

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. VES
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SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

April 19, 1985

R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

RECEIVED
CARR 8621

OIL CONSERVATION DIVISION

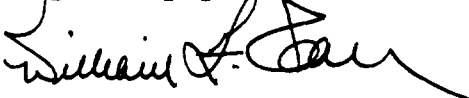
Re: Application of Kaiser-Francis Oil Company for Hardship
Gas Well Classification, Lea County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the application of Kaiser-Francis Oil Company in the above-referenced matter. Kaiser-Francis requests that this matter be set for hearing during the month of June, 1985.

Your attention to this application is appreciated.

Very truly yours,



William F. Carr

WFC/cv
enclosures

cc: Mr. Jerry Sexton, Supervisor
and Oil & Gas Inspector
Oil Conservation Division
District I
Post Office Box 1980
Hobbs, New Mexico 88240

Mr. James Johnston

(w/encl.)

KAISER-FRANCIS OIL COMPANY

P. O. BOX 21468

TULSA, OKLAHOMA 74121-1468

Concorp Building
6733 South Yale Ave.
(918) 494-2222

April 12, 1985

Case 56-21

RECEIVED

APR 19 1985

OIL CONSERVATION DIVISION

Mr. Richard L Stamets
Oil Conservation Division
Energy & Minerals Department
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Hardship Gas Well
Classification
Federal 30-2
Section 30K-19S-33E
Lea County, New Mexico

Dear Mr. Stamets:

Kaiser-Francis Oil Company respectfully requests administrative approval of the attached application for classification as Hardship Gas Well for the Federal 30 No. 2 well in the Gem (Morrow) Gas Field in Lea County, New Mexico. Kaiser-Francis operates the subject well and owns a 75% Working Interest in the unit. The well was originally drilled by Aminoil and was purchased by Kaiser-Francis in 1984.

The well was completed in the Morrow Sands from 13,372 ft. to 13,440 ft. It was completed in March, 1982, flowing dry gas at a rate of 1260 MCFD on 12/64 in. choke with a FTP of 1575 psi. It was shut-in waiting on a pipeline connection until June, 1982. At that time, the well was opened for four-point testing and loaded with water. A series of workovers were performed from June until October, 1982 to try to remedy the water problem. Total cost of this work was \$371,000. The water production was never eliminated and the well tested 300 MCFD with 3-5 BW per hour. The well is low structurally in the field and it is believed that the water is coming from wet zones in the Morrow. Attached is a plat showing the well location and unit, a well-bore sketch, completion history and structure map.

Also attached is a plot of monthly gas and water production. The well was first produced in April, 1983. Initial rate was 150 MCFD and 65 BWPd. Over the next four months, gas production improved to 265 MCFD. The well was shut-in by the purchaser from Mid-August until Mid-November, 1983. Two days of swabbing were required to return the well to production at 200 MCFD. It has produced continuously since that time and production has gradually improved to 425 MCFD. Water production is averaging 40 BWPd. We believe the low initial rates were due to water invasion

into the gas producing sands causing loss of permeability to gas and restriction to gas flow. As the well is allowed to produce continuously the gas saturation around the well-bore increases and gas rate improves. The more than doubling of the initial gas rate after shut-in is evidence of the damage caused by the water. If the well is subjected to frequent and extended shut-in periods, this process could result in sufficient loss of gas permeability to completely shut-off gas flow or reduce it to uneconomical levels.

Cumulative production through February, 1985, is 173,396 MCF, 5,897 barrels of condensate and 23,819 barrel of water. Current production is averaging 400 MCFD and 35 BWPD. Empirical Relationships¹ indicate the well is just capable of unloading this volume of water at the current flowing pressure of 400 psi. Historically, the well has produced without logging off at 300 MCFD. As such, we are requesting this level as the Minimum Rate.

Volumetric gas recovery using 160 Ac. drainage is 1.073 BCF. This leaves about 900 MMCF of remaining reserves to be recovered using an 81% recovery factor. If the well is shut-in and permeability damaged as a result of the water invasion process discussed previously, these reserves will be lost. As such, we believe that underground waste will occur if the subject well is shut-in or curtailed below its ability to produce.



James W. Johnston
PE No. 39962 Texas

¹"Estimating Flow Rates Required to Keep Gas Wells Unloaded" J. O. Duggan,
Journal of Petroleum Technology, Dec. 1961, Pg. 1173-1176.


OATH STATEMENT

STATE OF OKLAHOMA)

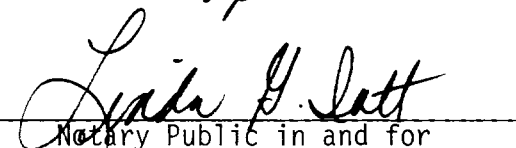
TULSA COUNTY)

JAMES W. JOHNSTON, of lawful age, being first duly sworn upon oath,
deposes and states:

That he is Reservoir Engineer of Kaiser-Francis Oil Company, the
above-named applicant; that he has read the above foregoing petition and
knows the contents thereof; and that all statements and allegations con-
tained therein are true and correct to the best of his knowledge and belief.
Additionally, I certify that one copy of this application has been submitted
to the appropriate Division District Office (Artesia) and that notice of
this application has been given to the gas purchaser and all offset operators.


