

CASE 5639: Appl. of FRANKLIN,  
ASTON, & FAIR for POOL CREATION  
AND SPECIAL POOL RULES, Lea  
County

CASE NO.

5639

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

sid morrish reporting service

General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

Page 1

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 20, 1977

EXAMINER HEARING

IN THE MATTER OF:

Case 5639 being reopend pursuant to the ) CASE  
provisions of Order No. R-5173, which ) 5639  
order established temporary special pool ) (Reopened)  
rules for the South Maljamar-Strawn )  
Pool, Lea County, New Mexico. )

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil                      Lynn Teschendorf, Esq.  
Conservation Commission:                      Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

1 MR. STAMETS: The Hearing will please come to order.  
2 We will call next Case 5639.

3 MS. TESCHENDORF: Case 5639 in the matter of Case 5639  
4 being reopened pursuant to the provisions of Order No. R-5173,  
5 which order established temporary special pool rules for the  
6 South Maljamar-Strawn Pool, Lea County, New Mexico.

7 MR. STAMETS: Call for appearances in this case.

8 Since there are no appearances we will come back to  
9 Case 5639.

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1 MR. STAMETS: Returning now to Case 5639, there  
2 appearing to be no representative, no interest, this case  
3 will be dismissed.

4 Since there were no appearances in Case 5639 an  
5 order will be entered rescinding the special temporary pool  
6 rules for the the South Maljamar-Strawn and there being  
7 nothing further this hearing is adjourned.

8 (THEREUPON, the hearing was adjourned.)  
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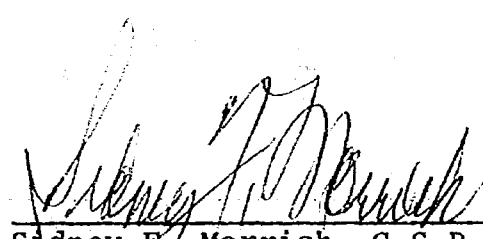
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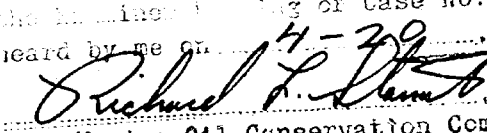
Page 4

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.

  
Sidney F. Morrish, C.S.R.

do hereby certify that the foregoing is  
a true and correct record of the proceedings in  
the hearing of Case No. 5639  
heard by me on 4-29-77, 1977

  
Richard L. Lamm, Examiner  
New Mexico Oil Conservation Commission

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 20, 1977

EXAMINER HEARING

IN THE MATTER OF:

Case 5639 being reopend pursuant to the  
provisions of Order No. R-5173, which  
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rules for the South Maljamar-Strawn  
Pool, Lea County, New Mexico.

CASE  
5639  
(Reopened)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

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For the New Mexico Oil  
Conservation Commission:

Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

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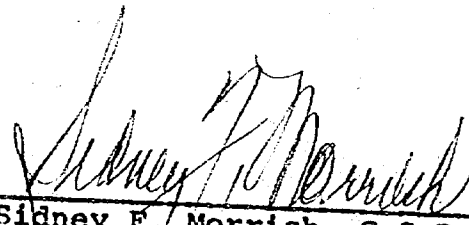
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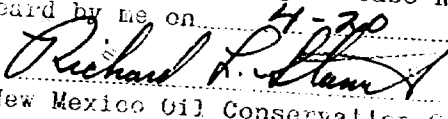
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do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill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

  
Sidney F. Morrish, C.S.R.

**sid morrish reporting service**  
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Phone (505) 982-9212

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5639  
heard by me on 4-30 19 77  
, Examiner  
New Mexico Oil Conservation Commission



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. 5639  
Order No. R-5173-A

IN THE MATTER OF CASE 5639 BEING REOPENED  
PURSUANT TO THE PROVISIONS OF ORDER NO.  
R-5173, WHICH ORDER ESTABLISHED TEMPORARY  
SPECIAL POOL RULES FOR THE SOUTH MALJAMAR-  
STRAWN POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 20, 1977,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of April, 1977, the Commission,  
a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, and being fully  
advised in the premises,

FINDS:

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

(2) That by Order No. R-5173, dated March 10, 1976,  
temporary special rules and regulations were promulgated for the  
South Maljamar-Strawn Pool, Lea County, New Mexico, establishing  
temporary 160-acre spacing units and proration units.

(3) That pursuant to the provisions of Order No. R-5173,  
this case was reopened to allow the operators in the subject  
pool to appear and show cause why the South Maljamar-Strawn  
Pool should not be developed on 40-acre spacing units.

(4) That no operator appeared to present testimony in  
the subject case.

(5) That in the absence of any testimony, the temporary  
special pool rules for said South Maljamar-Strawn Pool should  
be rescinded.

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Case No. 5639  
Order No. R-5173-A

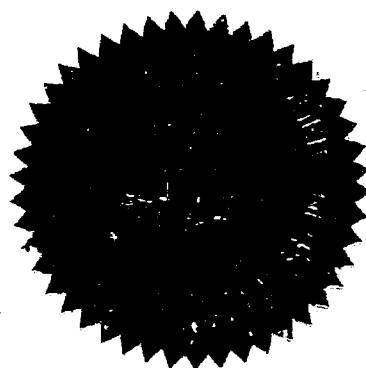
IT IS THEREFORE ORDERED:

(1) That effective May 1, 1977, the Special Rules and Regulations governing the South Maljamar-Strawn Pool, promulgated by Order No. R-5173, are hereby rescinded.

(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 herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

jr/

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. 5639  
Order No. R-5173

NOMENCLATURE

APPLICATION OF FRANKLIN, ASTON AND  
FAIR FOR POOL CREATION AND SPECIAL  
POOL RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3, 1976,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of March, 1976, 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, Franklin, Aston and Fair, seeks  
the creation of a new oil pool for Strawn production in Lea  
County, New Mexico.

(3) That the applicant also seeks the promulgation of  
special rules for said pool, including a provision for 160-acre  
proration units.

(4) That the evidence presently available indicates that  
applicant's Aztec State Well No. 3, located in Unit B of Section  
36, Township 17 South, Range 32 East, NMPM, Lea County, New  
Mexico, has discovered a separate common source of supply which  
should be designated the South Maljamar-Strawn Pool; that the  
vertical limits of the pool should be the Strawn formation, and  
that the horizontal limits of said pool should be as follows:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM  
Section 36: NE/4

(5) That in order to prevent the economic loss caused by  
the drilling of unnecessary wells, to avoid the augmentation of

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Case No. 5639

Order No. R-5173

risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the South Maljamar-Strawn Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should provide for a depth bracket allowable of 445 barrels.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in April, 1977, at which time the operators in the subject pool should be prepared to appear and show cause why the South Maljamar-Strawn Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1976, a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production, is hereby created and designated the South Maljamar-Strawn Pool, with vertical limits comprising the Strawn formation and horizontal limits comprising the following-described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM  
Section 36: NE/4

(2) That temporary Special Rules and Regulations for the South Maljamar-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE SOUTH MALJAMAR-STRAWN POOL

RULE 1. Each well completed or recompleted in the South Maljamar-Strawn Pool or in the Strawn formation within one mile of the South Maljamar-Strawn Pool, and not nearer to nor within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the South Maljamar-Strawn Pool shall be located on a unit containing 160-

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Case No. 5639

Order No. R-5173

acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Lands Survey.

RULE 3. Each well completed or recompleted in said pool shall not be drilled closer than 660 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising less than 160 acres. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the South Maljamar-Strawn Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 5. A standard proration unit (158 through 162 acres) in the South Maljamar-Strawn Pool shall be assigned a depth bracket allowable of 445 barrels, subject to the market demand percentage factor, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Maljamar-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs district office of the Commission in writing of the name and location of the well on or before June 1, 1976.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Maljamar-Strawn Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit

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Case No. 5639  
Order No. R-5173

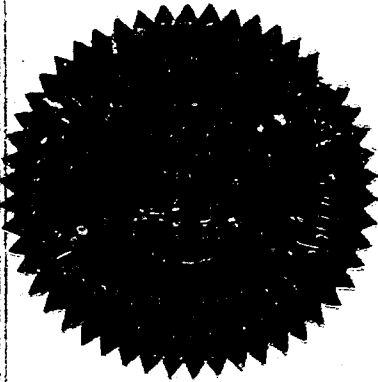
has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Maljamar-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in April, 1977, at which time the operators in the subject pool should be prepared to appear and show cause why the South Maljamar-Strawn Pool should not be developed on 40-acre spacing units.

(4) 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

  
*Phil R. Lucero*  
PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

jr/

Mr. Boyle's secretary said  
as far as she knows, nobody  
intends to appear at the  
hearing. Mr. Boyle is out to  
lunch and will return in  
10 or 15 minutes.

Holly Energy -  
S. Malj. Stream  
Case 5639

Case 5639  
South Maljamer Stream  
Operator

Franklin Carter V Fair Ltd  
Aztec St #4 - ~~11~~ 36-17-32  
"F"  
Look over by after 7 A.M.  
Holly Energy Inc.  
well now P4A

(1-103 on plugging

R. L. Stamets

No operator appeared  
in this case.  
The attached notes  
reflect the attempts  
to contact the same.

Dockets Nos. 15-77 and 16-77 are tentatively set for hearing on May 11 and May 25, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 20, 1977

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5872: (Reopened)

In the matter of Case 5872 being reopened pursuant to the provisions of Order No. R-5373 which order suspended Rules 15(A) and 15(B) of the General Rules for Prorated Gas Pools as promulgated by Order No. R-1670, as amended, to permit overproduced wells to continue to produce gas during the present severe weather conditions without danger of being shut in for overproduction. All interested parties may appear and show cause why said suspension should not be rescinded. Also to be considered will be the matter of final disposition of overproduction accrued during the period of suspension of Rules 15(A) and 15(B), and what, if any, special consideration should be given to underproduction accrued to gas wells during the period of suspension of said rules.

CASE 5888: (Continued from March 23, 1977, Examiner Hearing)

Application of Dalport Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its A. L. Christmas Well No. 3 to be drilled 330 feet from the South line and 2310 feet from the East line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5901: Application of Gulf Oil Corporation for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 400-acre non-standard gas proration unit comprising the SE/4 of Section 8, and the E/2 NW/4 and NE/4 of Section 17, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Theodore Anderson Wells Nos. 1 and 4, located at unorthodox locations in Unit O of said Section 8 and Unit B of said Section 17, respectively.

CASE 5902: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Apple Draw Unit Area comprising 3840 acres, more or less, of Federal, State, and Fee lands in Township 25 South, Range 27 East, Eddy County, New Mexico.

CASE 5903: Application of Maddox Energy Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled at a point 2310 feet from the South line and 1650 feet from the West line of Section 9, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE 5639: (Reopened)

In the matter of Case 5639 being reopened pursuant to the provisions of Order No. R-5173, which order established temporary special pool rules for the South Waljamar-Strawn Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5904: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Fruitland and Pictured Cliffs formations underlying the NE/4 and/or SE/4 of Section 20, Township 32 North, Range 6 West, San Juan County, New Mexico, and in the Mesaverde and Dakota formations underlying the E/2 of said Section 20, the above-described lands to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5905: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SE/4 and the E/2 SW/4 of Section 3, and the NW/4 of Section 10, and all mineral interests in the Pictured Cliffs and Fruitland formations underlying the NW/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1800 feet from the North line and 850 feet from the West line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5906: (This Case will be continued to the May 11, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SW/4 of Section 2, the E/2 SE/4 of Section 3, and the NE/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1525 feet from the North line and 1850 feet from the East line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5907: Application of Dome Petroleum Corporation for a special depth bracket allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special depth bracket allowable of 750 barrels of oil per day for the Papers Wash-Entrada Oil Pool, McKinley County, New Mexico.

CASE 5908: Application of Dome Petroleum Corporation for a special depth bracket allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special depth bracket allowable of 750 barrels of oil per day for the Ojo Encino-Entrada Oil Pool, McKinley County, New Mexico.

CASE 5909: Application of Dome Petroleum Corporation for pool creation and special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Snake Eyes-Entrada Oil Pool in Section 20, Township 21 North, Range 8 West, San Juan County, New Mexico, and the establishment of a special depth bracket allowable of 750 barrels of oil per day for said pool.

CASE 5910: Application of Yates Petroleum Corporation for gas pool creations and downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of three Pennsylvanian gas pools in Townships 17 and 18 South, Ranges 24, 25, and 26 East, Eddy County, New Mexico, including the Richard Knob- and East Eagle Creek-Lower Penn Gas Pools with provisions in each for commingling Strawn, Atoka, and Morrow production in the wellbores of wells drilled therein, and the Eagle Creek Permo-Penn Gas Pool with provision for commingling Wolfcamp, Cisco, Canyon, and Strawn production in the wellbores of wells drilled therein.

CASE 5898: (Continued from April 6, 1977, Examiner Hearing)

Application of Chace Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production in the wellbore of its Jicarilla 70 Well No. 3 located in Unit C of Section 33, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. In the alternative, applicant seeks authority to commingle said production at the surface without prior measurement and waiver of the gas-oil ratio test requirement.

CASE 5911: Application of Odessa Natural Gas Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of special pool rules for the Chacon-Dakota Oil Pool, Rio Arriba County, New Mexico, to provide for 160-acre spacing for oil wells and for reclassification of wells from oil to gas and the removal of such gas wells to the Basin-Dakota Pool.

Examiner Hearing - Wednesday - April 20, 1977  
-3-

CASE 5629: (Reopened)

In the matter of Case 5629 being reopened pursuant to the provisions of Order No. R-5192, which order established temporary special pool rules for the Chacon-Dakota Oil Pool, Rio Arriba and Sandoval Counties, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5889: (Continued & Readvertised)

Application of Saturn Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Abo formation underlying the NE/4 SE/4 of Section 11, Township 23 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lineberry Well No. 1 located in Unit I of said Section; and underlying the NW/4 SE/4 of said Section 11 to be dedicated to its Lineberry Well No. 2 located in Unit J of said Section. In the event re-entry into either well is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tracts. Also to be considered will be the costs of recompletion or drilling and completing said wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in recompletion or drilling of said wells.

sid morrish reporting service

General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

Page 1

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Franklin, Aston and  
Fair for pool creation and special  
pool rules, Lea County, New Mexico.

CASE  
5639

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 F. Carr, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & FOX  
Attorneys at Law  
500 Don Gaspar  
Santa Fe, New Mexico

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General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

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1 MR. STAMETS: We will call Case 5639.

2 MR. CARR: Case 5639, application of Franklin,  
3 Aston and Fair for pool creation and special pool rules,  
4 Lea County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox,  
6 Santa Fe, New Mexico appearing on behalf of the applicant and  
7 we have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9  
10 GRANT SMITH

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

13  
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you please state your name and occupation?

17 A I'm Grant Smith and I'm employed by Franklin, Aston  
18 and Fair as a Petroleum Geologist.

19 Q Mr. Smith, have you previously testified before this  
20 Commission and had your qualifications as an expert witness  
21 accepted and made a matter of record?

22 A Yes, I have.

23 Q And are you familiar with the facts surrounding this  
24 particular application by Franklin, Aston and Fair?

25 A Yes, I am.

1 MR. KELLAHIN: If the Examiner please, are the  
2 witness's qualifications acceptable?

3 MR. STAMETS: They are.

4 Q (Mr. Kellahin continuing.) Mr. Smith, would you  
5 please refer to what has been marked as Applicant's Exhibit  
6 Number One, identify it and state briefly what the Applicant  
7 is seeking?

