

CASE 5312: Application of SEC
CORP. FOR 2 NON-STANDARD CARBON
DIOXIDE GAS UNITS, HARDING CO.

CASE No.

5312

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 18, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of SEC Corporation
for two non-standard carbon
dioxide gas units, Harding
County, New Mexico.

Case No. 5312

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:	William Carr, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
For the Applicant:	James E. Sperling, Esq. MODRALL, SPERLING, ROEHL HARRIS & SISK Public Service Building Albuquerque, New Mexico

I N D E X

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P. F. BEELER

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BEELER-DIRECT

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MR. STAMETS: Case 5310, being the Application of SEC Corporation for two non-standard carbon dioxide gas units, Harding County, New Mexico.

We call for appearances in this case?

MR. SPERLING: James E. Sperling, of Modrall, Sperling, Roehl, Harris and Sisk, Albuquerque, appearing for the Applicant. I have one witness.

MR. STAMETS: Are there any other appearances? The witness will stand and be sworn, please.

(Witness sworn.)

MR. STAMETS: You may proceed, Mr. Sperling.

P. F. BEELER

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SPERLING:

Q Would you please state your name and place of residence?

A Phillip Beeler, El Paso, Texas.

Q By whom are you employed, Mr. Beeler?

A SEC Corporation.

Q SEC Corporation is the Applicant in this matter?

A Yes.

BEELER-DIRECT

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Q In what position are you employed by SEC?

A Petroleum Engineer.

Q Have you, on any previous occasion, testified before the Commission so that your qualifications are a matter of record?

A No, I haven't.

Q Would you then, please, state briefly your educational and experience background in connection with your profession?

A I graduated with a B.S. degree in general engineering from the University of Oklahoma in 1954. I have a total of 8 years experience as a petroleum engineer with Dow Well, Incorporated, Sohio Petroleum and Superior Oil Company, prior to becoming associated with SEC Corporation as a petroleum engineer.

Q In your employment by SEC, are you familiar with the area which is the subject of this Application?

A Yes, I am.

Q Would you now please refer to what has been marked as Exhibit 1 and explain to the Examiner the purpose of that exhibit, and what is shown on the exhibit?

MR. STAMETS: Do you have a copy for the Examiner?

MR. SPERLING: Excuse me.

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BEELEER-DIRECT

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THE WITNESS: Essentially, this is a map of leases owned by SEC Corporation in Harding County, New Mexico, and it shows the wells that SEC currently operates. These are CO₂-- two producing wells -- the material produced is essentially pure CO₂. We have a pipeline from this field to a plant about 18 miles away from this field that produces dry ice and liquid carbon dioxide. This plant has been in operation since 1939. The pressure has declined slightly from these wells since 1939, and the CO₂ plant is capable of producing more liquid -- or liquifying and producing more dry ice -- provided we can increase the rate of production. Therefore, we are proposing that we get these special units to continue the development of this field.

BY MR. SPERLING:

Q I take it that the leases held by SEC are outlined in yellow?

A Yes, sir, with a heavy black line also.

Q And I notice that on the plat, there are leases or acreage indicated as being the subject of leases marked "Amoco."

A Yes, sir, this is State of New Mexico land that Amoco has leased.

BEEELER-DIRECT

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Q Is SEC the operator of the only producing wells in the area?

A Only producing wells in the area, yes.

Q In other words, Amoco has no producing wells at all, although they do obviously own leases covering State acreage?

A That is correct.

Q I take it that the particular well location and the acreage proposed to be dedicated to those locations is indicated on the plat with the hatch lines surrounding the border of those particular subdivisions?

A Yes.

Q And the well locations are indicated by the dots?

A Yes.

Q Have you notified Amoco of the proposed locations and acreage to be dedicated to them.

A Yes, we have, by telephone and letter.

MR. SPERLING: In that connection, Mr. Examiner, we have the original of the letter addressed to the Commission from Amoco. We would like to have this made a part of the record. Would you suggest that I mark it as an exhibit?

MR. STANETS: That would be fine, Mr. Sperling.

