

Case Number

4720

Application

Transcripts

Small Exhibits

ETC.

dearnley, meier & mc cormick

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

October 17, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Rotary Oil & Gas
Company for an unorthodox location
and non-standard proration unit,
Lea County, New Mexico, being
reopened on the motion of Rotary
Oil & Gas Company.

Case No. 4720 (Reopened)

BEFORE: Richard L. Stamets,
Examiner.

TRANSCRIPT OF HEARING

1 MR. STAMETS: We will proceed to Case 4720.

2 MR. HATCH: Case 4720: (Reopened) In the matter
3 of the application of Rotary Oil and Gas Company for an
4 unorthodox location and non-standard proration unit, Lea
5 County, New Mexico, being reopened on the motion of Rotary
6 Oil and Gas Company.

7 MR. MR. HOUSTON: Would you like Mr. Henry re-sworn?

8 MR. STAMETS: We will swear him again.

9 * * * *

10 WILLIAM J. HENRY,

11 was called as a witness, and after being duly sworn, testified
12 as follows:

13 MR. HOUSTON: My name is Glen Houston, and I am
14 representing Rotary Oil and Gas Company in Case 4720. Can
15 the Examiner take judicial notice of Mr. Henry's qualifications.
16 as an expert geologist, as he has testified before this
17 Commission on many occasions prior?

18 MR. STAMETS: Yes.

19 DIRECT EXAMINATION

20 BY MR. HOUSTON:

21 Q Mr. Henry, you testified when this matter was heard
22 originally, did you not?

23 A Yes.

24 Q Now, today there has been an application filed to seek
25 the removal of the ratable take and acreage factor

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1 assigned to the subject well by Order Number R-4318.

2 A That's correct.

3 Q Would you state for us at this time and for the Examiner
4 what is proposed and the reasoning for it?

5 A What is proposed is we seek the removal of the ratable
6 take and the penalty that was imposed because in our
7 opinion, this well with present data will not adversely
8 drain the offset operator. I am about to lose my voice,
9 please excuse me. In the first place, I will refer you
10 to this land plat, with the arrow showing our proposed
11 location and the three existing wells that are in the
12 Osudo-Devonian Gas Pool. We presently have one producer,
13 which is located in the Devonian and in the Southwest
14 quarter of the Northwest quarter of Section 32. It is
15 probably better seen on the geological map.

16 Then offsetting approximately 1,600 feet to the
17 south is the Western Oil Producers Number One Tanza.
18 It has been drilled to the Devonian, and they are
19 presently still trying to complete this well; if the
20 well is completed, it will be very marginal. The other
21 well which would have been completed is shown up to
22 the north in Section 29, which would be in the Northeast
23 of the Southwest quarter of Section 29. This well is
24 shown to be temporarily abandoned, but in essence, it
25 is probably abandoned. They have not done anything

1 with this well for quite some time.

2 Q That would be Exhibit Number One?

3 A Yes, that's Exhibit Number One. At the previous hearing
4 concerning this case, I presented a top of the Morrow
5 map, and also the top of the Saluro-Devonian. These
6 maps have been revised, and the new geological data
7 incorporated that was forwarded on the two wells drilled
8 by Western Oil Producers.

9 Q You are referring to Exhibit Number Two?

10 A Exhibit Number Two is the top of the Morrow map, which
11 has been revised, and this data is still being held by
12 the operator as confidential, and it is not available
13 for public release, although I was able to get the top
14 of the Morrow point on the Number One-J to the north
15 in Section 29. This revised the trend of my structure
16 from my previous interpretation. The Morrow map is
17 just used in conjunction to pick my Devonian structure.

18 Exhibit Number Three is my sub-surface geological
19 map contoured on the top of the Saluro-Devonian and
20 also incorporates the data available from the Number
21 One-J. I have just found out that the Number One Tanza
22 is close to what I had estimated there. I have not
23 seen a log on the Number One Tanza, but it was drilled
24 to the Devonian and has been tested in the Devonian,
25 and has pipe set and has been pumping. The pumping

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1 gauges started out at forty to fifty barrels, and now
2 I understand it is less than thirty barrels. That is
3 data I acquired thirty days ago, and I don't know what
4 the well is doing right now. The Number One-J to the
5 north was drilled to a depth in the Devonian, and the
6 Morrow was tested on the way down, recovering a fairly
7 good gas show. It was drilled on into the Devonian and
8 one test was run recovering some gas, some oil, and
9 some water from the Devonian. This well is temporarily
10 abandoned, and no other work has been done on it in
11 quite some time. I don't know whether it has been
12 plugged and abandoned or not. Structurally, I show it
13 to be slightly lower than the Tanza with the discovery
14 well, the Number One-M, the highest well in the field.

15 Q Now, that was Exhibit Number Three that you were referring
16 to?

17 A Yes, sir. I feel that the proposed location we have
18 shown will not drain the offset operators to any
19 appreciable extent. The Number One-M is a Devonian gas
20 well producing condensate and gas; the Number One
21 Tanza, which is located immediately to the south of
22 the Number One-M, is a Devonian gas well, and is
23 apparently a very marginal oil well. I don't know
24 which is which, but the gas in one of the wells is
25 sour, and the gas in the other well is sweet, and the

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1 gravity of condensate is different, it is quite a bit
2 higher than the gravity of production in the Tanza,
3 which leads me to believe that these two reservoirs
4 are probably separated between these two particular
5 wells.

6 Also drainage from the north, where we have a
7 dry-hole, and which I think shows that this well will
8 not adversely drain the acreage to the north because
9 the dry-hole shows there is no production presently
10 up there. We are on the east side of the structure, and
11 the only production that we will drain to our bore hole
12 will be the downdip-updip, we will not drain production
13 across the top of the structure to our well, and that's
14 why I feel that the penalty should be removed.

15 Also I would like to point out that we only have
16 one producing well in the field, we have two dry-holes,
17 and for this reason, we essentially would be drilling
18 almost an offset wildcat.

19 Q Now, in the original hearing, as I recall, you were
20 not able to say whether or not the proposed location
21 of the Rotary well would drain the possible location
22 in Section 29, is that right?

23 A I believe that's right.

24 Q But the Number One-J being dry and abandoned confirms
25 your opinion now that this well would not drain it?

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1 A That's right.

2 Q Now, is there a barrier between the proposed location
3 and the One-M Well in Section 32, in your opinion?

4 A No, I don't think there is a barrier there.

5 Q Is this the reason why it will not drain?

6 A Yes, it's over to the east side of the structure, and
7 I don't feel we will be draining across the top of the
8 structure downdip.

9 Q So it will be because of the structure?

10 A Yes, the geological position, yes.

11 Q Is there any other data that you desire to bring out
12 at this time?

13 A I believe that's all the data I have.

14 MR. HOUSTON: We would move for the introduction
15 of Applicant's Exhibits One, Two, and Three.

16 MR. STAMETS: Without objection, the exhibits will
17 be admitted into evidence.

18 (Whereupon Applicant's Exhibits One, Two, and
19 Three were admitted in evidence.)

20 Q (By Mr. Houston) Do you have anything further, Mr. Henry?

21 A I would like to bring you up to date on the production
22 history on the Number One-M. The Number One-M was
23 completed, I believe, in the Morrow just prior to May
24 1st. The production figures I have are in May, 1972,
25 the Number One-M produced 169,511,000 cubic feet

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1 of gas. In June, it declined to 119,767,000 cubic
 2 feet of gas, plus some condensate, and I don't have
 3 the condensate figures. Then in July, the same well
 4 produced 80,860,000 cubic feet of gas, plus approximately
 5 22,000 barrels of condensate in that month. I have no
 6 later production figures, the books are not out yet.
 7 So I do know that the One-M was worked over some time
 8 in July, and production has not been what it was
 9 previously. I can't explain this, but I do know that
 10 reservoir pressure or shut-in tubing pressure or flowing
 11 tubing pressure has decreased from 2,500 pounds down
 12 to 900 pounds at the present time.

13 MR. STAMETS: What were those figures?

14 THE WITNESS: From 2,500 pounds initially down to
 15 900 pounds at this time.

16 Q (By Mr. Houston) Is it your conclusion then that in
 17 light of the production history and the drilling of
 18 additional wells that Rotary's proposed location will
 19 not adversely drain any of the adjacent wells?

20 A That is my opinion, yes.

21 MR. HOUSTON: I have nothing further.

22 MR. LOSEE: I am sure you asked for appearances,
 23 and my ears were directed the other way.

24 MR. STAMETS: I failed to ask for appearances, but
 25 I will at this time.

1 MR. LOSEE: A. J. Losee, of Losee and Carson,
2 Artesia, appearing on behalf of Wilson Oil Company. I would
3 like to move that the Examiner take administrative notice
4 of the testimony and exhibits in the original hearing in
5 this case, 4720.

6 MR. STAMETS: The Examiner will do so. Are there
7 any questions of the witness?

8 MR. LOSEE: No, sir.

9 * * * *

10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Henry, what is the method of production of the Number
13 One Well?

14 A It's a flowing gas well.

15 Q Is it water drive or gas expansion?

16 A As far as I can gather, that well is making no water
17 whatsoever.

18 Q What is the more common method of production?

19 A Devonian oil is more water drive.

20 Q Have you any experience with Devonian gas?

21 A No, I haven't, and I can't say too much about Devonian gas.

22 Q If this pool were a water drive pool, you don't feel
23 there would be any migration of gas across the top of
24 the structure from the Number One-M to the proposed well?

25 A Not any appreciable amount, but, like I say, my

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1 geology is not cold because it changes quite a bit,
2 but I feel that we will be just across the flank on
3 the other side at approximately the same height.
4 Q If the pool were a gas expansion pool, wouldn't there
5 be some migration?
6 A There could be some, yes.
7 Q Is the condensate going up while the gas is going down?
8 A It's about the same.
9 Q Mr. Henry, has anything really changed as far as the
10 number of producing wells in the field is concerned
11 from the original hearing?
12 A No, just the one-- except they are trying to complete
13 the Tanza, and they have produced some oil out of it.
14 Q If the penalty factor was imposed after the original
15 hearing based on the producing well and not taking into
16 consideration the wells that were proposed at the time,
17 do you think there should be any change in the penalty
18 factor now?
19 A Would you repeat the question so I am sure I have it
20 clear?
21 Q Considering that the penalty factor was based only on
22 the one producing well located in the field at the time
23 and no consideration given to any well proposed to be
24 drilled or drilling at the time, do you feel that the
25 factors that have taken place since the last hearing

1 would justify a change in the penalty factor?

2 A Well, we presented the first time according to my
3 geology the fact that we didn't feel we would be entitled
4 to a penalty because we didn't feel we were going to
5 adversely drain the offset operators-- excuse me, I feel
6 like the One-M and the Tanza are in separate reservoirs
7 and separated by some means of a barrier, and I have
8 learned that since the hearing. Is that what you are
9 getting at?

10 Q That really wouldn't affect the relationship between
11 the producing well and your proposed location?

12 A That's right. In other words, you are saying if no
13 other well had been drilled since the One-M until this
14 hearing, according to my geology, would I change my
15 mind; is that what you are saying?

16 MR. HOUSTON: As I understand it-- if I may rephrase
17 your question? As I understand your question, it is has the
18 drilling of the two additional wells changed-- if the sole
19 reason for the penalty was the Number One-M Well, has the
20 drilling of the two additional wells brought forth any new
21 information to Mr. Henry which would justify the removal of
22 the penalty.

23 MR. STAMETS: Right.

24 MR. HOUSTON: Has the production in the Number One
25 Tanza and the lack of production in the Number One-J affected

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1 your opinion?

2 THE WITNESS: Yes.

3 MR. HOUSTON: Do you feel that the new information--
4 is it your professional opinion that the new information
5 proves your original geology?

6 THE WITNESS: To some extent, yes.

7 MR. HOUSTON: The question is the new information
8 has not changed your original opinion, has it?

9 THE WITNESS: That's right. I didn't think at first,
10 and I don't think now, that we are deserving of a penalty,
11 and I think the drilling of the new wells have substantiated
12 my original opinion. Does that answer your question, sir?

13 MR. STAMETS: I think it does.

14 Q (By Mr. Stamets) Do you anticipate there will be other
15 wells drilled in this pool?

16 A There could be, because, like I say, this has turned out
17 to be much more complicated than we geologically
18 anticipated previously, and there possibly could be.
19 It could open up to the east, this could open up and
20 close against a fault, or this thing could open up back
21 to the west. Did you follow me? I am talking about--
22 in other words, I show an anticline structure, and I
23 could easily turn this around and show a faulting
24 structure closing against the fault to the west, or just
25 the opposite, dipping to the west and closing against

1 a fault to the east. In other words, our geology is
2 not cold, and what information I have been able to
3 obtain from talking to people is that the geophysics are
4 not holding up very well in here at all because the
5 One-J should be the highest well in the field, and as
6 a matter of fact, it is the lowest well in the field
7 at the present time.

8 Q I am sure the record will reflect this, but do you recall
9 what acreage is dedicated to the Number One Well?

10 A The Number One-M?

11 Q Yes.

12 A The Northwest quarter of Section 32 and the Northeast
13 quarter of Section 31; the Tanza is the 320 acres
14 immediately to the south, and it would be the Southwest
15 quarter of Section 32 and the Southeast quarter of
16 Section 31. The acreage dedicated to the Number One-J
17 to the north is the South half of Section 29. The
18 Number One-M and the Number One Tanza are unorthodox
19 proration units across the section lines.

20 Q Mr. Henry, if your structure map is drawn accurately,
21 and I am not questioning your accuracy, but if it is a
22 true representation by interpretation that the structure
23 is the controlling feature in here, the Number One-M
24 would have more productive acreage than a well at the
25 location you have proposed.

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1 A It probably would as it is mapped here, yes.

2 Q Also, would it be a true statement to say that the

3 Number One-M Well is more centrally located in its

4 dedicated acreage than the well you propose?

5 A Yes, that's right. Our reasoning for moving to the

6 west is because of the water problem that we interpreted

7 in our original interpretation of the structure.

8 MR. STAMETS: Are there any other questions of the

9 witness?

10 (No response)

11 MR. STAMETS: He may be excused.

12 (Witness excused.)

13 MR. STAMETS: Are there any other witnesses in the

14 case?

15 (No response)

16 MR. STAMETS: Any additional testimony?

17 (No response)

18 MR. HOUSTON: There has been a telegram received

19 by the Commission, and we would like to have it inserted into

20 the record.

21 MR. HATCH: It is addressed to the New Mexico Oil

22 Conservation Commission in reference to Case 4720. Aztec Oil

23 and Gas Company supports the application of Rotary Oil and

24 Gas Company in Case 4720 on their application for an amendment

25 to Commission Order Number R-4318. Aztec Oil and Gas Company

1 by Joe E. Stark.

2 MR. STAMETS: Mr. Losee, do you have a statement?

3 MR. LOSEE: No, sir.

4 MR. STAMETS: I would like to have one thing
5 clarified. Western's position has not changed since the
6 original hearing as to the imposition of the penalty, has it?