James W. Johnston

SUBSCRIBED AND SWORN to before me this 15th day of April, 1985.


Notary Public in and for
Tulsa County, Oklahoma

My Commission Expires:

August 22, 1985

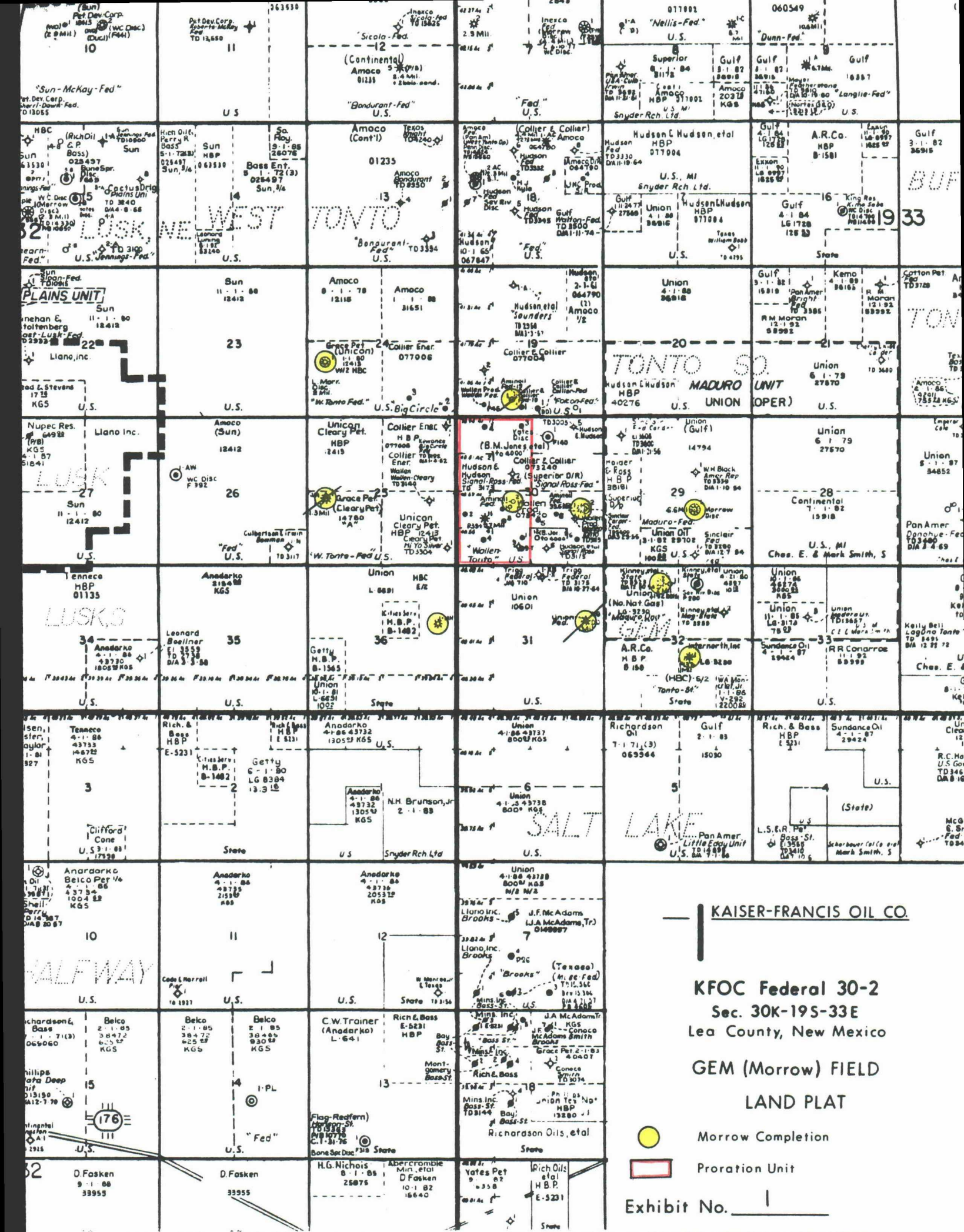
Case 8621

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Kaiser Francis Oil Company Contact Party M. W. Moore
Address P. O. Box 21468, Tulsa, Okla. 74121-1468 Phone No. (918) 494-0000
Lease Federal 30 Well No. 2 UT K Sec. 30 TWP 19S RGE 33E
Pool Name GEM (Morrow) Minimum Rate Requested 300 MCFD
Transporter Name El Paso N.G. Co. Purchaser (if different) (same)
Are you seeking emergency "hardship" classification for this well? yes X no

Applicant must provide the following information to support his contention that the subject well qualifies as a hardship gas well.

