

CASE 7076: VISTA RESOURCES, INC. FOR AN
UNORTHODOX GAS WELL LOCATION, RIO
ARRIBA COUNTY, NEW MEXICO

Case Number

7076

Application

Transcripts.

Small Exhibits

ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

November 20, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Kenneth Bateman
White, Koch, Kelly & McCarthy
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico 87501

Re: CASE NO. 7076
ORDER NO. R-6521

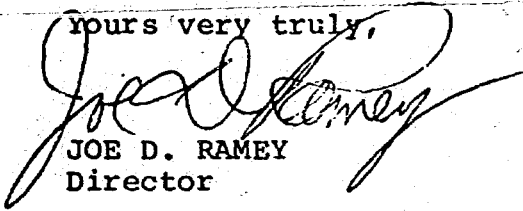
Applicant:

Vista Resources, Inc.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7076
Order No. R-6521

APPLICATION OF VISTA RESOURCES, INC.
FOR 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 November 12, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 17th day of November, 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, Vista Resources, Inc., seeks approval of an unorthodox gas well location for its John H. Dashko Federal Well No. 1 to be drilled 2510 feet from the South line and 790 feet from the East line of Section 11, Township 24 North, Range 7 West, NMPM, Basin-Dakota Pool, Rio Arriba County, New Mexico.

(3) That the E/2 of said Section 11 is to be dedicated to the well.

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

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

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Case No. 7076

Order No. R-6521

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

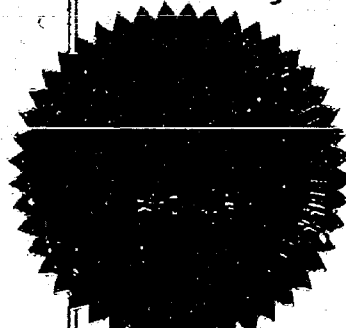
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for the Vista Resources, Inc. John H. Dashko Federal Well No. 1 to be located at a point 2510 feet from the South line and 790 feet from the East line of Section 11, Township 24 North, Range 7 West, NMPM, Basin-Dakota Pool, Rio Arriba County, New Mexico.

(2) That the E/2 of said Section 11 shall be dedicated to the above-described well.

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

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Vista Resources, Inc.,
for an unorthodox gas well location,
Rio Arriba County, New Mexico,

CASE
7076

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

For the Applicant:

Ken Bateman, Esq.
WHITE, KOCH, KELLY & MCCARTHY
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Santa Fe, New Mexico 87501

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

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4	JOHN H. SIMONS	
5	Direct Examination by Mr. Bateman	3
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17	Applicant Exhibit One, Map	5
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19	Applicant Exhibit Three, Cross Section	7
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3 MR. PADILLA: Application of Vista
4 Resources, Inc., for an unorthodox gas well location, Rio
5 Arriba County, New Mexico.

6 MR. STAMETS: Call for appearances in
7 this case.

8 MR. BATEMAN: Mr. Examiner, I'm Ken
9 Bateman of White, Koch, Kelly and McCarthy, and I have one
10 witness.

11 MR. STAMETS: I'd like to have the
12 witness stand and be sworn, please.

13
14 (Witness sworn.)

15 JOHN H. SIMONS
16
17 being called as a witness and being duly sworn upon his oath,
18 testified as follows, to-wit:

19
20 DIRECT EXAMINATION

21 BY MR. BATEMAN:

22 Q Sir, will you state your full name,
23 place of employment and position for the record, please?

24 A My name is John H. Simons. I'm Presi-
25 dent of Vista Resources, whose offices are located in Albu-
26
27
28

1
2 querque, New Mexico, at 800 Rio Grande Boulevard, Northwest,
3 Suite Ten.