BEELER-DIRECT

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BY MR. SPERLING:

Q The letter you haave produced, Mr. Beeler, from Amoco, indicates that Amoco has no objection to the proposed Application, is that correct?

A That is correct.

Q I take it from your prior testimony, that the collective production from existing wells, and hopefully from the wells to be drilled, assuming that this Application is granted, is utilized and marketed in its entirety?

A Yes, sir. There is no feasible way of storing CO₂ to any major extent, therefore, it is processed through a plant and essentially all sold at the time it is made.

Q I notice that the plat bears the indication "Mitchell Lease." Is the SEC acreage under lease from the Albert Mitchell Ranch Company?

A That is correct.

Q And represents fee or deeded land ownership?

A Yes, sir.

Q What is the approximate depth of these wells?

A About 2000 feet.

Q From what formation do they produce?

A The Abo formation.

Q Are there any associated hydrocarbons at all in

BEELEER-DIRECT

this area?

A There are none.

Q At what point in the course of drilling do you encounter granite in this area?

A The Abo overlies the granite. We usually drill to the granite.

Q What kind of volumes does the average well produce?

A The average producing well we have should produce in the range of 2 million cubic feet a day.

Q Is the configuration of the proposed non-standard units suggested by the presence of State of New Mexico leasehold acreage held by Amoco?

A Yes.

Q In other words, the configuration is suggested by the lease ownership, respectively SEC and Amoco?

A Yes.

Q Do you have anything else?

A No.

MR. SPERLING: We would like to offer Exhibits 1 and 2 at this time, Mr. Examiner.

MR. STAMETS: Exhibits 1 and 2 will be admitted into evidence.

(Whereupon, Applicant's Exhibits Nos. 1 and 2 were marked for identification and admitted into evidence.)

BEELER-CROSS

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Beeler, referring to your Exhibit No. 1, taking in the first case, the well to be located in the northeast quarter of Section 32, in the northeast northeast, that is a 40-acre State Lease?

A Correct.

Q And if a standard 160-acre tract were dedicated to this well, that lease would be dedicated, and the State of New Mexico would share in the royalty interest from this well, would that be correct?

A Yes.

Q But all of the acreage which you have outlined in yellow is deeded or fee land, and if this is the sign, the State of New Mexico will not share in the royalty interest from the production of this well, is that correct?

A That is correct.

Q The same thing would be true of the well to be located in Section 5?

A Correct.

Q Referring now to your Well No. 10 located in Section 19, I see that the lease line there leaves out the southwest quarter of the northeast quarter of Section 19, is this correct?

A That is correct.

Q Do you know what acreage is dedicated to that well?

A These wells were all drilled prior to the requirement or regulation that a standard drilling unit would be a quarter quarter section.

Q Do you know what acreage shares in the production of that well?

A Our oil and gas lease with the Mitchell Estate or family, takes production from the whole set of leases, so to speak, or the whole base area, and any well drilled in this base area is included as a group with the other wells, and we pay them royalty based upon production from the plant, and actually, sales from the plant. It is a very complex arrangement in comparison to normal oil and gas royalty payments.

Q Do you know of any action that was taken to try and form two standard units in the subject case?

A As you can see, this layout of actual tracts doesn't lend itself very easily to a quarter quarter section arrangement. In some cases -- or in many cases -- if development was expanded from here, it would be difficult to, you know, have your plain complete quarter quarter section, and that is why on the northernmost location, we

feel that this is pretty well proven to being very close to production. This is the -- we have no quarter quarter section of ownership in the immediate vicinity in what you would consider a proven location.

Q Well, Mr. Beeler, what I was referring to was, did SEC make any attempts to communitize their interests in the northeast quarter of Section 32 with Amoco's interest in the northeast quarter of Section 32 and form a standard 160-acre unit consisting of that 160 acres or quarter section?

A Yes, sir. I have discussed this with Amoco, and because the terms of our lease agreement are so radically different, we couldn't come to an easy agreement or settlement. Amoco has a lease from the State of New Mexico that is a common oil and gas lease for the State's 1/8 royalty, but these leases, naturally, are based on a wellhead value, and in this particular case, CO₂ has a very negative wellhead value. In fact, it has no wellhead value unless you have a plant to process it, because there is no demand for a gaseous CO₂ out in the remote area.

