

Case Number  
4717

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
May 17, 1972

## EXAMINER HEARING

IN THE MATTER OF:

Application of Sohio Petroleum  
Company for a non-standard  
gas proration unit, Lea County,  
New Mexico.

CASE NO. 4717

BEFORE: Richard L. Stamets  
Examiner

TRANSCRIPT OF HEARING

dearnley, meier &amp; mc cormick

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1 MR. STAMETS: Case 4717.

2 MR. HATCH: Application of Sohio Petroleum  
3 Company for a non-standard gas proration unit, Lea County,  
4 New Mexico.

5 MR. LOPEZ: If the Examiner please, my name is  
6 Owen Lopez with Montgomery, Federici, Andrews, Hannah<sup>s</sup> and  
7 Morris, of Santa Fe. I am appearing on behalf of the applicant  
8 in this Case and I have one witness to be sworn.

9 MR. STAMETS: Are there to be other appearances?

10 MR. KELLAHIN: Jason Kellahin and W. Thomas Kellahin,  
11 appearing on behalf of Continental Oil Company. We may or  
12 may not offer a witness, but we will have him sworn at this  
13 time anyway.

14 (Whereupon, two witnesses were sworn by Mr. Hatch.)

15 MR. STAMETS: You may proceed, Mr. Lopez.

16 DOUGLAS W. RICE,  
17 was called as a witness and, having been already duly sworn,  
18 testified as follows:

19 DIRECT EXAMINATION

20 BY MR. LOPEZ:

21 Q Would you please state your name, address, and  
22 occupation for the record?

23 A Douglas Rice, Senior Engineer for Sohio Petroleum  
24 Company in Midland, Texas.

25 Q Mr. Rice, have you testified previously before the

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1 Commission and had your qualifications accepted?

2 A Yes, I have.

3 MR. LOPEZ: Mr. Examiner, are Mr. Rice's  
4 qualifications acceptable?

5 MR. STAMETS: They are.

6 Q (By Mr. Lopez) Mr. Rice, are you familiar with the  
7 Application of Sohio Petroleum Company in Case 4717?

8 A Yes, sir.

9 Q What does Sohio propose to request the Commission to  
10 grant in its Application?

11 A Sohio is requesting a non-standard 160 acre gas unit  
12 for the San Andres formation consisting of the south  
13 half of the SE/4 of Section 7 and the west half of the  
14 SW/4 of Section 8, Township 21 South, Range 37 East,  
15 Lea County, New Mexico.

16 Q Referring to your Exhibit 1, does this Exhibit reflect  
17 the acreage proposed to be dedicated to this non-standard  
18 unit?

19 A It does. That which is bordered in red is the requested  
20 non-standard unit in the San Andres formation and it  
21 is Sohio's opinion that development of the San Andres  
22 formation should be on the same basis as the existing  
23 Queen Sand Unit in the Eumont Field.

24 Q Am I correct in assuming that this same identical 160  
25 acre unit was approved as a non-standard unit in

1 Case 800 in November of 1954, before the Commission?

2 A That's right. We acquired this acreage and, at that  
3 time, it was a non-standard unit for the production  
4 of the Queen formation and the well shown on the plat.

5 Q Is that Queen Sand producing well, the Alves, still  
6 producing at this time?

7 A That is correct.

8 Q Regarding the other areas, surrounding your acreage to  
9 the north and west, are these fractions also presently  
10 non-standard units producing from the Queen Sand?

11 A Yes. The Rodman is on a 160 acre unit at the top of  
12 Section 7 and is a non-standard Queen Sand unit. Then  
13 to the west there is another 160 acre non-standard  
14 Queen Sand unit and, of course, the Alves is a non-  
15 standard gas unit.

16 Q Are there presently producing wells in these non-  
17 standard units?

18 A Yes.

19 Q What is the depth of the average production of the  
20 Queen Sand?

21 A It's approximately --

22 MR. KELLAHIN: Was there other production from  
23 these units?

24 THE WITNESS: These non-standard Queen gas units  
25 do have wells producing in the Queen formation at this time.

1 Q (By Mr. Lopez) Now, Mr. Rice, what is the depth of  
2 the Queen Sand in this particular area?

3 A The Queen Sand is approximately 3,500 feet in these  
4 particular non-standard units.

5 Q Now, as I understand it, you have drilled a well in  
6 the west half of the SW/4 of Section 8 to the San  
7 Andres formation; is that correct?

8 A Yes, sir, the location being 660 feet from the south  
9 line and 660 feet from the west line of Section 8,  
10 Township 21 South, Range 37 East.

11 Q What is the depth of the perforation of this well?

12 A Four thousand ninety-six to 4,130, that is thirty-four  
13 feet of perforation.

14 Q Am I correct in assuming that you merely intend to  
15 deepen the now non-standard unit which is dedicated  
16 to production from the Queen Sand approximately six to  
17 seven hundred feet?

18 A Well, either deepen -- we plan to either deepen the  
19 existing well or drill new wells in the three 160 acre  
20 locations as outlined in yellow on Exhibit Number 1.

21 Q Can you anticipate any problem that might arise if  
22 your Application in this Case is not granted? In the  
23 event that the operators of the other non-standard units  
24 in Section 7 intend to also drill or rework or deepen  
25 their Queen Sand wells, or drill separate wells into

1 the San Andres formation?

2 A We anticipate several problems if standard units are  
3 required, one being the configuration of various leases  
4 in the area. There are very few leases that lend  
5 themselves to 160 acre standard units. In addition to  
6 that, we anticipate a possible problem with operators  
7 drilling a well to the San Andres and then, should they  
8 decide to recomplete their Queen Well, you would then  
9 have a problem there.

10 Q In your opinion, would the denial of your Application  
11 cause unnecessary communitization problems and also  
12 unnecessary complications in accounting procedures?

13 A Yes. All of these leases would have to be broken up  
14 and communitized for standard 160 acre units.

15 Q Is it your opinion that, if your Application is  
16 granted in this Case, that the Alves A Number 2 Well  
17 will effectively drain the 160 acres dedicated to the  
18 non-standard unit?

19 I believe you will want to refer to Exhibits 2 and  
20 3.

21 A Yes. The C. W. Marshall Number 1 Well is approximately  
22 two and one-quarter miles west of the Sohio Alves A  
23 Number 2 Well and Exhibit Number 2 shows the location  
24 of this well.

25 Exhibit Number 3 shows the correlation cross section

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1 of the top of the San Andres. The top of the San  
2 Andres shows a -571 compared to a -537 on the Alves  
3 Number 2 Well.

4 The perforated interval at the top of the zone  
5 is -593 and the Sun-Ray Well is -576.

6 So the Sun-Ray Well is higher structurally than  
7 the Alves Number 2 which indicates production existence  
8 as far as a mile and a quarter to the west.

9 In this particular interval the porosity in the  
10 Sun-Ray Well is approximately eleven percent.

11 Q Mr. Rice, if your Application is approved by the  
12 Commission in this Case, does your Company have intentions  
13 of drilling future San Andres wells in the vicinity?

14 A We plan to deepen the well in each of the 160 acres  
15 shown on the map.

16 In the NE/4 of Section 18, which would be a  
17 standard 160 acre unit and in the NW/4 of Section 8  
18 which would also be a standard unit of 160 acres. At  
19 a later date, we will probably drill a well to the  
20 north of the Alves Number 2.

21 Q Mr. Rice, is there a market readily available to take  
22 the gas being produced by the Alves A Number 2 Well?

23 A Yes, they are ready to take the gas anytime we have  
24 prorationing approved.

25 Q Do you have any information with regard to whether or



1 not the acreage owned by Continental Oil Company  
2 offsetting the Alves A Number 2 Well to the east has  
3 been committed to any particular purchaser?

4 A We have been told that it is dedicated to El Paso  
5 Natural Gas and this would cause a problem, maybe, as  
6 to prorationing of production from the standard unit  
7 in the SW/4 of Section 8.

8 Q Have you had an opportunity to discuss your Application  
9 with any person in the State Land Office, Oil and Gas  
10 Department?

