STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

December 14, 1987

Case 9286

A.R. Kendrick Box 516 Aztec, NM 87410

RE: Application for a 160-acre
Non-Standard Oil Proration
Unit. S/2 NE/4 and N/2 SE/4
of Section 2, Township 25 North,
Range 3 West, West LindrithGallup-Dakota Oil Pool, Rio
Arriba County, New Mexico.

Dear Mr. Kendrick:

Per your application dated December 10, 1987 for the subject non-standard proration unit, Division Order R-4314 does not provide for an administrative process for a non-standard proration unit which crosses a quarter section line, therefore this application shall be set for hearing on January 6, 1988.

If you should have any questions regarding this matter, please contact me.

Sincerely,

Michael E. Stogner/ag

Michael E. Stogner

Engineer

MES/ag

cc: Case File

STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

GARREY CARRUTHERS GOVERNOR

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

December 14, 1987

A.R. Kendrick Box 516 Aztec, NM 87410 Can No. 9286

RE: Application for a 160-acre Non-Standard Oil Proration Unit. S/2 NE/4 and N/2 SE/4 of Section 2, Township 25 North, Range 3 West, West Lindrith-Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico.

Dear Mr. Kendrick:

Per your application dated December 10, 1987 for the subject nonstandard proration unit, Division Order R-4314 does not provide for an administrative process for a non-standard proration unit which crosses a quarter section line, therefore this application shall be set for hearing on January 6, 1988.

If you should have any questions regarding this matter, please contact me.

Sincerely,

Michael E. Stogner/ag

Michael E. Stogner

Engineer

MES/ag

cc: Case File



Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Waiver of Objection

Application for 160-Acre Non-Standard Proration Unit S/2 N/2 & N/2 SE/4 Section 2, T25N, R3W West Lindrith Gallup-Dakota Oll Pool

Dear Mr. LeMay:

We, as an offset owner, hereby waive objection to the application filed on behalf of Curtis J. Little 011 & Gas for a 160-acre non-standard proration unit consisting of the S/2 NE/4 & N/2 SE/4 of Section 2, T 25 N, R 3 W in the West Lindrith Gallup-Dakota 011 Pool.

Yours very truly,

PC, Ltd.

By:

General Partner

By:

General Partner

By:

AB TO CONTENT

AB TO CONTENT

AB TO INTEREST

ADMINISTRATION

Date: 12-21-87

PC, LTD.

P. O. BOX 911 BRECKENRIDGE, TEXAS 76024-0911 817-559-3355



January 5, 1988

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Attention: Mr. William J. LeMay

Re: Waiver of Objection
Application for 160 acre
non-standard Proration Unit
S/2 N/2 & N/2 SE/4 Section 2,
Township 25 North, Range 3 West
West Lindrith Gallup-Dakota Oil Pool

Gentlemen:

Please find enclosed one original, executed by PC, Ltd. and Ibex Partnership on the above referenced.

If you have any further questions, please call.

Yours very truly,

Edgar L. Price Land Department

ELP/sm L32/1588e Enclosure

cc: A. R. Kendrick
P. O. Box 516
Aztec, New Mexico 87410

AZTEC, NEW MEXICO 87410 ● (505) 334-2555

January 11, 1988

011 Conservation Division Box 2088 Santa Fe, New Mexico 87504-2088 OIL CONSERVATION DIVISION SANTA FE

Attention: Mr. Michael Stogner

Examiner

Re:

Case 9286, January 6, 1988

Dear Mr. Stogner:

My testimony in the subject case had some rather evasive answers to your questions regarding the acreages dedicated to the wells offsetting the subject proration unit of the case.

The enclosed memorandum may show why some of the operators had not filed new Forms C-102, Well Location and Acreage Dedication Plats.

I have since been contacted by one of the offset operators to file for non-standard proration units for their wells.

If we can be of further service, please contact us.