8 A Exhibit Number One is a structure contour map with  
9 the Section 36 in the 17 South, 32 East outlined in yellow.  
10 The well circled in red is the discovery well. All other wells  
11 in the general area that have penetrated the Strawn formation  
12 are also circled in red and the subsea top for the Strawn  
13 formation is shown at each of these wells. The discovery well  
14 is located seven, ten from the north line and twenty-one, ten  
15 from the east line of 36, 17 South, 32 East.

16 Q And you are seeking the promulgation of pool rules  
17 for the creation of a new pool for Strawn production in the  
18 northeast quarter of Section 36?

19 A That's correct.

20 Q And you would dedicate the entire northeast quarter  
21 to that particular well?

22 A Yes, sir.

23 Q Is this a new well, Mr. Smith?

24 A Yes, it was plugged and abandoned in September of  
25 1975 as an Abo dry hole at a depth of eighty-eight, thirty.

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1 It was reentered in December the 10th of 1975, drilled to a  
2 total depth of eleven thousand, seven hundred and fifty-six  
3 feet in the Pennsylvanian and completed through perforations  
4 at eleven thousand, four hundred and ninety-three to eleven,  
5 five, forty-nine and is a Pennsylvanian-Strawn producer.

6 Q What was the initial potential for this well?

7 A This well was potentialed flowing six hundred and  
8 seventy-two barrels per day through a twelve sixty-fourth choke.

9 Q In your opinion, Mr. Smith, is this a new discovery?

10 A Yes, it is. The well is approximately four miles  
11 northeast of the Trigg Federal No. 1 Well.

12 Q Where is the Trigg Federal No. 1 Well?

13 A It is in the northwest quarter of the southwest  
14 quarter of Section 15, 18 South, 32 East and it produced some  
15 four thousand, three hundred and sixty-five barrels of oil  
16 from the Strawn.

17 Q The Trigg Well is in what pool?

18 A It's a Strawn producer. I don't know whether it was  
19 ever given a pool name -- Querecho Plains-Pennsylvanian.

20 Q Are there any other pools in the area?

21 A Yes, we are located some seven miles north-northeast  
22 of the north edge of the Lusk-Strawn pool.

23 Q What is the spacing of the Lusk-Strawn Pool?

24 A One hundred and sixty acres.

25 Q That is the same spacing you are requesting for this

1 new pool?

2 A That's right.

3 Q Please refer to what has been marked as Exhibit  
4 Number Two and identify it?

5 A Number two is a compensated neutron density log of  
6 the discovery well, showing the Strawn top, the porous Strawn  
7 interval is colored in red and the porosities are shown on  
8 the righthand side, porosity, water saturation and perforations  
9 are shown on this exhibit.

10 Q Please refer to Exhibit Number Three and identify it?

11 A Number Three is the dual-induction log of the same  
12 well.

13 Q Exhibit Number Four?

14 A Exhibit Number Four is a caliper log of this well  
15 and I would like to point out that this is not a normal caliper.  
16 The caliper tool with the pads against the side of the hole  
17 was not functioning properly when they logged this well and  
18 the logging company ran a four-arm caliper survey with just a  
19 finger sticking against the side of the hole and I think it's  
20 interesting to point out that the upper forty or fifty feet of  
21 the porous interval is highly irregular and probably this  
22 sensitive caliper survey is showing vuggy and/or fracture  
23 porosity.

24 Q Please refer to Exhibit Number Five?

25 A Exhibit Number Five is DST information taken in the

1 Strawn pay.

2 Q In your opinion, Mr. Smith, is there any reason to  
3 believe that this requested pool is connected in any way to  
4 the Lusk-Strawn Pool?

5 A No, I believe that it is not, primarily because of  
6 the distance and Exhibit Number One, the structure map, shows  
7 it to be located on a local northwest-southeast trending high.  
8 The DST chart shows a bottom-hole pressure of sixty-four hundred  
9 pounds for the Strawn in the discovery well and the original  
10 bottom-hole pressures in the Lusk-Strawn were in the neighbor-  
11 hood of fifty-eight hundred pounds.

12 Q In your opinion, Mr. Smith, will one well be able  
13 to economically and efficiently drain a hundred and sixty  
14 acres?

15 A I believe that it will primarily because of the indica-  
16 ted fracture pattern. I Xeroxed a section out of the Roswell  
17 Geological Society's symposium on the Lusk-Strawn Pool.

18 MR. KELLAHIN: Excuse me. That has not been  
19 introduced as an exhibit but I provided you a copy for your  
20 information.

21 A Some of the interesting aspects of the write-up on  
22 this Pool have been highlighted in yellow. I think it is  
23 significant that we are on a northwest-southeast trending  
24 nose. The Lusk-Strawn Pool is on the northeast-southwest  
25 trending nose. On page nineteen they give the reservoir

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1 characteristics of the Lusk-Strawn as an average of four point  
2 eight, five percent porosity, thirty point four percent water  
3 saturation and from our porosity log it looks like that we  
4 have very nearly the same thing.

5 I might point out that one well that they mention on  
6 page eighteen, paragraph five, had no visible porosity on the  
7 log. On the gamma ray sonic log they had ten feet of indicated  
8 fracture porosity and this well produced two hundred and ninety  
9 thousand barrels of oil on primary which is considerable oil  
10 for that much pay.

11 I think our caliper log is an indication that we  
12 have much the same situation.

13 Q (Mr. Kellahin continuing.) Would you give the  
14 Examiner some of the reservoir data you have derived from use  
15 of the logs on your discovery well. Specifically, what is the  
16 pay thickness of your discovery well?

17 A Well, we have approximately seventy-five feet of  
18 pay. We ran a drill stem test in the upper part of the pay  
19 and our bottom-hole pressures are a little high, I will say  
20 that. As to the other reservoir characteristics at this time,  
21 I can't say for certain what the reservoir drive mechanism  
22 might be. Our drill stem test that took in the upper twenty-  
23 feet above the porous zone never had any excessive amount of  
24 gas. I think our GOR was something like seven hundred and  
25 fifty to one. In completion we perforated to the base of the

1 pay and we are not at this point making any water so I can't  
2 say at this time that there is a gas cap in the pool and I  
3 can't say that we have a water drive. From this information,  
4 I would say at this time it indicates that we probably have  
5 a depletion drive mechanism as does the Lusk-Strawn.

6 Q What do you estimate to be the average porosity in  
7 your discovery well?

8 A Well, that would be hard to say because of our  
9 fracture indications in this thing. The figures that are  
10 shown on the righthand side of Exhibit Number Two, the  
11 compensated neutron density, is the porosity figures shown  
12 by the logging engineer for Dresser Atlas, you can see if you  
13 run through them, they are four point seven, four point four,  
14 sixteen, that might be a vug or a fracture, I don't know. We  
15 have three percent and four point six and four and four. It  
16 looks like it is much like the Strawn.

17 Our water saturations of twelve percent and twenty-  
18 eight percent are quite low.

19 Q Were Exhibits One through Five either prepared by  
20 you directly or compiled under your direction and supervision?

21 A Yes, they were.

22 Q In your opinion, Mr. Smith, will approval of this  
23 application be in the best interests of conservation and  
24 prevention of waste and the protection of correlative rights?

25 A I believe it will.

1 MR. KELLAHIN: If the Examiner please, we move the  
2 introduction of Exhibits One through Five.

3 MR. STAMETS: These exhibits will be admitted.  
4 (THEREUPON, Applicant's Exhibits One through  
5 Five were admitted into evidence.)

6 MR. KELLAHIN: That concludes our direct examination.

7  
8 CROSS EXAMINATION

9 BY MR. STAMETS:

10 Q Mr. Smith, is that seven hundred and fifty to one the  
11 only gas-oil ratio on this well that you have at the present  
12 time?

13 A At the present time. That was from a DST. Since  
14 we have completed and have been producing, we have an unusual  
15 feature in the well. Our production superintendent tells me  
16 that when we had the well shut in, building the tank battery  
17 and so forth, when we opened up the flow there was no head  
18 of gas, it just starts making straight oil and we have not run  
19 any GOR since then.

20 Q Looking at Rule 505, Commission Rules and Regulations,  
21 it would appear that the depth-bracket allowable for a well  
22 from eleven to twelve thousand feet deep on a hundred and  
23 sixty acres would be six hundred and five barrels a day. Do  
24 you feel that this well can produce that volume of oil without  
25 waste, without being inefficient?

1 A. I think that if we have a depletion-drive mechanism  
2 that it probably would not produce at that rate for an  
3 extended period of time but even if it was produced at a lower  
4 rate that we would still drain a hundred and sixty acres. I  
5 think that is pretty well the case in the Lusk-Strawn Pool also.

6 Q Do you feel that until some experience has been  
7 gained in this reservoir that some lower allowable should be  
8 set to avoid, say, the possibility of gas breaking out in  
9 the reservoir or water influx?

10 A. Well, I suppose that is a possibility, although our  
11 information at the present time isn't such that we would expect  
12 that. I know that in reading the write up on the Lusk-Strawn  
13 Pool, they thought they had when it was first being drilled,  
14 an active water drive on the southwest side of the pool but  
15 this never developed into any type of an active drive.

16 Q Assuming that this standard allowable were assigned,  
17 what would you be looking for to indicate to you that this rate  
18 of production was too high?

19 A. I would look at probably an abnormal pressure drop.  
20 If we had suddenly started making a high GOR or if we got an  
21 influx of water, which we would be watching for.

22 Q The gas-oil ratio and the water are pretty obvious,  
23 do you intend to take a periodic pressure test on this well?

24 A. We will take pressure tests on it. I might also  
25 mention that we have a ninety-day drilling commitment on this

1 lease and we will be starting another well. It was our plan  
2 to start another well in sixty days and we hope to know a lot  
3 more about it at that time when we complete that well.

4 Q Would you be willing to file a report with the  
5 Director of the Commission, say, every ninety or a hundred and  
6 twenty days, relaying the latest reservoir information on it?

7 A We certainly would. We are not anxious to over-  
8 produce it, we are anxious to adequately drain the reservoir  
9 with a proper well spacing.

10 Q Now, speaking of spacing, do you have any recommenda-  
11 tions as to how these wells should be located within the one  
12 hundred and sixty acre tract?

13 A Not specifically. There are several people involved  
14 in this well. Franklin, Aston and Fair, Featherstone, Hanson  
15 Oil Company and Larry Harris out of Roswell. We are at  
16 the present time discussing a location, possibly in the  
17 northwest of the southeast of 36 or possibly in the southeast  
18 or the northwest of 36 but we don't have any specific  
19 recommendation on that at this time.

20 Q Do you feel that there should be a minimum of, say,  
21 six hundred and sixty feet between the wells and the outer  
22 boundary?

23 A I believe there should be this. At the present time  
24 I might say one problem that we are facing, you can see that  
25 the control is rather sparse. Our intention is probably to

1 take the next well to the Devonian and as I said, it will  
2 probably be in the northwest quarter of the southeast quarter  
3 of the section.

4 Q Six hundred and sixty feet from the outer boundary  
5 of the proration unit?

6 A That's right. It would probably be nineteen eighty  
7 from the north and west or nineteen eighty from the south and  
8 east of the section but we haven't had a meeting of the minds  
9 and I know there is some difference of opinion on that.

10 Q Say three hundred and thirty feet from the quarter  
11 quarter section, that would give you the flexibility that is  
12 needed?

13 A That's right.

14 Q Do you have a proposed name for this particular  
15 pool?

16 A Well, I haven't really, it's pretty close to  
17 Maljamar, I guess Maljamar-Strawn would be a pretty good name  
18 but we'll leave that to the Commission.

19 MR. STAMETS: Any other questions of this witness?  
20 He may be excused.

21 (THEREUPON, the witness was excused.)

22 MR. STAMETS: Anything further in this case?

23 MR. KELLAHIN: No, sir.

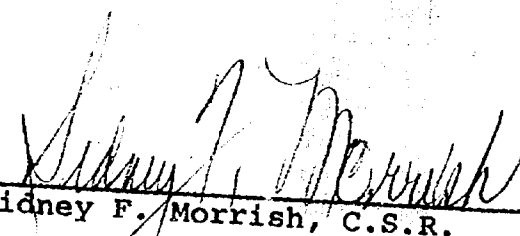
24 MR. STAMETS: We will take the case under advisement.  
25

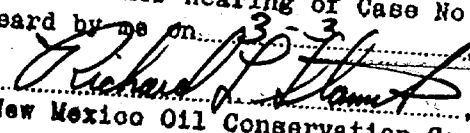
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.

  
Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5639  
heard by me on 3-3-76 1976  
  
Richard P. Hunt, Examiner  
New Mexico Oil Conservation Commission

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 3, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Franklin, Aston and  
Fair for pool creation and special  
pool rules, Lea County, New Mexico.

CASE  
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16 Q Would you please state your name and occupation?

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18 and Fair as a Petroleum Geologist.

19 Q Mr. Smith, have you previously testified before this  
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22 A Yes, I have.

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9 the Section 36 in the 17 South, 32 East outlined in yellow.  
10 The well circled in red is the discovery well. All other wells  
11 in the general area that have penetrated the Strawn formation  
12 are also circled in red and the subsea top for the Strawn  
13 formation is shown at each of these wells. The discovery well  
14 is located seven, ten from the north line and twenty-one, ten  
15 from the east line of 36, 17 South, 32 East.

16 Q And you are seeking the promulgation of pool rules  
17 for the creation of a new pool for Strawn production in the  
18 northeast quarter of Section 36?

19 A That's correct.

20 Q And you would dedicate the entire northeast quarter  
21 to that particular well?

22 A Yes, sir.

23 Q Is this a new well, Mr. Smith?

24 A Yes, it was plugged and abandoned in September of  
25 1975 as an Abo dry hole at a depth of eighty-eight, thirty.

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 22 of the north edge of the Lusk-Strawn pool.

Q What is the spacing of the Lusk-Strawn Pool?

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8 CROSS EXAMINATION

9 BY MR. STAMETS:

10 Q Mr. Smith, is that seven hundred and fifty to one the  
11 only gas-oil ratio on this well that you have at the present  
12 time?

13 A At the present time. That was from a DST. Since  
14 we have completed and have been producing, we have an unusual  
15 feature in the well. Our production superintendent tells me  
16 that when we had the well shut in, building the tank battery  
17 and so forth, when we opened up the flow there was no head  
18 of gas, it just starts making straight oil and we have not run  
19 any GOR since then.

20 Q Looking at Rule 505, Commission Rules and Regulations,  
21 it would appear that the depth-bracket allowable for a well  
22 from eleven to twelve thousand feet deep on a hundred and  
23 sixty acres would be six hundred and five barrels a day. Do  
24 you feel that this well can produce that volume of oil without  
25 waste, without being inefficient?

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Phone (505) 982-9212

1 A. I think that if we have a depletion-drive mechanism  
2 that it probably would not produce at that rate for an  
3 extended period of time but even if it was produced at a lower  
4 rate that we would still drain a hundred and sixty acres. I  
5 think that is pretty well the case in the Lusk-Strawn Pool also.

6 Q. Do you feel that until some experience has been  
7 gained in this reservoir that some lower allowable should be  
8 set to avoid, say, the possibility of gas breaking out in  
9 the reservoir or water influx?

10 A. Well, I suppose that is a possibility, although our  
11 information at the present time isn't such that we would expect  
12 that. I know that in reading the write up on the Lusk-Strawn  
13 Pool, they thought they had when it was first being drilled,  
14 an active water drive on the southwest side of the pool but  
15 this never developed into any type of an active drive.