Q In other words, you have explored this with Amoco and the only reason for not proceeding with this is the difficulty of resolution of the two different types of

DEELER-GROSS

CASE 8412

Leases?

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A Yes, sir, on royalty payments. Of course, the State is based on 1/8 of the value, and we have a fixed royalty payment on our particular lease arrangement.

MR. STAMETS: Are there any other questions of this witness? Mr. Ulvog?

GROSS EXAMINATION

BY MR. ULVIG:

Q The well that you have shown located in Section 2, I believe, is that an abandoned well?

A Yes, sir. That was drilled about 1914 and it did not get anywhere. It was drilled in 20, then came down that side plain down from.

Q And the witness that you have shown in Section 12 is an abandoned well, is it, Mr. Ulvig?

A Yes, sir. That was drilled about 1914 and it did not get anywhere. It was drilled in 20, then came down that side plain down from.

Q The witness that you have shown in Section 12 is an abandoned well, is it, Mr. Ulvig?

A Yes, sir. That was drilled about 1914 and it did not get anywhere. It was drilled in 20, then came down that side plain down from.

Q The witness that you have shown in Section 12 is an abandoned well, is it, Mr. Ulvig?

A Yes, sir. That was drilled about 1914 and it did not get anywhere. It was drilled in 20, then came down that side plain down from.

BEELER-CROSS

CASE 5312

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Q It has been plugged, then?

A Yes, sir.

Q Your Well No. 5 in Section 24, it was plugged and abandoned?

A Yes, sir. It never was completed as a gas well.

MR. ULVOG: I have no further questions.

MR. STAMETS: If there is nothing further, the witness may be excused.

(Witness dismissed.)

MR. STAMETS: Is there anything else to be offered in this case?

MR. SPERLING: No.


MR. STAMETS: We will take the case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5312, heard by me on 9-18, 1974.


Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
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TEL. (505) 982-0386



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2083 - SANTA FE
87501

October 22, 1974

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMJO
MEMBER

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

Re: CASE NO. 5312

ORDER NO. R-4870

Applicant:

SEC Corporation

Mr. James E. Sperling
Modrall, Sperling, Roehl & Harris &
Sisk
Attorneys at Law
Post Office Box 2168
Albuquerque, New Mexico 87103

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC _____

Other Mr. Ulvog

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. 5312
Order No. R-4870

APPLICATION OF SEC CORPORATION
FOR TWO NON-STANDARD CARBON
DIOXIDE GAS UNITS, HARDING
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 18, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of October, 1974, 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, SEC Corporation, seeks approval for two non-standard carbon dioxide gas spacing units in the South Bueyeros Carbon Dioxide Field, Harding County, New Mexico, the first comprising the W/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 32, Township 19 North, Range 30 East, to be dedicated to a well to be drilled in the approximate center of the SW/4 NE/4 of said Section 32; and the second non-standard unit comprising the SW/4 NE/4, W/2 SE/4, and SE/4 SE/4 of Section 5, Township 18 North, Range 30 East, to be dedicated to a well in the approximate center of the NW/4 SE/4 of said Section 5.

(3) That said non-standard units are necessitated by conflicting provisions in the leases, which would make communitization to form standard 160-acre spacing units exceedingly difficult.

(4) That no interest owner objected to the formation of the non-standard units.

(5) That the entire area underlying the proposed non-standard units may reasonably be presumed productive of gas from the South Bueyeros Carbon Dioxide Field, Harding County, New Mexico.

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CASE NO. 5312
Order No. R-4870

(6) That approval of the subject application will better enable the applicant to recover its just and equitable share of the carbon dioxide gas from the South Bueyeros Carbon Dioxide Field and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

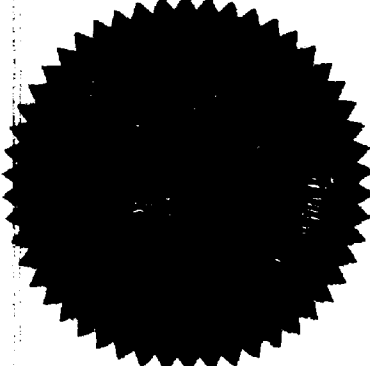
(1) That two non-standard spacing units for the production of carbon dioxide gas from the South Bueyeros Carbon Dioxide Field, Harding County, New Mexico, are hereby established, the first comprising the W/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 32, Township 19 North, Range 30 East, to be dedicated to a well to be drilled in the approximate center of the SW/4 NE/4 of said Section 32: the second comprising the SW/4 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 5, Township 18 North, Range 30 East, to be dedicated to a well to be drilled in the approximate center of the NW/4 SE/4 of said Section 5.

