

CASE 6768: ALPHA TWENTY-ONE PRODUCTION
COMPANY FOR TWO NON-STANDARD GAS PRODA-
TION UNITS, COMPULSORY POOLING, UNORTHOC-
DOX WELL LOCATION, AND APPROVAL OF INFIL
DRILLING, LEA COUNTY, NEW MEXICO

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CONTINUE
AND
READVERTISE
JANUARY 3

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPT.
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
 3 January 1980

EXAMINER HEARING

 IN THE MATTER OF:)

Application of Alpha Twenty-One)
 Production Company for two non-)
 standard gas proration units,) CASE
 compulsory pooling, unorthodox) 6768
 well location, and approval of in-)
 fill drilling, Lea County, New)
 Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
 Division:

Ernest L. Padilla, Esq.
 Legal Counsel for the Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.
 CAMPBELL & BLACK P. A.
 Jefferson Place
 Santa Fe, New Mexico 87501

I N D E X

WILLIAM P. AYCOCK

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MR. STAMETS: We'll call next Case 6768.

MR. PADILLA: Application of Alpha Twenty-One Production Company for two non-standard gas production units, compulsory pooling, unorthodox well location, and approval of infill drilling, Lea County, New Mexico.

MR. CARR: May it please the Examiner, I'm William F. Carr, Campbell and Black, P. A., appearing on behalf of the applicant. I have one witness. I'd like the record to show that the witness was sworn in the previous case and remains under oath.

MR. STAMETS: Are there any other appearances in this case?

The record will show Mr. Aycock is sworn and qualified in this case.

WILLIAM P. AYCOCK

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

DIRECT EXAMINATION

BY MR. CARR:

Q. Mr. Aycock, will you state briefly what Alpha Twenty-One Production Company seeks with this application?

A. Well, the application is somewhat different from that advertised, because of developments that occurred between the date of the advertisement and this hearing date.

The applicant still seeks the two non-standard proration units, but the compulsory pooling is no longer necessary since an agreement has been reached with the other operators so that compulsory pooling is no longer necessary.

We do seek the unorthodox well location and approval of infill drilling.

The proposed 40-acre non-standard proration unit, the southwest quarter of the southeast quarter of Section 21, Township 24 South, Range 37 East, is proposed to be dedicated to the El Paso Natural Gas Company Shell Black Well No. 2.

The east half of the southwest quarter and the northwest quarter of the southeast quarter of Section 21 are proposed to form a 120-acre non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox well location 990 feet from the south line and 1650 feet from the west line of Section 21. That is indicated on the exhibits that will be presented.

MR. CARR: Mr. Examiner, at this time we would ask that you dismiss the compulsory pooling portion

of the case.

MR. STAMETS: That portion of this case will be dismissed.

Q Mr. Aycock, will you refer to what has been marked for identification as Exhibit Number One and explain to the Examiner what it is and what it shows?

A Exhibit Number One is a land map of the immediate vicinity of the proposed proration unit and well location, which shows all of the wells that are completed on the surrounding acreage, both in the Langlie Mattix and the Jalmat Pool designations.

Also indicated are the traces of two cross sections which will be presented as -- subsequently presented as exhibits.

It simply shows what the status is with regard to development in this vicinity as of this date.

Q Will you now refer to your structure map which is marked Exhibit Number Two and summarize this for Mr. Stamets?

A Exhibit Number Two is a structure map on top of the Yates which covers the exact same area as Exhibit One and shows all of those wells that are in the area whether completed in the Jalmat or Langlie Mattix zones from which geologic points were picked in order to be

able to do the contouring that's presented on Exhibit Two.

Exhibit Two essentially shows that there's a multiclinal dip across the proposed location from southwest to northeast in the upward direction and that there is no indicated closure on or in the immediate vicinity of the proposed location.

Q Will you now refer to your cross section A-A', which is marked Exhibit Three, and review this for the Examiner?

A Exhibit A-A' is a north/south cross section which shows the wells that are located on a portion of the proration unit that's requested. It shows what has been done in the past with regard to completion practices and what the general structural configuration is.

As you will note, the preference has been shown for completing in the Yates portion of those zones that are included in the Jalmat Pool designation, as is common throughout this area.

Q Will you now refer to Exhibit Number Four, which is your B-B' cross section?

A Cross section B-B' once again shows a structural cross section in the west/east direction, which once again shows what the operators have done with regard to the development of the zones of interest in the immediate vicinity.

Once again, I call the Examiner's attention to the fact that the bulk of the completion attempts have been made in the Yates portion of those zones that are included within the Jalmat Pool designation.

Q Will you refer to what has been marked Exhibit Number Five and summarize the data for the Examiner?

A Exhibit Number Five are time -- gas rate time curves for each of the wells that are considered consequential to this application. Not all of those on all surrounding sections, but those that are immediately adjacent and a single graph where wellhead shutin pressure is graphed as a function of cumulative gas production for each of five wells for which this information is available and that are adjacent to the proration unit, in order to establish what reserves and production performance has been.

Q Will you now refer to Exhibit Number Six, which is your letter to Alpha Twenty-One and review the data contained therein?

A This is a letter from me to Alpha Twenty-One Production Company in which the charge that was given me is discussed, the acreage that's the subject of this application is discussed, and the development potential of it discussed, and an attempt is made to determine what

the incremental gas that would be recovered from a well on the proposed proration unit would be.

The approach that was taken was similar to that that was described previously in that both a statistical analysis of volumetric parameters and a statistical analysis of reserve experience were undertaken in order to define -- in an attempt to define the range of gas recoveries that might be assumed, that might be expected, from the -- from a well on the proposed acreage. And in summary, the letter goes into some detail. Indications are that the recovery should be between about 2-1/2 and about 5.2 Bcf, with a probably of about 4 Bcf.

Also, I've attempted to show that the drainage area and the apparent stage of depletion are quite variant in the immediate vicinity, which substantiates the requirement for a well to be drilled on this acreage to recover whatever gas is in place beneath it.

Because of the tremendous variation and apparent stage of depletion and calculated drainage area, all of which are substantiated on the table that's attached to the letter, I believe that this application will serve to prevent waste and protect correlative rights.

Q Mr. Aycock, why is Alpha Twenty-One proposing to drill at this particular unorthodox location?

A. This particular unorthodox location will get it as far away from wellbores that could be interfering as possible.

Q. How did Alpha Twenty-One acquire its interest in the subject leases?

A. By farmout.

Q. Do you believe that the proposed well is necessary to effectively and efficiently drain the proposed non-standard proration unit?

A. Yes, sir, I think at least this well will be. It could be that experience will dictate that additional drilling is required at some future time, but at least this well will certainly be necessary to do it.

As the Examiner will probably note, the calculations of effective drainage area have indicated some of them as small as 20 or 30 acres, and if that should prove to be the case, then it's entirely probable that additional drilling would have to be undertaken at some subsequent date to drain all the reserves. I don't think we can project accurately at this time what the actual experience would be, so I would say at least this well will have to be drilled to drain it.

Q. In your opinion will drilling the proposed well result in the recovery of hydrocarbons that otherwise would not be recovered?

A Yes, sir, I think so.

Q Will granting this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A I believe that it will.

Q How soon does Alpha Twenty-One anticipate spudding this well?

A As soon as the order can be prepared and a rig made available thereafter.

Q Were Exhibits One through Six prepared by you or have you reviewed them and can you testify as to their accuracy?

A Yes, sir. They were prepared under my direct supervision and I have reviewed them.

MR. CARR: At this time, Mr. Examiner, we would offer into evidence Applicant's Exhibits One through Six.

MR. STAMETS: These exhibits will be admitted.

MR. CARR: I have nothing further on direct.

CROSS EXAMINATION

BY MR. STAMETS:

Q In a number of your last questions

you referred to this well and I presume you mean each well on each of the two units.

A. Yes.

Q. Now you indicated that you expected a minimum additional recovery of 2.5 Bcf?

A. Well, at a statistically expected. It could be as low as I believe I quoted a number as low as 200 million on there, did I not?

Q. Okay.

A. The actual minimum number was 213 million. The maximum was 5.2 billion. The mean by analogy with other experience was 2.6 billion, and a result of the statistical -- of the reserve derived from a statistical analysis of volumetric parameters is 4 Bcf.

Q. Now, again we have a question of infill wells. Let's take the smallest unit first, that 40 acres being the southwest of the southeast of the section. Is that part of an existing proration unit?

A. The entire proration unit, I believe, is currently assigned. Let me get the well files on those so that I can answer you accurately, if I may.

Now, would you repeat again, Mr. Examiner? Did you say the one that's in the southwest of the southwest?

Q. The southwest of the southeast.

A. Okay, the southwest of the southeast.
That's O, isn't it?

Q. Correct.

A. That well was originally assigned a proration unit of 120 acres composed of the northwest of the southeast of 21; the southeast of the southeast of 21; and the southeast of the southwest of 21, according to the well file.

Q. That doesn't look like it's contiguous. Would you run that by me again?

A. The east half of the -- let's just shortcut that and say the east half of the southeast of 21 and the southeast of the southwest of 21, according to the plat that's in the well file.

Q. How about the southwest of the southeast?

A. Yeah, the northwest of the southeast and the southwest of the southeast, the whole east half of the southeast -- the west half of the southeast, excuse me.

Q. Let me see the plat.

A. There it is right there.

Q. Would you outline on there either by cross hatching or some other method what the dedicated acreage was?

A. Yes. You mean on the exhibit? Let me have your exhibit.

Q. Or that plat which you have.

Based on what you've done, now, the former unit is the west half of the southeast and the southeast of the southwest.

A. Uh-huh, correct.

Q. Okay. Now, what's happened to the old producing wells on that proration unit?

A. The El Paso well is the only well. Shell Black 2 is the one that's proposed to be broken out and put in -- left in that 40-acre proration unit. And let me look at the file on it, which I have out, and see. It's the first -- the first curve in our Exhibit, what, Five? It is the producing curve. It's still producing. According to this it was, the last entry I see is a 103 dated November 22nd, '68, in which the perforations were proposed to be fractured. The production has been quite variable during '77, '78, and during -- through the early part of '79 for which most recent data was available at the time I prepared these exhibits. It is apparent that the well is not going to drain anything like the -- from its performance, as indicated from our last exhibit where it is the first well on the -- I beg your pardon, the second well on the table.

Q. Is Doyle Hartman going to drill

[illegible]

was completed 2-22-37 and let me see when it was abandoned for you. I did not see an abandonment form.

Well, I don't find it anywhere in the copy of the Commission's well file, but it is listed in the Engineering Committee proceedings as having been completed in this -- in this zone at one time. I presume the reason is that it was probably way back years ago, since it was originally completed in '37. It's probably so old that the records are no longer available.

Let me tell you -- I can tell you when it was completed in the Queen.

Q. Assuming that the well is no longer completed in the Jalmat?

A. Yes, sir. The file -- well file indicates it's in the Langlie Mattix-Queen zone at the present time.

'65, April of '65 is the information from the file indicating that it was completed in the -- actually 9-27-65 it was completed in the Queen zone. So it's prior to 1965. I can't give you the exact date, but the production from the Jalmat is prior to 1965.

Q. All right.

Any other questions of the witness?

MR. PADILLA: One, Mr. Examiner.

Isn't this whole thing a redefinition

of the original boundaries of the proration -- the original proration unit on an efficient and effective drainage basis?

A. Essentially it is, yes.

MR. STAMETS: Any other questions of the witness? He may be excused.

If there is nothing further, the case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

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

Sally W. Boyd C.S.R.
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. 6768,
heard by me on 1-2 1950.
Richard R. Summit, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPT.
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
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Exhibit Two essentially shows that there's a multiclinal dip across the proposed location from southwest to northeast in the upward direction and that there is no indicated closure on or in the immediate vicinity of the proposed location.

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Q How did Alpha Twenty-One acquire its interest in the subject leases?

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A Yes, sir, I think at least this well will be. It could be that experience will dictate that additional drilling is required at some future time, but at least this well will certainly be necessary to do it.

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Q In your opinion will drilling the proposed well result in the recovery of hydrocarbons that otherwise would not be recovered?

A Yes, sir, I think so.

Q Will granting this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

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Q How soon does Alpha Twenty-One anticipate spudding this well?

A As soon as the order can be prepared and a rig made available thereafter.

Q Were Exhibits One through Six prepared by you or have you reviewed them and can you testify as to their accuracy?

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MR. CARR: At this time, Mr. Examiner, we would offer into evidence Applicant's Exhibits One through Six.

MR. STAMETS: These exhibits will be admitted.

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you referred to this well and I presume you mean each well on each of the two units.

A Yes.

Q Now you indicated that you expected a minimum additional recovery of 2.5 Bcf?

A Well, at a statistically expected. It could be as low as I believe I quoted a number as low as 200 million on there, did I not?

Q Okay.

A The actual minimum number was 213 million. The maximum was 5.2 billion. The mean by analogy with other experience was 2.6 billion, and a result of the statistical -- of the reserve derived from a statistical analysis of volumetric parameters is 4 Bcf.

Q Now, again we have a question of infill wells. Let's take the smallest unit first, that 40 acres being the southwest of the southeast of the section. Is that part of an existing proration unit?

A The entire proration unit, I believe, is currently assigned. Let me get the well files on those so that I can answer you accurately, if I may.

Now, would you repeat again, Mr. Examiner? Did you say the one that's in the southwest of the southwest?

Q The southwest of the southeast.

A Okay, the southwest of the southeast.
That's O, isn't it?

Q Correct.

A That well was originally assigned a proration unit of 120 acres composed of the northwest of the southeast of 21; the southeast of the southeast of 21; and the southeast of the southwest of 21, according to the well file.

Q That doesn't look like it's contiguous. Would you run that by me again?

A The east half of the -- let's just shortcut that and say the east half of the southeast of 21 and the southeast of the southwest of 21, according to the plat that's in the well file.

Q How about the southwest of the southeast?

A Yeah, the northwest of the southeast and the southwest of the southeast, the whole east half of the southeast -- the west half of the southeast, excuse me.

Q Let me see the plat.

A There it is right there.

Q Would you outline on there either by cross hatching or some other method what the dedicated acreage was?

A Yes. You mean on the exhibit? Let me have your exhibit.

Q Or that plat which you have.

Based on what you've done, now, the former unit is the west half of the southeast and the southeast of the southwest.

A Uh-huh, correct.

Q Okay. Now, what's happened to the old producing wells on that proration unit?

A The El Paso well is the only well. Shell Black 2 is the one that's proposed to be broken out and put in -- left in that 40-acre proration unit. And let me look at the file on it, which I have out, and see. It's the first -- the first curve in our Exhibit, what, Five? It is the producing curve. It's still producing. According to this it was, the last entry I see is a 103 dated November 22nd, '68, in which the perforations were proposed to be fractured. The production has been quite variable during '77, '78, and during -- through the early part of '79 for which most recent data was available at the time I prepared these exhibits. It is apparent that the well is not going to drain anything like the -- from its performance, as indicated from our last exhibit where it is the first well on the -- I beg your pardon, the second well on the table.

Q Is Doyle Hartman going to drill

another well on this 40-acre tract?

A Well, this is the one that's going to be broken out. I thought you were asking me about this one, because it was originally in the proration unit.

Q And there will not be another well drilled on this 40-acre tract?

A No, sir, this will be broken out.

Q Okay, very good. Now, that leaves us only considering the northeast quarter of the southwest quarter --

A Correct.

Q -- of Section 21. Was that previously dedicated to a well?

