

CASE 3417: ATLANTIC REEFIELD CO.
FOR 2 non-standard gas production
unit, two unorthodox locations, &
simultaneous dedication, Lee Co.

CASE No.

5417

Application,
Transcripts,
Small Exhibits
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 19, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Atlantic Richfield
Company for a non-standard gas prora-
tion unit, two unorthodox locations,
and simultaneous dedication, Lea
County, New Mexico.

Case No.
5417

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Clarence Hinkle, Esq.
HINKLE, BONDURANT, COX
& EATON
Hinkle Building
Roswell, New Mexico

SOILEAU

CASE 5417

2

I N D E X

PAGE

LOUIS C. SOILEAU IV

Direct Examination by Mr. Hinkle

3

E X H I B I T S

Marked

Admitted

Atlantic Richfield's Exhibits
Nos. 1 through 3

--

7

MR. NUTTER: We call the next case, No. 5417.

MR. DERRYBERRY: Case 5417. Application of Atlantic Richfield Company for a non-standard gas proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant, Cox & Eaton, appearing on behalf of Atlantic Richfield. We have the same Witness and would like it shown that he has been sworn.

MR. NUTTER: He is still under oath.

(Witness previously sworn.)

LOUIS C. SOILEAU IV

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence, and by whom you are employed.

A My name is Louis C. Soileau IV; I'm a resident of Midland, Texas; I'm employed by Atlantic Richfield Company as an Operations Engineer.

Q As a Petroleum Engineer?

A Yes, sir.

Q Are your qualifications as a Petroleum Engineer a matter of record with the Commission?

A Yes, sir.

Q Have you studied the Jalmat Pool area and the subject leases?

A Yes, sir.

MR. HINKLE: Are the Witness' qualifications sufficient?

MR. NUTTER: Yes, sir, they are.

BY MR. HINKLE:

Q Are you familiar with the Application of Atlantic Richfield in this Case?

A I am.

Q What is Atlantic Richfield seeking to accomplish?

A Atlantic Richfield is seeking approval of a 640 acre non-standard Jalmat gas proration unit, unorthodox locations and simultaneous dedication of acreage.

Q Have you prepared or has there been prepared under your direction three exhibits for introduction in this Case?

A Yes, sir.

Q Are they the ones that have been marked 1, 2, and

A Yes, sir.

Q Refer to Exhibit 1 and explain this.

A Exhibit 1 shows the proposed 640-acre non-standard Jalmat gas proration unit proposed in the South Half of Section 24, Township 22 South, Range 36 East, and the North Half of Section 25, same township and range. It shows the offset Jalmat gas producing wells; also shows offset operators.

Q What is the status of the two producing wells in 24 and 25?

A The well in Section 24 is the McDonald State WN No. 12 located in Unit M in the Southwest Quarter of Section 24. It is a marginal well at the present time. There are two wells identified as Jalmat gas wells in Section 25. One is the No. 10 located in Unit F and the No. 24 located in Unit E. Well No. 10 is presently shut-in and is an open-hole completion that began producing water and thus damaged the formation and is uneconomical to produce at the present time. Well No. 24 has the capacity to produce the entire unit, 640-acre unit allowable. It is presently shut-in because it has over produced its allowable for a 320-acre proration unit.

Q What acreage is dedicated to the McDonald No. 12

in Section 24 at the present time?

A At the present time the West Half of Section 24 is dedicated simultaneously to the McDonald State Wells No. 12 and No. 26. No. 26 is in Unit D. The East Half is dedicated to Section 21 in Unit A. We have received administrative approval from the Commission for two 160-acre Jalmat gas proration units, the Northeast Quarter being dedicated to Well 21 and the Northwest Quarter dedicated to Well 26.

Q Have you furnished all of the offset operators with copies of this Application?

A I have.

Q Were there any objections to that?

A No objections to date.

Q Refer to Exhibit 2 and explain what that is.

A Exhibit 2 is a Form C-102 well location and acreage dedication plat showing the unit outline and Atlantic Richfield Company's McDonald State WN Well No. 12 located in Unit M of Section 24, Township 22 South, Range 36 East. It is located 660 feet from the south and west lines and is productive in the Jalmat Gas Pool. It is an unorthodox location.

Q Have these unorthodox locations been previously

approved by the Commission?

A Yes, sir, they have.

Q Please explain Exhibit No. 3.

A Exhibit No. 3 shows Atlantic Richfield Company's McDonald State WN No. 24 located in Unit E of Section 25, Township 22 South, Range 36 East. It is also an unorthodox location located 660 feet from the west line and 1780 from the north line and is productive in the Jalmat Gas Pool.

May I make the comment at this time that this is State land.

Q If this Application is approved, in your opinion will it be in the interests of conservation, prevention of waste and protect correlative rights?