4 Q Have you previously testified before
5 the Commission?

6 A No, I have not.

7 Q Would you state briefly for the record,
8 then, your educational and work experience?

9 A I have a chemical engineering degree
10 from the University of Tulsa in Tulsa, Oklahoma, and a degree
11 in geology from the University of New Mexico.
12

13 I have worked for numerous major com-
14 panies in the San Juan Basin, namely being the old Stanoline
15 Oil and Gas Company, and Tenneco Oil and Gas Company, where
16 I was in charge of the exploration for Tenneco in the north-
17 western portion of New Mexico, as well as other areas. I've
18 had in excess of twenty years experience in the San Juan Basin,
19

20 Q Are you familiar with the well in ques-
21 tion and its geology?

22 A Yes, I am.

23 MR. BATEMAN: Are the witness' credentials
24 acceptable?

25 MR. STAMETS: Mr. Simons, was your ex-
26 perience with Stanoline and Tenneco primarily as a geologist,
27 an exploration geologist?
28

1
2 A. Primarily with Stanoline as an explora-
3 tion geologist, but with Tenneco as a manager of the office
4 which controlled both the exploration and the production as-
5 pects of the operations.
6

7 MR. STAMETS: The witness is considered
8 qualified.

9 Q Mr. Simons, would you refer to what's
10 been marked Exhibit One and state briefly what you seek by the
11 application?

12 A. Exhibit ONE is the -- is an index map
13 of the San Juan Basin with the prospect area, or the area where
14 we are asking for an unorthodox location where it is located,
15 as related to the Basin Dakota Gas Field.
16

17 Q Would you then proceed with Exhibit Two
18 and state specifically where the proposed location is?

19 A. Exhibit Two is a detailed map showing
20 only Dakota wells within the area. If you will note the
21 yellow colored lens, that is where we feel there is an
22 offshore type Dakota sand bar providing the stratigraphic
23 trap for the production from the two wells shown as gas wells
24 within the sand bar, being the T. H. McIlvain-Miller "A" 1
25 and the T. H. McIlvain-Miller "B" 5.
26

27 Going on to the north you'll see the
28 Merrion and Bayless Dashko No. 2, which reached the Dakota,

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2 was logged, and it is apparent to us in the cross section that
3 it was a bypassed well. The well was drilled down to the
4 Dakota, never treated, and eventually plugged from that --
5 from that horizon.
6

7 The sandbar is developed by log inter-
8 pretation, by electric log interpretation, in the Merrion
9 and Bayless Dashko No. 2. If you will look then south of the
10 Merrion and Bayless Dashko No. 2 to the PanAm Dashko No. 3,
11 which also reached the Dakota, the sandbar was not present by
12 electric log interpretation in that well.

13 And then between the two wells you see
14 our proposed location, which is unorthodox. The well is
15 located properly in relation to the east line of the section;
16 however, it's too close to the north quarter line of Section
17 11, and to be orthodox the well would have to be moved approx-
18 imately 700 feet south, and we feel geologically that if we
19 drilled that location at an orthodox location, that the chances
20 of missing the sandbar are very great and could not -- we could
21 not justify in our own minds that it would encounter the sand-
22 bar that we feel will be present at the unorthodox location.
23
24

25 We intend -- there are no more Dakota
26 wells to the northwest and the extension of the sandbar to
27 the northwest is only speculative. There are adequate logs
28 and cross sections to prove the non-existence of the sandbar

1
2 in the areas outside of where the bar is represented to be.

3 Q Exhibits Three, Four, and Five, I be-
4 lieve, are cross sections --

5 A Yes.

6 Q -- illustrated on Exhibit Two, is that
7 correct?

8 A That's correct. And if you will continue
9 to refer to Exhibit Two and look at the cross section C-C',
10 which commences with the PanAm Dashko No. 3, proceeds to the
11 Merrion and Bayless Dashko 2, and finally terminates at the
12 T. H. McIlvain-Miller "B" 6, looking at the Dakota section
13 in the PanAmerican Dashko No. 3, as you can see, the sandbar
14 is not developed in that well, either by SP curves or resisti-
15 vity curves.
16

17 Proceeding to the Merrion and Bayless
18 Dashko No. 2, you can see the sandbar development there with
19 adequate resistivity for production, and in our opinion a
20 bypassed well. We feel that a fracture treatment of this
21 well would have resulted in a commercial well.
22

23 Then proceeding on to the T. H. McIlvain-
24 Miller "B" 6, again you can see the non-development of the
25 sandbar in that well.
26

27 That cross section provides the inform-
28 ation that we utilized to place on Exhibit Two the location

1
2 of the sandbar.