A I believe it was. Let me check the well file and be sure.

No, that's a Langlie Mattix-Queen Well. That's not a Jalmat well.

I don't see anything in here that -- let me be sure. If there are no curves in here then I can be absolutely certain.

There are and there's no data indicated and yes, I beg your pardon, there is, too. Yes, it was. It has now been plugged and abandoned. Let me find the form, because it's the first well on my table and it produced 2852 2952 AMCF before it was abandoned. It

was completed 2-22-37 and let me see when it was abandoned for you. I did not see an abandonment form.

Well, I don't find it anywhere in the copy of the Commission's well file, but it is listed in the Engineering Committee proceedings as having been completed in this -- in this zone at one time. I presume the reason is that it was probably way back years ago, since it was originally completed in '37. It's probably so old that the records are no longer available.

Let me tell you -- I can tell you when it was completed in the Queen.

Q Assuming that the well is no longer completed in the Jalmat?

A Yes, sir. The file -- well file indicates it's in the Langlie Mattix-Queen zone at the present time.

'65, April of '65 is the information from the file indicating that it was completed in the -- actually 9-27-65 it was completed in the Queen zone. So it's prior to 1965. I can't give you the exact date, but the production from the Jalmat is prior to 1965.

Q All right.

Any other questions of the witness?

MR. PADILLA: One, Mr. Examiner.

Isn't this whole thing a redefinition

of the original boundaries of the proration -- the original proration unit on an efficient and effective drainage basis?

A Essentially it is, yes.

MR. STAMETS: Any other questions of the witness? He may be excused.

If there is nothing further, the case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

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

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. _____
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division



STATE OF NEW MEXICO

January 18, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. William F. Carr
Campbell and Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 6768
ORDER NO. R-6241

Applicant:

Alpha Twenty-One Production Company

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u> </u>	X
Artesia OCD	<u> </u>	X
Aztec OCD	<u> </u>	

Other _____

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. 6768
Order No. R-6241

APPLICATION OF ALPHA TWENTY-ONE
PRODUCTION COMPANY FOR TWO NON-
STANDARD GAS PRORATION UNITS,
COMPULSORY POOLING, UNORTHODOX
WELL LOCATION AND APPROVAL OF
INFILL DRILLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 3, 1980,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of January, 1980, 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 the applicant, Alpha Twenty-One Production Company,
seeks approval of a 40-acre non-standard gas proration unit
comprising the SW/4 SE/4 of Section 21, Township 24 South, Range
37 East, NMPM, to be dedicated to the El Paso Natural Gas Company
Shell Black Well No. 2.
- (3) That the applicant further requested the pooling of all
mineral interests in the Jalmat Gas Pool underlying the E/2 SW/4
and NW/4 SE/4 of said Section 21 to form a 120-acre non-standard
gas proration unit to be dedicated to a well to be drilled at an
unorthodox location 990 feet from the South line and 1650 feet
from the West line of said Section 21 and a finding that the drill-
ing of said well is necessary to effectively and efficiently
drain that portion of the existing proration unit which cannot
be so drained by the existing well thereon.

-2-

Case No. 6768

Order No. R-6241

(4) That at the time of the hearing all parties in the proposed 120-acre non-standard proration unit had agreed and that portion of the application relating to compulsory pooling thereof should be dismissed.

(5) That a well at said unorthodox location will better enable applicant to produce the gas underlying the 120-acre proration unit.

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

(7) That the evidence in this case indicates that the proposed well on the 120-acre non-standard unit at the requested unorthodox location should recover at least 213 million cubic feet of gas from the Jalmat Gas Pool which cannot be produced by the existing well thereon.

(8) That both proposed non-standard proration units may reasonably be presumed productive of gas from the Jalmat Gas Pool and that said proration units can be efficiently and economically drained and developed by the aforesaid wells.

(9) That approval of the subject application will afford the applicant and El Paso Natural Gas Company the opportunity to produce their just and equitable share of the gas in the Jalmat Gas 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 a 40-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SW/4 SE/4 of Section 21, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the El Paso Natural Gas Company Shell Black Well No. 2.

(2) That a 120-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the E/2 SW/4 and NW/4 SE/4 of said Section 21 is hereby established and dedicated to an Alpha Twenty-One Production Company well to be drilled at an unorthodox location, hereby approved, 990 feet from the South line and 1650 feet from the West line of said Section 21. The authorization for infill drilling in the Jalmat Gas Pool granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the 120-acre non-standard proration unit which

Case No. 6758
Order No. R-6241

cannot efficiently and economically be drained by any existing well thereon.

(3) That the application for compulsory pooling of the aforesaid 120-acre non-standard gas proration unit is hereby dismissed.

(4) 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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
12 December 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Alpha Twenty-One Production)
Company for two non-standard gas pro-)
ration units, compulsory pooling, unor-) CASE
thodox well location, and approval of) 6768
infill drilling, Lea County, New)
Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.
CAMPBELL & BLACK P. A.
Jefferson Place
Santa Fe, New Mexico 87501

MR. NUTTER: We'll call next Case Number 6768.

MR. PADILLA: Application of Alpha Twenty-One Production Company for two non-standard gas proration units, compulsory pooling, unorthodox well location, and approval of infill drilling, Lea County, New Mexico.

MR. CARR: Mr. Examiner, the applicant requests that this case be re-advertised and continued to the Examiner Hearing scheduled for January 3rd, 1980.

MR. NUTTER: Case Number 6768 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. January 3, 1980, and it will be readvertised.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported by
me; that the said transcript is a full, true, and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.
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. 6760
heard by me on 12/12 19 77.

[Signature] Examiner
Oil Conservation Division

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
 12 December 1979

EXAMINER HEARING

 IN THE MATTER OF:)

Application of Alpha Twenty-One Production) CASE
 Company for two non-standard gas pro-) 6768
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 infill drilling, Lea County, New)
 Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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 State Land Office Bldg.
 Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.
 CAMPBELL & BLACK P. A.
 Jefferson Place
 Santa Fe, New Mexico 87501

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MR. PADILLA: Application of Alpha Twenty-One Production Company for two non-standard gas proration units, compulsory pooling, unorthodox well location, and approval of infill drilling, Lea County, New Mexico.

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(Hearing concluded.)

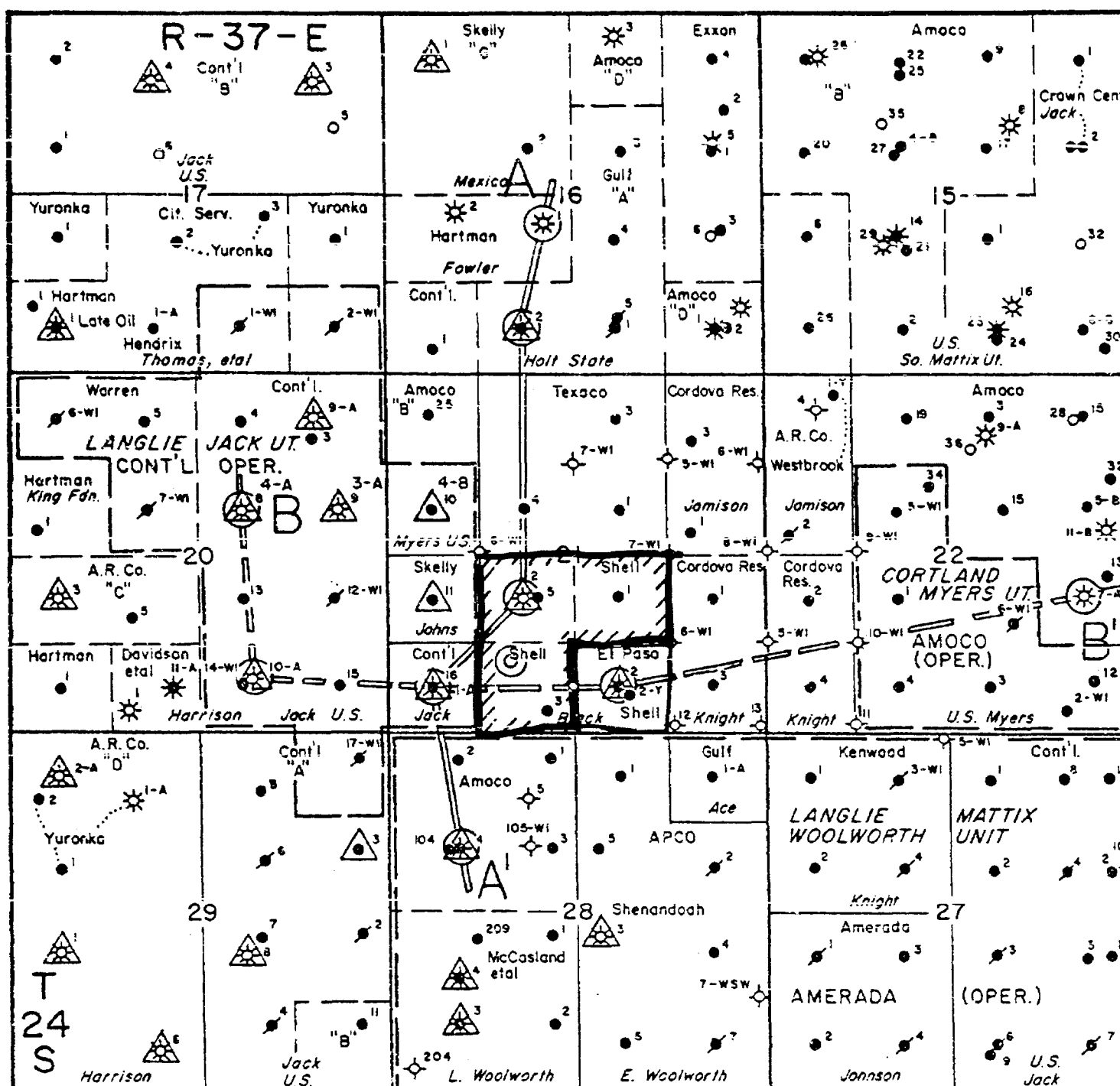
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DO HEREBY CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported by
me; that the said transcript is a full, true, and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiners hearing of Case No. 6748
heard by me on 12/12 1979.

[Signature], Examiner
Oil Conservation Division



LAND MAP JALMAT (YATES) FIELD

△ - JALMAT Prod.

Field	JALMAT	County	LEA	State	N. MEX.
Engineer	W. P. A.	Drwn. By	H's	Date	11-20-79
				File	ALPHA 21 CORP.
RADTKE, AYCOCK & ASSOC., INC.				Ref. No.	EXHIBIT NO.
310 WALL TOWERS WEST					
MIDLAND, TEXAS					

EXHIBIT NO.

JALMAI TANSILL YATES 7-RIVERS
EL PASO NATURAL GAS CO. NO. 2
SHELL BLACK
210-24S-37E Gas Well
Lea County, New Mexico

RADTKE, AYCOCK & ASSOC., INC.

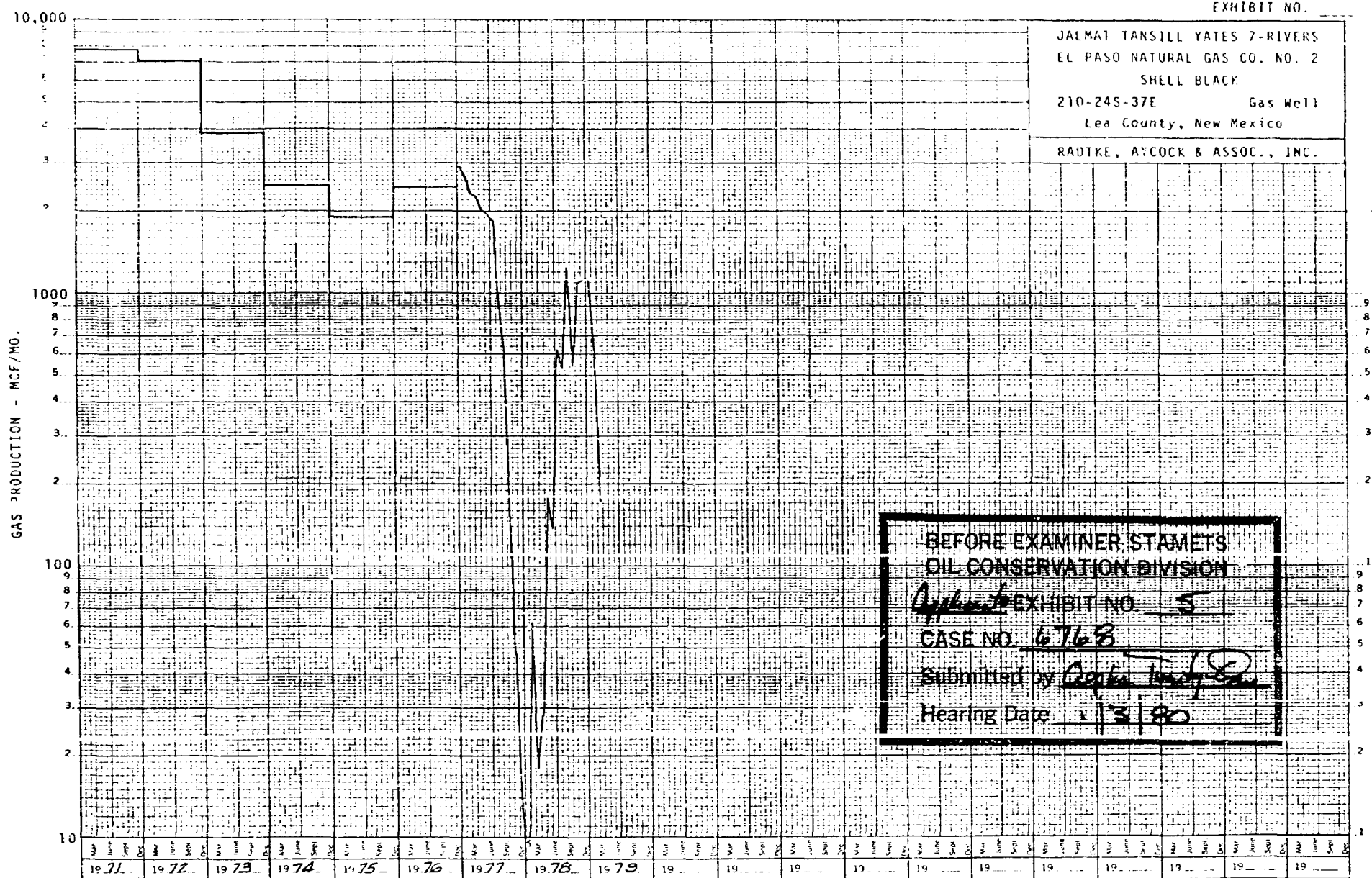


EXHIBIT NO.

JALMAI TANSILL YATES 7-RIVERS
CONTINENTAL OIL CO. NO. 1
JACK "A"
21M-245-37E Gas Well
Lea County, New Mexico

RADTKE, AYCOCK & ASSOC., INC.