A Yes, sir.

MR. HINKLE: We offer Exhibits 1, 2 and 3.

MR. NUTTER: Applicant's Exhibits 1, through 3 will be admitted into evidence.

(Whereupon, Atlantic Richfield's Exhibits Nos. 1, 2 and 3 were admitted into evidence.)

BY MR. HINKLE:

Q Do you have anything further?

A No further comments.

MR. HINKLE: That is all we have.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Soileau, you say at the present time that the West Half of 24 is dedicated to Well No. 12, but you have received administrative approval for 160-acre unit in the Northwest?

A Yes, sir, right. We made that application to free the Southwest Quarter.

Q Right. Okay, now, what wells were dedicated to that unit? The No. 12 and the 26 or only the 12?

A 12 and the 26 were dedicated to the West Half, sir.

Q Okay. What was the status of that unit when that one was dissolved then, that West Half.

A That West Half is marginal, sir.

Q The West 26 is marginal also?

A Well No. 26 has not yet been potential, sir; we drilled it -- it was completed in October.

Q Okay, so that new 160-acre unit will be created now, or has been created with no status, just a beginning status?

A Yes, sir, just a beginning status.

Q Okay. No. 12 is a marginal well so it had no

SOILEAU-DIRECT

CASE 5417
9

status; it has no status now coming into this new unit,
this is correct?

A Correct, sir.

Q All right. Now, Well No. 21 is over produced you
say?

A No, sir. Well No. 21 --

Q (Interrupting) Or 24, I beg your pardon.

A Yes, sir. Well No. 24 is over produced, shut in.

Q So it is securing an over-produced status into
the 640-acre unit?

A Right, sir.

Q Okay.

MR. NUTTER: Are there any further questions of
Mr. Soileau? He may be excused. Do you have anything
further, Mr. Hinkle?

MR. HINKLE: That's all.

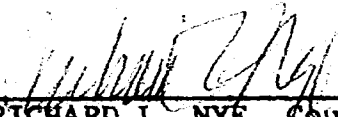
MR. NUTTER: Does anyone have anything to offer
in Case 5417? We will take the Case under advisement.

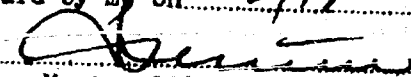
SOILEAU

CASE 5417
10

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

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.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5417 heard by me on 2/19/75 1975

Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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

March 11, 1975

I. R. TRUJILLO
CHAIRMAN

**LAND COMMISSIONER
PHIL R. LUCERO
MEMBER**

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

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 5417
ORDER NO. R-4973

Applicant:
Atlantic Richfield Co.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
 Artesia OCC
 Aztec OCC

Other _____

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. 5417
Order No. R-4973

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR A NON-STANDARD GAS
PRORATION UNIT, TWO UNORTHODOX
LOCATIONS, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of March, 1975, 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, Atlantic Richfield Company, seeks the approval for a non-standard 640-acre gas proration unit comprising the S/2 of Section 24 and the N/2 of Section 25, both in Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(3) That the applicant seeks to simultaneously dedicate to said non-standard unit its McDonald State WN Wells Nos. 12 and 24, located, respectively, at unorthodox locations in Unit M of said Section 24, and in Unit E of said Section 25, with unit production to be taken from said wells in any proportion.

(4) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the subject wells.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool and will otherwise prevent waste and protect correlative rights.

-2-

Case No. 5417
Order No. R-4973

IT IS THEREFORE ORDERED:

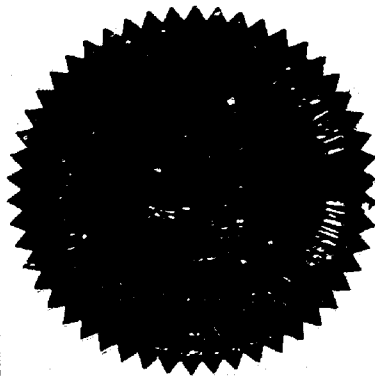
(1) That effective at 7:00 a.m. April 1, 1975, the applicant, Atlantic Richfield Company, is hereby authorized to simultaneously dedicate a non-standard 640-acre gas proration unit comprising the S/2 of Section 24 and the N/2 of Section 25, both in Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its McDonald State WN Wells Nos. 12 and 24 located, respectively, at unorthodox locations in Unit M of Section 24 and in Unit E of Section 25, with unit production to be taken from said wells in any proportion.

