4 Schalk for a non-standrd gas proration unit and unorthodox  
5 gas well location, Rio Arriba County, New Mexico.

6 MR. KELLAHIN: Mr. Examiner, I'm Tom  
7 Kellahin, appearing on behalf of the applicant, and I have  
8 one witness.

9 MR. BUELL: Mr. Examiner, I'm Sumner  
10 Buell of Santa Fe, appearing on behalf of Curtis J. Little,  
11 in opposition to the application, and we will have one wit-  
12 ness.

13  
14 (Witnesses sworn.)

15  
16 A. R. KENDRICK  
17 being called as a witness and having been duly sworn upon his  
18 oath, testified as follows, to-wit:

19  
20 DIRECT EXAMINATION

21 BY MR. KELLAHIN:

22 MR. KELLAHIN: Mr. Nutter, we'd like to  
23 delete that portion of the application that requests an unor-  
24 thodox well location. The applicant proposes to drill a well  
25 at a standard location no closer than 790 feet from the outer

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1 boundary of the 160-acre tract.

2 MR. NUTTER: In Case Number 6896 the ap-  
3 plication will be amended to be for a non-standard gas pro-  
4 ration unit only, for a well to be drilled at a standard loca-  
5 tion.

6 Q Would you please state your name and occu-  
7 pation?

8 A A. R. Kendrick, Vice President of Manana  
9 Gas, Incorporated, and consultant.

10 Q Are you a petroleum engineer, Mr. Kendrick?

11 A Yes, sir.

12 Q Have you previously testified before the  
13 Division as a petroleum engineer?

14 A Yes, sir.

15 Q What has been your history of employment,  
16 Mr. Kendrick?

17 A For twenty years I was petroleum engineer  
18 for the Oil Conservation Division; five years I was District  
19 Supervisor; and I am now vice president of Manana Gas and  
20 consulting petroleum engineer.

21 Q You were a District Supervisor for the  
22 Oil Conservation Division in what area, Mr. Kendrick?

23 A In the northwest part of New Mexico.

24 Q Did that area of responsibility include  
25 the area that's involved in this application?



1 A Yes.

2 Q And have you made a study of the facts  
3 surrounding this particular application?

4 A Yes, sir.

5 MR. KELLAHIN: We tender Mr. Kendrick as  
6 an expert petroleum engineer.

7 MR. NUTTER: Mr. Kendrick is qualified.

8 Q Mr. Kendrick, would you take what we've  
9 marked as the Applicant Exhibit Number One and identify for  
10 us the acreage that Mr. Schalk desires to be dedicated as a  
11 non-standard gas proration unit for the Mesaverde Pool?

12 A The application is for a non-standard  
13 drill tract, being the northeast quarter of Section 8, Town-  
14 ship 25 North, Range 3 West.

15 Q And how is that indicated on your exhibit?

16 A It is not identified on the exhibit.

17 Q All right. There is a circle indicated  
18 on the northeast quarter of Section 8 on the exhibit. What  
19 is that intended to represent?

20 A That's the current application to drill  
21 has been approved for a well in the northeast of the northeast,  
22 or in Unit letter A of Section 8.

23 MR. KELLAHIN: We neglected to make addi-  
24 tional copies of this, and I ought to have, but this is the  
25 index for the wells and it will assist you in identifying the

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1 wells, Mr. Examiner. It identifies the wells by unit letter  
2 and section.

3 Q For the information of Mr. Little and  
4 everyone, Mr. Kendrick, let's look at Exhibit Number One and  
5 first of all go back and identify for us again the northeast  
6 quarter of Section 8 and what is indicated by that circle.

7 A The circle indicates an approved intention  
8 to drill for a well in that location, being a Unit letter A  
9 Location, for a well to the Mesaverde formation, for Schalk  
10 Development Company. The call of this case is to ask that  
11 the drill tract for that well be the northeast quarter instead  
12 of 320 acres.

13 Q This plat is graphed out on 40-acre tracts,  
14 is it not?

15 A Yes, the subdivision shown on this plat  
16 are 40 acres.

17 Q And this application seeks approval of a  
18 160-acre proration unit?

19 A Right.

20 Q What would be a standard proration unit  
21 for the Blanco Mesaverde Gas Pool?

22 A Half section or 320 acres.

23 Q On the west half of Section 8 you have  
24 two well spots indicated. Would you describe first of all  
25 the well in the northwest quarter of this section?

1 A Well, the northwest quarter is Schalk  
2 Development's Schalk 41 No. 2-A Well. It had an initial  
3 potential, absolute open flow of 5,948,000, and was first  
4 delivered into the line on March the 7th, 1980.

5 Q Is this a single Mesaverde completion?

6 A Yes, sir.

7 Q Would you describe for us the well located  
8 in the southwest quarter of Section 8?

9 A That well is the Schalk Development Com-  
10 pany's Schalk 41 Well No. 2. It had an initial potential,  
11 absolute open flow of 5,284,000. It first delivered into  
12 the pipeline on July the 2nd, 1979.

13 Q Is that well a Mesaverde completion,  
14 single?

15 A Yes, sir.

16 Q What acreage is dedicated to those wells  
17 in the Blanco Mesaverde Pool?

18 A The west half of the section is dedicated  
19 to the two wells.

20 Q How did Mr. Schalk come to have two wells  
21 on one 320-acre proration spacing unit?

22 A The Mesaverde Pool rules provide for in-  
23 fill drilling, which authorizes the drilling of a second well  
24 on the 320-acre tract.

25 Q What does Mr. Schalk propose with regards

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1 to the east half of Section 8?

2 A He proposes to drill a well where he  
3 would only dedicate the northeast quarter to that well, be-  
4 cause he owns no interest interest in the southeast quarter.

5 Q To your knowledge, Mr. Kendrick, who is  
6 the owner of the interest in the southeast quarter?

7 A I understand that Supron Energy Corpora-  
8 tion owns the southeast quarter.

9 Q Let's look at the well in Section 5 just  
10 to the north of Section 8 and have you identify that well for  
11 me.

12 A The well in the northeast quarter of  
13 Section 5 is PetroLewis Corporation's Florence No. 8 Well,  
14 which was completed with an absolute open flow of 1,481,000.  
15 It first delivered into the pipeline on April the 11th, 1980.

16 Q And commencing from left to right, what  
17 is the status of the well located in Section 4 in Unit E?

18 A In Unit letter E of Section 4, the well  
19 is Florence -- Petro Lewis Corporation's Florence No. 7, which  
20 potentialled for 3,631,000 feet. It first delivered into the  
21 line on June the 28th, 1979.

22 Q And continuing to the east, what is the  
23 status of the well in the northeast quarter of Section 4?

24 A In Unit H of 4 is Petro Lewis Corporation's  
25 Florence No. 7-A. It potentialled with an absolute open flow

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1 of 3, -- excuse me, I've got the same number copied twice.  
2 One of those is wrong.

3 The initial potential for the well in  
4 Unit H of 4, the absolute open flow should read 3247 Mcf, and  
5 it first delivered into the pipeline on January the 18th, 1980.

6 Q Describe for us the well located in Unit  
7 E of Section 3.

8 A That's Petro Lewis Corporation's Ruddick  
9 No. 7. It had an absolute open flow of 1,721,000, and first  
10 delivered into the pipeline on April the 11th, 1980.

11 Q Mr. Kendrick, are all these Petro Lewis  
12 wells single completions in the Mesaverde Pool?

13 A I believe they are. I'm not certain, but  
14 I believe that they are singles.

15 Q The information you've given us is limited  
16 to the Blanco Mesaverde pool?

17 A Yes.

18 Q Between the two Schalk wells in the west  
19 half of Section 8, which is the better of the two wells?

20 A Based on the initial potential, the well  
21 in the northwest quarter is the better well.

22 Q I realize you filed an application for  
23 permit to drill for Unit A in Section 8. Based upon your  
24 study as a petroleum engineer, do you have a recommendation  
25 as to any other location within the northeast quarter of

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1 Section 8 which you would recommend Mr. Schalk to locate his  
2 well?

3 A I would recommend to Mr. Schalk that, if  
4 possible, to move the location to a standard location in the  
5 southwest quarter of the northeast quarter.

6 Q Why would you recommend that, Mr. Kendrick?

7 A Since the other well is a good well, that  
8 would tend to crowd toward it a little but still be on a  
9 standard location, so it's really not crowding the well at all,  
10 but --

11 Q Let's move to the northwest there into  
12 Section 6 and you have located a well spot in Unit O of Sec-  
13 tion 6. What is that?

14 A The well in the southeast quarter of Sec-  
15 tion 6, being Unit O, is Schalk Development's Schalk-Gulf  
16 No. 3 Well. This well has recently been drilled and cased  
17 to the Mesaverde. Mr. Schalk considers this as a commercially  
18 acceptable well, but it has not been completed.

19 Q Do you have any production tests on the  
20 Mesaverde for that well?

21 A No, sir, it's just been logged and cased.

22 Q All right, sir. If you go to the south,  
23 now, and look in Section 18 in Unit O there's a well spot.  
24 Would you identify that well for us?

25 A In Section 18 in Unit O, that well is

1     Getty Oil Company's C. W. Roberts No. 3 Well. It had an ini-  
2     tial potential of 373 Mcf, and first delivered into the pipe-  
3     line about 1974.

4             Q             Okay. And going into Unit A of Section  
5     19, would you describe that well for us?

6             A             That well is Getty Oil Company's Lydia  
7     Rentz No. 4, and it's initial potential was 2,825,000, and  
8     it first delivered to the pipeline in 1974.

9             Q             Am I correct in assuming that all the  
10    wells located on this plat are Mesaverde completions?

11            A            Mesaverde completions or wells that tested  
12    in the Mesaverde.

13            Q            All right, sir. Let's go to Unit C in  
14    Section 17 to the east -- I'm sorry, that's not C -- F of 17,  
15    and have you identify that for us.

16            A            That well is Getty Oil Company's C. W.  
17    Roberts No. 5. They obtained permission to downhole commingle  
18    the Dakota, Gallup, and Mesaverde in an attempt to make a  
19    commercial well out of it, and the field people have yet to  
20    complete the Mesaverde. It's completed in the Gallup and  
21    Dakota, but the completion has not yet been done in the Mesa-  
22    verde formation.

23            Q            Who's the operator of that well?

24            A            Getty Oil Company.

25            Q            If you'll continue to the east to Section

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1 16, and in Unit M there's a well location. What is that?

2 A Schalk Development Company's Schalk 41  
3 Well No. 1. It had an initial potential, absolute open flow  
4 of 3,634,000. It first delivered August the 10th, 1979.

5 Q Is that an economic well?

6 A Yes.

7 Q All right, let's go to Unit P in Section  
8 16 and have you identify that well for us.

9 A That's Schalk Development Company's Schalk  
10 41 Well No. 3. It's absolute open flow was 1,062,000. It  
11 first delivered August the 13th, 1979.

12 Q Okay, and then last, there is a well spot  
13 located in C of 13 to the east. Is that a dry hole?

14 A Skelly Oil Company drilled that hole in  
15 1958 as their Hurt No. 3, and they plugged and abandoned the  
16 well without making -- or without completing the well as a  
17 producer. They plugged and abandoned it at the time of  
18 drilling. It never produced.

19 Q Mr. Kendrick, are you aware of the gener-  
20 al geological trend in the Mesaverde formation, whereby pro-  
21 duction tends to trend from the northwest to the southeast?

22 A It appears to do that in certain parts of  
23 the reservoir, yes.

24 Q How does that trend hold up in this parti-  
25 cular area?

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1                   A           Exhibits Two, Three, and Four are copies  
2 of wireline logs for the wells in the area.

3                               Exhibit Two is the log of the well in the  
4 southeast quarter of Section 6.

5                               Exhibit Three being the well in the south-  
6 west quarter of Section 8.

7                               And Exhibit Four being the well in the  
8 northwest quarter of Section 8.

9                               For the two wells in Section 8 the perfor-  
10 ated intervals are marked on the logs, but when the logs are  
11 compared as to the character of a particular trend in this  
12 immediate area, they are not what we'd call laydown type com-  
13 parisons, because the character of the reservoir changes sub-  
14 stantially between wells, even though they are all considered  
15 as commercial wells.

16                   Q           Mr. Kendrick, do you have an opinion as  
17 to whether or not the northeast quarter of Section 8 is reason-  
18 ably productive from the Mesaverde formation?

19                   A           Yes, we have no reason to doubt the ability  
20 of a well in the northeast quarter of Section 8 to be a com-  
21 mercial well.

22                   Q           Mr. Kendrick, do you have an opinion as  
23 to whether or not a well drilled at a standard location in  
24 the northeast quarter could reasonably develop the Mesaverde  
25 in that northeast quarter of Section 8?

1 A I have no reason to doubt that a well  
2 would be commercial and would properly drain the quarter sec-  
3 tion.

4 Q Were Exhibits One through Four prepared  
5 by you or compiled under your direction and supervision?

6 A Yes, sir.

7 Q And in your opinion, Mr. Kendrick, will  
8 approval of this application be in the best interests of con-  
9 servation, prevention of waste, and the protection of correla-  
10 tive rights?

11 A Yes.

12 MR. KELLAHIN: That concludes our examin-  
13 ation. We move the introduction of Exhibits One through Four.

14 MR. NUTTER: Applicant's Exhibits One  
15 through Four will be admitted in evidence.

16  
17 CROSS EXAMINATION

18 BY MR. NUTTER:

19 Q Mr. Kendrick, the applicant here is pro-  
20 posing a non-standard unit comprising the northeast quarter  
21 of Section 8. The following case on the docket is the appli-  
22 cation of Supron. They're proposing a 160-acre non-standard  
23 unit in the southeast quarter of Section 8.

24 This would result in the drilling of two  
25 wells. Under the infill drilling program authorized for the

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1 Mesaverde, two wells could be drilled in the east half of Sec-  
2 tion 8, even though you had a standard unit, couldn't they?

3 A Yes.

4 Q So we're not actually increasing the  
5 drainage, or the radius of drainage of the tract by going to  
6 non-standard units rather than having two wells on a single  
7 unit, are we?

8 A That's correct. The number of wells is  
9 not different.

10 Q The number of wells doesn't change.

11 MR. NUTTER: Are there any further ques-  
12 tions of the applicant -- of the witness? He may be excused.

13 Did you have any questions?

14 MR. BUELL: No.

15 MR. NUTTER: He may be excused.

16  
17 CURTIS R. LITTLE

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

20  
21 DIRECT EXAMINATION

22 BY MR. BUELL:

23 Q Would you state your name, please?

24 A Curtis Little.

25 Q Mr. Little, would you please give the

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1 Examiner your address and your occupation?

2 A Room 150, Petroleum Plaza Bldg., Farming-  
3 ton, New Mexico, and I'm a petroleum geologist and independent  
4 operator.

5 Q Mr. Little, have you previously testified  
6 before the Oil Conservation Division, or one of its examiners?

7 A I have.

8 Q And have your qualifications as a petro-  
9 leum geologist been accepted?

10 A Yes, sir.

11 MR. BUELL: Are the witness' qualifications  
12 accepted?

13 MR. NUTTER: Yes, they are.

14 Q Mr. Little, what is your interest in this  
15 application?

16 A I own -- I have a farmout agreement, one  
17 half of the Dakota rights -- well, one-half of the rights  
18 from the base of the Pictured Cliffs formation to the base of  
19 the Dakota formation.

20 MR. NUTTER: Under what lands, Mr. Little?

21 A In the undivided north half of Section 8.

22 Q Handing you what has been marked as  
23 Little's Exhibit Number One, would you explain to the Examiner  
24 what that shows?

25 A My title opinion indicated that Schalk

1 has half the Mesaverde rights in the northeast quarter; Gulf  
2 has everything below the Mesaverde; Supron has all rights to  
3 the southeast quarter.

4 Q And handing you what has been marked as  
5 Applicant's Exhibit Number Two, would you identify that and  
6 please explain what that shows?

7 A That shows the deep rights below the  
8 Mesaverde as Gulf and I having the northeast quarter, Supron  
9 the southeast quarter.

10 Q Why do you oppose this application?

11 A I, as a background, this has been pending  
12 for many months. I offered to support Mr. Schalk as being  
13 operator of the 320-acre standard proration unit. I offered  
14 to be operator and asked his support; that I would use his  
15 rig and fully work with him in developing the spacing unit.  
16 I sent him AFE's of the dual Mesaverde-Dakota well, as well  
17 as single completions, Mesaverde; single completions, Dakota,  
18 showing the savings of a dual.