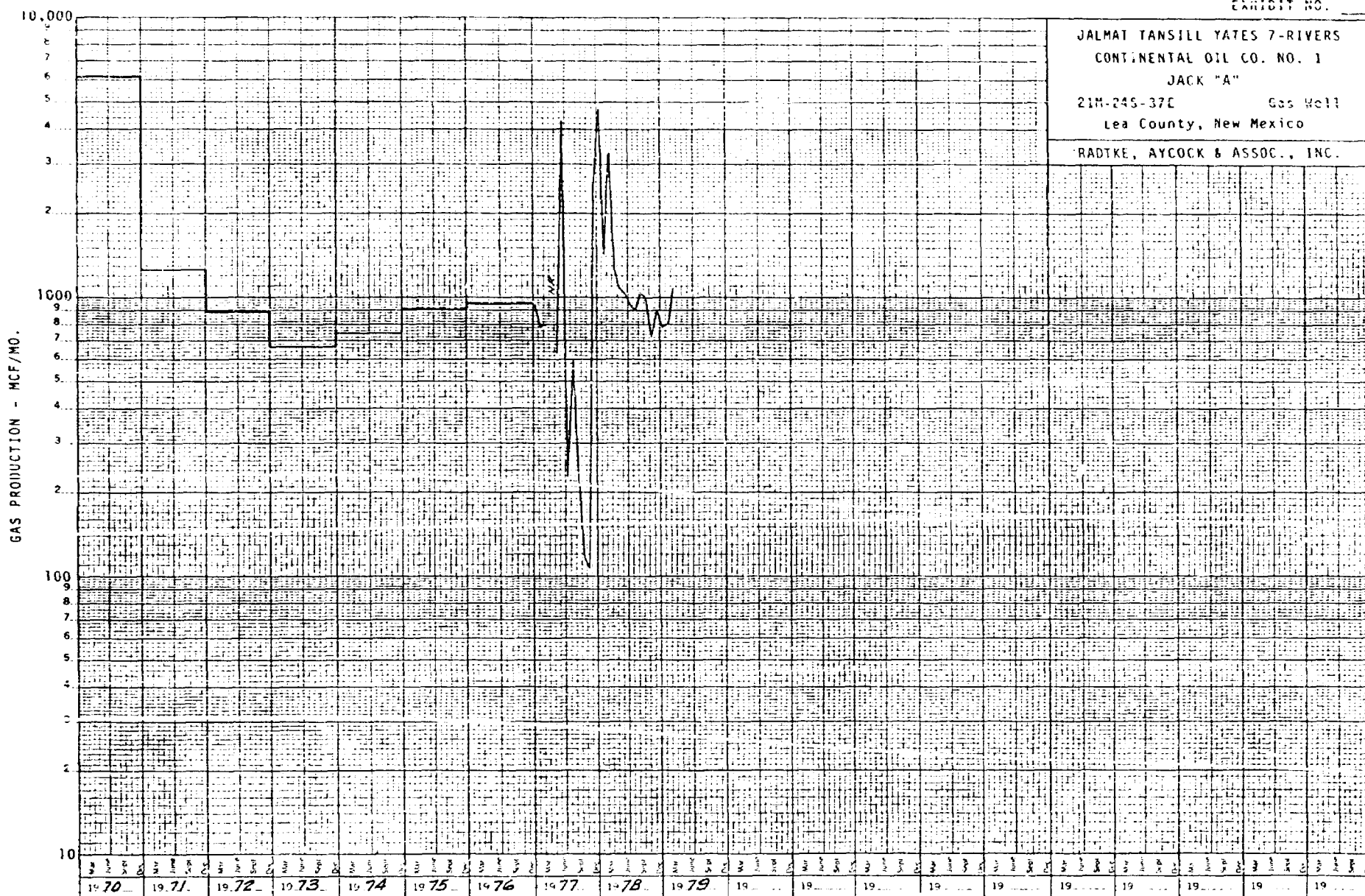
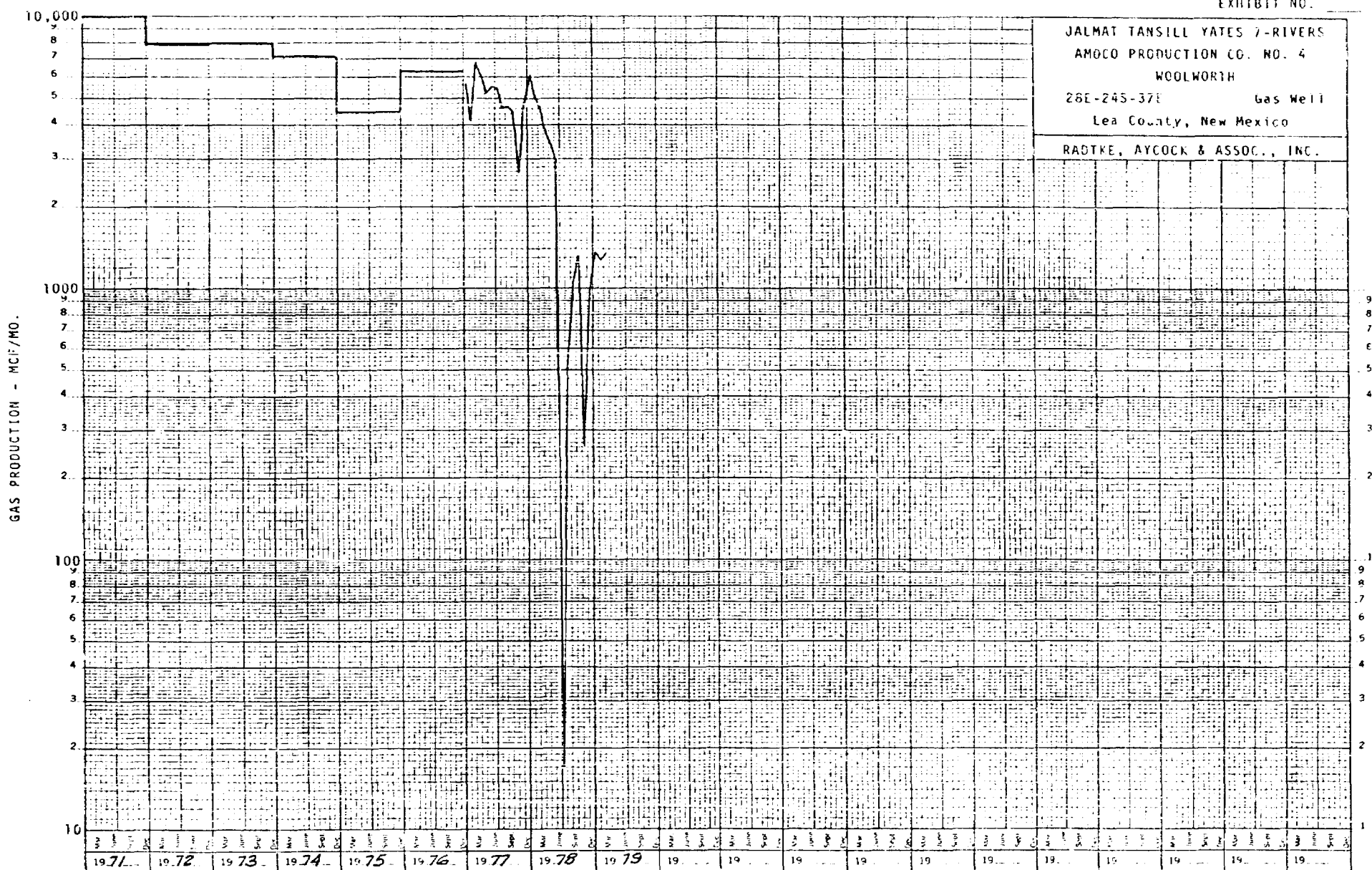


EXHIBIT NO.

JALMAT TANSILL YATES 7-RIVERS
AMOCO PRODUCTION CO. NO. 4
WOOLWORTH
28E-24S-37E Gas Well
Lea County, New Mexico

RADTKE, AYCOCK & ASSOC., INC.



77

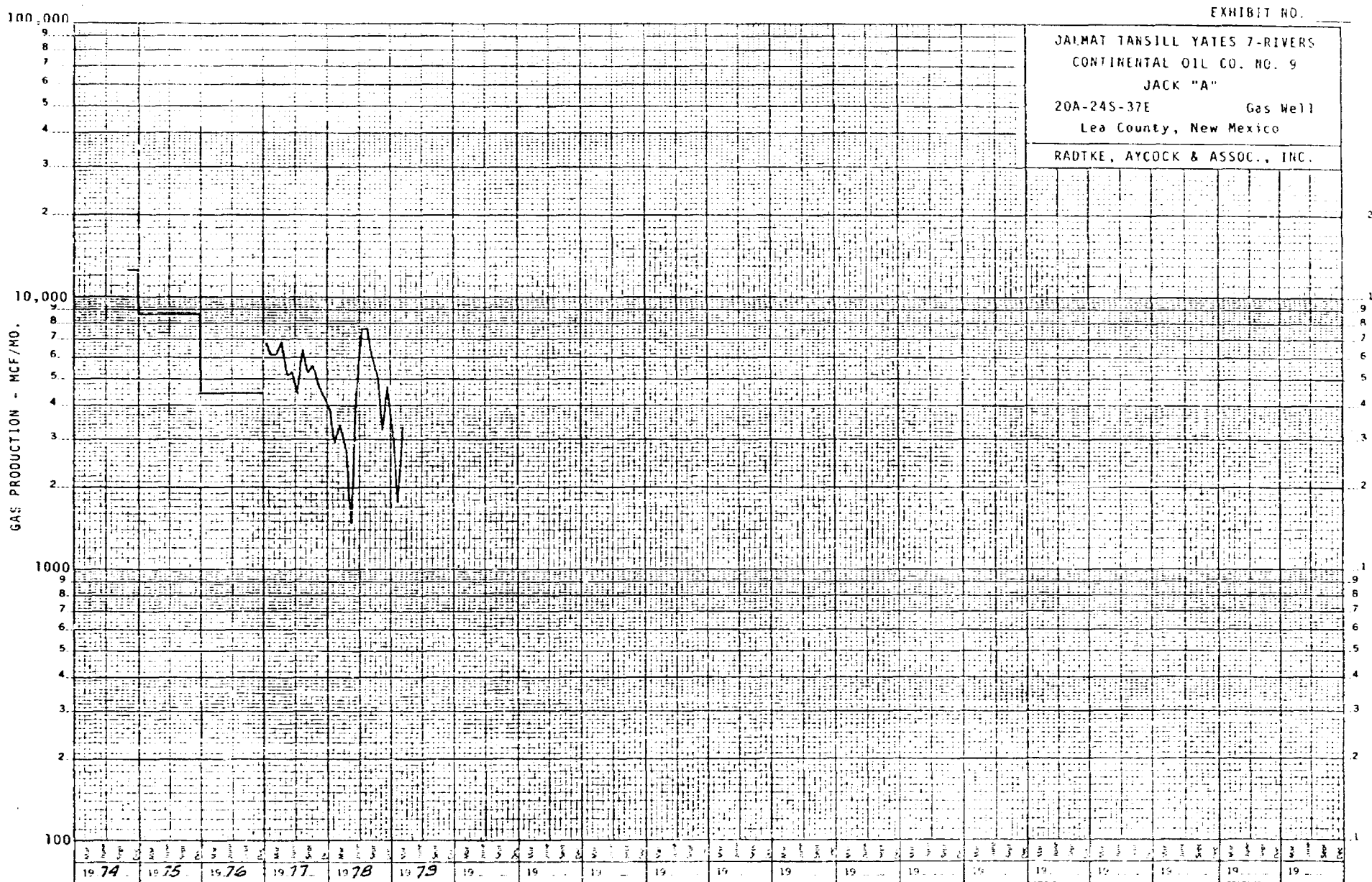


EXHIBIT NO.

JALMAI TANSILL YATES 7-RIVERS
SOUTHLAND ROYALTY CO. NO. 3
WOOLWORTH
28J-245-37E Gas Well
Lea County, New Mexico

RADIKE, AYCOCK & ASSOC., INC.

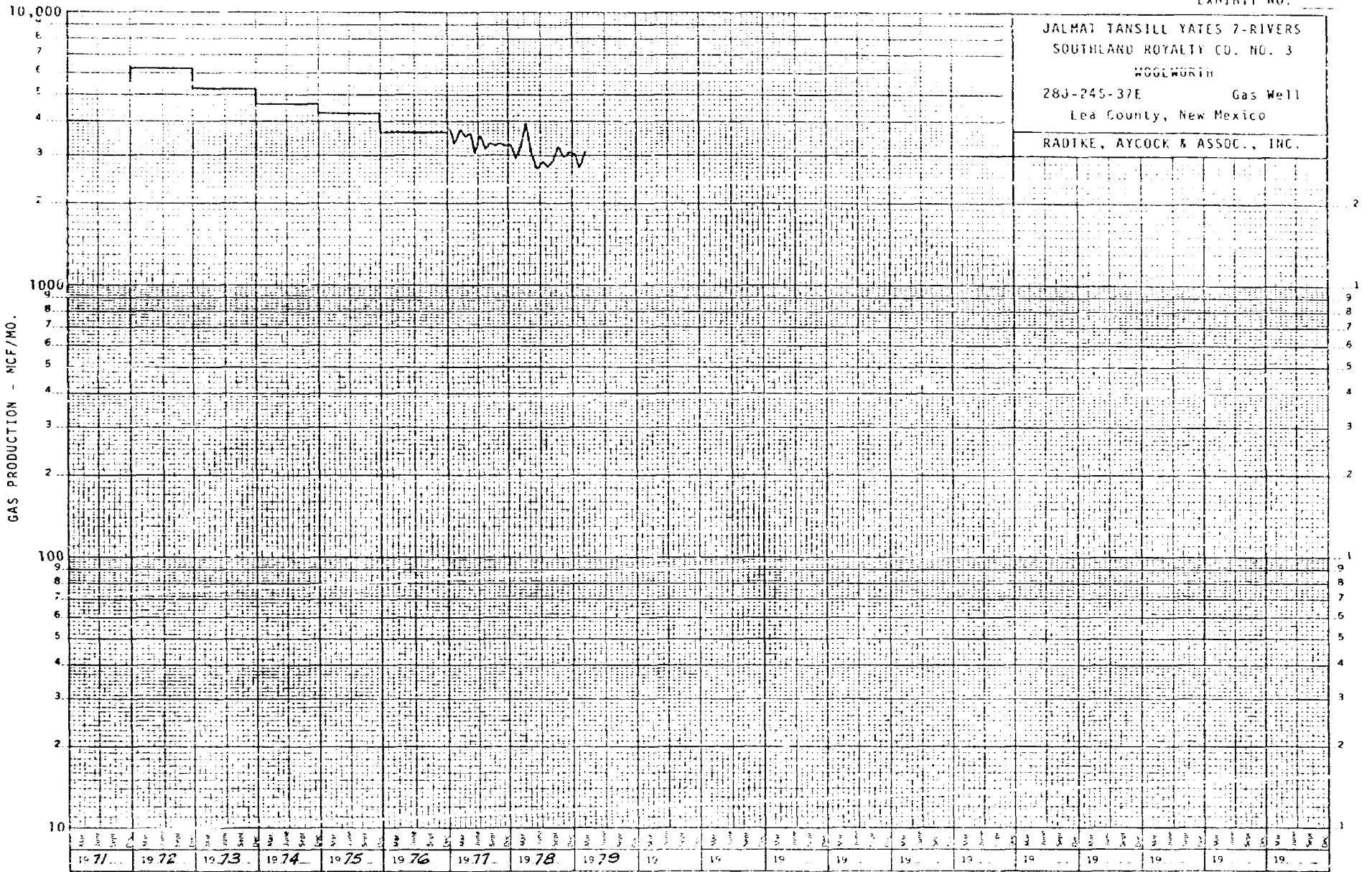


EXHIBIT NO.