(2) That the allowable assigned to the above-described gas proration unit shall be based upon the unit size of 640 acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. TRUJILLO, Chairman

Phil R. Lucero

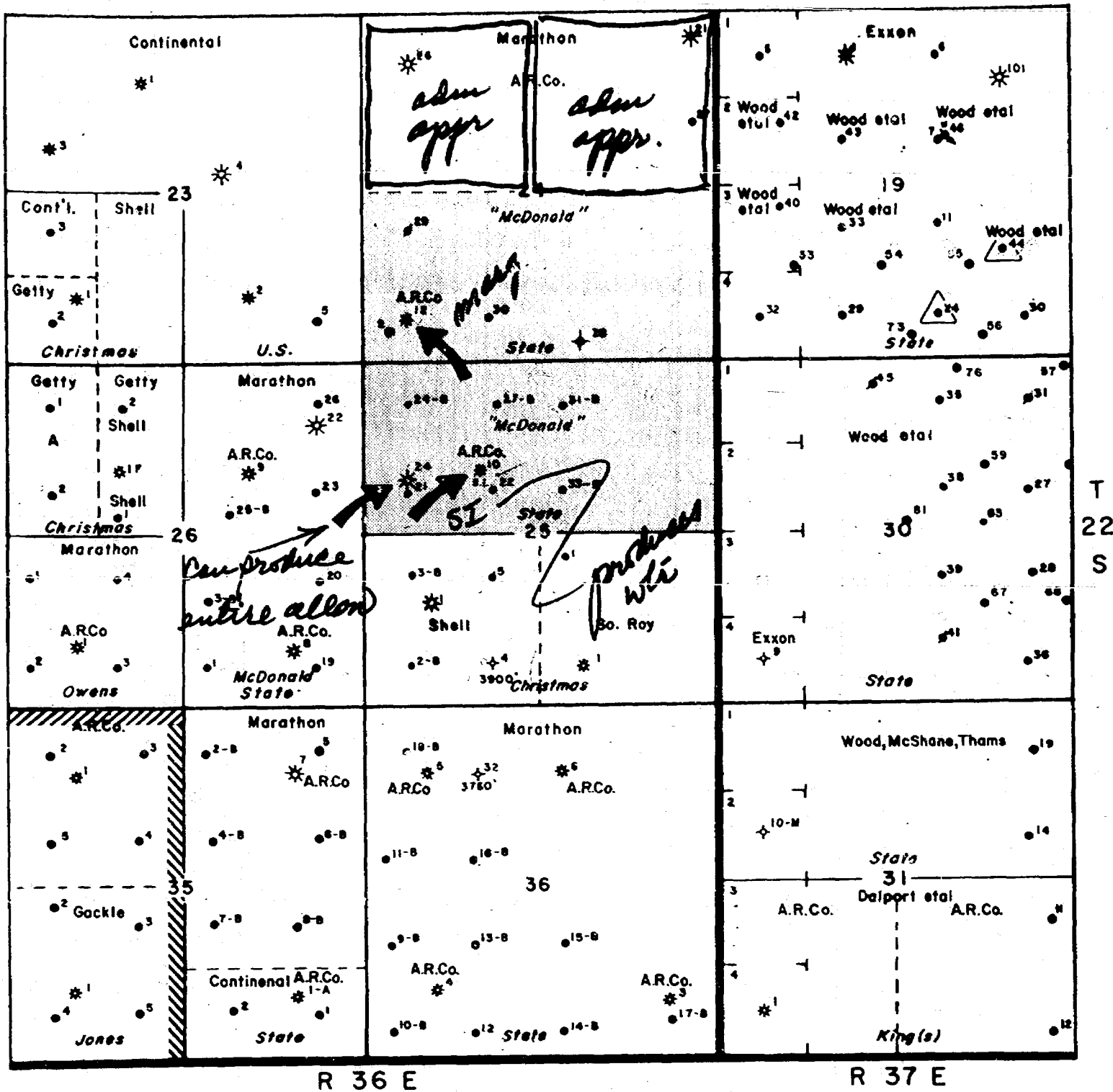
PHIL R. LUCERO, Member

A. L. Porter Jr.

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

S E A L

jr/



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 5417



Atlantic Richfield Company		
North American Producing Division Permian District Midland, Texas		
JALMAT (YATES) GAS UNIT LEA COUNTY, NEW MEXICO		
PROPOSED 640-ACRE NON-STANDARD UNIT		
SCALE 1" = 2000'		
By L. SOILEAU	Drawn By M.S.S.	Date 1-20-75
Date 1-75	Revised By	Date
Dept	Draw No	

