

CASE 5121: Application of TEXACO
INC. FOR A NON-STANDARD GAS PRO-
RATION UNIT, LEA COUNTY, N. MEX.

CASE No.

5/21

Application,

Transcripts,

Small Exhibits

ETC.

dearnley, meier & associates

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

Wednesday, November 28, 1973

IN THE MATTER OF:

Application of Texaco Inc.
for a non-standard gas
proration unit, Lea County,
New Mexico.

Case No. 5121

BEFORE: Richard L. Stamets,
Examiner

TRANSCRIPT OF HEARING

1 MR. STAMETS: Case 5121.

2 MR. CARR: Case 5121: Application of Texaco Inc.
3 for a non-standard gas proration unit, Lea County, New
4 Mexico.

5 MR. STAMETS: I will call for appearances in this
6 case.

7 MR. KELLY: Booker Kelly, of White, Kelly, Koch,
8 and McCarthy, Santa Fe, New Mexico, appearing on behalf
9 of the applicant.

10 MR. STAMETS: Are there other appearances in Case
11 5121?

12 MR. STEVENS: Don Stevens, attorney in Santa Fe,
13 representing the protestant, Felmont Petroleum Company.
14 We will have one witness.

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

17 (No response)

18 MR. STAMETS: Will all the witnesses stand and be
19 sworn?

20 (Whereupon two witnesses were sworn in by Mr. Carr.)

21 MR. STAMETS: You may proceed, Mr. Kelly.

22 * * * *

23 B. E. HELLMAN,

24 was called as a witness, and having been already duly sworn,
25 testified as follows:

DIRECT EXAMINATION

2 BY MR. KELLY:

3 Q Would you state your full name, your position, and your
4 employer, please?

5 A B. E. Hellman. My title is chief contractman with Texaco
6 Inc. in Midland, Texas.

7 Q And what does Texaco seek by this application?

8 A Exhibit Number One shows the boundaries of the Little
9 Eddy Unit in Lea County in the South Salt Lake Morrow
10 Gas Pool. It shows by color code within the Little Eddy
11 Unit the boundaries of the three participating areas.

12 Texaco is requesting in its application that the
13 Audie Richards Well No. 1 in Section 25, Township 20
14 South, Range 32 East be granted a non-standard proration
15 unit of 160 acres in the South Salt Lake Morrow Gas Pool.

16 Q Now, that Audie Richards Well is presently a Morrow gas
17 well, is that right?

18 A Yes, sir.

19 Q And prior to this summer, 160 acres was the proration
20 unit for the Morrow, is that correct?

21 A That's correct.

22 Q And that changed this summer by the application of
23 Belco to go to 320 acres?

24 A Yes, sir.

25 Q At the time of that application, there was confusion, as

1 I understand it, in Texaco's mind, and apparently in
2 the Commission's mind about the status of the Audie
3 Richards Well. Would you explain that?

4 A The Audie Richards Well was completed in 1958 as a
5 Pennsylvanian Well, and in 1961 was re-designated as an
6 Upper Morrow Well. Through some inadvertence, the
7 records of the Commission for production since that time
8 has identified it as an Atoka Well. And when the hearing
9 was announced during the summer that changed the Morrow
10 spacing to 320-acre spacing, an inadvertent mistake by
11 Texaco and possibly by others failed to identify the
12 need for 320 acres under the Audie Richards Well No. 1.

13 It was assumed that it only required 160 acres as
14 an Atoka Well at that time, and the 1961 records will
15 reflect that it was at that time identified as an Upper
16 Morrow Well.

17 Q Now, under the Rules that came out of that hearing, they
18 increased the proration unit to 320 acres, and as I
19 understand it, you could have come in administratively
20 within a period of time and had this clarified.

21 A Yes.

22 Q But because of the confusion, you didn't catch the error
23 in time, is that correct?

24 A That's correct.

25 Q What is the necessity of the application? Why is it

1 important that only 160 acres in the Southeast of 25
2 be dedicated to the present completion?

3 A Can I go to the exhibit?

4 Q If you want to go that way, please go ahead. You will be
5 referring to Exhibit Number 4 if you want to use it.

6 A Well, continuing with Exhibit Number One then, the
7 boundary of the participating area reflected on this
8 exhibit shows the ownership within the Little Eddy Unit
9 as to existing completions. And Texaco has secured also
10 from the United State Geological Survey and the Commissioner
11 of Public Lands, Oil and Gas Division, data which confirms
12 our belief that the acreage available for proration units
13 for these wells cannot extend to land outside the
14 participating areas within the Little Eddy Unit or outside
15 the outer boundaries of the Little Eddy Unit.

16 Q What is the situation within the boundaries of the Little
17 Eddy Unit-- By the way, is the well to the south or to
18 the west?

19 A The Audie Richards Well is within the participating area
20 for the Upper Morrow Zone containing 360 acres.
21 Immediately south is the Lower Morrow participating area,
22 which includes 120 acres of the Upper Morrow participating
23 area. This indicates that in the Lower Morrow there is
24 an overlap of participating areas with the Upper Morrow,
25 and that if the 320 acres is required for the prorationing

1 for the Audie Richards Well that it will necessarily
2 cause a number of non-standard proration units for the
3 remaining wells in the Salt Lake Morrow Gas Pool, and
4 to achieve standard proration units for all remaining
5 wells in this pool.

6 Texaco is therefore requesting that the Audie
7 Richards Well No. 1 be the only well with a non-standard
8 proration unit.

9 Q As far as going outside of the Little Eddy Unit, what are
10 the problems that you face there if you took, say, the
11 Southwest corner of Section 25? Could you, under your
12 unit agreement, go outside and pick up another 160 acres?

13 A It's Texaco's interpretation and our understanding of
14 the interpretation of the State and Federal Government
15 agencies involved that the only available unit acreage
16 which is not necessary for a proration unit within the
17 unit can be committed to a proration unit including
18 acreage outside of the unit area.

19 Q Now, is both the USGS and the Land Office of the State of
20 New Mexico members of this Little Eddy Unit?

21 A That's correct.

22 Q And have they expressed their opposition to including
23 any acreage outside of the existing unit to be dedicated
24 to the Audie Richards Well?

25 A They have as to the present completion zone in the Audie

1 Richards Well.

2 Q Are Exhibits Two and Three letters from those two agencies?

3 A That's correct.

4 Q Now, what is the extent of opposition to this application?

5 Have you gotten consent from all of the adjacent owners?

6 A We do not have a waiver from Felmont Oil Corporation,

7 who is an adjoining owner in the remainder of Section 25

8 under the well.

9 Q Everyone else has expressed their agreement?

10 A All owners within the unit have furnished waivers as well

11 as all offset operators.

12 Q Now, do you have available the current status of that

13 Andie Richards Well? Is it a good completion?

14 A I wouldn't say it was a good completion.

15 Q Do you have its production figures?

16 A I do.

17 Q Go ahead and give us those.

18 A The most recent production figures I have for the first

19 nine months of 1973 indicate that it averaged approximately

20 seven thousand-- or seven million a month, and

21 approximately 200 barrels of fluids.

22 Q That is considerably under a good Morrow well in this

23 area, isn't it?

24 A Yes, sir.

25 Q Referring you to what has been marked as Exhibit Number

1 Four, the plat, can you explain what is shown on there,
2 first as to the area outlined in yellow on the Belco
3 acreage and the 80 acres that Texaco has?

4 A This is the proposed standard proration unit in which
5 Texaco is willing to join, and has so advised Belco, the
6 proposed operator, for a Morrow Well to be located in
7 the Southeast corner of Section 30.

8 We propose to join, and are willing to join with
9 Belco if the 80 acres within the Little Eddy Unit, being
10 the West half of the Southwest quarter, is available, and
11 not necessary for the proration unit for the Morrow zone.

12 Q Then the other color code I assume shows the development
13 pattern that would be allowed if the Audie Richards
14 application is allowed?

15 A Right. This has already been established for at least
16 three of the wells in the field.

17 Q And I believe in the previous hearing, you submitted
18 exhibits showing a variety of non-standard units which
19 will have to be formed if the 80 acres in the Southwest
20 of Section 30 were not available?

21 A That's correct.

22 MR. KELLY: Mr. Examiner, it comes to our
23 attention that we possibly have another problem with this
24 160, and that is the question of whether the location
25 of this well under the present field rules of 320 would

1 be an orthodox location. I don't know the answer to that,
2 and I thought I had better bring it up.

3 MR. STAMETS: Do you have a copy of the order there?

4 MR. STEVENS: Yes.

5 MR. STAMETS: And I am referring to Order No. R-4600.
6 There doesn't appear to be any penalty in here. It would
7 appear that the location is a standard location because
8 of the exception given under the order.

9 MR. KELLY: We just wanted to bring that to the
10 Commission's attention.

11 Q (By Mr. Kelly) Were Exhibits One through Four prepared
12 by you or under your supervision?

13 A Yes, sir.

14 Q And in your opinion, would the granting of this application
15 allow a more orderly and proper development of this
16 Morrow field?

17 A Yes, sir.

18 Q Do you see any adverse effect on correlative rights with
19 the granting of this application?

20 A No, sir.

21 MR. KELLY: I would move for the introduction of
22 the four exhibits at this time.

23 MR. STAMETS: Without objection, they will be so
24 admitted.

25 (Whereupon Applicant's Exhibits One through Four

1 were admitted in evidence.)