19 I consulted with El Paso on the mechanics  
20 of duals and the success ratio and how they broke it down.

21 As of Monday I was advised that was not  
22 acceptable. They were going ahead and hold a hearing and  
23 I'm here to protest their request, and request that 320-acre  
24 spacing be in effect, and Supron or Schalk or I, or someone,  
25 be operator and drill the 320-acre spacing unit up on Dakota

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1 and Mesaverde horizons.

2 Q Do you have any other proposed alterna-  
3 tives to the plan that is proposed here by Mr. Schalk, as well  
4 as the next case on the docket that is proposed by Supron?

5 A I have -- when I was advised of the Supron  
6 case when I opened my mail Monday morning, I immediately  
7 called Supron and told them that I would support their being  
8 operator; that I would execute their AFE and a standard oper-  
9 ating agreement; that would give Supron and Little 75 percent  
10 interest. If Mr. Schalk did not want to join, I wouldn't  
11 farm out. There was compulsory pooling position to be able  
12 to take.

13 Q Do you have anything further to add to  
14 this matter?

15 A Well, I think it's unfair to myself and  
16 the royalty owners under this standard proration unit. Sec-  
17 tion -- the west half of 8 is already a unit. The people that  
18 I've taken the farmout from join me and request that their  
19 risks be spread over the unit in case we get one good one and  
20 one bad one.

21 I'm in complete agreement with Mr Kendrick  
22 on the place to drill the northeast well.

23 Q Do you think that the granting of this  
24 application would prevent waste and protect correlative  
25 rights?

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1 A It would prevent a big waste of money in  
2 my case to be able to dual it; drill one well instead of two  
3 in the northeast quarter.

4 Q Do I understand your answer to be that  
5 you believe it would be wasteful to drill one well just to  
6 the Mesaverde when a dual could be drilled at the same time?

7 A Yes, sir, that is correct. And the cor-  
8 relative rights, I feel that the royalty owners in the north-  
9 east quarter, their correlative rights would be protected by  
10 an east half standard State-approved proration unit.

11 Q Okay. Were Exhibits One and Two prepared  
12 by you or under your supervision?

13 A Yes, sir.

14 MR. BUELL: I would move the admission  
15 of Exhibits One and Two.

16 MR. NUTTER: Exhibits One and Two will be  
17 admitted in evidence.

18 MR. BUELL: I have nothing further of this  
19 witness.

20 MR. NUTTER: Are there any questions of  
21 the witness?

22 MR. KELLAHIN: Yes, sir.

23 MR. NUTTER: Mr. Kellahin?  
24  
25

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CROSS EXAMINATION

BY MR. KELLAHIN:

Q Mr. Little, you indicated you had a 50 percent interest from the base of the Pictured Cliffs to the base of the Mesaverde formation in the north half of Section 8?

A Northeast quarter.

Q Northeast quarter.

MR. NUTTER: I think it was to the base of the Dakota, wasn't it?

A To the base of the Dakota.

Q All right.

A In the northeast.

Q You don't have any interest in the southeast quarter of Section 8?

A No, sir.

Q Can you identify for us on your Exhibit the location of any of the Dakota wells in the area? Are there any Dakota wells in the area?

A On this plat? The Dakota wells are shown on Exhibit Two. They've all been depleted.

Q The wells I have on Exhibit Number Two in Sections 17, 18, and 19, those are all Dakota wells?

A Yes, sir. Formerly Skelly, now Getty, depleted. As I recall their production ranged in the neigh-



1 borhood of 80,000 barrels of oil and half a billion cubic  
2 feet, I don't recall.

3 Q Exhibit Number One, then, which I don't  
4 seem to have, is the ones where you've plotted the Mesaverde  
5 wells?

6 A Yes.

7 Q All right.

8 A I did not have Mr. Schalk's well that  
9 was logged on the 3rd day of July. I was unaware that that  
10 well had been drilled.

11 Q If I understand your position correctly,  
12 Mr. Little, it's that you prefer to have the entire east half  
13 of Section 8 developed by one well that's a dual completion  
14 in the Dakota and the Mesaverde?

15 A Yes, sir, by two wells.

16 Q You would drill two wells in the east  
17 half of Section 8?

18 A I suppose Supron would be the majority  
19 interest owner in the spacing unit, 50 percent. They would  
20 be operator and develop an orderly development of the east  
21 half.

22 Q I'm a little confused by your statement.  
23 You support the proposition for two Mesaverde wells in the  
24 east half?

25 A Two Dakota-Mesaverde duals in the east

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1 half.

2 Q All right, sir. You indicated your title  
3 opinion showed that you shared the ownership of the Mesaverde  
4 rights on a 50/50 basis with Gulf Oil Company?

5 A The Dakota rights?

6 Q Mesaverde.

7 A In the northeast quarter?

8 Q Yes, sir.

9 A Schalk has the Mesaverde on a farmout

10 from --

11 MR. BUELL: Mr. Kellahin, that's on Ex-

12 hibit One.

13 MR. KELLAHIN: Okay, keep your exhibits

14 straight.

15 MR. BUELL: There's only two.

16 MR. KELLAHIN: All right, sir, thank you.

17 I have no further questions.

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

20 MR. BUELL: I have nothing further, Mr.

21 Examiner.

22 MR. NUTTER: Does anyone have anything to  
23 offer in Case Number 6896?

24 MR. KASTLER: Mr. Examiner, I'm Bill  
25 Kastler with Gulf Oil.

1  
2 As the facts will point out, Gulf did farm  
3 out the Mesaverde rights to Mr. Schalk and we concur in his  
4 application.

5 MR. NUTTER: Thank you.

6 If there is nothing further, we'll take  
7 the case under advisement.

8  
9 (Hearing concluded.)  
10  
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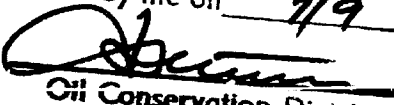
Phone (505) 455-7499

C E R T I F I C A T E

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

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6876  
heard by me on 7/9 1980  
 Examiner  
Oil Conservation Division



BRUCE KING  
GOVERNOR  
LARRY KENDE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

October 23, 1980

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

Re: CASE NO. 6896  
ORDER NO. R-6496

Applicant:

John F. Schalk

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x  
Artesia OCD x  
Aztec OCD x

Other Sumner Buell, Bill Kastler

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. 6896  
Order No. R-6496

APPLICATION OF JOHN E. SCHALK  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX GAS WELL  
LOCATION, RIO ARriba COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 21st day of October, 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 sub-  
ject matter thereof.

(2) That the applicant, John E. Schalk, is the owner of a  
50 percent undivided working interest in the Mesaverde formation  
underlying the NE/4 of Section 8, Township 25 North, Range 3  
West, NMPM, Rio Arriba County, New Mexico, and proposes the  
establishment of a 160-acre non-standard gas proration unit in  
the Blanco Mesaverde Pool comprising said lands to be dedicated  
to a well to be drilled thereon.

(3) That the application for hearing was for said well  
to be drilled at an unorthodox location, but the applicant has  
requested dismissal of that portion of the application and would  
drill the well at a standard location.

(4) That the applicant in Case No. 6965, Supron Energy  
Corporation, proposes the establishment of a 160-acre non-standard

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Case No. 6896  
Order No. R-6496

gas proration unit in the Blanco Mesaverde Pool comprising the SE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to a well it proposes to drill at a standard location thereon.

(5) That by Order No. R-1670-T, dated November 14, 1974, the Division authorized the drilling of a second well on each 320-acre Blanco Mesaverde proration unit, thereby creating in effect a 160-acre spacing pattern for said pool.

(6) That the W/2 of Section 8 comprises a 320-acre Blanco Mesaverde gas proration unit, and has dedicated thereto two wells, one in the NW/4 of the section and the other in the SW/4 of the section.

(7) That approval of the subject application, together with the application in Case No. 6963, to form two 160-acre non-standard units in the E/2 of Section 8 would authorize the full development of the E/2 of Section 8 by the drilling of two wells thereon, and would save the administrative overhead and legal expense which would be required by the communitization of the NE/4 and SE/4 of the section to form a single 320-acre unit to be dedicated to two wells.

(8) That approval of the aforesaid 160-acre units for the Blanco Mesaverde Pool does not preclude the creation of a single 320-acre unit for the Dakota formation or the creation of two 160-acre non-standard Dakota units in the E/2 of Section 8, nor the drilling of either one or two wells to the Dakota formation, should any of the owners in the W/2 of Section 8 so desire.

(9) That approval of the application in this case will prevent waste and will not impair correlative rights.

(10) That the application for an unorthodox gas well location should be dismissed.

IT IS THEREFORE ORDERED:

(1) That the applicant, John E. Schalk, is hereby granted approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

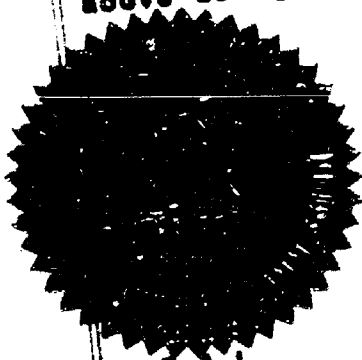
(2) That the application in this case for an unorthodox gas well location is hereby dismissed.

-3-

Case No. 6896  
Order No. R-6496

(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 herein-  
above designated.



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

rd/





Unit  
Section

T 25 N, R 3 W  
Mesaverde Completions

Exhibit 1A

E-3

Petro Lewis Corp.

Ruddack #7 1065 MCF, AOF 1721

1<sup>st</sup> Del 4/11/80 SICP 672

E-4

Petro Lewis Corp.

Florence #7, 3086 MCF, AOF 3631

1<sup>st</sup> Del 6/28/79 SIP 1164

H-4

Petro Lewis Corp.

Florence #7A 2013 MCF, AOF ~~3631~~ 3247

1<sup>st</sup> Del 1/18/80 SIP 1181

H-5

Petro Lewis Corp.

Florence #8 1397 MCF, AOF 1481

1<sup>st</sup> Del 4/11/80 SIP 1097

O-6

Schalk Development

Schalk - Gulf #3

New well with casing set thru Mesaverde.

A-8

Schalk Development

Schalk - Gulf #2

Location - subject of this case

E-8 Schalk Development  
Schalk 41 #2A 4471 MCF, ADF 5948  
1<sup>st</sup> Del 3/7/80 SIP 1250

M-8 Schalk Development  
Schalk 41 #2 4288 MCF, ADF 5284  
1<sup>st</sup> Del 7/2/79 SIP 1300

C-13 Skelly Oil Co.  
Hurst #3  
Dry hole drilled 1958 P & A

M-16 Schalk Development  
Schalk 41 #1 2838 MCF, ADF 3634  
1<sup>st</sup> Del 3/10/79 SIP 1055

P-16 Schalk Development  
Schalk 41 #3 854 MCF, ADF 1062  
1<sup>st</sup> Del 2/13/79 SIP 1205

F-17 Getty Oil Co.  
C.W. Roberts #5  
Authorized DHC in MV, Gc, Dc  
Only completed in Gc & Dc

O-18

Getty Oil Co.

C. W. Roberts #3

373 MCF

1<sup>st</sup> Del

74 (MV)

A-19

Getty Oil Co.

Lydia Renty #4

2825 MCF

1<sup>st</sup> Del 6/11/74

SIP 1264

A-34

Schalck Development

Schalck #3 #2

TA in Mesavende to attempt  
Chacra completion

D-35

W. M. Gallaway

Myers #1

3268 MCF, ADF 3845

1<sup>st</sup> Del 10/17/78

SIP 1402

# DUAL-INDUCTION-SFL

## WITH LINEAR CORRELATION LOG

COMPANY Schalk Development

Wellschalk Gulf #3

FIELD Blanco Mesa Verde

COUNTY Rio Arriba STATE New Mexico

1120' FSL, 1520' FEL

**Other Services:**

FOL  
CNL  
GR  
Cyberlook

Permanent Datum: GL; Elev.: 7361  
Log Measured From KB 14 Ft. Above Perm. Datum  
Drilling Measured From KB

Elev.: K.B. 7375  
D.F. 7374  
G.L. 7361

The well name, location and borehole reference data were furnished by the customer.

HERE

SCALE CHANGES		Type Log	Depth	Scale Up Hole	Scale Down Hole
Order No.	ONE				
rel	120209				
ppm. cl	Full				
P.M.	300				
	100				
MENT DATA					
o.	547				
.	268				
to.	268				
inel No.	-				
iel No.	544				
rt No.	1526				
order - (TTR)	285A				
ncoder - (DRE)	-				
Wheel - (CPW)	-				
nitralizers	None				
ft - Inches	-				
ATION DATA					
error - ILM	1				
error - ILD	6.3				
3 - CPS	7.8				
urce - CPS	41				
In Hole - Depth	200				
- Hole Size	-				
NG DATA					
- ILM	1				
- ILD	6.3				
le per 100 Div.	7.8				
	200				

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 6896

**DUAL INDUCTION-SFL**  
**WITH LINEAR CORRELATION LOG**

COMPANY Schalk Development

Well Schalk Gulf #3

FIELD Blanco Mesa Verde

COUNTY Rio Arriba STATE New Mexico

1120' FSL, 1520' FSL

**Other Services:**

1  
2  
3

Cyberlook

API SERIAL NO	SEC	TWP	RANGE
	6	25N	3W

6

TWP	RANGE
25N	3W

Cyberlook

Permanent Datum: GL; Elev.: 7361  
 Log Measured From: K9 14 ft. Above Perm. Datum  
 Drilling Measured From: K9

Elev.: K.B. 7375  
D.F. 2384  
G.L. 2361

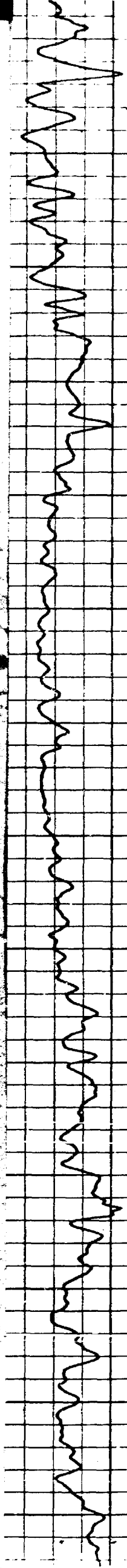
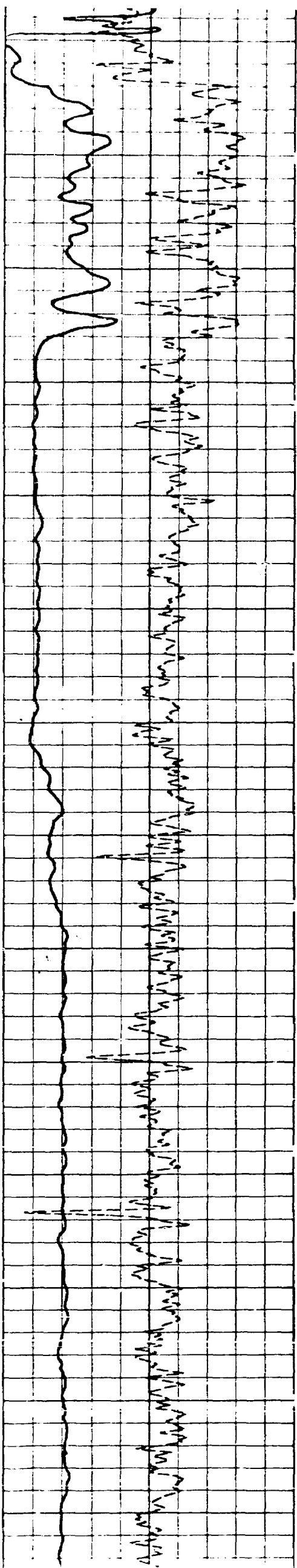
[illegible]

HERE The well name, location and borehole reference data were furnished by the customer.

Order No.	ONE				SCALE CHANGES			
rel	120209				Type Log	Depth	Scale Up Hole	Scale Down Hole
ppm. cl	Fwll							
P.M.	300							
	100							
MENT DATA								
o.	547							
	268							
do.	268							
inel No.	-							
el No.	544				REMARKS			
rt No.	1526							
order - (TTR)	2854							
ncoder - (DRE)	-							
Wheel - (CPW)	-							
ntralizers	None							
ff - Inches	-				Crew: R. Collette M. Riley			
ATION DATA					Splice @			
	1							
rror - ILM	6.3							
rror - ILD	7.8							
G. - CPS.	41							
rce - CPS.	200							
in Hole - Depth	-							
. - Hole Size	-							
NG DATA					BEFORE EXAMINER NUTTER			
	1				OIL CONSERVATION DIVISION			
- ILM	6.3				Schalk EXHIBIT NO. 2			
- ILD	7.8				CASE NO. 6896			
le per 100 Div.	200							
C.	1							
is.	165							

† Interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretation, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to our General Terms and conditions as set out in our current Price Schedule.