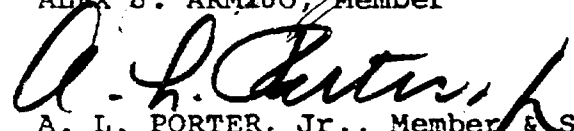
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman


ALEX J. ARMISTO, Member


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

S E A L
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Dockets Nos. 29-74 and 30-74 are tentatively set for hearing on October 2 and October 16, 1974. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 18, 1974

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for October, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1974;

CASE 5288: (Continued from the August 7, 1974, Examiner Hearing)

Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet in its Keeling Federal Well No. 1 located in Unit B of Section 20, Township 25 North, Range 8 West, Dufers Point-Dakota Pool, San Juan County, New Mexico.

CASE 5313: Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its Ludwick Well No. 11 located in Unit B of Section 9, Township 30 North, Range 10 West, San Juan County, New Mexico.

CASE 5292: (Continued from the August 7, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit B, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico;

EPNG Rincon Unit Well No. 127, located in Unit A, Section 28, Township 27 North, Range 6 West, Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A, Section 23, Township 28 North, Range 9 West, San Juan County, New Mexico.

CASE 5316: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Benson-Montin-Greer Drilling Corporation and Hartford Accident and Indemnity Company and all other interested parties to appear and show cause why the Segal Well No. 1 located in Unit K of Section 10, Township 31 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5317: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit R & G Drilling Company, Inc., and all other interested parties to appear and show cause why the Marron Well No. 42 in Unit M of Section 22, Township 27 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5318: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit William C. Russell and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Marron Well No. 46 located in Unit K of Section 23, Township 27 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5326: Application of William C. Russell for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Hammond Well No. 1, the surface location of which is 1800 feet from the North line and 1650 feet from the East line of Section 26, Township 27 North, Range 8 West, Largo-Chacra Pool, San Juan County, New Mexico.

CASE 5328: Application of R & G Drilling Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco-Mesaverde and Basin-Dakota gas production in the wellbore of its Hammond Well No. 47, located in Unit K of Section 35, Township 27 North, Range 8 West, San Juan County, New Mexico.

CASE 5312: Application of SEC Corporation for two non-standard carbon dioxide gas units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard gas units in the South Bueyeros Carbon Dioxide Field, Harding County, New Mexico, the first comprising the W/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 32, Township 19 North, Range 30 East, to be dedicated to a well to be drilled in the approximate center of the SW/4 NE/4 of said Section 32; the second non-standard unit would comprise the SW/4 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 5, Township 18 North, Range 30 East, and would be dedicated to a well in the approximate center of the NW/4 SE/4 of said Section 5.