7 MR. LOSEE: As far as we know, it has not. Actually
8 our appearance is on behalf of Wilson and not Western, so
9 I can't actually state their position, but as far as we know,
10 it hasn't.

11 MR. STAMETS: Wilson's position is there should
12 still be a penalty.

13 MR. LOSEE: Yes, sir.

14 MR. STAMETS: Mr. Houston?

15 MR. HOUSTON: That's all I have.

16 MR. STAMETS: Are there any other appearances in
17 this case?

18 (No response)

19 MR. STAMETS: The case will be taken under
20 advisement. This hearing is adjourned.

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1 STATE OF NEW MEXICO)
2) SS
3 COUNTY OF BERNALILLO)

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

11
12 *Richard E. McCormick*
13 CERTIFIED SHORTHAND REPORTER
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22 I do hereby certify that the foregoing is
23 a true and correct record of the proceedings in
24 the hearing of Case No. 4776
25 held by me on October 17, 1972.
Richard E. McCormick, Examiner
New Mexico Oil Conservation Commission

I N D E X

WITNESSPAGE

WILLIAM J. HENRY

Direct Examination by Mr. Houston

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Cross Examination by Mr. Stamets

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E X H I B I T SAPPLICANT'SADMITTEDOFFERED

Exhibit #1 Land plat

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Exhibit #2 Top of Morrow map

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Exhibit #3 Sub-surface geological map

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
AUGUST 16, 1972

REGULAR HEARING

IN THE MATTER OF:

Application of Rotary Oil & Gas Company
for an unorthodox location and non-
standard gas proration unit, Lea County,
New Mexico.

) Case 4720
) (DE NOVO)
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)

BEFORE: Governor Bruce King, Chairman, State Geologist A. L.
Porter, Jr., Secretary-Director Land Commissioner
Alex Armijo, Member

TRANSCRIPT OF HEARING

1 MR. HATCH: Case 4720: (De Novo) application of
2 Rotary Oil and Gas Company for an unorthodox location in
3 nonstandard gas proration unit, Lea County, New Mexico. The
4 Commission has received a request from the applicant for the
5 De Novo hearing that it be dismissed.

6 MR. PORTER: Are there any objections to dismissal
7 of the Case 4720?

8 MR. HATCH: I don't think we should state it as a
9 dismissal of Case 4720, but as a dismissal of the De Novo
10 hearing of 4720.

11 MR. PORTER: There has been an order issued in
12 Case 4720 and this was appealed, so the De Novo hearing will
13 be dismissed.

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1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

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

10 John De La Rosa
11 COURT REPORTER
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
May 17, 1972

IN THE MATTER OF:

Application of Rotary Oil and
Gas Company for an unorthodox
location and nonstandard gas
proration unit, Lea County,
New Mexico.

CASE NO. 4720

BEFORE: Richard L. Stamets
Examiner

TRANSCRIPT OF HEARING

1 MR. STAMETS: Case Number 4720.

2 MR. HATCH: Application of Rotary Oil and Gas
3 Company for an unorthodox location and nonstandard gas
4 proration unit. Lea County, New Mexico.

5 MR. HOUSTON: Glen L. Houston of Williams,
6 Johnson, Houston and Reagan and Porter appearing on behalf
7 of the Applicant.

8 The Applicant will call one witness, William
9 J. Henry.

10 MR. STAMETS: Will there be other testimony in
11 this Case?

12 MR. KELLAHIN: Jason Kellahin and W. Thomas Kellahin
13 of Kellahin and Fox, Santa Fe, appearing for Western Oil
14 Producers, Owen Featherstone, Franklin and Bearing Service
15 and Supply. We will probably have one witness.

16 MR. STAMETS: We will have all the witnesses
17 sworn now, please.

18 (Whereupon, the witnesses were sworn by Mr. Hatch.)

19 WILLIAM J. HENRY,
20 was called as a witness and, having been already duly sworn,
21 testified as follows:

22 DIRECT EXAMINATION,

23 BY MR. HOUSTON:

24 Q Your name is William J. Henry?

25 A Correct.

1 Q And you reside in Midland, Texas?

2 A That's right.

3 Q What is your profession?

4 A Consulting Independent Geologist.

5 Q And how long have you been so engaged in the field of
6 geology?

7 A For about twenty years.

8 Q Have you testified before the Commission or before an
9 Examiner in this same capacity in the past?

10 A Yes, I have.

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

13 MR. STAMETS: They still are.

14 Q (By Mr. Houston) Mr. Henry, are you familiar with the
15 Application of Rotary Oil and Gas Company, which is the
16 subject matter of this Hearing?

17 A Yes.

18 Q Would you tell us the nature of this Application and
19 what is proposed by Rotary?

20 A Rotary is seeking the approval of a nonstandard gas
21 proration unit in the Osudo-Devonian Gas Pool comprising
22 the northeast quarter of Section 32 and the northwest
23 quarter of Section 33, Township 20 South, Range 36 East,
24 Lea County, New Mexico, to be dedicated to a well to
25 be drilled at an unorthodox location 660 feet from the

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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1 north line and 1,980 feet from the east line of
2 Section 32.

3 Q I hand you what has been marked Applicant's Exhibit
4 Number 1 and ask you to explain what that Exhibit
5 contains.

6 A Exhibit 1 is a land plat prepared of the Osudo-
7 Devonian field area and shows the existing proration
8 units outlined in green and the proposed unit by
9 Rotary outlined in red and colored in yellow.

10 The proposed location in red is in the northwest
11 quarter of Section 33 and the northeast quarter of
12 Section 32.

13 I would like to point your attention to one
14 existing Devonian Well which was drilled by Western
15 which was a reentry of a former well in the southwest
16 quarter of the northwest quarter of Section 32 which
17 is a proration unit, a nonstandard proration unit,
18 comprising the northwest quarter of Section 32 and
19 the southeast quarter of Section 31.

20 Immediately south is a second proration unit
21 which comprises the southwest quarter of Section 32
22 and the southeast quarter of Section 31 along with
23 their existing wells which they are presently drilling
24 and is shown there 660 feet from the west and 1,650
25 feet from the southern line.

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1 Up to the north in Section 29, they have
2 dedicated the south half of Section 29 with a standard
3 proration unit and nonstandard location up in the
4 northeast -- the northwest quarter of the southwest
5 quarter of Section 29.

6 Q Now, you propose by your Application to have this
7 nonstandard unit that is outlined in red and colored
8 in yellow on Exhibit 1?

9 A Yes, sir. We attempted to form a proration unit
10 with Amerada Hess in the southeast quarter of Section
11 32, but Amarada Hess was not interested in doing
12 anything with the acreage at the present time.

13 So, we contacted Aztec and Aztec joined us with
14 the Arco acreage in the northeast quarter of Section 42
15 for a nonstandard proration unit.

16 Q So you do have the consent of Arco in the northeast
17 quarter of Section 32 and Aztec in the northwest quarter
18 of Section 33, to join these two quarter sections to
19 go with your nonstandard unit; is that correct?

20 A That is correct.

21 Q Is there anything else you want to discuss about Exhibit
22 1 at this time?

23 A Not at the present time.

24 Q Referring you to Applicant's Exhibit 2, would you
25 identify it and explain what it is?

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1 A Exhibit 2 is a subsurface structure map contoured
 2 to the top of the Morrow which is above the Morrow
 3 sand and which shows the productivity in the field
 4 area.

5 This map also shows the proration unit that we
 6 seek, in red, along with the existing proration units
 7 in green.

8 All of the production is color coded and consists
 9 of the Wolfcamp, Strawn, Morrow, and Devonian production.
 10 This is strictly a subsurface map.

11 Q Referring to Exhibit 3, would you explain it?

12 A Exhibit 3 is a subsurface map contoured to the top
 13 of the Devonian and on this particular map there are
 14 four control points that all penetrate to the Siluro-
 15 Devonian.

16 Most of the points are estimated from existing
 17 well control and projected down to the top of the
 18 Devonian.

19 This map shows the Western Oil Producer's Number
 20 1-M well at the present time, to be the highest
 21 Devonian producer.

22 By the way, this Devonian gas production is
 23 completed for some 14.5 miles from the Siluro-Devonian
 24 and their second well which they are presently drilling
 25 and it shouldn't be too long before it is completed

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- 1 there, and their proposed unorthodox location up
2 in Section 29, the south half of Section 29, as
3 circled in black on the map.
- 4 Q This unorthodox Application has been approved; has
5 it not?
- 6 A Yes.
- 7 Q And both unorthodox units that you have referred to
8 have been approved?
- 9 A Yes. I believe they were originally approved for the
10 Morrow.
- 11 Q You say there are four control points?
- 12 A In Section 32 by B.A.I.; Wilson in Section 31; and
13 two wells on the extreme right of the map. None of
14 the other wells have penetrated to the Devonian.
- 15 Q Is there anything else about Exhibit 3 that you want
16 to cover before we get to specific questions?
- 17 A No, except that the configurations for the Devonian
18 were mapped primarily from the Morrow which extends in
19 a northeasterly to southwesterly direction.
- 20 Q Are there any pooling problems?
- 21 A No, because we have attempted to join Amerada with us
22 and they have elected to do nothing, at this time. They
23 have their own plans and they are not interested in
24 doing anything.
- 25 Q Are there any penalty problems?

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- 1 A No, I don't think so. We feel our proration unit will
 2 be above the estimated gas-water contact -- or we
 3 don't actually know where it is, but we feel like it
 4 will be productive anyway.
- 5 Q Why is the nonstandard unit needed?
- 6 A Well, the Oil and Gas Commission has designated 320
 7 acre units for standard formation units.
- 8 Q And you cannot secure a joining by Amerada?
- 9 A That's right.
- 10 Q Why is a nonstandard location needed?
- 11 A Because we have very active water drive in the
 12 reservoir and to prevent waste, the well needs to be
 13 drilled at the highest point to protect correlative
 14 rights, and to prevent waste.
- 15 Q Can the 320 acres in the proposed nonstandard unit be
 16 drained at the proposed location?
- 17 A Yes, I believe it can. That is the optimum location.
- 18 Q In your professional opinion?
- 19 A That's right.
- 20 Q Is there any unproductive acreage?
- 21 A There may be. I say that with reservations because I
 22 don't know if B.A.I. in the original well carried a very
 23 good show of oil.
- 24 The whole interval was drilled and there was
 25 recovery of oil and gas and salt water, so chances are

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1 there could be some productive reservoir rock in the
2 well.
3 MR. STAMETS: Which one was that?
4 THE WITNESS: B.A.I. Number 1 in the southwest
5 quarter of the southeast quarter of Section 31, which is
6 circled in brown, and was a Morrow producer.
7 The total depth of the B.A.I. Well was -972, which
8 is some twenty-two feet below my lowest contour there and I
9 really don't know where the water is in the reservoir.
10 As yet, it has not been established where the
11 definite gas-water contact is.
12 Q (By Mr. Houston) Who owns the royalties under the
13 proposed site?
14 A The State of New Mexico.
15 Q In both quarter sections?
16 A Both quarter sections.
17 Q Who owns the working interest?
18 A Atlantic Richfield and Aztec, in both of them.
19 Q And Rotary Oil and Gas Company has a farm out from both
20 of them?
21 A That's right.
22 Q Would you identify those directly adjoining the unit,
23 such as the unit owned by Western Oil Producers in the
24 south half of Section 29, which is owned by Wilson
25 Oil, referring to your Exhibit 3?

- 1 A They are outlined in green, the three existing
2 proration units are outlined in green, two nonstandard
3 and one standard.
- 4 Q Although it is a standard unit, the Wilson Oil Unit
5 in the south half of Section 29 is a nonstandard
6 location; is that right?
- 7 A Right.
- 8 Q And that has been approved by the Commission; is that
9 right?
- 10 A Right.
- 11 Q Do you anticipate that Amerada would make any objection
12 to the southeast quarter of Section 32 not being
13 included in the unit?
- 14 A No, because we attempted to include Amerada and they
15 refused to do so.
- 16 Q Will the proposed location adversely affect the Western
17 and Wilson units?
- 18 A I don't believe so, no.
- 19 Q Does this Application protect correlative rights?
- 20 A Yes, I believe it protects our correlative rights and
21 in turn, the recovery of gas located below our proration
22 units, will be developed.
- 23 Q Were Exhibits 1, 2 and 3 prepared by you or under your
24 supervision?
- 25 A They were.

1 MR. HOUSTON: We move for the admission of
2 Exhibits 1, 2 and 3.

3 MR. STAMETS: Are there any objections?
4 (No response.)

5 MR. STAMETS: They will be so admitted.
6 (Whereupon Applicant's Exhibits 1, 2 and 3 were
7 admitted in evidence.)

8 Q (By Mr. Houston) Do you have anything else to add,
9 at this time, Mr. Henry?

10 A No, sir.

11 MR. HOUSTON: I believe that is all we have
12 on Direct.

13 MR. STAMETS: Any questions of this witness?

14 MR. KELLAHIN: No questions.

15 CROSS-EXAMINATION

16 BY MR. STAMETS:

17 Q If I understand your Exhibit correctly, Mr. Henry,
18 there is one completed well?

19 A That is correct.

20 Q And two drilling wells in the pool?

21 A Yes, the completed well is circled in red.

22 Q And, did I understand you to say that the well in the
23 south half of Section 29 is drilling, at this time?

24 A No, the Number 1 Kansas in Section 32, which is the
25 south offset is the only one drilling. The one I have

1 located in Section 29 has been asked for and approved
2 by Commission Order R-4255.

3 Q Mr. Henry, I understand that Amerada Hess did not wish
4 to voluntarily participate in the standard unit comprising
5 the east half of Section 32, was any consideration given
6 to force pooling the acreage?

7 A No, because we invited them to farm out or join us and
8 they said they had other plans for the acreage and
9 the other acreage and they were not going to do anything
10 whatsoever, at this time.

11 We told them what we planned to do and they said
12 that it was fine with them because they did not wish
13 to participate.

14 Q Mr. Henry, do you feel that this location, being kind of
15 up in the corner of the proration unit, so to speak,
16 will give any unfair advantage to this operator over
17 the other operators in the field?

18 A I don't believe so, with the existence of the other
19 wells in the field.

20 Q This is closer to the unit boundary than the Commission
21 normally allows?

22 A Yes, that's right.

23 Q The normal location would be 660 feet from the side
24 and 1,980 feet from the end boundary. The end boundary
25 is what you are asking for the exception to, so it is

1 1,320 feet closer to the end boundary?

2 A Right.

3 Q Yet you don't feel that would give the Applicant
4 any advantage?

5 A Well, if we moved further down ditch we would be
6 crowding the potential water problem and would probably
7 leave gas unproduced because we do have an active water
8 drive in this, and B.A.I. has recovered quite a bit
9 of water in their tests with their oil and gas show.

10 Q If you wanted to recover all of the gas from one well
11 located in here somewhere, the center of the south line
12 of Section 29, would be the place to drill it; wouldn't
13 it?

14 A Yes, according to my map.

15 Q Yet, would you want somebody to drill there if you
16 represented the operator?

17 A In Section 29, is that what you are speaking about?

18 Q Yes.

19 Q We feel that, in this proration unit, we should get
20 as high on the structure as we can to effectively drain
21 the reservoir because I don't think we will bring the
22 gas down dipped to us.