D. E. RADTKE & ASSOCIATES, INC.

310 WALL TOWERS WEST
MIDLAND, TEXAS 79701

FIELD: JALMAT - Tansill, Yates, 7-Rivers
OPERATOR: Various

LEASE: Various

LOCATION: Various

COUNTY: Lea

STATE: N. Mexico

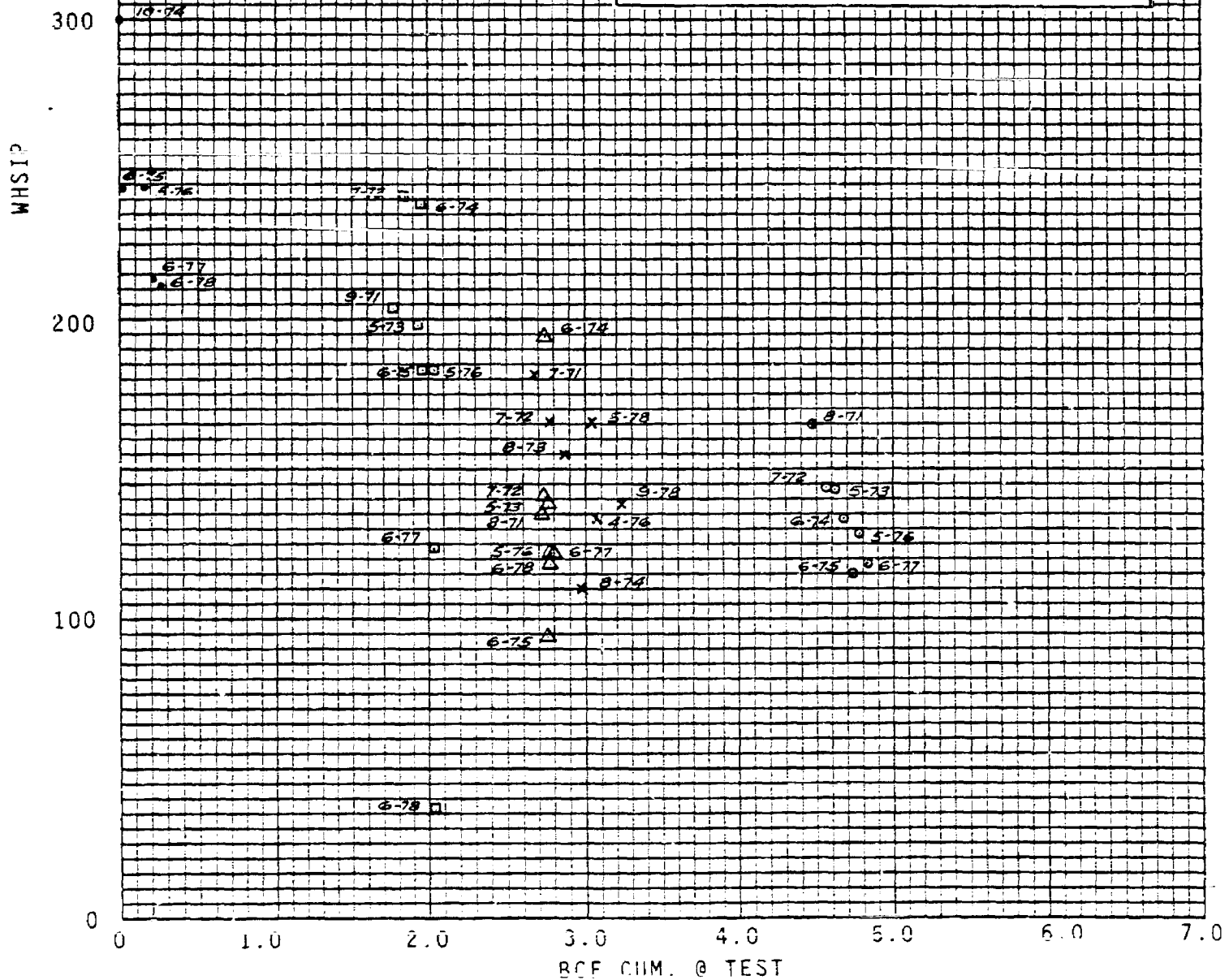
NO. OF WELLS: 5

WELL NO: —

DATE PRODUCTION BEGAN: —

LEGEND

- - Continental - Jack "A" 9
- - Southland Roy. - Woolworth 3
- x - Amoco - Woolworth 4
- △ - Continental - Jack "A" 1
- - EPNG - Shell Black 2



RADTKE, AYCOCK, & ASSOCIATES, INC.
Petroleum Engineering Consultants
310 WALL TOWERS WEST
MIDLAND, TEXAS 79701
TELEPHONE 915/684-8044

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Applicants EXHIBIT NO. 6
CASE NO. 6768
Submitted by Alpha Twenty-Eight
Hearing Date 1/3/80

November 28, 1979

Alpha 21 Prod. Co.
2100 First National Bank Building
Midland, Texas 79701

Attention Mr. Tom Phipps

Subject: Application for Administrative
Approval of Infill Gas Development
Well, SE/4, SW/4, Section 21,
Township 24 South, Range 37 East
1650' FWL and 990' FSL
Jalmat Pool, Lea County, New Mexico

Gentlemen:

As you requested, this letter is being furnished you as a part of this application, as required by Sec. 10, "Special Rules and Regulations, Natural Gas Policy Act Infill Findings Administrative Procedure". These rules were established by the Conservation Division, State of New Mexico, Energy and Minerals Department in Case No. 6526, Order No. R-6013.

The acreage on which the proposed drillsite is located already contains an existing Langlie-Mattix Pool Queen zone producing well; in addition, there is a now plugged and abandoned former Jalmat well located immediately west of the tract of land on which the proposed well will be located. Another plugged and abandoned former Jalmat well is located on the 40-acre tract which is approximately 2100 feet from the southeasterly corner of the 40-acre tract on which the proposed well will be located. An almost depleted Jalmat well is also situated on the 40-acre tract immediately south of the 40-acre tract on which the proposed well will be located. The logs and performance data for the three wells, as well as five other wells that are north, south and west of the 40-acre tract on which the proposed well will be located, were all analyzed. The purpose of these analyses were twofold: (1) to decide whether or not the preponderance of the available technical evidence indicates that the Jalmat reservoir underlying the tract on which the proposed well will be located has been adequately drained, and (2) what is the estimated increased gas recovery attributable to the proposed well if substantial drainage has not occurred.

The analyses of the estimated and/or actual gas recovery data yield the following estimates for the estimated additional recovery of the proposed infill development well by analogy and assuming no drainage that would invalidate the analogy:

Alpha 21 Prod. Co.
November 28, 1979
Page 2

<u>Basis From Eight Nearby Jalmat Gas Wells</u>	<u>Estimated Increased Recovery, MMCF</u>
Mean	2,509
Minimum	213
Maximum	5,189

A statistically-derived estimate of increased gas recovery for the proposed well can be secured by means of volumetric calculations. Each of the technical parameters necessary for effecting this calculation can be extracted from a qualitative statistical analysis of the data tabulated on the attached table, as follows:

<u>Parameter</u>	<u>No. of Meas.</u>	<u>Value</u>
Porosity, % bulk vol.	4	0.229
Con.Wtr.Stn., % of Net Eff. Pore Vol.	4	0.198
Net Effective Pay, feet	4	123.5
Drainage Area, acres	6	75.6
Initial BHP/Z, psia	3	111.3
Est. BHP/Z @ Abandonment, psia	5	57.2

Integration of these parameters results in an estimated increased recovery of 4041 MMCF.

While there are no original shut-in tubing pressures to use as qualitative verification of lack of efficient inter-well communication, the variation in the available 1978 shut-in wellhead pressures does lend support to the assumption of limited inter-well reservoir pressure communication:

<u>Well</u>	<u>Location</u>	<u>Date</u>	<u>Shut-in Wellhead Pressure, psia</u>
EPNG Shell-Black 2	21(O)-24S-37E	6-12-78	36
Conoco Jack "A" 21-2	21(B)-24S-37E	6-12-78	129
Amoco Woolworth 4	28(E)-24S-37E	9-24-78	138

The effective drainage areas for those of the selected wells for which adequate data was available were also calculated, with results that can be summarized as follows:


<u>Operator, Lease and Well No.</u>	<u>Estimated Drainage Area, Acres</u>
Texaco Black 2	86
EPNG Shell-Black 2	59
Conoco Jack "A" 21-1	41
Amoco Woolworth 4	75
Gulf Holt-State 2	69
Southland Woolworth 3	145

Alpha 21 Prod. Co.
November 28, 1979
Page 3

These results also indicate the likelihood that the Jalmat reservoir underlying the proposed well proration unit has not been adequately drained by the existing and/or former Jalmat gas producing wells in reasonable proximity to the NW/4, SE/4, 21-24S-37E, Lea County, New Mexico.

Because of all of the above, we believe that the drilling of the proposed is justified by the Natural Gas Policy Act criteria, as promulgated by NMCCC Order R-6013. We should be pleased to provide any supplemental data you should require in this connection.

Very truly yours,


Wm. P. Aycock, P. E.

WPA/bw

Enclosure

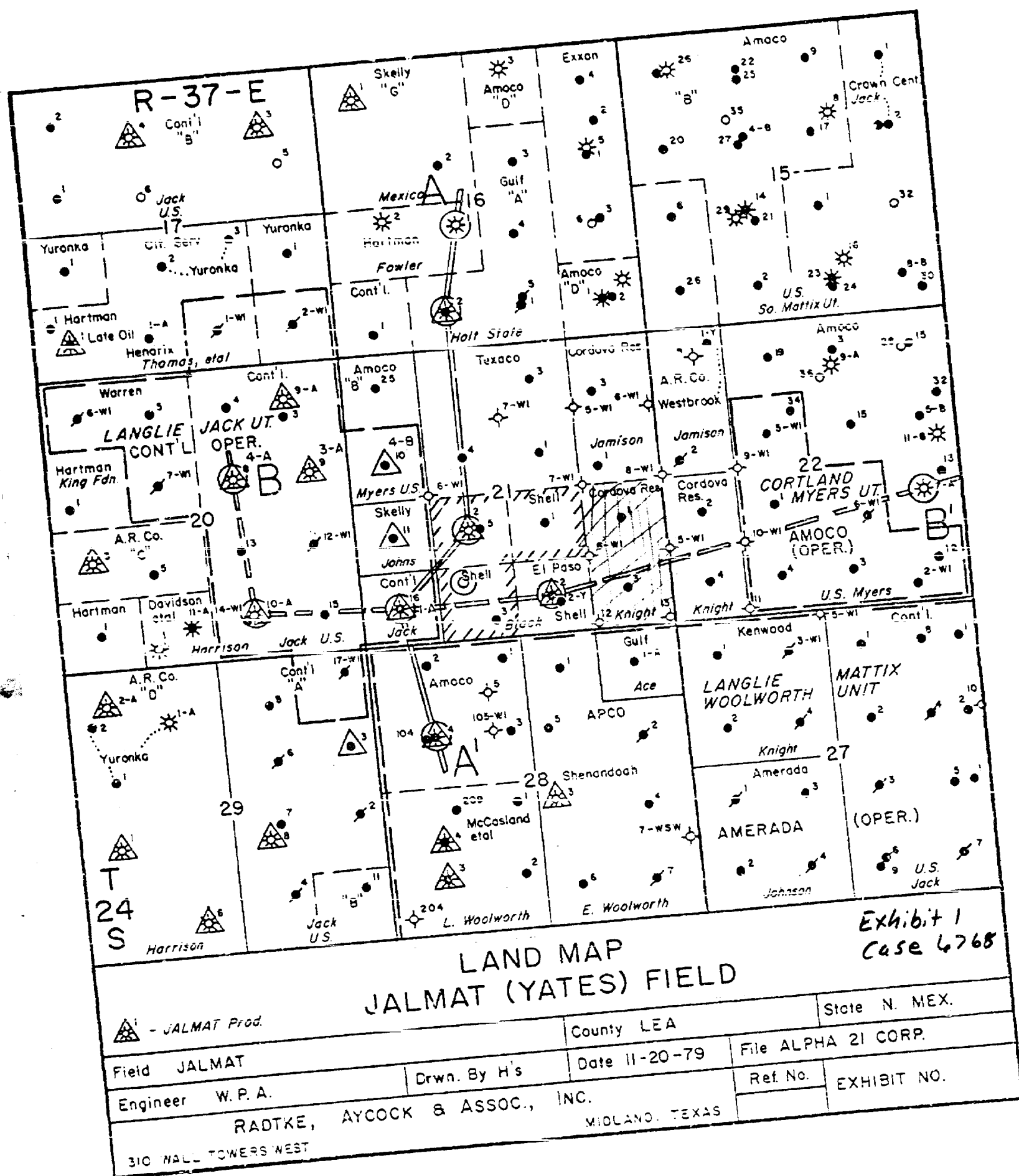
ALPHA 21 PRODUCTION CO.