- CASE 5314: Application of Gulf Oil Corporation for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of its W. A. Ramsay Wells Nos. 6, 7, and 20 located in Units H, N, and E, respectively, of Section 35, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to a standard 640-acre gas proration unit comprising all of said Section 35. Each of the aforesaid wells is at a non-standard location for a 640-acre unit in said pool.
- CASE 5315: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Tubb-Drinkard, and Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 4 located in Unit O of Section 35, Township 24 South, Range 37 East, Justis Field, Lea County, New Mexico.
- CASE 5319: Application of Alan Ralston dba Apollo Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 25, Township 25 South, Range 36 East, Lea County, New Mexico, to form a 160-acre non-standard gas proration unit to be dedicated to applicant's Brown Well No. 1 located 1980 feet from the North line and 2310 feet from the West line of said Section 25. Applicant further seeks the pooling of all mineral interests in the Jalmat Pool underlying the following 40-acre oil proration units in said Section 25: the NW/4 NW/4 to be dedicated to Brown Well No. 2 located 330 feet from the North line and 825 feet from the West line; the NE/4 NW/4 to be dedicated to Brown Well No. 3 located 365 feet from the North line and 1650 feet from the West line; the SE/4 NW/4 to be dedicated to Brown Well No. 4 located 1690 feet from the North line and 1870 feet from the West line; and the SW/4 NW/4 to be dedicated to Brown Well No. 5 located 1650 feet from the North line and 990 feet from the West line. Also to be considered will be the cost of reworking said wells 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 wells and a charge for risk involved in reworking said wells.
- CASE 5320: Application of Lively Exploration Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 341.33-acre non-standard gas proration unit comprising Lots 9, 10, 11, and 12 of Section 7, and Lots 1, 2, 3, and 4 and the E/2 W/2 of Section 18, Township 29 North, Range 8 West, Basin Dakota Pool, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit.

- CASE 5321: Application of Northern Minerals, Inc. for pool creation and special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Miguel Creek-Hospah Oil Pool in Township 16 North, Range 6 West, McKinley County, New Mexico, and for the promulgation of special pool rules therefor, including the elimination of the requirement for surface casing and authority to inject water through casing. Applicant is currently conducting waterflood operations in said pool pursuant to authority granted by Order No. R-4649 and seeks administrative provision for the drilling of additional injection and production wells at orthodox and unorthodox locations.
- CASE 5322: Application of Phillips Petroleum Company for an exception to Rule 104-C-I, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Rule 104-C-I to permit the production of its Santa Fe Wells Nos. 41 and 86, both of which are located in Unit C of Section 26, Township 17 South, Range 35 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, said wells being located closer than the required 330 feet apart.
- CASE 5323: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age, or older, underlying the E/2 of Section 32, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. 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 5324: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age, or older, underlying the E/2 of Section 18, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to applicant's Tracy "E" Well No. 1, the surface location of which is 2045 feet from the South line and 479 feet from the East line of said Section 18. 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 5325: Application of Cities Service Oil Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Tracy "B" Well No. 1, the surface location of which is 2045 feet from the South line and 479 feet from the East line of Section 18, Township 22 South, Range 27 East, South

(Case 5325 continued from Page 4)

