

CASE NO.

6-3/5

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



I N D E X

W. A. GRESSETT

Direct Examination by Ms. Teschendorf 3

MR. STAMETS: Call next Case 6315. In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hugh L. Johnston, Sr., General Insurance Company of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Call for appearances in this case.

MS. TESCHENDORF: Lynn Teschendorf, appearing on behalf of the Division. I'd like the record to reflect that I have the same witness as in the previous case and that he is still under oath.

MR. STAMETS: The record will show that the witness is sworn and qualified.

W. A. GRESSETT

being called as a witness and having been previously sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MS. TESCHENDORF:

Q Mr. Gressett, what is the subject matter of Case Number 6315?

A. To allow Hugh L. Johnston, Sr., General Insurance Company of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Q. Have you reviewed all the reports filed with the Division concerning the Continental State No. 5?

A. Yes, I have.

Q. Do you have these records with you?

A. Yes.

Q. Would you please summarize those reports for the Examiner?

A. Application for permit to drill was approved on September the 20th, 1965 as a 1,000 foot Seven Rivers test.

On -- the well was spudded on September 21st and on the 23rd they ran 342 foot of 8-5/8ths inch casing cemented with 50 sacks of cement.

The well was then drilled ahead to a depth of 951 feet and temporarily abandoned from September the 30th, 1965.

Q. Is there a bond covering this well?

A. Yes. The bond has been cancelled for any future

operations but there is a bond in effect for it.

Q. When was it cancelled as to future liability?

A. 12-10-65.

Q. And when was the well spudded?

A. September the 21st, I believe it was. Right,  
September the 21st.

Q. So the bond will still cover this well?

A. Yes, it will.

Q. And what was the surety on that bond?

A. That was General Insurance Company of America.

Q. In your opinion could the failure to plug this  
well cause waste?

A. Yes, it could.

Q. In what way?

A. By allowing any hydrocarbons to escape from  
zones and enter into other zones in the open hole interval.

Q. Do you have anything further you wish to offer  
at this time?

A. No.

MS. TESCHENDORF: I have nothing further.

MR. STAMETS: Any questions for the witness?

He may be excused. Anything further in this case?

Take the case under advisement.

(Hearing concluded.)

## REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill from my notes taken at the time of the hearing.

Sally W. Boyd CSR  
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6316 heard by me on 9-12 1998.  
Richard P. Hunt, Examiner  
Oil Conservation Division

PS Form 3811, No. 1-1979

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2. ARTICLE ADDRESSED TO:  
 Hugh L. Johnston, Sr.  
 737 Boyd Street  
 Midland, Texas 79701

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	540136	

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 SIGNATURE  Addressee  Authorized agent

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

JERRY APODACA  
GOVERNOR

NICK FRANKLIN  
SECRETARY

August 30, 1978

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(505) 827-2434

CERTIFIED - RETURN  
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Hugh L. Johnston, Sr.  
737 Boyd Street  
Midland, Texas 79701

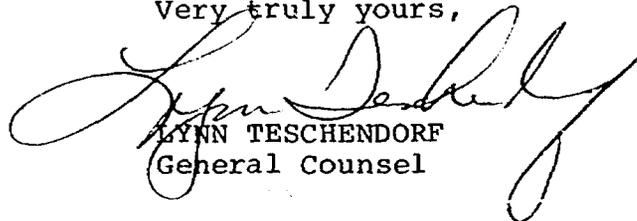
General Insurance Company of America  
Safeco Plaza  
Seattle, Washington 98105

Re: Continental State Well  
No. 5, located in Unit C  
of Section 30, Township  
17 South, Range 29 East,  
Eddy County  
Plugging Bond

Gentlemen:

Enclosed is a copy of the advertisement of the  
Examiner Hearing to be held on Wednesday, September 13,  
1978, at 9:00 a.m. in the Oil Conservation Division  
Conference Room, State Land Office Building, Santa Fe,  
New Mexico. Case 6315 concerns the above captioned  
subject matter.