2 MR. KELLY: I have no further direct testimony.

3 MR. STAMETS: Are there questions of this witness?

4 MR. STEVENS: Yes.

5 * * * *

6 CROSS EXAMINATION

7 BY MR. STEVENS:

8 Q Mr. Hellman, in your opinion, will one well drain 320 acres
9 in this field?

10 MR. KELLY: I will object to the question because
11 I didn't qualify him as an expert witness. He is a
12 landman.

13 MR. STEVENS: Will you have an expert witness who
14 may be able to answer that question?

15 MR. KELLY: No, we haven't planned to call any
16 witnesses other than Mr. Hellman. I think this has
17 already been established as a matter of record.

18 Q (By Mr. Stevens) Mr. Hellman, you are asking for 160-
19 acre spacing, and the previous order set up 320-acre
20 spacing. I think there was a finding that one well would
21 drain 320-acre spacing. Why is Texaco seeking 160-acre
22 spacing on a well which would require another well to
23 be drilled on another 160-acre spacing pattern?

24 MR. KELLY: We would object, Mr. Examiner, to the
25 asking of any technical questions of this witness. He

1 wasn't qualified as an expert, and he is out of his field.

2 MR. STEVENS: Can he testify as to what will happen
3 to the development well in Section 25 by the granting of
4 this application?

5 MR. STAMETS: Mr. Stevens, I believe the witness
6 did testify as to the necessity of a non-standard unit
7 based on Exhibits Two and Three. Do you have copies of
8 those?

9 MR. STEVENS: Yes, I do.

10 MR. STAMETS: I believe that's the only reason he
11 testified.

12 Q (By Mr. Stevens) I believe you stated that the State and
13 Federal Government could not agree for you to pool this
14 160 acres with another 160 acres. Was that the substance
15 of your testimony?

16 A I think I further stated in its present completed zone.

17 Q Do you have any objection to the pooling of this 160 with
18 another 160 in that section if additional Morrow pay were
19 opened up under the recompletion of the well?

20 A Well, I am unable to speculate as to what my company may
21 feel toward that in the future, but I would say that
22 there is a possibility that that could happen, and I
23 agree that the Commission has authority to force pool it
24 if that should become necessary.

25 MR. STAMETS: Would Texaco be satisfied if an order

1 were issued granting this 160-acre non-standard proration
2 unit for such time as this well remains completed in
3 this particular zone of the Morrow formation with the
4 expiration of such an order on the date of recompletion
5 in another pool or in another Morrow zone?

6 MR. KELLY; May we have just a second to discuss this
7 off the record?

8 MR. STAMETS: Yes.

9 (Whereupon an off the record discussion was held.)

10 (Hearing continues.)

11 MR. KELLY: Texaco would have no objection to an
12 order of that type.

13 MR. STAMETS: Thank you. Mr. Stevens, you may proceed.

14 MR. STEVENS: We have no further question.

15 * * * *

16 CROSS EXAMINATION

17 BY MR. STAMETS:

18 Q The wording in the two letters from the Commissioner of
19 Public Lands and from the United States Geological Survey
20 are essentially the same until we get to the last
21 paragraph in each. The letter from the USGS does seem to
22 indicate that there would be no problem in forming a
23 320-acre standard spacing unit here with non unitized
24 land for the drilling of a new Morrow well or wells in
25 conformance with the New Mexico Conservation Commission

1 procedures. Did you discuss this with them as to the
2 possibility of a workover?

3 A Yes, sir.

4 Q Would this paragraph be true for a workover as well as a
5 new well?

6 A That's correct. The position on the existing completion
7 is stated in the middle paragraph of both letters, which
8 are somewhat identical.

9 Q Did you discuss the same possibility with the State Land
10 Office?

11 A Yes, sir.

12 Q Were they of the same opinion?

13 A Yes, sir.

14 MR. STAMETS: I think the record should show that
15 there are representatives in the room from the State Land
16 Office and from the USGS.

17 Are there any other questions of this witness?

18 (No response)

19 MR. STAMETS: He may be excused.

20 (Witness excused.)

21 MR. STAMETS: Do you have anything further, Mr. Kelly?

22 MR. KELLY: No. I am hoping that the matter is
23 laid to rest, Mr. Examiner.

24 MR. STAMETS: You may proceed, Mr. Stevens.

25 * * * *

1 WILLIAM AYCOCK,
2 was called as a witness, and having been already duly sworn,
3 testified as follows:

4 DIRECT EXAMINATION

5 BY MR. STEVENS:

6 Q Would you state your name, your residence, and your
7 occupation?

8 A William P. Aycock, my occupation is a consultant engineer,
9 and my residence is in Midland, Texas.

10 Q And do you represent the Felmont Oil Company in this case?

11 A Yes, sir.

12 Q Have your qualifications as an expert witness been
13 accepted by the Commission?

14 A Yes, they have.

15 MR. STEVENS: Are the witness's qualifications
16 accepted?

17 MR. STAMETS: They are.

18 Q (By Mr. Stevens) Going to what has been marked as Felmont
19 Exhibit Number One, would you explain its significance
20 for the Commission?

21 A Exhibit One is a cross section which stretches from the
22 Belco Base Federal which is located in Section 30, the
23 Northwest quarter of Section 30, through the Audie
24 Richards 1, and through the No. 1 Texaco Little Eddy
25 No. 1 which is the third well from the left. This exhibit

1 shows the markers on which we have made our geological
2 structure map. It also shows the intervals in which
3 each of the wells are currently completed. It shows all
4 of the drill stem tests and other pertinent completion
5 information available.

6 Q Could you distinguish between the Atoka and the Morrow as
7 to perforations in the field and the previous field
8 designation?

9 A Well, basically when it's carbonate, it will be called
10 Atoka. And if it is clastic, it will be called Morrow.
11 The Audie Richards would be considered carbonate. I don't
12 care to get into a debate, because I don't have sample
13 data, but I think that the top of the Morrow clastics are
14 in sandstone or clastic completions.

15 Q Referring to what has been marked as Exhibit Number Two,
16 would you explain that to the Commission?

17 A Exhibit Two is simply a field structure map on the Atoka
18 and Morrow clastic marker. These are indicated on the
19 cross section. The purpose of this is not to attempt
20 to define the structure, but simply it is information
21 available for use as to what we feel the general nature
22 of the structure to be, a northeast-southwest anticlinal
23 accumulation.

24 Q Would you refer to what has been marked as Exhibits Three,
25 Four, and Five and explain them?

1 A Exhibits Three, Four and Five are all the same, and they
2 portray the rate of gas production versus time and
3 average bottomhole pressure divided by compression
4 ability for the Audie Richards No. 1, the Texaco State
5 No. 1 "CM".

6 Q In your opinion, will one well drain 320 acres in the field?

7 A It is my opinion, based on the information available, and
8 I will be very free to admit that the log quality on the
9 older wells is not what any one of us would wish it to be
10 through no fault of Texaco, but they were drilled at a
11 time when the precision of logging devices were not what
12 they are today.

13 I would say that the "CM" Well is probably draining
14 slightly more than 160, and the "CM" is probably draining
15 320 acres.

16 Q Under the call of the original hearing, it called for
17 non-standard non-proration units in the Morrow formation.
18 What would be the effect upon development of gas in
19 Section 25 under that call?

20 A It is our interpretation that if this request were
21 granted that Felmont Oil Corporation would be required
22 to drill an additional well in the Southwest quarter of
23 Section 25 in order to have that acreage included with
24 the producing rate, or that it would have to be included
25 in a communitized or force-pooled unit within the Audie

1 Richards 1. At the current time, the North half of
2 Section 25 is under option from Felmont to Belco. So
3 our problem is that we are not protesting, nor do we
4 question the right of Texaco to continue to produce, our
5 question has to do with our right to participate under
6 recompletion or drilling of another well to a lower
7 Morrow zone.

8 Q Would that result in waste, in your opinion?

9 A It would result in economic waste, because it would
10 require an additional very expensive well to recover the
11 reserves.

12 Q As a result of the economic waste, would that affect
13 correlative rights?

14 A Well, if the Audie Richards 1 were allowed to be completed
15 in the Lower Morrow based on an analogy with the
16 performance of the No. 1 "JM", which is our best well
17 in the Morrow, drainage would occur more than likely.

18 Q If potash regulations prevented your drilling a well
19 in Section 25, what would be the effect?

20 A We would be precluded from recovering our share of gas
21 reserves that underlie the Southwest quarter of Section 25.

22 Q Conversely, if Felmont were able to make an agreement
23 with Texaco to pool the South half of Section 25 with
24 regard to the Lower Morrow, how would that affect
25 correlative rights?

1 A We believe they would be adequately protected.

2 Q Have you discussed with State and Federal officials their
3 view of the regulations pertaining to your pooling of
4 this Lower Morrow formation in the South half of Section 25?

5 A Yes, sir.

6 Q What was their opinion?

7 A The opinion in both cases was that any retroactive
8 adjustment of equities would not be possible. But changing
9 the status of this well would be a different matter, and
10 it would not be difficult to obtain communitization or
11 pooling of the Southwest quarter of Section 25 with the
12 Southeast quarter.