16 Q. Assuming that this standard allowable were assigned,  
17 what would you be looking for to indicate to you that this rate  
18 of production was too high?

19 A. I would look at probably an abnormal pressure drop.  
20 If we had suddenly started making a high GOR or if we got an  
21 influx of water, which we would be watching for.

22 Q. The gas-oil ratio and the water are pretty obvious,  
23 do you intend to take a periodic pressure test on this well?

24 A. We will take pressure tests on it. I might also  
25 mention that we have a ninety-day drilling commitment on this

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1 lease and we will be starting another well. It was our plan  
2 to start another well in sixty days and we hope to know a lot  
3 more about it at that time when we complete that well.

4 Q Would you be willing to file a report with the  
5 Director of the Commission, say, every ninety or a hundred and  
6 twenty days, relaying the latest reservoir information on it?

7 A We certainly would. We are not anxious to over-  
8 produce it, we are anxious to adequately drain the reservoir  
9 with a proper well spacing.

10 Q Now, speaking of spacing, do you have any recommenda-  
11 tions as to how these wells should be located within the one  
12 hundred and sixty acre tract?

13 A Not specifically. There are several people involved  
14 in this well. Franklin, Aston and Fair, Featherstone, Hanson  
15 Oil Company and Larry Harris out of Roswell. We are at  
16 the present time discussing a location, possibly in the  
17 northwest of the southeast of 36 or possibly in the southeast  
18 or the northwest of 36 but we don't have any specific  
19 recommendation on that at this time.

20 Q Do you feel that there should be a minimum of, say,  
21 six hundred and sixty feet between the wells and the outer  
22 boundary?

23 A I believe there should be this. At the present time,  
24 I might say one problem that we are facing, you can see that  
25 the control is rather sparce. Our intention is probably to

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1 take the next well to the Devonian and as I said, it will  
2 probably be in the northwest quarter of the southeast quarter  
3 of the section.

4 Q Six hundred and sixty feet from the outer boundary  
5 of the proration unit?

6 A That's right. It would probably be nineteen eighty  
7 from the north and west or nineteen eighty from the south and  
8 east of the section but we haven't had a meeting of the minds  
9 and I know there is some difference of opinion on that.

10 Q Say three hundred and thirty feet from the quarter  
11 quarter section, that would give you the flexibility that is  
12 needed?

13 A That's right.

14 Q Do you have a proposed name for this particular  
15 pool?

16 A Well, I haven't really, it's pretty close to  
17 Maljamar, I guess Maljamar-Strawn would be a pretty good name  
18 but we'll leave that to the Commission.

19 MR. STAMETS: Any other questions of this witness?  
20 He may be excused.

21 (THEREUPON, the witness was excused.)  
22 MR. STAMETS: Anything further in this case?

23 MR. KELLAHIN: No, sir.


24 MR. STAMETS: We will take the case under advisement.  
25

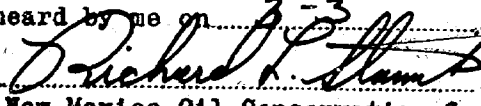
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REPORTER'S CERTIFICATE

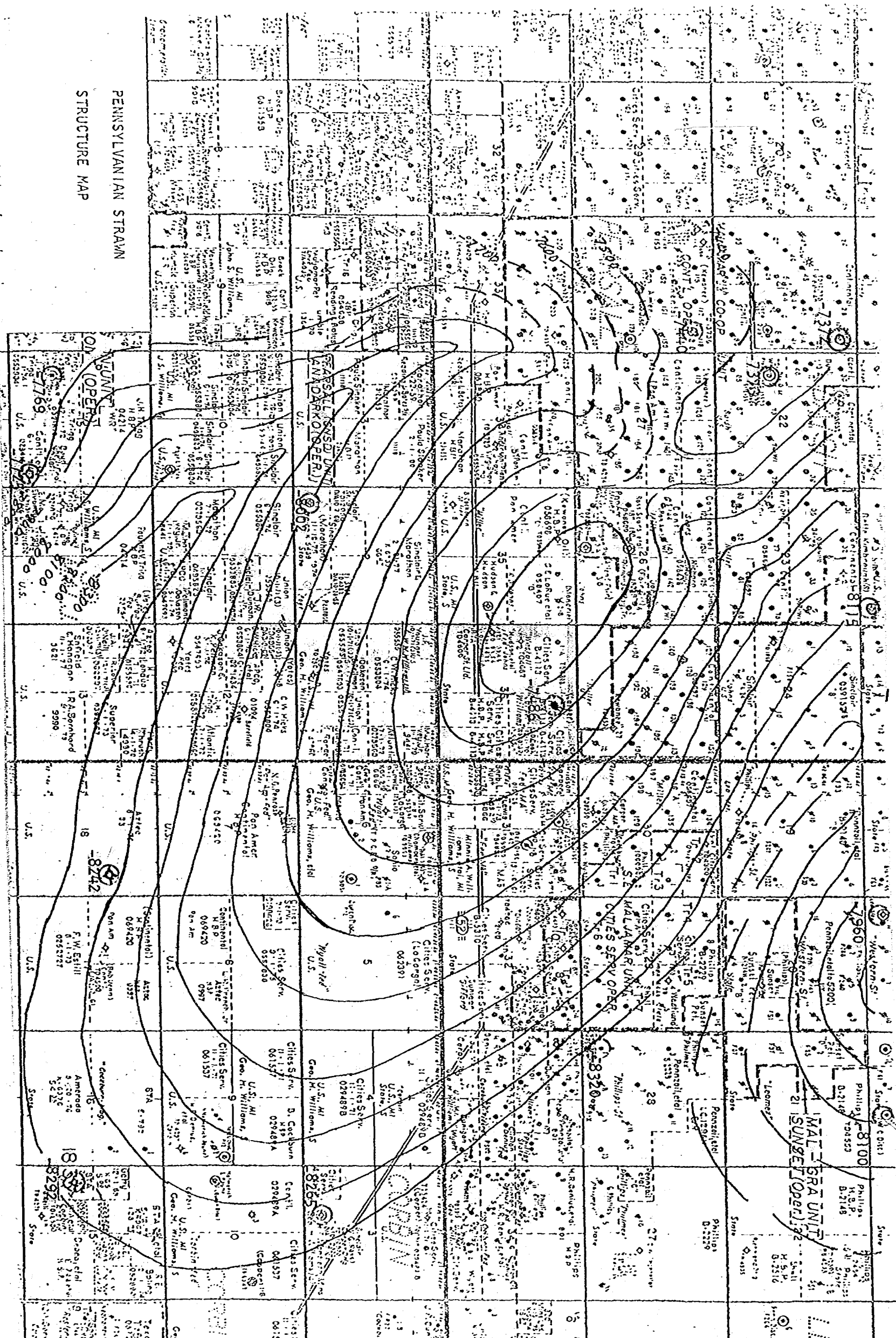
I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill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

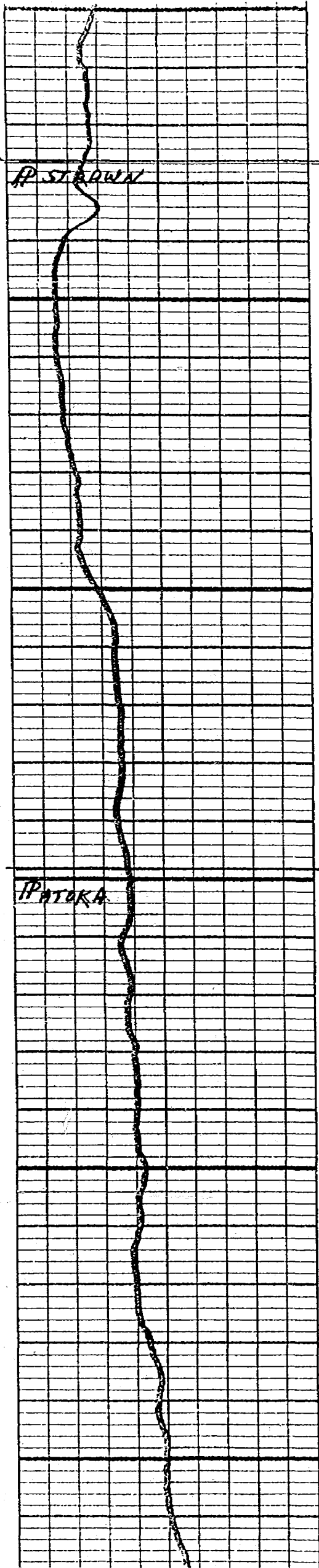
  
Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5639.  
heard by me on 3-3-1976.  
, Examiner  
New Mexico Oil Conservation Commission