11 A Yes.

12 Q And what did you learn from your discussions?

13 A They have no -- they do not plan to protest this  
14 Application.

15 Q Am I correct in assuming that if this Application is  
16 approved they will be willing to approve it also?

17 A Yes, they are.

18 Q Is there anything further you would like to offer in  
19 this Case, Mr. Rice?

20 A Not right now.

21 Q Were Exhibits 1 through 3 prepared by you or under  
22 your supervision?

23 A That is correct.

24 MR. LOPEZ: At this time, Mr. Examiner, we would  
25 like to offer Applicant's Exhibits 1 through 3 in evidence.

1 MR. STAMETS: Are there any objections to the  
2 admission of these Exhibits?

3 (No response.)

4 MR. STAMETS: They will be accepted in evidence.

5 (Whereupon, Applicant's Exhibits 1 through 3  
6 were admitted in evidence.)

7 MR. LOPEZ: That concludes my Direct Examination.

8 MR. STAMETS: Are there any questions of this  
9 witness?

10 CROSS-EXAMINATION

11 BY MR. KELLAHIN:

12 Q Mr. Rice, you talked about the non-standard unit in  
13 the Eumont Pool; what is the spacing in the Eumont Pool?

14 A One hundred sixty acres standard.

15 Q Isn't it 640?

16 A No, sir, everything above the Pennsylvanian is a  
17 standard unit of 160 acres.

18 Q Those are State-wide rules, I am talking about the  
19 Pool Rules in the Eumont Gas Pool.

20 A There are 160 acre gas units in the Eumont Pool with  
21 an allowable factor of one, anything less than 160 acres  
22 is reduced by that percentage.

23 Q But you do, or don't you, know what the standard unit is?

24 A I know you have a one factor for 160 acre units in  
25 the Eumont.

- 1 Q There are very few standard units in the Eumont;  
2 isn't that correct?  
3 A Standard 160 acres?  
4 Q If you want to say 160 acres, I say it is 640 acres.  
5 On your own Exhibit do you show any standard Eumont  
6 units?  
7 A We have two units, in the NW/4 of Section 8 and the  
8 NE/4 of Section 18 which are 160 acre units.  
9 Q And the rest of them are non-standard units?  
10 A Yes, in this particular area of interest.  
11 Q You propose a 160 acre non-standard unit and you also  
12 propose two standard units in the Atoka?  
13 A Yes, that is eliminating the problem that might arise  
14 in regard to --  
15 Q This is the discovery well in the pool; is it not?  
16 A Correct.  
17 Q And if you have a non-standard unit there, what would  
18 you do with the balance of the south half of Section 8?  
19 A It could be developed on the same basis as the Queen  
20 units in existence at this time.  
21 Q Are you proposing to key everything to the Queen  
22 formation?  
23 A Yes.  
24 Q And just have non-standard units because there are  
25 already non-standard units there?

- 1 A Not necessarily non-standard, but to allow development  
2 on the basis of the current existing units in the  
3 formation.
- 4 Q Do the Queen units coincide with the Eumont units in  
5 every instance?
- 6 A The Eumont-Queen Wells are producing wells.
- 7 Q That is just one formation?
- 8 A Yes, sir.
- 9 Q So you are not talking about two different pools?  
10 You are not talking about two different pools, the  
11 Queen and the Eumont?
- 12 A The particular wells here are producers from the  
13 Queen.
- 14 Q You referred to the difficulty with communitization  
15 and then made specific reference to the E. G. Rodman  
16 lease, are you familiar with the communitization  
17 agreement there?
- 18 A No, but I know communitization agreements would slow  
19 down development in the San Andres.
- 20 Q Is communitization over all formations? Does it just  
21 cover the Eumont? What does it cover?
- 22 A I am not aware of that.
- 23 Q So you don't know whether you would have another  
24 communitization anyway?
- 25 A You would if you formed standard units because in

1 non-standard --

2 Q You may well have communitization if you form a  
3 non-standard unit with the Eumont.

4 A What?

5 Q You may also have communitization if your units  
6 coincide with the Eumont.

7 A In some instances.

8 Q In fact, it is highly possible; is it not?

9 A Well, I couldn't say that.

10 Q Have you any estimate of the reserves underlying your  
11 Alves Well?

12 A Yes, sir.

13 Q Could you give us what that estimate is?

14 A Is it considered relevant? Do we want to give that  
15 information out?

16 MR. LOPEZ: We object at this time. This is not  
17 relevant.

18 MR. KELLAMIN: If the Examiner please, the purpose  
19 of the question is to analyse the statement that it is  
20 necessary to recomplete old wells and to show that reserves  
21 are adequate to support the drilling of a new well on each  
22 unit.

23 THE WITNESS: We will state that we are of the  
24 opinion that new wells are economically justifiable.

25 MR. KELLAMIN: That answers my question. That's

1 all I have, thank you, Mr. Rice.

2 CROSS-EXAMINATION

3 BY MR. STAMETS:

4 Q Mr. Rice, was the Alves drilled as a Queen test  
5 originally?

6 A It was drilled as a San Andres test. As you know --  
7 might not know, there has been considerable Grayburg  
8 development in this particular area, one being the  
9 Hardy Number 2 Well located in Section 17, in the  
10 SE of the SW/4. In addition, Texaco recompleted their  
11 Earley Number 3 which is diagonally offset to our  
12 Alves Number 2.

13 In studying this particular area, we planned to  
14 drill a Grayburg well at the location of the Alves  
15 Number 2 and since we penetrated to the San Andres and  
16 additional study indicated the possibility of production  
17 from the San Andres, with a small additional investment  
18 we decided that we would make a test at that location,  
19 so it was drilled as a San Andres test.

20 Q This well, I believe, is described as a discovery well  
21 for an as yet unnamed San Andres Pool?

22 A Yes, we have made application for discovery.

23 Q You mentioned one additional San Andres Well in the  
24 next township to the west, I believe the Sun-Ray  
25 Marshall Number 1?

1 A Yes. I may not have made myself clear, it was not  
2 a San Andres test, it was reentered by Sun-Ray and  
3 tested in a zone which is unproductive and they  
4 plugged it back and tested the lower part of the  
5 Grayburg zone in this particular well and it tested  
6 water.

7 So the zone has not been tested in this well or  
8 in the area to the San Andres.

9 Q In other words, there are no other wells in the immediate  
10 vicinity of this one producing gas from the San Andres?

11 A That is correct.

12 Q To your knowledge is communitization standard procedure  
13 in an oil field in order to get standard drilling units?

14 A If the operator didn't have enough acreage for standard  
15 units, you naturally need communitization with someone  
16 else's acreage to form a standard unit.

17 Q In the NW/4 of Section 8 on your Exhibit Number 1, you  
18 have outlined that in yellow and I believe identified  
19 that as the form proposed for the additional San  
20 Andres 160 acre unit. It appears there are two leases  
21 involved there, would these have to be communitized  
22 if the San Andres Well is completed there?

23 A Those two leases have already been communitized and  
24 Continental is the operator on the north 80 acres and  
25 Sohio along with Penrose was operating the south 80

1 acres and formed a communitization agreement for 160  
2 acres for a Queen-Eumont Gas Well which is being  
3 produced, along with the Sohio Alves B Number 1 in  
4 the SE of the SE of the Quarter.

5 Q Do you know if that was communitized through the  
6 San Andres?

7 A It is communitized to 4,500 feet which would include  
8 the San Andres Zone.

9 MR. STAMETS: Are there any additional questions?

10 RECROSS-EXAMINATION

11 BY MR. KELLAHIN:

12 Q Mr. Rice, was any effort ever made by Continental to  
13 communitize their acreage in Section 8?

14 A You mean in our proposed non-standard unit here?

15 Q Yes, sir.

16 A No, we didn't anticipate gas production from the San  
17 Andres at the time we drilled the well. We thought  
18 we would probably get oil production from the San Andres  
19 if we got a producing well.

20 Q Did you ever contact Continental subsequent to drilling?

21 A No, they haven't been contacted since.

22 Q And I understand your answer, you did not contact  
23 them before you drilled because you anticipated  
24 oil?

25 A We didn't know what we would get, oil, gas, anything.



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1 Q Once you learned you had gas you made no effort to  
2 form a standard unit?  
3 A No, sir.  
4 MR. KELLAHIN: Thank you.  
5 MR. STAMETS: Any additional questions of the  
6 witness?  
7 (No response.)  
8 MR. STAMETS: If not, he may be excused.  
9 (Witness excused.)  
10 MR. STAMETS: Is there testimony from the other  
11 parties in the Case?  
12 MR. KELLAHIN: Yes, I would like to put on my  
13 one witness very briefly.  
14 JAMES P. BOYLAN,  
15 was called as a witness and, having been already duly sworn,  
16 testified as follows:  
17 DIRECT EXAMINATION  
18 BY MR. KELLAHIN:  
19 Q Will you state your name?  
20 A James P. Boylan.  
21 Q Whom are you employed by and in what position?  
22 A Continental Oil Company in the Hobbs Office as a Senior  
23 Reservoir Engineer.  
24 Q Have you testified before the Oil Conservation Commission  
25 or one of its Examiners and made your qualifications

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1 as a Reservoir Engineer a matter of record?