13 Q Have you made an offer to Texaco?

14 A We have made a proposal to Texaco by letter, copies which
15 have been furnished to the Commission previously, on
16 what we feel would be an equitable basis, and their reply
17 has been that they are precluded from accepting this
18 offer by advice of legal counsel.

19 Q Could you summarize Felmont's position?

20 A Felmont's position is we do not object to Texaco
21 continuing to produce from the current completion to its
22 economic limits, however we would object very strenuously
23 to a non-standard proration unit being granted that would
24 allow Texaco to initiate recompletion without further
25 hearing and without providing Felmont any chance to

1 participate in the Lower Morrow development.

2 MR. STEVENS: At this time, we would like to
3 introduce into evidence Exhibits One through Four.

4 MR. STAMETS: Without objection, they will be
5 admitted in evidence.

6 (Whereupon Felmont's Exhibits One through Four were
7 admitted in evidence.)

8 MR. STEVENS: We have no further direct testimony.

9 * * * *

10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q There are a couple of things I would like to clear up,
13 Mr. Aycock. You have many times referred to Felmont's
14 wish to participate in the completion of this well as
15 a Lower Morrow producer. I wonder if what you really
16 mean is the recompletion of this well as a producer in
17 any other zone?

18 A Yes, that's specifically correct.

19 Q Except to the zone currently being produced?

20 A That's specifically correct. I was referring to the
21 Lower Morrow because it appears to be the one with the
22 most immediate potential.

23 Q You heard my question to Texaco's witness concerning
24 whether or not they would object to a specific type of
25 order. Would Felmont have any objection to such an order?

1 A No, we would not. That's basically the gist of our
2 request from the Commission.

3 MR. STAMETS: Are there any other questions of this
4 witness?

5 MR. KELLY: Yes.

6 * * * *

7 CROSS EXAMINATION

8 BY MR. KELLY:

9 Q Based on the logs and your review of them, do you think
10 that you would get a commercial well if you entered the
11 Lower Morrow?

12 A It appears that there is a good possibility, yes.

13 MR. KELLY: Mr. Examiner, there doesn't seem to be
14 any real dispute at this point, and I don't think there
15 is any further need to go on.

16 MR. STAMETS: If there are no further questions, the
17 witness may be excused.

18 (Witness excused.)

19 MR. STAMETS: Do you have anything further, Mr.
20 Stevens?

21 MR. STEVENS: We might ask that the letter from Belco
22 be read.

23 MR. STAMETS: We do have a letter from Belco. Mr.
24 Carr, would you read that letter?

25 (Whereupon a letter from Belco Petroleum Company

1 was read into the record.)

2 MR. STAMETS: Is there anything else that either of
3 you would like to offer in this case?

4 MR. KELLY: No, Mr. Examiner.

5 MR. STEVENS: No, Mr. Examiner.

6 MR. STAMETS: Case 5121 will be taken under
7 advisement, and we will recess until 1:15.

8 * * * *

9 C E R T I F I C A T E

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

17
18 *Richard E. McCormick*
19 CERTIFIED SHORTHAND REPORTER

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I N D E XWITNESSPAGE

B. E. HELLMAN

Direct Examination by Mr. Kelly

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Cross Examination by Mr. Stevens

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Cross Examination by Mr. Stamets

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WILLIAM AYCOCK

Direct Examination by Mr. Stevens

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Cross Examination by Mr. Stamets

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Cross Examination by Mr. Kelly

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Applicant's #1 Boundaries

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Applicant's #2 Letter

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Applicant's #3 Letter

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Felmont's #1 Cross section

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Felmont's #2 Field structure map

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Felmont's #3 Gas production rates

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Felmont's #4 Gas production rates

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Felmont's #5 Gas production rates

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OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

December 6, 1973

Mr. Dooker Kelly
White, Koch, Kelly & McCarthy
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: CASE NO. 5121
ORDER NO. R-4689
Applicant:
TEXACO Inc.

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.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC _____ x
Artesia OCC _____
Aztec OCC _____

Other Mr. Don Stevens

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. 5121
Order No. R-4689

APPLICATION OF TEXACO INC. FOR A
NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 28, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of December, 1973, 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, Texaco Inc., seeks approval of a 160-acre non-standard gas proration unit comprising the SE/4 of Section 25, Township 20 South, Range 32 East, NMPM, to be dedicated to its Audie Richards Well No. 1 located in Unit P of said Section 25.

(3) That the SE/4 of Section 25 was dedicated to the Audie Richards Well No. 1 located in Unit P of said Section 25 upon its completion in accordance with the provisions of statewide Rule 104.

(4) That Oil Conservation Commission Order No. R-4600 issued on July 23, 1973, changed the spacing from 160 to 320 acres in the South Salt Lake-Korow Gas Pool which includes the subject well.

(5) That the applicant has heretofore failed to request administrative approval of a 160 acre non-standard unit under the provisions of Order No. R-4600.

(6) That the subject well is a gas-bearing well in the Little Bddy Unit and formation of a standard unit for said well and oil zone would require communication of unitized and non-unitized acreage.

(7) That the applicant cannot join the required approval of the Commissioner of Public Land and the United States Geological Survey for a standard unit due to the condition involved in said unit and the late stage of depletion of the well.

(8) That if the subject well were to be recompleted into any other deep productive gas zone, communitization could take place.

(9) That the owners of other interests in Section 25, Township 20 South, Range 32 East do not object to the proposed non-standard unit provided that a standard communitized unit be formed at such time as the well is recompleted into another deep gas zone.

(10) That the application for the Non-Standard Gas Proration Unit should be approved provided that such approval should terminate upon recompletion of the well in any other gas zone of Pennsylvanian age or older.

(11) That the entire non-standard proration unit may reasonably be presumed productive of gas from the South Salt Lake-Morrow Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(12) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the South Salt Lake-Morrow Gas Pool and will otherwise prevent waste and protect correlative rights.

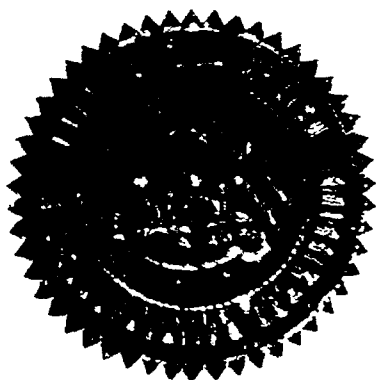
IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the South Salt Lake-Morrow Gas Pool comprising the SE/4 of Section 25, Township 20 South, Range 32 East, MUN, Lea County, New Mexico, is hereby established and dedicated to its Audie Richards Well No. 1 located in Unit F of said Section 25.

PROVIDED HOWEVER, that Commission approval of the non-standard gas proration unit shall terminate upon recompletion of the well in any other gas zone of Pennsylvanian age or older.

(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 hereinafore designated.



STATE OF NEW MEXICO
OIL AND GAS CONSERVATION COMMISSION

E. R. JONES, Jr., Chairman

A. J. Carter
A. J. Carter, Jr., Secretary

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5121

Application Texaco NSU
SE 25-20-32 etc

That said SE/4 of said Section 25
was dedicated to said well upon
completion in accordance with
statewide rules extant.

That OCC Order R-4600 July 23, 1965
changed spacing to 320 from 160.

That through error, the applicant
failed to request ^{administrative} approval of
160 NSU under provisions
of order R-4600

That said well is a participating well in the Little Eddy
unit and that to form a standard unit
for said well at this time
would necessitate communitization
of unitized and non-unitized
acreage.

That applicant cannot gain the
requisite approval of the Commish
Public Lands or USGS for
such approval due to the
equities involved in ~~the~~ said
unit and the late stage
of depletion of the well.

That if said well ~~was~~ were
recompleted into any other ^{deep} productive
gas zone, such communitization
could take place.

That the interest owner in Section
25 ~~T~~ R does not
object to the Proposed NS4
Provided that a standard
communitized unit be
formed at such time as
the well is recompleted
into another deep gas
zone

That the application for NS4
should be approved provided
that such ~~and~~ approval should
terminate upon recompletion
of the well in any other
deep gas zone.

Approve as above

2000 Wilco Building
Midland, Texas 79701
Telephone (915) 683-6366

November 27, 1973

Belco Petroleum Corporation

Belco

New Mexico Oil Conservation Commission
P. O. Box No. 2088
Santa Fe, New Mexico 87501

Re: NMOCO Case 5121
Application of Texaco, Inc.
for Non-Standard Proration Unit
South Salt Lake (Morrow) Gas Pool
Lea County, New Mexico

Gentlemen:


Belco Petroleum Corporation believes that both economic and physical waste, as well as protection of correlative rights, can best be prevented in the South Salt Lake (Morrow) Gas Pool by adhering to 320-acre gas proration units for all wells in the Pool.

Belco Petroleum Corporation respectfully calls the Commission's attention to the fact that the present pool rules were established by Order No. R-4600, dated July 11, 1973. In this order, Commission finding number six (6) demonstrates that no appearances were made nor objections received to the inclusion of the South Salt Lake (Morrow) Pool under Statewide Rule 104 at the hearing on July 11, 1973.

Inasmuch as the Texaco No. 1-Audie Richards well located in the SE/4 Section 25, T20S, R32E, is apparently presently producing from a non-commercial Morrow formation zone, we recommend that the Commission approve a non-standard proration unit consisting of the SE/4 Section 25 to be dedicated to this well so long, and only so long, as this well is produced from the zones in which it is presently completed. In the event this well should ever be recompleted in another zone within the Morrow formation, Case 5121 should be automatically reopened before the Oil Conservation Commission and the facts of the case be re-examined at that time.