PENNSYLVANIAN STRAIN

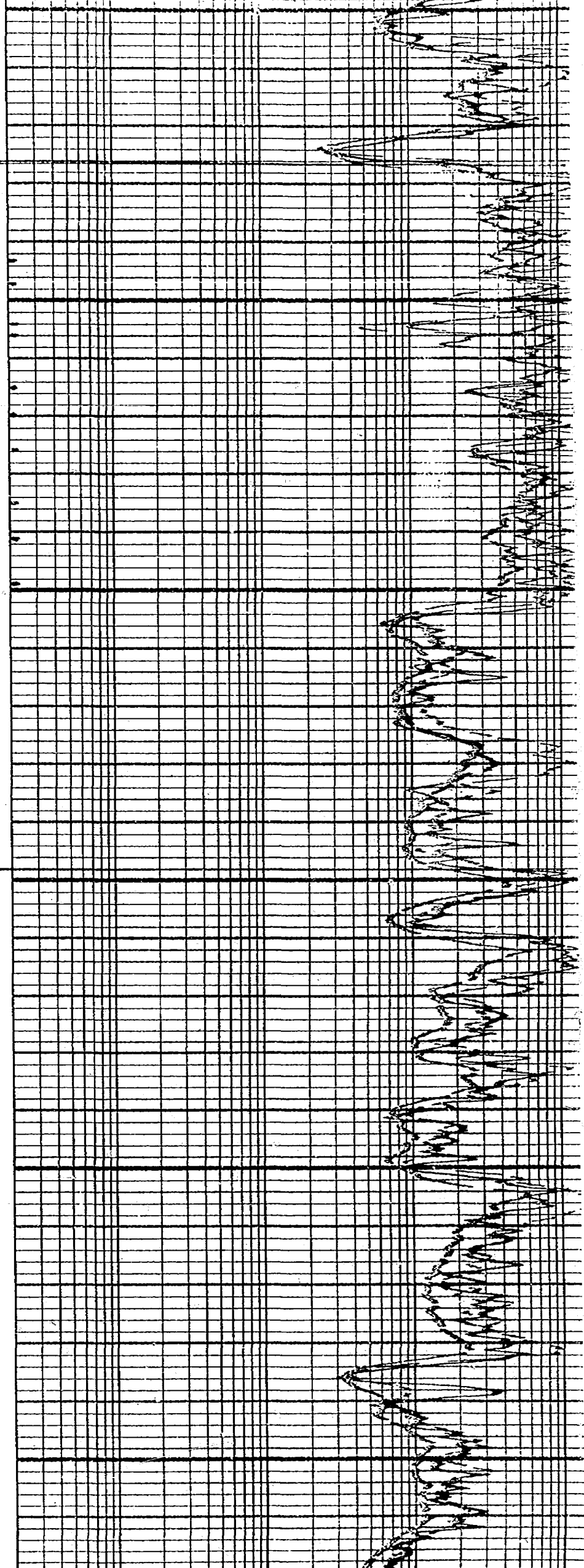


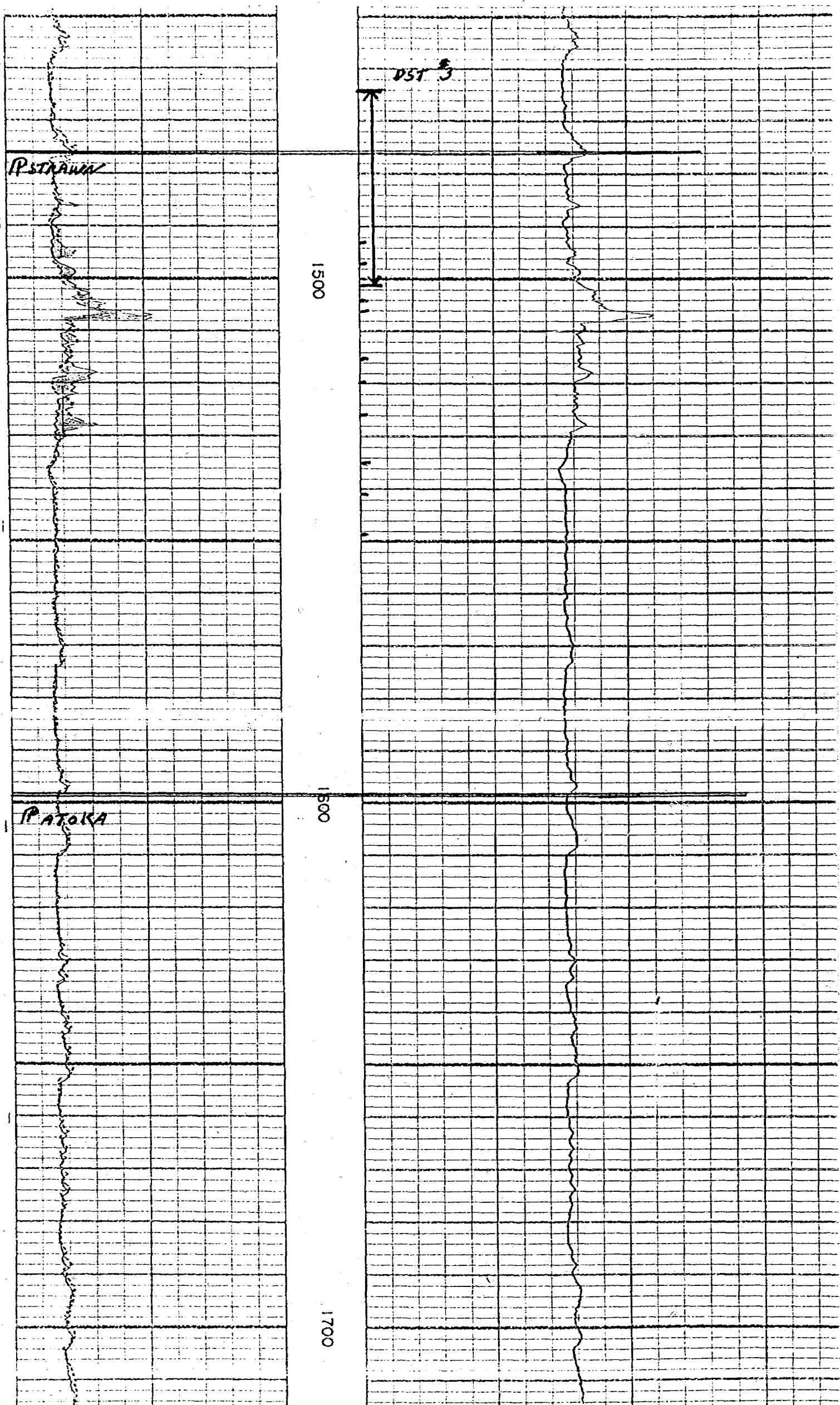


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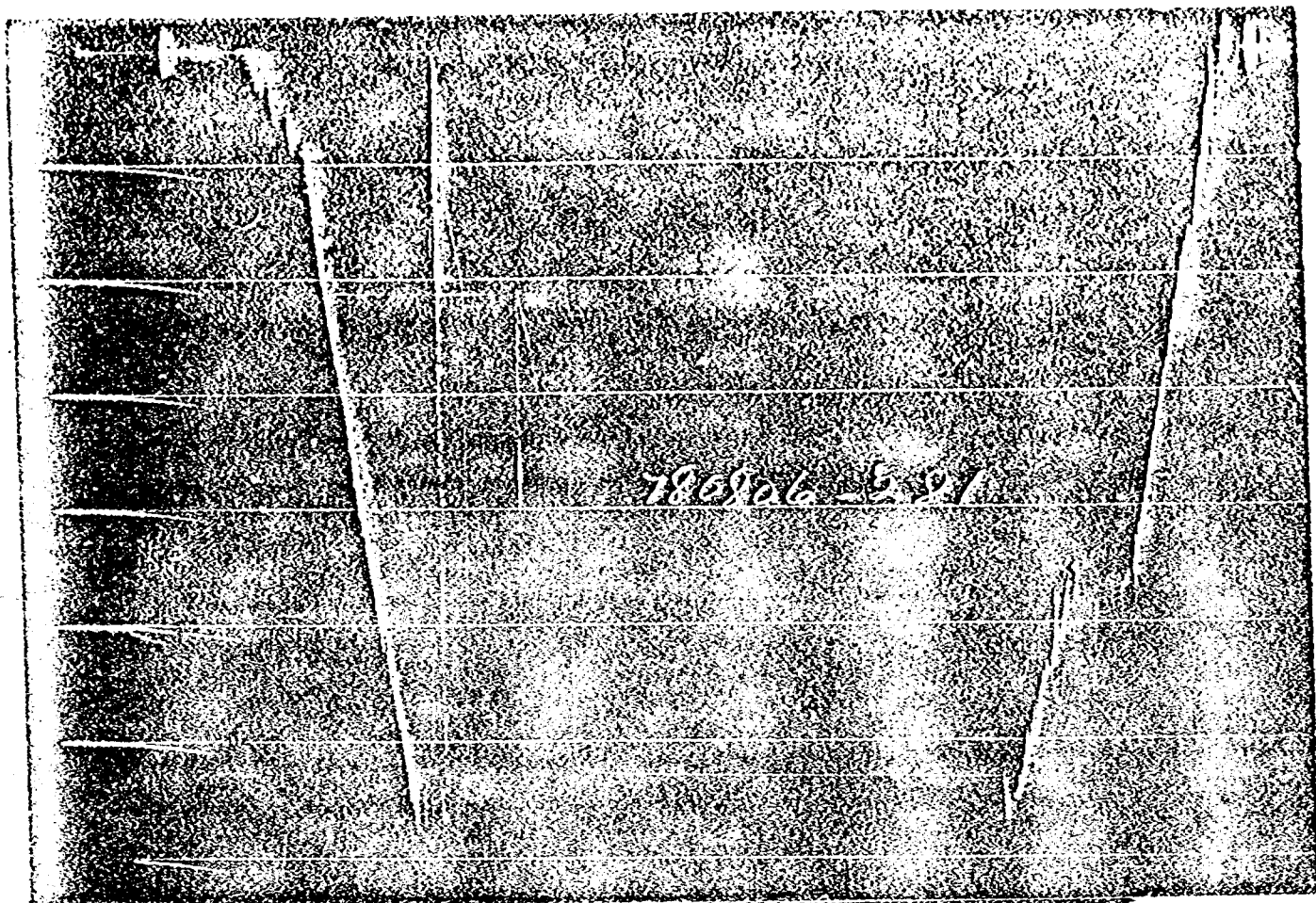
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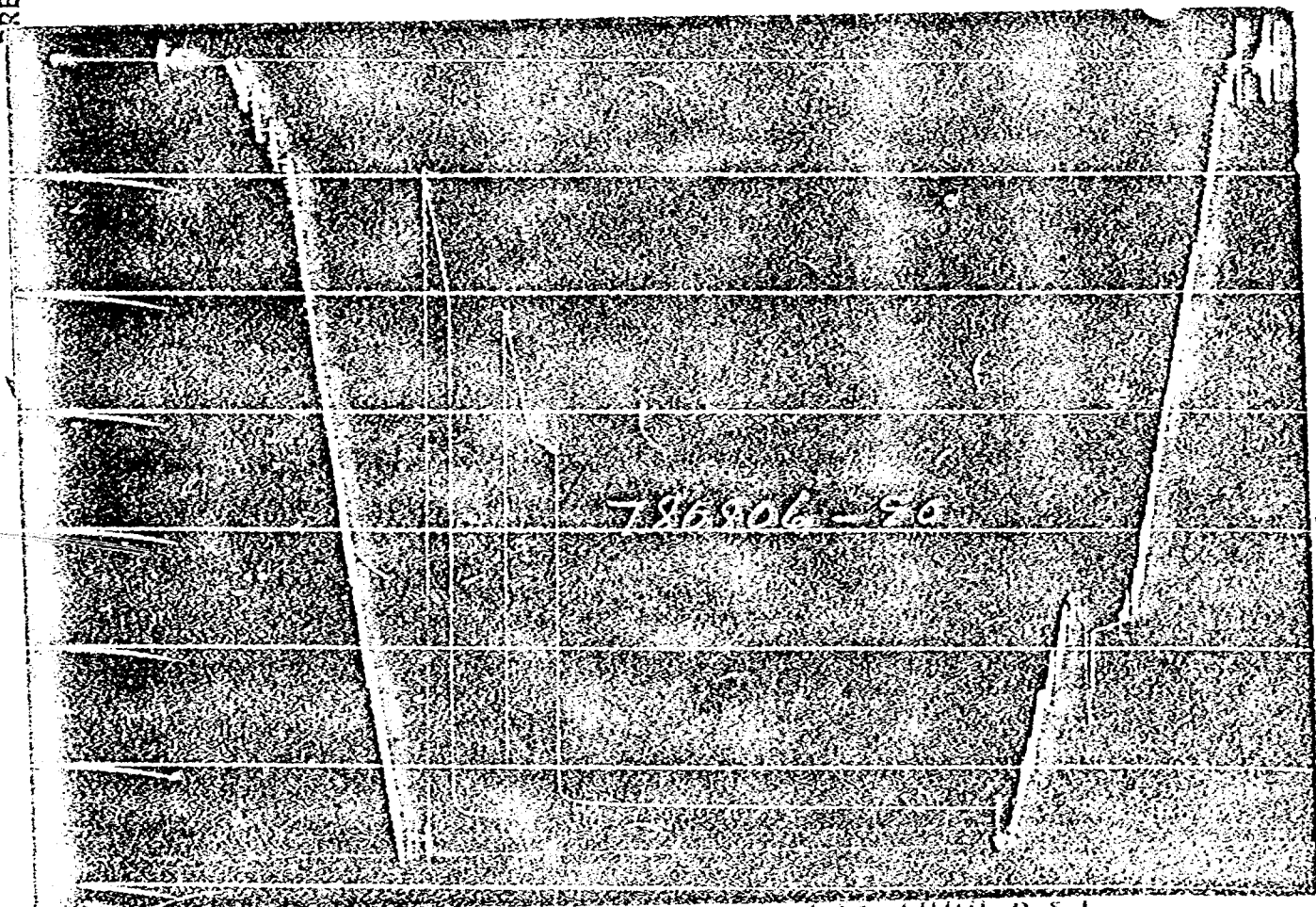






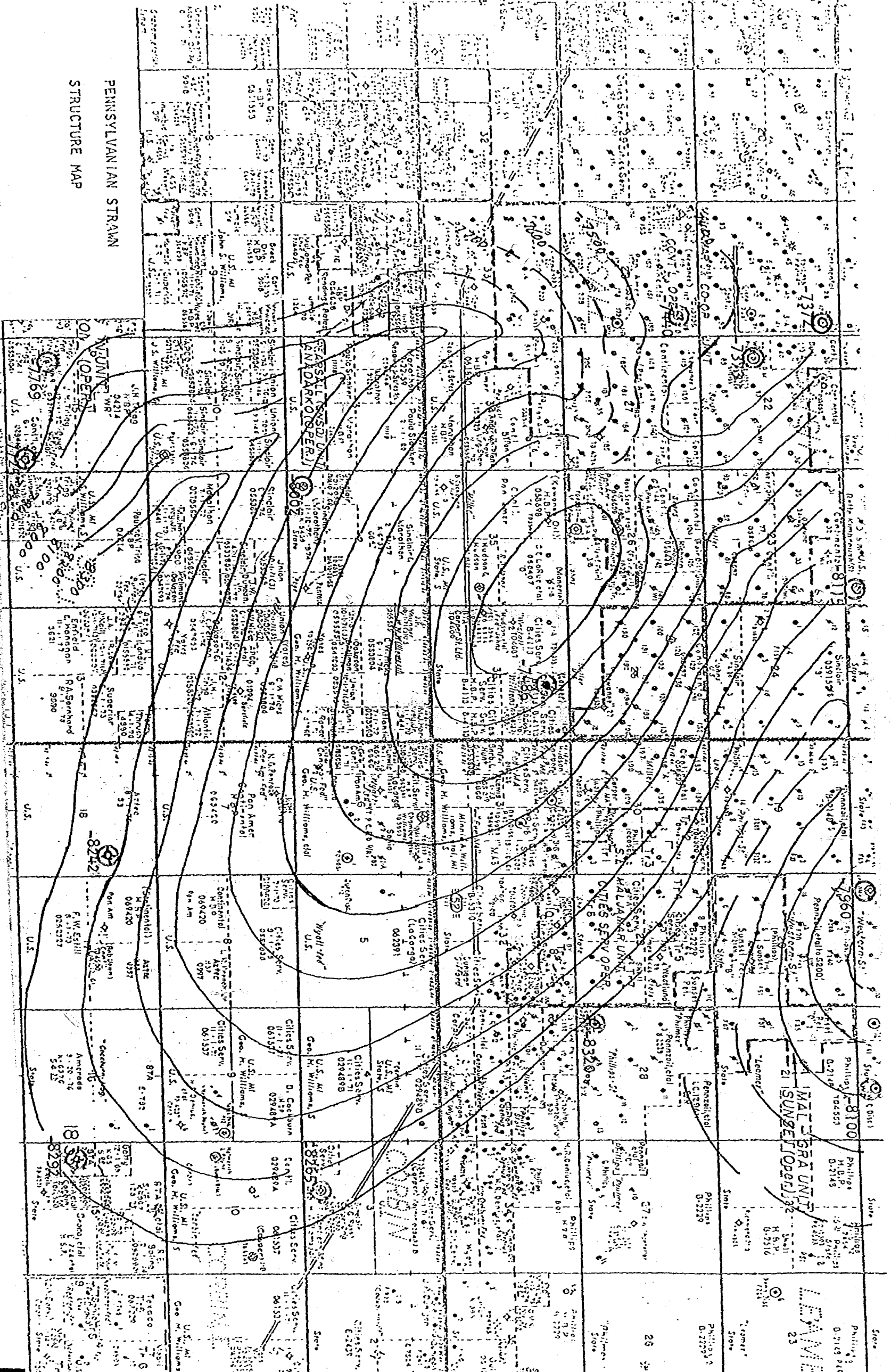
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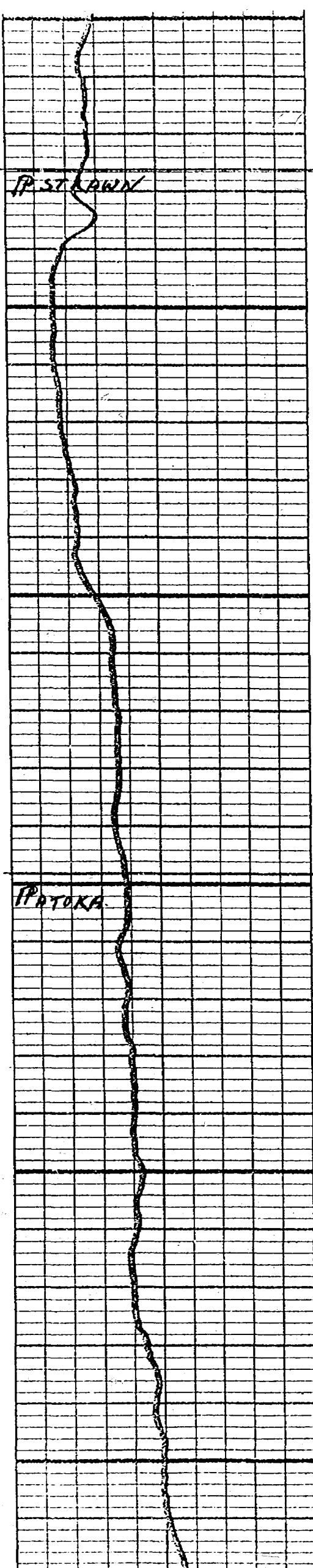
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Each Horizontal Line Equal to 1000 p.s.i.