Yours very truly,

A. R. Kendrick

Enclosure

ETATE OF THE AT MICHIGO



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

GARRIY CARRUTHERS
GOVERNOR

10XX) PIO BRAZOS HOAD AZTEC, NEW MCXICO 9X410 ISOS) 334-6178

M-E-M-O-R-A-N-D-U-M (3-87-43)

TO:

OPERATORS IN THE OJITO-GALLUP/DAKOTA OIL POOL AND

WEST LINDRITH-GALLUP/DAKOTA OIL POOL EXTENSION

FROM:

Ernie Busch, District 3 Geologist

SUBJECT:

Commission Order R-8544

DATE:

December 28, 1987

The Ojito-Gallup/Dakota Oil Pool has been abolished and the West Lindrith-Gallup/Dakota Oil Pool has been extended (see order attached). The order became effective December 1, 1987 and requires within 60 days new forms C-102 dedicating a standard unit (160 acres) for the pool to said well, or to obtain a Division approved non-standard unit. In addition to the above, new forms C-104 must be submitted reflecting the pool change for each well affected by this order. Failure to comply with this request will subject the well to cancellation of allowable.

If you have any questions, please contact this office.

xc: EB

AD

KB

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

CASE NO. 9228 Order No. R-8544

THE APPLICATION OF THE OIL CONSERVATION DIVISION UPON ITS OWN MOTION FOR AN ORDER ABOLISHING AND EXTENDING CERTAIN POOLS IN RIO ARRIBA AND SANDOVAL COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

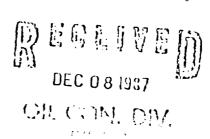
BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on October 15, 1987, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this <u>loth</u> day of November, 1987, 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 THAT:

- (1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) Geologic and engineering testimony and exhibits show that the producing areas described as the Ojito Gallup-Dakota Oil Pool and the West Lindrith Gallup-Dakota Oil Pool are one common source of supply.
- (3) The Ojito Gallup-Dakota Oil Pool is spaced at one well per forty (40) acres; however, with the exception of the E/2 NE/4 of Section 1, Township 25 North, Range 3 West, it has been developed on one well per one hundred sixty (160) acres. The West Lindrith Gallup-Dakota Oil Pool is spaced at one well per one hundred sixty (160) acres.
- (4) Geological and engineering testimony and exhibits show that one well will efficiently drain one hundred sixty (160) acres in the Ojito Gallup-Dakota and in the West Lindrith



Gallup-Dakota Oil Pools, and that drilling and spacing units of one hundred sixty (160) acres will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

(5) Additional lands not now included in either oil pool but which geologic and engineering testimony and exhibits show will probably be productive from the same common source of supply are described as follows:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Section 11: All

Section 12: SW/4 and E/2

Sections 13 and 14: All

Section 23: SW/4 and E/2

Sections 24 through 26: All

Section 34: S/2

Sections 35 and 36: All

- (6) Lands currently included in the Ojito Gallup-Dakota Oil Pool, the West Lindrith Gallup-Dakota Oil Pool, and those lands listed in Finding No. (5) above should all be included in the West Lindrith Gallup-Dakota Oil Pool.
- (7) The drilling and spacing units should consist of approximately one hundred sixty (160) acres or one governmental quarter section or lots corresponding thereto, and these provisions will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(a) The Ojito Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, consisting of the following described area:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Sections 1 through 10: All

Section 12: NW/4

Sections 15 through 18: All

Section 19: NE/4

Section 20: N/2

Section 21: NW/4 and W/2 NE/4

is hereby abolished.

(b) The West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as heretofore classified,

MUCL HUR KTODA9

defined, and described, is hereby extended to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Sections 1 through 18: All

Section 19: NE/4
Section 20: N/2
Section 21: N/2

Section 23: NE/4 and S/2

Sections 24 through 26: All

Section 34: S/2

Sections 35 and 36: All

(c) The proper drilling and spacing units for wells in the West Lindrith Gallup-Dakota Oil Pool shall consist of approximately one hundred sixty (160) acres or one governmental quarter section or lots corresponding thereto.

IT IS FURTHER ORDERED THAT:

- (1) Pursuant to Section 70-2-18, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division shall subject the well to cancellation of allowable.
- (2) The effective date of this order and all abolishments and extensions included herein shall be December 1, 1987.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