5600  
5500  
5400  
5300  
5200  
5100  
5000





6300

6200

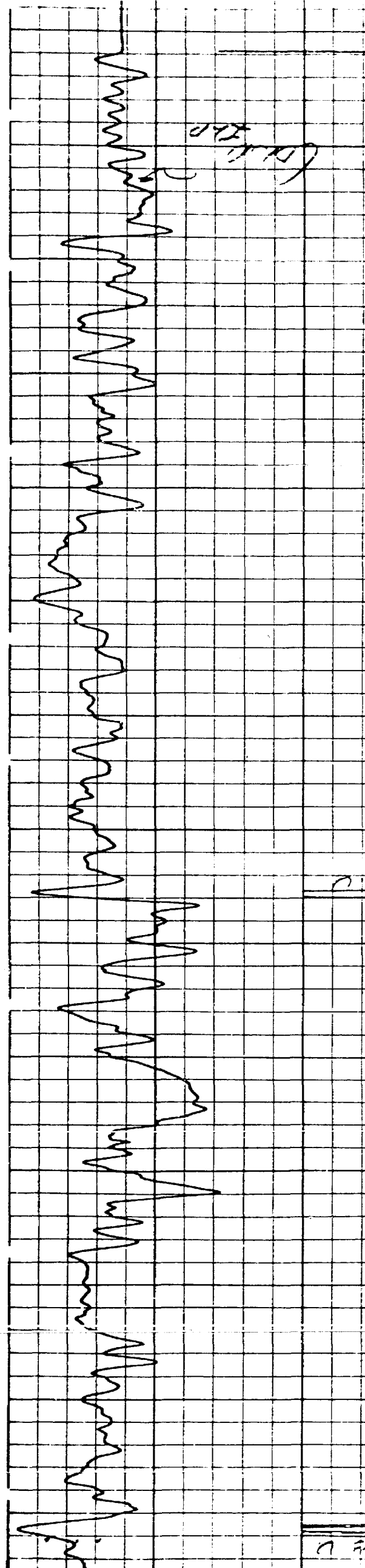
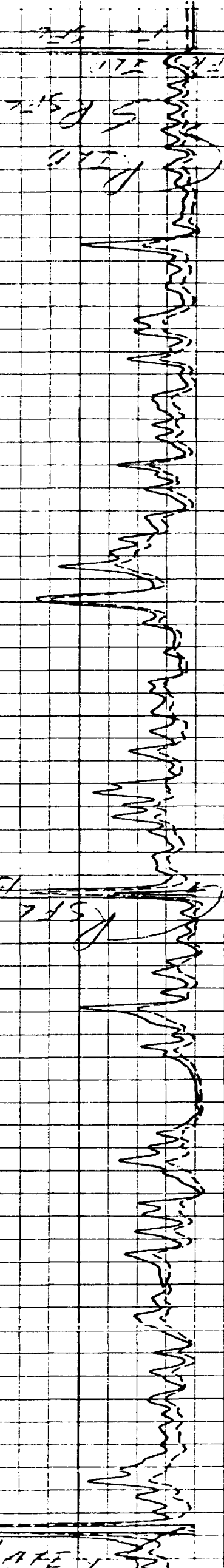
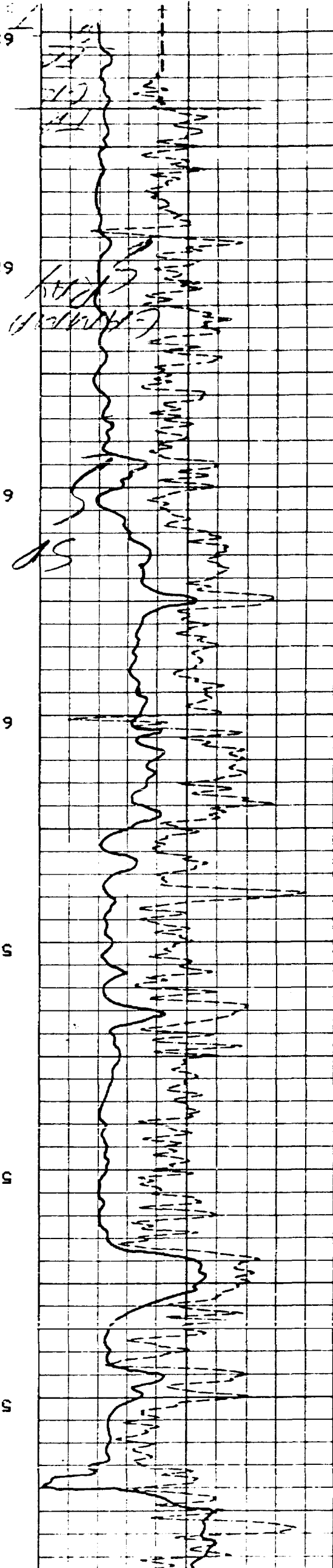
6100

6000

5900

5800

5700





Schlumberger

# DUAL INDUCTION-SFL WITH LINEAR CORRELATION LOG

COUNTY	RIO ARriba	COMPANY	SCHALK DEVELOPMENT COMPANY
FIELD	MESA VERDE	WELL	SCHALK NO. 41-2
LOCATION	SEC. 8 25N 3W	FIELD	MESA VERDE
WELL	SCHALK NO. 41-2	COUNTY	RIO ARriba STATE NEW MEXICO
COMPANY	SCHALK DEVELOPMENT	LOCATION	SW/4
API SERIAL NO.	SEC. 8	TWP. 25N	RANGE 3W
Other Services:			FDC/CNL-GR
Permanent Datum: GL			Elev.: 7112
Log Measured From KB			14 Ft. Above Perm. Datum
Drilling Measured From KB			Elev.: K.B. 7126 D.F. 7125 G.L. 7112
Date	1/1/79		
Run No.	ONE		
Depth-Driller	5975		
Depth-Logger	5984		
Btm. Log Interval	5978		
Top Log Interval	300		
Casing-Driller	8-5/8 @ 301 @ @		
Casing-Logger	301		
Bit Size	7-7/8		
Type Fluid in Hole	FGM		
Dens.	Visc.	9.0 60	
pH	Fluid Loss	9.0 4.8 ml ml ml ml	
Source of Sample	PIT		
Rm @ Meas. Temp.	2.62 @ 50 °F @ °F @ °F		
Rmf @ Meas. Temp.	2.37 @ 60 °F @ °F @ °F		
Rmc @ Meas. Temp.	--- @ --- °F @ °F @ °F		
Source: Rmf Rmc	MEAS ---		
Rm @ BHT	1.09 @ 144 °F @ °F @ °F		
Circulation Stopped	0800		
Logger on Bottom	1400		
Max. Rec. Temp.	144 °F °F °F °F		
Equip. Location	576R FARM		

The well name, location and borehole reference data were furnished by the customer.

SCALE CHANGES			
Type Log	Depth	Scale Up Hole	Scale Down Hole
ONE -	39420		
VEL	FULL		
ppm. cl	---		
F.P.M.	100		
MENT DATA			
No.	DD 616		
anel No.	DA 228		
nel No.	EA 236		
art No.	1739		
ecorder - (TR)	EB 887		
ncoder - (DRE)	C 1779		
Wheel - (CPW)	---		
entralizers	---		
Off - Inches	---		
RATION DATA			
Error - ILM	1.0		
Error - ILD	5.4		
G. - CPS.	3.2		
urce - CPS.	---		
In Hole - Depth	---		
r. - Hole Size	---		
ING DATA			
- ILM	1.0		
- ILD	5.4		
ile per 100 Div.	3.2		
C.	---		

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Schalk EXHIBIT NO. 3

CASE NO. 6896

REMARKS  
R<sub>0</sub> CURVE FROM DENSITY POROSITY  
USING GRAIN DENSITY OF 2.68.

COMPANY				SCHALK DEVELOPMENT COMPANY			
WELL				SCHALK NO. 41-2			
FIELD				MESA VERDE			
COUNTY				RID ARriba		STATE NEW MEXICO	
LOCATION				SW/4			
API SERIAL NO				SEC		TWP	
				8		25N	
						RANGE	
						3W	
Other Services:				FDC/CNL-GR			

Schlumberger

## 4-DUAL INDUCTION-SFL WITH LINEAR CORRELATION LOG

Permanent Datum:	GL	Elev.: 7112	Elev.: K.B. 7126
Log Measured From	KB	14 ft. Above Perm. Datum	D.F. 7125
Drilling Measured From	KB		GL 7112
Date	1/1/79		
Run No.	ONE		
Depth-Driller	5975		
Depth-Logger	5984		
Lim. Log Interval	5978		
op Log Interval	300		
Logging-Driller	8-5/8 301	@	@
Logging-Logger	301		
Log Size	7-7/8		
Type Fluid in Hole	FGM		
Dens. Visc.	9.0 60		
Fluid Loss	9.0 4.8ml	ml	ml
Volume of Sample	PIT		
Lim. to Meas. Temp.	2.62 @ 60 °F	@ °F	@ °F
Lim. to Meas. Temp.	2.37 @ 60 °F	@ °F	@ °F
Lim. to Meas. Temp.	--- @ --- °F	@ °F	@ °F
Source: Rm/ Rmc	MEAS ---		
m to BHT	1.09 @ 144 °F	@ °F	@ °F
Circulation Stopped	0800		
Logger on Bottom	1400		
X. Rec. Temp.	144 °F	°F	°F
Location	576R FADM		

HERE The well name, location and borehole reference data were furnished by the customer.

Order No.	ONE - 39420				SCALE CHANGES			
Level	FULL				Type Log	Depth	Scale Up Hole	Scale Down Hole
ppm. cl	---							
F.P.M.	100							
INSTRUMENT DATA					<b>REMARKS</b> R <sub>0</sub> CURVE FROM DENSITY POROSITY USING GRAIN DENSITY OF 2.68.			
No.	DD 616							
No.	DA 228							
No.	EA 236							
Panel No.	1739							
Panel No.	---							
Part No.	---							
Recorder - (TTR)	EB 887							
Encoder - (DRE)	C 1779							
Wheel - (CPW)	---							
Centralizers	---							
Off - inches	---							
CORRECTION DATA					<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>BEFORE EXAMINER NUTTER</b>  <b>OIL CONSERVATION DIVISION</b>  <i>Schaff</i> EXHIBIT NO. <u>3</u>            CASE NO. <u>6896</u> </div>			
	1.0							
Error - ILM	5.4							
Error - ILD	3.2							
G. - CPS.	---							
Source - CPS.	---							
In Hole - Depth	---							
r. - Hole Size	---							
LOGGING DATA								
	1.0							
- ILM	5.4							
- ILD	3.2							
Scale per 100 Div.	---							
C.	---							
ns.	---							

interpretations are opinions based on inferences from electrical or other measurements and we cannot, and do not guarantee the accuracy or correctness of any interpretations, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to Clause 4 of our General Terms and Conditions as set out in our current Price Schedule.

## SPONTANEOUS-POTENTIAL

## CONDUCTIVITY

MILLIMHOS/M =

$$\frac{1000}{\text{OHMS M}^2/\text{M}}$$

## DEEP INDUCTION

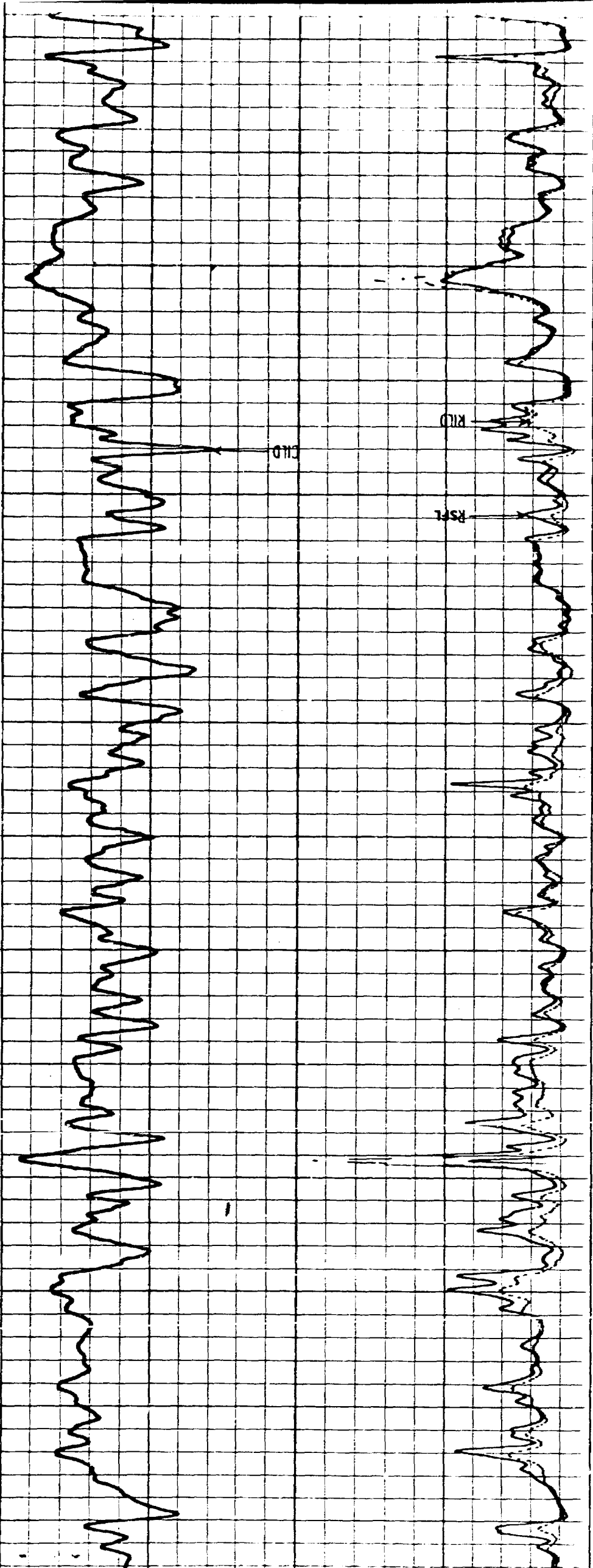
$$\frac{10}{MV} +$$

MILLIVOLTS

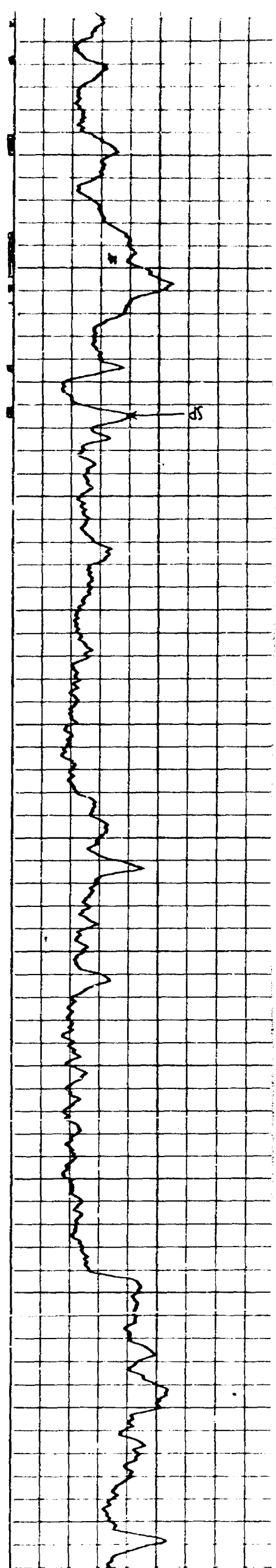
400

200

0



5300 5400 5500 5600 5700 5800 5900



TOPS  
Schumacher

DUAL INDUCTION - SFL  
WITH LINEAR CORRELATION LOG

COMPANY ARAPHOG DRILLING CO

WELL SCHALK 41-2A

FIELD BLANCO MESA VERDE

COUNTY RIO ARriba STATE N.M.