Very truly yours,



LYNN TESCHENDORF  
General Counsel

LT/fd  
enc.

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of said Division promulgated thereunder of the following public hearing to be held at 9 o'clock a.m. on SEPTEMBER 13, 1978, at the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner, both duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 6314:

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Overland Drilling & Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

✓ CASE 6315:

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hugh L. Johnston, Sr., General Insurance Co. of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6316:

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cortez Corporation, Aetna Casualty & Surety Company, and all other interested parties to appear and show cause why the Fair Well No. 1 located in Unit D of Section 24, Township 18 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6317:

Application of Harvey E. Yates Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval of a 301.75-acre non-standard gas proration unit comprising the N/2 of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the East line of said Section 18 to test the Morrow formation.

CASE 6318:

Application of Coquina Oil Corporation for an increase in casinghead gas allowable, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an exception to Rule 303-C-4 to increase the casinghead gas allowable for its Vivian Well No. 1, located in Unit F of Section 30, Township 22 South, Range 38 East, Lea County, New Mexico, the Drinkard and Granite Wash zones in said well being commingled pursuant to Order No. DHC-255 and subject to the GOR limit for the Wantz-Granite Wash Pool.

CASE 6319:

Application of Belco Petroleum Corporation for an unorthodox well location and compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Com Well No. 1 located at an unorthodox location 1100 feet from the North line and 1575 feet from the East line of said section. Also to be considered will be the cost of recompleting 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 6320:

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 location of its Coquina Federal Com. Well No. 1 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 32, Township 18 South, Range 27 East, to test the Morrow formation, the W/2 of said Section 32 to be dedicated to the well.

CASE 6321:

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 location of its Shugart State Com. Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the W/2 of said Section 16 to be dedicated to the well.

CASE 6322:

Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks the amendment of Order No. R-391 to contract the horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

All of Sections 28 and 29, Township 17 South, Range 28 East

In the alternative, applicant seeks to limit the special pool rules for said pool to the present horizontal limits of the pool.

CASE 6323:

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, 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 23, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to its Lucas Store JZ Well No. 1 located at an unorthodox location 1980 feet from the North line and 860 feet from the West line of said section. Also to be considered will be the cost of 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 6324:

Application of Yates Petroleum Corporation for downhole commingling or pool creation, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Upper Penn gas production in the wellbore of its Box Canyon GJ Fed. Well No. 1 located in Unit J of Section 13, Township 21 South, Range 21 East, Eddy County, New Mexico. In the alternative, applicant seeks the creation of a new Permo-Penn gas pool for said well.

CASE 6325:

Application of Amoco Production Company for unorthodox locations and directional drilling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following South Hobbs Unit wells located in Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico:

Well No. 120 located 1272 feet from the North line and 1420 feet from the West line of Section 5; Well No. 121 located 1450 feet from the North line and 150 feet from the West line of Section 4; Well No. 123 located 2390 feet from the North line and 150 feet from the East line of Section 6; Well No. 124 located 1925 feet from the South line and 2380 feet from the East line of Section 4; Well No. 126 located 1295 feet from the South line and 1365 feet from the West line of Section 10; Well No. 122, located 1726 feet from the North line and 167 feet from the East line of Section 4; and Well No. 125 located 2016 feet from the North line and 763 feet from the West line of Section 3.

Applicant further seeks authority to directionally drill Wells Nos. 122 and 125 to bottomhole locations in the extreme southeast corners of Unit H of

Section 4 and Unit E of Section 3, respectively.

CASE 6326:

Application of Energy Reserves Group, Inc., for  
downhole commingling, Rio Arriba County, New Mexico.

Applicant, in the above-styled cause, seeks authority to commingle South  
Blanco-Pictured Cliffs and Otero-Chacra production in the wellbore of its  
Jicarilla 35 Well No. 3, located in Unit B of Section 2, Township 24 North,  
Range 5 West, Rio Arriba County, New Mexico.