23 Did I answer your question? I'm not trying to
24 avoid it.

25 Q Well, let me ask you this in a different way. If

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1 another operator came in and asked to drill a well
2 660 feet from the south line -- no, I don't want to
3 ask you that because he could do that.

4 A He could do it because it is a standard location
5 there.

6 Q What is the well currently located in the southeast of
7 the southwest of Section 29?

8 A Atlantic Richfield and Aztec are right below and the
9 shallowest production is 4,050 feet there.

10 Q I take it from your testimony that you feel essentially
11 all the acreage under the proposed tract is productive
12 of oil or gas?

13 A I feel it is, yes, but there is a possibility that in
14 the extreme southeast corner, that there might be a
15 very little bit.

16 MR. STAMETS: Are there any other questions of
17 this witness?

18 (No response.)

19 MR. STAMETS: If not, he may be excused.

20 (Witness excused.)

21 MR. STAMETS: If you have any additional testimony,
22 Mr. Houston?

23 MR. HOUSTON: Not at this time.

24 MR. STAMETS: Mr. Kellahin?

25 MR. KELLAHIN: Yes.

1 MR. STAMETS: We will take a short recess of
2 about fifteen minutes, at this time.

3 (Whereupon, a recess was taken.)

4
5 (Hearing resumes.)

6 MR. STAMETS: The Hearing will come to order,
7 please, Mr. Kellahin.

8 MR. KELLAHIN: If the Examiner please, Western
9 Oil Producers some time ago presented two Cases, referred
10 to as Cases 4655 and 4656, which covered the two nonstandard
11 proration units, and the one unorthodox well location in
12 the Devonian Pool.

13 The Orders were entered in the Cases on February 8,
14 1972. I think it would help clarify the situation on the
15 present Case if we offered the testimony from the Transcripts
16 and the Exhibits from the two previous Cases.

17 MR. STAMETS: You wish us to take Administrative
18 Notice of the Exhibits in those Cases?

19 MR. KELLAHIN: Yes, and the Transcripts.

20 RAYMOND LAMB,
21 was called as a witness and, having been already duly sworn,
22 testified as follows:

23 DIRECT EXAMINATION

24 BY MR. KELLAHIN:

25 Q Would you state your name?

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1 A Raymond Lamb.

2 Q What business are you engaged in, Mr. Lamb?

3 A The Geological Engineering business.

4 Q In connection with your work as a Geological Engineer,
5 have you done any work for Western Oil Producers, Inc.,
6 in the Osudo-Devonian Gas Pool?

7 A Yes.

8 Q Did you testify in the previous two Cases to which
9 I just referred?

10 A Yes.

11 MR. KELLAHIN: Are the witness' qualifications
12 acceptable?

13 MR. STAMETS: They are.

14 Q (By Mr. Kellahin) Mr. Lamb, have you made a study
15 of the Osudo-Siluro-Devonian Gas Pool?

16 A Yes, I have continued with the operation of that
17 property.

18 Q And there is one producing well there, at the present
19 time?

20 A Correct.

21 Q Are you supervising the operations of that well?

22 A Yes, the geological operations of the discovery well
23 and I am supervising the operations of the Kansas State
24 1, which is now drilling.

25 For the record, the drilling depth is 12,342 feet.

1 Q The original discovery well went on production some
2 time ago?

3 A Yes, approximately thirty days ago after getting
4 connection with El Paso Natural Gas Company pipeline.

5 Q Have you enough accumulative production history to
6 give us any substantial information on the well?

7 A One hundred seventy-five cubic feet of gas and 15,000
8 barrels of condensate. In the operation of the well
9 at the original rate, we had about 6.8 million and
10 as we adjusted the varying rates, the way we are set
11 now, it is 5.52 million with 23,020 pounds of pressure
12 and we produce about 168 barrels of condensate a day,
13 on the average.

14 Q There is no new geological data since last February?

15 A The only point we have on the Morrow is the point which
16 falls on the map that was anticipated in the original
17 plans when filed.

18 Q Are you presently drilling your Tangent Number 1?

19 A That's right.

20 Q Do you expect to complete it shortly?

21 A We are hoping to drill into the pay zone the latter
22 part of this week, at about 12,500 feet.

23 Q On the basis of the information you presently have
24 about this reservoir, what do you feel is the producing
25 mechanism, the main drive of the pool?

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1 A Normally, a Devonian is bottom hole water drive, in
2 some cases where it is not affected by faulting there
3 is some activity of flank water, but in this particular
4 case with the meager information we have now, I think
5 it is safe to say that the mechanism is probably bottom
6 hole water with some internal gas effect.

7 Q You heard Mr. Henry testify to the effect that to
8 drill any standard location you would get watered out
9 sooner than not.

10 A From the bottom hole water from his Exhibit I wouldn't
11 think you would expect a whole lot of flank water.

12 Q Would you turn to Western's Exhibit Number 1 and
13 identify that Exhibit, please?

14 A It is similar to the one Mr. Henry presented, however,
15 on it is the general outline, in my opinion, of the
16 Morrow structure which exists in the area and it is
17 based on full knowledge and first hand experience of
18 drilling nearly all of the wells in the area.

19 Q And this shows the two nonstandard units which were
20 approved for Western and the proposed nonstandard
21 unit?

22 A Yes, these were nonstandard units derived from the
23 B.A.I. Case in 1964, which stopped the nonstandard
24 units.

25 In that the State-M was in the Morrow and a

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1 nonstandard unit we continued with it in the
 2 Devonian and were forced to follow the same situation
 3 with the Kansas State Number 1 as a nonstandard unit.

4 We are sorry about Mr. Henry and his problem and
 5 we understand his situation.

6 Q So you are not seriously opposing the nonstandard unit?

7 A No, we would like to see a standard unit, but we have
 8 dealt with Amerado recently and I think his situation
 9 is about standard with them.

10 Q Turning to what has been marked as Exhibit 2, would you
 11 identify that Exhibit?

12 A It is a larger scale of the same map. You will note that
 13 we have one change on the top of the Morrow shale
 14 identified as -7,439, in the Kansas Number 1 as compared
 15 to -7,415 in the Stadium.

16 Immediately above that, it relates to the well
 17 originally called the Gulf North Wilson United Number 4,
 18 but is now referred to as M-1.

19 Q What has occasioned the difference in your contour
 20 markings on this?

21 A Do you mean the difference in scale?

22 Q Yes, sir, 7,415 as opposed to 7,439?

23 A Seven thousand four hundred fifteen is the datum on the
 24 State M and the Kansas loses structure to the tune of
 25 twenty-four feet down dip on the top of the Morrow shale

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1 shale zone.

2 Q Now, turn to what has been marked as Western's Exhibit 3,
3 and would you identify that, please?

4 A Exhibit Number 3 is pretty much in the same category
5 as Mr. Henry's in view of the fact we have some few
6 control points which are B.A.I. Number 1 and Western
7 State M-1.

8 The basis of this map is purely the extrapolation
9 of the thickness of the Morrow for estimating the top
10 of the Devonian.

11 This is my interpretation of what the Devonian
12 will look like when drilled.

13 Q You are not in serious disagreement with Mr. Henry on
14 his interpretation, he carried his out a little further
15 is all; is that right?

16 A Yes, he has a rounder structure to the northeast and
17 it opens up on that side which, as yet, I don't feel
18 that it does that.

19 Q Turning to Exhibit Number 4, would you identify that
20 Exhibit?

21 A Exhibit 4 is based --

22 Q Why don't you discuss 4 and 5, as you go along?

23 A We will put them together here. If you take the
24 interpretation we have of the bottom hole water drive
25 effect in the area and some gas expansion as the

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1 mechanism of the field your drainage area, if you
2 were in a homogeneous section, would give you pretty
3 much of a circle area.

4 So taking this assumption with the circular areas
5 you can see about where the drainage area would come
6 and even if you take flank water from the east, which
7 is dubious in my mind because of the faulting in the
8 area, you are still going to have a large area of
9 Western's acreage in contest with Western wells, for
10 for their gas.

11 In this particular case, it looks to me that it
12 will be approximately fifty-fifty. In other words,
13 Rotary's acreage would be fifty percent of the possible
14 drainage area which they will be contesting for gas in.

15 I do not mean to indicate that they will get all
16 the gas within the orange circle because we are going
17 to be after it too, but you can see the area in which
18 we cannot contest them for their gas or our gas.

19 Exhibit Number 5 has taken the same situation and
20 put it in their location, at their legal location, and
21 will give by far a superior drainage pattern to all of
22 the people developing acreage in the area.

23 Q You have based your drainage pattern on the circular
24 area, do you feel that is a correct interpretation?

25 A Well, you have to combine this with the fact that you

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1 know in your own mind that the reservoir is not
2 completely homogeneous, but for the knowledge that
3 you have, which is for a six and one-quarter inch
4 hole inside a half a section of land, that is about
5 all you can do.
6 Q That is the best interpretation you can make from
7 available information?
8 A That's right.
9 Q The Commission has spaced the pool by the State-wide
10 rule of 320 acres, would you care to comment on this?
11 A This is a State-wide rule and no one has asked for
12 an exception to it at this particular point -- we have
13 on the second well, but that doesn't give you too much
14 information.
15 Q Assuming it continues based on 320 acres, does the
16 well location proposed by Rotary fit into that pattern?
17 A It does not fit into that pattern and is a serious
18 detriment to the correlative rights of the operators
19 in Section 29 and the northwest of Section 32.
20 Q If, moved back to the 1,980 feet location, would that
21 meet the 320 acre spacing?
22 A Yes. It is the best spacing that we have. It does not
23 cure the problem of correlative rights, but it is the
24 best answer that we have.
25 Q Now, suppose for example, Mr. Lamb, the Commission sees

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1 fit to approve this location, do you feel that the
2 well should be awarded a full allowable?

3 A Under no circumstances. As in the case of prorated
4 pools where you are on a location of this kind, in
5 numerous cases the Commission does restrict the
6 production rate on that well and in similar instances,
7 the rate has been approximately fifty percent.

8 Q This is not a prorated pool, though?

9 A No.

10 Q Under those circumstances, how would you propose to
11 penalize the well?

12 A The only thing that crosses my mind is that our present
13 production rate is somewhere in the vicinity of 5 million
14 cubic feet a day. This seems to be a realistic figure
15 from the pressure data we are receiving, and we do
16 not feel we should produce in excess of that, and we
17 feel that Rotary should not produce more than half that
18 much.

19 Q How would that relate to your production then?

20 A Our production is approximately 150 million a month
21 and theirs should be somewhere in the vicinity of 70
22 to 75 million.

23 Q You feel that would compensate Western for the advantage
24 that would be awarded to Rotary, if that location is
25 approved; is that right?

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1 A Based on the policy of the Commission, I think this
2 would be consistent.

3 Q Is all the acreage State land?

4 A Yes, and the more acreage we produce from the land,
5 the greater benefit to the State, as a whole, as well
6 as to the operators.

7 Q Do you have any further comment on Exhibits 4 and 5?

8 A No.

9 Q Turning to the Exhibit offered by Mr. Henry, on the
10 basis of this map, and I believe I understood Mr. Henry
11 to say he had based his map on structural and geophysical
12 interpretation; did you hear that testimony?

13 A Yes, sir.

14 Q Had you based your information of the reservoir on
15 geophysical data, would you have drilled the well you
16 drilled?

17 A No, I could not have supported the drilling of this
18 particular location with the geophysical data that was
19 available at the time.

20 As a matter of fact -- well, you just really
21 couldn't have supported it with geophysical information,
22 but fortunately the Western people felt there was
23 enough indication from the structure of the subsurface
24 that they so elected to drill -- or deepen the State M
25 Number 1.

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1 Q Now, on the basis of the information offered by
2 Mr. Henry, where would you drill in Section 29?
3 A Based on his information, our logical location that
4 we would drill in Section 29, would be 660 feet from
5 the south and 1,980 from the east.
6 Q And offset from the proposed location by 1,320 feet,
7 which would be the legal location, as far as the Oil
8 Conservation Commission is concerned?
9 A Based on this structure, our original determination for
10 the unorthodox location was found solely for the purpose
11 of having an approved location in the event our
12 structure data supported our original interpretation.
13 Right now we are looking at the location as
14 identified on Exhibit 5, and we hope we will not be bound
15 to it.
16 Q Which would be the standard well location?
17 A That's right.
18 Q Do you have anything else to add?
19 A No more.
20 Q Were Exhibits 1 through 5 prepared by you or under your
21 supervision?
22 A They were.
23 MR. KELLAHIN: I would like to offer Western's
24 Exhibits 1 through 5 inclusive.
25 MR. STAMETS: Are there any objections to the

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1 admission of these Exhibits?

2 (No response.)

3 MR. STAMETS: So admitted.

4 (Whereupon, Western's Exhibits 1 through 5,
5 inclusive, were admitted in evidence.)

6 MR. STAMETS: Are there any questions of this
7 witness?

8 CROSS-EXAMINATION

9 BY MR. PORTER:

10 Q How many Devonian wells have been completed so far?

11 A One.

12 Q Who is the gas purchaser?

13 A El Paso Natural Gas is the purchaser for that pool and
14 they were delayed in installing a line because of the
15 right-of-way.

16 MR. PORTER: That's all I have.

17 THE WITNESS: Mr. Porter, there are other
18 purchasers in the area, but this is the purchaser tied to
19 the well. Phillips is in the area; Warren is in the area.

20 MR. PORTER: So, if there are other Devonian wells
21 completed, there are potential purchasers rather than just
22 El Paso?

23 THE WITNESS: I would say there would be no
24 problem with National, Interstate, and Intrastate. I would
25 say there would be no problem.

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CROSS-EXAMINATION

BY MR. HOUSTON:

Q I gather that you said that if you took Mr. Henry's data, based on his Exhibit Number 3, to be gospel, then you would move to the standard location in the south half of Section 29?

A If I were going to drill on the basis of the lower Devonian map, I would locate the well 660 feet from the south line and 1,980 from the east line of Section 29.

Q But, based on your Exhibit Number 5 and your continued study of this area, you don't agree with Mr. Henry's data?

A That's right -- well, he and I, at this point -- he has a different interpretation with two control points in the Devonian and we differ in interpretation.

Q Your Exhibit Number 3 is still your present evaluation?

A I have had no other information to change it because it was prepared and submitted to the Commission after the completion of the M-1 State.

There has been no new information and when that well was drilled I indicated that we had a Morrow point which falls within the ball park on the Morrow map.

Q Would Rotary's proposed location, nonstandard location, be detrimental to your proposed -- your presently proposed location in Section 29, to the extent that your

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1 circle indicates?

2 A We would probably go to 1,980 feet from the south and
3 west.

4 Q In other words, you wouldn't abide by your present
5 intention?

6 A From the unorthodox location that we applied for on the
7 basis of my interpretation, this would give us the best
8 drainage pattern on any location, in the north half of
9 Section 19, if it held up.

10 While we were here with these two nonstandard units,
11 we applied for that one with full knowledge and
12 understanding that if there was structure change, we
13 reserved the right to change the standard location from
14 that unit.