LOCATION 1850 FNL  
1190 FNL

Other Services:  
FDC/ENL/GR

API SERIAL NO. SEC. TWP RANGE  
8 25N 3W

Permanent Datum: GL; Elev.: 7186  
Log Measured From KB WHICH IS 14 Ft. Above Perm. Datum  
Drilling Measured From KB

Elev.: K.B. 7200  
D.F. 7197  
G.L. 7186

Date	9-15-79				
Run No.	025				
Depth-Driller	6100				
Depth-Logger	6097				
Btm. Log Interval	6091				
Top Log Interval	321				
Casing-Driller	85/8 @ 322	@	@	@	@
Casing-Logger	321				
Bit Size	77/8				
Type Fluid in Hole	F. G. M				
Dens.	Visc.	9.6	60		
pH	Fluid Loss	8.5	4.4 ml	ml	ml
Source of Sample	FLOWLINE				
Rm @ Meas. Temp.	3.67 @ 68°F	@	*F	@	*F
Rmf @ Meas. Temp.	2.82 @ 68°F	@	*F	@	*F
Rmc @ Meas. Temp.	- @ - °F	@	*F	@	*F
Source: Rmf	Rmc	MESA	-		
Rm @ BHT	1.69 @ 148°F	@	*F	@	*F
Circulation Stopped	1730				
Logger on Bottom	2000				
Max. Rec. Temp.	148	*F	*F	*F	*F

This well name, location and borehole reference data were furnished by the customer.

SCALE CHANGES	Type Log	Depth	Scale Up Hole	Scale Down Hole
	M/A			

REMARKS

SP SHIPT AT 5641

Order No.	37926
el	600
PPM CL	200
F.P.M.	60

AGENT DATA

Order - (TR)	1922
Order - (DRE)	7711
Wheel (CPW)	52.8Y
Stralizers	F11
f - Inches	1 1/2

ATION DATA

ror - ILM	4.7
ror - ILD	-
S - CPS	-
re - CPS	-

NG DATA

ILM	1.49
ILD	-
In Hole - Depth	-
- Hole Size	-
per 100 Div.	-

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

EXHIBIT NO. 42

CASE NO. 6896

# DUAL INDUCTION - SFL

Permanent Datum: GL; Elev.: 718.6  
 Log Measured From K3 which is 14 ft. Above Perm. Datum  
 Drilling Measured From K3

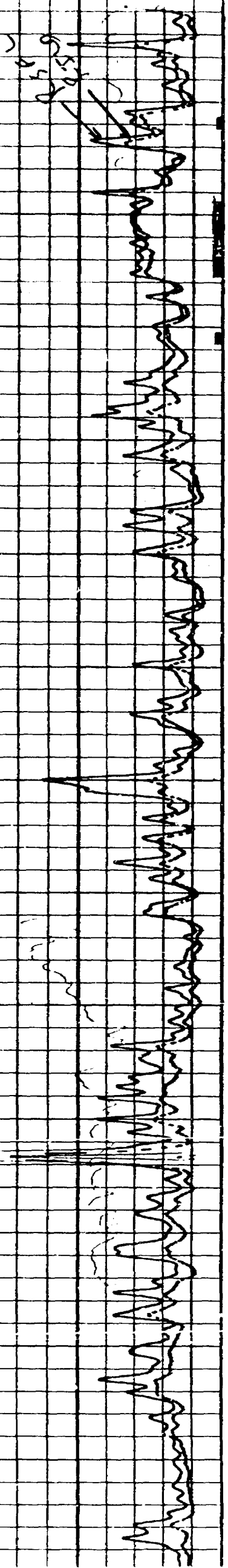
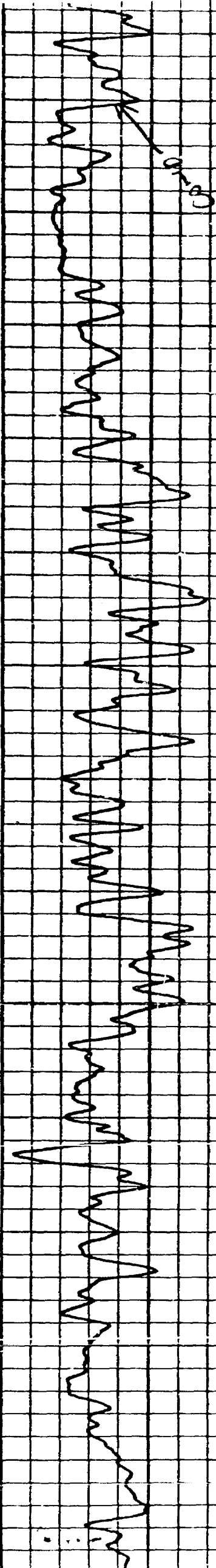
Elev.: K.B. 722.5  
D.F. 719.7  
G.L. 718.6

HERE The well name, location and borehole reference data were furnished by the customer

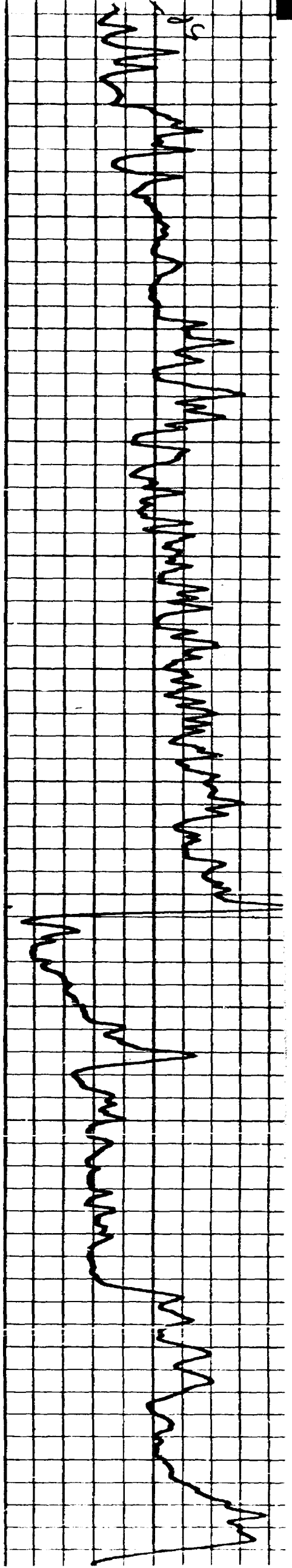
interpretations are opinions based on inferences from electrical or other measurements and we cannot, and do not guarantee the accuracy or correctness of any interpretations, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages or expenses incurred or incurred by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to Clause 4 of our General Terms and Conditions as set out in our current Price Schedule.

-  $\left| \frac{1}{\rho} \right|$  + MILLIVOLTS

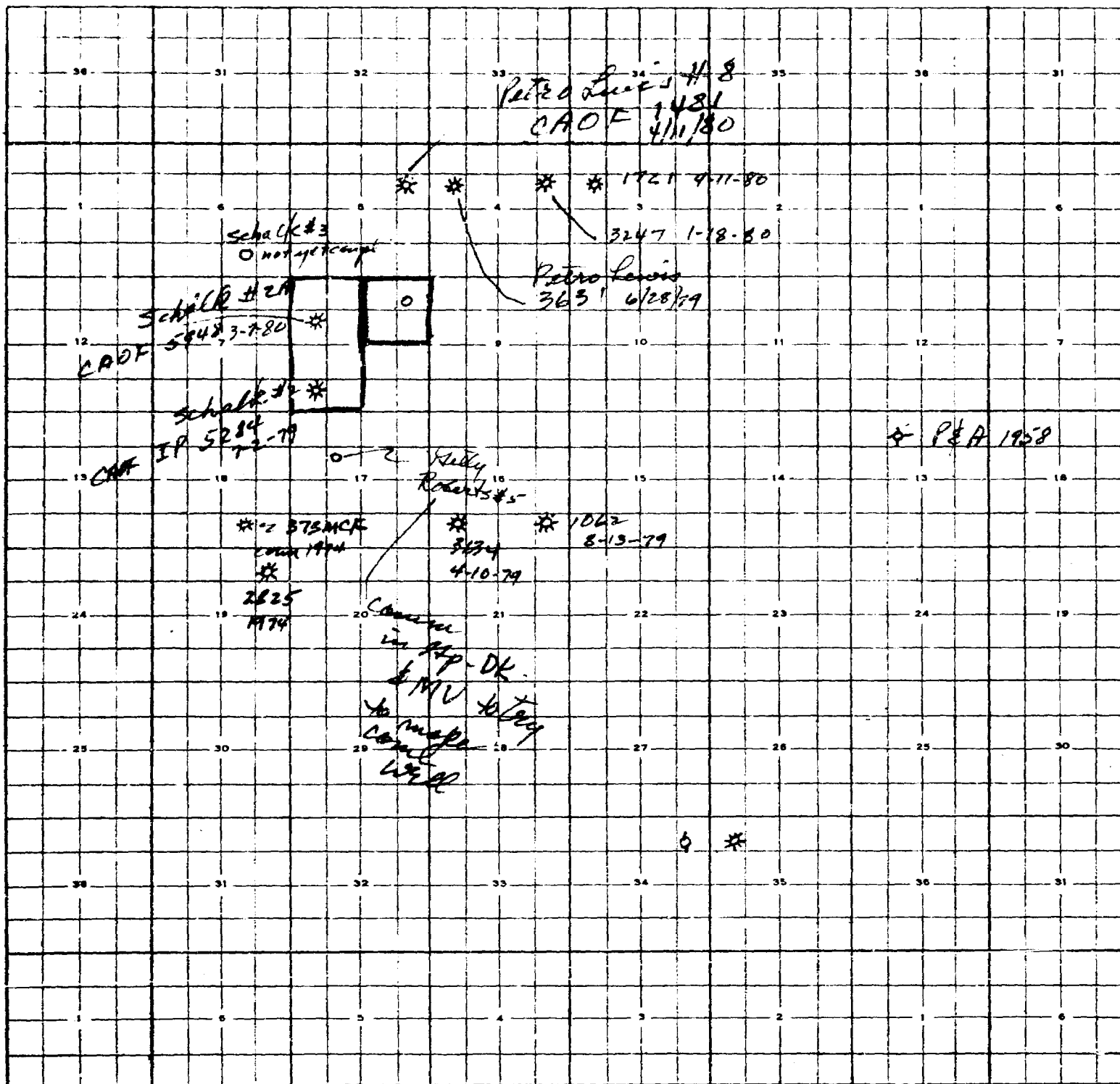
200



5400 5500 5600 5700 5800 5900 6000







TOWNSHIP 25 N RANGE 3 W COUNTY Rio Arriba STATE New Mexico

REMARKS:

COMPANY

John E. Schalk

Ex 1

Q 6896

T 25 N, R 3 W  
Mesaverde Completions

- E-3 Petro Lewis Corp.  
Ruddock #7 1065 MCF, AOF 1721  
1<sup>st</sup> Del 4/11/80 SICP 672
- E-4 Petro Lewis Corp.  
Florence #7, 3086 MCF, AOF 3631  
1<sup>st</sup> Del. 6/28/79 SIP 1164
- H-4 Petro Lewis Corp. 3247  
Florence #7 A 2013 MCF, AOF ~~3631~~  
1<sup>st</sup> Del 1/18/80 SIP 1181
- H-5 Petro Lewis Corp.  
Florence #8 1397 MCF, AOF 1481  
1<sup>st</sup> Del 4/11/80 SIP 1097
- O-6 Schalk Development  
Schalk - Gulf #3  
New well with casing set thru Mesaverde.
- A-8 Schalk Development  
Schalk - Gulf #2  
Location —

Exhibit 1A  
Case 6896



E-8 Schalk Development  
Schalk 41 #2A 4471 MCF, AOF 5948  
1<sup>st</sup> Del 3/7/80 SIP 1250

M-8 Schalk Development  
Schalk 41 #2 4288 MCF, AOF 5284  
1<sup>st</sup> Del 7/2/79 SIP 1300

C-13 Skelly Oil Co.  
Hurst #3  
Dry hole drilled 1958 P & A

M-16 Schalk Development  
Schalk 41 #1 2838 MCF, AOF 3634  
1<sup>st</sup> Del 8/10/79 SIP 1055

P-16 Schalk Development  
Schalk 41 #3 854 MCF, AOF 1062  
1<sup>st</sup> Del 8/13/79 SIP 1205

F-17 Getty Oil Co.  
C.W. Roberts #5  
Authorized DHC in MV, Gc, Dc  
Only completed in Gc & Dc

O-18

Getty Oil Co.

C. W. Roberts #3

373 MCF

1<sup>st</sup> Del

74 (MV)

A-19

Getty Oil Co.

Lydia Renty #4

2825 MCF

1<sup>st</sup> Del 6/11/74

SIP 1264

A-34

Schalk Development

Schalk 43 #2

TA in Mesavie to attempt  
Chacra completion

D-35

W. M. Gallaway

Myers #1

3368 MCF, ACF 3845

1<sup>st</sup> Del 10/17/78

SIP 1402

Schlumberger

# DUAL INDUCTION-SFL WITH LINEAR CORRELATION LOG

COMPANY Schalk DevelopmentWELL Schalk Gulf #3FIELD Blanco Mesa VerdeCOUNTY Rio Arriba STATE New MexicoLOCATION 1120' FSL, 1520' FEL
 API SERIAL NO. 6 SEC 25N TWP 3W RANGE

 Other Services:  
 FOC  
 CNL  
 GR  
 Cyberlook

 Permanent Datum: GL Elev.: 7361  
 Log Measured From: KB 14 Ft. Above Perm. Datum  
 Drilling Measured From: KB

 Elev.: K.B. 7375  
 D.F. 2384  
 G.L. 7361

Date	7-3-80				
Run No.	ONE				
Depth-Driller	6300				
Depth-Logger	6299				
Btm. Log Interval	6293				
Top Log Interval	286				
Casing-Driller	878 @ 311	@	@	@	@
Casing-Logger	312				
Bit Size	7 7/8				
Type Fluid in Hole	EGM				
Dens.	9.3	61			
pH	8.0	8.0 ml	ml	ml	ml
Source of Sample	Mud Pit				
Rm @ Meas. Temp.	2.0 @ 76 °F	@	@	@	@
Rmf @ Meas. Temp.	1.69 @ 76 °F	@	@	@	@
Rmc @ Meas. Temp.	1.78 @ 76 °F	@	@	@	@
Source: Rmf	14 M				
Rm @ BHT	128 @ 122 °F	@	@	@	@
Circulation Stopped	2400				
Logger on Bottom	0500				
Max. Rec. Temp.	122 °F	°F	°F	°F	°F

The well name, location and borehole reference data were furnished by the customer.

SCALE CHANGES		Type Log	Depth	Scale Up Hole	Scale Down Hole
Order No.	ONE	120209			
vis		Fall			
ppm. cl		300			
f.m.		100			
MENT DATA					
		547			
		268			
		268			
		544			
		1526			
		2859			
		-			
		None			
		-			
ACTION DATA					
		6.3			
		7.8			
		41			
		200			
		-			
		-			
ING DATA					
		6.3			
		7.8			
		200			
		1			
		165			

REMARKS

Crew: R. Collette  
M. Riley

Splice @

**DUAL INDUCTION-SFL**  
WITH LINEAR CORRELATION LOGS

WITH LINEAR CORRELATION LOG

COMPANY Schalk Development

Wellschalk Gulf #3

FIELD Blanco Mesa Verde

COUNTRY Bio Aeriba STATE New Mexico

1120' FSL, 1520' FFL

API SERIAL NO 15EC

**TWP**

**RANGE**

### Other Services

T  
C  
C

2

Cyberlock

Permanent Datum: GB Elev: 7361  
 Log Measured From K5 14 Ft. Above Perm. Datum  
 Drilling Measured From K3

Elev.: K.B. 2375

D.F. 2374

G.L. 2361

7-3-80

ON

6300

6299

6295

286

78 (a)

22

$$\frac{7}{8}$$
[illegible]

7	3
5	6

10

① 2

1005

107 107

13	13
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24	24
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76	76
77	77
78	78
79	79
80	80
81	81
82	82
83	83
84	84
85	85
86	86
87	87
88	88
89	89
90	90
91	91
92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

7501-

130

0500

122

...

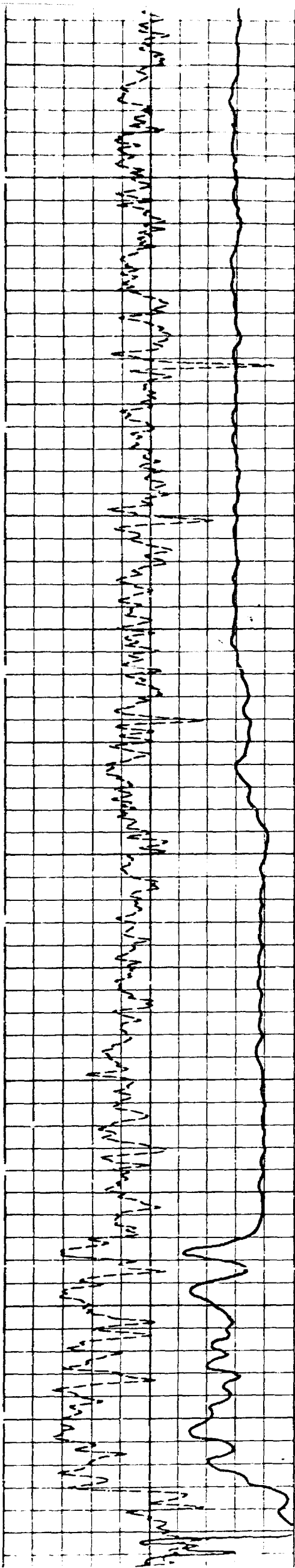
10

The well name, location and borehole reference data were furnished by the customer.