- 1) Provide a statement of the problem that leads the applicant to believe that "underground waste" will occur if the subject well is shut-in or is curtailed below its ability to produce. (The definition of underground waste is shown on the reverse side of this form)
- 2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
 - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
 - b) Mechanical condition of the well (provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
 - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should include:
 - a) Permanent loss of productivity after shut-in periods (i.e., formation damage).
 - b) Frequency of swabbing required after the well is shut-in or curtailed.
 - c) Length of time swabbing is required to return well to production after being shut-in.
 - d) Actual cost figures showing inability to continue operations without special relief
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost
- 5) Show the minimum sustainable producing rate of the subject well. This rate can be determined by:
 - a) Minimum flow or "log off" test; and/or
 - b) Documentation of well production history (producing rates and pressures, as well as gas/water ratio, both before and after shut-in periods due to the well dying, and other appropriate production data).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.



13 3/8" 48# H-40 set
@ 1315' circ.

KAISER-FRANCIS OIL CO.

KFOC Federal 30-2
Sec. 30K-19S-33E
Lea County, New Mexico

GEM (Morrow) FIELD

WELLBORE DIAGRAM

Exhibit No. 2

9 5/8" 36# & 40# K-55 set @
5315' Circ.

8/27/72 Acidized perfs
13,372-383' w/3000 gal
7 1/2% MSR 100 w/
750 ft³ lbbl N₂

Baker Lok-Set packer @ 13,075'
27/8" tbg

PERFORATIONS

13,372'-383'

bridge plug @
13,395'

13,425'-430'

13,434-440'

5 1/2" 17# & 20# N-80 set @
13,800' w/2360 sx T.O.C.
@ 13,166'

COMPLETION HISTORY FEDERAL 30-2

Date

3-13-82 M.I.R.U. pulling unit
3-16-82 Drill out D.V. tool @ 9836'
3-17-82 C/O to PBTB @ 13,753' tbg talley
3-18-82 Ran CBL-GR, Loggers T.D. 13,737'
3-19-82 GIH w/ csg scraper to 13,753' and spot 250 gals 10% MSA
3-21-82 Set Baker FB-1 pkr @ 13,100'
3-27-82 Ran 2-7/8" tbg, N.U. tree and swbd tbg down to 2000'. Schlumberger perf.
Morrow 4 JSPF 13,372-83', 13,425-30', 13,434-40'
3-29-82 Well unloaded, cleaned up natural. Last 3 hrs well flowing dry gas @ stabilized
rate of 1264 MCFD on 12/64" chk, TP 1575. Shut well in
3-31-82 SITP 3375
4-7-82 SITP 3450
6-15-82 Ran BHP bomb for 4 pt. Well would not flow. Fluid top 9277', wtr top 10,500'
BHP @ 13,406', 6419 psi, BHT 188°F.
6-23-82 M.I.R.U. P.U., TP 2300. Opened to pit dead in 1 hr. Swbd off flowed and died.
Wtr sample SG 1.035 @ 85°F, Ph 8, Ca 400, Mg 194, Na&K 22547, HCO₃ 61, Cl 36000.
Released rig for study.
7-2-82 Ran McCullough Noise log. Indicated flow from below perms. Wtr sample SG 1.0431
@ 77°F, 0.141 ohms, Ph 6.7, HCO₃ 933, Ca 1660, Mg 194, Na&K 20799, SO₄ 320, Cl
34800, Fe 488
7-7-82 M.I.P.U. Attempted to set plug in F nipple - No success
7-11-82 Pick pkr @ 13,100'. Left muleshoe and mill out extension in bottom of hole.
Perf 2 JS @ 13,510'. Set EZ Drill @ 13,460'. Could not P.I. @ 6500 psi.
7-16-82 Drill out cement retainer @ 13,460' and reperf w/ 4-way jet @ 13,510'. Set cmt
retainer @ 13,455'. Squeezed w/ 50 sks H + .8% Halad 9. 7½ bbls cmt in forma-
tion. TTP 6600-6800 @ ¼-3/4 BPM, ISIP 6200.
7-18-82 Set Baker Lok set @ 13,143' - Swab test.
7-20-82 SITP 925, CP 825. Reset pkr @ 13,141'. Swbd from 12,000' - heavy gas. Wtr
sample SG 1.025, Cl 26000, HCO₃ 214, Ph 7, Ca 400, Mg 109
7-22-82 F.L. 5900', CP 275. Swbd 3 run, F.L. 7000'. Continued gas flow from annulus.
POOH w/ pkr - All rubbers gone
7-24-82 GIH w/ new pkr. Set @ 13,103'. Test annulus to 1000 psi - O.K. Tbg 1500 psi -
O.K.
7-28-82 Swbd 5 days and rec wtrw/ GSG - Sample pH 6.5, SG 1.045, Cl 37,000, Na 16700,
Ca 4800, Mg 975, HCO₃ 122
7-30-82 POOH w/ pkr. GIH w/ pkr and RBP. Set RBP @ 13,411'. Pkr would not set. POOH.
7-31-82 GIH w/ new Lok set pkr to 13,400' - Would not set
8-4-82 POOH and left 23 jts tbg. RBP and pkr in hole. Fish and recover
8-5-82 Set new RBP @ 13,415' - Test 1000 psi - O.K. Set pkr @ 13,102'. Test annulus
to 1000 psi - O.K.
8-10-82 Swbd well down - GSG - No wtr entry overnight. Attempted to acidize perms
13,372-83'. Could not P.I. @ 9500 psi. Press csg to 4000 psi - O.K. Tag RBP
w/ Jarrel W.L. @ 13,407'.
8-12-82 Ran GR log. Schlumberger running 37' high to McCullough log. McCullough log
showed RBP @ 13,400'. Reset RBP @ 13,436'. Set pkr @ 13,430'. Would not test.
POCH 10 jts and reset RBP and pkr. Would not test. POOH