WILLIAM R. HUMPHRIES, Member

ERLING A. BROSTUEN, Member

WILLIAM J. LEMAY, Chairman and

Secretary

STATE OF NEW MEXICO



ENERGY AND MINERALS DEPARTMENT

DIL CONSERVATION DIVISION

January 14, 1938

GARREY CARRUTHERS
SOVERNOR

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-5800

nc. William F. Carr Canpoell & Black Attorneys ac Law Post Office Box 2203 Santa Pe, New Yexico	Re:	CASE NO. 2333 ORDER NO. 23332		
		Applicant:		
		Curtis J. Little		
Dear Sir:				
Enclosed herewith are two Division order recently en				
Sincerely,				
Florene Davidse	≻			
FLORENE DAVIDSON OC Staff Specialist				
oc starr specialist		•		
Copy of order also sent to	: .			
Hobbs OCD X				
Artesia OCD 22 Aztec OCD 22				
Other				

STATE OF NEW MEXICO



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

January 28, 1988

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-5800

Mr. William F. Carr Campbell & Black Autorneys at Law Post Office Sox 2208 Santa Fo, New Mexico	Re:	CASE NO.	9286 1-8888-A	— —
		Applicant:		
		Curtis	J. Little	
Dear Sir:				
Enclosed herewith are two cop Division order recently enter				
Sincerely,				
Florene Davidson				
FLORENE DAVIDSON OC Staff Specialist				
Copy of order also sent to:				•
Hobbs OCD X				
Artesia OCD X Aztec OCD X				
Other				······································

1 2 3 4 5	STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 6 January 1988 EXAMINER HEARING				
6	IN THE MATTER OF:				
7 8	Application of Curtis J. Little CASE for a nonstandard oil proration 9286 unit, Rio Arriba County, New				
9	Mexico.				
10					
11					
12	BEFORE: Michael E. Stogner, Examiner				
13					
14 15					
16	TRANSCRIPT OF HEARING				
17					
18					
19	APPEARANCES				
20					
21	For the Division:				
2.2					
23					
25	For the Applicant: William F. Carr Attorney at Law CAMPBELL & BLACK P.A. P. O. Box 2208 Santa Fe, New Mexico 87501				

BACON FORM SECIEDS TOUR FORF IN CALIFORNIA BOO-227-2434 NATIONWIDE BOO-227-0120

MR. STOGNER: Call next Case

Number 9286, which is the application of Curtis J. Little

for a nonstandard oil proration unit, Rio Arriba County, New

5 Mexico.

Call for appearances.

7

8

9

MR. CARR: May it please the Examiner, my name is William F. Carr with the law firm Campbell & Black, P. A., of Santa Fe. We represent Curtis

10

11

MR. STOGNER: Are there any other appearancs in this matter?

12

Will the witness please stand

14 and be sworn?

J. Little and have one witness.

15

(Witness sworn.)

17

16

MR. STOGNER: Mr. Carr?

19

18

20

21

22

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

A. R. KENDRICK,

25

NO FORM PROTOERS TOLL FREE IN CALIFORNIA BOO-22

1 DIRECT EXAMINATION 2 BY MR. CARR: 3 Will you state your full name for the re-0 cord, please? 5 A. R. Kendrick. Mr. Kendrick, where do you reside? 7 In Aztec, New Mexico. Α 8 By whom are you employed? In this case I'm employed by Curtis 10 Little Oil and Gas. 11 And in what capacity are you employed 0 this matter? 12 13 As a consultant. 14 Are you consulting in the area of petro-15 leum engineering? 16 Α Yes. 17 Have your credentials as a petroleum en-18 gineer previously been presented to this Division and accep-19 ted, made a matter of record? 20 Yes, sir. 21 Are you familiar with the application in 22 this case and the subject area? 23 Yes, sir. Α 24 CARR: MR. Are the witness' 25 qualifications acceptable?

two

has

who

Yes, sir. The pool rules do not provide

Mr. Kendrick, would you refer to what has

for a nonstandard unit to cross the quarter section lines.

been marked for identification as Little Exhibit Number One,

identify this, and review the information contained thereon?

1

2

3

5

6

ing?