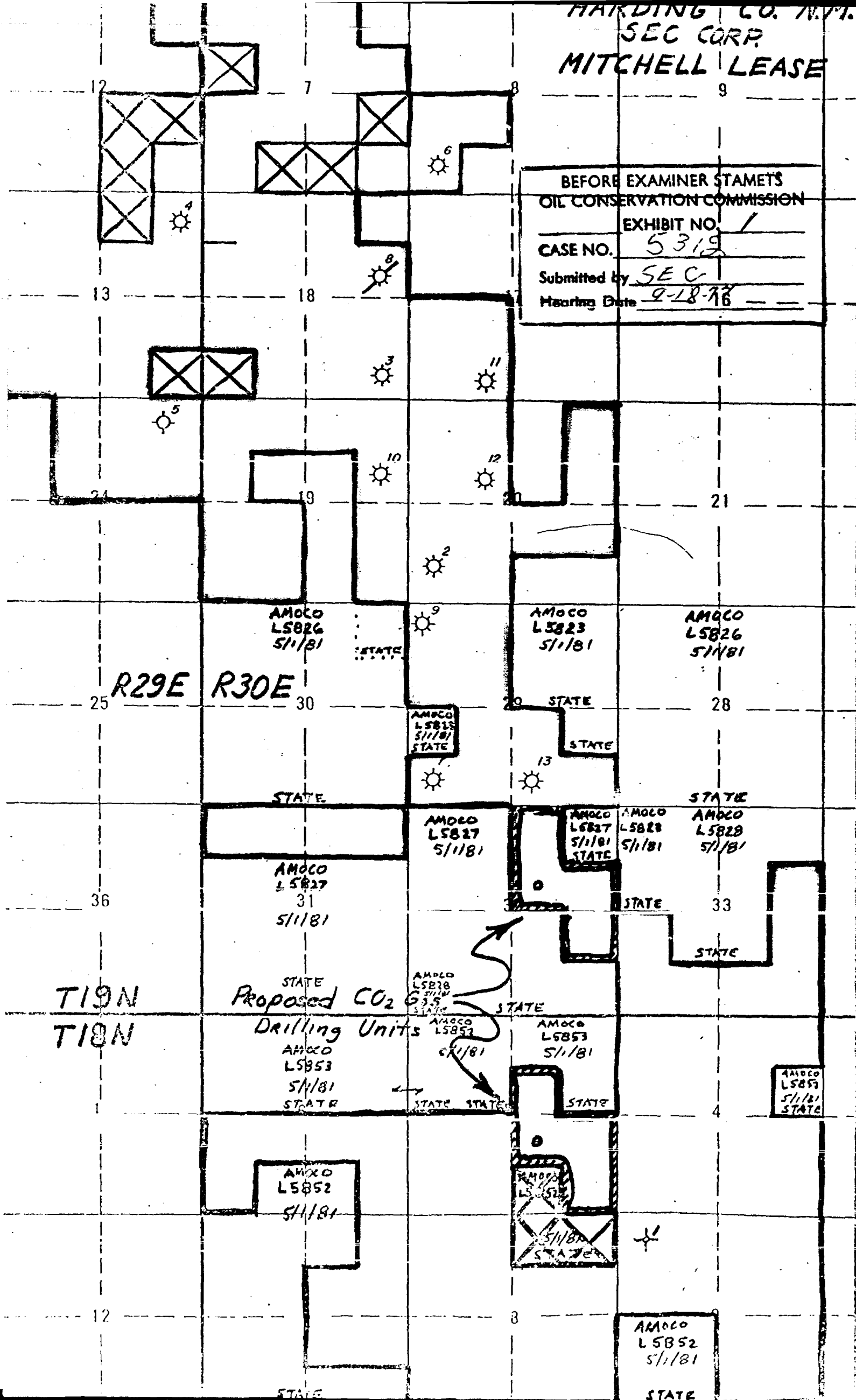
Carlsbad Field, Eddy County, New Mexico, in such a manner as to bottom said well in the Morrow formation at an orthodox location within 165 feet of a point 2145 feet from the North line and 825 feet from the East line of said Section 18. Applicant further seeks approval for the unorthodox location of said well in the Strawn formation, in the event production is therein encountered, within a 100-foot radius of a point 2600 feet from the North line and 675 feet from the East line of said Section 18. The E/2 of said Section 18 would be dedicated to the well for both formations.

CASE 5327: Application of Cities Service Oil Company for an unorthodox location and gas injection, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire-Abo Unit Well No. 111 to be drilled at a point 990 feet from the South line and 1880 feet from the West line of Section 35, Township 17 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico. This well is to be used as a gas injection well and, in exception to the provisions of Order No. R-4808, is located 1140 feet from the outer boundary of the Citgo Empire-Abo Unit Boundary, rather than the required 1650 feet from the outer boundary.

5312

1. Applicant seeks one NSU
for a well to be drilled too - pool - country
2. Applicant seeks second NSU
etc
3. Both NSUs sought because ^{conflicting} ~~completing~~ provisions in the leases
which would of necessity be
communitized to form ~~and~~
standard 160-acre spacing units
make communitization exceedingly
difficult.
3. That no interest owner objected
to the formation of the NSUs
4. ~~NSUs sought~~ Application should
be approved.

HARDING CO. N.M.
SEC CORP.
MITCHELL LEASE



BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 5312
Submitted by SEC
Hearing Date 9-18-76

R29E R30E

T19N
T10N

Proposed CO2
Drilling Units

AMOCO
L5852
5/1/81

AMOCO
L5853
5/1/81
STATE

AMOCO
L5828
5/1/81
STATE

AMOCO
L5827
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AMOCO
L5815
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AMOCO
L5853
5/1/81

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AMOCO
L5853
5/1/81
STATE

AMOCO
L5852
5/1/81

STATE

STATE



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

E. E. Morris
Division Engineer

September 6, 1974

File: DRC-986.5NM-3080

Re: Assignment of Acreage
CO₂ Gas Units
Harding County, New Mexico

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5312

Submitted by SEC

Hearing Date 9-18-74

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Dear Sir:

We have received a copy of the application of SEC Corporation requesting a hearing relative to the assignment of acreage for two CO₂ Gas Units in Harding County, New Mexico.