Completion History Federal 30-2

8-17-82 Dresser Atlas ran csg inspection log 12,988-13,489'. Ran 4-5/8" bit and csg scp to PBTD @ 13,471' tbg talley.

8-20-82 Set RBP @ 13,489' - Lok set @ 13,442'. Test lower perms - corrected 13,462'-67' 13,471-77'. Swbd 70 BW in 5 hrs. F.L. 0-2000' - GSG.

8-21-82 Ran temp & RA tracer survey while pumping into perms 13,462-77'. Showed fluid entering lower perf @ 13,477'.

8-24-82 Reset RBP @ 13,432' & pkr @ 13,124'. Test both to 1000 psi. Swbd 5½ hrs & rec 108 BW. F.L. 1700-S.N. Wtr sample - Cl 37000, Na 17000, Ca 3200, Mg 1900, HCO₃ 451, Ph 6.5, SG 1.035 @ 60°F, 13 hr SITP 1500. Flowed 10 hrs on 24/64" chk TP 1500-50, GSG w/ small amount of condensate.

8-27-82 Dowell acidized perms 13,409-22' w/ 3000 gals 7½% MSR 100 + 750 cu. ft. N₂/bbl + 90 RCNBS, TTP 7840-8740 @ 8.2 BPM. ISIP 6000, flow 1-3/4 hrs on 20/64" chk & di. Swbd and flowed est 150 BLW, F.L. 4300-S.N. Swab line parted - Left 4500' line hole. POOH tbg and pkr.

8-31-82 GIH w/ new pkr set @ 13,134'. Test csg 1000 psi. Swbd well down - 40 hr SITP 3000, bled to 200 on 16/64" chk 4 hrs - Open 1 hr on 20/64" chk. Rec 50 BLW, TP 375, Flowed 3½ hrs on 20/64" chk & rec gas with sli moisture. Est volume 935 MCFD. Wtr sample SG 1.05, Cl 41000, Na 17500, Ca 4800, Mg 2000.

9-4-82 POOH - GIH w/ new pkr & EL recpt. Set pkr @ 13,140'. Test 1500 psi - O.K. Released from recpt. Circ annulus to pkr fluid. Latch on EL recpt. N. U. tree Swbd 70 BLW, F.L. 1400-S.N. - GSG.

9-8-82 82 hr SITP 1000. Swbd 4 hrs - F.L. 1400-7000' - Rec 80 BLW.

9-10-82 Tested csg - Took 75 bbls to load and would not hold. Set plug in tbg. Tested tbg 1500 - O.K. Test annulus - Would not press up.