Α

0

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1
   as Exhibit Number One-A?
                       Exhibit Number One-A is a copy of
3
   certified receipts for the notices of the administrative re-
   quest, showing that all of those parties shown on Exhibit
5
   One were notified.
6
                      And this was done in compliance with Di-
7
   vision rules and regulations?
8
                      Yes, sir.
9
                        Would you now refer to Exhibit Number
10
   Two, identify this and review this for Mr. Stogner?
11
                        Exhibit Number Two is a plat similar to
             Α
12
   Exhibit Number One on which the existing wells have been
13
   spotted, showing the well numbers, the lease names, and the
14
   operators' names.
15
                      And what is the status of the development
16
   in the east half of Section 2?
17
                        In the east half of Section 2 the Minel,
             Α
18
   Incorporated's No. 2 Cayias Well has been drilled.
19
             0
                        How much acreage is dedicated to that
20
   well, do you know?
21
             Α
                        The latest information I have
                                                       is
                                                            that
22
   they had Lot 1, being 58.01 acres, dedicated to that well.
23
                        Would you explain why it is that Curtis
24
   J. Little Oil and Gas is seeking establishment of this par-
25
   ticular nonstandard proration unit?
```

1 Curtis Little obtained the farmout Α for 2 acreage sought in this nonstandard proration unit and 3 that's all the acreage that he obtained in this section. An attempt was made to communitize ac-5 reage with Minel to the north and Minel said they had al-6 ready established ownerships for their well and were not in-7 terested in joining to form a standard 160-acre, or north-8 east quarter, unit. 9 Contact was made with McHugh to the south 10 in an attempt to unitize the southeast quarter. The McHugh 11 people said they are not ready at this time to develop a 12 well there and have considered even forfeiting their lease. 13 Since Minel has drilled their well and 14 tied up part of the north half, or a portion of the north 15 half of the northeast quarter, then this causes someone 16 be odd man out. We'd like to not be odd man out. 17 And Curtis J. Little Oil and Gas is pre-0 18 pared to go forward with the development of this 160-acre 19 proration unit? 20 Yes, sir. Α 21 In your opinion will granting this appli-22 cation be in the best interest of conservation, the preven-23 tion of waste, and the protection of correlative rights? 24 Α Yes, sir.

Would you, before we conclude, just iden-

```
1
   tify Exhibit Number Three and explain what that shows?
2
                      Exhibit Number Three is an enlarged plat
3
      Section 2 showing the measurements that are not standard
   and the acreages that are not standard.
5
                      The numbers along the east and west lines
   identified with a "CH" refer to measurement in chains and
6
7
   that's converted to footage measurements and the directions
8
   of the north and south lines of the section, as well as the
   east and west lines of section are identified to show
9
                                                             the
   directions the lines actually run.
10
11
            Q
                       How soon does Curtis J. Little Oil
        plan to go forward with the well on the proposed
12
13
   nonstandard unit?
14
                       At this time we have a February 1st spud
15
   date requirement. We would like to expedite this order.
16
   are working on a continuance of time but we do not know
                                                             it
17
   will be granted.
18
                       Mr.
                             Kendrick, in
                                           your opinion will
19
   granting this application result in the most efficient and
20
   effective development of Section 2?
21
            Α
                      Yes, sir.
22
                      Were Exhibits One, One-A, Two and Three
23
   prepared by you or complied under your direction?
24
            Α
                      Yes, sir.
```

MR.

CARR:

this

Αt

time

we

```
1
   would offer into evidence Curtis J. Little Oil and Gas
2
   Exhibits One, One-A, Two and Three.
3
                                MR.
                                      STOGNER:
                                                  Exhibits One
4
   through Three will be admitted into evidence at this time.
5
                                MR. CARR:
                                             That concludes my
6
   direct examination of Mr. Kendrick.
7
                                MR. STOGNER:
                                                Thank you,
                                                            Mr.
8
   Carr.
9
10
                        CROSS EXAMINATION
11
   BY MR. STOGNER:
12
                      Mr. Kendrick, you refer to -- in Exhibit
            Q
13
   Number Two, the Cayias Well No. 2 that's operated by --
14
                      Minel, Incorporated.
15
            Q
                      -- Minel?
                                 What acreage is dedicated to
16
   it?
17
            Α
                       The northeast quarter of the northeast
18
   quarter. This is in an area that was in the Ojito Gallup-
19
   Dakota Pool, was spaced on 40 acres, and was recently -- the
20
   Ojito Pool was abolished and became part of the West
21
   Lindrith Pool on December the 1st, and that's when this area
22
   became 160-acre spacing.
23
                      But that intent to drill was filed on the
24
   basis of 40-acre spacing.
25
            0
                       Okay, who owns the south half of
```

southeast quarter in Section 2?