GENERAL DATA					SCALE CHANGES			
Order No.	120209				Type Log	Depth	Scale Up Hole	Scale Down Hole
Level	F <sub>11</sub>							
ppm. d	300							
P.M.	100							
MENT DATA					REMARKS			
No.	547							
No.	268							
Panel No.	268							
Panel No.	-							
Panel No.	544							
Panel No.	1526							
Recorder - (TTR)	285A							
Recorder - (DRE)	-							
Wheel (CPW)	-							
Controlizers	None							
Off - Inches	-							
RATION DATA								
Error - ILM	1							
Error - ILD	6.3							
Error - CPS	7.8							
Error - CPS	41							
In Hole - Depth	200							
In Hole - Size	-							
In Hole - Size	-							
ING DATA								
- ILM	1							
- ILD	6.3							
- CPS	7.8							
able per 100 Div.	200							
C.	1							
as.	165							

All interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretations, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to our General Terms and conditions as set out in our current Price Schedule.

Ex 2  
A 6896



5000

5100

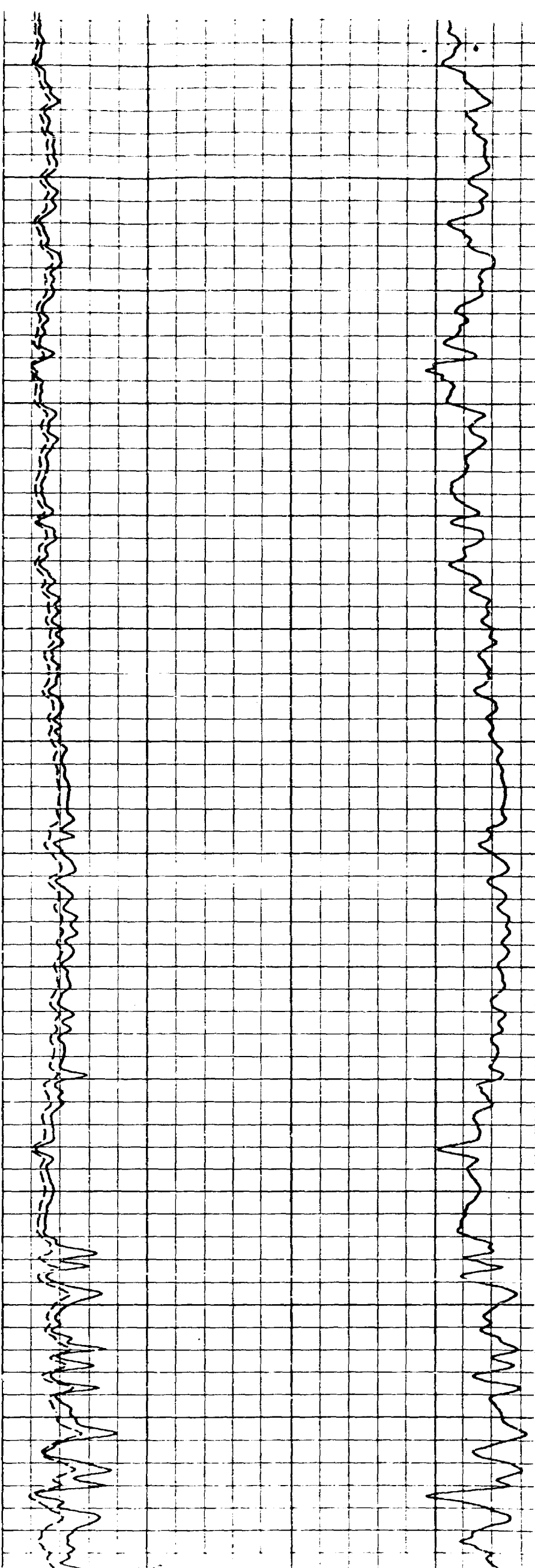
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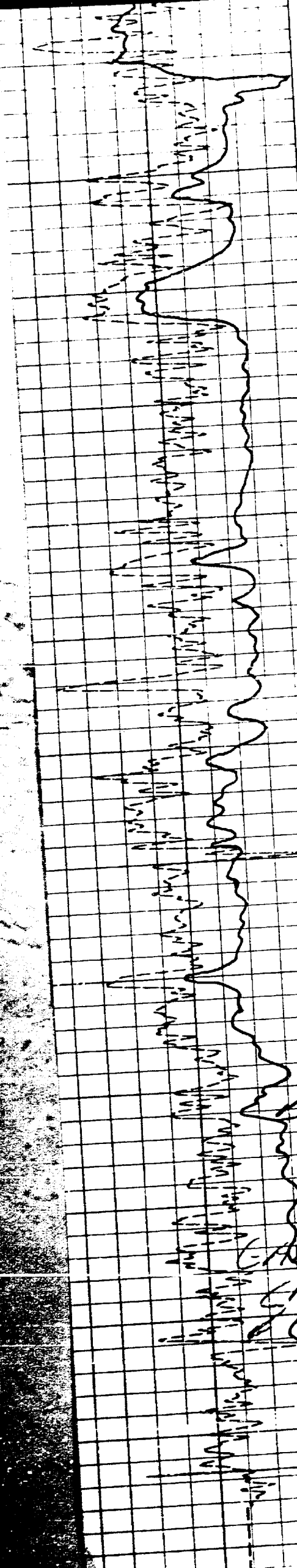
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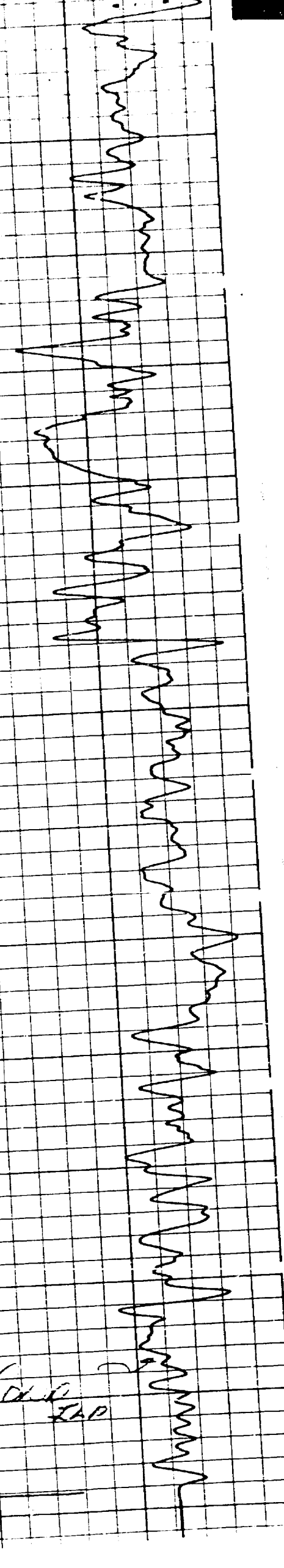
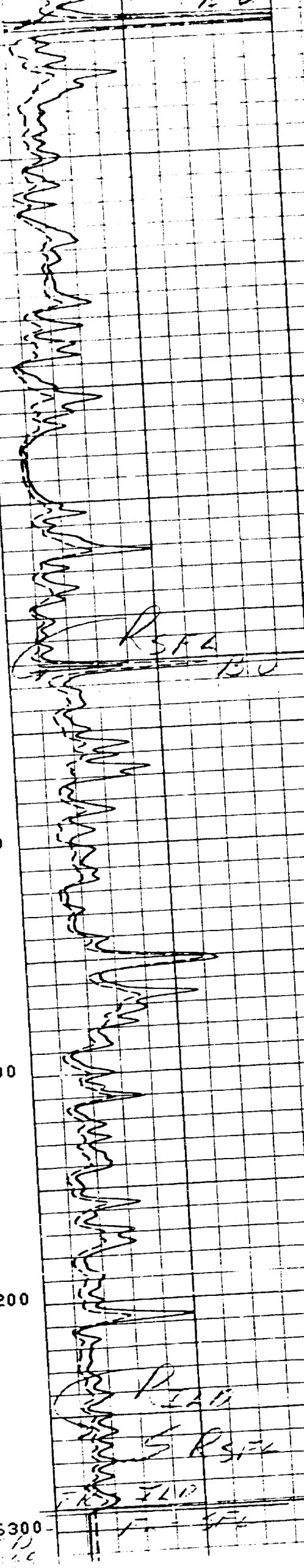
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L.V.

## DUAL INDUCTION-SFL WITH LINEAR CORRELATION LOG

COUNTY <u>RIO ARRIBA</u> FIELD <u>MESA VERDE</u> LOCATION <u>SEC. 8 25N 3W</u> WELL <u>SCHALK NO. 41-2</u> COMPANY <u>SCHALK DEVELOPMENT</u>		COMPANY <u>SCHALK DEVELOPMENT COMPANY</u>  WELL <u>SCHALK NO. 41-2</u> FIELD <u>MESA VERDE</u> COUNTY <u>RIO ARRIBA</u> STATE <u>NEW MEXICO</u>																																																																																																																																																																																																																																				
		LOCATION <u>SW/4</u>				Other Services: <u>FDC/CNL-GR</u>																																																																																																																																																																																																																																
		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;">API SERIAL NO</td> <td style="width:25%;">SEC.</td> <td style="width:25%;">TWP</td> <td style="width:25%;">RANGE</td> </tr> <tr> <td></td> <td><u>8</u></td> <td><u>25N</u></td> <td><u>3W</u></td> </tr> </table>								API SERIAL NO	SEC.	TWP	RANGE		<u>8</u>	<u>25N</u>	<u>3W</u>																																																																																																																																																																																																																					
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		Permanent Datum: <u>GL</u> ; Elev.: <u>7112</u> Log Measured From <u>KB</u> <u>14</u> Ft. Above Perm. Datum Drilling Measured From <u>KB</u>				Elev.: K.B. <u>7126</u> D.F. <u>7125</u> G.L. <u>7112</u>																																																																																																																																																																																																																																
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The well name, location and borehole reference data were furnished by the customer.

						<b>SCALE CHANGES</b>		
Type Log	Depth	Scale Up Hole	Scale Down Hole					
ONE -								
Order No.	39420							
Level	FULL							
Ppm. cl	--							
F.P.M.	100							
<b>INSTRUMENT DATA</b>								
No.	DD 616							
Ser.	DA 228							
No.	EA 236							
Panel No.	1739							
Circuit No.	--							
Chart No.	--							
Recorder - (TTR)	EB 887							
Encoder - (DRE)	C 1779							
Wheel - (CPW)	--							
Neutralizers	--							
Off - Inches	--							
<b>RATION DATA</b>								
Error - ILM	1.0							
Error - ILM	5.4							
Error - ILD	3.2							
G. - CPS.	--							
Surge - CPS.	--							
In Hole - Depth	--							
r. - Hole Size	--							
<b>LOGGING DATA</b>								
J - ILLA	1.0							
- ILU	5.4							
- ILI	3.2							
ale per 100 Div.	--							
C.	--							
<b>REMARKS</b>								
RO CURVE FROM DENSITY POROSITY USING GRAIN DENSITY OF 2.68.								





Permanent Datum:		GL	Elev: 7112		Elev: K.B. 7126 D.F. 7125 G.L. 7112	
Log Measured From	KB	14 ft. Above Perm. Datum				
Drilling Measured From	KB					
Date	1/1/79					
Run No.	ONE					
Depth-Driller	5975					
Depth-Logger	5984					
Perm. Log Interval	5978					
Op Log Interval	300					
Logging-Driller	8-5/8 @ 301	@		@		@
Logging-Logger	301					
Log Size	7-7/8					
Perm. Fluid in Hole	FGM					
Dens.	9.0	60				
Visc.	9.0	4.8 ml				
Fluid Loss	PIT		ml		ml	ml
Source of Sample	2.62 @ 60 °F	@	°F	@	°F	°F
Perm @ Meas. Temp.	2.37 @ 60 °F	@	°F	@	°F	°F
mf @ Meas. Temp.	---	@	°F	@	°F	°F
Source @ Meas. Temp.	MEAS			@	°F	°F
Source Perm. Temp	1.09 @ 144 °F	@	°F	@	°F	°F
Perm @ BHT	0800			@	°F	°F
Circulation Stopped	1400					
Logger on Bottom	144	°F				
Max. Rec. Temp.	5768	FARM	°F		°F	°F
Loc. Location						

The well name, location and borehole reference data were furnished by the customer.

Interpretations are opinions based on inferences from electrical or other measurements and we cannot, and do not guarantee the accuracy or correctness of any interpretations, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to Clause 4 of our General Terms and Conditions as set out in our current Price Schedule.

**SPONTANEOUS-POTENTIAL**

## CONDUCTIVITY

$$\text{MILLIMHOS, } M = \frac{1000}{\text{OHMS } M^2/M}$$

## DEEP INDUCTION

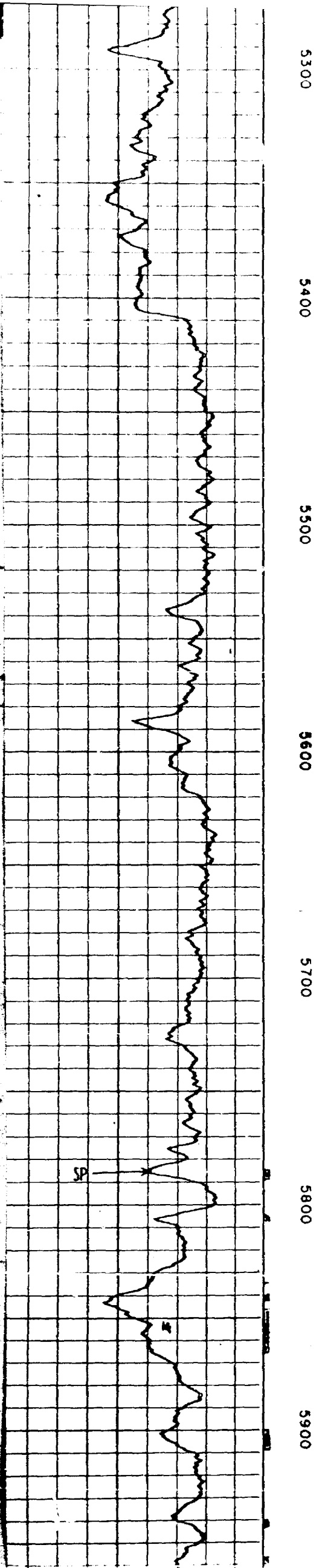
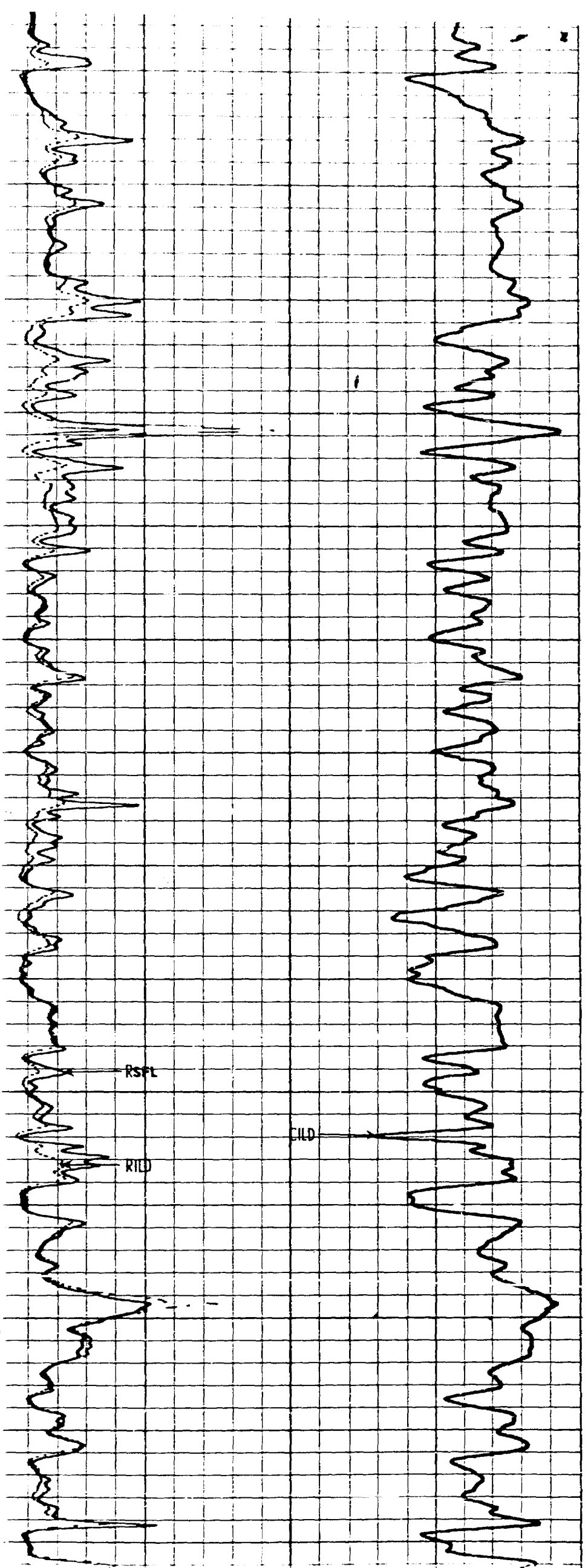
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Ex 3  
C 6896