3 Any movement of the proposed location
4 at its unorthodox location towards the PanAm Dashko is moving
5 it toward a dry hole, and again, emphasizing in our estimation,
6 would result in either a dry hole or a noncommercial well.
7

8 Exhibit Four, which is another log
9 cross section, and is A-A', which was -- was made to show the
10 existence of the sandbar further to the south, commences with
11 the T. H. McIlvain-Miller "B" 6, again, goes to the T. H.
12 McIlvain-Miller "A" 1, and proceeds to the Redfern and Largo
13 Spur (sic) No. 2 Well.
14

15 Again, at the McIlvain "B" 6 Well the
16 sandbar is not developed. You can see the development colored
17 in yellow at the Miller "A" 1 and the sandbar is slightly
18 present in the Redfern and Heard but the section is all tight.
19 It is non-permeable at that -- and very low in porosity -- at
20 that location.

21 In our estimation that again proves the
22 existence of this northwesterly-southeasterly trending sand-
23 bar.
24

25 Going to Exhibit Five, this cross sec-
26 tion was made to show the continuity of the sandbar along
27 its strike, commencing with the Merrion and Bayless Dashko
28 No. 2, the dry hole, you can see the sandbar present colored

1
2 in yellow. Proceeding to the McIlvain "B" 5, a productive
3 Dakota well, and proceeding on to the T. H. McIlvain "A" 1,
4 another productive Dakota Well.

5 I might say for the record that -- that
6
7 our interests, that Vista's interests only relate to the
8 Dakota. There is other production in this area from other
9 horizons, primarily the Pictured Cliffs and the Gallup; how-
10 ever, we do not have the rights to those horizons in our
11 arrangements.

12 Q Mr. Simons, do you believe that a well
13 drilled at an unorthodox location would have any adverse
14 effect on the offsetting production?

15 A No, I do not believe so, and to support
16 that belief, I prepared Exhibit Six, which is the production
17 curves for the McIlvain-Miller "B" 5 and the McIlvain-Miller
18 "A" 1, commencing in 1961 and ending in -- at the end of
19 1979.
20

21 The solid line is the production curve
22 for the "B" 5 Well, the one nearest our proposed unorthodox
23 location.
24

25 The dashed line represents the production
26 from the Miller "A" 1, and the Miller "B" 5 has produced to
27 1-1-80 a little bit over 2.2 Bcf.

28 The Miller "A" 1 to -- to the end of

1979 had produced 1.9 Bcf. The present pressures and deliverabilities of the two wells are equivalent. In our estimation there appears to be no interference in productive capabilities of the two wells due to their similarity and the probably very efficient drainage of the stratigraphic trap.

And as you can see, the unorthodox proposed location is approximately the same distance from the nearest productive well as the two wells in question.

Q All right, Exhibit Seven, I believe, illustrates other productive wells in the area, other horizons, is that correct?

A Exhibit Seven was prepared to show the other wells that are present in the vicinity of Section 11. The wells with a triangle on them are wells that have reached the Dakota and then under each well, as an example, if you take the El Paso No. 88 Canyon Largo Well in Section 2, it gives its total depth, its plugged back total depth, and the IPF of the Pictured Cliffs formation on a 3/4 choke.

If the well was completed in the Gallup, the same initial potential information is given.

Q Mr. Simons, I take it, then, that you believe the economic risk of drilling at a standard location is too great and you could not drill at that location?

A We could not justify the drilling of a

1
2 Dakota well at a standard location.

3 And for that reason we feel that the
4 unorthodox location will not affect reserves in any other
5 well and we are dedicating the entire 320 acres to that well,
6 not 160 acres which would be normal spacing. I believe
7 that's correct for the Dakota in this area.
8

9 Q In your opinion would the granting of
10 your application prevent waste and protect correlative rights?

11 A In my opinion it would certainly prevent
12 waste because we would be drilling the well at the best
13 geological position that we know, based on subsurface well
14 control which we consider to be adequate to ask for the unorthodox location.
15
16

17 And based on the decline curves shown
18 on Exhibit Six, we do not feel that it would interfere with
19 any other production in the area, because there are dry holes,
20 as you can see, very close to our proposed unorthodox location.
21

22 Q Were Exhibits One through Seven prepared by you or under your direction?
23
24

25 A They either were prepared by me or under
26 my direction.

27 MR. BATEMAN: We offer Exhibits One
28 through Seven at this time.

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2 MR. STAMETS: These exhibits will be
3 admitted.