The acreage to be dedicated to the first well consists of W/2 NE/4, SE/4 NE/4, NE/4 SE/4 of Section 32, T-19-N, R-30-E and the acreage to be dedicated to the second well consists of SW/4 NE/4, N/2 SE/4, SE/4 SE/4 of section 5, T-19-N, R-30-E.

As an operator in this area, Amoco Production Company has no objection to the requested acreage assignment for these units.

Very truly yours,

E. E. Morris

cc: SEC Corporation
P. O. Box 9737
El Paso, TX 79987

EHW:as

J. R. MODRALL
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, JR.
ALLEN C. DEWEY, JR.
FRANK H. ALLEN, JR.
JAMES P. SAUNDERS, JR.
JAMES A. PARKER
JOHN R. COONEY
KENNETH L. HARRIGAN
PETER J. ADAMS
DALE W. EK
DENNIS J. FALK
ARTHUR D. MELENDRES
BRUCE D. BLACK
JOE R. G. FULCHER
MEL E. YOST
JAMES R. HOUGHTON
GEORGE J. HOPKINS
PAUL M. FISH

LAW OFFICES OF
MODRALL, SPERLING, ROEHL, HARRIS & SISK

PUBLIC SERVICE BUILDING
P. O. BOX 2168
ALBUQUERQUE, NEW MEXICO 87103

JOHN F. SIMMS (1885-1954)
AUGUSTUS T. SEYMOUR
(1907-1965)

TELEPHONE 243-4511
AREA CODE 505

August 20, 1974

Case 5312

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation
Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: SEC Corporation's Application for
Approval of Non-Standard Carbon
Dioxide Gas Units, Harding County,
New Mexico

Dear Mr. Porter:

Enclosed herewith are original and two copies of
application of SEC Corporation for hearing con-
cerning the above-captioned matter.

It would be appreciated if this matter can be
scheduled for hearing before an Examiner at the
hearing to be held on September 18, 1974.

Very truly yours,

James E. Sperling
James E. Sperling

JES:jv

Enclosures

cc: SEC Corporation, w/encl.

DOCKET MAILED

9-6-74
Date

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SEC CORPORATION FOR APPROVAL
OF NON-STANDARD CARBON DIOXIDE
GAS UNITS, HARDING COUNTY, NEW
MEXICO.

Case No. 5312

A P P L I C A T I O N

1. SEC Corporation, P. O. Box 9737, El Paso, Texas 79987, respectfully requests approval of a non-standard unit within Section 32, Township 19 North, Range 30 East, and a non-standard unit within Section 5, Township 18 North, Range 30 East, N.M.P.M., Harding County, New Mexico.

2. The acreage to be dedicated to the first non-standard unit consists of the W/2 NE/4, SE/4 NE/4, NE/4 SE/4 of said Section 32, and the acreage to be dedicated to the second non-standard unit consists of the SW/4 NE/4, N/2 SE/4, SE/4 SE/4 of said Section 5. The respective locations of the wells within said non-standard units are the center of the SW/4 NE/4 of said Section 32, and the center of the NW/4 SE/4 of said Section 5. The respective non-standard units consist of quarter-quarter sections that are contiguous by a common bordering side.

3. Applicant seeks to produce carbon dioxide gas from the respective wells described above and is the holder of leases providing for the drilling of wells for and the production therefrom of carbon dioxide gas from the above-described lands, but does not hold leasehold interests as to all of the acreage within the quarter section within which the proposed wells are to be located.

4. The granting of this Application is necessary in order that Applicant may exercise its leasehold rights as to

the lands proposed to be dedicated to the respective wells within the framework of the Commission's rules requiring the dedication of 160 acres to a gas well, including carbon dioxide wells.

5. The holder of offset leases has been advised of the filing of this Application by Applicant.

6. The granting of this Application will prevent waste, protect correlative rights and permit the recovery of valuable natural resources.