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-55

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

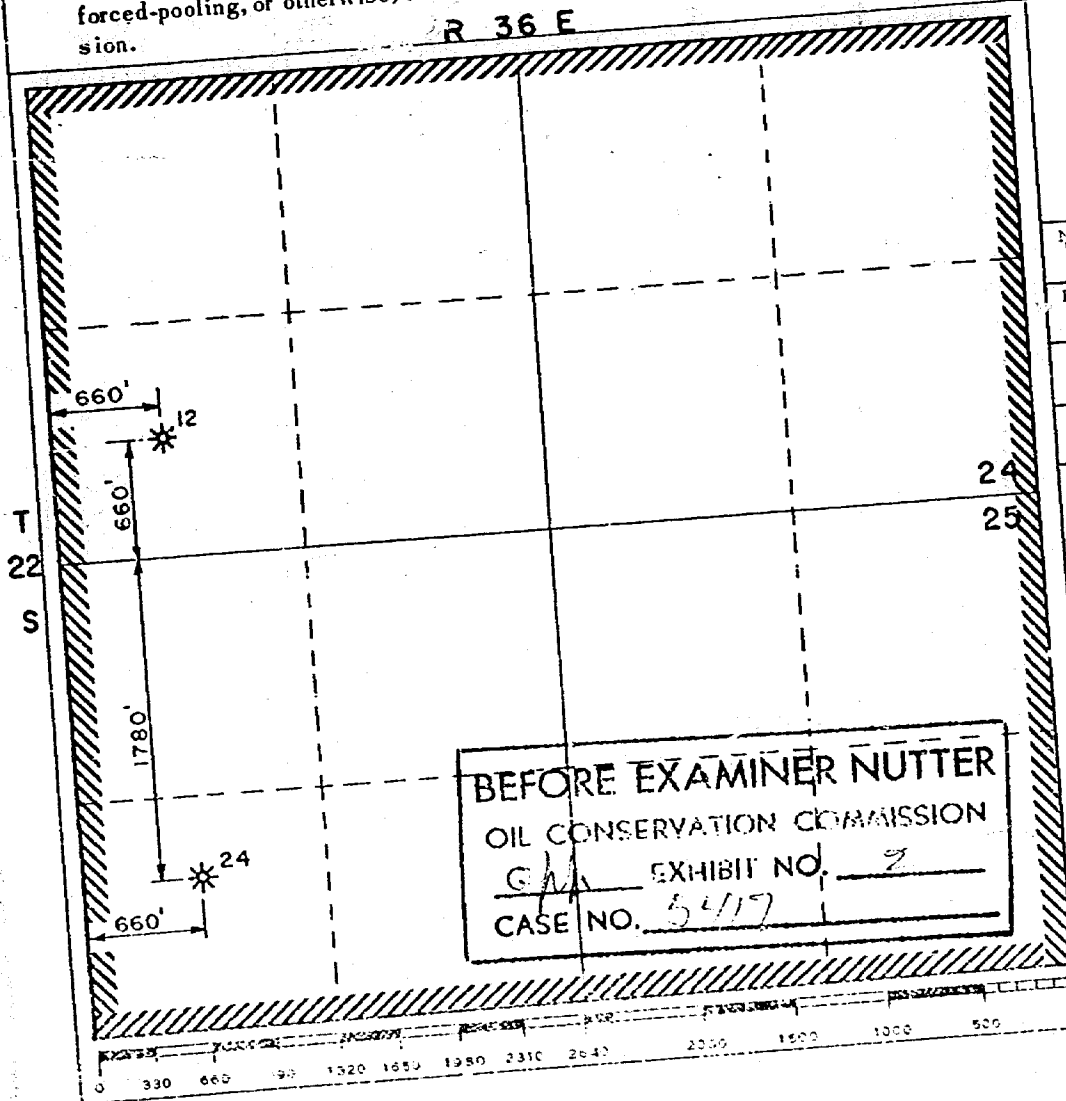
Operator Atlantic Richfield Company		Lessee McDonald State WN		Well No. 12
Unit Letter M	Section 24	Township 22S	Range 36E	County Lea
Actual Footage Location of Well: 660 feet from the South line and 660 feet from the West line			Dedicated Acreage: 640 Acres	
Ground Level Elev. 3467'	Producing Formation Yates		Pool Jalmat Gas	

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?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

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.



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 7
CASE NO. 5417

CERTIFICATION

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

Name L. C. Soileau IV
Position Operations Engineer
Company Atlantic Richfield Co.
Date January 16, 1975

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 _____
Registered Professional Engineer and/or Land Surveyor _____
Certificate No. _____

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 Atlantic Richfield Company		Lease McDonald State WN		Well No. 24
Unit Letter E	Section 25	Township 22S	Range 36E	County Lea
Actual Footage Location of Well: 1780 feet from the North line and 660 feet from the West line				
Ground Level Elev. 3458'	Producing Formation Yates	Pool Jalmat Gas	Dedicated Acreage: 640 Acres	