2 A Yes, I have.

3 MR. KELLAHIN: Are the witness' qualifications  
4 acceptable?

5 MR. STAMETS: They are.

6 Q (By Mr. Kellahin) Mr. Boylan, you have heard the  
7 testimony that was presented by Mr. Rice on behalf  
8 of the Sohio Petroleum Company; did you not?

9 A Yes, sir.

10 Q Are you in agreement that a well on 160 acres projected  
11 to the San Andres would be economical?

12 A Yes, I am.

13 Q So, it is not necessary in order to develop these  
14 reserves, to recomplete an old well?

15 A No, sir.

16 Q Now, was Continental -- do you agree with the  
17 testimony that Continental was not contacted according  
18 to your information and belief in regard to the forming  
19 of a standard communitized unit?

20 A Yes, that is correct.

21 Q And Continental operates the acreage immediately  
22 adjacent to the proposed non-standard unit?

23 A Yes.

24 Q How is that acreage operated?

25 A Continental operates in a partnership which consists of

- 1 Continental, Amoco, Arco, and Standard of Texas.
- 2 Q Are the operators willing to communitize their acreage
- 3 to form a standard unit?
- 4 A Yes, subject to one reservation. The well log to the
- 5 discovery well has been kept confidential and we
- 6 require inspecting this log before we would commit
- 7 ourselves to communitization.
- 8 Q But is Continental opposed to the formation of the
- 9 non-standard unit proposed by Sohio?
- 10 A Yes, they are.
- 11 Q For what reasons?
- 12 A Because we believe that this is a new reservoir and
- 13 it should be developed in an orderly fashion on standard
- 14 proration units.
- 15 Q You heard the testimony of Mr. Rice in regard to the
- 16 non-standard units which exist in the Eumont field as
- 17 to the Queen formation, I assume, does that have any
- 18 bearing on the development of this additional formation?
- 19 A I don't believe it does.
- 20 Q Now, the acreage referred to in the NW/4 of Section 8,
- 21 does that communitization agreement cover the San Andres?
- 22 A Yes, sir.
- 23 Q To your knowledge, do any of the other communitization
- 24 agreements in the area cover the San Andres?
- 25 A I am not familiar with the other non-standard producing

1 units.

2 Q Do you have anything else you want to add?

3 A I have nothing else to add.

4 MR. KELLAHIN: That's all I have.

5 CROSS-EXAMINATION

6 BY MR. LOPEZ:

7 Q Apparently you were not aware of the log of the  
8 Alves which was released on May 5, 1972?

9 A I called the Office of the Oil Conservation Commission  
10 in Hobbs and they stated that the log had not been  
11 released..

12 Q Well, I believe it has been released and you might  
13 check again.

14 MR. RICE: It was released on May 5th.

15 Q (By Mr. Lopez) Mr. Boylan, would it be possible for  
16 Continental or the N.M.F.U. organization to develop  
17 a non-standard unit comprised of the east half of the  
18 SW/4 and the east half of the SE/4 of Section 8 and  
19 drill their own San Andres well?

20 A I don't understand your question. You say is it  
21 possible that we could drill this particular non-  
22 standard unit?

23 Q Upon gaining approval for such a non-standard unit  
24 from the Commission.

25 A I believe this would be a possibility, yes.

1 MR. LOPEZ: No further questions.

2 MR. STAMETS: Any additional questions of this  
3 witness?

4 (No response.)

5 MR. STAMETS: He may be excused.

6 (Witness excused.)

7 MR. STAMETS: Any further testimony?

8 (No response.)

9 MR. STAMETS: Any statements?

10 (No response.)

11 MR. HATCH: I have a telegram addressed to the  
12 New Mexico Oil Conservation Commission in reference to  
13 Case 4717 on the Examiner Docket.

14 This is the Application of Sohio for a 160  
15 acre unit for its Alves Number 1 located 660 feet from the  
16 south line and 660 feet from the west line of Section 8,  
17 Township 21 South, Range 37 East, Lea County, New Mexico.

18 Atlantic Richfield owns a working interest in the  
19 Hawk B-1 Lease. The SE/4 of this tract is undeveloped in  
20 the San Andres Gas Zone. We urge denial of the proposed  
21 application and express willingness to communitize with the  
22 west half of the SE/4 of Section 8, pending the examination  
23 of reservoir data. W. D. Thomas, Atlantic Richfield Company.

24 I have a telegram addressed to the New Mexico  
25 Oil Conservation Commission with reference to Case 4717 on

1 the Examiner Docket, the Application of Sohio for a 160  
2 acre prorationing unit for its Alves A Number 2 located 660  
3 feet from the south line and 660 feet from the west line  
4 of an undesignated San Andres Gas Pool. We request inclusion  
5 of the west half of the SW/4 of Section 8 and the south half  
6 of the SE/4 of Section 7. Amoco Production Company is a  
7 working interest owner offsetting the acreage and urges an  
8 orderly development of the area in conformance with State-  
9 wide rules.

10 Amoco is willing to communitize, but to date  
11 Sohio has not released any data on their well. T. C. Borland,  
12 Amoco Production Company.

13 There is a telegram addressed to the Oil  
14 Conservation Commission regarding Case 4717 on the May 17th  
15 Docket, the Application of Sohio for a 160 acre  
16 non-standard proration unit in an undesignated San Andres  
17 Gas Pool. Chevron is a working interest owner in the  
18 SW/4 of Section 8 and is opposed to the granting of this  
19 Application and urges orderly development of this Pool. We  
20 believe the SW/4 of Section 8 is the logical proration unit  
21 for a San Andres Well located in quarter section J.  
22 T. Cameron, Supervising Engineer, Chevron Oil Company, Denver,  
23 Colorado.

24 MR. STAMETS: Any other statements?

25 MR. KELLAHIN: If the Commission please, I think the

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1 last question that was asked by the attorney for Sohio  
2 pointed up the problem we are confronted with.

3 He asked if Continental could communitize acreage  
4 in Section 8, the east half of the SW/4 and the west half of  
5 the SW/4, to form a non-standard unit.

6 Certainly they could and that would leave the  
7 other eighty acres on the other side of the acreage and we  
8 would then compound this clear across to the edge of the  
9 field. This is exactly why we are opposing this Application.

10 We have here a new pool with one well and the only  
11 reasons given for dedication of a non-standard unit for  
12 this well is apparently it is lease ownership. In fact, the  
13 area has been communitized for Eumont production and this is  
14 about as poor a reason as one can imagine.

15 The records of the Commission will show the  
16 standard unit in a Eumont gas pool is 640 acres and as far  
17 as I know, there is not a single standard unit in the entire  
18 Eumont gas pool.

19 The telegrams from the other owners in the area  
20 say they will communitize this property on any reasonable  
21 basis. They are ready to pay their proportionate share of  
22 the well costs contingent upon the examining of the log.

23 Continental proposes an agreement be reached  
24 whereby production may commence and during the time this  
25 communitization is pending, the funds be accounted for that

1 will be distributed after communitization has been made. We  
2 are opposed to the approval of a non-standard unit in that  
3 there has been no reason shown for it.

4 As I say, and the other ownership agrees,  
5 communitization is the answer to this problem.

6 MR. STAMETS: Any other statements?

7 MR. LOPEZ: In answer to the telegrams, it is  
8 obvious that they are all telegrams from interested owners  
9 of Continental's lease and should be considered accordingly.

10 Regarding Mr. Kellahin's client, Mr. Kellahin has  
11 failed to explain how he is going to resolve the problem  
12 of dedication of the Sohio acreage in that we have two  
13 separate purchasers and this further complicates the problem.

14 It is apparent that our Application is logical  
15 since the Queen Sand non-standard units have already been  
16 approved for Section 7 at a depth of 3,500 feet.