Yours very truly,

BELCO PETROLEUM CORPORATION


Omar L. Brown
District Landman

OLB/MW

CC: Felmont Oil Corporation
Midland, Texas 79701

Docket No. 34-73

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 27, 1973

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

CASE 5063: (De Novo)

Application of Shell Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its Sanger Well No. 6Y to be located 1220 feet from the North line and 180 feet from the West line of Section 27, Township 18 South, Range 38 East, Hobbs Pool, Lea County, New Mexico.

Upon application of Samedan Oil Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 36-73

DOCKET: EXAMINER HEARING - TUESDAY - DECEMBER 11, 1973

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1974, from fifteen 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 January, 1974.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 28, 1973

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

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

CASE 5115: Application of Mobil Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Corral Draw Unit Area comprising 19,199 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 29 East, Eddy County, New Mexico.

CASE 5116: Application of Mobil Oil Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water and/or gas into the Middle Pennsylvanian formation of its Bridges State Well No. 147 located in Unit F of Section 13, Township 17 South, Range 34 East, Vacuum-Middle Pennsylvanian Pool, Lea County, New Mexico, the W/2 of said Section 13 to be the initial project area. Applicant further seeks the promulgation of rules for said project including a provision for administrative approval for expansion thereof.

CASE 5117: Application of Roger C. Hanks for creation of a new pool and special rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the North Dagger Draw-Cisco Canyon Oil Pool in Sections 24, 25, and 36, Township 19 South, Range 24 East, Sections 18, 19, 30 and 31, Township 19 South, Range 25 East, and Section 1, Township 20 South, Range 24 East, Eddy County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 320-acre spacing and proration units and specified well locations.

CASE 5118: Application of Shell Oil Company for an extension of Order No. R-4289, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the indefinite extension of Order No. R-4289, which order as extended authorized temporary downhole commingling of the Morrow Pennsylvanian and Devonian production in the wellbore in its Antelope Ridge Well No. 2 located in Unit B of Section 4, Township 24 South, Range 34 East, Antelope Ridge Field, Lea County, New Mexico.

CASE 5119: Application of Getty Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Stock Unit Area comprising 5,760 acres, more or less, of State lands in Township 21 South, Range 33 East, Lea County, New Mexico.

CASE 5120: Application of Lone Star Producing Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by

(Case 5120 continued from Page 1)

injection into the San Andres formation through the annulus between 5 1/2-inch and 8 5/8-inch casing strings of its New Mexico State SO Well No. 1 located in Unit B of Section 33, Township 14 South, Range 34 East, Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, and to produce oil from said pool through 2 3/8-inch tubing installed within the 5 1/2-inch casing.

CASE 5121: Application of Texaco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the SE/4 of Section 25, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to its Audie Richards Well No. 1 located in Unit P of said Section 25.

CASE 5122: Application of Sun Oil Company for the creation of a new oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production for its Shern Federal Well No. 1 located in Unit M of Section 15, Township 19 South, Range 32 East, Lusk Field, Lea County, New Mexico, and the promulgation of special pool rules therefor including a provision for 160-acre spacing and proration units and a special limiting gas-oil ratio of 4000 to 1.

CASE 5123: Application of Consolidated Oil & Gas Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle gas production from the Flora Vista-Gallup Gas Pool and the Basin Dakota-Gas Pool in the wellbore of its Clayton Well No. 1-2 located in Unit N of Section 2, Township 30 North, Range 12 West, San Juan County, New Mexico.

CASE 5124: Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 of Section 30, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5126: Application of Atlantic Richfield Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Avalon Deep Unit Area comprising 10, 117 acres, more or less, of fee, Federal, and State lands in Township 21 South, Ranges 26 and 27 East, Eddy County, New Mexico.

CASE 5127: Application of Skelly Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Salt Lake South Unit Area comprising 7080.12 acres, more or less, of State and Federal lands in Township 21 South, Range 32 East, Lea County, New Mexico.

CASE 5125: Northwestern nomenclature case calling for the creation and extension of certain pools in McKinley, San Juan, Rio Arriba and Sandoval Counties, New Mexico:

(a) Create a new pool in McKinley County, New Mexico, classified as an oil pool for Mesaverde production and designated as the Blackeye-Mesaverde Oil Pool. The discovery well is the K & W Oil Co. #55-Y Jaco located in Unit D of Section 32, Township 20 North, Range 9 West, NMPM. Said pool would comprise:

TOWNSHIP 20 NORTH, RANGE 9 WEST, NMPM

Section 29: W/2 SW/4

Section 30: SE/4 NE/4 and NE/4 SE/4

Section 32: NW/4 NW/4

(b) Create a new pool in McKinley County, New Mexico, classified as an oil pool for Dakota production and designated as the Blackeye-Dakota Oil Pool. The discovery well is the Colorado Plateau Geological Services, Inc. #1 Blackeye located in Unit M of Section 29, Township 20 North, Range 9 West, NMPM. Said pool would comprise:

TOWNSHIP 20 NORTH, RANGE 9 WEST, NMPM

Section 29: SW/4 SW/4

(c) Create a new pool in McKinley County, New Mexico, classified as a gas pool for Dakota A production and designated as the Lone Pine-Dakota A Pool. The discovery well is the Tenneco Oil Co. #2 SFPRR located in Unit L of Section 13, Township 17 North, Range 9 West, NMPM. Said pool would comprise:

TOWNSHIP 17 NORTH, RANGE 9 WEST, NMPM

Section 13: SW/4

Section 23: NE/4

Section 24: NW/4

(d) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Mt. Nebo-Fruitland Pool. The discovery well is the Amoco Production Co. #1 Keys Gas Com E located in Unit D of Section 27, Township 32 North, Range 10 West, NMPM. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM

Section 27: NW/4

Section 28: NE/4

(e) Extend the Angels Peak-Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM

Section 6: N/2
 Section 7: SW/4
 Section 8: All
 Section 9: W/2
 Section 18: W/2 & SE/4
 Section 23: W/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Section 3: SW/4 & S/2 SE/4
 Section 11: S/2
 Section 12: All
 Section 13: N/2

(f) Extend the Aztec-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 8 WEST, NMPM

Section 18: W/2

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM

Section 18: S/2
 Section 20: SW/4

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

Section 12: SW/4

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

Section 18: SE/4
 Section 21: SW/4
 Section 28: SE/4
 Section 31: E/2
 Section 32: SW/4

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

Section 2: N/2
 Section 3: NE/4

(g) Extend the Ballard-Pictured Cliffs Pool in Rio Arriba, Sandoval and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 2 WEST, NMPM

Section 6: N/2 & SE/4
 Section 7: NE/4
 Section 8: W/2

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 15: S/2
Section 16: S/2
Section 21: All
Section 22: All
Section 23: All
Section 26: N/2
Section 27: N/2 & SE/4
Section 28: NE/4

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 24: NE/4

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 14: NW/4

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 17: SW/4
Section 20: N/2

(h) Extend the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

Section 8: E/2
Section 9: All
Section 10: W/2
Section 14: N/2

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM

Section 9: SE/4
Section 34: S/2

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM

Section 7: All (Partial)
Section 18: All
Section 19: All
Section 31: W/2

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM

Section 13: E/2

(i) Extend the Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 30: SW/4
Section 31: W/2

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 5: SE/4	Section 25: W/2 & SE/4
Section 8: S/2	Section 26: E/2
Section 14: N/2	Section 33: W/2
Section 15: S/2	Section 34: NE/4
Section 16: S/2	Section 35: N/2
Section 17: S/2 & NE/4	Section 36: N/2
Section 23: SE/4	

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM

Section 6: S/2
Section 7: All
Section 18: NE/4

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

Section 14: NE/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 2: All	Section 14: NE/4
Section 5: SE/4	Section 15: SW/4
Section 6: NE/4	Section 16: N/2 & SE/4
Section 9: NE/4	Section 22: SE/4
Section 10: N/2	Section 23: S/2
Section 11: All	Section 24: SW/4
Section 12: SW/4	Section 25: All
Section 13: All	Section 26: NE/4

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM

Section 31: S/2

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM

Section 18: SW/4	Section 32: E/2
Section 29: SE/4	Section 35: S/2
Section 31: S/2	Section 36: S/2

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

Section 3: All	Section 12: All
Section 4: All	Section 13: E/2
Section 5: N/2 & SE/4	Section 14: N/2
Section 8: SW/4	Section 17: N/2
Section 9: N/2	Section 23: W/2
Section 10: N/2	Section 25: SW/4
Section 11: All	

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM

Section 21: E/2	Section 32: All
Section 22: SW/4	Section 33: All
Section 27: All	Section 34: All
Section 28: All	Section 35: S/2
Section 29: N/2 & SE/4	

(j) Extend the South Blanco-Pictured Cliffs Pool in Rio Arriba, Sandoval and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM
Section 8: SE/4

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Section 9: E/2 Section 16: NE/4

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
Section 17: NE/4

TOWNSHIP 28 NORTH, RANGE 6 WEST, NMPM
Section 26: SW/4 Section 35: W/2
Section 27: E/2 Section 36: NW/4