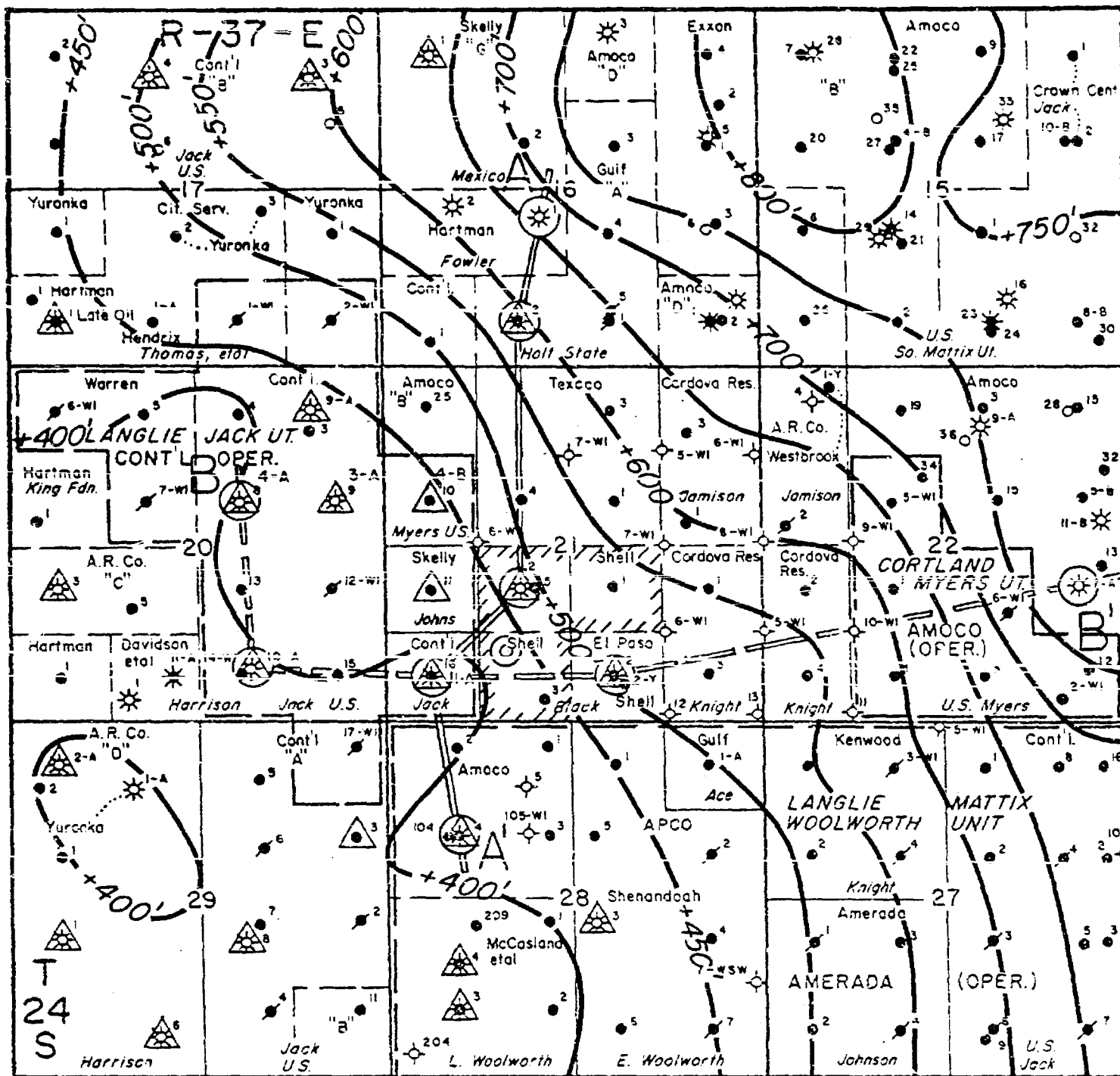
OF INDIVIDUAL WELL INFORMATION

ON 1650' FWL and 990' FSL SECTION 21 T-24-S. R-37-E
-SEVEN RIVERS) POOL, LEA COUNTY, NEW MEXICO

Conoco Jack "A" 21 1	Conoco Jack "A" 9	Amoco Prod. Co. Woolworth 4	Conoco Jack "A" 20 9	Gulf Oil Corp. Holt-State 2	Southland Roy. Woolworth 3
21(M)-24S-37E	20(H)-24S-37E	28(E)-24S-37E	20(A)-24S-37E	16(N)-24S-37E	28(J)-24S-37E
1150', SW	2800', WNW	2800', SSW	4000', NNW	3800', N	4000', SSE
12-19-50	NA	12-4-44	7-30-74	NA	8-19-52
1170	NA	-	1072	NA	1700
3000-3200	NA	2990-3145	2830-3200	NA	2925-3018
2,799,130	212,796	3,224,679	320,941	2,647,465	4,885,441
31.0	*	22.9	*	16.2	*
18.	*	15.	*	26.	*
126.	*	131.	*	146.	*
95.3	-	75.2	-	52.0	37.5**
3900	-	5650	935	3596***	5454
2804	213	3529	488	2647	5189
71.9	-	62.5	52.2	-	95.1
41	-	75	-	69	145

original gas-in-place (acres)





STRUCTURE
TOP OF YATES
C.I. = 50'

Exhibit 2
case 6768

▲ - JALMAT Prod.

Field JALMAT

County LEA

State N. MEX.

Engineer W. P. A.

Drwn. By H's

Date 11-20-79

File ALPHA 21 CORP.

RADTKE, AYCOCK & ASSOC., INC.

Ref. No.

EXHIBIT NO.

310 WALL TOWERS WEST

MIDLAND, TEXAS

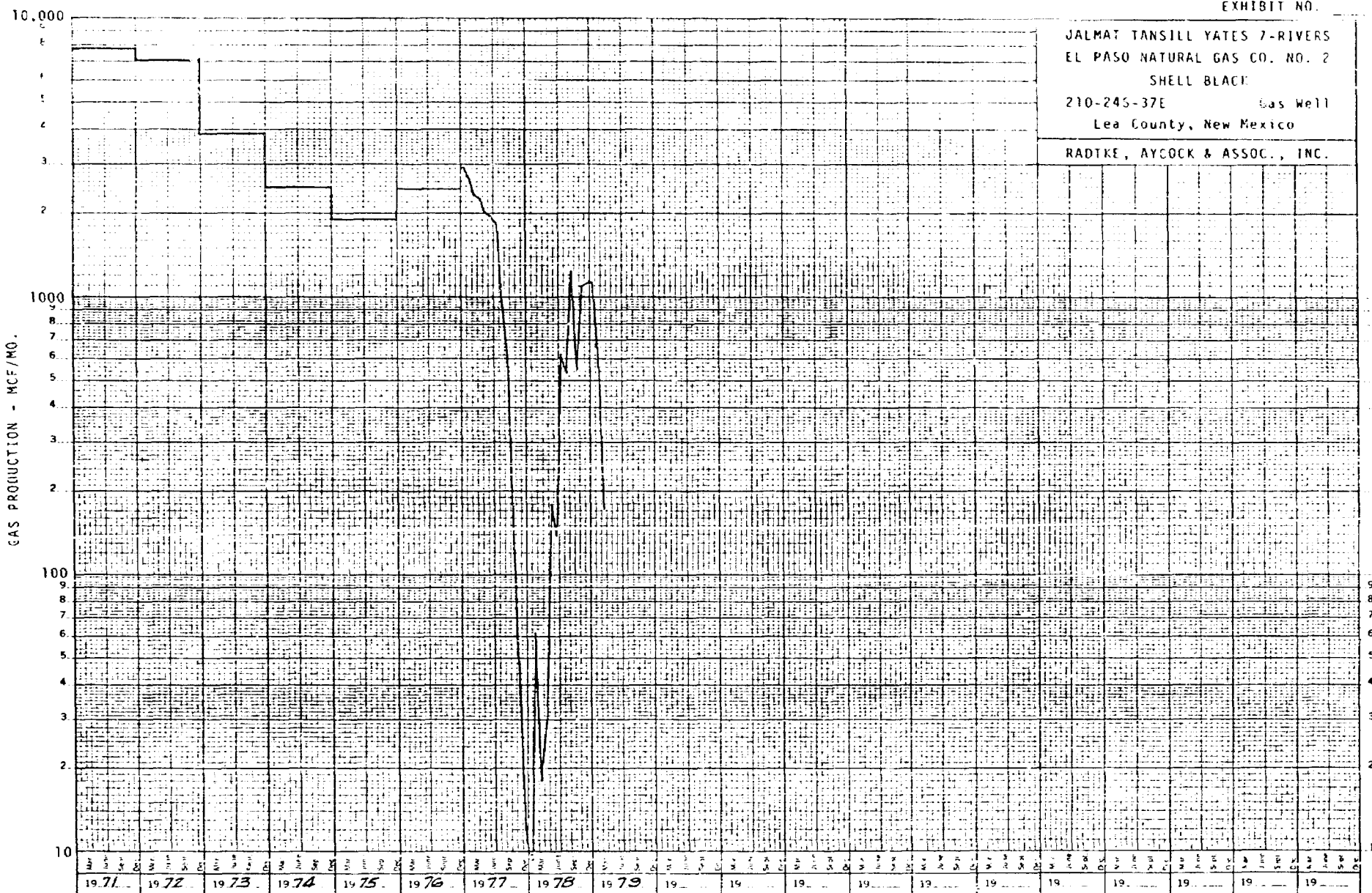


Exhibit 5
case 6768

EXHIBIT NO.

JALMAT TANSILL YATES 7-RIVERS
CONTINENTAL OIL CO. NO. 1
JACK "A"
21M-24S-37E Gas Well
Lea County, New Mexico
RADTKE, AYCOCK & ASSOC., INC.

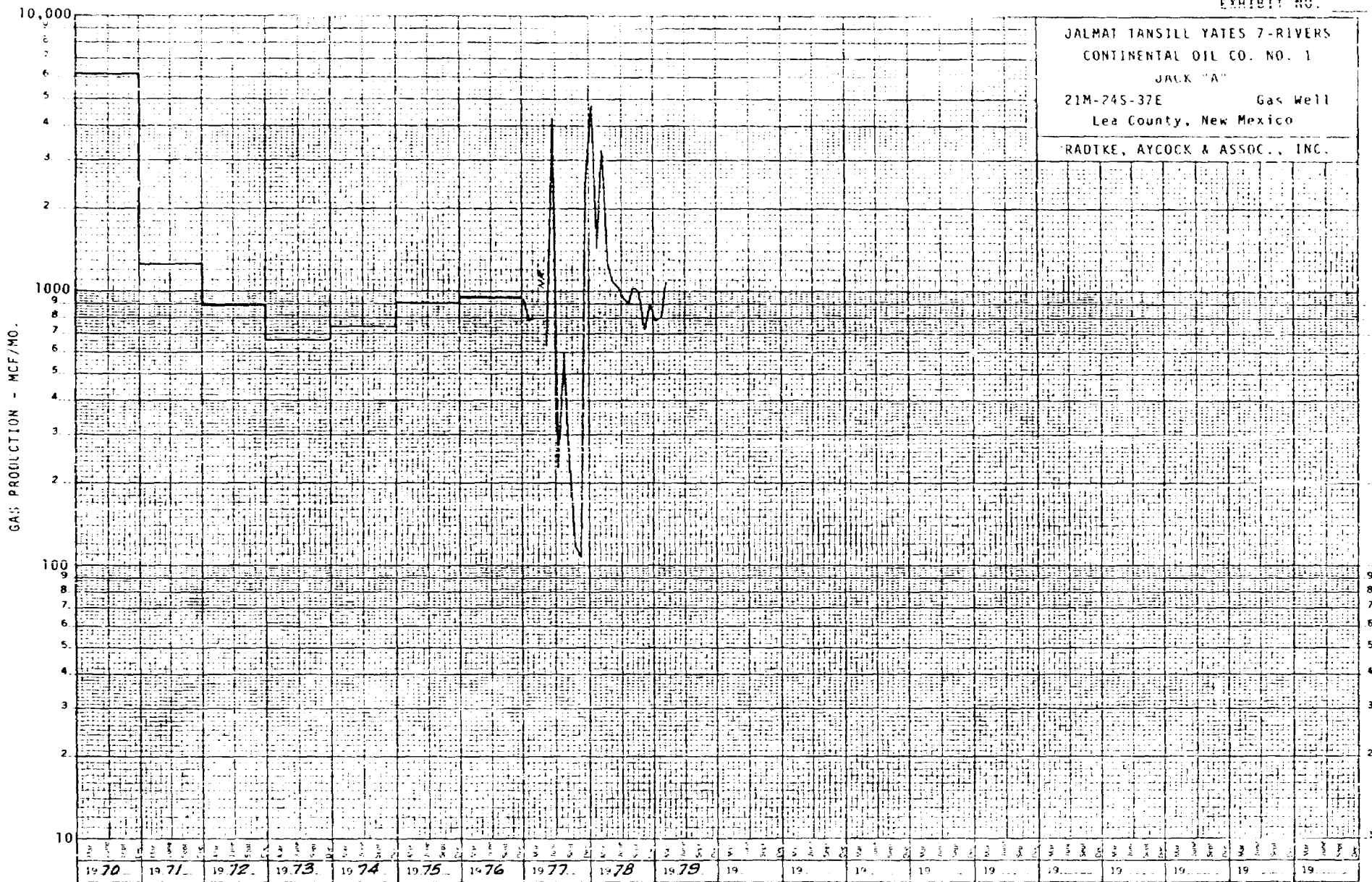
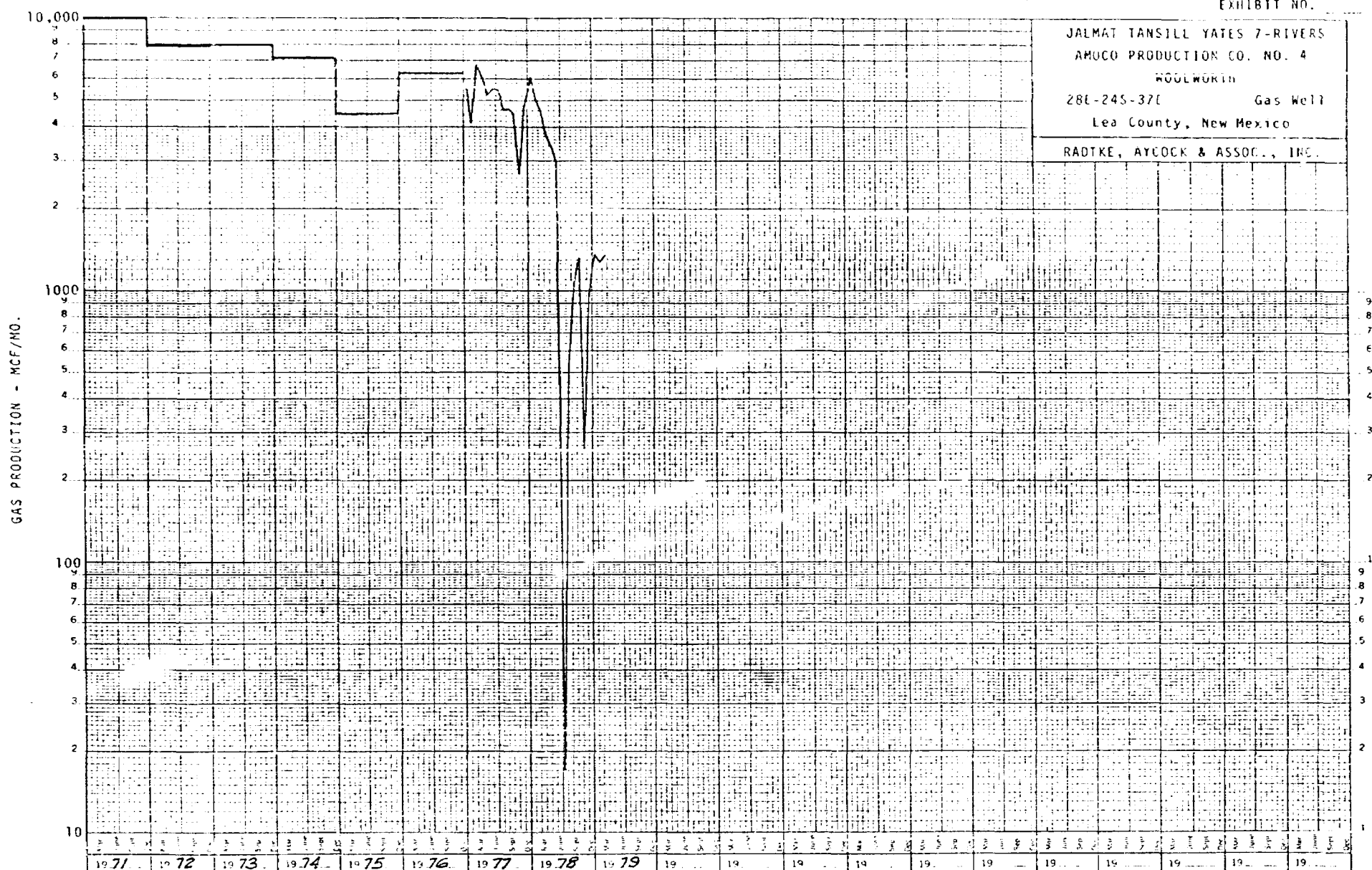


EXHIBIT NO.

JALMAT TANSILL YATES 7-RIVERS
AMUCO PRODUCTION CO. NO. 4
WOOLWORTH
286-245-376 Gas Well
Lea County, New Mexico
RADTKE, AYCOCK & ASSOC., INC.



100,000

EXHIBIT NO.

JALMAT TANSILL YATES 7-RIVERS
CONTINENTAL OIL CO. NO. 9
JACK "A"
20A-24S-37E Gas Well
Lea County, New Mexico

RADTKE, AYCOCK & ASSOC., INC.

GAS PRODUCTION - MCF/MO.