15 Q Have there been any change in structure since the
16 approval of the nonstandard locations?

17 A No, we have no other geological data.

18 Q So it would be your present indication to abide by
19 your nonstandard locations, based on the information
20 available?

21 A Probably.

22 Q Referring back to my question, the nonstandard location
23 proposed by Rotary and contoured on your Exhibit Number 2,
24 what interference would Rotary's proposed nonstandard
25 location make on your proposed nonstandard location in

1 the south half of Section 29 based on your contours?

2 A Well, I think in this particular case, since we are
3 dealing with some lower Devonian, that we should be
4 referring to Exhibit 3, because Exhibit Number 2 is a
5 Morrow map.

6 Q I'm sorry?

7 A And it is not the top.

8 Q Exhibit Number 3, I'm sorry.

9 A If there are no changes in the structural situation and,
10 from the knowledge of the area that we have, we will
11 probably go to the unorthodox location we called for
12 as being the most advantageous.

13 It's the same thing you are working on down here
14 and we want to produce gas from our well, that is our
15 gas and it will not interfere no more than necessary
16 with the correlative rights of the other people.

17 Neither do we want to leave any gas in the ground
18 that otherwise will not be produced.

19 Q Exhibits 4 and 5 are based on your --

20 A They are based on standard units.

21 Q Not on the one you presently intend to drill?

22 A But you have to look at this point. If Mr. Henry's
23 interpretation is right, we not only would move the
24 location to this standard location, we probably would
25 come down to this one and abandon the unorthodox

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1 location. We hope to be flexible and the only way
2 you can find out if Mr. Henry's position is correct,
3 is if the Commission approves.

4 We hope Mr. Henry will drill a well next.

5 Q Then you would know when to move your location
6 accordingly?

7 A Yes.

8 Q My question though, maybe I don't know how to phrase
9 it, you have contoured Exhibit 3 the way you think
10 this lies?

11 A Yes.

12 Q But you have drawn circles on Exhibits 4 and 5, what
13 effect would Rotary's proposed nonstandard location
14 have on your Exhibit 3's contours if you drill your
15 nonstandard location, as presently intended?

16 A I'm sorry, I don't get your question.

17 Q All right, referring to your Exhibit Number 3, if you
18 drill your nonstandard location in the south half of
19 Section 29, how are you going to protect Union in
20 Section 30 and Aztec in the north half of Section 29?

21 A Well, the north half of Section 29 is Union and the
22 purpose we located the well where we did was so that it
23 would be located on what we think to be a structure
24 closure and will be on the east line and in very few
25 cases that I know of, can you drain gas over the crest

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1 of the structure for production.

2 Now, as far as Pan Am is concerned, it is approximately
3 the same situation as related to them. We are on a
4 standard location due east so we are not directly
5 affecting anybody's correlative rights, as a matter of
6 fact, I think that would be borne out by the point that
7 neither Union nor Pan Am objected.

8 Q To your proposal?

9 A That's right, they had no objections.

10 Q So they would be drained only as they would be drained
11 in relatively standard location?

12 A That's right. May I say this, you must recognize that
13 Exhibits 4 and 5 are what I have seen, and because of
14 the knowledge we have of the area, we have used these to
15 give an example of what would happen if their well was
16 moved from one location to another, from a nonstandard
17 spacing to a standard spacing.

18 Q Your objection then at this time of the nonstandard
19 location -- you have no objection to the nonstandard
20 unit based on your experience.

21 A I had hoped that, after our two Cases, we could get a
22 standard unit, but having had recent negotiations with
23 Amerada, I understand your situation and we are interested
24 in development just like the State is, but we do
25 feel that our correlative rights are being violated by

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1 this particular location in the corner of Section 32.
2 This is what we strenuously object to.
3 Q But that objection is based on the data that you had
4 available when you made your application for nonstandard
5 locations in the south half of Section 29, you have no
6 new data?
7 A It is based again on the production data.
8 Q For the past thirty days?
9 A That's right, that's all we have.
10 Q I think you said that Mr. Henry said that a standard
11 location would water out; is that right?
12 A No.
13 Q I made a note of that, that you said that on Mr. Kellahin's
14 Direct Examination.
15 A On your location?
16 Q Yes.
17 A No, I don't think you're running into that problem, I
18 think you are dealing with bottom hole water now. If
19 you have flank water, which I seriously doubt, you
20 might have flank water encroachment which would be a
21 little problem to you, but I don't think that is the
22 case.
23 I can see no active water drive up the flank from
24 the east because of the fault. I mean, it is just not
25 practical to consider that that would be the case.

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1 Q Are you still of the opinion that you were of
2 at the earlier Hearing that the gas-water contact is
3 probably slightly above 12,725 feet on the well?

4 A Based on the information, and I would refer you to
5 Mr. Henry's interpretation, because the B.A.I. well was
6 drilled, in my opinion, a little deeper in the Devonian
7 than they should have, before they tested, the oil-
8 water contact.

9 In interpreting, you take your best judgment and
10 that is my best judgment.

11 MR. HOUSTON: No other questions.

12 CROSS-EXAMINATION

13 BY MR. STAMETS:

14 Q You mentioned in Exhibits 4 and 5, that you were
15 recommending a fifty percent penalty factor if the
16 well is drilled?

17 A Yes.

18 Q Do you think there would be any substantial difference
19 in the penalty factor if, for instance, the east half
20 of the Section was being dedicated to the well and the
21 choice was between the standard location 1,980 feet from
22 the north and 1,980 feet from the west and the location
23 proposed?

24 A Well, I feel that if that were the unit, then that would
25 be a standard location. If the east half of Section 32

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1 were the standard unit, the location you proposed would
2 be the standard location.

3 Q If they were to drill in the east half, but still
4 desired the location they have proposed, do you feel the
5 fifty percent factor would still be the same one you
6 would recommend?

7 A May I have that again, sir?

8 Q Let's assume they are dedicating the east half of
9 Section 32 to the well, but they still wish to drill at
10 660 from the north and 1,980 from the east line.

11 A Yes, we would oppose it.

12 Q Would you still recommend the fifty percent penalty
13 factor?

14 A Yes.

15 Q Assuming now that Applicant's Exhibit Number 3 is a
16 correct interpretation, would you say that even with
17 the penalty factor, the Applicant would be allowed to
18 produce gas which he would not normally be able to
19 receive at the standard location?

20 A Now you are saying he would produce gas from the
21 proposed location that would not otherwise be produced
22 if he drilled on the standard location?

23 Q That's right.

24 A If we are correct in the bottom hole water movement
25 and the expansion of gas, I think the amount of gas

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1 he would produce from that location would be comparable
2 to that at the unorthodox location he proposes.

3 Q What was the very end of that again?

4 A Well, that amount of gas he would produce from the
5 standard unit, the standard location, on this nonstandard
6 unit, is the amount of gas he would produce based on
7 the assumption we have bottom hole water, he would
8 produce a comparable amount of gas from that location
9 as he would from the location he proposes to drill.

10 In other words, we have to assume bottom hole
11 water action and internal gas drive. Now, if you are
12 dealing with an east flank encroachment, then you have
13 another problem that wouldn't hold true.

14 Have I completely confused you?

15 Q Not completely. You are saying it doesn't make any
16 difference where he drills the well, he is going to get
17 the same amount of gas?

18 A Based on the map, he would get the same amount of gas,
19 but it would be his gas, not our gas. If the bottom
20 hole water and internal gas drive holds true, which
21 is normally what it is.

22 Q And he took those things and pondered them in his heart.
23 I have no further questions.

24 Are there any further questions of this witness?

25 (No response.)

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1 MR. STAMETS: Is there any additional testimony
2 in this case?

3 MR. HOUSTON: Yes.

4 WILLIAM J. HENRY,
5 was recalled as a witness and having been already been duly
6 sworn, testified as follows:

7 REDIRECT EXAMINATION

8 BY MR. HOUSTON:

9 Q Mr. Henry, the Examiner has taken Administrative Notice
10 of two prior cases, in which Mr. Lamb testified and
11 which resulted in the approval of two nonstandard units
12 and a nonstandard location in the south half of Section
13 29, have you read the Transcripts of the Proceedings and
14 examined the Exhibits in those prior cases?

15 A Yes, I have.

16 Q Have you heard Mr. Lamb's testimony today that he has
17 production data for one month and no other geological
18 data other than what he had available at the time of
19 the initial hearings?

20 A Yes.

21 Q Would you comment on his testimony referring to his
22 testimony that he has given and referring to his
23 Exhibits and the lists of Exhibits previously submitted
24 for the benefit of the Examiner?

25 A Well, in F-1, the Texaco Well in the west half of

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1 Section 31, has a marked bearing on the structure --
2 of the structure running northeast to southwest.

3 Q You are looking at your map?

4 A My map is similar to his map.

5 Q You are looking at your Exhibit Number 3?

6 A Texaco's well in Section 31 -- the west half of
7 Section 31, as a control point is what I am referring
8 to and this structure is my basis for my structural
9 findings.

10 Also referring to F-12, there is a control point
11 up in Section 19 that I think, Raymond, I will point
12 out that 7,610 and 7,510 runs throughout so that would
13 show the Morrow structure to the northeast, rather than
14 to the north.

15 Q The well you are referring to is located in the northwest
16 of Section 29?

17 A Yes, and it is -7,610.

18 Q -7,610?

19 A Do you see what I am talking about?

20 MR. STAMETS: If you could point that out, I
21 would appreciate it.

22 THE WITNESS: You see the contour runs there about
23 100 feet between the two. In other words, 7,400 would come
24 across here (indicating); do you follow me?

25 MR. STAMETS: Yes.

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1 THE WITNESS: That is my basis for the structure
2 moving from the northeast and southwest.

3 Q (By Mr. Houston) You are using, then, the well located
4 in Section 19?

5 A The Western State Morrow Producers shown in the southwest.

6 Q Did you use that well in Section 19 to go with the
7 Texaco Well in the west half of Section 31 to establish
8 your structural configuration?

9 A Yes.

10 Q Go ahead.

11 A If we drilled at the standard location which would be
12 660 feet from the side line and 1,980 from the end line,
13 according to Mr. Lamb's interpretation, we would be
14 very close to the gas-water contact that we would water
15 out almost immediately.

16 But, referring to my interpretation which I feel
17 like, although we are not on the crest of the structure
18 as mapped by me, I am referring to my map number 3, we
19 would just be producing gas in that structure and we
20 would not be drawing very much gas out of Section 29
21 according to my interpretation.

22 Q This is from all of the data that you have available?

23 A That's right.

24 Q The way you have it.

25 A The way I have it mapped.

1 Q Are you still of the opinion then that the proposed
2 nonstandard location would not adversely affect the
3 correlative rights, but would properly develop the
4 gas pay and maximize the royalty payments?

5 A That is correct.

6 Q You have heard Mr. Lamb's analysis of the penalty that
7 he proposes; do you have any comments to make on that?

8 A I don't think we are subject to a penalty, that is my
9 personal opinion.

10 Q Would that be your professional opinion also?

11 A That is correct.

12 MR. HOUSTON: That's all.

13 MR. STAMETS: Is there anything further?

14 MR. KELLAHIN: I would like to ask a couple of
15 questions in regard to the Redirect.

16 CROSS-EXAMINATION

17 BY MR. KELLAHIN:

18 Q Are you saying that if your unorthodox well location
19 is approved, you will not drain any great amount of
20 gas from Section 29?

21 A It would be impossible to say that any one well is not
22 going to drain gas down dip from any section in the
23 circles around these wells, but if you move to the
24 standard location, I think we will leave gas up on the
25 crest of the structure that is due us that will eventually

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1 be produced by Western Oil Producers. In other words,
2 we are not going to pull gas from the crest of the
3 structure down dip.
4 Q If you drill at the proposed location, you will drain
5 gas from the east half of Section 32; will you not?
6 MR. LAMB: The west half.
7 Q The west half, I'm sorry.
8 A Very little, because there will be two producing wells
9 there that will be sucking it pretty fast.
10 Q But you will draw more gas from the west half of
11 Section 32 than you would from the orthodox location?
12 A Not from the west half, no, I don't believe we will
13 drain more gas from the west.
14 Q Do you mean that 1,320 feet doesn't make any difference?
15 A It makes a difference, sure, but if we move down dip
16 that gas above us, say, at the 8,875 contour will be
17 produced by Western Oil Producers. They will be up dip
18 from us and we will be down dip from them on our own
19 acreage.
20 Q But Western Oil Producers is 1,980 from their own line;
21 are they not? -- Or more than 1,900 feet?
22 A Yes, that's right.
23 Q But you still say they are going to drain your acreage;
24 is that your testimony?
25 A If no well is drilled there, they will drain acreage

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1 from there because you have excellent porosity and
2 permeability.
3 Q Do you have less good porosity and permeability on
4 your own unit?
5 A I do not know.
6 Q So all things being equal, a well being located at the
7 orthodox location would have the same drainage pattern
8 as the Western Well in Section 32?
9 A No, because, if you move to the orthodox location, we
10 wouldn't be able to drain gas down dip from the crest
11 of the structure which is to the northwest.
12 Q Just suppose, for a moment, that the Exhibit interpretation
13 offered by Mr. Lamb is true, you say your well at the
14 orthodox location would be watered out?
15 A According to his testimony, that would be true.
16 Q It was also your testimony that you feared the well
17 would be watered out; was it not?
18 A No, I didn't say that.
19 Q You didn't say that?
20 A I referred to Mr. Lamb's interpretation.
21 Q I am talking about your interpretation, do you feel
22 the well at the orthodox location would be watered out
23 too soon?
24 A No, it wouldn't be watered out too soon, it would not
25 recover the gas, however.

1 Q Why wouldn't it recover the gas if it was not watered
2 out?

3 A It wouldn't produce the gas. Am I confusing you?

4 Q You are not confusing me, either I misunderstood your
5 testimony, or you have changed it, one or the other,
6 I don't know which.

7 A I am not trying to confuse you.

8 Q I understood you to testify that a well at the orthodox
9 location would water out and that's why you wanted to
10 move it closer to the crest.

11 A I will go back to my map and it does not show that.

12 Q In your direct examination did you say anything about
13 the well watering out?

14 A If I did, it was not intentional.

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

16 MR. STAMETS: Anything further of this witness?

17 (No response.)

18 MR. STAMETS: If not, the witness may be excused.

19 (Witness excused.)

20 MR. STAMETS: Anything further?

21 MR. LAMB: I would like to comment. I am aware
22 of Texaco's problem and it is indicated on the information
23 that I have that it is in a faulted area.

24 Therefore, I did not put the weight on the well
25 that Mr. Henry did.

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1 MR. STAMETS: Any other testimony?

2 (No response.)

3 MR. HOUSTON: Have all the Exhibits been admitted?

4 MR. STAMETS: I believe they have been.

5 Any communication?

6 MR. HATCH: There have been telegrams received
7 by the Commission. One is from the Aztec Oil and Gas
8 Company and one is from Atlantic Richfield, both supporting
9 the Application. Do you wish to see those?

10 MR. KELLAHIN: Yes.

11 (Whereupon, Mr. Kellahin read the telegrams from
12 Aztec Oil and Gas Company and Atlantic Richfield.)