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM
Section 16: E/2

TOWNSHIP 28 NORTH, RANGE 8 WEST, NMPM
Section 8: All (Partial) Section 18: E/2
Section 9: All (Partial) Section 19: NE/4
Section 14: W/2 & SE/4 Section 20: NW/4
Section 15: N/2 Section 23: NE/4
Section 16: NE/4 Section 24: W/2 & SE/4
Section 17: All Section 25: N/2

(k) Extend the Choza Mesa-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 4 WEST, NMPM
Section 23: W/2

(l) Extend the Flora Vista-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
Section 1: SW/4
Section 2: S/2
Section 3: SE/4

(m) Extend the South Gallegos-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 1: SW/4

(n) Extend the Gonzales-Mesaverde Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 4: SW/4 Section 9: NW/4
Section 5: SE/4

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

Section 29: SW/4 Section 32: W/2

Section 31: S/2

- (o) Extend the Hospah-Dakota Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM

Section 5: SW/4 SW/4 Section 7: N/2 NE/4

Section 6: SE/4 SE/4

- (p) Extend the Kutz-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM

Section 13: W/2

- (q) Extend the Largo-Chacra Pool in Rio Arriba & San Juan Counties, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM

Section 10: NE/4 Section 16: S/2

Section 11: All Section 17: SE/4

Section 13: W/2 & SE/4 Section 23: N/2

Section 14: All Section 25: W/2

Section 15: S/2 Section 26: E/2

- (r) Extend the South Lindrith-Gallup Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 21: SE/4 Section 28: N/2 & SW/4

- (s) Extend the Lone Pine-Dakota D Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM

Section 7: S/2 NE/4 Section 8: W/2 NW/4

- (t) Extend the North Los Pinos-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM

Section 13: SE/4

- (u) Extend the Otero-Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 2: SW/4 Section 12: W/2

Section 3: SE/4 Section 14: NW/4

Section 10: SE/4 Section 15: NE/4

Section 11: S/2 & NE/4

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM
Section 31: W/2 Section 32: SW/4

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 21: SW/4 Section 33: E/2
Section 26: NW/4 & SE/4 Section 34: All
Section 27: All Section 36: S/2

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
Section 11: N/2

(v) Extend the Pinon-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
Section 8: All (Partial)
Section 9: All (Partial)

(w) Extend the Tapacito-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
Section 21: NE/4

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
Section 6: SE/4 Section 27: N/2
Section 15: SE/4

(x) Extend the Tocito Dome-Pennsylvanian D Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 18 WEST, NMPM
Section 26: NW/4 Section 27: NE/4

(y) Extend the Ute Dome-Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 10: All Section 11: All

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM
Section 25: E/2

(z) Extend the Ute Dome-Paradox Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 10: All

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM
Section 25: All

PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION

PETROLEUM PRODUCTS

November 9, 1973

TEXACO INC.
P. O. BOX 3100
MIDLAND, TEXAS 79701

NON-STANDARD PRORATION UNIT
TEXACO AUDIE RICHARDS NO. 1
LITTLE EDDY UNIT
SOUTH SALT LAKE MORROW POOL
SECTION 25, T-20-S, R-32-E
LEA COUNTY, NEW MEXICO

Mr. William P. Aycock
Sipes, Williamson & Aycock, Inc.
1100 Gihls Towers West
Midland, Texas 79701

Dear Sir:

In reference to your letter concerning the above subject, dated October 31, 1973, please be advised that Texaco is presently studying the proposals made by you for Felmont Oil Corporation. Texaco, like Felmont, is anxious to work something out that will be equitable to all concerned.

Yours very truly,

Darrell Smith
Division Manager

By

R. G. Brown
R. G. Brown
Assistant to Division Manager

GRW:MIS

cc: Belmont Oil Corporation
308 Gihls Tower East
Midland, Texas 79701
Attn: Mr. Joe Miller

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

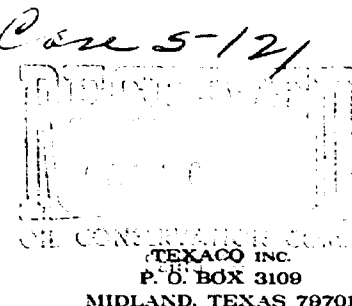
U. S. Geological Survey
P. O. Drawer 1657
Roswell, New Mexico 88201
Attn: Mr. Carl C. Traywick



PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION

PETROLEUM PRODUCTS

October 15, 1973



*appl for
administrative
approval - objection
need 10/24 Texaco
requests long
Jaw*

NON-STANDARD GAS PRORATION UNIT

AUDIE RICHARDS NO. 1
LITTLE EDDIE UNIT
SOUTH SALT LAKE MORROW POOL
660' FEL & 660' FSL
SECTION 25, T-20-S, R-32-E
LEA COUNTY, NEW MEXICO

TO ALL WORKING INTEREST OWNERS

Gentlemen:

Texaco, as the agent for the Unit Operator of the Little Eddie Unit, has requested a 160 acre non-standard gas proration unit in the South Salt Lake Morrow Pool for the Audie Richards No. 1. The non-standard proration unit will cover the SE/4, Section 25, T-20-S, R-32-E, Lea County, New Mexico, which is the same proration unit that now exists for the subject well.

In July of this year, the Field Rules were changed to increase the proration units from 160 acres to 320 acres. Since this well is a marginal producer and the field is not prorated, a 160 acre non-standard unit will not effect the production but will allow standard proration units for the remainder of the field.

Please indicate your approval by mailing one executed copy of this letter directly to the New Mexico Oil Conservation Commission and one executed copy to this office. Addressed and stamped envelopes are enclosed for your convenience.

Attached for your review is a copy of our application.

Yours very truly,

Darrell Smith
Division Manager

GRW/pw

Attachment

By R. G. Brown
R. G. Brown
Assistant to Division Manager

*WAH
10/22/73*

APPROVED

Perry R. Bass
Working Interest Owner

BY

DATE

Oct. 22, 1973

11-16-73

PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION



PETROLEUM PRODUCTS

October 15, 1973

RECEIVED
OIL CONSERVATION COMMISSION
P.O. BOX 3109
MIDLAND, TEXAS 79701

NON-STANDARD GAS PRORATION UNIT

AUDIE RICHARDS NO. 1

LITTLE EDDIE UNIT

SOUTH SALT LAKE MORROW POOL

660' FEL & 660' FSL

SECTION 25, T-20-S, R-32-E

LEA COUNTY, NEW MEXICO

TO ALL WORKING INTEREST OWNERS

Gentlemen:

Case 5-121

Texaco, as the agent for the Unit Operator of the Little Eddie Unit, has requested a 160 acre non-standard gas proration unit in the South Salt Lake Morrow Pool for the Audie Richards No. 1. The non-standard proration unit will cover the SE/4, Section 25, T-20-S, R-32-E, Lea County, New Mexico, which is the same proration unit that now exists for the subject well.

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Yours very truly,

Darrell Smith
Division Manager

GRW/pw

Attachment

By *R. G. Brown*
R. G. Brown
Assistant to Division Manager

APPROVED ATLANTIC RICHFIELD COMPANY
Working Interest Owner

BY *J. R. Hatcher*

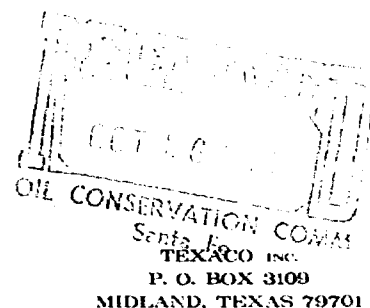
DATE October 23, 1973



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION

October 15, 1973



NON-STANDARD GAS PRORATION UNIT

AUDIE RICHARDS NO. 1
LITTLE EDDIE UNIT
SOUTH SALT LAKE MORROW POOL
660' FEL & 660' FSL
SECTION 25, T-20-S, R-32-E
LEA COUNTY, NEW MEXICO

TO ALL WORKING INTEREST OWNERS

Case 5-121

Gentlemen:

Texaco, as the agent for the Unit Operator of the Little Eddie Unit, has requested a 160 acre non-standard gas proration unit in the South Salt Lake Morrow Pool for the Audie Richards No. 1. The non-standard proration unit will cover the SE/4, Section 25, T-20-S, R-32-E, Lea County, New Mexico, which is the same proration unit that now exists for the subject well.

In July of this year, the Field Rules were changed to increase the proration units from 160 acres to 320 acres. Since this well is a marginal producer and the field is not prorated, a 160 acre non-standard unit will not effect the production but will allow standard proration units for the remainder of the field.

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Attached for your review is a copy of our application.

Yours very truly,

Darrell Smith
Division Manager

GRW/pw

Attachment

By *R. G. Brown*
R. G. Brown
Assistant to Division Manager

APPROVED *Bass Enterprises Production Co.*
Working Interest Owner

BY *[Signature]*

DATE *Oct. 22, 1973*

WAK
10/24/73



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION

October 15, 1973

TEXACO INC.
P. O. BOX 3100
MIDLAND, TEXAS 79701

NON-STANDARD GAS PRORATION UNIT

AUDIE RICHARDS NO. 1

LITTLE EDDIE UNIT

SOUTH SALT LAKE MORROW POOL

660' FEL & 660' FSL

SECTION 25, T-20-S, R-32-E

LEA COUNTY, NEW MEXICO

TO ALL WORKING INTEREST OWNERS

Gentlemen:

Case 5-121

Texaco, as the agent for the Unit Operator of the Little Eddie Unit, has requested a 160 acre non-standard gas proration unit in the South Salt Lake Morrow Pool for the Audie Richards No. 1. The non-standard proration unit will cover the SE/4, Section 25, T-20-S, R-32-E, Lea County, New Mexico, which is the same proration unit that now exists for the subject well.