CASE 6327:

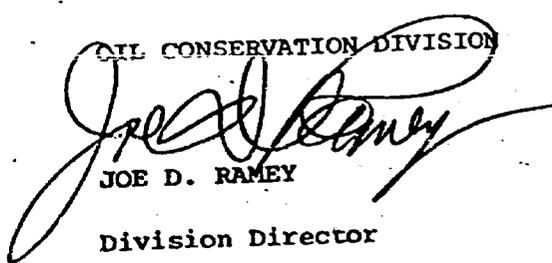
Application of O. H. Berry for an unorthodox  
gas well location, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox  
location of its J. L. Isabell Well No. 5-Y located 340 feet from the North  
line and 330 feet from the East line of Section 15, Township 24 South, Range  
36 East, Santa Rosa formation, Lea County, New Mexico, the NE/4 of said Section  
15 to be dedicated to the well.

GIVEN Under the Seal of the New Mexico Oil Conservation Commission at  
Santa Fe, New Mexico, on this 25th day of August, 1978.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

  
JOE D. RAMEY

Division Director

S E A L

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P.O., STATE AND ZIP CODE		
Seattle, Washington 98105		
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PS Form 3811, Nov. 1978

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 General Insurance Co. of America  
 Safeco Plaza 30  
 Seattle, Washington 98105

3. ARTICLE DESCRIPTION:  

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	540135	

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★ GPO: 1978 O-205-458

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 30, 1978

CERTIFIED - RETURN  
RECEIPT REQUESTED

Hugh L. Johnston, Sr.  
737 Boyd Street  
Midland, Texas 79701

General Insurance Company of America  
Safeco Plaza  
Seattle, Washington 98105

Re: Continental State Well  
No. 5, located in Unit C  
of Section 30, Township  
17 South, Range 29 East,  
Eddy County  
Plugging Bond

Gentlemen:

Enclosed is a copy of the advertisement of the  
Examiner Hearing to be held on Wednesday, September 13,  
1978, at 9:00 a.m. in the Oil Conservation Division  
Conference Room, State Land Office Building, Santa Fe,  
New Mexico. Case 6315 concerns the above captioned  
subject matter.

Very truly yours,

LYNN TESCHENDORF  
General Counsel

LT/fd  
enc.

C  
O  
P  
Y



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6315  
Order No. R-5806

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION  
DIVISION ON ITS OWN MOTION TO PERMIT HUGH L. JOHNSTON, SR.,  
GENERAL INSURANCE CO. OF AMERICA, AND ALL OTHER INTERESTED  
PARTIES TO APPEAR AND SHOW CAUSE WHY THE CONTINENTAL STATE  
WELL NO. 5, LOCATED IN UNIT C OF SECTION 30, TOWNSHIP 17  
SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO, SHOULD NOT  
BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-  
APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13,  
1978, at Santa Fe, New Mexico, before Examiner Richard L.  
Stamets.

NOW, on this 20th day of September, 1978, the Division  
Director, 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 Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That Hugh L. Johnston, Sr. is the owner and operator  
of the Continental State Well No. 5, located in Unit C of  
Section 30, Township 17 South, Range 29 East, NMPM, Eddy  
County, New Mexico.

(3) That General Insurance Co. of America is the surety  
on the Oil Conservation Division plugging bond on which  
Hugh L. Johnston, Sr. is principal.

(4) That the purpose of said bond is to assure the state  
that the subject well will be properly plugged and abandoned  
when not capable of commercial production.

-2-

Case No. 6315  
Order No. R-5806

(5) That in order to prevent waste and protect correlative rights said Continental State Well No. 5 should be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Division on or before November 30, 1978, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

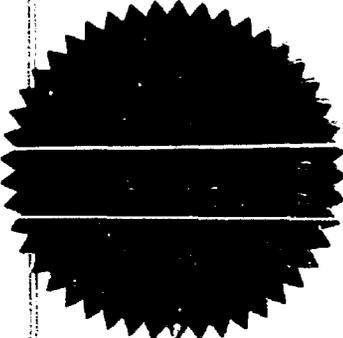
(1) That Hugh L. Johnston, Sr. is hereby ordered to plug and abandon the Continental State Well No. 5, located in Unit C of Section 30, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before November 30, 1978.