17 To extend the non-standard unit another six to  
18 seven hundred feet for the San Andres production would not  
19 be a very complicated procedure. The Commission certainly  
20 would avoid all of the complications that would arise if  
21 this were not the case since the acreage, especially in  
22 Section 7, could not be developed without each of the parties  
23 entering into a new communitization agreement. We could  
24 avoid all the complicated accounting procedures in the  
25 forwarding of costs and other matters that must be considered



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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

PAGE

25

1 with the developing and production of new wells.

2 MR. STAMETS: The Examiner will take the case  
3 under advisement.  
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1 STATE OF NEW MEXICO )  
2 ) ss  
3 COUNTY OF BERNALILLO )

4 I, RICHARD E. McCORMICK, a Certified Shorthand Reporter,  
5 in and for the County of Bernalillo, State of New Mexico,  
6 do hereby certify that the foregoing and attached Transcript  
7 of Hearing before the New Mexico Oil Conservation Commission  
8 was reported by me; and that the same is a true and correct  
9 record of the said proceedings to the best of my knowledge,  
10 skill and ability.

11  
12 Richard E. McCormick

13 CERTIFIED SHORTHAND REPORTER  
14  
15  
16  
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18  
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21

22 I do hereby certify that the foregoing and attached Transcript  
23 of Hearing before the New Mexico Oil Conservation Commission  
24 was reported by me on May 17, 1972, at 4717  
25 Richard E. McCormick New Mexico Oil Conservation Commission

I N D E X

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<u>WITNESS:</u>	
<u>DOUGLAS W. RICE</u>	
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Cross-Examination by Mr. Kellahin	10
Cross-Examination by Mr. Stamets	14
Recross-Examination by Mr. Kellahin	16
<u>JAMES P. BOYLAN</u>	
Direct Examination by Mr. Kellahin	17
Recross-Examination by Mr. Lopez	20

E X H I B I T S

<u>APPLICANT'S (Sohio)</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Exhibit Number 1	4	10
Exhibit Number 2	7	10
Exhibit Number 3	7	10



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

June 14, 1972

GOVERNOR  
BRUCE KING  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMijo  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

Mr. Owen Lopez  
Montgomery, Federici, Andrews, Hannan  
& Morris  
Attorneys at Law  
Post Office Box 2307  
Santa Fe, New Mexico

Re: Case No. 4717  
Order No. R-4320  
Applicant:  
Sohio Petroleum Company

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC           

Aztec OCC           

Other Mr. Jason Kellahin

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 4717  
Order No. R-4320

APPLICATION OF SOHIO PETROLEUM  
COMPANY FOR A NON-STANDARD GAS  
PRORATION UNIT, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 17, 1972,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of June, 1972, the Commission, a  
quorum being present, 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 Commission has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Sohio Petroleum Company, seeks  
approval of a 160 acre non-standard gas spacing unit comprising  
the S/2 SE/4 of Section 7 and the W/2 SW/4 of Section 8, Town-  
ship 21 South, Range 37 East, NMPM, to be dedicated to the  
applicant's Alves "A" Lease Well No. 2, completed as a discovery  
well in the San Andres formation 660 feet from the South line  
and 660 feet from the West line of said Section 8.

(3) That the applicant has made no attempt to communitize  
with the offset operator to form a standard gas spacing unit  
comprising the SW/4 of said Section 8.

(4) That said offset operator objects to the proposed  
non-standard spacing unit.

(5) That in order to avoid the drilling of unnecessary  
wells and to protect correlative rights, the application for a  
160-acre non-standard gas spacing unit should be denied with-  
out prejudice to the right of either the applicant or any other  
owner of mineral interests in the SW/4 of said Section 8 to  
bring a case before the Commission for the compulsory pooling  
of all mineral interests in the undesignated San Andres gas  
pool underlying said quarter section.

-2-  
CASE NO. 4717  
Order No. R-4320

IT IS THEREFORE ORDERED:

(1) That the application of Sohio Petroleum Company for a 160 acre non-standard gas proration unit comprising the S/2 SE/4 of Section 7 and W/2 SW/4 of Section 8, Township 21 South, Range 37 East, NMPM, to be dedicated to their Alves A Well No. 2, completed in an undesignated San Andres gas pool in unit M of said Section 8 is hereby denied without prejudice to the right of either the applicant or any other owner of mineral interests in the SW/4 of the above-described Section 8 to bring a case before the Commission for the compulsory pooling of all mineral interests in the undesignated San Andres gas pool underlying said quarter section.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armiijo*  
ALEX J. ARMIJO, Member

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

S E A L

dr/



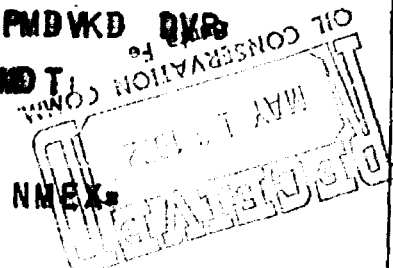
western union

Telegram

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=ZCZC 029 D PD TLX DENVER COLO 16 1021A MDT  
=PMS NEW MEXICO OIL CONSERVATION COMM=  
STATE LAND OFFICE BLDG SANTA FE NMEX.



RE CASE NO 4717 MAY 17 DOCKET:

=APPLICATION OF SOHIO FOR 160 ACRE NON-STANDARD PRORATION  
UNIT, UNDERSIGNED SAN ANDRES POOL. LEA COUNTY.

=CHEVRON OIL COMPANY, A WORKING INTEREST OWNER IN THE  
SOUTHWEST QUARTER OF SECTION 8, OPPOSES THE GRANTING OF  
THE SOHIO APPLICATION AND URGES THE ORDERLY DEVELOPMENT  
OF THIS POOL ON GOVERNMENTAL SUBDIVISIONS. WE BELIEV'

WU 1201 (R 5-69)



western union

Telegram

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MAY 17

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HOU =ZCZC 001 HOUSTON, TEXAS MAY 17, 1972 =  
NEW MEXICO OIL CONSERVATION COMMISSION =

STATE LAND OFFICE BUILDING =ATTENTION: MR. A. L.  
PORTER, JR. =SANTA FE, NEW MEXICO ==

CASE NO. 4717 NMOCC 5-17 EXAMINER DOCKET IS THE  
APPLICATION OF SOHIO =FOR A 160 ACRE NON-STANDARD  
PRORATION UNIT FOR ALVES "A" NO. 2, =LOCATED 660' FSL  
AND 660' FWL, SECTION 8, T-21-S, R-37-E, LEA COUNTY =IN  
NEW SAN ANDRES GAS POOL. WE UNDERSTAND REQUESTED  
NON-STANDARD =PRORATION UNIT INCLUDES THE W/2 OF THE  
SW/4 OF SECTION 8 AND THE S/2 =OF THE SE/4 OF SECTION

WU 1201 (R 5-69)



# Telegram

0842 EST =

7 IN THE ABOVE TOWNSHIP AND RANGE. AMOCO =PRODUCTION COMPANY, AS A WORKING INTEREST OWNER IN OFFSETTING ACREAGE, 4 URGES ORDERLY DEVELOPMENT OF THE AREA IN CONFORMANCE WITH STATEWIDE RULES RATHER THAN ACTION THAT WILL CAUSE A SERIES OF NON-STANDARD =UNITS IN THE SUBJECT AREA. AMOCO IS WILLING TO CONSIDER COMMUNITIZING ITS ACREAGE SUBJECT TO REVIEW OF RESERVOIR AND COST DATA IN ORDER =THAT THE PRORATION UNIT FOR THIS WELL WILL CONFORM WITH STATEWIDE =RULES. TO DATE SOHIO HAS NOT RELEASED ANY DATA ON THEIR WELL EXCEPT =ITS OPEN FLOW TEST. =

T C BORLAND ==AMOCO =AMCO PRODUCTION COMPANY

WU 1201 (R 5-69)



# Telegram

KA019 K CCF063

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(AT 136CC406063)PD=WU DEMO MID 1147A EDT 05/15/72