10,000

1000

100

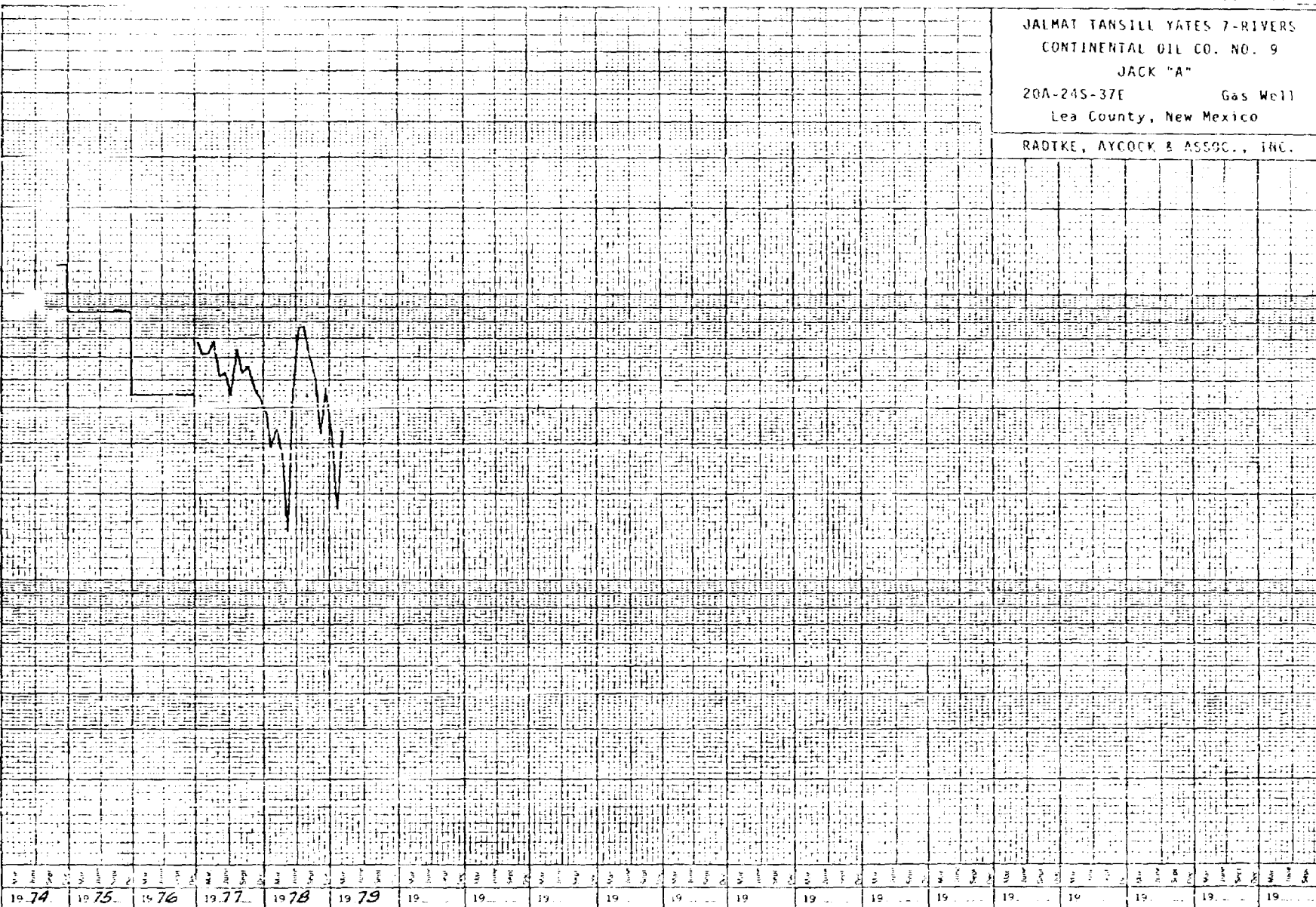


EXHIBIT NO.

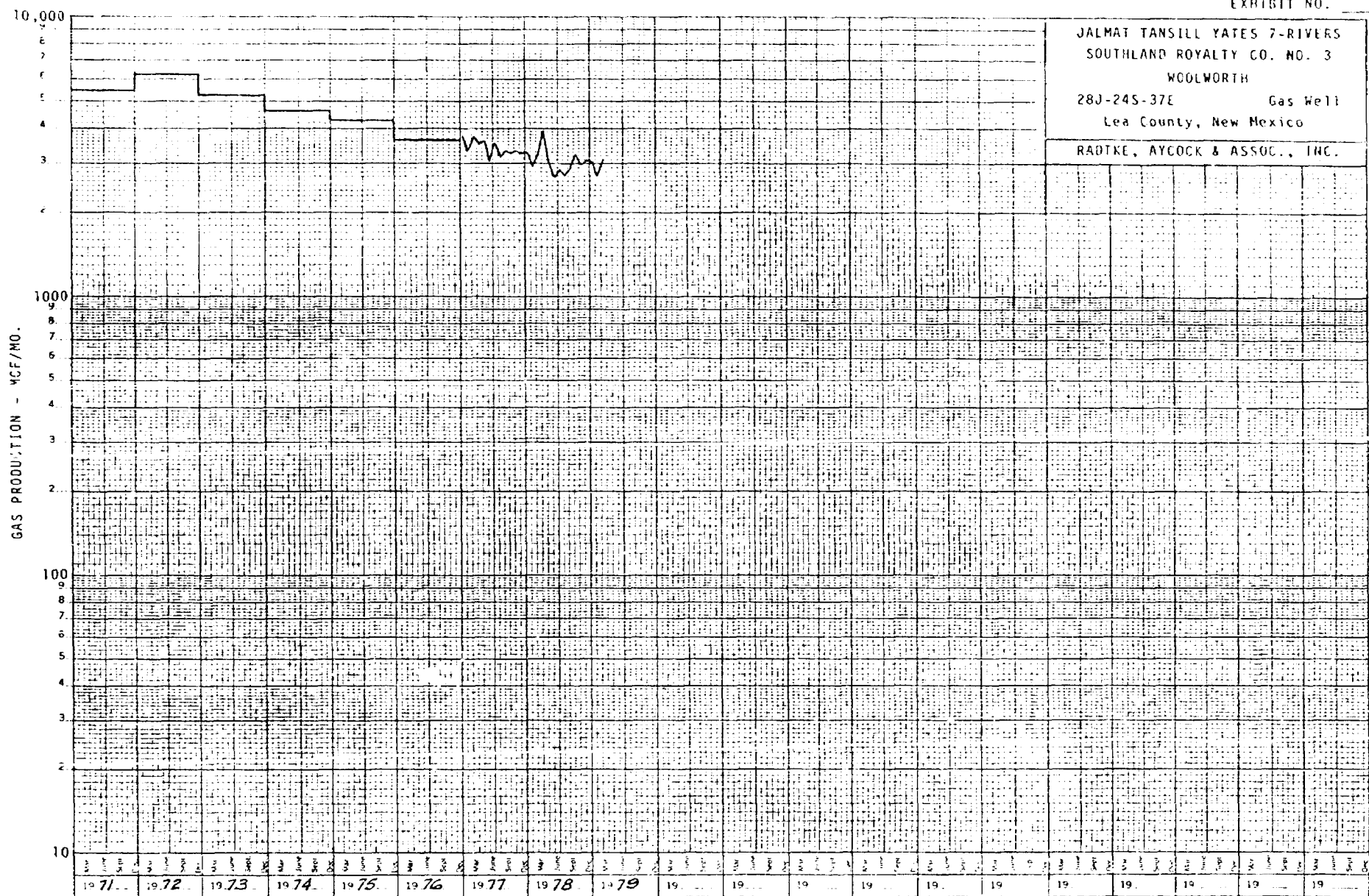


EXHIBIT NO.

D. E. RADTKE & ASSOCIATES, INC.

310 WALL TOWERS WEST
MIDLAND, TEXAS 79701

FIELD: JALMAT - Tansill, Yates, 7-Rivers
OPERATOR: Various

LEASE: Various

LOCATION: Various

COUNTY: Lea

STATE: N. Mexico

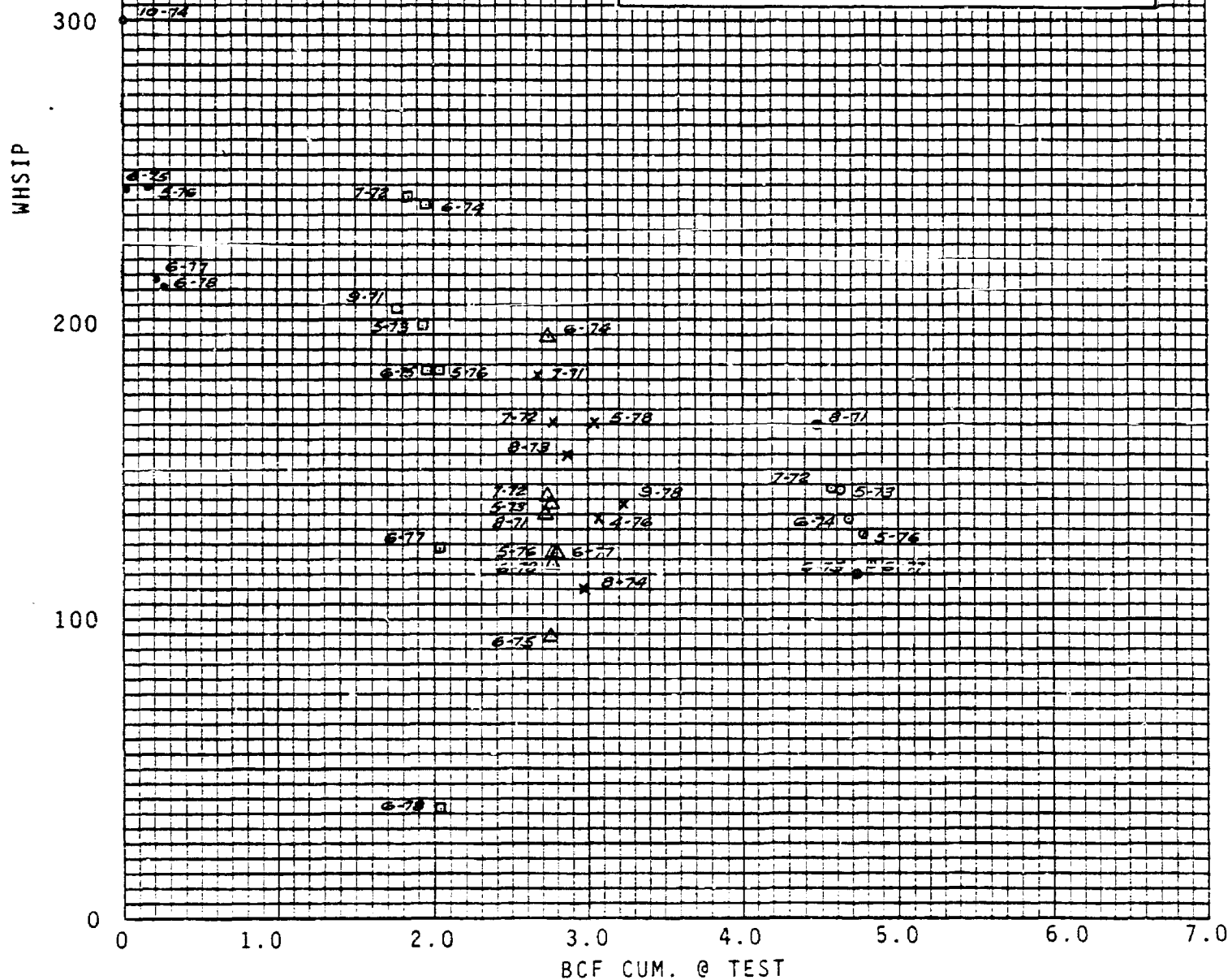
NO. OF WELLS: 5

WELL NO: —

DATE PRODUCTION BEGAN:

LEGEND

- - Continental - Jack "A" 9
- - Southland Roy. - Woolworth 3
- x - Amoco - Woolworth 4
- △ - Continental - Jack "A" 1
- - EPNG - Shell Black 2



RADTKE, AYCOCK, & ASSOCIATES, INC.

Petroleum Engineering Consultants

310 WALL TOWERS WEST

MIDLAND, TEXAS 79701

TELEPHONE 915/684-8044

November 28, 1979

Alpha 21 Prod. Co.
2100 First National Bank Building
Midland, Texas 79701

*Exhibit 6
Case 6768*

Attention Mr. Tom Phipps

Subject: Application for Administrative
Approval of Infill Gas Development
Well, SE/4, SW/4, Section 21,
Township 24 South, Range 37 East
1650' FWL and 990' FSL
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Alpha 21 Prod. Co.
November 28, 1979
Page 2

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Maximum	5,189

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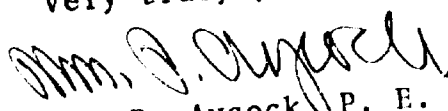
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Conoco Jack "A" 21-1	41
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Gulf Holt-State 2	69
Southland Woolworth 3	145

Alpha 21 Prod. Co.
November 28, 1979
Page 3

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Because of all of the above, we believe that the drilling of the proposed is justified by the Natural Gas Policy Act criteria, as promulgated by NMOCC Order R-6013. We should be pleased to provide any supplemental data you should require in this connection.

Very truly yours,


Wm. P. Aycock, P. E.

WPA/bw

Enclosure

ALPHA 21 PRODUCTION CO.

SUMMARY OF INDIVIDUAL WELL INFORMATION
VICINITY OF PROPOSED LOCATION 1650' FWL and 990' FSL SECTION 21 T-24-S, R-37-E
JALMAT (TANSILL-YATES-SEVEN RIVERS) POOL, LEA COUNTY, NEW MEXICO

	Texaco Black 2	El Paso NG Shell-Black 2	Conoco Jack "A" 21 1	Conoco Jack "A" 9	Amoco Prod. Co. Woolworth 4	Conoco Jack "A" 20 9	Gulf Oil Holt-S 2
Location of Well	21(K)-24S-37E	21(O)-24S-37E	21(M)-24S-37E	20(H)-24S-37E	28(E)-24S-37E	20(A)-24S-37E	16(N)-2
Distance and Direction From Proposed Location	1000', S	1500', ESE	1150', SW	2800', WNW	2800', SSW	4000', NNW	3800', N
Completion Date	2-22-37	3-23-51	12-19-50	NA	12-4-44	7-30-74	NA
Init. CAOFP, MCF/day	200	180	1170	NA	-	1072	NA
Completion Interval	2945-3096	2897-3076	3000-3200	NA	2990-3145	2830-3200	NA
Cumulative Gas Production, MCF @ 4-1-79	3,852,910	2,048,151	2,799,130	212,796	3,224,679	320,941	2,647,130
Volumetric Analysis Results:							
Mean Eff. Por., % Bulk Vol.	*	22.4	31.0	*	22.9	*	16.4
Mean Con. Wtr. Stn, % NEPS	*	21.	18.	*	15.	*	26.4
Net Effective Pay, feet	*	71.	126.	*	131.	*	146.
Original Gas-in-place, MMCF/ac.	60.8**	37.1	95.3	-	75.2	-	52.4
Estimated OGIP, MMCF	5234***	2184	3900	-	5650	935	3596
Estimated Ult. Gas Rec., MMCF	3853	2067	2804	213	3529	488	264
Est. Gas Rec. Factor, % OGIP	-	94.6	71.9	-	62.5	52.2	-
Estimated Drainage Area, Acres	86	59	41	-	75	-	69

*Logs not available

**Estimated from gross completion interval as correlated with original gas-in-place (acres)

***From estimates using gas R.F. of 73.6%

ALPHA 21 PRODUCTION CO.