In July of this year, the Field Rules were changed to increase the proration units from 160 acres to 320 acres. Since this well is a marginal producer and the field is not prorated, a 160 acre non-standard unit will not effect the production but will allow standard proration units for the remainder of the field.

Please indicate your approval by mailing one executed copy of this letter directly to the New Mexico Oil Conservation Commission and one executed copy to this office. Addressed and stamped envelopes are enclosed for your convenience.

Attached for your review is a copy of our application.

Yours very truly,

Darrell Smith
Division Manager

GRW/pw

Attachment

APPROVED

BY

DATE

By

R. G. Brown
R. G. Brown

Assistant to Division Manager

Elliot O. L.
Working Interest Owner

10/19/73



PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION

PETROLEUM PRODUCTS
October 15, 1973

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

NON-STANDARD GAS PRORATION UNIT

AUDIE RICHARDS NO. 1
LITTLE EDDIE UNIT
SOUTH SALT LAKE MORROW POOL
660' FEL & 660' FSL
SECTION 25, T-20-S, R-32-E
LEA COUNTY, NEW MEXICO

TO ALL WORKING INTEREST OWNERS

Case 5-121

Gentlemen:

Texaco, as the agent for the Unit Operator of the Little Eddie Unit, has requested a 160 acre non-standard gas proration unit in the South Salt Lake Morrow Pool for the Audie Richards No. 1. The non-standard proration unit will cover the SE/4, Section 25, T-20-S, R-32-E, Lea County, New Mexico, which is the same proration unit that now exists for the subject well.

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Attached for your review is a copy of our application.

Yours very truly,

Darrell Smith
Division Manager

GRW/pw

Attachment

APPROVED

BY

DATE

By *R. G. Brown*
R. G. Brown
Assistant to Division Manager

PHILLIPS PETROLEUM CO.
Working Interest Owner

G. W. Edwards

10-23-73



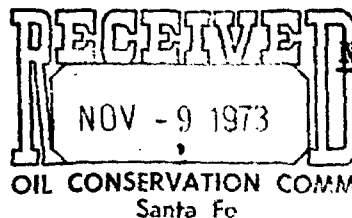
PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION

PETROLEUM PRODUCTS

October 15, 1973

10-18-73
Don Myers
Class 5-121

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701



NON-STANDARD GAS PRORATION UNIT
AUDIE RICHARDS NO. 1
LITTLE EDDIE UNIT
SOUTH SALT LAKE MORROW POOL
660' FEL & 660' FSL
SECTION 25, T-20-S, R-32-E
LEA COUNTY, NEW MEXICO

TO ALL WORKING INTEREST OWNERS

Gentlemen:

Texaco, as the agent for the Unit Operator of the Little Eddie Unit, has requested a 160 acre non-standard gas proration unit in the South Salt Lake Morrow Pool for the Audie Richards No. 1. The non-standard proration unit will cover the SE/4, Section 25, T-20-S, R-32-E, Lea County, New Mexico, which is the same proration unit that now exists for the subject well.

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Attached for your review is a copy of our application.

Yours very truly,

Darrell Smith
Division Manager

GRW/pw

Attachment

APPROVED

Lincoln Oil Company
Working Interest Owner

BY

D.D. Myers

DATE

11-6-73

By

R.G. Brown
R. G. Brown

Assistant to Division Manager

SIPES, WILLIAMSON & AYCOCK, INC.

CONSULTING ENGINEERS
Midland, Texas

1100 GIBBS TOWER WEST
MIDLAND, TEXAS 79701
915 683-1841

October 25, 1973

800 MAIN BUILDING
HOUSTON, TEXAS 77002
713 228-8148

Texaco, Incorporated
P.O. Box 3109
Midland, Texas 79701

Case 5721

Attention: Mr. M. A. Sirgo, Jr.
Division Petroleum Engineer

Gentlemen:

Subject: Non-standard Proration Unit
Texaco's Audie Richards "1", 25-20S-32E
So. Salt Lake Pool, Lea County, New Mexico

You requested a waiver of objection for the proposed non-standard unit from Felmont Oil Corporation by letter dated October 15, 1973. We have been retained by Felmont as advisers on this matter, and Felmont has requested that I contact you on their behalf.

Felmont Oil Corporation does object to granting the non-standard proration unit you requested. Felmont believes that granting of your non-standard unit request would lead to inordinate difficulties in properly developing Felmont's 480-acre lease, comprising the W/2 and NE/4 of Section 25, Township 20S, Range 32E. To adequately develop this property were a non-standard unit assigned as you request would necessitate Felmont drilling wells on both a standard gas proration unit in the W/2 of Section 25 and a non-standard proration unit in the NE/4 of Section 25. Section 25 would then contain three wells at full development, rather than two as contemplated by application of the pool rules. Felmont believes that drilling of this extra well would constitute economic waste and would be disadvantageous to both Felmont and Texaco.

Felmont recognizes the need to preserve equity in the recovery of gas reserves for both Felmont and Texaco, and Felmont is consequently amenable to considering voluntary communitization or any other remedy for the current situation that Texaco might suggest. Additionally, Felmont believes that it is important to effect an equitable remedy, satisfactory to both Felmont and Texaco, as a somewhat similar situation to that involved in the case of the Audie Richards "1" will occur when the W/2 of Section 36 is developed, as Felmont has an oil and gas lease on the NW/4 of Section 36, while the SW/4 of the Section is under lease to Texaco and appears to be HBU.

October 25, 1973
Page 2

Felmont would appreciate your attention to this matter and solicits your comments on possible remedies that would be both acceptable to Texaco and equitable to both Felmont and Texaco.

Very truly yours,

Sipes, Williamson & Aycock, Inc.

ORIGINAL SIGNED BY
WILL P. AYCOCK

William P. Aycock, P. E.

/rr

cc: Felmont Oil Corporation
308 Gihls Tower East
Midland, Texas 79701
Attention: Mr. Joe Miller

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

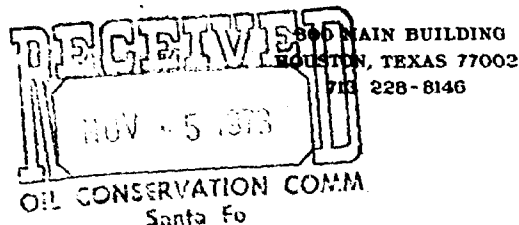
Case 5-121

SIPES, WILLIAMSON & AYCOCK, INC.

CONSULTING ENGINEERS

1100 GIRLS TOWER WEST
MIDLAND, TEXAS 79701
915 683-1841

Midland, Texas
October 31, 1973



Texaco, Inc.
P. O. Box 3109
Midland, Texas 79701

Attention: Mr. Robert G. Brown,
Assistant to Division Manager

Gentlemen:

Subject: Non-Standard Proration Unit
Texaco Audie Richards No. 1,
South Salt Lake Field
Section 25, Township 20 South,
Range 32 East, Lea County,
New Mexico

Felmont Oil Corporation has re-evaluated the available information for this well as a result of the conference of Monday, October 29 that included representatives of both Felmont and Texaco, Inc., and your telephone report to me that the scouting information for the Audie Richards 1 is a complete record of the formation drillstem tests and/or production tests. Felmont's conclusion from this study is that the recompletion possibilities for the Richards are excellent. Felmont also does not believe that the low quality of the current Audie Richards 1 completion indicates that any substantial drainage is occurring from Felmont's lease in Section 25.

On behalf of Felmont, I called the U. S. Geological Survey in Roswell, and discussed the situation with Messrs. Traywick and Gillham at length. Our discussion resulted in their assurance that the USGS would have no objection to a pooled, 320-acre proration for this well that would include the SW/4 of Section 25, as long as the pooling would become effective with a change in well completion status, such as a workover for completion in a reservoir other than that in which the well is now completed, and that the pooled proration unit assigned to the well was approved by the New Mexico Oil Conservation Commission. I was informed that, under no circumstances, would such pooling be approved were it to involve retroactive adjustment of equities.

In addition, I discussed the current participating area reservoir delineation with Messrs. Traywick and Gillham, and I concluded from this discussion that the delineation is not precise, and that the approval of the pooled unit after a workover would apply, regardless of how either the current reservoir in which the Audie Richards 1 is completed is described, or regardless of how the prospective recompletion reservoirs are described. I also learned that the USGS has a drainage call on Felmont's 480-acre lease in Section 25, so that they would

11-16-73

Texaco, Inc.
October 31, 1973
Page 2

require equitable participation in the common South Salt Lake Pool reservoirs for all of Felmont's acreage in Section 25.