(2) That Hugh L. Johnston, Sr., prior to plugging and abandoning the above-described well, shall obtain from the Artesia office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Artesia office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



*Joe D. Ramey*  
JOE D. RAMEY,  
Director

dr/

Dockets Nos. 31-78 and 32-78 are tentatively set for hearing on September 27 and October 11, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - SEPTEMBER 11, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6289: (Continued from August 23, 1978, Commission Hearing)

Application of Bill Taylor for enforcement and amendment of Order No. R-5332, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination of well costs, an accounting of expenditures and costs withheld from production, and the amendment of Order No. R-5332 to remove the present operator of the pooled proration unit comprising the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, and designate another operator for said unit.

CASE 6146: (DE NOVO)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6328: Application of Maralo, Inc., for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the Jalmat Yates Unit underlying the following described lands in Township 25 South, Range 36 East:

Section 12: SE/4  
Section 13: NE/4

and the following described lands in Township 25 South, Range 37 East:

Section 18: NW/4 and N/2 SW/4

all in Lea County, New Mexico.

The unitized interval would be all formations or zones extending from the top of the Yates formation down to 100 feet below the base of the Queen formation in the Humble-Winters "A" Well No. 2 located in Unit C of Section 18, Township 25 South, Range 37 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 6313: Application of Maralo, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Jalmat Yates Unit Area, Lea County, New Mexico, by the injection of water into various wells located in Township 25 South, Ranges 36 and 37 East.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 13, 1978

9 A.M. - OIL CONSERVATION DIVISION 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 October, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6314: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Overland Drilling & Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6315: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hugh L. Johnston, Sr., General Insurance Co. of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6316: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cortez Corporation, Aetna Casualty & Surety Company, and all other interested parties to appear and show cause why the Fair Well No. 1 located in Unit D of Section 24, Township 18 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6290: (Continued from August 16, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donelle Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6307: (Continued from August 30, 1978, Examiner Hearing)

Application of Exxon Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Wantz-Abo production in the wellbore of its F. F. Hardison B Well No. 10, located in Unit A of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico. (This case will be dismissed.)

CASE 6317: Application of Harvey E. Yates Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 301.75-acre non-standard gas proration unit comprising the N/2 of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the East line of said Section 18 to test the Morrow formation.

CASE 6318: Application of Coquina Oil Corporation for an increase in casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303-C-4 to increase the casinghead gas allowable for its Vivian Well No. 1, located in Unit F of Section 30, Township 22 South, Range 38 East, Lea County, New Mexico, the Drinkard and Granite Wash zones in said well being commingled pursuant to Order No. DHC-255 and subject to the GOR limit for the Wantz-Granite Wash Pool.

CASE 6319: Application of Belco Petroleum Corporation for an unorthodox well location and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Com Well No. 1 located at an unorthodox location 1100 feet from the North line and 1575 feet from the East line of said section. Also to be considered will be the cost of recompleting 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 6320: 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 location of its Coquina Federal Com. Well No. 1 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 32, Township 18 South, Range 27 East, to test the Morrow formation, the W/2 of said Section 32 to be dedicated to the well.

CASE 6321: 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 location of its Shugart State Com. Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the W/2 of said Section 16 to be dedicated to the well.

CASE 6283: (Continued from August 2, 1978, Examiner Hearing)

Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6322: Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-391 to contract the horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

All of Sections 28 and 29, Township 17 South, Range 28 East

In the alternative, applicant seeks to limit the special pool rules for said pool to the present horizontal limits of the pool.

CASE 6323: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, 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 23, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to its Lucas Store JZ Well No. 1 located at an unorthodox location 1980 feet from the North line and 860 feet from the West line of said section. Also to be considered will be the cost of 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 6324: Application of Yates Petroleum Corporation for downhole commingling or pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Upper Penn gas production in the wellbore of its Box Canyon CJ Fed. Well No. 1 located in Unit J of Section 13, Township 21 South, Range 21 East, Eddy County, New Mexico. In the alternative, applicant seeks the creation of a new Permo-Penn gas pool for said well.

