

LOCUTION, CHAVES COUNTY, NEW MEXICO.

CASE NO.

7659

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date SEPTEMBER 1, 1982 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
J. T. Harris	Sun Exploration & Production Co.	Dallas
Tom Blueher	Campbell Pyrd & Leale	Santa Fe
Bob Walker	Sun Exploration & Production Co.	Middle
Nat Subramaniam	Sun Expl & Prod. Co.	Dallas
Andrew M. Ives	Southern Union Exploration Co.	
Aw. M. Lopez	Hinkle Law Firm	Santa Fe
W. Kellahan	Kellahan & Kellahan	Santa Fe
Ernest L. Padilla	Pleman + Sardella	} SF
ORAL PHEMAN & George Chardell	Carter Foundation Production Co.	
JIM LAW	Pleman Sardella	Midland
Bob Huler	INTERNATIONAL ENGR.	S.F.
Larry Shann	Byrum	Santa Fe
Delbert Fortner	THE PETROLEUM CORP.	DALLAS
David J. J...	Minerals Management Service	Albany, NM
	Spa, 1982 Church	Roswell NM

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
1 September 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Sun Exploration and
Production Company for an unorthodox
gas well location, Chaves County, New
Mexico.

CASE
7659

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal-Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
117 No. Guadalupe
Santa Fe, New Mexico 87501

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I N D E X

NAT SUBRAMANIAM

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	10

E X H I B I T S

Applicant Exhibit One, Production Map	4
Applicant Exhibit Two, Structure Map & Log	7
Applicant Exhibit Three, Log	8

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2 MR. STAMETS: We will call the next case,
3 7659.

4 MR. PEARCE: That is on the application
5 of Sun Exploration and Production Company for an unorthodox
6 gas well location, Chaves County, New Mexico.

7 MR. STAMETS: Call for appearances at
8 this time.

9 MR. KELLAHIN: If the Examiner please,
10 I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf
11 of the applicant and I have one witness.

12
13 (Witness sworn.)

14
15 NAT SUBRAMANIAM
16 being called as a witness and being duly sworn upon his oath,
17 testified as follows, to-wit:

18
19 DIRECT EXAMINATION

20 BY MR. KELLAHIN:

21 Q Mr. Subramaniam, for the record would you
22 please state your name and occupation?

23 A My name is Natarajan Subramaniam. I'm
24 a professional geologist with Sun Exploration and Production
25 Company in Dallas, Texas.

1
2 Q Mr. Subramaniam, have you previously tes-
3 tified before the Division and had your qualifications accepted
4 and made a matter of record?

5 A Yes, sir.

6 Q And have you prepared certain exhibits
7 and testimony for presentation of evidence here today?

8 A Yes, sir.

9 MR. KELLAHIN: Mr. Stamets, we tender Mr.
10 Subramaniam as an expert geologist.

11 MR. STAMETS: He is considered qualified.

12 Q I will direct your attention to what we've
13 marked as applicant Exhibit Number One and have you generally
14 identify that exhibit for us, Mr. Subramaniam.

15 A The exhibit shows the Township 7 South,
16 Range 26 East, in Chaves County, New Mexico. The wells pro-
17 ducing in these sections are highlighted as to the zones from
18 which they produce.

19 The exhibit is titled Production Map with
20 their classification, and indicates the different San Andres
21 producers, the Abo producers, wells which produce from the
22 Wolfcamp, and from the Cisco.

23 Q All right, sir. Let me direct your at-
24 tention now to the north half of Section 21, and there's a
25 portion of the area outlined in yellow, and have you identify

that proration unit for me, please.

A The north half of Section 21 in Township 7 South, Range 26 East in Chaves County, New Mexico, this 320-acre unit has been dedicated by Sun Exploration to Well No. 1, which is in the northeast quarter.

Q All right. That first well in that north half of 21 is completed in what formation, Mr. Subramaniam?

A It is a dual completion in both the Abo and the Wolfcamp.

Q The Abo dedication would be 160 acres?

A Yes, sir.

Q The Wolfcamp is the north half, the 320?

A 320.

Q All right. The subject well that you're seeking unorthodox location approval for is Well No. 3 in the northwest of the northwest, is it not?

A That is correct.

Q All right, sir, would you tell us something about that well?

A The well was originally permitted for 5200 feet, hoping to test the Abo, and it was structurally higher to Well No. 1, which we will prove with the next exhibit.