=ZCZC 02 PD MIDLAND TEX 15 1011A CDT =

NEW MEX OIL CON COMM =

=SANTA FE NMEX =

1972 MAY 15 AM 10

ATTN A L PORTER =RE: CASE #4717 NMOCC 517 EXAMINER  
DOCKET ==THIS IS AN APPLN OF SOHIO FOR 160 ACRE NSP  
UNIT FOR =ALVES "A" NO 1 LOCATED 660 FSL AND FWL  
SECTION ( =T-21S R-37E. ACREAGE PROPOSED FOR THIS NSP  
IS W/2 =OF THE SW/4 OF SECTION 8 AND S/2 OF THE SE/4  
OF SEC 7. =ATLANTIC RICHFIELD CO OWNS A WORKING  
INTEREST IN THE HAWK =B-1 LEASE, COMPRISED OF THE SE/4  
AND E/2 SW/4 =OF SEC 8. THIS TRACT IS UNDEVELOPED IN

WU 1201 (R 5-69)





western union

# Telegram

THE SAN ANDRES GAS =ZONE PRODUCING IN THE ALVES "A" NO  
1. =WE URGE DENIAL OF THE PROPOSED MNSP AND EXPRESS A  
WILLINGNESS =TO COMMUNITIZE WITH THE W/2 SE/4 OF SEC  
8, PENDING =EXAMINATION OF RESERVOIR DATA. THIS WILL  
AFFORD ORDERLY =DEVELOPMENT OF ACREAGE IN SEC 8 =  
W P TOMLINSON ATLANTIC RICHFIELD CO MIDLAND TEX

Case 4713 continued from page 1

7. An 80-acre unit comprising Lot 1 and the NE/4 NW/4 of Section 19, Township 17 North, Range 8 West, to be dedicated to Well No. 26;
8. An 80-acre unit comprising the N/2 NW/4 of Section 24, Township 17 North, Range 9 West, to be dedicated to Well No. 28.

Applicant further seeks a procedure whereby other non-standard proration units may be established administratively.

CASE 4714: Application of Thunderbird Oil Corporation for an unorthodox well location and amendment of Order No. R-1145, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 2635 feet from the North line and 1315 feet from the West line of Section 8, Township 13 South, Range 32 East, in the North Caprock-Queen Unit Waterflood Project, Lea County, New Mexico, authorized by Order No. R-1145. Applicant further seeks a procedure whereby additional production and injection wells at orthodox and unorthodox locations may be approved administratively.

CASE 4715: Application of Glen D. Aaron and James C. Whitten for an unorthodox well location, Eddy County, New Mexico. Applicants, in the above-styled cause, seek approval for an unorthodox gas well location for their well to be drilled 990 feet from the South line and 1650 feet from the West line of Section 11, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, with the W/2 of said Section 11 to be dedicated to the well.

CASE 4716: Application of Union Oil Company of California for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Owens Well No. 2, having a surface location in Unit I of Section 34, Township 14 South, Range 35 East, Morton-Wolfcamp Pool, Lea County, New Mexico. Applicant proposes to set a whipstock at approximately 7200 feet and to directionally drill to bottom the well in the Wolfcamp formation within 100 feet of a point in Unit H 1730 feet from the North line and 560 feet from the East line of said Section 34. Applicant proposes to dedicate the S/2 NE/4 of Section 34 to the well.

CASE 4717: Application of Sohio Petroleum Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard unit in an undesignated San Andres gas pool comprising the S/2 SE/4 of Section 7 and the W/2 SW/4 of Section 8, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to its well located 660 feet from the South line and 660 feet from the West line of said Section 8.

CASE 4718: Application of E. B. White, Jr. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Phantom Banks Unit Area comprising 7680 acres, more or less, of federal, state, and fee lands in Township 26 South, Range 31 East, Eddy County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 17, 1972

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1972, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico; also presentation of purchaser's nominations for said pools for the six-month period beginning July 1, 1972;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for June, 1972.

CASE 4712: Application of Texaco Inc. for multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its Lockhart (NCT-1) Well No. 3 located in Unit 0 of Section 18, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to produce oil from the Paddock and Blinbry Oil Pools through a single string of tubing and gas from the Tubb Gas Pool through the casing-tubing annulus.

CASE 4713: Application of Tenneco Oil Company for non-standard proration units, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard proration units in the Lone Pine-Dakota "D" Oil Pool, McKinley County, New Mexico.

1. An 80-acre unit comprising the SE/4 NE/4 and the NE/4 SE/4 of Section 7, Township 17 North, Range 8 West, to be dedicated to Well No. 2;
2. An 80-acre unit comprising the SW/4 NE/4 and NW/4 SE/4 of Section 7, Township 17 North, Range 8 West, to be dedicated to Well No. 3;
3. A 91.66-acre unit comprising Lots 7 and 8 and SW/4 SE/4 of Section 12, Township 17 North, Range 9 West, to be dedicated to Well No. 5.
4. A 91.59-acre unit comprising Lots 1 and 2 and NW/4 NE/4 of Section 13, Township 17 North, Range 9 West, to be dedicated to Well No. 12;
5. A 91.56-acre unit comprising Lots 3 and 4 and SW/4 NE/4 of Section 13, Township 17 North, Range 9 West, to be dedicated to Well No. 14;
6. An 80-acre unit comprising the SW/4 NW/4 and NW/4 SW/4 of Section 17, Township 17 North, Range 8 West, to be dedicated to Well No. 17;

Case No. 4724 continued from page 3

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the South Empire-Morrow Gas Pool. The discovery well is the Midwest Oil Corporation South Empire Deep Unit No. 1 located in Unit F of Section 6, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
SECTION 6: N/2

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the Humble City-Strawn Pool. The discovery well is The Harding Oil Company Shipp No. 1 located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM  
SECTION 11: SW/4

(c) Create a new pool in Chaves County, New Mexico, classified as an oil pool for Abo production and designated as the Many Gates-Abo Pool. The discovery well is the Jack Phillips Isler Federal No. 1 located in Unit A of Section 31, Township 9 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM  
SECTION 31: NE/4

(d) Create a new pool in Roosevelt County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Peterson-Pennsylvanian Gas Pool. The discovery well is the Amoco Production Company Peterson "A" Gas Com No. 1 located in Unit B of Section 19, Township 5 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM  
SECTION 19: All

(e) Abolish Loco Hills-Queen Pool in Eddy County, New Mexico, described as:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM  
SECTION 29: SW/4  
SECTION 31: SE/4 NE/4 and NE/4 SE/4  
SECTION 32: NW/4

- CASE 4719: Application of Gulf Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its G.C. Matthews Well No. 5 located in Unit J of Section 6, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Eunice-Monument and Monument-Paddock Pools through parallel strings of tubing.
- CASE 4720: Application of Rotary Oil & Gas Company for an unorthodox location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit in the Osudo-Devonian Gas Pool comprising the NE/4 of Section 32 and the NW/4 of Section 33, Township 20 South, Range 36 East, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1980 feet from the East line of said Section 32.
- CASE 4721: Application of C. W. Trainer for a non-standard gas unit, Lea County, New Mexico. Applicant in the above-styled cause, seeks approval of a 316.9-acre non-standard gas spacing unit comprising Lots 1 and 2 and E/2 W/2 of Section 31, Township 24 South, Range 37 East, and Lots 2 and 3 of Section 6, Township 25 South, Range 37 East, undesignated Fusselman and Devonian gas pools, Lea County, New Mexico, to be dedicated to his Sherrell Well No. 1 located 660 feet from the South line and 1590 feet from the West line of said Section 31.
- CASE 4722: Application of C. W. Trainer for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian, Fusselman and Ellenburger formations underlying Lots 1 and 2 and E/2 W/2 of Section 31, Township 24 South, Range 37 East, and Lots 2 and 3 of Section 6, Township 25 South, Range 37 East, Custer Field, Lea County, New Mexico, to form a 316.9-acre non-standard spacing unit for the production of gas from said formations, to be dedicated to his Sherrell Well No. 1 located 660 feet from the South line and 1590 feet from the West line of said Section 31.
- CASE 4723: Application of Black River Corporation for pool abolishment, creation of two new gas pools, and a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the abolishment of the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, and the creation of the Washington Ranch-Upper Morrow and Washington Ranch-Lower Morrow Gas Pools for the production of gas from the upper and lower Morrow formations. Applicant further seeks approval of the dual completion (conventional) of its Cities 3 Federal Well No. 1 located in Unit F of Section 3, Township 26 South, Range 24 East, to produce the lower Morrow through tubing and the upper Morrow through the casing-tubing annulus.
- CASE 4724: Southeastern New Mexico nomenclature case calling for an order for the creation, extension, abolishment and contraction of certain pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