4 Are there any other questions of the
5 witness? He may be excused.
6

7 Anything further in this case?

8 The case will be taken under advisement.

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10 (Hearing concluded.)
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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.

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. 7076, heard by me on 11-12-1980.

Richard L. Stamm, Examiner
Oil Conservation Division

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

12 November 1980

EXAMINER HEARING

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for an unorthodox gas well location,
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BEFORE: Richard L. Stamets

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I N D E X

JOHN H. SIMONS

Direct Examination by Mr. Bateman

3

E X H I B I T S

Applicant Exhibit One, Map

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Applicant Exhibit Two, Map

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Applicant Exhibit Three, Cross Section

7

Applicant Exhibit Four, Cross Section

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Applicant Exhibit Five, Cross Section

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Applicant Exhibit Six, Curves

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Applicant Exhibit Seven, Plat

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18 that belief, I prepared Exhibit Six, which is the production
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Q All right, Exhibit Seven, I believe, illustrates other productive wells in the area, other horizons, is that correct?

A Exhibit Seven was prepared to show the other wells that are present in the vicinity of Section 11. The wells with a triangle on them are wells that have reached the Dakota and then under each well, as an example, if you take the El Paso No. 88 Canyon Largo Well in Section 2, it gives its total depth, its plugged back total depth, and the IPF of the Pictured Cliffs formation on a 3/4 choke.

If the well was completed in the Gallup, the same initial potential information is given.

Q Mr. Simons, I take it, then, that you believe the economic risk of drilling at a standard location is too great and you could not drill at that location?

A We could not justify the drilling of a

1
2 Dakota well at a standard location.

3
4 And for that reason we feel that the
5 unorthodox location will not affect reserves in any other
6 well and we are dedicating the entire 320 acres to that well,
7 not 160 acres which would be normal spacing. I believe
8 that's correct for the Dakota in this area.

9 Q In your opinion would the granting of
10 your application prevent waste and protect correlative rights?

11 A In my opinion it would certainly prevent
12 waste because we would be drilling the well at the best
13 geological position that we know, based on subsurface well
14 control which we consider to be adequate to ask for the unorthodox location.

15
16 And based on the decline curves shown
17 on Exhibit Six, we do not feel that it would interfere with
18 any other production in the area, because there are dry holes,
19 as you can see, very close to our proposed unorthodox location.
20
21

22 Q Were Exhibits One through Seven prepared by you or under your direction?

23
24 A They either were prepared by me or under my direction.
25
26

27 MR. BATEMAN: We offer Exhibits One
28 through Seven at this time.

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12

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MR. STAMETS: These exhibits will be

3

admitted.

4

5

Are there any other questions of the

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witness? He may be excused.

7

Anything further in this case?

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The case will be taken under advisement.

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(Hearing concluded.)

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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

Dockets Nos. 37-80 and 38-80 are tentatively set for November 25 and December 10, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 12, 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 December, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

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

CASE 7076: Application of Vista Resources, Inc. for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its John H. Dashko Federal Well No. 1 to be drilled 2510 feet from the South line and 790 feet from the East line of Section 11, Township 24 North, Range 7 West, Basin-Dakota Pool, the E/2 of said Section 11 to be dedicated to the well.

CASE 7077: Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.

CASE 7046: (Continued from October 15, 1980, Examiner Hearing)

Application of Cotton Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Pictured Cliffs production in the wellbores of wells in the South Blanco-Pictured Cliffs Pool located in Sections 1, 2, 3, 4, 9, 10, 11, 13, 23, and 24, Township 24 North, Range 4 West.

CASE 7078: Application of Conoco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Warren Unit Well No. 02 located in Unit G of Section 35, Township 20 South, Range 38 East, to produce oil from the Blinberry Oil and Gas or Warren-Tubb Pools and the D-K Abo Pool.

