

CASE 5817: READ & STEVENS, INC.
MEXICAN GAS WELL LOC-
ATION, SOUTHERN, NEW MEXICO

CASE NO.

58/7

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

-2-

Case No. 5817
Order No. R-5342

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

IT IS THEREFORE ORDERED:

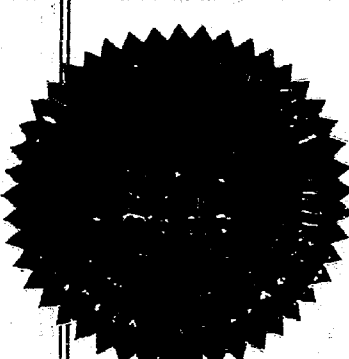
(1) That an unorthodox gas well location for the Pennsylvanian formation is hereby approved for the Read & Stevens, Inc. W. R. State Com. Well No. 1 to be drilled at a point 660 feet from the South line and 990 feet from the East line of Section 6, Township 21 South, Range 27 East, NMPM, Burton Flat Field, Eddy County, New Mexico.

(2) That Lots 9, 10, 15, and 16, and the SE/4 of said Section 6 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the 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, Member

Joe D. Ramsey
JOE D. RAMSEY, Member & Secretary

S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5817
Order No. R-5342

APPLICATION OF READ & STEVENS, INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 15, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of January, 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 the applicant, Read & Stevens, Inc., seeks approval of an unorthodox gas well location for its W. R. State Com. Well No. 1 to be drilled 660 feet from the South line and 990 feet from the East line of Section 6, Township 21 South, Range 27 East, NMPM, to test the Pennsylvanian formation, Burton Flat Field, Eddy County, New Mexico.

(3) That Lots 9, 10, 15, and 16, and the SE/4 of said Section 6 is to be dedicated to the well.

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

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

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 15, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Read & Stevens, Inc.,
for an unorthodox gas well location,
Eddy County, New Mexico.

CASE
5817

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:

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

For the Applicant:

Donald G. Stevens, Esq.
Attorney at Law
214 Old Santa Fe Trail
Santa Fe, New Mexico

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I N D E X

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GEORGE REDDY

Direct Examination by Mr. Stevens

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EXHIBIT INDEX

Offered

Admitted

Applicant's Exhibit One, Lease Plat

4

11

Applicant's Exhibit Two, Structure Map

5

11

Applicant's Exhibit Three, Cross Section

6

11

Applicant's Exhibit Four, Cross Section

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Applicant's Exhibit Five, Map

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Applicant's Exhibit Six, Map

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11

1 MR. STAMETS: We will call next Case 5817.

2 MS. TESCHENDORF: Case 5817, application of Read &
3 Stevens, Inc. for an unorthodox gas well location, Eddy County,
4 New Mexico.

5 MR. STEVENS: Mr. Examiner, I'm Don Stevens, attorney
6 in Santa Fe, representing the applicant in this case. We have
7 one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 GEORGE REDDY
11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:

13
14 DIRECT EXAMINATION

15 BY MR. STEVENS:

16 Q Would you state your name, your address, your
17 occupation and in what capacity you are appearing here today,
18 please?

19 A My name is George Reddy. My business address is
20 200 West First Street, Roswell, New Mexico. I'm a Consulting
21 Petroleum Geologist and I'm representing Read & Stevens,
22 Incorporated here today.

23 Q Have you previously testified before this Commission
24 and had your qualifications as an expert witness accepted by
25 it?

1 A. Yes, I have.

2 MR. STEVENS: Are the witness' qualifications
3 acceptable?

4 MR. STAMETS: They are.

5 Q (Mr. Stevens continuing.) Would you briefly state
6 what the Applicant seeks in this hearing?

7 A The Applicant seeks an unorthodox location in the
8 Burton Flat area in Eddy County in Township 21 South, Range
9 27 East, Section 6.

10 Q In what respect is this location unorthodox?

11 A On the first exhibit, the lease plat, we have outlined
12 the proposed drilling unit in red and shown the proposed location
13 in red and it's located six, sixty from the south line and
14 nine, ninety from the east line of Section 6 with the proposed
15 total depth of eleven thousand, five hundred in order to test
16 the Morrow formation entirely.