13 MR. KELLAHIN: I believe both are interested in
14 the acreage involved in the Application.

15 MR. STAMETS: Do you wish to make a closing
16 statement, Mr. Kellahin:

17 MR. KELLAHIN: I believe not.

18 MR. STAMETS: Mr. Houston?

19 MR. HOUSTON: No.

20 MR. STAMETS: We will take the Case under
21 advisement.

22
23
24
25

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1 STATE OF NEW MEXICO)
 2) ss
 3 COUNTY OF BERNALILLO)

4 I, RICHARD E. MCCORMICK, a Certified Shorthand Reporter,
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 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 *Richard E. McCormick*

12 CERTIFIED SHORTHAND REPORTER

13
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 21
 22 I do hereby certify that the foregoing is
 23 a complete and true transcript of
 24 the hearing before the New Mexico Oil Conservation Commission
 25 held by me on *May 17* 19*72*.
Richard E. McCormick Reporter
 New Mexico Oil Conservation Commission

I N D E XWITNESS:PAGEWILLIAM J. HENRY

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Cross-Examination by Mr. Stamets 12

RAYMOND LAMB

Direct Examination by Mr. Kellahin 16

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Direct Examination by Mr. Stamets 34

WILLIAM J. HENRY (Recalled)

Redirect Examination by Mr. Houston 37

Cross-Examination by Mr. Kellahin 40

E X H I B I T SAPPLICANT'S (Rotary)OFFEREDADMITTED

Exhibit Number 1 5 12

Exhibit Number 2 6 12

Exhibit Number 3 7 12

WESTERN'S

Exhibit Number 1 19 27

Exhibit Number 2 20 27

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092 *PHONE 243-6691 *ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST *ALBUQUERQUE, NEW MEXICO 87106

(Exhibits continued)

(Western's)

OFFERED

ADMITTED

Exhibit Number 3

21

27

Exhibit Number 4

21

27

Exhibit Number 5

21

27



OIL CONSERVATION COMMISSION

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

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 30, 1972

Mr. Glen L. Houston
Williams, Johnson, Houston,
Reagan & Porter
Attorneys at Law
Post Office Box 1948
Hobbs, New Mexico 88240

Re: Case No. 4720
Order No. R-4318-B
Applicant:
Rotary Oil & Gas Co.

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. A. J. Losee

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. 4720
Order No. R-4318-B

IN THE MATTER OF CASE NO. 4720 BEING
REOPENED FOR RECONSIDERATION OF THE
RATABLE-TAKE FACTOR AND ACREAGE
FACTOR IMPOSED BY ORDER NO. R-4318.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 27th day of October, 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 by Commission Order No. R-4318, dated May 31, 1972, the applicant, Rotary Oil & Gas Company, was authorized to drill a gas well at an unorthodox gas well location in the Osudo-Devonian Gas Pool, 660 feet from the North line and 1980 feet from the East line of Section 32, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, and was granted 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, NMPM, Lea County, New Mexico.

(3) That to offset any advantage to be gained over other producers in the pool as a result of the well being drilled at a non-standard gas well location in the NE/4 of Section 32, the subject well was assigned a ratable-take factor of 81% and an acreage factor for proration purposes of .81.

(4) That the applicant now seeks the removal of said factors.

-2-

Case No. 4720
Order No. R-4318-B

(5) That developments in the Osudo-Devonian Gas Pool since May 31, 1972, indicate that the approval of the application for removal of the 81% ratable-take factor and .81 acreage factor will not cause waste nor violate the correlative rights of other operators in the pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Rotary Oil & Gas Company, is hereby authorized to drill a gas well at an unorthodox gas well location in the Osudo-Devonian Gas Pool, 660 feet from the North line and 1980 feet from the East line of Section 32, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, and is hereby authorized 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, NMPM, Lea County, New Mexico.

(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. Armijo
ALEX J. ARMIDO, Member

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

S E A L

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:

CASE NO. 4720
Order No. R-4318

APPLICATION OF ROTARY OIL & GAS
COMPANY FOR AN UNORTHODOX LOCATION
AND 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 31st 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, Rotary Oil & Gas Company, seeks
authority to drill a gas well at an unorthodox gas well location
in the Osudo-Devonian Gas Pool, 660 feet from the North line
and 1980 feet from the East line of Section 32, Township 20
South, Range 36 East, NMPM, Lea County, New Mexico, and 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, NMPM,
Lea County, New Mexico.

(3) That a standard location for the subject well would
require the well to be located not closer than 660 feet to the
nearest side boundary of the dedicated tract nor closer than
1980 feet to the nearest end boundary nor closer than 330 feet
to any quarter-quarter section or subdivision inner boundary.

(4) That the evidence indicates that the entire NE/4 of
said Section 32 and NW/4 of said Section 33 is productive of gas
from the Osudo-Devonian Gas Pool.

(5) That the entire NE/4 of said Section 32 and NW/4 of
said Section 33 can be efficiently and economically drained
and developed by the subject well.

-2-

CASE NO. 4720
Order No. R-4318

(6) That there is evidence that a well at the proposed unorthodox location would penetrate a thicker pay section and encounter it structurally higher than a well at an orthodox location.

(7) That due to the unorthodox location of the above-described well, the correlative rights of other producers in the pool will be impaired if unrestricted production by the subject well is permitted.

(8) That to offset the advantage to be gained over other producers in the pool, the subject well to be drilled at an unorthodox location in the NE/4 of Section 32 should be assigned a ratable take factor of 81 percent in the Osudo-Devonian Gas Pool.

(9) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Osudo-Devonian Gas Pool, will prevent the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights, provided the above-described acreage factor is assigned to the subject well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Rotary Oil & Gas Company, is hereby authorized to drill a gas well at an unorthodox gas well location in the Osudo-Devonian Gas Pool, 660 feet from the North line and 1980 feet from the East line of Section 32, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, and hereby approves 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, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, that the subject well is assigned a ratable-take factor of 81%;

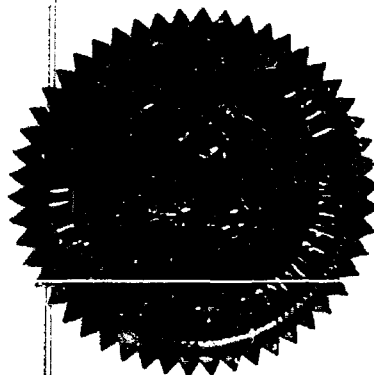
PROVIDED FURTHER, that in the event the subject pool be prorated, the subject well shall be assigned an acreage factor for proration purposes of .81;

PROVIDED FURTHER, that nothing herein contained shall be construed to prohibit the applicant from drilling a well 1980 feet from the end line and 660 feet from the side line of the above-described non-standard proration unit without penalty.

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

-3-
CASE NO. 4720
Order No. R-4318

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

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

S E A L

dr/



Telegram

1972 OCT 17 AM 9 10

NU DGA010 PDC DG DALLAS TEX 16 444P CDT

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE NMEX

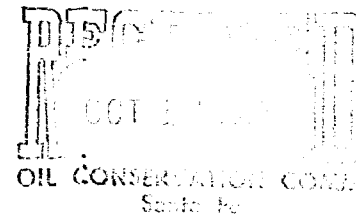
RE CASE NO 4720 DOCKET NO 23-72 AZTEC OIL AND GAS COMPANY

A PARTY IN INTEREST SUPPORTS THE APPLICATION OF ROTARY

OIL AND GAS COMPANY IN CASE NO 4720 FOR AN AMENDMENT TO

THE COMMISSIONS ORDER NO R-4318

AZTEC OIL AND GAS CO JOE E STARKS.



Case 4843 continued from Page 1

of wells as gas wells at a gas-liquid ratio of 30,000 or more. Oil wells in said area would be governed by the statewide rules.

CASE 4844: Application of Western Oil Producers, Inc. for a non-standard gas spacing unit and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard spacing unit in the Osudo-Morrow Gas Pool comprising the W/2 SE/4 of Section 6, and the NE/4 of Section 7, Township 21 South, Range 35 East, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 330 feet from the South line and 1980 feet from the East line of said Section 6.

CASE 4845: Application of Western Oil Producers, Inc. for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Osudo-Morrow Gas Pool underlying Lots 11, 12, 13 and 14 and the SW/4 of Section 5, Township 21 South, Range 35 East, Lea County, New Mexico, to form a non-standard spacing unit to be dedicated to a well to be drilled 3300 feet from the South line and 660 feet from the West line of said Section 5.

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4846: Application of Universal Resources Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the N/2 of Section 16, Township 32 North, Range 12 West, Blanco Mesaverde Pool, San Juan County, New Mexico, to be dedicated to a well to be located at a standard location. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for the supervision of said well.

CASE 4847: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the S/2 of Section 28, Township 21 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, said acreage to be dedicated to applicant's Cawley "A" Well No. 1 to be drilled to the Morrow formation at a location 1980 feet from the South and West lines of said Section 28.

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of

DOCKET: EXAMINER HEARING - TUESDAY - OCTOBER 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. Stanets, Examiner, or Elvis A. Utz, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1972, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico for November, 1972.

CASE 4747: (Continued from the September 13, 1972, Examiner Hearing)

Application of Union Texas Petroleum, A Division of Allied Chemical Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the base of the Devonian formation underlying the N/2 of Section 33, Township 25 South, Range 37 East, Crosby Field, Lea County, New Mexico. Said acreage to be dedicated to its well to be located 1650 feet from the North line and 2310 feet from the East line of said Section 33. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4842: Application of Dalport Oil Corporation for amendment of pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules governing the Double L-Queen Associated Pool, Chaves County, New Mexico, to change the size of a standard gas well proration unit from 160 acres to 320 acres with the provision that said 320-acre units not be permitted to produce more gas than is presently permitted under 160-acre spacing.

CASE 4843: Application of Dalport Oil Corporation for designation of a special gas area and special rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Southeast Chaves Queen Gas Area comprising all of Townships 12 and 13 South, Ranges 30 and 31 East, Township 14 South, Ranges 29, 30 and 31 East, and Township 15 South, Ranges 29 and 30 East.

Applicant further seeks the promulgation of special rules for said area including a provision for 320-acre spacing for gas wells, location of gas wells in conformance with the Southeast New Mexico 320-acre gas well location rules, and classification

Case 4848 continued from page 3

- (d) Contract the Arrowhead-Grayburg Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 19: All

Section 20: W/2

- (e) Contract the Eumont Gas Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 20: W/2 NW/4 and NW/4 SW/4

- (f) Extend the vertical limits of the Langlie Mattix Pool in Lea County, New Mexico, to include the Grayburg formation. Also, extend said Langlie Mattix Pool to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 20: W/2 NW/4 and NW/4 SW/4

- (g) 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: NW/4

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

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 34: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 25: SW/4

- (j) Extend the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM

Section 8: E/2

- (k) Extend the Fowler-Upper Paddock Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 15: NW/4

Section 22: S/2 and NW/4

Case 4847 continued from Page 2

actual operating costs, and the establishment of charges for supervision of said well.

CASE 4720: (Reopened)

In the matter of the application of Rotary Oil & Gas Company for an unorthodox location and non-standard proration unit, Lea County, New Mexico, being reopened on the motion of Rotary Oil & Gas Company. Applicant, in the above-styled cause, seeks amendment of Order No. R-4318 which order established a non-standard 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. Applicant seeks removal of the ratable take and acreage factor assigned to the subject well by said Order No. R-4318.

CASE 4848: Southeastern New Mexico nomenclature case calling for an order for the creation, contraction and extension of certain pools in Lea County, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as a gas pool for San Andres production and designated as the Hare-San Andres Gas Pool. The discovery well is Shell Oil Company, Turner No. 16 located in Unit M of Section 22, Township 21 South, Range 37 East, NMPM. Said pool described as:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Hightower-Wolfcamp Pool. The discovery well is Blackrock Oil Company, State CY No. 1 located in Unit M of Section 30, Township 12 South, Range 34 East, NMPM. Said pool described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 30: SW/4

(c) Create a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the West Sombrero-Atoka Gas Pool. The discovery well is Thunderbird Oil Corporation, Bell "15" State No. 1 located in Unit L of Section 15, Township 16 South, Range 33 East, NMPM. Said pool described as:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 15: W/2

(l) Extend the North Lynch Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 19: NE/4

(m) Extend the Querecho Plains-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 27: S/2

(n) Extend the North Skaggs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 8: N/2 NW/4

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

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 16: W/2

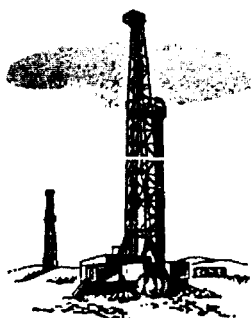
(p) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 1: SE/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 29: NW/4

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

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
Section 7: NW/4



Rotary OIL & GAS COMPANY

1200 Vaughn Building
Midland, Texas 79701

RECEIVED
SEP - 2 1972
540 PARKWAY
TRENTON, N.J. 08618
OIL CONSERVATION COMMISSION
Santa Fe
VAUGHN BUILDING
MIDLAND, TEX. 79701
P. O. BOX 454
HOBBS, N.M. 88240

AW

September 28, 1972

Re: Case No. 4720, Order No. R-4318
Osudo Devonian Area
Lea County, New Mexico

Mr. George Hatch
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Hatch:

Glen Houston has instructed us to write to you setting out the various reasons supporting our application to amend the captioned order. This order was made on May 31, 1972, as the records will reflect, and subsequent to that date, there have been several developments in this gas field that will support our position. These are as follows:

- (1) The northwest offset well (Western Oil Producers State 1-J well in SW/4 Sec. 29) is reportedly a dry hole.
- (2) The west offset well (Western Oil Producers State 1-M well in NW/4 Sec. 32) has declined in production from 169,511 mmcf in May; 119,767 mmcf in June; and 80,860 mmcf in July.
- (3) The southwest offset well (Western Oil Producers Tanza State well in SW/4 Sec. 32) is a limited producer.

We believe these recent developments warrant the change in the referenced order. If additional information is desired please advise. It is our understanding that this hearing will probably be scheduled for October 17, 1972.

Yours very truly,
ROTARY OIL & GAS COMPANY
By:

Richard L. Westlake
Richard L. Westlake

RLW:dj
cc: Glen Houston, Attorney
P. O. Box 1948
Hobbs, New Mexico 88240

DOCKET MAILED

Sign of



Quality

Date 10-5-72



OIL CONSERVATION COMMISSION

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

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMijo
MEMBER**

**STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**

August 29, 1972

Mr. James T. Jennings
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: Case No. 4720
Order No. R-4318-A
Applicant:
Rotary Oil & Gas Company

DOCKET MAILED

Dear Sir:

Date - _____

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

Very truly yours,

A. L. Porter

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC _____ x
Artesia OCC _____
Aztec OCC _____

Other _____



OIL CONSERVATION COMMISSION

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

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMijo
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

May 31, 1972

Mr. Glen L. Houston
Williams, Johnson, Houston, Reagan & Porter
Attorneys at Law
Post Office Box 1948
Hobbs, New Mexico 88240

Re: Case No. 4720
Order No. R-4318

Applicant:

Rotary Oil & Gas 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 4720 (De Novo)
Order No. R-4318-A

APPLICATION OF ROTARY OIL & GAS
COMPANY FOR AN UNORTHODOX LOCATION
AND NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on August 16, 1972, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of August, 1972, the Commission, a quorum being present, having considered the record, 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 applicants for the hearing de novo, Western Oil Producers, Inc., Franklin Aston & Fair, Inc., Featherstone Development Corporation, Olen F. Featherstone II Trust, Charles W. Hicks, Robert Gallaway, Bearing Service & Supply, Wilson Oil Company, and Wyoming Oil Company, have requested that the application for a hearing de novo in Case 4720 be dismissed.