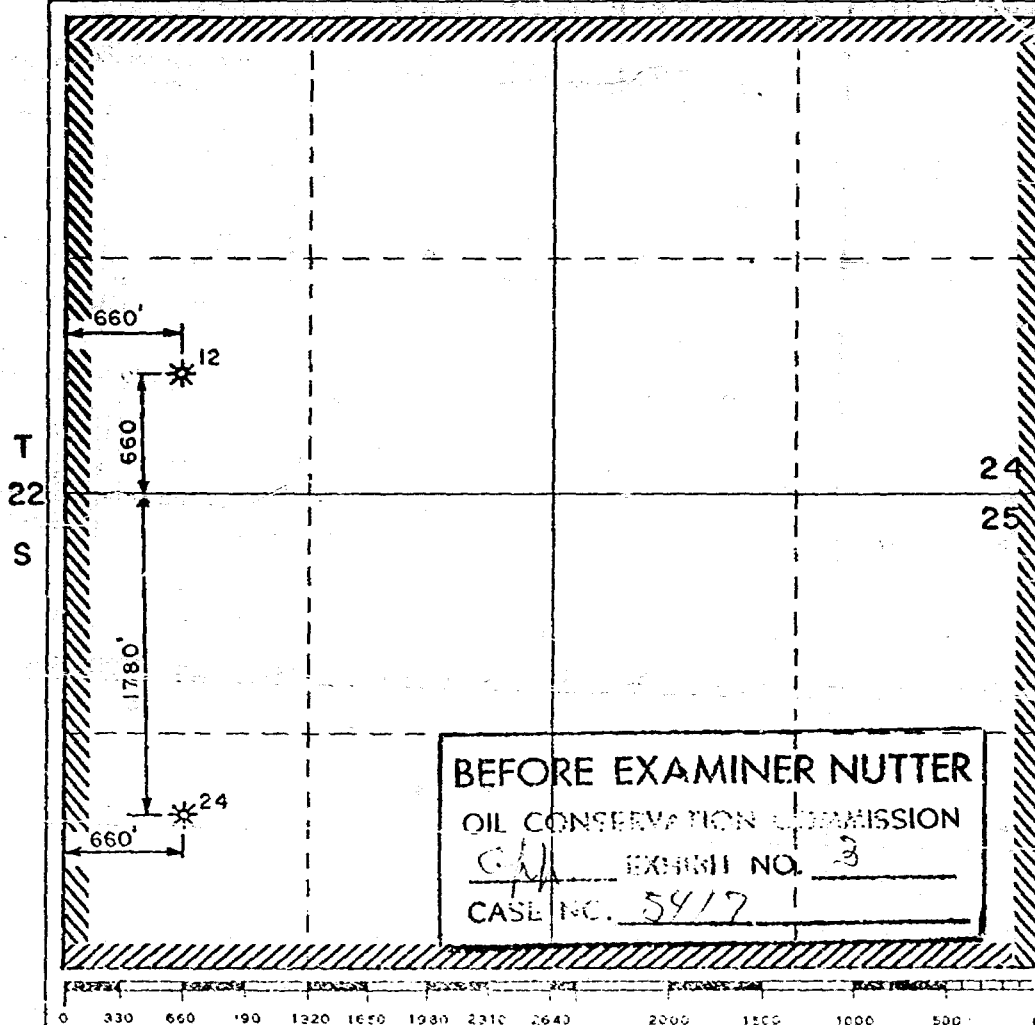
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is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

☐ Yes ☐ No If answer is "yes," type of consolidation _____

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.

R 36 E



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 5917

CERTIFICATION

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

L. C. Soileau IV
L. C. Soileau IV

Position
Operations Engineer

Company
Atlantic Richfield Co.

Date
January 16, 1975

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

Registered Professional Engineer and/or Land Surveyor

Certificate No.

Docket No. 5-75

Dockets Nos. 6-75 and 7-75 are tentatively set for hearing on March 5 and March 19, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 1975

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 March, 1975, from seventeen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1975, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1975, for both of the above areas.

CASE 5402: (Continued from the January 22, 1975 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tyra & Tyra, Fidelity and Deposit Company of Maryland and all other interested parties to appear and show cause why the Tyra & Tyra BTA Lulu Well No. 1 located in Unit C of Section 22, Township 9 South, Range 35 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5415: Application of Burk Royalty Co. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Double L Queen Unit Area, comprising 2670 acres, more or less, of Federal, State, and fee lands in Townships 14 and 15 South, Ranges 29 and 30 East, Chaves County, New Mexico.

CASE 5416: Application of Tesoro Petroleum Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Coal Creek Unit Area comprising 11,225 acres, more or less, of State and Federal lands in Township 23 North, Ranges 12 and 13 West, San Juan County, New Mexico.

CASE 5409: (Continued from the February 5, 1975, Examiner Hearing)

Application of Atlantic Richfield Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 12 and the NE/4 of Section 13, both in Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its George W. Toby WN Wells Nos. 4, 1, and 1-A, located, respectively, in Units A and H of said Section 12 and in Unit A of said Section 13.