SUMMARY OF INDIVIDUAL WELL INFORMATION

VICINITY OF PROPOSED LOCATION 1650' FWL and 990' FSL SECTION 21 T-24 S, R-37-E
JALMAT (TANSILL-YATES-SEVEN RIVERS) POOL, LEA COUNTY, NEW MEXICO

Texaco Black 2	El Paso NG Shell-Black 2	Conoco Jack "A" 21 1	Conoco Jack "A" 9	Amoco Prod. Co. Woolworth 4	Conoco Jack "A" 20 9	Gulf Oil Corp. Holt-State 2	Southland Roy. Woolworth 3
21(K)-24S-37E	21(O)-24S-37E	21(M)-24S-37E	20(H)-24S-37E	28(E)-24S-37E	20(J)-24S-37E	16(N)-24S-37E	28(J)-24S-37E
1000', S	1500', ESE	1150', SW	2800', WNW	2800', SSW	4000', NNW	3800', N	4000', SSE
2-22-37	3-23-51	12-19-50	NA	12-4-44	7-30-74	NA	8-19-52
200	180	1170	NA	-	1072	NA	1700
2945-3096	2897-3076	3000-3200	NA	2990-3145	2830-3200	NA	2925-3018
3,852,910	2,048,151	2,799,130	212,796	3,224,679	320,941	2,647,465	4,885,441
*	22.4	31.0	*	22.9	*	16.2	*
*	21.	18.	*	15.	*	26.	*
*	71.	126.	*	131.	*	146.	*
				75.2	-	52.0	37.5**
ac. 60.8**	37.1	95.3	-	5650	935	3596***	5454
5234***	2184	3900	-	3529	488	2647	5189
CF 3853	2067	2804	213	62.5	52.2	-	95.1
IP -	94.6	71.9	-	75	-	69	145
res 86	59	41	-				

Completion interval as correlated with original gas-in-place (acres)
R.F. of 73.6%

Docket No. 1-80

Dockets Nos. 2-80 and 3-80 are tentatively set for January 16 and 30, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING THURSDAY JANUARY 3, 1980

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:

- CASE 6770: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit National Petroleum Company and all other interested parties to appear and show cause why its Well No. 1 located 905 feet from the North line and 1155 feet from the West line of Section 22, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6786: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of its administrative procedure for the approval of infill drilling on existing gas proration units as promulgated by Order No. R-6013 to permit the approval of infill wells as new onshore production wells pursuant to the Natural Gas Policy Act of 1978 without notice and hearing even though such wells have been spudded prior to receiving such approval.
- CASE 6771: Application of Getty Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the E/2 SW/4 of Section 31, Township 24 South, Range 37 East, and the NW/4 NE/4 and NE/4 NW/4 of Section 6, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6772: Application of Reading & Bates Petroleum Co. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the SE/4 of Section 17, Township 24 North, Range 3 West, Chacon-Dakota Pool, 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 6773: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 20, Township 19 South, Range 27 East, 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 6774: Application of Doyle Hartman for an unorthodox location, non standard proration unit, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit comprising the NW/4 NW/4 of Section 6, Township 25 South, Range 37 East, and the W/2 SW/4 of Section 31, Township 24 South, Range 37 East, to be dedicated to his Federal Jalmat Com Well No. 1 at an unorthodox location 590 feet from the North line and 660 feet from the West line of said Section 6; applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.
- CASE 6768: (Continued and Readvertised)
- Application of Alpha Twenty-One Production Company for two non-standard gas proration units, compulsory pooling, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard gas proration unit comprising the SW/4 SE/4 of Section 21, Township 24 South, Range 37 East, Jalmat Gas Pool, to be dedicated to the El Paso Natural Gas Company Shell Black Well No. 2. Applicant also seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the E/2 SW/4 and NW/4 SE/4 of said Section 21 to form a 120-acre non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South line and 1650 feet from the West line of said Section 21. 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. Applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be so drained by the existing well.

CASE 6767: (Continued from December 12, 1979, Examiner Hearing)

Application of Alpha Twenty-One Production Company for two non-standard gas proration units, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 NW/4 of Section 27, Township 25 South, Range 37 East, Jaimat Gas Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 2, and also a 200-acre unit comprising the S/2 N/2 and NE/4 NW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 560 feet from the West line of Section 27. Applicant further seeks a finding that the drilling of the latter well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

CASE 6487: (Continued from October 17, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Com Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6732: (Continued from November 28, 1979, Examiner Hearing)

Application of Dorchester Exploration, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Morton Solid State Unit Well No. 1 located 2156 feet from the North line and 990 feet from the West line of Section 4, Township 15 South, Range 34 East, Tres Papalotes-Pennsylvanian Pool.

CASE 6775: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the Young Deep Unit Area, comprising 2242 acres, more or less, of Federal lands in Township 18 South, Range 32 East.

CASE 6776: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Young Deep Unit Well No. 1, a Morrow test to be drilled 660 feet from the North and West lines of Section 10, Township 18 South, Range 32 East, the W/2 of said Section 10 to be dedicated to the well.

CASE 6777: Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Amoco 22 State Well No. 2 located in Unit G of Section 22, Township 23 South, Range 27 East.

CASE 6778: Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Loco Hills Welch Well No. 2 located in Unit N of Section 4, Township 18 South, Range 29 East.

CASE 6745: (Continued from November 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the W/2 of Section 28, Township 23 South, Range 24 East, 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 6779: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the Pronghorn Unit Area, comprising 5,120 acres, more or less, of State and Federal lands in Townships 22 and 23 South, Range 33 East.

CASE 6780: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the Serpentine Bends Unit Area, comprising 4,502 acres, more or less, of State and Federal lands in Township 24 South, Ranges 23 and 24 East.

CASE 6781: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South line and 1980 feet from the East line of Section 1, Township 20 South, Range 28 East, the E/2 of said Section 1 to be dedicated to the well.

CASE 6782: Application of Inexco Oil Company for an exception to Order No. R-3221, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit H of Section 7, Township 19 South, Range 33 East.

CASE 6783: Application of McClellan Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Marlissue State Well No. 6 located 1155 feet from the North line and 2475 feet from the West line of Section 24, Township 14 South, Range 29 East, Double "L"-Queen Associated Pool, the NE/4 NW/4 of said Section 24 to be dedicated to the well.

CASE 6784: Application of Merrion & Bayless for a non-standard proration unit and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640 acre non-standard gas proration unit comprising the W/2 of Section 18 and the W/2 of Section 19, Township 32 North, Range 14 West, Barker Creek-Paradox Pool, to be dedicated to its Ute Well No. 7 at an unorthodox location 1685 feet from the South line and 3335 feet from the East line of said Section 19.

In the alternative, applicant seeks an order force pooling all of said Section 19 to form a standard 640-acre unit.

CASE 6785: Application of The Harlow Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 18, Township 8 South, Range 29 East, 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.

Docket No. 45-79

Dockets Nos. 1-60 and 2-80 are tentatively set for January 3 and 16, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 12, 1979

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6752: Application of Bill Stapler for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Quark Unit Area, comprising 11,200 acres, more or less, of State and Federal lands in Township 22 South, Range 34 East.
- CASE 6753: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 26 and 27, Township 19 South, Range 29 East.
- CASE 6754: Application of Petroleum Development Corporation for a non-standard gas proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for a well to be drilled 660 feet from the North and West lines of Section 15, Township 19 South, Range 32 East, Lusk-Morrow Gas Pool, the W/2 of said Section 15 to be dedicated to the well as a non-standard 320-acre proration unit.
- CASE 6755: Application of Dome Petroleum Corporation for water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to extend the previously authorized water disposal interval in its Santa Fe 20 Well No. 2 located in Unit F of Section 20, Township 21 North, Range 8 West, Snake Eyes-Entrada Oil Pool, to include the perforated interval from 5756 feet to 5790 feet in the Entrada formation.
- CASE 6756: Application of Amoco Production Company for pool contraction and creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Air Strip-Bone Spring Pool to comprise the Middle Bone Spring formation only, from 9300 feet to 9460 feet, and the creation of the Air Strip-Upper Bone Spring Pool to comprise said formation from 9180 feet to 9260 feet and the Air Strip-Lower Bone Spring Pool to comprise said formation from 10,100 feet to 10,400 feet. All depths are from the log of the Amoco State FU Well No. 2 in Unit N of Section 25, Township 18 South, Range 34 East, for which well applicant also seeks 51,310 barrels of discovery allowable.
- CASE 6757: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State FU Well No. 1 located in Unit K of Section 25, Township 18 South, Range 34 East, to produce oil from the Air Strip Upper and Middle Bone Spring Pools thru parallel strings of tubing.
- CASE 6758: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State "C" Tract 11 Well No. 11 located in Unit X of Section 2, Township 21 South, Range 36 East, to produce oil from the Hardy-Blaine Pool and an undesignated Drinkard pool through parallel strings of tubing.
- CASE 6759: (Continued and readvertised)
- Application of Sam H. Snoddy for an amendment to Order No. R-5521, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5521, which authorizes the directional drilling of the Federal Well No. 2 in Section 25, Township 20 South, Range 32 East, to permit the well to be bottomed within 400 feet of a point 1320 feet from the South and West lines of Section 25.
- CASE 6759: Application of Sun Oil Company for an unorthodox location, non-standard gas proration unit, infill findings, simultaneous dedication, and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Reeves Well No. 6, 660 feet from the North line and 610 feet from the East line of Section 29, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its Reeves Well No. 2 in Unit D of Section 29 to a 160-acre non-standard gas proration unit comprising the N/2 N/2 of Section 29. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well, and authority to commingle Eumont and Monument production in the wellbore of the proposed well.

CASE 6760: Application of Sun Oil Company for an unorthodox location, non-standard gas proration unit, infill findings, and simultaneous dedication, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "AY" Well No. 5, located in Unit E of Section 36, Township 7 South, Range 35 East, Todd-Upper San Andres Gas Pool, to be simultaneously dedicated with its State "AY" Well No. 3 in Unit F of Section 36 to a 160-acre non-standard gas proration unit comprising the NW/4 of Section 36. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well.

CASE 6761: Application of Phillips Petroleum Company for an unorthodox gas well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Atoka-Morrow test well to be drilled 660 feet from the North and West lines of Section 2, Township 24 South, Range 28 East; applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit, being the W/2 of said Section 2, which cannot be so drained by the existing well.

CASE 6762: Application of Joe Don Cook for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Section 1, Township 19 South, Range 31 East, Shugart Pool.

CASE 6763: Application of Adams Exploration Company for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the North Osudo-Morrow Gas Pool underlying Section 16, Township 20 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 16. 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 6729: (Continued from November 14, 1979, Examiner Hearing)

Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, 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 6725: (Continued from November 28, 1979, Examiner Hearing)

Application of Tenneco Oil Company for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 291.23-acre non-standard gas proration unit comprising the W/2 of Section 6 and the NW/4 of Section 7, a 347.58-acre unit comprising the W/2 of Section 19 and the NW/4 of Section 30, and a 375.17-acre unit comprising the SW/4 of Section 30 and the W/2 of Section 31, all in Township 29 North, Range 8 West, Basin-Dakota Pool, each unit to be dedicated to a well to be drilled at a standard location thereon.

CASE 6751: (Continued from November 28, 1979, Examiner Hearing)

Application of Tenneco Oil Company for the rescission of special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the special pool rules for the Catclaw Draw-Morrow Gas Pool to provide for 320-acre spacing rather than 640 acres. In the absence of objection, the pool rules will be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.

CASE 6764: Application of Lee Crane for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of undesignated Ojo Alamo and Oswell-Farmington production from his Martin Wells Nos. 1 and 3 located in Section 34, Township 30 North, Range 11 West.

CASE 6765: Application of Mesa Petroleum Company for an exception to Order No. R-111-A and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to complete its Bass Federal Well No. 2 to be drilled at an unorthodox location 1450 feet from the North line and 1850 feet from the West line and its Bass Federal Well No. 3 to be drilled in Unit D, both in Section 6, Township 20 South, Range 31 East, by setting surface casing in the "Red Bed" section of the basal Rustler formation and production casing at total depth. Both casing strings would have cement circulated to the surface.

CASE 6766: Application of Supron Energy Corporation for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units, the first being 192.97 acres comprising the W/2 of Section 7, Township 28 North, Range 10 West, and the E/2 E/2 of Section 12, Township 28 North, Range 11 West, for the Fruitland, Pictured Cliffs and Chacra formations, and the second being 190.89 acres comprising the W/2 and W/2 E/2 of said Section 12 for the Fruitland formation only, both units to be dedicated to wells to be drilled at standard locations thereon.

CASE 6700: (Reopened and Readvertised)

Application of Doyle Hartman to reopen Case No. 6700, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reopening of Case No. 6700, heard October 17, 1979, to amend the original unorthodox well location 2310 feet from the North line and 330 feet from the West line of Section 29, Township 25 South, Range 37 East, to a new unorthodox location 1670 feet from the North line and 280 feet from the West line of said Section 29. All other aspects of Case No. 6700 would remain the same.

CASE 6767: Application of Alpha Twenty-One Production Company for two non-standard gas proration units, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 NW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 2, and also a 200-acre unit comprising the S/2 N/2 and NE/4 NW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 560 feet from the West line of Section 27. Applicant further seeks a finding that the drilling of the latter well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

CASE 6768: Application of Alpha Twenty-One Production Company for two non-standard gas proration units, compulsory pooling, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard gas proration unit comprising the SW/4 SW/4 of Section 21, Township 24 South, Range 37 East, Jalmat Gas Pool, to be dedicated to the El Paso Natural Gas Company Shell Black Well No. 2. Applicant also seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the E/2 SW/4 and NW/4 SE/4 of said section 21 to form a 120-acre non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South line and 1650 feet from the West line of said Section 21. 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. Applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be so drained by the existing well.

CASE 6656: (Continued from October 2, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Energy Oil & Gas Corp., The Travelers Indemnity Co., and all other interested parties to appear and show cause why the Sadler Well No. 1 located in Unit I of Section 3, Township 24 North, Range 29 East, Union County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6769: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, reclassifying, and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the West Double X-Morrow Gas Pool. The discovery well is Union Oil Company of California Paduca Federal Well No. 1 located in Unit G of Section 30, Township 24 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 30: E/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Dublin Ranch-Atoka Gas Pool. The discovery well is J. C. Barnes Little Squaw Com Well No. 2 located in Unit N of Section 27, Township 22 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 27: S/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Gem-Morrow Gas Pool. The discovery well is Union Oil Company of California Maduro Unit Federal Well No. 1 located in Unit J of Section 29, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 29: S/2

(d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Gem-Morrow Gas Pool. The discovery well is Union Oil Company of California Laguna Deep Unit Federal Well No. 1 located in Unit G of Section 35, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 35: N/2

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Halfway-Atoka Gas Pool. The discovery well is Amoco Production Company Federal Y Com Well No. 1 located in Unit G of Section 27, Township 20 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 27: E/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Midway-Devonian Pool. The discovery well is David Pasken Warren Well No. 1 located in Unit G of Section 8, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 8: NE/4

(g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the East Triste Draw-Atoka Gas Pool. The discovery well is Getty Oil Company State 29 J Well No. 1 located in Unit J of Section 29, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 29: E/2

(h) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Bough C production and designated as the Tucker Ranch-Bough C Pool. The discovery well is Pauley Petroleum, Inc. Tucker Well No. 1 located in Unit J of Section 9, Township 7 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
Section 9: SE/4

(i) RECLASSIFY the Oil Center-Glorieta Pool in Lea County, New Mexico, as the Oil Center-Glorieta Gas Pool. The pool was created by Order R-5988 as an oil pool but was advertised as a gas pool.