PENNSYLVANIAN STRAWN  
STRUCTURE MAP

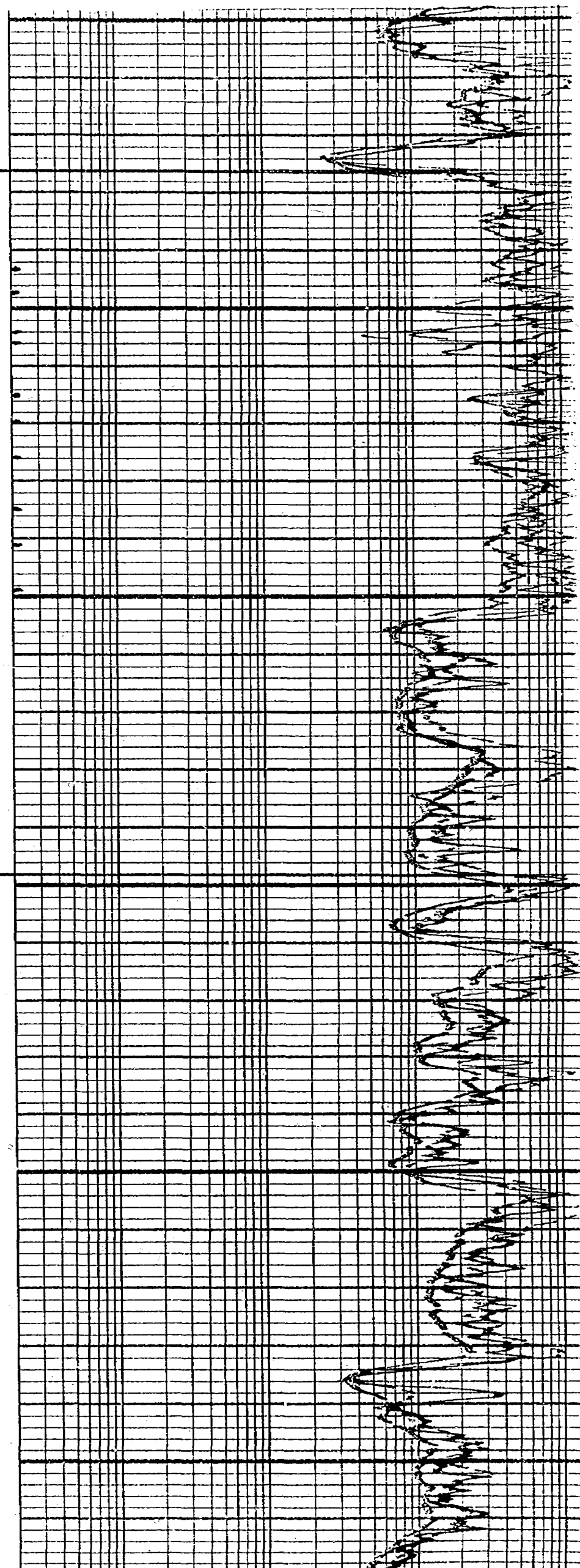


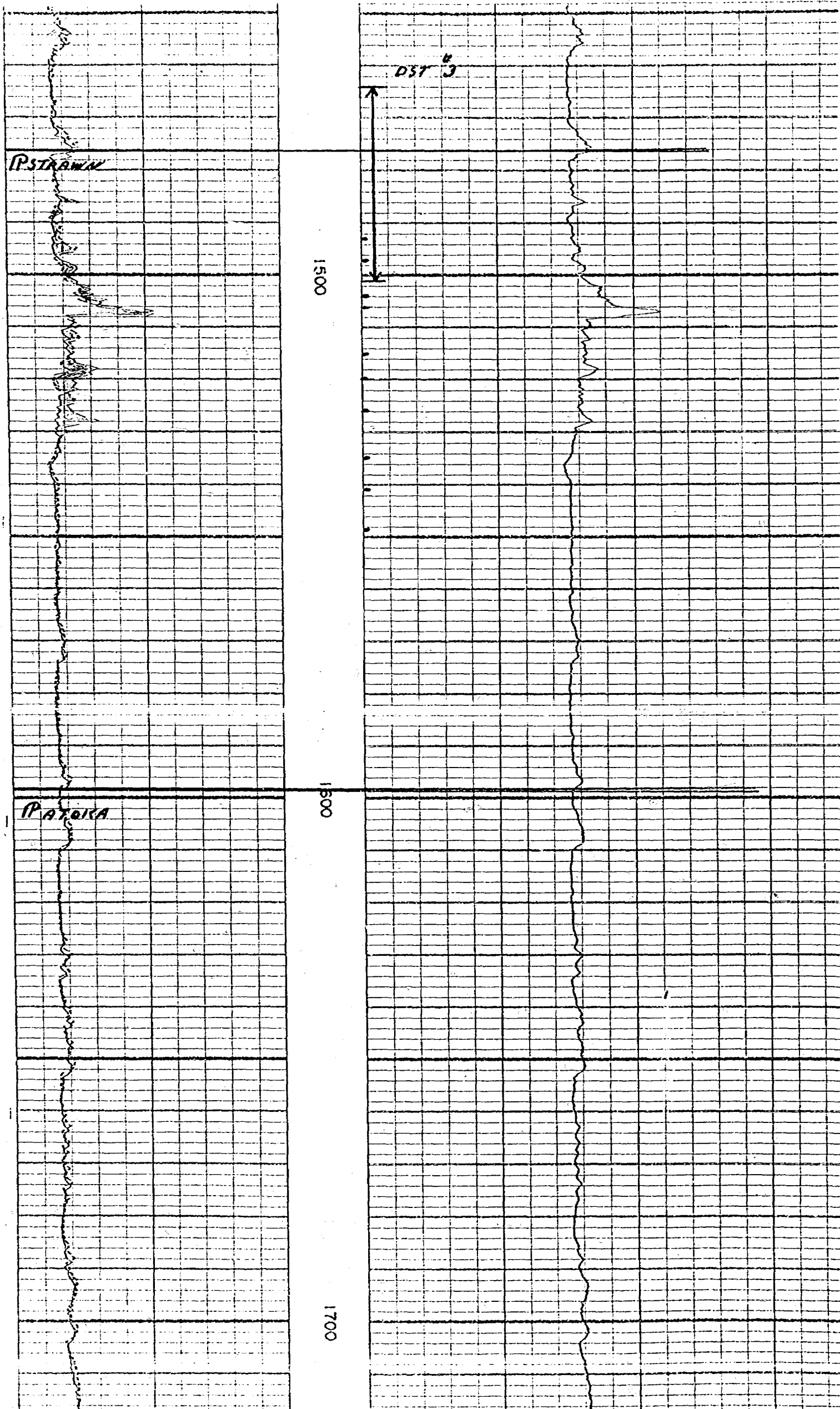


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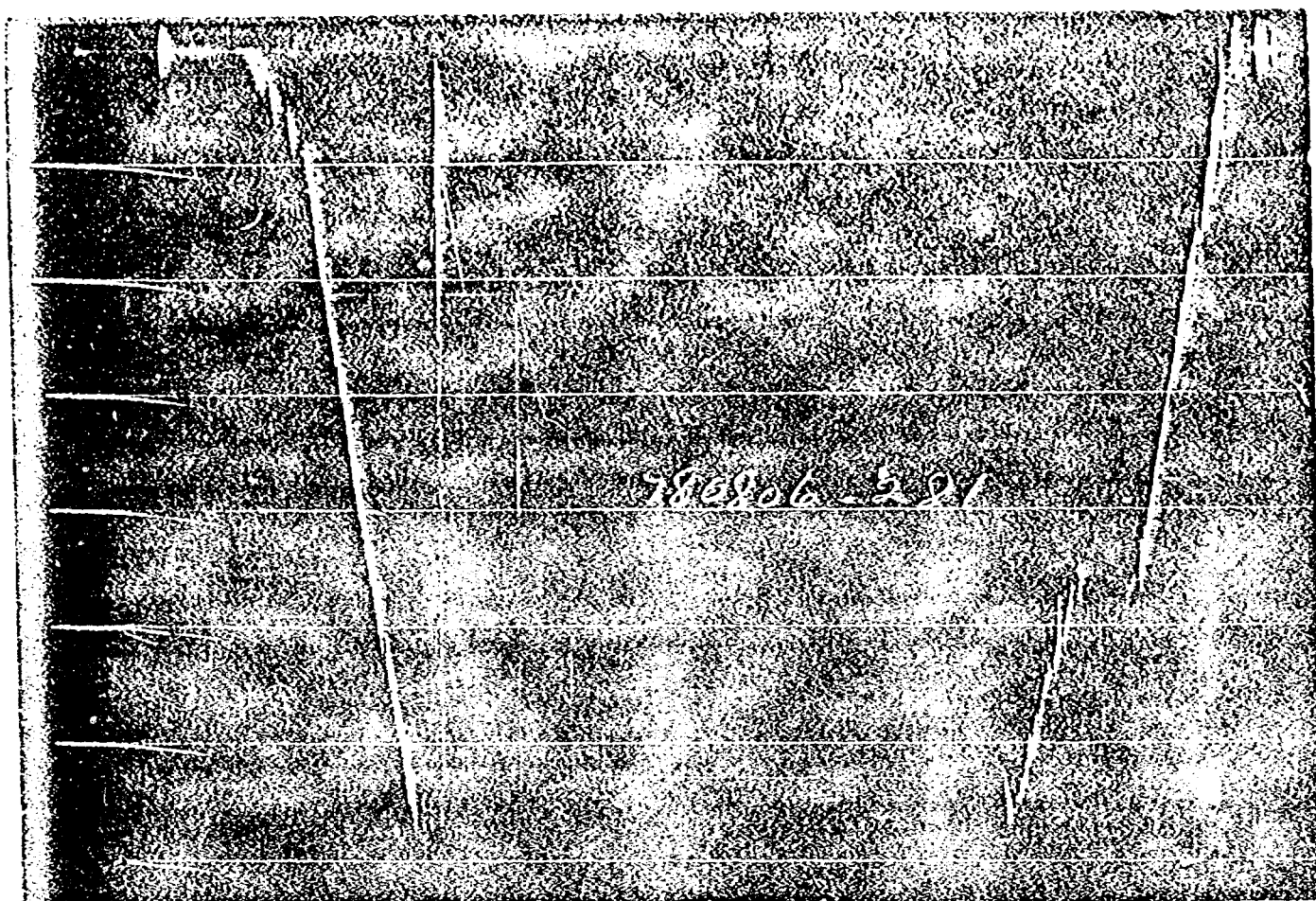
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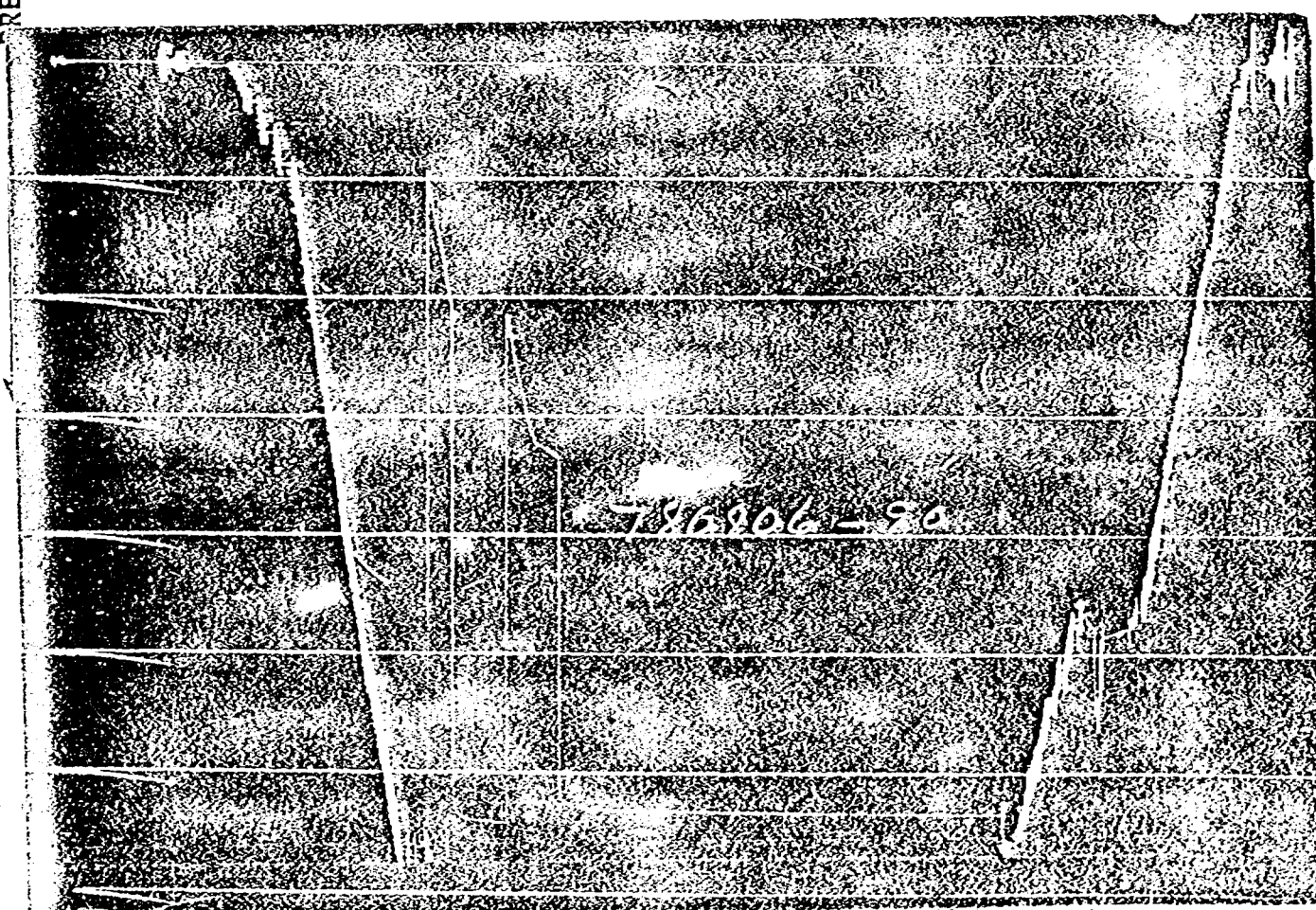