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-  $\left| \overleftrightarrow{10} \right|$  + MILLIVOLTS







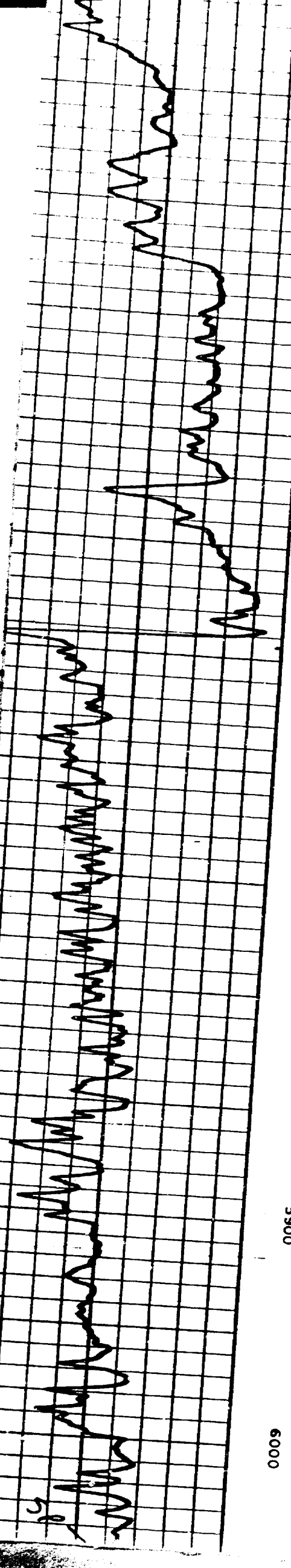
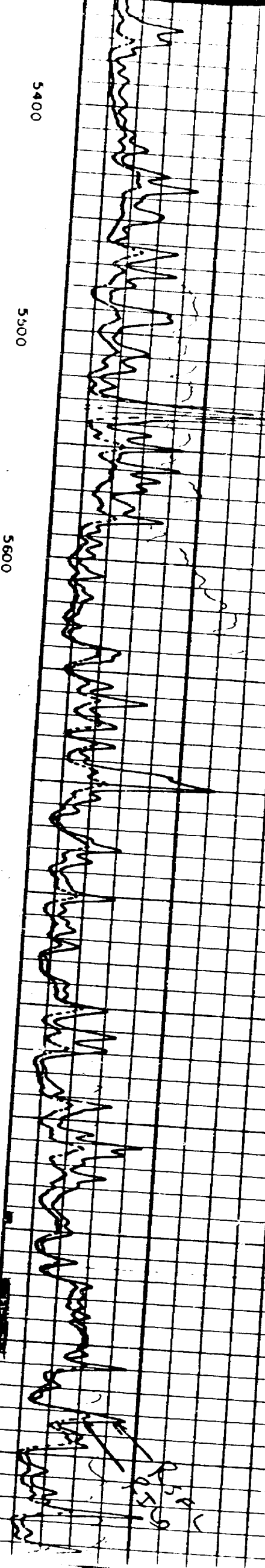
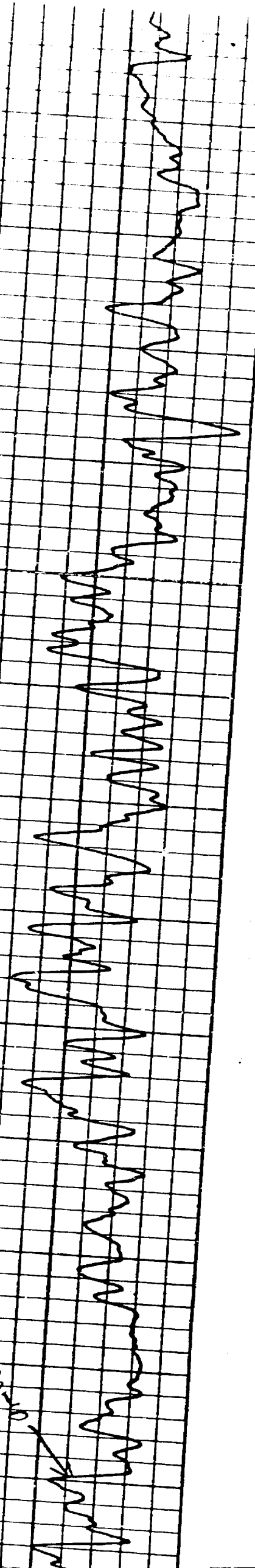
**DUAL INDUCTION - SFL**  
**WITH LINEAR CORRELATION LOGS**

Elev.: K.B. 7250  
D.F. 7192  
G.L. 7186

WHERE The well name, location and borehole reference data were furnished by the customer.

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Ca 6896



FEDERAL ABSTRACT COMPANY

P. O. BOX 1681

SANTA FE, NEW MEXICO

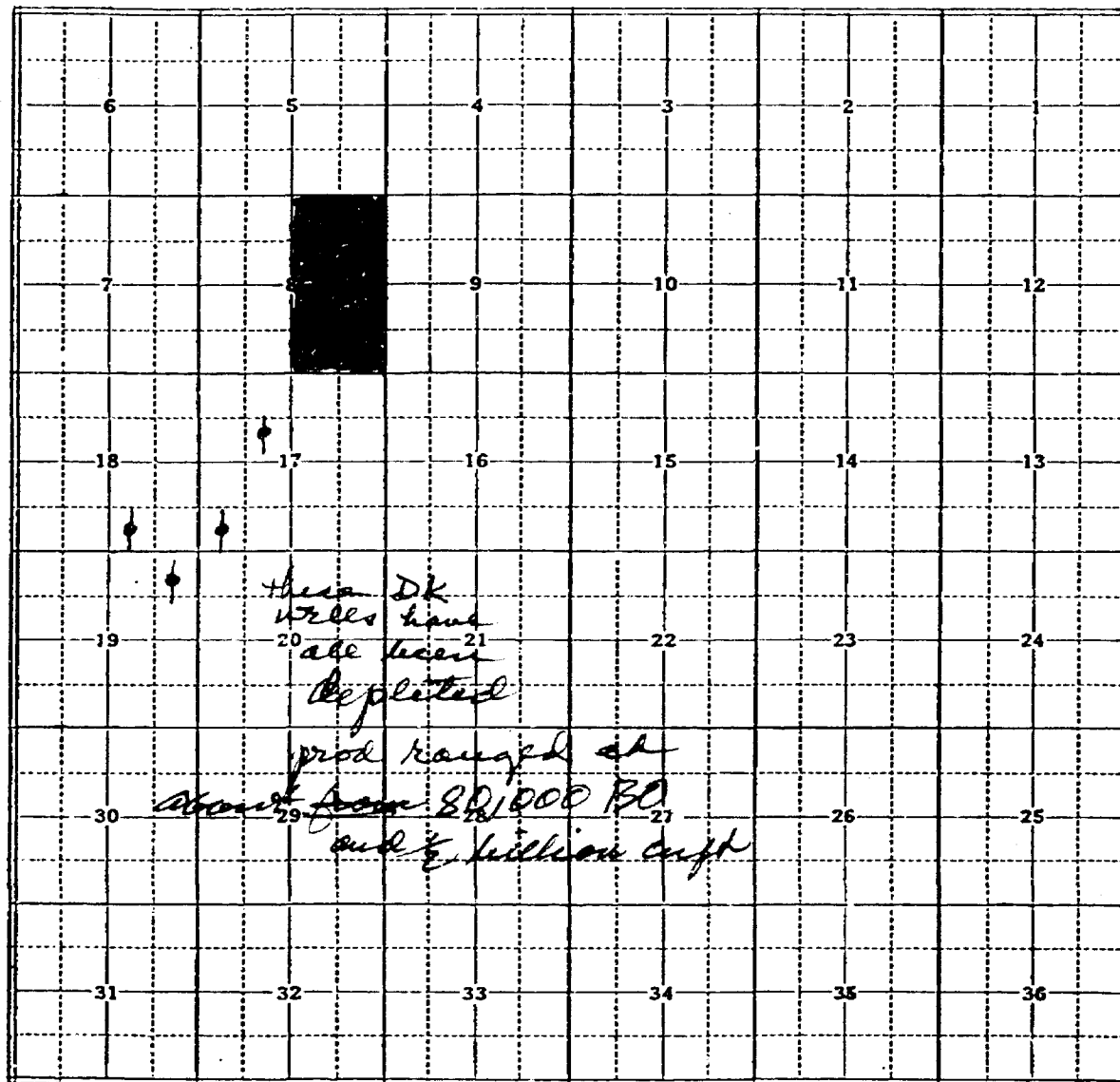
RED - STATE LAND

BLUE - FEE LAND

TWP. 25N RGE. 3W N.M.P.M.

Rio Arriba COUNTY

DATE July 9, 1980



BASE OF MESAVERDE TO BASE OF DAKOTA FORMATION



C. J. Little 1/2 - Gulf 1/2



Supron

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Little EXHIBIT NO. 2

CASE NO. 6869 - 6965

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

EXAMINER HEARING

IN THE MATTER OF:

Application of John E. Schalk for a ) CASE  
non-standard gas proration unit and ) 6896  
an unorthodox gas well location, Rio )  
Arriba County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

SALLY W. BOYD, C.S.R.

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

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MR. STAMETS: Call next Case 6896.

Case 6896, as you will see on your docket,  
is continued to the July 9th Examiner Hearing.

(Hearing concluded.)

**SALLY W. BOYD, C.S.R.**

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

C E R T I F I C A T E

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

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

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

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6896  
heard by me on 6-25 19 80.  
Richard L. [Signature], Examiner  
Oil Conservation Division



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

EXAMINER HEARING

IN THE MATTER OF:

Application of John E. Schalk for a  
non-standard gas proration unit and  
an unorthodox gas well location, Rio  
Arriba County, New Mexico.

CASE  
6896

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 433-7409

MR. STAMETS: Call next Case 6896.

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(Hearing concluded.)

**SALLY W. BOYD, C.S.R.**

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

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C E R T I F I C A T E

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

SALLY W. BOYD, C.S.R.

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

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

\_\_\_\_\_, Examiner  
Oil Conservation Division

Docket No. 20-80

Dockets Nos. 22-80 and 23-80 are tentatively set for July 23 and August 6, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 9, 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:

CASE 6953: Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 of Section 17, Township 20 South, Range 37 East, Eumont Gas Pool, to its Theodore Anderson Well No. 4 located in Unit B, and its No. 7, at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 17.

CASE 6954: Application of Harvey E. Yates Company for amendment of Order No. R-6303, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6303 which authorized the directional drilling of a well, the surface location of which is 660 feet from the North line and 1980 feet from the West line of Section 32, Township 13 South, Range 36 East. Applicant seeks approval for the bottom hole location of the well at a point 654 feet from the North line and 2158 feet from the West line of said Section 32.

CASE 6921: (Readvertised)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Mississippian formations underlying the S/2 of Section 33, Township 13 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6932: (Continued from June 25, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation 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 "JM" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 25, Township 18 South, Range 24 East, the S/2 of said Section 25 to be dedicated to the well.

CASE 6934: (Continued from June 25, 1980, Examiner Hearing)

Application of Coronado Exploration Corporation for three compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying three 40-acre proration units, being the NW/4 SE/4 of Section 6, the NE/4 SE/4 of Section 28, and the SW/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6955: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No. 42 located in Unit M of Section 22, Township 27 North, Range 5 West.

CASE 6956: Application of Amoco Production Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State "GH" Well No. 1 located in Unit F of Section 21, Township 16 South, Range 35 East.

CASE 6957: Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State HK Com Well No. 1 located in Unit L of Section 6, Township 24 South, Range 25 East.

- CASE 6958:** Application of Kenai Oil and Gas, Inc. for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Seven Rivers and Artesia Queen-Grayburg-San Andres production in the wellbore of its Gulf State Well No. 1 located in Unit K of Section 36, and its Cobb Federal Well No. 2 located in Unit H of Section 22, both in Township 18 South, Range 27 East, Artesia Pool. Applicant further seeks an administrative procedure whereby similar commingling could be approved for other wells to be drilled in the NE/4 and S/2 NW/4 of said Section 22.
- CASE 6959:** Application of Great Western Drilling Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the S/2 of Section 19, Township 18 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6960:** Application of Bass Enterprises Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Strawn formation underlying the S/2 SE/4 of Section 13, Township 16 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6950:** (Continued from June 25, 1980, Examiner Hearing)  
Application of Bass Enterprises Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the North line and 1980 feet from the East line of Section 4, Township 25 South, Range 31 East, the E/2 of said Section 4 to be dedicated to the well.
- CASE 6961:** Application of Conoco Inc. for a dual completion and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Meyer A-29 Well No. 11 to be drilled at an unorthodox location 990 feet from the North line and 660 feet from the East line of Section 29, Township 22 South, Range 36 East, to produce gas from the Langley-Devonian and -Ellenburger Pools thru parallel strings of tubing, the E/2 of said Section 29 to be dedicated to the well.
- CASE 6962:** Application of BTA Oil Producers for special pool rules and pool extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of Special Pool Rules for the North Bell Lake-Devonian Gas Pool to provide for 640-acre spacing and specified well locations. Applicant also seeks the extension of said pool to include all of Sections 6, 7, and 18, Township 23 South, Range 34 East.
- CASE 6896:** (Continued from June 25, 1980, Examiner Hearing)  
Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.
- CASE 6965:** Application of Supron Energy Corporation for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Mesaverde and Dakota gas proration unit comprising the SE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6966:** Application of Reading & Bates Petroleum Co. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the NE/4 of Section 17, Township 24 North, Range 3 West, Chacon Field, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6942:** (Continued from June 25, 1980, Examiner Hearing)  
Application of Benson-Montin-Greer Drilling Corporation for amendment of Order No. R-2565-B, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B to provide that all 320-acre spacing and proration units in said pool would comprise either the W/2 or the E/2 of a governmental section, provided however, that one injection well would have dedicated thereto the N/2 of Section 1, Township 24 North, Range 1 West, and also that the short 400-acre sections on the South side of Township 27 North, Range 1 West, would each comprise a single spacing unit.

CASE 6943: (Continued from June 25, 1980, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Puerto Chiquito-Mancos Unit Area, comprising 9,769 acres, more or less, of Federal, Indian, and fee lands in Townships 26 and 27 North, Ranges 1 East and 1 West.

CASE 6944: (Continued from June 25, 1980, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for a pressure maintenance project, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of gas, air, LPG, water, or chemicals into the Mancos formation thru 7 wells on its East Puerto Chiquito-Mancos Unit Area.

CASE 6963: Application of Morris R. Antweil for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North line and 1980 feet from the East line of Section 30, Township 19 South, Range 30 East, HC-Morrow Gas Pool, the E/2 of said Section 30 to be dedicated to the well.

CASE 6964: Application of Morris R. Antweil for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rio Com. Well No. 2, to be drilled 660 feet from the North and West lines of Section 29, Township 18 South, Range 25 East, Penasco Draw-Morrow Gas Pool, to be simultaneously dedicated with its Rio Com. Well No. 1 in Unit G to the N/2 of said Section 29.

\*\*\*\*\*  
Docket No. 21-80

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 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 Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for August, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for August, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of John E. Schalk for a ) CASE  
non-standard gas proration unit, and ) 6896  
an unorthodox gas well location, Rio )  
Arriba 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

SALLY W. BOYD, C.S.R.