17 Q This is a three hundred and twenty acre proration
18 unit as shown on Exhibit One?

19 A Yes, it is.

20 Q And where would a normal location be on this three
21 hundred and twenty acre unit?

22 A It would lie north of the proposed location, one
23 location north.

24 Q The red dot does mark the location of the proposed
25 well site?

1 A Yes, it does.

2 Q Referring to what has been marked as Exhibit Number
3 Two, would you explain it, please?

4 A Yes, this is a structure map over the Burton Flat area
5 or that portion that we are showing here today and it is on a
6 scale of one inch equals four thousand feet. It's mapped at
7 the top of the Morrow formation and there is a general easterly
8 or southeasterly dip shown at the fifty-foot contour interval
9 with two gentle noses, one to the southeast and then one that
10 is kind of curvilinear in its plan across the southern portion
11 of the proposed drilling unit. These plunge eastward.

12 Q What is the significance, in your opinion, of this
13 structural interpretations as far as your application is
14 concerned?

15 A Well, the structure is based upon the subsurface
16 control that was available at the time of mapping and the nose
17 would offer a preferred position for drilling a well, structural
18 nose on the south end.

19 Q In what respect would that be a superior location
20 than a standard location?

21 A Well, to the north it would be in a synclinal area,
22 although this is a gentle nose or change in the strike of the
23 feature we can gain some structural relief by coming to the
24 south of the unit.

25 Q Is there a tendency for greater permeability on the

1 nose as opposed to in the reentry?

2 A. Yes, I believe there is and I believe we can show
3 that with some of the cross sections we are going to show here.

4 Q. And could you explain the significance of your yellow
5 lines that are shown on that structure map?

6 A. Yes, these represent the two lines of cross sections,
7 AA prime and BB prime, which are offered as exhibits.

8 Q. Okay, before you get into that would you briefly
9 explain the type log as shown on Exhibit Number Two?

10 A. This is from a well to the south of the proposed
11 unit, Monsanto Avalon Hills No. 1 shown on the map as type
12 log and the mapping horizon is shown in red at the top of the
13 Morrow formation on the type log.

14 Q. Referring to what has been marked as Exhibit Number
15 Three would you explain it, please?

16 A. This is a stratigraphic cross section, AA prime,
17 which crosses north of the proposed drilling unit. It's
18 drawn on a vertical scale of two and a half inches per hundred
19 feet and a horizontal scale of five hundred feet per inch. It
20 shows the Morrow, it's datumed on top of the Morrow and the
21 yellow pattern indicates an interpretation of the sand prone
22 facies in the Morrow section. The potential tests of each
23 well are shown at the bottom and the producing interval is
24 shown with bars on the wells.

25 Q. Can you tell from this map any differences in the

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1 permeability of the area going west to east?

2 A No, sir, not any direct evidence but the initial
3 tests would indicate that we have better permeability in this
4 Mobil well in the middle of this section, the second well.

5 Q The well on the left, the Fasken well, that was
6 completed as a Morrow well and was subsequently abandoned,
7 correct?

8 A That is correct.

9 Q In your information the Humble dry hole on the
10 right, did it have any evidence of gas in that location?

11 A They ran a DST in the upper portion and recovered
12 ninety feet of gas cut mud which would indicate some gas but
13 it was indicated to be a very tight formation, impermeable,
14 and the logs would indicate that too.

15 Q On the basis of these three wells and of our cross
16 section, do you have an opinion as to whether gas underlies
17 at least the northern portion of the tract that we are concerned
18 with here?

19 A Yes, sir, I believe it does.

20 Q All right, refer to Exhibit Number Four and explain
21 it, please?

22 A This is the north-south cross section, BB prime, it
23 is presented in the same scale as the first one that was shown.
24 The well on the left side or the north end of this section is
25 the middle well that we saw in the earlier cross section and

1 again the initial potentials indicate an improvement in sand
2 or reservoir quality as you come southward on this line of
3 sections.

4 The Atlantic Richfield Kerlin Federal, which is the
5 second well from the left, is the nearest well to the proposed
6 unit. It is completed in the Morrow in what has been broken
7 out as Unit B or the lower part of the Morrow formation.

8 Q From your exhibit can you determine whether there is
9 an increase or a decrease in the gas-bearing sands as you go
10 from north to south?