(3) That the applicants' request to dismiss the application for hearing de novo should be granted.

IT IS THEREFORE ORDERED:

(1) That the application of Western Oil Producers, Inc., Franklin, Aston & Fair, Inc., Featherstone Development Corporation, Olen F. Featherstone II Trust, Charles W. Hicks, Robert Gallaway, Bearing Service & Supply, Wilson Oil Company, and Wyoming Oil Company, for a hearing de novo in Case 4720 is hereby dismissed.

-2-

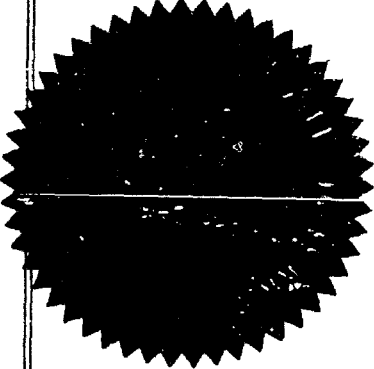
CASE NO. 4720 (De Novo)
Order No. R-4318-A

(2) That Order No. R-4318, issued by the Commission on May 31, 1972, is hereby fully approved, ratified, and confirmed.

(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.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWell, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

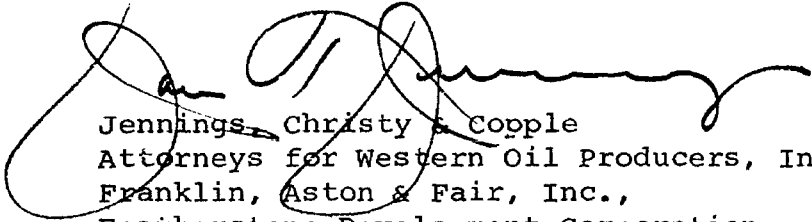
August 4, 1972

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: George Hatch

RE: CASE NO. 4720, ORDER NO. R-4318
APPLICATION FOR DE NOVO HEARING

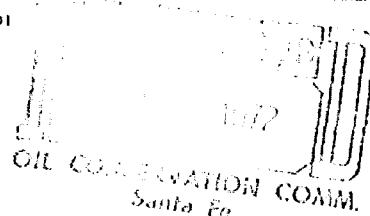
We have heretofore filed an Application for De Novo Hearing in connection with Order No. R-4318, and on behalf of the applicants we hereby request that the Application be dismissed, the hearing vacated and the Order be allowed as originally entered.



Jennings, Christy & Copple
Attorneys for Western Oil Producers, Inc.,
Franklin, Aston & Fair, Inc.,
Featherstone Development Corporation,
Olen F. Featherstone II Trust,
Charles W. Hicks
Robert Gallaway
Bearing Service & Supply
Wilson Oil Company
Wyoming Oil Co.

JTJ/mb

cc: Glen L. Houston, Esq.
Franklin, Aston & Fair, Inc.
Featherstone Development Corporation
Western Oil Producers, Inc.



(Case 4795 continued from Page 1)

Applicants further seek the creation of two new pools for the production of gas from the Strawn and Morrow formations with the horizontal limits of each pool to comprise the following:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 24: All
Section 25: All
Section 35: All
Section 36: W/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 2: All
Section 11: All

CASE 4796: (Continued from the August 9, 1972, Examiner Hearing)

Application of Michael P. Grace II and Corinne Grace for capacity allowable, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an exception to the General Rules and Regulations governing the prorated gas pools of Southeast New Mexico, promulgated by Order No. R-1670, as amended, to produce their City of Carlsbad "COM" Well No. 1, located in Unit O of Section 25, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, at full capacity.

DOCKET: REGULAR HEARING - WEDNESDAY - AUGUST 16, 1972

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

- ALLOWABLE: (1) Consideration of the oil allowable for September and October, 1972;
- (2) Consideration of the allowable production of gas for September, 1972, from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for September, 1972.

CASE 4720: (DE NOVO)

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 560 feet from the North line and 1980 feet from the East line of said Section 32.

Upon application of Western Oil Producers, Inc., Franklin, Aston & Fair, Inc., Featherstone Development Corporation, Olen F. Featherstone II Trust, Charles W. Hicks, Robert Gallaway, Bearing Service & Supply, Wilson Oil Company, and Wyoming Oil Company, this case will be heard DE NOVO under the provisions of Rule 1220.

The Commission on its own motion will also consider whether or not the Osudo-Devonian Gas Pool should be reclassified as an associated pool with special rules and regulations providing for oil well and gas well spacing.

CASE 4795: (Continued from the August 9, 1972, Examiner Hearing)

Application of Michael P. Grace II and Corinne Grace for pool contraction and creation of two new gas pools, Eddy County, New Mexico. Applicants, in the above-styled cause, seek the contraction of the horizontal limits of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico by the deletion therefrom of the following:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 25: S/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 2: All
Section 11: All

~~Richard L. Westlake~~

Rotary Oil & Gas Company
for ~~concessions~~ non-standard gas processing
unit -

comprising NE/4
~~NE/4~~ of 32 & NW/4 of 33

660 FNL 1980 FEL of Sec. 32 - T20S-36E

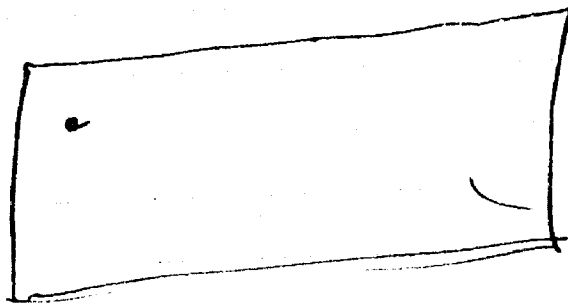
Deer Creek -

Richard L. Westlake

1200 Vaughan Bldg. Midland, Tex.
79701

Set for May 17, 1972

Glen Houston -
Hobbs -





Telegram

1972 MAY 16 AM 11 47

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DLR LAND OFFICE BLDG SANTA FE NEW MEXICO ==

IN RE CASE #4720 AZTEC OIL AND GAS CO CONCURS WITH THE
APPLICATION ON ROTARY OIL AND GAS CO FOR AN UNORTHODOX
LOCATION AND NON STANDARD GAS PRORATION UNIT IN THE
OSUDC-DEVONIAN GAS POOL COMPRISED OF THE NE QUARTER
SECTION 32 AND HE NW QUARTER SECTION 33 TOWNSHIP 20
SOUTH RANGE 36 EAST LEE COUNTY NMEX =
AZTEC OIL AND GAS CO KENNETH A SWANSON

WU 1201 (R 5-69)

MAY 1 1972
OIL CONSERVATION COMM.
Santa Fe



Telegram

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(1141A EDT) =

(AT 136CC405062)PD=WU DEMO MAY 15 1972
ZCZC 01 PD MIDLAND TEX 15 1011A CDT =
NEW MEX OIL CON COMM =
SANTA FE NMEX =

ATTN A L PORTER RE: CASE 4720 NMOCC DOCKET MAY 17 1972
==ATLANTIC RICHFIELD CO SUPPORTS THE APPLN OF ROTARY
FOR NSP UNIT COMPRISING THE NE/4 OF SEC 32 AND THE
NW/4 OF SEC 33 T-20S R-36E. WE ARE THE OWNER OF AN
OVERRIDING ROYALTY INTEREST IN THE NE/4 OF SECTION
32 =

W P TOMLINSON ATLANTIC RICHFIELD CO =

WU 1201 (R 5-69)

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 Napacito-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

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 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: 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 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, NMPM
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, NMPM
SECTION 5: W/2
SECTION 6: N/2

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
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, NMPM
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, NMPM
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, NMPM
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 8 WEST, NMPM
Section 1: W/2
Section 2: N/2
Section 12: W/2

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

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 26 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 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 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 - (1)

TOWNSHIP 21 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, NM1M

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: N/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: N/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 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 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

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 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.

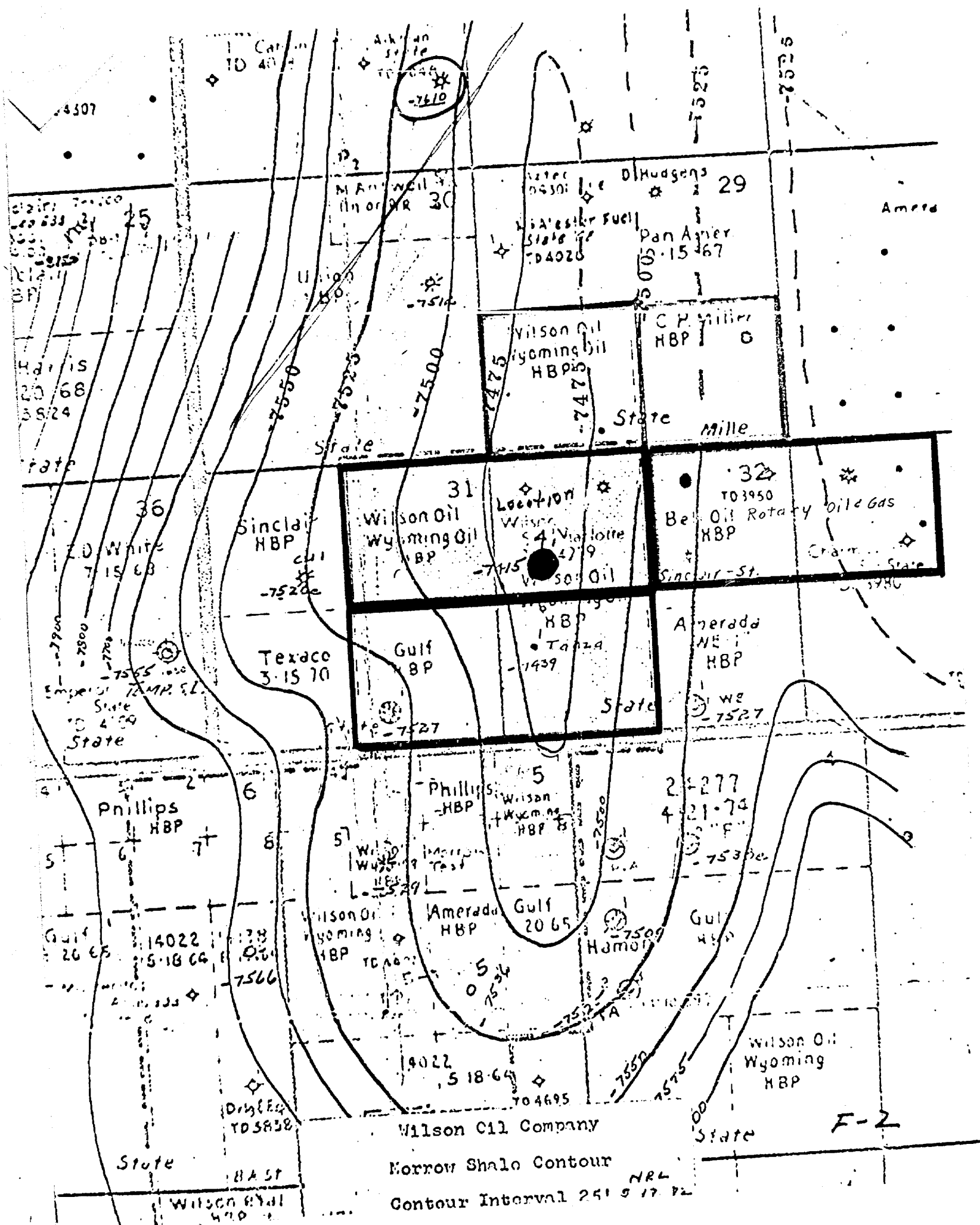
CASE 4714: Application of Thunderbird Oil Corporation for an unorthodox well location and amendment of Order No. R-1145. Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 2635 feet from the North line and 1315 feet from 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.

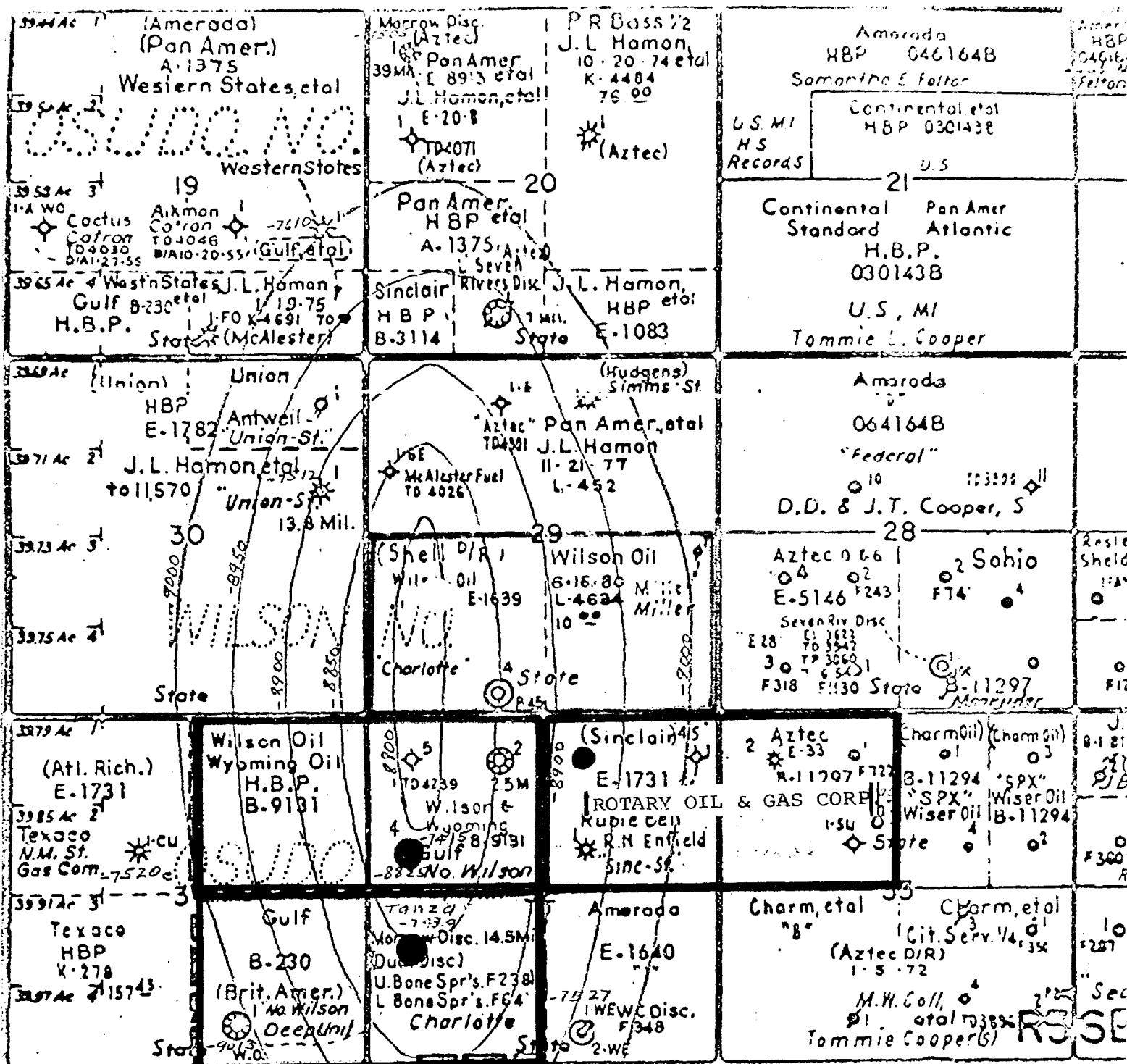
CASE 4715: Application of Glen D. Aaron and James C. Whitten for an unorthodox well location, Eddy County, New Mexico. Applicants, in the above-styled cause, seek approval for an unorthodox gas well location for their well to be drilled 990 feet from the South line and 1650 feet from the West line of 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.