We tested both the Abo as well as the

1
2 lower zone. At that time since from the porosity log which
3 is exhibited on to the right of the exhibit, the best zones
4 were tested and production was found both in the Abo, as well
5 as in the Cisco lime, which would be in the Pennsylvanian.

6 Q All right, sir, what is the footage loca-
7 tion for the subject well?

8 A It is 660 from the corner, from the north
9 line, as well as the left line.

10 Q And it would be a standard location for
11 the Abo portion of production but it would be an unorthodox
12 location for the Cisco, which is, of course, you know the
13 Pennsylvanian formation.

14 A That is correct.

15 Q All right, sir. Except for this well, are
16 there any other Cisco wells in the immediate area, Mr. Sub-
17 ramaniam?

18 A Not to my knowledge. Presently Well No.--
19 in Section number 27, Depco No. 2, a Federal well, is being
20 drilled and has not been completed yet, but the Cisco has
21 been tested in that well.

22 Q And as I understand it, then, this well
23 originally was permitted for a standard location in the Abo
24 and that when you drilled to the depth you thought you would
25 encounter the Abo in, the Abo turned out to be structurally

1
2 higher and you're into the Cisco, and your subsequent log
3 shows you that you have an economic well in the Cisco.

4 A Yes.

5 Q All right, let's go that log and struc-
6 tural map and that is Exhibit Number Two?

7 All right, sir, would you tell us about
8 your structure map, Mr. Subramaniam?

9 A Exhibit Number Two is a structure map,
10 mapped on the top of the Abo in the area previously mentioned,
11 which would be Township 7 South, Range 26 East.

12 Recent testing of the Abo in this area
13 has been numerous and better control has been obtained to
14 draw such a map, and as you can see, when you approach Sec-
15 tions 21 -- 22 and 21, the slope is -- is rather steep, which
16 is mainly due to the wedge-out of the lower portions of the
17 Abo and the other formations underlying wedge out towards the
18 west.

19 So here you would notice that No. 3 Well
20 is at least 31 feet structurally higher to Well No. 1.

21 Q All right, sir, let me have you discuss
22 for us the log of Well No. 3 on the right of the exhibit,
23 and have you identify for us how you picked the various for-
24 mations.

25 A The exhibit shows the log of the well

1
2 under question. The tops were identified from not only near-
3 by wells, we also contacted Mr. Larry Brooks of the New Mexico
4 Oil and Gas Commission in Artesia and had the tops verified.

5 Q Were the two Abo wells in the north half
6 of 21, were they permitted at the same time, Mr. Subramaniam?

7 A Yes, they were permitted at the same time.

8 Q So at the time you drilled the No. 3 Well
9 you were aware of the structural position as you've now de-
10 picted it on your exhibit.

11 A Yes, that is correct.

12 Q All right, sir, let's go to Exhibit Num-
13 ber Three.

14 Would you identify Exhibit Number Three
15 for us?

16 A Exhibit Number Three depicts the same log
17 in an extended scale of the well in question. The exhibit
18 not only shows the compensated neutron formation density log
19 of the -- of the said well, it also shows an excerpt from the
20 New Mexico Drilling Progress Report, published by the Petroleum
21 Information Company, and indicates as to the different tests
22 which were run on the Fed Well, and I would like to draw your
23 attention to the highlighted portion within that, where it
24 states the well flowed at the rate of 980 to 1000 Mcf gas per
25 day in 3 hours and 30 minutes through a 34/64 choke, with

tubing pressure of 620 in the -- in the zone which is identified as the Cisco lime zone.

Q Based upon the present tests available to you, Mr. Subramaniam, in your opinion is the Cisco formation economic in this well at this location?

A Yes, sir, it is.

Q In your opinion would approval of this application be necessary in order to avoid -- to prevent the loss of production from the Cisco?

A Yes, I think it would.

Q Were Exhibits One, Two, and Three prepared by you?

A Yes.

Q And in your opinion will approval of this application be in the best interest of conservation, the prevention of waste, and protection of correlative rights?

A I believe so.

MR. KELLAHIN: That concludes our examination of Mr. Subramaniam, Mr. Stamets.

We move the introduction of Exhibits One, Two, and Three.

MR. STAMETS: These exhibits will be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Subramaniam, is the No. 1 Well on this same proration unit drilled into the Cisco?