CASE 7079: Application of HNC Oil Company for the amendment of Order No. R-5727, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5727 to include the entire Pennsylvanian formation under the compulsory pooling order rather than only the Morrow formation as previously ordered.

CASE 7080: Application of Franks Petroleum, 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 drilled 660 feet from the North and East lines of Section 9, Township 21 South, Range 32 East, Hat Mesa-Morrow Gas Pool, the E/2 of said Section 9 to be dedicated to the well.

CASE 7081: Application of Belco Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 19, Township 23 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 7070: (Continued from October 29, 1980, Examiner Hearing)

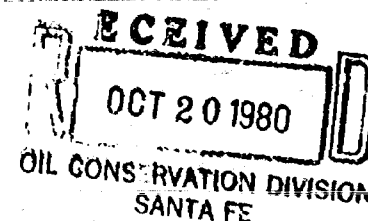
Application of Tesoro Petroleum Corporation for a pilot caustic flood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a one-acre pilot caustic flood project in the Hospah Field by the injection of caustic fluid into the Seven Lakes Sand of the Upper Hospah Field at an approximate depth of 300-500 feet through four injection wells in Unit K of Section 1, Township 17 North, Range 9 West.

CASE 7082: Application of Maralo, Inc. and Dalport Oil Corporation for a waterflood project, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to institute a joint waterflood project on Dalport's Winters Lease offsetting Maralo's Jalmat Yates Unit waterflood project by the injection of water into the Yates-Seven Rivers-Queen formations through a well to be jointly drilled at an unorthodox location 1260 feet from the South line and 1250 feet from the West line of Section 7, Township 25 South, Range 36 East, Jalmat Pool.

VISTA RESOURCES, INC.
800 Rio Grande Boulevard, N.W.
Suite 10
Albuquerque, New Mexico 87104

(505) 247-3323

October 20, 1980



New Mexico Oil and Gas
Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. Richard A. Stamets
Technical Support Chief

Case 7076

Re: John S. Dashko Federal #1 Dakota
I-11-24N-7W
Rio Arriba County, New Mexico

Gentlemen:

Vista Resources, Inc. hereby applies to the Oil and Gas Conservation Division for an unorthodox location of its John S. Dashko Federal #1 Dakota Well in the Basin Dakota Gas Pool and in support thereof states:

- 1) Applicants' geology indicates the necessity to locate this well in an unorthodox location 2510 feet from the South line and 790 feet from the East line of Section 11, Township 24 North, Range 7 West, N.M.P.M., Basin Dakota Pool, Rio Arriba County, New Mexico.
- 2) Applicant proposes to dedicate the East one-half of Section 11 to the Dakota Production from this well.
- 3) The attached plat showing all wells drilled in the area that have penetrated the Dakota formation indicates that the East one-half of Section 11 has two dry holes that have penetrated the Dakota formation, making the location of applicants' proposed test extremely critical.
- 4) Applicant requests that this cause be placed on the next available examiner's docket as applicant is faced with a December 31, 1980 deadline to commence drilling of the proposed well.
- 5) The granting of this application will prevent waste and protect correlative rights.