- CASE 5417: Application of Atlantic Richfield Company for a non-standard gas proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the S/2 of Section 24 and the N/2 of Section 25, both in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its McDonald State WN Wells Nos. 12 and 24, located, respectively, at unorthodox locations in Unit M of Section 24, and in Unit E of Section 25.
- CASE 5418: Application of Joel B. Burr, Jr. and William J. Cooley for permission to flare casinghead gas, McKinley County, New Mexico. Applicants, in the above-styled cause, seek an exception to Order No. R-4070, to permit the flaring of casinghead gas produced by their Coleman Well No. 2, located in Unit C of Section 8, Township 17 North, Range 8 West, Lone Pine Dakota D Oil Pool, McKinley County, New Mexico.
- CASE 5419: Application of J. Gregory Merrion & Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicants, in the above-styled cause, seek authority to commingle Gavilan-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of their North Lindrith Unit Com Well No. 1, located in Unit M of Section 20, Township 26 North, Range 2 West, Rio Arriba County, New Mexico.
- CASE 5420: Application of Texaco, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its New Mexico "DM" State (NCT-1) Well No. 1, located in Unit N of Section 21, Township 13 South, Range 33 East, Lazy J Pennsylvanian Pool, Lea County, New Mexico, to dispose of produced salt water into the Pennsylvanian formation through the perforated interval from approximately 9742 to 9792 feet.
- CASE 5421: Application of Texaco, Inc., for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Justis Tubb-Drinkard and North Justis-Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 3, located in Unit I of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 5422: Application of Hilliard Oil and Gas, Inc., for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special rules for the EK-Bone Springs Pool, in Township 18 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 5122: (Reopened) (Continued from the January 22, 1975, Examiner Hearing)
- In the matter of Case 5122 being reopened pursuant to the provisions of Order No. R-4693, which order established temporary special pool rules for the East Lusk-Wolfcamp Oil Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and a limiting gas-oil ratio of 4000 to 1. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and proration units with a limiting gas-oil ratio of 2000 to 1.

- CASE 5423: 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 in formations of Pennsylvanian age or older underlying the W/2 of Section 29, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location within the spacing 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 the applicant as the operator of the well and a charge for the risk involved in drilling said well.
- CASE 5424: Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dark Canyon Unit Area, comprising 2560 acres, more or less, of State lands in Township 23 South, Range 25 East, Eddy County, New Mexico.
- CASE 5425: Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a non-standard 480-acre gas proration unit comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Lockhart B Wells Nos. 4 and 8, located at unorthodox locations in Units H and P, respectively, of Section 13, and to its Lockhart B Well No. 7, at an unorthodox location in Unit D of said Section 14. Applicant further seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the S/2 of Section 12, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its State KN-12 Wells Nos. 1 and 2, located at unorthodox locations in Units P and N, respectively, of said Section 12.
- CASE 5426: Application of Continental Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bell Lake Unit Well No. 16 to be drilled 660 feet from the North and East lines of Section 7, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico, the N/2 of said Section 7 to be dedicated to said well.
- CASE 5427: Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Allied B Com Well No. 1, located in Unit K of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce oil from the Bone Springs formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

Examiner Hearing - Wednesday - February 19, 1975

Docket No. 5-75

-4-

CASE 5428: Application of Amax Chemical Corporation for the extension of the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Potash-Oil Area in Eddy County, New Mexico, as defined by Order No. R-11-A, as amended, by the addition of the following described lands:

TOWNSHIP 19 SOUTH, RANGE 29 EAST

Section 13: S/2 SE/4

Section 14: W/2 SW/4

Section 23: N/2 NW/4, SE/4 NW/4, S/2 NE/4

Section 24: NW/4, W/2 NE/4, NE/4 NE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST

Section 14: W/2 NE/4

Section 18: SW/4

Case 5417

LAW OFFICES

HINKLE, BONDURANT, COX & EATON

TELEPHONE (505) 622-6510

CLARENCE E. HINKLE
W. E. BONDURANT, JR. (94-1974)
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD F. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.

600 HINKLE BUILDING

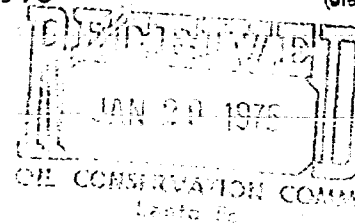
POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

January 27, 1975

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

JAMES H. BOZARTH
ANDREW ALLEN
RONALD O. HARRIS



Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose in triplicate application of Atlantic Richfield Company for non-standard proration unit, simultaneous dedication and unorthodox locations in the Jalmat Gas Pool, Lea County. I discussed this matter with Dan Nutter and it is my understanding that the case will be included on the examiner's docket for February 19.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

BY 

CEH:cs
Enc.