WHEREFORE, Applicant prays that this matter be set for hearing before an Examiner on September 18, 1974.

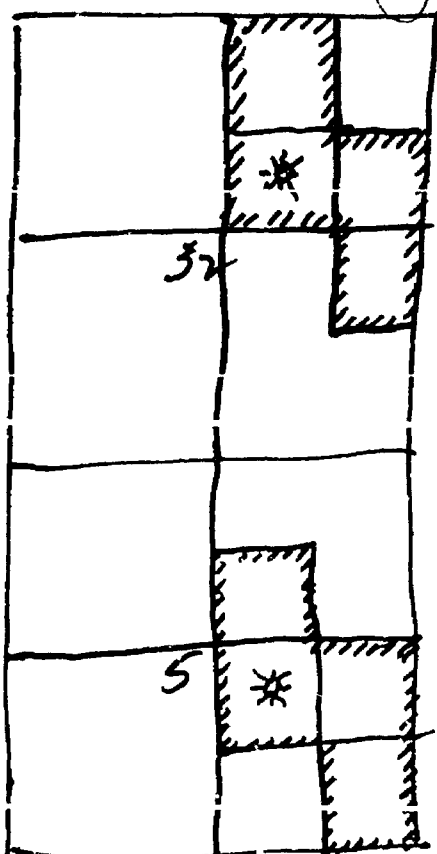
Respectfully submitted,

SEC CORPORATION

By: MODRALL, SPERLING, ROEHL, HARRIS & SISK

By:

James E. Sperling
James E. Sperling, its attorneys
P. O. Box 2168
Albuquerque, New Mexico 87103



jr/TWD

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. 5312

Order No. R-4870

APPLICATION OF SEC CORPORATION FOR
TWO NON-STANDARD CARBON DIOXIDE GAS
UNITS, HARDING COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 18, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this 18th day of September, 1974, 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, SEC Corporation, seeks approval for two non-standard gas carbon dioxide spacing units in the South Bueyeros Carbon Dioxide Field, Harding County, New Mexico, the first comprising the W/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 32, Township 19 North, Range 30 East, to be dedicated to a well to be drilled in the approximate center of the SW/4 NE/4 of said Section 32; and the second non-standard unit comprising the SW/4 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 5, Township 18 North, Range 30 East, to be dedicated to a well in the approximate center of the NW/4 SE/4 of said Section 5.

1 -2-
2 CASE NO. 5312
3 Order No. R-

4 (3) That ^{said} ~~both~~ non-standard units are ^{necessitated by} ~~proposed because~~
5 conflicting provisions in the leases, which would ~~be communitized~~
6 ~~be communitized~~ to form standard 160-acre spacing units ~~which~~
7 make communitization [↑]exceedingly difficult.

8 (4) That no interest owner objected to the formation of ~~the~~
9 non-standard units.

10 (5) That the entire area underlying the proposed non-
11 standard units may reasonably be presumed productive of gas
12 from the South Bueyeros Carbon Dioxide Field, Harding County,
13 New Mexico.

14 (6) That approval of the subject application will better
15 enable the applicant to recover its just and equitable share of
16 the carbon dioxide gas from the South Bueyeros Carbon Dioxide
17 Field and will otherwise prevent waste and protect correlative
18 rights.

19 IT IS THEREFORE ORDERED:

20 (1) That two non-standard spacing units for the production
21 of carbon dioxide gas from the South Bueyeros Carbon Dioxide
22 Field, Harding County, New Mexico, ^{are hereby established,} the first comprising the W/2 NE/4,
23 ~~SW/4~~, SE/4 NE/4, and NE/4 SE/4 of Section 32, Township 19 North,
24 Range 30 East, to be dedicated to a well to be drilled in the
25 approximate center of the SW/4 NE/4 of said Section 32; the
26 second comprising the SW/4 NE/4, N/2 SE/4, and SE/4 SE/4 of
27 Section 5, Township 18 North, Range 30 East, to be dedicated to
28 a well to be drilled in the approximate center of the NW/4 SE/4
29 of said Section 5.

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

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