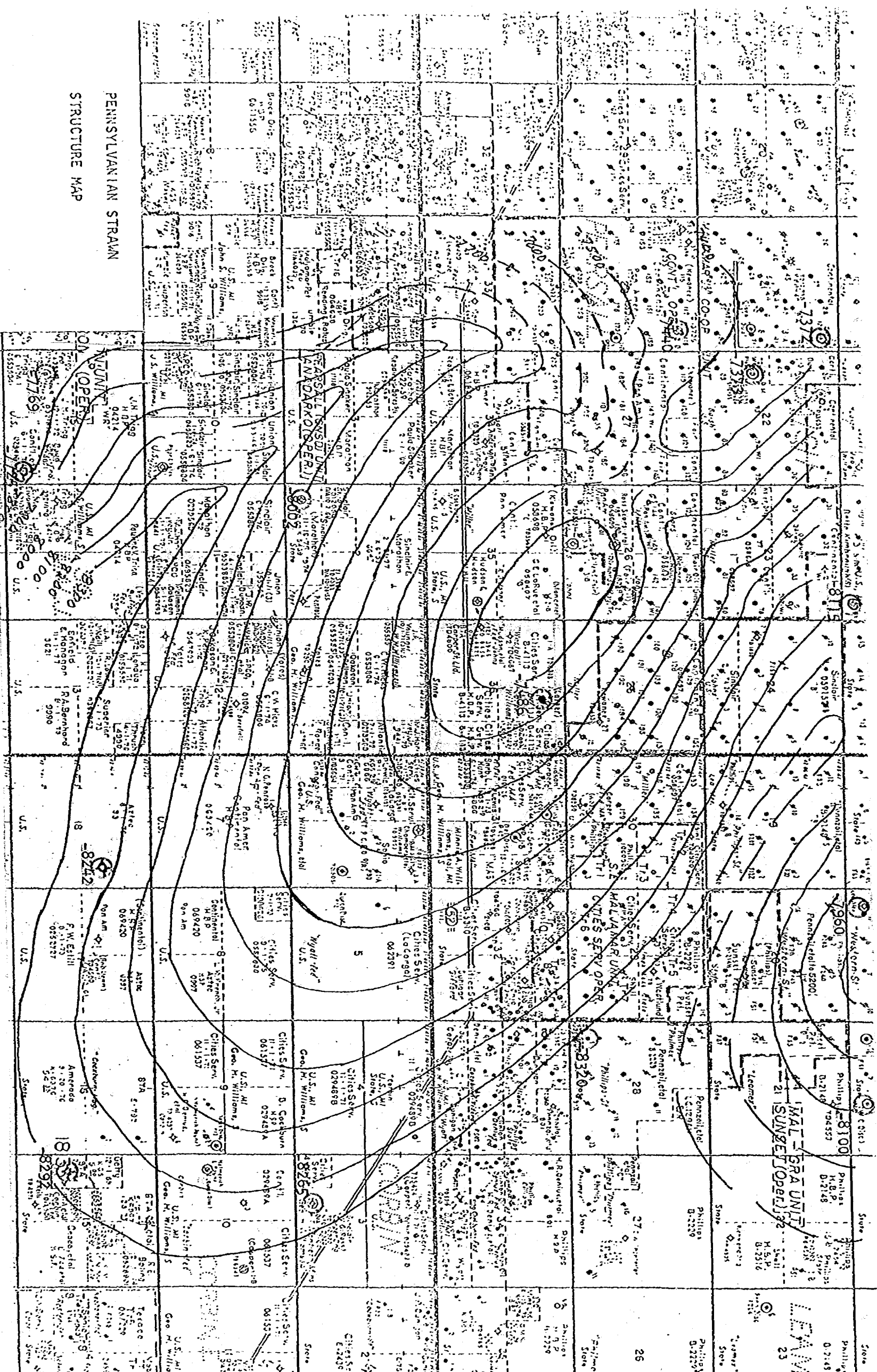
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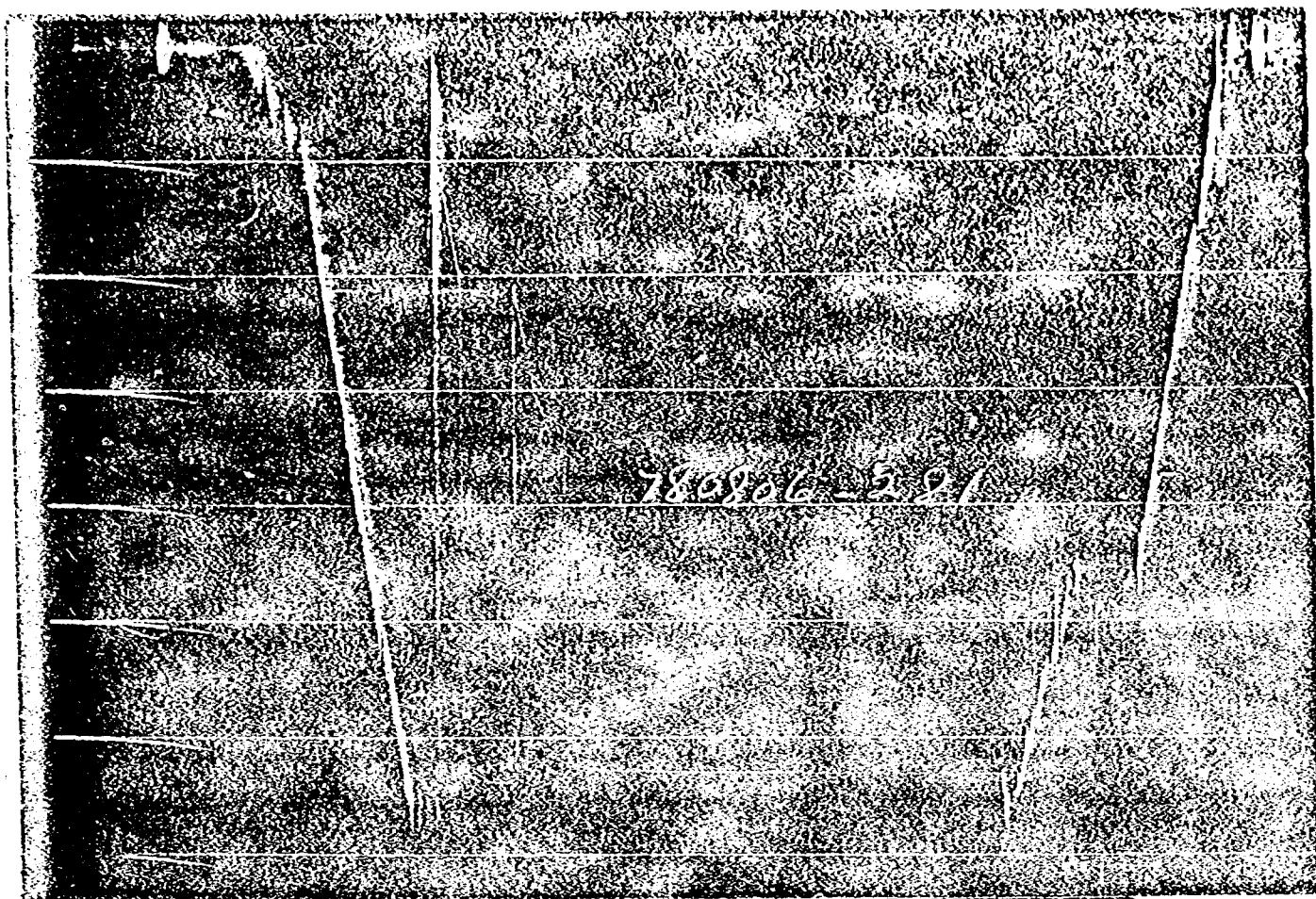


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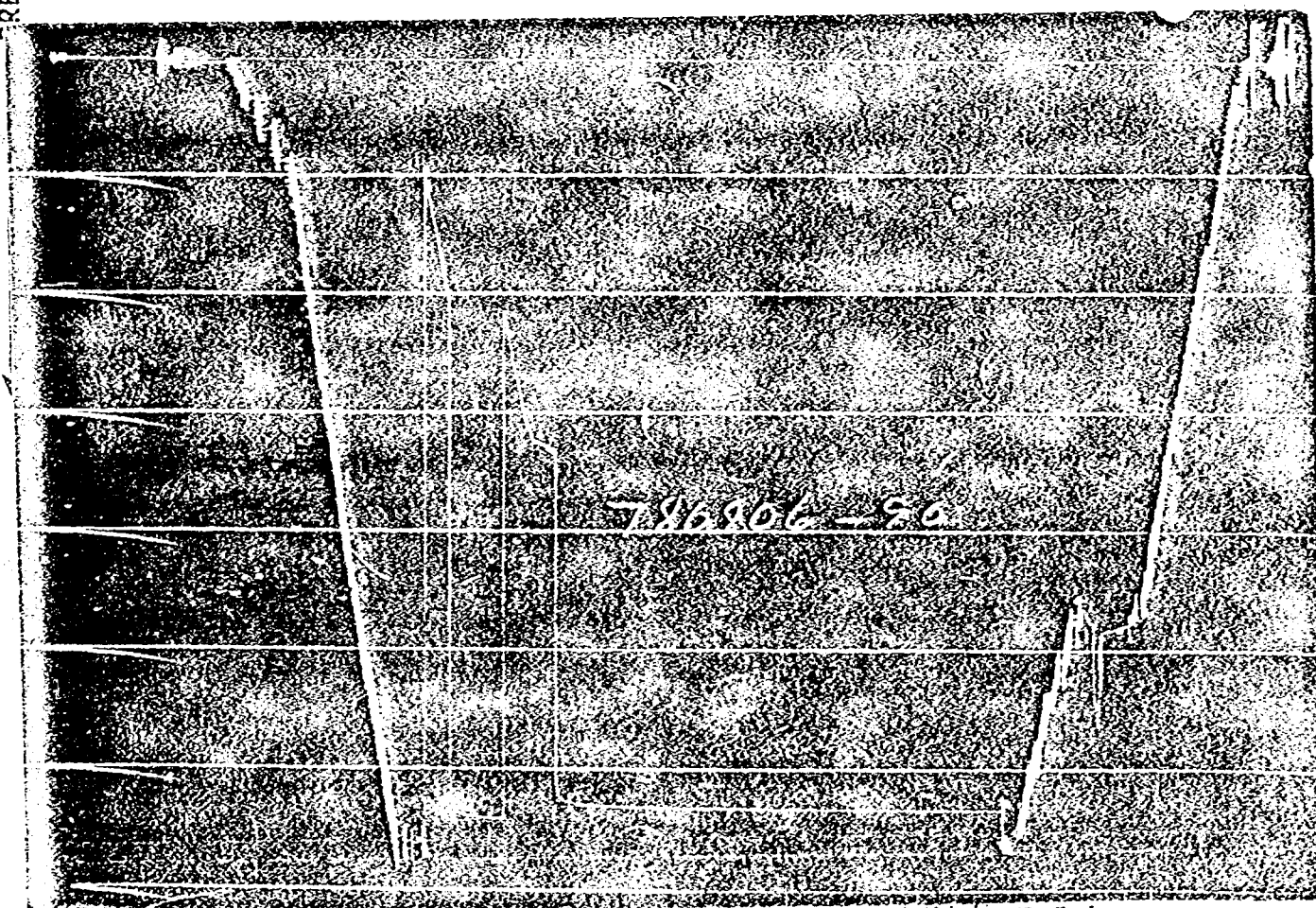






PRESS

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This indicates continuous biohermal growth contemporaneous with the adjacent biostrome development. The continued upward growth of the bioherm adjacent to the lagoonal type stratigraphic sequence above the biostrome was due to local environmental continuity.

This local environmental continuity was probably due to local contemporaneous structural adjustment. Post Strawn structural movement and differential compaction increased the vertical relief of the Lusk feature to the present-day structure.

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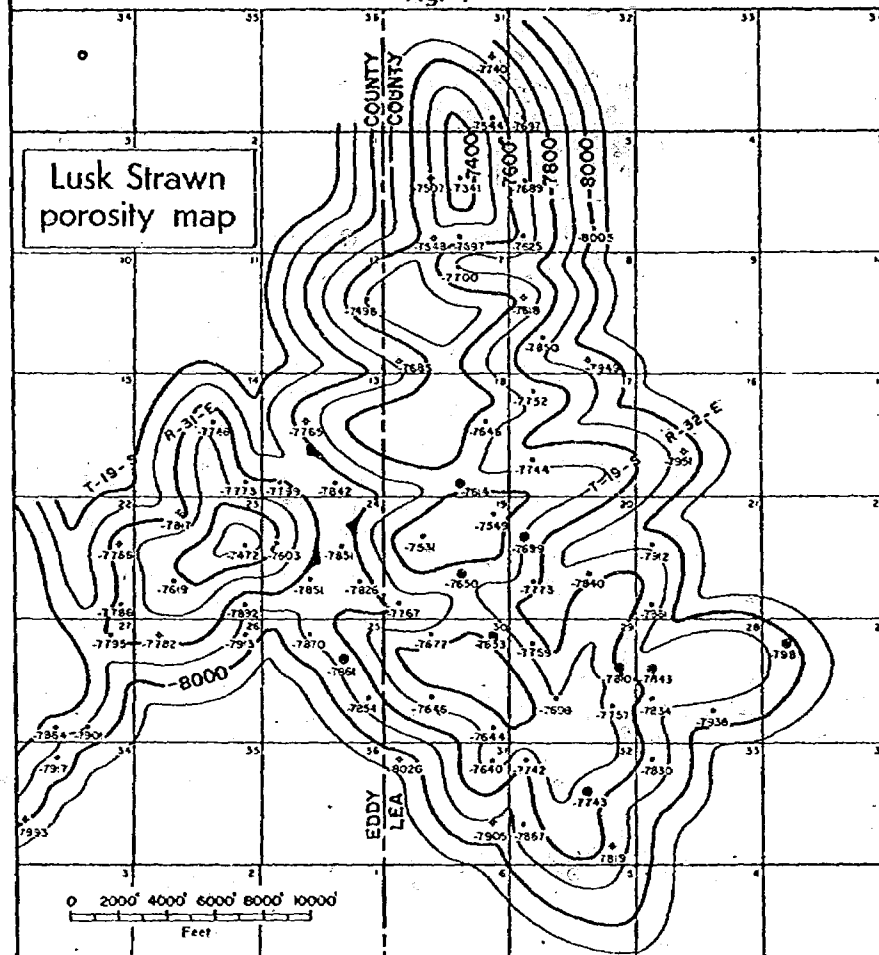
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Microscopic examination of fresh samples is essential in identifying

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Fig. 4



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There are 58 producing Strawn wells in Lusk field covering a productive area of approximately 10,240 acres. From the present data, it appears that the outline of productive areal extent has been almost completed.

The original oil in place has been calculated at 50 million st tk bbl by volumetric calculations based on hydrocarbon pore volume.

The ultimate primary recovery of Lusk Strawn field is predicted to be 14.75 million st tk bbl of oil or 29.5% of the original oil in place.

The following chart shows the production history and development of the Lusk Strawn field by years.

Year	No. of prod. wells	Oil production		Gas production (Mcf)	
		Yearly	Cumulative	Yearly	Cumulative
1960	1	5,597	5,597		
1961	3	123,672	129,269		
1962	6	326,621	455,890	78,286	78,286
1963	15	1,305,361	1,761,251	506,305	584,591
1964	41	2,975,491	4,740,555	2,601,032	3,185,623
1965	58	4,830,845	9,571,400	6,672,054	9,857,677
				12,056,649	21,914,326

The discovery well, El Paso Natural Gas Co. 1 Lusk Deep Unit, has produced 538,498 bbl of oil in 5 years and is currently producing 10,302 bbl of oil per month (338 bo/d flowing).

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All the operators in the field have