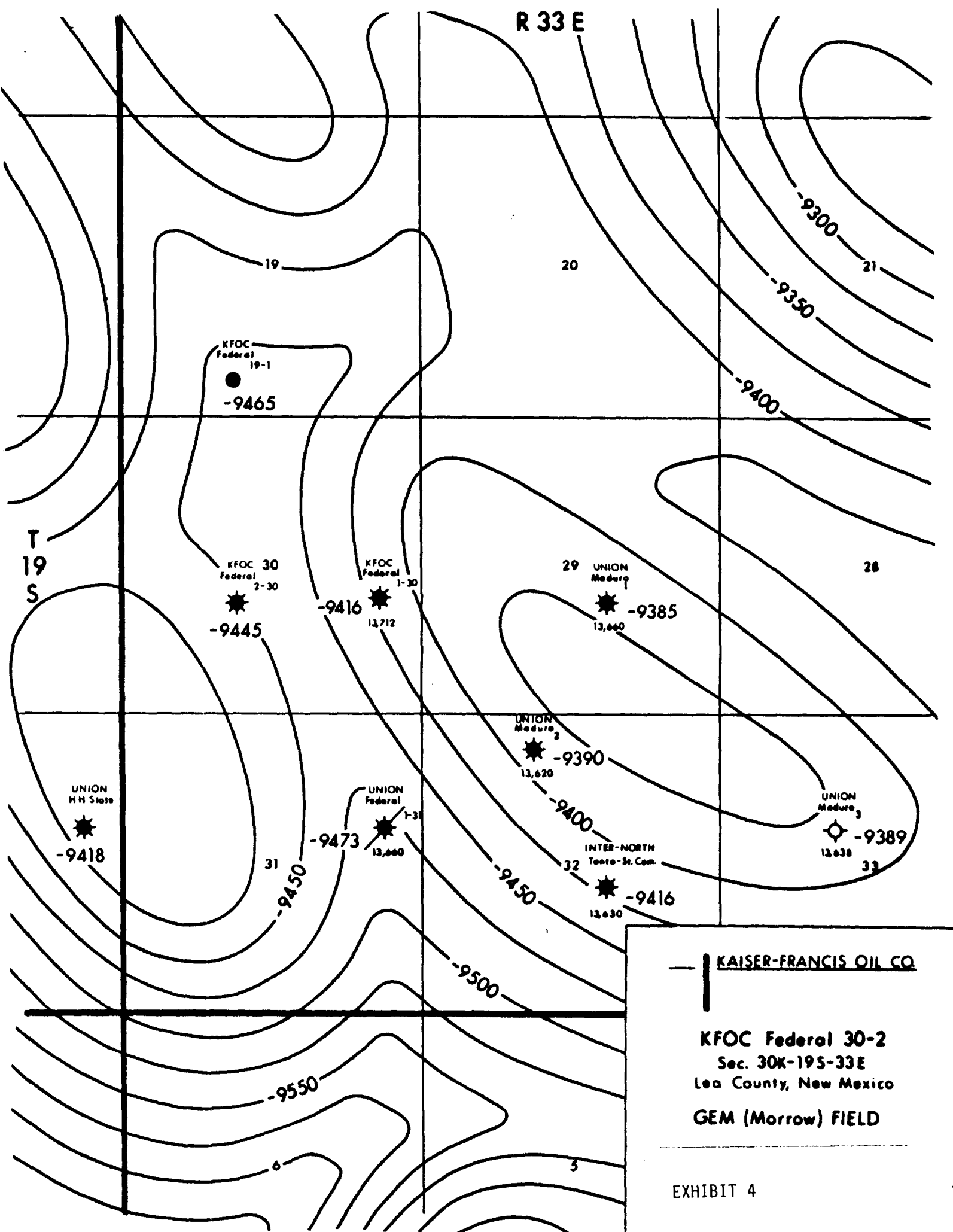
9-11-82 Reset pkr @ 13,110'. Press test 2000 psi - O.K. Test tbg 3000 psi - O.K.

9-22-82 Test 9 days on various chk sizes. Making gas and wtr. Chk sizes 16/64"-40/64". TP 900 gradually decr to 350. Well loading up. Load annulus w/ 152 bbls. Star out of hole.

9-29-82 POOH change out teflon rings in tbg. GIH w/ new Lok set pkr & EL recpt. Set pkr @ 13,105'. Press 3000 psi on csg - O.K. Left 500 on csg. Saturday night 0 - Monday attempted press up on csg - Would not test. Test tbg 3000 psi - O.K. POOH w/ pkr - Left rubbers in hole. Rubbers are for 5½" 15.5#-20# csg.

10-5-82 GIH w/ new Lok - Set pkr & EL recpt. Set pkr @ 13,075'. Test annulus 3000 psi O.K. Test tbg 3000 psi - O.K. Released from recpt. Circ annulus w/ pkr fluid. Latch on recpt. Test tbg & pkr to 3000 psi - O.K. Swbd tbg 500-4000'. Kinked line while repairing line well unloaded. Released unit 3:30 PM 10-1-82. Test csg 3000 psi - O.K. Flowed well thru test unit 10-1-82 to 10-4-82. TP 180, 20/64" chk rate 300-350 MCFD. Making 3-5 BWPH. Csg on vac - Loaded w/ 50 bbls wtr. S.I. 10-4-82. Wtr sample Cl 35500, Na 18500, Ca 1600, Mg 1460, HCO₃ 366, pH 6.65, SG 1.035.

Completion Costs to Date \$371,000



KAISER-FRANCIS OIL CO.

KFOC Federal 30-2

Sec. 30K-195-33E

Lea County, New Mexico

GEM (Morrow) FIELD

EXHIBIT 4

KAISER-FRANCIS OIL COMPANY

P. O. BOX 21468

TULSA, OKLAHOMA 74121-1468

Cincorp Building
6733 South Yale Ave.
(918) 494-0000

April 15, 1985

Re: Federal 30-2
Sec. 30-19S-33E
Lea County, New Mexico
Hardship Gas Well Application

Gentlemen:

Attached is our application to the NMOCC for Hardship Gas Well Classification for the subject well. The subject well is operated by Kaiser-Francis and is in the Gem (Morrow) Gas Field.