A Yes. It was originally permitted as a wildcat down to the Pennsylvanian and it penetrated the Cisco.

Q Were there any shows of gas in the Cisco?

A No. No, sir, it was tighter than Well No. 3.

Q And then conversely, you made a Wolfcamp completion in the No. 1 Well.

A Yes, sir.

Q What was the quality of the Wolfcamp in the second well, the No. 3?

A The No. 3, the Wolfcamp did not test well. It was not economical.

Q And I presume you've received dual completion authority on this well --

A Yes, sir.

Q -- by some other means?

A Yes.

MR. STAMETS: Any other questions of the

1
2 witness? He may be excused.

3 Anything further in this case?

4 MR. KELLAHIN: No, sir.

5 MR. STAMETS: The case will be taken
6 under advisement.

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8 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7659 heard by me on 9-1 1982.

Richard L. Hammett, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7659
Order No. R-7073

APPLICATION OF SUN EXPLORATION AND
PRODUCTION COMPANY FOR AN UNORTHODOX
GAS WELL LOCATION, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 1, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 27th day of September, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Sun Exploration and Production Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 21, Township 7 South, Range 26 East, NMPM, to test the Pennsylvanian formation, Chaves County, New Mexico.
- (3) That the N/2 of said Section 21 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.

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Case No. 7659
Order No. R-7073

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

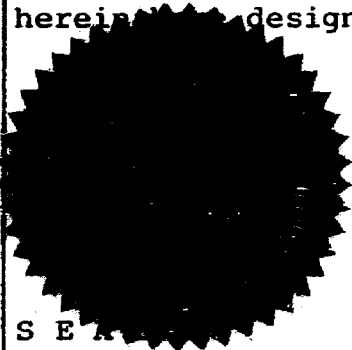
IT IS THEREFORE ORDERED:

(1) That the application of Sun Exploration and Production Company for an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well located at a point 660 feet from the North line and 660 feet from the West line of Section 21, Township 7 South, Range 26 East, NMPM, Chaves County, New Mexico.

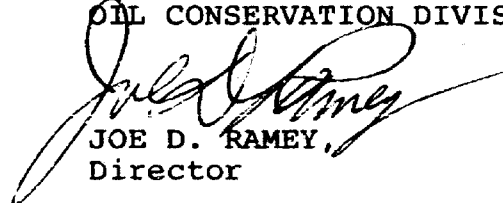
(2) That the N/2 of said Section 21 shall be dedicated to the above-described well.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

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-2-

Case No. 7659
Order No. R-7073

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

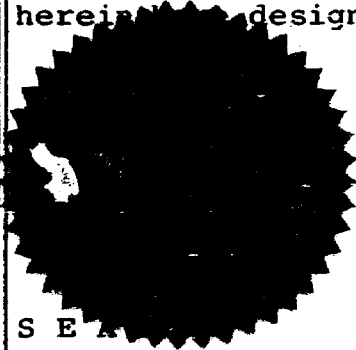
IT IS THEREFORE ORDERED:

(1) That the application of Sun Exploration and Production Company for an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well located at a point 660 feet from the North line and 660 feet from the West line of Section 21, Township 7 South, Range 26 East, NMPM, Chaves County, New Mexico.

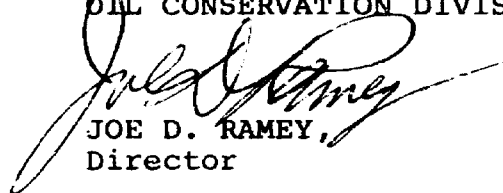
(2) That the N/2 of said Section 21 shall be dedicated to the above-described well.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

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Dockets Nos. 29-82 and 30-82 are tentatively set for September 15 and September 29, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 26, 1982

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

CASE 7656: Application of Cities Service Company for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, pursuant to the provisions of Section 70-2-17 C, MMSA, 1978 Comp., and Paragraph (5) of Division Order No. R-6781, seeks a determination of reasonable well costs for two wells drilled under the provisions of said Order No. R-6781 by Doyle Hartman on lands pooled by said order.

CASE 7657: Application of Harvey E. Yates Company for non-rescission of Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the non-rescission of Order No. R-6873, which order pooled certain lands to be dedicated to a proposed Ordovician test well to be drilled thereon, being the W/2 of Section 18, Township 9 South, Range 27 East. Said order provided that should the unit well not be drilled to completion, or abandonment, within 120 days after commencement thereof, operator shall appear and show cause why the pooling order should not be rescinded.