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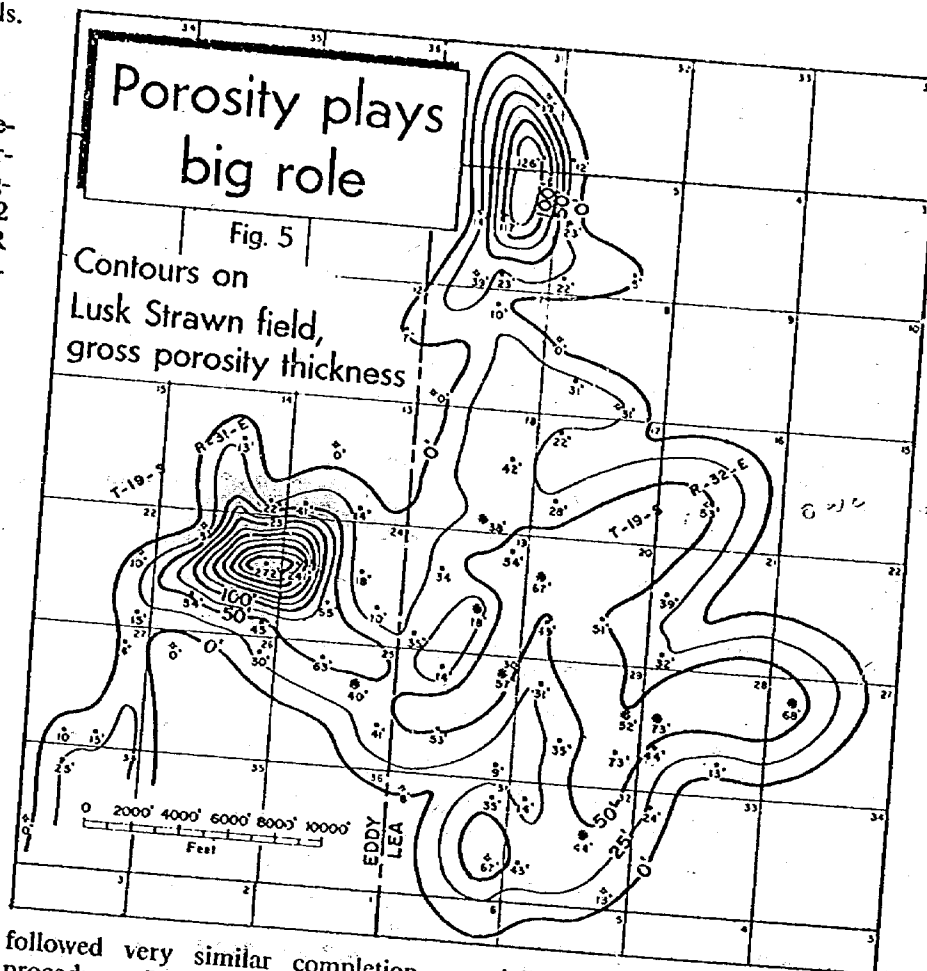
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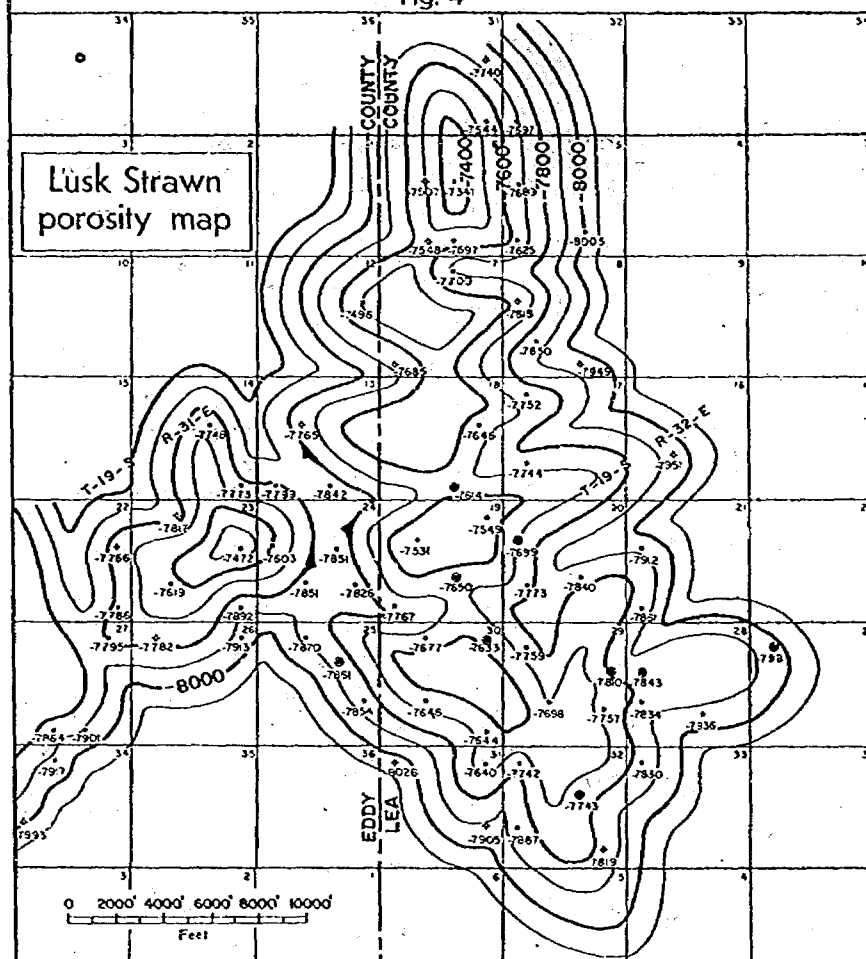
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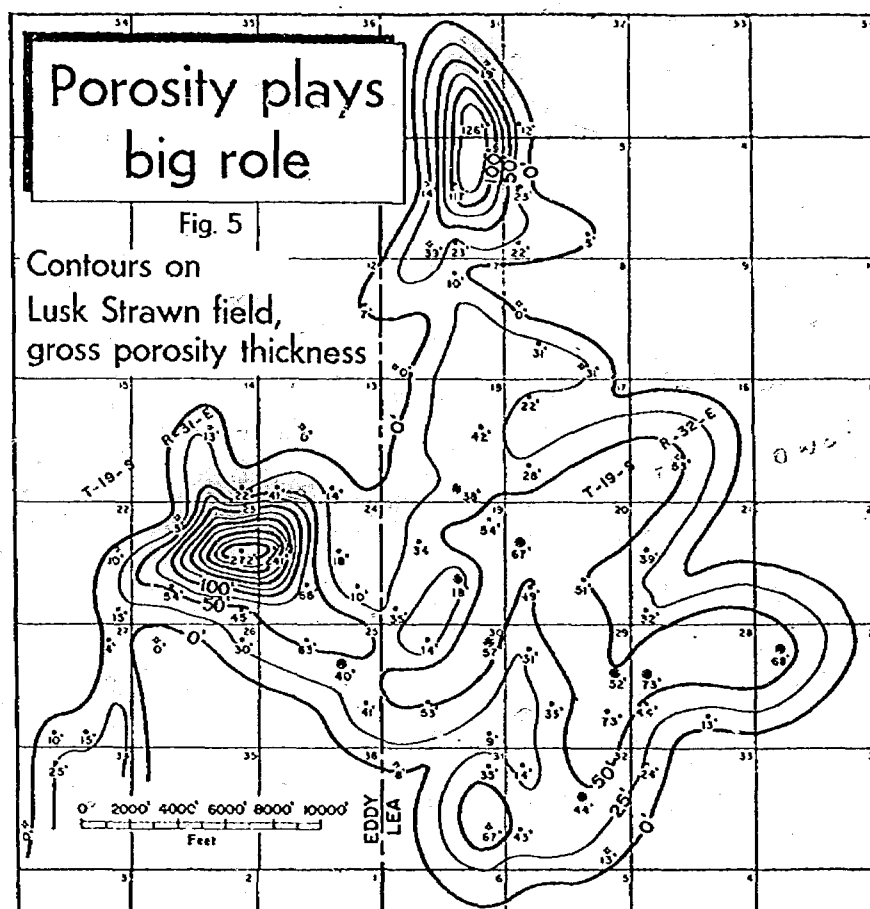
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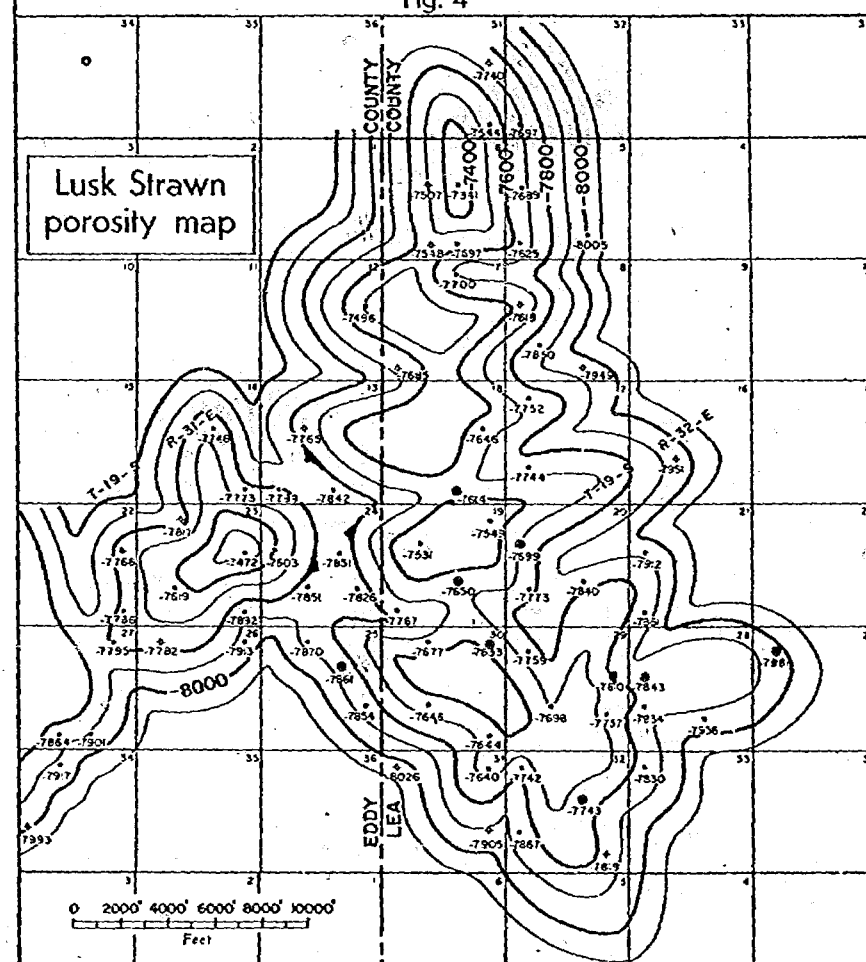
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There are 58 producing Strawn wells in Lusk field covering a productive area of approximately 10,240 acres. From the present data, it appears that the outline of productive areal extent has been almost completed.

The original oil in place has been calculated at 50 million st tk bbl by volumetric calculations based on hydrocarbon pore volume.

The ultimate primary recovery of Lusk Strawn field is predicted to be 14.75 million st tk bbl of oil or 29.5% of the original oil in place.

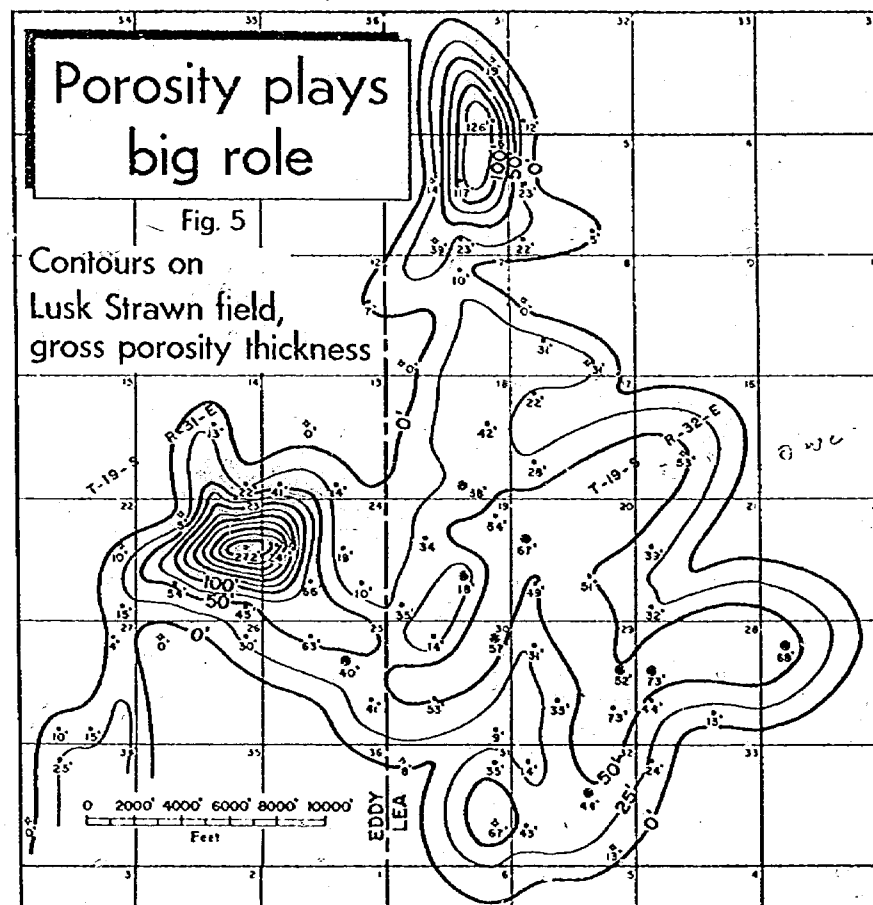
The following chart shows the production history and development of the Lusk Strawn field by years.

Year	No. of prod. wells	Oil production		Gas production (Mcf)	
		Yearly	Cumulative	Yearly	Cumulative
1960	1	5,597	5,597		
1961	3	123,672	129,269	78,286	78,286
1962	6	326,621	455,890	506,305	584,591
1963	15	1,305,361	1,761,251	2,601,032	3,185,623
1964	41	2,975,491	4,740,555	6,672,054	9,857,677
1965	58	4,830,845	9,571,400	12,056,649	21,914,326

The discovery well, El Paso Natural Gas Co. 1 Lusk Deep Unit, has produced 538,498 bbl of oil in 5 years and is currently producing 10,302 bbl of oil per month (338 bo/d flowing).

### Completion practices

All the operators in the field have



followed very similar completion procedures. The entire Strawn zone is usually penetrated, electrical and/or sonic logs are run and casing is set on bottom. Some wells have been drill-stem-tested before casing is set. These tests were usually run on wells drilled near the outer productive limits where the presence of porosity or the presence of water were questioned.

After casing is cemented, the productive zone is perforated in the zones of higher porosity. The wells usually flow naturally, however,

stimulation with mud acid and/or regular acid up to 5,000 gal is used so allowable production can be maintained. To date, wells which were drilled near the edge of the porosity development and encountered low permeability have been stimulated with very little success.

In summary, Lusk Strawn field is a northwest-southeast trending

anticlinal feature with an excess of 650 ft of relief. The producing zone is the Pennsylvanian lower Des Moines or Strawn limestone of upper Cherokee age. Production is from approximately 11,300 ft in depth. The productive rock is a biostromal type limestone with very local biohermal growths on the west and north flanks of the feature.

Porosity development in the productive zone is intercrystalline and vuggy and the producing area is indicated to be highly fractured. Fracturing in the reservoir is believed to have played an important role in creating effective porosity and permeability. On the east and south flanks of the feature, the productive perimeter is bound by an oil-water contact and on the north and west flanks, the productive area ends with the loss of porosity and permeability.

To Jan. 1, 1966, the field has produced 9,571,400 bbl of oil and 21,914,326 Mcf gas from 58 producing wells covering approximately 10,240 surface acres. There have been 17 dry holes drilled around the perimeter of the field.

Of the original 50 million st tk bbl of oil in place, the reservoir is

Dockets Nos. 9-76 and 10-76 are tentatively set for hearing on March 17 and March 31, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 3, 1976

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

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

CASE 5621: (Continued and Readvertised)

Application of El Paso Natural Gas Company, as agent for Northwest Production Corporation, for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota and Blanco-Mesaverde gas production in the wellbore of the Northwest Production Corporation Jicarilla 119N Well No. 4, located in Unit II of Section 6, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 5631: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to permit the drilling of wells in said pool at any point within a 40-acre tract not closer than 330 feet to the outer boundary thereof.

CASE 5632: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of the Special Rules for the Devils Fork-Gallup Pool, Rio Arriba County, New Mexico, to delete therefrom the provisions for a volumetric withdrawal formula and substitute therefor a casinghead gas equivalent formula similar to that in effect for the Angels Peak-Gallup Pool, as promulgated by Order No. R-1410-C.

CASE 5633: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry, Tubb-Drinkard and Devonian production in the wellbore of its J. P. No. 1 Well located in Unit C of Section 2, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5634: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Dome Unit Area comprising 7,641 acres, more or less, of State lands in Township 17 South, Ranges 17 and 18 East, Chaves County, New Mexico.

CASE 5635: Application of Sundance Oil Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the perforated interval from approximately 3852 to 3859 feet in its Ingram Federal Well No. 2 located in Unit I of Section 5, Township 8 South, Range 31 East, Tom-Tom-San Andres Pool, Chaves County, New Mexico.

CASE 5636: Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the SW/4 SE/4 of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3850.

CASE 5637: Application of R. C. Bennett & J. C. Ryan for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Exxon-State Well No. 2, located in Unit F of Section 25, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Upper Pennsylvanian formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 5638: Application of Belco Petroleum Corporation for Amendment of Order No. R-5111, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Commission Order No. R-5111, which order pooled all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, to be dedicated to a well drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5. Applicant proposes the amendment of said order to pool all such mineral interests in the formations of Mississippian and Siluro-Devonian age underlying the W/2 of said Section 5 and to approve the unorthodox location of the well for said formations.

CASE 5639: Application of Franklin, Aston & Pair for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Strawn production for its Aztec State No. 3 Well located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre spacing units.

CASE 5640: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Brunson-Ellenburger, East Brunson-McKee and Drinkard oil production in the wellbore of its Sims No. 6 Well located in Unit M of Section 24, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5641: Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the Queen formation through the open-hole interval from approximately 3800 to 3875 feet in his State JC "F" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 35 East, Leaville-Queen Pool, Lea County, New Mexico.

CASE 5642: Application of Penroe Oil Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Canyon and Morrow production in the wellbore of its JCW-State Well No. 1, located in Unit O of Section 2, Township 29 South, Range 28 East, Eddy County, New Mexico.