cc: L. C. Soileau IV
cc: Duncan W. Holt

DOCKET MAILED

Date 2-7-75

Case 5417

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR APPROVAL OF A NON-STANDARD
PRORATION UNIT CONSISTING OF THE S $\frac{1}{2}$
SECTION 24 AND N $\frac{1}{2}$ SECTION 25, TOWNSHIP
22 SOUTH, RANGE 36 EAST IN THE JALMAT
GAS POOL, LEA COUNTY, FOR THE SIMUL-
TANEOUS DEDICATION OF THE McDONALD
STATE WN WELL NO. 12 LOCATED IN SECTION
24 AND THE McDONALD STATE WN WELL NO.
24 LOCATED IN SECTION 25 TO SAID PRO-
RATION UNIT AND APPROVAL OF UNORTHODOX
LOCATIONS.

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes now Atlantic Richfield Company, acting by and through the undersigned attorneys, and hereby makes application for approval of a non-standard proration unit consisting of the S $\frac{1}{2}$ Section 24 and N $\frac{1}{2}$ Section 25, Township 22 South, Range 36 East in the Jalmat Gas Pool, Lea County, for the simultaneous dedication of the McDonald State WN Well No. 12 located in Section 24 and the McDonald State WN Well No. 24 located in Section 25 to said proration unit and approval of unorthodox locations, and in support thereof respectfully shows:

1. Atlantic Richfield is the owner of state oil and gas leases embracing the S $\frac{1}{2}$ Section 24 and N $\frac{1}{2}$ Section 25, Township 22 South, Range 36 East in the Jalmat Gas Pool. The McDonald State WN Gas Well No. 12 is located 660 feet from the ~~north~~ ^{South} and west lines of Section 24 and the McDonald State WN Gas Well No. 24 is located 1780 feet from the north line and 660 feet from the west line of Section 25.

2. Currently the McDonald State WN Well No. 12 above referred to and the McDonald State WN Well No. 26 located in the NW $\frac{1}{4}$ Section 24 are dedicated to the W $\frac{1}{2}$ Section 24. The McDonald State WN Well No. 21 located in the NE $\frac{1}{4}$ Section 24 is dedicated to the E $\frac{1}{2}$ Section 24.

3. Attached hereto is a plat marked Exhibit "A" which shows the proposed unorthodox 640 acre well locations consisting of the

Case 5417

S½ Section 24 and the N½ Section 25 and the location of the McDonald State WN Well No. 12 and McDonald State WN Well No. 24 to be dedicated thereto.

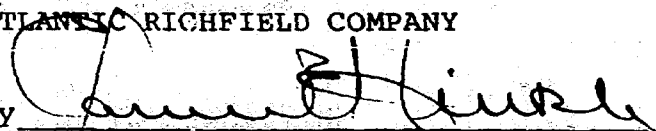
4. Because of the marginal status of the wells, permission to produce the allowable from either or both of said wells will afford applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool and will otherwise prevent waste and protect correlative rights.

5. Applicant requests that this matter be set down for hearing at the examiner's hearing to be held on February 19.

Respectfully submitted,

ATLANTIC RICHFIELD COMPANY

By


HINKLE, BONDURANT, COX & EATON
P.O. Box 10
Roswell, New Mexico 88201
Attorneys for Applicant