11 A There is an indication that there is an increase,
12 not only from the results that we have here but the second or
13 the middle sand of this Unit B is gone in the northernmost
14 well. It's seen in the Atlantic Richfield well and it is also
15 seen in the two Monsanto wells and it's productive in the
16 Monsanto Avalon Hills No. 2, so it would seem that there is this
17 along with the sands in the middle portion or the lower portion
18 of Unit A, tending to come out northward or pinch out north-
19 ward as suggested because you would have an improvement in the
20 sand conditions coming south.

21 Q On that basis then, would you presume that the
22 proposed location would have a greater possibility of penetrating
23 these sands as productive as opposed to the normal standard
24 location?

25 A Yes, I would.

1 Q Could you comment on the shut-in pressures evidenced
2 by these wells as they were completed?

3 A Well, there is, again starting on the north, they
4 increase progressively southward, the shut-in wellhead pressures
5 on their initial tests as do their calculated absolute open
6 flows, these two being the best on their potential tests, the
7 ones down to the south.

8 Q Would this then be indicative of greater permeability
9 as you go farther south on our tract in question?

10 A Yes, sir, it is certainly a strong indication that
11 it is, yes.

12 Q On the basis of your opinion as to the greater
13 permeability and potential capacity and the greater thicknesses
14 of possible sands on the south end, do you have the opinion
15 that you may recover gas underlying this tract at this location
16 that you might not recover at a standard location?

17 A Yes.

18 Q Refer to what has been marked as Exhibit Numbers
19 Five and Six and would you explain them, please?

20 A Each of these maps represent net feet of porosity,
21 sandstone having porosity of eight percent as measured from
22 porosity logs in the area and they have been broken down into
23 Unit A and B as were shown on the large-scale cross sections.

24 The symbols, the yellow circles, indicate wells which
25 have been completed only in each of these respective units.

1 On Exhibit Five it would be Unit A completions and the brown
2 circles are Morrow completions but those which have been
3 completed across both of these subdivided portions of the
4 Morrow formations.

5 The thickness on the southern portion of this area,
6 the thickness increases towards -- well, into the southwest
7 corner of Section 7 -- and this is where the contour interval
8 or contour spacing has been established and it's from there
9 that we projected a thick to the east of the proposed drilling
10 unit, on the Unit A isopach and on the southeast corner of it,
11 on the Unit B isopach.

12 Q Generally how does the thickness run from north to
13 south?

14 A Well, in both of these subdivisions of this formation
15 it tends to thicken southward.

16 Q On the basis of this would you expect a greater
17 amount of gas recoverable under your proposed location than a
18 standard location?

19 A Yes.

20 Q And on that basis would you consider that a standard
21 location might not recover gas underlying this tract?

22 A Yes.

23 Q Do you have any information as to other unorthodox
24 locations in this particular field area?

25 A Yes, some of the wells in Township 21 South, Range

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1 26 East, the David Fasken Well No. 3 El Paso Federal in
2 Section 1 of that Township; Inexco Avalon Federal No. 1 also
3 in Section 1 of that Township; The Mobil Federal No. 12 in
4 Section 12 of that Township; and the Hanagan No. 1 Inexco
5 Federal in Section 12 of Township 21 South, Range 26 East.

6 Q Mr. Reddy, were Exhibits One through Six prepared
7 by you or under your direction?

8 A Yes, they were.

9 MR. STEVENS: I would like to introduce these
10 exhibits at this time, Mr. Examiner.

11 MR. STAMETS: These exhibits will be admitted.
12 (THEREUPON, Applicant's Exhibits One through
13 Six were admitted into evidence.)

14 MR. STAMETS: Are there any questions of the witness?
15 He may be excused.

16 (THEREUPON, the witness was excused.)

17 MR. STAMETS: Is there anything further in this
18 case? We will take the case under advisement and at this
19 time we will take about a fifteen minute recess.

20 (THEREUPON, the hearing was in recess.)
21
22
23
24
25

5817

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

APPLICATION OF READ & STEVENS, INC.
FOR AN ORDER APPROVING AN UNORTHODOX
GAS WELL LOCATION, BURTON FLAT MORROW
GAS POOL, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW, Read & Stevens, Inc. and applies to the Oil Conservation Commission of the State of New Mexico for the approval of an order authorizing an unorthodox gas well location designated the Read & Stevens #1 W.R. State Comm. to be located 660 feet from the South line and 990 feet from the East line of Section 6, Township 21 South, Range 27 East, Burton Flat Morrow Gas Pool, Eddy County, New Mexico, as an exception to the provisions of Rule 2 of Order No. R-1670-H, as amended. Said well is proposed to be drilled to depth of 11,500 feet and in support thereof Applicant would show the Commission:

1. Applicant is the owner of the right to drill for, develop and produce from the Pennsylvanian formation in Lots 9, 10, 15, 16, $\frac{1}{4}$ SE/4 of Section 6, above Township and Range.