CASE 7658: Application of Harvey E. Yates Company for a dual completion and downhole commingling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Seymour State #1 located in Section 18, Township 9 South, Range 27 East, in such a manner that Abo perforations from 4912 feet to 4929 feet would be commingled with Upper Atoka perforations from 5926 feet to 5953 feet and the aforesaid intervals dually completed with Lower Atoka perforations from 6008 feet to 6048 feet and produced through parallel strings of tubing.

Docket No. 28-82

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 1, 1982

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

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

CASE 7635: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7659: Application of Sun Exploration and Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well drilled 660 feet from the North and West lines of Section 21, Township 7 South, Range 26 East, the W/2 of said Section 21 to be dedicated to the well.

CASE 7660: Application of Pauley Petroleum, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 3862 feet to 3874 feet in its State Well No. 1 located in Unit B of Section 16, Township 7 South, Range 33 East.

CASE 7661: Application of George Sardella and Gary Plemans for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 NW/4 of Section 33, Township 16 South, Range 33 East.

CASE 7630: (Continued from August 4, 1982, Examiner Hearing)

Application of Ralph Nix for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 NE/4 of Section 18, Township 19 South, Range 26 East.

CASE 7662: Application of Carter Foundation Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Blaine-Cade Waterflood Project by converting its Matrix Federal Wells Nos. 2, 5, 6, located in Units C, E, and D, respectively, in Section 3, Township 24 South, Range 37 East, by the injection of water into the Queen formation.

CASE 7639: (Continued from August 18, 1982 Examiner Hearing)

Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo, Drinkard and Blinney Pool production in the wellbore of its S. J. Starkers Lease Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East.

CASE 7663: Application of Dugan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 18, Township 30 North, Range 14 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7568: (Continued and Readvertized)

Application of Petroleum Corp. of Delaware for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Superior Federal Well No. 6 located in Unit W of Section 6, Township 20 South, Range 29 East, East Burton Flat Field, to produce oil from the Strawn formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 7651: (Continued from August 18, 1982, Examiner Hearing)

Application of Wortex Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.

CASE 7664: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Little Cuervo Unit Area, comprising 13,407 acres, more or less, of State and Fee lands in Township 17 South, Range 18 East.

CASE 7655: (Continued from August 18, 1982 Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 20, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7665: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the W/2 of Section 35, Township 13 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASES 7666, 7667, 7668, and 7669: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the four following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7666: SW/4 Section 3;

CASE 7667: NW/4 Section 4;

CASE 7668: NW/4 Section 14;

All of the above being in Township 5 South, Range 24 East and

CASE 7669: NW/4 Section 2, Township 9 South, Range 25 East

CASE 7670: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 26, Township 14 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7648: (Continued from August 18, 1982 Examiner Hearing)

Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7642: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalmat Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a previously approved unorthodox location. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7671: Application of Texas Eastern Developments, Inc. for an exception to Rule 307, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 307 of the Division Rules and Regulations to permit it to draw a vacuum on the Shiprock Gallup Oil Pool reservoir through 16 wells in Sections 16 and 17, Township 29 North, Range 18 West. Applicant further seeks an administrative procedure whereby it could extend the proposed vacuum system to include additional wells in the same reservoir.

CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit M of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West in San Juan County. Also the following Ballard-Pictured Cliffs replacement well in San Juan County: Newcom No. 10-R in Unit M of Section 20, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7672: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning discovery allowable, contracting, and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Brushy Canyon production and designated as the Brushy Draw-Brushy Canyon Pool. Further, to assign approximately 25,410 barrels of discovery allowable to the discovery well, the J. C. Williamson UCBMW Federal Well No. 1 located in Unit M of Section 25, Township 26 South, Range 29 East, NMPN. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPN
Section 25: SW/4

- (b) CREATE a new pool in Lea County, New Mexico classified as an oil pool for San Andres production and designated as the Hobbs Channel-San Andres Pool. The discovery well is the Bass Enterprises Production Company Humble City Unit Well No. 1 located in Unit D of Section 36, Township 17 South, Range 37 East, NMPN. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPN
Section 36: NW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Humphreys Mill-Morrow Gas Pool. The discovery well is the Florida Exploration Company Reno Com Well No. 1 located in Unit D of Section 11, Township 25 South, Range 35 East, N2PM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 35 EAST, N2PM
Section 11: N/2