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

MR. NUTTER: Call next Case 6896.

MR. PADILLA: Application of John E.

Schalk for a non-standard gas proration unit, and an unorthodox gas well location, Rio Arriba County, New Mexico.

MR. NUTTER: Applicant in this case has requested continuance.

Case Number 6896 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. June 25th, 1980.

(Hearing concluded.)

SALLY W. BOYD, C.S.R.

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



C E R T I F I C A T E

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

SALLY W. BOYD, C.S.R.

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

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6894 heard by me on 6/4/80.

[Signature] Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
4 June 1930

EXAMINER HEARING

IN THE MATTER OF:

Application of John E. Schalk for a ) CASE  
non-standard gas proration unit, and ) 6896  
an unorthodox gas well location, Rio )  
Arriba 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

SALLY W. BOYD, C.S.R.

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

MR. NUTTER: Call next Case 6896.

MR. PADILLA: Application of John E.

Schalk for a non-standard gas proration unit, and an unorthodox gas well location, Rio Arriba County, New Mexico.

MR. NUTTER: Applicant in this case has requested continuance.

Case Number 6896 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. June 25th, 1980.

(Hearing concluded.)

SALLY W. BOYD, C.S.R.

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

C E R T I F I C A T E

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

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6896,  
heard by me on 6/4 1980.

 Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

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

Docket No. 19-80

Dockets Nos. 20-80 and 21-80 are tentatively set for July 9 and 23, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 1980

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

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

CASE 6891: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Midwest Refining Company, United States Fidelity & Guaranty Company, and all other interested parties to appear and show cause why the State Well No. 1 located in Unit A of Section 16, Township 33 South, Range 14 West, Hidalgo County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6929: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco Mesaverde and Basin-Dakota production in the wellbore of its NCRA Well No. 1-E located in Unit G of Section 22, Township 26 North, Range 7 West, by using the Dakota gas for gas lift of Mesaverde liquids after metering on the surface.

CASE 6930: Application of Amoco Production Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 21 to be drilled 660 feet from the North and East lines of Section 36, Township 17 South, Range 28 East, the E/2 of said Section 36 to be dedicated to the well.

CASE 6931: Application of H. L. Harvey for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Fruitland and Bloomfield-Farmington production in the wellbore of his Jones Well No. 3 located in Unit B of Section 13, Township 29 North, Range 11 West.

CASE 6917: (Continued from June 4, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Goat Roper "LP" Com. Well No. 1 located in Unit P of Section 30, Township 17 South, Range 26 East.

CASE 6932: Application of Yates Petroleum Corporation 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 "JM" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 25, Township 18 South, Range 24 East, the S/2 of said Section 25 to be dedicated to the well.

CASE 6933: Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying two 320-acre proration units, being the N/2 and the S/2 of Section 2, Township 19 South, Range 25 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6934: Application of Coronado Exploration Corporation for three compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying three 40-acre proration units, being the NW/4 SE/4 of Section 6, the NE/4 SE/4 of Section 28, and the SW/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6901: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Mississippian formations underlying the E/2 of Section 19, Township 14 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 6935:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and undesignated Gallup production in the wellbore of its June Joy Well No. 2 located in Unit B of Section 25, Township 24 North, Range 10 West.
- CASE 6936:** Application of Dugan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 26, Township 30 North, Range 14 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6916:** (Continued from June 4, 1980, Examiner Hearing)  
Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinberry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.
- CASE 6937:** Application of R. N. Hillin for an unorthodox location and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his DWV Well No. 4 to produce gas from the Wolfcamp and Morrow formations thru tubing and the annulus, respectively. Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp and Pennsylvanian formations at a point 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East.
- CASE 6938:** Application of Anadarko Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Dalport Federal Well No. 1 660 feet from the South and West lines of Section 20, Township 13 South, Range 31 East, Southeast Chaves Queen Gas Area, the W/2 of said Section 20 to be dedicated to the well.
- CASE 6939:** Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests at a depth from 2400 feet to 5000 feet below the surface, Turkey Track Field, underlying the NE/4 SE/4 of Section 10, Township 19 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6940:** Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6941:** Application of Ellwade Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 129.52-acre non-standard gas proration unit comprising the W/2 of partial Section 33, Township 26 South, Range 30 East, Ross Draw-Wolfcamp area, to be dedicated to its Ross Draw Well No. 1 located in Unit C of said Section 33.
- CASE 6942:** Application of Benson-Montin-Greer Drilling Corporation for amendment of Order No. R-2565-B, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B to provide that all 320-acre spacing and proration units in said pool would comprise either the W/2 or the E/2 of a governmental section, provided however, that one injection well would have dedicated thereto the N/2 of Section 1, Township 24 North, Range 1 West, and also that the short 400-acre sections on the South side of Township 27 North, Range 1 West, would each comprise a single spacing unit.
- CASE 6943:** Application of Benson-Montin-Greer Drilling Corporation for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Puerto Chiquito-Mancos Unit Area, comprising 9,769 acres, more or less, of Federal, Indian, and fee lands in Townships 26 and 27 North, Ranges 1 East and 1 West.

- CASE 6944:** Application of Benson-Montin-Greer Drilling Corporation for a pressure maintenance project, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of gas, air, LPG, water, or chemicals into the Mancos formation thru 7 wells on its East Puerto Chiquito-Mancos Unit Area.
- CASE 6945:** Application of ARCO Oil and Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formation in the interval from 3550 feet to 4000 feet in its Fletcher Well No. 4 in Unit J of Section 27, Township 20 South, Range 34 East, Lynch Field.
- CASE 6946:** Application of Knox Industries, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be recompleted in the Morrow formation at a point 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 34 East, the N/2 of said Section 1 to be dedicated to the well.
- CASE 6947:** Application of Knox Industries, Inc. for pool contraction and creation and an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order deleting certain lands from the La Rica-Morrow Gas Pool and creating a new gas pool from said lands together with a determination that applicant's NM State Well No. 1 located in Unit F of Section 2, Township 19 South, Range 34 East, has discovered a new onshore reservoir pursuant to Section 102 of the NGPA.
- CASE 6948:** Application of Maralo, Inc. for dual completions and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) and simultaneous dedication in the Jalmat Pool of four wells in its Jalmat Yates Unit to produce oil from, and later on to inject water into, its Yates formation waterflood, and to produce oil from the Seven Rivers formation from two of the wells, the Nos. 19 and 20 located in Units C and D and to produce gas from the Seven Rivers from the other two wells, the Nos. 25 and 31 located in Units F and K, all in Section 18, Township 25 South, Range 37 East.
- CASE 6949:** Application of Grace Petroleum Corporation for four compulsory poolings, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Escrito-Gallup Pool underlying four 80-acre proration units, being the E/2 NE/4, the S/2 NW/4, and the W/2 NW/4 of Section 28, and the W/2 SE/4 of Section 29, all in Township 24 North, Range 7 West, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.
- CASE 6950:** Application of Bass Enterprises Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the North line and 1980 feet from the East line of Section 4, Township 25 South, Range 31 East, the E/2 of said Section 4 to be dedicated to the well.
- CASE 6951:** Application of Bass Enterprises Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 21, Township 22 South, Range 30 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6952:** Application of Exxon Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 378.11-acre non-standard gas proration unit comprising Lots 1 and 2 and the N/2 NE/4 of Section 31, and Lots 1, 2, 3, 4, and the N/2 N/2 of Section 32, all in Township 26 South, Range 26 East, Morrow formation, to be dedicated to its Milepost Federal Com 2 Well No. 1 located in Unit A of said Section 31.
- CASE 6925:** (Readvertised)
- Application of Caribou Four Corners, Inc. for two exceptions to Rule 306, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 306 of the Division Rules and Regulations to permit the permanent flaring of gas from its Kirtland Wells Nos. 1 and 2, located in Units A and B, respectively, of Section 13, Township 29 North, Range 15 West.

CASE 6914: (Continued from June 4, 1980, Examiner Hearing)

Application of Wilson Oil Company for a non-standard proration unit and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 29, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, to be dedicated to its State JD Well No. 1 at an unorthodox location 1650 feet from the South line and 1980 feet from the West line of said Section 29.

CASE 6896: (This case will be continued to the July 9, 1980, Examiner Hearing)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

CASE 6487: (Continued from April 23, 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.



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

EXAMINER HEARING

IN THE MATTER OF:

Application of John E. Schalk for a  
non-standard gas proration unit and  
an unorthodox gas well location,  
Rio Arriba County, New Mexico.

CASE  
6896

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

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

MR. STAMETS: Call next Case 6896.

MR. PADILLA: Application of John E.

Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico.

MR. STAMETS: Applicant has requested that this case be continued to the June 4th Examiner Hearing, and it shall be.

(Hearing continued.)

SALLY W. BOYD, C.S.R.

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

C E R T I F I C A T E

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

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is  
a complete and correct transcript of the hearing in  
the Division of Oil Conservation No. 6896  
heard by me on 5-21 19 86.  
Richard R. Stewart, Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

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

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

EXAMINER HEARING

IN THE MATTER OF:

Application of John E. Schalk for a  
non-standard gas proration unit and  
an unorthodox gas well location,  
Rio Arriba County, New Mexico.

CASE  
6896

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

SALLY W. BOYD, C.S.R.

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Phone (505) 455-7409

1 MR. STAMETS: Call next Case 6896.

2 MR. PADILLA: Application of John E.  
3 Schalk for a non-standard gas proration unit and an unortho-  
4 dox gas well location, Rio Arriba County, New Mexico.

5 MR. STAMETS: Applicant has requested  
6 that this case be continued to the June 4th Examiner Hearing,  
7 and it shall be.

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9 (Hearing continued.)  
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SALLY W. BOYD, C.S.R.

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

C E R T I F I C A T E

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

SALLY W. BOYD, C.S.R.

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

I do hereby certify that the foregoing is  
a complete and true transcript of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

Docket No. 17-80

Dockets Nos. 19-80 and 20-80 are tentatively set for June 25 and July 9, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 5, 1980

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

CASE 6927: Application of Doyle Hartman for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6928: Application of ARCO Oil and Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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Docket No. 16-80

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 4, 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:

CASE 6803: (Continued from April 23, 1980, Examiner Hearing)

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 6906: 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. 39 located in Unit G of Section 15, Township 24 South, Range 37 East, to produce oil from the Fowler-Upper Yeso and Fowler-Drinkard Pools thru parallel strings of tubing.

CASE 6907: 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 Myers B Federal Well No. 28 located in Unit M of Section 9, Township 24 South, Range 37 East, to produce gas from the Jalmat and Langlie Mattix Pools thru parallel strings of tubing.

CASE 6908: Application of Estoril Producing Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Curry State Well No. 1, a Pennsylvanian test to be drilled 660 feet from the North and East lines of Section 22, Township 23 South, Range 34 East, Antelope Ridge Field, the N/2 of said Section 22 to be dedicated to the well.

CASE 6909: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Largo-Callup production in the wellbore of its Rincon Unit Well No. 164 located in Unit L of Section 2, Township 26 North, Range 7 West.

CASE 6886: (Continued from May 21, 1980, Examiner Hearing)

Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6910: Application of Grace Petroleum Corporation for four compulsory poolings, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying four 40-acre proration units, being the SE/4 NE/4, the SE/4 NW/4, and the NW/4 NW/4 of Section 28, and the SW/4 SE/4 of Section 29, all in Township 24 North, Range 7 West, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6911: Application of Grace Petroleum Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying the NE/4 NW/4 of Section 11, Township 23 North, Range 7 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6912: Application of Southland Royalty Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State "14" Comm. Well No. 1 located in Unit E of Section 14, Township 19 South, Range 29 East, Turkey Track Field, to produce gas from the Morrow and Atoka formations thru tubing and the casing-tubing annulus, respectively

CASE 6913: Application of Kerr-McGee Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State F Well No. 14 to be drilled 1310 feet from the North line and 1330 feet from the West line of Section 2, Township 8 South, Range 33 East, Chaveroo-San Andres Pool.

CASE 6914: Application of Wilson Oil Company for a non-standard proration unit and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 29, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, to be dedicated to its State JD Well No. 1 at an unorthodox location 1650 feet from the South line and 1980 feet from the West line of said Section 29.

CASE 6915: Application of Jake L. Hamon for a non-standard gas proration unit and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 8, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 8.

CASE 6916: Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinberry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.

CASE 6917: Application of Yates Petroleum Corporation for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Goat Roper "LP" Com. Well No. 1 located in Unit P of Section 30, Township 17 South, Range 26 East.

CASE 6918: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Upper Penn and Morrow gas production in the wellbore of its Kennedy "JQ" Com. Well No. 1 located in Unit H of Section 33, Township 17 South, Range 26 East, Kennedy Farms Field.

CASE 6919: Application of Yates Petroleum Corporation for downhole commingling or consolidation of two pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Penn gas production in the wellbore of its Anderson State "CS" Com. Well No. 1-Y located in Unit G of Section 14, and its Fordinkus State "HZ" Com. Well No. 1 located in Unit G of Section 22, both in Township 18 South, Range 24 East, or, in the alternative, the consolidation of the Fordinkus-Cisco Gas Pool and the Penasco Draw Permo-Penn Gas Pool into one Permo-Penn gas pool to include the above-described wells.



CASE 6920: Application of Yates Petroleum Corporation for a dual completion and unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its 5 Mile Draw Federal Well No. 1 to produce from the Pennsylvanian and Abo formations thru the tubing and casing-tubing annulus, respectively; applicant also seeks approval for the unorthodox location of said well in the Abo formation 800 feet from the South line and 2100 feet from the East line of Section 34, Township 6 South, Range 25 East, the SE/4 of the section to be dedicated to the well.

CASE 6903: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-Mississippian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.

CASE 6904: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the McDonald Unit Area, comprising 1,440 acres, more or less, of fee lands in Townships 13 and 14 South, Range 36 East.

CASE 6921: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Mississippian formations underlying the S/2 of Section 33, Township 13 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6922: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the E/2 of Section 24, Township 18 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6923: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cayton-Austin Unit Area, comprising 960 acres, more or less, of State and fee lands in Township 14 South, Range 36 East.

CASE 6924: Application of Caribou Four Corners, Inc. for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two wells to be drilled, the first being 860 feet from the North line and 2090 feet from the West line, and the second being 910 feet from the North line and 395 feet from the West line, both in Section 13, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, the E/2 and the W/2, respectively, of the NW/4 of said Section 13 to be dedicated to the wells.

CASE 6925: Application of Caribou Four Corners, Inc. for two exceptions to Rule 306, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 306 of the Division Rules and Regulations to permit the permanent flaring of gas from its Kirtland Wells Nos. 1 and 2, located in Units A and B, respectively, of Section 13, Township 29 North, Range 15 West.

CASE 6889: (Readvertised)

Application of Belco Petroleum Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill a well, the surface location of which is 1980 feet from the North line and 920 feet from the West line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom it at an unorthodox location within 660 feet of a point 1320 feet from the North line and 2640 feet from the West line of said Section 36 in the Morrow formation, the N/2 of said Section 36 to be dedicated to the well.

CASE 6896: (Continued from May 21, 1980, Examiner Hearing)

Application of John E. Schaik for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

**CASE 6926:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting vertical limits, and extending horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Arkansas Junction-Pennsylvanian Pool. The discovery well is Rex Alcorn Bobbi Well No. 1Y located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM  
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Avalon-Delaware Pool. The discovery well is MWJ Producing Company State GW Well No. 1 located in Unit K of Section 36, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM  
Section 36: SW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Burton-Delaware Pool. The discovery well is J. C. Williamson TOG Federal Well No. 1 located in Unit F of Section 16, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 16: NW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Dog Canyon-Strawn Gas Pool. The discovery well is Harvey E. Yates Company Gates Federal Deep Well No. 1 located in Unit P of Section 6, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 6: S/2

(e) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the South Double L-San Andres Pool. The discovery well is McClellan Oil Corporation Mark Federal Well No. 1 located in Unit I of Section 30, Township 15 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM  
Section 30: SE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Grayburg production and designated as the Empire-Grayburg Gas Pool. The discovery well is Carl A. Schellinger West Federal Well No. 1 located in Unit G of Section 14, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 14: NE/4

(g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Hume-Morrow Gas Pool. The discovery well is Bass Enterprises Production Company Bass 36 State Well No. 1 located in Unit E of Section 36, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM  
Section 36: W/2

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Lusk-Atoka Gas Pool. The discovery well is Phillips Petroleum Company Lusk Deep Unit A Com Well No. 13 located in Unit K of Section 18, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 18: S/2

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Milepost-Morrow Gas Pool. The discovery well is Exxon Corporation Scheidt Federal Well No. 1 located in Unit L of Section 30, Township 26 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM  
Section 36: N/2 N/2 and Lots, 1, 2,  
3, and 4

TOWNSHIP 26 SOUTH, RANGE 26 EAST, NMPM  
Section 30: S/2  
Section 31: N/2 NW/4 and Lots 3 and 4

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Turkey Track-Atoka Gas Pool. The discovery well is Tenneco Oil Company State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 10: E/2  
Section 11: S/2

(k) CONTRACT the vertical limits of the East Grama Ridge-Bone Springs Pool to the interval from 10,472 feet to 10,900 feet as found on the type log for the Getty Oil Company State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, NMPM, and redesignate said pool as the East Grama Ridge-Lower Bone Springs Pool.