Case No. 4724 continued - (1)

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

SECTION 2: All  
SECTION 3: Lots 1, 2, 3, 4, 5, 6, 7,  
8, 9, and 16  
SECTION 4: Lots 1, 3, 4, 5, 6, 8, 11,  
12, 13, 14, and 15  
SECTION 11: E/2 and NW/4  
SECTION 12: All  
SECTION 13: All  
SECTION 14: E/2  
SECTION 24: All  
SECTION 30: NW/4

- (j) Contract the Bagley-Lower Pennsylvanian Gas Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

SECTION 33: SE/4  
SECTION 34: W/2 SW/4

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

SECTION 3: NE/4

- (k) Contract the Bagley-Upper Pennsylvanian Gas Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

SECTION 33: W/2 and SE/4  
SECTION 34: W/2 and SE/4

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

SECTION 3: SE/4  
SECTION 4: N/2  
SECTION 5: N/2 and SW/4  
SECTION 10: NE/4

- (l) Contract the Bagley-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

SECTION 34: W/2 NE/4 and W/2 SW/4

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

SECTION 3: S/2 SW/4  
SECTION 4: S/2  
SECTION 5: S/2

Case No. 4724 continued from page 4

(f) Abolish the Sand Tank-Queen Pool in Eddy County, New Mexico, described as:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
SECTION 7: NE/4 SE/4

(g) Extend the vertical limits of the Loco Hills Grayburg-San Andres Pool in Eddy County, New Mexico, to include the Queen formation and redesignate said pool to Loco Hills Queen Grayburg-San Andres Pool.

(h) Abolish the Terry-Blinebry Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
SECTION 32: SE/4  
SECTION 33: S/2 and NE/4  
SECTION 34: S/2 and NW/4  
SECTION 35: S/2  
SECTION 36: W/2

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
SECTION 1: Lots 4, 5, 9, 10, 11, 12,  
13, 14, 15, 16, and S/2  
SECTION 2: All  
SECTION 3: Lots 1, 2, 3, 4, 5, 6, 7,  
8, 9, and 16  
SECTION 4: Lots 1, 3, 4, 5, 6, 8, 11,  
12, 13, 14, and 15  
SECTION 11: E/2 and NW/4  
SECTION 12: All  
SECTION 13: All  
SECTION 14: E/2  
SECTION 24: All

(i) Extend the Blinebry Oil Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
SECTION 32: SE/4  
SECTION 33: S/2 and NE/4  
SECTION 34: S/2 and NW/4  
SECTION 35: S/2  
SECTION 36: W/2

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
SECTION 25: NE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
SECTION 1: Lots 4, 5, 9, 10, 11, 12,  
13, 14, 15, 16, and S/2

Case No. 4724 continued

(u) Extend the Garrett-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM  
SECTION 28: NE/4

(v) Extend the Jennings-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM  
SECTION 4: NE/4

(w) Extend the Round Tank-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM  
SECTION 24: SE/4

(x) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
SECTION 27: SE/4

(y) Extend the Townsend-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
SECTION 9: W/2 and SE/4  
SECTION 10: S/2  
SECTION 15: E/2

(z) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 21: SE/4  
SECTION 22: SW/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
SECTION 19: NE/4

(aa) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 24 EAST, NMPM  
SECTION 35: W/2

(bb) Extend the Osudo-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM  
SECTION 31: E/2



Case No. 4724 continued

- (m) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM  
SECTION 34: N/2 NE/4 and W/2 SW/4

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM  
SECTION 3: S/2 SW/4

- (n) Extend the Allison-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM  
SECTION 11: SW/4

- (o) Extend the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM  
SECTION 11: All

- (p) Extend the Boyd-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
SECTION 9: All

- (q) Extend the Chambers-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM  
SECTION 35: SW/4

- (r) Extend the Dollarhide-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM  
SECTION 30: SW/4

- (s) Extend the Dollarhide-Ellenburger Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM  
SECTION 31: E/2

- (t) Extend the Double L-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
SECTION 1: NW/4 NE/4  
SECTION 12: E/2 NW/4

Case 4725 continued from page 9

(d) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Paradox production, designated as the Cone-Paradox Oil Pool and described as:

TOWNSHIP 31 NORTH, RANGE 18 WEST, NMFM  
SECTION 22: SE/4

(e) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Mesaverde production, designated as the Crouch Mesa-Mesaverde Pool and described as:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMFM  
SECTION 5: W/2  
SECTION 6: N/2

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMFM  
SECTION 31: SW/4

(f) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Mesaverde production, designated as the Cuervo-Mesaverde Oil Pool and described as:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMFM  
SECTION 28: NE/4

(g) Create a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Mesaverde production, designated as the Devils Fork-Mesaverde Oil Pool and described as:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMFM  
Section 16: SW/4

(h) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Dakota production, designated as the Dufers Point-Dakota Oil Pool and described as:

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMFM  
Section 17: E/2  
Section 19: N/2 & SW/4  
Section 20: N/2

(i) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Dakota production, designated as the Escrito-Dakota Oil Pool and described as:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMFM  
Section 1: W/2  
Section 2: N/2  
Section 12: W/2

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMFM  
Section 35: SW/4

CASE 4725: Northwest New Mexico nomenclature case calling for an order for the creation, extension and contraction of certain pools in San Juan and Rio Arriba Counties, New Mexico.

(a) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Farmington production, designated as the Alamo-Farmington Oil Pool and described as:

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

SECTION 4: S/2

SECTION 9: NE/4

SECTION 10: W/2

SECTION 15: NW/4 & SW/4 NE/4

(b) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production, designated as the Amarillo-Gallup Oil Pool and described as:

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM

SECTION 33: SE/4 SE/4

SECTION 34: SW/4 & SE/4 NW/4

(c) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production, designated as the Blanco-Fruitland Pool and described as:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM

SECTION 2: W/2

SECTION 3: N/2

SECTION 4: NE/4

SECTION 11: NW/4

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM

SECTION 29: S/2

SECTION 30: S/2

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

SECTION 8: N/2 & SE/4

SECTION 9: S/2

SECTION 16: E/2

SECTION 21: E/2

SECTION 25: S/2

SECTION 26: S/2

SECTION 27: S/2

SECTION 28: E/2

SECTION 33: N/2 & SE/4

SECTION 34: All

SECTION 35: W/2

Case No. 4725 continued from page 11

(o) Create a new pool in San Juan and Rio Arriba Counties, New Mexico, classified as a gas pool for Chacra production, designated as the Largo-Chacra Pool and described as:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM  
SECTION 19: S/2

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM  
SECTION 23: S/2  
SECTION 24: S/2  
SECTION 26: W/2  
SECTION 35: NW/4

(p) Create a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Gallup production, designated as the Lindrith-Gallup Pool and described as:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM  
SECTION 20: All  
SECTION 21: All  
SECTION 28: All  
SECTION 29: All

(q) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production, designated as the Meadows-Gallup Oil Pool and described as:

TOWNSHIP 30 NORTH, RANGE 15 WEST, NMPM  
SECTION 33: S/2 & SW/4 NW/4  
SECTION 34: SW/4

(r) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Mesaverde production, designated as the Nenahnezad-Mesaverde Oil Pool and described as:

TOWNSHIP 29 NORTH, RANGE 15 WEST, NMPM  
SECTION 10: SW/4

(s) Create a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Dakota production, designated as the Ojito-Dakota Oil Pool and described as:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
SECTION 17: SW/4  
SECTION 18: SE/4  
SECTION 19: NE/4

(t) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production, designated as the North Pinon-Gallup Pool and described as:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM  
SECTION 28: SW/4

Case 4725 continued from page 10

(j) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Gallup production, designated as the Flora Vista-Gallup Pool and described as:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM  
SECTION 2: SW/4  
SECTION 3: N/2 & SE/4  
SECTION 4: N/2

(k) Create a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Mesaverde production, designated as the Gonzales-Mesa-Mesaverde Pool and described as:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM  
SECTION 5: W/2  
SECTION 6: All  
SECTION 7: NE/4  
SECTION 8: All

(l) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production, designated as the Harris Mesa-Chacra Pool and described as:

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM  
SECTION 26: SW/4  
SECTION 27: S/2  
SECTION 28: S/2  
SECTION 29: E/2