2. Unless Applicant is granted approval of an unorthodox gas well location as proposed herein, it will be denied its right to obtain its just and equitable share of the gas underlying its lands.

3. Approval of the application will result in the recovery of gas that probably would not otherwise be recovered, will present waste, and correlative rights of the other owners in the area will be protected.

THEREFORE Applicant requests that this matter be set for hearing before the Commission, or before the Commission's duly appointed examiner on Wednesday, December 15, 1976, and that after notice and hearing as required by law, the Commission enter its

order approving an unorthodox gas well location for Pennsylvanian
production, as requested above.

Respectfully submitted,

READ & STEVENS, INC.

By Donald G. Stevens
DONALD G. STEVENS
P.O. Box 1797
Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

order approving an unorthodox gas well location for Pennsylvanian
production, as requested above.

Respectfully submitted,

READ & STEVENS, INC.

By Donald G. Stevens
DONALD G. STEVENS
P.O. Box 1797
Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

Dockets Nos. 1-77 and 2-77 are tentatively set for hearing on January 5 and 19, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 15, 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. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

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

CASE 5796: (Continued from November 10, 1976, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Hixon Development Company, National Surety Corporation, and all other interested parties to appear and show cause why the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50 located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, Bisti-Lower Callup Pool, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5815: Application of Mark Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SE/4 of Section 1, Township 18 South, Range 26 East, Red Lake-San Andres Pool, Eddy County, New Mexico, 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 5816: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Huber Federal Well No. 1 to be drilled 1,087 feet from the North line and 2280 feet from the East line of Section 27, Township 23 South, Range 22 East, Eddy County, New Mexico, the N/2 of said Section 27 to be dedicated to the well.

CASE 5820: Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 4, Township 22 South, Range 22 East, Eddy County, New Mexico, 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 5817: Application of Read & Stevens, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its W. R. State Comm. Well No. 1 to be drilled 660 feet from the South line and 990 feet from the East line of Section 6, Township 21 South, Range 27 East, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, Lots 9, 10, 15, and 16, and the SE/4 of said Section 6 to be dedicated to the well.

CASE 5818: Application of Union Oil Company of California for the reinstatement of allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks reinstatement of oil allowable for its Tracy Well No. 1 located in Unit C of Section 10, Township 22 South, Range 27 East, Esperanza-Delaware Pool, Eddy County, New Mexico.

CASE 5819: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Scurlock Oil Company to appear and show cause why it should not be found in violation of Rule 801, Commission Rules and Regulations, for purchasing, acquiring, transporting or handling of crude petroleum oil produced in excess of the allowable by Union Oil Company from its California Tracy Lease, Esperanza-Delaware Pool, Eddy County, New Mexico.

CASE 5823: Application of Thornton Hopper for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the open-hole interval from 1937 feet to 2000 feet of his Bradley Federal Well No. 6, located in Unit D of Section 11, Township 24 South, Range 26 East, Black River-Delaware Pool, Eddy County, New Mexico.

CASE 5822: Southeastern New Mexico nomenclature case calling for the creation, extension, and contraction of certain pools in Lea and Chaves Counties, New Mexico.

- a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production and designated as the Antelope Ridge-Bone Springs Pool. The discovery well is the Superior Oil Company State "R" Well No. 1 located in Unit N of Section 25, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 25: SW/4

- b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production and designated as the North Teague-Devonian Gas Pool. A geological study found the northeast portion of the North Teague Devonian Pool to be a separate reservoir due to faulting. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
Section 27: N/2 and N/2 S/2

- c) CONTRACT the Teague-Devonian Pool by the deletion of the following described area:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
Section 26: All
Section 27: N/2 and N/2 S/2

- d) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 18: NE/4

- e) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM
Section 17: SW/4

- f) EXTEND the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 20: SW/4

- g) EXTEND the South Leonard-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 13: SE/4

- h) EXTEND the East Iusk-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 15: SW/4