Yours very truly,



James W. Johnston

JWJ:rh

cc: Superior Oil Company
204 W. Illinois
Midland, Texas 79702

Ted Jacobson
Kaiser-Francis

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Attention: Mr. Paul Burchell
Production Control Dept.

Grace Petroleum Corporation
P. O. Box 2358
Midland, Texas 79702

Union Oil Company of California
Box 671
Midland, Texas 79702

Internorth, Inc.
403 Wall Towers West
Midland, Texas 79701

APPLICATION FOR CLASSIFICATION AS HARDSHIP GAS WELL

Operator Kaiser Francis Oil Company Contact Party M. W. Moore
Address P. O. Box 21468, Tulsa, Okla. 74121-1468 Phone No. (918) 494-0000
Lease Federal 30 Well No. 2 UT K Sec. 30 TWP 19S RGE 33E
Pool Name GEM (Morrow) Minimum Rate Requested 300 MCFD
Transporter Name El Paso N.G. Co. Purchaser (if different) (same)
Are you seeking emergency "hardship" classification for this well? yes ☒ no

Applicant must provide the following information to support his contention that the subject well qualifies as a hardship gas well.

- 1) Provide a statement of the problem that leads the applicant to believe that "underground waste" will occur if the subject well is shut-in or is curtailed below its ability to produce. (The definition of underground waste is shown on the reverse side of this form)
- 2) Document that you as applicant have done all you reasonably and economically can do to eliminate or prevent the problem(s) leading to this application.
 - a) Well history. Explain fully all attempts made to rectify the problem. If no attempts have been made, explain reasons for failure to do so.
 - b) Mechanical condition of the well (provide wellbore sketch). Explain fully mechanical attempts to rectify the problem, including but not limited to:
 - i) the use of "smallbore" tubing; ii) other de-watering devices, such as plunger lift, rod pumping units, etc.
- 3) Present historical data which demonstrates conditions that can lead to waste. Such data should include:
 - a) Permanent loss of productivity after shut-in periods (i.e., formation damage).
 - b) Frequency of swabbing required after the well is shut-in or curtailed.
 - c) Length of time swabbing is required to return well to production after being shut-in.
 - d) Actual cost figures showing inability to continue operations without special relief
- 4) If failure to obtain a hardship gas well classification would result in premature abandonment, calculate the quantity of gas reserves which would be lost
- 5) Show the minimum sustainable producing rate of the subject well. This rate can be determined by:
 - a) Minimum flow or "log off" test; and/or
 - b) Documentation of well production history (producing rates and pressures, as well as gas/water ratio, both before and after shut-in periods due to the well dying, and other appropriate production data).
- 6) Attach a plat and/or map showing the proration unit dedicated to the well and the ownership of all offsetting acreage.
- 7) Submit any other appropriate data which will support the need for a hardship classification.
- 8) If the well is in a prorated pool, please show its current under- or over-produced status.
- 9) Attach a signed statement certifying that all information submitted with this application is true and correct to the best of your knowledge; that one copy of the application has been submitted to the appropriate Division district office (give the name) and that notice of the application has been given to the transporter/purchaser and all offset operators.

CASE 8621: (Continued from July 2, 1985, Examiner Hearing)

Application of Kaiser-Francis Oil Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal "30" Well No. 2 located 2310 feet from the South line and 1980 feet from the West line of Section 30, Township 19 South, Range 33 East, Gem-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Dockets Nos. 24-85 and 25-85 are tentatively set for July 31 and August 14, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 17, 1985

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

The following cases will be heard before Michael E. Stogner, Examiner, or Gilbert P. Quintana, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1985, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1985, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8562: (Continued from June 19, 1985, Examiner Hearing)

Application of Mar Oil & Gas Corp. Inc. for a unit agreement, Torrance County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Berkshire Unit Area comprising 27,840 acres, more or less, of State, Federal and Fee lands in Townships 6 and 7 North, Ranges 9 and 10 East.

CASE 8630: (Continued and Readvertised)

Application of Ray Westall for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-3221 to permit the disposal of produced salt water into five pits located in Township 19 South, Range 31 East, as follows:

NE/4 NE/4 Section 20;
E/2 NE/4 Section 21;
E/2 NW/4 Section 21;
W/2 NW/4 Section 21; and
N/2 SE/4 Section 21.

CASE 8650: Application of Amerada Hess Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the W/2 SW/4 of Section 9, Township 16 South, Range 37 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 8651: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the South and East lines of Section 29, Township 19 South, Range 24 East, to test the Cisco and Canyon formations, the S/2 of said Section 29 to be dedicated to the well.