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Justis-Abo Pool. The discovery well is the Santa Fe Energy Company Carlson S-25 Federal Well No. 3 located in Unit O of Section 25, Township 25 South, Range 37 East, N2PM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, N2PM
Section 25: SE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the McMillan-Upper Pennsylvanian Gas Pool. The discovery well is the Southland Royalty Company Pecos River Federal 20 Com Well No. 1 located in Unit J of Section 20, Township 19 South, Range 27 East, N2PM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, N2PM
Section 20: E/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Mosley Canyon-Strawn Gas Pool. The discovery well is W. A. McCrief, Jr., Jurnegan State Well No. 1 located in Unit C of Section 8, Township 24 South, Range 25 East, N2PM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, N2PM
Section 8: N/2

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the West Nadine-Tubb Pool. The discovery well is the Tamarack Petroleum Company, Inc. Kornegay A Well No. 1 located in Unit F of Section 9, Township 20 South, Range 38 East, N2PM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, N2PM
Section 9: NW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Pitchfork Ranch-Morrow Gas Pool. The discovery well is the HNG Oil Company Madera 32 State Com Well No. 1 located in Unit C of Section 32, Township 24 South, Range 34 East, N2PM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, N2PM
Section 32: W/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Yaso production and designated as the Seven Rivers-Yaso Pool. The discovery well is Chama Petroleum Corporation Irami Federal Well No. 1 located in Unit M of Section 34, Township 19 South, Range 25 East, N2PM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, N2PM
Section 34: SW/4

- (j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the East Skaggs-Abo Pool. The discovery well is the Texaco Inc. C. H. Weir A Well No. 12 located in Unit G of Section 12, Township 20 South, Range 37 East, N2PM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, N2PM
Section 12: NE/4

- (k) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Teague-Tubb Pool. The discovery well is the Alpha Twenty-One Production Company Lea Well No. 2 located in Unit A of Section 17, Township 23 South, Range 37 East, N2PM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, N2PM
Section 17: NE/4

- (l) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Townsend-Devonian Pool. The discovery well is the Kimbark Oil and Gas Company New Mexico 1-4 State Com Well No. 1 located in Unit N of Section 4, Township 16 South, Range 35 East, NNPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NNPM
Section 4: Lots 11, 12, 13, and 14

- (m) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Welch-Bone Spring Pool. The discovery well is the Quanah Petroleum, Inc. Hay B Federal Com Well No. 1 located in Unit K of Section 9, Township 26 South, Range 27 East, NNPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NNPM
Section 9: SW/4

- (n) CONTRACT the horizontal limits of the Buckeye-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NNPM
Section 3: W/2 NW/4

- (o) CONTRACT the horizontal limits of the Vacuum-Abo Reef Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NNPM
Section 3: E/2 NW/4

- (p) EXTEND the Antelope Sink-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NNPM
Section 13: W/2
Section 14: W/2

- (q) EXTEND the West Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NNPM
Section 20: NW/4

- (r) EXTEND the Atoka-Yaso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NNPM
Section 26: E/2

- (s) EXTEND the Bilbrey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NNPM
Section 5: NW/4
Section 6: E/2

- (t) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NNPM
Section 14: W/2 S/2 and NE/4

- (u) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NNPM
Section 3: S/2
Section 4: All

- (v) EXTEND the Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NNPM
Section 26: NW/4
Section 27: NE/4 and E/2 NW/4

- (w) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 35: S/2

Section 36: W/2

- (x) EXTEND the South Empire-Wolfcamp Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 36: E/2 NE/4

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 31: NW/4 and S/2 NE/4

- (y) EXTEND the Forty Miner Ridge-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 16: SE/4

- (z) EXTEND the Hardy-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 2: Lots 11, 12, 13, 14, and S/2

Section 11: NW/4

- (aa) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 20: NW/4

- (bb) EXTEND the West Milnesand-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM

Section 19: W/2

- (cc) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM

Section 30: SE/4

Section 31: N/2 NE/4

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM

Section 15: S/2

- (dd) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM

Section 18: NE/4 and S/2 SE/4

- (ee) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 23: S/2

Section 26: N/2

- (ff) EXTEND the West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 17: S/2

Section 20: All

- (gg) EXTEND the Saunders Permian-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 21: NE/4