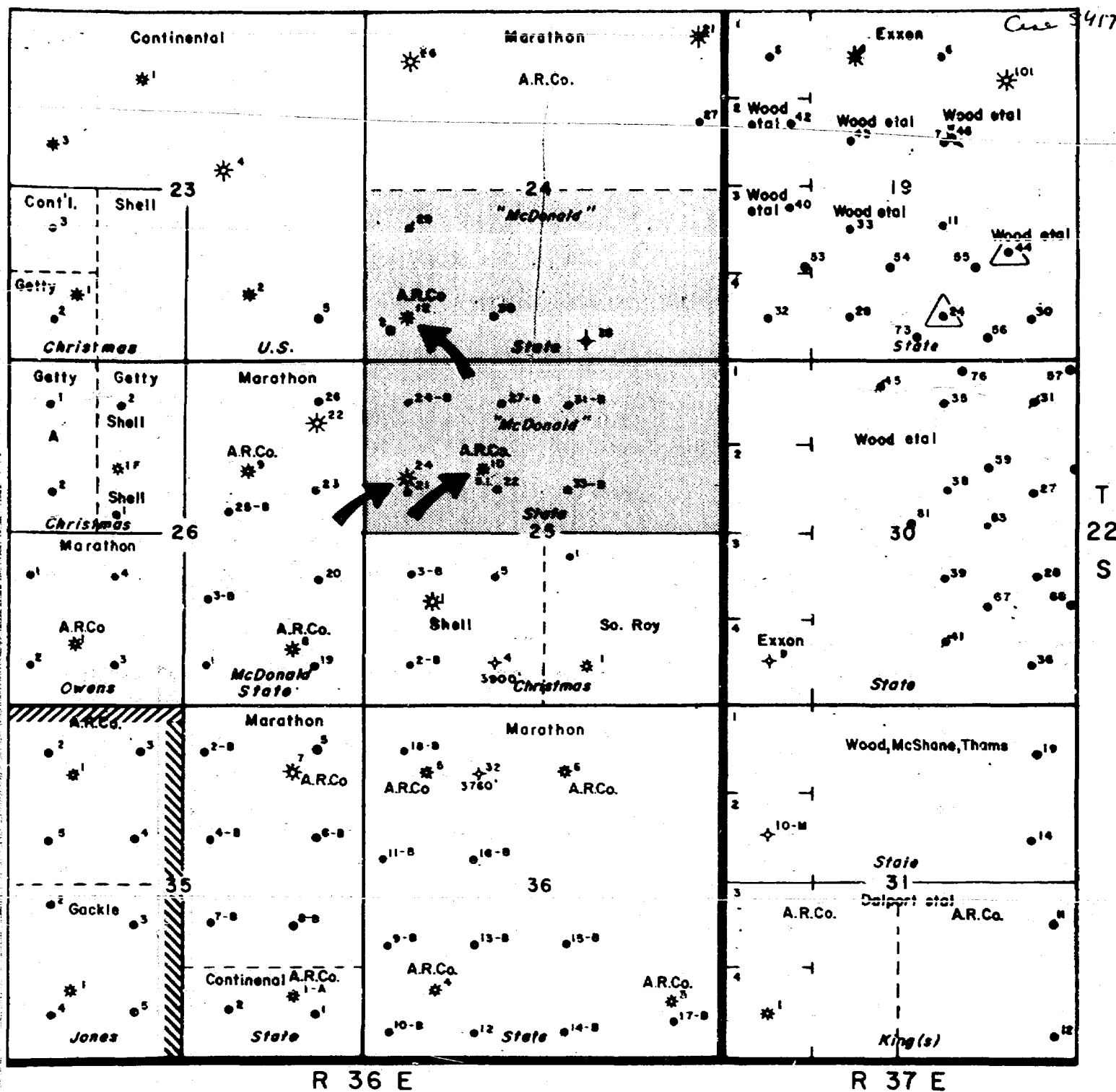


EXHIBIT "A"

Atlantic Richfield Company North American Producing Division Permian District Midland, Texas		
JALMAT (YATES) GAS UNIT LEA COUNTY, NEW MEXICO PROPOSED 640-ACRE NON-STANDARD UNIT SCALE 1" = 2000'		
By: L. SOILEAU	Drawn By: M.S.S.	Date: 1-20-75
Date: 1-75	Revised By:	Date:
Dep:	Dep No:	

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5417

Order No. R-4973

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR A NON-STANDARD GAS PRORATION
UNIT, TWO UNORTHODOX LOCATIONS, AND
SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 19, 1975
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this March day of February, 1975, 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, Atlantic Richfield Company, seeks
the approval for a non-standard 640-acre gas proration unit
comprising the S/2 of Section 24 and the N/2 of Section 25,
both in Township 22 South, Range 36 East, NMPM, Jalmat Gas
Pool, Lea County, New Mexico.

-2-
Case No. 5417
Order No. R-

(3) That the applicant seeks to simultaneously dedicate to said non-standard unit its McDonald State WN Wells Nos. 12 and 24, located, respectively, at unorthodox locations in Unit M of ^{said} Section 24, and in Unit E of ^{said} Section 25, with unit production to be taken from said wells in any proportion.

(4) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the subject wells.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That effective at 7:00 a.m. April 1, 1975, the applicant, Atlantic Richfield Company, is hereby authorized to simultaneously dedicate ~~as~~ non-standard 640-acre gas proration unit comprising the S/2 of Section 24 and the N/2 of Section 25, both in Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to its McDonald State WN Wells Nos. 12 and 24 located, respectively, at unorthodox locations in Unit M of Section 24 and in Unit E of Section 25, with unit production to be taken from said wells in any proportion.

(2) That the allowable assigned to the above-described gas proration unit shall be based upon the unit size of 640 acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

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

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

Memo

From
D. S. NUTTER
CHIEF ENGINEER

To

Clarence Hinkle

Application of Atlantic
Richfield Co.

640 acre

non std pro unit

3/2 24 - 22 S 36 E

N/2 25

Galena Gas Pool Lea

sim de d

Mc Donald St WN # 12

" " # 24

12: 660 FSL 660 FWL 24 Unit M-

24: 1780 FSL 660 FWL 25 Unit F-

both unorthodox Paces