(m) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production, designated as the Huerfano-Pictured Cliffs Pool and described as:

TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM  
SECTION 1: NE/4

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM  
SECTION 19: S/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM  
SECTION 24: SE/4  
SECTION 25: E/2  
SECTION 36: E/2

(n) Create a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production, designated as the Jewett Valley-Gallup Oil Pool and described as:

TOWNSHIP 29 NORTH, RANGE 16 WEST, NMPM  
SECTION 3: W/2 & SE/4

Case No. 4725 continued from page 12

(u) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production, designated as the Pump Mesa-Fruitland Pool and described as:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM  
SECTION 32: SW/4

(v) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production, designated as the Twin Mounds-Pictured Cliffs Pool and described as:

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM  
SECTION 31: SE/4  
SECTION 32: S/2  
SECTION 33: S/2

(w) Create a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Dakota production, designated as the Wild Horse-Dakota Oil Pool and described as:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM  
SECTION 26: NW/4 NW/4  
SECTION 27: N/2 & NW/4 SW/4

(x) Contract the Gavilan-Pictured Cliffs Pool boundary in Rio Arriba County, New Mexico, by the deletion of the following described area:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM  
SECTION 23: SE/4

(y) Create a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Pictured Cliffs production, designated as the Sleeper-Pictured Cliffs Oil Pool and described as:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM  
SECTION 23: S/2  
SECTION 26: NE/4

(z) Extend the Tapacito-Gallup Associated Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM  
SECTION 19: S/2  
SECTION 20: SW/4  
SECTION 29: NW/4

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM  
SECTION 24: S/2

Non-std gas unit 160-Acres

Comp. ~~SW~~ W $\frac{1}{2}$  SW $\frac{1}{4}$  of Sec. 8  
and S $\frac{1}{2}$  - E $\frac{1}{4}$  of Sec. 7

T. 21 S - R 37 E

See

well has been drilled

660 FWL 660 FSL of Sec. 8

gas from S. A.

Undersigned -

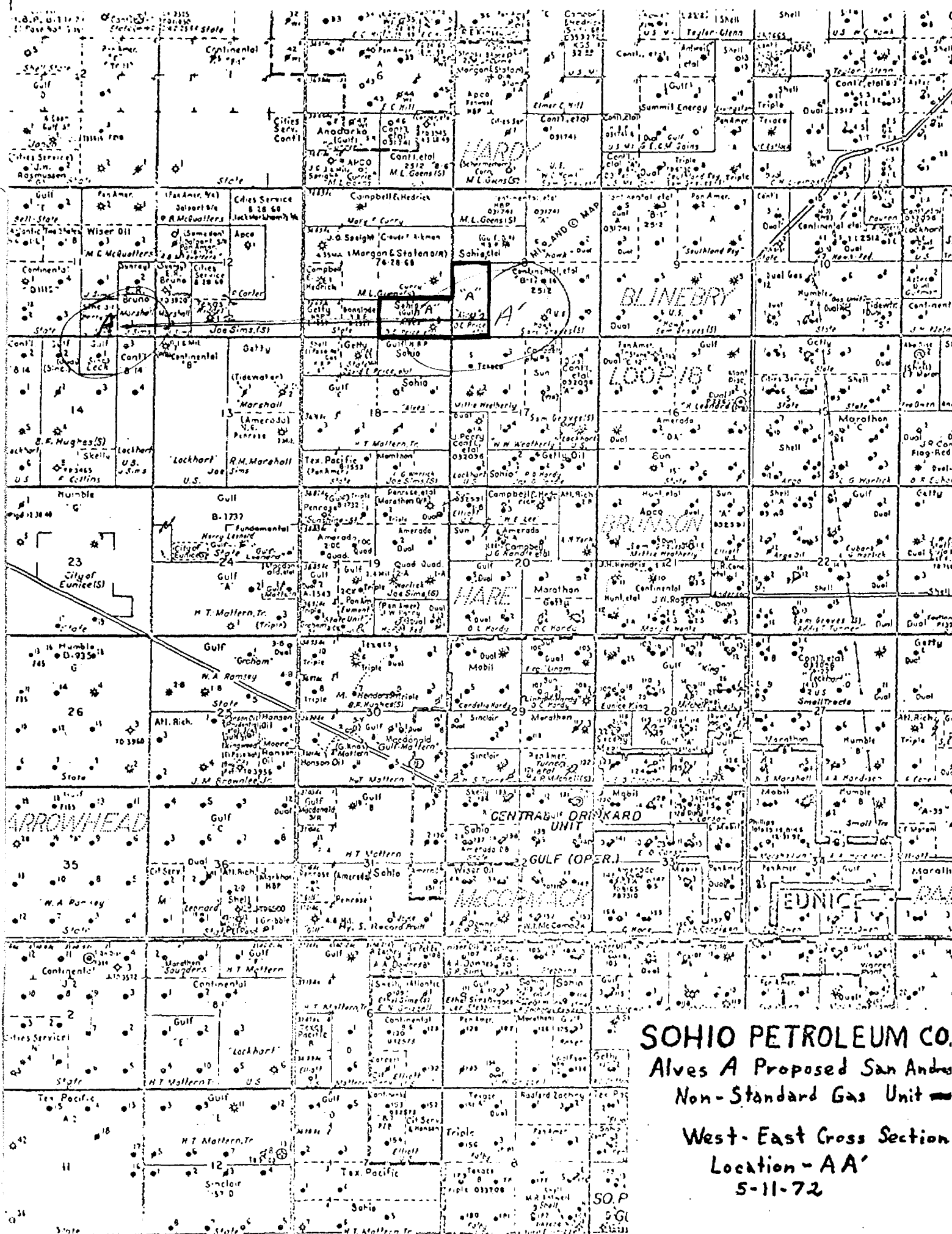
= Sohio Pet. Co. =

Owen Lapey





## Exhibit II



MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE

SANTA FE, NEW MEXICO 87501

J. O. SETH (1883-1963)

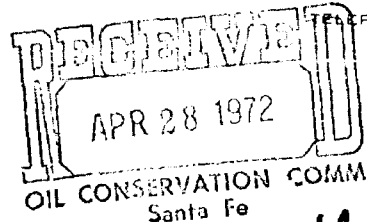
A. K. MONTGOMERY  
WM. R. FEDERICI  
FRANK ANDREWS  
FRED C. HANNAHS  
RICHARD S. MORRIS  
SUMNER G. BUELL  
SETH D. MONTGOMERY  
FRANK ANDREWS III  
OWEN M. LOPEZ  
JEFFREY R. BRANNEN  
JOHN BENNETT POUND

POST OFFICE BOX 2307

AREA CODE 505

TELEPHONE 982-3876

April 27, 1972



Mr. George Hatch  
N.M. Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Application of Sohio Petroleum Company for  
non-standard unit in Lea County, New Mexico

Dear George:

Enclosed is our Amended Application.

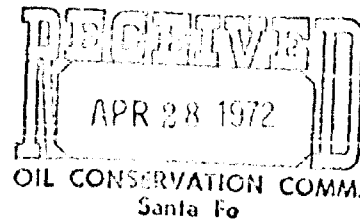
Sincerely yours,

OML:rmb  
5086-72-3

Enclosures (3)

RECEIVED

Date 5-5-72



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

THE APPLICATION OF  
SOHIO PETROLEUM COMPANY  
FOR NON-STANDARD UNIT IN  
LEA COUNTY, NEW MEXICO.

Cause No. 4717

AMENDED APPLICATION

Comes now the applicant, SOHIO PETROLEUM COMPANY, by and through its attorneys, Montgomery, Federici, Andrews, Hannahs & Morris, and respectfully states:

1. The applicant is the working interest owner of the W 1/2 of the SW 1/4 of Section 8, and the S 1/2 of the SE 1/4 of Section 7, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. Applicant's land is located more than a mile from the Eunice-Monument Pool in Lea County, New Mexico and is, therefore, not governed by the rules thereof, but as a gas well in an undesignated gas pool is subject to the requirement of 160-acre unit spacing for Grayburg and Upper San Andres gas production.

3. Applicant has drilled a San Andres well, said well named Alves "A" No. 2, at 660' FSL and 660' FWL of Section 8, Township 21 South, Range 37 East, N.M.P.M., which is perforated from 4,096' - 4,130' in the San Andres formation.