W A I V E R

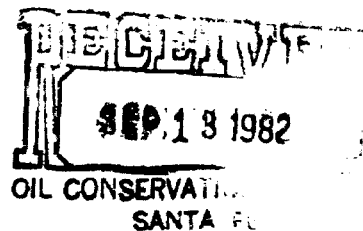
Case 765-9
BPL

State of New Mexico
Energy & Minerals Dept.
P.O. Box 2088
Santa Fe, New Mexico 87501

State of New Mexico
Energy & Minerals Dept.
P.O. Drawer DD
Artesia, New Mexico 88210

Re: Chaves "A" Federal #2
Wildcat/Penn (Cisco Line) Field
Chaves County, New Mexico

The undersigned, an Offset Operator, having been informed of Sun Exploration & Production Co.'s request for 160 acreage dedication, instead of the required dedication of 320 acres, hereby waives objection to their request.



Charles Petrol. Corp.
COMPANY
Charles M. Anderson
BY

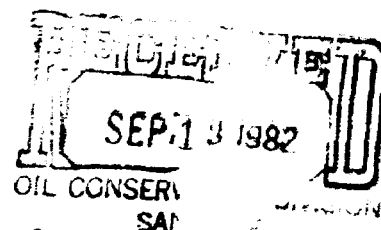
9-3-82
DATE

W A I V E R

State of New Mexico
Energy & Minerals Dept.
P.O. Box 2088
Santa Fe, New Mexico 87501

State of New Mexico
Energy & Minerals Dept.
P.O. Drawer DD
Artesia, New Mexico 88210

Re: Sun Exploration & Production Co.
Simultaneous Dedication
Chaves "A" Federal Lease
Wells # 1 & # 3
Wildcat/Permian (Wolfcamp)
Wildcat/Penn (Cisco Lime)
Chaves County, New Mexico



The undersigned, an Offset Operator, having been informed of Sun Exploration & Production Co.'s request for simultaneous dedication, hereby waives objection to their application.

Sanders Petro Corp.
COMPANY
Charles H. Anderson
BY
9-3-82
DATE

Florene

KELLAHIN AND KELLAHIN

Attorneys at Law

El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey
James B. Grant

August 9, 1982

Mrs. Florene Davidson
OIL CONSERVATION DIVISION
Post Office Box 2088
Santa Fe, New Mexico 87501

(100) 1049

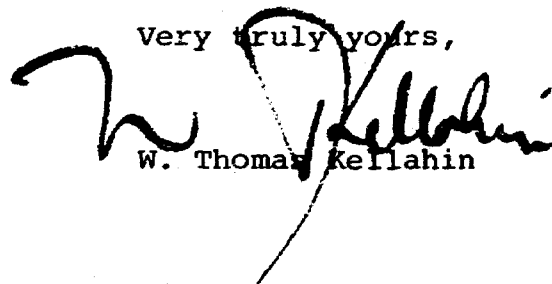
Re: Sun Exploration and Production Company

Dear Florene:

This will confirm our telephone conversation today,
in which I requested the following corrections to the application
I filed with you on August 6, 1982:

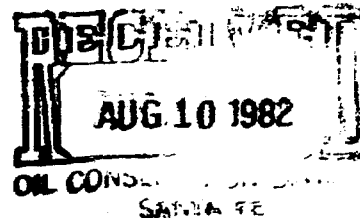
1. Please change the name of the applicant
to Sun Exploration & Production Company; and
2. Please change the township from 17 South to
7 South.

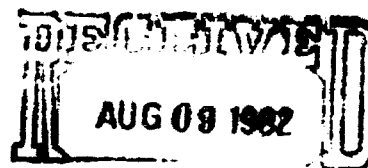
Very truly yours,


W. Thomas Kellahin

WTK:rb

cc: Mr. J. T. Harris,
Sun Exploration



SUN

SANTA FE

Sun Exploration and Production Company

Campbell Centre II
 6150 North Central Expy
 Post Office Box 2889
 Dallas Texas 75221
 214 739 9100

August 6, 1982

New Mexico Oil Conservation Division
 Attention: Mr. Joe D. Ramey
 P. O. Box 2088
 Santa Fe, New Mexico 87501

Re: Unorthodox Well Location
 Chaves "A" Federal Well No. 3-L
 Wildcat (Penn.) Field
 Chaves County, New Mexico

Gentlemen:

Sun Exploration and Production Co. has requested a hearing for an unorthodox location for Well No. 3-L on our Chaves "A" Federal Well which has been dually completed as a gas well in a new producing formation in the Pennsylvanian and as a gas well in the Pecos Slope (Abo) Field. The well was drilled as a regular location for the Pecos Slope (Abo) Field and encountered this new zone in drilling. The well is located in Unit "D", 660' from the West line and 660' from the North line of Sec. 21, T-7-S, R-26-E, Chaves County, New Mexico.