Felmont wishes to settle this matter equitably and in conformance with both prudent operational practices and the intent of the pool rules to prevent the drilling of unnecessary wells, if this is possible. Felmont believes that an agreement with Texaco could accomplish all of these objectives, with an agreement structured as follows:

1. Felmont would waive objection to the assignment of the non-standard, 160-acre proration unit comprising the southeast quarter of Section 25 to the Audie Richards 1, as the well is presently completed.
2. Texaco would agree that, when the reservoir at a depth of from 12,909 to 12,916 feet in which the Richards 1 is now completed, is depleted, Texaco would review with Felmont all of Texaco's proprietary well data. The data to be reviewed will include sample descriptions, drillstem or production tests, mud and wireline logs, and any other formation evaluation data that may have been accumulated by Texaco during the drilling and completion of the Audie Richards 1. Felmont and Texaco would then make a joint decision as to whether or not a recompletion attempt is justified. If a recompletion attempt is not jointly deemed justifiable, Texaco would then plug and abandon the Audie Richards 1 at its sole risk and expense. If a recompletion attempt is jointly deemed justifiable, then Felmont and Texaco would voluntarily communitize the south half of Section 25 as a proration unit to be assigned to the Audie Richards 1.
3. Felmont and Texaco would negotiate a standard AAPL-type joint operating agreement, such as is in standard use throughout the petroleum industry, to govern the recompletion attempt.
4. Felmont and Texaco would agree that this joint operating agreement would provide for the working interest to be shared equally between them, and Felmont and Texaco would be responsible for payment of royalties applicable to each tract to their respective royalty owners, i.e., the U. S. for Felmont, and the State of New Mexico for Texaco.
5. Felmont and Texaco would agree that the basis for the adjusted well cost would be that Felmont would pay Texaco an amount which would be the lesser of one half of Texaco's unamortized drilling and completion cost for a depth including the South Salt Lake Pool reservoirs at a depth not exceeding 13,400 feet, or one half of a mutually agreed-upon AFE, including reasonable contingencies, applicable at the time such recompletion is to be attempted.

Texaco, Inc.
October 31, 1973
Page 3

This agreement would be executed in binding, contractually legal form by officers of each corporation who have the authority to commit each corporation to such matters, the agreement would be made a part of Felmont's waiver of objection to Texaco's assignment of the 160-acre proration unit in the SE/4 of Section 25 to the Audie Richards 1.

Unless such an agreement can be negotiated between Felmont and Texaco, it is apparent that the alternative courses of action all probably involve lengthy, expensive proceedings before the New Mexico Oil Conservation Commission. Such proceedings would have a bearing on both Belco Petroleum Corporation's application for a non-standard proration unit and unorthodox location for a well to be drilled on the S/2 of Section 30, Township 20 South, Range 33 East, and Texaco's desire to drill a South Salt Lake Pool development well in the N/2 of Section 31, Township 20 South, Range 33 East; it is therefore probable that the proceedings would be extremely involved and could entail the intervention of Amini Oil Corporation also, since it is Felmont's understanding that Amini desires to drill a South Salt Lake development well in the S/2 of Section 32, Township 20 South, Range 33 East, and a normal proration unit would require communitizing Amini's SE/4 and E/2SW/4 with Texaco's W/2SW/4 in Section 32. Felmont wishes to avoid such proceedings, if possible, so Felmont solicits your serious consideration of this proposal, which, although not entirely satisfactory to either Felmont or Texaco, would be reasonably equitable to Felmont, Texaco, the U. S. and the State of New Mexico.

Very truly yours,

SIPES, WILLIAMSON & AYCOCK, INC.

ORIGINAL SIGNED BY
Wm. P. AYCOCK

Wm. P. Aycock, P. E.

/kp

copies: Felmont Oil Corporation
308 Gihls Tower East
Midland, Texas 79701
Attention: Mr. Joe Miller

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

U. S. Geological Survey
P. O. Drawer 1857
Roswell, New Mexico 88201
Attention: Mr. Carl C. Traywick,
Deputy Oil & Gas Supervisor

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

November 20, 1973

TELEPHONE
505-827-2748

P. O. BOX 1148
SANTA FE, NEW MEXICO

Texaco, Inc.
P. O. Box 3109
Midland, Texas 79701

177700

NOV 23 1973

Re: Little Eddy Unit

1000-0000

Attn: Mr. B. E. Hollman

Gentlemen:

During your recent visit to Santa Fe, we discussed the impending Morrow development and well spacing units involving both Little Eddy Unit lands and non-unit lands in Lea County, New Mexico. The discussion was occasioned by recent New Mexico Oil Conservation Commission Order No. 4600 requiring 320 acre spacing for all Morrow wells in the Salt-Lake Morrow gas pool.

Revision of the existing Little Eddy Unit participating area to now include non-unit lands in order to satisfy the new spacing requirement does not appear to be practicable. The unit agreement has no provision for revising the participating areas solely to conform to spacing units, nor is there a provision for the adjudication of equities in such situations.

It is our position that enlarging or revising the participating area after a well has been completed to include non-unit lands would diminish the State's royalty and therefore we will not approve any enlargement of the present unit area.

Very truly yours,

Ray D. Graham

RAY D. GRAHAM, DIRECTOR
OIL AND GAS DIVISION

104-1000-0000
S 12-1

RDG:cw

cc: New Mexico Oil Conservation Commission - Santa Fe, New Mexico

cc: United States Geological Survey
Attn: Mr. Carl Traywick
P. O. Box 1657
Roswell, New Mexico 88201



United States Department of the Interior
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

October 25, 1973

177700

RECORDED
MIDLAND TEXAS

OCT 26 1973

LAND DATA

Texaco Inc.
Attention: Mr. E. H. Watkins
P.O. Box 3109
Midland, Texas 79701

Gentlemen:

Your letter of October 15, 1973, discussed impending Morrow development and well spacing units involving both Little Eddy unit lands and non-unit lands in Lea County, New Mexico. Such discussion was occasioned by recent New Mexico Oil Conservation Commission Order No. 4600 requiring 320 acre spacing for all Morrow wells in the Salt Lake-Morrow gas pool.

Revision of the existing Little Eddy participating area to now include non-unit lands in order to satisfy the new spacing requirement does not appear practicable. The unit agreement has no provision for revising participating areas solely to conform to spacing units nor is there a provision for the adjudication of equities for such situations.

Unit lands, however, may be communitized with non-unit lands thereby creating proration units for new development. This office would have no objection to the communitization of unit lands in sec. 32, T. 20 S., R. 33 E., with contiguous non-unit lands forming either one or two spacing units for the drilling of a new Morrow well or wells in conformance with New Mexico Conservation Commission procedures.

Sincerely yours,

Carl C. Traywick
CARL C. TRAYWICK
Acting Area Oil & Gas Supervisor

BEFORE EXAMINER SEALS
OIL CONSERVATION COMMISSION
TEXAS
MIDLAND 5121

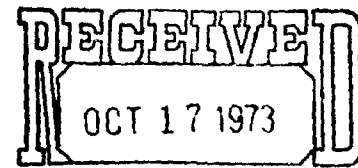
cc:
Hobbs

PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION



PETROLEUM PRODUCTS

October 12, 1973



OIL CONSERVATION COMM
TEXACO Santa Fe
P. O. BOX 3109
MIDLAND, TEXAS 79701

*Objection
Recd 10/27
Texaco requests
Wingman*

NON-STANDARD GAS PRORATION UNIT

AUDIE RICHARDS NO. 1
LITTLE EDDY UNIT
SOUTH SALT LAKE MORROW POOL
660' FEL & 660' FSL
SECTION 25, T-20-S, R-32-E
LEA COUNTY, NEW MEXICO

NSP-933

Recd 10/16

104 D II

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

Gentlemen:

Texaco Inc. respectfully request administrative approval of a non-standard 160-acre South Salt Lake Morrow proration unit covering the SE/4, Section 25, T-20-S, R-32-E, Lea County, New Mexico. This non-standard unit will be dedicated to Texaco Inc. Audie Richards No. 1.

In support of our application, the following facts are submitted:

1. Texaco Inc. is the operator of the 360-acre Audie Richards lease consisting of the SE/4 of Section 25, the N/2 NE/4, Section 36, T-20-S, R-32-E, and the W/2 SW/4 of Section 30, the NW/4 NW/4 of Section 31, T-20-S, R-32-E.
2. Texaco's Audie Richards Well No. 1 is located 660 feet from the South and East lines of said Section 25.
3. The proposed non-standard gas proration unit consists of contiguous and continuous quarter-quarter sections and lies wholly within a single governmental quarter section.

DOCKET MAILED

Date 11-16-73

New Mexico Oil
Conservation Commission

- 2 -

October 12, 1973

4. The entire non-standard gas proration unit can be reasonably presumed to be productive of gas in the South Salt Lake Morrow Gas Pool.
5. Waivers to all offset operators to the proposed non-standard unit and all operators within 1500 feet of the proposed non-standard unit have been furnished by Certified mail.

Attached is a Form G-102, a ownership map for the Audie Richards lease and the area immediately surrounding the lease, and a list of the offset operators and their mailing addresses.

It is respectfully requested that this application for a non-standard 160-acre proration unit be approved administratively.