CASE 8631: (Continued and Readvertised)

Application of Lynx Petroleum Consultants, Inc. for an unorthodox gas well location, compulsory pooling, and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Queen formation underlying the SW/4 of Section 25, Township 16 South, Range 36 East, to be dedicated to a well to be recompleted at an unorthodox gas well location 1650 feet from the South line and 2100 feet from the West line of said Section 25. Also to be considered will be the cost of drilling and recompleting a well from the surface to the base of the Queen formation 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 recompleting said well. Applicant further seeks the dual completion of said well with the production from the Paddock formation.

CASE 8652: Application of Gulf Oil Corporation to amend Division Order No. R-7924, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7924 to authorize an unorthodox gas well location 1440 feet from the North line and 1310 feet from the West line of Section 15, Township 21 South, Range 36 East, Eumont Gas Pool.

CASE 8615: (Continued from July 2, 1985, Examiner Hearing)

Application of Corinne B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Poco Loco Well No. 1 located 1980 feet from the South and West lines of Section 8, Township 15 South, Range 30 East, Double "L"-Queen Associated Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Dockets Nos. 23-85 and 24-85 are tentatively set for July 17 and 31, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - JULY 2, 1985

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

The following cases will be heard before Gilbert P. Quintana, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 7955: (This case will be dismissed.)

Application of Bliss Petroleum, Inc. for the rescission of Order No. R-2789, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-2789, which approved the South Penrose Skelly Unit.

CASE 8593: (Continued from June 5, 1985, Examiner Hearing)

Application of Corinne B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Carlsbad Grace Well No. 1 located 1980 feet from the South line and 660 feet from the East line of Section 36, Township 22 South, Range 26 East, South Carlsbad-Strawn Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8615: (Continued from June 5, 1985, Examiner Hearing)

Application of Corinne B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Poco Loco Well No. 1 located 1980 feet from the South and West lines of Section 8, Township 15 South, Range 30 East, Double "L"-Queen Associated Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8635: Application of Energy Reserves Group, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Fusselman formation in the perforated interval from 8150 feet to 8220 feet in its McClellan Well No. 1 located 2000 feet from the South line and 1900 feet from the West line of Section 10, Township 6 South, Range 33 East.

CASE 8609: (Continued from June 19, 1985, Examiner Hearing)

Application of Hondo Drilling Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Union Texas State Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 17, Township 19 South, Range 29 East, Turkey Track-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8610: (Continued from June 19, 1985, Examiner Hearing)

Application of Hondo Drilling Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Alscott Federal Well No. 1 located 1650 feet from the North line and 1980 feet from the East line (Unit G) of Section 31, Township 18 South, Range 29 East, North Turkey Track-Cisco Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8611: (Continued from June 19, 1985, Examiner Hearing)

Application of Hondo Drilling Company for five HARDSHIP GAS WELL CLASSIFICATIONS, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that each of the following described wells in Township 18 South, Range 29 East, North Turkey Track-Morrow Gas Pool, are hardship gas wells which should be granted priority access to pipeline takes in order to avoid waste:

Alscott Federal Well No. 2
660' FSL - 1980' FEL (Unit O)
Section 30

Alscott Federal Well No. 3
660' FSL - 1980' FEL (Unit O)
Section 31

Trigg Jennings Com Well No. 1
660' FSL - 1980' FWL (Unit N)
Section 28

Wright Federal Com Well No. 1
660' FSL - 1980' FWL (Unit N)
Section 29

Wright Federal Com Well No. 2
1980' FNL - 1980' FEL (Unit G)
Section 29

CASE 8627: (Continued from June 19, 1985, Examiner Hearing)

Application of TXO Production Corp. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the base of the Strawn formation underlying the SW/4 SW/4 of Section 36, Township 24 South, Range 26 East, to form a standard 40-acre oil spacing and proration unit, to be dedicated to a well to be drilled at a standard oil well location 660 feet from the South and West lines of said Section 36. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of said Section 36, to form a standard 320-acre gas spacing and proration unit, also to be dedicated to the above-described well which is an unorthodox gas well location for the W/2, 320-acre gas spacing and proration unit. 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 8621: (Continued from June 5, 1985, Examiner Hearing)

Application of Kaiser-Francis Oil Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal "30" Well No. 2 located 2310 feet from the South line and 1980 feet from the West line of Section 30, Township 19 South, Range 33 East, Gam-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8636: Application of Benson-Montin-Greer Drilling Corp. for compulsory pooling and an unorthodox well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Mancos formation underlying all of Section 29, Township 25 North, Range 1 West, which is a standard 640-acre oil proration and spacing unit in the West Puerto Chiquito-Mancos Oil Pool only, to be dedicated to a well to be drilled at an unorthodox oil well location 393 feet from the North line and 2367 feet from the East line of said Section 29. 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 8637: Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Mancos formation to the base of the Dakota formation underlying the N/2 of Section 25, Township 25 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8620: (Continued from June 5, 1985, Examiner Hearing)

Application of Mesa Petroleum Co. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Scharb-Bone Spring Pool in Lea County, New Mexico, including a gas-oil ratio limitation of 14,000 cubic feet of gas per barrel of oil.