(j) EXTEND the Angell Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 1: W/2
Section 2: N/2

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 28: S/2 SE/4

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 34: E/2 NW/4

(m) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 16: N/2

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 1: NW/4

- (o) EXTEND the Bluitt-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

- (p) EXTEND the South Brunson-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 31: NE/4

- (q) EXTEND the Cass Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 11: W/2

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

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 3: SE/4

- (s) EXTEND the Cinta Roja-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 35 EAST, NMPM
Section 10: All

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

TOWNSHIP 11 SOUTH, RANGE 26 EAST, NMPM
Section 14: NW/4 NW/4

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

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 34: NE/4

- (v) EXTEND the South Cuiebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2

- (w) EXTEND the Diablo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 15: SW/4 SW/4

- (x) EXTEND the Golden Lane-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 36: E/2

- (y) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 34: E/2

- (z) EXTEND the Langley-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 20: E/2

- (aa) EXTEND the Lovington-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 28: S/2
Section 29: S/2

- (ab) EXTEND the North Lusk-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 33: E/2

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 4: E/2

- (cc) EXTEND the East McMillan Seven Rivers-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 3: S/2 NE/4 and SE/4 NW/4

- (dd) EXTEND the Mescalero Permo-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 34: W/2

- (ee) EXTEND the Monument-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 12: NW/4

- (ff) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 1: E/2 E/2, NW/4 NE/4, E/2 NW/4 and NE/4 SW/4
Section 12: NE/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 6: N/2

- (gg) EXTEND the South Peterson-Fusseiman Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 30: SW/4

- (hh) EXTEND the East Red Lake Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 36: NE/4

- (ii) EXTEND the Runyan Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 18: E/2

- (jj) EXTEND the Salt Lake-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 14: SE/4
Section 23: S/2 and NE/4

- (kk) EXTEND the North Shugart-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 20: W/2

- (ll) EXTEND the Sioux-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 8: SE/4

(m) EXTEND the Tomahawk-San Andres Pool in Chaves and Roosevelt Counties, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 29: NW/4
Section 32: S/2

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 5: NE/4

(nn) EXTEND the Tubb Oil and Gas Pool in Lea County, New Mexico, to include therein:

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 31: NW/4

(oo) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 26: E/2

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 1: N/2

(pp) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 25: SE/4

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2 SW/4 and SW/4 SE/4
Section 30: W/2
Section 31: NW/4

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

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 12: All

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

For

Called in by Bill Carr on
November 16, 1959

Two Non-Standard Proration Units,
Compulsory Pooling, Unorthodox
Well Location, and Approval of
Infill Drilling

Alpha Twenty-One Production
Jalmat Gas Pool Co.

Section 21, T24S, R37E

40-acre SW1/4 SE1/4 to be dedicated
to the existing El Paso Natural Gas
Shell Block #2

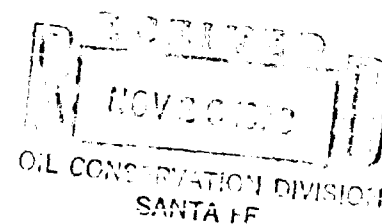
120-acre E1/2 SW1/4 and NW1/4 SE1/4
to be dedicated to unorthodox
location 990/S + 1650/W

OIL CONSERVATION COMMISSION-SANTA FE

Pooler - Refaco

CAMPBELL AND BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL



POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 968-4421

November 21, 1979

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy & Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Alpha Twenty One Production
Company for Compulsory Pooling, Two Non-
Standard Proration Units, an Unorthodox Gas
Well Location and Approval of Infill
Drilling, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Alpha Twenty
One Production Company in the above-referenced matter.

The applicant requests that this matter be included on the
docket for the examiner hearing scheduled to be held on
December 12, 1979.

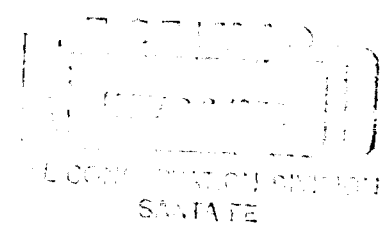
Very truly yours


William F. Carr

WFC:lr

Enclosures

cc: Mr. Tom Phipps



BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
ALPHA TWENTY ONE PRODUCTION
COMPANY FOR COMPULSORY POOLING,
TWO NON-STANDARD PRORATION UNITS,
AN UNORTHODOX GAS WELL LOCATION
AND APPROVAL OF INFILL DRILLING,
LEA COUNTY, NEW MEXICO.

CASE 6768

APPLICATION

Comes now, ALPHA TWENTY ONE PRODUCTION COMPANY, by and through its undersigned attorneys and hereby makes application for an order creating two non-standard proration units in the Jalmat Gas Pool; an unorthodox well location; approval of infill drilling and compulsory pooling of a 120 acre non-standard proration unit and in support of this application would show the Commission:

1. El Paso Natural Gas Company is the operator of a 120 acre non-standard proration unit consisting of the W/2 SE/4 and the SE/4 SW/4 of Section 21, Township 24 South, Range 37 East, Lea County, New Mexico which is dedicated to its Shell Black Well #2 located in the SW/4 SE/4 of said Section 21.
2. Applicant has received a farmout from El Paso Natural Gas Company of the NW/4 SE/4 and the SE/4 SW/4 of said Section 21.
3. Applicant seeks the establishment of two non-standard gas proration units in the Jalmat Gas Pool;

one comprising the SW/4 SE/4 of said Section 21 as a new 40 acre proration unit to be dedicated to the El Paso Natural Gas Company Shell Black Well #2 and the other comprising the E/2 SW/4 and the NW/4 SE/4 of said Section 21 as a new 120 acre proration unit to be dedicated to the El Paso Smith #1 Well, a well to be drilled by the applicant at an unorthodox location 990 feet from the south line and 1650 feet from the west line of said Section 21.

4. Applicant is the owner of 66.66% of the working interest in and under the proposed 120 acre non-standard proration unit comprised of the E/2 SW/4 and the NW/4 SE/4 and has the right to drill thereon.

5. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all working interest owners in the proposed 120 acre non-standard proration unit except for Texaco, Inc., owner of a 33.33% working interest.

6. Pursuant to Section 70-2-17, N.M.S.A., 1978 Compilation, applicant seeks an order pooling the non-standard proration unit comprised of the E/2 SW/4 and the NW/4 SE/4 of Section 21.

7. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

8. In order to permit the applicant to obtain its just and fair share of the hydrocarbons underlying the E/2 SW/4 and the NW/4 SE/4 of said Section 21, the mineral interests

should be pooled and the applicant should be designated the operator of the well to be drilled.

9. The proposed well will be drilled into the same spacing and proration unit in the Jalmat Gas Pool, currently dedicated to the El Paso Natural Gas Company Shell Black Well #2.

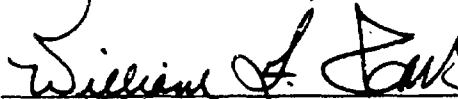
10. Applicant seeks a determination pursuant to the F.E.R.C. Rules, Part 271.305 that the proposed well is necessary to effectively and efficiently drain a portion of the Jalmat Gas Pool covered by the proposed proration units which cannot be effectively and efficiently drained by any existing well within the proration unit and will offer evidence in support of that determination.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, the costs of supervision while drilling and after completion, including overhead charges, and a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well and for provisions creating two non-standard proration units, authorizing the drilling of a well at an unorthodox location and approving infill drilling and for such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By



William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87501

Attorneys for Applicant

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
ALPHA TWENTY ONE PRODUCTION
COMPANY FOR COMPULSORY POOLING,
TWO NON-STANDARD PRORATION UNITS,
AN UNORTHODOX GAS WELL LOCATION
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7. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

8. In order to permit the applicant to obtain its just and fair share of the hydrocarbons underlying the E/2 SW/4 and the NW/4 SE/4 of said Section 21, the mineral interests

should be pooled and the applicant should be designated the operator of the well to be drilled.

9. The proposed well will be drilled into the same spacing and proration unit in the Jalmat Gas Pool, currently dedicated to the El Paso Natural Gas Company Shell Black Well #2.

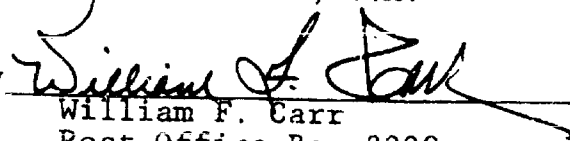
10. Applicant seeks a determination pursuant to the F.E.R.C. Rules, Part 271.305 that the proposed well is necessary to effectively and efficiently drain a portion of the Jalmat Gas Pool covered by the proposed proration units which cannot be effectively and efficiently drained by any existing well within the proration unit and will offer evidence in support of that determination.

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Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By

A handwritten signature in dark ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
ALPHA TWENTY ONE PRODUCTION
COMPANY FOR COMPULSORY POOLING,
TWO NON-STANDARD PRORATION UNITS,
AN UNORTHODOX GAS WELL LOCATION
AND APPROVAL OF INFILL DRILLING,
LEA COUNTY, NEW MEXICO.

CASE 6768

APPLICATION

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1. El Paso Natural Gas Company is the operator of a 120 acre non-standard proration unit consisting of the W/2 SE/4 and the SE/4 SW/4 of Section 21, Township 24 South, Range 37 East, Lea County, New Mexico which is dedicated to its Shell Black Well #2 located in the SW/4 SE/4 of said Section 21.
2. Applicant has received a farmout from El Paso Natural Gas Company of the NW/4 SE/4 and the SE/4 SW/4 of said Section 21.
3. Applicant seeks the establishment of two non-standard gas proration units in the Jalmat Gas Pool;

one comprising the SW/4 SE/4 of said Section 21 as a new 40 acre proration unit to be dedicated to the El Paso Natural Gas Company Shell Black Well #2 and the other comprising the E/2 SW/4 and the NW/4 SE/4 of said Section 21 as a new 120 acre proration unit to be dedicated to the El Paso Smith #1 Well, a well to be drilled by the applicant at an unorthodox location 990 feet from the south line and 1650 feet from the west line of said Section 21.

4. Applicant is the owner of 66.66% of the working interest in and under the proposed 120 acre non-standard proration unit comprised of the E/2 SW/4 and the NW/4 SE/4 and has the right to drill thereon.

5. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all working interest owners in the proposed 120 acre non-standard proration unit except for Texaco, Inc., owner of a 33.33% working interest.

6. Pursuant to Section 70-2-17, N.M.S.A., 1978 Compilation, applicant seeks an order pooling the non-standard proration unit comprised of the E/2 SW/4 and the NW/4 SE/4 of Section 21.

7. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

8. In order to permit the applicant to obtain its just and fair share of the hydrocarbons underlying the E/2 SW/4 and the NW/4 SE/4 of said Section 21, the mineral interests

should be pooled and the applicant should be designated the operator of the well to be drilled.

9. The proposed well will be drilled into the same spacing and proration unit in the Jalmat Gas Pool, currently dedicated to the El Paso Natural Gas Company Shell Black Well #2.

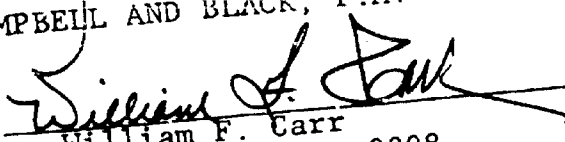
10. Applicant seeks a determination pursuant to the F.E.R.C. Rules, Part 271.305 that the proposed well is necessary to effectively and efficiently drain a portion of the Jalmat Gas Pool covered by the proposed proration units which cannot be effectively and efficiently drained by any existing well within the proration unit and will offer evidence in support of that determination.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, the costs of supervision while drilling and after completion, including overhead charges, and a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well and for provisions creating two non-standard proration units, authorizing the drilling of a well at an unorthodox location and approving infill drilling and for such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By



William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

ROUGH

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. 6768

Order No. R-6241

APPLICATION OF ALPHA TWENTY-ONE
PRODUCTION COMPANY FOR TWO NON-STANDARD
GAS PRORATION UNITS, COMPULSORY POOLING,
UNORTHODOX WELL LOCATION AND APPROVAL OF
INFILL DRILLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 3
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of January, 19 80, 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 the applicant, Alpha Twenty-One Production Company,
seeks approval of a 40-acre non-standard gas proration unit
comprising the SW/4 SE/4 of Section 21, Township 24 South, Range
37 East, NMPM, to be dedicated to its El Paso Natural Gas Company
Shell Black Well No. 2, and a ~~120-acre non standard gas proration~~
~~unit to be dedicated to a well to be drilled at an unorthodox~~

(3) That the applicant further ^{requested} the
pooling of oil

~~mineral~~ mineral interests in the Jalmat Gas Pool underlying the E/2 SW/4 and NW/4 SE/4 of said
Section 21 to form a 120-acre non-standard gas proration unit to be dedicated to a well to be drilled
at an unorthodox location 990 feet from the South line and 1650 feet from the West line of said
Section 21 and

is necessary to effectively and efficiently drain that portion of the existing proration unit which
cannot be so drained by the existing well thereon.

(4) That at the time of the hearing all parties in the
proposed 120-acre non standard proration unit had
agreed and that portion of the application relating to
compulsory pooling thereof should be dismissed.

-2-
Case No. 6761
Order No. R-6231

(5) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit. *120-acre*

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

in the 120-acre non standard unit
(7) That the evidence in this case indicates that the proposed well at the requested unorthodox location *should* recover *of* ~~some 200~~ million cubic feet of gas from the ~~Morrow formation~~ *Jalmat* which cannot be produced by the existing well ~~on the proration unit~~.

*last 2/3
6.0 Pool*

(8) ~~That the entire~~ *proposed* non-standard proration units may reasonably be presumed productive of gas from the Jalmat Gas Pool and that ~~the non standard~~ *said* proration units can be efficiently and economically drained and developed by the aforesaid wells.

(9) ~~That~~ *the El Paso Natural Gas Company* approval of the subject application will afford the applicant the opportunity to produce their just and equitable share of the gas in the Jalmat Gas 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 a 40-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SW/4 SE/4 of Section 21, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to ~~the~~ *the El* Paso Natural Gas Company Shell Black Well No. 2.

(2)

~~That~~ *That* a 120-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the E/2 SW/4 and NW/4 SE/4 of said Section 21 is ~~also~~ hereby

an Alpha Twenty-One Production Company
well to

established and dedicated to ~~a well~~ be drilled at an
^{hereby approved,}
unorthodox location 1990 feet from the South line and 1650
feet from the West line of said Section 21.

^{application for}
(3) That the compulsory pooling ^{of the aforesaid 120-acre} ~~portion of this order~~
^{non standard gas proration unit}
is hereby dismissed.

The authorization for infill drilling in the
~~Talbot Gas Pool~~ ~~formation~~ granted by this order is necessary to permit
the drainage of a portion of the reservoir covered by the ~~120-acre~~
^{non standard} ~~existing 220-acre~~ proration unit which cannot efficiently and
economically be drained by any existing well thereon.

~~existing well~~.

(4) 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 herein-
above designated.