DEVONIAN CONTOUR MAP
(Contour Interval 50')

(Based on Morrow control extrapolated to Devonian with two control points)

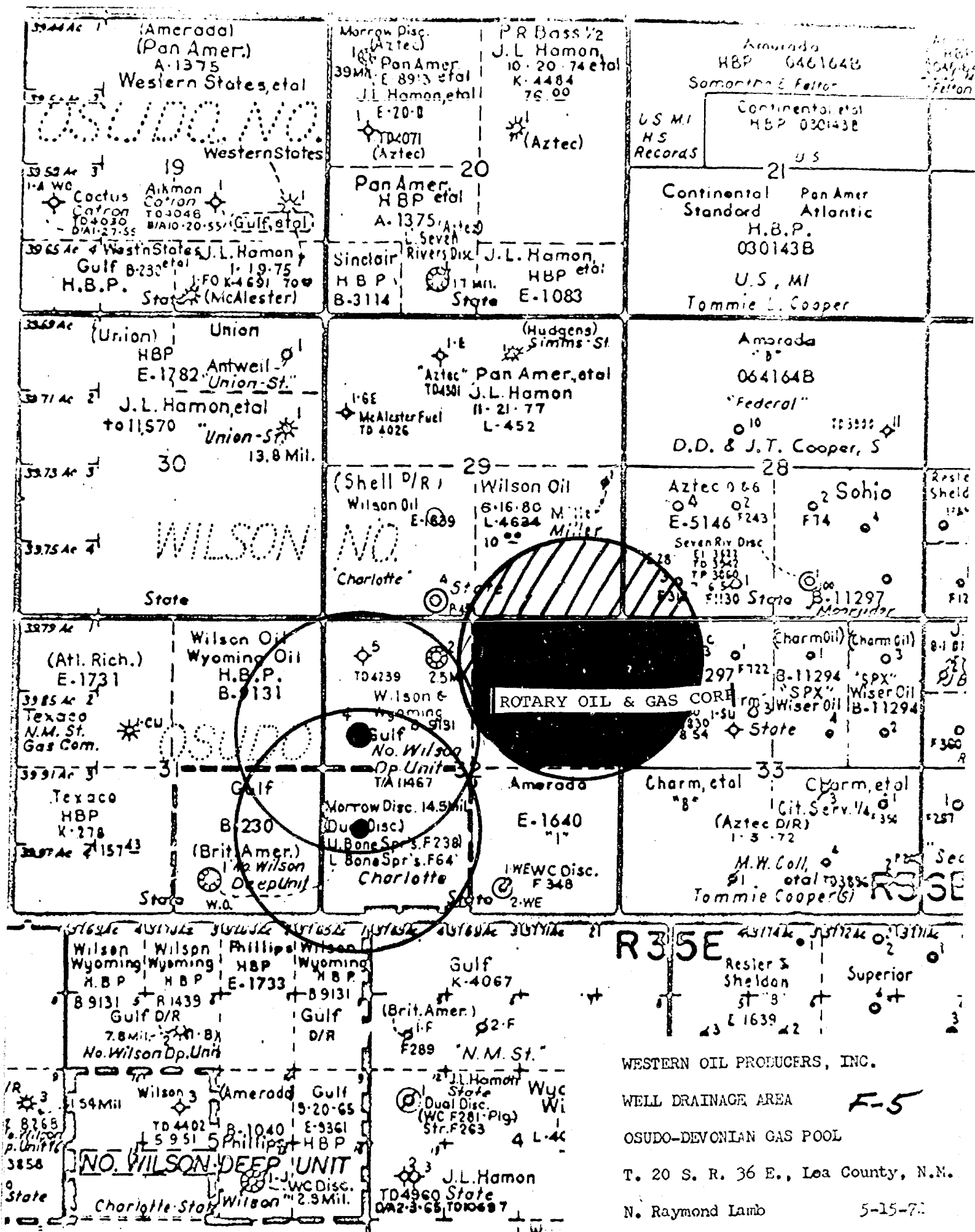
Township 20 South, Range 36 East
Lea County, New Mexico
N. Raymond Lamb 5-17-72

NO. WILSON DEEP UNIT

F-3

Wyoming Oil

Resist. Sheldon



[illegible][illegible]

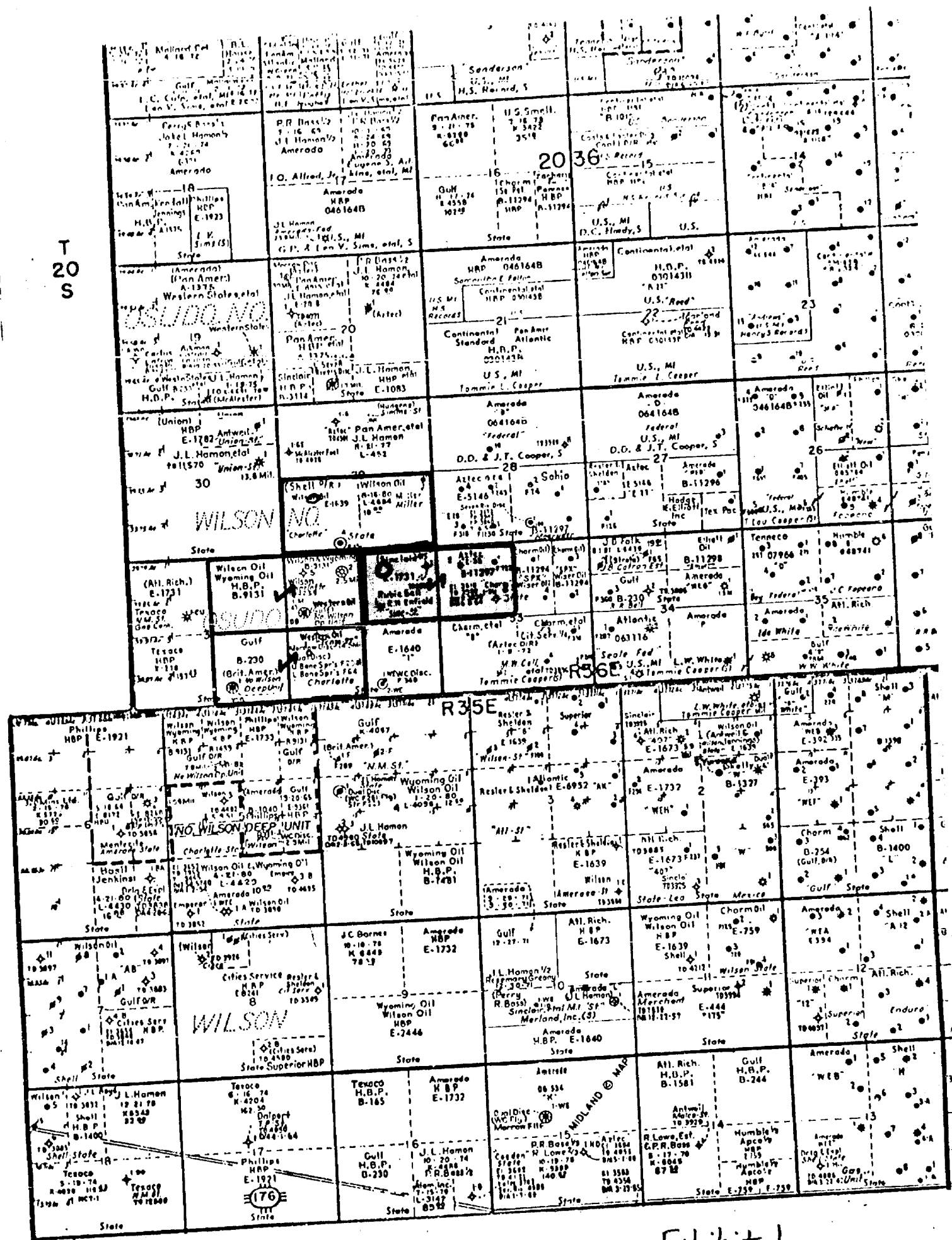
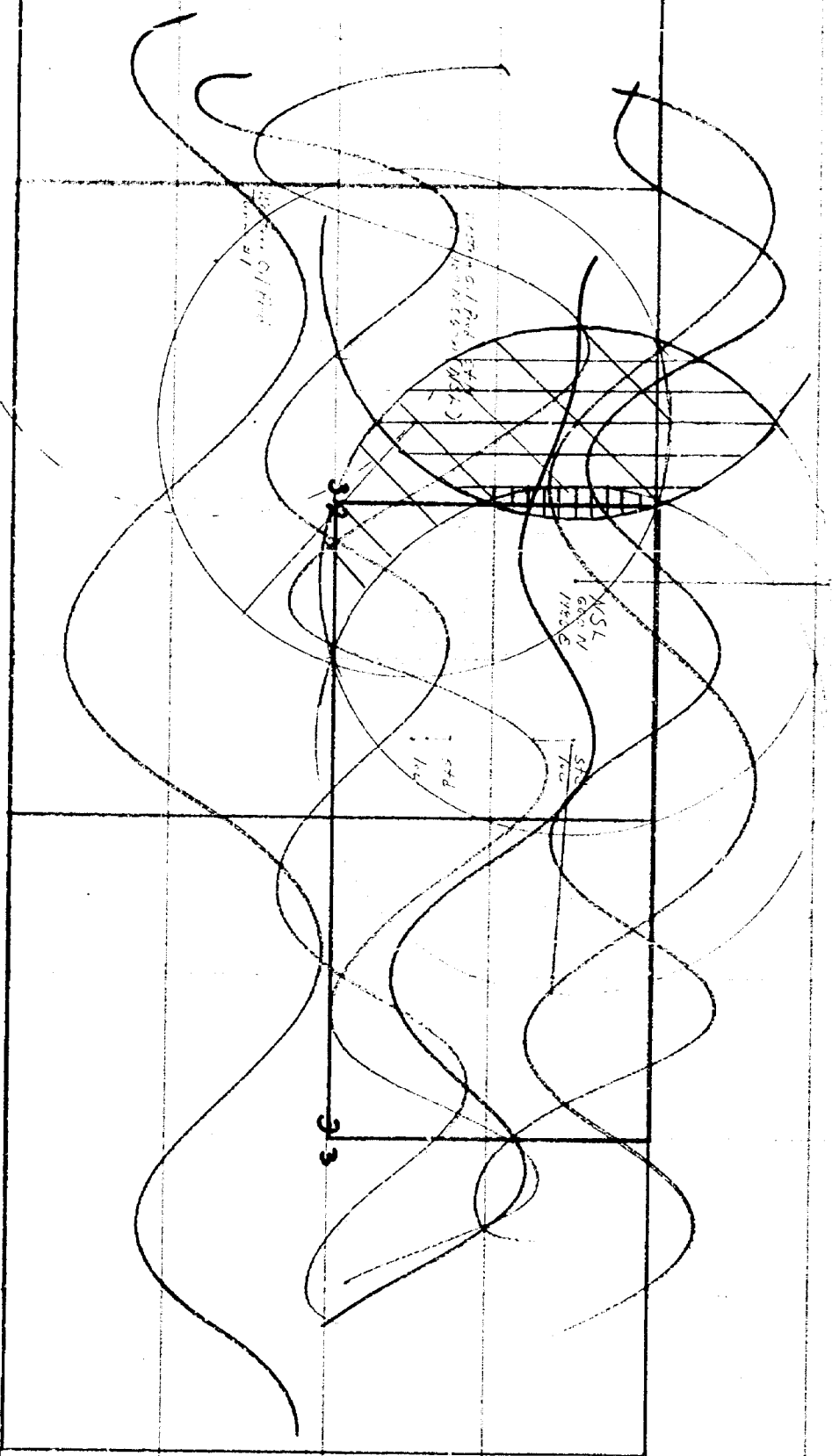
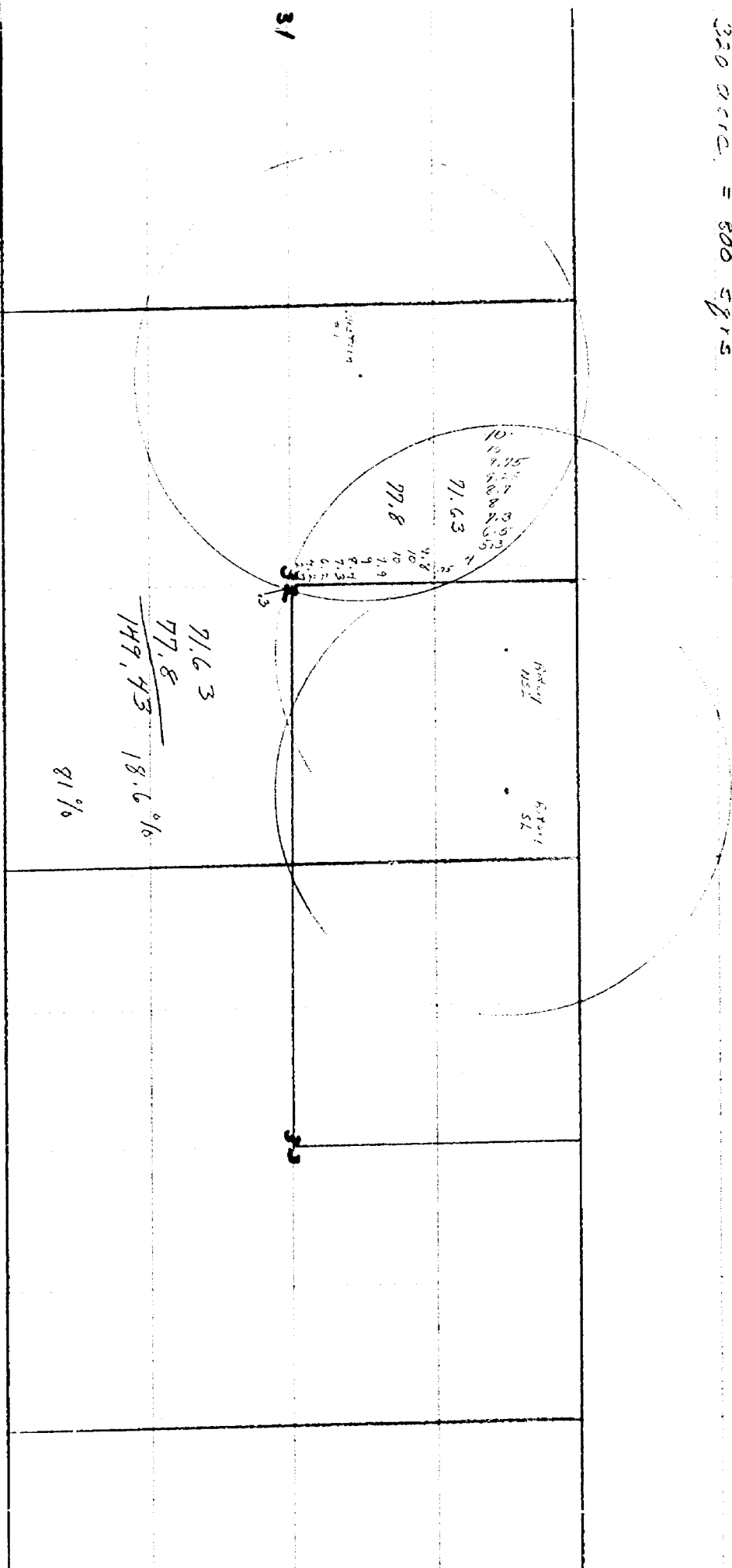
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20
S