CASE 8606: (Continued from June 19, 1985, Examiner Hearing)

Application of Doyle Hartman for simultaneous dedication and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the NW/4 of Section 8, Township 24 South, Range 37 East, forming a previously approved 160-acre non-standard spacing and proration unit in the Jalmat Gas Pool, to be simultaneously dedicated to his existing E. E. Jack Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 8 and his proposed E. E. Jack Well No. 5 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 8638: Application of Doyle Hartman for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the SE/4 of Section 36, Township 23 South, Range 36 East, forming a 160-acre non-standard gas proration unit 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 8623: Application of Caulkins Oil Company for dual completion, downhole commingling, and non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Kaine Well No. 1-R to be located at a standard location in the NE/4 of Section 20, Township 26 North, Range 6 West, in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled South Blanco-Pictured Cliffs and Otero-Chacra production and both commingled zones produced through parallel strings of tubing. The applicant further seeks approval of a 160-acre non-standard gas spacing and proration unit in the Basin-Dakota and Blanco-Mesaverde Pools comprising the NE/4 of said Section 20.

CASE 8624: Application of Cities Service Oil & Gas Corporation for pool creation and contraction, and assignment of a discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Corbin Queen Pool by the deletion therefrom of the SW/4 of Section 3, SE/4 of Section 4, E/2 of Section 9, W/2 of Section 10 and NE/4 of Section 16, Township 18 South, Range 33 East; the creation of a new oil pool for Queen production comprising the aforementioned area in Township 18 South, Range 33 East, and the assignment of a discovery allowable for its Federal "AA" Well No. 1 located 990 feet from the North line and 1980 feet from the East line of said Section 9.

CASE 8560: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 11: S/2
 Section 14: All
 Section 15: All
 Section 16: All
 Section 18: W/2
 Section 19: W/2
 Section 21: E/2
 Section 22: W/2
 Section 23: E/2
 Section 27: W/2
 Section 34: NW/4

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 13: N/2
 Section 14: NE/4

CASE 8625: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Antelope Ridge-Bone Spring Pool. The discovery well is the Curry Resources Curry State Well No. 1 located in Unit A of Section 22, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 22: NE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Bilbrey-Atoka Gas Pool. The discovery well is the Getty Oil Company Bilbrey Fed Com Well No. 1 located in Unit C of Section 4, Township 22 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 4: N/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the South Button Mesa-Pennsylvanian Pool. The discovery well is the Yates Petroleum Corporation Patton AAR State Well No. 1 located in Unit I of Section 5, Township 9 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM

Section 5: SE/4

CASE 8556: (Continued from May 22, 1985, Examiner Hearing)

Application of Southland Royalty Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Duffield-Pennsylvanian Gas Pool located in the SW/4 of Section 21, Township 16 South, Range 27 East, which was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the subject pool.

CASE 8608: (Continued and Readadvertised)

Application of Southland Royalty Company for a non-standard gas spacing and proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the NW/4 of Section 15, Township 29 North, Range 14 West, Basin-Dakota Pool.

CASE 8568: (Continued from May 8, 1985, Examiner Hearing)

Application of Southland Royalty Company for pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production comprising the SE/4 SE/4 of Section 32, Township 18 South, Range 35 East, and the assignment of a discovery allowable in the amount of 55,620 barrels for its Peoples State 32 Well No. 1.

CASE 8606: (Continued from May 22, 1985, Examiner Hearing)

Application of Doyle Hartman for simultaneous dedication and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the NW/4 of Section 8, Township 24 South, Range 37 East, forming a previously approved 160-acre non-standard spacing and proration unit in the Jalmat Gas Pool, to be simultaneously dedicated to his existing E. E. Jack Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 8 and his proposed E. E. Jack Well No. 5 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 8607: (Continued from May 22, 1985, Examiner Hearing)

Application of ARCO Oil and Gas Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Ojito Gallup-Dakota Oil Pool to provide for 160-acre spacing or proration units.

CASE 8619: Application of Mesa Petroleum Co. for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 2270 feet from the North line and 1390 feet from the East line of Section 9, Township 20 North, Range 2 West, Rio Puerco-Mancos Pool, the E/2 of said Section 9 to be dedicated to the well.CASE 8620: Application of Mesa Petroleum Co. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Scharb-Bone Spring Pool in Lea County, New Mexico, including a gas-oil ratio limitation of 14,000 cubic feet of gas per barrel of oil.CASE 8621: Application of Kaiser-Francis Oil Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal "30" Well No. 2 located 2310 feet from the South line and 1980 feet from the West line of Section 30, Township 19 South, Range 33 East, Gem-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.CASE 8622: Application of Pennzoil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to 11,800 feet underlying the E/2 SE/4 of Section 4, Township 17 South, Range 37 East, forming an 80-acre spacing and proration unit for any and all formations and/or pools dedicated on 80-acre spacing, 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.