(l) EXTEND the Airstrip-Upper Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 25: W/2 SW/4  
Section 26: SE/4

(m) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 33: NW/4 and N/2 S/2

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 8: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM  
Section 9: NW/4

(p) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 13: W/2  
Section 14: E/2

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

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM  
Section 34: S/2

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM  
Section 2: Lots 1 through 8

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

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM  
Section 34: NE/4

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM  
Section 3: SW/4

- (s) EXTEND the Cinta Roja-Morrow Gas Pool in Lea County, New Mexico, to include therein:  
TOWNSHIP 24 SOUTH, RANGE 35 EAST, NMPM  
Section 4: All.
- (t) EXTEND the South Corbin-Strawn Pool in Lea County, New Mexico, to include therein:  
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
Section 29: N/2  
Section 30: N/2
- (u) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:  
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
Section 28: W/2
- (v) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM  
Section 8: S/2
- (w) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 17: All
- (x) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:  
TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM  
Section 12: W/2
- (y) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:  
TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM  
Section 10: W/2
- (z) EXTEND the Henshaw Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM  
Section 11: SW/4 SW/4  
Section 14: S/2 and W/2 NW/4  
Section 15: E/2 SE/4
- (aa) EXTEND the Hobbs-Drinkard Pool in Lea County, New Mexico, to include therein:  
TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM  
Section 4: SE/4
- (bb) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 2: N/2 NE/4
- (cc) EXTEND the South Kemnitz Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:  
TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 29: W/2
- (dd) EXTEND the Logan Draw-San Andres Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 19: N/2 NE/4 and SE/4 NE/4
- (ee) EXTEND the Middle Lynch Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:  
TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM  
Section 21: E/2 SW/4

(ff) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 31: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 25: S/2 S/2  
Section 26: S/2 SE/4 and SE/4 SW/4  
Section 36: N/2 NW/4

(hh) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 17: S/2

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

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM  
Section 25: SE/4

(jj) EXTEND the Turkey Track Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 9: E/2 NE/4

(kk) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 17: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 3: All

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 30: W/2

\*\*\*\*\*

Docket No. 18-80

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 19, 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 July, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for July, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Docket No. 14-80

Dockets Nos. 16-80 and 17-80 are tentatively set for June 4 and 25, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - MAY 20, 1980

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

CASE 6715: (DE NOVO)

Application of Texaco Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Loomis Fed. Well No. 1 to be drilled 1600 feet from the North line and 660 feet from the West line of Section 5, Township 21 South, Range 32 East, South Salt Lake-Morrow Gas Pool, the N/2 of said Section 5 to be dedicated to the well.

Upon application of Texaco Inc. and Bass Enterprises Production Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

\*\*\*\*\*

Docket No. 15-80

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 21, 1980

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for June, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6891: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Mid-west Refining Company and all other interested parties to appear and show cause why the State Well No. 1 located in Unit A of Section 16, Township 33 South, Range 14 West, Hidalgo County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6859: (Continued from April 9, 1980, Examiner Hearing)

Application of R & G Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1890 feet from the North line and 1830 feet from the East line of Section 28, Township 23 North, Range 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6886: (Continued from May 7, 1980, Examiner Hearing)

Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6884: (Continued from May 7, 1980, Examiner Hearing)

Application of Supron Energy Corporation for compulsory pooling and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the N/2 of Section 4, Township 30 North, Range 11 West, to be dedicated to a proposed dual completion to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 6892:** Application of Merrion & Bayless for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the South Blanco-Pictured Cliffs Pool underlying the SW/4 of Section 27, Township 24 North, Range 2 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6878:** (Readvertised)
- Application of Stevens Oil Company for a non-standard gas proration unit and unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the N/2 SW/4 and S/2 NW/4 of Section 25, Township 8 South, Range 28 East, Twin Lakes-San Andres Associated Pool, to be dedicated to its O'Brien "F" Well No. 4 at an unorthodox location 1650 feet from the South line and 2310 feet from the West line of said Section 25.
- CASE 6893:** Application of Stevens Oil Company to amend Order No. R-5353, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a revision of the special rules for the Twin Lakes-San Andres Associated Pool as promulgated by Order No. R-5353 to provide that each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of the quarter-quarter section.
- CASE 6894:** Application of Sun Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jennings-Federal "B" Well No. 1, a Yates test to be drilled 2440 feet from the South line and 2290 feet from the West line of Section 15, Township 19 South, Range 32 East, Lusk Field, the NE/4 SW/4 to be dedicated to the well.
- CASE 6895:** Application of Sun Gas Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks findings that the drilling of its J. A. Akens Well No. 10 located in Unit N of Section 3, Township 21 South, Range 36 East, was necessary to effectively and efficiently drain that portion of an existing proration unit which could not be drained by the existing well.
- CASE 6896:** Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.
- CASE 6897:** Application of McClellan Oil Corporation for two compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 1200 feet below the surface to the base of the Abo formation underlying the SW/4 and the SE/4 of Section 30, Township 6 South, Range 26 East, each to be dedicated to a proposed gas well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 6898:** Application of Conoco Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Meyer B-28 Well No. 4 to be drilled 560 feet from the North line and 1980 feet from the West line of Section 28, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its Meyer B-28 Well No. 1 in Unit G to the NE/4 and E/2 NW/4 of said Section 28.
- CASE 6899:** Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South and East lines of Section 9, Township 17 South, Range 26 East, the E/2 of said Section 9 to be dedicated to the well.
- CASE 6900:** Application of Yates Petroleum Corporation for a non-standard oil proration unit, unorthodox well location, and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit comprising the N/2 SE/4 of Section 22, Township 16 South, Range 33 East, Kemnitz Field, to be dedicated to its Sombrero "MS" State Well No. 1 at an unorthodox location 1650 feet from the South and East lines of said Section 22. Applicant also seeks approval for the downhole commingling of Wolfcamp and Cisco production in the wellbore of said well.

- CASE 6901: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Mississippian formations underlying the E/2 of Section 19, Township 14 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6902: Application of Harvey E. Yates Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Young Deep Unit Well No. 1 located in Unit D of Section 10, Township 18 South, Range 32 East, to produce gas from the Morrow formation and oil from the Bone Springs formation thru parallel strings of tubing.
- CASE 6903: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-Mississippian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.
- CASE 6904: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the McDonald Unit Area, comprising 1,440 acres, more or less, of fee lands in Townships 13 and 14 South, Range 36 East.
- CASE 6905: Application of Harvey E. Yates Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Buffalo Lake Unit Area, comprising 2,560 acres, more or less, of Federal, State, and fee lands in Township 15 South, Range 27 East.



Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
300 Don Gaspar Avenue  
Post Office Box 1769  
Santa Fe, New Mexico 87501

Telephone 982-4285  
Area Code 505

May 2, 1980

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

Case 6896

re: John E. Schalk

Dear Joe:

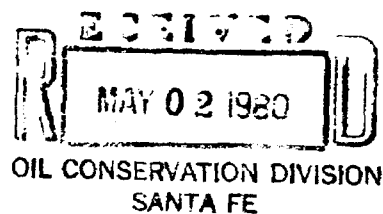
Please set this matter for hearing at the next examiner's  
hearing on May 21, 1980.

Very truly yours,

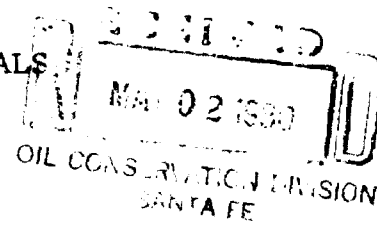
  
W. Thomas Kellahin

cc: Mr. Tom Schalk  
Mr. Al Kendrick  
Mr. John E. Schalk

encl.  
WTK:msf



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



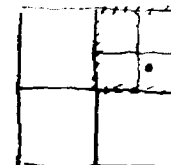
IN THE MATTER OF THE APPLICATION OF  
JOHN E. SCHALK FOR APPROVAL OF A  
NON-STANDARD PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, BLANCO  
MESAVERDE POOL, RIO ARriba COUNTY,  
NEW MEXICO.

*Case 6896*

APPLICATION

COMES NOW JOHN E. SCHALK, by and through his attorneys  
KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation  
Division for approval of an unorthodox location and a 160-acre  
non-standard spacing and proration unit consisting of the NE/4  
of Section 8, T25N, R3W, Blanco Mesaverde Pool, Rio Arriba  
County, New Mexico, and in support thereof would show:

1. Applicant is the operator of that portion of the NE/4  
of Section 8, T25N, R3W, NMPM, Rio Arriba County, New Mexico,  
from the base of the Pictured Cliffs formation through the base  
of the Mesaverde Formation.
2. Applicant proposes to drill his Schalk-Gulf #2 well at  
an unorthodox well location, 1,925 feet from the north line and  
790 feet from the east line of Section 8, to a depth sufficient  
to test the Mesaverde formation and to dedicate the NE/4 to  
said well.
3. That said dedication would constitute a 160-acre non-  
standard proration and spacing unit for the Blanco Mesaverde  
Pool, but is necessary in order to protect the correlative  
rights of the applicant.
4. That granting of the application will be in the best  
interests of conservation, the prevention of waste, and




the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set before the Division's duly appointed examiner and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By

  
W. Thomas Kellahin

P. O. Box 1769

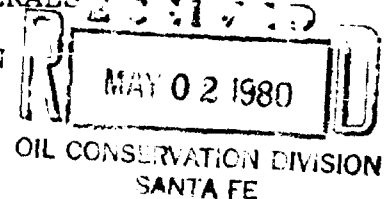
Santa Fe, New Mexico 87501

Phone: 982-4285

ATTORNEYS FOR APPLICANT

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

IN THE MATTER OF THE APPLICATION OF  
JOHN E. SCHALK FOR APPROVAL OF A  
NON-STANDARD PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, BLANCO  
MESAVERDE POOL, RIO ARRIBA COUNTY,  
NEW MEXICO.



Case 6896

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County, New Mexico, and in support thereof would show:

1. Applicant is the operator of that portion of the NE/4  
of Section 8, T25N, R3W, NMPM, Rio Arriba County, New Mexico,  
from the base of the Pictured Cliffs formation through the base  
of the Mesaverde Formation.

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an unorthodox well location, 1,925 feet from the north line and  
790 feet from the east line of Section 8, to a depth sufficient  
to test the Mesaverde formation and to dedicate the NE/4 to  
said well.

3. That said dedication would constitute a 160-acre non-  
standard proration and spacing unit for the Blanco Mesaverde  
Pool, but is necessary in order to protect the correlative  
rights of the applicant.

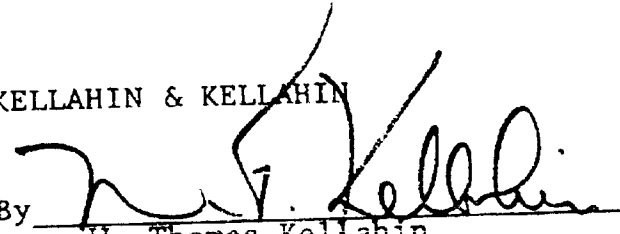
4. That granting of the application will be in the best  
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WHEREFORE, applicant requests that this matter be set before the Division's duly appointed examiner and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By

  
W. Thomas Kellahin

P. O. Box 1769

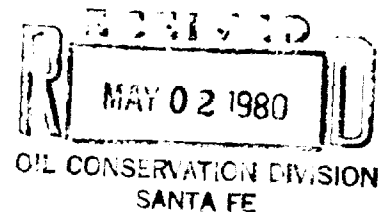
Santa Fe, New Mexico 87501

Phone: 982-4285

ATTORNEYS FOR APPLICANT

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

IN THE MATTER OF THE APPLICATION OF  
JOHN E. SCHALK FOR APPROVAL OF A  
NON-STANDARD PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, BLANCO  
MESAVERDE POOL, RIO ARRIBA COUNTY,  
NEW MEXICO.



*Case 6896*

APPLICATION

COMES NOW JOHN E. SCHALK, by and through his attorneys  
KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation  
Division for approval of an unorthodox location and a 160-acre  
non-standard spacing and proration unit consisting of the NE/4  
of Section 8, T25N, R3W, Blanco Mesaverde Pool, Rio Arriba  
County, New Mexico, and in support thereof would show:

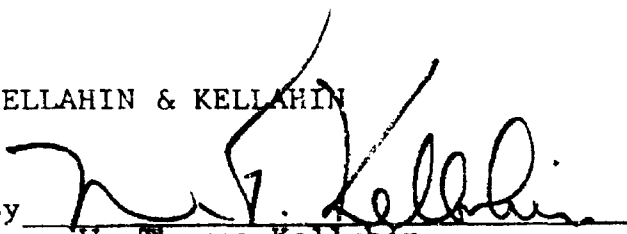
1. Applicant is the operator of that portion of the NE/4  
of Section 8, T25N, R3W, NMPM, Rio Arriba County, New Mexico,  
from the base of the Pictured Cliffs formation through the base  
of the Mesaverde Formation.
2. Applicant proposes to drill his Schalk-Gulf #2 well at  
an unorthodox well location, 1,925 feet from the north line and  
790 feet from the east line of Section 8, to a depth sufficient  
to test the Mesaverde formation and to dedicate the NE/4 to  
said well.
3. That said dedication would constitute a 160-acre non-  
standard proration and spacing unit for the Blanco Mesaverde  
Pool, but is necessary in order to protect the correlative  
rights of the applicant.
4. That granting of the application will be in the best  
interests of conservation, the prevention of waste, and

the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set before the Division's duly appointed examiner and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By

  
W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: 982-4285

ATTORNEYS FOR APPLICANT

ROUGH

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 6896

Order No. R-6496

APPLICATION OF JOHN E. SCHALK  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX GAS WELL  
LOCATION, RIO ARRIBA COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this \_\_\_\_\_ day of October, 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, John E. Schalk, is the owner of a  
50 percent <sup>undivided</sup> working interest in the Mesaverde formation underlying  
the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM,  
Rio Arriba County, New Mexico, and proposes the establishment of  
a 160-acre non-standard gas proration unit in the Blanco Mesaverde  
Pool comprising said lands to be dedicated <sup>to a well</sup> to be drilled thereon.



(3) That the application for hearing was for said well to be drilled at an unorthodox location, but the applicant has requested dismissal of that portion of the application and would drill the well at a standard location.

(4) That the applicant in Case No. 6965, Supron Energy Corporation, proposes the establishment of a 160-acre non-standard gas proration unit in the Blanco Mesaverde Pool comprising the SE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to a well it proposes to drill at a standard location thereon.

(5) That by Order No. R-1679-T, dated November 14, 1974, the Division authorized the drilling of a second well on each 320-acre Blanco Mesaverde proration unit, thereby creating in effect a 160-acre spacing pattern for said pool.

(6) That the W/2 of Section 8 comprises a 320-acre Blanco Mesaverde gas proration unit, and has dedicated thereto two wells, one in the NW/4 of the section and the other in the SW/4 of the section.

(7) That approval of the subject application, together with the application in Case No. 6965, to form two 160-acre non-standard units in the E/2 of Section 8 would authorize the full development of the E/2 of Section 8 by the drilling of two wells thereon, and would save the administrative overhead and legal expense which would be required by the communitization of the NE/4 and SE/4 of the section to form a single 320-acre unit to be dedicated to two wells.

(8) That approval of the aforesaid 160-acre units for the Blanco Mesaverde Pool does not preclude the creation of a single 320-acre unit for the Dakota formation or the creation of ~~nonstandard Dakota~~ two 160-acre units in the E/2 of Section 8, nor the drilling of either one or two wells to the Dakota formation, should any of the owners in the W/2 of Section 8 so desire.

(9) That approval of the application in this case will prevent waste and will not impair correlative rights.

(10) That the application for an unorthodox gas well location should be dismissed.

IT IS THEREFORE ORDERED:

(1) That the applicant, John E. Schalk, is hereby granted approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

(2) That the application in this case for an unorthodox gas well location is hereby dismissed.

(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.