CASE 6325: Application of Amoco Production Company for unorthodox locations and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following South Hobbs Unit wells located in Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico:

Well No. 120 located 1272 feet from the North line and 1420 feet from the West line of Section 5;  
Well No. 121 located 1450 feet from the North line and 150 feet from the West line of Section 4;  
Well No. 123 located 2390 feet from the North line and 150 feet from the East line of Section 6;  
Well No. 124 located 1925 feet from the South line and 2380 feet from the East line of Section 4;  
Well No. 126 located 1295 feet from the South line and 1365 feet from the West line of Section 10;  
Well No. 122 located 1726 feet from the North line and 167 feet from the East line of Section 4;  
and Well No. 125 located 2016 feet from the North line and 763 feet from the West line of Section 3.

Applicant further seeks authority to directionally drill Wells Nos. 122 and 125 to bottomhole locations in the extreme southeast corners of Unit H of Section 4 and Unit E of Section 3, respectively.

CASE 6326: Application of Energy Reserves Group, Inc., for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacara production in the wellbore of its Jicarilla 35 Well No. 3, located in Unit B of Section 2, Township 24 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6327: Application of O. H. Berry for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J. L. Isabell Well No. 5-Y located 340 feet from the North line and 330 feet from the East line of Section 15, Township 24 South, Range 36 East, Santa Rosa formation, Lea County, New Mexico, the NE/4 of said Section 15 to be dedicated to the well.

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
Hugh L. Johnston, Sr.		
STREET AND NO. 737 Boyd Street		
P.O., STATE AND ZIP CODE Midland, Texas 79701		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form Apr. 1971	3800	NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL
		(See other side) EPO: 1970 O-287-408

No.

show cause  
 Hugh L. Johnston, Sr.  
 General Insurance Co. of  
 America  
 Safeco Plaza  
 Seattle, Washington  
 98105

Continental State No. 5  
 C-30-75-29E  
 Eddy

737 Boyd Street  
 Midland, Texas 79701

for 9-13

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6315

Order No. R- 5806

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION  
DIVISION ON ITS OWN MOTION TO PERMIT HUGH L. JOHNSTON, SR.,  
GENERAL INSURANCE CO. OF AMERICA, AND ALL OTHER INTERESTED PARTIES  
TO APPEAR AND SHOW CAUSE WHY THE CONTINENTAL STATE WELL NO. 5,  
LOCATED IN UNIT C OF SECTION 30, TOWNSHIP 17 SOUTH, RANGE 29 EAST,  
EDDY COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN  
ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13,  
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamps

NOW, on this            day of September, 1978, the Division  
Director, 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 Division has jurisdiction of this cause and the subject  
matter thereof.

(2) That Hugh L. Johnston, Sr. is the owner and  
operator of the Continental State Well No. 5  
located in Unit C of Section 30, Township 17 South,  
Range 29 East, NMPM, Eddy County, New Mexico.

(3) That General Insurance Co. of America is the  
surety on the Oil Conservation Division plugging bond on which  
Hugh L. Johnston, Sr. is principal.

(4) That the purpose of said bond is to assure the state  
that the subject well ~~(s)~~ will be properly plugged and abandoned  
when not capable of commercial production.

(5) That in order to prevent waste and protect correlative  
rights said Continental State Well No. 5 should  
be plugged and abandoned in accordance with a program approved by

the Artesia District Office of the New Mexico Oil Conservation Division on or before November 30, 1978, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Hugh L. Johnston, Sr. and General Insurance Co. of America ~~is~~ <sup>is</sup> ~~are~~ hereby ordered to plug and abandon the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South Range 29 East, NMPM, Eddy County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before November 30, 19 78.

(2) That Hugh L. Johnston, Sr. and General Insurance Co. of America, prior to plugging and abandoning the above described well, shall obtain from the Artesia office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Artesia office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

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

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