- i) EXTEND the Maljamar-Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 14: NE/4

- j) EXTEND the Sawyer-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 38 EAST, NMPM
Section 6: W/2

- k) EXTEND the Tom Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 2: NE/4

- l) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 7: NE/4

CASE 5821: Northwestern New Mexico nomenclature case calling for the creation and extension of certain pools in San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico.

a) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production and designated as the Potwin-Pictured Cliffs Gas Pool. The discovery well is the Dugan Production Corporation Mountain Well No. 1 located in Unit J of Section 15, Township 24 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 14: SW/4

Section 15: All

Section 16: E/2

b) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production and designated as the Albino-Pictured Cliffs Gas Pool. The discovery well is the Coastline Petroleum Company, Inc. #3 Schalk Well No. 94 located in Unit M of Section 26, Township 32 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM

Section 26: SW/4

c) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Dakota production and designated as the Straight Canyon-Dakota Gas Pool. The discovery well is the Robert C. Anderson Ute Mountain Ute Well No. 1 located in Unit L of Section 14, Township 31 North, Range 16 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM

Section 14: SW/4

d) CREATE a new pool in McKinley County, New Mexico, classified as an oil pool for Dakota production and designated as the Marcelina-Dakota Oil Pool. The discovery well is the Fairfax Exploration Corporation Bullseye Well No. 3 located in Unit N of Section 18, Township 16 North, Range 9 West, NMPM. The top of the perforations is at 1797 feet. Said pool would comprise:

TOWNSHIP 16 NORTH, RANGE 9 WEST, NMPM

Section 18: S/2 SW/4

Section 19: N/2 NW/4

TOWNSHIP 16 NORTH, RANGE 10 WEST, NMPM

Section 24: NE/4 NE/4

e) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Jasis Canyon-Fruitland Gas Pool. The discovery well is the Mesa Petroleum Corporation State Corp Well No. 39 located in Unit C of Section 36, Township 29 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 36: NW/4

f) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Crouch Mesa-Fruitland Gas Pool. The discovery well is the Riggs Oil & Gas Corporation Federal Well No. 1 located in Unit F of Section 4, Township 29 North, Range 12 West, NMPM. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 4: NW/4

g) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Sedro Canyon-Fruitland Gas Pool. The discovery well is the Southern Union Production Company Seymour Well No. 9 located in Unit F of Section 23, Township 31 North, Range 9 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM

Section 23: NW/4

h) CREATE a new pool in Sandoval County, New Mexico, classified as a gas pool for Chacra production and designated as the Rusty-Chacra Gas Pool. The discovery well is the Chace Oil Company Rusty Navajo Well No. 1Y located in Unit A of Section 23, Township 22 North, Range 7 West, NMPM. Said pool would comprise:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

Section 13: E/2

Section 23: All

Section 24: N/2

Section 26: N/2

i) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production and designated as the Navajo City-Chacra Gas Pool. The discovery well is the Lively Exploration Company Lively Well No. 7Y located in Unit E of Section 35, Township 30 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM

Section 24: S/2

Section 25: All

Section 35: N/2

Section 36: N/2

j) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production and designated as the Animas-Chacra Gas Pool. The discovery well is the Mesa Petroleum Corporation Primo Well No. 1A located in Unit D of Section 6, Township 31 North, Range 10 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM

Section 6: NW/4

k) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Mississippian production and designated as the Beautiful Mountain-Mississippian Oil Pool. The discovery well is the Petroleum Energy Corporation Navajo Well No. 1-5 located in Unit F of Section 5, Township 26 North, Range 19 West, NMPM. The top of the perforations is at 5960 feet. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 19 WEST, NMPM

Section 5: NW/4

l) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Mississippian production and designated as the North Tocito Dome-Mississippian Gas Pool. The discovery well is the Saguaro Oil Company Staver Navajo Well No. 1 located in Unit M of Section 34, Township 27 North, Range 18 West, NMPM. Said pool would comprise:

TOWNSHIP 27 NORTH, RANGE 18 WEST, NMPM

Section 34: S/2

m) CREATE a new pool in McKinley County, New Mexico, classified as an oil pool for Mesaverde production and designated as the Franciscan Lake-Mesaverde Oil Pool. The discovery well is the Basin Fuels Inc. Star Well No. 1 located in Unit M of Section 7, Township 20 North, Range 5 West, NMPM. The top of the perforations is at 1980 feet. Said pool would comprise:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM

Section 7: All

Section 18: N/2

TOWNSHIP 20 NORTH, RANGE 6 WEST, NMPM

Section 12: E/2

n) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Gallup production and designated as the Albino-Gallup Gas Pool. The discovery well is the Coastline Petroleum Co., Inc. Schalk 94 Well No. 1 located in Unit A of Section 26, Township 32 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM

Section 26: NE/4

o) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Knickerbocker Buttes-Gallup Oil Pool. The discovery well is the El Paso Natural Gas Company Schumacher Well No. 13 located in Unit N of Section 17, Township 30 North, Range 10 West, NMPM. The top of the perforations is at 6440 feet. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 17: SW/4

p) CREATE a new pool in Sandoval County, New Mexico, classified as a gas pool for Gallup production and designated as the Rusty-Gallup Gas Pool. The discovery well is the Engineering & Production Services, Inc. Dana State Well No. 1 located in Unit H of Section 16, Township 22 North, Range 7 West, NMPM. Said pool would comprise:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM
Section 16: NW/4

q) CREATE a new pool in Sandoval County, New Mexico, classified as an oil pool for Gallup production and designated as the Alamito-Gallup Oil Pool. The discovery well is the ECO, Inc. Federal C Well No. 1 located in Unit P of Section 31, Township 23 North, Range 7 West, NMPM. The top of the perforations is at 4706 feet. Said pool would comprise:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 31: SW/4

r) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Nageezi-Gallup Oil Pool. The discovery well is the ECO, Inc. Federal D Well No. 1 located in Unit G of Section 1, Township 23 North, Range 9 West, NMPM. The top of the perforations is at 5079 feet. Said pool would comprise:

TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM
Section 6: S/2
Section 7: N/2
Section 8: NW/4 & SE/4

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM
Section 1: W/2

s) CREATE a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Gallup production and designated as the Ojito-Gallup Oil Pool. The discovery well is the Skelly Oil Company C. W. Roberts Well No. 4 located in Unit M of Section 17, Township 25 North, Range 3 West, NMPM. The top of the perforations is at 6960 feet. Said pool would comprise:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 17: SW/4

t) CREATE a new pool in Sandoval County, New Mexico, classified as an oil pool for Gallup production and designated as the Media-Gallup Oil Pool. The discovery well is the Petro Lewis Corporation Federal Media Well No. 7 located in Unit G of Section 22, Township 19 North, Range 3 West, NMPM. The top of the perforations is at 2793 feet. Said pool would comprise:

TOWNSHIP 19 NORTH, RANGE 3 WEST, NMPM
Section 22: SW/4 NE/4

u) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Farmington production and designated as the South Gallegos-Farmington Gas Pool. The discovery well is the Dugan Production Corporation Benjamin Franklin Well No. 1 located in Unit O of Section 2, Township 26 North, Range 12 West, NMPM. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 2: S/2
Section 10: NE/4
Section 11: NW/4

v) EXTEND the Angels Peak Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 36: All

w) EXTEND the Aztec Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 4: W/2

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM
Section 33: SW/4

x) EXTEND the Aztec Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 19: W/2

y) EXTEND the Ballard Pictured Cliffs Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 19: S/2
 Section 20: All
 Section 21: W/2
 Section 27: W/2 & SE/4
 Section 28: All
 Section 29: All
 Section 30: All
 Section 31: N/2
 Section 32: N/2
 Section 33: NW/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 33: N/2

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 35: SW/4

z) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM

Section 2: W/2
 Section 3: E/2
 Section 4: All
 Section 9: All
 Section 16: N/2

TOWNSHIP 30 NORTH, RANGE 5 WEST, NMPM

Section 4: All
 Section 5: All

TOWNSHIP 32 NORTH, RANGE 5 WEST, NMPM

Section 33: All

aa) EXTEND the Blanco Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM

Section 18: N/2

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM

Section 3: All
 Section 4: All
 Section 9: All
 Section 10: All
 Section 13: All
 Section 14: E/2

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM

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

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM

Section 15: W/2
 Section 18: S/2

TOWNSHIP 32 NORTH, RANGE 12 WEST, NMPM

Section 13: N/2 & SE/4

bb) EXTEND the South Blanco Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 9: S/2
 Section 13: S/2
 Section 16: All
 Section 21: N/2