CASE 5643: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the West Arkansas Junction-San Andres Pool. The discovery well is the Coquina Oil Corporation State KKN Well No. 1, located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM  
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Cabin Lake-Atoka Gas Pool. The discovery well is the Corinne Grace Livingston Ridge Unit Well No. 1Y, located in Unit L of Section 36, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM  
Section 36: W/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Grayburg-San Andres production and designated as the Cemetery-Grayburg San Andres Pool. The discovery well is the Gulf Oil Corporation Jones Federal NCT-A Well No. 1, located in Unit L of Section 14, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM  
Section 14: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Cemetery-Wolfcamp Gas Pool. The discovery well is the David Fasken Seven Rivers Federal Well No. 1, located in Unit C of Section 17, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM  
Section 17: N/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Henshaw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Marco Polo EA State Well No. 1, located in Unit H of Section 32, Township 16 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM  
Section 32: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Queen-Grayburg and San Andres production and designated as the South Loco Hills Queen-Grayburg-San Andres Pool. The discovery well is the Gene A. Snow Alcott Well No. 1, located in Unit I of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 31: SE/4 NE/4 & NE/4 SE/4  
Section 32: S/2 NW/4, N/2 SW/4, W/2 NE/4 and SE/4 NE/4

- (q) EXTEND the La Rica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 3: All

- (r) EXTEND the Paddock Pool in Lea County, New Mexico, to include therein:

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

- (s) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 24: E/2

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 19: W/2

- (t) EXTEND the Tonto (Seven Rivers) Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 13: SW/4  
Section 14: S/2

- (u) EXTEND the Townsend-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, & 16, and SE/4

- (v) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM  
Section 16: All  
Section 34: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM  
Section 3: All

~~CASE 5098~~ (Reopened) (Continued from February 18, 1976 Examiner Hearing)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Lusk-Morrow Gas Pool. The discovery well is the Adobe Oil Company Hannifin State Com Well No. 1, located in Unit P of Section 16, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM  
Section 16: S/2

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Otis-Morrow Gas Pool. The discovery well is the Apexco Inc. Walterschied Com Well No. 1, located in Unit G of Section 35, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
Section 26: W/2  
Section 35: All

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Penasco Draw-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Scout EH Federal Com Well No. 2, located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 27: E/2

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Scanlon-Morrow Gas Pool. The discovery well is the Harvey E. Yates Fannie Lou Federal Well No. 1, located in Unit G of Section 31, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 31: N/2

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Queen production and designated as the Square Lake-Queen Gas Pool. The discovery well is the Corpening Enterprises Exxon State Well No. 1, located in Unit M of Section 16, Township 16 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
Section 16: SW/4

(l) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 21: S/2 SE/4 & E/2 SE/4  
Section 28: N/2 NE/4

(m) EXTEND the North Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 13: N/2  
Section 14: All

(n) EXTEND the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

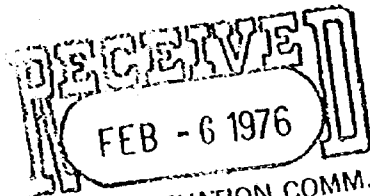
TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM  
Section 35: E/2  
Section 36: W/2

(o) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM  
Section 19: NE/4

(p) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
Section 25: SE/4  
  
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 30: SW/4



JASON W. KELLAHIN  
ROBERT E. FOX  
W. THOMAS KELLAHIN  
CONSERVATION COMM.  
Santa Fe

KELLAHIN AND FOX  
ATTORNEYS AT LAW  
500 DON GASPAR AVENUE  
POST OFFICE BOX 1789  
SANTA FE, NEW MEXICO 87501

February 5, 1976

TELEPHONE 982-4318  
AREA CODE 505

*Case 5639*

Mr. Joe Ramey, Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2008  
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

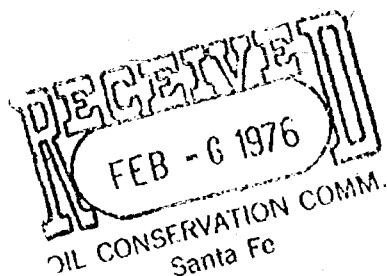
Enclosed for filing are the original and two copies of the application of Franklin, Aston & Fair for creation of a new pool and adoption of pool rules, Lea County, New Mexico. We would appreciate this application being set for hearing on March 3.

Yours very truly,

*Jason Kellahin*  
Jason W. Kellahin

JWK:kjf

Enclosure



Case 5639

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF FRANKLIN, ASTON AND FAIR FOR  
CREATION OF A NEW POOL AND ADOPTION  
OF POOL RULES, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Franklin, Aston & Fair and apply to the Oil Conservation Commission of New Mexico for the creation of a new pool for the production of oil from the Strawn formation and for the adoption of pool rules, including a provision for 160-acre spacing and proration units, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicants have completed as a re-entry, their Aztec State No. 3 well, located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, N. M. P. M., Lea County, New Mexico, for the production of oil from the Strawn formation. The well is not in a designated oil pool.

2. It is believed that one well will efficiently and economically drain and develop not less than 160 acres in the Strawn.

3. In order to prevent waste by the drilling of unnecessary wells, and to protect correlative rights, a new pool should be designated for the production of oil from the Strawn formation, and pool rules adopted for development and operation of the pool, with a provision for 160-acre spacing and proration units, at least for a temporary period of one year,

until additional information may be gathered on the producing characteristics of the pool.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order creating a new pool, and adopting pool rules as prayed for.

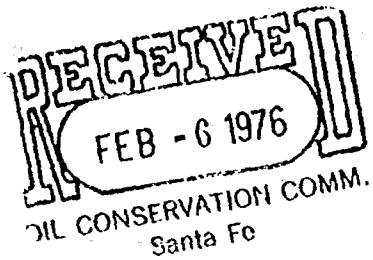
Respectfully submitted,

FRANKLIN, ASTON & FAIR

By

Jason Kellahin  
Kellahin & Fox  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



Case 5629

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF FRANKLIN, ASTON AND FAIR FOR  
CREATION OF A NEW POOL AND ADOPTION  
OF POOL RULES, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Franklin, Aston & Fair and apply to the Oil Conservation Commission of New Mexico for the creation of a new pool for the production of oil from the Strawn formation and for the adoption of pool rules, including a provision for 160-acre spacing and proration units, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicants have completed as a re-entry, their Aztec State No. 3 well, located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, N. M. P. M., Lea County, New Mexico, for the production of oil from the Strawn formation. The well is not in a designated oil pool.

2. It is believed that one well will efficiently and economically drain and develop not less than 160 acres in the Strawn.

3. In order to prevent waste by the drilling of unnecessary wells, and to protect correlative rights, a new pool should be designated for the production of oil from the Strawn formation, and pool rules adopted for development and operation of the pool, with a provision for 160-acre spacing and proration units, at least for a temporary period of one year,

until additional information may be gathered on the producing characteristics of the pool.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order creating a new pool, and adopting pool rules as prayed for.

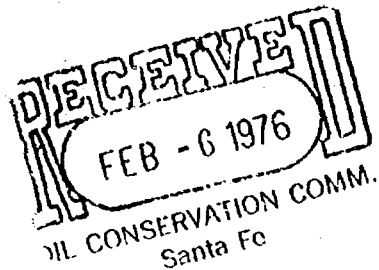
Respectfully submitted,

FRANKLIN, ASTON & FAIR

By

Jason Kellahin  
Kellahin & Fox  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



Case 5639

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF FRANKLIN, ASTON AND FAIR FOR  
CREATION OF A NEW POOL AND ADOPTION  
OF POOL RULES, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Franklin, Aston & Fair and apply to the Oil Conservation Commission of New Mexico for the creation of a new pool for the production of oil from the Strawn formation and for the adoption of pool rules, including a provision for 160-acre spacing and proration units, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicants have completed as a re-entry, their Aztec State No. 3 well, located 710 feet from the North line and 2110 feet from the East line of Section 36, Township 17 South, Range 32 East, N. M. P. M., Lea County, New Mexico, for the production of oil from the Strawn formation. The well is not in a designated oil pool.
2. It is believed that one well will efficiently and economically drain and develop not less than 160 acres in the Strawn.
3. In order to prevent waste by the drilling of unnecessary wells, and to protect correlative rights, a new pool should be designated for the production of oil from the Strawn formation, and pool rules adopted for development and operation of the pool, with a provision for 160-acre spacing and proration units, at least for a temporary period of one year,

until additional information may be gathered on the producing characteristics of the pool.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order creating a new pool, and adopting pool rules as prayed for.

Respectfully submitted,

FRANKLIN, ASTON & FAIR

By Jason Kellahin  
Kellahin & Fox  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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:

*JAR*  
APPLICATION OF *Franklin Aston and Fair*  
~~MESA PETROLEUM CO.~~  
FOR POOL CREATION AND SPECIAL  
POOL RULES, LEA COUNTY, NEW MEXICO. *W.C.*

39  
~~5693~~  
CASE NO. ~~5473~~  
Order No. ~~R-5029~~  
R-5173  
NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

*March 3, 1976.*  
This cause came on for hearing at 9 a.m. on ~~May 14, 1975~~  
at Santa Fe, New Mexico, before Examiner ~~Daniel S. Nutter.~~ *RLS*

NOW, on this 22nd day of ~~May~~, 1976, 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.

*Franklin Aston and Fair*  
(2) That the applicant, ~~Mesa Petroleum Co.~~, seeks  
the creation of a new oil pool for ~~Drainage~~ production in  
Lea County, New Mexico. *Strawn*

(3) That the applicant also seeks the promulgation of  
special rules for said pool, including a provision for ~~80~~-acre  
proration units. *160*

(4) That the evidence presently available indicates that  
applicant's *Antec State Well No 3*, located  
in unit B of Section 36, Township 17 South,  
Range 32 East, NMPN, Lea County, New  
Mexico, has discovered a separate  
common source of supply which  
should be designated the South  
Majamar - Strawn Pool; that the  
vertical limits of the pool should  
be the Strawn formation, and  
that the horizontal limits of  
said pool should be as  
follows:

*Township 17 South, Range 32 East, NMPN*  
*Section 36: NE 1/4*

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for ~~40-acre~~ <sup>40-acre</sup> spacing units should be promulgated for the ~~West Knowles-Drinkard Pool~~. *South Maljamer Strawn Pool.*

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

*(7) That the temporary special rules and regulations should provide for a depth bracket allowable of 445 barrels.*

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in ~~April~~ <sup>May</sup> 1978, at which time the operators in the subject pool should be prepared to appear and show cause why the West Knowles-Drinkard Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

*effective April 1, 1976.*

*Strawn* (1) That ~~a new pool in Lea County, New Mexico, classified as an oil pool for <sup>Strawn</sup> production, is hereby created and designated the West Knowles-Drinkard South Maljamer Pool, with vertical limits comprising the <sup>Strawn</sup> formation as found on the log of the West Knowles Well No. 1, located in Unit P of Section 34, Township 16 South, Range 37 East, NMPM, from 8200 feet to 8600 feet, and horizontal limits comprising the following-described area:~~

TOWNSHIP <sup>17</sup>~~16~~ SOUTH, RANGE <sup>32</sup>~~37~~ EAST, NMPM  
~~Section 34: SE 1/4~~  
~~Section 35: SW 1/4~~  
*Section 36: NE 1/4*

*Maljamer Strawn* (2) That temporary Special Rules and Regulations for the ~~West Knowles-Drinkard Pool~~, Lea County, New Mexico, are hereby promulgated as follows:

*South Muljamar*

34  
SPECIAL RULES AND REGULATIONS  
FOR THE LUSK-STRAWN POOL

*Muljamar*

*South Muljamar - Lusk*  
*South*  
RULE 1. Each well completed or recompleted in the Lusk-Strawn Pool or in the Strawn formation within one mile of the Lusk-Strawn Pool, and not nearer to nor within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

*South Muljamar - Lusk*  
RULE 2. Each well completed or recompleted in the Strawn Pool shall be located on a unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Lands Survey.

*Muljamar*  
RULE 3. Each well completed or recompleted in said pool shall not be drilled closer than 660 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line. ~~Any well which was drilled or recompleted in the Lusk-Strawn Pool prior to January 1, 1962, is granted an exception to the well location requirements of this Rule.~~

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising less than 160 acres. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Lusk-Strawn Pool as the acreage in such non-standard unit bears to 160 acres.

*A standard proration unit*  
RULE 5. ~~A 160-acre proration unit~~ (158 through 162 acres) in the Lusk-Strawn Pool shall be assigned ~~a 160-acre proportional factor of 8.67 for allowable purposes~~, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

*a depth bracket allowable of 445 barrels, subject to the market demand percentage factor,*

-4-

Case No. 5473

Order No. R-5029

IT IS FURTHER ORDERED:

South Maljamar  
Strawn

Strawn

June

(1) That the locations of all wells presently drilling to or completed in the ~~West Knowles-Drinkard~~ Pool or in the ~~Drinkard~~ formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before ~~July~~ 1, 1976.

South Maljamar  
Strawn

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the ~~West Knowles-Drinkard~~ Pool shall have dedicated thereto ~~160~~ acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

South Maljamar  
Strawn

Failure to file new Forms C-102 with the Commission dedicating ~~160~~ acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the ~~West Knowles-Drinkard~~ Pool or in the ~~Drinkard~~ formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

South Maljamar  
Strawn

(3) That this case shall be reopened at an examiner hearing in ~~April~~, 1978, at which time the operators in the subject pool should be prepared to appear and show cause why the ~~West Knowles-Drinkard~~ Pool should not be developed on 40-acre spacing units.

(4) 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, Member

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

SEAL

dr/

DRAFT

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. 5639

Order No. 5173-A

IN THE MATTER OF CASE 5639 BEING REOPENED  
PURSUANT TO THE PROVISIONS OF ORDER  
NO. R-5173, WHICH ORDER ESTABLISHED TEMPORARY SPECIAL POOL RULES  
FOR THE SOUTH MALJAMAR-STRAWN POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 20,  
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this        day of April, 19 77, the  
Commission, a quorum being present, having considered the  
testimony, the record, and the recommendations of the Examiner,  
and being fully advised in the premises,

FINDS:

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

(2) That by Order No. R-5173, dated March 10,  
19 76, temporary special rules and regulations were promulgated  
for the South Maljamar-Strawn Pool, Lea  
County, New Mexico, establishing temporary 160-acre spacing  
units and proration units, and ~~a limiting gas-oil ratio of~~  
       to       .

(3) That pursuant to the provisions of Order No. R-5173,  
this case was reopened to allow the operators in the subject  
pool to appear and show cause why the South Maljamar-Strawn  
Pool should not be developed on 40-acre spacing units, and ~~a~~  
~~limiting gas-oil ratio of~~        to       .

Case No. \_\_\_\_\_

Order No. \_\_\_\_\_

(4) That 170 operator appeared to present testimony in the subject case.

(5) That in the absence of any testimony, the special temporary special pool rules for ~~the~~ said South Maljamar-Strawn Pool should be rescinded.

IT IS THEREFORE ORDERED:

*effective May 1, 1977,*

(1) That ~~the~~ Special Rules and Regulations governing the South Maljamar-Strawn Pool, promulgated by Order No. R-5173, ~~are hereby rescinded, and shall remain in full force and effect for an additional period of one year.~~

~~(2) That this case shall be reopened at an examiner hearing in \_\_\_\_\_, 19\_\_\_\_, at which time the operators in the subject pool shall appear and show cause why the \_\_\_\_\_ Pool should not be developed on less than \_\_\_\_\_-acre proration units with a limiting oil-gas ratio of \_\_\_\_\_ to \_\_\_\_\_.~~

(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.