The north half of Section 21 is to be dedicated to the well for proration purposes.

A copy of this letter is being sent to our offset operators by certified mail as their notice of this application. These offset operators are:

Sanders Petroleum Corp., 11000-D Spain Road N.E.,
 Albuquerque, NM 88210
 Stevens Oil, Box 2203, Roswell, NM 88201
 Yates Drilling Co., 207 S. Fourth Street, Artesia, NM
 88210

Very truly yours,

J. T. Power

By: 

J. T. Harris

JTP:JTH:cb

New Mexico Oil Conservation Division
August 6, 1982
Page Two

cc: Mr. W. A. Gressett
New Mexico Oil Conservation Division
P. O. Drawer DD
Artesia, New Mexico 88210

Mr. Tom Kellahin
Box 1769
Santa Fe, New Mexico 87501

KELLAHIN AND KELLAHIN

Attorneys at Law

El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey
James B. Grant

August 6, 1982

Mr. Joe D. Ramey
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Sun Oil Company

Case 7699

Dear Mr. Ramey:

Please set the enclosed application for an unorthodox well location for their Chaves "A" Federal Well #3-L for a hearing on September 1, 1982.

Very truly yours,


W. Thomas Kellahin

WTK:rb
Enclosures
cc: J. T. Harris



AUG 06 1982

STATE OF NEW MEXICO

DEPARTMENT OF ENERGY AND MINERALS

OIL CONSERVATION DIVISION

SUN EXPLORATION AND
PRODUCTION COMPANY
IN THE MATTER OF THE APPLICATION OF
~~SUN OIL COMPANY~~ FOR APPROVAL OF AN
UNORTHODOX WELL LOCATION, CHAVES ~~CHAVES~~
COUNTY, NEW MEXICO

CASE 159

Changes called
in by Tom Kellahin
on August 9, 1982.

A P P L I C A T I O N

COMES NOW SUN OIL COMPANY by and through its attorneys,
Kellahin & Kellahin, and applies to the Oil Conservation Division
of New MEXICO for approval of an unorthodox well location in
CHAVES
Chaves County, New Mexico to-wit: 660 feet from the West line
and 660 feet from the North line, Section 21, Township ⁷~~27~~ South,
Range 26 East, NMPM, and in support thereof would show:

1. Applicant is an oil and gas operator with the right
to drill and develop the N/2 of said Section 21.
2. Applicant proposes to drill its Chaves "A" Federal
well #3-L to test the Pennsylvanian formations at an unorthodox
well location 660 feet from the West line and 660 feet from the
North line of Section 21, T⁷~~27~~S, R26E, NMPM.
3. Applicant proposes to dedicate the N/2 of said section
to this well.
4. Approval of this application will prevent waste and
protect correlative rights.

AUG 06 1982

WHEREOF, Applicant requests that this matter be set for hearing before the Division's Examiner and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By 

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

ATTORNEY FOR SUN OIL COMPANY

Drives

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

JGR
RLL

Jou

CASE NO. 7659

Order No. *R-7073*

MPD
ms

APPLICATION OF SUN EXPLORATION AND
PRODUCTION COMPANY FOR AN UNORTHODOX
GAS WELL LOCATION, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 1,
1982, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this _____ day of September, 1982, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sun Exploration and Production Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 21, Township 7 South, Range 26 East, NMPM, to test the Pennsylvanian formation, _____ Pool, Chaves County, New Mexico.

(3) That the N/2 of said Section 21 is to be dedicated to the well.

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

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

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

IT IS THEREFORE ORDERED:

(1) That the application of Sun Exploration and Production Company for an unorthodox gas well location for the

Pennsylvanian formation is hereby approved for a well ~~to be~~ located at a point 660 feet from the North line and 660 feet from the West line of Section 21, Township 7 South, Range 26 East, NMPM, Chaves County, New Mexico.

(2) That the N/2 of said Section 21 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L