- cc) EXTEND the Bloomfield Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

Section 9: S/2

Section 10: S/2

Section 11: S/2

Section 12: S/2

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 35: NE/4

- dd) EXTEND the Campo Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

Section 12: NE/4

- ee) EXTEND the Devils Fork Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 3: SW/4

Section 9: E/2 NE/4

Section 10: NW/4

- ff) EXTEND the Devils Fork Mesaverde Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 7: E/2

Section 8: S/2

Section 17: N/2

- gg) EXTEND the Dufers Point Gallup-Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Section 7: S/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 12: SE/4

- hh) EXTEND the Escrito Gallup Pool in San Juan and Rio Arriba Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Section 18: SW/4

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 2: SW/4

Section 11: NW/4

Section 10: N/2

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM

Section 12: E/2

Section 13: E/2

Section 24: E/2

- ii) EXTEND the Gallegos Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Section 17: W/2 & SE/4

Section 18: S/2

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM

Section 13: S/2

Section 24: N/2

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Section 26: S/2

Section 27: E/2

- jj) EXTEND the South Gallegos Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM

Section 7: All

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 8: N/2

Section 9: N/2

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM con'd

Section 10: N/2
Section 13: E/2
Section 24: E/2
Section 25: E/2

- kk) EXTEND the Gobernador Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

Section 19: S/2
Section 30: All
Section 31: NE/4
Section 32: N/2 & SE/4

TOWNSHIP 29 NORTH, RANGE 5 WEST, NMPM

Section 3: W/2
Section 10: N/2
Section 11: W/2
Section 13: W/2
Section 14: All

- ll) EXTEND the Kutz Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM

Section 30: S/2
Section 31: N/2

- mm) EXTEND the Kutz Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM

Section 5: NW/4
Section 6: N/2
Section 32: SW/4

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 1: N/2

- nn) EXTEND the Largo Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM

Section 3: S/2
Section 4: SE/4
Section 22: N/2

- oo) EXTEND the West Lindrith Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM

Section 17: S/2
Section 18: S/2
Section 20: W/2 & NE/4

- pp) EXTEND the NIPP Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 2: W/2
Section 3: All
Section 11: W/2

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 20: NW/4
Section 21: SE/4
Section 22: S/2

- qq) EXTEND the Otero Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 4: W/2
Section 5: S/2
Section 7: All
Section 8: NW/4
Section 25: SW/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 12: E/2

rr) EXTEND the Otero Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM
Section 15: S/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 26: S/2

ss) EXTEND the East Puerto Chiquito Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 1 EAST, NMPM
Section 5: All

tt) EXTEND the Pinon Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM
Section 22: N/2
Section 23: N/2
Section 24: N/2

uu) EXTEND the Rusty Menefee Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM
Section 13: SW/4
Section 14: SE/4

vv) EXTEND the Tapacito Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 22: W/2

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM
Section 8: W/2
Section 17: W/2
Section 19: NE/4
Section 20: NW/4

ww) EXTEND the Ute Dome Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
Section 30: SW/4

xx) EXTEND the WAW Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM
Section 4: NW/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM
Section 29: NW/4
Section 30: NE/4
Section 31: NW/4
Section 33: All
Section 34: SW/4 & N/2

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5817

Order No. R- 5342

APPLICATION OF READ & STEVENS, INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 15, 1976,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of December, 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, Read & Stevens, Inc., seeks
for its W. R. State Com. Well No. 1 to be drilled
approval of an unorthodox gas well location/ 660 feet from the South
line and 990 feet from the East line of Section 6, Township
21 South, Range 27 East, NMPM, to test the
Pennsylvanian formation, Burton Flat Field Pool,
Morrow Eddy County, New Mexico.

(3) That the SE/4 of said Section 6 is to be dedicated to the
well.

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

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

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Case No. _____

Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the ~~Morrow~~ *Pennsylvanian* ~~the Read & Stevens, Inc.~~ W. R. State Com. Well No. 1 to be drilled formation is hereby approved for ~~well to be located~~ at a point 660

feet from the South line and 990 feet from the East

line of Section 6, Township 21 South, Range 27 East

NMPM, Burton Flat ~~Morrow Gas~~ *Field* ~~Pool~~, Eddy County,

New Mexico.

Lots 9, 10, 15, and 16, and the SE/4

(2) That ~~the~~ _____ of said Section 6 shall be dedicated to the above-described well.

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

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