Exhibit 1



320 ACIC = 600 5415

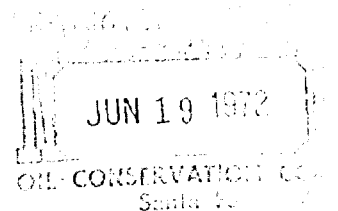


31

32

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. 4720
Order No. R-4318

APPLICATION OF ROTARY OIL & GAS
COMPANY FOR AN UNORTHODOX LOCATION
AND NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

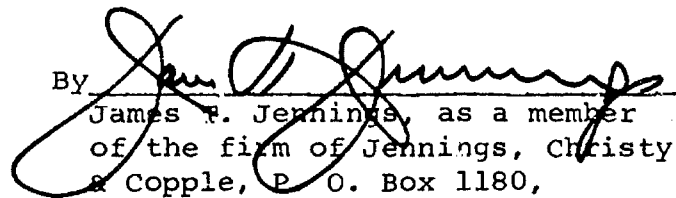
APPLICATION FOR DE NOVO HEARING

COMES NOW the undersigned parties, adversely affected by
the captioned Order, and pursuant to Rule 1220, requests a de novo
hearing before the Commission at its next regular hearing date
following the expiration of 15 days from the date this Application
is filed with the Commission.

Respectfully submitted,

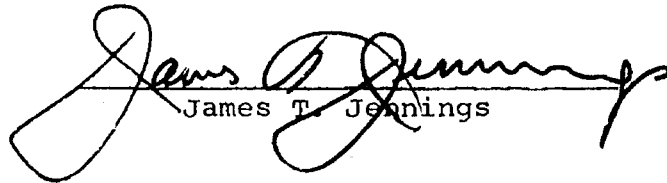
WESTERN OIL PRODUCERS, INC.,
FRANKLIN, ASTON & FAIR, INC., FEATHERSTONE DEVELOPMENT
CORPORATION, OLEN F. FEATHERSTONE II TRUST, CHARLES W.
HICKS, ROBERT GALLAWAY, BEARING SERVICE & SUPPLY, WILSON
OIL COMPANY, WYOMING OIL CO.

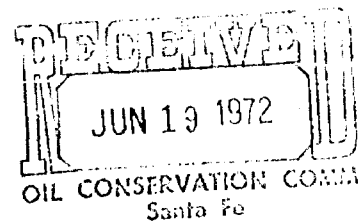
By


James F. Jennings, as a member
of the firm of Jennings, Christy
& Copple, P. O. Box 1180,
Roswell, New Mexico, 88201
Attorneys for the Applicants

CERTIFICATE

The undersigned attorney does hereby certify that he did on the 16th day of June, 1972, mail a true and correct copy of the above and foregoing Application for De Novo Hearing to Mr. Glen L. Houston of Williams, Johnson, Houston, Reagan & Porter, P. O. Box 1948, Hobbs, New Mexico, 88240, attorneys for Rotary Oil & Gas Company, and that he did take such action for and on behalf of the applicants named in the Application to which this Certificate is attached.


James T. Jennings



LAW OFFICES OF
WILLIAMS, JOHNSON, HOUSTON, REAGAN & PORTER

A. D. WILLIAMS 1897-1967
THEODORE R. JOHNSON
GLEN L. HOUSTON
GARY D. REAGAN
JOHN T. PORTER

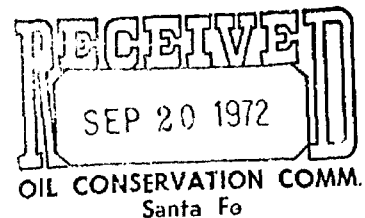
P. O. BOX 1948
HOBBS, NEW MEXICO
88240

TELEPHONE 505 393-3169
112 NORTH SHIPP STREET

September 17, 1972

Mr. George Hatch
Oil Conservation Commission
P.O. Box 2088
Santa Fe, NM 87501

Re: Case No. 4720, Order No. R-4318
Rotary Oil & Gas Company

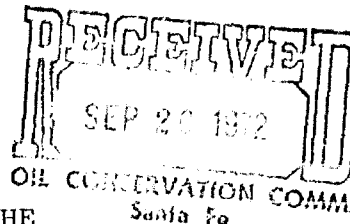


Dear George:

Enclosed is an Application to Amend Order in the referenced matter. If you can suggest any changes, please call me.

Yours truly,


Glen L. Houston



BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF ROTARY OIL & GAS COMPANY FOR
AN UNORTHODOX LOCATION AND NON-
STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

Case No. 4720
Order No. R-4318

APPLICATION TO AMEND ORDER

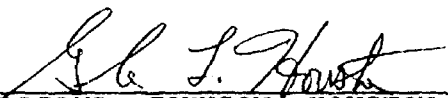
COMES NOW ROTARY OIL & GAS COMPANY and moves the COMMISSION to amend its order No. R-4318 entered in this case by removing the restriction assigning to this well a ratable-take factor of 81% and the restriction that in the event the subject pool be prorated, the subject well would be assigned an acreage factor for proration purposes of .81.

WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter order amending the subject order.

Respectfully submitted,

ROTARY OIL & GAS COMPANY

By


WILLIAMS, JOHNSON, HOUSTON,
REAGAN & PORTER
P.O. Box 1948
Hobbs, NM 88240
ATTORNEYS FOR APPLICANT

I certify that I mailed a copy of the above
to James T. Jennings, Attorney, on September
17, 1972.


Glen L. Houston

NOTED MAILED

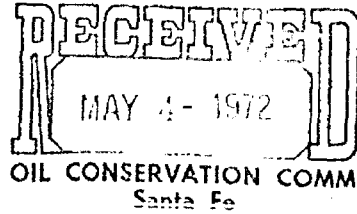
10-5-72

A. O. WILLIAMS 1897-1967
THEODORE R. JOHNSON
GLEN L. HOUSTON
GARY D. REAGAN
JOHN T. PORTER

LAW OFFICES OF
WILLIAMS, JOHNSON, HOUSTON, REAGAN & PORTER
112 NORTH SHIPP STREET, P.O. BOX 1948
HOBBS, NEW MEXICO 88240
[505] 393-3169

LOVINGTON, N.M. OFFICE
10 WEST CENTRAL AVENUE
[505] 396-2408

May 3, 1972



SAF
Case 4720

Mr. George Hatch, Attorney
Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM

Re: Rotary Oil & Gas Company

Dear George:

Enclosed you will please find Application for non-standard gas proration unit and non-standard location in Lea County, New Mexico.

If anything else is required, please advise me.

Yours truly,

G. L. Houston
Glen L. Houston

ac

cc: Rotary Oil & Gas Company
1200 Vaughn Building
Midland, Texas 79701

Docket Master
5-5-72

G.M.

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF ROTARY OIL & GAS COMPANY FOR
APPROVAL OF A NON-STANDARD GAS
PRORATION UNIT AND NON-STANDARD
LOCATION, LEA COUNTY, NEW MEXICO

Case No. 4720

APPLICATION

Comes Now Rotary Oil & Gas Company and applies to the Oil Conservation Commission of New Mexico for the approval of a non-standard gas proration unit and a non-standard location in Osudo Devonian gas pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant proposes to form a 320-acre non-standard gas proration unit consisting of 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 applicant's proposed well, located 1980 feet from the East line and 660 feet from the North line of Section 32.

2. Applicant proposes a non-standard location to be drilled 1980 feet from the East line and 660 feet from the North line of Section 32, Township 20 South, Range 36 East, Lea County, New Mexico.

3. This unit is proposed to be dedicated for production from the Devonian formation, from the Osudo Devonian gas pool.

WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the non-standard gas proration unit and a non-standard location as proposed.

Respectfully submitted,

ROTARY OIL & GAS COMPANY

By G. L. Houston
WILLIAMS, JOHNSON, HOUSTON,
REAGAN & PORTER
P. O. Box 1948
Hobbs, New Mexico 88240
ATTORNEYS FOR APPLICANT

(8)

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 4720 (De Novo)
Order No. R- 4318-A

APPLICATION OF ROTARY OIL & GAS
COMPANY FOR AN UNORTHODOX LOCATION
AND NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on
August 16, 1972, at Santa Fe, New Mexico, before the Oil
Conservation Commission of New Mexico, hereinafter referred to
as the "Commission," and was continued, at the request of
~~Western Oil Producers, Inc., Franklin, Aston & Fair, Inc.,~~
~~Featherstone Development Corporation, Olen F. Featherstone II~~
~~Trust, Charles W. Hicks, Robert Gallaway, Bearing Service & Supply,~~
~~Wilson Oil Company, and Wyoming Oil Company,~~
~~to the Regular Hearing of the Commission on~~

NOW, on this _____ day of August, 1972, the Commission, a
quorum being present, having considered the record, 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 applicants for the hearing de novo, Western
Oil Producers, Inc., Franklin Aston & Fair, Inc., Featherstone
Development Corporation, Olen F. Featherstone II Trust,
Charles W. Hicks, Robert Gallaway, Bearing Service & Supply,
Wilson Oil Company, and Wyoming Oil Company, have requested that
the application for a hearing de novo in Case 4720 be dismissed.

-2-

Case 4720 (De Novo)
Order No. R-

(3) That the applicants' request to dismiss the application for hearing de novo should be granted.

IT IS THEREFORE ORDERED:

(1) That the application of Western Oil Producers, Inc., Franklin, Aston & Fair, Inc., Featherstone Development Corporation, Olen F. Featherstone II Trust, Charles W. Hicks, Robert Gallaway, Bearing Service & Supply, Wilson Oil Company, and Wyoming Oil Company, for a hearing de novo in Case 4720 is hereby dismissed.

(2) That Order No. R-4318, issued by the Commission on May 31, 1972 is hereby fully approved, ratified, and confirmed.

(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.

DRAFT

RLS/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:

CASE NO. 4720

Order No. R-4318-B

IN THE MATTER OF CASE NO. 4720 BEING
REOPENED FOR RECONSIDERATION OF THE
RATABLE-TAKE FACTOR AND ACREAGE FACTOR
IMPOSED BY ORDER NO. R-4318.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this day of October, 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 by Commission Order No. R-4318, dated May 31,
1972, the applicant, Rotary Oil & Gas Company, was authorized
to drill a gas well at an unorthodox gas well location in the
Osudo-Devonian Gas Pool, 660 feet from the North line and 1980
feet from the East line of Section 32, Township 20 South, Range 36
East, NMPM, Lea County, New Mexico, and was granted 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, NMPM, Lea County, New Mexico.

(3) That to offset any advantage to be gained over other producers in the pool as a result of the well being drilled at a non-standard gas well location in the NE/4 of Section 32, the subject well was assigned a ratable-take factor of 81% and an acreage factor for proration purposes of .81.

(4) That the applicant now seeks the removal of said factors.

(5) That developments in the Osudo-Devonian Gas Pool since May 31, 1972, indicate that the approval of the application for removal of the 81% ratable-take factor and .81 acreage factor will not ^{cause waste now} violate the correlative rights of other operators in the pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Rotary Oil & Gas Company, is hereby authorized to drill a gas well at an unorthodox gas well location in the Osudo-Devonian Gas Pool, 660 feet from the North line and 1980 feet from the East line of Section 32, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, and hereby ^{is} ~~approves~~ ^{authorized} 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, NMPM, Lea County, New Mexico.

(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.

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:

CASE No. 4720

Order No. R- 4318

APPLICATION OF ROTARY OIL & GAS
COMPANY FOR AN UNORTHODOX LOCATION
AND 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 May 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, Rotary Oil & Gas Company, seeks
authority to drill a gas well at an unorthodox gas well location
in the Osudo-Devonian Gas Pool, 660 feet from the North line
and 1980 feet from the East line of Section 32, Township 20
South, Range 36 East, NMPM, Lea County, New Mexico, and 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, NMPM,
Lea County, New Mexico.

-2-
CASE NO. 4720
Order No. R-

(3) That a standard location for the subject well would require the well to be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(4) That the evidence indicates that the entire ^{NE 1/4 of said Section} ~~W 1/2 of~~ said Section ~~32~~ is productive of gas from the ~~Atoka-Pennsylvanian Gas Pool, Osado-Devonian Gas Pool~~.
^{32 and NW 1/4 of}

(5) That the entire ^{NE 1/4 of said Section 32 and NW 1/4} ~~W 1/2 of~~ said Section ~~32~~ can be efficiently and economically drained and developed by the subject well.

(6) That there is evidence that a well at the proposed unorthodox location would penetrate a thicker pay section and encounter it structurally higher than a well at an orthodox location.

(7) That due to the unorthodox location of the above-described well, the correlative rights of other producers in the pool will be impaired if unrestricted production by the subject well is permitted.

(8) That to offset the advantage to be gained over other producers in the pool, the subject well to be drilled at an ^{NE 1/4} ~~unorthodox~~ location in the ~~Section 32~~ should be assigned an acreage factor of ⁷⁰ ~~70~~ percent in the Atoka-Pennsylvanian Gas Pool. ^{Osado-Devonian}

(9) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the ~~Atoka-Pennsylvanian Gas Pool~~, will prevent the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights, provided the above-described acreage factor is assigned to the subject well.

1980 feet from the end line and 660 feet from the side line of the above-described non-standard proration unit without penalty.

(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.

CASE 4721: Application of C. W.
TRAINER FOR A NON-STANDARD GAS
UNIT, LEA COUNTY, NEW MEXICO.