```
1
            Α
                      Jerome P. McHugh.
2
            Q
                     Okay, and you have been in touch with him,
3
   correct?
            Α
                      Yes, sir.
5
                       Has he mentioned anything about what he
   plans to -- how he plans to develop his -- his 80 acres sit-
6
   ting out there by itself?
7
                       At the time we contacted him they were
   considering dropping their lease and not attempting to
   develop it.
10
                      Are there any other wells in this pool in
11
   that northern -- that north half north half of Section 2 and
12
   those odd size lots?
13
                     In Section --
14
            Α
                       Besides the Minel, besides that No.
15
            0
   Well?
16
                      Not in Section 2. There are some wells
17
   in the north half of the north half of Section 1 but not in
18
   the north half north half of Section 2.
19
20
            Q
                      Where does Curis J. Little plan to drill
21
   the well in the proration unit?
22
                      2703 feet from the north line, 790
23
   from the east line. That location will be 790 feet from the
24
   north and east lines of this nonstandard unit.
25
                                MR. CARR: Mr. Stogner, we have
```

```
an exhibit that we can offer and would mark as Little Exhi-
   bit Number Four, which shows the exact footage location of
3
   the proposed well.
5
                       REDIRECT EXAMINATION
6
   BY MR. CARR:
7
                      Mr. Kendrick, was this exhibit prepared
            Q
   by you?
            Α
                      Yes, sir.
10
            Q
                      Would you identify that for Mr. Stogner,
11
   please?
12
                      Exhibit Number Four is a plat similar to
            Α
13
   Exhibits One and Two, showing the east portion of Section 2
14
   and the west portion of Section 1. It shows the location of
15
   all the wells drilled in the area shown that are completed
16
   or drilled to the Gallup-Dakota interval.
17
            Q
                      And this shows the exact footage location
18
   for each?
19
            Α
                      Yes.
20
            0
                      Okay.
21
                                MR. CARR: Mr. Stogner, at this
22
   time we would offer into evidence Little Exhibit Number
23
   Four.
24
                                MR.
                                     STOGNER: Exhibit Number
25
   Four will be admitted into evidence at this time.
```

2

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9

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22

23

RECROSS EXAMINATION

BY MR. STOGNER:

Q On your Exhibit Number Four you show a well down in the northeast quarter of the southwest quarter, a Union Texas McCroden C Well No. 1?

A Yes, sir.

Q That's M-c-C-R-O-D-E-N.

A Yes, sir.

Q Is that a West Lindrith Gallup Pool well?

A Yes, sir.

Q And does that have a normal 160-acres de-

dicated to it?

A The last time I checked last week, the dedication was still on 40 acres.

Q Do you know what order brought the West Lindrith Gallup-Dakota Pool in this area?

A Yes, sir, that is Order 8544, dated November 17 -- excuse me, November 19th, 1987.

Now there's a provision in the West Lindrith Gallup-Dakota Oil Pool which calls for if 160-acre dedication is not given a well they have within 60 days to apply for a nonstandard proration unit. Do you know of any such order for that Cayias Well No. 2?

A I think the problem evolved here that

24

25

notice to the well operators was only sent out last week to advise them of Order 8544, and they have not had sufficient 3 time to respond on the notice from the District Office. not sure of the date the notice went out but it was not sent out on the first of December. 6 Now your notices on Exhibit Number One-A Q 7 were sent out -- well, it appears that they received them probably about December 10th, is that correct? Or they were sent out on December 10th. 10 Α Yes, they were mailed on December 10th, 11 the request for the nonstandard unit. 12 So that order 8544 was --0 13 Α I had -- personally had a copy of 14 order but I don't know that the other operators in the pool 15 had a copy of it. 16 0 But it was issued prior to your notifica-17 tions? 18 Α Yes. 19 MR. STOGNER: I have no further 20 questions of this witness. 21 Are there any other questions 22 of Mr. Kendrick? 23 MR. CARR: Nothing further. 24 MR. STOGNER: Does anybody else

have anything further in Case Number 9286?

under advisement.

If not, this case will be taken

(Hearing concluded.)

DO HEREBY

 $\texttt{C} \ \texttt{E} \ \texttt{R} \ \texttt{T} \ \texttt{I} \ \texttt{F} \ \texttt{I} \ \texttt{C} \ \texttt{A} \ \texttt{T} \ \texttt{E}$

CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) 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.,

Surey W. Boyd COR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9786, heard by me on Gamus 1988.

Oil Conservation Division