Respectfully submitted,

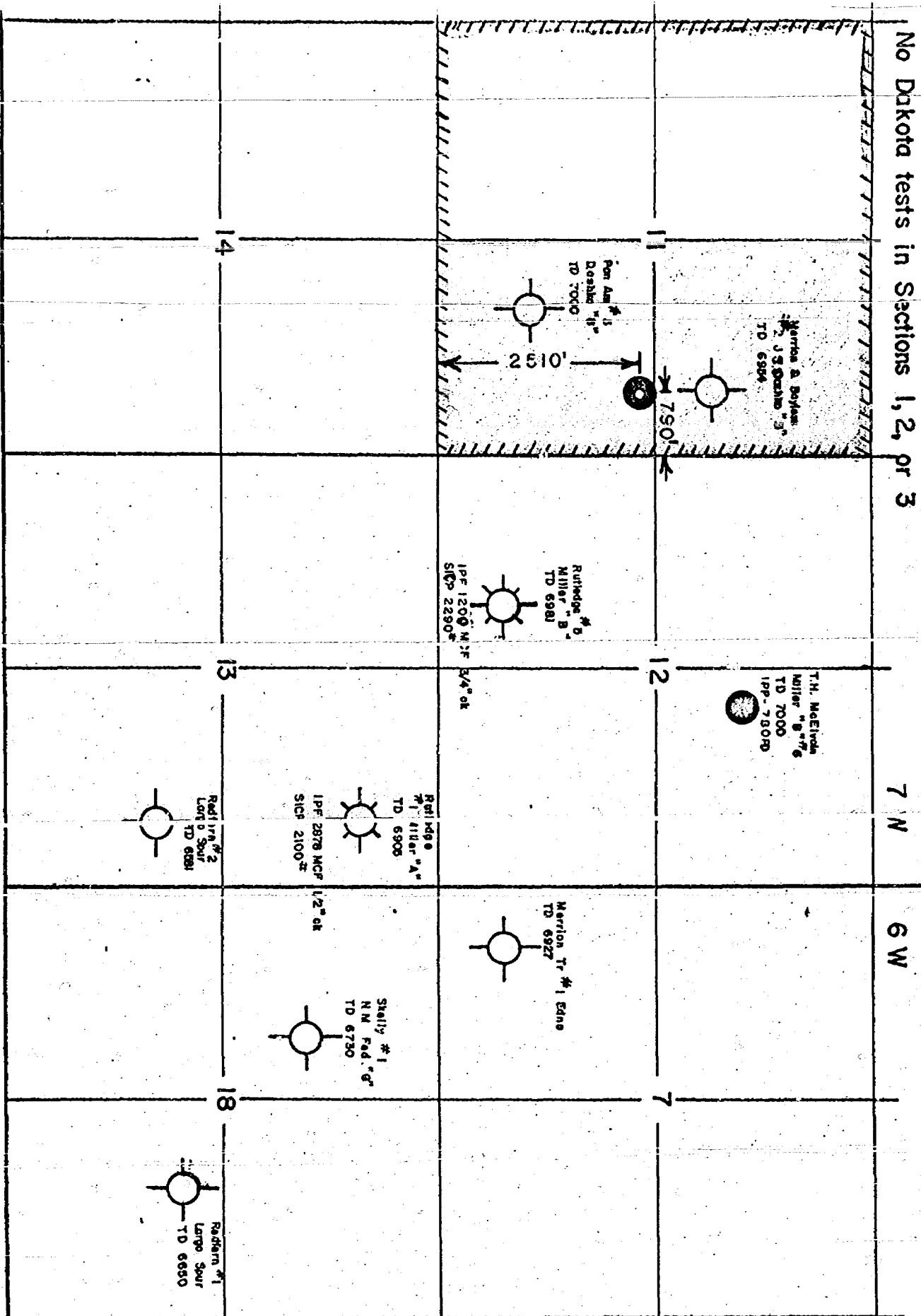
VISTA RESOURCES, INC.

George B. Broome
George B. Broome, Agent

GBB/mcb

Location Plot showing wells that have penetrated the Dakota ss.

Proposed Location
John S. Dushko
Federal #1 Dakota
I-11-24N-7W
Rio Arriba Co., N.M.



No Dakota tests in Sections 1, 2, or 3

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7076

ORDER NO. R- 6521

APPLICATION OF VISTA RESOURCES, INC.

FOR 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 November 12,
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of November, 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, Vista Resources, Inc.,
for its John H. Dashko Federal Well No. 1 to be drilled
seeks approval of an unorthodox gas well location/ 2510

feet from the South line and 790 feet from the

East line of Section 11, Township 24 North

Range 7 West, NMPM, ~~to test the~~

~~formation~~, Basin-Dakota Pool, Rio Arriba

County, New Mexico.

(3) That the E/2 of said Section 11 is to be
dedicated to the well.

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

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

-2-

Case No. _____

Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location ~~for the~~
the Vista Resources Inc. John H. Dashko Federal Well No. 1
~~formation~~ is hereby approved for a well to be located at a point 2510
feet from the South line and 790 feet from the East
line of Section 11, Township 24 North, Range 7 West
NMPM, Basin-Dakota Pool, Rio Arriba County,
New Mexico.

(2) That the E/2 of said Section 11 shall be dedicated to
the above-described well.

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

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