4. Said Alves "A" No. 2 well is a direct offset to applicant's Alves "A" No. 1 well which is located 330' FSL and 660' FEL of Section 7, Township 21 South, Range 37 East, which was drilled initially for Queen gas production and which has dedicated to it a 160-acre non-standard gas unit comprising the same acreage, to-wit, W 1/2 of the SW 1/4 of Section 8, and the

S 1/2 of the SE 1/4 of Section 7, Township 21 South, Range 37 East, N.M.P.M., by previous order of the Commission in Case No. 800 entered November 29, 1954.

5. For the purposes of developing applicant's lease in an orderly fashion, as well as developing the 160-acre Aikman Curry lease to the North and West in addition to the Rodman's Curry lease to the North of the Aikman Curry lease, it is necessary that this application for a non-standard unit comprised of the W 1/2 of the SW 1/4 of Section 8 and the S 1/2 of the SE 1/4 of Section 7, Township 21 South, Range 37 East, N.M.P.M., be granted.

6. The non-standard unit consists of quarter-quarter sections that are contiguous by a common bordering side, that are part of the same basic lease, that carry the same royalty interest and that possess common ownership.

7. Approval of the 160-acre non-standard gas unit as requested will afford the applicant the opportunity to produce its just and equitable share of the gas in the San Andres formation under the land herein described, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant respectfully requests the Commission to:

1. Set this matter for hearing on May 17, 1972 before an examiner duly appointed by the Commission, and that due public notice be given as required by law; and

2. Issue an order approving a non-standard unit comprising the W 1/2 of the SW 1/4 of Section 8, and the S 1/2 of the SE

1/4 of Section 7, Township 21 South, Range 37 East, N.M.P.M.,  
comprising 160 acres as required for a gas well producing from a  
formation younger than Pennsylvanian and drilled in an undes-  
ignated gas pool.

Respectfully submitted,

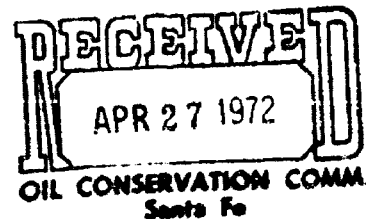
MONTGOMERY, FEDERICI, ANDREWS,  
HANNAH & MORRIS

By 

P.O. Box 2307

Santa Fe, New Mexico 87501

Attorneys for Applicant



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

THE APPLICATION OF  
SOHIO PETROLEUM COMPANY  
FOR NON-STANDARD UNIT IN  
LEA COUNTY, NEW MEXICO.

Cause No. 4717

A P P L I C A T I O N

Comes now the applicant, SOHIO PETROLEUM COMPANY, by and through its attorneys, Montgomery, Federici, Andrews, Hannahs & Morris, and respectfully states:

1. The applicant is the working interest owner of the W 1/2 of the SW 1/4 of Section 8, and the S 1/2 of the SE 1/4 of Section 7, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. Applicant's land is located near the Eunice-Monument Pool in Lea County, New Mexico and is governed by the rules thereof which provide for 160-acre well location units for Grayburg and Upper San Andres gas production.

3. Applicant has drilled a San Andres well, said well named Alves "A" No. 2, at 660' FSL and 660' FWL of Section 8, Township 21 South, Range 37 East, N.M.P.M., which is perforated from 4,096' - 4,130' in the San Andres formation.

4. Said Alves "A" No. 2 well is a direct offset to applicant's Alves "A" No. 1 well which is located 330' FSL and 660' FEL of Section 7, Township 21 South, Range 37 East, which was drilled initially for Queen gas production and which has dedicated to it a 160-acre non-standard gas unit comprising the same acreage, to-wit, W 1/2 of the SW 1/4 of Section 8, and the S 1/2 of the SE 1/4 of Section 7, Township 21 South, Range 37

DOCKET MAILED

Date 5-5-72

East, N.M.P.M., by previous order of the Commission in Case No. 800 entered November 29, 1954.

5. For the purposes of developing applicant's lease in an orderly fashion, as well as developing the 160-acre Aikman Curry lease to the North and West in addition to the Rodman's Curry lease to the North of the Aikman Curry lease, it is necessary that this application for a non-standard unit comprised of the W 1/2 of the SW 1/4 of Section 8 and the S 1/2 of the SE 1/4 of Section 7, Township 21 South, Range 37 East, N.M.P.M., be granted.

6. The non-standard unit consists of quarter-quarter sections that are contiguous by a common bordering side, that are part of the same basic lease, that carry the same royalty interest and that possess common ownership.

7. Approval of the 160-acre non-standard gas unit as requested will afford the applicant the opportunity to produce its just and equitable share of the gas in the San Andres formation under the land herein described, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant respectfully requests the Commission to:

1. Set this matter for hearing on May 17, 1972 before an examiner duly appointed by the Commission, and that due public notice be given as required by law; and

2. Issue an order approving a non-standard unit comprising the W 1/2 of the SW 1/4 of Section 8, and the S 1/2 of the SE

1/4 of Section 7, Township 21 South, Range 37 East, N.M.P.M.,  
which would be an exception to the rules governing the Eunice-  
Monument Pool in Lea County, New Mexico.

Respectfully submitted,

MONTGOMERY, FEDERICI, ANDREWS,  
HANNAHS & MORRIS

By

  
P.O. Box 2307

Santa Fe, New Mexico 87501  
Attorneys for Applicant



DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

APPLICATION OF SOHIO PETROLEUM  
COMPANY FOR A NON-STANDARD GAS  
PRORATION UNIT, LEA COUNTY,  
NEW MEXICO.

CASE No. 4717

Order No. R-4320

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 17, 1972,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this June day of May, 1972, the Commission, a  
quorum being present, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Sohio Petroleum Company, seeks  
approval of a 160 acre non-standard gas spacing unit comprising  
the S/2 SE/4 of Section 7 and the W/2 SW/4 of Section 8, Town-  
ship 21 South, Range 37 East, NMPM, to be dedicated to the  
applicant's Alves "A" Lease. Well No. 2, completed as a discovery  
well in the San Andres formation 660 feet from the South line  
and 660 feet from the West line of said Section 8.

(3) That no attempt has been made to communitize with the offset operator to form a standard gas spacing unit *comprising the SW/4 of said Section 8.*

(4) That said offset operator objects to the proposed non-standard spacing unit.

(5) That the application for a 160 non-standard gas spacing unit should be denied, without prejudice <sup>to the applicant</sup> in order to allow the parties affected, the opportunity to communitize to form a standard 160 acre gas spacing unit comprising the SW/4 of Section 8, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(6) That in order to prevent the hardship and economic loss associated with shutting in the Alves A Well No. 2 while negotiations for communitization are taking place, said well should be permitted to produce. Provided that, one half of the revenues be placed in escrow for distribution to the appropriated working interest and royalty interest owners subsequent to the formation of a 160 acre proration unit.

IT IS THEREFORE ORDERED:

(1) That the application of Sohio Petroleum Company for a 160 acre non-standard gas proration unit comprising the S/2 SE/4 of Section 7 and W/2 SW/4 of Section 8, Township 21 South, Range 37 East, NMPM, to be dedicated to their Alves A Well No. 2, completed in an undesignated San Andres gas pool in unit M of said Section 8 is hereby denied without prejudice.

(2) That said applicant is authorized to produce said Alves A Well No. 2 during that period while a 160 acre spacing unit is being formed.

PROVIDED HOWEVER, that one half of the revenues accruing to said Alves A Well No. 2 shall be placed in escrow for distribution

to the right of either the applicant or any other owner of mineral interests in the SW/4 of the above-described Section 8 to bring a case before the Commission for the compulsory pooling of all mineral interests in the undesignated San Andres gas pool underlying said quarter section.

*This in order to avoid the drilling of unnecessary wells and to protect correlative rights, the application for a 160-acre non-standard gas spacing unit should be denied without prejudice to the right of either the applicant or any other owner of mineral interests in the SW/4 of said Section 8 to bring a case before the Commission for the compulsory pooling of all mineral interests in the undesignated San Andres gas pool underlying said quarter section.*

(5)

-3-  
CASE NO. 4717  
Order No. R-

to the appropriate working interest owners and royalty interest owners subsequent to the formation of a 160 acre gas spacing unit.

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

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

CASE 4718: Application of E. B.  
WHITE, Jr. FOR APPROVAL OF THE  
PHANTOM BANKS UNIT AGREEMENT.