Yours very truly,

Darrell Smith
Division Manager

By R. G. Brown
R. G. Brown
Assistant to Division Manager

GRW:MIS

Attachment

AMENDED
NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator TEXACO Inc.		Lease Audie Richards		Well No. 1
Unit Letter P	Section 25	Township 20 South	Range 32 East	County Lea
Actual Footage Location of Well: 660 feet from the South line and 660 feet from the East line Sec. 25				
Ground Level Elev. Not Available	Producing Formation Morrow	Pool South Salt Lake-Morrow Gas Pool	Dedicated Acreage: 160 Acres	

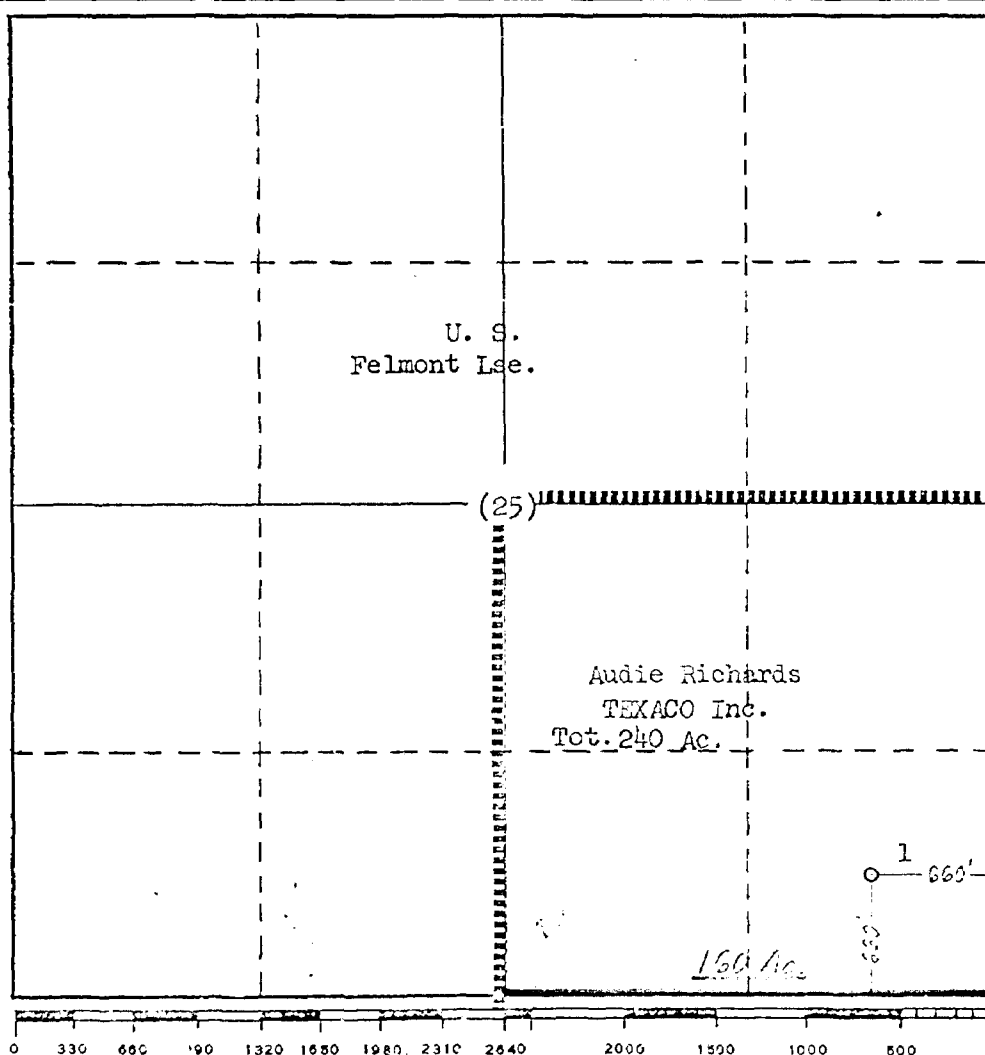
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Dedicated acreage is within

☒ Yes ☐ No If answer is "yes," type of consolidation "Little Eddy Unit"

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
C. M. Thames

Position
Asst. Div. Engineer-Civil

Company
TEXACO Inc.

Date
10/11/73

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
11/19/56

Registered Professional Engineer and/or Land Surveyor
C. M. Thames

Certificate No.
11760

AMENDED

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator TEXACO Inc.		Lease Audie Richards		Well No. 1
Unit Letter P	Section 25	Township 20 South	Range 32 East	County Lea
Actual Footage Location of Well: 660 feet from the South line and 660 feet from the East line Sec. 25				
Ground Level Elev. Not Available	Producing Formation Morrow	Pool South Salt Lake-Morrow Gas Pool	Dedicated Acreage 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Dedicated acreage is within

☒ Yes ☐ No If answer is "yes," type of consolidation **"Little Eddy Unit"**

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

	<p align="center">CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p>
	<p>Name C. M. Thames</p> <p>Position Asst. Div. Engineer-Civil</p> <p>Company TEXACO Inc.</p> <p>Date 10/11/73</p>
	<p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</i></p>
	<p>Date Surveyed 11/19/56</p> <p>Registered Professional Engineer and/or Land Surveyor C. M. Thames</p> <p>Certificate No. 11760</p>

AMENDED

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

Operator TEXACO Inc.		Lease Audie Richards		Well No. 1
Unit Letter P	Section 25	Township 20 South	Range 32 East	County Lea
Actual Footage Location of Well: 660 feet from the South line and 660 feet from the East line Sec. 25				
Ground Level Elev. Not Available	Producing Formation Morrow	Pool South Salt Lake-Morrow Gas Pool	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Dedicated acreage is within

☒ Yes ☐ No If answer is "yes," type of consolidation "Little Eddy Unit"

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
C. M. Thames

Position
Asst. Div. Engineer-Civil

Company
TEXACO Inc.

Date
10/11/73

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
11/19/56

Registered Professional Engineer and/or Land Surveyor
C. M. Thames

Certificate No.
11760

Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79701
Attention: Mr. Jim Walker

Bass Enterprises Production Co.
P. O. Box 171
Midland, Texas 79701
Attention: Mr. Bill Seltzer

Perry R. Bass
P. O. Box 171
Midland, Texas 79701
Attention: Mr. Bill Seltzer

Belco Petroleum Corporation
P. O. Box 19234
Houston, Texas 77024

Frank O. Elliott, Tr.,
Clarence E. Hinkle, Tr., and
Edna Ione Hall, Tr.
P. O. Box 1355
Roswell, New Mexico 88201

Phillips Petroleum Company
Phillips Building
4th & Washington Streets
Odessa, Texas 79760
Attention: Mr. E. M. Gorence

Tenneco Oil Company
Suite 1200 Lincoln Tower
Denver, Colorado 80203
Attention: Mr. L. Venus

Felmont Oil Corporation
P. O. Box 1855
Midland, Texas 79701

DRAFT

jr

EXPEDITE

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. 5121

Order No. R- 7684

APPLICATION OF TEXACO INC. FOR A
NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 28, 1973,
at Santa Fe, New Mexico, before Examiner Daniel G. Natter R.L.S.

NOW, on this December day of November, 1973, 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, Texaco Inc., seeks approval of a 160-acre
non-standard gas proration unit comprising the SE/4 of Section 25, Township 20
South, Range 32 East, NMPM, to be dedicated to its Audie Richards Well No. 1
located in Unit P of said Section 25.

(3) That the SE/4 of Section 25 was dedicated to the Audie Richards Well No. 1 located in Unit P of said Section 25 upon its completion ~~on~~ in accordance with the provisions of statewide Rule 104.

(4) That Oil Conservation Commission Order No. R-4600 issued on July 23, 1973, changed the spacing from 160 to 320 acres in the South Salt Lake - Morrow Gas Pool which includes the subject well.

(5) That the applicant ^{has heretofore} failed to request administrative approval of a 160 acre non-standard unit under the provisions of order no. R-4600.

(6) That the subject well is a participating well in the Little Eddy Unit and formation of a standard unit for said well at this time would require communitization of unitized and non-unitized acreage.

(7) That the applicant cannot gain the required approval of the Commissioner of Public Lands nor the United States Geological Survey for ^{a standard} ~~this~~ unit due to the equities involved in said unit and the late stage of depletion of the well.

(8) That if ~~the~~ the subject well ^{was} ~~was~~ to be recompleted into any other deep ~~deep~~ productive gas zone, communitization could take place.

(9) ~~That~~ That the owners of other interests in Section 25, Township 20 South, Range 32 East do not object to the proposed non-standard unit provided that a standard communitized unit be formed at such time as the well is recompleted into another ~~deep~~^{deep} gas zone of ~~Pennsylvanian~~
~~age or older~~.

(10) ~~That~~ That the application for the Non-Standard Gas Production Unit should be approved provided that such approval should terminate upon recompletion of the well in any other ~~deep~~ gas zone of Pennsylvanian age or older.

(H) That the entire non-standard proration unit may reasonably be presumed productive of gas from the South Salt Lake-Morrow Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(R) That approval of the subject application will afford the applicant the opportunity to produce ^{its} just and equitable share of the gas in the South Salt Lake-Morrow Gas 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 a 160-acre non-standard gas proration unit in the South Salt Lake-Morrow Gas Pool comprising the SE/4 of Section 25, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to its Audie Richards Well No. 1 located in Unit P of said Section 25.

(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.

PROVIDED HOWEVER, that a Commission approval of the non-standard gas proration unit shall terminate upon recompletion of the well in any other deep gas zone of Pennsylvanian age or older.